MAHINDRA & MAHINDRA LIMITED
SUBSIDIARY ANNUAL REPORT 2017-18

Rise.

Subsidiary Companies

Part 01

Subsidiary Companies

Part 02

Subsidiary Companies

Part 03

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eleventh Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

1. FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**10,03,115**	10,12,891
Profit before Depreciation, Finance Costs and Taxation	**86,326**	93,279
Less: Depreciation & Amortization	**14,594**	14,811
Profit before Finance Costs and Taxation	**71,732**	78,468
Less: Finance Costs	**12,294**	17,213
Profit before Exceptional Item	**59,438**	61,255
Less : Exceptional Item	**–**	34,727
Profit before Tax	**59,438**	26,528
Less: Taxation	**24,566**	24,024
Profit for the Year	**34,872**	2,504
Other Comprehensive Income, net of tax	**125**	(13)
Total Comprehensive income for the period	**34,997**	2,491
Balance of Profit for earlier years	**71,217**	76,770
Profit for the Year	**34,872**	2,504
Less: Transfer to/(from) Debenture Redemption Reserve	**4,212**	(2,288)
Less : Deemed repatriation of investment	**80,493**	–
Profit available for Appropriation	**21,384**	81,562
Less: Dividend on Equity Shares	**8,934**	8,932
Less: Income Tax on Dividend	**1,413**	1,413
Balance of Profit carried forward	**11,037**	71,217
Net worth	4,11,109	4,62,384

No material changes and commitments have occurred after the closure of the financial year ended 31st March, 2018 till the date of this Report, which would affect the financial position of the Company.

2. Dividend

Your Directors recommended a dividend @ Re. 0.65 per share on 6.50%, 60 crores fully paid-up Preference Shares of the face value of Rs. 10 each entailing an outgo of Rs. 4,694 lakhs (including dividend distribution tax amounting to Rs. 794 lakhs).

Your Directors recommend a dividend @ 2.3% i.e. Re. 0.23 per equity share on 406,47,23,484 fully paid-up Equity Shares of the face value of Rs. 10 each entailing an outgo of Rs. 10,830 lakhs (including dividend distribution tax amounting to Rs. 1,481 lakhs)

The above dividend, if approved by the members at the ensuing Annual General Meeting ('AGM'), shall be paid to those members, whose names appeared in the Register of Members of the Company as on the record date fixed for this purpose i. e. 30th April, 2018.

No amount is proposed to be transferred to the General Reserves of the Company out of profits for the year.

3. Operations

During the year 2017-18, 1,44,740 vehicles were produced as against 1,28,584 during the year 2016-17 (12.56% more as compared to the previous year).

The vehicles manufactured by your Company were exported to a number of countries. 6,420 number of vehicles were exported (through Mahindra & Mahindra Limited) as compared to 8,669 vehicles in the year 2016-17.

Your Company ensured that all expectations of customers were met in terms of volume and quality.

With the relentless focus on quality systems, your Company underwent surveillance audit for Quality Systems (ISO 9001:2015), Environment Management System (ISO 14001:2015); Occupational Health & Safety (BS OHSAS 18001:2007) & Information Security Management System (ISO 27001:2013). Your company got certified for JIPM TPM Excellence Award, Quality Forum Awards, Kaizen, TPM Circle, India Skills National Competition, etc.

4. Share Capital

As at 31st March, 2018, the Authorized Share Capital of your Company stood at Rs. 6500,00,00,000 divided into 500,00,00,000 Equity Shares of Rs. 10/- each and 150,00,00,000 Preference Shares of Rs. 10/- each.

During the year under review, your Company allotted 15,97,77,153 equity shares on Rights basis to Mahindra and Mahindra Limited. Further, your company has allotted 70,00,000 equity shares of Rs. 10/- each on Rights basis on 5thApril, 2018.

Subsequent to above allotment, the paid-up share capital of your Company stood at Rs.46,64,72,34,840 divided into 406,47,23,484 Equity Shares of Rs. 10/- each and 60,00,00,000, 6.5% Cumulative Redeemable, Non-Convertible Preference Shares of Rs. 10/- each.

5. Subsidiaries and Associate Companies

The following companies continued to be the subsidiaries/ associate company of your Company:-

- Mahindra Two Wheelers Limited
- Mahindra Heavy Engines Limited
- Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited)
- Mahindra Intertrade Limited
- Mahindra CIE Automotive Limited, a listed company, is an associate.

Mahindra Steel Service Centre Limited, Mahindra Electrical Steel Private Limited, Mahindra Auto Steel Private Limited, Mahindra MiddleEast Electrical Steel Service Centre (FZC) and Mahindra MSTC Recycling Private Limited, subsidiaries of Mahindra Intertrade Limited are step-down subsidiaries of the Company.

Your Company purchased 22,30,561 Equity Shares of Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Limited) from AEV LLC at a price of Rs. 25.90 per share for an aggregate amount of Rs. 5,77,71,530/-.

Demerger of Two-Wheeler business of Mahindra Two wheeler limited, a subsidiary and its merger into Mahindra & Mahindra Limited

The Board of Directors of your Company, it's holding company - Mahindra & Mahindra Limited (M&M) and it's subsidiary company – Mahindra Two Wheelers Limited (MTWL), in their respective meetings held on December 3, 2016, approved, subject to regulatory approvals the Scheme of Arrangement for demerger of the Two Wheelers Business, inter alia, consisting of entire undertaking, business, activities and operations pertaining to the Two Wheelers Business ("Demerged Undertaking") of MTWL and its transfer as a going concern to M&M with effect from 1st October, 2016 or such other date as may be directed or approved by the High Court ("the Appointed Date"), in consideration of allotment of 1 (One) Ordinary (Equity) Shares of Rs.5 each fully paid-up of M&M to the minority shareholders of MTWL for every 461 (Four Hundred Sixty One) equity shares fully paid-up held by them in the Company, based on an independent joint valuation report.

The scheme has been approved by the Mumbai Bench of National Company Tribunal and has become effective on 25th October, 2017 on completion of necessary formalities. Accordingly the Company's share of the value of demerged undertaking corresponding to the equity shares held by the Company in MTWL, deemed to be repatriation of investments amounting to Rs. 80,493 Lakhs has been adjusted in the retained earnings.

A report on the performance and financial position of each of the subsidiaries and associate and their contribution to the overall performance of the Company is provided in Form AOC -1, which is attached to the Financial Statements of the Company and forms part of this Report.

6. People

Your Company has over 7500 people on its rolls as at the close of the 2017-18. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

7. Board of Directors

The Board comprises of the following directors:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non -Executive Director	Independent/ Non-Independent Director
1.	Dr. Pawan Kumar Goenka (DIN: 00254502)	Chairman	Non-Executive	Non-Independent
2.	Mr. S. Durgashankar (DIN: 00044713)	Director	Non-Executive	Non-Independent
3.	Ms. Smita Mankad (DIN: 02009838)	Independent Director	Non-Executive	Independent
4.	Mr. Rahul Asthana (DIN: 00234247)	Independent Director	Non-Executive	Independent
5.	Mr. Rajan Wadhera* (DIN: 00416429)	Director	Non-Executive	Non Independent
6.	Mr. Parag Shah% (DIN: 00374944)	Director	Non-Executive	Non-Independent
7.	Mr. Vijay Kalra! (DIN: 07217974)	Additional Director and CEO	Executive Director and CEO	Non-Independent
8.	Mr. Pankaj Sonalkar@ (DIN: 02685465)	Whole Time Director and CEO	Executive Director and CEO	Non-Independent

*Appointed as a Director w.e.f. 26th July, 2017

% Appointed as a Director w.e.f. 26th July, 2017

! Appointed as an Additional Director, Executive Director and Chief Executive Officer w.e.f. 26th July, 2017

@Resigned as Whole Time Director and Chief Executive Officer w.e.f. 26th July, 2017

Mr. Vijay Kalra (DIN: 07217974) was appointed as an Additional Director, Executive Director and Chief Executive Officer (CEO) w.e.f. 26th July, 2017. Notice have been received from a Member, proposing his appointment as Directors at the forthcoming AGM.

Mr. S. Durgashankar (DIN: 00044713) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

8. Evaluation of Performance of Directors

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

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors including the Chairman.

9. Board Meetings and Annual General Meeting

Your Board of Directors met four times during the year under review viz; on 2nd May, 2017, 26th July, 2017, 1st November, 2017 and 24th January, 2018. The Annual General Meeting of the Company was held on 26th July, 2017.

The attendance of the Directors at the meetings of the Board is as follows:

Name of Director	Number of Board Meetings Attended (out of 4 meetings)
Dr. Pawan Kumar Goenka	4
Mr. S. Durgashankar	4
Mr. Rajan Wadhera*	4
Ms. Smita Mankad	4
Mr. Rahul Asthana	4
Mr. Parag Shah%	3
Mr. Vijay Kalra!	3
Mr. Pankaj Sonalkar@	1

* Appointed as a Director w.e.f. 26th July, 2017

% Appointed as a Director w.e.f. 26th July, 2017

! Appointed as an Additional Director, Executive Director and Chief Executive Officer w.e.f. 26th July, 2017

@ Resigned as Whole Time Director and Chief Executive Officer w.e.f. 26th July, 2017

10. Director's Responsibility Statement

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

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

b) They have, in selection of accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The annual accounts have been prepared on a going concern basis;

e) The adequacy of the Company's internal controls with reference to financial statements as of March 31, 2018 has been assessed and has found them to be adequate. Deficiencies in the design or operation of internal controls with reference to financial statements, if any, and the steps taken or proposed to be taken to rectify these deficiencies have been disclosed to the auditors and the Board; and

f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

12. Appointments of/Changes in Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the following are the Key Managerial Personnel of your Company:-

1. Mr. Vijay Kalra, is Additional Executive Director & Chief Executive Officer (appointed w.e.f. 26th July, 2017);
2. Mr. Dattatraya Nikam is the Chief Financial Officer;
3. Mr. Rajesh Arora is the Company Secretary(appointed w.e.f. 26th July, 2017); and
4. Mr. Nachiket Kodkani has been recognized/ designated as Key Managerial Personnel (w.e.f. 1st May, 2018)

During the year under review, Mr. Pankaj Sonalkar resigned as the Whole-time Director & Chief Executive Officer with effect from 26th July, 2017. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Pankaj Sonalkar during his association with the Company.

During the year under review, Mr. Jignesh Parikh resigned as the Company Secretary of the Company with effect from 17th July, 2017.

13. Committees of the Board

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

i. Audit Committee

The Audit Committee comprises Ms. Smita Mankad, Independent Director, Mr. S Durgashankar, Director and Mr. Rahul Asthana, Independent Director as its members.

The Audit Committee met four times during the year under review viz; on 2nd May 2017, 26th July 2017, 1st November 2017 and 24th January, 2018.

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

Name of Director	Designation	No. of meetings attended (out of 4 meetings)
Ms. Smita Mankad	Chairperson	4
Mr. S Durgashankar	Member	4
Mr. Rahul Asthana	Member	4

ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Rajan Wadhera, (Director), Dr. Pawan Kumar Goenka, (Director), Ms. Smita Mankad (Independent Director) and Mr. Rahul Asthana (Independent Director) as members.

During the year under review, the Nomination and Remuneration Committee was reconstituted and Mr. Rajan Wadhera was appointed as member and Chairman of the Committee.

The Nomination and Remuneration Committee met twice during the year under review on 2nd May 2017 and 26th July, 2017 which was attended by all the Members.

iii. Corporate Social Responsibility Committee

Your Company's Corporate Social Responsibility Committee comprises Mr. Rajan Wadhera, (Director), Dr.Pawan Kumar Goenka, (Director) and Mr. Rahul Asthana (Independent Director) as its members.

During the year under review, the Corporate Social Responsibility Committee was reconstituted and Mr. Rajan Wadhera was appointed as member and Chairman of the Committee.

The Corporate Social Responsibility Committee met once on 2nd May, 2017 during the year under review which was attended by all the Members.

iv. Committee for Strategic Investments

Your Company's Strategic Investments Committee consists of Dr. Pawan Kumar Goenka (Chairman)and Mr. S. Durgashankar (Director), Ms. Smita Mankad (Independent Director) and Mr. Rahul Asthana (Independent Director) as Members of Committee.

During the year under review, the Committee met once on 24th January, 2018 which was attended by all the Members.

14. Meeting of Independent Directors

The Independent Directors of the Company met on 1st November, 2017 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive & Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

15. Vigil Mechanism

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

16. Auditors

i. Statutory Auditors

M/s B S R & Co., Chartered Accountants, (ICAI registration 101248W/W - 100022) has been appointed as the Statutory Auditors of the Company to hold office from conclusion of the 10th Annual General Meeting ('AGM'), till the conclusion of the 15th AGM, subject to ratification by members at every AGM.

As required under the provisions of Section 139(1) of the Companies Act, 2013, your Company has received a written consent from M/s B S R & Co., and a certificate to the effect that their appointment made, is in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The members are requested to appoint M/s B S R & Co., Chartered Accountants, as the Auditors to hold office from the conclusion of 11th AGM till the conclusion of 15th AGM and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for FY 2017-18.

ii. Secretarial Auditor

Your Company had appointed Mr. Sachin Bhagwat, a Company Secretary in Practice (Certificate of Practice No. 6029), as the Secretarial Auditor of the Company in accordance with Section 204 of the Act.

The Board at its meeting held on 30th April, 2018, re-appointed Mr. Sachin Bhagwat as the Secretarial Auditor of your company for the financial year ending on 31st March, 2019.

In terms of provisions of sub section 1 of section 204 of the Act, the Company has annexed with this Report, the secretarial audit report for the financial year ended on 31st March, 2018 submitted by the Secretarial Auditor and the same, in prescribed form MR 3 at **Annexure I** forms part of this report.

There were no qualifications, reservations or adverse remarks made by the Secretarial Auditors in his report for FY 2017-18.

iii. Cost Auditor

The Board had appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), as Cost Auditor for conducting the audit of cost records of the Company for the Financial year 2017-18.

The Board of Directors on the recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the Financial Year 2018-2019 pursuant to Section 148 of the Companies Act, 2013. Messrs. Dhananjay V. Joshi & Associates, have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under Section 141(3) and proviso to section 148(3) read with Section 141(4) of the Companies Act, 2013.

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

17. Reporting of Frauds by Auditors

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

18. Policy on criteria for appointment/removal of directors and senior management personnel and remuneration of directors, key managerial personnel and other employees

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

a. Revised policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and

b. Revised policy on the remuneration of directors, key managerial personnel and other employees.

The Board on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 30th April, 2018 had amended the said policies in order to align the same with various amendments in the Companies Act, 2013.

These policies are provided as **Annexure IIA** and **Annexure IIB** respectively and forms part of this Report.

19. Risk Management Policy

Your Company had formulated a Policy for the management of risks, identifying therein the elements of risks including those, which in the opinion of the Board, may threaten the existence of the Company.

20. Corporate Social Responsibility Policy

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

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

For the Company, responsible business practices include being responsible for the Company's business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, CSR goes beyond just adhering to statutory and legal compliances, and creates social and environmental value for our key stakeholders.

i. CSR Policy

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

ii. CSR Initiatives

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

Broadly under four categories – Health, Education, Environment & Rural Development

Health -

1. Project Bandhan - Health Camp for Mother & Child, in which Antenatal Care Camp (72 camps), Women Health Camp including Cancer screening (5 camps), Health camp for Nanhi Kalis (4 Camps), Support to Plastic Surgery for Cleft lip & Pallet for children (1 Camp). Under Project Bandhan total beneficiary for the F18 is 5206 nos.
2. Project Prayaas – AIDS Awareness & Rehabilitation – In chakan, Khed & Alandi location. For Awareness reached out to 83894 people and rehabilitated around PLHA (Parents Living with HIV AIDS) – 130 nos. & CLHA – (Children Living with HIV AIDS) -65 nos.
3. Project Jeevandaan – 2 Blood Donation Camp were organized in plant and around 293 units were collected, this was utilized to support Thalessemic children.

Education -

1. Project Nanhi Kali – Education support for 1196 Nanhi Kalis in Chakan region.
2. AWIM (A World In Motion) a project to create awareness about automotive and auto passion in young age continued during the year and 1800 students from 32 schools benefited due to this initiative.
3. Project Vikas – Development of Rural ITI – Manikdoh & Ghodegaon, where around 602 students and 24 faculties were trained.
4. Infra Support to Rural Students – Support students with stationery & other infra facilities for better learning experience.

Environment & Others -

1. Hariyali – Plantation of around 19247 sapling in association with Forest Dept – Maharashtra Govt in Rann Mala Khed.
2. Swachh Bharat Abhiyan – were conducted in 6 schools.
3. Road Safety Drive – Conducted twice on Talegaon Toll on Expressway – with focus on Speed & Seat belts.

Rural Development -

1. Renovation of Rural School – Renovation of rural school at Dehugaon were taken up including Classrooms, Communication hall, Kitchen, Drinking water & Washroom.
2. Development of MIDC Roads – Maintenance of Road Median trees, setting up of CCTV along MIDC Road No.1.

During the year under review, the Company spent an amount of Rs. 833 lakhs towards CSR activities in compliance with the Companies Act. Further details in the above matter are enclosed in the prescribed format as **Annexure III** to this Report.

21. Internal Financial Control

Your Company had adopted an Internal Financial Control System, commensurate with the size, scale and complexity of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31st March, 2018. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors are invited to attend Audit Committee meetings. Corrective actions, if required, are being taken up immediately to ensure that the internal financial control system remains robust and as an effective tool.

22. Safety, Health and Environment

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

23. Sustainability Initiative

As an initiative towards making energy from renewable sources, your Company had installed 350KW PV cell solar which has generated 3.74 Lakh Units in F-18.

2.1 MW Wind Mill Project has become operational in current year and it generated 34.07 lakhs units in F-18

Further, efforts towards conserving water continued during the year and the capacity was enhanced from 50000 CuM to 100000 CuM in the current year.

24. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

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

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

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

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

Particulars of investments made and loans granted under Section 186 of the Act are given in Notes 6A forming part of financial statements.

27. Particulars of Transactions with Related Parties

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

28. Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in form MGT 9 is attached herewith as **Annexure VI** and forms part of this report.

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

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

30. General

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

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

31. Acknowledgements

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

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT
FORM No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; **(Not applicable to the Company during the audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company)**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**

(vi) According to the information provided by the company, no other law was specifically applicable to the Company.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with the Stock Exchanges and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company)**

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

I further report that

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

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

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

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

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

The Company allotted 15,97,77,153 Equity shares of Rs. 10 each at par, aggregating to Rs. 1,59,77,71,530 on rights basis to Mahindra and Mahindra Limited;

Signature:
Sd/-
Sachin Bhagwat
ACS: 10189
CP: 6029

Place: Pune
Date: 23rd April 2018

ANNEXURE II-A TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Vehicle Manufacturers Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time.

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING

Purpose

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

Board

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

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

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

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

Senior Management Personnel

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

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

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

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

Policy Statement

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

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

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

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

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

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE II-B TO THE DIRECTORS' REPORT

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

Purpose

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

Policy Statement

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

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

Non-Executive including Independent Directors

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

Executive Directors

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

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs shall be determined by the Board and revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE III – CSR DETAILS

Average Net profit for last 3 years: Rs. 41634 Lakhs.

Prescribed CSR expenditure (2% of above average Net profit): Rs. 833 Lakhs

Total amount Spent for the Financial year: Rs. 833 Lakhs

Amount Unspent Nil

Manner in which the amount spent during the financial year

Rs. in Lakhs

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or Programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
Project Bandhan - Ante Natal Care Camp	1d - Health	Local - Tal-Khed - Mah	45	33	12	45	Through an implementing agency -MIMER Hospital, Sterling Hospital, Lokmanya Hospital, Surya Hospital, Saiprasad, Unik Health Care
Project Bandhan - Support to children - Plastic Surgery and Blood Donation	1d - Health	Local - PCMC & Pune	10	10	-	10	Through an implementing agency - Sancheti Hospital
Project Prayas - AIDS Awareness Campaign	1d - Health	Local - Tal-Khed - Mah	30	30	*	30	Through an implementing agency -Yash Foundation, Saikrupa & Kiran Digital
Education - AWIM (A World in Motion)	2a - Education	Local - Tal-Khed - Mah	1	1	-	1	Through an implementing agency -SAE, Sai Krupa, Adhik Resorts
Education - Project Vikas (ITI Development)	2c - Education	Local - Tal-Khed - Mah	8	8	-	8	Through an implementing agency -Three Star Enterprises, Don Bosco, SDA Outsourcing
Education - Screening & Nurturing Students- Mensa IQ	2a - Education	Local - Tal-Khed - Mah	9	9	-	9	Through an implementing agency -MENSA IQ
Road Safety Awareness - Education	2a - Education	Local - Tal-Khed - Mah	1	1	*	1	Through an implementing agency -Save Road Foundation, Bharti Stationary, Omkar Tours
Infra Development in schools - Educational Material	2a - Education	Local - Tal-Khed - Mah	21	20	1	21	Through an implementing agency – Blue tech office solutions
Support Pollution Control Board	4a - Environment	Local - Tal-Khed - Mah	3	3	-	3	Through an implementing agency -Jalaram Cycle Mart

Rs. in Lakhs

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or Programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
Hariyali - Tree Plantation	4a - Environment	Local - Tal-Khed - Mah	1	1	*	1	Through an implementing agency -Sai Krupa, Adhik Resorts
Development of MIDC Road - Landscape Maintenance, CCTV Installation, Road Safety signages	10a - Rural Development	Local - Tal-Khed - Mah	43	43	-	43	Through an implementing agency -Jagdamba Landscapes, Shreenath Landscape, Instys Technologies
Project WFF - Wardha Farmer Family Project	10a - Rural Development	Local - Tal-Khed - Mah	150	150	-	150	Through an implementing agency -Naandi Foundation
Renovation of Rural School - ZP School Dehugaon	10a - Rural Development	Local - Tal-Khed - Mah	43	43	-	43	Through an implementing agency -Yog Engineering
Project Nanhi Kali	2a - Education		468	468	-	468	Through an implementing agency –KCMET
Total			**833**	**820**	**13**	**833**	

* Amount less than Rs. 50,000

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

For and on behalf of the Board

Rajan Wadhera
Chairman of the CSR Committee

Pawan Kumar Goenka
Director &Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

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

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

(A) Conservation of energy:

a. Energy Conservation measures taken:
   - IFC GE 90 made operational, zero air loss drain valves 4 nos., drop down tests, air leakage audit, 311 air points closed which are non-production points.
     - 1 no. HVLS installed.
     - 20 no. ECO air circulators installed.
   - Installation of 120 Watt LED High Bay Lamp (1000 nos.)
   - Installation of 200 Watt LED High Bay Lamp (187 nos.)
   - Installation of 70 Watt LED Street Lamp (770 nos.)
   - Installation of 18 Watt LED Office Downlighter (784 nos.)
   - Installation of 18 Watt LED Tube Light (5000 nos.)

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Rs. 680 Lakhs

c. Impact of the measures taken at a. & b. above for reduction of energy consumption and consequent impact on the cost of production of goods:
   - Likely savings in power consumption is estimated to be 11,58,000 units per year

d. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable

(B) Technology absorption:

1. Areas in which Research & Development is carried out: Designing of New Vehicle
2. Benefits derived as a result of the above efforts, e.g., Developing new platform for vehicle
3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: Not applicable
   a) Details of technology imported: NA
   b) Year of import: NA
   c) Whether the technology been fully absorbed: NA
   d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

4. Expenditure incurred on Research and Development: Rs. 7,414 Lakhs

(C) Foreign exchange earnings and Outgo

Foreign exchange earnings and outgo during the year under review are as follows:

		(Rupees in lakhs)
Total Foreign Exchange Earning and outgo	**For the year ended 31st March, 2018**	**For the year ended 31st March, 2017**
Foreign Currency Earnings*	**30,414**	24,489
Foreign Exchange Outgo**	**68,292**	48,347

* Represents the Income of US branch

** Includes expenditure of US branch

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE V TO THE DIRECTORS’ REPORT

FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm’s length basis: Nil
2. Details of material contracts or arrangements or transactions at Arm’s length basis: #

Sr. No.	Name(s) of the related party and nature of relationship		Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited	Holding Company	1st April, 2017 to 31st March, 2018	Purchase of Material	79,444	NA	-
				Sale of Goods	12,09,525	NA	-
				Sale of Services	22,887	NA	-
2.	Mahindra Intertrade Limited	Subsidiary	1st April, 2017 to 31st March, 2018	Purchase of Material	15,387	NA	-
3.	Mahindra Logistics Limited	Fellow Subsidiary	1st April, 2017 to 31st March, 2018	Purchase of Services	8,088	NA	-
4.	Mahindra Heavy Engines Limited	Subsidiary	1st April, 2017 to 31st March, 2018	Purchase of Material	65,802	NA	-
5.	Mahindra CIE Limited	Associate	1st April, 2017 to 31st March, 2018	Purchase of Material	15,375	NA	-
6.	Mahindra North America Technical Centre Inc.	Fellow Subsidiary	1st April, 2017 to 31st March, 2018	Sale of Services	7,471	NA	-

Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

FORM NO. MGT-9

Extract of Annual Return as on the financial year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	:	U34100MH2007PLC171151
2.	**Registration Date**	:	25/05/2007
3.	**Name of the Company**	:	Mahindra Vehicle Manufacturers Limited
4.	**Category/Sub-Category of the Company**	:	Company limited by shares. Indian non-government company.
5.	**Address of the Registered office and contact details**	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Contact: Mr. Dattatraya Nikam (CFO) Tel : 022-24905619
6.	**Whether listed Company (Yes/No)**	:	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	:	Karvy Computershare Pvt Ltd Karvy House, Selenium, Tower B, Plot 31-32, Gachibowli, Financial district, Hyderabad -500 032 Tel: 040 - 6716 1602 Email: hanumantha.patri@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of Main Products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Passenger Cars	**29101**	**62.65%**
2	Commercial Vehicle	**29102**	**26.05%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	100%	2(46)
2.	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Subsidiary	100%	2(87)
3.	Mahindra Steel Service Centre Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH1993PLC070416	Subsidiary	61%	2(87)
4.	Mahindra Electrical Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH2009PTC193205	Subsidiary	100%	2(87)
5.	Mahindra Auto Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH2013PTC250979	Subsidiary	51%	2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
6.	Mahindra MiddleEast Electrical Steel Service Centre (FZC) SAIF Zone, P3 11/12, P.O. Box No. 8114, Sharjah, UAE	-	Subsidiary	90%	2(87)
7.	Mahindra MSTC Recycling Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U37100MH2016PTC288535	Subsidiary	50%	2(87)
8.	Mahindra Two Wheelers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U35911MH2008PLC185462	Subsidiary	92.25%	2(87)
9.	Mahindra Heavy Engines Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U35914MH2007PLC169753	Subsidiary	100%	2(87)
10.	Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Limited) 122E, Bommasandra Industrial Area, Bommasandra, Bangalore KA560099	U34101KA1996PLC020195	Subsidiary	99.13%	2(87)
11.	Mahindra CIE Automotive Ltd. Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	L27100MH1999PLC121285	Associate	17.25%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	389,79,46,331	389,79,46,331	100	4,05,77,23,478	6	4,05,77,23,484	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub–total (A)(1):	–	**389,79,46,331**	**389,79,46,331**	**100**	**4,05,77,23,478**	**6**	**4,05,77,23,484**	**100**	–
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub–total (A) (2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**389,79,46,331**	**389,79,46,331**	**100**	**4,05,77,23,478**	**6**	**4,05,77,23,484**	**100**	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (Trust)	–	–	–	–	–	–	–	–	–
Sub–total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non–Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
Sub–total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**389,79,46,331**	**389,79,46,331**	**100**	**4,05,77,23,478**	**6**	**4,05,77,23,484**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	389,79,46,325	100%	–	405,77,23,478	100%	–	-
2	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	–	–	1	–	–	-
3	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	–	–	1	–	–	-
4	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda*	1	–	–	1	–	–	-
5	Mahindra & Mahindra Limited jointly with Dr. Pawan Kumar Goenka*	1	–	–	1	–	–	-
6	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey*	1	–	–	1	–	–	-
7	Mahindra & Mahindra Limited jointly with Mr. P. N. Shah*	1	–	–	1	–	–	-
TOTAL		**389,79,46,331**	**100%**	–	**405,77,23,484**	**100%**	–	

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

iii Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Limited				
	At the beginning of the year	3,89,79,46,331	100	4,05,77,23,484*	–

* During the year under review, your Company allotted 15,97,77,153 Equity shares of Rs. 10/- each on Rights basis to Mahindra & Mahindra Limited as follows:

on 2th May, 2017 -26,000,000 equity shares

on 4th July, 2017-2,00,00,000 equity shares

on 26th July, 2017- 23,000,000 equity shares

on 3rd October,2017 - 48,000,000 equity shares

on 1st November, 2017 – 9,000,000 equity shares

on 12th December, 2017 – 17,000,000 equity shares

on 19th February, 2018 – 16,777,153 equity shares

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

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

v. Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS:

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

				(Rs. In Lakhs)
PARTICULARS	**SECURED LOANS EXCLUDING DEPOSITS**	**UNSECURED LOANS**	**DEPOSITS**	**TOTAL INDEBTEDNESS**
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	49,968	1,22,765	–	1,72,733
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	404	292	–	696
Total (1+2+3)	50,372	123,057	–	1,73,429
Change in Indebtedness during the financial year				
• Addition	4,095	4,10,270	–	4,14,365
• Reduction	4,095	4,69,427	–	4,73,522
Net Change	–	(59,157)	–	(59,157)

				(Rs. In Lakhs)
PARTICULARS	**SECURED LOANS EXCLUDING DEPOSITS**	**UNSECURED LOANS**	**DEPOSITS**	**TOTAL INDEBTEDNESS**
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	49,979	60,000	–	1,09,979
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	393	3900	–	4,293
Total of (1+2+3)	**50,372**	**63,900**	–	**1,14,272**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No.	**Particulars of Remuneration**	**Pankaj Sonalkar WTD & CEO (01-04-2017 to 25-07-2017)**	**Vijay Kalra WTD & CEO (26-07-2017) to (31-03-2018)**	**Total Amount (Rs. In Lakhs)**
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24	–	24
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	*	–	*
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option – Amount indicate perquisite value of ESOP exercised during the year	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - As % of profit - Others, specify	 – –	 – –	 – –
5.	Others, please specify (contribution to Funds etc.)	1	32	33
	Total (A)	**25**	**32**	**57**
	Ceiling as per the Act	5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013 – Rs. 2866 Lakhs		

* Amount less than Rs. 50000

B. Remuneration of other Directors:

I. Independent Directors:-

			(Rs. In Lakhs)
Particulars of Remuneration	**Name of Directors**		**Total Amount**
	Mr. Rahul Asthana	**Ms. Smita Mankad**	
Fee for attending Board/Committee meetings	3	3	6
Commission	6	6	12
Others	–	–	–
Total (1)	**9**	**9**	**18**

II. Other Non-Executive Directors: -

Other Non-Executive Directors			**(Rs. in Lakhs)**
Fee for attending Board/Committee meetings	–	–	–
Commission	–	–	–
Others	–	–	–
Total (2)	–	–	–
Total B = (1+2)			**18**
Ceiling as per the Act	1% of the Net profits of the Company Rs. 573 Lakhs		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: **(Rs. In Lakhs)**

Sr. No.	**Particulars of Remuneration**	**Names of Key Managerial Personnel**			**Total Amount**
		Mr. Dattatraya Nikam (CFO)	**Mr. Jignesh Parekh (CS) (01-04-2017 to 17-07-2017)**	**Mr. Rajesh Arora (CS) (26-07-2017 to 31-03-2017)**	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	50	–	–	50
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	*	–	–	*
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option - Amount indicate perquisite value of ESOP exercised during the year.	7	–	–	7
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify…	 – –	 – –	 – –	 – –
5.	Others (contribution to Funds etc.)	7	*	4.00	11
	Total (C)	**64**	*****	**4.00**	**68**

* Amount less than Rs. 50,000

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):

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

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 30th April, 2018

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

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Vehicle Manufacturers Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information, in which are incorporated the Return for the year ended on that date audited by the branch auditors of the Company's branch at Michigan, USA.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Other Matter

1. The comparative financial information of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 02 May 2017 expressed an unmodified opinion.

2. We did not audit the financial information of a branch included in the Ind AS financial statements of the Company whose financial information reflect total assets of Rs. 14,245 lakhs as at 31 March 2018 and total revenues of Rs. 38,929 lakhs for the year ended on that date. The financial information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.

   c) The reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

   d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.

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

   f) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 45 to the Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No : 101248W/W-100022)

Abhishek
Partner
(Membership No. 062343)

Mumbai, 30 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON IND AS FINANCIAL STATEMENT – 31 MARCH 2018

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

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

(b) The Company has a program of physical verification of its fixed assets by which all its fixed assets are verified once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the program, physical verification was conducted in the financial year ended 31 March 2016. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties are held in the name of the Company.

(ii) The inventory, except goods in transit, has been physically verified by the management during the year in accordance with the programme of verification. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of significant stocks lying with third parties at the year end, written confirmation from major parties have been obtained.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and Section 186 with respect to loan taken and investments made respectively. The Company has not granted any loan, not issued any guarantee or provided any security to any party covered under the provision of Section 185.

(v) The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax and any other statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax and Value Added Tax which have not been deposited with the appropriate authorities by the Company on account of disputes other than those stated in Appendix 1 to this Report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of due to its banks and debenture holders. The Company did not have any loans or borrowings from financial institution or government during the year.

(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandate by the provision of Section 197 read with schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, the reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties are in accordance with Section 177 and 188 of the Act and the details, as required by the applicable accounting standard have been disclosed in the Ind AS financial statements.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, the reporting under paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to register under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants
(Firm Registration No. 101248W/W-100022)

Abhishek
Partner
(Membership No. 062343)

Mumbai, 30 April 2018

APPENDIX -1

Details of amount unpaid on account of disputes:

Name of Statue	Nature of the dues	Period to which the amount relates	Amount Demanded (Rs. In lakhs)	Amount paid under protest (Rs. In lakhs)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	2010 to 2014	1,058	29	The company has filed an appeal with Customs, excise and Service tax Appellate Tribunal (CESTAT)
Income Tax Act, 1961	Income Tax Matters	AY 2015-16	5,538	–	Commissioner of Income Tax (Appeals), Mumbai.
Income Tax Act, 1961	Income Tax Matters	AY 2014-15	5,172	–	Income Tax Appellate Tribunal, Mumbai. (ITAT)
Income Tax Act, 1961	Income Tax Matters	AY 2013-14	6,143	–	Income Tax Appellate Tribunal, Mumbai. (ITAT)
Income Tax Act, 1961	Income Tax Matters	AY 2012-13	4,299	–	Income Tax Appellate Tribunal, Mumbai. (ITAT)
Income Tax Act, 1961	Income Tax Matters	AY 2011-12	2,441	–	Income Tax Appellate Tribunal, Mumbai. (ITAT)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED

Referred to in paragraph 2(g) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Mahindra Vehicle Manufacturers Limited on the Ind AS financial statements for the year ended 31 March 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Mahindra Vehicle Manufacturers Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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

Auditor's Responsibility

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

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

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

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED (CONTINUED)

Meaning of Internal Financial Control Over Financial Reporting

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

Inherent Limitations of Internal Financial Control Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP
Chartered Accountants
(Firm Registration No. 101248W/W-100022)

Abhishek
Partner
(Membership No. 062343)

Mumbai, 30 April 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Rs. in Lakhs

Particulars			Note No.	As at March 31, 2018	As at March 31, 2017
A	**ASSETS**				
	Non-current assets				
	(a)	Property, plant and equipment	4	**181,633**	190,987
	(b)	Capital work-in-progress		**6,798**	1,158
	(c)	Other intangible assets	5	**679**	616
	(d)	Intangible assets under development		**14,733**	5,287
	(e)	Financial assets			
		(i) Investments	6 A	**347,467**	331,974
		(ii) Other financial assets	7	**2,264**	2,081
	(f)	Income tax assets (net)		**4,249**	8,703
	(g)	Deferred tax assets - others	20 B	**–**	1,319
	(h)	Other non-current assets	8	**16,728**	42,469
		Total non-current assets		**574,551**	584,594
	Current assets				
	(a)	Inventories	9	**63,512**	48,486
	(b)	Financial assets			
		(i) Investments	6 B	**–**	2,001
		(ii) Trade receivables	10	**106,430**	83,501
		(iii) Cash and cash equivalents	11	**544**	4,576
		(iv) Other bank balances	11	**2,500**	–
		(v) Loans	12	**8**	11
		(vi) other financial assets	13	**53,774**	49,254
	(c)	Other current assets	14	**1,463**	2,158
	(d)	Assets held for distribution	39	**–**	80,493
		Total current assets		**228,231**	270,480
		Total assets		**802,782**	855,074
B	**EQUITY AND LIABILITIES**				
	Equity				
	(a)	Equity share capital	15	**405,772**	389,795
	(b)	Other equity	16	**20,689**	78,432
		Total equity		**426,461**	468,227
	LIABILITIES				
	Non-current liabilities				
	(a)	Financial liabilities			
		(i) Borrowings	17	**94,983**	109,968
		(ii) Other financial liabilities	18	**1,159**	–
	(b)	Provisions	19	**3,704**	3,437
	(c)	Deferred tax liabilities (net)	20 A	**17,855**	17,776
		Total non-current liabilities		**117,701**	131,181
	Current liabilities				
	(a)	Financial liabilities			
		(i) Borrowings	21	**–**	62,765
		(ii) Trade payables	22	**191,339**	157,249
		(iii) Other financial liabilities	23	**51,777**	28,070
	(b)	Provisions	24	**242**	1,232
	(c)	Current tax liabilities (net)		**1,556**	2,787
	(d)	Other current liabilities	25	**13,706**	3,563
		Total current liabilities		**258,620**	255,666
		Total equity and liabilities		**802,782**	855,074

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number : 062343
Place: Mumbai
Date : 30th April, 2018

Vijay Kalra
Chief Executive Officer & Director
DIN: 07217974

Dattatraya Nikam
Chief Financial Officer

Rajesh Arora
Company Secretary

Dr. Pawan Kumar Goenka DIN: 00254502
Rajan Wadhera DIN: 00416429
Rahul Asthana DIN: 00234247
Smita Mankad DIN: 02009838
} Directors

Place: Mumbai
Date : 30th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rs. in Lakhs

Particulars	Note No.	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Revenue from operations	26	**998,719**	1,008,911
Other Income	27	**4,396**	3,980
Total Income		**1,003,115**	1,012,891
Expenses			
(a) Cost of materials consumed	28	**812,789**	678,513
(b) Changes in stock of finished goods and work-in-progress	29	**(10,128)**	8,877
(c) Excise duty		**35,237**	163,113
(d) Employee benefits expense	30	**42,891**	34,869
(e) Finance costs	31	**12,294**	17,213
(f) Depreciation and amortisation expense	32	**14,594**	14,811
(g) Other expenses	33	**36,000**	34,240
Total expenses		**943,677**	951,636
Profit/(loss) before exceptional item & tax		**59,438**	61,255
Exceptional Item	40	**–**	**34,727**
Profit/(loss) before tax		**59,438**	26,528
Tax expense			
(1) Current tax		**23,236**	25,038
(2) Deferred tax		**1,330**	(1,014)
Total tax expense		**24,566**	24,024
Profit/(loss) for the year		**34,872**	2,504
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
– Remeasurements of the defined benefit liabilities / (asset)		**192**	(20)
(ii) Income tax relating to items that will not be reclassified to P&L		**(67)**	7
Total comprehensive income for the period		**34,997**	2,491
Earnings per equity share (face value Rs. 10 each):	42		
(1) Basic		**0.87**	0.07
(2) Diluted		**0.87**	0.07

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number : 062343
Place: Mumbai
Date : 30th April, 2018

Vijay Kalra
Chief Executive Officer & Director
DIN: 07217974

Dattatraya Nikam
Chief Financial Officer

Rajesh Arora
Company Secretary

Dr. Pawan Kumar Goenka	DIN: 00254502	Directors
Rajan Wadhera	DIN: 00416429	
Rahul Asthana	DIN: 00234247	
Smita Mankad	DIN: 02009838	

Place: Mumbai
Date : 30th April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Rs. in Lakhs

		For the year ended 31st March, 2018	For the year ended 31st March, 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional item and tax:	**59,438**	61,255
	Adjustment for:		
	Depreciation and amortisation of non-current assets	**14,594**	14,811
	(Profit)/Loss on exchange (net)	*****	23
	Finance costs recognised in profit or loss	**12,294**	17,213
	(Profit)/Loss on sale of fixed assets	**5**	(8)
	Investment income recognised in profit or loss	**(3,610)**	(3,198)
		23,283	28,841
	Operating profit before working capital changes	**82,721**	90,096
	Movements in working capital:		
	(Increase)/decrease trade and other receivables	**(29,628)**	8,282
	(Increase)/decrease in inventories	**(15,026)**	16,875
	(Increase)/decrease in other assets	**24,816**	(30,806)
	Increase/(decrease) in trade and other payables	**34,090**	(5,687)
	Increase/(decrease) in provisions	**(531)**	744
	Increase/(decrease) in other liabilities	**15,624**	8,726
		29,345	(1,866)
	Cash generated from operations	**112,066**	88,230
	Income taxes paid	**(20,013)**	(25,390)
	Net Cash from operating activities	**92,053**	62,840
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for property, plant and equipment	**(19,160)**	(10,921)
	Proceeds from disposal of property, plant and equipment	**10**	25
	Payments to purchase investments	**(517,000)**	(650,000)
	Proceeds on sale of investments	**519,420**	654,663
	Payments to acquire long term investments	**(13,493)**	(62,334)
	Decrease in margin money	**–**	14
	Fixed Deposit placed	**(2,500)**	–
	Interest/dividend received	**4,359**	2,082
	Net cash from/used in investing activities	**(28,364)**	(66,471)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD).

Rs. in Lakhs

		For the year ended 31st March, 2018	For the year ended 31st March, 2017
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity instruments of the company	**14,077**	76,170
	Proceeds from long term borrowings	**–**	60,000
	Repayment of long term borrowings	**–**	(146,000)
	Proceeds from short term borrowings	**402,921**	139,252
	Repayment of short term borrowings	**(465,686)**	(96,293)
	Dividends paid to owners of the company (including dividend distribution tax)	**(10,347)**	(10,345)
	Interest paid	**(8,686)**	(21,956)
	Net Cash from/used in financing activities	**(67,721)**	828
D	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(4,032)**	(2,803)
	Cash and cash equivalents at the beginning of the year	**4,576**	7,379
	Cash and cash equivalents at the end of the year	**544**	4,576

* amount less than Rs. 50,000

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number : 062343
Place: Mumbai
Date : 30th April, 2018

Vijay Kalra
Chief Executive Officer & Director
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Rajan Wadhera	DIN: 00416429	
Rahul Asthana	DIN: 00234247	
Smita Mankad	DIN: 02009838	

Place: Mumbai
Date : 30th April, 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital	As at March 31, 2018	Rs. in Lakhs As at March 31, 2017
Issued and Subscribed:		
Balance as at the beginning of the year	**389,795**	316,225
Add:		
Shares issued	**15,977**	73,570
Balance as at the end of the year	**405,772**	389,795

B. Other Equity

Rs. in Lakhs

		Reserves and Surplus			Items of Other Comprehensive Income	
	Share Application Money	Debenture Redemption Reserve (DRR)	Capital Reserve	Retained earnings	Remeasurements of the defined benefit liabilities/ (asset)	Total
Balance as at April 1, 2017	**2,600**	**4,639**	**(60)**	**71,217**	**36**	**78,432**
Profit for the year	**–**	**–**	**–**	**34,872**	**–**	**34,872**
Other comprehensive income for the year, net of income tax	**–**	**–**	**–**	**–**	**125**	**125**
Payment of dividends (Rs.0.229 per share)	**–**	**–**	**–**	**(8,934)**	**–**	**(8,934)**
Tax on dividend	**–**	**–**	**–**	**(1,413)**	**–**	**(1,413)**
Deemed repatriation of Investments (refer Note 39)	**–**	**–**	**–**	**(80,493)**	**–**	**(80,493)**
Transfers from retained earnings	**–**	**4,212**	**–**	**(4,212)**	**–**	**–**
Issue of share capital	**(2,600)**	**–**	**–**	**–**	**–**	**(2,600)**
Share application money received pending allotment	**700**	**–**	**–**	**–**	**–**	**700**
Balance as at March 31, 2018	**700**	**8,851**	**(60)**	**11,037**	**161**	**20,689**

STATEMENT OF CHANGES IN EQUITY (CONTD).

Rs. in Lakhs

		Reserves and Surplus			Items of Other Comprehensive Income	
	Share Application Money	Debenture Redemption Reserve	Capital Reserve	Retained earnings	Remeasurements of the defined benefit liabilities/ (asset)	Total
Balance as at April 1, 2016	–	6,927	(60)	76,770	49	83,686
Profit for the year	–	–	–	2,504	–	2,504
Other comprehensive income for the year, net of income tax	–	–	–	–	(13)	(13)
Payment of dividends (Rs.0.743 per share)	–	–	–	(8,932)	–	(8,932)
Tax on dividend	–	–	–	(1,413)	–	(1,413)
Transfers to retained earnings	–	(6,500)	–	6,500	–	–
Transfers from retained earnings	–	4,212	–	(4,212)	–	–
Share application money received pending allotment	2,600	–	–	–	–	2,600
Balance as at March 31, 2017	2,600	4,639	(60)	71,217	36	78,432

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number : 062343
Place: Mumbai
Date : 30th April, 2018

Vijay Kalra
Chief Executive Officer & Director
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Chief Financial Officer

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Dr. Pawan Kumar Goenka	DIN: 00254502	Directors
Rajan Wadhera	DIN: 00416429	
Rahul Asthana	DIN: 00234247	
Smita Mankad	DIN: 02009838	

Place: Mumbai
Date : 30th April, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1 COMPANY OVERVIEW:

Mahindra Vehicle Manufacturers Limited is a Company incorporated and domiciled in India having its registered office in Mumbai. The Company is in the business of manufacture of passenger cars, medium and heavy commercial vehicles and construction equipments.

The immediate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

These financial statements correspond to the stand alone financial statements of the Company.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries, joint ventures and associates is provided in note no. 34

2 SIGNIFICANT ACCOUNTING POLICIES:

(A) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements were approved by the Board of Directors and authorised for issue on 30th April, 2018.

(B) Functional and presentation currency:

The financial statements are presented in Indian Rupees (INR or 'Rs.') which is also the Company's functional currency. All values are rounded to the nearest lakhs, unless otherwise stated.

(C) Basis of preparation:

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

(D) Measurement of fair values:

A number of the Company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(E) Use of estimations & judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in:

Property, Plant and Equipment - Note 2 (F)

Obligations relating to employee defined benefits - Note 37

Impairment of Investment - The Company reviews its carrying value of Investments carried at Cost annually

(F) Property plant & equipment:

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

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

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

(1) Certain items of plant and machinery individually costing more than Rs. 5,000 - over their useful lives (2 years, 3 years, 5 years, 8 Years, 10 years, 20 years or 25 years as the case may be) as determined by the Company.

(2) Roads - over their useful life (15 years) as determined by the Company.

(3) Cars and Vehicles - over their useful life (5 years) as determined by the Company.

(4) Assets individually costing upto Rs 5000 over a period of 12 months.

(G) Intangible assets:

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

<u>Intangibles assets under development</u>

The Company expenses costs incurred during the research phase to statement of profit and loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development phase until the development phase is complete, upon which the amount is capitalised as intangible asset.

<u>Other Intangible assets</u>

(a) License fee :
The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years commencing with the year of purchase of License.

(b) Technical know-how fees :
The expenditure incurred on technical services and other project/ product related expenses are amortised over the estimated period of benefit, not exceeding five years.

(c) Software expenditure :
The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(H) Investments in subsidiaries, associates and joint ventures:

The Company accounts for its investments in subsidiaries, associates and joint venture at cost.

(I) Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets: All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

On initial recognition, a financial assets is classified as - measured at:

- Amortised Cost; or
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequently to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets.

Derecognition of financial assets: The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

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

Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs.

Financial liabilities: All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

Offsetting: Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(J) Inventories:

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

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

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

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

(K) Foreign exchange transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(L) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances. Sales of products and services are recognised when the products are shipped or services rendered. Excise duty recovered on sales is included in "Revenue from Operations".

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(M) Government grants:

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

(N) Employee benefits:

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

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

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

(O) Borrowing costs:

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of such assets. All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

(P) Taxes on income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilised.

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

(Q) Leases

Leases are classified as finance lease wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recognised as receivable at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefit accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expense are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

Rental expense from operating lease is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

3 Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures':

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's standalone financial statements.

Amendment to Ind AS 40 – 'Investment Property':

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

NOTE 4 – PROPERTY, PLANT & EQUIPMENT

Rs. in Lakhs

Description of assets	Freehold land	Leasehold land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost									
Balance as at 1st April 2017	**151**	**31,940**	**106,021**	**120,288**	**5,202**	**3,285**	**191**	**1,573**	**268,651**
Additions	–	**13**	**689**	**2,052**	**230**	**392**	**1,242**	**163**	**4,781**
Disposals	–	–	–	–	–	–	–	**97**	**97**
Balance as at 31st March 2018	**151**	**31,953**	**106,710**	**122,340**	**5,432**	**3,677**	**1,433**	**1,639**	**273,335**
(II) Accumulated depreciation									
Balance as at 1st April 2017	–	**2,730**	**19,764**	**48,626**	**4,128**	**1,434**	**117**	**865**	**77,664**
Depreciation for the year	–	**322**	**3,711**	**8,933**	**396**	**417**	**108**	**233**	**14,120**
Disposals	–	–	–	–	–	–	–	**82**	**82**
Balance as at 31st March 2018	–	**3,052**	**23,475**	**57,559**	**4,524**	**1,851**	**225**	**1,016**	**91,702**
Carrying amount(I-II)									
Balance as at 31st March 2018	**151**	**28,901**	**83,235**	**64,781**	**908**	**1,826**	**1,208**	**623**	**181,633**
Balance as at 31st March 2017	151	29,210	86,257	71,662	1,074	1,851	74	708	190,987

Rs. in Lakhs

Description of Assets	Land - Freehold	Land - Leasehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost									
Balance as at 1st April 2016	151	31,861	104,340	115,773	4,904	3,148	191	1,396	261,764
Additions	–	79	1,681	4,516	298	137	–	327	7,038
Disposals	–	–	–	1	–	–	–	150	151
Balance as at 31st March 2017	151	31,940	106,021	120,288	5,202	3,285	191	1,573	268,651
(II) Accumulated depreciation									
Balance as at 1st April 2016	–	2,408	16,093	39,561	3,560	1,053	79	751	63,505
Depreciation for the year	–	322	3,671	9,066	568	381	38	247	14,293
Disposals	–	–	–	1	–	–	–	133	134
Balance as at 31st March 2017	–	2,730	19,764	48,626	4,128	1,434	117	865	77,664
Carrying amount(I-II)									
Balance as at 31st March 2017	151	29,210	86,257	71,662	1,074	1,851	74	708	190,987
Balance as at 31st March 2016	151	29,453	88,247	76,212	1,344	2,095	112	645	198,259

Note:

(i) Plant equipment includes cost Rs. 649 Lakhs (31st March 2017 - Rs. 649 Lakhs), Net Block Rs. 279 Lakhs (31st March 2017 - Rs. 351 Lakhs) and depreciation for the year Rs. 72 Lakhs (31st March 2017 - Rs. 72 Lakhs) in respect of expenditure incurred on capital asset ownership of which does not vest in the company.

(ii) Plant & equipment with carrying amount of Rs. 64,781 Lakhs (31st March, 2017 - Rs. 71,662 Lakhs) and have been pledged to secure borrowings of the Company (See Note 17). The plant & equipment have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

(iii) Leasehold land has been regrouped in the current year pursuant to the clarification issued in ITFG 15 from prepaid expenses.

NOTE 5 – INTANGIBLE ASSETS

Rs. in Lakhs

Description of Assets	**Computer Software**	**License**	**Technical know how**	**Total**
(I) Cost				
Balance as at 1st April 2017	**2,370**	**489**	**310**	**3,169**
Additions during the year	**537**	–	–	**537**
Disposals	–	–	–	–
Balance as at 31st March 2018	**2,907**	**489**	**310**	**3,706**
(II) Accumulated amortisation				
Balance as at 1st April, 2017	**1,772**	**489**	**292**	**2,553**
Amortisation for the year	**456**	–	**18**	**474**
Disposals	–	–	–	–
Balance as at 31st March, 2018	**2,228**	**489**	**310**	**3,027**
Carrying amount(I-II)				
Balance as at 31st March, 2018	**679**	–	–	**679**
Balance as at 31st March, 2017	598	–	18	616

Rs. in Lakhs

Description of Assets	Computer Software	License	Technical know how	Total
(I) Cost				
Balance as at 1st April 2016	1,933	489	310	2,732
Additions during the year	437	–	–	437
Disposals	–	–	–	–
Balance as at 31st March 2017	2,370	489	310	3,169
(II) Accumulated amortisation				
Balance as at 1st April, 2016	1,415	399	221	2,035
Amortisation for the year	357	90	71	518
Disposals	–	–	–	–
Balance as at 31st March, 2017	1,772	489	292	2,553
Carrying amount(I-II)				
Balance as at 31st March, 2017	598	–	18	616
Balance as at 31st March, 2016	518	90	89	697

NOTE 6 A – NON-CURRENT INVESTMENTS

	Face Value	As at 31st March, 2018		As at 31st March, 2017	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs
NON-CURRENT INVESTMENTS					
Investment in equity instruments: At cost (Trade and fully paid up unless otherwise specified) (Unquoted):					
(i) In subsidiary companies					
– Mahindra Electric Mobility Limited	10	**267,458,320**	**67,982**	205,235,102	52,489
– Mahindra Intertrade Limited [including 1,50,00,000 shares partly paid-up Rs. 3 per share]	10	**27,100,007**	**70,021**	27,100,007	70,021
– Mahindra Heavy Engines Limited	10	**634,400,000**	**41,504**	634,400,000	41,504
– Mahindra Two Wheelers Limited	10	**2,766,097,350**	**3,043**	2,766,097,350	3,043
			182,550		167,057
(ii) In other companies					
– Sai Wardha Power Generation Limited: Class 'A' Equity Shares	10	**1,238,279**	*	1,238,279	*
			*		*
(Quoted)					
(i) In Associate Companies					
– Mahindra CIE Automotive Limited	10	**65,271,407**	**164,917**	65,271,407	164,917
			164,917		164,917
Sub total A			**347,467**		331,974
Investments in preference shares (trade and fully paid-up unless otherwise specified) :					
Unquoted					
(i) In other companies					
– Sai Wardha Power Generation Limited: 0.01% Class 'A' Redeemable Preference Shares	10	**1,561,721**	*	1,561,721	*
Sub total B			*		*
Total non current investment (A+B)			**347,467**		331,974
Other Disclosures					
(i) Aggregate amount of quoted Investments (Gross)			**164,917**		164,917
– Market value of quoted investments			**140,170**		138,702
(ii) Aggregate amount of unquoted investments (Gross)			**182,550**		167,057

* amount less than Rs. 50,000

NOTE 6 B – CURRENT INVESTMENTS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
CURRENT INVESTMENTS (Unquoted)		
At Fair Value Through Profit & Loss		
Investments in mutual funds	–	2,001
Total	–	2,001
Other disclosures		
(i) Aggregate amount of quoted investments (gross)	–	–
– Market value of quoted investments	–	–
(ii) Aggregate amount of unquoted investments (gross)	–	2,001

NOTE 7 – NON-CURRENT FINANCIAL ASSETS – OTHERS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Security deposits	**137**	80
Margin money with bank	**1**	1
Share application money	**–**	2,000
Government grant receivable	**2,126**	–
Total	**2,264**	2,081

NOTE 8 – OTHER NON-CURRENT NON FINANCIAL ASSETS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Capital advance	**85**	537
VAT refund	**15,667**	40,726
Others	**976**	1,206
Total	**16,728**	42,469

Others includes prepaid expenses, other receivables etc.

NOTE 9 – INVENTORIES

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Raw materials ((Including goods in transit Rs. 962 Lakhs) (31st March, 2017 - Rs. 652 Lakhs))	**29,922**	25,591
Work-in-progress	**7,864**	5,523
Finished goods	**22,250**	14,463
Stores and spares	**2,764**	2,295
Loose tools	**712**	614
Total	**63,512**	48,486

Notes:

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.802,661 Lakhs (31st March 2017 - Rs. 687,390 Lakhs)

(ii) Mode of valuation of inventories is stated in Note 2 (J).

NOTE 10 – TRADE RECEIVABLES

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, considered good)		
Trade receivables	**106,430**	83,501
Total	**106,430**	83,501

NOTE 11 – CASH AND BANK BALANCE

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
A. Cash & cash equivalents		
(i) Cash on hand	**1**	*
(ii) Balances with banks		
– In current accounts	**543**	526
– In deposit accounts	**–**	4,050
Total cash & cash equivalent	**544**	4,576
B. Other bank balances		
– (i) Fixed deposits	**2,500**	–
Total other bank balances	**2,500**	–
Total	**3,044**	4,576

* amount less than Rs. 50,000

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Rupees

	SBNs	Other denomination notes	Total
Closing Cash In Hand as on 8th November, 2016	12,500	184	12,684
(+) Permitted receipts	1,500	40,511	42,011
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	14,000	–	14,000
Closing Cash In Hand as on 30th December, 2016	–	40,695	40,695

NOTE 12 – CURRENT FINANCIAL ASSETS – LOANS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, considered good)		
Loans to Employees	**8**	11
Total	**8**	11

NOTE 13 – CURRENT FINANCIAL ASSETS – OTHERS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Interest receivable	**1**	1,169
Security deposit	**40**	51
Government grant receivable	**52,716**	48,033
Others	**1,017**	1
Total	**53,774**	49,254

Other includes other receivables etc.

Government grant receivable has been regrouped in the current year pursuant to the clarification issued in ITFG 15 from other current asset.

NOTE 14 – OTHER CURRENT ASSETS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Advance to suppliers	**408**	539
Others	**1,055**	1,619
Total	**1,463**	2,158

Others Includes prepaid expenses, balances with government authorities (other than income taxes) etc.

NOTE 15 – SHARE CAPITAL

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Authorised:		
5,00,00,00,000 (31st March, 2017 : 5,00,00,00,000) equity shares of Rs. 10 each.	**500,000**	500,000
Issued, Subscribed and Paid up :		
4,05,77,23,484 (31st March, 2017 : 3,89,79,46,331) equity shares of Rs. 10 each fully paid up.	**405,772**	389,795
Total	**405,772**	389,795

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

	As at 31st March, 2018 No of shares	As at 31st March, 2018 Amount Rs. in Lakhs	As at 31st March, 2017 No of shares	As at 31st March, 2017 Amount Rs. in Lakhs
No. of equity shares outstanding at the beginning of the year	**3,897,946,331**	**389,795**	3,162,250,000	316,225
Add: Additional equity shares issued during the year	**159,777,153**	**15,977**	735,696,331	73,570
No. of equity shares outstanding at the end of the year	**4,057,723,484**	**405,772**	3,897,946,331	389,795

Notes:

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

Particulars	2018		2017	
	Number of share	**% shareholding**	Number of share	% shareholding
Equity Shares:				
Mahindra & Mahindra Ltd. (holding company) and its nominees	**4,057,723,484**	**100**	3,897,946,331	100

ii) Rights, preferences, restrictions of equity shares'

The Company has only one class of Equity Shares having par value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share.

NOTE 16 – OTHER EQUITY

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Debenture Redemption Reserve:		
Balance as at the beginning of the year	**4,639**	6,927
Add: Transferred from retained earnings	**4,212**	4,212
Less: Transferred to retained earnings	**–**	(6,500)
Balance as at the end of the year	**8,851**	4,639
Capital Reserve		
Balance as at the beginning of the year	**(60)**	(60)
Add : created on acquisition of business	**–**	–
Balance as at the end of the year	**(60)**	(60)
Retained Earnings		
Balance as at the beginning of the year	**71,217**	76,770
Add: Profit for the year	**34,872**	2,504
Add: Amounts transferred from debenture redemption reserve	**–**	6,500
Less: Transfer to debenture redemption reserve	**(4,212)**	(4,212)
Less: Deemed repatriation of Investments	**(80,493)**	–
Less: Dividend	**(8,934)**	(8,932)
Less: Tax on dividend	**(1,413)**	(1,413)
Balance as at the end of the year	**11,037**	71,217
Other Comprehensive Income		
Balance as at the beginning of the year	**36**	49
Add/(less) : Other comprehensive income for the year	**125**	(13)
Balance as at the end of the year	**161**	36
Share application money		
Balance as at the beginning of the year	**2,600**	–
Less: Issue of share capital	**(2,600)**	–
Add: Share application money received pending allotment	**700**	2,600
Balance as at the end of the year	**700**	2,600
Total	**20,689**	78,432

Description of the nature and purpose of Other Equity

Share application money:

Share application money received pending allotment: As at 31st March 2018, the Company has received an amount of Rs. 700 lakhs towards share application money towards equity shares of the Company (As at 31st March, 2017-Rs. 2,600 lakhs towards equity shares). The share application money was received pursuant to an invitation to offer shares. The Company has sufficient authorised capital to cover the allotment of these shares.

Debenture redemption reserve:

Debenture redemption reserve has been created as applicable under the Companies Act, 2013.

Capital reserve:

Capital reserve represents reserve created on acquisition of entire business of Mahindra North America Technical Centre, Inc. (MNATC).

Proposed dividend

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Proposed dividends on equity shares		
Final dividend for the year ended on 31 March 2018: Rs. 0.23 per share (31st March 2017 - Rs. 0.229 per share)	**9,349**	8,934
Dividend distribution tax on proposed dividend	**1,481**	1,413
Total	**10,830**	10,347

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at 31st March.

NOTE 17 – NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Loans and advances from other than related parties :		
Debentures (Secured)		
8.19% Non convertible debentures (Series C)	**19,990**	19,986
8.19% Non convertible debentures (Series B)	**14,993**	14,990
8.19% Non convertible debentures (Series A)	**–**	14,992
Unsecured loans from related parties :		
6.5% Cumulative, redeemable, Non-convertible preference shares	**60,000**	60,000
Total	**94,983**	109,968

8.19% Non convertible debentures (Series A, B and C)are secured by First Pari Passu charge on plant and equipment of the Company.

NOTE 17 – LONG TERM BORROWINGS contd.

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Installment	Date of Redemption	Narrative remarks	Amortised cost as at 31st March, 2018	Amortised cost as at 31st March, 2017
Unsecured								
- Preference Shares	Rs.	7.82%	6.50%	Bullet	26th March 2027	Unsecured	60,000	60,000
Secured								
- Debentures - Series C	Rs.	8.22%	8.19%	Bullet	23rd Feb 2021	Debentures are to be secured by First *Pari Passu* charge on Plant & Machinery of the Company	19,990	19,986
- Debentures - Series B	Rs.			Bullet	24th Feb 2020		14,993	14,990
- Debentures - Series A	Rs.			Bullet	25th Feb 2019		#	14,992

Amount shown in Current maturities of Long-term debt in Note 23

NOTE 18 – NON CURRENT LIABILITIES PROVISIONS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Government grants payable to group companies	**1,159**	–
Total	**1,159**	–

NOTE 19 – OTHER CURRENT FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits	**3,704**	3,437
Total	**3,704**	3,437

NOTE 20 A – DEFERRED TAX LIABILITIES (NET)

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

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2018	As at 31st March, 2017
On Property, Plant and Equipment	**19,512**	19,407
Others	**–**	*
Total	**19,512**	19,407

* Amount less than Rs. 50,000

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

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2018	As at 31st March, 2017
Unclaimed amount under section 43B of Income Tax Act 1961	**1,657**	1,631
Total	**1,657**	1,631
(iii) Deferred tax assets/(liabilities) net:	(17,855)	(17,776)

NOTE 20 B – DEFERRED TAX ASSETS (NET)

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

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2018	As at 31st March, 2017
On Property, plant and equipment	**–**	162
Others	**–**	108
Total	**–**	270

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

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2018	As at 31st March, 2017
Research and development credit	–	1,203
Others	–	386
Total	**–**	1,589
(iii) Deferred tax assets/(liabilities) net:	-	1,319

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax:		
In respect of current year	**23,236**	25,038
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1,330**	(1,014)
Total income tax expense	**24,566**	24,024

(b) Income tax recognised in other comprehensive income

Rs. in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**67**	(7)
Total	**67**	(7)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**67**	(7)
Total	**67**	(7)

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

Rs. in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit before tax	**59,438**	26,528
Income tax expense calculated at 34.608% (2017: 34.608%)	**20,571**	9,181
Exceptional Item	–	12,018
Dividend Income	**(689)**	(689)
Investments Allowance	–	(180)
Disallowances for Expenses on exempt income	**2,957**	4,529
Increase in tax rate deferred tax	**172**	–
Others	**1,555**	(835)
Total Income Tax Expenses	**24,566**	24,024

The tax rate used for the 31st March, 2018 and 31st March, 2017 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax liabilities (net)

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
	For the Year ended 31st March, 2018			
Tax effect of items constituting deferred tax liabilities				
On property, plant and equipment	**19,407**	**105**	**–**	**19,512**
Others	*****	**(*)**	**–**	**–**
	19,407	**105**	**–**	**19,512**
Tax effect of items constituting deferred tax assets				
On employee benefits	**1,631**	**93**	**(67)**	**1,657**
	1,631	**93**	**(67)**	**1,657**
Net deferred tax asset (liabilities)	**17,776**	**12**	**67**	**17,855**

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
	For the Year ended 31st March, 2017			
Tax effect of items constituting deferred tax liabilities				
On Property, plant and equipment	19,140	267	–	19,407
Others	49	(49)	–	*
	19,189	218	–	19,407
Tax effect of items constituting deferred tax assets				
On employee benefits	1,413	211	7	1,631
	1,413	211	7	1,631
Net deferred tax asset (liabilities)	17,776	7	(7)	17,776

* amount less than Rs. 50,000

(ii) Movement in deferred tax Assets (Net)

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Other Adjustment#	Closing Balance
		For the Year ended 31st March, 2018			
Tax effect of items constituting deferred tax liabilities					
On property, plant and equipment	**162**	**(162)**	**–**	**(*)**	**–**
Others	**108**	**(108)**	**–**	*****	**–**
	270	**(270)**	**–**	*****	**–**
Tax effect of items constituting deferred tax assets					
Research and development credit	**1,203**	**(1,202)**	**–**	**(1)**	**–**
Others	**386**	**(386)**	**–**	*****	**–**
	1,589	**(1,588)**	**–**	**(1)**	**–**
Net deferred tax asset (liabilities)	**1,319**	**(1,318)**	**–**	**(1)**	**–**

\# exchange difference on translation of foreign branch

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Other Adjustment#	Closing Balance
		For the Year ended 31st March, 2017			
Tax effect of items constituting deferred tax liabilities					
On Property, plant and equipment	61	104	–	(3)	162
Others	37	73	–	(2)	108
	98	177	–	(5)	270
Tax effect of items constituting deferred tax assets					
Research and development credit	128	1,094	–	(19)	1,203
Others	291	104	–	(9)	386
	419	1,198	–	(28)	1,589
Net deferred tax asset (liabilities)	321	1,021	–	(23)	1,319

* amount less than Rs. 50,000

NOTE 21 – SHORT TERM BORROWINGS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Loans and advances from other than related parties :		
Loans, repayable on demand		
– Bill discounting from bank (unsecured)	–	13,402
Commercial papers (unsecured)	–	49,363
Total	–	62,765

Bill discounting from Bank is unsecured facility taken on discounting of trade receivable. These loan are repayable on the maturity of trade receivable.
Bill discounting and commercial papers are on fixed interest ranging from 6.00% to 7.30%.

NOTE 22 – TRADE PAYABLES

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Total outstanding dues of micro and small enterprises	**5,916**	1,755
Total outstanding dues other than micro and small enterprises		
– Acceptances	**538**	596
– Other than acceptances	**184,885**	154,898
Total	**191,339**	157,249

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Rs. in Lakhs

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(i) Principal amount payable to MSME	5,916	1,755
(ii) Dues remaining unpaid as at 31st March		
Principal	113	35
Interest on the above	1	*
(iii) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	4,059	4,858
Interest paid in terms of Section 16 of the Act	46	74
(iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	26	46
(v) Amount of interest accrued and remaining unpaid as at 31st March	**27**	46

* denotes amount less than Rs. 50,000

NOTE 23 – OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long-term debt	**14,996**	–
Interest accrued but not due on borrowings	**4,293**	696
Government grants payable to group companies	**24,697**	22,936
Other payables	**7,791**	4,438
Total	**51,777**	28,070

Other payables includes government grants payable to group companies, capital creditors, retention money etc.

NOTE 24 – CURRENT PROVISIONS

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits	**242**	1,232
Total	**242**	1,232

NOTE 25 – OTHER CURRENT LIABILITIES

Rs. in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Statutory dues (including GST, Excise Duty, Service Tax, TDS etc.)	**13,570**	3,484
Other payables	**136**	79
Total	**13,706**	3,563

NOTE 26 – REVENUE FROM OPERATIONS

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Sale of products (Including Excise duty)	**955,992**	959,651
Sale of services	**30,362**	24,475
Other operating revenues		
– Government grants	**8,676**	21,558
– Scrap sales (Including Excise duty)	**3,689**	3,227
Total	**998,719**	1,008,911

NOTE 27 – OTHER INCOME

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest Income on financial assets carried at amortised cost	**60**	548
Interest Income - others	**1,139**	-
Net gain/(loss) arising on investment carried Fair Value Through Profit or Loss	**419**	658
Dividend on investment in subsidiaries	**1,992**	1,992
Others non-operating income	**786**	782
Total	**4,396**	3,980

NOTE 28 – COST OF MATERIAL CONSUMED

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Raw material consumed	**812,789**	678,513
Total	**812,789**	678,513

NOTE 29 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Opening stock		
Work-in-progress	**5,523**	6,287
Finished goods	**14,463**	22,576
Total - (A)	**19,986**	28,863
Closing stock		
Work-in-progress	7,864	5,523
Finished goods	22,250	14,463
Total - (B)	**30,114**	19,986
Total (A-B)	**(10,128)**	8,877

NOTE 30 – EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salaries and wages	**37,842**	30,439
Contribution to provident and other funds	**757**	736
Share based payment *	**289**	453
Staff welfare expenses	**4,003**	3,241
Total	**42,891**	34,869

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

NOTE 31 – FINANCE COSTS

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest expense (On financial liability at amortised Cost)	**7,600**	17,149
Dividend on redeemable preference shares (including dividend distribution tax)	**4,694**	64
Total	**12,294**	17,213

NOTE 32 – DEPRECIATION & AMORTISATION EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Depreciation on property, plant & equipment	**14,120**	14,293
Amotisation on other intangible assets	**474**	518
Total	**14,594**	14,811

NOTE 33 – OTHER EXPENSES

Rs. in Lakhs

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Consumption of stores and tools	**4,236**	3,851
Power and fuel	**4,631**	4,445
Rent including lease rental	**835**	452
Repairs and maintenance		
– Buildings	**280**	351
– Machinery	**3,588**	2,863
– Others	**1,539**	1,447
	5,407	4,661
Insurance	**2,589**	1,504
Rates & Taxes	**567**	471
Hire & service charges	**6,045**	4,741
Payment to Statutory Auditors		
– Audit Fees	**26**	26
– Limited review fees	**12**	12
– Other services	**4**	4
– Reimbursement of expenses	*****	–
	42	42
Loss on sale of fixed asset	**5**	–
Expenditure on corporate social responsibility	**833**	660
Research & development Expenditure	**2,029**	4,184
Miscellaneous expenses	**8,781**	9,229
Total	**36,000**	34,240

* amount less than Rs. 50000

NOTE 34 – SIGNIFICANT SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

Details of Significant Subsidiaries, Associates & Joint Ventures:

Name of Investee	Place of incorporation and principal place of business	Proportion of ownership interest/ voting 31st March, 2018	31st March, 2017
Subsidiaries:			
Mahindra Intertrade Limited	India	**100.00%**	100.00%
Mahindra Steel Service Centre Limited ^	India	**61.00%**	61.00%
Mahindra MiddleEast Electrical Steel Service Centre FZC ^	U.A.E.	**90.00%**	90.00%
Mahindra Electrical Steel Private Limited ^	India	**100.00%**	100.00%
Mahindra Auto Steel Private Limited ^	India	**51.00%**	51.00%
Mahindra MSTC Recycling Private Limited ^	India	**50.00%**	50.00%
Mahindra Two Wheelers Limited	India	**92.25%**	92.25%
Mahindra Electric Mobility Limited	India	**99.13%**	98.87%
Mahindra Heavy Engines Limited	India	**100.00%**	100.00%
Associates:			
Mahindra CIE Automotive Limited	India	**17.25%**	17.26%

^ Subsidiary of Mahindra Intertrade Limited

NOTE 35 – FINANCIAL INSTRUMENTS

CAPITAL MANAGEMENT

The Company's capital management objectives is to maximise shareholder value, safeguard business continuity and support the growth of the Company by maintaining sound and optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company monitors the total capital as comprising of debt and equity. Debt includes all short term and long term debts. Equity comprises of total shareholders' equity as reported in the financial statements.

The Company is not subject to externally enforced capital regulation.

Total Capital of the Company is as follows:

Rs. in Lakhs

	31st March, 2018	31st March, 2017
Equity	**405,772**	389,795
Debt		
Short tem debt	**–**	62,765
Long term debt (including current maturities of long term debt)	**109,979**	109,968
Sub total	**109,979**	172,733
Total capital	**515,751**	562,528

Categories of financial assets and financial liabilities

As at 31st March, 2018 — **Rs. in Lakhs**

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current assets				
Other financial assets				
– Non derivative financial assets	**2,264**	**–**	**–**	**2,264**
Current assets				
Investments	**–**	**–**	**–**	**–**
Trade receivables	**106,430**	**–**	**–**	**106,430**
Cash & bank balances	**3,044**	**–**	**–**	**3,044**
Loans	**8**	**–**	**–**	**8**
Other financial assets				
– Non derivative financial assets	**53,774**	**–**	**–**	**53,774**
Non-current liabilities				
Borrowings	**94,983**	**–**	**–**	**94,983**
Other financial liabilities				
– Non derivative financial liabilities	**1,159**	**–**	**–**	**1,159**
Current liabilities				
Borrowings	**–**	**–**	**–**	**–**
Trade payables	**191,339**	**–**	**–**	**191,339**
Other financial liabilities				
– Non derivative financial liabilities	**51,777**	**–**	**–**	**51,777**

As at 31st March, 2017 — Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current assets				
Other financial assets				
– Non derivative financial assets	2,081	–	–	2,081
Current assets				
Investments	–	2,001	–	2,001
Trade receivables	83,501	–	–	83,501
Cash & bank balances	4,576	–	–	4,576
Loans	11	–	–	11

As at 31st March, 2017 — Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Other financial assets				
– Non derivative financial assets	49,254	–	–	49,254
Non-current liabilities				
Borrowings	109,968	–	–	109,968
Other financial liabilities				
– Non derivative financial liabilities	–	–	–	–
Current liabilities				
Borrowings	62,765	–	–	62,765
Trade payables	157,249	–	–	157,249
Other financial liabilities				
– Non derivative financial liabilities	28,070	–	–	28,070

Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(I) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. Financial instruments that are subject to credit risk, principally consist of trade receivables, investment in mutual funds and fixed deposits etc.

None of the financial instruments of the Company result in material concentrations of credit risks except trade receivables which mainly consists of receivable from Holding Company. There were no indications as at 31st March 2018 and 31st March 2017, that defaults in payment obligations will occur.

As the trade receivables are mainly from its holding Company, the Company does not expect any credit loss.

Credit risk does not arise on investment in mutual funds and fixed deposits, as fixed deposits are placed with nationalised / high net worth corporate banks and mutual fund have high net worth and good credit ratings and hence management does not anticipate any credit risk.

LIQUIDITY RISK

(I) Liquidity risk management

The Company has established an appropriate liquidity risk management framework for the management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows.

(II) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in Lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31st March, 2018				
Fixed interest rate instruments	**23,009**	**47,296**	**7,800**	**79,500**
Non-interest bearing	**223,827**	**1,159**	**–**	**–**
Total	**246,836**	**48,455**	**7,800**	**79,500**

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31st March, 2017				
Fixed interest rate instruments	71,813	45,537	31,026	83,470
Non-interest bearing	184,623	–	–	–
Total	256,436	45,537	31,026	83,470

MARKET RISK:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Future specific market movements cannot be normally predicted with reasonable accuracy.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

CURRENCY RISK

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

	Currency	**Amount in foreign currency (in lakhs)**		**Equivalent amount (Rs. in lakhs)**	
Particulars		**31st March, 2018**	31st March, 2017	**31st March, 2018**	31st March, 2017
	USD	**16**	3	**1,061**	200
	KRW	**21,483**	–	**1,313**	–
Payables	EURO	**7**	3	**530**	188
	GBP	*****	*	**8**	2
	JPY	**115**	–	**71**	–
	CHF	*****	–	**1**	–
Receivables	USD	**157**	94	**10,198**	6,130

* amount less than 50,000

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. in Lakhs

	Currency	**Change in rate**	**Effect on profit before tax**
31st March, 2018	**USD**	**+5%**	**457**
	USD	**-5%**	**(457)**
	KRW	**+5%**	**(66)**
	KRW	**-5%**	**66**
	EURO	**+5%**	**(27)**
	EURO	**-5%**	**27**
	GBP	**+5%**	**(*)**
	GBP	**-5%**	*****
	JPY	**+5%**	**(4)**
	JPY	**-5%**	**4**
	CHF	**+5%**	**(*)**
	CHF	**-5%**	*****
31st March, 2017	USD	+5%	297
	USD	-5%	(297)
	KRW	+5%	–
	KRW	-5%	–
	EURO	+5%	(9)
	EURO	-5%	9
	GBP	+5%	(*)
	GBP	-5%	*
	JPY	+5%	–
	JPY	-5%	–

* amount less than Rs. 50000

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates as the Company does not have any long-term debt obligations with floating interest rates.

Other price risk

The Company is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

NOTE NO. 36 – FAIR VALUE MEASUREMENT

Fair valuation techniques and inputs used - recurring Items

Rs. in Lakhs

Financial assets/ financial liabilities measured at Fair value	**Fair value as at 31st March 2018**	**Fair value as at 31st March 2017**	**Fair value hierarchy**	**Valuation technique(s)**
Financial assets				
Investments				
1) Mutual fund investments	**–**	2,001	Level 1	Quoted Market Price
Total financial assets	**–**	2,001		
Financial liabilities				
Other Financial Liabilities	**–**	–		
Total financial liabilities	**–**	–		

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. in Lakhs

Particulars	31st March, 2018 Carrying amount	31st March, 2018 Fair value	31st March, 2017 Carrying amount	31st March, 2017 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**162,468**	**162,468**	134,836	134,836
– Loans	**8**	**8**	11	11
Financial liabilities				
Financial liabilities held at amortised cost				
– Debentures	**34,983**	**35,447**	49,968	50,398
– loans from related parties	**60,000**	**59,468**	60,000	60,690
– Short Term Loan	**–**	**–**	62,765	62,765
– Current Maturities of Long term loans	**14,996**	**14,996**	–	–
– trade and other payables	**228,120**	**228,120**	185,319	185,319

Rs. in Lakhs

Fair value hierarchy as at 31st March, 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**–**	**162,468**	**–**	**162,468**
– Loans	**–**	**8**	**–**	**8**
Total	**–**	**162,476**	**–**	**162,476**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	**–**	**35,447**	**–**	**35,447**
– loans from related parties	**–**	**59,468**	**–**	**59,468**
– Current maturities of Long term loans	**–**	**14,996**	**–**	**14,996**
– trade and other payables	**–**	**228,120**	**–**	**228,120**
Total	**–**	**338,031**	**–**	**338,031**

Rs. in Lakhs

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	134,836	–	134,836
– Loans	–	11		11
Total	–	134,847	–	134,847

Rs. in Lakhs

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	50,398	–	50,398
– loans from related parties	–	60,690	–	60,690
– Short term loan	–	62,765	–	62,765
– Current Maturities of long term loans	–	–	–	–
– trade and other payables	–	185,319	–	185,319
Total	–	359,172	–	359,172

NOTE 37 – EMPLOYEE BENEFITS

(A) Defined contribution plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs. 757 Lakhs (31st March, 2017 - Rs. 736 Lakhs).

(B) Defined benefit plan

The Defined Benefit Plans comprise of Gratuity.

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Rs. in Lakhs

	Particulars	Gratuity (Unfunded)	
(C)	**Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :**	**For the year ended on 31st March, 2018**	For the year ended on 31st March, 2017
	1 Present value of defined benefit obligation as on 1st April	**2,293**	1,931
	2 Current service cost	**329**	274
	3 Past service cost	**41**	–
	4 Interest cost	**172**	153
	5 Remeasurements (gains)/ losses [Actuarial (gains)/losses]		
	(i) Actuarial (gains)/ losses arising from changes in demographic assumption	–	–
	(ii) Actuarial (gains)/ losses arising from changes in financial assumption	**(67)**	119
	(iii) Actuarial (gains)/ losses arising from changes in experience adjustment	**(125)**	(99)
	6 Benefits paid	**(129)**	(85)
	7 Present value of defined benefit obligation as on balance sheet date.	**2,514**	2,293

Rs. in Lakhs

(D)	Analysis of defined benefit obligation:	As at 31st March, 2018	As at 31st March, 2017
	1 Defined Benefit Obligation	**2,514**	2,293
	2 Fair Value of Plan assets at the end of the year	–	–
	3 Net (Asset)/Liability recognised in the Balance Sheet	**2,514**	2,293

Rs. in Lakhs

(E)	Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet :	As at 31st March, 2018	As at 31st March, 2017
	1 Present value of defined benefit obligation	**2,514**	2,293
	2 Fair value of plan assets	–	–
	3 Funded status [surplus/(deficit)]	**(2,514)**	(2,293)
	4 **Net asset/(liability) recognized in balance sheet**	**(2,514)**	(2,293)
	5 Current portion of the above	**(120)**	(126)
	6 Non-current portion of the above	**(2,394)**	(2,167)

Rs. in Lakhs

(F)	Components of employer expenses recognised in the statement of profit and loss for the year ended	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
	1 Current service cost	**329**	274
	2 Past service cost	**41**	–
	3 Interest cost	**172**	153
	4 Total expense recognised in the Statement of Profit & Loss/Incidental expense capitalised	**542**	427

Rs. in Lakhs

(G)	Components of employer expenses recognised in the statement of Comprehensive Income for the year ended	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
	1 Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	–	–
	(ii) arising from changes in financial assumption	**(67)**	119
	(iii) arising from changes in experience adjustment	**(125)**	(99)
	2 Components of defined benefit costs recognised in other comprehensive income	**(192)**	20

(H)	Principal actuarial assumptions:	As at 31st March, 2018	As at 31st March, 2017
	1 Discount rate (%)	**7.90%**	7.70%
	2 Expected return on plan assets (%)	**NA**	NA
	3 Salary escalation (%)	**8%/10%**	8%/10%
	4 Withdrawal rate (%) (others)	**2%/7%**	2%/7%

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated terms of the obligations.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Rs. in Lakhs

(I)	Experience adjustments	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014
	1 Defined Benefit Obligation at the end of the year	**2,514**	2,293	1,931	1,646	1,149
	2 Plan Assets at the end of the year	–	–	–	–	–
	3 Surplus (deficit)	**(2,514)**	(2,293)	(1,931)	(1,646)	(1,149)
	4 Experience adjustments on plan liabilities (gains)/losses	**(125)**	(99)	(54)	(3)	59
	5 Experience adjustments on plan assets	–	–	–	–	–

Rs. in Lakhs

(J)	Sensitivity of the defined benefit obligation to changes:		Change in assumption	Impact on defined benefit obligation increase/(decrease)	
				Increase in assumption	Decrease in assumption
	1 Discount Rate	**2018**	**1%**	**(296)**	**364**
		2017	1%	(271)	334
	2 Salary Escalation (%)	**2018**	**1%**	**322**	**(273)**
		2017	1%	281	(240)
	3 Withdrawal Rate (%) (Others)	**2018**	**1%**	**(28)**	**31**
		2017	1%	(26)	29

Note:

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(K) Maturity profile of defined benefit obligation:

Rs. in Lakhs

	2018	2017
Within 1 year	**120**	125
1 - 2 year	**199**	104
2 - 3 year	**130**	232
3 - 4 year	**149**	130
4 - 5 year	**164**	152
5 year & Above	**1,222**	1,017

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2018 is 21.88 years (31st March, 2017 - 22.16 years).

NOTE 38 –

The net difference in foreign exchange (gain)/loss recognised in the statement of profit and Loss (Rs. 77 Lakhs) (31st March, 2017 (Rs. 43 Lakhs))

NOTE 39 –

The Board of Directors of the Company, it's holding company - Mahindra & Mahindra Limited (M&M) and it's subsidiary company – Mahindra Two Wheelers Limited (MTWL), in their respective meetings held on December 3, 2016, approved, subject to regulatory approvals the Scheme of Arrangement for demerger of the Two Wheelers Business, inter alia, consisting of entire undertaking, business, activities and operations pertaining to the Two Wheelers Business ("Demerged Undertaking") of MTWL and its transfer as a going concern to M&M with effect from 1st October, 2016 or such other date as may be directed or approved by the High Court ("the Appointed Date"), in consideration of allotment of 1 (One) Ordinary (Equity) Shares of Rs.5 each fully paid-up of M&M to the minority shareholders of MTWL for every 461 (Four Hundred Sixty One) equity shares fully paid-up held by them in the Company, based on an independent joint valuation report.

The scheme has been approved by the Mumbai Bench of National Company Tribunal and has become effective on 25th October, 2017 on completion of necessary formalities. Accordingly the Company's share of the value of demerged undertaking corresponding to the equity shares held by the Company in MTWL, deemed to be repatriation of investments amounting to Rs. 80,493 Lakhs has been adjusted in the retained earnings.

NOTE 40 – EXCEPTIONAL ITEM

Exceptional item Rs. Nil (31st March, 2017 - Rs. 34,727 Lakhs) includes provision for impairment of certain non current investments, based on an independent valuation - Rs. Nil (31st March, 2017 - Rs. 34,727 Lakhs).

NOTE 41 – LEASES

(A) The supply arrangement between the Company and Mahindra & Mahindra (M&M) is classified as an operating lease in terms of Appendix C of Ind AS 17 Leases. In accordance with the arrangement, the payments made by M&M to the company are only towards the purchase of vehicles and spare parts and not towards any lease arrangement and accordingly does not require separation of lease payments. The management has accordingly disclosed it as sale of products (Note 27).

(B) The total of future minimum lease payments under non-cancellable operating lease:

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Not later than one year	**881**	363
(ii) Later than one year and not later than five years.	**522**	291
(iii) Later than five years	–	–
Total	**1,403**	654

a) Lease payments recognised in the statement of profit and loss for the year Rs. 835 Lakhs (31st March, 2017 – Rs. 452 Lakhs)

b) The lease agreements are for premises taken on lease and office equipment's.

(C) Assets given on operating lease: General description of significant lease arrangement – The Company has entered into cancellable operating lease arrangement for building and sub-lease of land.

Rs. in Lakhs

	Building	
Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Gross slock	**2,176**	2,176
(ii) Accumulated depreciation/amortisation	**611**	517
(iii) depreciation/amortisation in the year	**94**	94

Rs. in Lakhs

	Sub Lease of Land	
Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Gross Block	**1,277**	1,277
(ii) Accumulated depreciation/amortisation	**117**	104
(iii) depreciation/amortisation in the year	**13**	13

NOTE 42 – EARNING PER SHARE

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Profit for the year for basic and diluted EPS (Rs. in Lakhs)	**34,872**	2,504
Weighted average number of equity shares for basic EPS	**4,003,351,956**	3,453,799,201
Weighted average number of equity shares for diluted EPS	**4,003,351,956**	3,453,799,201
Basic EPS in (Rs. In Lakhs) (face value of Rs.10 per share)	**0.87**	0.07
Diluted EPS in (Rs. In Lakhs) (face value of Rs.10 per share)	**0.87**	0.07

NOTE 43 – RELATED PARTY DISCLOSURES:

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

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company
Mahindra Two Wheelers Limited	Subsidiary
Mahindra Intertrade Limited	Subsidiary
Mahindra Steel Service Centre Limited *	Subsidiary
Mahindra MiddleEast Electrical Steel Service Centre FZC *	Subsidiary
Mahindra Electrical Steel Private Limited *	Subsidiary
Mahindra Auto Steel Private Limited *	Subsidiary
Mahindra Electric Mobility Limited	Subsidiary
Mahindra Heavy Engines Limited	Subsidiary
Mahindra MSTC Recycling Private Limited *	Subsidiary

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

Name of Related Party	Nature of Relationship
Mahindra Logistics Limited	Joint Venture of Holding Company
Mahindra Trucks and Buses Limited	Fellow Subsidiary
Mahindra Gears & Transmissions Private Limited (up to 31st Dec 2017)	Subsidiary of Associate
Mahindra Integrated Business Solutions Limited	Fellow Subsidiary
Ssangyong Motor Company, Korea	Fellow Subsidiary
Mahindra Susten Private Limited	Fellow Subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary
Mahindra First Choice Services	Fellow Subsidiary
Mahindra Defence Systems Limited	Fellow Subsidiary
Mahindra Graphic Research Design s.r.l.	Fellow Subsidiary
Lords Freight India Private Limited	Subsidiary of Joint Venture of Holding Company
Mahindra North America Technical Centre, Inc.	Fellow Subsidiary
Mahindra Tractor Assembly Inc.	Fellow Subsidiary
Tech Mahindra Limited	Associate of Holding Company
Mahindra Automotive North America Inc.	Fellow Subsidiary
Mahindra Retail Limited	Fellow Subsidiary
Mahindra Vehicle Sales and Service Inc.	Fellow Subsidiary
Mahindra CIE Automotive Limited	Associate

C) Key managerial personnel:

Name of key managerial personnel

Mr. Vijay Kalra (w.e.f. 26th July, 2017)

Mr. Pankaj Sonalkar (up to 25th July, 2017)

Mr. Dattatraya Nikam

Mr. Jignesh Parekh (up to 17th July, 2017)

Mr. Rajesh Arora (w.e.f. 26th July, 2017)

Ms. Smita Mankad

Mr. Rahul Asthana

* Step down subsidiary

D) Related Party Transactions:

Name of related party	**Nature of transactions**	**Amount of transactions (Rs. in Lakhs)**	**Amount outstanding at the end of year Credit (Rs. in Lakhs)**	**Amount outstanding at the end of year Debit (Rs. in Lakhs)**
Mahindra & Mahindra Limited	Purchase of services	**5**		
		(11)		
	Purchase of assets	**74**		
		(160)		
	Purchase of material	**79,444**		
		(64,584)		
	Reimbursements made	**1,212**		
		(1,077)		
	Deputation of personnel from parties	**38**		
		–		
	Deposit received	**2**	**99,043**	
		(4)	*(89,977)*	
	Deposit received refunded	**5**		
		(–)		
	Dividend paid	**8,934**		
		(8,932)		
	Loan taken	**–**		
		(60,000)		
	Loan repaid	**–**		
		(120,000)		
	Interest expenses	**3,900**		
		(8,906)		
	Sale of goods	**1,209,525**		
		(991,446)		
	Sale of asset	**–**		
		(2)		
	Sale of services	**22,887**		**103,078**
		(20,714)		*(79,887)*
	Reimbursements received	**209**		
		(–)		
	Other Income	**32**		
		(32)		
	Issue of equity shares	**15,977**		
		(73,570)		
	Share application money received/ [allotted] (net)	**[1900]**	**700**	
		(2,600)	(2,600)	

Name of related Party	Nature of transactions	Amount of transactions (Rs. in Lakhs)	Amount outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mahindra Electric Mobility Limited	Purchase of material	**305**	**20**	
		(299)	*(1)*	
	Investment in equity - purchases/ conversion	**15,494**		
		(20,034)		
	Deputation of personal	**66**		**–**
		(59)		*(1)*
	Deposit paid	**3**		
		(–)		
	Deposit paid refunded back	**3**		
		(–)		
	Share application money given/ [converted] (net)	**[2000]**		**–**
		([300])		*(2,000)*
Mahindra Two Wheeler Limited	Investment in equity - purchases/ conversion	**–**		
		(34,000)		
	Deposit received	**1**		
		(–)		
	Deposit received refunded	**1**		
		(–)		
Mahindra Intertrade Limited	Purchase of material	**15,387**	**411**	
		(11,161)	*(233)*	
	Dividend received	**1,992**		
		(1,992)		
Mahindra Auto Steel Private Limited	Purchase of material	**2,616**	**62**	
		(5,251)	*(120)*	
Mahindra Graphic Research Design s.r.l.	Purchase of Services	**1,153**	**128**	
		(1,847)	*(261)*	
Mahindra CIE Automotive Limited	Purchase of material	**15,375**	**2,201**	
		(9,702)	*(1,867)*	
Mahindra Logistics Limited	Purchase of services	**8,088**	**816**	
		(6,724)	*(1,304)*	
Mahindra Heavy Engine Limited	Purchase of material	**65,802**		
		(65,883)	**10,669**	
	Reimbursements received	**480**	*(7,138)*	
		(624)		
	Sale of material	*		*
		–		(–)
	Investment in equity - purchases/ conversion	**–**		
		(8,600)		
Mahindra Trucks and Buses Limited	Purchase of material	**8**	*	
		(–)	(–)	
Mahindra Trucks and Buses Limited	Sale of goods	**558**		**76**
		(420)		*(73)*
Mahindra Gears & Transmissions Private Limited (up to 31st Dec 2017)	Purchase of material	**1,035**	**–**	
		(991)	*(4)*	
Mahindra Integrated Business Solutions Limited	Purchase of services	**154**	**12**	
		(153)	*(15)*	

Name of related Party	Nature of transactions	Amount of transactions (Rs. in Lakhs)	Amount outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Ssangyong Motor Company, Korea	Purchase of material	**341**		
		(51)		
	Purchase of services/license	**2,408**	**1,307**	
		(–)	–	
	Royalty paid	**10**		
		(20)		
Mahindra Susten Private Limited	Purchase of asset	**–**	**37**	
		(52)	*(50)*	
Mahindra Retail Limited	Purchase of material	**27**	*****	
		(–)	*(–)*	
Mahindra & Mahindra Financial Services Limited	Other income	**110**		**12**
		(79)		*(6)*
Mahindra First Choice Services	Purchase of service	**–**	**–**	
		(*)	*(–)*	
Mahindra Defence Systems Limited	Purchase of services	**2**	**1**	
		(15)	*(1)*	
Lords Freight India Private Limited	Purchase of services	**209**	**5**	
		(224)	*(20)*	
Tech Mahindra Limited	Purchase of services	**705**	**6**	
		(33)	*(–)*	
Mahindra Automotive North America Inc.	Purchase of services	**659**	**330**	
		(–)	*(–)*	
Mahindra Vehicle Sales and Service Inc.	Reimbursement received from parties	**975**		**978**
		(–)		*(–)*
Mahindra North America Technical Centre, Inc.	Sale of services	**7,471**		
		(3,777)		**3,273**
	Reimbursement received from parties	**–**		*(3,375)*
		(104)		
Mahindra Sona Limited	Purchase of goods	**–**	**–**	
		(1,381)	*(–)*	
Mr. Vijay Kalra (w.e.f. 26th July, 2017)	Remuneration			
Mr. Pankaj Sonalkar (up to 25th July, 2017)	Remuneration			
Mr. Dattatraya Nikam	Remuneration			
		143		
Mr. Jignesh Parekh (up to 17th July, 2017)	Remuneration	*(206)*		
Mr. Rajesh Arora (w.e.f. 26th July, 2017)	Remuneration			
Ms. Smita Mankad	Remuneration			
Mr. Rahul Asthana	Remuneration			

Figure in bracket and italics are of previous year

* Amount less than Rs. 50000

NOTE 44 – COMMITMENTS:

(a) Uncalled liability on equity shares partly paid Rs. 1,050 Lakhs (31st March, 2017 – Rs. 1,050 Lakhs)

(b) Estimated amount of contracts remaining to be executed on capital account for tangible assets and not provided for Rs. 6,744 Lakhs (31st March, 2017 – Rs. 4,642 Lakhs) and intangible assets Rs. Nil (2017 – Rs. Nil)

NOTE 45 – CONTINGENT LIABILITY:

(a) Claims against the Company not acknowledged as debts comprise of Excise duty : Rs. 1,058 lakhs (2017 - Rs. 1,001 lakhs)

NOTE 46 – SEGMENT REPORTING:

The Company is in the business of manufacture of passenger cars, medium and heavy commercial vehicles and construction equipments, predominantly in India, which represents single reportable business segment. These, in context of IND-AS 108 “Operating Segments” are considered to constitute one segment.

Revenue of the Company is mainly sale of products to its holding company.

NOTE –

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

In terms of our report attached

For B S R & Co. LLP

Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number : 062343
Place: Mumbai
Date : 30th April, 2018

Vijay Kalra
Chief Executive Officer & Director
DIN: 07217974

Dattatraya Nikam
Chief Financial Officer

Rajesh Arora
Company Secretary

Dr. Pawan Kumar Goenka	DIN: 00254502	Directors
Rajan Wadhera	DIN: 00416429	
Rahul Asthana	DIN: 00234247	
Smita Mankad	DIN: 02009838	

Place: Mumbai
Date : 30th April, 2018

Form AOC 1

Pursuant to first proviso to Sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rule, 2014

Statement containing sailent features of the financial statements of subsidiaries/associate company/joint ventures

Part A : Subsidiaries

Rs. in lakhs

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Libilities	Investment (excluding investment in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest
1	Mahindra Intertrade Limited	30th Dec 2015	INR	1.00	1,660	51,864	72,353	18,829	13,395	1,12,023	9,510	3,277	6,233	2,425	100.00%
2	Mahindra Steel Service Centre Limited	30th Dec 2015	INR	1.00	1,654	8,895	23,551	13,002	–	27,841	1,326	512	814	319	61.00%
3	Mahindra MSTC Recycling Private Limited **	16th Dec 2016	INR	1.00	2,120	(360)	1,934	174	–	57	(249)	12	(261)	–	50.00%
4	Mahindra MiddleEast Electrical Steel Service Centre FZC	30th Dec 2015	AED	17.68	357	2,683	6,229	3,189	–	6,847	2	–	2	–	90.00%
5	Mahindra Electrical Steel Private Limited **	30th Dec 2015	INR	1.00	50	(207)	738	895	–	*	(117)	(31)	(86)	–	100.00%
6	Mahindra Auto Steel Private Limited	30th Dec 2015	INR	1.00	6,850	2,136	12,199	3,213	696	9,012	1,816	541	1,275	495	51.00%
7	Mahindra Electric Mobility Limited	30th Dec 2015	INR	1.00	26,980	(3,387)	33,752	10,159	293	12,941	(12,901)	–	(12,901)	–	99.13%
8	Mahindra Heavy Engines Limited	9th Feb 2016	INR	1.00	63,440	(29,115)	59,603	25,278	852	64,369	1,302	–	1,302	–	100.00%
9	Mahindra Two Wheelers Limited	18th Feb 2016	INR	1.00	600	91	1,640	949	–	3,694	40	(176)	216	–	92.25%

* Amount less than 50,000

** Denotes companies yet to commence operations

Part B: Associates/Joint Ventures

	Name of the associate/joint venture	Latest audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	No. of Equity Shares Held	% of Holding	Cost of Investments (Equity Shares)	Networth Attributable to Shareholding as per latest audited Balance Sheet	Profit /(Loss) for the year	
								Considered in Consolidation	Not Considered in Consolidation
1	Mahindra CIE Automotive Limited	30th Dec 2017	30th Dec 2015	65271407	17.25%	164917	64094	6182	29658

Vijay Kalra
Chief Executive Officer & Director
DIN: 07217974

Dattatraya Nikam
Chief Financial Officer

Rajesh Arora
Company Secretary

Dr. Pawan Kumar Goenka DIN: 00254502
Rajan Wadhera DIN: 00416429
Rahul Asthana DIN: 00234247
Smita Mankad DIN: 02009838
Directors

Place: Mumbai
Date : 30th April, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their eleventh Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rupees in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income	**64,369.47**	72,224.09
Profit/(Loss) before Interest and Depreciation	**4,802.43**	6,754.79
Less: Interest	**869.04**	1,332.37
Depreciation	**2,623.86**	2,680.39
Profit/(Loss) before exceptional item	**1,309.53**	2,742.03
Exceptional Item - Profit on Sale of Fixed asset (Net)	**–**	–
Profit/(Loss) for the year	**1,309.53**	2,742.03
Balance of Profit/(Loss)	**(30,424.32)**	(33,166.35)
Less: Transitional depreciation adjustment to reserves	**–**	–
Balance carried forward	**(29,114.79)**	(30,424.32)
Net Worth	**28,678.60**	33,001.62

No material changes and commitments have occurred after the closure of the Financial Year 2017-18 till the date of this Report, which would affect the financial position of the Company.

Operations

The year under review was the seventh year of full-fledged commercial operations for your Company. "Heavy engines" & "Light engines" volumes increased/(decreased) by 36.4% and (27.5)% respectively. Cost control initiatives rolled out by the Company helped inculcate a frugal mindset across the organization, resulting in savings in fixed costs. The Company continued its focus on lean management and has endeavored to utilize its assets better. The Company enjoyed healthy industrial relations and continued its efforts to develop its manpower.

Business Outlook and Future Prospects

The engines manufactured by the company have application across passenger, commercial vehicles – on highway / and also in off highway applications. In addition to current portfolio extending up to 1.2 / 4.8 /7.2 ltr., MHEL has added a new 9.3 ltr engine (under license from Navistar US) to plug the gap in its portfolio.

MHEL would also be manufacturing the new engines - 1.2 L Gasoline TC, 1.5 Diesel & 1.5 L Gasoline for new products of its customers.

The business outlook & the future prospects remain positive for the company.

Dividend

Your Directors do not recommend dividend for the year under review. Further, the Board of your Company decided not to transfer any amount to the General Reserve for the year under review.

Share Capital

During the year under review, your Company increased the Authorized Share Capital from Rs. 700 crore (70 Crore Equity Shares of Rs.10 each) to Rs. 800 crore (80 crore Equity Share of Rs. 10 each).

The paid up Share Capital of the Company was Rs. 634,40,00,000 (Rupees Six Hundred Thirty Four Crore and Forty Lakh) as at the last date of the year under review.

Board of Directors

Name of Directors	Directors' Identification Number	Category
Mr. Rajan Wadhera (Chairman)	00416429	Non – Executive Non – Independent
Mr. Bharat Moossaddee	02166403	Non – Executive Non – Independent
Mr. Nikhil Sohoni*	06852639	Non – Executive Non – Independent
Mr. Nalin Mehta**	02272736	Non – Executive Non – Independent
Mr. Shrikant Marathe	05243645	Independent
Ms. Neera Saggi	00501029	Independent
Mr. Vijay Kalra	07217974	Non – Executive Non – Independent

* ceased to be director w.e.f 27th April, 2017

** ceased to be director w.e.f 20th July,2017

The Board places on record its sincere appreciation of the services and advice rendered by Mr. Nikhil Sohoni and Mr. Nalin Mehta during their tenure as a Director of the Company.

Mr. Vijay Kalra (DIN: 07217974) retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

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

Evaluation of Performance

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

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors including chairman.

Board Meetings and Annual General Meeting

The Board of Directors met 4 times during the year under review on 27th April, 2017, 20th July, 2017, 17th October, 2017 and 1st February, 2018. The 10th Annual General Meeting (AGM) of the Company was held on 20th July, 2017.

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

Name of Directors	No. of meetings attended out of 4 meetings
Mr. Rajan Wadhera (Chairman)	4
Mr. Bharat Moossaddee	3
Mr. Nikhil Sohoni*	–
Mr. Nalin Mehta**	1
Mr. Shrikant Marathe	4
Ms. Neera Saggi	4
Mr. Vijay Kalra	4

* ceased to be director w.e.f. 27th April, 2017

** ceased to be director w.e.f. 20th July, 2017

Meeting of Independent Directors

The Independent Directors of the Company met on 17th October, 2017 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Directors' Responsibility Statement

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

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

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

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

a) Mr. K. V. N. Prasad – Manager

b) Mr. Saiganesh Iyer - Chief Financial Officer

c) Mr. Kiran N. Bade - Company Secretary

Codes of Conduct

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

Your Company has for the year under review, received declarations from the Board Members and Senior Management

Employees affirming compliance with the respective Codes of Conduct.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

Committees of the Board:

Audit Committee

The Audit Committee comprises of the following Directors viz. Ms. Neera Saggi – Independent Director and Chairperson, Mr. Shrikant Marathe, Independent Director and Mr. Bharat Moossaddee, Director.

The Audit Committee was re-constituted on 27th April, 2017, pursuant to the resignation of Mr. Nikhil Sohoni as the member of the Committee and appointment of Mr. Bharat Moossaddee as the member of the Committee.

All the Members of the Committee possess accounting and financial management knowledge. All the recommendations of the Audit Committee were accepted by the Board.

The Committee met four times during the year on 27th April, 2017, 27th July, 2017, 17th October, 2017 and 1st February, 2018.

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

Name of Directors	Category	No. of meetings attended out of 4 meetings
Mr. Bharat Moossaddee	Non-Executive Non -Independent	2
Ms. Neera Saggi (Chairperson)	Independent Director	4
Mr. Shrikant Marathe	Independent Director	4
Mr. Nikhil Sohoni*	Non-Executive Non -Independent	–

*ceased to be director w.e.f. 27th April, 2017

Vigil Mechanism

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors viz., Mr. Shrikant Marathe, Independent Director and Chairman, Mr. Rajan Wadhera, Director and Ms. Neera Saggi, Independent Director.

The Committee met two times during the year under review viz., 27th April, 2017 and 20th July, 2017.

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

Name of Directors	Category	No. of meetings attended out of 2 meetings
Mr. Rajan Wadhera	Non – Executive Non - Independent	2
Ms. Neera Saggi	Independent Director	2
Mr. Shrikant Marathe (Chairman)	Independent Director	2

Corporate Social Responsibility Committee

The Board of Directors at its meeting held on 27th April, 2017, had constituted a Corporate Social Responsibility (CSR) Committee, comprising of Mr. Vijay Kalra, Director and Chairman, Mr. Bharat Moossaddee, Director and Mr. Shrikant Marathe, Independent Director. In view of accumulated losses, the Company was not required to spend on CSR activities during the year under review.

There were no meetings of CSR Committee held during the year under review.

Auditors:

Statutory Auditors and Auditors' Report

M/s B. K. Khare & Co. (Firm Registration No. 105102W) has been appointed as the Statutory Auditors of the Company to hold office from conclusion of the 10th Annual General Meeting ('AGM'), till the conclusion of the 15th AGM, subject to ratification by members at every AGM.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from B. K. Khare & Co., and a certificate to the effect that their appointment made, is in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The members are requested to appoint Messrs. B. K. Khare & Co. as statutory auditors of the Company as aforesaid and fix their remuneration. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors and Auditors' Report

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Mukesh Siroya and Company, Company Secretaries (Certificate of Practice No. 4157) to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2019.

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

Cost Auditors

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), as Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2017-18.

The Board of Directors on the recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2018-19 pursuant to section 148 of the Companies Act, 2013. Messrs. Dhananjay V. Joshi & Associates, have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013.

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

Reporting of frauds by Auditors

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

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

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

a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.

b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

The Board on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 27th April, 2017 had amended the said policies in order to align the same with various amendments in the Companies Act, 2013.

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

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** to this Report.

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

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

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

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

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

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

Internal Financial Controls

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

Contracts or Arrangements with Related Parties

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

Extract of Annual Return

Pursuant to section 134 (3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2018 in Form No. MGT 9 is attached herewith as **Annexure V** and forms part of this report.

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

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

General

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

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

Acknowledgements

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Place: Mumbai
Date: 27th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,
The Members,
Mahindra Heavy Engines Limited
Mumbai

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

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

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Acts prescribed under prevention and control of pollution;
5. Acts prescribed under environmental protection;
6. Labour Welfare Act; and
7. Such other Local laws etc. as may be applicable.

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

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

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

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

(i) On April 27, 2017, the Board of Directors in their meeting inter alia approved the issue of 13,50,00,000 Equity Shares of Rs. 10 each aggregating to Rs. 1,35,00,00,000 for cash at par on Right basis; and

(ii) On February 1, 2018, the Board of Directors in their meeting inter alia approved the issue of 5,67,40,000 Equity Shares of Rs. 10/- (Rupees Ten) each, for cash at par aggregating to Rs.56,74,00,000 (revolving limit) on Right Basis.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 27th April, 2018
Place: Mumbai

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

'Annexure A'

To,
The Members,
Mahindra Heavy Engines Limited

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

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

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 27th April, 2018
Place: Mumbai

ANNEXURE II-A TO THE DIRECTORS' REPORT
POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Heavy Engines Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time.

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

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

Board

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

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

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

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

Senior Management Personnel

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

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

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

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

Policy Statement

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

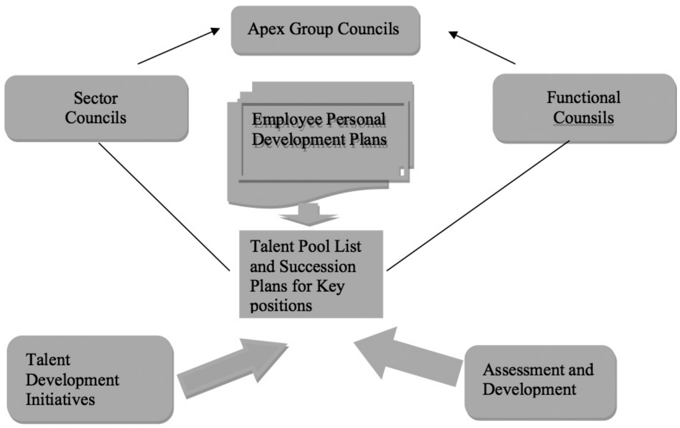
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

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

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

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

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Place: Mumbai
Date: 27th April, 2018

ANNEXURE II-B TO THE DIRECTORS' REPORT
POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Heavy Engines Ltd.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

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

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the board

Rajan Wadhera
Chairman
(DIN: 00416429)

Place: Mumbai
Date: 27th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:
- Utilization of alternate source of energy i.e Solar power total installed capacity 275kwp , Generation of 4 lac units per year.
- Conversion of all office and shop lights with LED lights.
- Washing machine heating load replace with natural gas burners .

(b) The steps taken by the company for utilizing alternate sources of energy:
- Set up of solar power plant.
- Installation of burners in washing machine tanks.

(c) The capital investment on energy conservation equipments:
- Washing machine heater conversion
- LED lights conversion

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption - Local market needs transformed in engineering technology.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: It is ongoing process toward product improvement and cost reduction.

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
   (a) The details of technology imported: IPR for 9.3 ltr engine for range extension of heavy duty engines product portfolio
   (b) The year of import: FY 2017
   (c) Whether the technology been fully absorbed: Yes.
   (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable

iv) The expenditure incurred on Research and Development in F-2018: Rs. 1064.29 Lakhs (Capital expenditure)

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

Total Foreign Exchange Earned and Used: **(Rupees in Lakh)**

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**521.04**	**707.40**
Total Foreign Exchange Used	**715.08**	**2513.49**

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Place: Mumbai
Date: 27th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC-2

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

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

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

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited –Ultimate Holding Company
b)	Nature of contracts/arrangements/transactions	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/ arrangements/transactions	1st April, 2017 to 31st March, 2018
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sales of engines and spares- Rs. 11,747.52 Lakhs
e)	Date of approval by the Board, if any	Not Applicable
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Vehicle Manufacturers Limited–Holding Company
b)	Nature of contracts/ arrangements/ transactions	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/ arrangements/ transactions	1st April, 2017 to 31st March, 2018
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sales of engines and spares- Rs. 65,632.56 Lakhs
e)	Date of approval by the Board, if any	Not Applicable
f)	Amount paid as advances, if any	Nil

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Place: Mumbai
Date: 27th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT. 9

Extract of Annual Return as on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U35914MH2007PLC169753
2.	**Registration Date**	9th April 2007
3.	**Name of the Company**	Mahindra Heavy Engines Limited
4.	**Category/Sub-Category of the Company**	Public Limited Company
5.	**Address of Registered office and contact details**	Mahindra Towers, Dr. G.M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai 400018
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: 040 – 67161602 Email: hanumantha.patri@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Internal Combustion Engines	2911	98.43%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

i. Category–wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	63,43,99,994	6	63,44,00,000	100%	63,43,99,994	6	63,44,00,000	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub–Total A(1)	63,43,99,994	6	63,44,00,000	100%	63,43,99,994	6	63,44,00,000	100%	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI–Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (A)=(A)(1) + (A)(2)	**63,43,99,994**	**6**	**63,44,00,000**	**100%**	**63,43,99,994**	**6**	**63,44,00,000**	**100%**	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c. Others									
Sub-Total B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**63,43,99,994**	**6**	**63,44,00,000**	**100%**	**63,43,99,994**	**6**	**63,44,00,000**	**100%**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year – No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	Shareholding at the end of the year – No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share–holding during the year
1	MAHINDRA VEHICLE MANUFACTURERS LIMITED	63,43,99,994	100%	–	63,43,99,994	100%	–	–
2	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
3	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Rajan Wadhera*	1	–	–	1	–	–	–
4	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Bharat Moossaddee*	1	–	–	1	–	–	–
5	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Nalin Mehta*	1	–	–	1	–	–	–
6	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. S. Durgashankar*	1	–	–	1	–	–	–
7	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. V. S. Parthasarathy*	1	–	–	1	–	–	–
	Total	**63,44,00,000**	**100%**	–	**63,44,00,000**	**100%**	–	–

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

iii. Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year – No. of shares	% of total shares of the company	Cumulative Shareholding during the year – No. of shares	% of total shares of the company
1.	**Mahindra Vehicle Manufacturers Limited**				
	At the beginning of the year	63,44,00,000	100	–	–
	Date wise Increase/Decrease in promoter shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	63,44,00,000	100

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

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

v. Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS:

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

(Rs. In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	106.94	–	–	106.94
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.97	–	–	0.97
Total of (1+2+3)	107.91	–	–	107.91
Change in Indebtedness during the financial year				
+ Addition	40.00	–	–	40.00
– Reduction	47.15	–	–	47.15
Net change	(7.15)	–	–	(7.15)
Indebtedness at the end of the financial year – 31.03.2018				
1) Principal Amount	99.99	–	–	99.99
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.78	–	–	0.78
Total of (1+2+3)	**100.77**	–	–	**100.77**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. KVN Prasad-Manager	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	72.73	72.73
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.06	0.06
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	12.64	12.64
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	1.95	1.95
	Total (A)	**87.38**	**87.38**

B. Remuneration of other directors:

I. Independent Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Mr. Shrikant Marathe	Ms. Neera Saggi	Total Amount
Fee for attending board/committee meetings	3.20	3.20	6.40
Commission	5.00	5.00	10.00
Others, please specify	–	–	–
Total (I)	8.20	8.20	16.40

II. Other Non-Executive Directors:

(Rs. In Lakhs)

Other Non-Executive Directors			Total Amount
Fee for attending board/committee meetings	–	–	–
Commission	–	–	–
Others, please specify	–	–	–
Total (II)	–	–	–
Total B = (I+II)			16.40
Total Managerial Remuneration (A+B)			103.78
Overall ceiling as per the Act			–

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Sai Ganesh Iyer- Chief Financial Officer	Mr. Kiran. N Bade- Company Secretary	Total
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	42.97	–	42.97
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.09	–	0.09
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	4.04	–	4.04
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify	1.41	5.54	6.95
	Total (C)	**48.52**	**5.54**	**54.06**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Place: Mumbai
Date: 27th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA HEAVY ENGINES LIMITED

Report on theFinancial Statements

1. We have audited the accompanying IND AS financial statements of **Mahindra Heavy Engines Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 . This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these IND AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the IND AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the IND AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the IND AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the IND AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the IND AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IND AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A "a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
    d. in our opinion, the aforesaid IND AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
    e. on the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
    f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 , in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations as at 31st March, 2018 on its financial position in its IND AS financial statements – Refer Note 31 to the IND AS financial statements
        ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses, and
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212

Mumbai, April 27, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 under the heading "Report on Other Legal and Regulatory requirements" of our report of even date:

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

b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed during such verificationwere not material and have been given effect in the books of account.

c) In respect of immovable properties of land that have been taken on lease (disclosed as prepayment for leasehold land under Other Assets in the IND AS financial statements) and building constructed thereon (disclosed as Property, Plant and Equipment in the IND AS financial statements), according to the information and explanations given to us and on the basis of our examination of the records of the Company, the lease agreements of immovable properties are held in the name of the Company, where the Company is the lessee in the agreement.

ii. As explained to us, the inventory was physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account. Physical Verification of inventories lying with third parties is also carried out at reasonable intervals and substantially confirmed by third parties.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec 189 of the Companies Act, 2013 ('the Act'), hence clause(iii) (a),(b) &(c) not commented upon.

iv. The Company has not granted any loans, made investments or provided guarantees or given any security and hence the compliance with provisions of section 185 and 186 of the Act not being applicable, has not been commented upon.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the rules framed there under to the extent notified. Therefore, Clause 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Record and Audit) Rules, 2014 made by the Central Government of India and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us and the records of the Company examined by us,

a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.

b) According to the information and explanations given to us and records of the Company examined by us, particulars of dues of Income Tax ,Sales Tax and Excise Duty and cess, which have not been deposited on account of disputes are as under:

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income Tax Act, 1961	Income tax (including interest)	11.14	Assessment Year 2010-11	Income Tax Appellate Tribunal
Maharashtra Value Added Tax Act, 2002	Value added Tax (including interest and penalty)	55.39	Assessment Year 2011-12	Joint Commissioner of Sales Tax-Pune
Central Excise Act, 1944	Interest on Excise Duty	1.88	Assessment Year 2016-17	Commissioner of Customs and Central Excise (Appeals) – Pune

viii. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date. The Company has not taken any loans or borrowings from Government and has not issued any debentures.

ix. Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instances of frauds by the Company or any material fraud on the Company by its officers or employees nor have any instances of material fraud been reported to us by the management during the year.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' Company, henceClause (iii)(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the IND AS financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the Clause (iii)(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, Clause (iii) (xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212

Mumbai, April 27, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(f) under the heading "Report on Other Legal and Regulatory requirements" of our report of even date:

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

We have audited the internal financial controls over financial reporting of **Mahindra Heavy Engines Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212

Mumbai, April 27, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. In Lakhs

	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	2	**29,603.28**	27,942.89
	(b) Capital work-in-progress		**2,306.91**	2,078.60
	(c) Other Intangible assets	3	**5,646.61**	14.06
	(d) Intangible assets under development		**1,875.42**	6,920.28
	(e) Financial Assets			
	(i) Loans	4	**5.75**	6.09
	(ii) Other financial assets	5	**587.58**	92.80
	(f) Deferred tax assets (net)	6	**–**	–
	(g) Other non-current assets	7	**915.33**	881.15
	Total Non – Current Assets		**40,940.88**	37,935.87
	2 Current assets			
	(a) Inventories	8	**3,260.54**	3,768.13
	(b) Financial Assets			
	(i) Investments	9	**852.41**	1,000.14
	(ii) Trade receivables	10	**11,541.58**	8,832.61
	(iii) Cash and cash equivalents	11	**263.09**	470.88
	(iv) Bank balances other than (iii) above	11	**637.35**	247.10
	(v) Loans	4	**0.40**	3.01
	(vi) Other financial assets	5	**1,938.24**	3,651.80
	(c) Other current assets	7	**168.96**	691.05
	Total Current Assets		**18,662.57**	18,664.72
	Total Assets (1+2)		**59,603.45**	56,600.59
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	12	**63,440.00**	63,440.00
	(b) Other Equity	13	**(29,114.79)**	(30,424.32)
	Total equity		**34,325.21**	33,015.68
	2 Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	**5,667.14**	6,145.58
	(b) Other non-current liabilities	19	**220.10**	192.86
	(c) Provisions	15	**362.00**	300.81
	Total Non – Current Liabilities		**6,249.24**	6,639.25
3	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	16	**–**	–
	(ii) Trade payables	17	**12,558.57**	9,955.27
	(iii) Other financial liabilities	18	**5,432.07**	6,057.84
	(b) Other current liabilities	19	**797.90**	711.01
	(c) Provisions	15	**240.46**	221.54
	Total Current Liabilities		**19,029.00**	16,945.66
	Total Equity and Liabilities (1+2+3)		**59,603.45**	56,600.59

The accompanying notes form an integral part of the financial statements

As per report of even date

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.: 111212

Place : Mumbai
Date : 27th April 2018

Sai Ganesh Iyer
Chief Financial Officer

Kiran Bade
Company Secretary

For and on behalf of Board of Directors

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Date : 27th April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. In Lakhs

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
	Continuing Operations			
I	Revenue from operations	20	**63,910.47**	72,004.79
II	Other Income	21	**459.00**	219.30
III	**Total Revenue (I + II)**		**64,369.47**	72,224.09
IV	**Expenses**			
	(a) Cost of materials consumed		**50,641.85**	49,293.89
	(b) Excise Duty		**1,636.20**	8,242.17
	(c) Changes in inventories of finished goods and work-in-progress	22	**(51.81)**	128.71
	(d) Employee benefit expense	23	**3,018.39**	3,055.25
	(e) Finance costs	24	**869.04**	1,332.37
	(f) Depreciation and amortisation expense	2 & 3	**2,623.86**	2,687.69
	(g) Other expenses	25	**4,329.80**	4,756.82
	Total Expenses		**63,067.33**	69,496.90
V	**Profit/(loss) before tax (III - IV)**		**1,302.14**	2,727.19
VI	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax	6	**–**	–
VII	**Profit/(loss) after tax from continuing operations (V - VI)**		**1,302.14**	2,727.19
VIII	**Profit/(loss) for the period**		**1,302.14**	2,727.19
IX	**Other comprehensive income**			
	(a) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	29	**7.39**	14.84
	(b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Total other comprehensive income		**7.39**	14.84
X	**Total comprehensive income for the period (VIII + IX)**		**1,309.53**	2,742.03
XI	**Earnings per equity share (for continuing operation):**	26		
	(a) Basic (in Rs.)		**0.21**	0.47
	(b) Diluted (in Rs.)		**0.21**	0.47

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.: 111212

Sai Ganesh Iyer
Chief Financial Officer

Kiran Bade
Company Secretary

For and on behalf of Board of Directors

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Date : 27th April 2018

Place : Mumbai
Date : 27th April 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Year ended March 31, 2018	Rs. In Lakhs Year ended March 31, 2017
Cash flows from operating activities		
Profit/(Loss) for the year	**1,302.14**	2,727.19
Adjustments for		
Finance costs on borrowings	**861.19**	1,328.50
(Profit)/Loss on disposal of property, plant and equipment	**(8.79)**	3.36
Share issue expenses	**–**	8.60
Interest income	**(29.85)**	(31.31)
Net gain on sale of investments	**(60.91)**	(22.17)
Income from Government Grants (non-cash)	**–**	(27.23)
Net gain arising on financial assets designated as at FVTPL	**(2.41)**	(0.14)
Liabilities no longer required written back	**–**	(16.21)
Depreciation and amortisation	**2,623.86**	2,687.69
Unwinding of discounts on provisions	**1.01**	1.12
(Reversal)/Provision for doubtful receivables (net)	**(7.97)**	(19.73)
Provision for Warranty	**25.27**	75.90
Net foreign exchange (gain)/loss	**(3.55)**	(7.08)
	4,699.99	6,708.49
Movement in working capital		
(Increase)/decrease in Inventories	**507.59**	399.66
(Increase)/decrease in Trade Receivables	**(2,703.65)**	1,404.94
(Increase)/decrease in Loans	**2.95**	7.03
(Increase)/decrease in Other Financial Assets	**1,314.90**	(3,224.13)
(Increase)/decrease in Other Assets	**538.75**	691.44
Increase/(decrease) in Trade Payables	**2,606.86**	(2,288.61)
Increase/(decrease) in Other Financial Liabilities	**2.73**	9.99
Increase/(decrease) in Provisions	**61.22**	(24.01)
Increase/(decrease) in Other Liabilities	**114.13**	(52.66)
Cash generated from operations	**7,145.47**	3,632.14
Income tax refund received/(paid) (net)	**(0.89)**	2.04
(A) Net cash generated from by operating activities	**7,144.58**	3,634.18
Cash flows from investing activities		
Fixed deposits placed	**(1,975.00)**	(267.10)
Fixed deposits matured	**1,510.00**	338.50
Payments to acquire current investments	**(13,950.00)**	(8,200.00)
Proceeds on sale of current investments	**14,161.05**	7,222.17
Interest received	**8.48**	24.51
Payments for property, plant and equipment	**(5,558.93)**	(7,863.56)
Proceeds from disposal of property, plant and equipment	**27.02**	5.15
(B) Net cash used in investing activities	**(5,777.38)**	(8,740.33)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Rs. In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	–	8,600.00
Share issue expenses	–	(8.60)
Proceeds from Long Term borrowings	4,000.00	3,000.00
Repayment of Long Term borrowings	(4,714.93)	(3,981.94)
Repayment of Short Term borrowings (Net)	–	(1,044.67)
Interest paid	(824.24)	(1,261.73)
Other borrowing cost	(35.83)	(51.25)
(C) Net cash generated from financing activities	(1,575.00)	5,251.81
Net increase in cash and cash equivalents (A+B+C)	(207.79)	145.66
Cash and cash equivalents at the beginning of the year	470.88	325.22
Cash and cash equivalents at the end of the year	263.09	470.88
Reconciliation of Cash & Cash eqivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (Refer Note No. 11)	263.09	470.88
Bank Overdrafts	–	–
Balance as per statement of cash flows	263.09	470.88

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 27th April 2018

Sai Ganesh Iyer
Chief Financial Officer

Kiran Bade
Company Secretary

For and on behalf of Board of Directors

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Date : 27th April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a) Equity share capital

Particulars	No. of Shares	Amount (Rs. In Lakhs)
Balance as at March 31, 2016	548,400,000	54,840.00
Changes in equity share capital during the year		
Issue of equity shares during the year	86,000,000	8,600.00
Balance as at March 31, 2017	634,400,000	63,440.00
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance as at March 31, 2018	**634,400,000**	**63,440.00**

b) Other Equity

Rs. In Lakhs

Particulars	Retained Earnings	Other comprehensive income (Remeasurements of the defined benefit plans)	Total
Balance as at April 1, 2016	(33,245.63)	79.28	(33,166.35)
Profit for the year	2,727.19	–	2,727.19
Total Comprehensive Income for the year, net of Income Tax	–	14.84	14.84
Balance as at April 1, 2017	(30,518.44)	94.12	(30,424.32)
Profit for the year	1,302.14	–	1,302.14
Total Comprehensive Income for the year, net of Income Tax	–	7.39	7.39
Balance as at March 31, 2018	**(29,216.30)**	**101.51**	**(29,114.79)**

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.: 111212

Sai Ganesh Iyer
Chief Financial Officer

Kiran Bade
Company Secretary

For and on behalf of Board of Directors

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Date : 27th April 2018

Place : Mumbai
Date : 27th April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE 1. - Significant Accounting Policies:

1.1 Statement of compliance:

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

1.2 Basis of preparation and presentation:

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for the financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to fair value measurement in its entirity, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

1.3. Property, Plant & Equipment:

Property, Plant & Equipments are carried at cost less depreciation. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

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

Plant and Machinery	5 years, 7 years and 8 years
Vehicles	5 years
Roads	15 years
Assets below Rs. 5,000/-	1 year

1.4. Intangible Assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Technical Know-how fees:

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding six years.

Software Expenditure:

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

Internally-generated intangible assets - Research and Development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Product Development Expenditure:

The expenditure incurred on product development expenditure expenses are amortised over the estimated period of benefit, not exceeding five years.

Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.5. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

1.6. Inventories:

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary.

In determining the cost of purchased materials moving average method is used. Cost of manufactured finished goods and work-in-progress are valued on absorption costing basis and includes appropriate proportion of overheads and, where applicable, excise duty.

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

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

1.8. Investments:

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

1.9. Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at Fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement recognised in profit or loss, The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'Other income'.

Financial liabilities and equity instruments:

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

1.10. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.11. Excise Duty:

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

1.12. Custom Duty:

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

1.13. Government Grants and Other Incentives:

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

Government grants related to acquisition of depreciable assets are recognised as deferred revenue in the financial statements and are transferred to statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

1.14. Export Benefits:

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

1.15. Foreign exchange transactions:

Transactions in foreign currencies (Other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be .

1.16. Employee Benefits:

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan/Leave encashment:

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

(iii) Other Benefits:

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

1.17. Borrowing Costs:

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

1.18. Taxes on Income:

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Current and deferred tax for the year:

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

1.19. Warranty:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information.

1.20. Segment Reporting:

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

1.21. Provisions, Contingent Liabilities and Contingent Assets:

"Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.22. Leases :

Leasehold land is amortised over the period of the lease.

1.23. Critical accounting judgements and key sources of estimation uncertainty :

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Note No. 2 - Property, Plant and Equipment

Rs. In Lakhs

Description of Assets	Leasehold Land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Balance as at March 31, 2016	693.91	8,238.97	21,715.32	864.31	498.54	241.04	**32,252.09**
Additions	–	606.37	3,165.96	330.55	378.51	70.78	**4,552.17**
Disposals	–	–	–	–	–	(25.62)	**(25.62)**
Balance as at March 31, 2017	**693.91**	**8,845.34**	**24,881.28**	**1,194.86**	**877.05**	**286.20**	**36,778.64**
Additions	–	333.20	3,644.27	143.63	3.65	–	**4,124.75**
Disposals	–	–	–	–	–	(68.47)	**(68.47)**
Balance as at March 31, 2018	**693.91**	**9,178.54**	**28,525.55**	**1,338.49**	**880.70**	**217.73**	**40,834.91**

Rs. In Lakhs

Description of Assets	Leasehold Land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
II. Accumulated depreciation							
Balance as at March 31, 2016	52.78	1,034.65	4,222.19	630.04	132.10	112.76	**6,184.52**
Depreciation expense for the year	7.30	279.43	2,082.05	155.17	99.17	45.21	**2,668.33**
Eliminated on disposal of assets	–	–	–	–	–	(17.11)	(17.11)
Balance as at March 31, 2017	**60.08**	**1,314.08**	**6,304.24**	**785.21**	**231.27**	**140.86**	**8,835.74**
Depreciation expense for the year	7.30	290.39	1,847.00	178.55	86.82	36.10	2,446.16
Eliminated on disposal of assets	–	–	–	–	–	(50.27)	(50.27)
Balance as at March 31, 2018	**67.39**	**1,604.47**	**8,151.24**	**963.76**	**318.09**	**126.69**	**11,231.64**
III. Net block (I-II)							
Balance as at March 31, 2017	633.82	7,531.26	18,577.04	409.65	645.78	145.34	27,942.89
Balance as at March 31, 2018	**626.52**	**7,574.07**	**20,374.31**	**374.73**	**562.61**	**91.04**	**29,603.28**

Note:

1) Assets pledged as security
   Refer Note no. 14 for details of property, plant and equipment pledged as security for loans from a Bank and a Financial institution under hypothecation/mortgage.
2) The Leasehold land has been regrouped in the current year pursuant to the clarification issued in ITFG 15 from prepaid and other current asset.
3) Borrowing Cost of Rs. 121.54 Lakhs and Professional Fees of Rs.101.76 Lakhs have been capitalised during the year under "Plant and Equipment"

Note No. 3 - Other Intangible Assets

Rs. In Lakhs

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Total
I. Gross Block				
Balance as at March 31, 2016	5,497.55	1,088.75	321.85	**6,908.15**
Additions	–	–	11.23	**11.23**
Disposals	–	–	–	**–**
Balance as at March 31, 2017	**5,497.55**	**1,088.75**	**333.08**	**6,919.38**
Additions	4,762.26	1,027.18	20.81	**5,810.25**
Disposals	–	–	–	–
Balance as at March 31, 2018	**10,259.81**	**2,115.93**	**353.89**	**12,729.63**
II. Accumulated amortisation				
Balance as at March 31, 2016	5,497.55	1,088.75	299.66	**6,885.96**
Amortisation expense for the year	–	–	19.36	**19.36**
Eliminated on disposal of assets	–	–	–	**–**
Balance as at March 31, 2017	**5,497.55**	**1,088.75**	**319.02**	**6,905.32**
Amortisation expense for the year	132.29	34.24	11.17	**177.70**
Eliminated on disposal of assets	–	–	–	–
Balance as at March 31, 2018	**5,629.84**	**1,122.99**	**330.19**	**7,083.02**
III. Net block (I-II)				
Balance as at March 31, 2017	–	–	14.06	14.06
Balance as at March 31, 2018	**4,629.97**	**992.94**	**23.70**	**5,646.61**

Note : Professional Fees of Rs.198.55 Lakhs, Testing Charges of Rs. 819.69 Lakhs and Other directly attributable expenses of Rs. 8.93 Lakhs have been capitalised during the year under **"Development Expenditure"**

Note No. 4 – Loans

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current :		
a) Security Deposits		
– Unsecured, considered good	**5.75**	6.09
	5.75	6.09
Current :		
a) Other Loans		
– Unsecured, considered good	**0.40**	3.01
	0.40	3.01

Note No. 5 - Other financial assets

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortised cost		
Non-Current :		
a) Bank Deposit with more than 12 months maturity (under Bank's lien)	**140.80**	66.05
b) Accrued Interest	**33.47**	26.75
c) Government Grants and other incentives	**413.31**	**–**
	587.58	92.80

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current :		
a) Government Grants and other incentives	**1,907.48**	3,635.69
b) Accrued Interest	**30.76**	16.11
	1,938.24	3,651.80

Note No. 6 - Deferred tax assets (net)

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
a) Deferred tax assets		
Provision for compensated absences	**74.25**	66.69
Provision for gratuity	**91.01**	72.77
Provision for doubtful debts	**7.34**	1.86
Carried forward tax losses*	**3,067.52**	2,360.18
Others	**39.49**	49.49
	3,279.62	2,550.99
b) Deferred tax liabilities		
Depreciation and amortisation	**3,279.62**	2,550.99
	3,279.62	2,550.99
c) Net Deferred tax assets	**–**	–

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2018:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2017	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2018
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	66.69	7.56	–	**74.25**
Provision for gratuity	72.77	20.82	(2.58)	**91.01**
Provision for doubtful debts	1.86	5.48	–	**7.34**
Carried forward tax losses*	2,360.18	704.76	2.58	**3,067.52**
Others	49.49	(10.00)	–	**39.49**
Depreciation and amortisation	(2,550.99)	(728.63)	–	**(3,279.62)**
	–	–	–	**–**

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2017:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2016	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing alance as at March 31, 2017
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	64.57	2.12	–	66.69
Provision for gratuity	52.15	25.75	(5.13)	72.77
Provision for doubtful debts	11.46	(9.60)	–	1.86
Carried forward tax losses*	1,586.50	768.55	5.13	2,360.18
Others	33.68	15.81	–	49.49
Depreciation and amortisation	(1,748.36)	(802.63)	–	(2,550.99)
	–	–	–	–

* Considered to the extent probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Note No. 7 - Other assets

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current :		
a) Capital Advances		
Unsecured Considered good	**823.06**	773.11
Unsecured Considered doubtful	**21.00**	23.60
Less : Provision for Doubtful Capital Advances	**(21.00)**	(23.60)
	823.06	773.11
b) Advances other than capital advances		
i) Advance Income Tax [net of provisions Rs. 1,000,000 (As at March 31, 2016 Rs. 1,000,000, As at April 1, 2015 Rs. 1,000,000)]	**38.28**	37.39
c) Others		
i) Balances with government authorities (other than income taxes)		
1) VAT credit receivable	**3.00**	3.00
2) Custom deposit Receivable	**50.97**	50.97
ii) Other advances		
1) Other Prepayments	**0.02**	16.68
	915.33	881.15
Current :		
a) Advances other than capital advances		
i) Advance to suppliers	**14.45**	12.90
b) Others		
i) Balances with government authorities (other than income taxes)		
1) VAT credit receivable	**21.01**	13.11
2) Excise duty rebate receivable	**65.07**	73.37
3) Cenvat duty refund receivable	**–**	350.84
4) Service tax refund receivable	**–**	138.02
ii) Other advances		
1) Other Prepayments	**49.06**	50.43
2) Others	**19.37**	52.38
	168.96	691.05

Note No. 8 - Inventories

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	**2,358.22**	2,823.28
Work-in-progress	**204.16**	267.99
Finished goods	**325.27**	209.63
Stores and spares	**372.89**	467.23
Total Inventories at the lower of cost and net realisable value	**3,260.54**	3,768.13
Included above, raw material-in-transit:	**611.98**	712.77
Total goods-in-transit	**611.98**	712.77

Notes :

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 51,356.60 Lakhs (for the year ended March 31, 2017 Rs. 50,119.31 Lakhs)

(ii) The cost of inventories recognised as an expense includes Rs. 268.51 Lakhs (during March 31, 2017 Rs. 279.41 Lakhs) in respect of write-downs of inventory to net realisable value.

(iii) Refer Note no. 16 for details of inventory pledged as security for working capital loan from a Bank.

Note No. 9 – Investments

Rs. In Lakhs

Particular	As at March 31, 2018		As at March 31, 2017	
	Quantity	**Amount**	Quantity	Amount
Current :				
Quoted Investments (all fully paid)				
Designated as Fair Value Through Profit and Loss				
Investments in Mutual Funds				
Axis Liquid Fund	**–**	**–**	27,816.00	500.00
UTI Money Market Fund	**–**	**–**	27,509.79	500.14
Aditya Birla Sun Life Mutual Fund	**173,405.27**	**400.69**	–	–
ICICI Prudential Money Market Fund - Growth	**83,817.56**	**200.28**	–	–
Reliance Liquid Fund - Treasury Plan	**5,955.07**	**251.44**	–	–
	263,177.90	**852.41**	55,325.79	1,000.14

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Aggregate book value of quoted investments	**852.41**	1,000.14
Aggregate market value of quoted investments	**852.41**	1,000.14
Aggregate amount of impairment in value of investments	**–**	–

Note No. 10 - Trade receivables

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Trade Receivables		
(a) Unsecured, considered good	**11,541.58**	8,832.61
(b) Doubtful	**–**	5.37
Less: Allowance for doubtful debts (expected credit loss allowance) – (Refer Note No. 27)	**–**	(5.37)
	11,541.58	8,832.61

Note :

The normal credit period on sale of goods ranges from 30 to 120 days. No interest is charged on trade receivables.

Note No. 11 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
(a) Balances with banks	**263.09**	465.40
(b) Cheques, drafts on hand	**–**	5.00
(c) Cash on hand	**–**	0.48
Total Cash and cash equivalent	**263.09**	470.88
Other Bank Balances		
(a) Balances with Banks:		
On Margin Accounts (under Bank's lien)	**205.60**	247.10
In Fixed Deposits	**431.75**	–
Total Other Bank balances	**637.35**	247.10

Note No. 12 - Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Amount (Rs. In Lakhs)**	No. of shares	Amount (Rs. In Lakhs)
Authorised:				
Equity shares of Rs 10 each with voting rights	**800,000,000**	**80,000.00**	700,000,000	70,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**634,400,000**	**63,440.00**	634,400,000	63,440.00
Total	**634,400,000**	**63,440.00**	634,400,000	63,440.00

(i) Terms/Rights attached to equity shares:

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

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Particulars	No. of Shares	Amount (Rs. In Lakhs)
Balance as at 31 March, 2017	634,400,000	63,440.00
Fresh Issue during the year	–	–
Balance as at 31 March, 2018	**634,400,000**	**63,440.00**

(iii) Details of shares held by the holding company

Particulars	No. of Shares	Amount (Rs. In Lakhs)
As at March 31, 2017		
Mahindra Vehicle Manufacturers Limited, the holding company	634,400,000	63,440.00
As at March 31, 2018		
Mahindra Vehicle Manufacturers Limited, the holding company	**634,400,000**	**63,440.00**

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	No. of Shares	Percentage of holding
As at March 31, 2017		
Mahindra Vehicle Manufacturers Limited and its nominees	634,400,000	100%
As at March 31, 2018		
Mahindra Vehicle Manufacturers Limited and its nominees	**634,400,000**	**100%**

Note No. 13 - Other Equity

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Retained Earnings	**(29,216.30)**	(30,518.44)
Remeasurements of the defined benefit plans	**101.51**	94.12
Balance at the end of the year	**(29,114.79)**	(30,424.32)

a) Retained earning

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	**(30,518.44)**	(33,245.63)
Profit/(Loss) for the year	**1,302.14**	2,727.19
Balance at the end of the year	**(29,216.30)**	(30,518.44)

b) Remeasurements of the defined benefit plans

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	**94.12**	79.28
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	**7.39**	14.84
Balance at the end of the year	**101.51**	94.12

Note No. 14 - Borrowings - Non-Current

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
Secured Borrowings:		
Term Loans		
a) From a Bank	**5,667.14**	6,145.58
For Hypothecation		
First and exclusive hypothecation charge on all movable fixed assets/plant and machinery created out of the proceeds of the facilities granted by the Bank		
For Mortgage		
(i) First and exclusive charge on immovable properties being the building that is setup using the facilities granted by the Bank at the existing plant at Chakan MIDC near Pune.		
(ii) Negative lien over the building setup using the facilities granted at the existing plant along with land situated at the Chakan MIDC plant.		
b) From a Financial Institution	**–**	–
Term Loan from a financial institution is secured by first charge on entire immovable fixed assets, both present and future, relating to 7.2 litres, 6 Cylinder Acteon Diesel engine project at Chakan		
	5,667.14	6,145.58

Details of Long term Borrowings of the Company:

Rs. In Lakhs

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Amortised cost as at March 31, 2018	Amortised cost as at March 31, 2017
Secured							
Term loans from Financial institution:							
Export-Import Bank of India	INR	11.65%	11% to 11.75%	Term loan is repayable in quarterly instalments commencing at the end of 30 months from the date of first disbursement i.e. 24th June 2010. Last date of repayment – 1st August 2018 Quarterly repayments will be on a stepped-up basis as below: First year – 10% Second year – 20% Third year – 25% Fourth year – 25% Fifth year – 20%	–	–	1,801.39

Rs. In Lakhs

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Amortised cost as at March 31, 2018	Amortised cost as at March 31, 2017
Term loans from banks:							
Kotak Mahindra Bank Limited	INR	8.95%	8.85% to 9.05%	TL-1 - Moratorium period till 31st March 2017 and for TL-2 and TL-3 till 31st March 2019 Door to door tenor of 6 years including moratorium of 3 years Repayment of TL-1 loan will be on quarterly basis as follows FY-2016-17 – 8% of Loan Amount FY-2017-18 – 28.5% of Loan Amount FY-2018-19 – 43% of Loan Amount FY-2019-20 – 20.5% of Loan Amount Repayment of TL-2 and TL-3 loan will be on quarterly basis as follows FY-2019-20 – 8% of Loan Amount FY-2020-21 – 28.5% of Loan Amount FY-2021-22 – 43% of Loan Amount FY-2022-23 – 20.5% of Loan Amount	20	**9,999.42**	8,892.69
Total (Refer note below)						**9,999.42**	10,694.08

Note:

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
a) Non-Current borrowings	**5,667.14**	6,145.58
b) Current maturities of long-term debt (Refer Note No. 18)	**4,332.28**	4,548.50
Total	**9,999.42**	10,694.08

Note No. 15 - Provisions

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<u>**Non-Current :**</u>		
a) Provision for employee benefits		
i) Long-term Employee Benefits	**352.47**	285.31
b) Other Provisions (Refer note below)		
i) Warranty	**9.53**	15.50
	362.00	300.81
<u>**Current :**</u>		
a) Provision for employee benefits		
i) Short-term Employee Benefits	**120.48**	117.64
b) Other Provisions (Refer note below)		
i) Warranty	**119.98**	103.90
	240.46	221.54

Movement in other provisions

Rs. In Lakhs

Particulars	Warranty	
	As at March 31, 2018	As at March 31, 2017
Carrying Amount at the beginning of the year	**119.40**	106.47
Additional Provision made during the year (net of reversal)	**25.34**	75.90
Amounts used during the year	**16.23**	64.09
Unwinding of discount and effect of changes in the discount rate	**1.00**	1.12
	129.51	119.40

Warranty Provision:

Warranty cost are accrued at the time of sale of products, based on technical estimates and past trends. The provision is discharged over the warranty period as per below :

1. For Industrial Engines – 18 to 30 months from the date of dispatch or 6 to 24 months from the date of commissioning or 1000 to 5000 hours of operations whichever is earlier.
2. For Genset Engines – 30 months from the date of dispatch or 24 months from the date of commissioning or 5000 hours of operations whichever is earlier.

The estimates for accounting of warranties are reviewed and revisions are made as required.

Note No. 16 – Borrowings – Current

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Secured Borrowings		
Loans repayable on demand		
From Banks	**–**	–

Particulars	As at March 31, 2018	As at March 31, 2017
		Rs. In Lakhs
[The cash credit facility is secured by first charge by way of hypothecation and/or pledge of entire goods, movable and other current assets present and future (excluding Plant and Machinery and all other property, plant and equipment)]		
	–	–

Note No. 17 - Trade Payables

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current :		
Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**162.16**	123.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	**12,396.41**	9,831.30
	12,558.57	9,955.27

Note :

The normal credit period on purchases of goods from supplier ranges from 15 to 64 days. No interest is charged on outstanding balance.

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

Rs. In Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	Principal	**162.16**	123.97
	Interest	**0.96**	0.06
(ii)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**2.41**	5.53
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**5.88**	2.35
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year	**6.85**	2.41
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**0.23**	0.15

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 18 – Other Financial Liabilities

Rs. In Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
	Current		
	Other Financial Liabilities Measured at Amortised Cost		
a)	Current maturities of long-term debt (Refer Note No. 14)	**4,332.28**	4,548.50
b)	Interest accrued	**77.53**	96.68
c)	Short term Deposits	**20.54**	22.14
d)	Other liabilities		
	i) Creditors for capital supplies	**994.88**	1,388.01
	ii) Others	**6.84**	2.51
		5,432.07	6,057.84

Note No. 19 - Other Liabilities

Rs. In Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
	Non-Current		
a)	Deferred Government Grants - Export Promotion Capital Goods	**220.10**	192.86
		220.10	192.86
	Current		
a)	Advances received from customers	**1.70**	5.18
b)	Statutory dues payables		
	– Statutory dues (Contributions to PF and other funds, Withholding Taxes, GST, Excise Duty, VAT, Service Tax, etc.)	**796.20**	678.59
c)	Deferred Government Grants – Export Promotion Capital Goods	**–**	27.24
		797.90	711.01

Note No. 20 - Revenue from Operations

Rs. In Lakhs

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a)	Revenue from sale of products [including excise duty of Rs. 1,633.61 (Previous year Rs. 8,225.35)]	**63,180.74**	68,200.99
b)	Other operating revenue		
	(i) Sale of Scrap [including excise duty of Rs. 2.59 (Previous year Rs. 16.82)]	**170.64**	194.96
	(ii) Government Grants and other incentives *	**559.09**	3,599.98
	(iii) Duty Drawback	**–**	8.86
		63,910.47	72,004.79

* Includes Government Grants recognised in respect of earlier years Rs. Nil (Previous year - Rs. 2056.76) as per addenda II dated September 1, 2016 under the Package Scheme of Incentives.

Note No. 21 - Other Income

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income on Bank deposits (at amortised cost)	**29.85**	31.31
Net Gain on sale of investments	**60.91**	22.17
Net Gain on disposal of property, plant and equipment (net)	**8.79**	–
Net gain arising on financial assets designated as at FVTPL	**2.41**	0.14
Net foreign exchange gains	**26.28**	42.88
Liabilities no longer required written back	**–**	16.21
Insurance claims received	**88.78**	34.05
Miscellaneous Income	**241.98**	72.54
	459.00	219.30

Note No. 22 - Changes in inventories of finished goods and work-in-progress

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the beginning of the year:		
a) Finished goods	**209.63**	203.04
b) Work-in-progress	**267.99**	403.29
	477.62	606.33
Inventories at the end of the year:		
a) Finished goods	**325.27**	209.63
b) Work-in-progress	**204.16**	267.99
	529.43	477.62
	(51.81)	128.71

Note No. 23 - Employee Benefits Expenses

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Salaries and wages	**2,413.77**	2,358.32
b) Contribution to provident and other funds	**181.45**	155.41
c) Share based payment transactions expenses - Equity-settled share-based payments *	**43.08**	63.62
d) Staff welfare expenses	**380.09**	477.90
	3,018.39	3,055.25

* Represents cost reimbursed by the company towards ESOP's granted by the ultimate holding company, Mahindra & Mahindra Limited

Note :

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Ultimate Holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

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

Note No. 24 - Finance Cost

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Interest		
i) Borrowings	**825.36**	1,277.25
ii) Trade Payables - Micro Enterprises and Small Enterprises (Refer Note No. 17)	**6.84**	2.41
iii) Others	**–**	0.34
b) Other borrowing cost	**35.83**	51.25
c) Unwinding of discounts on provisions	**1.01**	1.12
	869.04	1,332.37

Analysis of Interest Expenses by category

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses		
i) On financial liability at amortised cost	**832.20**	1,279.66
ii) Other interest expenses	**–**	0.34
	832.20	1,280.00

Note No. 25 - Other Expenses

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores consumed	**766.56**	696.71
Power & Fuel	**446.95**	477.27
Rates and taxes	**67.72**	81.08
Insurance	**71.43**	49.07
Repairs and maintenance - Buildings	**40.03**	10.37
Repairs and maintenance - Machinery	**105.31**	104.97
Repairs and maintenance - Others	**77.05**	71.35
Travelling and Conveyance Expenses	**128.89**	162.82
(Reversal)/Provision for doubtful receivables (net)	**(7.97)**	(19.73)
Auditors remuneration and out-of-pocket expenses		
i) As Auditors	**15.75**	15.75
ii) For Other services	**8.30**	0.75
iii) For reimbursement of expenses	**1.55**	0.25

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Legal and other professional costs	**515.11**	556.26
Packing material consumed	**166.65**	154.63
Testing expenses	**515.20**	922.07
Royalty	**715.07**	519.45
Warranty Expenses	**25.27**	75.90
Loss on disposal of property, plant and equipment (net)	**–**	3.36
Bank charges	**1.68**	10.13
Housekeeping and security expenses	**79.93**	88.16
Labour Contract Charges	**460.53**	497.94
Miscellaneous expenses	**128.79**	278.26
	4,329.80	4,756.82

Note No. 26 - Earnings per Share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit / (loss) for the year attributable to equity share holders of the Company	**1,302.14**	2,727.19
Weighted average number of equity shares	**634,400,000**	585,049,315
Basic and Diluted Earnings per share (Face value of Rs. 10 per share)	**0.21**	0.47

Note No. 27 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Equity	**34,325.21**	33,015.68
Less: Cash and cash equivalents	**263.09**	470.88
	34,062.12	32,544.80

Categories of financial assets and financial liabilities

Rs. In Lakhs

	As at March 31, 2018			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Loans	**5.75**	–	–	**5.75**
Other Financial Assets				
- Non Derivative Financial Assets	**587.58**	–	–	**587.58**
Current Assets				
Investments	–	**852.41**	–	**852.41**
Trade Receivables	**11,541.58**	–	–	**11,541.58**
Cash and cash equivalents	**263.09**	–	–	**263.09**
Bank balances	**637.35**			**637.35**
Loans	**0.40**	–	–	**0.40**
Other Financial Assets				
- Non Derivative Financial Assets	**1,938.24**	–	–	**1,938.24**
Non-current Liabilities				
Borrowings	**5,667.14**			**5,667.14**
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**12,558.57**	–	–	**12,558.57**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**5,432.07**	–	–	**5,432.07**

Rs. In Lakhs

	As at March 31, 2017			
Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	6.09	–	–	6.09
Other Financial Assets				
- Non Derivative Financial Assets	92.80	–	–	92.80
Current Assets				
Investments	–	1,000.14	–	1,000.14
Trade Receivables	8,832.61	–	–	8,832.61
Cash and cash equivalents	470.88	–	–	470.88
Bank balances	247.10			247.10
Loans	3.01	–	–	3.01
Other Financial Assets				
- Non Derivative Financial Assets	3,651.80	–	–	3,651.80
Non-current Liabilities				
Borrowings	6,145.58			6,145.58
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	9,955.27	–	–	9,955.27
Other Financial Liabilities				
- Non Derivative Financial Liabilities	6,057.84	–	–	6,057.84

CREDIT RISK

(i) Credit risk management

Rs. In Lakhs

	As at March 31, 2018			
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**0%**	**0%**	**0%**	
Gross carrying amount	**4,183.29**	**1,052.44**	**6,305.85**	**11,541.57**
Loss allowance provision	–	–	–	–

Rs. In Lakhs

Particulars	Not due	Less than 6 months past due (As at March 31, 2017)	More than 6 months past due (As at March 31, 2017)	Total
Expected loss rate	0%	0%	5%	
Gross carrying amount	7,606.02	1,127.54	104.42	8,837.98
Loss allowance provision	–	–	5.37	5.37

Reconciliation of loss allowance provision for Trade Receivables

Rs. In Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Balance as at beginning of the year	**(5.37)**	(37.10)
Impairment losses recognised in the year based on lifetime expected credit losses		
- On receivables originated in the year	**–**	–
- Other receivables	**–**	–
Impairment losses reversed / written back	**5.37**	31.73
Balance at end of the year	**–**	(5.37)

The Concentration of credit risk is limited due to the fact that the customer base comprises largely of Mahindra group entities.

LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the non-discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial liabilities				
As at March 31, 2018				
Non-interest bearing	**13,580.83**	–	–	–
Variable interest rate instruments	**5,244.56**	5,888.36	791.86	–
Fixed interest rate instruments	–	–	–	–
	18,825.39	**5,888.36**	**791.86**	–

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
As at March 31, 2017				
Non-interest bearing	11,367.93	–	–	–
Variable interest rate instruments	3,540.75	6,673.93	–	–
Fixed interest rate instruments	1,861.78	–	–	–
	16,770.46	6,673.93	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial assets				
As at March 31, 2018				
Non-interest bearing	**13,712.55**	413.31	–	5.75
Variable interest rate instruments	**852.41**	–	–	–
Fixed interest rate instruments	**686.73**	**189.05**	**0.49**	–
Total	**15,251.69**	**602.37**	**0.49**	**5.75**
As at March 31, 2017				
Non-interest bearing	12,942.19	–	–	6.09
Variable interest rate instruments	1,000.14	–	–	–
Fixed interest rate instruments	281.62	77.77	39.17	–
	14,223.95	77.77	39.17	6.09

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Amt In Lakhs

Particulars	Currency	**As at March 31, 2018**	As at March 31, 2017
Trade Receivables	USD	**0.43**	2.75
	INR	**27.96**	177.23
Trade Payables	USD	**2.32**	4.04
	INR	**151.63**	263.63
	EUR	**0.02**	0.29

Amt In Lakhs

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
	INR	**1.60**	20.03
	GBP	**–**	0.16
	INR	**–**	13.35
	JPY	**–**	83.00
	INR	**–**	48.55
	KWR	**1,799.37**	531.08
	INR	**109.94**	31.01

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Amt In Lakhs

Particulars	Currency	As at March 31,2018	As at March 31,2017
Trade Receivables	USD	**0.43**	2.75
	INR	**27.96**	177.23
Trade Payables	USD	**2.32**	4.04
	INR	**151.63**	263.63
	EUR	**0.02**	0.29
	INR	**1.60**	20.03
	GBP	**–**	0.16
	INR	**–**	13.35
	JPY	**–**	83.00
	INR	**–**	48.55
	KWR	**1,799.37**	531.08
	INR	**109.94**	31.01

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, GBP, JPY and KWR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives.

Rs. In Lakhs

Particulars	Currency	Change in rate	Effect on profit/(loss) before tax
As at March 31, 2018	**USD**	**10%**	**(12.37)**
		(10%)	**12.37**
	EUR	**10%**	**(0.16)**
		(10%)	**0.16**
	GBP	**10%**	**–**
		(10%)	**–**
	KWR	**10%**	**(10.99)**
		(10%)	**10.99**
	JPY	**10%**	**–**
		(10%)	**–**
As at March 31, 2017	USD	10%	(8.64)
		(10%)	8.64
	EUR	10%	(2.00)
		(10%)	2.00
	GBP	10%	(1.33)
		(10%)	1.33
	KWR	10%	(3.10)
		(10%)	3.10
	JPY	10%	(4.85)
		(10%)	4.85

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

Rs. In Lakhs

Particulars	Currency	Increase / (decrease) in basis points	Effect on profit / (loss) before tax
31-Mar-18	**INR**	**100**	**(100.14)**
	INR	**(100)**	**100.14**
31-Mar-17	INR	100	(89.24)
	INR	(100)	89.24

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 28 - Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring items

Financial assets measured at Fair Value:

Rs. In Lakhs

Particulars	Fair Value As at March 31, 2018	As at April 1, 2017	Fair Value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
a) Investments				
i) Mutual Fund investments	**852.41**	1,000.14	Level-1	Net Asset value published by – Aditya Birla Sun Life – ICICI Prudential – Reliance Mutual Fund
	852.41	1,000.14		

b) Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. In Lakhs

Particulars	Level	As at March 31, 2018 Carrying amount	As at March 31, 2018 Fair value	As at April 1, 2017 Carrying amount	As at April 1, 2017 Fair value
a) Financial assets					
Financial assets carried at Amortised Cost					
Loans	**Level-3**	**6.15**	**6.15**	9.10	9.10
Trade Receivables	**Level-3**	**11,541.58**	**11,541.58**	8,832.61	8,832.61
Cash and cash equivalents	**Level-1**	**263.09**	**263.09**	470.88	470.88
Bank balances	**Level-1**	**637.35**	**637.35**	247.10	247.10
Other Financial Assets					
- Non Derivative Financial Assets	**Level-3**	**2,525.82**	**2,525.82**	3,744.60	3,744.60
b) Financial liabilities					
Financial liabilities held at amortised cost					
Borrowings	**Level-3**	**5,667.14**	**5,667.14**	6,145.58	6,145.58
Trade Payables	**Level-3**	**12,558.57**	**12,558.57**	9,955.27	9,955.27
Other Financial Liabilities					
- Non Derivative Financial Liabilities	**Level-3**	**5,432.07**	**5,432.07**	6,057.84	6,057.84

Note No. 29 - Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss is Rs. 107.68 Lakhs. (Previous year Rs. 97.38 Lakhs).

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

1) Liability Risks

a. Asset-Liability Mismatch Risk:

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuations wings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk:

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk:

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund where in all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As per March 31, 2018	As per March 31, 2017
Discount rate	**7.80%**	7.30%
Expected rate of salary increase		
Officers	**10.00%**	10.00%
Associates	**8.00%**	8.00%

Defined benefit plans as per actuarial valuation on 31st March, 2018

Rs. In Lakhs

Particulars	**Funded Plan - Gratuity For the year ended March 31, 2018**	Funded Plan - Gratuity For the year ended March 31, 2017
I(a). Expense recognised in the Statement of Profit and Loss for the year		
1) Current service cost	**47.41**	42.67
2) Past Service Credit	**–**	–
3) Interest cost	**15.17**	13.67
	62.58	56.34
I(b). Included in other Comprehensive Income		
1) Return on plan assets	**0.54**	(0.51)
2) Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	**(2.84)**	–
- Financial Assumptions	**(12.49)**	8.28
- Experience Adjustments	**7.40**	(22.61)
	(7.93)	(14.33)
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:	**(7.39)**	(14.84)

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2018	For the year ended March 31, 2017
Service Cost		
Current Service Cost	**47.41**	42.67
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**15.17**	13.67
Components of defined benefit costs recognised in statement of Profit and Loss	**62.58**	56.34
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**0.54**	(0.51)
Actuarial gains and loss arising from changes in financial assumptions	**(12.49)**	8.28
Actuarial gains and loss arising from experience adjustments	**7.40**	(22.61)
Actuarial gains and loss arising from Demographic adjustments	**(2.84)**	–
Components of defined benefit costs recognised in other comprehensive income	**(7.39)**	(14.84)
Total	**55.19**	41.50
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end		
1. Present value of defined benefit obligation as at year end	**278.60**	251.10
2. Fair value of plan assets as at year end	**18.15**	40.84
3. Surplus/(Deficit)	**(260.45)**	(210.26)
4. Current portion of the above	**(30.00)**	(30.00)
5. Non current portion of the above	**(230.45)**	(180.26)
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**251.09**	227.71
2. Expenses Recognised in Statement of Profit and Loss		
- Current Service Cost	**47.41**	42.67
- Past Service Cost	**–**	–
- Interest Expense/(Income)	**17.26**	17.53
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(2.84)**	–
ii. Financial Assumptions	**(12.49)**	8.28
iii. Experience Adjustments	**7.40**	(22.61)
4. Benefit payments	**(29.24)**	(22.49)
5. Present value of defined benefit obligation at the end of the year	**278.59**	251.09
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**40.83**	58.95
2. Expenses Recognised in Statement of Profit and Loss		
- Expected return on plan assets	**2.10**	3.86
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	**(0.54)**	0.51

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2018	For the year ended March 31, 2017
5. Contributions by employer (including benefit payments recoverable)	**5.00**	–
6. Benefit payments	**(29.24)**	(22.49)
7. Fair value of plan assets at the end of the year	**18.15**	40.83
IV. The Major categories of plan assets		
Fund managed by insurer	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**7.80%**	7.30%
2. Expected rate of return on plan assets	**7.30%**	8.10%
3. Attrition rate		
Officers	**14.00%**	13.00%
Associates	**0.00%**	0.00%
4. Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. In Lakhs

Principal assumption	Year ended	Changes in assumption	Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	As at March 31, 2018	1%/-1%	(256.59)	304.73
	As at March 31, 2017	1%/-1%	(229.34)	277.20
Salary growth rate	As at March 31, 2018	1%/-1%	301.36	(259.05)
	As at March 31, 2017	1%/-1%	273.95	(231.64)
Withdrawal rate	As at March 31, 2018	1%/-1%	(276.30)	280.89
	As at March 31, 2017	1%/-1%	(252.57)	249.14

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 30 Lakhs to the gratuity trusts during the next financial year ending March 31, 2019.

Mortality: It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.092%
22	0.094%
23	0.096%
24	0.097%
25	0.098%

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Within 1 year	**26.79**	20.37
1 - 2 year	**30.33**	23.12
2 - 3 year	**32.18**	27.62
3 - 4 year	**37.35**	29.97
4 - 5 year	**41.79**	36.12
5 - 10 years	**257.31**	244.25

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2018 is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Asset category:		
Cash and cash equivalents	**0%**	0%
Debt instruments (quoted)	**0%**	0%
Debt instruments (unquoted)	**0%**	0%
Equity instruments (quoted)	**0%**	0%
Deposits with Insurance companies	**100%**	100%
Total	**100%**	100%

VIII. Experience Adjustments :

Rs. In Lakhs

Particulars	Gratuity as at As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
1. Defined Benefit Obligation	**278.59**	251.09	227.71	256.79	146.02
2. Fair value of plan assets	**18.15**	40.83	58.95	56.29	51.23
3. Surplus/(Deficit)	**(260.44)**	(210.26)	(168.76)	(200.50)	(94.79)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**7.40**	(22.61)	(73.47)	37.47	8.99
5. Experience adjustment on plan assets [Gain/(Loss)]	**0.54**	(0.51)	2.64	(1.83)	0.27

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 30 - Related Party Disclosures:

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

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Vehicle Manufacturers Limited	Holding Company

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

Name of Related Party	Nature of Relationship
1) Mahindra Defence Systems Limited	Fellow subsidiary
2) Mahindra Two Wheeler Limited	Fellow subsidiary
3) Mahindra Logistics Limited	Fellow subsidiary
4) Mahindra Trucks and Buses Limited	Fellow subsidiary
5) Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
6) Mahindra & Mahindra Finance Services Limited	Fellow subsidiary
7) LORDS Freight (India) Private Limited	Fellow subsidiary

C) Related Party Transactions:

Rs. In Lakhs

Name of Related Party	Nature of Transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Mahindra & Mahindra Limited	Sale of goods	**11,744.45**	6,872.70
	Training and Seminar Expenses	**4.63**	5.55
	Excise Duty collected on CAS-4	**3.07**	13.01
	Staff welfare expenses paid	**8.67**	1.32
	Engineering testing expenses paid	**447.68**	238.37
	Purchase of property, plant and equipment	–	40.69
	Reimbursement of ESOP cost (Refer Note 3 below)	**45.33**	63.62
	Reimbursement of expenses received from Party	**509.18**	108.90
	Reimbursement of expenses paid	**539.42**	587.39
	Cenvat on capital goods paid	**34.37**	117.79
	GST on capital goods paid	**70.35**	–
	Warranty claims received	–	44.62
	Purchase of Raw Material	**334.81**	–
Mahindra Defence Systems Limited	Professional Fees paid	–	0.46
Mahindra Two Wheeler	Purchase of Vehicle	–	9.25
Mahindra Logistics Limited	Services received	**1,000.74**	955.07
Mahindra Vehicle Manufacturers Limited	Sale of Goods	**65,623.46**	65,882.82
	Excise Duty collected on CAS-4	**9.11**	0.59
	Purchase of Raw Material	**0.12**	–
	Subscription to share capital	–	8,600.00
	Reimbursement of expense paid	**480.00**	624.06
Mahindra Trucks and Buses Limited	Sales of Goods	**487.31**	1,430.75
	Purchase of Raw Material	**6.42**	
	Excise Duty collected on CAS-4	**9.37**	8.04
Mahindra Integrated Business Solutions Private Limited	Professional fees paid	**4.95**	6.18
	Manpower cost paid	**22.38**	21.56
Mahindra & Mahindra Finance Services Limited	Arrangement Fees Received	**0.01**	–
LORDS Freight (India) Private Limited	Services received	**3.46**	21.44

D) Related Party Balances :

Rs. In Lakhs

Name of Related Party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
Mahindra & Mahindra Ltd.	Receivables	**2,741.80**	1,474.69
	Payables	**264.08**	317.69
Mahindra Defence Systems Ltd	Receivables	–	–
	Payables	–	0.42
Mahindra Two Wheeler	Receivables	–	–
	Payables	**9.25**	9.25
Mahindra Logistics Ltd.	Receivables	–	–
	Payables	**245.82**	12.52
Mahindra Vehicle Manufacturers Ltd.	Receivables	**10,808.71**	7,137.62
	Payables	**140.88**	–
Mahindra Trucks and Buses Limited	Receivables	**166.59**	112.83
	Payables	–	–
Mahindra Integrated Business Solutions Private Limited	Receivables	–	–
	Payables	**2.00**	2.54

Notes:

1 Related Party Transactions for the period are at arm's length.

2 The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.

3 Represents costs reimbursed by the Company towards ESOP's granted by the ultimate holding Company, Mahindra & Mahindra Limited.

4 The transactions reported above are inclusive of applicable Taxes.

Note No. 31 : Contingent liabilities and commitments:

1) Contingent Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the company not acknowledged as debt:		
(i) Income Tax claims disputed by the company relating to disallowance of depreciation and amortisation on Technical Know-how.	**11.14**	11.14
(ii) Excise duty claims disputed by the company relating to valuation rules	**1.88**	1.88

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

2) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:

(i) Tangible:

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided	**1,832.28**	2,979.67
Advance paid	**753.65**	709.84
Estimated amount of contracts remaining to be executed on capital account and not provided (Net)	**1,078.62**	2,269.83

(ii) Intangible:

Rs. In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
The Company has obligation on account of Technical Know-how fees as below		
(i) 4 Cylinder Engine	**628.90**	628.51
	628.90	628.51

Note No. 32 - Segment Reporting

The Company's business activity falls within a single business segment viz. manufacturing of engines and other auto components. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments.

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations		
(i) Revenue from major products		
Engines	**62,200.72**	66,636.89
Spares	**980.02**	1,564.10
(ii) Other operating revenue	**729.73**	3,803.80
	63,910.47	72,004.79
Revenue from external customers		
India	**63,379.35**	71,297.79
Outside India	**531.12**	707.00
	63,910.47	72,004.79
All non-current assets of the Company are located in India		
Revenue from major customers		
Mahindra group entities	**61,997.18**	69,307.35
Others *	**1,913.29**	2,697.44
	63,910.47	72,004.79

* No other single customer contributed 10% or more to the Company's revenue for both financial year 2016-17 and 2017-18.

Note No. 33 - Commission to Independent Directors:

Miscellaneous Expenses include Rs. 10.00 Lakhs (March 31, 2017: Rs. 10.00 Lakhs) payable as Commission to Independent Directors subject to the approval of shareholders at the Annual General Meeting.

Note No. 34 -

No material events have occurred after the balance sheet date and up to the approval of the financial statements.

Note No. 35 -

The financial statements were approved for issue by the Board of Directors on April 27, 2018.

Note No. 36 -

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.: 111212

Place : Mumbai
Date : 27th April 2018

Sai Ganesh Iyer
Chief Financial Officer

Kiran Bade
Company Secretary

For and on behalf of Board of Directors

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Date : 27th April 2018

DIRECTORS' REPORT

Your Directors present their Twenty Second Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**12,941**	11,956
Loss before Depreciation, Finance Costs and Taxation	**8,394**	7,040
Less: Depreciation & Amortisation	**4,408**	4,086
Loss before Finance costs and Taxation	**12,802**	11,126
Less: Finance Costs	**99**	181
Loss before Tax	**12,901**	11,306
Less: Taxation	**–**	–
Loss for the year	**12,901**	11,306
Carryforward losses for previous years	**55,840**	44,532
Networth	**23,593**	20,848

No material changes and commitments have occurred after the close of the year, under review, till the date of this Report which would affect the financial position of your company.

Operations

Your Company's total income is higher by 8.2% mainly due to increase in product development income.

During the year under review, your Company have launched several flagship fleet pilots like Ola pilot in Nagpur, Zoomcar pilots in Mysore and Hyderabad, Mass mobility use case with Himachal Road Transport Corporation and announced a partnership with Uber. This has culminated in the receipt of large order pipeline to be delivered in F19 including the EESL phase II tender for 4,800 EVs, Baghirathi LOI for 1,000 EVs and Zoomcar LOI for 500 EVs.

Your company bid for and was awarded several new product development programs, including the first SYMC EV project, new M&M platforms to be electrified and eBus development for MTBD.

Your Company received following awards during the year:

- Golden Peacock award for Innovation Management
- Electric Car of the year from ASSOCHAM
- Platinum award for Innovative EV of the year from India Smart Grid Forum (ISGF)
- Excellence in Sustainability and Engineering Design from Manufacturing Today

During the year under review, your Company also completed following marketing initiatives to boost the sales no:

- Created and Launched the category leading "Tomorrow's Movement" Digital Video campaign, which gathered ~20 million impressions in the first two weeks after launch, with reach amplified through ~330,000 tweet impressions that resulted in the campaign trending on Twitter
- Successfully implemented a Virtual Reality Test Drive experience across dealerships to increase engagement with customers and create a uniform high technology Brand experience at low cost
- Took centre stage at Auto expo (Delhi) in February unveiling 3 new EV products and 2 technology platforms, including +NEMO (a Next-generation Mobility cloud based platform) launched to drive EV adoption by fleet customers for corporate mobility and other shared mobility applications

Currently, your Company is re-aligning to focus on B2B business development initiatives and new mass mobility products like eAuto and eRickshaw to increase the sales in next year. Your Company continued to invest in Research & Development, development of new EV models and technology platforms and Capacity expansion, which consumed a significant part of your Company's financial resources.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

During the course of the year, your Company increased its sales volumes by 12%. The growth has been primarily driven by leveraging the emergence of fleet applications for people transportation.

In parallel, it invested in new technologies (High voltage, high capacity drivetrain) to expand its offerings within M&M's portfolio of vehicles and explore synergies with other group companies.

Investments made this year on capacity expansion, new products for the domestic and global markets and infrastructure development will place your Company well to deliver on existing pipeline orders & product development programs while expanding its product line as well as exploring new markets in the near future.

DIVIDEND

In view of the losses, your Directors have not considered any dividend for the year under review. Further the Board of your Company decided not to transfer any amount to the General Reserve for the year under review.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 stood at ₹ 400,00,00,000/- (Rupees Four Hundred Crores Only) divided into 40,00,00,000 (Forty Crores) Equity Shares of ₹ 10/- each.

During the year under review, the authorised share capital of your company was increased from ₹ 300,00,00,000/- (Rupees Three Hundred Crores Only) divided into 30,00,00,000 Equity shares of ₹ 10/- each to ₹ 400,00,00,000/- (Rupees Four Hundred Crores Only) divided into 40,00,00,000 Equity shares of ₹ 10/- each.

The paid up Share Capital of your Company as on 31st March, 2018 stood at ₹ 269,79,66,790/- (Rupees Two Hundred and Sixty-Nine Crores Seventy Nine Lacs Sixty Six Thousand Seven Hundred and Ninty Only) divided into 26,97,96,679 (Twenty Six Crores Ninty Seven Lacs Ninty Six Thousand Six Hundred and Seventy Nine Only) Equity Shares of ₹ 10/- each.

Further, during the year, your Company allotted 6,22,23,218 (Six Crores Twenty Two Lacs Twenty Three Thousand Two Hundred and Eighteen) Equity Shares of ₹ 10 each, aggregating ₹ 62,22,32,180 (Rupees Sixty Two Crores Twenty Two Lacs Thirty Two Thousand One Hundred and Eighty only) for cash at par on Rights basis.

The Board at its meeting held on 26th April, 2018 had approved an issue of 23,00,000 (Twenty Three Lakhs) Equity Shares of Rs. 10/- each on preferential basis, subject to Shareholders' approval.

BOARD OF DIRECTORS

Composition:

Composition of the Board of Directors of the Company is as under:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/ Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Mr. V S Parthasarathy (00125299)	Director	Non-Executive Director	Non-Independent Director
Ms. Sonali Kulkarni (00203701)	Director	Non-Executive Director	Independent Director
Mr. Ravindra Dhariwal (00003922)*	Director	Non-Executive Director	Independent Director
Mr. Rajan Wadhera (00416429)**	Director	Non-Executive Director	Non-Independent Director
Mr. Arvind Mathew 01377003)**	Director	Non-Executive Director	Non-Independent Director
Mr. Ruzbeh Irani (01831944)***	Director	Non-Executive Director	Non-Independent Director

* *Appointed as an Independent Director with effect from 19th April, 2017.*

** *Appointed as a Director with effect from 19th July, 2017.*

*** *Appointed as Director with effect from 22nd January, 2018.*

Mr. Ruzbeh Irani (DIN: 01831944) was appointed as additional Director and holds office up to the ensuing Annual General Meeting. His appointment as Director at the forthcoming Annual General Meeting is recommended to the shareholders. Your company has received notice from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of Mr. Ruzbeh Irani.

Your Company has received declarations from Mr. Ravindra Dhariwal and Ms. Sonali Kulkarni, Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Mr. Rajan Wadhera (00416429) retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment/ reappointment as Directors.

MEETINGS OF THE BOARD AND ANNUAL GENERAL MEETING:

The Board met four times during the year under review, i.e., on 27th April, 2017, 19th July, 2017, 2nd November, 2017 and 22nd January, 2018. The gap between two consecutive Board Meetings did not exceed 120 days.

The 21st Annual General Meeting (AGM) of the Company was held on 19th July, 2017.

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

Sr. No.	Name of Directors	No. of meetings attended out of 4 meetings held
1	Dr. Pawan Kumar Goenka	4
2	Mr. V S Parthasarathy	4*
3	Ms. Sonali Kulkarni	3
4	Mr. Ravindra Dhariwal	4
5	Mr. Rajan Wadhera	3
6	Mr. Arvind Mathew	3
7	Mr. Ruzbeh Irani	–

* *Participated in two meetings through Video Conferencing facility.*

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

EVALUATION OF PERFORMANCE

Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation. Based on the feedback, the Board carried out the annual evaluation of performance of its own, its committees and individual Directors including independent directors at the meeting of the Board held on 26th April, 2018.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 2nd November, 2017 without the presence of the Chairman or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

COMMITTEES OF THE BOARD

Audit Committee

During the year under review, the Audit Committee of the Board was reconstituted on 27th April, 2017.

The present Composition of Audit Committee is follows:-

Director	Designation
Mr. V S Parthasarathy	Chairman
Ms. Sonali Kulkarni	Member
Mr. Ravindra Dhariwal	Member

The Audit Committee met four times during year under review, i.e., on 27th April, 2017, 19th July, 2017, 2nd November, 2017 and 22nd January, 2018 and complied with the terms of reference assigned to the Committee from time to time.

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

Name of Directors	No. of meetings attended out of 4
Mr. V S Parthasarathy	4*
Ms. Sonali Kulkarni (Independent Woman Director)	3
Mr. Ravindra Dhariwal (Independent Director)	4

* *Participated in two meetings through Video Conferencing facility.*

Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee of the Board was reconstituted on 27th April, 2017.

The present Composition of Nomination and Remuneration Committee is follows:-

Director	Designation
Ms. Sonali Kulkarni	Chairperson
Dr. Pawan Kumar Goenka	Member
Mr. V S Parthasarathy	Member
Mr. Ravindra Dhariwal	Member

The Nomination and Remuneration Committee met four times during year under review, i.e., on 27th April, 2017, 19th July, 2017, 2nd November, 2017 and 22nd January, 2018.

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

Name of Directors	No. of meetings attended out of 4
Ms. Sonali Kulkarni	3
Dr. Pawan Kumar Goenka	4
Mr. V S Parthasarathy	3*
Mr. Ravindra Dhariwal	4

* *Participated in one meeting through Video Conferencing facility.*

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Mr. A Narayana Swamy - Manager of the Company
2. Mr. Mahesh Babu - Chief Executive Officer of the Company
3. Mr. Saroj Khuntia - Chief Financial Officer of the Company
4. Ms. Shweta Mayekar - Company Secretary of the Company

During the year under review, Mr. Ajay Patel ceased to be Chief Financial Officer of the Company with effect from 30th September, 2017 and Mr. Saroj Khuntia was appointed as the Chief Financial Officer of the Company with effect from 1st October 2017.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, in place, policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees. These were on the basis of recommendation of the Nomination and Remuneration Committee.

The Board on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 26th April, 2018 had amended the said policies in order to align the same with various amendments in the Companies Act, 2013.

These Revised policies are provided as **Annexure I** and forms part of this Report.

RISK MANAGEMENT POLICY

The Board has a Risk Management Policy in place. The Policy helps in identifying elements of risk if any which may threaten the existence of the Company and managing the risks associated with the business of the Company.

VIGIL MECHANISM

Your Company has, in place, a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/ make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints.

During the year under review, no complaint with allegations of sexual harassment was filled and disposed-off as per The Sexual Harassment of Women at workplace (Prevention, Prohibitions and Redressal) Act, 2013.

INTERNAL FINANCIAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company conducts internal audit through an independent agency to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors from Mahindra and Mahindra Limited are invited to attend Audit Committee meetings.

STATUTORY AUDITORS & AUDIT REPORT

Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration Number 101248W/W-100022) were appointed as the Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of the 21st Annual General Meeting (AGM) till the conclusion of the 26th AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs B S R & Co. LLP, and a certificate to the effect that their appointment made, is in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The members are requested to appoint Messrs B S R & Co. LLP as statutory auditors of the Company as aforesaid and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR AND AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. P. K. Pande & Associates, a firm of Practicing Company

Secretaries, as the Secretarial Auditor of your Company for the financial year ending 31st March, 2019.

The Secretarial Audit Report for the financial year ended 31st March 2018, issued by the Secretarial Auditor, pursuant to the aforesaid provisions, is provided as Annexure II and forms part of this report.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING ON FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment and encourages involvement of all its employees in activities related to safety, including promotion of safety standards. Employees across facilities were trained in behavioral safety at work. Statutory requirements relating to various environmental legislations, and environment protection, have been duly complied with by your Company.

HUMAN RESOURCES

Ensuring a good working environment for the employees and enabling them to maintain work life balance are prime goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

STOCK OPTIONS

Relevant details, as required under The Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions of the Companies Act, 2013, are furnished in Annexure III which forms part of this Report.

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

Your Company continues to look at Research and Development as an effective tool for meeting its business objectives. Your Company continued to undertake a number of Research & Development projects to upgrade the technology and quality of the product during the year under review. Details of specific area in which Research & Development activities are carried out by your Company in the area of technology absorption, adaptation and innovations etc. and the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are provided in Annexure IV and form part of this Report.

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

Particulars of loans covered under Section 186 of the Companies Act 2013 and granted to employees and workers during the year under review are stated in Note 6 (b) of the financial statement. Your Company had not given any other loan or guarantee, or made investment in the securities of any body corporate, as are covered under section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS / ADVANCES

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

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to ultimate Holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

During the year under review, your company had not entered into any contract /arrangement/transaction with related parties which could be considered material. Accordingly, there are no transactions to be reported in pursuance to Section 134(3)(h) of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on March 31, 2018 is annexed as Annexure V and forms a part of this Board Report in Form No. MGT-9.

GENERAL

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business carried out by the Company.
3. No significant and/or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.
4. Voting Rights which are not directly exercised by the employees in respect of shares for the subscription of which loan was given by the company as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Bengaluru, 26th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited).

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

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

Board

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

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

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

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

Senior Management Personnel

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

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

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

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

Policy Statement

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

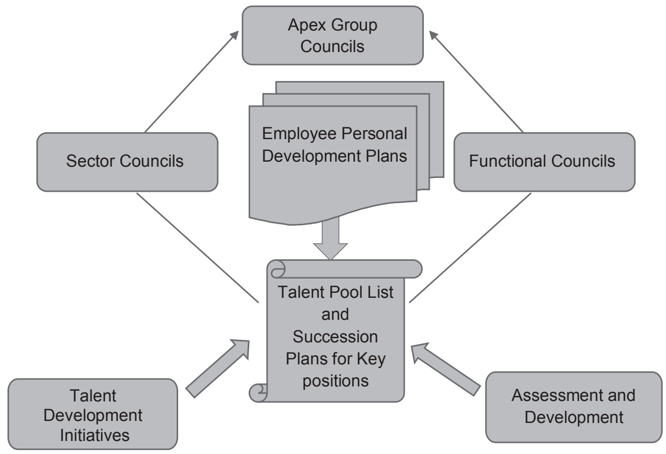
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

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

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

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

The Talent Management process can be represented pictorially as under:



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

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited).

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

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

Executive Directors

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

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs of the Company & the Company Secretary shall be determined by the Nomination and Remuneration Committee (NRC) from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Bengaluru, 26th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

To:
The Members,
Mahindra Electric Mobility Limited
Registered Office:
Plot No. 66 to 69 & 72 to 76, Bommasandra Industrial Area 4th Phase,
Jigani Link Road, Anekal Taluk, Bangalore-560099

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited) (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by the Company for the Financial Year ended 31st March, 2018 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there-under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under will not apply to this Company.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act') will not apply to this Company:-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The provisions of applicable Fiscal Laws, Corporate and allied Acts, Labor Laws, Environmental Laws and Miscellaneous Acts.

(vii) I have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Sd/-
P K Pande
Practicing Company Secretary
FCS – 5487; CP No. 3984

Place: Bengaluru
Date: 26.04.2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Details of the Employees Stock Option Scheme:

(a)	options granted	**80,41,107**		
(b)	options vested	0		
(c)	options exercised	0		
(d)	the total number of shares arising as a result of exercise of option	0		
(e)	options lapsed	0		
(f)	the exercise price	24.90		
(g)	variation of terms of options	Nil		
(h)	money realized by exercise of options	Nil		
(i)	total number of options in force	80,41,107		
(j)	eemployee wise details of options granted to			
	(i) key managerial personnel	Mahesh Babu	--	11,23,448
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Saroj Khuntia A Narayana Swamy	-- --	1,44,251 53,969
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant			

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Bengaluru, 26th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

The Company has always been conscious of the need to conserve energy. Your Company's manufacturing facility is having platinum rating from IGBC and significant portion of the energy generated from solar park. These measures are aimed at effective management and utilization of energy resources and have resulted in sustainable cost savings for the company.

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

Your company is using 100% LED lights at its Manufacturing facility.

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

Your Company is having Solar Park in its manufacturing facility. Average power Generated per day is 307 units in FY18.

(c) the capital investment on energy conservation equipment's: ₹ 58.84 Lakhs

(d) the steps taken by the company to reduce water consumption:

55% of water utilized at the facility is from re-used STP water with an additional 4% covered by rain water.

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Successful design and development of high voltage power trains for the first time for both 380V (high performance EVs) and 650V (eBus). Award of two major high voltage programs for international market:

Program1:

- Project Awarded for delivery of Drive Train and VCU against global competitors
- In-house VCU HW meeting global benchmark; Application SW through world renowned European design house
- Best in class 140kW HV drive train

Program2:

- Complete electric power train supply including Battery Pack, VCU, OBC, LDC, Drivetrain and PDU
- Highest density battery pack with over 230 Wh/kg
- First time design of liquid cooled systems complying global standards

Execution of 5 Critical Technology Projects:

1. Design and Development of air-cooled 3.3kW OBC for all low voltage variants
2. Development of 1.8kW DC-DC converter
3. Design and Development of 40kW, 120Nm, 12000RPM Interior Permanent Magnet Motor
4. Development of 50kW, 120Nm, 12000RPM Multi-ratio Transmission Systems
5. Design and development of In–house Vehicle Control Unit with Model Based Design & Layered Architecture (AUTOSAR)

Establishment of Comprehensive Eco-structure for Execution of HV E-Systems, including JVs and global design partners and consultants.

ME, the first OEM to get certified for Bharat Charging Protocol compliance. 7 patents filed, 16 papers presented in major EV Events including EVS30, Stuttgart, Germany. MEML elected as new Steering Committee member in CharIN - the only Steering Committee member from ASIA

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

Due to its sustained R&D efforts, the Company continued to maintain its leadership in the electric vehicle technology in India. As the overall market for Electric Vehicles significantly expands both in India and abroad, your Company will be one of the major beneficiaries.

iii) During the year, your Company did not import any technology.

iv) the expenditure incurred on Research and Development:

(₹ in Lakhs)

Description	**Current Year**	Previous Year
a) Capital	**545.94**	296.21
b) Recurring	**2,831.64**	2,703.15
c) Total	**3,377.58**	2,999.37
Total R&D expenditure as a percentage of total turnover	**26.79%**	25.57%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned

(₹ in Lakhs)

	Current Year	Previous Year
Foreign Exchange used	**3,443.74**	4,589.21
Foreign Exchange Earned	**590.14**	698.37

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Bengaluru, 26th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

i.	**Corporate Identification Number (CIN)**	:	U34101KA1996PTC020195
ii.	**Registration Date**	:	2nd April, 1996
iii.	**Name of the Company**	:	Mahindra Electric Mobility Limited (Formerly Known as Mahindra Reva Electric Vehicles Limited)
iv.	**Category/Sub-Category of the Company**	:	Indian Non-Government Company Limited by shares
v.	**Address of the Registered office and contact details**	:	Plot No.66 to 69 & 72 to 76, Bommasandra Industrial Area, Bommasandra, 4th Phase, Jigani Link road, Anekal Taluk, Bengaluru 560099, Karnataka. Tel.:+91-081-10421555 Email: arora.rajesh@mahindra.com
vi.	**Whether listed company Yes/No**	:	No
vii.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	:	Link Intime India Pvt. Ltd. C-3, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400078 Ph. No. 022 25963838 Fax No: 022 25946969

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Electric Vehicles	29101	70.23%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Vehicle Manufactures Limited Mahindra Towers, P.K. Kurne, Chowk, Worli, Mumbai-400018	U34100MH2007PLC171151	Holding Company	99.13	2 (46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	20,52,35,097	5	20,52,35,102	98.87	26,74,58,315	5	26,74,58,320	99.13	0.26
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	**20,52,35,097**	**5**	**20,52,35,102**	**98.87**	**26,74,58,315**	**5**	**26,74,58,320**	**99.13**	**0.26**
(2.) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**20,52,35,097**	**5**	**20,52,35,102**	**98.87**	**26,74,58,315**	**5**	**26,74,58,320**	**99.13**	**0.26**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	1,07,798	1,07,798	0.05	–	1,07,798	1,07,798	0.04	(0.01)
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	**1,07,798**	**1,07,798**	**0.05**	–	**1,07,798**	**1,07,798**	**0.04**	**(0.01)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	22,30,561	22,30,561	1.08	–	22,30,561	22,30,561	0.83	(0.25)
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	**22,30,561**	**22,30,561**	**1.08**	–	**22,30,561**	**22,30,561**	**0.83**	**(0.25)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	–	**23,38,359**	**23,38,359**	**1.13**	–	**23,38,359**	**23,38,359**	**0.87**	**(0.25)**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**20,52,35,097**	**23,38,364**	**20,75,73,461**	**100.00**	**26,74,58,315**	**23,38,364**	**26,97,96,679**	**100**	**0.00**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1.	Mahindra Vehicle manufactures Limited	20,52,35,097	98.87	–	26,74,58,315	99.13	–	0.26
2.	Mahindra Vehicle manufactures Limited jointly with Dr. Pawan Kumar Goenka*	1	–	–	1	–	–	–
3.	Mahindra Vehicle manufactures Limited jointly with Mr. P. N. Shah*	1	–	–	1	–	–	–
4.	Mahindra Vehicle manufactures Limited jointly with Mr. V. S. Parthasarathy*	1	–	–	1	–	–	–
5.	Mahindra Vehicle manufactures Limited jointly with Mr. Bharat Moossaddee*	1	–	–	1	–	–	–
6.	Mahindra Vehicle manufactures Limited jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
	Total	**20,52,35,102**	**98.87**	–	**26,74,58,320**	**99.13**	–	**0.26**

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

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

1.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mahindra Vehicle Manufacturers Limited					
	At the beginning of the year		20,52,35,102	98.87	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.):		–	–	–	–
	Allotment on 27.04.2017	1,00,40,160			21,52,75,262	
	Allotment on 13.07.2017	1,32,53,011			22,85,28,273	
	Allotment on 14.09.2017	2,12,59,366			24,97,87,639	
	Allotment on 02.11.2017	64,25,702			25,62,13,341	
	Allotment on 01.01.2018	28,11,245			25,90,24,586	
	Allotment on 07.02.2018	44,17,670			26,34,42,256	
	Allotment on 22.03.2018	40,16,064			26,74,58,320	
	At the End of the year				**26,74,58,320**	**99.13**

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

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	–	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	–	–	–	–	–

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	6,25,00,000	14,01,44,000	0	20,26,44,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	474,863	98,81,418	0	1,03,56,281
Total (i+ii+iii)	**6,29,74,863**	**15,00,25,418**	**0**	**21,30,00,281**
Change in Indebtedness during the financial year				
• Addition	28,15,068	39,42,271	0	67,57,339
• Reduction	6,57,89,931	2,43,13,000	0	9,01,02,931
Net Change	0	12,96,54,689	0	12,96,54,689
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	0	12,26,26,000	0	12,26,26,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	70,28,689	0	70,28,689
Total (i+ii+iii)	**0**	**12,96,54,689**	**0**	**12,96,54,689**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. A Narayanaswamy (Manager)	
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.69	**22.69**
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00	**0.00**
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission		
	– as % of profit	0.00	0.00
	– others, specify...(Employer PF)	0.90	**0.90**
5	Others, Please Specify	0.00	0.00
	Total (A)	23.59	**23.59**
	Ceiling as per the Act	In accordance with Schedule V to the Companies Act, 2013	

B. Remuneration to other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Ms. Sonali Kulkarni	Mr. Ravindra Dhariwal	
1	Independent Directors			
	• Fee for attending board/committee meetings	4.06	5.41	9.47
	• Commission	0.00	0.00	0.00
	• Others, please specify	0.00	0.36	0.36
	Total (1)	**4.06**	**5.77**	**9.83**
2	Other Non-Executive Directors			
	• Fee for attending board/committee meetings	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00
	Total (2)	**0.00**	**0.00**	**0.00**
	Total (B)=(1+2)	**4.06**	**5.77**	**9.83**
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	Sitting fees of ₹ 1 Lakh per Director per meeting as per Companies Act, 2013.		

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	**Company Secretary**	**CFO**		
1.	Gross salary	Mahesh Babu	Shweta Mayekar	Ajay Patel (01.04.2017 to 30.09.2017)	Saroj Khuntia (01.10.2017 to 31.03.2018)	**Total**
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	120.91	3.54	17.74	22.09	164.28
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	0	0	0	0
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0	0	0
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission					
	– as % of profit	0	0	0	0	0
	– others, specify... (Employer PF)	0	0	0	0.61	0.61
5.	Others, please specify	21.07	0	2.86	0	23.93
	Total	**141.98**	**3.54**	**20.60**	**22.70**	**188.82**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NONE

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

For and on behalf of the Board

Pawan Kumar Goenka
Chairman

Bengaluru, 26th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Electric Mobility Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Electric Mobility Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

1. Attention is drawn to the fact that the comparative financial information of the Company for the year ended March 31, 2017 is based on financial statements, that were previously audited by the predecessor auditor (vide their unmodified audit report dated April 27, 2017).

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

    e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i.) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 15 and Note 33 to the Ind AS financial statements.

        ii.) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

        iv.) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155

Place: Bengaluru

Date: 26th April, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

Annexure - A to the Independent Auditors' Report

With respect to the Annexure referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured/services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service-tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, sales-tax, service tax, good and service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues were in arrears, as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of statue	Nature of dues	Amount (INR)*	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	99,671,851*	AY 2009-2014	CESTAT
Central Excise Act, 1944	Excise Duty	9,600,000	AY 2016-2017	Commissioner Appeal
Finance Act, 1994	Service tax	7,259,196	AY 2006-2009	CESTAT
Finance Act, 1994	Service tax	10,105,964	AY 2006-2015	Additional Commissioner
Income tax Act, 1961	Income tax and penalties	110,000,000*	AY 2012-2013	CIT(A)

* Against the above, aggregate of INR 41,500,000 is paid under protest.

(viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155

Place: Bengaluru

Date: 26th April, 2018

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of Mahindra Electric Mobility Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155

Place: Bengaluru
Date: 26th April, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in lakhs)

	Notes	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**11,227**	10,788
Capital work-in-progress		**932**	908
Other intangible assets	4	**4,976**	7,408
Intangible assets under development	4	**995**	246
Financial assets			
Loans	5	**262**	166
Other non-current assets	6 (a)	**1,714**	745
		20,106	20,261
Current assets			
Inventories	7	**3,637**	3,904
Financial assets			
Investments	8	**293**	495
Trade receivables	9	**3,974**	3,572
Cash and cash equivalents	10	**563**	623
Other financial assets	11	**1**	–
Other current assets	6 (b)	**5,178**	4,213
		13,646	12,807
TOTAL ASSETS		**33,752**	33,068
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**26,980**	20,757
Other equity		**(3,387)**	2,089
Total equity		**23,593**	22,846
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	13	**1,051**	1,226
Other financial liabilities	14 (a)	**26**	52
Provisions	15 (a)	**724**	809
Other non-current liabilities	16 (a)	**60**	264
		1,861	2,351
Current liabilities			
Financial liabilities			
Trade payables	17	**3,235**	5,775
Other financial liabilities	14 (b)	**1,732**	852
Provisions	15 (b)	**654**	735
Other current liabilities	16 (b)	**2,677**	509
		8,298	7,871
		10,159	10,222
TOTAL EQUITY AND LIABILITIES		**33,752**	33,068
Summary of significant accounting policies	2.3		

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

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 26th April, 2018

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
Arvind Mathew Director
Shweta Mayekar Company Secretary
Saroj Khuntia Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Bengaluru
Date: 26th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in lakhs except per share data)

	Notes	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Income			
Revenue from operations	18	**12,608**	11,729
Other income	19	**333**	227
Total Income		**12,941**	11,956
Expenses			
Cost of materials consumed	20	**8,502**	9,143
Changes in inventories of finished goods	21	**(177)**	(133)
Excise duty on sale of goods		**144**	684
Employee benefits expense	22	**6,057**	4,398
Finance cost	23	**99**	194
Depreciation and amortisation expense	3, 4 & 24	**4,408**	4,086
Other expenses	25	**6,809**	4,904
Total Expenses		**25,842**	23,276
Loss before tax		**(12,901)**	(11,320)
Tax expense			
Current tax		**–**	–
Deferred tax	33	**–**	–
Loss for the year		**(12,901)**	(11,320)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan, net of tax	29	**93**	12
		93	12
Total comprehensive loss for the year attributable to the owners of the Company		**(12,808)**	**(11,308)**
Earnings per equity share of face value Rs. 10 each			
Basic and diluted	28	**(5.32)**	(6.53)
Summary of significant accounting policies	2.3		

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

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 26th April, 2018

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
Arvind Mathew Director
Shweta Mayekar Company Secretary
Saroj Khuntia Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Bengaluru
Date: 26th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in lakhs)

	31st March 2018	31st March 2017
Cash flows from operating activities		
Loss before tax for the year	**(12,901)**	(11,320)
Adjustments for:		
Provisions no longer required written back	**(185)**	(21)
Allowances for expected credit losses on financial assets	**170**	–
Provision for doubtful debts and advances	**135**	17
Interest costs recognised in profit and loss	**65**	168
Interest income	**(29)**	(34)
Net gain on sale of current investment (including fair value change in financial instrument)	**(21)**	(29)
Share-based payment expense	**109**	46
Actuarial gain/loss (reclassification to OCI)	**93**	12
Loss on disposal of property, plant and equipment	**8**	38
Depreciation and amortisation expense	**4,408**	4,086
Assets written off	**673**	–
Net foreign exchange (gain)/loss	**3**	(3)
Operating cash flow before working capital changes	**(7,472)**	(7,039)
Movements in working capital:		
Trade receivables	**(572)**	(2,987)
Non current assets	**(224)**	(182)
Current assets	**(964)**	(1,356)
Inventories	**267**	(1,175)
Trade payables	**(2,544)**	1,827
Non current provisions	**101**	29
Current provisions	**(82)**	**528**
Non current liabilities	**(204)**	**(175)**
Other current liabilities	**2,953**	**(559)**
Cash generated from operations	**(8,741)**	**(11,090)**
Income taxes (paid)/received	**(470)**	**425**
Net cash flows used in operating activities	**(9,211)**	(10,665)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(3,704)**	(5,459)
Proceeds from disposal of property, plant and equipment	**23**	16
Interest received	**28**	34
Acquisition of investments	**(4,799)**	(5,135)
Proceeds from sale of investments	**5,022**	5,539
Net cash flows used in investing activities	**(3,430)**	(5,005)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in lakhs)

		31st March 2018	31st March 2017
Cash flows from financing activities			
Proceeds from issue of equity share capital		**13,479**	16,657
Repayment of short term borrowings		**(175)**	(175)
Repayment of long term borrowings		**(625)**	(1,250)
Interest paid		**(98)**	(212)
Net cash flow from financing activities		**12,581**	15,020
Net increase in cash and cash equivalents		**(60)**	(649)
Cash and cash equivalents at the beginning of the year		**623**	1,272
Cash and cash equivalents at the end of the year		**563**	623
Components of cash and cash equivalents			
Cash on hand		**–**	–
Balances with banks			
Current accounts		**16**	123
Deposit accounts		**547**	500
Total cash and cash equivalents		**563**	623
Summary of significant accounting policies	2.3		

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

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 26th April, 2018

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
Arvind Mathew Director
Shweta Mayekar Company Secretary
Saroj Khuntia Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Bengaluru
Date: 26th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in lakhs)

Equity share capital	
As at 1 April 2016	13,855
Issued during the year	6,902
Balance as at 31 March 2017	20,757
As at 1 April 2017	20,757
Issued during the year	6,222
Balance as at 31 March 2018	26,980

* refer note 12

Other equity

(₹ in lakhs)

Particulars	Share application money pending allotment	Reserves and Surplus: Securities premium reserve	Reserves and Surplus: Share options outstanding Account #	Reserves and Surplus: Retained earnings	Items of Other Comprehensive Income: Remeasurement of defined benefit liability, net of tax	Total
Balance as at 1 April 2016	3,000	45,874	–	(44,532)	–	4,342
Total comprehensive income for the year ended 31 March 2017						
Loss for the year	–	–	–	(11,320)	–	(11,320)
Other comprehensive income	–	–	–	–	12	12
Total comprehensive income	–	–	–	(11,320)	12	(11,308)
Transferred to retained earnings	**–**	**–**	**–**	**12**	**(12)**	
Contributions by and distributions to owners						
Issue of equity shares	(3,000)	10,055	–	–	–	7,056
Share based payments #	–	–	–	–	–	–
Share application money received pending for allotment	2,000	–	–	–	–	2,000
Total contributions by and distributions to owners	(1,000)	10,055	–	12	(12)	9,056
Balance as at 31 March 2017	**2,000**	**55,929**	**–**	**(55,840)**	**–**	**2,089**
Total comprehensive income for the year ended 31 March 2018						
Loss for the year	–	–	–	(12,901)	–	(12,901)
Other comprehensive income	–	–	–	–	93	93
Total comprehensive income	**–**	**–**	**–**	**(12,901)**	**93**	**(12,808)**
Transferred to retained earnings	**–**	**–**	**–**	**93**	**(93)**	**–**
Contributions by and distributions to owners						
Issue of equity shares	(2,000)	9,257	–	–	–	7,257
Share based payments #	–	–	75	–	–	75
Total contributions by and distributions to owners	(2,000)	9,257	75	93	(93)	7,332
Balance as at 31 March 2018	**–**	**65,186**	**75**	**(68,648)**	**–**	**(3,387)**

 # Refer note 30

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 26th April, 2018

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
Arvind Mathew Director
Shweta Mayekar Company Secretary
Saroj Khuntia Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Bengaluru
Date: 26th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Reporting Entity

Mahindra Electric Mobility Limited (formerly Mahindra Reva Electric Vehicles Limited) ('the Company') is engaged in design and manufacture of electrically powered vehicles and design and development of related technology for end use vehicles. The marketing of the car is done through a network of dealers in India and abroad.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Plot No 66 to 69 & 72 to 76, Bommasandra Industrial Area, 4th Phase, Jigani Link Road, Anekal Taluk, Bangalore 560 099.

The Company converted from a private limited to a public company effective from 30 December 2015 and the name of the Company was changed to Mahindra Electric Mobility Limited effective 15 February 2017.

2.1. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

In the board meeting held on 26th April 2018, the board has approved to issue these financials to shareholders of the Company.

2.2. Basis of preparation

a) Basis of measurement

The financial statements have been prepared on the historical cost convention and on an accrual basis except for the following items:

Items	Measurement basis
Certain financial assets	Fair value / Amortized cost
Liabilities for equity-settled share-based payments	Fair value
Net defined benefit liability	Present value of defined benefit obligations

b) Functional and presentation currency

These financial statements are presented in Indian rupee (INR), which is the Company's functional currency.

c) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the notes:

Note 2.3 (c) – Intangible assets: whether the Company recognises the expenditure incurred on technology development as an intangible asset or as an operating expense.

Note 2.3 (h) – Leases: Whether the Company classifies a lease transaction as a finance lease or an operating lease.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 are included in the following notes:

– Note 2.3 (b) and Note 2.3 (c) - useful life of assets;

– Note 2.3 (d) - impairment of financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost;

– Note 2.3 (d) - impairment of non-financial assets: key assumptions underlying recoverable;

– Note 2.3 (g) - measurement of defined benefit obligations: key actuarial assumptions;

– Note 2.3 (i) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

– Note 2.3 (k) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Going concern

The Company has been incurring losses and has accumulated losses of ₹ 68,648 lakhs as at 31 March 2018. However, owing to the continued support from the holding company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these financial statements have been prepared on a going concern basis.

d) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's Management.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

– Note 2.3 (g) - share-based payment arrangements

– Note 2.3 (p) - financial instruments.

2.3 Significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	**Management estimate of useful life in years**	**Useful life as per Schedule II**
Factory Building	30	30
Plant, tools & equipment	5 to 15	15
Computers, office equipment, furniture & fixtures	3 to 10	3 to 10
Vehicles	5	8
Batteries	3 to 5	NA

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its assets as follows:

Class of assets	Useful life estimated (in years)
Technical Knowhow	5
Product development expenditure	5
Computer software	4

De recognition

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. Impairment of non-financial assets

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Rendering of services

Revenue from development of technology and engineering services is recognised by reference to the stage of completion. Stage of completion is measured by reference to cost incurred to date as a percentage of total estimated cost for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchanges rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at the each reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss for the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method.

Long-term compensated absences are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

h) Leases

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

Company as a lessee

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

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) Earnings/ (loss) per share

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) Provision and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

o) Cash and cash equivalents

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

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

p) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Property, Plant and Equipment

Reconciliation of carrying amount

(₹ in lakhs)

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Tools and fixtures	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Batteries	Total
At Cost (Gross carrying amount)											
At 31 March 2016	152	1,741	291	1,980	3,895	153	446	188	1,146	1,729	11,721
Additions during the year	684	–	–	453	2,757	15	55	6	440	257	4,667
Disposals during the year	–	–	(278)	(35)	(100)	(0)	(17)	–	(191)	–	(621)
At 31 March 2017	**836**	**1,741**	**13**	**2,398**	**6,552**	**168**	**484**	**194**	**1,395**	**1,986**	**15,767**
Additions during the year	–	905	–	765	346	40	176	5	112	2	2,351
Disposals during the year	–	–	–	(157)	–	(67)	(60)	(64)	(446)	(2)	(796)
At 31 March 2018	**836**	**2,646**	**13**	**3,006**	**6,898**	**141**	**600**	**135**	**1,061**	**1,986**	**17,322**
Accumulated depreciation											
At 31 March 2016	–	225	197	563	1,725	114	340	112	574	225	4,075
Depreciation for the year	–	55	63	202	576	17	60	13	210	275	1,471
Accumulated depreciation on disposals during the year	–	–	(254)	(35)	(100)	(0)	(17)	–	(161)	–	(567)
At 31 March 2017	**–**	**280**	**6**	**730**	**2,201**	**131**	**383**	**125**	**623**	**500**	**4,979**
Depreciation for the year	–	80	1	211	760	17	88	11	211	292	1,671
Accumulated depreciation on disposals during the year	–	–	–	(118)	–	(64)	(60)	(57)	(256)	(0)	(555)
At 31 March 2018	**–**	**360**	**7**	**823**	**2,961**	**84**	**411**	**79**	**578**	**792**	**6,095**
Carrying amount (net)											
At 31 March 2017	**836**	**1,461**	**7**	**1,668**	**4,351**	**37**	**101**	**69**	**772**	**1,486**	**10,788**
At 31 March 2018	**836**	**2,286**	**6**	**2,183**	**3,937**	**57**	**189**	**56**	**483**	**1,194**	**11,227**

Notes:

a. Vehicles as on 31 March 2018 includes self generated assets with cost aggregating to ₹ 919 lakhs (31 March 2017 - ₹ 1,236 lakhs).

b. Gross carrying amount of tools and fixtures as on 31 March 2018 includes tools aggregating to ₹ 5,963 lakhs (31 March 2017 - ₹ 6,325 lakhs) lying with third party vendors.

c. Batteries are given to customers on operating lease arrangement.

4. Other intangible assets

(₹ in lakhs)

Particulars	Product Development	Computer Software	Total
At 31 March 2018			
Cost (Gross carrying amount)			
At 31 March 2016	15,712	547	16,259
Additions during the year	3,415	101	3,516
At 31 March 2017	**19,127**	**648**	**19,775**
Additions during the year	–	305	305
At 31 March 2018	**19,127**	**953**	**20,080**
Accumulated amortisation			
At 31 March 2016	9,369	382	9,751
Amortisation for the year	2,542	74	2,616
At 31 March 2017	**11,911**	**456**	**12,367**
Amortisation for the year	2,617	120	2,737
At 31 March 2018	**14,528**	**576**	**15,104**
Carrying amount (net)			
At 31 March 2017	7,216	192	7,408
At 31 March 2018	**4,599**	**377**	**4,976**

Intangible asset under development

Intangible asset under development includes ₹ 1,067 lakhs (31 March 2017 - ₹ 1,483 lakhs) pertaining to expenses incurred on product development which is under progress as on balance sheet date and ₹ 380 lakhs (31 March 2017 - Nil) pertaining to a software which is in the process of being customised for implementation as on balance sheet date.

5. Loans

(₹ in lakhs)

	31st March 2018	31st March 2017
Non-current		
Security Deposits		
Unsecured, considered good	**262**	166
Unsecured, considered doubtful	**8**	8
Less: Allowance for expected credit losses	**(8)**	(8)
	262	166

6. Other assets

(a) Non-current

(₹ in lakhs)

	31st March 2018	31st March 2017
Capital advances	1,184	677
Advances other than capital advances		
Unsecured, considered good		
Tax deducted at source	**513**	43
Rent paid in advance	**17**	25
	530	68
Unsecured, considered doubtful		
Advances recoverable in cash or kind	**157**	94
Balances with government authorities*	**571**	497
	728	591
Less: Provision for doubtful balances	**(728)**	(591)
	1,714	745

(b) Current

(₹ in lakhs)

	31st March 2018	31st March 2017
Unsecured, considered good		
Advances recoverable in cash or kind	**668**	800
Balances with government authorities	**3,239**	3,258
Prepaid expenses	**81**	140
Rent paid in advance	**21**	15
Unbilled revenue	**1,169**	–
	5,178	4,213

* Includes ₹ 415 lakhs (31 March 2017 - ₹ 250 lakhs) paid under protest against disputed demands.

7. Inventories

(At lower of cost and net realisable value)

(₹ in lakhs)

	31st March 2018	31st March 2017
Raw materials (includes raw materials in transit ₹ 183 lakhs (31 March 2017 - ₹ 718 lakhs)	**3,177**	3,621
Finished goods	**460**	283
	3,637	3,904

The write-down of inventories to net realisable value during the year amounted to ₹ 444 lakhs (31 March 2017 - ₹ 34 lakhs) and the write-down due to obsolescence amounted to ₹ 403 lakhs (31 March 2017 - ₹ 140 lakhs). These amounts have been included in the cost of materials consumed.

8. Investments

Current investments (measured at Fair Value through Profit and Loss)

(₹ in lakhs)

Unquoted mutual funds	31st March 2018	31st March 2017
ICICI Money Market Fund - Cash - Growth, 94,048 units (31 March 2017 - 98,139 units)	**225**	220
Mahindra Liquide Fund, Nil (31 March 2017 - 5,139 units)	–	54
Kotak Floater - R -Growth, Nil (31 March 2017 - 3,776 units)	–	101
UTI Liquid Cash - Growth, Nil (31 March 2017 - 4,525 units)	–	120
UTI Money Market Fund - Growth, 3,487 units (31 March 2017 - Nil)	**68**	–
Total	**293**	495

9. Trade receivables

(₹ in lakhs)

	31st March 2018	31st March 2017
Unsecured, considered good	**3,974**	3,572
Unsecured, considered doubtful	**227**	57
Less: Allowance for expected credit losses	**(227)**	(57)
	3,974	3,572
Of the above, trade receivables from :		
– Related Parties	**2,140**	896
– Others	**2,062**	2,733
	4,202	3,629

Note :

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

10. Cash and cash equivalents

(₹ in lakhs)

Cash and cash equivalents	31st March 2018	31st March 2017
Cash on hand	–	–
Balances with banks:		
On current accounts	**16**	123
Deposits with original maturity of less than three months	**547**	500
	563	623

11. Other financial assets

(₹ in lakhs)

	31st March 2018	31st March 2017
Current		
Interest accrued on deposits	**1**	–
	1	–

12. Equity Share Capital

(₹ in lakhs except per share data)

	As at 31st March 2018	As at 31st March 2017
Authorised		
40,00,00,000 (31 March 2017 : 30,00,00,000) equity shares of ₹ 10 each	**40,000**	30,000
Issued		
26,97,96,679 (31 March 2017 : 21,97,63,053) equity shares of ₹ 10 each	**26,980**	21,976
Subscribed and paid-up		
26,97,96,679 (31 March 2017 : 20,75,73,461) equity shares of ₹ 10 each, fully paid-up	**26,980**	20,757

a Reconciliation of shares outstanding at the beginning and at the end of reporting year

(i) Equity shares of ₹ 10 each, fully paid-up

(₹ in lakhs except per share data)

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	20,75,73,461	20,757	13,85,52,788	13,855
Issued during the year*	6,22,23,218	6,222	6,90,20,673	6,902
At the end of the year	**26,97,96,679**	**26,979**	**20,75,73,461**	**20,757**

* Rights Issue

Equity shares issued pursuant to a rights issue approved by the Board of Directors at their meeting on 27 April 2017, 19 July 2017, 02 November 2017 and 22 January 2018 (31 March 2017 - 27 April 2016, 27 July 2016, 21 October 2016 and 20 January 2017).

b Rights, preference and restrictions attached to:

Equity shares of ₹ 10 each

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Share based payments

Terms attached to stock options granted to employees are described in note 31 on 'Employee's share-based payment plan.

c Particulars of shareholders holding more than 5% of shares

(₹ in lakhs except per share data)

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Percentage	Number of shares	Percentage
Equity shares of ₹ 10 each, fully paid-up				
Mahindra Vehicle Manufacturers Limited (Holding Company)	26,74,58,320	99.13%	20,52,35,102	98.87%

d Equity shares reserved for issue under options

(₹ in lakhs except per share data)

	As at 31 March 2018		As at 31 March 2017	
	Number of equity shares	Amount	Number of equity shares	Amount
Under Employee Stock Option plan, equity shares of ₹ 10 each	80,41,107	804	–	–

e No shares are held by the ultimate holding company, their subsidiaries and associates.

f As of 31 March 2018, Nil shares (31 March 2017, 1,21,89,592 shares) are reserved for issuance against rights issue outstanding.

g There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date.

13. Borrowings

(₹ in lakhs)

	31st March 2018	31st March 2017
Secured		
Term loan from Export-Import Bank of India	–	625
Less: Amount of current maturities disclosed under other financial liabilities, current (refer note 14)	–	625
Total	–	–
Unsecured		
Term loan from Council of Scientific and Industrial Research	**1,226**	1,401
Less: Amount of current maturities disclosed under other financial liabilities, current (refer note 14)	**175**	175
Total	**1,051**	1,226
	1,051	1,226

Details of Long term Borrowings:

Description of the instrument	Currency of Loan	Coupon Interest Rate	Repayment Bullet (or) Instalment	Number of Instalments	Period of redemption	Remarks
Secured						
Term loans from banks:						**Interest:**
Export-Import Bank of India	INR	8.5% & 12%	Instalment	16 quarterly instalments	31.12.2013 to 30.09.2017	Before commercialisation of Technology-8.5% p.a After commercialisation of Technology-12% p.a
Unsecured						
Term loans from other parties:						
Council of Scientific and Industrial Research	INR	3%	Instalment	10 annual instalments	01.10.2015 to 01.10.2024	

14. Other financial liabilities

(₹ in lakhs)

	31st March 2018	31st March 2017
(a) Non-Current		
Interest accrued and not due	**26**	52
	26	52
(a) Current		
Current maturities of long-term debt (refer note 13)	**175**	800
Interest accrued and not due	**44**	52
Accrued salary and benefits	**819**	–
Creditors for capital goods	**694**	–
	1,732	852

15. Provisions

(₹ in lakhs)

	31st March 2018	31st March 2017
(a) Non Current		
Provision for employee benefits (refer Note 29)		
– Compensated absences	**300**	191
– Gratuity benefits	–	64
Other Provisions		
Warranty & service coupon	**105**	62
Provision for disputes and contingencies	**319**	492
	724	809
(b) Current		
Provision for employee benefits (refer note 29)		
– Compensated absences	**69**	46
– Gratuity benefits	**61**	70
Other Provisions		
Warranty & Service Coupon	**161**	103
Discount	**363**	516
	654	735

Warranties

A provision is recognised for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and claims. It is expected that these costs will be incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about claims based on the three-year warranty period for all products sold.

Details of movement in Other Provisions is as follows:

(₹ in lakhs)

	Warranty & Service Coupon	Disputes and contingencies	Discount
Balance at 31 March 2017	165	492	516
Additional provisions recognised	346	12	256
Amounts used during the period	(242)	–	(409)
Unused amounts reversed during the period	–	(185)	–
Unwinding of discount	(3)	–	–
Balance at 31 March 2018	**266**	**319**	**363**

16. Other Liabilities

(₹ in lakhs)

	31st March 2018	31st March 2017
(a) Non Current		
Deferred government grant*	**26**	40
Deferred revenue	**34**	224
	60	264
(b) Current		
Advances received from customers	**169**	102
Deferred government grant*	**13**	13
Deferred revenue	**2,274**	244
Statutory dues	**221**	150
	2,677	509

* The Company has received a non-recurring grant-in-aid of ₹ 69 lakhs in 2016-17 for a pilot project to install DC Fast Charging infrastructure. Amount of grant recognised as income for the year is ₹ 13 lakhs (31 March 2017 - ₹ 13 lakhs).

17. Trade Payables

(₹ in lakhs)

	31st March 2018	31st March 2017
Dues to micro and small enterprises (refer note 37)	**168**	247
Dues to others	**3,067**	5,528
	3,235	5,775

18. Revenue from operations

(₹ in lakhs)

	31st March 2018	31st March 2017
Sale of products (including excise duty)		
Revenue from sale of products	**8,064**	9,254
	8,064	9,254
Sale/rendering of services		
Product development and design fee	**3,906**	1,938
Income from leasing	**496**	478
After sales service	**59**	40
	4,461	2,456
Other operating revenue		
Scrap sale	**13**	19
Royalty	**70**	–
	83	19
	12,608	11,729

Sale of products includes excise duty collected from customers of ₹ 144 lakhs (31 March 2017 ₹ 684 lakhs)

Sale of products net of excise duty is ₹ 7,920 lakhs (31 March 2017 : ₹ 8,570 lakhs)

The following customer had transactions for more than 10% of the revenue during the year ended 31 March 2018:

(₹ in lakhs)

Name of the Customer	Business segment	31st March 2018 Amount
Mahindra & Mahindra Ltd.	Sale of products	**1,988**
Mahindra & Mahindra Ltd.	Product development and design fee	**3,511**

The following customer had transactions for more than 10% of the revenue during the year ended 31 March 2017:

(₹ in lakhs)

Name of the Customer	Business segment	31st March 2017 Amount
Sireesh Auto Pvt Ltd	Sale of products	1,199
Koncept Automobiles Pvt. Ltd.	Sale of products	1,248

19. Other Income

(₹ in lakhs)

	31st March 2018	31st March 2017
Interest income on financial assets carried at amortized cost		
Bank deposits	**29**	34
Security deposits	**20**	4
Other non-operating income		
Net gain on sale of investments	**21**	29
Net foreign exchange gain	**62**	19
Income from government grant	**13**	13
Liabilities no longer required written back	**185**	21
Interest on income tax refunds	**1**	91
Miscellaneous income	**2**	16
	333	227

20. Cost of materials consumed

(₹ in lakhs)

	31st March 2018	31st March 2017
Inventories at the beginning of the year (refer note 7)	**3,621**	2,579
Add: Purchases	**8,129**	10,408
	11,750	12,987
Less: Issued for product development	**71**	223
Less: Inventories at the end of the year (refer note 7)	**3,177**	3,621
Cost of materials consumed	**8,502**	9,143

21. Changes in inventories of finished goods

(₹ in lakhs)

	31st March 2018	31st March 2017
Inventories at the end of the year:		
Finished goods (refer note 7)	**460**	283
	460	283
Inventories at the beginning of the year:		
Finished goods (refer note 7)	**283**	150
	283	150
Increase in inventories	**(177)**	(133)

22. Employee benefits expense

(₹ in lakhs)

	31st March 2018	31st March 2017
Salaries and wages, including bonus	**5,174**	3,780
Contribution to provident and other funds	**474**	311
Share based payments (refer note 30)	**109**	46
Staff welfare expenses	**300**	261
	6,057	4,398

23. Finance cost

(₹ in lakhs)

	31st March 2018	31st March 2017
Interest expenses on		
Term loan	**63**	160
Unwinding of discount	**2**	2
Indirect tax disputes	**1**	6
Defined benefit obligation (refer note 29)	**33**	26
	99	194

24. Depreciation and amortisation expense

(₹ in lakhs)

	31st March 2018	31st March 2017
Depreciation of property, plant and equipment (refer note 3)	**1,671**	1,470
Amortisation of intangible assets (refer note 4)	**2,737**	2,616
	4,408	4,086

25. Other expenses

(₹ in lakhs)

	31st March 2018	31st March 2017
Power and Fuel	**126**	85
Rent	**344**	189
Rates and taxes	**54**	66
Insurance	**57**	54
Repairs and maintenance		
– Buildings	**21**	15
– Machinery	**168**	94
– Others	**209**	156
Advertisement	**1,500**	1,562
Freight outward	**151**	104
Sales promotion expenses	**315**	391
Travelling and Conveyance Expenses	**384**	416
Allowances for expected credit losses on financial assets	**170**	–
Provision for doubtful advances	**135**	17
Auditors remuneration and out-of-pocket expenses		
As auditors	**14**	14
For other services	**2**	8
For reimbursement of expenses	**1**	1
Legal and other professional costs	**819**	444
Communication costs	**37**	46
Sub-contracting expenses	**343**	336
Security charges	**124**	86
Recruitment expenses	**94**	72
Excise duty on finished goods inventory	**–**	1
Research and development	**463**	345
Assets written-off	**673**	–
Warranties & service coupons	**346**	153
Loss on assets sold/discarded (net)	**8**	38
Bank charges	**12**	13
Other miscellaneous expenses	**239**	198
	6,809	4,904

26. Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

(₹ in lakhs)

Particulars	Note	Carrying value 31st March 2018	Carrying value 31st March 2017
Measured at amortised cost			
Trade receivables	**9**	3,974	3,572
Cash and cash equivalents	**10**	563	623
Loans	**5**	262	166
Other financial assets	**11**	1	–
Measured at fair value through profit and loss (FVTPL)			
Investment in mutual funds	**8**	293	495
Total financial assets		5,093	4,856
Financial liabilities			
Measured at amortised cost			
Borrowings	**13**	1,051	1,226
Trade payables	**17**	3,235	5,775
Other financial liabilities	**14**	1,758	904
Total financial liabilities		6,044	7,905

26.1 Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables present the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2018 and 31 March 2017.

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2018:

(₹ in lakhs)

Particulars	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in mutual funds	293	293	–	–
Total	293	293	–	–

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2017:

(₹ in lakhs)

Particulars	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in mutual funds	495	495	–	–
Total	495	495	–	–

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

The fair value of mutual funds is based on market observable inputs.

The Company has not separately disclosed the fair values for financial assets and liabilities other than investment in mutual funds because their carrying amounts are a reasonable approximation of the fair values.

26.2 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

26.3 Financial Risk Management Objective And Policies

The Company's principal financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits.

The Company is exposed to the following risks from its use of financial instruments:

– Credit risk
– Liquidity risk
– Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

26.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions, investment in mutual funds as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months.

(₹ in lakhs)

Particulars	31st March 2018	31st March 2017
Outstanding for more than 6 months	**1,021**	463
Others	**3,180**	3,166
Total	**4,201**	3,629

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry section.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Information about major customers

Revenue from single external customer is approximately ₹ 5,499 lakhs (31 March 2017 - ₹ 2,439 lakhs) representing 44% (31 March 2017 - 21%) of Company's total revenue from operations for the year ended 31 March 2018. Receivables from single external customer is approximately ₹ 2,120 lakhs (31 March 2017 - ₹ 545 lakhs) representing 50% (31 March 2017 - 15%) of Company's total receivables as at 31 March 2018. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

26.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters

As of 31 March 2018, the Company had a working capital of ₹ 5,348 lakhs, including cash and cash equivalents of ₹ 563 lakhs.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017.

(₹ in lakhs)

31st March 2018	**Less than 3 month**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Borrowings (refer note 13)	–	175	1,051	–	1,226
Trade payables	3,235	–	–	–	3,235
Other financial liabilities	694	1,039	26	–	1,759
Total	**3,929**	**1,214**	**1,077**	**–**	**6,220**
31st March 2017	**Less than 3 month**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Borrowing (refer note 13)	–	175	1,226	–	1,401
Trade payables	5,775	–	–	–	5,775
Other financial liabilities	313	539	52	–	904
Total	**6,088**	**714**	**1,278**	**–**	**8,080**

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial investments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

– **Currency risk**

The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("INR"), which is the national currency of India.

– **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to long-term debt obligations with floating interest rates and hence does not foresee any significant risk arising from interest rate fluctuation.

26.7 Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity including share application, securities premium and profit and loss account as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding company.

There is no change in the overall capital risk management strategy of the Company compared to last year.

27. Leases

(₹ in lakhs)

	31st March 2018	31st March 2017
Details of leasing arrangements		
As Lessor		
Operating Lease		
The Company has leased out power pack batteries on operating lease for a period of upto 5 years and such assets are to be returned to the Company at the end of lease term.		
Future minimum lease payments		
Within one year	**405**	498
After one year but not more than five years	**423**	874
More than five years	–	–
	828	1,372
As Lessee		
Operating Lease		
The Company has taken office and other facilities under cancellable and non-cancellable operating leases with lock in periods, which are renewable on a periodic basis and are cancellable, at the option of both the lessee and the lessor. The future rental commitments for non-cancellable period (including notice period) are as follows:		
Non-cancellable minimum lease commitments		
Within one year	**336**	210
After one year but not more than five years	**277**	350
More than five years	–	–
	613	560
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**344**	189

28. Earnings per share

(₹ in lakhs except per share data)

	31st March 2018	31st March 2017
Loss for the year	**(12,901)**	(11,320)
Weighted average number of equity shares outstanding	**24,25,60,782**	17,32,89,541
Basis and diluted earnings per share		
The Company has potential diluted shares, however since they are anti-dilutive in nature, no adjustments are made to diluted loss per share.		
Basis and diluted earnings per share (face value ₹ 10 each)	**(5.32)**	(6.53)

29. Employee benefits

(a) Defined contribution plan

The Company's contribution to Provident Fund aggregating to ₹ 251 lakhs (31 March 2017: ₹ 202 lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Through the defined benefit plan the Company is exposed to the following risks.

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plan holds a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

Actuarial Assumptions

	31st March 2018	31st March 2017
Discount rate(s)	7.54%	6.88%
Expected rate(s) of salary increase	9.00%	10.00%
Average Longevity	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Defined benefit plan – as per actuarial valuation

(₹ in lakhs)

	Funded Plan	
	31st March 2018	31st March 2017
Amounts recognised in comprehensive income in respect of the defined benefit plan are as follows:		
Service cost		
Current service cost	**80**	82
Net interest expense	**33**	26
Expected return on assets	**(26)**	(20)
Components of defined benefit costs recognised in profit or loss	**87**	88
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising form changes in financial assumptions	**(93)**	(12)
Components of defined benefit costs recognised in other comprehensive income	**(93)**	(12)
	(6)	76
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March 2018		
1. Present value of defined benefit obligation	**(478)**	(469)
2. Fair value of plan assets	**417**	335
3. Surplus/(Deficit)	**(61)**	(134)
4. Current portion of the above	**61**	70
5. Non current portion of the above	**0**	64
II. Change in the obligation during the year ended 31st March 2018		
1. Present value of defined benefit obligation at the beginning of the year	**469**	366
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**80**	82
– Interest Expense (Income)	**33**	26
3. Recognised in Other Comprehensive Income	–	–
Remeasurement loss/(gains)		
– Actuarial loss/(gains)	**(47)**	25
4. Benefit payments	**(58)**	(29)
Present value of defined benefit obligation at the end of the year	**477**	470
III. Change in fair value of assets during the year ended 31 March 2018		
1. Fair value of plan assets at the beginning of the year	**335**	264
2. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**26**	20
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**46**	37
4. Contributions by employer (including benefit payments recoverable)	**68**	43
5. Benefit payments	**(58)**	(29)
Fair value of plan assets at the end of the year	**417**	335

	Funded Plan	
	31st March 2018	31st March 2017
IV. The Major categories of plan assets		
– Investment with insurer	**100%**	100%

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the insurance company based on investment criteria prescribed by the local regulators.The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption	**Year**	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2018**	**1.00%**	**447**	**511**
	2017	1.00%	435	507
Salary growth rate	**2018**	**1.00%**	**502**	**454**
	2017	1.00%	494	444

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI. Maturity profile of defined benefit obligation:

(₹ in lakhs)

	31st March 2018	31st March 2017
Within 1 year	**51**	44
1 - 2 year	**40**	43
2 - 3 year	**38**	35
3 - 4 year	**37**	33
4 - 5 year	**29**	32
5 - 10 years	**120**	118
Above 10 years	**163**	164
	478	469

VII. Experience Adjustments:

(₹ in lakhs)

	31st March 2018	31st March 2017
	Gratuity	
1. Defined benefit obligation	**478**	469
2. Fair value of plan assets	**417**	335
3. Surplus/(Deficit)	**(61)**	(134)
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	**(47)**	25
5. Experience adjustment on plan assets [Gain/(Loss)]	**46**	37

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expect to contribute ₹ 61 lakhs to gratuity fund in next year.

30. Employee share based payment plan

a) Description of share-based payment arrangements

The Company has the following share-based payment arrangement for employees:

Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017')

The MEML ESOP - 2017 plan was approved by the Board of Directors pursuant to resolution passed at its meeting held on 02 November 2017 read with special resolution passed by the shareholders at the Extraordinary General Meeting held on 10 November 2017. The plan entitles the employees with a right but not an obligation to purchase or subscribe at a future date the shares underlying the option at a pre-determined price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of equity shares or as provided under the MEML ESOP - 2017 plan. As per the plan, holders of vested options are entitled to purchase one equity share of ₹ 10 each for every option at an exercise price of ₹ 24.90 each.

The Company has computed the fair value of the options for the purpose of accounting for the employee stock compensation expense over the vesting period of the options.

The terms and conditions related to the grant of the share options are as follows:

(No. of options)

Employees entitled	Vesting conditions	**For the year ended 31 March 2018**	For the year ended 31 March 2017"
Specified employees	One to four years of service from grant date	**80,41,107**	–
Total share options		**80,41,107**	–

For continuing employees, the options which vest would have to be exercised within a period of 5 years from the repective dates of vesting of options. No portion of the options vested can be exercised after a period of 5 years from the date of each vesting.

The number and reconciliation of the share options under the share option plan are as follows:

b) Reconciliation of outstanding share options

(No.of options)

	As at 31 March 2018	As at 31 March 2017
Outstanding at the beginning	–	–
Granted during the year	**80,41,107**	–
Forfeited and expired during the year	–	–
Settled during the year	–	–
Outstanding at the end	**80,41,107**	–
Exercisable at the end	–	–

c) The fair value per option is measured based on the Black-Scholes-Merton model, which is as below:

Measurement of fair value	**Number of options**	**Range of fair value per option**
From 1 April 2017 to 31 March 2018	80,41,107	₹ 10.40 - ₹ 15.40

The fair value per options mentioned above is calculated on the grant date using the Black-Scholes-Merton model with the following assumptions:

d) Assumptions

(No. of options)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Risk free interest rate	**6.6% - 7.2%**	–
Dividend yield	–	–
Expected volatility	**42.3% - 52.1%**	–
Expected life	**5 years**	–

e) During the year, the Company recorded a share based payment expense of ₹ 109 lakhs (31 March 2017 : ₹ 46 lakhs) in the statement of profit and loss.*

f) The weighted average contractual life of options granted is 7.5 years (31 March 2017: Nil).

31. Segment reporting

The Company currently operates in a single reportable segment i.e., design and manufacture of electrically powered vehicles and designing and development of related technology for end use vehicles. Consequently, the requirement for a separate disclosure under Ind AS 108 - "Operating Segments" is not applicable.

32. Contingent liabilities and commitments

(₹ in lakhs)

Contingent liabilities *		**31st March 2018**	31st March 2017
(a)	Central Excise / Service tax matters under dispute	**706**	685
(b)	Duty on pending export obligation	–	55
(c)	Disputed Income Tax demand	**1,100**	1,100

(₹ in lakhs)

Commitments		**31st March 2018**	31st March 2017
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	3,896	1,348
(b)	Commitment relating to leases (refer note 27)	613	560

* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

33. Unrecognised deferred tax (net)

(₹ in lakhs)

Particulars	**31st March 2018**	31st March 2017
Deferred tax liability		
Property, plant and equipment	**1,880**	2,626
	1,880	2,626
Deferred tax assets		
On carry forward business losses and unabsorbed depreciation	**20,126**	**20,116**
Provisions	**520**	**545**
	20,646	**20,661**
Deferred tax assets / (liability) (net) (refer note below)	**–**	**–**

Net deferred tax assets has been recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

34. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists		
	Ultimate holding Company	**Mahindra & Mahindra Limited**
Related parties where control exists		
	Holding Company	Mahindra Vehicles Manufacturers Limited
Related parties with whom transactions have taken place		
	Fellow subsidiaries	Ssang Yong Motor Company
		Mahindra Integrated Business Solutions Private Limited
		(erstwhile Mahindra BPO Services Private Limited)
		NBS International Limited
		Lords Freight India Pvt Ltd
		Mahindra International UK
		Mahindra Automobile Distributor Pvt Ltd
		Mahindra Two Wheelers Limited
		Mahindra Racing UK Ltd
		Mahindra Logistics Limited
	Associate companies of the ultimate holding Company	Tech Mahindra Limited
		Mahindra CIE Automotive Limited
	Key management personnel	Mr. Sandeep K Maini (Director upto 16 November 2016)
		Mr. Arvind Mathew (CEO till 30 November 2016)
		Mr. Mahesh babu (CEO from 01 December 2016)
		Mr. Ajay Patel (CFO till 30 September 2017)
		Mr. Saroj Khuntia (CFO from 01 October 2017)
		Mr. Narayana Swamy (Manager)
		Ms. Shweta Mayekar (Company Secretary)
	Relatives of key management personnel*	Mrs. Reva Maini
		Mr. Sudarshan.K. Maini
		Mr. Chetan Maini
	Enterprises owned or significantly influenced by key management personnel or their relatives*	Maini Materials Movement Private Limited
		Maini Precision Products Private Limited
		Maini Plastics and Composites Private Limited

*Related parties upto November 16, 2016.

34. Related Party Transactions (contd..) (₹ in lakhs

Particulars	Year	Mahindra & Mahindra Ltd	Mahindra Vehicle Manufacturers Ltd	Mahindra Racing UK LTD	NBS International	Mahindra Automobile Distributor Pvt Ltd	MIUK	Maini Plastics & Compsites Pvt Ltd	Maini Materials Movement Pvt Ltd.	Maini Precision Products Pvt Ltd.	SYMC	KMP	Mahindra CIE Automotive Limited	Tech Mahindra Limited	Others	Total
Sale of goods and services	31 March 2018	1,988	237	–	79	4	(208)	–	–	–	–	–	–	–	–	2,100
	31 March 2017	501	256	–	48	27	609	38	–	42	–	–	–	–	–	1,521
Development Fee	31 March 2018	3,511	–	–	–	–	–	–	–	–	395	–	–	–	–	3,906
	31 March 2017	1,938	–	–	–	–	–	–	–	–	–	–	–	–	–	1,938
Purchase of goods and services	31 March 2018	240	–	–	–	–	–	–	–	–	–	–	147	–	210	597
	31 March 2017	351	1	–	–	–	–	238	283	143	–	–	100	4	122	1,242
Purchase of fixed assets	31 March 2018	–	–	–	–	–	–	–	–	–	–	–	2	–	–	2
	31 March 2017	–	–	–	–	–	–	–	–	–	–	–	261	–	20	281
Rent paid	31 March 2018	12	–	–	–	–	–	–	–	–	–	–	–	–	–	12
	31 March 2017	12	–	–	–	–	–	–	99	2	–	–	–	–	–	113
Reimbursement of expenses by Company	31 March 2018	358	57	–	19	–	–	–	–	–	–	–	–	–	3	437
	31 March 2017	183	59	2	1	–	44	–	–	9	–	–	–	–	25	323
Cross charge of expenses to others	31 March 2018	23	–	–	–	–	57	–	–	–	–	–	–	–	30	110
	31 March 2017	10	–	–	–	–	2	–	–	–	–	–	–	–	7	19
Allotment of equity shares (including premium)	31 March 2018	–	15,494	–	–	–	–	–	–	–	–	–	–	–	–	15,494
	31 March 2017	–	14,950	–	–	–	–	–	–	–	–	–	–	–	2,024	16,974
Warramt Application money received - pending for Allotment	31 March 2018	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 2017	–	2,000	–	–	–	–	–	–	–	–	–	–	–	–	2,000
Assets Sold	31 March 2018	17	–	–	–	–	–	–	–	–	–	–	–	–	–	**17**
	31 March 2017	5	–	–	–	–	–	–	–	–	–	–	–	–	–	5
Remuneration to key management personnel		–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Arvind Mathew	31 March 2018	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 2017	–	–	–	–	–	–	–	–	–	–	86	–	–	–	86
Narayan Swamy	31 March 2018	–	–	–	–	–	–	–	–	–	–	24	–	–	–	24
	31 March 2017	–	–	–	–	–	–	–	–	–	–	21	–	–	–	21
Saroj Khuntia	31 March 2018	–	–	–	–	–	–	–	–	–	–	28	–	–	–	**28**
	31 March 2017	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance as at year end																
Deferred Revenue	31 March 2018	2,306	–	–	–	–	–	–	–	–	–	–	–	–	–	**2,306**
	31 March 2017	467	–	–	–	–	–	–	–	–	–	–	–	–	–	467
Unbilled revenue	31 March 2018	773	–	–	–	–	–	–	–	–	395					1,169
	31 March 2017	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Amount receivables	31 March 2018	2,120	20	–	–	–	–	–	–	–	–	–	–	–	–	2,140
	31 March 2017	545	1	–	18	0	332	–	–	–	–	–	–	–	–	896
Amount payable	31 March 2018	279	–	–	11	–	–	–	–	–	–	–	39	–	**25**	**354**
	31 March 2017	244	1	–	–	–	–	–	–	–	–	–	28	3	57	**333**

Note:

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

The remuneration to KMP includes short-term employee benefit of ₹ 50 lakhs and other long-term benefits of ₹ 2 lakhs.

Key managerial service cost charged on the Company by Mahindra & Mahindra Ltd of ₹ 142 lakhs (2017 - ₹ 81 lakhs) (excluding Tax).

35. Research and Development expenditure

(₹ in lakhs)

	31st March 2018	31st March 2017
a)		
Debited to Profit or Loss, including certain expenditure based on allocations made by the Company (excluding depreciation and amortization)	**1,385**	1,220
Development expenditure, computer software, patent & trademark expenditure	**1,447**	1,483
Capital expenditure	**293**	296
Total	**3,125**	2,999
b) Expenses incurred during the year		
Raw Material and Components	**227**	288
Salaries and Wages	**1,554**	1,629
Professional Charges	**323**	437
Rent	**40**	26
Travel expenses	**1**	26
Computer Software	**380**	–
Interest expense	–	17
Others	**307**	280
Capital expenditure	**293**	**296**
	3,125	2,999

36. Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1 April 2018.

Ind AS 115 – 'Revenue from Contracts with Customers'

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition: a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements and the effect of adoption is expected to be insignificant.

Amendment to Ind AS 12 – 'Income Taxes'

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures'

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable financial statements of the Company.

Amendment to Ind AS 40 – 'Investment Property'

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

37. Dues to micro, medium and small enterprises

The Ministry of Micro, Medium and Small Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(₹ in lakhs)

	31st March 2018	31st March 2017
The principal amount due and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
(i) The principal amount due to suppliers registered under the MSMED Act and remaining unpaid	**166**	245
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid	**2**	2
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	–	–
(iv) Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year	–	–
(v) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year	–	–
(iv) Interest due and payable on 31 March 2017 towards suppliers registered under the MSMED Act, for the payments already made	–	–
(v) Further interest remaining due and payable for earlier years	**2**	1

38. Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

(₹ in lakhs)

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1	–	1
(+) Permitted receipts	–	2	2
(-) Permitted payments	–	(1)	(1)
(-) Amount deposited in bank	(1)	(1)	(2)

(₹ in lakhs)

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 30.12.2016	–	–	–

39. Long-term contracts

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

40. Previous years figures

Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: April 26, 2018

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr Pawan Kumar Goenka	Chairman
Arvind Mathew	Director
Saroj Khuntia	Chief Financial Officer
Mahesh Babu	Chief Executive Officer
Shweta Mayekar	Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their twenty fourth Report together with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**14,864.58**	13,156.77
Profit before Interest, Depreciation and Taxation	**2,844.15**	1,268.86
Less: Interest	**13.09**	10.45
Depreciation	**6.72**	17.80
Profit before Tax	**2,824.34**	1,240.61
Less: Income Tax thereon:		
Current Tax	**882.75**	458.16
Deferred Tax	**(165.13)**	(19.23)
Net Profit	**2,106.72**	801.68
Other Comprehensive Income	**769.24**	(1.01)
Total Income including other Comprehensive Income	**2,875.96**	800.67
Balance of Profit brought forward from last year	**1,391.71**	1,281.84
Payment of Dividend	**1,310.66**	573.96
Tax on Proposed Dividend	**97.83**	116.85
Balance of Profit carried forward	**1.42**	1,391.70
Net Worth	**2,857.75**	9,337.66

No material changes and commitments have occurred after the closure of the Financial Year 2017-18 till the date of this Report, which would affect the financial position of your Company.

Operations

During the financial year ended 31st March, 2018, total income from operations increased to Rs. 13,923.26 lakhs from Rs. 13,072.60 lakhs in financial year ended 31st March, 2017, reflecting an increase of 6.5%.

Your company has achieved first fill rates (FFR) of 86% for commercial order and 80% for vehicle off road (VOR) orders by executing delivery orders timely, leading to reduction in retention of vehicles at authorized dealer workshops.

Share Capital

During the year under review, 69,44,97,780 Equity Shares of the face value of Re. 0.20 were issued and allotted to Mahindra & Mahindra Limited on rights basis.

As on 31st March, 2018, the authorized share capital of your Company stood at Rs. 1500,00,00,000 comprising of 75,000,000 Equity Shares of Rs. 0.20 each and the issued, subscribed and paid up share capital of the Company was Rs.93,34,95,676 comprising of 4,66,74,78,380 Equity Shares of the face value of Re. 0.20 each

Performance and Financial Position of the Subsidiary Company

The highlights of performance of the subsidiary company and its contribution to the overall performance of the Company is given in Form AOC-1 which is attached to the Financial Statements of the Company and forms part of this Report.

Dividend and Reserves

Interim Dividend

Your Company has distributed an interim dividend of Re. 0.01887/- per equity share on 4,40,04,80,600 fully paid-up equity shares of Re. 0.20 each to the shareholders, who were on the register of members of the company as on closing hours of business on 20th July, 2017, being the record date fixed by the Board of Directors for this purpose. The Interim Dividend was paid on 24th July, 2017.

Final Dividend

In addition to interim dividend, your Directors are pleased to recommend a final dividend of Re. 0.01696/- per equity share on 4,667,478,380 fully paid-up equity shares of Re. 0.20/- each aggregating Rs. 791.40 Lakhs. The Dividend Distribution tax would be Rs. 161.13 Lakhs. The dividend distribution is subject to the approval of shareholders at the ensuing Annual General meeting of the Company.

Final dividend, if approved by the shareholders, taken together with the interim dividend, will amount to total dividend of Re. 0.03583 per equity shares for the financial year 2017-2018.

No amount is proposed to be transferred to the General Reserves of the Company out of profits for the year.

Board of Directors

Mr. Hemant Sikka (DIN: 00922281) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from Mr. Shrikant Marathe (DIN: 05243645) and Mr. S. C. Bhargava (DIN: 00020021), Independent Directors, to the effect that they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of Companies Act, 2013.

Evaluation of performance

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

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

Board Meetings and Annual General Meeting

Your Board of Directors met five times during the year under review on 27th April, 2017, 20th July, 2017, 1st November 2017, 6th December, 2017 and 1st February, 2018. The 23rd Annual General Meeting (AGM) of the Company was held on 20th July, 2017.

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

Name of Directors	Directors' Identification Number	Category	No. of meetings attended out of 5 meetings
Mr. Hemant Sikka~	00922281	Non – Executive Non – Independent	5
Mr. Rajan Wadhera*	00416429	Non – Executive Non – Independent	1
Mr. Nalin Mehta $ (Managing Director)	02272736	Executive	1
Mr. Bharat Moossaddee	02166403	Non – Executive Non – Independent	5
Dr. Anish Shah	02719429	Non – Executive Non – Independent	3
Mr. Vinod Kumar Sahay#	07884268	Non – Executive Non – Independent	2
Mr. S. C. Bhargava	00020021	Independent	5
Mr. Shrikant Marathe	05243645	Independent	5

~appointed as Chairman of the Board of Directors w.e.f. 20th July, 2017.
* resigned from directorship of the Company w.e.f 20th July, 2017.
$ resigned as Managing Director of the Company w.e.f 30th September, 2017.
# appointed as additional director of the company w.ef. 20th July, 2017.

Meeting of Independent Directors

The Independent Directors of the Company met on 1st November, 2017 without the presence of the Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Directors' Responsibility Statement

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

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

(ii) the directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Codes of Conduct

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

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

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

Key Managerial Personnel

The following are the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

a) Mr. Sandip Dhond – Chief Executive Director (appointed w.e.f. 1st February, 2018)

b) Mr. Niteen Karve – Chief Financial Officer (appointed w.e.f. 1st November,2017)

c) Mr. Suryakant L. Khare – Company Secretary

Mr. Nalin Mehta, the Managing Director of the Company resigned w.e.f. 30th September, 2017.

Mr. Bharatendu Kapoor was appointed as the Chief Executive Officer of the Company w.e.f. 30th September, 2017. During the year under review, Mr. Bharatendu Kapoor ceased to be the Chief Executive Officer of the Company w.e.f. 1st November, 2017 and Mr. Sandip Dhond was appointed as Chief Executive Officer w.e.f 1st February, 2018.

Due to certain organizational changes, Mr. Arun Mishra resigned as the Chief Financial Officer of the Company w.e.f 31st October, 2017 and Mr. Niteen Karve was appointed as the Chief Financial Officer of the Company w.e.f. 1st November, 2017.

Committees of the Board

Audit Committee

The Audit Committee comprises of the following Directors:

a) Mr. Bharat Moossaddee (Chairman of the Committee)

b) Mr. Shrikant Marathe

c) Mr. S. C. Bhargava

During the year under review, Mr. Bharat Moossaddee was appointed as a Chairman of the Audit Committee with effect from 27th April, 2017.

Except for Mr. Bharat Moossaddee, the other Members are Independent Directors. All the Members of the Committee possess accounting and financial management knowledge.

All the recommendations of the Audit Committee were accepted by the Board.

The Committee met five times during the year on 27th April, 2017, 20th July, 2017, 1st November 2017, 6th December, 2017 and 1st February, 2018.

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

Name of Directors	Category	No. of meetings attended out of 5 meetings
Mr. Bharat Moossaddee (Chairman)	Non – Executive Non- Independent	5
Mr. Shrikant Marathe	Independent	5
Mr. S. C. Bhargava	Independent	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors:

a) Mr. Bharat Moossaddee (Chairman of the Committee)

b) Mr. Shrikant Marathe

c) Mr. S. C. Bhargava

During the year under review, Mr. Bharat Moossaddee was appointed as a Chairman of the Nomination and Remuneration Committee with effect from 27th April, 2017.

Except for Mr. Bharat Moossaddee, the other Members are Independent Directors. All the Members of the Committee are Non - Executive Directors.

The Committee met four times during the year under review on 27th April, 2017, 20th July, 2017, 1st November, 2017 and 1st February, 2018.

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

Name of Directors	Category	No. of meetings attended out of 4 meetings
Mr. Bharat Moossaddee (Chairman)	Non - Executive Non - Independent	4
Mr. Rajan Wadhera ^	Non - Executive Non - Independent	1
Mr. Shrikant Marathe	Independent	4
Mr. S. C. Bhargava	Independent	4

^ ceased to be the member of the Committee w.e.f. 20th July, 2017

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprised of following members:

a) Mr. Rajan Wadhera (Chairman of the Committee)

b) Mr. Bharat Moossaddee

c) Mr. S. C. Bhargava

d) Mr. Nalin Mehta

During the year under review, the Corporate Social Responsibility Committee was reconstituted and Mr. Hemant Sikka and Mr. Shrikant Marathe were appointed as members on 20th July, 2017.

The Committee met three times during the year under review on 27th April, 2017, 1st November, 2017 and 1st February, 2018.

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

Name of Directors	Category	No. of meetings attended out of 3 meetings
Mr. Hemant Sikka@ (Chairman)	Non - Executive Non - Independent	2
Mr. Nalin Mehta$	Executive	1
Mr. Bharat Moossaddee	Non - Executive Non - Independent	3
Mr. Rajan Wadhera ^	Non - Executive Non - Independent	1
Mr. Shrikant Marathe**	Independent Director	2
Mr. S. C. Bhargava	Independent Director	3

@ appointed as a member and chairman of the Committee w.e.f 20th July, 2017.

$ ceased to be the member of the committee w.e.f 30th September, 2017.

^ ceased to be the member of the Committee w.e.f. 20th July, 2017.

** appointed as a member of the Committee w.e.f 20th July, 2017.

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company spent on the following CSR activities during the year ended 31st March, 2018:

- Total Amount of Rs. 19.88 Lakhs was spent on CSR Activities. The entire amount was spent on Project Nanhi Kali.

Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure I** and forms part of this report.

Statutory Auditors and Auditors' Report

M/s B. K. Khare & Co. (Firm Registration No. 105102W) were appointed as the Statutory Auditors of the Company to hold office from conclusion of the 23rd Annual General Meeting ('AGM'), till the conclusion of the 28th AGM, subject to ratification by members at every AGM.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from B. K. Khare & Co., and a certificate to the effect that their appointment made, is in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The members are requested to appoint Messrs. B.K. Khare & Co. as statutory auditors of the Company as aforesaid and fix their remuneration. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

M/s Ashish Bhatt & Associates, Company Secretaries in practice, were appointed as the Secretarial Auditor for the year ended 31st March, 2018 pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Board at its meeting held on 4th May, 2018, re-appointed M/s Ashish Bhatt & Associates, Company Secretaries in practice, as the Secretarial Auditor of your company for the Financial Year ending on 31st March, 2019.

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

Reporting of Frauds by Auditors

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

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

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

a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.

b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

The Board on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 4th May, 2018 had amended the said policies in order to align the same with various amendments in the Companies Act, 2013.

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

Risk Management Policy

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

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies

Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure IV** to this Report.

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

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

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

The Particulars of Loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the parent Company, Mahindra and Mahindra Limited, are furnished in **Annexure V** which forms part of this report.

Particulars of investments made during the year under review are given in note No. 4 under the notes to the financial statements. Your Company has neither given any loan, guarantee nor provided any security in connection with a loan pursuant to Section 186 of the Companies Act, 2013 during the year under review.

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

Internal Financial Controls

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

Contracts or Arrangements with Related Parties

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

Extract of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2018 in Form No. MGT 9 is attached herewith as **Annexure VII** and forms part of this report.

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

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

General

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

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

Acknowledgements

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

Hemant Sikka
Chairman

Place: Mumbai
Date: May 4, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2017-2018

1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken.

The CSR vision of Mahindra Trucks & Buses Limited (MTBL) is to serve and give back to the community within which we work.

The objective of this policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and cause to work with, thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options). Every MTBL employee will contribute time and effort towards community building.

MTBL CSR Committee has contributed 2% of the average net profits made during the three immediately preceding financial years to under take CSR initiatives which meet the needs of the local communities where we operate.

Our commitment to CSR will be manifested by investing resources in the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation & making available Safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and the livelihood enhancements projects;
3. Welfare of Transportation related community;
4. Welfare of the Neighbouring Community around MTBL offices, plant, facilities;
5. Contribution to Holding Company for welfare activities conducted by it;
6. Promoting gender equality, empowering women, setting up homes and hostels for woman & orphans; setting up old age homes, daycare centers, and such other facilities for senior citizens & measures for reducing inequalities faced by social & economically backward groups;
7. Ensuring environmental sustainability, ecological balance, Protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
8. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries, promotion & development of traditional arts & handicrafts.

The Board level CSR Committee of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programs to be undertaken, the modalities of execution, and implementation schedule thereof.

2. The composition of the CSR Committee

The Committee comprises of the following Directors –

1. Mr. Hemant Sikka (Chairman)
2. Mr. Bharat Moossaddee
3. Mr. S. C. Bhargava
4. Mr. Shrikant Marathe

3. Average Net Profit of the company for last three financial years –

The average Net Profit/Loss of the company for last three financial years i.e. 2014-2015, 2015-2016, 2016-2017 is Rs. 993.32 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company has spent an amount of Rs. 19.88 Lakhs during the year ended 31st March, 2018, in pursuance of Corporate Social Responsibility Policy.

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: Rs. 19.87 Lakhs

   b. Amount unspent: NIL

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

Rupees Lakhs

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others- 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget)/project/ programs wise	Amount spent on the project/ programs 1. Direct expenditure on project/ programs 2. Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct/through implementing agency
1	Nanhi Kali	Promoting Education	Maharashtra	–	Rs. 19.88 Lakhs	Rs. 19.88 Lakhs	Through K. C. Mahindra Education Trust

6. **In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years or any part thereof, the reasons for not spending the amount shall be stated in the Board report.**

   Not Applicable, as the Company has spent the requisite amount on CSR activities.

7. **Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

   The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Bharat Moossaddee	**Hemant Sikka**
Director	Chairman of CSR Committee

Place: Mumbai

Date: May 4, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

Form MR-3

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Trucks and Buses Limited
Gateway Building, Apollo Bunder,
Mumbai 400001, Maharashtra.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under. (Not applicable to the Company during audit period);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings (Not applicable to the Company during audit period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(Not applicable to the Company during audit period);

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable to the Company during audit period);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during audit period);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company during audit period).

(v) **We further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities of the Company are not listed on any Stock Exchange hence no comment is made about Listing Agreements entered into by the Company with Stock Exchange(s). During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

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

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

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

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

We further report that during the audit period, the Company has not passed any special resolutions which are having major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956

Place: Thane
Date: 4th May, 2018

Annexure I

List of applicable laws to the Company

Under the Major Group and Head

1. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Labour Welfare Act of respective States;
4. The Custom Act, 1962;
5. The Shops and Establishment Act, 1948;
6. The Indian Stamp Act, 1899;
7. The State Stamp Acts;
8. Negotiable Instruments Act, 1881.

For Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956

Place: Thane
Date: 4th May, 2018

ANNEXURE III - A TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Trucks And Buses Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time.

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose:

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

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

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

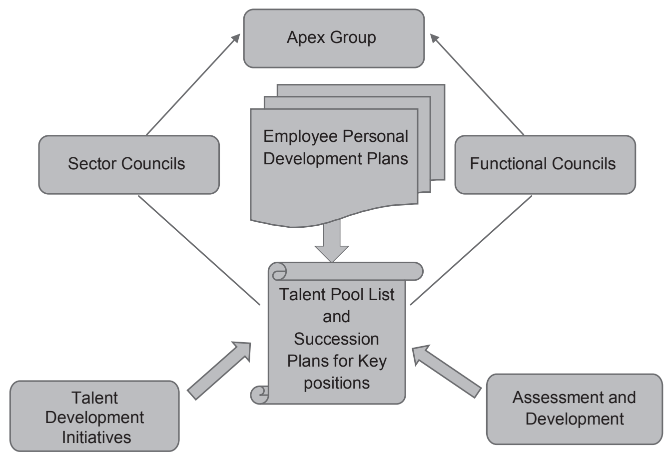
a) Experience i.e. both long and short-term assignments. This has 70% weightage

b) Exposure i.e. coaching and mentoring – 20% weightage

c) Education i.e. learning and development initiatives – 10% weightage

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

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

Hemant Sikka
Chairman

Place: Mumbai
Date: May 4, 2018

ANNEXURE III - B TO THE DIRECTORS' REPORT

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Trucks And Buses Limited.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

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

Executive Directors

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

Key Managerial Personnel (KMPs)

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

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result.

The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the Board

Place: Mumbai
Date: May 4, 2018

Hemant Sikka
Chairman

ANNEXURE IV TO THE DIRECTORS' REPORT

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

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

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

The operations of the Company are not energy intensive as it does not have its own manufacturing facility. However, the Company constantly reviews the consumption of electricity and its rationalization.

(b) The steps taken by the company for utilizing alternate sources of energy: Not Applicable.

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

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption - None

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

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

(a) The details of technology imported: None

(b) The year of import: Not Applicable

(c) Whether the technology been fully absorbed: Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

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

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For Financial Year ended 31st March, 2018	For Financial Year ended 31st March, 2017
Total Foreign Exchange earned	**401.60**	46.73
Total Foreign Exchange used	**101.44**	50.70

For and on behalf of the Board

Place: Mumbai
Date: May 4, 2018

Hemant Sikka
Chairman

ANNEXURE V TO THE DIRECTORS' REPORT

Particulars of loans/advances etc. pursuant to Para A of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Loans and advances in nature of loans from Parent Company:

		(Rs. in Crores)
Name of the Company	**Balance as on 31st March, 2018**	**Maximum outstanding during the year**
Mahindra & Mahindra Limited	0.00	8.55

For and on behalf of the Board

Place: Mumbai
Date: May 4, 2018

Hemant Sikka
Chairman

ANNEXURE VI TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties for the Financial Year ended 31st March, 2018.

FORM NO. AOC-2

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

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

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

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Ltd – Parent Company
b)	Nature of contracts/arrangements/transaction	Sale, Purchase and Supply of Goods and materials, Investments, Dividend paid, ICD received and repaid, reimbursements and services
c)	Duration of the contracts/ arrangements/ transaction	1^{st} April, 2017 to 31^{st} March, 2018
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sale, Purchase and Supply of Goods and materials, Investments, Dividend paid, ICD received and repaid, reimbursements and services – Rs. 6,345.76 Lakhs
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	NIL

Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

Place: Mumbai
Date: May 4, 2018

Hemant Sikka
Chairman

ANNEXURE VII TO THE DIRECTORS' REPORT

Form No. MGT.9

Extract of Annual Return as on the Financial Year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U63040MH1994PLC079098
2.	**Registration Date**	20.06.1994
3.	**Name of the Company**	Mahindra Trucks and Buses Limited
4.	**Category/Sub-Category of the Company**	Public Limited Company
5.	**Address of Registered office and contact details**	Gateway Building, Apollo Bunder, Mumbai – 400 001. Tel: 022-24905828
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No.1, Banjara Hills Hyderabad -500 038 Tel: 040 - 23312454 Fax: 040 – 23311968 Email: venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Motor Vehicle parts and Accessories	503	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)
2.	MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001	U34100MH2005PTC153702	Subsidiary Company	79%	2(87)

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

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d. Bodies Corporate	–	3,97,29,80,600	3,97,29,80,600	100%	4,66,74,78,373	7	4,66,74,78,380	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A(1)	–	3,97,29,80,600	3,97,29,80,600	100%	4,66,74,78,373	7	4,66,74,78,380	100%	–
2. Foreign									
a. NRI- Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/ FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub - Total - A(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**3,97,29,80,600**	**3,97,29,80,600**	**100%**	**4,66,74,78,373**	**7**	**4,66,74,78,380**	**100%**	–
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/ FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub - Total - B(1)	–	–	–	–	–	–	–	–	–
2. Non - Institution									
a. Body Corp	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakhs	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakhs	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total – B(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A + B + C)	**–**	**3,97,29,80,600**	**3,97,29,80,600**	**100%**	**4,66,74,78,373**	**7**	**4,66,74,78,380**	**100%**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	3,97,29,80,593	100%	–	4,66,74,78,373	100%	–	–
2	Mahindra & Mahindra Limited Jointly with Mr. A. M. Choksey*	1	–	–	1	–	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. P. N. Shah*	1	–	–	1	–	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
5	Mahindra & Mahindra Limited Jointly with Mr. A. K. Nanda*	1	–	–	1	–	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
7	Mahindra & Mahindra Limited Jointly with Mrs. Angarika Baviskar*	1	–	–	1	–	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. Vinay Mohan*	1	–	–	1	–	–	–
	Total	**3,97,29,80,600**	**100%**	**–**	**4,66,74,78,380**	**100%**	**–**	**–**

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

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

Sr. No.	For Each of the Promoters	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mahindra & Mahindra Limited**				
	At the beginning of the year	3,97,29,80,600	100%	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Allotment of 42,75,00,000 Equity Shares of Re. 0.20 each amounting to Rs.8,55,00,000 on 7th June, 2017. Allotment of 10,84,97,780 Equity Shares of Re. 0.20 each amounting to Rs. 2,16,99,556 on 1st February, 2018 Allotment of 15,85,00,000 Equity Shares of Re. 0.20 each amounting to Rs. 3,17,00,000 on 28th February, 2018			
	At the End of the year	–	–	**4,66,74,78,380**	100%

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

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

v. Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

(Rs. in Lakhs)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the Financial Year 01.04.2017				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–

(Rs. in Lakhs)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Net Change	–	–	–	–
Indebtedness at the end of the Financial Year 31.03.2018				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Nalin Mehta MD (01.04.2017-30-09-2017)	Total Amount
1.	Gross Salary	**7.99**	**7.99**
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
	Commission – As % of Profit – Others, specify	–	–
4.	Others, please specify		
	Total (A)	**7.99**	**7.99**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
Independent Directors	**Mr. Shrikant Marathe**	**Mr. S.C. Bhargava**	
Fee for attending board/committee meetings	2.10	2.20	4.30
Commission**	3.00	3.00	6.00
Others, please specify	–	–	–
Total(1)	5.10	5.20	10.30
Other Non-Executive Directors			
Fee for attending board/committee meetings	–	–	–
Commission	–	–	–
Others, please specify	–	–	–
Total (2)	–	–	–
Total B = (1+2)	**5.10**	**5.20**	**10.30**

** Commission will be paid subject to approval of the Shareholders at the forthcoming Annual General Meeting.

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

Sr. No.	Particulars of Remuneration	Name of the KMP					
		Bharatendu Kapoor CEO (20.07.2017 to 31.10.2017)	Sandip Dhond CEO (01.02.2018 to 31.03.2018)	Arun Mishra CFO (01.04.2017 to 31.10.2017)	Niteen Karve CFO (01.11.2017 to 31.03.2018)	Suryakant Khare CS	Total Amount (Rs. In Lakhs)
1.	Gross Salary	1.00	2.00	–	13.36	2.26	18.62
	(a) Salary as per pro-visions contained in Section 17(1) of the Income Tax Act	–	–	12.52	–	–	12.52
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	0.91	–	–	0.91
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–	–	–
2.	Stock Option	–	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–	–	–
5.	Others, please specify, contribution to provident Fund	–	–	–	–	–	–
	Total (C)	**1.00**	**2.00**	**13.43**	**13.36**	**2.26**	**32.05**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

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

For and on behalf of the Board

Hemant Sikka
Chairman

Place: Mumbai
Date: May 4, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Trucks and Buses Ltd

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Mahindra Trucks and Buses Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statements of Profit and Loss (including other comprehensive income) ,Cash Flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 . This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report
5. We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A "a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the Balance Sheet, the Statements of Profit and Loss (including other comprehensive income) Cash Flow statement and the statement of changes in equity are in agreement with the books of account;
    d) In our opinion, the aforesaid Ind AS standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
    e) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
    f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 , in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigation which would impact its financial position.
        ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses, and
        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For B. K. Khare and Co.
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212

Mumbai, May 4, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE:

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

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed during the period.

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

(ii) As explained to us, the inventory was physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans secured or unsecured to companies, firms , limited liability partnership firm or other parties covered under register maintained under Section 189 of the Companies Act, 2013 ('the Act')

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Act in respect of investment made. The company has not granted any loans or provided guarantees and securities.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and hence there are no unclaimed deposits.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of a products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-Section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues

(a) The Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, GST, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.

(c) Particulars of dues of income tax as on 31st March 18 which have not been deposited on account of disputes as under

Name of the statute	Nature of dues	Amount (Rs in lakhs)	Financial year to which is it pertains	Forum where the disputes is pending
Income Tax Act, 1961	Income tax including interest	146	2014-15	DCIT

(viii) The Company has not taken any loans or borrowings from financial institution, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the order is not applicable to company.

(ix) Based on the records examined by us and according to the information and explanations given to us, during the year, the Company has not raised any money way of initial public offer / further public offer or term loans and hence reporting under clause (ix) is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instances of frauds by the Company or any material fraud on the Company by its officers or employees nor have any instances of material fraud been reported to us by the management during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' Company. Accordingly, clause (xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the Clause 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of the Order is not applicable.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212

Mumbai, May 4, 2018

ANNEXURE-B TO THE AUDITORS' REPORT REFERRED:

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Mahindra Trucks and Buses Limited on the standalone Ind AS financial statements for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of Mahindra Trucks and Buses Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

IIn our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No 111212

Mumbai, May 4, 2018

STANDALONE BALANCE SHEET AS ON MARCH 31, 2018

Rupees Lakhs

Particulars		Note No	As at March 31, 2018	As at March 31, 2017
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	3	**37.24**	43.96
	(b) Financial assets			
	(i) Investments	4(A)	**8,213.32**	5,650.11
	(ii) Trade receivables	5(A)	**381.73**	202.17
	(iii) Loans	6	**32.13**	38.42
	(c) Deferred tax assets (net)	7	**(184.12)**	57.87
	(d) Non-current tax assets (net)	8	**3.29**	3.28
	(e) Other non-current assets	9	**319.29**	311.96
	Total Non-current assets		**8,802.88**	6,307.77
2	**Current assets**			
	(a) Inventories	10	**2,992.46**	2,448.33
	(b) Financial assets			
	(i) Investments	4(B)	**1,525.15**	629.54
	(ii) Trade receivables	5(B)	**2,820.65**	2,377.48
	(iii) Cash and cash equivalents	11	**76.13**	220.00
	(iv) Bank balances other than (iii) above	11	**2.29**	152.15
	(v) Other financial assets	12	**0.02**	1.81
	(c) Other current assets	13	**86.16**	104.94
	Total current assets		**7,502.86**	5,934.25
	Total Assets (1+2)		**16,305.74**	12,242.02
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	14	**9,334.96**	7,945.96
	(b) Other equity	15	**2,857.75**	1,391.70
	Total equity (a+b)		**12,192.71**	9,337.66
	Liabilities			
2	**Non-current liabilities**			
	Provisions	16(A)	**7.54**	6.53
	Total Non-Current Liabilities		**7.54**	6.53
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Trade payables	17	**3,805.92**	2,415.50
	(ii) Other financial liabilities	18	**0.70**	2.01
	(b) Provisions	16(B)	**60.26**	74.95
	(c) Current tax liabilities (Net)	19	**31.50**	134.69
	(d) Other current liabilities	20	**207.11**	270.68
	Total Current Liabilities		**4,105.49**	2,897.83
	Total Equity and Liabilities (1+2+3)		**16,305.74**	12,242.02

See accompanying notes to the standalone financial statements

In terms of our report attached
For **B K KHARE & CO**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: May 04, 2018

For and on behalf of the Board of DIrectors

Mr Bharat Moossaddee
Director

Mr Hemant Sikka
Director

Mr Niteen Karve
Chief Financial Officer

Mr Suryakant Laxman Khare
Company Secretary

Place: Mumbai
Date: May 04, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rupees Lakhs

Particulars	Note No	**For the year ended March 31, 2018**	For the year ended March 31, 2017
I Revenue from operations	21	**13,923.26**	13,072.60
II Other income	22	**941.32**	84.17
III Total Income (I + II)		**14,864.58**	13,156.77
IV Expenses			
(a) Purchases of stock-in-trade	23(A)	**9,161.07**	7,724.45
(b) Changes in inventories of stock-in-trade	23(B)	**(544.13)**	(145.10)
(c) Excise Duty		**444.95**	1,758.27
(d) Employee benefit expense	24	**222.13**	206.36
(e) Finance costs	25	**13.09**	10.45
(f) Depreciation expense (Note no 3)		**6.72**	17.80
(g) Other expenses	26	**2,736.41**	2,343.93
Total Expenses (IV)		**12,040.24**	11,916.16
V Profit before tax (III - IV)		**2,824.34**	1,240.61
VI Tax Expense			
(a) Current tax	27	**882.75**	458.16
(b) Deferred tax	27	**(165.13)**	(19.23)
Total tax expense		**717.62**	438.93
VII Profit after tax from continuing operations (V - VI)		**2,106.72**	801.68
VIII Profit for the period		**2,106.72**	801.68
IX Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		**0.99**	(1.54)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		**(0.34)**	0.53
B (i) Items that will not be reclassified to profit or loss			
(a) Share of other comprehensive income of equity accounted investees		**1,175.35**	0.00
(ii) Income tax on items that may be reclassified to profit or loss		**(406.76)**	–
Total Other Comprehensive Income		**769.24**	(1.01)
X Total comprehensive income for the period (VIII + IX)		**2,875.95**	800.67
XI Earnings per equity share (Nominal value per share Rs. 0.20) Basic and Diluted	28	**0.05**	0.07

See accompanying notes to the standalone financial statements

In terms of our report attached
For **B K KHARE & CO**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: May 04, 2018

For and on behalf of the Board of DIrectors

Mr Bharat Moossaddee
Director

Mr Hemant Sikka
Director

Mr Niteen Karve
Chief Financial Officer

Mr Suryakant Laxman Khare
Company Secretary

Place: Mumbai
Date: May 04, 2018

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Rupees Lakhs

Particulars		**For the year ended March 31, 2018**	For the year ended March 31, 2017
Cash flows from operating activities			
Profit before tax for the year		**2,824.34**	1,240.61
Adjustments for:			
Interest of Fixed Deposit		**(5.77)**	(30.70)
Interest paid on Inter Corporate Deposit		**(1.19)**	–
Dividend Income from current investments		**(36.15)**	(6.59)
Net Gain on Sale of investment		**–**	(10.26)
Depreciation expense		**6.72**	17.80
Amortisation of Lease		**2.07**	2.79
Interest income on unwinding of security deposit		**(2.13)**	(3.01)
Dividend from Long Term Investment		**(830.28)**	–
Provision for doubtful trade receivable		**2.93**	19.87
Provision for doubtful trade receivable written back		**–**	(17.74)
Liabilities & provision no longer required written back		**–**	(11.60)
Provision for material buy back		**292.40**	–
Provision for warranty		**(11.80)**	66.87
		2,241.14	1,268.04
Movements in working capital:			
(Increase)/decrease in trade receivables		**(625.66)**	(386.32)
(Increase)/decrease in inventories		**(544.13)**	(145.10)
(Increase)/decrease in other assets		**17.80**	(119.23)
Increase/(decrease) in trade payables		**1,098.03**	6.81
Increase/(decrease) in provisions		**(1.88)**	(42.01)
Increase/(decrease) in other liabilities		**(64.88)**	(54.70)
Cash generated from operations		**2,120.42**	527.49
Income taxes paid		**(985.94)**	(242.18)
Net cash generated by operating activities	A	**1,134.48**	285.31
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary		**(315.85)**	(4,794.46)
Payments to acquire financial assets - Preference shares		**(1,071.02)**	(855.65)
Payments to acquire financial assets - Mutual Fund		**(2,736.15)**	(1,190.45)
Proceeds on sale of financial assets - Mutual Fund		**1,840.54**	1,121.86
Interest received		**7.56**	32.42
Other dividends received		**866.43**	6.59
Payments for property, plant and equipment		**–**	(21.91)
Payments to acquire financial assets - Fixed deposit		**(654.29)**	(152.15)
Proceeds on sale of financial assets - Fixed deposit		**804.15**	752.00
Net cash (used in)/generated by investing activities	B	**(1,258.63)**	(5,101.75)

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

Rupees Lakhs

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from financing activities			
Inter Corporate Deposit Received		**855.00**	–
Inter Corporate Deposit Repaid		**(855.00)**	**–**
Interest on Inter Corporate Deposit		**1.19**	**–**
Share Issue Expenses		**(1.42)**	
Proceeds from issue of equity instruments of the Company		**1,389.00**	**5,650.11**
Dividends paid on equity shares		**(1,408.49)**	**(690.81)**
Net cash generated by/(used in) financing activities	C	**(19.72)**	4,959.30
Net increase in cash and cash equivalents		**(143.87)**	142.86
Cash and cash equivalents at the beginning of the year		**220.00**	77.14
Cash and cash equivalents at the end of the year (Refer Note 11)	A+B+C	**76.13**	220.00

See accompanying notes to the standalone financial statements

In terms of our report attached
For **B K KHARE & CO**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: May 04, 2018

For and on behalf of the Board of DIrectors

Mr Bharat Moossaddee
Director

Mr Hemant Sikka
Director

Mr Niteen Karve
Chief Financial Officer

Mr Suryakant Laxman Khare
Company Secretary

Place: Mumbai
Date: May 04, 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a) Equity share capital

Rupees Lakhs

Particulars	Number of Shares	Equity share capital (Amount)
Balance at April 1, 2016	1,147,925,600	2,295.85
Changes in equity share capital during the year		
Issue of equity shares during the year	2,825,055,000	5,650.11
Balance at March 31, 2017	3,972,980,600	7,945.96
Changes in equity share capital during the year		
Issue of equity shares during the year	694,497,780	1,389.00
Balance at March 31, 2018	**4,667,478,380**	**9,334.96**

b) Other Equity

Rupees Lakhs

Particulars	Retained earnings	Other comprehensive income (Remeasure-ments of the defined benefit Plans)	Total
Balance as at April 1, 2016	1,279.06	2.78	1,281.84
Profit for the year	801.68	–	801.68
Payment of dividend	(573.96)	–	(573.96)
Tax paid on dividend	(116.85)	–	(116.85)
Other comprehensive income for the year, net of Income Tax	–	(1.01)	(1.01)
Balance as at March 31, 2017	**1,389.93**	**1.77**	**1,391.71**
Profit for the year	2,106.72	–	2,106.72
Share Issue Expenses	**(1.42)**		**(1.42)**
Payment of dividend	(1,310.66)		(1,310.66)
Tax paid on dividend	(97.83)		(97.83)
Other comprehensive income for the year, net of Income Tax	–	769.24	769.24
Balance as at March 31, 2018	**2,086.73**	**771.01**	**2,857.74**

See accompanying notes to the standalone financial statements

In terms of our report attached
For **B K KHARE & CO**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: May 04, 2018

For and on behalf of the Board of DIrectors

Mr Bharat Moossaddee
Director

Mr Hemant Sikka
Director

Mr Niteen Karve
Chief Financial Officer

Mr Suryakant Laxman Khare
Company Secretary

Place: Mumbai
Date: May 04, 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE NO. 1. GENERAL INFORMATION

Mahindra Trucks and Buses Limited is in the business of trading in spare parts and accessories. It deals in parts required for the range of commercial vehicles manufactured and sold by its Holding Company, Mahindra & Mahindra Limited. The Company undertakes procurement, warehousing management, logistics and sale of spare parts and accessories. It has a network of dealers spread across India to ensure timely availability of spare parts to commercial vehicle customers.

The Company has elected not to prepare consolidated financial statements, as Mahindra & Mahindra Limited being the Holding Company prepares consolidated financial statements at Group Level. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018, India.

NOTE NO. 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance:

The standalone financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2017, the company has prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

2.2 Basis of preparation and presentation:

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the asset or liability

2.3 Revenue Recognition:

Revenue is recognised at the fair value of the consideration received or receivable. Sale are recognised , net of returns , trade discounts, VAT / Sales Tax on the transfer of risk and rewards of ownership of the products to the customers, which is generally on dispatch of goods.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Leases:

The Company's significant leasing arrangements are in respect of operating lease for godowns. These leasing arrangements, which are non-cancellable , range between 2-3 years, and are usually renewable by mutual consent on agreed terms. The lease rentals payable are charged on a straight line basis over the lease term.

2.5 Foreign exchange transactions:

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

2.6 Employee Benefits:

2.6.1 Defined contribution plan

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

2.6.2 Defined benefit plan / leave encashment

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

2.6.3 Other benefits

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

2.7 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and applicable tax laws. Deferred tax is recognised on temporary differences between the carrying amounts assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property Plant & Equipment:

Property Plant & Equipments are carried at cost less depreciation. Cost comprises the purchase price and other attributable costs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Vehicles	5 years

2.9 Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

2.10 Inventories:

Inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Stock -in -trade are valued at lower of cost or net realisable value after provision for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method.

2.11 Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims. The estimates for accounting of warranties are reviewed and revisions are made as required.

2.12 Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

<u>Investments in equity instruments at FVTOCI</u>

A financial asset is held for trading if:

1. It has been acquired principally for the purpose of selling it in the near term; or
2. on initial recognition it is part of a portfolio of identified financial instruments or a financial guarantee
3. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

The Company has equity investments in one entity which are not held for trading. The company has elected the FVTOCI irrevocable option for this investment (see note no 4). Fair value is determined in the manner described in note no 30. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit and loss on disposal of the investment.

Dividends on this investment in equity instruments is recognised in profit or loss when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other Income' line item.

2.13 Critical accounting judgements and key sources of estimation uncertainty:

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these standalone financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.14 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Investments:

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

2.16 Segment Reporting:

The Company has single reportable business segment namely Automotive vehicles-related spare parts. The Company has only one reportable geographical segment.

NOTE NO. 3. PROPERTY, PLANT AND EQUIPMENT

Rupees Lakhs

Description of Assets	Plant and Machinery	Computers	Furniture and Fixtures	Vehicles	Total
I. Gross carrying amount					
Balance as at April 1, 2016	40.36	7.42	–	14.03	61.81
Additions	4.80	–	0.33	10.30	15.43
Disposals	–	–	–	–	–
Balance as at March 31, 2017	**45.16**	**7.42**	**0.33**	**24.33**	**77.24**
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Balance as at March 31, 2018	45.16	7.42	0.33	24.33	77.24
II. Accumulated depreciation					
Balance as at April 1, 2016	1.70	6.86	–	6.92	15.48
Depreciation expense for the year	13.30	0.17	0.31	4.02	17.80
Eliminated on disposal of assets	–	–	–	–	–
Balance as at March 31, 2017	**15.00**	**7.03**	**0.31**	**10.94**	**33.28**
Depreciation expense for the year	2.01	–	–	4.71	6.72
Eliminated on disposal of assets	–	–	–	–	–
Balance as at March 31, 2018	**17.01**	**7.03**	**0.31**	**15.65**	**40.00**
III. Net carrying amount (I-II)					
Balance as on April 1, 2016	38.66	0.56	–	7.11	46.33
Balance as on March 31, 2017	**30.16**	**0.39**	**0.02**	**13.39**	**43.96**
Balance as on March 31, 2018	**28.15**	**0.39**	**0.02**	**8.68**	**37.24**

NOTE NO. 4(A). INVESTMENTS

Rupees Lakhs

Particulars	**As at March 31, 2018** Quantity	Amount	As at March 31, 2017 Quantity	Amount
Non-current				
Unquoted investments (all fully paid)				
Investments in equity instruments of a subsidiary -				
– Mahindra Automobile Distributor Private Limited equity shares of Rs. 10 each	**790,000**	**5,110.31**	740,000	4,794.46
Investments in 0.01% compulsorily convertible preference shares at fair value through other comprehensive income				
– Resfeber Labs Private Limited	**153,195**	**3,103.01**	68,000	855.65
Total unquoted investments	**943,195**	**8,213.32**	808,000	5,650.11

NOTE NO. 4(B). INVESTMENTS

Rupees Lakhs

Particulars	**As at March 31, 2018** Quantity	Amount	As at March 31, 2017 Quantity	Amount
Current				
Quoted investments (all fully paid) at fair value through profit or loss				
– Investments in mutual funds	**722,270**	**1,525.15**	289,337	629.54
Total quoted investments	**722,270**	**1,525.15**	289,337	629.54

Other Disclosures

Particulars	As at March 31, 2018 Quantity	As at March 31, 2018 Amount	As at March 31, 2017 Quantity	As at March 31, 2017 Amount
				Rupees Lakhs
Aggregate carrying value of unquoted investments				
a. Equity shares	**790,000**	**5,110.31**	740,000	4,794.46
b. 0.01% compulsorily convertible preference shares of Rs.100 each	**–**	**–**	–	–
	790,000	**5,110.31**	740,000	4,794.46
Aggregate book value of quoted investments				
a. Mutual funds:				
1. Birla Sun Life Cash Plus - Growth DDR	**–**	**–**	50,393	50.49
2. Birla Sun Life Floating Rate Fund Short Term Plan - DDR	**330,647**	**330.80**	75,660	75.67
3. Kotak Floater Short Term - (Daily Dividend)	**37,652**	**380.90**	12,429	125.73
4. ICICI Prudential Money Market DDR	**303,117**	**303.51**	125,733	125.89
5. Franklin India TMA Super I -DDR	**12,941**	**129.51**	12,576	125.85
6. UTI Money Market Fund - Institutional Plan DDR	**37,913**	**380.42**	12,546	125.89
	722,270	**1,525.14**	289,337	629.54
Aggregate market value of quoted investments	**722,270**	**1,525.14**	289,337	629.54
Aggregate amount of impairment in value of investments	**–**	**–**	–	–

NOTE NO. 5(A). TRADE RECEIVABLES

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non current		
Trade receivables		
Unsecured, considered good	**381.73**	202.17
Total	**381.73**	202.17

Note No. 5(B). Trade receivables

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 1, 2017
Current		
Trade receivables		
(a) Unsecured, considered good	**2,820.65**	2,377.48
(b) Unsecured, considered doubtful	**60.65**	57.72
Less: Allowance for bad and doubtful debts (expected credit loss allowance) (Refer note no 29)	**(60.65)**	(57.72)
Total	**2,820.65**	2,377.48

Refer note no. 29 for disclosure related to credit risk, expected credit loss and other related disclosure.

NOTE NO. 6. LOANS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 1, 2017
Non current		
Security deposits		
– Unsecured, considered good	**32.13**	38.42
Total	**32.13**	38.42

NOTE NO. 7. DEFERRED TAX ASSETS (NET)

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liability:		
Recognised in other comprehensive income:		
(i) Defined benefit obligations	**1.27**	0.93
(ii) Fair value of Investment in Resfeber	**406.76**	–
Total	**408.03**	0.93
Deferred tax asset:		
Recognised in Profit or Loss:		
(i) Property, plant and equipment	**2.47**	2.86
(ii) Defined benefit obligations	**8.20**	8.86
(iii) Provision for doubtful debt	**20.98**	19.98
(iv) Provision for warranty	**16.19**	20.27
(v) Provision for material buy back	**101.19**	–
(vi) Discounting of security deposit	**3.00**	0.10
(vii) Deferred revenue	**71.88**	6.73
Total	**223.91**	58.80
Net deferred tax assets	**(184.12)**	57.87

Movement of deferred tax

Rupees Lakhs

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
As at March 31, 2018				
Deferred tax (liabilities)/assets in relation to				
1. Property, plant and equipment	**2.86**	**(0.39)**		**2.47**
2. Defined benefit obligations	**7.92**	**(0.65)**	**(0.34)**	**6.92**
3. Provision for doubtful debts	**19.98**	**1.00**		**20.98**
4. Provision for warranty	**20.28**	**(4.08)**		**16.20**
5. Discounting of security deposit	**0.10**	**2.90**		**3.00**
6. Deferred Revenue	**6.73**	**65.15**		**71.88**
7. Prov for Material Buy back	**–**	**101.19**		**101.19**
8. Fair value through Other Comprehensive Income	**–**		**(406.76)**	**(406.76)**
	57.87	**165.13**	**(407.10)**	**(184.12)**
As at March 31, 2017				
Deferred tax (liabilities)/assets in relation to				
1. Property, plant and equipment	(0.11)	2.97	–	2.86
2. Fair value through profit and loss financial assets	(0.24)	0.24	–	–
3. Defined benefit obligations	5.56	1.83	0.53	7.92
4. Provision for doubtful debts	19.24	0.74	–	19.98
5. Provision for warranty	13.49	6.79	–	20.28
6. Discounting of security deposit	0.17	(0.07)	–	0.10
7. Deferred revenue	–	6.73	–	6.73
8. Fair value through Other Comprehensive Income	–	–	–	–
	38.11	**19.22**	**0.53**	**57.87**

NOTE NO. 8. CURRENT TAX ASSETS (NET)

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non current		
Tax refund receivable [Net of provision for tax Rs. 201.17 (2017: Rs. 201.17 Lakhs)]	**3.29**	3.28
Total	**3.29**	3.28

NOTE NO. 9. OTHER NON-CURRENT ASSETS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Prepayments	–	–
(b) Others:		
Balances with government authorities		
– VAT credit receivable	**319.29**	311.96
	319.29	311.96
Total	**319.29**	311.96

NOTE NO. 10. INVENTORIES

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Stock-in-trade (in respect of goods acquired for trading) (lower of cost and net realisable value)	**2,992.46**	2,448.33
Total	**2,992.46**	2,448.33
Included above, goods-in-transit:		
Stock-in-trade (in respect of goods acquired for trading)	**36.50**	1.83
Total goods-in-transit	**36.50**	1.83

Note

The cost of inventories recognized as an expense includes Rs. 83.03 Lakhs (2017: Rs. 157.16 Lakhs) in respect of write-downs of inventory to net realizable value.

NOTE NO. 11. CASH AND CASH EQUIVALENTS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
(a) Unrestricted balances with banks		
– With scheduled banks		
In current account	**76.13**	180.00
(b) Cheques, drafts on hand	–	40.00
Total cash and cash equivalents	**76.13**	220.00
Other bank balances		
Balances with banks:		
(i) On margin accounts (Under lien)	–	–
(ii) Fixed deposits with maturity less than 12 months	**2.29**	152.15
Total other bank balances	**2.29**	152.15

NOTE NO. 12. OTHER FINANCIAL ASSETS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortised cost		
Current		
Interest accrued on fixed deposits	**0.02**	1.81
Total	**0.02**	1.81

NOTE NO. 13. OTHER CURRENT ASSETS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Prepayments	**9.66**	4.26
(b) Balances with government authorities:		
(i) Deposit with excise authorities	–	24.96
(ii) Income Tax authorities	**37.00**	–
(iii) GST authorities	**10.56**	–
(iv) Service tax credit receivable	–	23.00
	47.56	47.96
(c) Others:		
(i) Advance to suppliers	**24.21**	52.23
(ii) Others	**4.73**	0.49
	28.94	52.72
Total	**86.16**	104.94

NOTE NO. 14(A). EQUITY SHARE CAPITAL

Rupees Lakhs

Particulars	No. of shares	As at March 31, 2018	No. of shares	As at March 31, 2017
Authorised:				
Equity shares of Rs. 0.20 each with voting rights	**75,000,000,000**	**150,000.00**	75,000,000,000	150,000.00
Issued, subscribed and fully paid:				
Equity shares of Rs. 0.20 each with voting rights	**4,667,478,380**	**9,334.96**	3,972,980,600	7,945.96

NOTE NO. 14(B). EQUITY SHARE CAPITAL

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

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with voting rights			
As at March 31, 2018			
No. of shares	3,972,980,600	694,497,780	4,667,478,380
Amount (Rupees Lakhs)	7,945.96	1,389.00	9,334.96
As at March 31, 2017			
No. of shares	1,147,925,600	2,825,055,000	3,972,980,600
Amount (Rupees Lakhs)	2,295.85	5,650.11	7,945.96

(ii) Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 0.20 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(iii) Details of shares held by the holding company & its nominees

Particulars	No. of Shares Equity Shares with Voting rights
As at March 31, 2018	
Mahindra & Mahindra Limited (Holding Company) and its nominees	4,667,478,380
As at March 31, 2017	
Mahindra & Mahindra Limited (Holding Company) and its nominees	3,972,980,600

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited (Holding Company) and its nominees	4,667,478,380	100%	3,972,980,600	100%

NOTE NO. 15. OTHER EQUITY

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Retained earnings	**2,086.74**	1,389.93
Other comprehensive income	**771.01**	1.77
	2,857.75	1,391.70

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	**Retained earnings**		
	Balance at the beginning of the year	**1,389.93**	1,279.06
	Add: Profit for the year	**2,106.72**	801.68
	Less: Share issue expenses	**(1.42)**	–
	Less: Payment of dividend (Refer note below)	**(1,310.66)**	(573.96)
	Less: Tax paid on dividend	**(97.83)**	(116.85)
	Closing Balance	**2,086.74**	1,389.93
b)	**Other comprehensive income**		
	Balance at the beginning of the year	**1.77**	2.78
	Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans	**0.99**	(1.54)
	Income tax relating to defined benefit plans	**(0.34)**	0.53
	Share of other comprehensive income of equity accounted investees	**1,175.35**	
	Income tax relating to equity accounted investees	**(406.76)**	
	Closing Balance	**771.01**	1.77

Note: On July 20, 2017 dividend of Rs. 0.012 per share (total dividend Rs. 480.38 Lakhs) was paid to holders of fully paid equity shares and on July 24,2017 interim dividend of Rs. 0.019 per share (total dividend Rs. 830.28 Lakhs). On July 28, 2016, the dividend paid was Rs. 0.05 per share (total dividend Rs. 573.96 Lakhs).

NOTE NO. 16(A). PROVISIONS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Provision for employee benefits		
(1) Long-term employee benefits		
a) Compensated absences	**7.54**	6.53
b) Gratuity (net)	–	–
Total	**7.54**	6.53

NOTE NO. 16(B). PROVISIONS

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
(a) Provision for employee benefits		
(1) Short-term employee benefits		
– Compensated absences	**8.73**	9.19
– Gratuity (net)	**4.74**	7.17
(b) Other provisions		
(1) Warranty claims (Refer note no 38)	**46.79**	58.59
Total	**60.26**	74.95

NOTE NO. 17. TRADE PAYABLES

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note no. 35)	**13.72**	29.08
(ii) Total outstanding dues other than micro enterprises and small enterprises	**3,792.20**	2,386.42
Total	**3,805.92**	2,415.50

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 29.

NOTE NO. 18. OTHER FINANCIAL LIABILITIES

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Other financial liabilities at amortised cost		
Current		
Deposits	–	–
Interest accrued on trade payables (Refer Note no. 35)	**0.70**	1.64
Payables for purchase of property, plant & equipment	–	0.37
Total	**0.70**	2.01

NOTE NO. 19. CURRENT TAX LIABILITIES (NET)

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Income tax payable [Net of advance tax Rs 1,785.68 Lakhs (2017: Rs. 922.48 Lakhs)]	**31.50**	134.69
Total	**31.50**	134.69

NOTE NO. 20. OTHER CURRENT LIABILITIES

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
a. Advances received from customers	**167.89**	217.79
b. Others		
- Statutory dues (Excise duty, service tax, sales tax, TDS etc.)	**39.22**	52.89
Total	**207.11**	270.68

NOTE NO. 21. REVENUE FROM OPERATIONS

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Revenue from sale of products (including excise duty of Rs. 444.96 (2017: Rs. 1,758.28))	**13,923.26**	13,061.22
(b) Other operating revenue		
- Sale of scrap	–	11.39
- Others	–	–
Total	**13,923.26**	13,072.61

NOTE NO. 22. OTHER INCOME

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income		
On financial assets at amortised cost	**7.90**	33.71
(b) Dividend income		
(1) Dividend on equity shares	**830.28**	–
On financial assets at fair value through profit or loss	**36.15**	**6.59**
(c) Other gains & (losses)		
Gain on sale of financial assets at fair value through profit or loss	–	10.27
(d) Liabilities & provision no longer required written back	**63.81**	29.34
(e) Foreign Exchange Gain	**1.35**	–
(f) Miscellaneous income	**1.83**	4.26
Total	**941.32**	84.17

NOTE NO. 23(A). PURCHASES OF STOCK-IN-TRADE

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Bought out spares	**9,161.07**	7,724.43
Total	**9,161.07**	7,724.43

NOTE NO. 23(B). CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the beginning of the year:		
Stock-in-trade	**2,448.33**	2,303.23
	2,448.33	2,303.23
Inventories at the end of the year:		
Stock-in-trade	**2,992.46**	2,448.33
	2,992.46	2,448.33
Net (increase)	**(544.13)**	(145.10)

NOTE NO. 24. EMPLOYEE BENEFIT EXPENSE

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages	**206.67**	184.09
(b) Contribution to provident and other funds	**7.54**	9.10
(c) Share based payments		
Equity-settled share-based payments*	**4.60**	9.61
(d) Staff welfare expenses	**3.32**	3.55
Total	**222.13**	206.35

* Represents cost reimbursed by company towards ESOP's granted by Mahindra & Mahindra Limited, the holding company.

NOTE NO. 25. FINANCE COST

Rupees Lakhs

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Interest expense		
	– Interest on Inter Corporate Deposit	**1.19**	–
	– Interest on delayed payment of Income Tax	**11.19**	8.75
	– Interest on trade payables (MSME)	**0.70**	1.64
(b)	Others	**0.01**	0.06
Total		**13.09**	10.45

Analysis of interest expenses by category

Rupees Lakhs

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses			
(a)	On financial liability at amortised cost	**0.70**	1.64
(b)	Other interest expenses	**12.39**	8.81

NOTE NO. 26. OTHER EXPENSES

Rupees Lakhs

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Rent including lease rentals	**286.17**	253.33
(b)	Rates and taxes	**5.76**	16.72
(c)	Insurance	**15.42**	9.24
(d)	Repairs and maintenance - others	**8.34**	8.22
(e)	Freight outward	**824.04**	818.31
(f)	Advertisement & sales promotion expenses	**326.29**	89.24
(g)	Travelling and conveyance expenses	**22.25**	25.66
(h)	Subcontracting, hire and service charges	**1,149.37**	955.76
(i)	CSR Expenditure	**19.88**	16.08
(j)	Warranty	**7.45**	66.87
(k)	Provision for doubtful trade receivables	**2.93**	19.87
(l)	Auditors remuneration and out-of-pocket expenses		
	(i) As auditors	**8.60**	9.89
	(ii) For other services	**2.25**	2.19
	(iii) For reimbursement of expenses	**0.25**	0.12
(m)	Legal and other professional costs	**41.52**	29.83
(n)	Foreign exchange loss (Net)	–	0.78
(o)	Miscellaneous expenses	**15.89**	21.81
Total		**2,736.41**	2,343.92

NOTE NO. 27. TAX EXPENSE

Income tax expense

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
Current income tax charge	**882.75**	458.16
Deferred tax		
In respect of current year origination and reversal of temporary differences	**(165.13)**	(19.23)
Total Tax Expense recognised in the statement of profit and loss	**717.62**	438.93

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

Particulars	As at March 31, 2018 Amount	As at March 31, 2018 Tax Rate	As at March 31, 2017 Amount	As at March 31, 2017 Tax Rate
Profit Before tax from Continuing Operations	**2,824.34**		1,240.61	
Income Tax using the Company's domestic Tax rate #	**977.51**	**34.61%**	429.37	34.61%
Tax Effect of :				
– Non deductible Expenses	**10.99**	**0.39%**	11.85	0.96%
– Tax-Exempt income	**(12.52)**	**(0.18)%**	(2.29)	(0.18)%
Difference in Tax rate for current tax & deferred tax	**–**	**–**		
Income Tax recognised in statement of profit and loss from Continuing Operations (Effective Tax Rate)	**975.97**	**35.39%**	438.93	35.39%

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

NOTE NO. 28. EARNING PER SHARE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year attributable to owners of the Company	**2,106.72**	801.68
Weighted average number of equity shares	**4,353,441,885**	1,171,145,230
Earnings per share from continuing operations		
– Basic & diluted (face value of Rs. 0.20 per share)	**0.05**	0.07

NOTE NO. 29. FINANCIAL INSTRUMENTS

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash & cash equivalent as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	As at March 31, 2018	As at March 31, 2017
Equity	**12,192.71**	9,337.66
Less: Cash and cash equivalents	**76.13**	220.00
	12,116.58	9,117.66

Categories of financial assets and financial liabilities

Rupees Lakhs

Particulars	As at March 31, 2018 Amortised Costs	FVTPL	FVOCI	Total	As at March 31, 2017 Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets								
Investments	**5,110.31**	–	**3,103.01**	**8,213.32**	4,794.46	–	855.65	5,650.11
Trade Receivables	**381.73**	–	–	**381.73**	202.17	–	–	202.17
Loans	**32.13**	–	–	**32.13**	38.42	–	–	38.42
Current Assets								
Investments	–	**1,525.15**	–	**1,525.15**	–	629.54	–	629.54
Trade Receivables	**2,820.65**	–	–	**2,820.65**	2,377.48	–	–	2,377.48
Cash and cash equivalents	**76.13**	–	–	**76.13**	220.00	–	–	220.00
Bank Balances	**2.29**	–	–	**2.29**	152.15	–	–	152.15
Other Financial Assets	**0.02**	–	–	**0.02**	1.81	–	–	1.81
Current Liabilities								
Trade Payables	**3,805.92**	–	–	**3,805.92**	2,415.50	–	–	2,415.50
Other Financial Liabilities								
– Non Derivative Financial Liabilities	**0.70**	–	–	**0.70**	2.01	–	–	2.01
– Derivative Financial Liabilities	–	–	–	–	–	–	–	–

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company . The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management as and when required. The Company does not have significant credit risk exposure to any single counterparty.

The loss allowance provision is determined as follows:

As at March 31, 2018 Rupees Lakhs

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0%**	**0%**	**24%**	**2%**
Gross carrying amount	**1,964.59**	**739.28**	**247.81**	**2,951.67**
Loss allowance provision	–	–	**60.65**	**60.65**

As at March 31, 2017 Rupees Lakhs

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	12%	2%
Gross carrying amount	736.65	1,430.08	470.64	2,637.37
Loss allowance provision	–	–	**57.72**	**57.72**

Reconciliation of loss allowance provision for Trade Receivables

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balance as at beginning of the year	**57.72**	55.58
Impairment losses recognised in the year based on lifetime expected credit losses (Net of Recovery)	**2.93**	2.14
Balance at end of the year	**60.65**	57.72

LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rupees Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2018				
Non-interest bearing	**3,806.62**	–	–	–
Total	**3,806.62**	–	–	–
March 31, 2017				
Non-interest bearing	2,417.51	–	–	–
Total	**2,417.51**	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
March 31, 2018				
Non-interest bearing	**4,421.93**	**17.75**	**51.34**	**5,422.95**
Fixed interest rate instruments	**2.31**	–	–	–
Total	**4,424.24**	**17.75**	**51.34**	**5,422.95**
March 31, 2017				
Non-interest bearing	3,267.82	202.17	–	4,794.46
Fixed interest rate instruments	160.89	–	–	–
(iv) Loans	–	–	–	–
Total	**3,428.71**	**202.17**	–	**4,794.46**

MARKET RISK

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
Trade Receivables	USD	**12,979.00**	29,020.38
	INR (Rupees Lakhs)	**8.37**	18.70
Advance to Supplier	USD	**1,346.80**	10,170.00
	INR (Rupees Lakhs)	**0.88**	6.74
Trade Payables	USD	**1,470.18**	17,943.90
	INR (Rupees Lakhs)	**0.96**	11.72

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
Trade Receivables	USD	**12,979.00**	29,020.38
	INR (Rupees Lakhs)	**8.37**	18.70
Advance to Supplier	USD	**1,346.80**	10,170.00
	INR (Rupees Lakhs)	**0.88**	6.74
Trade Payables	USD	**1,470.18**	21,099.05
	INR (Rupees Lakhs)	**0.96**	11.72

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities . The Company's exposure to foreign currency changes for all other currencies is not material.

Rupees Lakhs

For the year ended	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	**USD**	**+10%**	**0.83**	**0.83**
	USD	**-10%**	**(0.83)**	**(0.83)**
March 31, 2017	USD	+10%	1.37	1.37
	USD	-10%	(1.37)	(1.37)

NOTE NO. 30. FAIR VALUE MEASUREMENT

Fair Valuation Techniques and Inputs used - recurring Items

Rupees Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	March 31, 2018	March 31, 2017				
Financial assets						
Unquoted equity securities						
1) 0.01% compulsorily convertible preference shares in Resfeber Labs Private limited engaged in providing technology platform for logistics	3,103.01	855.65	Level 3	Income Approach - In this approach the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees	Long term revenue growth rates, taking into account managements experience and knowledge of market conditions of the specific industries. The terminal value of growth rate is 5%	The estimated fair value would increase (decrease) if: - the terminal value growth rate weighted average cost of capital were higher (lower) in isolation of other factors; (footnote 1 below)
					Weighted average cost of capital (WACC) determined using a capital asset pricing model is 12.75%	The estimated fair value would increase (decrease) if: - the weighted average cost of capital were lower (higher) in isolation of other factors; (footnote 2 below)

Rupees Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	March 31, 2018	March 31, 2017				
2) Mutual fund investments	1,525.15	629.54	Level 1	Value published by the respective Asset Management Company which is available in an active market	NA	NA

Footnote 1 : If the long-term revenue growth rates used were 1% higher/ lower (i.e. 6%/4%) while all the other variables were held constant the carrying amount of shares would increase by Rs.377.23 / decrease by Rs. 187.79 (as at March 31, 2017: Increase Rs. 116.21 / Decrease by Rs. 96.51).

Footnote 2 : A 1% increase /decrease in the WACC used, (i.e. 13.75%/11.75%) while holding all other variables constant would decrease / increase the carrying amount of the unquoted equity investments and the contingent consideration by Rs 359.94 and by Rs 169.88 respectively (as at March 31, 2017: 135.11 & 164.02 respectively).

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees Lakhs

Particulars	Level	As at March 31, 2018		As at March 31, 2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Financial assets carried at amortised cost					
Security deposit	Level 3	**32.13**	**40.80**	38.42	40.80
Investments	Level 3	**5,110.31**	**5,110.31**	4,794.46	4,794.46
Trade receivables	Level 3	**3,202.38**	**3,202.38**	2,579.65	2,579.65
Cash and cash equivalents	Level 1	**76.13**	**76.13**	220.00	220.00
Bank balances	Level 1	**2.29**	**2.29**	152.15	152.15
Other financial assets	Level 3	**0.02**	**0.02**	1.81	1.81
Financial liabilities					
Financial liabilities held at amortised cost					
Trade payables	Level 3	**3,805.92**	**3,805.92**	2,415.50	2,415.50
Other financial liabilities	Level 3	**0.70**	**0.70**	2.01	2.01

Note No. 31. Related party transactions

1. Name of related party and nature of relationship where control exists

Nature of Relationship	Name of the related party
Parent Company	Mahindra & Mahindra Limited
Subsidiary	Mahindra Automobile Distributor Private Limited (w.e.f. March 29, 2017)

2. Other parties with whom transactions have taken place during the year

Nature of Relationship	Name of the related party
Fellow Subsidiary	Mahindra Vehicle Manufactures Limited
Fellow Subsidiary	Mahindra Heavy Engines Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Private Limited
Fellow Subsidiary	Defence Land Systems India Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	Mahindra Logistics Limited
Fellow Subsidiary	Lords Freight (India) Private Limited
Key Management Personnel	Mr. Nalin Mehta, Director

Details of transaction between the Company and its related parties are disclosed below:

Rupees Lakhs

Name of The Related Party	Nature of transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Mahindra & Mahindra Limited	Sale of goods	**96.38**	80.65
	Purchase of goods	**334.09**	420.44
	Purchase of Assets	**–**	8.32
	Receiving of services	**1,309.06**	1,077.22
	Issue of Equity Shares	**1,389.00**	5,650.11
	Investment Purchased - Equity Shares	**–**	4,794.46
	Inter Corporate Deposit received	**855.00**	–
	Inter Corporate Deposit repaid	**855.00**	–
	Ineterst paid on Inter Corporate Deposit	**1.19**	–
	Dividend Paid	**1,310.66**	573.96
	Reimbursements received from parties	**78.28**	6.44
	Reimbursements made to parties (Note no 2)	**117.10**	93.98
Mahindra Automobile Distributor Private Limited	Dividend Received	**830.28**	
Mahindra Vehicle Manufactures Limited	Sale of goods	**8.34**	–
	Purchase of Goods	**558.21**	420.49
Mahindra Heavy Engines Limited	Sale of goods	**6.42**	–
	Purchase of Goods	**496.68**	1,438.79
Mahindra Integrated Business Solutions Private Limited	Receiving of services	**9.43**	8.51
Defence Land Systems India Limited	Sale of goods	**–**	1.03
Mahindra Holdings Limited	Investment Purchased - Preference Shares		855.65
Mahindra Logistics Limited	Receiving of services	**339.40**	606.18
Lords Freight (India) Private Limited	Receiving of services	**3.20**	2.43
Mr. Nalin Mehta, Director	Short Term benefits - Salary	**9.01**	9.36
	Share based payments		1.51

Details of balances between the Company and its related parties are disclosed below:

Rupees Lakhs

Name of The Related Party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
Mahindra & Mahindra Ltd	Receivables	**737.41**	556.92
	Payables	**153.12**	214.40
Mahindra Vehicle Manufactures Limited	Receivables	**0.14**	–
	Payables	**75.93**	72.74
Mahindra Heavy Engines Limited	Receivables	**–**	–
	Payables	**166.59**	112.83
Mahindra Integrated Business Solutions Private Limited	Receivables		–
	Payables	**0.82**	0.66
Defence Land Systems India Limited	Receivables	**–**	–
Mahindra Logistics Limited	Payables	**259.10**	43.19
Lords Freight (India) Private Limited	Payables	**2.75**	0.11

Notes:

1. The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.
2. Reimbursement of expenses disclosed above includes managerial remuneration of Rs. 9.01 Lakhs
3. Related party transactions for the period are at arm's length.

Note no. 32. Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.6.34 Lakhs (2017: Rs.6.02 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested, it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

1) Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation wings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at March 31, 2018	Valuation as at March 31, 2017
Discount rate(s)	**7.90%**	7.50%
Expected rate(s) of salary increase	**10.00%**	10.00%

Defined benefit plans – as per actuarial valuation on March 31, 2018

Rupees Lakhs

Particulars	**Funded Plan Gratuity March 31, 2018**	Funded Plan Gratuity March 31, 2017
Ia. Expense recognised in the Statement of Profit and Loss for the year:	**3.92**	3.08
1. Current service cost	**3.54**	2.80
2. Past Service Credit	–	–
3. Interest cost	**0.38**	0.28
Ib. Included in other Comprehensive Income	**(0.99)**	1.54
1. Return on plan assets	–	–
2. Actuarial (Gain)/Loss on account of :	**(0.99)**	1.54
– Demographic Assumptions	–	–
– Financial Assumptions	**(0.89)**	5.19
– Experience Adjustments	**(0.11)**	(3.65)
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a. Service Cost:		
Current Service Cost	**3.54**	2.80
Past service cost and (gains)/losses from settlements	–	–
Net interest expense	**0.38**	0.28
Components of defined benefit costs recognised in profit or loss	**3.92**	3.08
b. Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	–	–
Actuarial gains and loss arising form changes in financial assumptions	**(0.89)**	5.19
Actuarial gains and loss arising form experience adjustments	**(0.11)**	(3.65)
Components of defined benefit costs recognised in other comprehensive income	**(0.99)**	1.54
Total	**2.93**	4.62
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end	**(4.74)**	(7.17)
1. Present value of defined benefit obligation as at year end	**20.62**	19.52
2. Fair value of plan assets as at year end	**15.89**	12.35
3. Surplus/(Deficit)	**(4.74)**	(7.17)
4. Current portion of the above	**4.74**	7.17
5. Non current portion of the above	**15.89**	12.35
II. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**19.52**	14.05
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	–
3. Expenses Recognised in Statement of Profit and Loss		
– Current Service Cost	**3.54**	2.80
– Past Service Cost	–	–
– Transfer In/(Out)	**(2.90)**	
– Interest Expense (Income)	**1.41**	1.13
4. Recognised in Other Comprehensive Income		
Remeasurement on obligations of - gains/(losses)	**(0.94)**	1.53
5. Benefit payments	–	–
6. Present value of defined benefit obligation at the end of the year	**20.62**	19.52

Rupees Lakhs

Particulars			Funded Plan Gratuity March 31, 2018	Funded Plan Gratuity March 31, 2017
III.	**Change in fair value of assets during the year ended 31st March**			
	1.	Fair value of plan assets at the beginning of the year	**12.35**	9.50
	2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
	3.	Expenses Recognised in Statement of Profit and Loss		
		– Expected return on plan assets	**1.02**	0.85
	4.	Recognised in Other Comprehensive Income		
		Remeasurement gains/(losses)		
		– Actual Return on plan assets in excess of the expected return	**0.06**	(0.02)
	5.	Contributions by employer (including benefit payments recoverable)	**2.46**	2.02
	6.	Benefit payments	**–**	–
	7.	**Fair value of plan assets at the end of the year**	**15.89**	12.35
IV.	**The Major categories of plan assets**			
	Fund managed by insurer		**100.00%**	100.00%
V.	**Actuarial assumptions**			
	1.	Discount rate	**7.90%**	7.50%
	2.	Expected rate of return on plan assets	**7.50%**	8.00%
	3.	Attrition rate	**7.00%**	7.00%
	4.	Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees Lakhs

		March 31, 2018		March 31, 2017	
		Impact on defined benefit obligation		Impact on defined benefit obligation	
Principal assumption	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**	Increase in assumption	Decrease in assumption
Discount rate	-1.00%		**23.14**		21.95
	1.00%	**18.50**		17.46	
Salary growth rate	-1.00%		**18.69**		17.65
	1.00%	**22.86**		21.67	
Withdrawal rate	-1.00%		**21.09**		20.05
	1.00%	**20.21**		19.05	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 5 Lakhs to the gratuity trusts during the next financial year of 2018.

Mortality: It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.000919
22	0.000943
23	0.000961
24	0.000974
25	0.000984

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Particulars	March 31, 2018	March 31, 2017
Within 1 year	**1.16**	1.05
1 - 2 year	**1.42**	1.27
2 - 3 year	**1.67**	1.55
3 - 4 year	**1.90**	1.81
4 - 5 year	**2.29**	2.11
5 - 10 years	**16.23**	16.02

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2018 is as follows:

Particulars	March 31, 2018	March 31, 2017
Asset category:		
Cash and cash equivalents	**0%**	0%
Debt instruments (quoted)	**0%**	0%
Debt instruments (unquoted)	**0%**	0%
Equity instruments (quoted)	**0%**	0%
Deposits with Insurance companies	**100%**	100%
Total	**100%**	100%

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE NO. 33. SEGMENT REPORTING

The Company has single reportable business segment namely Automotive vehicles-related spare parts. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. The Company deals into trading of Spare parts. The Company has only one reportable geographical segment.

The Company's revenue from continuing operations from external customers by location of operations are detailed below:

Rupees Lakhs

Geographic information	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from external customers		
India	**13,514.83**	12,761.38
Outside India	**408.43**	311.22
Total revenue per statement of profit or loss	**13,923.26**	13,072.60

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

Revenue from major products and services

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

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of spares	**13,923.26**	13,072.60
Total	**13,923.26**	13,072.60

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

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

NOTE NO. 34. LEASES

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Operating Lease		
The Company has entered into operating lease arrangements for warehouse facilities at Vadgaon. The leases are non-cancellable and are for a period of two to five years and may be renewed for a further period of two to five years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% after each term of 12 months.		
Future Non-Cancellable minimum lease commitments		
not later than one year	–	–
later than one year and not later than five years	–	–
later than five years	–	–
Expenses recognised in the Statement of Profit and Loss Minimum Lease Payments	**286.17**	253.33

NOTE NO. 35. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

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

Rupees Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	**13.72**	29.08
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.70**	0.04
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**1.64**	2.51
(iv)	The amount of interest due and payable for the year	**0.70**	1.64
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.70**	1.64
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE NO. 36. PARTICULARS OF LOAN GIVEN/INVESTMENTS MADE/ GUARANTEES GIVEN, AS REQUIRED BY CLAUSE (4) OF SECTION 186 OF THE COMPANIES ACT, 2013

Rupees Lakhs

Name	During the year	Closing balance
Investments made		
1. Investment in 50000 equity shares of Mahindra Automobile Distributors Private Limited of Rs. 10 each.	315.85	**5,110.31**
2. Investment in 85,195 0.01% Cumulative Convertible Preference Shares of Resfeber Labs Private Limited of Rs. 100 each.	1,072.01	**3,103.01**

NOTE NO. 37. Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social responsibility) Rules, 2014, Gross amount required to be spent by the company during the year Rs. 19.87 Lakhs (2017: 15.39). However, the Company has spend Rs. 19.88 Lakhs (2017: Rs. 16.08) for Corporate Social responsibility during the year as under

Rupees Lakhs

Particulars	In cash/cheque	Yet to be paid in cash/cheque	Total
On Purpose other than Construction/acquisition of any assets	19.88	–	19.88
	(–)	(–)	(–)

NOTE NO. 38. PROVISION FOR WARRANTY:

Rupees Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying Amount at the beginning of the year	**58.59**	38.99
Add: Additional Provision made during the year (net of reversal)	**(4.35)**	66.87
Less: Amounts Used during the year	**(7.45)**	(47.27)
Carrying Amounts at the end of the year	**46.79**	58.59

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

Provision for warranty relates to provision made in respect of certain products, the estimated costs of which is accrued at the time of sale. The products are generally covered under warranty period ranging upto 6 months or 20,000 kms. from the date of fitment, which ever is earlier.

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims.

The estimate for accounting of warranty are reviewed and revisions are made as required.

NOTE NO. 39. AUDITORS' REMUNERATION

Rupees Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fees	**8.60**	9.89
Other services	**2.25**	2.19
Out of pocket expenses reimbursed	**0.25**	0.12
Total	**11.10**	12.20

NOTE NO. 40. COMMISSION TO INDEPENDENT DIRECTORS

Miscellaneous Expenses include Rs. 6.00 Lakhs (2017: Rs. 6.90 lakhs) payable as Commission to Independent Directors subject to the approval of the shareholders at the Annual General Meeting.

NOTE NO. 41. EVENTS AFTER THE REPORTING PERIOD

Following are the material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Event 1: Board of Directors of company have proposed dividend of Rs. 791.40 Lakhs i.e Rs. 0.017 per share for financial year 2017-18 to the shareholders. Tax on proposed dividend amounts to Rs. 161.13 Lakhs. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares.

Event 2: Annual accounts were approved on May 04, 2018 by the board of directors.

NOTE NO. 42. EARNINGS IN FOREIGN EXCHANGE

Rupees Lakhs

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
FOB Value of exports	**401.60**	46.73
Total	**401.60**	46.73

NOTE NO. 43. EMPLOYEE STOCK OPTION

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

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

NOTE NO. 44.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached
For **B K KHARE & CO**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: May 04, 2018

For and on behalf of the Board of DIrectors

Mr Bharat Moossaddee
Director

Mr Hemant Sikka
Director

Mr Niteen Karve
Chief Financial Officer

Mr Suryakant Laxman Khare
Company Secretary

Place: Mumbai
Date: May 04, 2018

Form AOC-1

(Pursuant to first proviso to Sub-Section(3) of Section 129 read with rule 5 of Companies (Accounts) Rule ,2014)

Statement containing salient features of the financial statements of subsidiaries/associate company/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs in Lakhs.)

Name of the Subsidiary	Mahindra Automobile Distributors Private Limited
The date since when subsidiary was acquired	29th March 2017
Reporting Currency	INR
Exchange rate	1.00
Share Capital	100.00
Resesrves & Surplus	1,922.51
Total Assets	3,048.85
Total Liabilities	1,026.34
Investment(excluding investment in subsidiaries)	1,171.77
Gross Turnover	5,262.94
Profit/(Loss) before tax	1,678.79
Provision for Tax	558.91
Profit/(Loss) after tax	1,119.88
Proposed Dividend and tax thereo	1,119.33
Proportion of ownership Interest	79%

Part B: Associates/Joint Ventures	Not Applicable

In terms of our report attached
For **B K KHARE & CO**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: May 04, 2018

For and on behalf of the Board of DIrectors

Mr Bharat Moossaddee
Director

Mr Hemant Sikka
Director

Mr Niteen Karve
Chief Financial Officer

Mr Suryakant Laxman Khare
Company Secretary

Place: Mumbai
Date: May 04, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Thirteenth Report, together with the Audited Financial Statements of your Company for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Revenue	**5,427.81**	7,428.36
Profit/(Loss) before Interest, Commitment, Finance Charges and Taxation	**1,678.96**	2,036.87
Less : Interest, Commitment and Finance Charges	**0.17**	0.17
Profit/ (Loss) before Taxation	**1,678.79**	2,036.70
Less : Provision for Taxation for the year		
– Current Tax	**558.42**	693.05
– Deferred Tax	**0.49**	(7.83)
Profit/(Loss) after Tax	**1,119.88**	1,351.48
Dividend paid on Equity Shares	**–**	(1,180.00)
Tax on Dividend paid	**–**	(240.22)
Transfer to General Reserve	**–**	–
Profit/ (Loss) of earlier year	**2,253.04**	1,809.28
Profit carried forward to Balance Sheet	**1,510.01**	1,740.54
Networth	**2,022.51**	2,253.04

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the Financial Year ended 31st March, 2018, total income of your Company reduced to Rs. 54.28 crores from Rs. 74.28 crores in Financial Year ended 31st March, 2017, reflecting a reduction of approximately 27%. During the year with introduction of GST, excise levy was abolished. Net of excise duty, the drop in turnover was 20%. The key reason for this was drop in reporting due to aged vehicle park and new vehicle sales not adding to fresh car park over past few years. Your Company was also affected by depreciation of the Indian Rupee during the year. However, forex hedging, judicious price increase, cost reductions and superior returns from investible surpluses helped in reducing the impact on margins and profitability.

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

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

DIVIDEND

The Board of Directors have recommended final equity dividend of Rs.112.12 per share on 10,00,000 Equity Shares of the Company of face value of Rs.10/- each, aggregating to an amount of Rs.1121.16 lakhs (including dividend distribution tax amounting to Rs.191.16 lakhs) for the approval of shareholders. Further the Board of your Company decided not to transfer any amount to the General Reserve for the year under review.

OUTLOOK

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

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

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

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2018 was Rs.100,00,000 divided into 10,00,000 Equity Shares of Rs.10/- each. During the year under review the Company has not issued any shares or any convertible instruments.

CHANGE IN STATUS OF HOLDING COMPANY

During the year under review, your Company transferred 50,000 Equity shares held by Infina Finance Private Ltd to Mahindra Trucks and Buses Limited on 23rd March, 2018.

Pursuant to said transfer the Company has become a wholly owned subsidiary of Mahindra and Mahindra Limited with effect from the said date.

BOARD OF DIRECTORS

The Composition of the Board is as follows:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Mr. Pravin Shah (DIN: 00056173) *	Chairman	Non Executive	Non Independent
2.	Mr. Hemant Sikka (DIN: 00922281)	Chairman	Non Executive	Non Independent
3.	Mr. Ketan Doshi (DIN: 03083483)@	Director	Non Executive	Non Independent
4.	Mr. Bharat Moossaddee (DIN: 02166403)$	Director	Non Executive	Non Independent
5.	Mr. Sandip Dhond (DIN: 07811018)#	Director	Non Executive	Non Independent
6.	Mr. Nikhil Sohoni (DIN: 06852639)**	Director	Non Executive	Non Independent
7.	Mr. Sanjoy Gupta (DIN: 08079502)^	Director	Non Executive	Non Independent

* Ceased as Director and Chairman w.e.f 1st April, 2017.

@ Ceased to be the Whole Time Director of the Company w.e.f. 1st August, 2017, however continues to be a Non-Executive Director of the Company.

$ Appointed as the Director of the Company w.e.f. 21st April, 2017

Appointed as the Director of the Company w.e.f 22nd May, 2017, resigned as a Director w.e.f. 20th April, 2018 and appointed as the Chief Executive Officer w.e.f. 21st April, 2018

** Ceased to be Director w.e.f 24th April, 2017.

^ Appointed as Director w.e.f. 27th March, 2018.

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

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

Mr. Sanjoy Gupta was appointed on 27th March, 2018 as an Additional Director of the Company to hold office up to the date of the forthcoming Annual General Meeting pursuant to Section 161 of the Companies Act, 2013.

The Company has received Notice in writing from a Member under section 160 of the Act proposing the candidature of Mr. Sanjoy Gupta for the office of Director of the Company.

MEETINGS OF THE BOARD

Your Board of Directors met four times during the year under review i.e. on 24th April, 2017, 1st August, 2017, 1st November, 2017 and 2nd February, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of Director	No. of meetings attended out of 4
Mr. Hemant Sikka	4
Mr. Bharat Moossaddee$	3
Mr. Ketan Doshi@	4
Mr. Sandip Dhond#	3
Mr. Nikhil Sohoni**	–
Mr. Sanjoy Gupta^	–

@ Ceased to be the Whole Time Director of the Company w.e.f. 1st August, 2017, however continues to be a Non-Executive Director of the Company.

$ Appointed as the Director of the Company w.e.f. 21st April, 2017

Appointed as the Director of the Company w.e.f 22nd May, 2017, resigned as a Director w.e.f. 20th April, 2018 and appointed as the Chief Executive Officer w.e.f. 21st April, 2018

** Ceased to be Director w.e.f 24th April, 2017.

^ Appointed as Director w.e.f. 27th March, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on a going concern basis; and

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

CODES OF CONDUCT

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

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

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

KEY MANAGERIAL PERSONNEL

Your Company is not required to appoint any Key Managerial Person as it does not fall in the class of companies which shall have whole-time key managerial personnel in accordance with Section 203 of the Companies Act, 2013. However, your Company has designated the following as the as Key Managerial Personnel of the Company in accordance with the provisions of Section 203 of the Companies Act, 2013:

Mr. Bharatendu Kapoor was appointed as the Chief Executive Officer of the Company w.e.f. 1st August, 2017 and resigned from the position of Chief Executive Officer w.e.f. 30th October, 2017

Mr. Sandip Dhond was appointed as the Chief Executive officer of the Company w.e.f. 21st April, 2018.

Ms. Pallavi Ogale, resigned as the Company Secretary w.e.f. 30th April, 2018 and Ms. Binal Shah was appointed as the Company Secretary w.e.f.1st May, 2018.

AUDIT COMMITTEE

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

Due to various organizational changes, during the year under review, the Committee was re-constitutedon 21st April, 2017, 22nd May, 2017 and 20th April, 2018. The Committee presently comprises of Mr. Bharat Moossaddee(Chairman), Mr. Hemant Sikka and Mr. Ketan Doshi as its members.

The Committee met thrice during the year on 24th April, 2017, 1st August, 2017and 2nd February, 2018.

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

Director	Designation	No. of meetings attended out of 3
Mr. Nikhil Sohoni**	Chairman	-
Mr. Hemant Sikka	Member	3
Mr. Bharat Moossaddee#	Chairman	2
Mr. Sandip Dhond@^	Member	2

\# Appointed with effect from 21st April, 2017
** Ceased with effect from close of working hours on 24th April, 2017
@ Appointed with effect form 22nd May, 2017
^ ceased with effect from 20th April, 2018

NOMINATION AND REMUNERATION COMMITTEE

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

Due to various organizational changes, during the year under review, the Committee was re-constituted on 21st April, 2017, 22nd May, 2017 and 20th April, 2018. The Committee presently comprises of Mr. Bharat Moossaddee (Chairman), Mr. Hemant Sikka and Mr. Sanjoy Gupta as its members.

The Nomination & Remuneration Committee met twice during the year on 24th April,2017 and 1st August, 2017.

The attendance at the meetings of the Nomination & Remuneration Committee was as follows:

Director	Designation	No. of meetings attended out of 2
Mr. Nikhil Sohoni**	Chairman	-
Mr. Hemant Sikka	Member	2
Mr. Bharat Moossaddee#	Chairman	2
Mr. Sandip Dhond@^	Member	1

\# Appointed with effect from 21st April, 2017
** Ceased with effect from close of working hours on 24th April, 2017
@ Appointed with effect from 22nd May, 2017
^ ceased with effect from 20th April, 2018

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was re-constituted during the year under review on 21st April, 2017. The Committee presently comprises of Mr. Hemant Sikka (Chairman), Mr. Bharat Moossaddee and Mr. Ketan Doshi as its members.

The Corporate Social Responsibility Committee met twice during the year on 24th April, 2017 and 1st November,2017.

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

Director	Designation	No. of meetings attended out of 2
Mr. Ketan Doshi	Member	2
Mr. Hemant Sikka**	Chairman	2
Mr. Bharat Moossaddee#	Member	2

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

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

In the current year, the CSR spend of your Company was Rs. 43.09 Lakhs. The focus was on improvement in the domains of education, health and environment within the vicinity of work place.

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, (Firm Registration No. 105102W) were appointed as the Statutory Auditors of the Company at the 12th Annual General Meeting of the Company held on 23rd June, 2017 to hold office up to the date of the 17th Annual General Meeting of the Company, subject to ratification by the Shareholders of the Company at each Annual General Meeting (AGM).

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from B. K. Khare & Co., and a certificate to the effect that their appointment made, is in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The members are requested to appoint Messrs. B.K. Khare & Co. as statutory auditors of the Company as aforesaid and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their Report for the financial year 2017-18.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

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

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure II to this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

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

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

EXTRACT OF ANNUAL RETURN:

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

INTERNAL CONTROLS

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

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

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

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

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

GENERAL DISCLOSURES

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

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Hemant Sikka
Chairman

Mumbai, 20th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes:
The objective of your Company's CSR policy is to –

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

(2) The Composition of the CSR Committee.
Mr. Hemant Sikka (Chairman)
Mr. Bharat Moossaddee
Mr. Ketan Doshi

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

Particulars	F.Y-17	F.Y-16	F.Y-15	Average
Profit Before Tax	2,036.70	2,165.25	2,060.91	2,087.62

(4) Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 41.75 Lakhs

(5) Details of CSR spent during the financial year.
(a) Total amount to be spent for the financial year:Rs. 41.75 Lakhs
(b) Amount unspent, if any:Nil
(c) Manner in which the amount spent during the financial year is detailed below:
- Water tank cleaning and facility for drinking water.
- Sanitation for school children (Toilets and urinals).
- Construction of compound wall (Security).

Sr. No.		1.	2.	Total
(1)	CSR project or activity identified	Jilla Parishad School, Ambe, Shivani, and NMC School, Adgaon	Contribution to K. C. Mahindra Education Trust	
(2)	Sector in which the project is covered			
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Local Ozar, Maharashtra	Other Udaipur & Pratapgarh, Rajasthan	
(4)	Amount outlay (budget project or programme wise)	Rs. 22.26 Lakhs	Rs. 20.83 Lakhs	Rs. 43.09 Lakhs
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Rs. 22.26 Lakhs Nil	Rs. 20.83 Lakhs Nil	Rs. 43.09 Lakhs Nil
(6)	Cumulative expenditure up to the reporting period	Rs. 22.26 Lakhs	Rs. 20.83 Lakhs	Rs. 43.09 Lakhs
(7)	Amount Spent direct or through implementing agency	Direct	Paid to K. C. Mahindra Education Trust (implementing Agency)	

* Give details of implementing agency:
Mahindra Education Trust: Providing education support to girl child

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

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

Ketan Doshi
Director

Hemant Sikka
Chairman of CSR Committee

Mumbai, 20th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTOR' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy -

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

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

(ii) The steps taken by the Company for utilizing alternate sources of energy: Not Applicable

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

(B) Technology absorption:

(i) The efforts made towards technology absorption: None

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

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

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

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Rs. 8.98 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 1,042.23 Lakhs

For and on behalf of the Board

Hemant Sikka
Chairman

Mumbai, 20th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U34100MH2005PTC153702
ii)	Registration Date	02/06/2005
iii)	Name of the Company	Mahindra Automobile Distributor Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/ Non-Government Indian Company
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400 001 Tel no. +91 22 22021031 ; Fax +22 22875485
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda,Hyderabad, 500 032 Tel.: 040-67162222 Fax: 040-23001153 Email id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main product/ services	NIC Code of the Product/service	% to total turnover of the Company
1	Sale of motor vehicle parts and accessories	**45300**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra Trucks and Buses Limited Gateway Building, Apollo Bunder, Mumbai 400 001	U63040MH1994PLC079098	Holding Company	79%	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	–

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	7,40,000	2,10,000	9,50,000	95	7,90,000	2,10,000	10,00,000	100	5
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A(1):-	7,40,000	2,10,000	9,50,000	95	7,90,000	2,10,000	10,00,000	100	5
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A(2):-	–	–	–	–	–	–	–	–	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**7,40,000**	**2,10,000**	**9,50,000**	**95**	**7,90,000**	**2,10,000**	**10,00,000**	**100**	**5**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp.									
(i) Indian	50,000	0	50,000	5	0	0	0	0	(5)
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**50,000**	**0**	**50,000**	**5**	**0**	**0**	**0**	**0**	**(5)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**50,000**	**0**	**50,000**	**5**	**0**	**0**	**0**	**0**	**(5)**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**7,90,000**	**2,10,000**	**10,00,000**	**100**	**7,90,000**	**2,10,000**	**10,00,000**	**100**	**0**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Trucks and Buses Limited	7,40,000	74	Nil	7,90,000	79	Nil	5
2	Mahindra Holdings Limited	2,10,000	21	Nil	2,10,000	21	Nil	-
	Total	**9,50,000**	**95**	**Nil**	**10,00,000**	**100**	**Nil**	**5**

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mahindra Trucks and Buses Limited				
	At the beginning of the year	7,40,000	74	7,40,000	74
	Date wise Increase/Decrease in promoters' shareholding during the year specifying the reasons for increase/decrease.	–	–	–	–
	Increase- Shares transferred to Mahindra Trucks and Buses Limited from Infina Finance Private Limited on 28th February, 2018.	–	–	50,000	5
	At the End of the year	–	–	**7,90,000**	**79**

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Ketan Doshi, Whole-time Director (1st April, 2017 - 1st August, 2017)	Total Amount (in lakhs)
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	15.18	15.18
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	15.18	15.18
	Ceiling as per the Act	As per Schedule V of Companies Act, 2013	

B. Remuneration of other Directors

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

** Ceased with effect from 1st April, 2017

* Appointed with effect from 21st April, 2017

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

@ Appointed with effect from 22nd May, 2017

! ceased to be a Director with effect from 20th April, 2018

^ Appointed with effect from 20th April, 2018

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

Sr. No.	**Particulars of Remuneration**	**Key Managerial Personnel** **Pallavi Ogale Company Secretary**	**Key Managerial Personnel** **Bharatendu Kapoor (1st August, 2017- 30th October, 2017)**	**Total amount (in lakhs)**
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	51.69	–	51.69
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–

Sr. No.	Particulars of Remuneration	Key Managerial Personnel Pallavi Ogale Company Secretary	Key Managerial Personnel Bharatendu Kapoor (1st August, 2017- 30th October, 2017)	Total amount (in lakhs)
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify…	–	–	–
5.	Others, please specify	–	–	–
	Total	**51.69**	**–**	**51.69**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Hemant Sikka
Chairman

Mumbai, 20th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA AUTOMOBILE DISTRIBUTORS PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Automobile Distributors Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statementof profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for theyear then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on thesefinancial statements based on our audit.

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaidfinancial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in Indiaof the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

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

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigationswhich would impact its financial position.

   ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

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

FOR B. K. KHARE& CO.
Chartered Accountants
Firm's Registration No. 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: 20th April, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on thefinancial statements of Mahindra Automobile Distributors PrivateLimited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. In our opinion and according to the information & explanations given to us, the Company has complied with the provisions of sections 185 & 186 of Companies Act, 2013 in respect of grants of loans, making investments and providing guarantees & securities, as applicable.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not prescribed to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us ,there are no disputed dues of income tax or sales tax, wealth tax, service tax, goods & service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

XI. The Company is a private company and therefore the provisions of Section 197 read with Schedule V of Companies Act, 2013 are not applicable to the Company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

FOR B. K. KHARE& CO.
Chartered Accountants
Firm's Registration No. 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: 20th April, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA AUTOMOBILE DISTRIBUTORS PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra Automobile Distributors Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR B. K. KHARE& CO.
Chartered Accountants
Firm's Registration No. 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: 20th April, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. Lakhs

	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment	3	**26.16**	29.43
	(b) Financial Assets Investments	4	**499.98**	499.98
	(c) Deferred tax assets (net)	5	**8.65**	9.14
	(d) Other non-current assets	6	**0.37**	1.85
	Total Non-Current Assets		**535.16**	540.40
2	**Current assets**			
	(a) Inventories	7	**391.51**	469.11
	(b) Financial Assets			
	(i) Investments	8	**1,171.77**	494.44
	(ii) Trade receivables	9	**147.70**	86.01
	(iii) Cash and cash equivalents	10	**478.31**	114.71
	(iv) Loans	11	**300.00**	1,500.00
	(v) Other financial assets	12	**5.10**	2.28
	(c) Other current assets	13	**19.30**	14.11
	Total Current Assets		**2,513.69**	2,680.66
	Total Assets (1+2)		**3,048.85**	3,221.06
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share capital	14	**100.00**	100.00
	(b) Other Equity	15	**1,922.51**	2,153.04
	Total equity		**2,022.51**	2,253.04
	LIABILITIES			
2	**Non-current liabilities**			
	(a) Financial Liabilities	16	**2.00**	2.00
	(b) Provisions	17	**11.43**	9.18
	Total Non - Current Liabilities		**13.43**	11.18
3	**Current liabilities**			
	(a) Financial Liabilities – Trade payables	18	**674.54**	618.63
	(b) Current Tax Liabilities (Net)	19	**67.56**	32.30
	(c) Other current liabilities	20	**270.81**	305.91
	Total Current Liabilities		**1,012.91**	956.84
	Total Equity and Liabilities (1+2+3)		**3,048.85**	3,221.06

The accompanying notes 1 to 34 are an integral part of Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
FRN - 105102W

Ravi Kapoor
Partner
Membership No. 40404

Place : Mumbai
Date : 20th April, 2018

For and on behalf of the Board of Directors

Hemant Sikka	Chairman
Bharat Moossaddee	Director
Sandip Dhond	Director
Ketan Doshi	Director
Sanjoy Gupta	Director
Pallavi Ogale	Company Secretary

Place : Mumbai
Date : 20th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. Lakhs

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
	Continuining Operations			
I	Revenue from operations	21	5,262.94	7,204.32
II	Other Income	22	164.87	224.04
III	**Total Revenue (I + II)**		5,427.81	7,428.36
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		2,371.62	3,055.64
	(b) Changes in stock of finished goods	23	77.60	143.13
	(c) Excise duty on sale of goods		159.97	809.49
	(d) Employee benefit expense	24	43.33	43.53
	(e) Finance costs	25	0.17	0.17
	(f) Depreciation and amortisation expense	3	5.43	2.23
	(g) Other expenses	26	1,090.90	1,337.47
	Total Expenses		3,749.02	5,391.66
V	**Profit before tax (III - IV)**		1,678.79	2,036.70
VI	**Tax Expense**			
	(1) Current tax	27	558.42	693.05
	(2) Deferred tax	27	0.49	(7.83)
	Total tax expense		558.91	685.22
VII	**Profit for the period (V - VI)**		1,119.88	1,351.48
VIII	**Other comprehensive income**		–	–
IX	**Total comprehensive income for the period (VII + VIII)**		1,119.88	1,351.48
X	**Earnings per equity share**			
	(1) Basic	28	111.99	135.15
	(2) Diluted	28	111.99	135.15

The accompanying notes 1 to 34 are an integral part of Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
FRN - 105102W

Ravi Kapoor
Partner
Membership No. 40404

Place : Mumbai
Date : 20th April, 2018

For and on behalf of the Board of Directors

Hemant Sikka Chairman
Bharat Moossaddee Director
Sandip Dhond Director
Ketan Doshi Director
Sanjoy Gupta Director
Pallavi Ogale Company Secretary

Place : Mumbai
Date : 20th April, 2018

CASH FLOW STATEMENT - INDIRECT METHOD

Rs. Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit before tax for the year	**1,678.79**	2,036.70
Adjustments for:		
Finance costs recognised in profit or loss	**0.17**	0.17
Interest income	**(99.20)**	(104.48)
Dividend income	**(24.79)**	(61.01)
(Gain)/Loss on sale of investments (Net)	**(7.37)**	(7.71)
Marked to market (gain)/loss on current investment	**(1.53)**	0.23
Depreciation and amortisation of non-current assets	**5.43**	2.23
Unrealised foreign exchange (gain)/loss	**0.21**	(2.51)
Movements in working capital:		
Increase/(decrease) in trade and other receivables	**(61.69)**	22.28
Decrease in inventories	**77.59**	143.14
(Increase)/decrease in other assets	**(3.70)**	11.70
Increase/(decrease) in trade and other payables	**22.84**	(88.73)
Cash generated from operations	**1,586.75**	1,952.01
Income taxes paid	**(523.16)**	(702.50)
Net cash generated by operating activities	**1,063.59**	1,249.51
Cash flows from investing activities		
Capital Expenditure	**(2.16)**	(18.75)
Payments to acquire financial assets - Mutual Fund	**(46,005.79)**	(79,609.57)
Proceeds on sale of financial assets - Mutual Fund	**45,330.00**	79,613.50
Profit/(loss) on sale of mutual funds	**7.37**	7.71
Interest received	**96.38**	108.14
Other dividends received	**24.79**	61.01
Inter corporate Deposits given	**(1,600.00)**	(2,310.00)
Inter corporate Deposits received	**2,800.00**	2,710.00
Non current investment in equity shares	**–**	(499.98)
Net cash generated by investing activities	**650.59**	62.06
Cash flows from financing activities		
Dividend and tax paid	**(1,350.41)**	(1,420.22)
Interest paid	**(0.17)**	(0.17)
Net cash used in financing activities	**(1,350.58)**	(1,420.39)
Net decrease in cash and cash equivalents	**363.60**	(108.82)
Cash and cash equivalents at the beginning of the year	**114.71**	223.53
Cash and cash equivalents at the end of the year	**478.31**	114.71

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
FRN - 105102W

Ravi Kapoor
Partner
Membership No. 40404

Place : Mumbai
Date : 20th April, 2018

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Sandip Dhond Director

Ketan Doshi Director

Sanjoy Gupta Director

Pallavi Ogale Company Secretary

Place : Mumbai
Date : 20th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Nature of Operations

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

2. Significant Accounting Policies

2.1 Statement of compliance

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

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

2.2 Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

2.4 Revenue recognition

<u>Sale of goods and services-</u>

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

<u>Dividend and interest income</u>

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Employee benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.6 Taxation

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

<u>Current and deferred tax for the year</u>

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

2.7 Property, plant and equipment

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

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

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

General plant and machinery Tool – 8 years

Vehicle – 5 years

2.8 Impairment of assets

At the end of each reporting period, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

2.9 Inventories

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

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

2.10 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the entity required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

2.11 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12 Financial Assets

<u>Financial assets at fair value through other comprehensive income (FVTOCI)</u>

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

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

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

A financial asset is held for trading only if:

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

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Impairment of financial assets

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

Foreign exchange gains and losses

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

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.13 Financial Liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

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

2.14 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.15 Segment Reporting

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

2.16 Cash Flow statement

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

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Note 3 - Property, Plant and Equipment

Rs. Lakhs

Description of Assets	Plant and Equipment	Office Equipment	Vehicles	CWIP	Total
I. Cost					
Balance as at March 31, 2016	15.75	0.49	–	–	16.24
Additions during the year	–	–	18.75	–	18.75
Balance as at March 31, 2017	15.75	0.49	18.75	–	34.99
Additions during the year	–	–	–	2.16	2.16
Balance as at March 31, 2018	**15.75**	**0.49**	**18.75**	**2.16**	**37.15**
II. Accumulated depreciation and impairment for the year					
Balance as at March 31, 2016	(2.84)	(0.49)	–	–	(3.33)
Additions during the year	(1.87)	–	(0.36)	–	(2.23)
Balance as at March 31, 2017	(4.71)	(0.49)	(0.36)	–	(5.56)
Depreciation for the year	(1.87)	–	(3.56)	–	(5.43)
Balance as at March 31, 2018	**(6.58)**	**(0.49)**	**(3.92)**	**–**	**10.99)**
Carrying amount (I–II)					
Balance as on March 31, 2018	9.17	–	14.83	2.16	26.16
Balance as on March 31, 2017	11.04	–	18.39	–	29.43

Note:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 4 Non-current Investment

Particulars	**Face value**	**As at March 31, 2018**		As at March 31, 2017	
	Rs. per unit	**Number**	**Rs. Lakhs**	Number	Rs. Lakhs
Unquoted Investments (fully paid up)					
Investments in Equity Instruments at FVTOCI AK Surya Power Magic Private Limited	1.00	**17,629**	**499.98**	17,629	499.98
		17,629	**499.98**	17,629	499.98

Note 5 Deferred Tax Assets (net)

Rs. Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	**(0.26)**	(0.47)
Vehicle	**(0.02)**	(0.36)
Financial asset at Fair value through profit and loss (FVTPL)	**(0.49)**	(0.08)
	(0.78)	(0.91)
Tax effect of items constituting deferred tax assets		
Employee Benefits	**3.18**	3.18
Provision for doubtful debts	**6.25**	6.87
	9.43	10.05
Net Tax Asset (Liabilities)	**8.65**	9.14

Movement of Deferred tax assets and liabilities

Rs. Lakhs

Particulars	**For the Year ended March 31, 2018**		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**(0.47)**	**0.21**	**(0.26)**
Vehicle	**(0.36)**	**0.34**	**(0.02)**
FVTPL financial asset	**(0.08)**	**(0.41)**	**(0.49)**
	(0.91)	**0.14**	**(0.78)**
Tax effect of items constituting deferred tax assets			
Employee Benefits	**3.18**	**0.00**	**3.18**
Provision for doubtful debts	**6.87**	**(0.63)**	**6.25**
	10.05	**(0.63)**	**9.43**
Net Tax Asset (Liabilities)	**9.14**	**(0.49)**	**8.65**

Note 6 Other non-current Assets

Rs. Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
(a) Security deposits	**0.37**	0.37
(b) Advance income tax	**–**	1.48
Total	**0.37**	1.85

Note 7 Inventories

Rs. Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Finished goods	**391.51**	469.11
Total Inventories at the lower of cost and net realisable value	**391.51**	469.11

Notes

The cost of inventories recognised as an expense during the year was Rs. 2449.21 Lakhs for 31 March 2018 (31 March 2017 Rs. 3198.77 Lakhs).

The amount of write-down of inventories to net realizable value recognized as an expense was Rs. 3.25 Lakhs and Rs. 3.22 Lakhs in 2018 and 2017, respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 8 - Financial assets - Investments

Particular	As at March 31, 2018		As at March 31, 2017	
	Units	**Rs. Lakhs**	Units	Rs. Lakhs
Investments in Mutual Funds At fair value through profit & Loss account				
Quoted - Growth Scheme				
Kotak Floater-ST(G)	**11,162**	**317.52**	7,510	200.06
UTI Money Market Fund-Inst(G)	**41,306.75**	**801.20**	–	–
Aditya Birla SL FRF-Short Term Plan(G)	**22,976.20**	**53.05**	–	–
L&T Liquid Fund(G)	**–**	**–**	4,091	91.02
ICICI Prudential Flexible Income Paln (G)	**–**	**–**	65,318	203.36
Total Quoted Investments	**–**	**1,171.77**	–	494.44

Note 9 - Trade receivables

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
	Current	Current
Trade receivables		
(a) Unsecured, considered good	**147.70**	86.01
(b) Unsecured considered doubtful	**19.25**	19.86
Less: Allowance for doubtful debts (expected credit loss allowance)	**(19.25)**	(19.86)
Total	**147.70**	86.01

Note 10 Cash and cash equivalents

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
(a) Balances with banks	**42.15**	15.71
(b) Cheques on hand	**40.16**	–
(c) Fixed deposits with maturity less than 3 months	**396.00**	99.00
Total Cash and cash equivalent	**478.31**	114.71

Note 11 - Loans

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Loans to related parties		
– Unsecured, considered good	**300.00**	1,500.00
Total	**300.00**	1,500.00

Note 12 Other financial assets

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Interest accrued but not received on fixed deposit	**5.10**	0.54
(ii) Interest accrued but not received on inter corporate deposit	**–**	1.74
Total	**5.10**	2.28

Note 13 Other current assets

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
	Current	Current
(a) Advances to suppliers	**17.39**	5.04
(b) Balances with government authorities	**0.03**	6.30
(c) Prepayments	**1.88**	2.77
Total	**19.30**	14.11

Note 14 Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Rs. Lakhs**	No. of shares	Rs. Lakhs
Authorised:				
Equity shares of Rs. 10 each	**40,00,00,000**	**40,000.00**	40,00,00,000	40,000.00
Issued, Subscribed Capital:				
Equity shares of Rs. 10 each, fully paid up	**10,00,000**	**100.00**	10,00,000	100.00
Total	**10,00,000**	**100.00**	10,00,000	100.00

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

Particulars	**2018**		2017	
	No. of Shares	**Rs. Lakhs**	No. of Shares	Rs. Lakhs
Issued and subscribed :				
Balance as at the beginning of the year	**10,00,000**	**100.00**	10,00,000	100.00
Add:				
Shares issued during the year	**–**	**–**	–	–
Balance at the end of the year	**10,00,000**	**100.00**	10,00,000	100.00

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

Class of shares / Name of shareholder	**As at March 31, 2018**		As at March 31, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra Trucks and Buses Limited, the holding Company	**7,90,000**	**79%**	7,40,000	74%
Mahindra Holdings Limited Subsidiary of Mahindra & Mahindra Ltd	**2,10,000**	**21%**	2,10,000	21%

Note 15 Other Equity

Other Equity Rs. Lakhs

Particulars	**Reserves & Surplus**			
	General reserve	**Retained earnings**	**Equity instrument through Other Comprehensive Income**	**Total**
Balance at the beginning of the year 31st March, 2017	412.50	1,740.54	–	2,153.04
Total Comprehensive income for the year	–	1,119.88	–	1,119.88
Dividends paid on equity shares	–	(1,122.00)	–	(1,122.00)
Dividend distribution tax	–	(228.41)	–	(228.41)
Balance at the end of the year 31st March 2018	**412.50**	**1,510.01**	**–**	**1,922.51**

Details of dividend paid and proposed

Rs. Lakhs

Particulars	**March 31, 2018**	March 31, 2017
Dividend paid		
Dividend paid on equity shares	**1,122.00**	
Dividend distribution tax paid	**228.41**	
(Dividend for the year ended 31st march 2018 Rs. Nil per share (31st March 2017 Rs. 112.20 per share)		
Dividend proposed		
Dividend proposed on equity shares - Rs. 93 per share (Rs. 112.20 per share for FY 2017)	**930.00**	1,122.00
Dividend distribution tax on proposed dividend	**191.16**	228.41
(Proposed dividend on equity shares are subject to the approval of members at the annual general meeting and are not recognized as a liability (including tax liability thereon) as at 31st March 2018)		
	2,471.57	1,350.41

Note 16 Other Financial Liabilities

Rs. Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers	**2.00**	2.00
Total other financial liabilities	**2.00**	2.00

Note 17 Provisions

Rs. Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Provision for employee benefits		
(i) Provision for compensated absences	**5.51**	4.85
(ii) Provision for gratuity	**5.92**	4.33
Total Provisions	**11.43**	9.18

Note 18 Trade Payables

Rs. Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Trade payable for goods and services	**674.54**	618.63
Total trade payables	**674.54**	618.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 19 Current tax liabilities (net)

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for tax net of advance tax Rs. 519.97 Lakhs (FY 2016-17 - Rs. 700.21 Lakhs)	**67.56**	32.30
Total	**67.56**	32.30

Note 20 Other Liabilities

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Advances received from customers	**126.66**	193.54
Statutory dues		
– Taxes payable	**88.25**	35.04
Other provisions	**55.90**	77.33
Total other liabilities	**270.81**	305.91

Note 21 Revenue from Operations

Rs. Lakhs

Particulars	For the ear ended March 31, 2018	For the year ended March 31, 2017
Revenue from sale of goods (including excise duty)	**5,262.94**	7,204.32
Total Revenue from Operations	**5,262.94**	7,204.32

Note 22 Other Income

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the ear ended March 31, 2017
(a) Interest income		
– on financial assets at Amortized cost		
(i) fixed deposit with banks	**23.99**	35.62
(i) inter corporate deposit	**75.21**	68.86
(b) Dividend income from current investment	**24.79**	61.01
(c) Foreign exchange gain (net)	**17.13**	24.27
(d) Net profit on sale of current investments	**7.37**	7.71
(e) Liabilities no longer required written back	**11.99**	23.90
(f) Miscellaneous income	**4.39**	2.67
Total Other Income	**164.87**	224.04

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

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year:		
Finished goods	**391.51**	469.11
Inventories at the beginning of the year:		
Finished goods	**469.11**	612.24
Net decrease	**77.60**	143.13

Note 24 Employee Benefits Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages, including bonus	**38.23**	37.74
(b) Contribution to provident and other funds	**1.87**	1.74
(c) Share based payment expense	**1.63**	1.98
(d) Staff welfare expenses	**1.60**	2.07
Total Employee Benefit Expense	**43.33**	43.53

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

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

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

24.1 Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.1.42 Lakhs (Year ended 31 March, 2017 Rs.1.29 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the Company is at rates specified in the rules of the schemes.

24.2 Defined Benefit Plans:

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

Gratuity:

The Company has a plan towards gratuity, a defined benefit retirement plan covering eligible employees at retirement or death while in employment or on termination of employment for an amount as per policy payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has only 3 employees on its payroll as of March 31,2018, hence the company has made valuations at full value rather than obtaining actuarial valuation. Provision for gratuity is made on arithmetical basis of Rs. 5.92 Lakhs for employees (2017, Rs. 4.33 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 25 Finance Cost

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense on financial liability at amortised cost	**0.17**	0.17
Total finance costs	**0.17**	0.17

Note 26 Other Expenses

Rs. Lakhs

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Rent including lease rentals	**38.22**	47.55
(b)	Rates and taxes	**2.39**	2.94
(c)	Insurance	**2.68**	4.50
(d)	Repairs and maintenance	**–**	0.37
(e)	Advertisement	**25.00**	50.50
(f)	Freight outward	**204.56**	234.68
(g)	Sales promotion expenses	**7.52**	–
(h)	Provision for doubtful trade receivables	**–**	19.86
(i)	Allowance for credit loss (net)	**(0.61)**	–
(j)	Travelling and Conveyance Expenses	**3.31**	3.53
(k)	Subcontracting, Hire and Service Charges	**305.84**	336.24
(l)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013	**43.09**	42.96
(m)	Auditors remuneration and out-of-pocket expenses (refer note (i) below)	**5.41**	7.57
(n)	Legal and other professional costs	**10.79**	24.38
(o)	Packing Expenses	**49.95**	63.10
(p)	Warehousing Charges	**371.09**	462.98
(q)	Royalty Expense	**18.17**	31.30
(r)	Other General Expenses	**3.49**	5.01
	Total Other Expenses	**1,090.90**	1,337.47

note (i)

Rs. Lakhs

	Particular	For the year ended March 31, 2018	For the year ended March 31, 2017
(i)	Payments to the auditors comprises (net of service tax input credit, where applicable):		
	For - statutory audit	**4.00**	5.56
	For taxation matters	**1.25**	1.52
	For other services	**–**	0.41
	Reimbursement of expenses	**0.16**	0.08
	Total	**5.41**	7.57

Note 27 Tax expenses

Income Tax Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax:		
Current Income Tax Charge	**586.71**	705.00
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**0.49**	(7.83)
Short/(Excess) Provision for previous years	**(28.29)**	(11.95)
Total Tax Expense recognised in profit and loss account	**558.91**	685.22

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

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Rs. Lakhs	**Tax Rate**	Rs. Lakhs	Tax Rate
Profit Before tax from Continuing Operations	**1,678.79**		2,036.70	
Income Tax using the Company's domestic Tax rate#	**580.99**	**34.61%**	704.86	34.61%
Tax Effect of :				
– Non deductible Expenses				
Interest on Delayed payment to the Micro, Small and Medium Enterprises	**0.02**	**0.00%**	0.01	0.00%
Donation to KC Mahindra Education trust	**7.21**	**0.43%**	7.24	0.36%
CSR Expenses - own spend disallowed U/s 37(1)	**7.71**	**0.46%**	7.62	0.37%
Provision for doubtful debts	**1.77**	**0.11%**	6.87	0.34%
Others	**3.17**	**0.19%**	3.13	0.15%
– Deductible Expenses				
Donation U/s 80G @ 50%	**(3.60)**	**-0.21%**	(3.62)	-0.18%
Tax Truing up of previous year assessment completed and order received	**(28.29)**	**-1.68%**	(11.95)	-0.59%
Provision for doubtful Debts Recovered in Current year not to be taxed	**(1.98)**	**-0.12%**	–	0.00%
– Tax - Exempt income	**(8.58)**	**-0.51%**	(21.11)	-1.04%
Changes in recognised deductible temporary differences	**0.49**	**0.03%**	(7.83)	-0.38%
Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate)	**558.91**	**33.29%**	685.22	33.64%

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

Deferred tax expected to originate in the year to 31.03.2018 has been measured using the effective rate that will apply for the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 28 Earning per share disclosures

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**111.99**	135.15
Total basic earnings per share	**111.99**	135.15
Diluted Earnings per share		
From continuing operations	**111.99**	135.15
Total diluted earnings per share	**111.99**	135.15

Note 28.1 Basic earnings per share

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

Rs. Lakhs

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit for the year attributable to owners of the Company	**1,119.88**	1,351.48
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**1,119.88**	1,351.48
Weighted average number of equity shares	**10,00,000**	10,00,000
Earnings per share from continuing operations - Basic	**111.99**	135.15

Note 29 Segment information

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

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

Rs. Lakhs

Geographic information	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue from external customers		
India	**5,253.96**	7,153.48
Outside India	**8.98**	50.84
Total revenue per statement of profit or loss	**5,262.94**	7,204.32

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

Revenue from major products and services

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

Rs. Lakhs

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Sale of spares	**5,262.94**	7,204.32
Total	**5,262.94**	7,204.32

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

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

Note 30 Contingent liabilities and commitments

Rs. Lakhs

Contingent liabilities (to the extent not provided for)	**As at 31st March, 2018**	As at 31st March, 2017
Contingent liabilities		
Disputed Liabilities in appeal		
Sales Tax C form liability F14	**3.02**	–
Total	**3.02**	–

Note 31 Related Party Transactions

Nature of Relationship

Details of related parties:

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

Note: Related parties have been identified by the Management.

Note: Figures in bracket relates to the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Details of related party transactions during the year ended 31st March, 2018 and balances outstanding as at 31st March, 2018:

Rs. Lakhs

	Mahindra & Mahindra Limited	Mahindra Trucks & Buses Limited	Mahindra Holdings Limited	NBS International Limited	Mahindra First Choice Services Limited	Mahindra Reva Electric Vehicles Private Limited	Mahindra Integrated Business Solution	Mahindra Two Wheeler Pvt Ltd	Mr. Ketan Doshi KMP	Bristlecone India Limited	Mahindra Retail Private Limited	Total
Purchase of goods	237.50	–	–	–	–	4.69	–	–	–	–	65.88	308.07
	(306.08)	(0.00)	(0.00)	(0.00)	(0.00)	(30.46)	(0.00)	(0.00)	(0.00)	(0.00)	(14.69)	(351.23)
Sale of goods	7.48	–	–	28.51	0.09	–	–	–	–	–	–	36.08
	(17.28)	(0.00)	(0.00)	(31.28)	(2.64)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(51.20)
Purchase of Fixed Assets	–	–	–	–	–	–	–	–	–	–	–	–
	(15.54)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(15.54)
Receiving of services	778.43	–	–	–	–	–	23.18	–	–	–	–	801.61
	(890.05)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(18.50)	(0.00)	(0.00)	(0.55)	(0.00)	(909.10)
Rent Expenses	44.68	–	–	–	–	–	–	–	–	–	–	44.68
	(54.15)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(54.15)
Interest Income	–	–	–	25.92	–	–	–	3.72	–	–	–	29.64
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(18.15)	(0.00)	(0.00)	(0.00)	(18.15)
Reimbursements received from parties	–	–	–	–	–	–	–	–	–	–	–	–
	(1.28)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.28)
Reimbursements made to parties	3.73	–	–	–	–	–	–	–	–	–	–	3.73
	(18.70)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(18.70)
Interest Expenses	–	–	–	–	0.12	–	–	–	–	–	–	0.12
	(0.00)	(0.00)	(0.00)	(0.00)	(0.14)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.14)
Managerial Remuneration	–	–	–	–	–	–	–	–	15.18	–	–	15.18
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(60.52)	(0.00)	(0.00)	(60.52)
Dividend Paid	–	830.28	235.62	–	–	–	–	–	–	–	–	1,065.90
	(873.20)	(0.00)	(247.80)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1,121.00)
Inter Corporate Deposit Given	–	–	–	800.00	–	–	–	–	–	–	–	800.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1,500.00)	(0.00)	(0.00)	(0.00)	(1,500.00)
Inter Corporate Deposit Received	–	–	–	500.00	–	–	–	1,500.00	–	–	–	2,000.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<u>Balances outstanding at the end of the year</u>												
Trade receivables	6.63	–	–	–	–	–	–	–	–	–	–	6.63
	(17.28)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(17.28)
Trade payables	325.36	–	–	0.85	0.11	–	3.86	–	–	–	–	330.18
	(149.12)	(0.00)	(0.00)	(0.36)	(0.10)	(0.21)	(1.98)	(0.00)	(0.00)	(0.00)	(0.00)	(151.77)
Interest receivable	–	–	–	–	–	–	–	–	–	–	–	–
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.74)	(0.00)	(0.00)	(0.00)	(1.74)
Inter Corporate Deposit Receivable	–	–	–	300.00	–	–	–	–	–	–	–	300.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1,500.00)	(0.00)	(0.00)	(0.00)	(1,500.00)
Dealer deposit	–	–	–	–	2.00	–	–	–	–	–	–	2.00
	(0.00)	(0.00)	(0.00)	(0.00)	(2.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(2.00)

Company has incurred Rs.15.18 Lakhs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 32 Financial Instruments and Risk Review

32.1 Capital Management policies and procedures

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, Return on capital employed ratio on the basis of the carrying amount of equity on a monthly basis and implement capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The company monitors the total capital comprising of Equity. The company is not subject to externally enforced capital regulation. Equity comprises of total shareholders' equity as reported in the financial statements.

Total Capital is as follows:

Rs. Lakhs

Particular	As at March 31, 2018	As at March 31, 2017
Equity	**2,022.51**	2,253.04
	2,022.51	2,253.04

Categories of financial assets and financial liabilities

Rs. Lakhs

Particulars	As at 31st March, 2018 Amortised Costs	FVTPL	FVOCI	Total	As at 31st March, 2017 Amortised Costs	FVTPL	FVOCI	Total
Non current financial Assets								
(i) Non current investment	**–**	**–**	**499.98**	**499.98**	–	–	499.98	499.98
Current Assets								
(i) Investments	**–**	**1,171.77**	**–**	**1,171.77**	–	494.44	–	494.44
(ii) Trade receivables	**147.70**	**–**	**–**	**147.70**	86.01	–	–	86.01
(iii) Cash and cash equivalents	**478.31**	**–**	**–**	**478.31**	114.71	–	–	114.71
(iv) Loans	**300.00**	**–**	**–**	**300.00**	1,500.00	–	–	1,500.00
(v) Interest accrued but not received	**5.10**	**–**	**–**	**5.10**	2.28	–	–	2.28
Total	**931.11**	**1,171.77**	**499.98**	**2,602.86**	1,703.00	494.44	499.98	2,697.42
Current Liabilities								
Trade Payables	**674.54**	**–**	**–**	**674.54**	618.63	–	–	618.63
Other Non Current financial liabilities								
Other financial liabilities	**2.00**	**–**	**–**	**2.00**	2.00	–	–	2.00
Total	**676.54**	**–**	**–**	**676.54**	620.63	–	–	620.63

Note 32.2 Financial Risk Management Framework

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

(i) CREDIT RISK

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

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

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

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

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

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

Particulars	Less than 6 months past due	More than 6 months past due	Total
As at 31 March 2018			
Gross carrying amount	**144.02**	**22.93**	**166.95**
Loss allowance provision	**–**	**(19.25)**	**(19.25)**
Net	**144.02**	**3.68**	**147.70**
As at 31 March 2017			
Gross carrying amount	82.60	23.27	105.87
Loss allowance provision	–	(19.86)	(19.86)
Net	82.60	3.41	86.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Reconciliation of loss allowance for Trade Receivables

Rs. Lakhs

Particulars	For the year ended March 31, 2018
Balance as at beginning of the year	**19.86**
Addition during the year	**5.12**
Additons/Reversal during the year	**(5.73)**
Balance at end of the year	**19.25**

(ii) MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks, including:

(i) Forward covers to hedge the import payments,

(ii) Fixed Deposits with Bank and

(iii) Mutual funds investment

There have been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. Lakhs

Particulars	Euro
As at 31 March 2018	
Trade Receivables	**–**
Trade Payables	**44.89**
	44.89
As at 31 March 2017	
Trade Receivables	1.45
Trade Payables	80.62
	82.07

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

Rs. Lakhs

Particulars	Euro
As at 31 March 2018	
Trade Receivables	**–**
Trade Payables	**–**
	–
As at 31 March 2017	
Trade Receivables	1.45
Trade Payables	–
	1.45

Outstanding forward contracts entered by the Company as on 31st March, 2018 (Cross currency:Rupees)

Currency	Buy/Sell	FC (in Lakhs)	Rs. Lakhs
As at 31 March 2018			
EUR	**Buy**	**0.59**	**43.31**
As at 31 March 2017			
EUR	Buy	2.20	158.09

Sensitivity Analysis

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

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

Rs. Lakhs

Exposure	As at March 31, 2018	As at March 31, 2017
Debtors	**–**	1.45
Creditors	**–**	–
Sub total	**–**	1.45
Exchange impact	**–**	0.15

Forward Exchange Contracts

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

The Company has not designated forward contracts under hedging relationships

(iii) LIQUIDITY RISK

(a) Liquidity risk management

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

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
Non-derivative financial liabilities		
31-Mar-18		
Interest bearing financial liability	**–**	**2.00**
Non-interest bearing financial liabilities	**674.54**	**–**
Total	**674.54**	**2.00**
31-Mar-17		
Interest bearing financial liability	–	2.00
Non-interest bearing financial liabilities	618.63	–
Total	618.63	2.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
31-Mar-18		
Non-interest bearing		
(i) current Investments	**1,171.77**	**–**
(ii) Trade receivables	**147.70**	**–**
(iii) Cash and cash equivalents	**82.31**	**–**
(iv) Non current investments	**–**	**499.98**
Fixed interest rate instruments		
(i) Fixed deposits with banks	**396.00**	**–**
(ii) Interest accrued but not received	**5.10**	**–**
(iii) Loans	**300.00**	**–**
Total	**2,102.88**	**499.98**
31-Mar-17		
Non-interest bearing		
(i) Investments	494.44	–
(ii) Trade receivables	86.01	–
(iii) Cash and cash equivalents	15.71	–
(iv) Non current investments	–	499.98
Fixed interest rate instruments		
(i) Fixed deposits with banks	99.00	–
(ii) Interest accrued but not received	2.28	–
(iii) Loans	1,500.00	–
Total	**2,197.44**	**499.98**

Offsetting of balances

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31 March 2018					
Financial assets					
Non current Investments	**499.98**	**–**	**499.98**	**–**	**499.98**
Current investments	**1,171.77**	**–**	**1,171.77**	**–**	**1,171.77**
Trade receivables	**166.95**	**(19.25)**	**147.70**	**–**	**147.70**
Cash and cash equivalents	**478.31**	**–**	**478.31**	**–**	**478.31**
Loans	**300.00**	**–**	**300.00**	**–**	**300.00**
Other financial assets	**5.10**	**–**	**5.10**	**–**	**5.10**
Total	**2,622.11**	**(19.25)**	**2,602.86**	**–**	**2,602.86**
Financial liability					
Trade payables	**674.54**	**–**	**674.54**	**–**	**674.54**
Other financial liabilities	**2.00**	**–**	**2.00**	**–**	**2.00**
Total	**676.54**	**–**	**676.54**	**–**	**676.54**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31 March 2017					
Financial assets					
Non current Investments	499.98	–	499.98	–	499.98
Current investments	494.44	–	494.44	–	494.44
Trade receivables	105.87	(19.86)	86.01	–	86.01
Cash and cash equivalents	114.71	–	114.71	–	114.71
Loans	1,500.00	–	1,500.00	–	1,500.00
Other financial assets	2.28	–	2.28	–	2.28
Total	2,717.27	(19.86)	2,697.41	–	2,697.41
Financial liability					
Trade payables	618.63	–	618.63	–	618.63
Other financial liabilities	2.00	–	2.00	–	2.00
Total	620.63	–	620.63	–	620.63

Note 33 Fair Value Measurement

Financial assets/financial liabilities	Fair value as at March 31, 2018	Fair value as at March 31, 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Foreign currency forward contracts	0.30	(3.85)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.	
(ii) Equity investments	499.98	499.98	Level 3	Combination of Net assets value and Discounted Cash Flow	Long term revenue growth rates	

Note: Carrying amount of Investment in unquoted equity shares closely closely approximates the fair value.

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

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2018				
Current Financial assets carried at amortised cost				
– loans to related parties	**–**	**300.00**	**–**	**300.00**
– trade and other receivables	**–**	**147.70**	**–**	**147.70**
– Loans receivables	**–**	**–**	**–**	**–**
– Others	**–**	**5.10**	**–**	**5.10**
Total	**–**	**452.80**	**–**	**452.80**
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	**–**	**2.00**	**–**	**2.00**
Current financial liabilities carried at amortised cost				
Trade Payables	**–**	**674.54**	**–**	**674.54**
Total	**–**	**676.54**	**–**	**676.54**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Rs. Lakhs

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

Financial instruments measured using fair value

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2018				
Current Financial assets				
Investments in Mutual Funds...	**1,171.77**	**–**	**–**	**1,171.77**
Non current financial assets				
Investment in equity instruments	**–**	**–**	**499.98**	**499.98**
Total	**1,171.77**	**–**	**499.98**	**1,671.75**
Financial assets				
As at 31st March 2017				
Current Financial assets				
Investments in Mutual Funds...	494.44	–	–	494.44
Non current financial assets				
Investment in equity instruments	–	–	499.98	499.98
Total	494.44	–	499.98	994.42

Note 34 Additional Information to the Financial Statements

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

Rs. Lakhs

	Particulars	**31-Mar-18**	31-Mar-17
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	**4.95**	4.52
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**–**	–
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**–**	–
(iv)	The amount of interest due and payable for the year	**0.05**	0.02
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.05**	0.02
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid..	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

For and on behalf of the Board of Directors

Hemant Sikka	Chairman
Bharat Moossaddee	Director
Sandip Dhond	Director
Ketan Doshi	Director
Sanjoy Gupta	Director
Pallavi Ogale	Company Secretary

Place : Mumbai
Date : 20th April, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Second Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rs. In Lakhs)

Particulars	**Financial Year Ended 31st March, 2018**	Financial Year Ended 31st March, 2017
Revenue	**10,845.57**	13,315.11
Profit/(Loss) before Interest, Depreciation, Amortisation Expenses and Taxation	**(426.50)**	(112.55)
Less: Interest	**185.31**	239.23
Less: Depreciation and Amortisation Expenses	**141.96**	156.46
Profit/(Loss) before Taxation	**(753.77)**	(508.24)
Other Comprehensive Income	**(1.33)**	9.25
Less: Provision for Taxation	**–**	–
Provision for Deferred Tax	**–**	–
Profit/(Loss) after Taxation	**(755.10)**	(498.99)
Profit/(Loss) brought forward from earlier years	**(1,709.45)**	(1,210.46)
Less: Share Issue expenses debited to Retained earnings	**(0.27)**	–
Balance of Profit/(Loss) carried forward	**(2,464.82)**	(1,709.45)
Net Worth	**(9.77)**	(738.92)

No material changes and commitments have occurred after the closure of the financial year under review till the date of this report which would affect the financial position of the Company.

Operations

The financial year F 18 has been a challenging year for the business. Volumes de-grew by 17%, especially on account of challenges faced in the commercial vehicle segment. (Commercial segment de-grew by 10% and Personnel segment de-grew by 22%). In the challenging environment, the team took various initiatives on improving profitability and keeping costs under control to minimise impact on profitability of the business.

During the year, the Company has started a new workshop to cater to customers in western suburbs of Mumbai as part of its sales outlet in Andheri. This has been well received by all our customers. Several initiatives were also taken to build customer relationship and scale up capacity and capability of the sales and service team throughout the year. All these efforts and actions have helped improve our customer retention and satisfaction scores significantly.

The result of all the above has helped control the losses for the year to Rs. 755.10 Lakhs against Rs. 498.99 Lakhs in the previous year.

Dividend

In view of the losses, your Directors have not considered any dividend for the Financial Year under review.Further the Board of your Company decided not to transfer any amount to the General Reserve for the year under review.

Share Capital

During the year under review, your Company increased the Authorised Share Capital from Rs. 10,00,00,000 (100,00,000 Equity Shares of Rs. 10 each) to Rs. 25,00,00,000 (2,50,00,000 Equity Shares of Rs. 10 each).

Your Company issued and offered 1,50,00,000 equity shares of Rs. 10 each on Rights basis on 3rd November, 2017. During the year under review the Board of Directors vide circular resolution passed on 18th December, 2017, allotted 14,999,984 Equity Shares to the Holding Company, Mahindra and Mahindra Limited. Pursuant to the said allotment, the paid up Share Capital of the Company stood at Rs. 24,55,04,840 as at the last date of the year under review.

Board of Directors

The Composition of Board of Directors of the Company is as under:

Sr. No.	Name of the Director and DIN	Designation	Executive/ Non-Executive	Independent/ Non Independent
1	Mr. Pravin Shah (DIN: 00056173)	Chairman	Non-Executive	Non Independent
2	Mr. Bharat Moossaddee (DIN: 02166403)*	Director	Non-Executive	Non Independent
3	Mr. Rajeshwar Tripathi (DIN: 06734734)	Director	Non-Executive	Non Independent
4	Mr. Ramesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
5	Mr. Vijay Nakra (DIN: 02638616)	Director	Executive	Non Independent

Sr. No.	Name of the Director and DIN	Designation	Executive/ Non-Executive	Independent/ Non Independent
6	Mr. S.C Bhargava (DIN:00020021)	Director	Non-Executive	Independent
7	Mr. Rahul Asthana (DIN: 00234247)	Director	Non-Executive	Independent
8	Mr. Nozar Bharucha (DIN: 03315303)**	Director	Non-Executive	Non Independent

* Appointed as Director with effect from 1st August, 2017.

** Resigned as Director with effect from the closure of business hours of 5th May, 2017.

Mr. Pravin Shah (DIN:00056173) and Mr. Ramesh Iyer (DIN: 00220759) retires by rotation and, being eligible, have offered themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

Your Company has received declarations from Mr. Rahul Asthana (DIN: 00234247) and Mr. S C Bhargava (DIN: 00020021), Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment / re-appointment as Directors.

Meetings of the Board and Annual General Meeting

Your Directors met 4 times during the year under review i.e. on 5th May, 2017, 1st August, 2017, 3rd November, 2017 and 29th January, 2018.

21st Annual General Meeting of the Shareholders of the Company was held on 1st August, 2017.

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

Name of Directors	No. of meetings attended (out of 4 meetings)
Mr. Pravin Shah	4
Mr. RajeshwarTripathi	4
Mr. Ramesh Iyer	2
Mr. Vijay Nakra	4
Mr. S C Bhargava	3
Mr. Rahul Asthana	4
Mr. Bharat Moossaddee	4
Mr. NozarBharucha*	1

* resigned as director of the Company with effect from 5th May, 2017.

Directors' Responsibility Statement

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

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

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Codes of Conduct

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

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

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

Meeting of Independent Directors

The Independent Directors of the Company met on 3rd November, 2017 without the presence of the Chairman or Executive Director or other Non-Independent Directors or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation of Performance of Directors

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

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors including the Chairman.

Committees of the Board:

Audit Committee

The Audit Committee was reconstituted on 5th May, 2017 following the resignation of Mr. Nozar Bharucha as Director from the closure of business hours of 5th May, 2017.

The Audit Committee now consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director and Mr. Bharat Moossaddee, Director.

The Committee met 4 times during the year i.e., on 5th May, 2017, 1st August, 2017, 3rd November, 2017 and 29th January, 2018 and complied with the terms of reference assigned to the Committee.

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

Name of Directors	No. of meetings attended (out of 4 meetings)
Mr. Nozar Bharucha*	1
Mr. S C Bhargava	3
Mr. Rahul Asthana (Chairman)	4
Mr. Bharat Moossaddee	3

* resigned as director of the Company with effect from 5th May, 2017.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director, Mr. Ramesh Iyer and Mr. Rajeshwar Tripathi, Directors.

The Committee met once during the year under review i.e. on 5th May, 2017.

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

Name of Directors	No. of meetings attended (out of 1 meeting)
Mr. Rajeshwar Tripathi (Chairman)	1
Mr. Ramesh Iyer	None
Mr. S C Bhargava	None
Mr. Rahul Asthana	1

Key Managerial Personnel

During the year under review, Mr. Vijay Nakra has been re -appointed as Whole Time Director of the Company for a further period of three years with effect from 16th September, 2017 by the Board at its meeting held on 5th May, 2017. The Shareholders at their Annual General Meeting held on 1st August, 2017 had approved the said re-appointment.

Mr. V. Rajan was appointed as the Chief Financial Officer of the Company with effect from 1st May, 2018.

Ms. Anuja More was appointed as Company Secretary on 5th May, 2017.

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

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

a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.

b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

The Board on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 30th April, 2018 had amended the said policies in order to align the same with various amendments in the Companies Act, 2013.

The revised policies are furnished as **Annexure I** and forms part of this Report.

Risk Management Policy

Your Company has a Risk Management Policy in force. The policy identifies elements of risk, if any, which may threaten the existence of the Company. The well devised policy enables your company to foresee the risks associated with the business of the Company and in managing the same if confronted with.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on Financial Statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of Financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is strong and persons working at your Company's facilities are given training on safety and health.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without loosing focus on economic performance.

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

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

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral.

During the year under review, no complaints with allegations of sexual harassment were filed, all of which were disposed-off as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Statutory Auditors & Auditors Report

M/s. B. K. Khare & Co. were appointed as Statutory Auditors in the year 2001 and since then they were continuing as Statutory Auditors. Their last appointment was made in the year 2014 for a period of 5 years i.e. from the conclusion of the 18th Annual General Meeting (AGM) held on 1st August, 2014 till the conclusion of the 23rd AGM subject to ratification of appointment at every AGM pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. However, during the year, the paid-up share capital of the Company was increased beyond Rs. 10 Crores and as per Rule 5 of the Companies (Audit and Auditors) Rules, 2014, no unlisted company having a paid up share capital of more than Rs. 10 Crore or more shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years, hence B. K. Khare & Co., could not be appointed as Statutory Auditors of the Company and they hold office upto conclusion of 22nd AGM of the Company.

Accordingly, the Board of Directors has recommended the appointment of M/s. Suresh Surana & Associates LLP (Firm Registration No. 121750W/W-100010), as Statutory Auditors, in place of M/s. B. K. Khare & Co., Chartered Accountants, to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of the 27th AGM, at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of Audit.

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

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their Report for the financial year 2017-18.

Reporting on Frauds by Auditors

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

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure II** and forms part of this Report.

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

During the year under review, your Company had not made any investment or given loans/ guarantees of the nature covered under section 186.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances particulars in respect of which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to Parent Company, Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

There were no contracts/ arrangements / transactions entered, during the year under review with related parties, which are in the nature of transactions referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure III** and forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2018 is attached herewith as **Annexure IV** and forms part of this Report.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Loan by the Company to purchase or subscribe shares having voting rights and not exercised directly by the employees.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the Management, Bankers, Customers, Vendors, Employees and all the other Stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

PRAVIN SHAH
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means NBS International Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time.

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

- The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.
- Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman / Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING

Purpose

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

Board

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

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

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

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

Senior Management Personnel

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

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

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

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

Policy Statement

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

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

2) For critical positions, what is the succession pipeline?

3) What are the individual development plans for individuals both in the succession pipeline as well as others?

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

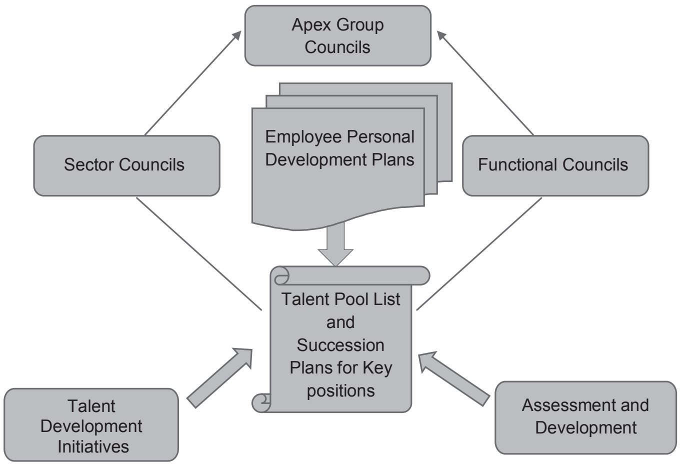
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

b) **Exposure** i.e. coaching and mentoring – 20% weightage

c) **Education** i.e. learning and development initiatives – 10% weightage

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

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

PRAVIN SHAH
Chairman

Place: Mumbai
Date: 30th April, 2018

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in NBS International Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees. The overall compensation philosophy which guides us is that in order to achieve dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the industry while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

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

Non-Executive Including Independent Directors

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

Executive Directors

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

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs shall be determined by the Board and may be revised from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

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

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e. for all employees from Technician to Senior Management Band, we benchmark with competitors from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

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

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programmes

(b) the steps taken by the Company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) **– Not Applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology has been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil

For and on behalf of the Board

PRAVIN SHAH
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. AOC – 2

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

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

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

(Amount in Lakhs)

Sr. No	**Name of the related party**	**Nature of Relationship**	**Nature of contract**	**Salient terms of the Transaction including the value, if any**		**Date of Approval by the Board**
1	Mahindra & Mahindra Limited	Holding Company	Equity infusion	Prevailing rates	1,500.00	N.A.
2	Mahindra & Mahindra Limited	Holding Company	Purchase of Goods	Prevailing rates	10,856.94	N.A.

Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)).

For and on behalf of Board

PRAVIN SHAH
Chairman

Place: Mumbai
Date: 30th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U18101MH1995PLC095482
2.	**Registration Date**	19/12/1995
3.	**Name of the Company**	NBS International Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares / Indian Non-Government Company
5.	**Address of the Registered Office and contact details**	10, Stone Building, Shop No.1, Opp. Chowpatty Sea Face, Mumbai 400 007. Tel. Ph.: 022 6624 4666 Fax No: 022 2364 1981
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Pvt. Ltd. 7th Floor, 701, Hallmark Business Plaza, St. Dnyaneshwar Marg, Off Bandra Kurla complex, Bandra East, Mumbai 400051 Tel. Ph.: 9122 61491626

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Wholesale and retail sale of new vehicles (passenger motor vehicles, ambulances, minibuses, jeeps, trucks, trailers and semi-trailers)	45101	80.17
2	Maintenance & repairs of vehicles	45200	19.83

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001.	L65990MH1945PLC004558	Holding Company	100%	2 (46)

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

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	95,50,500	95,50,500	100	2,45,50,374	110	2,45,50,484	100	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	95,50,500	95,50,500	100	2,45,50,374	110	2,45,50,484	100	0
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total- A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (A)(1)+(A)(2)	–	95,50,500	95,50,500	100	2,45,50,374	110	2,45,50,484	100	0
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/ FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total- (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding B = (B) (1) + (B) (2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**95,50,500**	**95,50,500**	**100**	**2,45,50,374**	**110**	**2,45,50,484**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	95,50,390	99.99	–	2,45,50,374	99.99	–	–
2	Mahindra & Mahindra Limited Jointly with Mr. Ulhas N. Yargop*	1	0.00	–	1	0.00	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. Pravin N. Shah*	1	0.00	–	1	0.00	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. S. Durgashankar*	1	0.00	–	1	0.00	–	–
5	Mahindra & Mahindra Limited Jointly with Dr. Pawan Kumar Goenka*	1	0.00	–	1	0.00	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. Bharat Moossaddee*	1	0.00	–	1	0.00	–	–
7	Mahindra & Mahindra Limited Jointly with Mr. K Chandrasekar *	1	0.00	–	1	0.00	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar *	94	0.01	–	94	0.01	–	
9	Mahindra Holdings Limited	10	0.00	–	10	0.00	–	–

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

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

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	**Mahindra and Mahindra Limited**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year	95,50,490	100.00	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	1,49,99,984	–	2,45,50,474	100.00
	At the end of the year (or on the date of separation, if separated during the year)	–	–	2,45,50,474	100.00
2	**Mahindra Holdings Limited**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year	10	0.00	–	–
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–	10	00.00
	At the end of the year (or on the date of separation, if separated during the year)	–	–	10	00.00

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

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

v. Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

(Rs. In Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	5.00	20.21	0.00	25.21
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.05	0.00	0.00	0.05
Total of (1+2+3)	5.05	20.21	0.00	25.26
Change in Indebtedness during the financial year				
+ Addition	0.00	08.00	0.00	08.00
– Reduction	(5.05)	(16.43)	0.00	(21.48)
Net change	(5.05)	(08.43)	0.00	(13.48)
Indebtedness at the end of the financial year 31.03.2018				
1) Principal Amount	0.00	11.78	0.00	11.78
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.00	0.00	0.00	0.00
Total of (1+2+3)	**0.00**	**11.78**	**0.00**	**11.78**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Vijay Nakra	Total Amount
1.	Gross Salary	5.86	5.86
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	**5.86**	**5.86**

	Ceiling as per the Act	As per Schedule V to the companies Act, 2013

B. Remuneration to other directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Rahul Asthana (ID)	Mr. S C Bhargava (ID)	
1. Independent Directors	–	–	–
• Fee for attending board/committee meetings	2.20	1.50	3.70
• Commission	–	–	–
• Others, please specify	–	–	–
Total (1)	2.20	1.50	3.70
2. Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–
Total (2)	–	–	–
Total B = (1+2)	**2.20**	**1.50**	**3.70**
Total Managerial Remuneration (A+B)			**9.56**
Overall Ceiling as per the Act	–	–	Sitting fees Rs. 1 lakh per meeting per Independent Director as specified under Companies Act, 2013

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of the KMP	Total Amount
		Ms. Anuja More Company Secretary (from 05.05.2017 to 31.03.2018)	
1.	Gross Salary	2.20	2.20
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, please specify	–	–
5.	Others, specify	–	–
	Total	**2.20**	**2.20**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

PRAVIN SHAH
Chairman

Place: Mumbai
Date: 30th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **NBS INTERNATIONAL LIMITED**

Report on the standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of NBS International Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2015 (as amended).

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

   In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of the affairs (financial position) of the company as at March 31, 2018 and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

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

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 29 to the standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

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

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai, April 30, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on the standalone Ind AS financial statements of NBS International Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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

(b) The Fixed assets are physically verified by the Management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets had been physically verified by the Management in the previous year and no material discrepancies had been noticed in respect of assets verified during the previous year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable property.

II. (a) The Inventory has been physically verified during the year by the management. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory of vehicles and spares and accessories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(b) On the basis of the information and explanations given to us discrepancies noticed on physical verification of inventory of spares and accessories have been properly dealt with in the books of accounts.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not prescribed to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & services tax duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, goods & services tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute except following:

Nature of statute	Nature of dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	143.43	A.Y.2012-13	Appeal filed against order passed by DCIT

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, by its officers and employees, has been noticed or reported during the year, nor have we been informed of any such instance by the Management and accordingly, Para 3(x) of the Order is not applicable to the Company.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration and accordingly, Para 3(xi) of the Order is not applicable to the Company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 187 and 188 of Companies Act, 2013.The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under

Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai, April 30, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NBS INTERNATIONAL LIMITED

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

We have audited the internal financial controls over financial reporting of **NBS INTERNATIONAL LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai, April 30, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Currency: Indian Rupees ₹ in Lacs)

	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	**577.36**	691.68
	(b) Capital Work-in-Progress		**13.61**	0.47
	(c) Other Intangible Assets	4	–	–
	(d) Financial Assets			
	(i) Loans	5	**42.41**	40.01
	(e) Deferred Tax Assets (Net)	6	–	–
	(f) Other Non-current Assets	7	**233.11**	245.40
	(g) Non Current Tax Asset (Net of Provision)		**229.41**	168.12
	SUB-TOTAL		**1,095.90**	1,145.68
	CURRENT ASSETS			
	(a) Inventories	8	**1,012.94**	1,378.91
	(b) Financial Assets			
	(i) Trade Receivables	9	**429.71**	404.58
	(ii) Cash and Cash Equivalents	10	**25.84**	13.68
	(iii) Other Financial Assets	11	**144.29**	91.80
	(c) Other Current Assets	7	**8.16**	96.38
	SUB-TOTAL		**1,620.94**	1,985.35
	TOTAL ASSETS		**2,716.84**	3,131.03
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	12	**2,455.05**	955.05
	(b) Other Equity	12	**(2,464.82)**	(1,693.97)
	SUB-TOTAL		**(9.77)**	(738.92)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Provisions	13	**36.26**	32.39
	(b) Deferred Tax Liabilities (Net)	6	–	–
	SUB-TOTAL		**36.26**	32.39
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	14	**1,177.86**	2,520.63
	(ii) Trade Payables	15	**1,274.31**	861.42
	(iii) Other Financial Liabilities	16	**88.59**	74.43
	(b) Other Current Liabilities	17	**130.18**	360.45
	(c) Provisions	13	**19.41**	20.63
	SUB-TOTAL		**2,690.35**	3,837.56
	TOTAL		**2,716.84**	3,131.03

The accompanying notes 1 to 31 are an integral part of the Financial Statements

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30th April, 2018

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Bharat Moossaddee	Director
Rahul Asthana	Director
S.C. Bhargava	Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Currency: Indian Rupees ₹ in Lacs)

	Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
	Continuing Operations			
I	Revenue from operations	18	**10,842.81**	13,306.45
II	Other Income	19	**2.76**	8.66
III	**Total Revenue (I + II)**		**10,845.57**	13,315.11
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	20(a)	**8,840.34**	11,410.38
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade	20(b)	**365.97**	282.63
	(c) Employee benefit expense	21	**992.22**	801.26
	(d) Finance costs	22	**185.31**	239.23
	(e) Depreciation and amortisation expense	3	**141.96**	156.46
	(f) Other expenses	23	**1,073.54**	933.39
V	**Total Expenses**		**11,599.34**	13,823.35
VI	**Profit/(loss) before tax (III - IV)**		**(753.77)**	(508.24)
VII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	6	**–**	–
	Total tax expense		**–**	–
VIII	**Profit/(loss) after tax from continuing operations (VI - VII)**		**(753.77)**	(508.24)
IX	**Other comprehensive income**		**(1.33)**	9.25
	A (i) Items that will not be recycled to profit or loss		**–**	–
	(a) Others Acturial Gain (Loss)		**(1.33)**	9.25
X	**Total comprehensive income for the period (VIII + IX)**		**(755.10)**	(498.99)
XI	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**(755.10)**	(498.99)
	Non controlling interests		**–**	–
XII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	24	**(5.46)**	(5.22)
	(2) Diluted	24	**(5.46)**	(5.22)

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30th April, 2018

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Bharat Moossaddee	Director
Rahul Asthana	Director
S.C. Bhargava	Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Currency: Indian Rupees ₹ in Lacs)

Particulars	For the year ended Mar 31, 2018	For the year ended Mar 31, 2017
Cash flows from operating activities		
Profit before tax for the year	**(753.77)**	(508.24)
Adjustments for:		
Finance costs recognised in profit or loss	**185.31**	239.23
(Gain)/loss on disposal of property, plant and equipment	**6.23**	(5.12)
Net gain/loss on Actuarial Valuation	**(1.33)**	9.25
Depreciation and amortisation of non-current assets	**141.96**	156.46
	(421.60)	(108.42)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(25.13)**	213.12
(Increase)/decrease in inventories	**365.97**	282.63
(Increase)/decrease in other assets	**44.33**	98.39
Decrease in trade and other payables	**412.89**	(534.32)
Increase/(decrease) in provisions	**2.65**	(3.77)
(Decrease)/increase in other liabilities	**(216.11)**	(51.86)
Cash generated from operations	**163.00**	(104.23)
Income taxes paid	**(61.29)**	(2.57)
Net cash generated by/(used in) operating activities	**101.71**	(106.80)
Cash flows from investing activities		
Payments for property, plant and equipment	**(108.51)**	(281.40)
Proceeds from disposal of property, plant and equipment	**62.79**	88.37
Net cash (used in)/generated by investing activities	**(45.72)**	(193.03)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**1,500.00**	–
Payment for share issue costs	**(15.75)**	–
Proceeds from borrowings	**800.00**	1,508.07
Repayment of borrowings	**(2,142.77)**	(1,000.00)
Interest paid	**(185.31)**	(239.23)
Net cash (used in)/generated by financing activities	**(43.83)**	268.84
Net increase in cash and cash equivalents	**12.16**	(30.99)
Cash and cash equivalents at the beginning of the year	**13.68**	44.67
Cash and cash equivalents at the end of the year	**25.84**	13.68

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30th April, 2018

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Bharat Moossaddee	Director
Rahul Asthana	Director
S.C. Bhargava	Director

Notes to the financial statements for the year ended March 31, 2018

1. **Nature of Operations:**

NBS International Limited, a wholly owned subsidiary of Mahindra & Mahindra Limited engaged in the business of sales & servicing of motor vehicles.

2. **Significant Accounting Policies:**

a) Statement of compliance

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

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

b) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes.

d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sales of goods:

Sale of vehicles/spares parts and accessories of vehicles (including customized) is recognised when delivery is accepted by the customer. Sales are stated net of discounts, duties and sales taxes.

(ii) Service Income:

Service income is recognized as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iii) Interest income:

Interest income is recognized on time proportion basis.

(iv) Other Income:

Income from financing vehicles, Insurance Income and other service income are accounted on accrual basis.

e) Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Spare parts & accessories are valued at moving average rate.

f) Property, Plant & equipment

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

(ii) Cost of intangible assets are being amortised over a period of five years on time proportion basis.

(iii) Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(iv) Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

(v) When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit and Loss.

g) Retirement and Other Employee Benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

(i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements):

(ii) net interest expense or income; and

(iii) remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

h) Taxation

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other

years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

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

i) Impairment of assets

At the end of each reporting period, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

j) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

k) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

l) Cash-Flow Statement

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

m) Financial Assets

Impairment of financial assets

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

n) Financial Liabilities

Financial liabilities subsequently measured at amortised cost

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

o) **Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

p) **Revenue from contracts with customers**

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Note No. 3 - Property, Plant and Equipment

(Currency: Indian Rupees ₹ in Lacs)

Description of Assets	Buildings - Leasehold	Plant and Equipment - Freehold	EDP Equipments	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount							
Balance as at 1 April 2016	189.82	265.07	60.52	47.99	68.70	447.57	1,079.67
Additions	43.15	7.61	15.89	8.54	4.64	200.29	280.12
Disposals	–	–	–	–	–	(150.76)	(150.76)
Balance as at 31 March 2017	232.97	272.68	76.41	56.53	73.34	497.10	1,209.03
Additions	–	11.44	1.97	0.10	0.50	82.65	96.66
Disposals	–	–	–	–	–	(112.30)	(112.30)
Balance as at 31 March 2018	**232.97**	**284.12**	**78.38**	**56.63**	**73.84**	**467.45**	**1,193.39**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2016	72.24	113.13	54.08	29.71	17.82	141.84	428.82
Depreciation expense for the year	10.41	26.32	4.72	12.33	7.62	94.64	156.04
Eliminated on disposal of assets	–	–	–	–	–	(67.51)	(67.51)
Balance as at 31 March 2017	82.65	139.45	58.80	42.04	25.44	168.97	517.35
Depreciation expense for the year	10.86	26.10	6.01	6.39	7.56	85.04	141.96
Eliminated on disposal of assets	–	–	–	–	–	(43.28)	(43.28)
Balance as at 31 March 2018	**93.51**	**165.55**	**64.81**	**48.43**	**33.00**	**210.73**	**616.03**
III. Net carrying amount (I-II)							
Balance as at 31 March 2017	150.32	133.23	17.61	14.49	47.90	328.13	691.68
Balance as at 31 March 2018	**139.46**	**118.57**	**13.57**	**8.20**	**40.84**	**256.72**	**577.36**

Note:

a. Fixed Assets are stated on cost less accumulated depreciation.

b. The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the working condition for its intended use.

c. Company uses staraight line method for accounting of depreciation on fixed assets.

d. The company has adopted the useful life of the class of assets as prescribed under Schedule II of the Companies Act, 2013. Residual Value of the Assets are fixed at 5%.

e. Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.

Note No. 4 - Other Intangible Assets

(Currency: Indian Rupees ₹ in Lacs)

Description of Assets		Computer Software
I.	**Gross Carrying Amount**	
	Balance as at 1 April 2016	5.70
	Additions from separate acquisitions	–
	Disposals	–
	Balance as at 31 March 2017	5.70
	Additions from separate acquisitions	–
	Disposals	–
	Balance as at 31 March 2018	**5.70**
II.	**Accumulated depreciation and impairment**	
	Balance as at 1 April 2016	5.28
	Amortisation expense for the year	0.42
	Balance as at 31 March 2017	5.70
	Amortisation expense for the year	–
	Balance as at 31 March 2018	**5.70**
III.	**Net carrying amount (I-II)**	
	Balance as at 31 March 2017	–
	Balance as at 31 March 2018	–

a. Useful life of the Intangible Asset is finite in nature.

b. The Cost of intangible asset is being amortised over a period of five years on time proportion basis.

Note No. 5 - Financial Assets

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
a) Security Deposits				
– Unsecured, considered good	**–**	**42.41**	–	40.01
TOTAL	**–**	**42.41**	–	40.01

Refer Note 25 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 6 - Current Tax and Deferred Tax

(Currency: Indian Rupees ₹ in Lacs)

(a) Income Tax recognised in profit or loss

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**–**	–
Total income tax expense on continuing operations	**–**	–

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

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Profit before tax from continuing operations	**(753.77)**	(508.24)
Income tax expense calculated at 30.9% (2018: 30.9%)#	**(232.91)**	(157.05)
Effect of current year losses for which no deferred tax asset is recognised	**232.91**	157.05
Income tax expense recognised In profit or loss from continuing operations	**–**	–

The tax rate used for the reconciliations above is the corporate tax rate of 30.9% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	**As at March 31, 2018**	As at March 31, 2017
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	**–**	–
Financial asset at Fair value through profit and loss (FVTPL)	**–**	–
	–	**–**
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipment	**101.08**	59.91
Disallowances u/s 40(a)(ia)	**174.24**	48.00
Leave Encashment	**13.91**	18.50
Gratuity	**41.76**	34.52
Bonus Payable	**6.16**	13.94
Carried forward Losses	**2,460.71**	1,708.64
Total	**2,797.86**	1,883.50
Less: Deferred tax asset in respect of above not recognised in absence of certainty of utilisation.	**(2,797.86)**	(1,883.50)
	–	–
Net Tax Asset (Liabilities)	**–**	–

Reconciliation of Deferred Tax Asset/Liability.

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Opening Balance as at 01 April, 2017	Recognised in profit and Loss	**Balance as at March 31, 2018**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	**–**
	–	–	**–**
Tax effect of items constituting deferred tax assets			
Property, Plant and Equipment	18.51	7.77	**26.28**
Disallowances u/s 40(a)(ia)	14.83	30.47	**45.30**
Leave Encashment	5.72	(2.10)	**3.62**
Gratuity	10.67	0.19	**10.86**
Bonus Payable	4.31	(2.71)	**1.60**
Carried forward Losses	527.97	111.82	**639.78**
	582.00	145.44	**727.44**
Less: Deferred tax asset in respect of above not recognised in absence of certainty & utilisation.	582.00	145.44	**727.44**
	–	–	**–**
Net Tax Asset (Liabilities)	–	–	**–**

The unrecognised tax losses carried forward expire as follows:

(Currency: Indian Rupees ₹ in Lacs)

Financial Year	Expiry Financial Year	Business Loss	Depreciation Loss	Total Loss
2008-2009	–	–	(341,498.00)	(341,498)
2009-2010	–	–	(2,670,829)	(2,670,829)
2012-2013	2020-2021	(13,756,787.00)	(8,516,126)	(22,272,913)
2013-2014	2021-2022	(49,855,659.82)	(9,661,862)	(59,517,522)
2014-2015	2022-2023	(15,771,000.00)	(9,297,462)	(25,068,462)
2015-2016	2023-2024	(1,727,000.00)	(9,366,602)	(11,093,602)
2016-2017	2024-2025	(34,252,598.72)	(15,646,384)	(49,898,982)
2017-2018	2025-2016	(61,011,094)	(14,196,000)	(75,207,094)
Total		**(176,374,139)**	**(69,696,763)**	**(246,070,902)**

Note No. 7 - Other assets

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	**–**	**–**	1.29	–
(b) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**0.14**	**233.11**	88.27	244.48
(ii) Other advances	**8.02**	**–**	6.82	0.92
Total	**8.16**	**233.11**	96.38	245.40

Note No. 8 - Inventories

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
(a) Stock-in-trade of goods acquired for trading	**1,012.94**	1,378.91
Total Inventories (at lower of cost and net realisable value)	**1,012.94**	1,378.91

a. The cost of inventories recognised as an expense during the year was Rs. 9206.31 Lakhs for 31 Mar 2018 (31 March 2017 Rs. 11693.01 Lacs).

b. Inventory is valued at cost or net realisable value whichever is less. Spare parts & accessories are valued at moving average rate.

Note No. 9 - Trade receivables

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
(a) Secured, considered good	**–**	**–**	–	–
(b) Unsecured, considered good	**429.71**	–	404.58	–
(c) Doubtful	**–**	**–**	–	–
Less: Allowance for Credit Losses	**–**	**–**	–	–
TOTAL	**429.71**	**–**	404.58	–
Of the above, trade receivables from:				
– Related Parties	**41.44**	–	23.96	–
– Others	**388.27**	–	380.62	–
Total	**429.71**	**–**	404.58	–

a. The fair values (Level 2) of trade receivables carried at amortised cost is considered to approximate its carrying value due to its short-term nature.

Note No. 10 - Cash and Bank Balances

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Cash and cash equivalents		
(a) Balances with banks	**21.76**	10.57
(b) Cash on hand	**4.08**	3.11
Total Cash and cash equivalent	**25.84**	13.68

Reconciliation of Cash and Cash Equivalents

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Total Cash and Cash Equivalents as per Balance Sheet	**25.84**	13.68
Total Cash and Cash Equivalents as per Statement of Cashflow	**25.84**	13.68

Notes

Cash and cash equivalents include cash in hand and in banks.

Note No. 11 - Other financial assets

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Other Financial Receivables				
– UnSecured	**144.29**	**–**	91.80	–
	144.29	**–**	91.80	–

Note No. 12 - Equity Share Capital

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**As at March 31, 2018 No. of shares**	As at March 31, 2017 No. of shares
Authorised:		
Equity shares of ₹ 10 each with voting rights	**25,000,000**	10,000,000
Issued, Subscribed and Fully Paid:		
Equity shares of ₹ 10 each with voting rights	**24,550,484**	9,550,500
Issued, Subscribed and Partly Paid:		
Equity shares of ₹ 10 each with voting rights	**–**	–
Total	**24,550,484**	9,550,500

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

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**Opening Balance**	**Fresh Issue**	**Closing Balance**
(a) Equity Shares with Voting rights*			
Year Ended 31 March 2018			
No. of Shares	9,550,500	14,999,984	24,550,484
Amount	955.05	1500.00	2,455.05
Year Ended 31 March 2017			
No. of Shares	9,550,500	–	9,550,500
Amount	955.05	–	955.05
Year Ended 31 March 2016			
No. of Shares	50,500	9,500,000	9,550,500
Amount	5.05	950.00	955.05

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
			No. of Shares
As at 31 March 2018			
Mahindra & Mahindra Ltd, the Holding Company	**24,550,484**	**–**	**–**
As at 31 March 2017			
Mahindra & Mahindra Ltd, the Holding Company	9,550,500	–	–
As at 1 April 2016			
Mahindra & Mahindra Ltd, the Holding Company	50,500	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

(Currency: Indian Rupees ₹ in Lacs)

Class of shares/Name of shareholder	As at March 31, 2018 Number of shares held	As at March 31, 2018 % holding in that class of shares	As at March 31, 2017 Number of shares held	As at March 31, 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Ltd, the Holding Company	**24,550,474**	**100.00%**	9,550,490	100.00%
Mahindra Holdings Limited	**10**	**0.00%**	10	0.00%

Note No. 12 - Statement Of Changes In Equity for the year ended 31st Mar 2018

A. Equity share capital

(Currency: Indian Rupees ₹ in Lacs)

As at 1 April 2016	955.05
Changes in equity share capital during the year	–
As at 31 March 2017	955.05
Changes in equity share capital during the year	1500.00
As at 31 March 2018	**2,455.05**

b. Other Equity

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Reserves and Surplus: Capital Reserve	Reserves and Surplus: General Reserve	Reserves and Surplus: Retained Earnings	Items of other comprehensive income: Other items of Other Comprehensive Income (Actuarial Gain)	Total
As at 1 April 2017	–	15.48	(1,728.16)	18.71	(1,693.97)
Profit/(Loss) for the period	–		(753.77)	–	(753.77)
Equity Share Issuance Costs	–	(15.48)	(0.27)	–	(15.75)
Other Comprehensive Income/(Loss)	–		–	(1.33)	(1.33)
Total Comprehensive Income for the year	–	(15.48)	(754.04)	(1.33)	(770.85)
As at 31 March 2018	**–**	**–**	**(2,482.20)**	**17.38**	**(2,464.82)**

Description of the nature and purpose of Other Equity

General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the profit or loss.

Note No. 13 - Provisions

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**19.41**	**36.26**	20.63	32.39
Total Provisions	**19.41**	**36.26**	20.63	32.39

* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Note No. 14 - Current Borrowings

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Secured Borrowings		
(a) Loans repayable on demand		
(1) From Banks	–	–
(2) from other parties	–	500.00
Total Secured Borrowings	–	500.00
B. Unsecured Borrowings		
(a) Loans repayable on demand		
(1) From Banks	**877.86**	2,020.63
(2) from other parties	**300.00**	–
Total Unsecured Borrowings	**1,177.86**	2,020.63
Total Current Borrowings	**1,177.86**	2,520.63

Note No. 15 - Trade Payables

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Trade payable - Micro ans small enterprises	–	–	–	–
Trade payable - Other than micro ans small enterprises	**1,274.31**	–	861.42	–
Total trade Payables	**1,274.31**	–	861.42	–

Note:

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

b. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

c. The fair values (Level 2) of trade payables carried at amortised cost is considered to approximate its carrying value due to its short-term nature.

Note No. 16 - Other Financial Liabilities

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Other liabilities		
(1) Other Current Financial Payables	**1.06**	1.98
(2) RTO Payable	**87.53**	66.46
(3) Interest accrued but not due	–	5.99
Total other financial liabilities	**88.59**	74.43

Note:

a. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

Note No. 17 - Other Liabilities

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
a. Advances received from customers	**96.81**	–	333.53	–
b. Statutory dues				
– taxes payable	**18.52**	–	16.20	–
– Employee Recoveries and Employer Contributions	**12.30**	–	8.52	–
c. Other Payables	**2.55**	–	2.20	–
Total Other Liabilities	**130.18**	–	360.45	–

Note No. 18 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Revenue from sale of products (Vehicle, Spares and Accessories)	**8,282.24**	10,966.08
(b) Revenue from rendering of services (Servicing of Vehicles)	**2,048.80**	1,857.45
(c) Other operating revenue		
(i) Income from Sale of Scrap	**15.28**	15.19
(ii) Commission	**42.29**	39.87
(iii) Infrastructure Service Income	**145.81**	184.64
(iv) Write Back of liabilities	**67.14**	16.04
(v) Dealer Incentive and other operating income	**241.25**	227.18
Total Revenue from Operations	**10,842.81**	13,306.45

Note No. 19 - Other Income

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Interest Income Accrued on Security Deposit (On Financial Instrument carried at amortised cost)	**1.44**	1.46
(b) Profit on sale of capital assets (net of loss on capital assets sold)	–	5.12
(c) Interest received on Income tax Refund	**1.32**	2.08
Total Other Income	**2.76**	8.66

Note No. 20(a) - Cost of materials consumed

(Currency: Indian Rupees ₹ in Lacs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchases	**8,840.34**	11,410.38

Note No. 20(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Currency: Indian Rupees ₹ in Lacs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year:		
Stock - in - Trade	**1,012.94**	1,378.91
	1,012.94	1,378.91
Inventories at the beginning of the year:		
Stock - in - Trade	**1,378.91**	1,661.54
	1,378.91	**1,661.54**
Net (increase)/decrease	**365.97**	282.63

Note No. 21 - Employee benefits

Employee Benefits Expense

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Salaries and wages, including bonus	**866.17**	705.81
Contribution to provident/ ESIC funds	**61.50**	43.33
Contribution to Gratuity Fund	**10.08**	12.72
Staff welfare expenses	**54.47**	39.40
Total Employee Benefit Expense	**992.22**	801.26

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 61.50 lacs (2017: Rs. 43.33Lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a defined benefit final salary gratuity plan which is open to new entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is if the company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is if the company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act. The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

(Currency: Indian Rupees ₹ in Lacs)

	Valuation as at 31-Mar-18	Valuation as at 31-Mar-17
Discount rate(s)	6.85%	7.50%
Expected rates(s) of Salary increase	8% until year 2 inclusive, then 5%	8% until years 2 inclusive, then 5%

Defined benefit plans – as per actuarial valuation on 31st March, 2017

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Unfunded Plans Gratuity 2018	2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**7.70**	9.90
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**2.14**	2.83
Components of defined benefit costs recognised in profit or loss	**9.84**	12.73
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	**1.54**	(2.15)
Actuarial gains and loss arising form experience adjustments	**(0.30)**	(7.10)
Others (describe)	**0.09**	–
Components of defined benefit costs recognised in other comprehensive income	**1.33**	(9.25)
Total	**11.17**	3.48
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**41.76**	34.53
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)		
4. Current portion of the above	**13.65**	12.05
5. Non current portion of the above	**28.11**	22.47
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**34.53**	37.55
2. Add/(Less) on account of Scheme of Arrangement/Business	**–**	–
Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**7.70**	9.90
– Past Service Cost	**–**	–
– Interest Expense (Income)	**2.14**	2.83
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**0.09**	–
ii. Financial Assumptions	**1.54**	(2.15)
iii. Experience Adjustments	**(0.30)**	(7.10)
5. Benefit payments	**–**	–
6. Others (Benefits Paid)	**(3.94)**	(6.50)
7. Present value of defined benefit obligation at the end of the year	**41.76**	34.53

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Unfunded Plans Gratuity 2018	2017
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**–**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Profit and Loss Account	**3.94**	6.50
– Expected return on plan assets	**–**	–
4. Recognised in Other Comprehensive Income	**–**	–
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**–**	–
– Others (specify)	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**–**	–
6. Benefit payments	**(3.94)**	(6.50)
7. Fair value of plan assets at the end of the year	**0**	0
IV. Actuarial assumptions		
1. Discount rate	**6.85%**	7.50%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Currency: Indian Rupees ₹ in Lacs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	2018	1.00%	40.61	42.98
Salary growth rate	2018	1.00%	42.97	40.60

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date.

There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Maturity profile of defined benefit obligation:

(Currency: Indian Rupees ₹ in Lacs)

	2018	2017
Within 1 year	**13.65**	12.05
1 - 2 year	**10.88**	8.99
2 - 3 year	**7.78**	6.82
3 - 4 year	**5.94**	4.80
4 - 5 year	**4.30**	3.48
5 - 10 years	**9.17**	7.08

The weighted average duration to the payment of these cash flows is 2.84 years.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 22 - Finance Cost

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Interest expense (On Financial Instrument carried at Amortised cost)	**174.33**	239.23
(b) Other Interst expense	**10.98**	–
Total finance costs	**185.31**	239.23

Note No. 23 - Other Expenses

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Power & Fuel	**62.62**	61.64
(b) Rent including lease rentals	**318.13**	259.98
(c) Rates and taxes	**12.83**	17.38
(d) Repairs to:		
Machinery	**46.83**	42.71
Others	**25.81**	26.83
(e) Insurance	**30.97**	27.92
(f) Advertisement	**1.24**	3.87
(g) Sales promotion expenses	**77.49**	77.93
(h) Sales Incentive	**49.73**	39.15
(i) Travelling and Conveyance Expenses	**36.47**	22.48
(j) Hire and Service Charges	**227.16**	205.16
(k) Postage & Telephone	**20.46**	21.64
(l) Printing & Stationery	**15.68**	12.93
(m) Bad Debts Written Off	**16.47**	29.19
(n) Provision for Doubtful Debts & advances	**11.65**	–
(o) Legal and other professional costs	**41.37**	46.51
(p) Auditors remuneration & out-of-pocket expenses		
(i) As Auditors - Statutory Audit	**3.00**	3.00
(ii) For Taxation matters	**1.50**	6.19
(iii) For Other services	**–**	3.15
(iv) For reimbursement of expenses	**0.07**	–
(q) Loss on sale of Capital assets	**6.23**	–
(r) Miscellaneous expenses	**67.83**	25.73
Total Other Expenses	**1,073.54**	933.39

Note No. 24 - Earnings per Share

(Currency: Indian Rupees ₹ in Lacs)

Particulars	For the year ended March 31, 2018 Per Share	For the year ended March 31, 2017 Per Share
Basic Earnings per share		
From continuing operations	**(5.46)**	(5.22)
Total basic earnings per share	**(5.46)**	(5.22)
Diluted Earnings per share		
From continuing operations	**(5.46)**	(5.22)
Total diluted earnings per share	**(5.46)**	(5.22)

Basic earnings per share

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

(Currency: Indian Rupees ₹ in Lacs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/(loss) for the year attributable to owners of the Company	**(755.10)**	(498.99)
Less: Preference dividend and tax thereon	**0**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(755.10)**	(498.99)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(755.10)**	(498.99)

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Weighted average number of equity shares	**13,824,468**	9,550,500
Earnings per share from continuing operations - Basic	**(5.46)**	(5.22)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit/(loss) for the year used in the calculation of basic earnings per share	**(755.10)**	(498.99)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**(755.10)**	(498.99)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**(755.10)**	(498.99)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**13,824,468**	9,550,500
Add: Effect of Warrants,	**–**	–
ESOPs	**–**	–
Convertible bonds	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**13,824,468**	9,550,500

Note 25. – Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity and borrowings as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-18	31-Mar-17
Equity	**(9.77)**	(738.92)
Borrowings	**1,177.86**	2,520.63
	1,168.09	1,781.71

Note:

The entity bases above capital management disclosures on the information provided internally to key management personnel.

Categories of financial assets and financial liabilities

Particulars	**As at March 31, 2018**			As at March 31, 2017		
	Amortised Costs	**FVTPL**	**Total**	Amortised Costs	FVTPL	Total
Non-current Assets						
Loans	**42.41**	**–**	**42.41**	40.01	–	40.01
Current Assets			**–**			–
Trade Receivables	**429.71**	**–**	**429.71**	404.58	–	404.58
Cash and Cash Equivalents	**25.84**	**–**	**25.84**	13.68	–	13.68
Other Financial Assets			**–**			–
– Non Derivative Financial Assets	**144.29**	**–**	**144.29**	91.80	–	91.80
Current Liabilities						
Borrowings	**1,177.86**	**–**	**1,177.86**	2,520.63	–	2,520.63
Trade Payables	**1,274.31**	**–**	**1,274.31**	861.42	–	861.42
Other Financial Liabilities						–
– Non Derivative Financial Liabilities	**88.59**	**–**	**88.59**	74.43	–	74.43

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

* The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.
* The company continuously monitors defaults of customers and the other counterparties, identified either individually or by company and incorporates this information into its credit risk controls.

* The company's management considers that all the fianancial assets are not impaired for each of the reporting date under review, are of good credit quality, including those that are past due.
* In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any counterparty did not exceed 10% of gross monetary assets at any time during the year.
* The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determinationof expected credit losses. Due to immateriality company has decided not to provide for any credit losses.

MARKET RISK

Market risk is the risk that changes in market prices – such as interest rates will affect the entity's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no significant changes to the entity's exposure to market risk or the methods in which they are managed or measured.

LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	1,362.90	–	–	–
Fixed interest rate instruments	300.00	–	–	–
Variable interest rate instruments	877.86	–	–	–
Financial guarantee contracts	–	–	–	–
Total	**2,540.76**	–	–	–
31-Mar-17				
Non-interest bearing	935.85	–	–	–
Fixed interest rate instruments	–	–	–	–
Variable interest rate instruments	2,020.63	–	–	–
Total	**2,956.48**	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**31-Mar-18 INR**	31-Mar-17 INR
Unsecured Bank Overdraft facility		
– Expiring within one year	**1,622.14**	1479.38
– Expiring beyond one year	**–**	–
	1,622.14	1479.38

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	599.84	–	–	–
Total	599.84	–	–	–
31-Mar-17				
Non-interest bearing	510.06	–	–	–
Total	**510.06**	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Interest rate risk

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

	Increase/ decrease in basis points	**Effect on profit before tax**
31-Mar-18	+100	(16.56)
	-100	16.56
31-Mar-17	+100	(9.31)
	-100	9.31

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 26 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

(Currency: Indian Rupees ₹ in Lacs)

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**429.71**	**429.71**	404.58	404.58
– deposits and similar assets	**42.41**	**42.41**	40.01	40.01
– Other	**144.29**	**144.29**	91.80	91.80
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**877.86**	**877.86**	2,020.63	2,020.63
– loans from other entities	**300.00**	**300.00**	–	–
– trade and other payables	**1,274.31**	**1,274.31**	861.42	861.42
– Other	**88.59**	**88.59**	74.43	74.43
Total	**3,157.17**	**3,157.17**	3,492.87	3,492.87

(Currency: Indian Rupees ₹ in Lacs)

Fair value hierarchy as at March 31, 2018

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables		**429.71**		**429.71**
– deposits and similar assets		**42.41**		**42.41**
– Others		**144.29**		**144.29**
Total	–	**616.41**	–	**616.41**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans		**877.86**		**877.86**
– loans from other entities		**300.00**		**300.00**
– trade and other payables		**1,274.31**		**1,274.31**
– Others		**88.59**		**88.59**
Total	–	**2,540.76**	–	**2,540.76**

(Currency: Indian Rupees ₹ in Lacs)

Fair value hierarchy as at March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables		404.58		404.58
– deposits and similar assets		40.01		40.01
– Others		91.80		91.80
Total	–	536.39	–	536.39
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans		2,020.63		2,020.63
– loans from other entities		–		–
– trade and other payables		861.42		861.42
– Others		74.43		74.43
Total		2,956.48		2,956.48

Note No. 27 - Segment information

a. The Company's businees activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. Company deals into trading and Servicing of Vehicles.

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

c. Revenue from major products and services

(Currency: Indian Rupees ₹ in Lacs)

Particulars	**31-Mar-18**	31-Mar-17
Sale and Service of Vehicles	**10,842.81**	13,306.45

d. Revenues from transactions with a single external customer does not amount to 10% or more of an entity's revenues during the year.

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

Note No. 28 - Related Party Transactions

Name of the parent Company Mahindra & Mahindra Limited

Description of relationship	**Names of related parties**
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra First Choice Wheels Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Reva Electric Vehicles Pvt Ltd
Fellow Subsidiary	Mahindra Integrated Business Solution Pvt. Ltd
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra & Mahindra Financial Services Ltd
Fellow Subsidiary	Mahindra Automobile Distributer Pvt ltd
Fellow Subsidiary	Mahindra Intertrade Limited
Fellow Subsidiary	Mahindra Life Space Develpers Ltd
Fellow Subsidiary	Mahindra Rural Housing Financial Ltd
Fellow Subsidiary	Mahindra Susten Pvt. Ltd.
KMP	Mr. Vijay Nakra

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended March 31, 2018	Parent Company	KMP of the Company and KMP of parent Company	Other related parties (Fellow Subsidiaries)
	(Currency: Indian Rupees ₹ in Lacs)			
Nature of transactions with Related Parties				
Purchase of goods	31-Mar-18	10,856.94	–	138.79
	31-Mar-17	12,047.28	–	148.91
Sale of Goods/ Services	31-Mar-18	149.17	–	59.97
	31-Mar-17	349.60	–	42.77
Rendering of services	31-Mar-18	4.11	5.86	10.18
	31-Mar-17	3.06	8.46	8.69
Lease expenses	31-Mar-18	236.43	–	–
	31-Mar-17	137.90	–	–
ICD received	31-Mar-18	–	–	500.00
	31-Mar-17	–	–	–
ICD repaid	31-Mar-18	–	–	200.00
	31-Mar-17	–	–	–
Reimbursement made to parties	31-Mar-18	142.62	–	–
	31-Mar-17	65.94	–	–
Reimbursement received from parties	31-Mar-18	515.49	–	9.76
	31-Mar-17	130.29	–	–
Warranty Income	31-Mar-18	328.21	–	9.66
	31-Mar-17	397.85	–	2.17
FSC/PDI Income	31-Mar-18	23.07	–	0.20
	31-Mar-17	24.03	–	–
Interest Expense	31-Mar-18	0.29	–	26.89
	31-Mar-17	11.10	–	3.91
Equity contribution by the Company	31-Mar-18	1,500.00	–	–
	31-Mar-17	–	–	–

Nature of Balances with Related Parties	Balance as on March 31, 2017	Parent Company	KMP of the Company and KMP of parent Company	Other related parties
	(Currency: Indian Rupees ₹ in Lacs)			
Trade payables	31-Mar-18	**958.31**	**–**	**0.70**
	31-Mar-17	625.62	–	95.06
Other balances- Amt. Receivable	31-Mar-18	**13.38**	**–**	**28.06**
	31-Mar-17	16.03	–	7.93

Company has incurred Rs 5.86 Lakhs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

Note No. 29 - Contingent liabilities and commitments

Particulars	As at March 31, 2018	As at March 31, 2017
Contingent liabilities (to the extent not provided for)		
(a) Other money for which the Company is contingently liable		
Taxation Matters: Demands against the company not acknowledged as debts and not provided for, relating to issues of taxability and deductibility, in respect of which the company is in appeal.	**143.43**	143.43

For and on behalf of the Board of Directors
NBS International Ltd.

P.N. Shah Chairman

Ramesh Iyer Director
Rajeshwar Tripathi Director
Vijay Nakra Director
Bharat Moossaddee Director
Rahul Asthana Director
S.C.Bhargava Director

Place: Mumbai
Date: 30th April, 2018

DIRECTORS' REPORT

Your directors present their report on Mahindra Automotive Australia Pty Limited ("the company") for the financial year ended 31 March 2018.

Directors

The following persons were directors of Mahindra Automotive Australia Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Jeffrey Ferdinands
Mathew Lawrence Hayden
Carlo Lacota (Resigned 28 February 2018)
Pravin Kumar Shah
Bharat Mossaddee (Appointed 26 April 2017)

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

Review of Operations and Results of Activities

The underlying loss of the company for the year ended 31 March 2018 was $1,471,339 (2017: $26,493 profit).

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

Principal Activities

The principal activity of the company is the supply of wholesale agricultural vehicles, motor vehicles and parts to retail dealerships.

Significant After Balance Date Events

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

Likely Future Developments and Expected Results

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Performance in Relation to Environmental Regulation

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

Options

No options were issued during or subsequent to the financial year.

Dividends

No dividends were paid or declared either during or since the end of the financial year.

Proceedings on Behalf of the Company

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

Indemnification

No indemnities have been given or insurances premiums paid, during or since the end of the financial year, for any person who is or had been an officer or auditor of the company.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration under section 307C of *the Corporations Act 2001* forms part of this directors' report and is attached to this report.

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

Director	Director
Pravin Shah	Bharat Moossaddee

Dated this 25th day of May 2018.

AUDITOR'S INDEPENDENCE DECLARATION UNDER s307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MAHINDRA AUTOMOTIVE AUSTRALIA PTY LTD

I declare to the best of my knowledge and belief, during the year ended 31 March 2018 there have been no contraventions of:

- the auditor independence requirements as set out in *the Corporations Act 2001* in relation to the audit, and
- any applicable code of professional conduct in relation to the audit.

BDO AUDIT PTY LTD

Damian Wright
Partner

Dated at Brisbane this 25th day of May 2018.

INDEPENDENT AUDITOR'S REPORT

To the members of Mahindra Automotive Australia Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mahindra Automotive Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Mahindra Automotive Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 31 March 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Damian Wright

Director

Brisbane, 25th day of May 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	**2018 INR** ₹	**2018 AUD** $	2017 INR ₹	2017 AUD $
Revenue	**3**	**1,049,312,834**	**20,956,917**	1,270,910,187	25,382,668
Other income	**3**	**1,697,123**	**33,895**	917,232	18,319
Changes in inventories		**(833,908,289)**	**(16,654,849)**	(1,012,479,490)	(20,221,280)
Employee benefits expense		**(87,004,736)**	**(1,737,662)**	(87,589,804)	(1,749,347)
Depreciation and amortisation		**(3,769,570)**	**(75,286)**	(3,069,391)	(61,302)
Freight and cartage		**(19,972,573)**	**(398,893)**	(19,344,745)	(386,354)
Other expenses	**4**	**(175,714,907)**	**(3,509,385)**	(147,142,912)	(2,938,744)
Finance costs		**(4,309,826)**	**(86,076)**	(874,623)	(17,468)
Profit/(loss) before income tax expense		**(73,669,944)**	**(1,471,339)**	1,326,454	26,492
Income tax benefit/(expense)	**5**		**–**		–
Profit/(loss) after income tax expense		**(73,669,944)**	**(1,471,339)**	1,326,454	26,492
Other comprehensive income			**–**		–
Total comprehensive income for the year		**(73,669,944)**	**(1,471,339)**	1,326,454	26,492

The above Statement of Profit or loss and other Comprehensive Income should be read in conjunction with the attached notes

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 INR ₹	2018 AUD $	2017 INR ₹	2017 AUD $
ASSETS					
Current assets					
Cash and cash equivalents	7	**11,258,540**	**224,856**	24,001,105	479,351
Trade and other receivables	8	**106,973,153**	**2,136,472**	67,955,805	1,357,216
Inventories	9	**463,039,799**	**9,247,849**	484,779,242	9,682,030
Other assets	10	**5,517,664**	**110,199**	5,514,359	110,133
Total Current Assets		**586,789,156**	**11,719,376**	582,250,511	11,628,730
Non-Current Assets					
Property, plant and equipment	11	**11,324,783**	**226,179**	10,656,249	212,827
Deferred tax assets	5	**14,464,371**	**288,883**	14,464,371	288,883
Total Non-Current Assets		**25,789,154**	**515,062**	25,120,620	501,710
Total Assets		**612,578,310**	**12,234,438**	607,371,131	12,130,440
LIABILITIES					
Current Liabilities					
Trade and other payables	12	**483,811,940**	**9,662,711**	287,199,567	5,735,961
Financial liabilities	13		**–**	137,692,500	2,750,000
Provisions	14	**39,464,021**	**788,177**	20,753,264	414,485
Total Current Liabilities		**523,275,961**	**10,450,888**	445,645,331	8,900,446
Non Current Liabilities					
Provisions	14	**4,219,099**	**84,264**	2,972,606	59,369
Total Non-Current Liabilities		**4,219,099**	**84,264**	2,972,606	59,369
Total Liabilities		**527,495,060**	**10,535,152**	448,617,937	8,959,815
NET ASSETS		**85,083,250**	**1,699,286**	158,753,194	3,170,625
EQUITY					
Share capital	15	**229,070,250**	**4,575,000**	229,070,250	4,575,000
Accumulated losses		**(143,987,000)**	**(2,875,714)**	(70,317,056)	(1,404,375)
TOTAL EQUITY		**85,083,250**	**1,699,286**	158,753,194	3,170,625

The above Statement of Financial Position should be read in conjunction with the attached notes

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital	Share Capital	Accumulated Losses	Accumulated losses	Total	Total
	₹	$	₹	$	₹	$
Balance at 1 April 2016	229,070,250	4,575,000	(71,643,510)	(1,430,867)	157,426,740	3,144,132
Profit / (Loss) after income tax		–	1,326,454	26,492	1,326,454	26,492
Other comprehensive income		–				
Total Comprehensive Income	–	–	1,326,454	26,492	1,326,454	26,492
Transactions with owners in their capacity as owners						
Dividends Paid during the year		–		–		–
Total transactions with owners		–		–		–
Balance at 31 March 2017	**229,070,250**	**4,575,000**	**(70,317,056)**	**(1,404,375)**	**158,753,194**	**3,170,625**
Balance at 1 April 2017	229,070,250	4,575,000	(70,317,056)	(1,404,375)	158,753,194	3,170,625
Profit / (Loss) after income tax		–	(73,669,944)	(1,471,339)	(73,669,944)	(1,471,339)
Other comprehensive income		–				
Total Comprehensive Income		–	(73,669,944)	(1,471,339)	(73,669,944)	(1,471,339)
Transactions with owners in their capacity as owners						
Dividends Paid during the year		–		–		–
Total transactions with owners		–		–		–
Balance at 31 March 2018	**229,070,250**	**4,575,000**	**(143,987,000)**	**(2,875,714)**	**(85,083,250)**	**(1,699,286)**

The above Statement of Changes in Equity should be read in conjunction with the attached notes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 INR ₹	2018 AUD $	2017 INR ₹	2017 AUD $
Cash Flows From Operating Activities					
Receipts from customers		**1,012,984,395**	**20,231,364**	1,335,587,508	26,674,406
Payments to suppliers and employees		**(876,784,632)**	**(17,511,177)**	(1,318,130,202)	(26,325,748)
Borrowing costs and other finance costs paid		**(4,309,825)**	**(86,076)**	(874,623)	(17,468)
GST recovered/(paid)		**(1,431,301)**	**(28,586)**		
Net cash provided by operating activities	18(ii)	**130,458,637**	**2,605,525**	16,582,683	331,190
Cash Flows From Investing Activities					
Payments for plant and equipment		**(6,991,775)**	**(139,640)**	(1,086,319)	(21,696)
Proceeds from disposal of plant and equipment		**1,483,073**	**29,620**		
Net cash provided by investing activities		**(5,508,702)**	**(110,020)**	(1,086,319)	(21,696)
Cash Flows from Financing Activities					
Repayment/(Proceeds) of borrowings		**(137,692,500)**	**(2,750,000)**	137,692,500	2,750,000
Repayment of borrowings-related party			**–**	(155,906,664)	(3,113,774)
Net cash used in financing activities		**(137,692,500)**	**(2,750,000)**	(18,214,164)	(363,774)
Net increase/(decrease) in cash held		**(12,742,565)**	**(254,495)**	(2,717,780)	(54,280)
Cash at the beginning of the financial year		**24,001,105**	**479,351**	26,718,904	533,631
CASH AT THE END OF THE FINANCIAL YEAR	7	**11,258,540**	**224,856**	24,001,105	479,351

The above Statement of Cash Flows should be read in conjunction with the attached notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Mahindra Automotive Australia Pty Ltd (referred hereafter as the 'Entity' or 'Company').

The financial information in these financial statements is shown in Australian Dollars, which is the company's functional currency, and also Indian Rupees. Australian Dollar amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of $1AUD = Rs 50.07.

Basis of preparation

(i) Statement of compliance

The financial statements are general purpose financial statements (GPFS), which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Company are GPFS which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

These financial statements have been prepared under the historical cost convention.

(ii) New and amended Australian Accounting Standards adopted by the Entity

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017. The adoption of these standards has not had a significant impact on the financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(iii) Change in financial reporting obligation of the Entity

Provision of General Purpose Financial Statements by Significant Global Entities

For income tax years beginning on or after 1 July 2016, section 3CA of the Taxation Administration Act 1953 requires multinational corporations with Australian presence, whose annual global income is A$1billion or more, to provide the Australian Tax Office Commissioner with a GPFS with their annual tax return.

The Entity is part of an accounting group with a worldwide consolidated revenue of A$1billion or more. With this, the Entity transitioned from previously preparing special purpose financial statements to GPFS.

The most recent previous financial statements of the Company, in the form of special purpose financial statements, applied all the recognition and measurement requirements of applicable Australian Accounting Standards. Having said this, the Company does not need to apply AASB 1 upon transition to GPFS.

As a result of this change in financial reporting to GPFS, certain disclosures which are relevant to the Company were amended.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled

(b) Inventory

Finished goods are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

(d) Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10% – 20%	(DV)
Furniture and fixtures	10% – 30 %%	(DV)
Motor vehicles	20% – 40 %	(DV)
Computer equipment	20% – 40%	(DV)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The entity does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis in the parent's separate financial statements.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(g) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Exchange differences arising on translation of foreign operations are transferred directly to the entities foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(i) Employee Benefits

Short term employee benefit obligations

Provision is made for the entities obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long term employee benefit obligations

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The entities obligations for long-term employee benefits are presented as non current provisions in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax.

(m) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(n) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical accounting estimates and judgement

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- Warranty provisions relating to the specific vehicle sales in which provision for future warranty work is recognised based on prior sales and the percentage of claims made.
- In determining the value of deferred tax asset management have applied judgement regarding the recoverability of the asset in accordance with note 1(a).

(r) New and Amended Accounting Policies Adopted by the Company

During the current financial year, the entity adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue. While management continue to evaluate the precise impact of the new Standards they expect that AASB 16 will have a material impact. The management are still uncertain on the impact of AASB 9 and 15 and are continuing to evaluate the impact.

Standard/ Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments	1 January 2018	31 March 2019
AASB 15 Revenue from Contracts with Customers	1 January 2018	31 March 2019
AASB 16 Leases	1 January 2019	31 March 2020

	2018 INR	2018 AUD $	2017 INR	2017 AUD $
3. REVENUE				
Revenue:				
Sale of goods	**1,049,312,834**	**20,956,917**	1,270,910,187	25,382,668
	1,049,312,834	**20,956,917**	1,270,910,187	25,382,668
Other Income:				
Net gain/(loss) on sale of plant and equipment	**(1,070,596)**	**(21,382)**		
Other	**2,767,719**	**55,277**	917,232	18,319
	1,697,123	**33,895**	**917,232**	**18,319**
Total revenue and other income	**1,051,009,957**	**20,990,812**	1,271,827,419	25,400,987

	2018 INR	2018 AUD $	2017 INR	2017 AUD $
4. EXPENSES				
Advertising expenses	**96,199,191**	**1,921,294**	68,576,673	1,369,616
Rental expenses	**21,169,796**	**422,804**	26,921,688	537,681
Warranty claims	**31,565,830**	**630,434**	22,624,881	451,865
Employee benefits expenses:				
Contributions to defined superannuation fund	**6,620,706**	**132,229**	6,499,386	129,806
Other expenses:				
Bad and doubtful debts	–	–	226,417	4,522

	2018 INR	2018 AUD $	2017 INR	2017 AUD $
5. Income tax				
i) *Numerical reconciliation of income tax expense and tax at statutory rate*				
Profit/(Loss) before income tax from continuing operations	**(73,669,944)**	**(1,471,339)**	1,326,454	26,492
Tax at statutory rate of 30%	**(22,100,983)**	**(441,402)**	397,936	7,948
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Amortisation	**(10,625)**	**(212)**	(31,594)	(631)
Entertainment expenses	**11,265**	**225**		–
Movement in provisions	**7,309,318**	**145,982**	**(896,443)**	**(17,904)**
Movement in accrued expenses	**(554,226)**	**(11,069)**	**(522,420)**	**(10,434)**
Movement in prepayments	**(76,909)**	**(1,536)**		–
Deferred tax assets not recognised	**15,422,161**	**308,012**	**(1,052,521)**	**(21,021)**
Income tax expense	–	–	–	–
ii) *Deferred tax assets*				
Tax effect of timing differences	**14,464,372**	**288,883**	14,464,372	288,883
	14,464,372	**288,883**	14,464,372	288,883

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

6. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows.

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Key management personnel compensation	**14,672,513**	**293,040**	16,206,407	323,675

7. CASH AND CASH EQUIVALENTS

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Cash on hand and at bank	**11,258,540**	**224,856**	24,001,105	479,351
	11,258,540	**224,856**	24,001,105	479,351

Cash at bank earns interest at floating rates based on daily bank deposit rates.

8. TRADE AND OTHER RECEIVABLES

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Current				
Trade accounts receivable	**107,120,559**	**2,139,416**	68,182,222	1,361,738
Provision for impairment	**(147,406)**	**(2,944)**	(226,417)	(4,522)
	106,973,153	**2,136,472**	67,955,805	1,357,216

Due to the short term nature of current trade and other receivables, their carrying value is assumed to be the same as their fair value.

9. INVENTORY

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Finished goods at net realisable value	**463,039,799**	**9,247,849**	484,779,242	9,682,030

Inventories recognised as an expense during the year ended 31 March 2018 amounted to $16,654,849 or ₹833,908,289 (2017: $20,221,280, ₹1,012,479,490).

10. OTHER ASSETS

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Prepayments	**5,517,664**	**110,199**	5,514,359	110,133

11. PROPERTY, PLANT AND EQUIPMENT

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Plant & equipment at cost	**2,624,870**	**52,424**	2,624,870	52,424
Accumulated depreciation	**(1,140,545)**	**(22,779)**	(986,029)	(19,693)
	1,484,325	**29,645**	1,638,841	32,731
Furniture and fixtures at cost	**13,537,226**	**270,366**	13,537,226	270,366
Accumulated depreciation	**(9,715,783)**	**(194,044)**	(8,555,811)	(170,877)
	3,821,443	**76,322**	4,981,415	99,489
Motor vehicles at cost	**10,032,326**	**200,366**	8,331,598	166,399
Accumulated depreciation	**(4,277,781)**	**(85,436)**	(4,635,781)	(92,586)
	5,754,545	**114,930**	3,695,817	73,813
Computer equipment at cost	**2,611,301**	**52,153**	2,532,541	50,580
Accumulated depreciation	**(2,346,831)**	**(46,871)**	(2,192,365)	(43,786)
	264,470	**5,282**	340,176	6,794
Total property, plant and equipment	**11,324,783**	**226,179**	10,656,249	212,827

12. TRADE AND OTHER PAYABLES

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Current				
Trade payables	**443,243,624**	**8,852,479**	231,375,923	4,621,049
Sundry payables and accrued expenses	**35,284,679**	**704,707**	49,108,706	980,801
Net GST payable	**5,283,637**	**105,525**	6,714,938	134,111
	483,811,940	**9,662,711**	287,199,567	5,735,961

Due to the short term nature of current trade and other payables, their carrying amount is assumed to be the same as their fair value.

Refer to Note 16 for amounts payable by the entity to related entities which are included in the above total.

13. FINANCIAL LIABILITIES

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Current				
Bank loans secured		–	137,692,500	2,750,000
		–	137,692,500	2,750,000

14. PROVISIONS

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Current				
Employee benefits	**2,421,734**	**48,367**	3,152,958	62,971
Warranty	**21,318,905**	**425,782**	17,600,306	351,514
Other	**15,723,382**	**314,028**		–
	39,464,021	**788,177**	20,753,264	414,485
Non Current				
Employee benefits	**4,219,099**	**84,264**	2,972,606	59,369
	4,219,099	**84,264**	2,972,606	59,369

Provision for Warranty

A provision of $425,752 or ₹21,318,905 at 31 March 2018 has been recognised by the Company for estimated warranty claims in respect of vehicles/machinery sold which are still under warranty at the end of the reporting period. The provision for warranties has been based calculated upon total sales and the total percentage of claims made in relation to total sales.

Provision - Other

Other provisions of $314,028 or ₹15,723,382 at 31 March 2018 has been recognised by the Company for estimated amounts payable to retail dealerships in respect of the following:

	2018 INR	**2018 AUD**
Holdback	**4,175,838**	**83,400**
Roadside Assistance	**3,702,476**	**73,946**
Capped Price Service	**2,637,788**	**52,682**
Manufacturer incentives	**5,207,280**	**104,000**
	15,723,382	**314,028**

15. SHARE CAPITAL

	2018 INR ₹	**2018 AUD $**	2017 INR ₹	2017 AUD $
Ordinary Shares				
4,575,000 (2017: 4,575,000) Fully paid ordinary shares paid	**229,070,250**	**4,575,000**	229,070,250	4,575,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Ordinary shares have equal rights to vote, participate in dividends and share in the distribution of surplus assets in the event of the entity winding up.

16. RELATED PARTY TRANSACTIONS

The Company's main related parties are as follows:

i) Entities exercising control for financial reporting purpose

The ultimate parent entity is Mahindra & Mahindra Limited, a publically listed company based in Mumbai, India.

ii) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

Information of remuneration of directors and key management personnel is disclosed in Note 6.

iii) Transactions with Related Parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than available to other parties unless otherwise stated.

The following transactions occurred with related parties

Purchase of goods and services

Mahindra & Mahindra Limited and its subsidiaries

Mahindra Automotive Australia Pty Ltd made total purchases of inventory from Mahindra & Mahindra Limited and its subsidiaries during the year of $10,834,184 or ₹542,467,593 (2017: $15,806,587 or ₹791,435,811)

The Hayden Way (Aust) Pty Limited

On 7 October 2017, Mahindra Automotive Australia Pty Ltd entered into a sponsorship and promotion agreement with The Hayden Way (Aust) Pty Limited (a company associated with M Hayden). The total licence and services fees paid to The Hayden Way (Aust) Pty Limited were $112,750 or ₹5,645,393 (2017: $82,500 or ₹4,130,775).

Trade and other payables

Mahindra and Mahindra Limited and its subsidiaries have provided inventory to Mahindra Automotive Australia Pty Ltd under normal trading terms. The outstanding amount at year end was $7,918,298 or ₹396,469,181 (2017: $4,784,450 or ₹239,557,412).

17. COMMITMENTS FOR EXPENDITURE

	2018 INR	**2018 AUD $**	2017 INR	2017 AUD $
Non cancellable operating leases – Company as lessee				
Payable:				
Not later than 1 year	**15,638,463**	**312,332**	15,654,135	312,645
Later than 1 year but not later than 5 years	**41,666,101**	**832,157**	57,521,918	1,148,830
	57,304,564	**1,144,489**	73,176,053	1,461,475

The property lease for the premises at Unit 4, 20 Buttonwood Place, Willawong, QLD is a non-cancellable lease with a 4-year term (expiry November 2021), with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum.

18. NOTES TO STATEMENTS OF CASH FLOWS

(i) For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2018 INR	**2018 AUD $**	2017 INR	2017 AUD $
Cash	**11,258,540**	**224,856**	24,001,105	479,351
Overdraft		–		–
	11,258,540	**224,856**	24,001,105	479,351

(ii) *Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities*

	2018 INR	**2018 AUD $**	2017 INR	2017 AUD $
Profit / (Loss) for the year	**(73,669,944)**	**(1,471,339)**	1,326,454	26,492
Depreciation and amortisation	**3,769,520**	**75,285**	3,069,391	61,302
(Gain)/loss on sale of property, plant and equipment	**1,070,596**	**21,382**	–	–
Changes in operating assets and liabilities				–
Movement in trade accounts receivable	**(39,017,297)**	**(779,255)**	63,760,090	1,273,418
Movement in prepayments	**(3,305)**	**(66)**		
Movement in inventories	**21,739,393**	**434,180**	(49,873,976)	(996,085)
Movement in trade accounts payable	**198,043,724**	**3,955,337**	(3,954,829)	(78,986)
Movement in GST clearing	**(1,431,301)**	**(28,586)**		–
Movement in provisions	19,957,251	398,587	2,255,553	45,048
Net cash inflow from operating activities	**130,458,637**	**2,605,525**	16,582,683	331,190

19. EVENTS AFTER THE REPORTING PERIOD

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

DIRECTORS' REPORT FOR SSANGYONG MOTOR COMPANY LIMITED ("SYMC")

1. Company Overview

Located in Pyeongtaek near Seoul, South Korea, SYMC is a manufacturer/seller of vehicles and automotive parts with a line-up of 8 models including;

a) SUVs – G4 Rexton, Rexton W, Korando C, Tivoli, and Tivoli air;

b) Pick up-Korando Sports (SUT);

c) MPV-Korando Turismo; and

d) Luxury sedan-Chairman W.

The Company also manufactures gasoline and diesel engines and Axles at its Changwon plant. The Company has 205 domestic dealers, and exports through distributors in 120 countries.

The Company has 2 overseas subsidiaries, Ssangyong Motor (SHANGHAI) Company Limited in China and Ssangyong European Parts Center B.V. in the Netherlands, and 1 local subsidiary SY Auto Capital.

2. Operation Overview

In 2017, the Korean automotive market has witnessed de-growth of 2.5% to register sales of 1,560,180 units (1.8 million units including imported vehicles) due to the decreased spending capacities of the customers and continued increase in household debt.

In the domestic market, SYMC has recorded the highest sales in the last 14 years with a volume of 106,667 units, an increase of 3.0%. This was primarily driven by the success of new Rexton models which grew more than 200% YOY and Tivoli which crossed 50,000 units for 2nd consecutive year.

In the addressable domestic market, SYMC has gained 0.7% market share i.e., from 16.8% in 2016 to 17.5% in 2017.

In the export markets, SYMC sold 37,008 units and de-grew by 29.2% YOY due to shift in customer preference in Europe due to emission norms, currency supply issue for distributor in Iran and one time Peru police order in the previous year.

Total sales of SYMC in 2017 stood at 143,685 units, a decrease of 7.8% YOY mainly due to the volume decrease in the export markets. The total sales revenue of 2017 decreased by 3.7% to KRW 3,489.9 bn (INR 209.7 bn).

3. Profit and Loss

Despite such healthy domestic sales performance, the company's operating profit of KRW 30.5 bn (INR 1.8 bn) in 2016 has turned into operating loss of KRW 64.2bn (INR 3.9 bn) in 2017 due to the decrease in the export volume, increase in sales expenses and amortization of new Rexton development expenses. The net loss in 2017 now stands at KRW 70.9 bn (INR 4.3 bn) in 2017 against net profits of KRW 56.8 bn (INR 3.4bn) in 2016.

4. Financial Status

Total asset increased by KRW 79.2 bn (INR 4.8 bn) to KRW 2,250 bn (INR 135.2 bn) at the end of 2017, from KRW 2,170.8 bn (INR 130.5 bn) at the end of the preceding fiscal year. Total liabilities increased by KRW 121.7 bn (INR7.3 bn) to KRW 1,472.3 bn (INR 88.5 bn) at the end of 2017 from KRW 1,350.6 bn (INR 81.2 bn) at the end of the preceding fiscal year. Total capital decreased by KRW 42.5 bn (INR 2.6 bn) to KRW 777.7 bn (INR 46.7 bn) at the end of 2017 from KRW 820.2bn (INR 49.3 bn) at the end of the preceding fiscal year, and debt ratio increased by 24.6% to 189.3% from 164.7% at the end of the preceding fiscal year.

The increase in assets is due to the increase in tangible and intangible assets of KRW 109.6bn (INR 6.6bn).

The main causes for the increase in liabilities are the increase in borrowings (KRW 39.4bn (INR 2.4bn)), increase in trade payables of 44.1 KRW bn (INR 2.7 bn) and increase in non-trade payables of KRW 36.7bn (INR 2.2bn).

Paid-in-capital at the end of 2017 increased by KRW 3.6bn (INR 0.2bn) to KRW 689.7 bn (INR 41.5 bn) at the end of 2017 as the company issued new shares (729,300 shares) of KRW 5.1bn (INR 0.3bn) through the third party allocation to the ESOA in March 2017.

5. Future Business Plan

SYMC has rebuilt SUV full line-up under 3 umbrella brands including Rexton, Korando and Tivoli. SYMC plans to secure profitability and sustainability by making Tivoli as a flagship small SUV having young and trendy image through face lift, and launching G4 Rexton and Rexton Sports (in 2018).

SYMC will devote all its energies to lead next SUV markets by launching new model every year and to create new mobility solutions like eco-friendly EV car, Autonomous car and Connected car. SYMC also plans to make its position secure as global SUV expert by implementing overseas expansion plan based on the firm growth in the domestic market.

6. Corporate Governance

1) Board of Directors

i. Composition of BOD and other board committee

Name	BOD	Status	Other board committee
Pawan Kumar Goenka	Chairman (Director)	Non-standing	Chairman of BOD Chairman of Management Committee Member of Outside Director Candidate Recommendation Committee

Name	BOD	Status	Other board committee
Johng-Sik Choi	Director	Standing	Representative Director Member of Management Committee
Rajeev Dubey	Inside director	Non-standing	–
Dae-Ryun Chang	Outside Director	Non-standing	Chairman of Audit Committee Member of Outside Director Candidate Recommendation Committee
Dominic DiMarco	Outside Director	Non-standing	Member of Audit Committee Chairman of Outside Director Candidate Recommendation Committee
Bong-Hee Won	Outside Director	Non-standing	Member of Audit Committee
Yong-Hwan, Park	Outside Director	Non-standing	Member of Audit Committee

2) Annual Shareholder's Meetings

i. Date, Time and Location where last three AGMs held.

	2018	2017	2016
Date & time	Mar. 30, 2018 09:00 am	Mar. 31, 2017 09:00 am	Mar 23, 2016 09:30 am
Special resolutions	–	–	–
Location	455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Miraedong dormitory		

3) Disclosure

i. Details of non-compliance by the company and penalties imposed by administrative agencies during the last three years.

- N/A

4) General Shareholder information

i. Date, time and venue of General Shareholders Meeting;

Mar. 30, 2018, 9:00 am, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Miraedong dormitory

ii. Financial year: Jan. 1 – Dec. 31

iii. Date of Book closure: Dec. 31

iv. Dividend Payment Date: N/A

v. Listing on Stock Exchanges: SYMC is listed on Korea Exchange (KRX)

vi. Stock Code: 003620 (KOSPI)

vii. Market Price Data of 2017

		Dec.	Nov.	Oct.	Sep.	Aug.	Jul.	June	May	Apr.	Mar.	Feb.	Jan.
High	KRW	5,510	5,440	5,680	5,680	6,380	6,890	7,340	7,720	8,000	8,350	8,280	8,260
	INR	331	327	341	341	383	414	441	464	481	502	498	496
Low	KRW	4,975	5,120	5,110	5,000	5,520	6,220	6,760	7,150	7,460	7,640	7,460	7,300
	INR	299	308	307	301	332	374	406	430	448	459	448	439

viii. Registrar and Transfer Agents : Korea Securities Depository

ix. Plant Locations;

- Pyeongtaek plant : 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea
- Changwon plant : 79, Seongsan-dong, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Korea

x. Address for correspondence: Ssangyong Motor Company, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea

For and on behalf of the Board

Dr. Pawan Kumar Goenka

Chairman

Pyeongtaek, South Korea, 30th March, 2018

INDEPENDENT AUDITORS' REPORT

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

We have audited the accompanying separate financial statements of Ssangyong Motor Company, expressed in Korea won, which comprise the separate statement of financial position as of December 31, 2017, the separate statement of comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' audits responsibility

Our responsibility is to issue a report on these separate financial statements based on our audit. We conducted our audit in accordance with the Audits Standards for Financial Statements established by the Securities and Futures Commission of the Republic of Korea. We conducted our audit in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Conclusion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2017, and its separate financial performance and its separate cash flow for the year then ended in accordance with Korean International Financial Reporting Standards.

Other matters

The separate financial statements of the Company as of December 31, 2016, and the related separate statement of comprehensive income, changes in equity and cash flow for the year then ended were audited by other auditors, whose report thereon dated March 16, 2017, expressed an unqualified opinion.

The procedures and practices utilized in the Republic of Korea to audits such separate financial statements may differ from those generally accepted and applied in other countries.

The accompanying separate financial statements as of and for the years ended December 31, 2017 and 2016 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have audited the translation and nothing came to our attention that cause us to believe that the separate financial statements expressed in Korean won have not been translated into Indian Rupee on the basis set forth in note 2.(1) to the separate financial statements.

Seoul, Korea

March 16, 2018

KPMG Samjong Accounting Corp.

Notice to Readers

This report is effective as of March 16, 2018, the audits report date. Certain subsequent events or circumstances, which may occur between the audits report date and the time of reading this report, could have a material impact on the separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SEPARATE STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 AND 2016

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian-Rupee	
		2017	2016	**2017**	2016
Assets					
Cash and cash equivalents	4,5,33	₩ **212,521,514**	₩ 234,657,416	Rs. **12,710,617**	Rs. 14,034,534
Trade and other receivables, net	7,32,33	**211,750,192**	236,732,144	**12,664,485**	14,158,621
Derivative assets		**–**	756,035	**–**	45,217
Inventories, net	8,24	**223,537,426**	200,132,723	**13,369,463**	11,969,660
Other current assets	10	**7,497,721**	7,294,543	**448,429**	436,277
Total current assets		**655,306,853**	679,572,861	**39,192,994**	40,644,309
Non-current financial instruments	5,33	**4,000**	6,000	**239**	359
Non-current other receivables, net	7,32,33	**39,637,401**	41,036,985	**2,370,658**	2,454,365
Available-for-sale financial assets	6,33	**560,000**	50,222,268	**2,310,382**	2,827,514
Property, plant and equipment, net	11,13	**1,239,668,891**	1,198,961,457	**74,142,876**	71,708,221
Intangible assets, net	11,12	**303,268,722**	234,344,498	**18,138,081**	14,015,819
Investments in subsidiaries	9	**1,056,486**	5,829,056	**63,187**	348,628
Investments in joint venture	9	**10,200,000**	10,200,000	**610,048**	610,048
Other non-current assets	10	**273,283**	273,319	**16,345**	16,347
Total non-current assets		**1,594,668,783**	1,491,211,315	**95,374,927**	89,187,280
Total assets		₩ **2,249,975,636**	₩ 2,170,784,176	Rs. **134,567,921**	Rs. 129,831,589
Liabilities					
Trade and other payables	14,18, 32,33	₩ **752,417,705**	₩ 669,397,408	Rs. **45,001,059**	Rs. 40,035,730
Short-term borrowings	13,18,33	**163,840,987**	181,967,721	**9,799,102**	10,883,237
Derivative liabilities	25,33	**409,259**	5,798,806	**24,477**	346,819
Provision of warranty for sale-current	15	**53,046,748**	53,153,294	**3,172,652**	3,179,025
Other long-term employee benefits liabilities-current		**1,190,438**	1,330,939	**71,198**	79,602
Other current liabilities	16	**35,145,612**	33,296,425	**2,102,011**	1,991,412
Total current liabilities		**1,006,050,749**	944,944,593	**60,170,499**	56,515,825

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS OF DECEMBER 31, 2017 AND 2016

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian Rupee	
		2017	2016	**2017**	2016
		(In thousands)		(In thousands)	
Long-term borrowings	13,18,33	**₩ 70,000,000**	₩ 12,500,000	**Rs. 4,186,603**	Rs. 747,608
Non-current other payables	33	**3,374,007**	5,507,071	**201,794**	329,370
Defined benefit liabilities	17	**284,563,123**	279,609,200	**17,019,326**	16,723,038
Other long-term employee benefits liabilities		**15,138,490**	15,357,662	**905,412**	918,520
Non-current provision of warranty for sale	15	**93,192,809**	92,695,690	**5,573,733**	5,544,001
Total non–current liabilities		**466,268,429**	405,669,623	**27,886,868**	24,262,537
Total liabilities		**₩1,472,319,178**	₩ 1,350,614,216	**Rs. 88,057,367**	**Rs.** 80,778,362
Equity					
Capital stock	19	**689,746,980**	686,100,480	**41,252,810**	41,034,718
Other capital surplus	20	**133,141,920**	131,678,360	**7,963,034**	7,875,500
Other equity	21	**–**	(2,574,700)	**–**	(153,989)
Retained earnings (Accumulated deficit)	22	**(45,232,442)**	4,965,820	**(2,705,290)**	296,998
Total equity		**₩ 777,656,458**	₩ 820,169,960	**Rs. 46,510,554**	**Rs.** 49,053,227
Total liabilities and equity		**₩2,249,975,636**	₩ 2,170,784,176	Rs. **134,567,921**	Rs. 129,831,589

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In thousands of won and in thousands of rupee, except earnings per share information)

	Note	Korean Won 2017	Korean Won 2016	Indian Rupee 2017	Indian Rupee 2016
Sales	31,32	₩3,489,882,083	₩ 3,626,340,467	Rs. 208,725,005	Rs. 216,886,392
Cost of sales	24,32	2,976,693,716	3,035,871,861	178,031,921	181,571,284
Gross profit		513,188,367	590,468,606	30,693,084	35,315,108
Selling, general and administrative expenses	24,26	577,434,759	559,953,922	34,535,572	33,490,067
Operating income (loss)		(64,246,392)	30,514,684	(3,842,488)	1,825,041
Other income	27,32	29,156,178	57,806,493	1,743,791	3,457,326
Other expenses	27,32	39,785,895	38,569,095	2,379,539	2,306,765
Finance income	25,28	25,938,730	28,244,307	1,551,359	1,689,253
Finance costs	25,28	22,007,422	21,226,581	1,316,233	1,269,532
Profit (Loss) before income taxes		(70,944,801)	56,769,808	(4,243,110)	3,395,323
Income tax expenses	23	–	–	–	–
Profit (Loss) for the year		(70,944,801)	56,769,808	(4,243,110)	3,395,323
Other comprehensive income (loss) for the year	21,22	23,321,239	37,590,950	1,394,811	2,248,263
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements		20,746,539	40,392,990	1,240,822	2,415,849
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	17	2,574,700	(2,802,040)	153,989	(167,586)
Total comprehensive income(loss) for the year		₩ (47,623,562)	₩ 94,360,758	Rs. (2,848,299)	Rs. 5,643,586
Earnings (Losses) per share					
Basic and diluted earnings (losses) per share	29	₩ (515)	₩ 414	Rs. (31)	Rs. 25

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In thousands of won)

	Korean won							
		Other capital surplus						
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Retained earnings (Accumulated deficit)	Total
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ 1,105,138	₩ 227,340	₩ (92,196,978)	₩ 725,809,202
Total comprehensive income(loss) for the year:								
Profit for the year	–	–	–	–	–	–	56,769,808	56,769,808
Defined benefit plan re-measurements	–	–	–	–	–	–	40,392,990	40,392,990
Changes in fair value of cash flow hedge	–	–	–	–	–	(2,802,040)	–	(2,802,040)
Balance at December 31, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ 1,105,138	₩ (2,574,700)	₩ 4,965,820	₩ 820,169,960
Balance at January 1, 2017	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ 1,105,138	₩ (2,574,700)	₩ 4,965,820	₩ 820,169,960
Total comprehensive income(loss) for the year:								
Loss for the year	–	–	–	–	–	–	(70,944,801)	(70,944,801)
Defined benefit plan re-measurements	–	–	–	–	–	–	20,746,539	20,746,539
Changes in fair value of cash flow hedge	–	–	–	–	–	2,574,700	–	2,574,700
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	3,646,500	1,463,560	–	–	–	–	–	5,110,060
Balance at December 31, 2017	₩ 689,746,980	₩ 12,916,273	₩ 118,189,001	₩ 931,508	₩ 1,105,138	₩ –	₩ (45,232,442)	₩ 777,656,458

See accompanying notes to the separate financial statements.

	Indian rupee							
		Other capital surplus						
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Retained earnings (Accumulated deficit)	Total
Balance at January 1, 2016	Rs. 41,034,718	Rs. 684,971	Rs. 7,068,720	Rs. 55,712	Rs. 66,097	Rs. 13,597	Rs. (5,514,174)	Rs. 43,409,641
Total comprehensive income(loss) for the year:								
Profit for the year	–	–	–	–	–	–	3,395,323	3,395,323
Defined benefit plan re-measurements	–	–	–	–	–	–	2,415,849	2,415,849
Changes in fair value of cash flow hedge	–	–	–	–	–	(167,586)	–	(167,586)
Balance at December 31, 2016	Rs. 41,034,718	Rs. 684,971	Rs. 7,068,720	Rs. 55,712	Rs. 66,097	Rs. (153,989)	Rs. 296,998	Rs. 49,053,227
Balance at January 1, 2017	Rs. 41,034,718	Rs. 684,971	Rs. 7,068,720	Rs. 55,712	Rs. 66,097	Rs. (153,989)	Rs. 296,998	Rs. 49,053,227
Total comprehensive income(loss) for the year:								
Loss for the year	–	–	–	–	–	–	(4,243,110)	(4,243,110)
Defined benefit plan re-measurements	–	–	–	–	–	–	1,240,822	1,240,822
Changes in fair value of cash flow hedge	–	–	–	–	–	153,989	–	153,989
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	218,092	87,534	–	–	–	–	–	305,626
Balance at December 31, 2017	Rs. 41,252,810	Rs. 772,505	Rs. 7,068,720	Rs. 55,712	Rs. 66,097	Rs. –	Rs. (2,705,290)	Rs. 46,510,554

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In thousands of won and in thousands of rupee)

	Korean won		Indian-Rupee	
	2017	2016	**2017**	2016
Cash flows from operating activities				
Profit(loss) for the year	₩ **(70,944,801)**	₩ 56,769,808	Rs. **(4,243,110)**	Rs. 3,395,323
Adjustment	**285,797,741**	269,966,797	**17,093,166**	16,146,340
Changes in assets and liabilities	**(8,648,043)**	(80,134,808)	**(517,227)**	(4,792,752)
Cash generated from operations (note 30)	**206,204,897**	246,601,797	**12,332,829**	14,748,911
Interest received	**2,645,797**	2,640,051	**158,241**	157,898
Interest paid	**(3,780,915)**	(3,636,291)	**(226,131)**	(217,482)
Dividends received	**11,000**	11,000	**658**	658
Net cash provided by operating activities	**205,080,779**	245,616,557	**12,265,597**	14,689,985
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	294,784	2,010,394	17,631	120,239
Proceed from disposal of intangible assets	**763,636**	–	**45,672**	–
Acquisition of property, plant and equipment	**(157,492,950)**	(127,492,681)	**(9,419,435)**	(7,625,160)
Acquisition of intangible assets	**(118,257,642)**	(82,779,869)	**(7,072,825)**	(4,950,858)
Cash flow used in other investing activities	**(2,753,543)**	(2,430,157)	**(164,686)**	(145,436)
Net cash used in investing activities	**(277,445,715)**	(210,692,313)	**(16,593,643)**	(12,601,215)
Cash flows from financing activities				
Proceeds from borrowings	**70,000,000**	24,030,389	**4,186,603**	1,437,224
Proceeds from issuing capital stock	**5,110,060**	–	**305,626**	–
Receipts of government grants	**133,034**	429,493	**7,956**	25,688
Repayment of borrowings	**(25,014,060)**	(17,500,000)	**(1,496,056)**	(1,046,651)
Net cash provided by financing activities	**50,229,034**	6,959,882	**3,004,129**	416,261
Net increase(decrease) in cash and cash equivalents	**(22,135,902)**	41,884,126	**(1,323,917)**	2,505,031
Cash and cash equivalents at January 1	234,657,416	192,773,290	14,034,534	11,529,503
Cash and cash equivalents at December 31	₩ **212,521,514**	₩ 234,657,416	Rs. **12,710,617**	Rs. 14,034,534

See accompanying notes to the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. General Description of the Company

(1) Organization and description of business of the Company

Ssangyong Motor Company (the "Company") was incorporated on December 6, 1962, in the Republic of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered in Dongsak-ro, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

(2) Major shareholders

As of December 31, 2017, the Company's shareholders are as follows:

Name of shareholder	Number of shares	Percentage of ownership
Mahindra & Mahindra Ltd.	99,964,502	72.46%
Others	37,984,894	27.54%
	137,949,396	100

2. Basis of Preparation and Accounting Policies

(1) Basis of translating separate financial statements

The separate financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of ₩ 16.72 to INR 1 on December 31, 2017, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

The Company has prepared its separate financial statements in accordance with the K-IFRS. The Company's financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS No. 1027, Separate Financial Statements, in which a parent, or an investor with joint control of, or significant influence over, an investee, accounts for the investments on the basis of the direct equity interest rather than on the basis of the underlying results and net assets of the investees.

The separate financial statements have been prepared on the historical cost basis, except as described below. Historical cost is generally based on the fair value of the consideration given.

1. Derivatives measured at fair value
2. FVTPL measured at fair value
3. Defined benefit liabilities that present value of defined benefit obligation deducted by plan assets

The separate financial statements as of and for the year ended 2017, to be submitted at the ordinary shareholders' meeting on March 30, 2018, were authorized for issuance at the board of directors' meeting on February 13, 2018.

1) Amendments to K-IFRSs and new interpretations that are mandatorily effective for the current year:

1. Amendments to K-IFRS No. 1007 : Statement of Cash Flows

The amendments to K-IFRS No. 1007 contain the requirement that changes in liabilities arising from financing activities to be disclosed (to the extent necessary). The management believes that the impact of the amendments to K-IFRS No. 1007 on its separate financial statements is not significant.

2. Amendments to K-IFRS No. 1012 : Income taxes

The amendments to K-IFRS No. 1012 clarify the following:

a. The carrying value of an asset does not limit the estimation of probable future taxable profits.

b. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

c. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The management believes that the impact of the amendments to K-IFRS No. 1012 on its separate financial statements is not significant.

2) New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Company for annual periods beginning after January 1, 2017, and the Company has not early adopted them.

1. Amendments to K-IFRS No. 1115, 'Revenue from Contracts with Customers'

The Company has reviewed and analyzed the Company's 5-step recognition of all types of contracts based on the five-step model for the adoption of K-IFRS No. 1115, which is expected to be initially applied on January 1, 2018. The major impacts of the adoption of the Standard are as follows.

The Company have identified distinct performance obligations for our products and merchandise contract with our customers, such as (1) sales of vehicles and merchandise, (2) transportation of vehicles, and (3) warranties. Recognition of the revenues recognized at the time of the transfer of the risks and rewards of the goods is to be realized at the time when the obligation to perform the transportation and warranty is identified and implemented in the contract of transfer of the goods.

Our sales contract with customers has the option of customers purchasing additional warranties. Also, depending on the sales policy, customers may be offered service warranty beyond the assurance warranty when selling a vehicle. When a customer purchases a warranty or provides a service warranty to a customer under a sales policy, sales recognition related to the performance obligations is deferred to the time the performance obligation is fulfilled, and is not recognized in provision of warranties.

Transaction price of a service warranty to a customer under a sales policy is allocated by relative individual sales price that is estimated by "expected cost plus a margin approach".

The consideration paid to other customers defined in K-IFRS No. 1115 are recognized by deducting from related sales.

The Company has applied the simplified method for recognizing the cumulative effect of the contracts that are not completed on the first application date to reflect retained earnings. As of the end of the year, there are no financial impacts due to uncompleted contracts due to changes in accounting policies. As a result, the beginning balance of retained earnings does not change on the initial application date.

2. Amendments to K-IFRS No. 1109: Financial Instruments

Key features of the new standard, K-IFRS 1109, are 1) classification and measurement of financial assets that reflects the business model in which the assets are managed and their cash flow characteristics, 2) impairment methodology that reflects 'expected credit loss' (ECL) model for financial assets, and 3) expanded scope of hedged items and hedging instruments which qualify for hedge accounting and changes in assessment method for effect of hedging relationships. It replaces existing guidance in K-IFRS 1039, 'Financial Instruments: Recognition and Measurement'. The Company plans to adopt K-IFRS 1109 for the year beginning after January 1, 2018.

The Company reviewed changes in internal controls processes or accounting processing systems, and performed an assessment of the impact resulting from the application of K-IFRS 1109. The Company has performed a detailed assessment of the impact resulting from the application of K-IFRS 1109, and expects to disclose additional quantitative information in the notes to the financial statements for the year ending December 31, 2018. Expected impacts on the separate financial statements are generally categorized as follows:

Classification and measurement of financial assets

Under K-IFRS 1109, financial assets are classified into three principal categories; measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) based on the business model in which assets are managed and their cash flow characteristics, as detailed in the below table.

Under K-IFRS 1109, derivatives embedded in hybrid contracts where the host is a financial asset are not bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model	Contractual cash flows are solely payments of principal and interests	All other cases
To collect contractual cash flows	At amortized cost(*)	FVTPL(**)
Both to collect contractual cash flows and sell financial assets	At FVOCI(*)	
For trading, and others	At FVOCI	

(*) The Company may irrevocably designate as at FVTPL to eliminate or significantly reduce an accounting mismatch.

(**) The Company may irrevocably designate equity investments that is not held for trading as at FVOCI.

As of December 31, 2017, the Company has loans and receivables amounting to ₩462,148 million, available-for-sale financial assets at fair value through profit or loss amounting to ₩560 million. The loan and receivable is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of it give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As such, the loan and receivables is expected to be classified as financial assets at amortized cost under K-IFRS 1109.

Classification and measurement of financial liabilities

Under K-IFRS 1109, the amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities is presented in OCI, not recognized in profit or loss, and the OCI amount will not be reclassified (recycled) to profit or loss. However, if recognizing the amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities in OCI creates or increases an accounting mismatch, the amount of change in the fair value is recognized in profit or loss.

As of December 31, 2017, the Company has financial liabilities at amortized costs amounting to ₩965,336 million, and financial liabilities at fair value through profit or loss amounting to ₩409 million.

As a result of the preliminary assessment, the impact of financial liabilities on financial statements by adopting K-IFRS1109 is not significant because the amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities are insignificant.

Impairment: Financial assets and contract assets

K-IFRS 1109 replaces the ‘incurred loss’ model, which recognizes impairment of financial assets and contract assets only when a loss event has been identified, in the existing standard with a forward-looking ‘expected credit loss’ (ECL) model for debt instruments, lease receivables, contractual assets, loan commitments, financial guarantee contracts.

Under K-IFRS 1109, impairment losses are likely to be recognized earlier than using the incurred loss model under the existing guidance in K-IFRS 1039 as loss allowances will be measured on either of the 12-month or lifetime ECL based on the extent of increase in credit risk since inception as shown in the below table.

	Classification(*)	Loss allowances
Stage 1	Credit risk has not increased significantly since the initial recognition (**)	12-month ECL: ECLs that resulted from possible default events within the 12 months after the reporting date
Stage 2	Credit risk has increase significantly since the initial recognition	Lifetime ECL: ECL that resulted from all possible default events over the expected life of a financial instrument
Stage 3	Credit-impaired	

(*) The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses if trade receivables or contract assets resulting from transactions within the scope of K-IFRS 1115 do not contain a significant financing component (or when the entity applies the practical expedient for contracts that are one year or less). The Company can choose its accounting policy to measure the loss allowance at an amount equal to lifetime expected assets if the trade receivables or contract assets contain a significant financing component in accordance with K-IFRS 1115. The accounting policy shall be applied to all lease receivables resulting from the transactions that are within the scope of K-IFRS 1017.

(**) The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

As of December 31, 2017, the Company has recognized loss allowances amounting to ₩3,910 million for loans and receivables. The Company has chosen its accounting policy to measure the loss allowance at an amount equal to lifetime expected assets if the trade receivables or contract assets contain a significant financing component, and plan to use practical simplification method that the credit risk on a financial instrument has not increased significantly at the reporting date.

As a result of the preliminary assessment, the impact of impairment of financial assets or contractual assets on financial statements by adopting K-IFRS1109 is not significant.

Hedge accounting

K-IFRS 1109 retains the mechanics of hedge accounting (fair value hedge, cash flow hedge, hedging on net investment in a foreign operation) which was defined in the existing guidance in K-IFRS 1039, but provides principle-based and less complex guidance in hedging which focuses on the risk management activities. More hedged items and hedging instruments would qualify for hedge accounting, more qualitative and forward-looking approach will be taken to assessing hedge effectiveness, and qualitative threshold (80～125%) is removed under K-IFRS 1109.

When initially applying K-IFRS 1109, the Company may choose as its accounting policy to continue to apply the hedge accounting requirements of K-IFRS 1039.

The Company has held forward contract for hedging changes in foreign exchange rate, but there is not derivatives that is designated the hedge accounting at the reporting date.

The Company plans to apply hedge accounting as much as possible to determine whether it meets the requirements for hedge accounting in accordance with K-IFRS 1109. The volatility of current profit and loss is expected to decrease.

3. Amendments to K-IFRS No. 1116 : Leases

K-IFRS 1116 replaces existing lease guidance, including K-IFRS 1017 Leases and K-IFRS interpretation 2104 Determining whether an arrangement contains a lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply K-IFRS 1115 at or before the date of initial application of K-IFRS 1116.

K-IFRS 1116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemption for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, lessors continue to classify leases as finance or operation leases.

As a lessee, the Company can choose between retrospective application method and modified retrospective application method. The Company will perform a detailed assessment of the impact resulting from the application of K-IFRS 1116, and expects to disclose additional quantitative information in the notes to the financial statements for the period ending December 31, 2018 after completion of its assessment during 2018.

(3) Accounting for investments in subsidiaries and joint ventures

The Company in accordance with the K-IFRS No. 1027 ‘Consolidated and Separate financial statements’ is a parent company and it has subsidiaries, Ssangyong Motor (Shanghai) Co., Ltd. and Ssangyong European Parts Center B.V., and has a joint venture with SY auto capital Co., Ltd. When the Company prepares separate financial statements, the investments in subsidiaries and a joint venture are accounted for at cost basis by the direct investment proportion. Also, the Company recognizes a dividend from a subsidiary in profit or loss in the separate financial statements when its right to receive the dividend is established.

(4) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

1) Sale of goods

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

2) Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Depending on the nature of the transaction, the Company determines the stage of completion by reference to surveys of work performed, services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction, as applicable.

3) Royalty income

Royalty income is recognized on an accrual basis that reflects the economic substance of the related contracts.

4) Dividend and interest income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established (provided it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(5) Foreign currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the separate financial statements, the results and financial position of each entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(6) Financial Instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified into the following specified categories: 'financial assets at FVTPL,' 'held-to-maturity investments,' 'available-for-sale ("AFS") financial assets' and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets, and is determined at the time of initial recognition.

1) Financial assets at FVTPL

Financial assets classified as FVTPL are measured at fair value, and gains and losses are recognized in profit or loss. A financial asset is classified as held for trading if:

a. it has been acquired principally for the purpose of selling in the near term;

b. on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

Financial assets other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial asset forms part of a Company of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

As of December 31, 2017, there are no financial assets designated as financial assets at fair value through profit or loss.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset, and is included in the 'other gains and losses' line item in the separate statement of comprehensive income.

2) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment, with revenue recognized on an effective yield basis.

3) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

They are subsequently measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income (as investments revaluation reserve). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

4) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as 'loans and receivables.' Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

5) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment include:

a. significant financial difficulty of the issuer or counterparty,

b. default or delinquency in interest or principal payments,

c. it becoming probable that the borrower will enter bankruptcy or financial reorganization or

d. the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the trade and other receivables, where the carrying amount is reduced through the use of an allowance. When a trade receivable is considered uncollectible, it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against the allowance. Changes in the carrying amount of the allowance are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

6) De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of financial assets other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset or it retains a residual interest and such an retained interest indicates that the transferor has neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair value of those parts.

(7) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to acquisition of financial liabilities at FVTPL are recognized immediately in profit or loss. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which K-IFRS No. 1103 applies, held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been acquired principally for the purpose of repurchasing in the near term;

b. on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of a Company of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and K-IFRS No. 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss is recognized in other gains and losses line item in the statement of comprehensive income.

2) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability, and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees and points paid or received (that form an integral part of the effective interest rate) and transaction costs and other premiums or discounts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3) De-recognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(8) Paid-in capital

Common stock is classified as equity. Incremental costs directly related to capital transactions are deducted from equity as a net amount reflecting the tax effect.

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

(9) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk by foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument; in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the separate statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

(10) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for those in transit, are measured under the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Company does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives (Years)
Buildings	24–50
Structures	13–30
Machinery and equipment	10
Vehicles	6–10
Others	6–10

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Company reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(12) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets-research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Company can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(13) Impairment of property, plant and equipment and intangible assets except for goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(14) Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the separate statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Company presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the separate statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS No. 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

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

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

(16) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) As a lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2) As a lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the separate statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see Note 2. (17)). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(18) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the separate statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

(19) Taxation

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

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

3) Current and deferred taxes for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(20) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS No. 1102 Share-based payment; leasing transactions that are within the scope of K-IFRS No. 1017 Leases; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS No. 1002 Inventories or value in use in K IFRS No. 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b. Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c. Level 3 inputs are unobservable inputs for the asset or liability.

(21) Segment information

Segment information is presented in the same format as the reporting material presented to the Company's management. The Company's management is liable for the assessment of the resources to be allocated to the business segments and the performance results of the business segments.

(22) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Company classifies the emission rights as intangible assets. Emission right allowances the government allocated free of charge are measured at ₩0, and emission right allowances purchased are measured at cost that the Company paid to purchase the allowances. If emission rights that the government allocated free of charge are sufficient to settle the emission rights allowances allotted for vintage year, the emissions liabilities are measured at ₩0. However, for the emission liabilities that exceed the allowances allocated free of charge, the shortfall is measured at best estimate at the end of the reporting period.

3. Significant Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, differ from actual results. The significant estimates and assumptions and those which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

– Note 12 Intangible assets: Assumptions for estimating recoverable amount for impairment test of development expenditures.

– Note 15 Provision for warranty for sale: Assumptions of expected expenditures based on warranty periods

– Note 17 Employee benefits: Actuarial assumptions

– Note 18 Commitments and Contingencies: Assumption of expected expenditures in future

– Note 23 Income tax expenses: Recognized deferred tax assets

4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. Restricted Financial Instruments

Restricted financial Instruments as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Financial institution		Korean won 2017	Korean won 2016		Indian rupee 2017	Indian rupee 2016	Description
Cash and cash equivalents	Shinhan Bank and others	₩	**1,108,695**	177,208	Rs.	**66,310**	10,599	Litigated asset, government grants and others
	Woori Bank		**748,483**	746,591		**44,766**	44,653	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others		**4,000**	6,000		**238**	358	Bank account deposit
		₩	**1,861,178**	929,799	Rs.	**111,314**	55,610	

6. Available-for sale Financial Assets

Available-for sale financial assets as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

	Ownership (%)		2017 Acquisition Cost		2017 Net asset Value		2017 Book value		2016 Book value
Kihyup Technology Banking Corporation(*)	**1.72**	₩	**500,000**	₩	**697,010**	₩	**500,000**	₩	500,000
Korea Management Consultants Association(*)	**1.50**		**60,000**		**680,983**		**60,000**		60,000
		₩	**560,000**	₩	**1,377,993**	₩	**560,000**	₩	560,000

(In thousands of rupee)

		2017			2016
	Ownership (%)	Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation(*)	**1.72**	Rs. **29,904**	Rs. **41,687**	Rs. **29,904**	Rs. 29,904
Korea Management Consultants Association(*)	**1.50**	**3,589**	**40,729**	**3,589**	3,589
		Rs. **33,493**	Rs. **82,416**	Rs. **33,493**	Rs. 33,493

(*) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at acquisition cost.

7. Trade and Other Receivables

(1) Details of trade and other receivables as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

	2017		2016	
	Current	**Non-current**	Current	Non-current
Trade receivables	**₩195,038,354**	**6,223,160**	218,738,512	7,282,322
Less: Allowance for doubtful accounts	**(126,715)**	**–**	**(93,208)**	**–**
Other receivables	**8,679,435**	**147,594**	**7,660,486**	**170,500**
Less: Allowance for doubtful accounts	**(3,723,780)**	**(44,250)**	**(1,732)**	**(44,250)**
Loans and others	**11,886,976**	**33,322,231**	10,473,406	33,660,841
Less: Allowance for doubtful accounts	**(4,078)**	**(11,334)**	(45,320)	(32,428)
	₩211,750,192	**39,637,401**	236,732,144	41,036,985

(In thousands of rupee)

	2017		2016	
	Current	**Non-current**	Current	Non-current
Trade receivables	Rs. **11,664,973**	**372,199**	13,082,447	435,546
Less: Allowance for doubtful accounts	**(7,579)**	**–**	**(5,575)**	**–**
Other receivables	**519,105**	**8,827**	**458,163**	**10,197**
Less: Allowance for doubtful accounts	**(222,714)**	**(2,647)**	**(104)**	**(2,647)**
Loans and others	**710,944**	**1,992,956**	626,401	2,013,207
Less: Allowance for doubtful accounts	**(244)**	**(677)**	(2,711)	(1,938)
	Rs. **12,664,485**	**2,370,658**	14,158,621	2,454,365

(2) Detalis of aging analysis of the trade and other receivables as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

	2017		2016	
	Trade receivables	**Others**	Trade receivables	Others
Not past due	**₩201,261,514**	**50,164,648**	225,924,026	47,617,839
Less than 30 days	**–**	**–**	–	–
More than 60 days	**–**	**–**	–	–
More than 90 days	**–**	**3,871,588**	**96,808**	**4,347,394**
	₩201,261,514	**54,036,236**	226,020,834	51,965,233

(In thousands of rupee)

	2017		2016	
	Trade receivables	**Others**	Trade receivables	Others
Not past due	Rs. **12,037,172**	**3,000,279**	13,512,203	2,847,957
Less than 30 days	**–**	**–**	–	–
More than 60 days	**–**	**–**	–	–
More than 90 days	**–**	**231,554**	**5,790**	**260,012**
	Rs. **12,037,172**	**3,231,833**	13,517,993	3,107,969

(3) Changes in allowance for trade and other receivables for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	2017		2016	
	Trade receivables	**Others**	Trade receivables	Others
Beginning balance	₩ **93,208**	**123,730**	44,462	170,174
Bad debt expense	**33,507**	**3,723,115**	48,746	39,960
Reversal of allowance for bad debts	**–**	**(63,403)**	–	(86,404)
Ending balance	₩ **126,715**	**3,783,442**	93,208	123,730

(In thousands of won and in thousands of rupee)

	2017		2016	
	Trade receivables	**Others**	Trade receivables	Others
Beginning balance	Rs. **5,575**	**7,400**	2,660	10,178
Bad debt expense	**2,004**	**222,674**	2,915	2,390
Reversal of allowance for bad debts	**–**	**(3,792)**	–	(5,168)
Ending balance	Rs. **7,579**	**226,282**	5,575	7,400

8. Inventories

Details of inventories as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	**2017**	2016
Merchandises	₩ **34,648,961**	36,986,821	Rs. **2,072,306**	2,212,130
Finished goods	**66,624,320**	46,638,240	**3,984,708**	2,789,368
Work-in-process	**29,867,552**	28,203,922	**1,786,337**	1,686,837
Raw materials	**33,097,439**	32,040,766	**1,979,512**	1,916,314
Sub-materials	**414,413**	433,593	**24,785**	25,933
Supplies	**3,632,719**	3,545,334	**217,268**	212,042
Goods in transit	**55,252,022**	52,284,047	**3,304,547**	3,127,036
	₩223,537,426	200,132,723	Rs. **13,369,463**	11,969,660

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to W 3,103,515 thousand (Rs 185,617 thousand) for the year ended December 31, 2017 is included in cost of sales.

9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

	Company	Location	Ownership	Closing Month	2017 Acquisition cost	2017 Book value	2016 Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.(*1)	China	100%	December	₩ **5,338,097**	₩ **1,056,486**	₩ 5,829,056
	Ssangyong European Parts Center B.V.	Netherland	100%	December	**835,695**	**–**	–
					6,173,792	**1,056,486**	5,829,056
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	**10,200,000**	**10,200,000**	10,200,000
					₩ **16,373,792**	₩ **11,256,486**	₩ 16,029,056

(*1) Impairment loss on investments in subsidiaries of W 4,772,571 thousand for the year ended December 31, 2017.

(*2) SY Auto Capital Co., Ltd. were established under joint venture agreement as a joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated.

(In thousands of rupee)

	Company	Location	Ownership	Closing Month	2017 Acquisition cost	2017 Book value	2016 Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.(*1)	China	100%	December	Rs. **319,264**	Rs. **63,187**	Rs. 348,628
	Ssangyong European Parts Center B.V.	Netherland	100%	December	**49,982**	**–**	–
					369,246	**63,187**	348,628
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	**610,048**	**610,048**	610,048
					Rs. **979,294**	Rs. **673,235**	Rs. 958,676

(*) Impairment loss on investments in subsidiaries of Rs 285,441 thousand for the year ended December 31, 2017.

(*2) SY Auto Capital Co., Ltd. were established under joint venture agreement as a joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated.

10. Other Assets

Details of other assets as of December 31, 2017 and 2016 are as follows:
(In thousands of won and in thousands of rupee)

	Korean won 2017	Korean won 2016	Indian rupee 2017	Indian rupee 2016
Other current assets				
Advance payments	₩ **1,741,178**	₩ 1,784,844	Rs. **104,137**	Rs. 106,749
Prepaid expenses	**5,423,950**	5,167,105	**324,400**	309,038
Current tax assets	**332,593**	342,594	**19,892**	20,490
	7,497,721	7,294,543	**448,429**	436,277
Other non-current assets				
Other non-current assets	₩ **273,283**	₩ 273,319	Rs. **16,345**	Rs. 16,347

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of December 31, 2017 and 2016 are as follows:
(In thousands of won)

2017	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ **475,062,920**	₩ **–**	₩ **–**	₩ **–**	₩ **475,062,920**
Buildings	**543,207,391**	**(1,845,609)**	**(217,544,488)**	**(148,366,786)**	**175,450,508**
Structures	**109,871,927**	**(111,068)**	**(64,129,824)**	**(28,913,882)**	**16,717,153**
Machinery	**1,298,011,168**	**(261,084)**	**(1,033,241,296)**	**(95,508,817)**	**168,999,971**
Vehicles	**7,669,974**	**(7,411)**	**(5,896,222)**	**(583,550)**	**1,182,791**
Tools and molds	**1,200,844,395**	**(31,214)**	**(743,644,745)**	**(158,770,322)**	**298,398,114**
Equipment	**67,497,396**	**(42,425)**	**(47,685,144)**	**(3,354,079)**	**16,415,748**
Construction in progress	**87,441,686**	**–**	**–**	**–**	**87,441,686**
	₩ **3,789,606,857**	₩ **(2,298,811)**	₩ **(2,112,141,719)**	₩ **(435,497,436)**	₩ **1,239,668,891**

(In thousands of won)

	2016				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 475,072,283	₩ –	₩ –	₩ –	₩ 475,072,283
Buildings	538,730,945	(1,906,386)	(206,865,385)	(148,366,786)	181,592,388
Structures	108,248,754	(115,454)	(62,439,683)	(28,913,882)	16,779,735
Machinery	1,281,190,863	(333,844)	(1,011,171,267)	(96,363,713)	173,322,039
Vehicles	7,820,106	(8,944)	(6,125,571)	(680,671)	1,004,920
Tools and molds	1,070,562,591	(13,254)	(683,055,335)	(159,733,640)	227,760,362
Equipment	68,375,740	(18,479)	(45,517,321)	(3,605,443)	19,234,497
Construction in progress	103,179,053	–	–	–	103,179,053
Machinery in transit	1,016,181	–	–	–	1,016,181
	₩ 3,654,196,516	₩ (2,396,361)	₩ (2,015,174,562)	₩ (437,664,135)	₩ 1,198,961,458

(In thousands of rupee)

	2017				
	Acquisition cost	**Government grants**	**Accumulated depreciation**	Accumulated impairment losses	Book value
Land	Rs. **28,412,854**	Rs. **–**	Rs. **–**	Rs. –	Rs. 28,412,854
Buildings	**32,488,480**	**(110,383)**	**(13,011,034)**	(8,873,612)	10,493,451
Structures	**6,571,288**	**(6,643)**	**(3,835,516)**	(1,729,299)	999,830
Machinery	**77,632,247**	**(15,615)**	**(61,796,728)**	(5,712,250)	10,107,654
Vehicles	**458,731**	**(443)**	**(352,645)**	(34,901)	70,742
Tools and molds	**71,820,837**	**(1,867)**	**(44,476,360)**	(9,495,833)	17,846,777
Equipment	**4,036,925**	**(2,538)**	**(2,851,982)**	(200,603)	981,802
Construction in progress	**5,229,766**	**–**	**–**	–	5,229,766
	Rs. **226,651,128**	Rs. **(137,489)**	Rs. **(126,324,265)**	Rs. (26,046,498)	Rs. 74,142,876

(In thousands of rupee)

	2016				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs. 28,413,414	Rs. –	Rs. –	Rs. –	Rs. 28,413,414
Buildings	32,220,750	(114,018)	(12,372,332)	(8,873,612)	10,860,788
Structures	6,474,208	(6,905)	(3,734,431)	(1,729,299)	1,003,573
Machinery	76,626,248	(19,967)	(60,476,749)	(5,763,381)	10,366,151
Vehicles	467,710	(535)	(366,362)	(40,710)	60,103
Tools and molds	64,028,863	(793)	(40,852,592)	(9,553,447)	13,622,031
Equipment	4,089,458	(1,105)	(2,722,328)	(215,637)	1,150,388
Construction in progress	6,170,996	–	–	–	6,170,996
Machinery in transit	60,776	–	–	–	60,776
	Rs. 218,552,423	Rs. (143,323)	Rs. (120,524,794)	Rs. (26,176,086)	Rs. 71,708,220

(2) Changes in property, plant and equipment for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won)

	2017					
	Beginning balance	**Acquisition**	**Disposal**	**Depreciation**	**Others(*)**	**Ending balance**
Land	**₩ 475,072,283**	**₩ 73,126**	**₩ (82,489)**	**₩ –**	**₩ –**	**₩ 475,062,920**
Buildings	**181,592,388**	**208,020**	**(1,039)**	**(10,618,327)**	**4,269,466**	**175,450,508**
Structures	**16,779,735**	**786,249**	**(7,845)**	**(1,681,746)**	**840,760**	**16,717,153**
Machinery	**173,322,039**	**44,987**	**(105,279)**	**(31,100,022)**	**26,838,246**	**168,999,971**
Vehicles	**1,004,920**	**244,577**	**(5,264)**	**(420,250)**	**358,808**	**1,182,791**
Tools and molds	**227,760,362**	**4,905,915**	**(610,423)**	**(77,389,074)**	**143,731,334**	**298,398,114**
Equipment	**19,234,497**	**3,316,663**	**(50,004)**	**(6,901,222)**	**815,814**	**16,415,748**
Construction in progress	**103,179,053**	**158,642,593**	**–**	**–**	**(174,379,960)**	**87,441,686**
Machinery in transit	**1,016,181**	**389,149**	**–**	**–**	**(1,405,330)**	**–**
	₩ 1,198,961,458	**₩ 168,611,279**	**₩ (862,343)**	**₩ (128,110,641)**	**₩ 1,069,138**	**₩ 1,239,668,891**

(In thousands of won)

2016	Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩ 475,531,313	₩ 9,502	₩ (468,532)	₩ –	₩ –	₩ 475,072,283
Buildings	190,494,892	233,348	(151,728)	(10,490,072)	1,505,948	181,592,388
Structures	16,766,128	1,567,112	(47,999)	(1,735,542)	230,036	16,779,735
Machinery	185,774,908	58,198	(26,658)	(29,157,378)	16,672,969	173,322,039
Vehicles	1,380,302	64,752	(32,145)	(520,040)	112,051	1,004,920
Tools and molds	252,248,090	4,169,299	(19,915)	(69,930,044)	41,292,932	227,760,362
Equipment	22,794,469	2,711,179	(23,460)	(6,940,572)	692,881	19,234,497
Construction in progress	40,866,774	118,971,315	(120,000)	–	(56,539,036)	103,179,053
Machinery in transit	1,924,851	2,239,081	–	–	(3,147,751)	1,016,181
	₩ 1,187,781,727	₩ 130,023,786	₩ (890,437)	₩ (118,773,648)	₩ 820,030	₩ 1,198,961,458

(*) Capitalized borrowing costs in respect of construction in progress is ₩ 950,290 thousand (2016: ₩ 1,119,030 thousand) and ₩ 251,882 thousand (2016: ₩ 100,650 thousand) was transferred from inventory to vehicles during the year ended December 31, 2017. The government grant amounting to ₩ 133,034 thousand (2016: ₩ 399,650 thousand) was used for asset acquisition was included in others during the year ended December 31, 2017.

(In thousands of rupee)

2017	**Beginning balance**	**Acquisition**	**Disposal**	**Depreciation**	**Others(*)**	**Ending balance**
Land	Rs. **28,413,414**	Rs. **4,374**	Rs. **(4,934)**	Rs. **-**	Rs. **-**	Rs. **28,412,854**
Buildings	**10,860,788**	**12,441**	**(62)**	**(635,067)**	**255,351**	**10,493,451**
Structures	**1,003,573**	**47,024**	**(469)**	**(100,583)**	**50,285**	**999,830**
Machinery	**10,366,151**	**2,691**	**(6,297)**	**(1,860,049)**	**1,605,158**	**10,107,654**
Vehicles	**60,103**	**14,628**	**(314)**	**(25,135)**	**21,460**	**70,742**
Tools and molds	**13,622,031**	**293,416**	**(36,509)**	**(4,628,533)**	**8,596,372**	**17,846,777**
Equipment	**1,150,388**	**198,366**	**(2,991)**	**(412,753)**	**48,792**	**981,802**
Construction in progress	**6,170,996**	**9,488,193**	**–**	**–**	**(10,429,423)**	**5,229,766**
Machinery in transit	**60,776**	**23,274**	**–**	**–**	**(84,050)**	**–**
	Rs. **71,708,220**	Rs. **10,084,407**	Rs. **(51,576)**	Rs. **(7,662,120)**	Rs. **63,945**	Rs. **74,142,876**

(In thousands of rupee)

2016	Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs. 28,440,868	Rs. 568	Rs. (28,022)	Rs. –	Rs. –	Rs. 28,413,414
Buildings	11,393,235	13,956	(9,075)	(627,397)	90,069	10,860,788
Structures	1,002,759	93,727	(2,871)	(103,800)	13,758	1,003,573
Machinery	11,110,939	3,481	(1,594)	(1,743,862)	997,187	10,366,151
Vehicles	82,554	3,873	(1,923)	(31,103)	6,702	60,103
Tools and molds	15,086,608	249,360	(1,191)	(4,182,419)	2,469,673	13,622,031
Equipment	1,363,306	162,152	(1,403)	(415,106)	41,439	1,150,388
Construction in progress	2,444,185	7,115,509	(7,177)	–	(3,381,521)	6,170,996
Machinery in transit	115,123	133,916	–	–	(188,263)	60,776
	Rs. 71,039,577	Rs. 7,776,542	Rs. (53,256)	Rs. (7,103,687)	Rs. 49,044	Rs. 71,708,220

(*) Capitalized borrowing costs in respect of construction in progress is Rs 56,836 thousand (2016: Rs 66,928 thousand) and Rs 15,065 thousand (2016: Rs 6,019 thousand) was transferred from inventory to vehicles during the year ended December 31, 2017. The government grants amounting to Rs 7,957 thousand (2016: Rs 23,903 thousand) was used for asset acquisition was included in others during the year ended December 31, 2017.

(3) Details of pledged assets provided as collateral for the borrowings as of December 31, 2017 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	Book value	**Collateralized amount**	**Book value**	**Collateralized amount**
Land	₩ **366,132,440**		Rs. **21,897,873**	
Buildings and structures	**70,978,452**	**267,000,000**	**4,245,123**	**15,968,900**
Machinery and others	**1,529,294**		**91,465**	
	₩ **438,640,186**	**267,000,000**	Rs. **26,234,461**	**15,968,900**

(4) Capitalized borrowing costs and capitalization interest rate for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	2017	2016	**2017**	2016
Capitalized interest expenses (*)	₩ **3,023,949**	₩ 2,810,875	Rs. **180,859**	Rs. 168,115
Capitalization interest rate	₩ **3.22%**	₩ 3.58%	Rs. **3.22%**	Rs. 3.58%

(*) Capitalized borrowing costs for intangible assets are ₩ 2,073,659 thousand (Rs 124,023 thousand) and ₩ 1,691,845 thousand (Rs 101,187 thousand) for the years ended December 31, 2017 and 2016, respectively.

12. Intangible Assets

(1) Details of intangible assets as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

2017	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 304,955,420	–	(115,794,054)	–	189,161,366
Patents	3,984,136	(18,286)	(2,294,527)	(78,338)	1,592,985
Other intangible assets	139,841,157	(20,628)	(26,943,689)	(362,469)	112,514,371
	₩ 448,780,713	(38,914)	(145,032,270)	(440,807)	303,268,722

(In thousands of won)

2016	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 170,793,491	₩ –	₩ (69,280,886)	₩ –	₩ 101,512,605
Patents	3,489,061	(21,119)	(1,703,782)	(54,627)	1,709,533
Other intangible assets	154,930,497	(37,464)	(23,194,568)	(576,105)	131,122,360
	₩ 329,213,049	₩ (58,583)	₩ (94,179,236)	₩ (630,732)	₩ 234,344,498

(In thousands of rupee)

2017	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs. 18,238,961	Rs. –	Rs. (6,925,482)	Rs. –	Rs. 11,313,479
Patents	238,285	(1,094)	(137,232)	(4,685)	95,274
Other intangible assets	8,363,706	(1,234)	(1,611,465)	(21,679)	6,729,328
	Rs. 26,840,952	Rs. (2,328)	Rs. (8,674,179)	Rs. (26,364)	Rs 18,138,081

(In thousands of rupee)

2016	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs. 10,214,922	Rs. –	Rs. (4,143,594)	Rs. –	Rs. 6,071,328
Patents	208,676	(1,263)	(101,901)	(3,267)	102,245
Other intangible assets	9,266,178	(2,241)	(1,387,235)	(34,456)	7,842,246
	Rs. 19,689,776	Rs. (3,504)	Rs. (5,632,730)	Rs. (37,723)	Rs. 14,015,819

(2) Changes in intangible assets for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won)

2017	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others (*)	Ending balance
Internally created intangible assets:								
Development cost	₩ 101,512,605	₩ –	₩ –	₩ (46,513,168)	₩ –	₩ 134,161,929	₩ –	₩ 189,161,366
Other intangible assets	123,384,189	113,469,519	–	–	–	(134,161,929)	2,073,659	104,765,438
	₩ 224,896,794	₩ 113,469,519	₩ –	₩ (46,513,168)	₩ –	₩ –	₩ 2,073,659	₩ 293,926,804
Individually acquired intangible assets:								
Patents	₩ 1,709,533	₩ 495,075	₩ –	₩ (587,912)	₩ (23,711)	₩ –	₩ –	₩ 1,592,985
Other intangible assets	7,738,171	4,293,048	(763,636)	(3,732,285)	213,635	–	–	7,748,933
	9,447,704	4,788,123	(763,636)	(4,320,197)	189,924	–	–	9,341,918
	₩ 234,344,498	₩ 118,257,642	₩ (763,636)	₩ (50,833,365)	₩ 189,924	₩ –	₩ 2,073,659	₩ 303,268,722

(In thousands of won)

2016	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others (*)	Ending balance
Internally created intangible assets:								
Development cost	₩ 109,536,141	₩ –	₩ –	₩ (30,730,746)	₩ –	₩ 22,707,210	₩ –	₩ 101,512,605
Other intangible assets	66,170,633	78,228,921	–	–	–	(22,707,210)	1,691,845	123,384,189
	₩ 175,706,774	₩ 78,228,921	₩ –	₩ (30,730,746)	₩ –	₩ –	₩ 1,691,845	₩ 224,896,794
Individually acquired intangible assets:								
Patents	₩ 1,584,610	₩ 671,369	₩ –	₩ (531,010)	₩ (15,436)	₩ –	₩ –	₩ 1,709,533
Other intangible assets	9,653,201	3,878,085	–	(5,812,515)	–	19,400	–	7,738,171
	11,237,811	4,549,454	–	(6,343,525)	(15,436)	19,400	–	9,447,704
	₩ 186,944,585	₩ 82,778,375	₩ –	₩ (37,074,271)	₩ (15,436)	₩ 19,400	₩ 1,691,845	₩ 234,344,498

(*) Capitalized borrowing costs in respect of other intangible assets is ₩ 2,073,659 thousand and ₩ 1,691,845 thousand for the years ended December 31, 2017 and 2016, respectively.

(In thousands of rupee)

	2017							
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment**	**Transfer**	**Others (*)**	**Ending balance**
Internally created intangible assets:								
Development cost	Rs. **6,071,328**	Rs. –	Rs. –	Rs. **(2,781,888)**	Rs. –	Rs. **8,024,039**	Rs. –	Rs. **11,313,479**
Other intangible assets	**7,379,437**	**6,786,454**	–	–	–	**(80,24,039)**	**1,24,023**	**6,265,875**
	Rs. **13,450,765**	Rs. **6,786,454**	Rs. –	Rs. **(2,781,888)**	Rs. –	Rs. –	Rs. **124,023**	Rs. **17,579,354**

	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment**	**Transfer**	**Others (*)**	**Ending balance**
Individually acquired intangible assets:								
Patents	Rs. **102,245**	Rs. **29,610**	Rs. –	Rs. **(35,162)**	Rs. **(1,419)**	Rs. –	Rs. –	Rs. **95,274**
Other intangible assets	**462,809**	**256,761**	**(45,672)**	**(223,223)**	**12,778**	–	–	**463,453**
	565,054	**286,371**	**(45,672)**	**(258,385)**	**11,359**	**–**	**–**	**558,727**
	Rs. **14,015,819**	Rs. **7,072,825**	Rs. **(45,672)**	Rs. **(3,040,273)**	Rs. **11,359**	Rs. –	Rs. **124,023**	Rs. **18,138,081**

(In thousands of rupee)

	2016							
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others (*)	Ending balance
Internally created intangible assets:								
Development cost	Rs. 6,551,205	Rs. –	Rs. –	Rs. (1,837,964)	Rs. –	Rs. 1,358,087	Rs. –	Rs. 6,071,328
Other intangible assets	3,957,574	4,678,763	–	–	–	(1,358,087)	101,187	7,379,437
	Rs. 10,508,779	Rs. 4,678,763	Rs. –	Rs. (1,837,964)	Rs. –	Rs. –	Rs. 101,187	Rs. 13,450,765

	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others (*)	Ending balance
Individually acquired intangible assets:								
Patents	Rs. 94,773	Rs. 40,154	Rs. –	Rs. (31,759)	Rs. (923)	Rs. –	Rs. –	Rs. 102,245
Other intangible assets	577,345	231,941	–	(347,638)	–	1,161	–	462,809
	672,118	272,095	–	(379,397)	(923)	1,161	–	565,054
	Rs. 11,180,897	Rs. 4,950,858	Rs. –	Rs. (2,217,361)	Rs. (923)	Rs. 1,161	Rs. 101,187	Rs. 14,015,819

(*) Capitalized borrowing costs in respect of other intangible assets is Rs 124,023 thousand and Rs 101,187 thousand for the years ended December 31, 2017 and 2016, respectively.

(3) Details of capitalized development costs as of December 31, 2017 are as follows.

(In thousands of won and in thousands of rupee)

	Project name	Korean won	Indian rupee	Remaining amortization period
Development costs	RV(*1)	₩ 154,255,390	Rs. 9,225,801	2~5 years
	Power train and others	34,905,976	2,087,678	2~5 years
Other intangible assets	RV(*2)	96,540,111	5,773,930	–
	Power train and others	8,225,327	491,945	–
		₩ 293,926,804	Rs. 17,579,354	

(*1) Development projects for vehicles that have been completed between 2015 and 2017, which are classified as inventories as of December 31, 2017.

(*2) On-going development project for vehicles as of December 31, 2017 for consumer needs and market conditions.

(4) Details of expenditures for research and developments for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	2017	2016
Capitalization of intangible assets	₩ **115,543,178**	**79,920,766**	Rs. 6,910,477	4,779,950
Manufacturing costs	**56,080,698**	**60,073,118**	3,354,109	3,592,890
Selling and administrative expenses	**19,616,836**	**15,535,921**	1,173,256	929,182
	₩ **191,240,712**	**155,529,805**	Rs 11,437,842	9,302,022

13. Borrowings

(1) Details of short-term borrowings as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

				Korean won			Indian rupee	
Creditor	Type	Interest rate (%)		**2017**	2016		**2017**	2016
Korea Development Bank	Operating fund	CD+1.98	₩	**30,000,000**	30,000,000	Rs	**1,794,258**	1,794,258
Woori Bank	Operating fund(*)	CD+2.00		**12,500,000**	25,000,000		**747,608**	1,495,215
Citibank Korea and others	Banker's usance	0.66 ~1.35		**121,340,987**	126,967,721		**7,257,236**	7,593,764
			₩	**163,840,987**	181,967,721	Rs	**9,799,102**	10,883,237

(*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

				Korean won			Indian rupee	
Creditor	Type	Interest rate (%)		**2017**	2016		**2017**	2016
Korea Development Bank	Facility fund	CD+1.57	₩	**70,000,000**	–	Rs	**4,186,603**	–
Woori Bank	Operating fund	CD+2.00		**12,500,000**	37,500,000		**747,608**	2,242,823
Less: Current portion				**(12,500,000)**	(25,000,000)		**(747,608)**	(1,495,215)
			₩	**70,000,000**	12,500,000	Rs	**4,186,603**	747,608

(3) Details of pledged assets as collateral for borrowings as of December 31, 2017 are as follows:

(In thousands of won)

Creditor	Pledged assets		Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	₩	100,000,000	195,000,000
Woori Bank	Land, buildings and machinery		12,500,000	72,000,000
		₩	112,500,000	267,000,000

(In thousands of rupee)

Creditor	Pledged assets		Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	₩	5,980,861	11,662,680
Woori Bank	Land, buildings and machinery		747,608	4,306,220
		₩	6,728,469	15,968,900

14. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won				Indian rupee		
		2017		2016		2017		2016
Accrued expenses	₩	37,164,320	₩	34,519,616	Rs.	2,222,746	Rs.	2,064,570

15. Provision of Warranty for sale

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won				Indian rupee		
		2017		2016		**2017**		2016
Beginning balance	₩	**145,848,984**		143,793,979	Rs.	**8,723,025**	Rs.	8,600,118
Increase		**41,427,330**		44,949,094		**2,477,711**		2,688,343
Decrease		**(41,036,757)**		(42,894,089)		**(2,454,351)**		(2,565,435)
Ending balance	₩	**146,239,557**	₩	145,848,984	Rs.	**8,746,385**	Rs.	8,723,026
Current	₩	**53,046,748**		53,153,294	Rs.	**3,172,652**		3,179,025
Non-current		**93,192,809**		92,695,690		**5,573,733**		5,544,001

16. Other Liabilities

Details of other liabilities as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won				Indian rupee		
		2017		2016		**2017**		2016
Advances from customers	₩	**3,943,130**	₩	3,359,440	Rs	**235,833**	Rs	200,923
Deposits received		**531,789**		613,895		**31,806**		36,716
Withholdings		**30,670,693**		29,323,090		**1,834,372**		1,753,773
	₩	**35,145,612**	₩	33,296,425	Rs	**2,102,011**	Rs	1,991,412

17. Employee Benefits

(1) Details of defined benefit liabilities as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won				Indian rupee		
		2017		2016		**2017**		2016
Present value of defined benefit obligations	₩	**285,658,090**	₩	280,792,667	Rs.	**17,084,815**	Rs.	16,793,820
Fair value of plan assets		**(1,094,967)**		(1,183,467)		**(65,489)**		(70,782)
	₩	**284,563,123**	₩	279,609,200	Rs.	**17,019,326**	Rs.	16,723,038

(2) Changes in defined benefit liabilities for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won)

Details	PV of defined benefit obligation	Plan assets	Total
			2017
Beginning balance	**₩ 280,792,667**	**(1,183,467)**	**279,609,200**
Current service cost	**37,549,102**	**–**	**37,549,102**
Interest expense (income)	**8,063,849**	**(33,950)**	**8,029,899**
Subtotal	**₩ 326,405,618**	**(1,217,417)**	**325,188,201**
Re-measurement factors:			
Re-measurements of plan assets	**–**	**19,501**	**19,501**
Loss (gain) from experience adjustments	**(12,356,496)**	**–**	**(12,356,496)**
Loss (gain) from changes in financial assumptions	**(8,594,588)**	**–**	**(8,594,588)**
Loss (gain) from changes in demographic assumptions	**185,044**	**–**	**185,044**
Sub-total	**₩ (20,766,040)**	**19,501**	**(20,746,539)**
Benefit paid by plan	**(102,949)**	**102,949**	**–**
Benefit paid directly	**(19,878,539)**	**–**	**(19,878,539)**
Ending balance	**₩ 285,658,090**	**(1,094,967)**	**284,563,123**

(In thousands of won):

Details	PV of defined benefit obligation	Plan assets	Total
			2016
Beginning balance	₩ 293,343,081	(1,337,356)	292,005,725
Current service cost	40,843,479	–	40,843,479
Interest expense (income)	8,520,142	(38,774)	8,481,368
Sub-total	₩ 342,706,702	(1,376,130)	341,330,572
Re-measurement factors:			
Re-measurements of plan assets	–	22,825	22,825
Loss (gain) from experience adjustments	(5,804,730)	–	(5,804,730)
Loss (gain) from changes in financial assumptions	(34,853,925)	–	(34,853,925)
Loss (gain) from changes in demographic assumptions	242,840	–	242,840
Sub-total	₩ (40,415,815)	22,825	(40,392,990)
Benefit paid by plan	(169,838)	169,838	–
Benefit paid directly	(21,328,382)	–	(21,328,382)
Ending balance	₩ 280,792,667	(1,183,467)	279,609,200

(In thousands of rupee):

Details	PV of defined benefit obligation	Plan assets	Total
			2017
Beginning balance	**Rs. 16,793,820**	**(70,782)**	**16,723,038**
Current service cost	**2,245,760**	**-**	**2,245,760**
Interest expense (income)	**482,288**	**(2,031)**	**480,257**
Sub-total	**Rs 19,521,868**	**(72,813)**	**19,449,055**
Re-measurement factors:			
Re-measurements of plan assets	**–**	**1,167**	**1,167**
Loss (gain) from experience adjustments	**(739,025)**	**–**	**(739,025)**
Loss (gain) from changes in financial assumptions	**(514,030)**	**–**	**(514,030)**
Loss (gain) from changes in demographic assumptions	**11,066**	**–**	**11,066**
Sub-total	**Rs (1,241,989)**	**1,167**	**(1,240,822)**
Benefit paid by plan	**(6,157)**	**6,157**	**–**
Benefit paid directly	**(1,188,907)**	**–**	**(1,188,907)**
Ending balance	**Rs 17,084,815**	**(65,489)**	**17,019,326**

Details	PV of defined benefit obligation	Plan assets	Total
			2016
Beginning balance	Rs 17,544,443	(79,985)	17,464,458
Current service cost	2,442,792	–	2,442,792
Interest expense (income)	509,578	(2,319)	507,259
Sub-total	Rs 20,496,813	(82,304)	20,414,509
Re-measurement factors:			
Re-measurements of plan assets	–	1,364	1,364
Loss (gain) from experience adjustments	(347,173)	–	(347,173)
Loss (gain) from changes in financial assumptions	(2,084,565)	–	(2,084,565)
Loss (gain) from changes in demographic assumptions	14,525	–	14,525
Sub-total	Rs (2,417,213)	1,364	(2,415,849)
Benefit paid by plan	(10,158)	10,158	–
Benefit paid directly	(1,275,622)	–	(1,275,622)
Ending balance	Rs 16,793,820	(70,782)	16,723,038

(3) The components of plan assets as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee):

	Korean won		Indian rupee	
	2017	2016	**2017**	2016
Insurance contracts	₩ **1,094,967**	1,183,467	Rs. **65,488**	70,782

(4) Actuarial assumptions used related to plans as of December 31, 2017 and 2016 are as follows:

	2017	2016
Discount rate (%)	**3.15**	2.89
Rate of future salary growth (%)	**3.94**	3.95

The discount rate is the market yield at the end of the reporting year on high quality corporate bonds(AA+) that have maturity which approximates the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The discount rate for the calculation of the present value of defined benefit obligations is also used as expected return on plan assets.

Weighted average duration of defined benefit obligation as of December 31, 2017 and 2016 are 12.0 years and 13.2 years, respectively.

(5) The sensitivity of the defined benefit obligations to key assumptions as of December 31, 2017 is as follows:

(In thousands of won and in thousands of rupee):

	Korean won		Indian rupee	
	1% increase	1% decrease	**1% increase**	1% decrease
Discount rate	₩ **(30,107,146)**	35,111,141	Rs. **(1,800,667)**	2,099,949
Future salary growth	₩ **33,325,244**	(29,156,510)	Rs. **1,993,137**	(1,743,810)

Sensitivity analysis does not take into account the variance of all expected cash flows, but it provides an approximation of the sensitivity to the assumptions used.

18. Commitments and Contingencies

Details of commitments and contingencies as of December 31, 2017 are as follows:

(1) The Company carries product liability insurance for all products that it sells.

(2) As of December 31, 2017, the Company has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of W 267,500 million and USD 240 million.

(3) As of December 31, 2017, the Company has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.

(4) As of December 31, 2017, two claims as a plaintiff were filled with the claim amount of W 2,301 million (Rs 138 million) and 11 claims as a defendant were filled with the claims of W 3,815 million (Rs 228 million). The provision amounting to W 7,364 million (Rs 440 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Company will be required to incur an ouflow.

19. Capital Stock

The Company's capital stock as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee, except for par value and share information)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Number of shares authorized	₩	**3,000,000,000**	3,000,000,000	Rs.	**3,000,000,000**	3,000,000,000
Shares outstanding	₩	**137,949,396**	137,220,096	Rs.	**137,949,396**	137,220,096
Par value	₩	**5,000**	5,000	Rs.	**299**	299
Capital stock	₩	**689,746,980**	686,100,480	Rs.	**41,252,810**	41,034,718

20. Other Capital Surplus and Retained Earnings

Details of other capital surplus and retained earnings as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Paid-up capital in excess of par value	₩	**12,916,273**	11,452,714	Rs.	**772,504**	684,971
Gain on capital reduction		**118,189,001**	118,189,001	Rs.	**7,068,720**	7,068,720
Debt to be swapped for equity		**931,508**	931,508	Rs.	**55,712**	55,712
Gain on disposal of treasury stock		**1,105,138**	1,105,137	Rs.	**66,098**	66,097
	₩	**133,141,920**	**131,678,360**		**7,963,034**	**7,875,500**

21. Other Equity

(1) Details of the Company's other equity as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Gains (losses) on valuation of derivatives	₩	–	(2,574,700)	Rs.	–	(153,989)

(2) Changes in the Company's gains (losses) on valuation of derivatives for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Beginning balance	₩	**(2,574,700)**	227,340	Rs.	**(153,989)**	13,597
Gains on valuation of derivatives		–	(2,574,700)	Rs.	–	(153,989)
Reclassified to net income (losses)		**2,574,700**	(227,340)	Rs.	**153,989**	(13,597)
Ending balance	₩	–	**(2,574,700)**		–	**(153,989)**

22. Retained Earnings (Deficit)

(1) Details of retained earnings (deficit) as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Retained earnings (Deficit)	₩	**(45,232,442)**	4,965,820	Rs.	**(2,705,290)**	296,998

(2) Changes in retained earnings (deficit) for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Beginning balance	₩	**4,965,820**	(92,196,978)	Rs.	**296,998**	(5,514,174)
Profit (Loss) for the year		**(70,944,801)**	56,769,808		**(4,243,110)**	3,395,323
Defined benefit plan re-measurement		**20,746,539**	40,392,990	Rs.	**1,240,822**	2,415,849
Ending balance	₩	**(45,232,442)**	**4,965,820**		**(2,705,290)**	**296,998**

(3) Statements of appropriation of retained earnings (disposition of accumulated deficits) for the years ended December 31, 2017 and 2016 are as follows:

Date of Disposition for 2017: March 30, 2018

Date of Appropriation for 2016: March 31, 2017

(In thousands of won)

		2017	2016
Unappropriated retained earnings (Deficit)			
Balance at beginning of year		**4,965,821**	(92,196,977)
Profit(loss) for the year		**(70,944,801)**	56,769,808
Re-measurements of defined benefit liabilities		**20,746,538**	40,392,990
	₩	**(45,232,442)**	4,965,821
Disposition of deficit			
Gain on sales of treasury stock		**1,105,138**	–
Gain on capital reduction		**44,127,304**	–
	₩	**45,232,442**	–
Undisposed accumulated deficits to be carried over to subsequent year	₩	**–**	4,965,821

(In thousands of rupee)

		2017	2016
Unappropriated retained earnings (Deficit)			
Balance at beginning of year		**296,999**	(5,514,173)
Profit(loss) for the year		**(4,243,110)**	3,395,323
Re-measurements of defined benefit liabilities		**1,240,822**	2,415,849
	Re	**(2,705,290)**	296,999

		2017	2016
Disposition of deficit			
Gain on sales of treasury stock		**66,097**	–
Gain on capital reduction		**2,639,193**	–
	Re	**2,705,290**	–
Undisposed accumulated deficits to be carried over to subsequent year	Re	**–**	296,999

23. Income Tax Expense

(1) Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of December 31, 2017.

(2) Changes in temporary differences and deferred income tax assets for the years ended December 31, 2017 and 2016, are as follows:

(In thousands of won)

2017

		Beginning balance	Decrease	Increase	Ending balance
Allowance for doubtful accounts		–	–	1,597,027	1,597,027
Government grants	₩	3,025,504	1,163,320	1,163,287	3,025,471
Provision for warranties		145,848,984	145,848,984	146,239,557	146,239,557
Defined benefit liabilities		282,337,426	19,766,561	24,541,393	287,112,258
Impairment loss of property, plant and equipment		99,336,813	8,037,821	–	91,298,992
Intangible assets		231,282	8,221,828	31,593,450	23,602,904
Depreciation		11,528,277	1,125,035	3,130,884	13,534,126
Other payables		26,297,688	26,773,724	27,033,001	26,556,965
Accrued expenses		34,274,171	34,274,171	36,769,573	36,769,573
Investment in subsidiaries		4,184,519	–	963,693	5,148,212
Derivatives		5,042,771	5,042,771	409,259	409,259
Other long-term employee benefit		16,688,601	16,688,601	16,328,928	16,328,928
Trade receivable		–	-	2,458,305	2,458,305
Other receivable		–	4,320,982	6,328,240	2,007,258
Land		(260,713,528)	–	–	(260,713,528)
Others		887,397	96,382	47,801	838,816
Deficit carried over on tax		1,113,990,602	5,528,421	–	1,108,462,181
Sub-total	₩	1,482,960,507	276,888,601	298,604,398	1,504,676,304
Not recognized as deferred tax assets		1,482,960,507			1,504,676,304
Recognized as deferred tax assets		–			–
Statutory tax rate (%)		22%			22%
Deferred tax assets resulting from temporary differences or deficits carried over on tax		–			–
Tax credit carry-forwards:		3,223,052	–	–	3,223,052
Not recognized as deferred tax assets		3,223,052	–	–	3,223,052
Recognized as deferred tax assets		–			–
Deferred tax assets resulting from tax credit carry-forwards		–	–		–
Total deferred income tax	₩	–			–

The Company does not recognize deferred tax assets since it could not estimate income tax decease effect by deducting temporary differences, deficits carried over on tax and tax credit carry-forwards from expected future taxable income.

2016

		Beginning balance	Decrease	Increase	Ending balance
Government grants		2,731,892	2,263,431	2,557,043	3,025,504
Provision for warranties	₩	143,793,978	143,793,978	145,848,984	145,848,984
Defined benefit liabilities		284,249,024	10,572,282	8,660,684	282,337,426
Impairment loss of property, plant and equipment		108,779,594	9,442,781	–	99,336,813
Intangible assets		27,324,177	27,099,587	6,692	231,282
Depreciation		16,394,313	5,598,188	732,152	11,528,277
Other payables		39,537,402	39,537,402	26,297,688	26,297,688
Accrued expenses		32,207,735	32,207,735	34,274,171	34,274,171
Investment in subsidiaries		4,184,519	–	–	4,184,519
Derivatives		(1,683,621)	(1,683,621)	5,042,771	5,042,771
Other long-term employee benefit		16,282,599	16,282,600	16,688,602	16,688,601
Land		(260,713,528)	–	–	(260,713,528)
Others		1,795,498	873,040	(35,061)	887,397
Deficit carried over on tax		1,175,500,028	61,509,426	–	1,113,990,602
Sub-total	₩	1,590,383,610	347,496,829	240,073,726	1,482,960,507
Not recognized as deferred tax assets		1,590,383,610			1,482,960,507
Recognized as deferred tax assets		–			–
Statutory tax rate (%)		22%			22%

		Beginning balance	Decrease	Increase	2016 Ending balance
Deferred tax assets resulting from temporary differences		–			–
Tax credit carry-forwards:		9,235,834	6,012,782	–	3,223,052
Not recognized as deferred tax assets		9,235,834	6,012,782	–	3,223,052
Recognized as deferred tax assets		–			–
Deferred tax assets resulting from tax credit carry-forwards		–			–
Total deferred income tax	₩	–			–

(In thousands of rupee)

		Beginning balance	**Decrease**	**Increase**	**2017** **Ending balance**
Allowance for doubtful accounts		**–**	**–**	**95,516**	**95,516**
Government grants	Rs	**180,951**	**69,577**	**69,575**	**180,949**
Provision for warranties		**8,723,025**	**8,723,025**	**8,746,385**	**8,746,385**
Defined benefit liabilities		**16,886,210**	**1,182,211**	**1,467,787**	**17,171,786**
Loss on revaluation of property, plant and equipment		**5,941,197**	**480,731**	**–**	**5,460,466**
Intangible assets		**13,833**	**491,736**	**1,889,560**	**1,411,657**
Depreciation		**689,490**	**67,287**	**187,254**	**809,457**
Other payables		**1,572,828**	**1,601,299**	**1,616,806**	**1,588,335**
Accrued expenses		**2,049,891**	**2,049,891**	**2,199,137**	**2,199,137**
Investment in subsidiaries		**250,270**	**–**	**57,637**	**307,907**
Derivatives		**301,601**	**301,601**	**24,477**	**24,477**
Other long-term employee benefit		**998,122**	**998,122**	**976,611**	**976,611**
Trade receivable		**–**	**–**	**147,028**	**147,028**
Other receivable		**–**	**258,432**	**378,483**	**120,051**
Land		**(15,592,914)**	**–**	**–**	**(15,592,914)**
Others		**53,074**	**5,764**	**2,859**	**50,169**
Deficit carried over on tax		**66,626,232**	**330,647**	**–**	**66,295,585**
Sub-total	Rs	**88,693,810**	**16,560,323**	**17,859,115**	**89,992,602**
Not recognized as deferred tax assets		**88,693,810**			**89,992,602**
Recognized as deferred tax assets		**–**			**–**
Statutory tax rate (%)		**22%**			**22%**
Deferred tax assets resulting from temporary differences		**–**			**–**
Tax credit carry-forwards:		**192,766**	**–**	**–**	**192,766**
Not recognized as deferred tax assets		**192,766**	**–**	**–**	**192,766**
Recognized as deferred tax assets		**–**			**–**
Deferred tax assets resulting from tax credit carry-forwards		**–**	**–**		**–**
Total deferred income tax	Rs	**–**			**–**

The Company does not recognize deferred tax assets since it could not estimate income tax decease effect by deducting temporary differences, deficits carried over on tax and tax credit carry-forwards from expected future taxable income.

		Beginning balance	Decrease	Increase	2016 Ending balance
Government grants		163,391	135,373	152,933	180,951
Provision for warranties	Rs	8,600,118	8,600,118	8,723,025	8,723,025
Defined benefit liabilities		17,000,540	632,314	517,984	16,886,210
Impairment loss of property, plant and equipment		6,505,957	564,760	–	5,941,197
Intangible assets		1,634,221	1,620,788	400	13,833
Depreciation		980,521	334,820	43,789	689,490
Other payables		2,364,677	2,364,677	1,572,828	1,572,828
Accrued expenses		1,926,300	1,926,300	2,049,891	2,049,891
Investment in subsidiaries		250,270	–	–	250,270
Derivatives		(100,695)	(100,695)	301,601	301,601
Other long-term employee benefit		973,840	973,840	998,122	998,122
Land		(15,592,914)	–	–	(15,592,914)
Others		107,386	52,215	(2,097)	53,074
Deficit carried over on tax		70,305,026	3,678,794	–	66,626,232
Sub-total	Rs	95,118,637	20,783,304	14,358,476	88,693,810
Not recognized as deferred tax assets		95,118,637			88,693,810
Recognized as deferred tax assets		–			–
Statutory tax rate (%)		22%			22%
Deferred tax assets resulting from temporary differences		–			–
Tax credit carry-forwards:		552,382	359,616	–	192,766
Not recognized as deferred tax assets		552,382	359,616	–	192,766
Recognized as deferred tax assets		–			–
Deferred tax assets resulting from tax credit carry-forwards		–			–
Total deferred income tax	Rs	–			–

24. Nature of Expenses

Details of nature of expenses for the year ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Changes in inventories	₩	**(19,311,850)**	12,062,765	Rs.	**(1,155,015)**	721,457
Raw materials consumed and purchase of merchandise		**2,367,958,723**	2,430,416,134		**141,624,326**	145,359,817
Employee benefits		**524,812,464**	526,882,450		**31,388,305**	31,512,108
Depreciation		**128,110,641**	118,773,648		**7,662,120**	7,103,687
Amortization		**50,833,365**	37,074,271		**3,040,273**	2,217,361
Others		**501,725,132**	470,616,515		**30,007,484**	28,146,921
	₩	**3,554,128,475**	3,595,825,783	Rs.	**212,567,493**	215,061,351

Total expenses are equal to the sum of cost of sales and selling, general and administrative expenses.

25. Derivatives

The Company holds derivative contracts to minimize foreign exchange risk. As of December 31, 2017, there is no derivative for cash flow hedge, and changes in fair value of derivative not designated as hedging instrument for the year ended December 31, 2017 is net amounting to W 409,259 thousand (Rs 24,477 thousand) recognized in current loss.

26. Selling, General and Administrative Expenses

(1) Details of selling expenses for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Warranty expenses	₩	**64,028,928**	70,110,525	Rs.	**3,829,481**	4,193,213
Commissions		**236,689,627**	221,325,357		**14,156,078**	13,237,163
Advertising		**18,803,819**	18,239,964		**1,124,630**	1,090,907
Export expenses		**33,078,418**	40,766,448		**1,978,374**	2,438,185
Others		**37,622,939**	34,396,663		**2,250,177**	2,057,216
	₩	**390,223,731**	384,838,957	Rs.	**23,338,740**	23,016,684

(2) Details of general and administrative expenses for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Salaries	₩	**51,868,180**	51,639,556	Rs.	**3,102,164**	3,088,490
Retirement benefit costs		**5,732,951**	7,689,824		**342,880**	459,918
Employee welfare		**12,042,071**	12,680,033		**720,220**	758,375
Rent expense		**11,413,936**	10,280,359		**682,652**	614,854
Service fees		**35,109,259**	28,000,497		**2,099,836**	1,674,671
Depreciation		**14,073,926**	11,328,016		**841,742**	677,513
R&D expenses		**19,616,836**	15,535,921		**1,173,256**	929,182
Amortization		**4,320,197**	6,343,525		**258,385**	379,397
Bad debt expense		**33,507**	48,746		**2,004**	2,915
Others		**33,000,165**	31,568,488		**1,973,693**	1,888,068
	₩	**187,211,028**	175,114,965	Rs.	**11,196,832**	10,473,383

27. Other Income and Expenses

(1) Details of other income for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Foreign exchange transaction gain	₩	**11,049,978**	15,020,958	Rs.	**660,884**	898,383
Foreign exchange translation gain		**501,746**	964,567		**30,009**	57,689
Gain on disposal of property, plant and equipment		**179,970**	1,241,347		**10,764**	74,243
Others		**17,424,484**	40,579,621		**1,042,134**	2,427,011
	₩	**29,156,178**	57,806,493	Rs.	**1,743,791**	3,457,326

(2) Details of other expenses for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Foreign exchange transaction loss	₩	**9,171,400**	13,534,228	Rs.	**548,529**	809,463
Foreign exchange translation loss		**659,308**	796,917		**39,432**	47,663
Loss on disposal of property, plant and equipment		**747,529**	121,335		**44,709**	7,257
Loss on disposal of trade receivables		**14,775,609**	17,212,495		**883,709**	1,029,455
Other bad debt expenses		**3,723,115**	39,960		**222,674**	2,390

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Impairment loss on investments in subsidiaries		**4,772,571**	–		**285,441**	–
Others		**5,936,363**	6,864,160		**355,045**	410,537
	₩	**39,785,895**	38,569,095	Rs.	**2,379,539**	2,306,765

28. Finance Income and Costs

(1) Details of finance income for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Interest income	₩	**2,720,063**	2,550,914	Rs.	**162,683**	152,567
Dividend income		**11,000**	11,000		**658**	658
Foreign exchange transaction gain		**8,768,966**	9,341,735		**524,459**	558,715
Foreign exchange translation gain		**5,614,093**	3,524,018		**335,771**	210,767
Realized gain of financial derivatives		**8,824,608**	12,339,373		**527,788**	738,001
Unrealized gain of financial derivatives		**–**	477,267		**–**	28,545
	₩	**25,938,730**	28,244,307	Rs.	**1,551,359**	1,689,253

(2) Details of finance costs for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Interest expense	₩	**906,267**	794,387	Rs.	**54,202**	47,511
Foreign exchange transaction loss		**11,944,650**	11,435,400		**714,393**	683,935
Foreign exchange translation loss		**1,419**	736,804		**85**	44,067
Realized loss of financial derivatives		**8,745,827**	5,314,653		**523,076**	317,862
Unrealized loss of financial derivatives		**409,259**	2,945,337		**24,477**	176,157
	₩	**22,007,422**	21,226,581	Rs.	**1,316,233**	1,269,532

(3) Details of the Company's financial net profit or loss for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Loan and receivables	₩	**4,250,786**	2,450,076	Rs.	**254,233**	146,536
AFS financial assets		**11,000**	11,000		**658**	658
Derivatives financial assets (liabilities)		**(330,478)**	4,556,650		**(19,765)**	272,527
	₩	**3,931,308**	7,017,726	Rs.	**235,126**	419,721

29. Earnings (losses) per Share

(1) Basic earnings (losses) per share for the years ended December 31, 2017 and 2016 are calculated as follows:
(In thousands of won and in thousands of rupee, except per share information)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Profit (loss) for the year	₩	**(70,944,801)**	56,769,808	Rs.	**(4,243,110)**	3,395,323
Profit (loss) contributed to common stocks		**(70,944,801)**	56,769,808		**(4,243,110)**	3,395,323
Weighted average number of common shares		**137,801,538**	137,220,096		**137,801,538**	137,220,096
Basic earnings(losses) per share(*)	₩	**(515)**	414	Rs.	**(31)**	25

(*) Diluted earnings (losses) per share are not calculated for the years ended December 31, 2017 and 2016, because there are no dilutive shares as of December 31, 2017 and 2016.

(2) Weighted average number of common shares outstanding for the years ended December 31, 2017 and 2016 are calculated as follows:

	2017			
	Outstanding period	**Common shares issued**	**Weighted-average**	**Common shares outstanding**
Beginning	**2017-01-01 ~ 2017-03-15**	**137,220,096**	**74/365**	**27,819,965**
Issuing	**2017-03-16 ~ 2017-12-31**	**137,949,396**	**291/365**	**109,981,573**
				137,801,538

	2016			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2016-01-01 ~ 2016-12-31	137,220,096	366/366	137,220,096

30. Cash Flows

(1) Details of cash flows from operating activities for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	**2017**	2016
Profit (loss) for the year	₩ **(70,944,801)**	₩ 56,769,808	Rs. **(4,243,110)**	3,395,323
Adjustments for:				
Retirement benefit costs	**45,579,001**	49,324,847	**2,726,017**	2,950,051
Depreciation	**128,110,641**	118,773,648	**7,662,120**	7,103,687
Amortization	**50,833,365**	37,074,271	**3,040,273**	2,217,361
Losses on disposal of trade receivables	**14,775,609**	17,212,495	**883,709**	1,029,455
Impairment loss on investments in subsidiaries	**4,772,570**	–	**285,441**	–
Foreign exchange translation gain and loss, net	**(5,455,112)**	(2,954,864)	**(326,263)**	(176,726)
Losses (Gains) on disposal of property, plant and equipment	**567,559**	(1,120,012)	**33,945**	(66,986)
Interest expense and income, net	**(1,813,796)**	**(1,756,527)**	**(108,481)**	**(105,056)**
Dividends income	**(11,000)**	**(11,000)**	**(658)**	**(658)**
Unrealized gain and loss of financial derivatives, net	**409,259**	**2,468,070**	**24,477**	**147,612**
Losses on valuation of inventories	**3,103,515**	5,967,918	**185,617**	356,933
Increase in provision of warranty for sale	**41,427,330**	44,949,094	**2,477,711**	2,688,343
Others	**3,498,800**	38,857	**209,258**	2,324
	285,797,741	269,966,797	**17,093,166**	16,146,340
Changes in assets and liabilities				
Trade receivables	**9,943,823**	(83,438,130)	**594,726**	(4,990,319)
Other receivables	**(1,499,990)**	(852,934)	**(89,712)**	(51,013)
Inventories	**(26,760,100)**	37,430,245	**(1,600,484)**	2,238,651
Trade payables	**44,369,430**	49,527,501	**2,653,674**	2,962,171
Other payables	**23,140,929**	(22,819,320)	**1,384,027**	(1,364,792)
Accrued expenses	**2,495,403**	2,066,435	**149,247**	123,591
Usage of provision of warranty for sale	**(41,036,757)**	(42,894,089)	**(2,454,351)**	(2,565,436)
Payment of retirement benefits	**(19,878,539)**	(21,328,382)	**(1,188,907)**	(1,275,622)
Others	**577,758**	2,173,866	**34,553**	130,017
	(8,648,043)	(80,134,808)	**(517,227)**	(4,792,752)
Net cash provided by operating activities	₩ **206,204,897**	₩ 246,601,797	Rs. **12,332,829**	14,748,911

(2) Significant non-cash activities for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	**2017**	2016
Changes in other payables related to the acquisition of property, plant and equipment	₩ **11,118,329**	2,531,105	Rs. **664,972**	151,382

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the year ended December 31, 2017 is as follows:

(In thousands of won)

	Beginning balance	**Increase**	**Decrease**	**Liquidity**	**Exchange rate effect**	**Ending balance**
Banker's usance (*)	₩ 126,967,721	₩ –	₩ (14,059)	₩ –	₩ (5,612,675)	₩ 121,340,987
Short-term borrowings	55,000,000	–	(25,000,000)	12,500,000	–	42,500,000
Long-term borrowings	12,500,000	70,000,000	–	(12,500,000)	–	70,000,000
	₩ 194,467,721	₩ 70,000,000	₩ (25,014,059)	₩ –	₩ (5,612,675)	₩ 233,840,987

(In thousands of rupee)

	Beginning balance	**Increase**	**Decrease**	**Liquidity**	**Exchange rate effect**	**Ending balance**
Banker's usance (*)	Rs. 7,593,763	Rs. –	Rs. (841)	Rs. –	Rs. (335,686)	Rs. 7,257,236
Short-term borrowings	3,289,474	–	(1,495,216)	747,608	–	2,541,866
Long-term borrowings	747,608	4,186,603	–	(747,608)	–	4,186,603
	Rs. 11,630,845	Rs. 4,186,603	Rs. (1,496,057)	Rs. –	Rs. (335,686)	Rs. 13,985,705

(*) The changes in usance borrowings are presented by net amounts.

31. Segment Information

(1) The Company determined itself as a single reportable segment by considering the nature of goods and service as well as the characteristic of assets providing service. The Company has not disclosed operating income or loss, profit or loss before income taxes and total assets and liabilities by reportable segment.

(2) Geographic sales information of the Company for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
Sales region		**2017**	2016		**2017**	2016
Republic of Korea	₩	**2,732,196,915**	2,553,029,090	Rs.	**163,408,906**	152,693,127
Europe		**362,467,676**	554,661,696		**21,729,968**	33,173,546
Asia Pacific		**172,829,002**	286,887,952		**10,160,428**	17,158,370
Others		**222,388,490**	231,761,729		**13,425,703**	13,861,349
	₩	**3,489,882,083**	3,626,340,467	Rs.	**208,725,005**	216,886,392

Non-current assets are not separately disclosed since those are located in Korea. Main customer over 10% of sales is not disclosed since most sales are occurred through contract with individual customer and authorized foreign agencies.

(3) Information of sales of goods and service for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2017	2016		**2017**	2016
Automobile	₩	**3,117,252,232**	3,206,664,894	Rs.	**186,438,531**	191,786,178
Merchandise and parts		**333,300,506**	345,292,355		**19,934,241**	20,651,457
Others		**39,329,345**	74,383,218		**2,352,233**	4,448,757
	₩	**3,489,882,083**	3,626,340,467	Rs.	**208,725,005**	216,886,392

32. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(1) Details of related parties as of December 31, 2017 are as follows:

Relationship	Company
Parent	Mahindra & Mahindra Ltd.
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.
	Ssangyong European Parts Center B.V.
Joint venture	SY Auto Capital Co., Ltd.
Others	Mahindra Vehicle Manufacturing Ltd.,
	Mahindra & Mahindra South Africa Ltd., PININFARINA S.p.A.

(2) Transactions with related parties for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of won)

Relationship	Company	Description		2017	2016
Parent	Mahindra & Mahindra Ltd.	Sales	₩	**8,898,635**	49,184,486
		Other income		**95,019**	308,320
		Purchases		**1,529,987**	697,879
		Other expenses		**640,963**	1,973,780
Subsidiaries	Ssangyong European Parts Center B.V. and other	Sales		**12,999,111**	14,755,334
		Other expenses		–	137
Joint venture	SY Auto Capital Co., Ltd.	Other expenses		**14,089,290**	16,376,188
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales		**735,257**	288,975
		Other income		**5,179**	26,442
		Other expenses		**963,843**	85,809

(In thousands of rupee)

Relationship	Company	Description		2017	2016
Parent	Mahindra & Mahindra Ltd.	Sales	Rs	**532,215**	2,941,656
		Other income		**5,683**	18,440
		Purchases		**91,506**	41,739
		Other expenses		**38,335**	118,049
Subsidiaries	Ssangyong European Parts Center B.V. and other	Sales		**777,459**	882,496
		Other expenses		–	8
Joint venture	SY Auto Capital Co., Ltd.	Other expenses		**842,661**	979,437
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales		**43,975**	17,283
		Other income		**310**	1,581
		Other expenses		**57,646**	5,132

(3) Account balances with related parties as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

Relationship	Company	Description		2017	2016
Parent	Mahindra & Mahindra Ltd.	Trade receivables	₩	**4,120,559**	2,693,260
		Other receivables		**77,342**	60,430
		Other payables		**2,308,472**	1,781,004
Subsidiaries	Ssangyong European Parts Center B.V. and other	Trade receivables		**15,239,822**	15,079,280
		Other receivables		**408,064**	454,765
		Other payables		**21,010**	450,982
Joint venture	SY Auto Capital Co., Ltd.	Other payables		**450,795**	91,887
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables		**37,279**	15,977
		Other payables		**18,250**	36,773

(In thousands of rupee)

Relationship	Company	Description		2017	2016
Parent	Mahindra & Mahindra Ltd.	Trade receivables	Rs	**246,445**	161,080
		Other receivables		**4,626**	3,614
		Other payables		**138,067**	106,519
Subsidiaries	Ssangyong European Parts Center B.V. and other	Trade receivables		**911,473**	901,871
		Other receivables		**24,406**	27,199
		Other payables		**1,257**	26,973
Joint venture	SY Auto Capital Co., Ltd.	Other payables		**26,961**	5,496
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables		**2,230**	956
		Other payables		**1,092**	2,199

Allowance for receivables from related parties are not recognized as of December 31, 2017 and 2016.

(4) Executive compensation of the Company for the years ended December 31, 2017 and 2016, are as follows:
(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	2017	2016
Short-term employee benefits	₩ **7,467,468**	₩ 7,168,569	Rs. **446,619**	Rs. 428,742
Retirement benefits	**135,329**	130,448	**8,094**	7,802

33. FINANCIAL INSTRUMENTS

(1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound or optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity on financial statements. The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	2017	2016
Debt (A)	₩ **1,472,319,178**	₩ 1,350,614,216	Rs. **88,057,367**	Rs. 80,778,362
Equity (B)	**777,656,458**	820,169,960	**46,510,554**	49,053,227
Debt-to-equity ratio (A/B)	**189.33%**	164.67%	**189.33%**	164.67%

(2) Details of financial assets and liabilities by category as of December 31, 2017 and 2016 are as follows:

1) Financial assets

(In thousands of won)

	2017			
	Loans and Receivables	AFS financial assets	Total	Fair value
Cash and cash equivalents	₩ 212,521,514	₩ –	₩ 212,521,514	₩ 212,521,514
Long-term financial instruments	4,000	–	4,000	4,000
Trade and other receivables	249,625,174	–	249,625,174	249,625,174
AFS financial assets	–	560,000	560,000	560,000
	₩ 462,150,688	₩ 560,000	₩ 462,710,688	₩ 462,710,688

(In thousands of won)

	2016					
Financial asset	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Derivatives designated to hedge	Total	Fair value
Cash and cash equivalents	₩ 234,657,416	₩ –	₩ –	₩ –	₩ 234,657,416	₩ 234,657,416
Long-term financial instruments	6,000	–	–	–	6,000	6,000
Trade and other receivables	276,024,854	–	–	–	276,024,854	276,024,854
AFS financial assets	–	560,000	–	–	560,000	560,000
Derivative assets	–	–	445,691	310,344	756,035	756,035
	₩ 510,688,270	₩ 560,000	₩ 445,691	₩ 310,344	₩ 512,004,305	₩ 512,004,305

(In thousands of rupee)

	2017			
	Loans and Receivables	AFS financial assets	Total	Fair value
Cash and cash equivalents	₩ 12,710,617	₩ –	₩ 12,710,617	₩ 12,710,617
Long-term financial instruments	239	–	239	239
Trade and other receivables	14,929,735	–	14,929,735	14,929,735
AFS financial assets	–	33,493	33,493	33,493
	₩ 27,640,591	₩ 33,493	₩ 27,674,084	₩ 27,674,084

(In thousands of rupee)

	2016					
	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Derivatives designated to hedge	Total	Fair value
Cash and cash equivalents	Rs 14,034,534	Rs –	Rs –	Rs –	Rs 14,034,534	Rs 14,034,534
Long-term financial instruments	359	–	–	–	359	359
Trade and other receivables	16,508,664	–	–	–	16,508,664	16,508,664
AFS financial assets	–	33,493	–	–	33,493	33,493
Derivative assets	–	–	26,656	18,561	45,217	45,217
	Rs 30,543,557	Rs 33,493	Rs 26,656	Rs 18,561	Rs 30,622,267	Rs 30,622,267

2) Financial liabilities

(In thousands of won)

	2017				
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩ 717,494,834	₩ –	₩ –	₩ 717,494,834	₩ 717,494,834
Borrowings	233,840,987	–	–	233,840,987	233,840,987
Derivative liabilities	-	409,259	–	409,259	409,259
	₩ 951,335,821	₩ 409,259	₩ –	₩ 951,745,080	₩ 951,745,080

(In thousands of won)

	2016				
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩ 641,244,202	₩ –	₩ –	₩ 641,244,202	₩ 641,244,202
Borrowings	194,467,721	–	–	194,467,721	194,467,721
Derivative liabilities	-	2,833,061	2,965,745	5,798,806	5,798,806
	₩ 835,711,923	₩ 2,833,061	₩ 2,965,745	₩ 841,510,729	₩ 841,510,729

(In thousands of rupee)

	2017				
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs 42,912,371	Rs –	Rs –	Rs 42,912,371	Rs 42,912,371
Borrowings	13,985,705	–	–	13,985,705	13,985,705
Derivative liabilities	–	24,477	–	24,477	24,477
	Rs 56,898,076	W 24,477	Rs –	Rs 56,922,553	Rs 56,922,553

(In thousands of rupee)

	2016				
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs 38,351,926	Rs –	Rs –	Rs 38,351,926	Rs 38,351,926
Borrowings	11,630,845	–	–	11,630,845	11,630,845
Derivative liabilities	–	169,441	177,377	346,818	346,818
	Rs 49,982,771	W 169,441	Rs 177,377	Rs 50,329,589	Rs 50,329,589

(3) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring and responds to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, and others.

1) Market risk

a. Foreign exchange risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign exchange risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of December 31, 2017.

(In thousands of won and in thousands of rupee)

Currency		Korean won		Indian rupee	
		10% increase	10% decrease	10% increase	10% decrease
USD	₩	3,218,890	₩ (3,218,890)	Rs. 192,517	Rs. (192,517)
EUR		(1,943,060)	1,943,060	(116,212)	116,212
JPY		(8,572,184)	8,572,184	(512,690)	512,690
Others		917,579	(917,579)	54,879	(54,879)
	₩	(6,378,775)	₩ 6,378,775	Rs. (381,506)	Rs. 381,506

Details of forward contracts which are not settled as of the year ended December 31, 2017, are as follows:

(In thousands of won and in thousands JPY)

	Maturity	Contracted exchange rate	IShort-position amount	long-position amountt	Fair value
Held for trading	Within 3 Months	9.6540	KRW 19,234,815	JPY 2,800,000	₩ (409,259)

(In thousands of rupee and in thousands JPY, KRW)

	Maturity	Contracted exchange rate	Short-position amount	long-position amountt	Fair value
Held for trading	Within 3 Months	9.6540	KRW 19,234,815	JPY 2,800,000	Rs (24,477)

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting year. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease or increase in W 524,383 thousand (Rs 31,363 thousand) for the years ended December 31, 2017, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences, and establishes credit limit for each customer or transacting party.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the risk; the Company manages credit risk on product sales using two management index, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales. The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days.

The Company estimates allowances for doubtful accounts (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.) through individual analysis for the receivables that are over more than 90 days

For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting year; the average loss rate for the past three-years is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

The Company estimates an allowance for the receivables that are over more than 90 days, but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

Maximum exposure in respect of credit risk as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2017	2016	**2017**	2016
Trade and other receivables	₩ **249,625,174**	₩ 276,024,854	Rs. **14,929,735**	Rs. 16,508,664

3) Liquidity risk

The Company has managed liquidity risk to maintain adequate level of liquidity by periodic projecting cash outflow. To manage the risks, the Company has entered into a factoring agreement with capital financial institutions.

The contractual maturities of financial liabilities as of December 31, 2017 and 2016 are as follows:

(In thousands of won)

	2017		
	Within a year	**Over 1 year**	**Total**
Trade payables	₩ **526,467,392**	₩ **–**	₩ **526,467,392**
Other payables	**186,726,912**	**–**	**186,726,912**
Short-term borrowings(*)	₩ **165,030,362**	₩ **–**	₩ **165,030,362**
Derivatives liabilities	**409,259**	**–**	**409,259**
Other payables	**926,535**	**–**	**926,535**
Long-term borrowings(*)	**–**	**75,719,767**	**75,719,767**
Long-term other payables	**–**	**3,374,008**	**3,374,008**
	₩ **879,560,460**	₩ **79,093,775**	₩ **958,654,235**

(*) Including expected interest expenses.

(In thousands of won)

	2016		
	Within a year	Over 1 year	Total
Trade payables	₩ 482,375,280	₩ –	₩ 482,375,280
Other payables	152,502,510	–	152,502,510
Short-term borrowings(*)	₩ 183,588,225	₩ –	₩ 183,588,225

	2016		
	Within a year	Over 1 year	Total
Derivatives liabilities	5,798,806	–	5,798,806
Other payables	859,341	–	859,341
Long-term borrowings(*)	–	13,145,534	13,145,534
Long-term other payables	–	5,507,071	5,507,071
	₩ 825,124,162	₩ 18,652,605	₩ 843,776,767

(In thousands of rupee)

	2017		
	Within a year	Over 1 year	Total
Trade payables	Rs 31,487,284	₩ –	Rs 31,487,284
Other payables	11,167,878	–	11,167,878
Short-term borrowings(*)	Rs 9,870,237	Rs –	Rs 9,870,237
Derivatives liabilities	24,477	–	24,477
Other payables	55,415	–	55,415
Long-term borrowings(*)	-	4,528,694	4,528,694
Long-term other payables	-	201,795	201,795
	Rs 52,605,291	₩ 4,730,489	Rs 57,335,780

(In thousands of rupee)

	2016		
	Within a year	Over 1 year	Total
Trade payables	Rs 28,850,196	₩ –	Rs 28,850,196
Other payables	9,120,964	–	9,120,964
Short-term borrowings(*)	Rs 10,980,157	Rs –	Rs 10,980,157
Derivatives liabilities	346,819	–	346,819
Other payables	51,396	–	51,396
Long-term borrowings(*)	-	786,216	786,216
Long-term other payables	-	329,370	329,370
	Rs 49,349,532	₩ 1,115,586	Rs 50,465,118

(*) Including expected interest expenses. Details of commitments for borrowings as of December 31, 2017 and 2016 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2017	2016	2017	2016
Limitation of commitments for borrowings	Used	₩ 125,000,000	₩ 67,500,000	Rs. 7,476,077	Rs. 4,037,081
	Unused	142,500,000	132,000,000	8,522,727	7,894,737
		₩ 267,500,000	₩ 199,500,000	Rs. 15,998,804	Rs. 11,931,818

(4) Fair value of financial instruments

1) The Company's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Company uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis. In case of borrowings, its fair value are disclosed, but estimated in amortized costs. The company deem that its book value are similar to its fair values calculated by generally accepted valuation models based on discounts cash flow analysis.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or in indirectly (i.e. derived from prices)

Level 3 input for the asset or liability that are not based on observable market data (unobservable inputs)

(4) Fair value of financial instruments

(In thousands of won)

	Level 1	Level 2	Level 3	Fair value
As of December 31, 2017 ₩				
Derivatives assets	**–**	**–**	**–**	**–**
Derivatives liabilities	**–**	**409,259**	**–**	**409,259**
As of December 31, 2016				
Derivatives assets	–	756,035	–	756,035
Derivatives liabilities	–	5,798,806	–	5,798,806

(In thousands of rupee)

	Level 1	Level 2	Level 3	Fair value
As of December 31, 2017 ₩				
Derivatives assets	**–**	**–**	**–**	**–**
Derivatives liabilities	**–**	**24,477**	**–**	**24,477**
As of December 31, 2016				
Derivatives assets	–	45,217	–	45,217
Derivatives liabilities	–	346,819	–	346,819

4) The Company measures the foreign exchange forward contract derivative liabilities: W 409,259 thousand (Rs 24,477 thousand) based on the forward rate announced officially in the market as of December 31, 2017. In the event that no corresponding forward rate with residual year of the foreign exchange forward contract in the market exists, the Company measured the market value through interpolation method.

As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Company classified the fair value of foreign exchange forward as level 2.

Independent Auditors' Review Report on Internal Accounting Control System

English Translation of a Report Originally Issued in Korean

To the President of

Ssangyong Motor Company:

We have reviewed the accompanying Report on the Operations of Internal Accounting Control System ("IACS") of Ssangyong Motor Company (the "Company") as of December 31, 2017. The Company's management is responsible for designing and maintaining effective IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of IACS, the Company's management stated: "Based on the assessment result, I believe that the Company's Internal Accounting Management System, as of December 31, 2017, is effectively designed and operating, in all material respects, in conformity with the best practice guideline."

We conducted our review in accordance with IACS Review Standards, issued by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether Report on the Operations of Internal Accounting Control System is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's IACS, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion.

A company's IACS is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with K-IFRS. Because of its inherent limitations, however, IACS may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that Report on the Operations of Internal Accounting Control System as of December 31, 2017 is not prepared in all material respects, in accordance with IACS Framework issued by the Internal Accounting Control System Operation Committee.

This report applies to the Company's IACS in existence as of December 31, 2017. We did not review the Company's IACS subsequent to December 31, 2017. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

March 16, 2018

Notice to Readers

This report is annexed in relation to the audit of the separate financial statements as of and for the year ended December 31, 2017 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

Report on the operations of the Internal Accounting Management System

To the Audit Committee of Ssangyong Motor Company

I, as the Internal Accounting Manager ("IAM") of Ssangyong Motor Company ("the Company"), assessed the effectiveness of the design and operation of the Company's Internal Accounting Management System ("IAMS") for the year ending December 31, 2017.

The Company's management, including myself, is responsible for designing and operating an IAMS. I assessed the design and operational effectiveness of the IAMS in the prevention and detection of an error or fraud which may cause a misstatement in the preparation and disclosure of reliable financial statements. I followed the Best Practice Guideline to assess the effectiveness of the IAMS design and operation.

Based on the assessment results, I believe that the Company's IAMS, as of December 31, 2017, is effectively designed and operating, in all material respects, in conformity with the Best Practice Guideline.

February 13, 2018
Internal Accounting Manager
Vasudev Tumbe (Signature)

Mahindra
Rise

SSANGYONG MOTOR

DIRECTORS' REPORT

The Company

The Company was incorporated in Shanghai, China on 2nd December 2003 under the business license 310115400138400 and was a wholly owned subsidiary of Ssangyong Motor Company Limited ("SYMC").

The Company has a registered capital of RMB 30.0 million (INR 293 million), RMB 30.0 million (INR 293 million) was paid up to now.

Since August 2011, the Company has started its business operations as a national car sales distributor in China for SYMC.

The corporate representative is CHOI JOHNG SIK.

Highlights of Financial year 2017:

Revenue Growth

Revenue of the Company in 2017 stood at RMB 106,271 (INR 1.1 million), which is a 85% decreased over that of the previous year resulting from decreased of CBU order volume in year 2017.

SSANGYONG MOTOR (SHANGHAI) COMPANY LIMITED
Corporate representative:

Chol, Johng Sik
President

Place: Shanghai China
Date: 31st March 2018

AUDITOR'S REPORT

Ssangyong Motor (Shanghai) Co., Ltd.

I. Audit Opinion

We have audited the accompanying financial statements of Ssangyong Motor (Shanghai) Co., Ltd. (hereinafter referred to as "Company"), including the balance sheet on December 31, 2017, and the income statement, cash flow statement, the statement of changes in owners' equity and notes to financial statements for the year 2017.

In our opinion, the financial statements give a true and fair view, in all material aspects, of the financial position of Ssangyong Motor (Shanghai) Co., Ltd as of 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Chinese Accounting Standards for Business.

II. Basis of Issuing Audit Opinions

We conducted our audit in accordance with the Chinese Standards on Auditing for Certified Public Accountants (CPA). The "CPA's Responsibilities for the Audit of Financial Statements" part of the Audit Report further elaborates on our responsibilities under these standards. According to China Code of Professional Ethics for Certified Public Accountants, we are independent of Company and have performed our other responsibilities in respect of professional ethics. We believe the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

III. Major Uncertainties Related to Continuous Operation

Company since this report the final 12 months at least have the ability to continue as a going concern and there is no significant matters affect the ability of the continuing operations.

IV. Other Information

The management of the Company shall be responsible for other information. Other information includes the information covered in the annual report, but does not include the financial statements and our audit report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of authentication conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and to consider whether the other information is materially inconsistent with the financial statements or the information we obtained during the audit or if there is any major misstatement. We shall report truthfully if we determine that there is a material misstatement in the other information based on what we have done. We have nothing to report in this respect.

V. The Management's and the Governing Body's Responsibility for the Financial Statements

The management of the Ssangyong Motor (Shanghai) Co., Ltd. (hereinafter referred to as "the management") is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards for Business Enterprises, and be responsible for designing, implementing and maintaining necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to continuous operation (if applicable), and applying the going-concern assumptions, unless the management plans to liquidate the Company, discontinue the operation or has no other feasible choices.

The governing body is responsible for overseeing the Ssangyong Motor Company's financial reporting process.

VI. CPA's Responsibilities for the Audit of Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit performed in accordance with the auditing standards will always find out a material misstatement that exists. Misstatements can be caused by fraud or error. A misstatement is generally considered to be material if it is reasonably expected that the misstatement, alone or together with other misstatements, may affect the financial decisions made by users of the financial statements based on the financial statements.

In performing the audit in accordance with the auditing standards, we applied our professional judgment and kept our professional doubt. At the same time, we also did the following:

1. Identify and assess the risks of material misstatement in financial statements due to fraud or error, design and implement audit procedures to deal with these risks and obtain sufficient and appropriate audit evidence as the basis for expressing audit opinions. As a fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, so the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from an error.
2. Understand the internal control related to audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

3. Appraise the appropriateness of the accounting policies selected by the management and the reasonableness of accounting estimates and related disclosures made by the management .
4. Draw conclusions for the management's use of the going-concern assumptions and at the same time, conclude based on the audit evidence obtained whether there is any material uncertainty about the matters or circumstances that may cast significant doubts on the Ssangyong Motor Company's ability to continue as a going concern. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of users of the statements to the relevant disclosures in the financial statements in the audit report. If the disclosures a re not sufficient, we shall issue a non-unqualified opinion. Our conclusion is based on the information available up to the date of the audit report. However, future events or circumstances may result in the Ssangyong Motor Company's inability to continue as a going concern.
5. Evaluate the overall presentation, structure and content (including disclosures) of the financial statements and evaluate whether the financial statements fairly reflect the related transactions and matters.

We communicated with the governing body on issues such as the scope of the audit, audit schedule and major audit findings, including the attention-worthy shortcomings of internal control that we identified in the audit.

We also provided statements to the governing body regarding the ethical requirements relating to independence that we have complied with and discussed with it relationships and other matters that may reasonably be regarded as affecting our independence, as well as related precautionary measures (where applicable).

Shanghai Changhao Certified Public Accountants	Chinese CPA:
China Shanghai	Chinese CPA:
	January 20, 2018

BALANCE SHEET DECEMBER 31, 2017

Item	Closing Balance		Opening Balance	
Currency	**RMB**	**INR**	RMB	INR
Current assets:				
Monetary funds	**7,173,989.75**	**70,448,579.35**	15,331,483.43	150,555,167.28
Current Investment	–	–	–	–
Other current Investment	–	–	–	–
Notes receivable	–	–	–	–
Accounts receivable	**534,453.71**	**5,248,335.43**	556,293.93	5,462,806.39
Prepayments	–	–	–	–
Interest receivable	–	–	–	–
Dividends receivable	–	–	–	–
Other receivables	**1,526,605.64**	**14,991,267.38**	1,264,728.66	12,419,635.45
Inventories	**272,475.22**	**2,675,706.66**	–	–
Possession of assets for sale	–	–	–	–
Non-current assets due within one year	–	–	–	–
Other current assets	–	–	–	–
Total current assets	**9,507,524.32**	**93,363,888.82**	17,152,506.02	168,437,609.12
Non-current assets:				
Financial assets available for sale	–	–	–	–
Investments held to maturity	–	–	–	–
Long-term accounts receivable	–	–	–	–
Long-term equity investments	–	–	–	–
Investment real estate	–	–	–	–
Fixed assets	**151,157.96**	**1,484,371.17**	233,042.33	2,288,475.68
Construction in progress	–	–	–	–
Engineering materials	–	–	–	–
Fixed assets to be disposed of	–	–	–	–
Bearer biological assets	–	–	–	–
Oil and gas assets	–	–	–	–
Intangible assets	–	–	–	–
R&D expenditures	–	–	–	–
Goodwill	–	–	–	–
Long-term deferred expenses	–	–	–	–
Deferred income tax assets	–	–	–	–
Other non-current assets	–	–	–	–
Total non-current assets	**151,157.96**	**1,484,371.17**	233,042.33	2,288,475.68
Total Assets	**9,658,682.28**	**94,848,259.99**	17,385,548.35	170,726,084.80
Current Liabilities:				
Short-term borrowings	–	–	–	–
Financial Liabilities measured at fair value and recorded as current gains and losses	–	–	–	–
Held-for-trading financial liabilities	–	–	–	–
Notes payable	–	–	–	–
Accounts payable	**92,636.23**	**909,687.78**	92,636.23	909,687.78
Advances from customers	–	–	–	–
Compensation for employees	–	–	–	–
Taxes and fees payable	**1,523.81**	**14,963.81**	2,430.00	23,862.60
Interest payable	–	–	–	–
Dividends payable	**2,493,514.56**	**24,486,312.98**	2,493,514.56	24,486,312.98
Other payables	**615,245.21**	**6,041,707.97**	1,229,228.11	12,071,020.04
Possession of liabilities for sale	–	–	–	–
Non-current liabilities due within one year	–	–	–	–
Other current liabilities	–	–	–	–
Total current liabilities	**3,202,919.81**	**31,452,672.54**	3,817,808.90	37,490,883.40

BALANCE SHEET (Continued)

Item	Closing Balance		Opening Balance	
Currency	**RMB**	**INR**	RMB	INR
Non-current Liabilities:				
Long-term borrowings	–	–	–	–
Bonds payable	–	–	–	–
Including:Preferred Stock	–	–	–	–
Sustainable debt	–	–	–	–
long-term accounts payable	–	–	–	–
Long-term compensation for employees	–	–	–	–
Special accounts payable	–	–	–	–
Estimated debts	–	–	–	–
Deferred revenue	–	–	–	–
Deferred income tax liabilities	–	–	–	–
Other long-term liability	–	–	–	–
Total long-term liability	–	–	–	–
Total liability	**3,202,919.81**	**31,452,672.54**	3,817,808.90	37,490,883.40
OWNERS'EQUITY:				
Paid in capital	**30,000,000.00**	**294,600,000.00**	30,000,000.00	294,600,000.00
Other equity instruments	–	–	–	–
Including:preferred stock	–	–	–	–
Sustainable debt	–	–	–	–
Capital Reserves	**184,216.66**	**1,809,007.60**	184,216.66	1,809,007.60
Subtraction:stock unit	–	–	–	–
Other comprehensive income	–	–	–	–
The special reserve	–	–	–	–
Surplus Reserves	**2,047,327.05**	**20,104,751.63**	2,047,327.05	20,104,751.63
Retained profits after appropriation	**-25,775,781.24**	**-253,118,171.78**	-18,663,804.26	-183,278,557.83
Total owners' Equity	**6,455,762.47**	**63,395,587.45**	13,567,739.45	133,235,201.40
Total Liabilities and owners' Equity	**9,658,682.28**	**94,848,259.99**	17,385,548.35	170,726,084.80

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

INCOME STATEMENT DECEMBER 31, 2017

Item	Current Period		Last Period	
Currency	**RMB**	**INR**	RMB	INR
I. Operating income	**112,816.12**	**1,107,854.30**	828,284.01	8,133,748.98
Subtraction:Operating costs	–	–	–	–
Taxes and surcharges	–	–	38.63	379.35
Costs of sales	**7,427,371.58**	**72,936,788.92**	6,069,802.87	59,605,464.18
Administration expenses	–	–	–	–
Finance costs	**-209,254.66**	**-2,054,880.76**	-462,339.24	-4,540,171.34
Impairment losses on assets	–	–	–	–
Add: Gains from changes in fair values (Losses are indicated by "–")	–	–	–	–
Investment income (Loss is indicated by "–")	–	–	–	–
Including: Income from investments in associates and joint ventures	–	–	–	–
Asset disposal income (Loss is indicated by"–")	**-6,676.18**	**-65,560.09**	-1,954.00	-19,188.28
Other income	–	–	–	–
II. Operating profit (Loss is indicated by "–")	**-7,111,976.98**	**-69,839,613.95**	-4,781,172.25	-46,951,111.49
Add: Non-operating income	–	–	9,350.20	91,818.96
Less: Non-operating expenses	–	–	–	–
III. Total Profit (Total Loss is indicated by "–")	**-7,111,976.98**	**-69,839,613.95**	-4,771,822.05	-46,859,292.53
Less: Income tax expenses	–	–	–	–
IV. Net profit (Net loss is indicated by "–")	**-7,111,976.98**	**-69,839,613.95**	-4,771,822.05	-46,859,292.53
(I) Continuous operating net profit(Net loss is indicated by "–")	**-7,111,976.98**	**-69,839,613.95**	-4,771,822.05	-46,859,292.53
(II)Termination of net profit.(Net loss is indicated by "–")	–	–	–	–
V. Earnings per share:	–	–	–	–
Basic earnings per share	–	–	–	–
Diluted earnings per share	–	–	–	–

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

CASH FLOW STATEMENT YEAR 2017

Item	Current Period		Last Period	
Currency	**RMB**	**INR**	RMB	INR
I. Cash Flow from Operating Activities:				
Cash received from sales of goods or rendering services	**119,585.09**	**1,174,325.56**	1,411,642.41	13,862,328.47
Refunds of taxes	**–**	**–**	–	–
Other cash receipts relating to operating activities	**1,587,496.52**	**15,589,215.83**	1,865,501.70	18,319,226.69
Sub-total of cash inflows	**1,707,081.61**	**16,763,541.39**	3,277,144.11	32,181,555.16
Cash paid for goods or receiving services	**318,796.00**	**3,130,576.72**	–	–
Cash paid to and on behalf of employees	**1,761,007.70**	**17,293,095.61**	1,801,477.10	17,690,505.12
Tax payments	**–**	**–**	838.63	8,235.35
Cash paid relating to other operating activities	**7,786,287.63**	**76,461,344.50**	8,544,342.75	83,905,445.80
Sub-total of cash outflows	**9,866,091.33**	**96,885,016.83**	10,346,658.48	101,604,186.27
Net Cash Flow from Operating Activities	**(8,159,009.72)**	**(80,121,475.44)**	(7,069,514.37)	(69,422,631.11)
II. Cash Flows from Investing Activities:				
Cash received from disposals of investments	**–**	**–**	–	–
Cash received from investments income	**–**	**–**	–	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**–**	**–**	–	–
Cash received from disposal of subsidiary or other operating business units	**–**	**–**	–	–
Cash received relating to other investing activities	**13,500.00**	**132,570.00**	–	–
Sub-total of cash inflows	**13,500.00**	**132,570.00**	–	–
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**6,630.78**	**65,114.26**	7,630.00	74,926.60
Cash paid to acquire investments	**–**	**–**	–	–
Net cash payments for acquisitions of subsidiaries and other business units	**–**	**–**	–	–
Cash payments relating to other investing activities	**1,800.00**	**17,676.00**	1,000.00	9,820.00
Sub-total of cash outflows	**8,430.78**	**82,790.26**	8,630.00	84,746.60
Net Cash Flow from Investing Activities	**5,069.22**	**49,779.74**	(8,630.00)	(84,746.60)
III. Cash Flows from Financing Activities:				
Cash received by investors	**–**	**–**	–	–
Cash received from borrowings	**–**	**–**	–	–
Cash receipts from issue of bonds	**–**	**–**	–	–
Cash received relating to other financing activities	**–**	**–**	–	–
Sub-total of cash inflows	**–**	**–**	–	–
Repayments of borrowings	**–**	**–**	–	–
Dividends paid, profit distributed or interest paid		**–**	–	–
Cash payments relating to other financing activities	**–**	**–**	–	–
Sub-total of cash outflows	**–**	**–**	–	–
Net Cash Flow from Financing Activities	**–**	**–**	–	–
IV. Effect of Foreign Currency Translation	**(3,553.18)**	**(34,892.23)**	67,254.16	660,435.85
V. Net Increase (Decrease) in Cash and Cash Equivalents	**(8,157,493.68)**	**(80,106,587.93)**	(7,010,890.21)	(68,846,941.86)
Add: Opening balance of Cash and Cash Equivalents	**15,331,483.43**	**150,555,167.28**	22,342,373.64	219,402,109.14
VI. Closing Balance of Cash and Cash Equivalents	**7,173,989.75**	**70,448,579.35**	15,331,483.43	150,555,167.28

STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: INR

Item	Current Period																					
	Paid-in Capital		Other equity instruments						Capital Reserves		Subtraction: stock unit		Other comprehensive income		The special reserve		Surplus Reserves		Retained profits after appropriation		Total owners' Equity	
			Ipreferred stock		Other comprehensive income		Other															
Currency	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. Closing balance of the preceding year	30,000,000.00	294,600,000.00	–	–	–	–	–	–	184,216.66	1,809,007.60	–	–	–	–	–	–	2,047,327.05	20,104,751.63	-18,663,804.26	-183,278,557.83	13,567,739.45	133,235,201.40
Add: Changes in accounting policies																					–	–
Corrections of prior period errors																					–	–
Other																					–	–
II. Opening balance of the year	30,000,000.00	294,600,000.00	–	–	–	–	–	–	184,216.66	1,809,007.60	–	–	–	–	–	–	2,047,327.05	20,104,751.63	-18,663,804.26	-183,278,557.83	13,567,739.45	133,235,201.40
III. Changes for the year (decrease is indicated by "–")	–		–			–		–	–		–		–		–		–		-7,111,976.98	-69,839,613.95	-7,111,976.98	-69,839,613.95
(I) Net profit																			-7,111,976.98	-69,839,613.95	-7,111,976.98	-69,839,613.95
(II) Owners' contributions and reduction in capital	–		–			–		–	–		–		–		–		–			–	–	–
1. Capital contribution from owners																					–	–
2. Share-based payment recognised in owners' equity																					–	–
3. Others																					–	–
(III) Special reserve	–		–			–		–	–		–		–		–		–			–	–	–
1. Withdrawn in the period																	–				–	–
2. Utilised in the period																					–	–
3. Others																					–	–
(IV) Transfers within owners' equity	–		–			–		–	–		–		–		–		–			–	–	–
1. Capitalisation of capital reserve																					–	–
2. Capitalisation of surplus reserve																					–	–
3. Loss made up by surplus reserve																	–				–	–
4. Others																					–	–
(V) The special reserve	–		–			–		–	–		–		–		–		–			–	–	–
1. This extract																					–	–
2. In current use																					–	–
(VI) Others																					–	–
V. Closing Balance	30,000,000.00	294,600,000.00	–			–		–	184,216.66	1,809,007.60	–		–		–		2,047,327.05	20,104,751.63	-25,775,781.24	-253,118,171.78	6,455,762.47	63,395,587.45

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: INR

Item	Current Period																					
	Paid-in Capital		Other equity instruments						Capital Reserves		Subtraction: stock unit		Other comprehensive income		The special reserve		Surplus Reserves		Retained profits after appropriation		Total owners' Equity	
			Ipreferred stock		Other comprehensive income		Other															
Currency	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. Closing balance of the preceding year	30,000,000.00	294,600,000.00							184,216.66	1,809,007.60							2,047,327.05	20,104,751.63	-13,891,982.21	-136,419,265.30	18,339,561.50	180,094,493.93
Add: Changes in accounting policies																					–	–
Corrections of prior period errors																					–	–
Other																					–	–
II. Opening balance of the year	30,000,000.00	294,600,000.00	–			–		–	184,216.66	1,809,007.60	–		–		–		2,047,327.05	20,104,751.63	-13,891,982.21	-136,419,265.30	18,339,561.50	180,094,493.93
III. Changes for the year (decrease is indicated by "–")	–	–	–			–		–	–		–		–		–		–		-4,771,822.05	-46,859,292.53	-4,771,822.05	-46,859,292.53
(I) Net profit																			-4,771,822.05	-46,859,292.53	-4,771,822.05	-46,859,292.53
(II) Owners' contributions and reduction in capital	–	–	–			–		–	–		–		–		–		–			–	–	–
1. Capital contribution from owners																					–	–
2. Share-based payment recognised in owners' equity																					–	–
3. Others																					–	–
(III) Special reserve	–	–	–			–		–	–		–		–		–		–			–	–	–
1. Withdrawn in the period																	–				–	–
2. Utilised in the period																					–	–
3. Others																					–	–
(IV) Transfers within owners' equity	–	–	–			–		–	–		–		–		–		–			–	–	–
1. Capitalisation of capital reserve																					–	–
2. Capitalisation of surplus reserve																					–	–
3. Loss made up by surplus reserve																	–				–	–
4. Others																					–	–
(V) The special reserve	–	–	–			–		–	–		–		–		–		–			–	–	–
1. This extract																					–	–
2. In current use																					–	–
(VI) Others																					–	–
V. Closing Balance	30,000,000.00	294,600,000.00	–			–		–	184,216.66	1,809,007.60	–		–		–		2,047,327.05	20,104,751.63	-18,663,804.26	-183,278,557.83	13,567,739.45	133,235,201.40

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

NOTES TO FINANCIAL STATEMENTS FOR 2017

I. Company Profile

Ssangyong Motor (Shanghai) Co., Ltd. ("Company") was funded and incorporated by Ssangyong Motor Company on December 2, 2003. The Company has obtained business license with registered number 913100007569738651 from Shanghai Administration for Industry and Commerce. The company registered in China (Shanghai) free trade area, 500 grams of ice road, room 1209, the Company has a registered capital of RMB30,000,000.00 and a paid-in capital of RMB30,000,000.00, and its legal representative is CHOI JOHNG SIK.

In September 22, 2014 set up a Ssangyong Motor (Shanghai) Co., Ltd. Beijing branch, has been awarded by the Beijing Municipal Administration of industry and commerce registration number for the business license 911101053180612179.Company registered in Beijing City, Chaoyang District, 32 Liangmaqiao Lu, 7layer 707-708.

Operation scope of the Company: import and exclusive distribution (excluding retail) of SSANG YONG automobiles with authorization of Ssangyong Motor Company; wholesale, commission agent (excluding auction), import/export of auto parts, chemicals (excluding dangerous goods, specialty chemicals, and precursor chemicals), and metallic tools, for autos, textiles, and lubricants used for autos, as well as related marketing, technical support, training services, and supporting services; enterprise management consulting, economic information consulting, international trade within the Free Trade Zone, re-export trade, agent for trade between enterprises within the Free Trade Zone as well as trade within the Free Trade Zone, merchandized simple processing within the Free Trade Zone; and being agent for trade with non-Free-Trade-Zone-enterprises via domestic enterprises with import/export qualifications (not involving state-trading-goods; if involving any goods which require quota or license, application should be submitted as specified by competent regulations.) (If involving any goods which require administrative license, operate with relevant licenses).

II. Circumstances not Meeting the Prerequisites of Accounting

The Company has no circumstances that do not meet the prerequisites of accounting.

III. Main Accounting Policies and Accounting Estimates

1. Accounting standards and accounting system

The Company adopts the Accounting Standards for Business Enterprises.

2. Fiscal year

The fiscal year of Company runs from January 1 to December 31 of each calendar year.

3. Bookkeeping currency

The Company's functional currency is Renminbi (RMB). All amounts disclosed in Proforma Indian Rupees are Renminbi converted against a currency rate of Rupees(INR) 9.82=RMB 1.00.

4. Accounting basis and pricing principles

The Company takes the accrual basis as the bookkeeping basis, adopts the debit-credit bookkeeping method and takes the actual cost as the pricing principle.

5. Foreign currency business accounting and translation method

Financial operations involving foreign currencies in the fiscal year shall be translated to RMB at the central parity of the exchange rate prevailing in the foreign exchange market at the beginning of the month in which such transaction occurs. At the end of the month, the balance in the foreign currency account is adjusted to the bookkeeping currency based on the central parity of the exchange rate prevailing in the foreign exchange market at the end of the month. The difference between the reconciled bookkeeping currency balance and the original account balance is included in the financial cost - foreign exchange gains and losses or exchange gains and losses during the preparatory period.6. Determination standards of cash equivalents

6. Determination standards of cash equivalents

(1) Cash is the company's cash on hand and deposits that can be used for payment at any time, including cash, bank deposits and other monetary funds that can be used for payment at any time.

(2) Cash equivalents are short-term (usually due within three months from the date of purchase) and highly liquid investments held by the Company that are easily convertible into known amounts of cash and which are subject to a small risk of changes in value.

7. Accounts receivable and prepayments

Accounts receivable and prepayments refer to the creditor's rights occurred by small enterprises in their daily production and operation activities. The actual amount of accounts receivable and prepayments shall be recorded.

Where accounts receivable and prepayments of the Company meet any of the following conditions, the uncollectible accounts receivable and prepayments after deducting the recoverable amount shall be recognized as bad debt losses:

(I) The debtor declares bankruptcy, shutdown, dissolution or is revoked according to law, or its business license is legally cancelled or revoked and its liquidation property is insufficient to repay the debts.

(II) The debtor dies, or is declared missing or dead according to law and its property or estate is insufficient to repay the debts.

(III) The debt is overdue for 3 years or longer and there's exact evidence showing that the debtor is insolvent.

(IV) It is impossible to demand payment of the debt after a debt reorganization agreement is reached with the debtor or after the court approves the bankruptcy restructuring plan.

(V) The debt is unrecoverable because of natural disasters, wars and other force majeure.

(VI) Other conditions as prescribed by the finance and tax administrative department of the State Council.

8. Inventory accounting method

The Company's inventories include: goods in process etc.

The perpetual inventory system is adopted for stocktaking.

Pricing method for inventory acquisition and issue: raw materials and fuels purchased shall be measured at the actual cost. The cost of obtaining inventory through further processing includes direct material and direct labor cost, and manufacturing costs that are allocated according to a certain method.

The Company uses the individual valuation method to determine the actual cost of inventories issued.

For non-replaceable inventories, inventories purchased or manufactured for specific projects and services provided, their costs are determined by the specific identification method.

Revolving materials will be accounted by the one-off write-off method and will be included into production cost or current profit and loss at the time of requisition and use; revolving materials of high value can also be accounted by the amortization method. The cost of leased or lent revolving materials needs not be carried over, but shall be recorded for future reference.

In case of damage to inventories, the disposal income, the recoverable liability compensation and insurance indemnity, net of costs and related taxes and fees, shall be included in the proceeds from disposal of assets.

9. Fixed assets pricing and depreciation method

(1) Standards for the recognition of fixed assets

Fixed assets of the Company refer to housings, buildings, machines, machinery, transportation vehicles and other equipment, appliances and tools related to operation and production which have a useful life of more than one year. Goods not included as major production and operation equipment but with a unit value of more than 2,000 yuan and an useful life of more than 2 years, shall also be regarded as fixed assets.

(2) Fixed assets pricing and depreciation method

Fixed assets of the Company are priced at the actual cost at which they are acquired and are depreciated using the straight-line method.

Depreciation life and yearly depreciation rate are respectively determined by categories of fixed assets, estimated economic useful life and estimated net residual value rate as follows:

Category of fixed assets	Estimated net residual value rate (%)	Estimated useful life (years)	yearly depreciation rate (%)
Office equipment	10.00	5	18.00
Transportation equipment	10.00	5	18.00

Reconstruction expenditures for fixed assets are included in the cost of fixed assets. However, the reconstruction expenditures for fixed assets that have been fully depreciated and are rented through operating lease shall be included in long-term deferred expenses.

At the disposal of fixed assets, the disposal proceeds net of the book value, related taxes and fees and clean-up costs shall be included in asset disposal income.

10. Revenue recognition principle

Revenue from sales of goods will be recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, when the Company no longer has the right of continuous management and actual control of the goods, the economic benefits related to the transaction are likely to flow into the enterprise, and the revenue and costs related to the sale of goods can be reliably measured.

When the labor service provided by the Company is started and completed in the same fiscal year, the business income will be recognized when the labor service has been provided, the price has been received or the evidence proving the receipt of price has been obtained. When the labor service starts and completes in different fiscal years, the business income will be recognized by the percentage of completion method when the total income of labor contracts and the degree of completion of labor services can be reliably determined, when the transaction-related money can flow in, and the costs already incurred and the cost to be incurred for the completion of labor services can be reliably measured.

The interest income and royalty income obtained by the Company from transferring the right to use assets shall be recognized when the economic benefits related to the transaction can flow into the enterprise and the amount of income can be reliably measured.

11. Lease accounting method

The Company divides leases into financial lease and operating lease.

In the case of a finance lease, the Company (the lessee) will on the lease commencement date, take the lower of the original carrying amount of the leased asset on the lease commencement date and the present value of the minimum lease payment as the entry value of the leased asset, take the minimum lease payment as the entry value of long-term payables and record the difference between the two as the unrecognized financing costs.

In the case of operating leases, rentals for operating leases are recognized as an expense on a straight-line basis over each period of the lease term. Any other methods that are more reasonable may be adopted.

12. Accounting method of income tax

Income tax of the Company is accounted by the taxes payable method and will be levied according to the taxable income and the applicable tax rate.

13. Government subsidies

For purpose of the Company, government subsidies refer to governments' assistance by transferring resources to the Company so that the Company shall in turn conduct its business activities under certain conditions in the past or in the future.

Government subsidies are recognized when all of the following conditions are met:

(1) The company meets the additional conditions for government subsidies;

(2) The company can receive subsidies.

14. Profit distribution method

The Company's net profit realized in the current period is distributed in the following order:

Make up the annual losses of previous years;

Withdrawal of statutory surplus reserve;

Withdrawal of discretionary surplus reserve;

Profit payable to shareholders.

IV. Taxes

Tax type	Tax rate	Description
VAT	6.00%	VAT payable
Urban maintenance and construction tax	1.00%	Turnover tax payable
Educational surcharges	3.00%	Turnover tax payable
Watercourse management fee	1.00%	Turnover tax payable
Local educational surcharge	2.00%	Turnover tax payable
Enterprise income tax	25.00%	Taxable income

V. Notes to major items of the financial statements

1. Monetary funds

Item	**31 December 2017**		31 December 2016	
	RMB	**INR**	RMB	INR
Cash	**51,416.83**	**504,913.27**	22,003.47	216,074.08
Bank balances	**7,122,572.92**	**69,943,666.08**	15,309,479.96	150,339,093.20
Total	**7,173,989.75**	**70,448,579.35**	15,331,483.43	150,555,167.28

2. Accounts receivable

Category	**31 December 2017**			31 December 2016		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
	RMB	**INR**	**RMB**	RMB	INR	RMB
Account receivable for which doubtful debt provision is made using individual identification method	**534,453.71**	**5,248,335.43**	**–**	556,293.93	5,462,806.39	–
Account receivable for which doubtful debt provision is made using collective identification (ageing analysis) method			**–**	–		–
Total	**534,453.71**	**5,248,335.43**	**–**	556,293.93	5,462,806.39	–

Account receivable for which doubtful debt provision is made using individual identification method:

Item	**31 December 2017**			31 December 2016		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
	RMB	**INR**	**RMB**	RMB	INR	RMB
0-1 year	**30,883.71**	**303,278.03**	**–**	556,293.93	5,462,806.39	–
1-2 years	**503,570.00**	**4,945,057.40**				
Total	**534,453.71**	**5,248,335.43**	**–**	556,293.93	5,462,806.39	–

3. Other receivables

Category	**31 December 2017**			31 December 2016		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
	RMB	**INR**	**RMB**	RMB	INR	RMB
Other receivables for which doubtful debt provision is made using individual identification method	**1,526,605.64**	**14,991,267.38**	**–**	1,264,728.66	12,419,635.45	–
Other receivables for which doubtful debt provision is made using collective identification (ageing analysis) method			**–**			–
Total	**1,526,605.64**	**14,991,267.38**	**–**	1,264,728.66	12,419,635.45	–

Other receivables for which doubtful debt provision is made using individual identification method:

Item	**31 December 2017**			31 December 2016		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
	RMB	**INR**	**RMB**	RMB	INR	RMB
0-1 year	**1,306,321.53**	**12,828,077.42**	**–**	1,040,651.65	10,219,199.21	–
1-2 year(s)	**9,707.10**	**95,323.72**	**–**	25,000.00	245,500.00	–
Over 2 years	**210,577.01**	**2,067,866.24**	**–**	199,077.01	1,954,936.24	–
Total	**1,526,605.64**	**14,991,267.38**	**–**	1,264,728.66	12,419,635.45	–

4. **Inventories**

Item	**31 December 2017**		31 December 2016	
	RMB	**INR**	RMB	INR
Commodities in stock (finished goods)	**272,475.22**	**2,675,706.66**		
Total	**272,475.22**	**2,675,706.66**		

5. **Fixed assets**

Item	31 December 2016		Increase in current year		Decrease in current year		**31 December 2017**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
I. The total of the original price	564,588.15	5,544,255.63	6,630.78	65,114.26	66,761.79	655,600.78	**504,457.14**	**4,953,769.11**
Including: office equipment	193,215.15	1,897,372.77	6,630.78	65,114.26	66,761.79	655,600.78	**133,084.14**	**1,306,886.25**
Transport equipment	371,373.00	3,646,882.86	–	–	–	–	**371,373.00**	**3,646,882.86**
II. The total of the accumulated depreciation	331,545.82	3,255,779.95	81,838.97	803,658.68	60,085.61	590,040.69	**353,299.18**	**3,469,397.94**
Including: office equipment	131,004.22	1,286,461.44	14,991.77	147,219.18	60,085.61	590,040.69	**85,910.38**	**843,639.93**
Transport equipment	200,541.60	1,969,318.51	66,847.20	656,439.50	–	–	**267,388.80**	**2,625,758.01**
III. The total of the accumulated provision for impairment	–	–	–	–	–	–	**–**	**–**
Including: office equipment	–	–	–	–	–	–	**–**	**–**
Transport equipment	–	–	–	–	–	–	**–**	**–**
IV. The total of the carrying amount	233,042.33	2,288,475.68	(75,208.19)	738,544.42	6,676.18	65,560.09	**151,157.96**	**1,484,371.17**
Including: office equipment	62,210.93	610,911.33	(8,360.99)	(82,104.92)	6,676.18	65,560.09	**47,173.76**	**463,246.32**
Transport equipment	170,831.40	1,677,564.35	(66,847.20)	656,439.50	–	–	**103,984.20**	**1,021,124.85**

6. **Accounts payable**

Ageing	**31 December 2017**			31 December 2016		
	RMB	**INR**	**Percentage (%)**	RMB	INR	Percentage (%)
0-1 year (including 1 year)	**–**	**–**	**–**	–	–	–
Over 3 years	**92,636.23**	**909,687.78**	**100.00**	92,636.23	909,687.78	100.00
Total	**92,636.23**	**909,687.78**	**100.00**	92,636.23	909,687.78	100.00

7. **Taxes payable**

Item	31 December 2016		Increase in current year		Amount paid in current year		**31 December 2017**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
Individual	2,430.00	23,862.60	32,492.62	319,077.53	33,398.81	327,976.31	**1,523.81**	**14,963.81**
Total	2,430.00	23,862.60	32,492.62	319,077.53	33,398.81	327,976.31	**1,523.81**	**14,963.81**

8. **Dividends payable**

Item	31 December 2016		Increase in current year		Decrease in current year		**31 December 2017**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
Ssangyong Motor Company	2,493,514.56	24,486,312.98	–	–	–	–	**2,493,514.56**	**24,486,312.98**

9. **Other payables**

(1) Detail of other payables

Ageing	**31 December 2017**			31 December 2016		
	RMB	**INR**	**Percentage (%)**	RMB	INR	Percentage (%)
0-1 year (including one year)	**117,678.12**	**1,155,599.15**	**19.13**	598,075.70	5,873,103.37	48.66
1-2 year	**–**		**–**	555,152.41	5,451,596.67	45.16
2-3 year	**421,567.09**	**4,139,788.82**	**68.52**	2,000.00	19,640.00	0.16
Over 3 years	**76,000.00**	**746,320.00**	**12.35**	74,000.00	726,680.00	6.02
Total	**615,245.21**	**6,041,707.97**	**100.00**	1,229,228.11	12,071,020.04	100.00

(2) Other payables which are individually significant

Name of creditor	31 December 2017		Nature
	RMB	**INR**	
Pangda Ssangyong (Beijing) Company	**421,567.09**	**4,139,788.82**	Current Account

10. Paid-in capital

Name investor	31 December 2016			Increase in current year		Decrease in current year		**31 December 2017**		
	Amount of investment		Percentage (%)					**Amount of investment**		**Percentage (%)**
	RMB	INR		RMB	INR	RMB	INR	**RMB**	**INR**	
Ssangyong Motor Company	30,000,000.00	294,600,000.00	100.00	–	–	–	–	**30,000,000.00**	**294,600,000.00**	**100.00**
Total	30,000,000.00	294,600,000.00	100.00	–	–	–	–	**30,000,000.00**	**294,600,000.00**	**100.00**

11. Capital reserve

Item	31 December 2016		Increase in current year		Decrease in current year		**31 December 2017**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
The capital premium	184,216.66	1,809,007.60	–	–	–	–	**184,216.66**	**1,809,007.60**
Total	184,216.66	1,809,007.60	–	–	–	–	**184,216.66**	**1,809,007.60**

12. Surplus reserve

Item	31 December 2016		Increase in current year		Decrease in current year		**31 December 2017**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
Statutory surplus reserve	1,858,072.13	18,246,268.32	–	–	–	–	**1,858,072.13**	**18,246,268.32**
Discretionary surplus reserve	189,254.92	1,858,483.31	–	–	–	–	**189,254.92**	**1,858,483.31**
Total	2,047,327.05	20,104,751.63	–		–	–	2,047,327.05	20,104,751.63

13. Unappropriated profits

Item	**31 December 2017**		31 December 2016	
	RMB	**INR**	RMB	INR
Closing Balance of previous year	**(18,663,804.26)**	**(183,278,557.83)**	(13,891,982.21)	136,419,265.30
Add: changes in accounting policies				
Corrections of prior period errors				
Opening Balance of current year	**(18,663,804.26)**	**(183,278,557.83)**	(13,891,982.21)	136,419,265.30
Increase of current year	**(7,111,976.98)**	**(69,839,613.95)**	(4,771,822.05)	(46,859,292.53)
including: net profit of current year	**(7,111,976.98)**	**(69,839,613.95)**	(4,771,822.05)	(46,859,292.53)
Other adjustments				
Decrease of current year				
Including: Withdrawal of surplus reserve				
Withdrawal of common risks reserve				
Distribution of cash dividends				
Closing Balance of current year	**(25,775,781.24)**	**(253,118,171.77)**	(18,663,804.26)	183,278,557.83

14. Operating income

Item	**31 December 2017**				31 December 2016			
	RMB		**INR**		RMB		INR	
	Income	**Cost**	**Income**	**Cost**	Income	Cost	Income	Cost
Income From major operations	**112,816.12**		**1,107,854.30**	**–**	825,361.25		8,105,047.48	–
Total	**112,816.12**		**1,107,854.30**	**–**	825,361.25		8,105,047.48	–

15. Income from other operating

Item	**31 December 2017**		31 December 2016	
	RMB	**INR**	RMB	INR
Income from other operations	**–**	**–**	2,922.76	28,701.50
Total	**–**	**–**	2,922.76	28,701.50

16. Finance expense

Item	**31 December 2017**	
	RMB	**INR**
Interest expense	**–**	**–**
Less: interest income	**217,225.66**	**2,133,155.98**
Loss from foreign exchange	**3,553.18**	**34,892.23**
Fees	**4,417.82**	**43,382.99**
Total	**-209,254.66**	**-2,054,880.76**

17. Asset disposal income

Item	**31 December 2017**		31 December 2016	
	RMB	**INR**	RMB	INR
Loss on disposal of assets	**(6,676.18)**	**(65,560.09)**	(1,954.00)	(19,188.28)
Total	**(6,676.18)**	**(65,560.09)**	(1,954.00)	(19,188.28)

VI. Related Party and Related-Party Transactions

(1) Profile of the Parent

Name of the Parent	Nature	Domicile
Ssangyong Motor Company	Foreign enterprise	Gyeonggi Province, South Korea

(2) The main related parties that have business dealings with our company are as follows

Name of the Parent	Relations with the company
Ssangyong Motor Company	the Parent

VII. Contingent events

The Company has no significant contingent events which require disclosure.

VIII. Acceptance events

The Company has no significant acceptance events which require disclosure.

IX. Non-adjusting events after the balance sheet date

The Company has no non-adjusting events after the balance sheet date which require disclosure.

X. Other Significant Events

The Company has no other significant events which require disclosure.

Ssangyong Motor (Shanghai) Co., Ltd.

January 20, 2018

DIRECTORS' REPORT

Ssangyong European Parts Center B.V. (the Company) is pleased to present the financial information of the Company for the year ended 31 December 2017.

Principal Activities

The Company was established in 2006 as a 100% subsidiary of Ssangyong Motor Company ("SYMC", hereinafter), an automotive manufacturing company in Korea with its products of SUV's (sports utility vehicles) and a large-sized sedan. On behalf of SYMC, the Company is supplying spare parts to SYMC's overseas distributors in Europe for their after-sales services, through its warehouse facilities in Breda, since April 2007.

Risks

The Company is performing its business activities based on the service agreement settled with SYMC.

Market risk:

The automotive market is a volatile and very competitive one by nature. The Company's sales are dependent on the car sales made by SYMC as well as ensuring success in preventing competitors becoming successful in selling non-genuine spare parts. The latter however, can never be a full 100% success and therefore there is some market risk. One of the major steps in minimising this risk is achieved by SYMC granting warranty on the cars and parts for a fixed number of years as long as genuine Ssangyong spare parts are being used.

Debtor risk:

The Company's sales are predominantly to clients which have a contract with SYMC for car sales and services, under which the sale of spare parts is covered. If any client is unable to fulfil its payment obligation, the balance of the Company's account receivable that is not collected from the client can be offset against the Company's outstanding balance of accounts payable to SYMC resulting from purchases of spare parts. Therefore, the Company has limited debtor risk for spare-part supplies to clients under contract with SYMC.

Currency risk:

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro, accordingly, the currency risk is not hedged.

Interest rate risk:

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The Company is exposed to the consequences of variable interest rates on cash at bank. The Company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

Operations in 2017

The Company achieved annual re-invoicing sales of around Euro 13.9 million (around Indian Rupees 1,063.9 million) in 2017, which is significantly higher than in the previous year and mainly due to the success of the Tivoli and refurbished other models like Korando and Rexton, as well as the launch of the new model XLV.

With respect to gross operating structure, excluding the effects from its provision for bad inventory and the year end adjustment for the agreed compensation with SYMC, the Company's Cost Of Goods Sold (COGS) rate increased by around 1.2 % point to 72.9% in 2017 from 71.7% a year earlier.

In terms of the Company's local operational cost, its Sales, General & Administrative expenses (SG&A) decreased this year around 2.93% to Euro 2.1 million (around Indian Rupees 160.4 million), primarily due to the investments in its ERP system and Human Resources to prepare for the further reduced outsourcing work scopes, mentioned in the 'Significant events in 2017' in this report. As of 31 December 2017, the Company employs 7 local people including expatriates from SYMC.

Cash Flow

As a result of the increased sales and further reduction of its SG&A in 2017 the Company was able to pay the agreed compensation with SYMC over the periods 2011 through 2015 and has therefore limited a further increase in the liability towards SYMC despite of increased purchases, resulting in a positive cashflow. The Company functions as a warehouse for spare parts for SYMC's distributors in Europe and a major responsibility is to ensure a safety stock is kept at all times while another is to prepare for new vehicle launches. Inherent to a safety stock is that it is not sold within one year but should remain available for clients for a longer time and preparing for new vehicle launches involves purchasing parts that can't/won't be sold in the current period yet, which means that while purchased from SYMC subsequent sales and the cash related will be made/received at a much later time. The Company's Cash Flow Statement for 2016 shows a negative cash flow which is primarily the result of the prestocking and safety stock requirements described.

Significant events in 2017

The Company entered into a 5 year service agreement with Pantos Logistics Benelux B.V. effectively at 1 January 2012 to outsource its warehousing facilities and IT system. As the service agreement with Pantos Logistics Benelux B.V. ended on December 31, 2016 the Company went out for bids to three logistics service providers for a new service agreement. After various rounds of comparing and negotiations the Company decided to extend the service agreement with Pantos Logistics Benelux B.V. for another 5 years with a reduction in fixed rates and some increase in the variable rates effective January 1, 2017. The costs for Pantos Logistics Benelux B.V. amounted to around 58% of total SG&A in 2016 and, as a result of the new increased variable rates resulting in higher variable costs due to increased sales to around 61% of total SG&A in 2017.

Future Prospects

The Company predicts that its sales in the year of 2018 will be favourable compared to the prior period. And the Company's operating profit will be going forward favourably by the new environment under which its logistics service provider and the outsourced work scopes changed since 1 January 2017.

The Company will focus on having a stable operation structure to meet any requirement that is coming from the customers' side and which occurs internally as well.

The shareholder has been fully supporting for the Company's operation going further in the year of 2018 and thereafter, considering that the Company's distribution of spare parts is a basic value in automotive business against Distributors and Partners in European territories.

There are no significant changes in management, personnel or investments expected in 2018.

In 2015 SYMC has launched several new models among which a B-segment SUV named Tivoli which has proven to be a great success in several European countries as well as in Korea, and sales (pre-stocking) of spare parts in 2016 and 2017 has risen in line with the sales of the Tivoli Gasoline and Diesel model. SYMC launched another new model of the Tivoli named XLV in the second quarter of 2016 which remains very interesting for business and large family usage and SYMC launched a renewed and more luxurious Rexton model called the Y400 in the third quarter of 2017 and will launch a new model in 2018 (Q200).Expectations are that due to these- and future launches and the improved economic situation in the European Union the sales of spare parts will again increase in the following year(s).

Breda, 31 January 2018

Statutory directors,

S.T. Yang J.D. Lee

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Ssangyong European Parts Center B.V.

REPORT ON THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the financial statements 2017 of Ssangyong European Parts Center B.V., based in Breda, The Netherlands.

In our opinion the financial statements Included In these annual accounts give a true and fair view of the financial position of Ssangyong European Part Center B.V. as at December 31, 2017, and of Its result for 2017 In accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at December 31, 2017.
2. The Income statement for 2017.
3. The notes to the financial statements comprising a summary of the accounting policies and other explanator Information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, Including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "our responsibilities for the audit of the financial statements"section of our report.

We are independent of Ssangyong European Parts Center B.V. In accordance with the Verordeninginzakedeonafhankelijkheid van accountantsbij assurance-opdrachten(ViO) and other relevant Independence requlationsin TheNetherlands. Furthermore we have complied with the Verordeninggedrags- enberoepsrgels accountants (VGBA).

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

REPORT ON THE OTER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other Information that consists of:

- The directors' report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil code.

We have read the other information. Based on our Knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements management is responsible for assessing thecompany's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material If, individual or in the aggregate, they could reasonably be expected to Influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of Identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethicalrequirements and independence requirements. Our audit Included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting amaterial misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements,including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Eindhoven, January 31, 2018

Deloitte Accountants B.V.

Signed on the original: G.P.J. Vossen

BALANCE SHEET AS AT 31 DECEMBER 2017

(before appropriation of net result)

		31 December 2017		31 December 2016	
	Note	**Euro**	**Proforma Indian Rupees**	Euro	Proforma Indian Rupees
Fixed assets					
Intangible fixed assets	5.1	**0**	**0**	0	0
Tangible fixed assets	5.2	**8,070**	**617,891**	3,642	278,835
		8,070	**617,891**	3,642	278,835
Current assets					
Inventories	5.3	**6,841,424**	**523,847,826**	6,948,182	532,022,333
Receivables	5.4	**1,386,123**	**106,135,412**	1,254,076	96,024,566
Cash and cash equivalents	5.5	**1,366,576**	**104,638,709**	858,282	65,718,648
		9,594,123	**734,621,947**	9,060,540	693,765,547
		9,602,193	**735,239,838**	9,064,182	694,044,382
Equity and liabilities					
Shareholder's equity	5.6				
Paid-in share capital		**700,000**	**53,599,000**	700,000	53,599,000
Retained earnings		**(3,476,122)**	**(266,166,646)**	(3,586,453)	(274,614,708)
Result for the year		**113,699**	**8,705,898**	110,331	8,448,062
		(2,662,423)	**(203,861,748)**	(2,776,122)	(212,567,646)
Current liabilities	5.7	**12,264,616**	**939,101,586**	11,840,304	906,612,028
		9,602,193	**735,239,838**	9,064,182	694,044,382

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

INCOME STATEMENT FOR 2017

		2017		2016	
	Note	**Euro**	**Proforma Indian Rupees**	Euro	Proforma Indian Rupees
Net turnover	6.1	**13,895,268**	**1,063,960,635**	13,096,673	1,002,812,260
Cost of sales		**(11,647,160)**	**(891,823,040)**	(10,794,068)	(826,501,792)
Gross turnover result		**2,248,108**	**172,137,595**	2,302,605	176,310,468
Selling expenses		**19,086**	**1,461,377**	26,474	2,027,141
General and administrative expenses	6.2	**2,076,174**	**158,972,658**	2,132,068	163,252,392
Total expenses		**2,095,260**	**160,434,035**	2,158,542	165,279,533
Operating Profit		**152,848**	**11,703,560**	144,063	11,030,935
Financial income (expense), net	6.3	**(10,024)**	**(767,569)**	(9,780)	(748,868)
Result before taxation		**142,824**	**10,935,991**	134,283	10,282,067
Income tax expense (income)	6.4	**(29,125)**	**(2,230,093)**	(23,952)	(1,834,005)
Net Result		**113,699**	**8,705,898**	110,331	8,448,062

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

CASH FLOW STATEMENT FOR 2017

	Note	**2017** Euro	**2017** Proforma Indian Rupees	2016 Euro	2016 Proforma Indian Rupees
Cash flows from operating activities					
Operating Profit		**152,848**	**11,703,560**	144,063	11,030,935
Adjustments for:					
Amortisation and depreciation	5.1 & 5.2	**1,629**	**124,695**	2,000	153,153
Changes in working capital:					
Inventories	5.3	**106,758**	**8,174,507**	(2,097,137)	(160,577,761)
Receivables	5.4	**(132,047)**	**(10,110,846)**	(427,057)	(32,699,803)
Current liabilities	5.7	**424,312**	**32,489,558**	2,394,767	183,367,342
Corporation Income Tax	5.7	**(29,125)**	**(2,230,093)**	(23,952)	(1,834,005)
Cash generated from operations		**524,375**	**40,151,381**	(7,316)	(560,139)
Financial income (expense), net	6.3	**(10,024)**	**(767,569)**	(9,780)	(748,868)
Net cash generated from operating activities		**514,351**	**39,383,812**	(17,096)	(1,309,007)
Cash flows from investing activities					
Investments in intangible fixed assets	5.1	**0**	**0**	0	0
Investments in tangible fixed assets	5.2	**(6,057)**	**(463,751)**	0	0
Net cash used in investing activities		**(6,057)**	**(463,751)**	0	0
Cash flows from financing activities					
Net cash used in financing activities		**0**	**0**	0	0
Net cash flows		**508,294**	**38,920,061**	(17,096)	(1,309,007)
Movements in cash and cash equivalents can be broken down as follows:					
At 1 January		**858,282**	**65,718,648**	875,378	67,027,655
Movements during the year		**508,294**	**38,920,061**	(17,096)	(1,309,007)
At 31 December		**1,366,576**	**104,638,709**	858,282	65,718,648

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

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 *The Company*

Ssangyong European Parts Center B.V.,with registration number 20128617 in The Netherlands Chamber of CommerceCommercial Register, located at IABC 5253-5254, 4814 RD, Breda ("the Company", hereinafter) is a limited liability company, having its official seat in Breda.

The Company was incorporated as a 100% subsidiary of Ssangyong Motor Company, 455-12Dongsak-ro, Pyungtaek-si, Gyeonggi-do in Korea ("SYMC", hereinafter) with its principal capital of Euro 700,000(Proforma Indian Rupees50,074,500) on12 December 2006. Since early 2011, the majority of the shares of SYMC has been acquired by Mahindra & Mahindra Ltd. in India. Accordingly, the financial information of the Company has been included in the consolidated financial informationof SYMC and Mahindra & Mahindra Ltd., the ultimate parent company.

SYMC is an automotive manufacturing company in Korea with its products of SUVs (sports utility vehicles) and a large-sized sedan, one of its main export markets has been Western-Europe since 2002.

1.2 *Activities*

As of 31 December2017, the Company is distributing the spare parts to 27 distributors through its outsourcedwarehouse facilities in Breda. The Company's activity is to provide logistics and administrative support services including re-invoicing activitiesto SYMC for its distribution of spare parts to the distributors in Europe, who have an exclusive distributorship of SYMC's products respectively by country.Accordingly, all spare parts handled by the Company come from SYMC.

The Company's services are performed in accordance with the service agreement between SYMC and the Company,which in effectas of1 January 2016.Based on the agreement, SYMC compensates the Company for its local operational cost, including a profit mark-up using a certain fixed rate based on the Company's sales to distributors, which is known as the Return On Sales Method.

The remuneration in the above is acknowledged to be an arms' length remuneration for the Company's services to SYMC, through the Advance Pricing Agreementsettled into by the Company and the Dutch tax authorities, on 28April 2016 with a validity retroactive 1 January 2016.

1.3 *Use of estimates*

The financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those required in the valuation of inventories, deferred taxes, accounting of provisions and the impairment of intangible, tangible and financial fixed assets. All assumptions, anticipations, expectations and forecasts used as a basis for certain estimates within the financial statements represented good-faith assessments of the Company's future performance. It involves known and unknown risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ from those forecasted.

1.4 *Support parent company*

In view of the negative equity and negative working capital balances the continuation of the Company's operation might be dependent on the financial support of the parent company. In connection with this Ssangyong Motor Company, parent of Ssangyong European Parts Center B.V., has confirmed that it will provide the necessary financial support to Ssangyong European Parts Center B.V. to enable it to operate as a going concern and to meet its financial obligations for the approximate 18months period after the date of these financial statements and confirmed that it has the financial resources to fulfil that commitment.

2 Accounting policies for the balance sheet

2.1 *General information*

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of The Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial informationis denominated in Euros.

2.2 *Proforma information*

All amounts disclosed in Indian Proforma Indian Rupees are the Euro amount converted against a currency rate of approximately Indian Rupees 76.570= Euro 1for 2017 and 2016.

The same rate is applied for the opening balance sheet, the results and closing balance sheet. The comparative information has also been translated against this same currency rate.

2.3 *Related party transactions*

In the ordinary course of business the Company purchases approximately 99% of its products from affiliated parties. The Company is furthermore financed by an intercompany payable, reference is made to note 5.7.

2.4 *Prior-year comparison*

The accounting policies have been consistently applied to all the years presented, if not specifically stated otherwise.

2.5 *Foreign currencies*

Receivables, liabilities and obligations denominated in foreign currencies are translated against the exchange rates prevailing at balance sheet date. Transactions in foreign currencies during the financial year are recognised in the financial statements against the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, are recorded in income statement.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.6 *Financial instruments*

Financial instruments be both primary financial instruments, such as receivables and payables, and financial derivatives. The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the "Contingent rights and obligations." For the principles of primary financial instruments, in case applicable, reference is made to the treatment per balance sheet item.

2.7 *Intangible fixed assets*

Intangible fixed assets are presented at cost less accumulated amortisation. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

2.8 *Tangible fixed assets*

Property, plant and equipment are stated at costless accumulated depreciation and impairmentand are depreciated over their estimated useful lives on a straight line basis. Ordinary maintenance and repairs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated useful life.

2.9 *Financial fixed assets*

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and are predominantly long-term in nature.

2.10 *Impairment of assets*

On balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset conceded. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value exceeds its recoverable value; the recoverable value is the higher of the value in use and the fair value less costs to sell.

Impairment is recognized as an expense in the profit and loss account immediately, unless the asset is carried at the revalued amount; in that case, the impairment is treated as a revaluation decrease.

2.11 *Inventories*

Inventories are stated at the lower of cost and net realisable value. The valuation is based on weighted average prices.Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision is made for obsolete inventories by individual assessment of inventories, where considered necessary.

2.12 *Receivables*

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

2.13 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months.Cash and cash equivalents are stated at face value.

2.14 *Provisions*

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

2.15 *Deferred income tax assets and liabilities*

Deferred income tax assets and liabilities are recognised to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial information. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.Deferred income tax assets and liabilitiesare recognised at face value.

2.16 *Short term Liabilities*

Upon intial recognition, liabilities recorded are stated at fair value and then valued at amortized costs.

3 Accounting policies for the income statement

3.1 *Net turnover*

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

3.2 *Cost of sales*

Cost of sales represents the direct and indirect expenses attributable to net turnover.

3.3 *Selling, General and Administrative expenses*

Selling, General and Administrative expenses are recognised at the historical cost convention that are not directly attributable to the cost of the goods sold, and are allocated to the reporting year to which theyare related.Selling expensesare related to various communication activities for the Company's logistics and administrative support services. General and Administrative expenses include the employee benefits, depreciations, outsourcing cost and other general cost.

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Provisions for employee benefits:

The pension plans are financed through contributions to pension providers such as insurance companies. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet.

A pension receivable is included in the balance sheet when the company has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the Company and the pension receivable can be reliably established. As at year-end 2017 (and 2016) no pension receivables and no obligations existed for the company in addition to the payment of the annual contribution due to the pension provider.

The pension rights of each employee are based upon the employee's average salary during employment. The maximum salary for base pension in 2017amounts to Euro103,317(Proforma Indian Rupees 7,910,983) and in 2016 – Euro101,519 (Proforma Indian Rupees 7,773,310), in 2017the franchise amounts to Euro14,060(Proforma Indian Rupees1,076,574) and in 2016 – Euro13,878 (Proforma Indian Rupees 1,062,638). Pension for employees with a salary above the maximum salary for base pension is covered by the so called excedent pension scheme without a maximum. Per 2017 however the maximum salary will be limited to Euro 103,317 (Proforma Indian Rupees 7,910,983)

3.4 *Finance income and costs*

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

3.5 *Income tax expense*

Income tax is calculated on the result before tax in the income statement, taking into account any losses carried forward from previous financial yearswhere not included in deferred income tax assets and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

3.6 *Principles for preparation of the cash flow statement*

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

4 Risk management

4.1 *Currency risk*

The Company is mainly active in the European Union and allreceivables and payables are denominated in Euro. Accordingly, the currency risk is not hedged.

4.2 *Interest rate risk*

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank.The company is exposed to the consequences of variable interest rates on cash at bank.The company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

5 Notes to the balance sheet

5.1 *Intangible fixed assets*

	ERP System		Total	
	Euro	Proforma Indian Rupees	Euro	Proforma Indian Rupees
At 1 January 2017				
Cost	96,109	7,359,066	96,109	7,359,066
Accumulated depreciation	(96,109)	(7,359,066)	(96,109)	(7,359,066)
Carrying amount	0	0	0	0
Movements				
Investment	0	0	0	0
Depreciation	0	0	0	0
Carrying amount	0	0	0	0
At 31 December 2017				
Cost	96,109	7,359,066	96,109	7,359,066
Accumulated depreciation	(96,109)	(7,359,066)	(96,109)	(7,359,066)
Carrying amount	0	0	0	0
Depreciation rate	33%	33%	33%	33%

The Company has been developing its own ERP system using SAP Business one, due to the changes in outsourced work-scope starting at 1 January 2012.

5.2 *Tangible fixed assets*

Movements in property, plant and equipment can be broken down as follows:

	Office equipment		Total	
	Euro	Proforma Indian Rupees	Euro	Proforma Indian Rupees
At 1 January 2017				
Cost	70,445	5,393,991	70,445	5,393,991
Accumulated depreciation	(66,803)	(5,115,156)	(66,803)	(5,115,156)
Carrying amount	3,642	278,835	3,642	278,835
Movements				
Investment	6,057	463,751	6,057	463,751
Depreciation	(1,629)	(124,695)	(1,629)	(124,695)
Carrying amount	4,428	339,056	4,428	339,056
At 31 December 2017				
Cost	76,502	5,857,742	76,502	5,857,742
Accumulated depreciation	(68,432)	(5,239,851)	(68,432)	(5,239,851)
Carrying amount	8,070	617,891	8,070	617,891
Depreciation rate	20%	20%	20%	20%

5.3 *Inventories*

	31-12-2017		31-12-2016	
	Euro	Proforma Indian Rupees	Euro	Proforma Indian Rupees
Goods for resale	8,394,668	642,779,748	8,157,883	624,649,113
Less: provision	(1,553,244)	(118,931,922)	(1,209,701)	(92,626,780)
	6,841,424	523,847,826	6,948,182	532,022,333

There has been no significant scrapping of inventories in 2017 and 2016.

With relation to the Company's outsourcing contract described all inventories above are provided as collateral for the outsourced parties.

5.4 *Receivables*

	31-12-2017		31-12-2016	
	Euro	Proforma Indian Rupees	Euro	Proforma Indian Rupees
Trade receivables	1,267,835	97,078,085	1,144,070	87,601,418
Other receivables, including prepayments	118,288	9,057,327	110,006	8,423,148
	1,386,123	106,135,412	1,254,076	96,024,566

Receivables in the above fall due in less than one year and the fair value of the receivables approximates the book value.

Other receivables

	31-12-2017		31-12-2016	
	Euro	Proforma Indian Rupees	Euro	Proforma Indian Rupees
V.A.T.	76,795	5,880,225	73,771	5,648,643
Prepayments	39,261	3,006,190	34,094	2,610,599
Others	2,232	170,912	2,141	163,906
	118,288	9,057,327	110,006	8,423,148

5.5 *Cash and cash equivalents*

All cash and cash equivalents are available on demand.

5.6 *Shareholder's equity*

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	Euro	Euro	Euro	Euro
At 1 January 2016	700,000	(3,670,863)	84,410	(2,886,453)
Changes				
Profit(loss) appropriation	0	84,410	(84,410)	0

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	Euro	Euro	Euro	Euro
Profit/(loss) for the year	0	0	110,331	110,331
At 31 December 2016	700,000	(3,586,453)	110,331	(2,776,122)
Changes				
Profit(loss) appropriation	0	110,331	(110,331)	0
Profit(loss) for the year	0	0	113,699	113,699
At 31 December 2017	700,000	(3,476,122)	113,699	(2,662,423)

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	Proforma Indian Rupees	Proforma Indian Rupees	Proforma Indian Rupees	Proforma Indian Rupees
At 1 January 2016	53,599,000	(281,077,982)	6,463,274	(221,015,708)
Changes				
Profit(loss) appropriation	0	6,463,274	(6,463,274)	0
Profit(loss) for the year	0	0	8,448,062	8,448,062
At 31 December 2016	53,599,000	(274,614,708)	8,448,062	(212,567,646)
Changes				
Profit(loss) appropriation	0	8,448,062	(8,448,062)	0
Profit(loss) for the year	0	0	8,705,898	8,705,898
At 31 December 2017	53,599,000	(266,166,646)	8,705,898	(203,861,748)

The authorised share capital of Ssangyong European Parts Center B.V.amounts to Euro 3,500 thousand (Proforma Indian Rupees 267,995 thousand), divided by 35 thousand ordinary shares of Euro 100(Proforma Indian Rupees7,657) each.Out ofthe authorised shares, 7 thousand ordinary shares, equivalent of Euro 700 thousand(Proforma Indian Rupees53,599 thousand), have been issued and paid-in.

5.7 *Current liabilities*

	31-12-2017		31-12-2016	
	Euro	**Proforma Indian Rupees**	Euro	Proforma Indian Rupees
Payable to SYMC, the parent company	**11,913,091**	**912,185,405**	11,540,153	883,629,478
Accounts payable	**217,684**	**16,668,091**	231,749	17,745,033
Corporation Income Tax	**0**	**0**	2,964	226,978
Other debts, accruals and deferred income	**133,841**	**10,248,090**	65,438	5,010,539
	12,264,616	**939,101,586**	11,840,304	906,612,028

Payable to the parent company consists of trade payable for goods purchased and no interest is charged.

5.8 *Remuneration of directors*

In 2017 an amount of approximately Euro 230 thousand (Proforma Indian Rupees 17,645 thousand) and for 2016: Euro 272 thousand (Proforma Indian Rupees 20,862 thousand) for the remuneration of directors of the legal entity was charged to the company.

5.9 *Commitments*

On 11 November 2011, the Company settled with Pantos Logistics Benelux B.V. into a 5 year service agreement including the work-scope of warehousing and warehousing management system only and which has been renewed on 25 October 2016 for another 5 years with reduced fixed-but increased variable rates.

In accordance with the new service agreement, the total fee committed by the Company amounts to Euro 4,764 thousand (Proforma Indian Rupees 364,778 thousand) as of 31 December 2017 of which: Euro 1,182 thousand (Proforma Indian Rupees 90,510 thousand) is due within 1 year,Euro 3,582 thousand (Proforma Indian Rupees 274,268 thousand) is due within 2 to 5 years and Euro 0 thousand (Proforma Indian Rupees 0 thousand) is due after 5 years.

With respect to the outsourcing fee, the fees are recognized on an accrual basis as General and Administrative expenses in the income statement.

The fees for 2017 and 2016 amounted to Euro 1,275 thousand (Proforma Indian Rupees 97,651 thousand) and Euro 1,257 thousand (Proforma Indian Rupees 96,245 thousand)respectively.

Total commitments in connection with operational lease agreements amounts to approximately Euro 95 thousand (Proforma Indian Rupees 7.311 thousand) of which:

Euro 41 thousand (Proforma Indian Rupees 3,171 thousand) is due within 1 year, Euro 54 thousand (Proforma Indian Rupees 4,140 thousand) is due within 2 to 5 years and Euro 0 thousand (Proforma Indian Rupees 0 thousand) is due after 5 years.

6 Notes to the Income statement

6.1 *Revenue*

	2017		2016	
	Euro	**Proforma Indian Rupees**	Euro	Proforma Indian Rupees
The Netherlands	**171,036**	**13,096,217**	157,061	12,026,160
European Union countries	**11,838,676**	**906,487,423**	11,138,213	852,852,967
Non European Union countries	**1,885,556**	**144,376,995**	1,801,399	137,933,133
Total parts sales	**13,895,268**	**1,063,960,635**	13,096,673	1,002,812,260
Outbound delivery	**0**	**0**	0	0
	13,895,268	**1,063,960,635**	13,096,673	1,002,812,260

6.2 *Employee benefits*

	2017		2016	
	Euro	**Proforma Indian Rupees**	Euro	Proforma Indian Rupees
Salaries and wages	**419,932**	**32,154,158**	459,250	35,164,810
Social security contributions	**54,824**	**4,197,904**	61,175	4,684,171
Other personnel expenses	**83,821**	**6,418,209**	123,263	9,438,222
	558,577	**42,770,271**	643,688	49,287,203

The above employee benefits expense is included in General and Administrative expenses.

Included in the social security charges for 2017 is an amount of Euro14,142(Proforma Indian Rupees 1,083 thousand) and for 2016:Euro16,002 (Proforma Indian Rupees 1,225thousand) with respect to pension costs.

6.3 *Financial income and expenses*

	2017		2016	
	Euro	**Proforma Indian Rupees**	Euro	Proforma Indian Rupees
Interest and similar income	**(94)**	**(7,198)**	0	0
Bank cost and similar expense (incl. bank charges)	**(9,930)**	**(760,371)**	(9,780)	(748,868)
	(10,024)	**(767,569)**	(9,780)	(748,868)

6.4 *Income taxes*

The effective tax rate of 20.4%does not significantly differ from the nominal tax rate in The Netherlands.

6.5 *Average number of employees*

During the year 2017, the average number of employees, based on full time equivalents, was around 6 (2016: 7) all employed in the logistic services. There was no employee outside The Netherlands in 2017 and 2016, respectively.

Signing of the financial statements

Breda, 31 January 2018

Statutory directors,

S.T. Yang J.D. Lee

Ssangyong European Parts Center B.V.

IABC 5253-5254

4814RD, Breda

The Netherlands

7 Appropriation of result

7.1 *Appropriation of the result for the financial year 2016*

The annual report 2016 is determined in the General Meeting. The General Meeting has determined the appropriation of the result in accordance with the proposal being made to that end.

7.2 *Proposed appropriation of the result for the financial year 2017*

The statutory directors propose that the result for the financial year 2017 amounting to Euro113,699 (Proforma Indian Rupees 8,706 thousand) should be transferred to reserves without payment of dividend.

The financial statements do not yet reflect this proposal.

8 Events after the balance sheet date

There are no subsequent events after the balance sheet date affecting these financial statements.

OTHER INFORMATION

Independent auditor's report

Reference is made to the auditor's report as included hereinafter

Statutory rules concerning appropriation of result

According to Article 15, paragraph 2 of the Company's Articles of Association the profits, if any, are at the disposal of the General Meeting. The Company may distribute profits only if and to the extent that its shareholders equity is greater than the sum of the paid and called up part of the issued capital and the reserves which must be maintained by virtue of the law.

DIRECTORS' REPORT

1. Company Overview

SYAC, with its headquarters located in Pyeongtaek, was established by SYMC and KB Capital in October 2015 with a capital investment of 20 billion won for a share ownership of 51% and 49% respectively.

It is a captive financial company providing financing to customers of Ssangyong Motor Company (SYMC) for installment purchases of all vehicles. SYAC started operations in January of 2016 and employed 59 people including two executives as of December 2017.

2. Operation Overview

SYAC achieved financial sales of 858 billion won in 2016, the first year of operation. In 2017, it achieved financial sales of 861 billion won as a captive financial company.

Especially, in 2017 SYAC supported G4 Rexton's successful launching through co-promotion with SYMC. SYAC has only been in the new car financing business so far.

In 2017, financial sales consisted of Settlement installment 490 billion won on the other hand, Non-Settlement installment 371 billion won.

Despite, there is a huge competitive with domestic new-car financing Market, SYAC successfully reached financial sales compared to 2016.

3. Profit and Loss

SYAC achieved a net profit of 2.5 billion won in 2017, achieving a two-year consecutive surplus. In 2017, the external variable, interest rates, rose sharply, dealing a negative impact on profits.

In addition, the competition in the new car finance market became more intense, forcing additional spending on sales to be inevitable.

However, even in difficult environments, SYAC was achieve a surplus as shown above through reducing internal cost, such as SG&A expenses (-1.5bn vs. budget).

4. Financial Status

As of the end of 2017, total asset was 79.7 billion won, 22% (+14.4bn) increased compared with 2016, and total liabilities were 51 billion won, 31% (+1.2bn) increased.

The main reason for this is that the holding receivables increased by about 20 billion won. Holding receivables are a long-term source of revenue for the company, which will be the foundation for stable sales.

The reason why we can maintain a small amount of assets and liabilities compared to the financial sales of 861.2 billion won this year is because we have established a process for selling receivables to KB Financial Group, the main shareholder.

With 2.5 billion won in net profit achieved based on the efficient sales and selling receivables process, total equity of SYAC is 28.8 billion won at the end of 2017.

5. Future Business Plan

SYAC's business purpose for net profit is 1.1 billion won.

This year SYAC focuses on tightened synergy up with shareholders, KB Capital and SYMC. In 2018, not only SYMC but also KB Capital will be involved in developing financial products.

Through this partnerships, SYAC will contribute to the increase in automobile sales volume of SYMC, and strive to defend SYAC's market share and achieve profit and loss goals.

6. Corporate Governance

1) Board of Directors (as of Mar. 31st, 2018)

– Composition of BOD

Name	BOD	Status	Remarks
Jin-soo Park	Chairman (CEO)	Standing	SYAC CEO
Tumbe-Vasudev	Director	Non-standing	SYMC
Kwang-ho Kim	Director	Non-standing	SYMC
Se-min Kim	Director	Non-standing	KB Capital
Soo-nam Hwang	Director	Non-standing	KB Capital

2) Annual Shareholders' Meeting

Classification	2018	2017
Date & time	Mar 28, 2018 5:00 PM	Mar 17, 2017 10:00 AM
Special resolutions	Appointment of directors Appointment of auditor	Revision of articles of incorporation
Financial Year	Jan 1 – Dec 31, 2017	Jan 1 – Dec 31, 2016
Date of Book Closure	Dec 31, 2017	Dec 31, 2016
Location	124, Teheran-ro, Gangnam-gu, Seoul, Meeting room of SY Auto Capital	

For and on behalf of the Board

Jin-soo Park
Chairman

Date:- 28.03.2018

INDEPENDENT AUDITOR'S REPORT

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
SY Auto Capital Co., Ltd.

We have audited the accompanying financial statements of SY Auto Capital (the Company), which comprise the statement of financial position as of December 31, 2017 and 2016, the statement of comprehensive income, statements of changes in equity and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SY Auto Capital Co, Ltd. as of December 31, 2017 and 2016, and its financial performance and its cash flows for the year ended in accordance with Korean IFRS.

Other matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

The accompanying financial statements as of the years ended December 31, 2017 and 2016, have been translated into Indian rupee on the basis set forth in Note 2.3 to the financial statements solely for the convenience of the reader. Therefore, these translated financial statements have not been audited.

Samil PricewaterhouseCoopers,
Seoul 04386, Korea

Seoul, Korea
March 8, 2018

This report is effective as of March 9, 2018, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

(In Korean won and Indian rupee)		**2017**		2016	
		(In Korean won)	**(In Indian rupee) (Unaudited)**	(In Korean won)	(In Indian rupee) (Unaudited)
Assets					
Cash and due from financial institutions	5,6,7	**10,192,681,906**	**612,580,183**	6,033,164,506	362,593,187
Loans and Receivables	4,5,6,8	**66,134,273,388**	**3,974,669,831**	55,686,293,492	3,346,746,239
Property and equipment	9	**363,762,432**	**21,862,123**	466,975,941	28,065,254
Intangible Assets	10	**2,483,130,825**	**149,236,163**	2,660,740,653	159,910,513
Other financial assets	4,5,6,11	**487,359,060**	**29,290,280**	337,367,289	20,275,774
Other assets	11,15	**67,741,001**	**4,071,235**	107,008,698	6,431,223
Total assets		**79,728,948,612**	**4,791,709,815**	65,291,550,579	3,924,022,190
Liabilities					
Borrowings	4,5,6,12	**45,000,000,000**	**2,704,500,000**	30,000,000,000	1,803,000,000
Net defined benefit liabilities	14	**99,485,717**	**5,979,092**	192,024,412	11,540,667
Other financial liabilities	4,5,6,13	**4,954,219,553**	**297,748,596**	7,431,765,480	446,649,105
Other liabilities	13	**781,752,976**	**46,983,354**	310,259,965	18,646,624
Current tax liabilities	15	**98,130,538**	**5,897,646**	1,025,508,960	61,633,088
Provisions		**21,618,522**	**1,299,274**	21,058,976	1,265,644
Total liabilities		**50,955,207,306**	**3,062,407,962**	38,980,617,793	2,342,735,128
Equity					
Share capital	16	**20,000,000,000**	**1,202,000,000**	20,000,000,000	1,202,000,000
Retained earnings (accumulated deficits)	16	**8,800,791,804**	**528,927,588**	6,310,932,786	379,287,060
Other Comprehensive income	16	**(27,050,498)**	**(1,625,735)**	–	–
Total equity		**28,773,741,306**	**1,729,301,853**	26,310,932,786	1,581,287,060
Total liabilities and equity		**79,728,948,612**	**4,791,709,815**	65,291,550,579	3,924,022,188

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

(In Korean won and Indian rupee)	**Notes**	**2017 (In Korean won)**	**2017 (In Indian rupee) (Unaudited)**	2016 (In Korean won)	2016 (In Indian rupee) (Unaudited)
Interest income		**1,375,672,195**	**82,677,899**	897,491,533	53,939,241
Interest expense		**(842,318,662)**	**(50,623,352)**	(717,765,032)	(43,137,678)
Net interest income	6,17	**533,353,533**	**32,054,547**	179,726,501	10,801,563
Gain on disposal of loans and receivables		**9,392,260,266**	**564,474,842**	16,849,723,789	1,012,668,400
Loss on disposal of loans and receivables		**(1,789,390,346)**	**(107,542,360)**	(157,608,032)	(9,472,243)
Profit on disposal of loans and receivables	6,18	**7,602,869,920**	**456,932,482**	16,692,115,757	1,003,196,157
Provision for impairment		**(39,737,334)**	**(2,388,214)**	(167,423,436)	(10,062,149)
Other operating income	20	**5,015,136,036**	**301,409,676**	2,592,525,062	155,810,756
Other operating expenses	20	**(1,219,069,825)**	**(73,266,096)**	(2,718,000,306)	(163,351,818)
General and administrative expenses	19	**(8,968,419,091)**	**(539,001,987)**	(7,909,399,337)	(475,354,900)
Operating profit		**2,924,133,239**	**175,740,408**	8,669,544,241	521,039,609
Non-operating income		**217,554,291**	**13,075,013**	153,034,065	9,197,347
Non-operating expense		**(6,099,703)**	**(366,592)**	(697,211)	(41,902)
Non-operating loss		**211,454,588**	**12,708,421**	152,336,854	9,155,445
Profit(loss) before income tax		**3,135,587,827**	**188,448,829**	8,821,881,095	530,195,054
Income tax expense		**645,728,809**	**38,808,301**	1,860,316,478	111,805,021
Profit(Loss) for the period		**2,489,859,018**	**149,640,528**	6,961,564,617	418,390,033
Other comprehensive income		**(27,050,498)**	**(1,625,735)**	–	–
Total comprehensive income for the period		**2,462,808,520**	**148,014,793**	6,961,564,617	418,390,033

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

STATEMENT OF CHANGES IN EQUITY YEAR FOR THE ENDED DECEMBER 31, 2017 AND 2016

	Share capital		Retained earnings (accumulated deficits)		Other Comprehensive Income		Total Equity	
(In Korean won and Indian rupee)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)
Balance as of January 1, 2016.......	20,000,000,000	1,202,000,000	(650,631,831)	(39,102,973)	–	–	19,349,368,169	1,162,897,027
Capital contribution........	–	–	–	–	–	–	–	–
Profit for the period................	–	–	6,961,564,617	418,390,033	–	–	6,961,564,617	418,390,033
Balance as of Decemer 31, 2016.....	20,000,000,000	1,202,000,000	6,310,932,786	379,287,060	–	–	26,310,932,786	1,581,287,060

	Share capital		Retained earnings (accumulated deficits)		Other Comprehensive Income		Total Equity	
	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)
Balance as of January 1, 2017	20,000,000,000	1,202,000,000	6,310,932,786	379,287,060	–	–	26,310,932,786	1,581,287,060
Comprehensive income								
Profit for the period	–	–	2,489,859,018	149,640,528	–	–	2,489,859,018	149,640,528
Remeasurement of net defined benefit liabilities (assets) .	–	–	–	–	(27,050,498)	(1,625,735)	(27,050,498)	(1,625,735)
Balance as of Decemer 31, 2017...	20,000,000,000	1,202,000,000	8,800,791,804	528,927,588	(27,050,498)	(1,625,735)	28,773,741,306	1,729,301,853

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

STATEMENT OF CASH FLOWS YEAR FOR THE ENDED DECEMBER 31, 2017 AND 2016

(In Korean won and Indian rupee)	Notes	2017 (In Korean won)	2017 (In Indian rupee) (Unaudited)	2016 (In Korean won)	2016 (In Indian rupee) (Unaudited)
Cash flows from operating activities					
Cash generated from operations	21	**(9,324,077,305)**	**(560,377,045)**	(38,746,995,911)	(2,328,694,454)
Income tax paid		**(1,541,373,722)**	**(92,636,561)**	(887,546,690)	(53,341,556)
Interest paid		**(808,578,295)**	**(48,595,556)**	(690,903,185)	(41,523,281)
Interest received		**1,325,874,222**	**79,685,041**	822,375,323	49,424,757
Net cash outflow from operating activities		**(10,348,155,100)**	**(621,924,121)**	(39,503,070,463)	(2,374,134,534)
Cash flows from investing activities					
Acquisition of property and equipment	9	**(50,919,900)**	**(3,060,286)**	(178,353,137)	(10,719,024)
Acquisition of intangible assets	10	**(441,407,600)**	**(26,528,597)**	(1,131,552,100)	(68,006,281)
Increase in guarantee deposits		**–**	**–**	–	–
Net cash outflow from investing activities		**(492,327,500)**	**(29,588,883)**	(1,309,905,237)	(78,725,305)
Cash flows from financing activities					
Increase in borrowings	12	**65,003,000,000**	**3,906,680,300**	30,000,000,000	1,803,000,000
Decrease in borrowings	12	**(50,003,000,000)**	**(3,005,180,300)**	-	-
Net cash inflow from financing activities		**15,000,000,000**	**901,500,000**	30,000,000,000	1,803,000,000
Net increase(decrease) in cash and cash equivalents		**4,159,517,400**	**249,986,996**	(10,812,975,700)	(649,859,839)
Cash and cash equivalents at the beginning of period		**6,033,164,506**	**362,593,187**	16,846,140,206	1,012,453,026
Cash and cash equivalents at the end of period		**10,192,681,906**	**612,580,183**	6,033,164,506	362,593,187

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

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. The Company

SY Auto Capital Co., Ltd.(the "Company") was established in October 28, 2015, and was registered with the Financial Services Commission under the Specialized Credit Financial Business Act on December 8, 2015. The Company engages in facility leasing and installment financing business. As of December 31, 2017, the Company's paid-in capital amounts to ₩ 20,000 million. The main office is located in 455-12 Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea.

The Company's shareholders and their respective percentage of ownership as at December 31, 2017, are as follows.

	Number of shares owned	Percentage of ownership (%)
Ssangyong Motor Co., Ltd.	2,040,000	51.00%
KB Capital Co., Ltd.	1,960,000	49.00%
	4,000,000	100.00%

2. Significant Accounting Policies

The significant accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language ("Hangeul") in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying financial statements.

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS" hereafter). These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2. Changes in Accounting Policies and Disclosure

(a) New and amended standards adopted by the Company

The Company newly applied the following amended and enacted standards and interpretations for the annual period beginning on January 1, 2017, and this application does not have a material impact on the financial statements.

– Amendments to Korean IFRS 1007 *Statement of Cash Flows*

Amendments to Korean IFRS 1007 Statement of Cash Flows requires to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

– Amendments to Korean IFRS 1012 *Income Tax*

The amendments issued clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice.

– Amendments to Korean IFRS 1112 *Disclosures of Interests in Other Entities*

Amendments to Korean IFRS 1112 clarify even when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sales in accordance with Korean IFRS 1105, the entity is nonetheless required to disclose relevant information except for summarized financial information in accordance with Korean IFRS 1112.

(b) New and amended standards and interpretations not yet adopted by the Company

New standards and interpretations issued, but not effective for the financial year beginning on January 1, 2017, and not early adopted are enumerated below:

– Amendments to Korean IFRS 1028 Investments in *Associates and Joint Ventures*

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with Korean IFRS 1109. The amendments clarify that an entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. This amendment will be effective retrospectively for annual periods beginning on or after January 1, 2018 with early application permitted. The Company does not expect the amendments to have a significant impact on the financial statements because the Company is not a venture capital organization

– Amendments to Korean IFRS 1040 *Transfers of Investment Property*

Paragraph 57 of Korean IFRS 1040 clarifies that a transfer to, or from, investment property, including property under construction, can only be made if there has been a change in use that is supported by evidence, and provides a list of circumstances as examples. The amendment will be effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect the amendments to have a significant impact on the financial statements.

– Amendments to Korean IFRS 1102 *Share-based Payment*

Amendments to Korean IFRS 1102 clarify accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled, and also, clarify that the measurement approach should treat the terms and conditions of a cash-settled award in the same way as for an equity-settled award. This amendment will be effective for annual periods beginning on or after January 1, 2018 with early application permitted. The Company does not expect the amendments to have a significant impact on the financial statements.

– Enactment of Interpretation 2122 *Foreign Currency Transaction and Advance Consideration*

According to these enactments, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. These enactments will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect the enactments to have a significant impact on the financial statements.

– Enactments of Korean IFRS 1116 *Leases*

Korean IFRS 1116 *Leases* issued on May 22, 2017 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. This standard will replace Korean IFRS 1017 *Leases*, Interpretation 2104. *Determining whether an Arrangement contains a Lease*, Interpretation 2015 *Operating Leases-Incentives*, and Interpretation 2027 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. Also, at the date of initial application, the entity shall assess whether the contract is, or contains, a lease in accordance with the standard. However, the entity will not need to reassess all contracts with applying the practical expedient because the entity elected to apply the practical expedient only to contracts entered before the date of initial application.

For a contract that is, or contains, a lease, the entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessee may elect not to apply the requirements to short-term lease (a lease term of 12 months or less at the commencement date) and low value assets (e.g. underlying assets below $ 5,000). In addition, as a practical expedient, the lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(a) *Lessee accounting*

A lessee shall apply this standard to its leases either:

– retrospectively to each prior reporting period presented applying Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors (Full retrospective application); or

– retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Company has not yet elected the application method.

(b) *Lessor accounting*

The Company expects the effect on the financial statements applying the new standard will not be significant as accounting for the Company, as a lessor, will not significantly change.

– Korean IFRS 1109 *Financial Instruments*

The new standard for financial instruments issued on September 25, 2015 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. This standard will replace Korean IFRS 1039 Financial Instruments: Recognition and Measurement. The Company will apply the standards for annual periods beginning on January 1, 2018.

The standard requires retrospective application with some exceptions. For example, an entity is not required to restate prior period in relation to classification and measurement (including impairment) of financial instruments based on the new standard. The standard requires prospective application of its hedge accounting requirements for all hedging relationships except the accounting for time value of options and other exceptions.

Korean IFRS 1109 Financial Instruments requires all financial assets to be classified and measured on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. A new impairment model, an expected credit loss model, is introduced and any subsequent changes in expected credit losses will be recognized in profit or loss. Also, hedge accounting rules amended to extend the hedging relationship, which consists only of eligible hedging instruments and hedged items, qualifies for hedge accounting.

An effective implementation of Korean IFRS 1109 requires preparation processes including financial impact assessment, accounting policy establishment, accounting system development and the system stabilization. The impact on the Company's financial statements due to the application of the standard is dependent on judgements made in the process of applying the standard, financial instruments held by the Company and macroeconomic variables.

In relation to implementation of Korean IFRS 1109, The Company has begun revising its internal control procedures and developing its accounting system. Also, The Company is analyzing financial impacts of Korean IFRS 1109 on its financial statements. As the analysis is completed by the end of 2018, the Company will disclose its results to the financial statements as at December 31, 2018.

Meanwhile, the following areas are likely to be affected in general.

(a) *Classification and Measurement of Financial Assets*

When implementing Korean IFRS 1109, the classification of financial assets will be driven by the Company's business model for managing the financial assets and contractual terms of cash flow. The following table shows the classification of financial assets measured subsequently at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. If a hybrid contract contains a host that is a financial asset, the classification of the hybrid contract shall be determined for the entire contract without separating the embedded derivative.

Business model	**Contractual cash flows characteristics**	
	Sole payments of principal and interest	**All others**
Hold the financial asset for the collection of the contractual cash flows	Measured at amortized cost[1]	Recognized at fair value through profit or loss[2]
Hold the financial asset for the collection of the contractual cash flows and trading	Measured at fair value through other comprehensive income[1]	
Hold for trading and others	Measured at fair value through profit or loss	

1 A designation at fair value through profit or loss is allowed only if such designation mitigates an accounting mismatch (irrevocable).

2 A designation at fair value through other comprehensive income is allowed only if the financial instrument is the equity investment that is not held for trading (irrevocable).

With the implementation of Korean IFRS 1109, the criteria to classify the financial assets at amortized cost or at fair value through other comprehensive income are more strictly applied than the criteria applied with Korean IFRS 1039. Accordingly, the financial assets at fair value through profit or loss may increase by implementing Korean IFRS 1109 and may result an extended fluctuation in profit or loss.

According to Korean IFRS 1109, equity instruments that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments as assets measured at fair value through other comprehensive income, which all subsequent changes in fair value being recognized in other comprehensive income and not recycled to profit or loss.

According to Korean IFRS 1109, debt instruments those contractual cash flows do not represent solely payments of principal and interest and held for trading, and equity instruments that are not designated as instruments measured at fair value through other comprehensive income are measured at fair value through profit or loss.

(b) Classification and Measurement of Financial Liabilities

Korean IFRS 1109 requires the amount of the change in the liability's fair value attributable to changes in the credit risk to be recognized in other comprehensive income, unless this treatment of the credit risk component creates or enlarges a measurement mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

Under Korean IFRS 1039, all financial liabilities designated at fair value through profit or loss recognized their fair value movements in profit or loss. However, under Korean IFRS 1109, certain fair value movements will be recognized in other comprehensive income and as a result, profit or loss from fair value movements may decrease.

(c) Impairment: Financial Assets and Contract Assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under Korean IFRS 1039. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and certain financial guarantee contracts.

Under Korean IFRS 1109, a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognized. The Group will always recognize (at a minimum) 12-month expected credit losses in profit or loss. Lifetime expected losses can be recognized on assets for which there is a significant increase in credit risk after initial recognition.

	Stage[1]	Loss allowance
1	No significant increase in credit risk after initial recognition[2]	12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date)
2	Significant increase in credit risk after initial recognition	Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)
3	Credit-impaired	

1 A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. It is also required for contract assets or trade receivables that are not, according to Korean IFRS 1115 Revenue *from Contracts with Customers*, considered to contain a significant financing component. Additionally, the Company can elect an accounting policy of recognizing lifetime expected credit losses for all contract assets and/or all trade receivables, including those that contain a significant financing component.

2 If the financial instrument has low credit risk at the end of the reporting period, the Company may assume that the credit risk has not increased significantly since initial recognition.

Under Korean IFRS 1109, the asset that is credit-impaired at initial recognition would recognize all changes in lifetime expected credit losses since the initial recognition as a loss allowance with any changes recognized in profit or loss.

(d) Hedge Accounting

Hedge accounting mechanics (fair value hedges, cash flow hedges and hedge of net investments in a foreign operations) required by Korean IFRS 1039 remains unchanged in Korean IFRS 1109, however, the new hedge accounting rules will align the accounting for hedging instruments more closely with the Company's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. Korean IFRS 1109 allows more hedging instruments and hedged items to qualify for hedge accounting, and relaxes the hedge accounting requirement by removing two hedge effectiveness tests that are a prospective test to ensure that the hedging relationship is expected to be highly effective and a quantitative retrospective test (within range of 80-125%) to ensure that the hedging relationship has been highly effective throughout the reporting period.

With implementation of Korean IFRS 1109, volatility in profit or loss may be reduced as some items that were not eligible as hedged items or hedging instruments under Korean IFRS 1039 are now eligible under Korean IFRS 1109.

Furthermore, when the Company first applies Korean IFRS 1109, it may choose as its accounting policy to continue to apply all of the hedge accounting requirements of Korean IFRS 1039 instead of the requirements of Korean IFRS 1109.

– Enactment of Korean IFRS 1115 *Revenue from Contracts with Customers*

Korean IFRS 1115 Revenue from Contracts with Customers issued on November 6, 2015 will be effective from periods beginning on or after January 1, 2018, with early application permitted. This standard replaces Korean IFRS 1018 Revenue, Korean IFRS 1011 Construction Contracts, Interpretation 2031 Revenue-Barter Transactions Involving Advertising Services, Interpretation 2113 Customer Loyalty Programs, Interpretation 2115 Agreements for the Construction of Real Estate and Interpretation 2118 Transfers of assets from customers. The Company will apply Korean IFRS 1115 *Revenue from Contracts with Customers* within annual reporting periods beginning on or after January 1, 2018, and will elect the modified retrospective approach which will recognize the cumulative impact of initially applying the revenue standard as an adjustment to retained earnings as at January 1 2018, the period of initial application.

The new standard is based on the principle that revenue is recognized when control of promised goods or services transfer, to customers so the notion of control replaces the existing notion of risks and rewards. A new five-step model framework must be applied before revenue from contract with customer can be recognized:

- Identify contracts with customers
- Identify the performance obligation
- Determine the transaction price
- Allocate the transaction price to each of the performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

The Company will identify potential financial effects of applying Korean IFRS 1115 by the end of 2018 and announce the results to the financial statements as at December 31, 2018.

2.3 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency").

The financial statements are presented in Korean won, which is the Company's functional and presentation currency.

The Company operates primarily in Korea and its official accounting records are maintained in Korean won. The Indian rupee amounts are provided herein as supplementary information solely for the convenience of the reader. Korean won amounts are expressed in Indian rupee at the rate of ₩16.64 to Indian ₹1.00, at December 30, 2017. Such convenience translation into Indian rupee should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

2.4. Financial Assets

(a) Classification and measurement

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular way purchases and sales of financial assets are recognized on trade date.

At initial recognition, the financial assets are measured at fair value. Except the financial assets at fair value through profit or loss, transaction costs are added to the initial fair value. The transaction costs of the financial assets at fair value through profit or loss are expensed during the period. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value after initial recognition. Loans and receivables and held-to-maturity financial assets are recognized at amortized cost using effective interest method.

The change in fair value of the financial assets at fair value through profit or loss is included in net income. Chance in fair value of available-for-sale financial assets are recognized as other comprehensive income and are recycled to profit or loss when the financial assets are impaired or disposed.

(b) Impairment

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that is reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly subtracted from their carrying amount. The Company writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence of the impairments includes significant financial difficulty of the issuer or obligor with principal or interest payment more than six month overdue. In case of investment in equity instrument classified as an available-for sales financial assets, significant decline in fair value of more than 30% against original cost or prolonged decline for more than six months in a row against original cost are considered as the objective evidence of impairment.

(c) Derecognition

If the Company transfers the contractual rights to receive the cash flows of the financial asset, but retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the whole transferred asset and recognize a financial liability for the consideration received.

(d) Offsetting

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right to offset is not contingent upon subsequent events and is enforceable under any circumstances – under regular business, default or bankruptcy.

2.5. Property and Equipment

Property and equipment is presented in the cost less accumulated depreciation and accumulated impairment losses. The historical cost includes expenditure directly related to the acquisition of the property. Land is not depreciated whereas other property and equipment are depreciated using the straight-line method for their estimated useful lives. The depreciable amounts of the assets are acquisition costs less residual values.

The estimated useful lives of the assets are as follows:

	Estimated useful lives
Leasehold and improvement	5 years
Equipment	5 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at the end of each reporting period and, if expectations differ from previous estimates or if there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the changes are accounted for as a change in an accounting estimate.

2.6. Financial Liabilities

(a) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities incurred principally for the purpose of repurchasing in near term is considered as the financial liabilities held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'other financial liabilities' in the statement of financial position.

(b) Derecognition

Financial liabilities are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

2.7. Provisions

Provisions are measured at present value of expenditure that is expected to be spent to execute contracts. Increase of the provisions by the time value are recognized as interest expense.

2.8. Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Tax is recognized as profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates tax policies that are applied in tax returns in which applicable tax regulation is subject to interpretation. The Company recognizes current income tax on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

2.9. Revenue recognition

Revenue is recognized when the amount of revenue is reliably measurable, when it is probable that the economic benefits associated with the transaction will flow to the Company, and when the following requirements categorized by the Company level activity are fulfilled. Estimation is made based on the past information gathered such as the type of customer, transaction and individual trade requirement.

(a) Interest income and expense

Interest income and expenses are recognized using the effective interest method. Effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appreciate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Interest on impaired financial assets (or group of financial assets) is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Commission income

Financial service fees are recognized in accordance with the accounting standard of the financial instrument related to the fees earned, as followings.

– Fees that are an integral part of the effective interest of a financial instrument

Those fees are generally treated as adjustments of effective interest rate. Such commissions may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

– Fees earned as services are provided

Those fees are recognized as revenue as the services are provided.

(c) Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized in statement of comprehensive income as a part of operating income.

2.10. Approval of Issuance of the Financial Statements

The issuance of the December 31, 2017 financial statements of the Company was approved by the Board of Directors on February 9, 2018, which is subject to change with approval of shareholders at the annual shareholders' meeting.

3. Significant Accounting Estimates and Assumptions

The preparation of financial statement requires certain accounting estimates and assumptions. Assumptions and estimates are assessed regularly given the future events reasonably foreseen by past experience and current situation. Management's estimates of outcomes may differ from actual outcomes.

(a) Income taxes

The Company recorded, based on its best estimate, current taxes and deferred taxes that the Company will be liable in the future. However, the final tax outcome in the future maybe different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which actual tax return made (FN 15).

(b) Fair value of financial instruments

In principles, fair values of financial instruments that does not have active markets are determined by valuation models. The Company choose an appropriate model and evaluate used assumptions at the end of each reporting period (FN 5).

4. Financial Risk Management

4.1 Credit Risk

Credit risk refers the loss of the Company due to credit deterioration of contractual counterparties. The purpose of the credit risk management is to maintain the source of the credit risk and to optimize the return rate of the credit risk.

(a) Credit risk management

To measure the risk of credit risk, the Company considers the possibility of a breach of liability by the customer or contract obligations, the obligations of the trading partners, the bankruptcy rate of the trade partner and the insolvency rate.

(b) Management of credit line

The Company's management activities of credit limits include managing shared borrowers, total exposure, portfolio management calculating appropriate credit line.

(c) Maximum exposure to credit risk

The maximum amount of credit risk of financial assets shows the worst situation before considering the collateral or other credit enhancement.

The maximum amount of credit risk of a financial guarantee is the maximum amount to be paid by the claimant's claim. The maximum value of the credit risk without consideration of the collateral excluding equity securities as of December 31, 2017 and 2016, is as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(In thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Loans and receivables				
Loans	**66,333,351**	**3,986,634**	55,853,120	3,356,772
Other financial assets	**487,359**	**29,290**	337,367	20,276
	66,820,710	**4,015,924**	56,190,487	3,377,048
Provision for impairment	**(199,078)**	**(11,964)**	(166,827)	(10,026)
Total	**66,621,632**	**4,003,960**	56,023,660	3,367,022

(d) Credit risk of loans

Details of loans and the credit quality of loans as of December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)	2017		
	Retail	**Corporate**	**Total**
Loans neither overdue nor impaired	**61,412,536**	**4,427,243**	**65,839,779**
Overdue but not impaired Loans	**273,446**	**–**	**273,446**
Impaired Loans	**157,609**	**62,517**	**220,126**
	61,843,591	**4,489,760**	**66,333,351**
Provisions for impairment	**(129,376)**	**(69,702)**	**(199,078)**
Total	**61,714,215**	**4,420,058**	**66,134,273**

(In thousands of Indian rupee)	2017 (unaudited)		
	Retail	**Corporate**	**Total**
Loans neither overdue nor impaired	**3,690,893**	**266,077**	**3,956,970**
Overdue but not impaired loans	**16,434**	**–**	**16,434**
Impaired Loans	**9,472**	**3,757**	**13,229**
	3,716,799	**269,834**	**3,986,633**
Provisions for impairment	**(7,775)**	**(4,189)**	**(11,964)**
Total	**3,709,024**	**265,645**	**3,974,669**

(In thousands of Korean won)	2016		
	Retail	Corporate	Total
Loans neither overdue nor impaired	52,077,720	3,365,550	55,443,270
Overdue but not impaired Loans	311,891	–	311,891
Impaired Loans	45,923	52,036	97,959
	52,435,534	3,417,586	55,853,120
Provisions for impairment	(137,439)	(29,388)	(166,827)
Total	52,298,095	3,388,198	55,686,293

(In thousands of Indian rupee)	2016 (unaudited)		
	Retail	Corporate	Total
Loans neither overdue nor impaired	3,129,871	202,270	3,332,141
Overdue but not impaired loans	18,745	–	18,745
Impaired Loans	2,760	3,127	5,887
	3,151,376	205,397	3,356,773
Provisions for impairment	(8,260)	(1,766)	(10,026)
Total	3,143,116	203,631	3,346,747

(i) Details of loans that are neither overdue nor impaired

Details of loans that are neither overdue nor impaired as of December 31, 2017 and 2016, are as follows.

(In thousands of Korean won)	2017		
	Retail	**Corporate**	**Total**
Loans	**61,412,536**	**4,427,243**	**65,839,779**
Provisions for impairment	**(4,804)**	**(23,893)**	**(28,697)**
Total	**61,407,733**	**4,403,350**	**65,811,083**

(In thousands of Indian rupee)	2017 (unaudited)		
	Retail	**Corporate**	**Total**
Loans	**3,690,893**	**266,077**	**3,956,970**
Provisions for impairment	**(289)**	**(1,436)**	**(1,725)**
Total	**3,690,604**	**264,641**	**3,955,245**

(In thousands of Korean won)	2016		
	Retail	Corporate	Total
Loans	52,077,720	3,365,550	55,443,270
Provisions for impairment	(65,190)	(4,295)	(69,484)
Total	52,012,530	3,361,255	55,373,786

(In thousands of Indian rupee)	2016 (unaudited)		
	Retail	Corporate	Total
Loans	3,129,871	202,270	3,332,141
Provisions for impairment	(3,918)	(258)	(4,176)
Total	3,125,953	202,012	3,327,965

Credit qualities of loans that are neither overdue nor impaired as of December 31, 2017 and 2016, are as follows.

(In thousands of Korean won)	2017		
	Carrying amount before provision for impairment	**Provisions for impairment**	**Carrying amount**
G1	**24,825,043**	**(1,946)**	**24,823,097**
G2	**20,532,872**	**(25,155)**	**20,507,717**
G3	**15,560,980**	**(1,212)**	**15,559,768**
G4	**4,532,074**	**(353)**	**4,531,721**
G5	**337,334**	**(26)**	**337,308**
Non grade	**51,476**	**(5)**	**51,471**
Total	**65,839,779**	**(28,697)**	**65,811,082**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Carrying amount before provision for impairment	**Provisions for impairment**	**Carrying amount**
G1	**1,491,985**	**(117)**	**1,491,868**
G2	**1,234,026**	**(1,512)**	**1,232,514**
G3	**935,215**	**(73)**	**935,142**
G4	**272,378**	**(21)**	**272,357**
G5	**20,274**	**(2)**	**20,272**
Non grade	**3,094**	**(0)**	**3,094**
Total	**3,956,972**	**(1,725)**	**3,955,247**

(In thousands of Korean won)	2016		
	Carrying amount before provision for impairment	Provisions for impairment	Carrying amount
G1	19,340,667	(24,607)	19,316,060
G2	16,531,498	(20,885)	16,510,613
G3	11,954,723	(15,057)	11,939,666
G4	4,194,999	(5,293)	4,189,706
G5	55,833	(70)	55,762
Non grade	3,365,550	(3,571)	3,361,979
Total	55,443,270	(69,484)	55,373,786

(In thousands of Indian rupee)	2016 (unaudited)		
	Carrying amount before provision for impairment	Provisions for impairment	Carrying amount
G1	1,162,374	(1,479)	1,160,895
G2	993,543	(1,255)	992,288
G3	718,479	(905)	717,574
G4	252,119	(318)	251,801
G5	3,356	(4)	3,352
Non grade	202,270	(215)	202,055
Total	3,332,141	(4,176)	3,327,965

The Company classifies loans into 5 internal grades reflecting the product's characteristic and management process of it. When the loan's grade could not be assessed due to the lack of information to analysis or is managed separately, the Company does not measure its internal grade.

(ii) Loans that are overdue but not impaired

Details of loans that are overdue but not impaired as of December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)	**2017**			
	Less than 30 days	**30-59 days**	**60-89 days**	**Total**
Retail	**197,209**	**76,237**	**–**	**273,446**
Corporate	**–**	**–**	**–**	**–**
	197,209	**76,237**	**–**	**273,446**
Provisions for impairment	**(8,244)**	**(15,924)**	**–**	**(24,168)**
Total	**188,965**	**60,313**	**–**	**249,278**

(In thousands of Indian rupee)	**2017 (unaudited)**			
	Less than 30 days	**30-59 days**	**60-89 days**	**Total**
Retail	**11,852**	**4,582**	**–**	**16,434**
Corporate	**–**	**–**	**–**	**–**
	11,852	**4,582**	**–**	**16,434**
Provisions for impairment	**(495)**	**(957)**	**–**	**(1,452)**
Total	**11,357**	**3,625**	**–**	**14,982**

(In thousands of Korean won)	2016			
	Less than 30 days	30-59 days	60-89 days	Total
Retail	200,167	109,758	1,966	311,891
Corporate	–	–	–	–
	200,167	109,758	1,966	311,891
Provisions for impairment	(15,592)	(33,935)	(915)	(50,442)
Total	184,575	75,823	1,051	261,449

(In thousands of Indian rupee)	2016 (unaudited)			
	Less than 30 days	30-59 days	60-89 days	Total
Retail	12,030	6,596	118	18,744
Corporate	–	–	–	–
	12,030	6,596	118	18,744
Provisions for impairment	(937)	(2,039)	(55)	(3,031)
Total	11,093	4,557	63	15,713

(iii) Impaired loan

Details of loans that are impaired as of December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)	**2017**		
	Retail	**Corporate**	**Total**
Loans	**157,609**	**62,517**	**220,126**
Provisions for impairment	**(100,404)**	**(45,810)**	**(146,214)**
Total	**57,205**	**16,707**	**73,912**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Retail	**Corporate**	**Total**
Loans	**9,472**	**3,757**	**13,229**
Provisions for impairment	**(6,034)**	**(2,753)**	**(8,787)**
Total	**3,438**	**1,004**	**4,442**

(In thousands of Korean won)	2016		
	Retail	Corporate	Total
Loans	45,923	52,036	97,959
Provisions for impairment	(21,809)	(25,092)	(46,901)
Total	24,114	26,943	51,058

(In thousands of Indian rupee)	2016 (unaudited)		
	Retail	Corporate	Total
Loans	2,760	3,127	5,887
Provisions for impairment	(1,311)	(1,508)	(2,819)
Total	1,449	1,619	3,068

(iv) Credit risk mitigation

A quantification of the extent to which collateral and other credit enhancements mitigate credit risk as of December 31, 2017, are as follows.

(In thousands of Korean won)	**Impaired loans**	**Non-impaired loans**		
	Collective assessment	**Overdue**	**Non overdue**	**Total amount**
Properties	**220,126**	**247,128**	**34,745,138**	**34,992,266**

(In thousands of Indian rupee) (unaudited)	**Impaired loans**	**Non-impaired loans**		
	Collective assessment	**Overdue**	**Non overdue**	**Total amount**
Properties	**13,230**	**14,852**	**2,088,183**	**2,103,035**

4.2. Market Risk

Market risk is the risk of possible losses which arise from changes in market factors such as interest rates, stock prices, and foreign exchange rates. Market risk is contingent upon changing interest rates and exchange rates for unsettled financial instruments, and all contracts are subject to varying levels of volatility, depending on credit spread, foreign exchange rate and interest rates.

(a) Market risk management

Market risk management refers to the process of determining risks by identifying risk factors, assessing the size of the risk and feasibility, and avoiding risk.

(b) Exposure to market risk

(i) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flow due to volatility in market interest rates. The contents of financial assets and liabilities exposed to interest rate risk as of December 31, 2017 and 2016 are as follows.

2017	**Within 3 months**	**4-6 Months**	**7-9 Months**	**10-12 Months**	**1-5 Years**	**Over 5 years**	**Total**
(In thousands of Korean won)							
Loans and receivables	**5,482,699**	**5,051,931**	**4,598,125**	**4,282,744**	**45,183,820**	**2,022,314**	**66,621,632**
Borrowings	**5,000,000**	**–**	**–**	**–**	**40,000,000**	**–**	**45,000,000**

2017	**Within 3 months**	**4-6 Months**	**7-9 Months**	**10-12 Months**	**1-5 Years**	**Over 5 years**	**Total**
(In thousands of Indian rupee)(unaudited)							
Loans and receivables	**329,510**	**303,621**	**276,347**	**257,393**	**2,715,548**	**121,541**	**4,003,960**
Borrowings	**300,500**	**–**	**–**	**–**	**2,404,000**	**–**	**2,704,500**

2016	Within 3 months	4-6 Months	7-9 Months	10-12 Months	1-5 Years	Over 5 years	Total
(In thousands of Korean won)							
Loans and receivables	3,241,181	3,380,973	3,409,163	3,445,412	40,516,896	1,197,315	55,190,940
Borrowings	–	10,000,000	–	–	–	–	10,000,000

2016	Within 3 months	4-6 Months	7-9 Months	10-12 Months	1-5 Years	Over 5 years	Total
(In thousands of Indian rupee)(unaudited)							
Loans and receivables	194,795	203,196	204,891	207,069	2,435,065	71,959	3,316,975
Borrowings	–	601,000	–	–	–	–	601,000

(c) Sensitivity analysis

(i) Interest rate risk

The Company manages interest rate risk of all financial assets and liabilities excluding those are managed for price fluctuation risk. The effect of 100bp shift of interest rate with all other variables held constant for the year ended December 31, 2017 and 2016 are as follows.

	2017			
	100bp increase		**100bp decrease**	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee) (unaudited)***
Interest income	**74**	**4**	**(74)**	**(4)**
Interest expense	**–**	**–**	**–**	**–**

	2016			
	100bp increase		100bp decrease	
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*	*(In thousands of Korean won)*	*(In thousands sof Indian rupee) (unaudited)*
Interest income	39,970	2,402	(39,970)	(2,402)
Interest expense	100,000	6,010	(100,000)	(6,010)

(ii) Stock price risk

There is no financial asset exposed to stock price risk at the end of the reporting period.

(iii) Foreign exchange rate risk

There is no financial asset exposed to foreign exchange rate risk at the end of the reporting period.

4.3. Liquidity Risk

Liquidity risk is defined as non-payment of financial liabilities at maturity.

(a) Liquidity Risk Management

Liquidity risk management is an effort to avoid loss caused by lack of funds using effective management of liquidity, resulting in insufficient liquidity due to asset, liabilities mismatch, or unexpected outflow of funds. All assets and liabilities in the statement of financial position and off-balance items are subject to liquidity risk management.

The Company manages liquidity risks by grouping assets and liabilities into account units according to the characteristics of each account, and by checking the gap rate and gap ratios by various time intervals (e.g., depending on the duration of the contract), and keeping the gap ratios within the preset ratios.

(b) Cash flow of Non-derivative financial instruments

The following table details the contractual maturity of the Company's non-derivative financial liabilities. The maturity analysis is based on the earliest maturity date that is payable on the basis of non-derivative cash flows including principal and interest.

Financial liabilities are classified based on the maturities. If there is no maturity or maturity allocation is needed, the Company allocates the financial liability's maturity based on the nature of products.

Financial guarantee contracts and loan commitment are included under the 'within 3 month' category as payments can be required upon request.

(In thousands of Korean won)	**2017**					
	Within 3 months	**4-6 months**	**7-9 months**	**10-12 months**	**1-5 years**	**Total**
Borrowings	**5,273,493**	**263,277**	**266,170**	**266,170**	**41,027,068**	**47,096,178**
Other financial liabilities	**4,954,219**	**–**	**–**	**–**	**–**	**4,954,219**
	10,227,712	**263,277**	**266,170**	**266,170**	**41,027,068**	**52,050,397**

(In thousands of Indian rupee)	**2017 (unaudited)**					
	Within 3 months	**4-6 months**	**7-9 months**	**10-12 months**	**1-5 years**	**Total**
Borrowings	**316,937**	**15,823**	**15,997**	**15,997**	**2,465,727**	**2,830,481**
Other financial liabilities	**297,749**	**–**	**–**	**–**	**–**	**297,749**
	614,685	**15,823**	**15,997**	**15,997**	**2,465,727**	**3,128,230**

(In thousands of Korean won)	2016					
	Within 3 months	4-6 months	7-9 months	10-12 months	1-5 years	Total
Borrowings	221,923	10,199,242	144,831	143,256	20,052,316	30,761,568
Other financial liabilities	7,431,765	–	–	–	–	7,431,765
	7,653,688	10,199,242	144,831	143,256	20,052,316	38,193,333

(In thousands of Indian rupee)	2016 (unaudited)					
	Within 3 months	4-6 months	7-9 months	10-12 months	1-5 years	Total
Borrowings	13,338	612,974	8,704	8,610	1,205,144	1,848,770
Other financial liabilities	446,649	–	–	–	–	446,649
	459,987	612,974	8,704	8,610	1,205,144	2,295,419

4.4. Capital risk

The objective of the Company's capital management is to maintain a sound capital structure. The Company uses the capital adequacy ratio under the Supervision of Specialized Credit Financial Business Law as a capital management indicator. This ratio is calculated dividing adjusted total assets by adjusted equity.

Adjusted capital adequacy ratio of the Company as of December 31, 2017 and 2016 is as follows.

	2017	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***
Adjusted total asset (A)	**68,695,667**	**4,128,610**
Adjusted equity capital (B)	**28,482,474**	**1,711,797**
Adjusted capital adequacy ratio (B/A)	**41.46%**	**41.46%**

	2016	
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Adjusted total asset (A)	56,112,230	3,372,345
Adjusted equity capital (B)	23,710,502	1,425,001
Adjusted capital adequacy ratio (B/A)	42.26%	42.26%

5. Financial Instruments by Category

5.1. Fair value by type of financial instruments

Carrying amount and fair values of each type of financial instrument as of December 31, 2017 and 2016, are as follows.

(In thousands of Korean won)	**2017**		2016	
	Carrying amount	**Fair value(*)**	Carrying amount	Fair value(*)
Assets				
Cash and deposit	**10,192,682**	**10,192,682**	6,033,165	6,033,165
Loans and receivables				
Loans	**27,851,616**	**27,851,616**	24,549,904	24,549,904
Loans for installment	**38,282,657**	**38,282,657**	31,136,389	31,136,389
	66,134,273	**66,134,273**	55,686,293	55,686,293
Other financial assets	**487,359**	**487,359**	337,367	337,367
	76,814,314	**76,814,314**	62,056,825	62,056,825
Liabilities				
Borrowings	**45,000,000**	**45,000,000**	30,000,000	30,000,000
Other financial liabilities	**4,954,220**	**4,954,220**	7,431,765	7,431,765
	49,954,220	**49,954,220**	37,431,765	37,431,765

(*) The carrying amount was deemed to be the fair value as the difference was insignificant.

(In thousands of Indian rupee)	**2017 (unaudited)**		2016 (unaudited)	
	Carrying amount	**Fair value(*)**	Carrying amount	Fair value(*)
Assets				
Cash and deposit	**612,580**	**612,580**	362,593	362,593
Loans and receivables				
Loans	**1,673,882**	**1,673,882**	1,475,449	1,475,449
Loans for installment	**2,300,788**	**2,300,788**	1,871,297	1,871,297
	3,974,670	**3,974,670**	3,346,746	3,346,746
Other financial assets	**29,290**	**29,290**	20,276	20,276
	4,616,540	**4,616,540**	3,729,615	3,729,615
Liabilities				
Leveraged debt	**2,704,500**	**2,704,500**	1,803,000	1,803,000
Other financial liabilities	**297,749**	**297,749**	446,649	446,649
	3,002,249	**3,002,249**	2,249,649	2,249,649

(*) The carrying amount was deemed to be the fair value as the difference was insignificant.

5.2 Fair value of financial instruments

The Company classifies and discloses fair value of the financial instruments into the following three-level hierarchy.

	Contents
Level 1	The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	The fair values are based on unobservable inputs for asset or liability.

Meanwhile, there are no financial instruments which are measured by fair value at the end of reporting period.

6. Financial Instruments by category

(a) The carrying amounts of each financial asset by category as of December 31, 2016 and 2015, are as follows.

	2017	**2017**
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***
Cash and deposits	**10,192,682**	**612,580**
Loans and receivables		
Loans	**27,851,616**	**1,673,882**
Loans for installment	**38,282,657**	**2,300,788**
	66,134,273	**3,974,670**
Other financial assets	**487,359**	**29,290**
	76,814,314	**4,616,540**

	2016	2016
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Cash and deposits	6,033,165	362,593
Loans and receivables		
Loans	24,549,904	1,475,449
Loans for installment	31,136,389	1,871,297
	55,686,293	3,346,746
Other financial assets	337,367	20,276
	62,056,825	3,729,615

(b) The carrying amounts of each financial liabilities by category as of December 31, 2017 and 2016, are as follows.

	2017	2017
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Borrowings	**45,000,000**	**2,704,500**
Other financial liabilities	**4,954,220**	**297,749**
	49,954,220	**3,002,249**

	2016	2016
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Borrowings	30,000,000	1,803,000
Other financial liabilities	7,431,765	446,649
	37,431,765	2,249,649

(c) Net gains (losses) of categories of financial instruments for the periods ended December 31, 2017 and 2016, are as follows.

(In thousands of Korean won)	**2017**	2016
Interest income		
Cash and deposits	**142,649**	150,817
Loans	**1,223,806**	735,875
Other receivables	**9,217**	10,799
	1,375,672	897,491
Interest expense		
Borrowings	**842,319**	717,765
Gain and loss on disposal of loans		
Gain on disposal of loans	**9,392,260**	16,849,724
Loss on disposal of loans	**(1,789,390)**	(157,608)
	7,602,870	16,692,116

(In thousands of Indian rupee)	**2017 (unaudited)**	2016 (unaudited)
Interest income		
Cash and deposits	**8,573**	9,064
Loans	**73,551**	44,226
Other receivables	**554**	649
	82,678	53,939
Interest expense		
Borrowings	**50,623**	43,138
Gain and loss on disposal of loans		
Gain on disposal of loans	**564,475**	1,012,668
Loss on disposal of loans	**(107,542)**	(9,472)
	456,933	1,003,196

7. Cash and due from financial institutions

Details of cash and due from financial institutions as of December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(In thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Deposits	**10,192,682**	**612,580**	6,033,165	362,593

8. Loans

(a) Details of the loans as of December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)		**2017**			
		Principal	**Provisions for impairment**	**Deferred loan origination fees (costs)**	**Total**
Loan	Loans	**27,114,374**	**(8,836)**	**746,078**	**27,851,616**
	Loans for installment	**38,760,736**	**(190,242)**	**(287,837)**	**38,282,657**
		65,875,110	**(199,078)**	**458,241**	**66,134,273**

(In thousands of Indian rupee)		**2017 (unaudited)**			
		Principal	**Provisions for impairment**	**Deferred loan origination fees (costs)**	**Total**
Loan	Loans	**1,629,574**	**(531)**	**44,839**	**1,673,882**
	Loans for installment	**2,329,520**	**(11,433)**	**(17,299)**	**2,300,788**
		3,959,094	**(11,964)**	**27,540**	**3,974,670**

(In thousands of Korean won)		2016			
		Principal	Provisions for impairment	Deferred loan origination fees (costs)	Total
Loan	Loans	23,841,209	(32,251)	740,946	24,549,904
	Loans for installment	31,349,731	(134,576)	(78,766)	31,136,389
		55,190,940	(166,827)	662,180	55,686,293

(In thousands of Indian rupee)		2016 (unaudited)			
		Principal	Provisions for impairment	Deferred loan origination fees (costs)	Total
Loan	Loans	1,432,856	(1,938)	44,531	1,475,449
	Loans for installment	1,884,119	(8,088)	(4,734)	1,871,297
		3,316,975	(10,026)	39,797	3,346,746

(b) Changes in the provisions for impairment on loans for the period ended December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)	**2017**		
	Beginning balance	**Impairment loss**	**Ending balance**
Provisions for impairment	**(166,827)**	**(32,251)**	**(199,078)**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Beginning balance	**Impairment loss**	**Ending balance**
Provisions for impairment	**(10,026)**	**(1,938)**	**(11,964)**

(In thousands of Korean won)	2016		
	Beginning balance	Impairment loss	Ending balance
Provisions for impairment	–	(166,827)	(166,827)

(In thousands of Indian rupee)	2016 (unaudited)		
	Beginning balance	Impairment loss	Ending balance
Provisions for impairment	–	(10,026)	(10,026)

(c) Changes in deferred loan origination fees(costs) related to loans for the period ended December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)	**2017**			
	Beginning balance	**Increase**	Decrease	Ending balance
Deferred loan origination fees (costs)	**662,180**	**5,489,917**	(5,693,856)	458,241

(In thousands of Indian rupee)	**2017 (unaudited)**			
	Beginning balance	**Increase**	Decrease	Ending balance
Deferred loan origination fees (costs)	**39,797**	**329,944**	(342,201)	27,540

(In thousands of Korean won)	**2016**			
	Beginning balance	**Increase**	Decrease	Ending balance
Deferred loan origination fees (costs)	**–**	**796,081**	(133,901)	662,180

(In thousands of Indian rupee)	**2016 (unaudited)**			
	Beginning balance	**Increase**	Decrease	Ending balance
Deferred loan origination fees (costs)	**–**	**47,844**	(8,047)	39,797

9. Property and Equipment

(a) Property and equipment as of December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)	**2017**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Leasehold and improvement	**183,966**	**(91,292)**	**92,674**
Equipment	**437,373**	**(166,285)**	**271,088**
	621,339	**(257,577)**	**363,762**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Leasehold and improvement	**11,056**	**(5,487)**	**5,569**
Equipment	**26,287**	**(9,994)**	**16,293**
	37,343	**(15,481)**	**21,862**

(In thousands of Korean won)	2016		
	Acquisition costs	Accumulated depreciation	Carrying amount
Leasehold and improvement	183,966	(49,154)	134,812
Equipment	413,238	(81,074)	332,164
	597,204	(130,228)	466,976

(In thousands of Indian rupee)	2016 (unaudited)		
	Acquisition costs	Accumulated depreciation	Carrying amount
Leasehold and improvement	11,056	(2,954)	8,102
Equipment	24,836	(4,873)	19,963
	35,892	(7,827)	28,065

(b) Changes in the property and equipment for the periods ended December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)	**2017**			
	Beginning balance	**Acquisition**	**Depreciation**	**Ending balance**
Leasehold and improvement	**134,812**	**–**	**(42,139)**	**92,673**
Equipment	**332,164**	**24,135**	**(85,209)**	**271,089**
	466,976	**24,135**	**(127,348)**	**363,762**

(In thousands of Indian rupee)	**2017 (unaudited)**			
	Beginning balance	**Acquisition**	**Depreciation**	**Ending balance**
Leasehold and improvement	**8,102**	**–**	**(2,533)**	**5,569**
Equipment	**19,963**	**1,451**	**(5,121)**	**16,293**
	28,065	**1,451**	**(7,654)**	**21,862**

(In thousands of Korean won)	2016			
	Beginning balance	Acquisition	Depreciation	Ending balance
Leasehold and improvement	176,944	–	(42,133)	134,811
Equipment	228,133	178,353	(74,321)	332,165
	405,077	178,353	(116,454)	466,976

(In thousands of Indian rupee)	2016 (unaudited)			
	Beginning balance	Acquisition	Depreciation	Ending balance
Leasehold and improvement	10,634	–	(2,532)	8,102
Equipment	13,711	10,719	(4,467)	19,963
	24,345	10,719	(6,999)	28,065

10. Intangible asset

(a) The details of intangible assets as of December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)	**2017**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Software	**3,452,607**	**(1,277,154)**	**2,175,453**
Membership	**307,678**	**–**	**307,678**
	3,760,285	**(1,277,154)**	**2,483,131**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Software	**207,502**	**(76,757)**	**130,745**
Membership	**18,491**	**–**	**18,491**
	225,993	**(76,757)**	**149,236**

(In thousands of Korean won)	2016		
	Acquisition costs	Accumulated depreciation	Carrying amount
Software	3,267,092	(606,351)	2,660,741

(In thousands of Indian rupee)	2016 (unaudited)		
	Acquisition costs	Accumulated depreciation	Carrying amount
Software	196,352	(36,442)	159,911

(b) Changes in the intangible assets for the period ended December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)	**2017**			
	Beginning balance	**Acquisition**	**Amortization**	**Ending balance**
Software	**2,660,741**	**185,514**	**(670,802)**	**2,175,453**
Membership	**–**	**307,677**	**–**	**307,678**
	2,660,741	**493,191**	**(670,802)**	**2,483,131**

(In thousands of Indian rupee)	**2017 (unaudited)**			
	Beginning balance	**Acquisition**	**Amortization**	**Ending balance**
Software	**159,911**	**11,149**	**(40,315)**	**130,745**
Membership	**–**	**18,491**	**–**	**18,491**
	159,911	**29,640**	**(40,315)**	**149,236**

(In thousands of Korean won)	2016			
	Beginning balance	Acquisition	Amortization	Ending balance
Software	–	3,267,092	(606,351)	2,660,741

(In thousands of Indian rupee)	2016 (unaudited)			
	Beginning balance	Acquisition	Amortization	Ending balance
Software	–	196,352	(36,442)	159,911

11. Other Financial Asset and Other Asset

Other financial asset and other asset as of December 31, 2017, are as follows:

(In thousands of Korean won)	**2017**		
	Financial asset	**Non-financial asset**	**Total**
Other receivables	**48,478**	**–**	**48,478**
Accrued revenue	**105,381**	**–**	**105,381**
Advance payment	**–**	**22,336**	**22,336**
Prepaid expenses	**–**	**13,091**	**13,091**
Deposit	**333,500**	**–**	**333,500**
Deferred income tax assets	**–**	**32,314**	**32,314**
	487,359	**67,741**	**555,100**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Financial asset	**Non-financial asset**	**Total**
Other receivables	**2,914**	**–**	**2,914**
Accrued revenue	**6,333**	**–**	**6,333**
Advance payment	**–**	**1,342**	**1,342**
Prepaid expenses	**–**	**787**	**787**
Deposit	**20,043**	**–**	**20,043**
Deferred income tax assets	**–**	**1,942**	**1,942**
	29,290	**4,071**	**33,361**

Other financial asset and other asset as of December 31, 2016, are as follows:

(In thousands of Korean won)	2016		
	Financial asset	Non-financial asset	Total
Other receivables	64,348	–	64,348
Accrued revenue	64,536	–	64,536
Advance payment	–	27,767	27,767
Prepaid expenses	–	22,825	22,825
Deposit	208,483	–	208,483
Deferred income tax assets	–	56,417	56,417
	337,367	107,009	444,376

(In thousands of Indian rupee)	2016 (unaudited)		
	Financial asset	Non-financial asset	Total
Other receivables	3,867	–	3,867
Accrued revenue	3,879	–	3,879
Advance payment	–	1,669	1,669
Prepaid expenses	–	1,371	1,371
Deposit	12,530	–	12,530
Deferred income tax assets	–	3,391	3,391
	20,276	6,431	26,707

12. Borrowings

(a) Borrowings as of December 31, 2017 and 2016 are as follows.

	2017	
	(in thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***
Borrowings	**45,000,000**	**2,704,500**

	2016	
	(in thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Borrowings	30,000,000	1,803,000

(b) The details of borrowings as of December 31, 2017 and 2016 are as follows.

(In thousands of Korean won)			**2017**		2016
	Financial institution	**Maturity**	**Interest rate (%)**	**Carrying amount**	Carrying amount
Borrowings	KB capital Co., Ltd.	2019.12.21	2.64	**40,000,000**	20,000,000
	Kookmin bank	–	–	**–**	10,000,000
	Korea Development bank	2018.01.29	3.31	**5,000,000**	–
				45,000,000	30,00,000

(In thousands of Indian rupee)(unaudited)			**2017**		2016
	Financial institution	**Maturity**	**Interest rate (%)**	**Carrying amount**	Carrying amount
Borrowings	KB capital Co., Ltd.	2019.12.21	2.64	**2,404,000**	1,202,000
	Kookmin bank	–	–	**–**	601,000
	Korea Development bank	2018.01.29	3.31	**300,500**	–
				2,704,500	1,803,000

13. Other Financial Liability and Other Liability

Other financial liability and other liability as of December 31, 2017, are as follows:

(In thousands of Korean won)	**2017**		
	Financial liability	**Non-financial liability**	**Total**
Other payables	**4,142,559**	**113,529**	**4,256,088**
Accrued expenses	**807,615**	**458,696**	**1,266,311**
Withholdings	**4,045**	**158,493**	**162,538**
Advance	**–**	**51,034**	**51,034**
	4,954,219	**781,752**	**5,735,971**

(In thousands of Indian rupee)	**2017 (unaudited)**		
	Financial liability	**Non-financial liability**	**Total**
Other payables	**248,968**	**6,823**	**255,791**
Accrued expenses	**48,538**	**27,568**	**76,105**
Withholdings	**243**	**9,525**	**9,769**
Advance	**–**	**3,067**	**3,067**
	297,749	**46,983**	**344,732**

Other financial liability and other liability as of December 31, 2016, are as follows:

(In thousands of Korean won)	2016		
	Financial liability	Non-financial liability	Total
Other payables	6,280,176	120,478	6,400,654
Accrued expenses	1,150,500	40,718	1,191,218
Withholdings	1,089	147,507	148,596
Advance	–	1,557	1,557
	7,431,765	310,260	7,742,025

(In thousands of Indian rupee)	2016 (unaudited)		
	Financial liability	Non-financial liability	Total
Other payables	377,439	7,241	384,679
Accrued expenses	69,145	2,447	71,592
Withholdings	65	8,865	8,931
Advance	–	94	94
	446,649	18,647	465,296

14. Net defined benefit liabilities

(a) The details of the net defined benefit liabilities as of December 31, 2017 and 2016, are as follows.

	2017	
	(in thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***
Present value of defined benefit obligations	**510,486**	**30,680**
The fair value of plan assets	**(411,000)**	**(24,701)**
Net defined benefit liabilities	**99,486**	**5,979**

	2016 (in thousands of Korean won)	2016 (In thousands of Indian rupee) (unaudited)
Present value of defined benefit obligations	192,024	11,541

(b) Changes in defined benefit liabilities for the period ended December 31, 2017 and 2016 are as follows.

	2017 (in thousands of Korean won)	**2017 (In thousands of Indian rupee) (unaudited)**
Beginning balance	**192,024**	**11,541**
Current service cost	**246,894**	**14,838**
Interest expense	**4,890**	**294**
Past service cost	**58,690**	**3,527**
Benefits paid	**(26,692)**	**(1,604)**
Actuarial gains and losses		
Demographic assumptions	**–**	**–**
Financial assumptions	**(17,107)**	**(1,028)**
Experience adjustments	**51,787**	**3,112**
Ending balance	**510,486**	**30,680**

	2016 (in thousands of Korean won)	2016 (In thousands of Indian rupee) (unaudited)
Beginning balance	–	–
Current service cost	192,024	11,541
Ending balance	192,024	11,541

(c) Details of fair values of plan assets as at December 31, 2017, are as follows.

	2017 (in thousands of Korean won)	**2017 (In thousands of Indian rupee) (unaudited)**
Beginning balance	–	–
Current service cost	411,000	24,701
Ending balance	411,000	24,701

(d) The major assumptions used for the assessment of the defined benefit obligation as of December 31, 2017 and 2016, are as follows.

%	**2017**	2016
Discount rate	2.66	2.06
Future salary increase rate	7.98	6.57

(e) The sensitivity analysis of the defined benefit liabilities due to changes in the principal assumptions as of December 31, 2017 is as follows.

	Effects on Defined Benefit Obligation				
	Changes	**Increase**		**Decrease**	
		(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee) (unaudited)***
Discount rate	**1.00%**	**(26,667)**	**(1,603)**	**30,733**	**1,847**
Future salary increase rate	**1.00%**	**30,660**	**1,843**	**(27,100)**	**(1,629)**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions is calculated using the projected unit credit method which is used to calculate the defined benefit obligation

(f) Expected maturity analysis of undiscounted retirement benefit payment as of December 31, 2017 is as follows.

(In thousands of Korean won)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
Pension benefits	**307,788**	**136,087**	**190,490**	**2,170,126**	**2,804,491**

(In thousands of Indian rupee)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
Pension benefits	**18,498**	**8,179**	**11,448**	**130,425**	**168,550**

The weighted average duration of the defined benefit obligations is 5.74 years.

15. Income Tax Expense

(a) Income tax expense for the periods ended December 31, 2017 and 2016, are as follows:

	2017 (in thousands of Korean won)	**2017 (In thousands of Indian rupee) (unaudited)**
Current tax expense	**613,996**	**36,901**
Changes in deferred income tax assets (liabilities)(*)	**24,103**	**1,449**
Income tax expense reflected directly to equity	**7,630**	**458**
Income tax expense	**645,729**	**38,808**

(*) Changes in deferred income tax assets(liabilities)

	2017 (in thousands of Korean won)	**2017 (In thousands of Indian rupee) (unaudited)**
Net deferred tax asset at the beginning of the year	**56,417**	**3,391**
Net deferred tax asset at the end of the year	**32,314**	**1,942**
Changes in deferred income tax assets(liabilities)	**24,103**	**1,449**

	2016	
	(in thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Current tax expense	1,916,734	115,196
Changes in deferred income tax assets (liabilities)(*)	(56,417)	(3,391)
Income tax expense	1,860,316	111,805

(*) Changes in deferred income tax assets(liabilities)

	2016	
	(in thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Net deferred tax asset at the beginning of the year	–	–
Net deferred tax asset at the end of the year	56,417	3,391
Changes in deferred income tax assets(liabilities)	56,417	3,391

(b) The relationship between income tax expenses and net profit(loss) before income tax for the periods ended December 31, 2017 and 2016 are as follows:

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Profit(loss) before income tax	**3,135,588**	**188,449**	8,821,881	530,195
Income tax at the applicable tax rate	**667,829**	**40,137**	1,918,814	115,321
Adjustments:				
Non-deductible expense	**82,992**	**4,988**	79,623	4,785
Benefit from a previously unrecognized tax losses	**–**	**–**	(135,514)	(8,144)
Others	**(105,092)**	**(6,317)**	(2,607)	(157)
Income tax expenses	**645,729**	**38,808**	1,860,316	111,805

(c) Changes in temporary differences and deferred tax assets(liabilities) for the year ended December 31, 2017 and 2016 are as follows.

	2017				
	Cumulative temporary difference			**Deferred income tax**	
(In thousands of Korean won)	**Beginning balance**	**Increase / decrease**	**Ending balance**	**Beginning balance**	**Ending balance**
Discount on rental deposit	**9,217**	**9,217**	**–**	**2,028**	**–**
Prepaid expenses	**(9,217)**	**(9,217)**	**–**	**(2,028)**	**–**
Asset retirement obligation	**21,059**	**21,059**	**21,619**	**4,633**	**4,756**
Depreciation expense	**(9,430)**	**(9,430)**	**–**	**(2,074)**	**–**
Unconfirmed expenses	**714,969**	**714,969**	**484,016**	**157,293**	**106,484**
Defined benefit obligation	**192,024**	**26,692**	**510,486**	**42,245**	**112,307**
Deferred loan origination fees(costs)	**(662,180)**	**(662,180)**	**(458,241)**	**(145,680)**	**(100,813)**
Plan assets	**–**	**411,000**	**(411,000)**	**–**	**(90,420)**
	256,442	**502,110**	**146,880**	**56,417**	**32,314**
Total amount of deferred tax assets				**206,199**	**223,547**
Total amount of deferred tax liabilities				**(149,782)**	**(191,233)**

	2017 (unaudited)				
	Cumulative temporary difference			**Deferred income tax**	
(In thousands of Indian rupee)	**Beginning balance**	**Increase / decrease**	**Ending balance**	**Beginning balance**	**Ending balance**
Discount on rental deposit	**554**	**554**	**–**	**122**	**–**
Prepaid expenses	**(554)**	**(554)**	**–**	**(122)**	**–**
Asset retirement obligation	**1,266**	**1,266**	**1,299**	**279**	**285**
Depreciation expense	**(567)**	**(567)**	**–**	**(125)**	**–**
Unconfirmed expenses	**42,970**	**42,970**	**29,089**	**9,453**	**6,400**
Defined benefit obligation	**11,541**	**1,604**	**30,680**	**2,539**	**6,750**
Deferred loan origination fees(costs)	**(39,797)**	**(39,797)**	**(27,540)**	**(8,755)**	**(6,059)**
Plan assets	**–**	**24,701**	**(24,701)**	**–**	**(5,434)**
	15,413	**30,177**	**8,827**	**3,391**	**1,942**
Total amount of deferred tax assets				**12,393**	**13,435**
Total amount of deferred tax liabilities				**(9,002)**	**(11,493)**

	2016				
	Cumulative temporary difference			Deferred income tax	
(In thousands of Korean won)	Beginning balance	Increase / decrease	Ending balance	Beginning balance	Ending balance
Discount on rental deposit	20,016	20,016	9,217	4,404	2,028
Prepaid expenses	(20,016)	(20,016)	(9,217)	(4,404)	(2,028)
Asset retirement obligation	20,514	20,514	21,059	4,513	4,633
Depreciation expense	(18,853)	(18,853)	(9,430)	(4,148)	(2,074)
Unconfirmed expenses	33,000	33,000	714,969	7,260	157,293
Defined benefit obligation	–	–	192,024	–	42,245
Deferred loan origination fees (costs)	–	–	(662,180)	–	(145,680)
	34,661	34,661	256,443	7,625	56,417
Effects of unrecognized deferred income tax assets (liabilities)				(7,625)	–
Total amount of deferred tax assets				–	206,199
Total amount of deferred tax liabilities				–	(149,782)

	2016 (unaudited)				
	Cumulative temporary difference			Deferred income tax	
(In thousands of Indian rupee)	Beginning balance	Increase / decrease	Ending balance	Beginning balance	Ending balance
Discount on rental deposit	1,203	1,203	554	265	122
Prepaid expenses	(1,203)	(1,203)	(554)	(265)	(122)
Asset retirement obligation	1,233	1,233	1,266	271	279
Depreciation expense	(1,133)	(1,133)	(567)	(249)	(125)
Unconfirmed expenses	1,983	1,983	42,970	436	9,453
Defined benefit obligation	–	–	11,541	–	2,539
Deferred loan origination fees (costs)	–	–	(39,797)	–	(8,755)
	2,083	2,083	15,413	458	3,391
Effects of unrecognized deferred income tax assets (liabilities)				(458)	–
Total amount of deferred tax assets				–	12,393
Total amount of deferred tax liabilities				–	(9,002)

(d) The details of deferred income tax assets (liabilities) as of December 31, 2017 and 2016 are as follows:

	2017			2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***		*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Deferred tax assets			Deferred tax assets		
Deferred tax assets to be utilized no more than 12 months	**106,484**	**6,400**	Deferred tax assets to be utilized no more than 12 months	157,293	9,454
Deferred tax assets to be utilized more than 12 months	**117,063**	**7,035**	Deferred tax assets to be utilized more than 12 months	48,906	2,939
	223,547	**13,435**		206,199	12,393
Deferred tax liabilities			Deferred tax liabilities		
Deferred tax liabilities to be settled no more than 12 months	**–**	**–**	Deferred tax liabilities to be settled no more than 12 months	–	–
Deferred tax liabilities to be settled more than 12 months	**(191,233)**	**(11,493)**	Deferred tax liabilities to be settled more than 12 months	(149,782)	(9,002)
	(191,233)	**(11,493)**		(149,782)	(9,002)
Net deferred tax assets	**32,314**	**1,942**	Net deferred tax assets	56,417	3,391

16. Equity

(a) Share capital as of December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In of Korean won)	***(In of Indian rupee) (unaudited)***	*(In of Korean won)*	*(In of Indian rupee) (unaudited)*
Par value per share	5,000	301	5,000	301
Number of shares issued	4,000,000	240,400	4,000,000	240,400
Share capital	20,000,000,000	1,202,000,000	20,000,000,000	1,202,000,000

(b) Details of retained earnings (accumulated deficits) as of December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Retained earnings (accumulated deficit) before appropriation (disposition)	**7,371,794**	**443,045**	6,310,933	379,287
Regulatory reserve for credit losses	**428,998**	**25,783**	–	–
Reserve for indemnification and performance obligation	**1,000,000**	**60,100**	–	–
	8,800,792	**528,928**	6,310,933	379,287

(c) The details of the regulatory reserve for credit losses as of December 31, 2017 and 2016, are as follows:

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Beginning balance	**428,998**	**25,783**	–	–
Amount estimated to be appropriated	**385,247**	**23,153**	428,998	25,783
Ending balance	**814,245**	**48,936**	428,998	25,783

(d) Adjusted profit after provision of regulatory reserve for credit losses for the year ended December 31, 2017 and 2016 is as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Profit for the period	**2,489,859**	**149,641**	6,961,565	418,390
Estimated provision for regulatory reserve	**(385,247)**	**(23,153)**	(428,998)	(25,783)
Adjusted profit for the period after the provision (*)	**2,104,612**	**126,489**	6,532,567	392,607

(*) Adjusted profits after provision of regulatory reserve for credit loss are not in accordance with Korean IFRS and calculated on the assumption that regulatory reserve for credit loss before income tax is adjusted to the net income.

(e) The appropriation of retained earnings for the periods ended December 31, 2017 and 2016, is as follows.

(In thousands of Korean won)	**2017**		2016	
	(Expected appropriation date: March 28, 2018)		(Appropriation date: March 17, 2017)	
Retained earnings before appropriation		**7,371,794**		6,310,933
Unappropriated retained earnings (Undisposed deficit) carried forward from prior year	**4,881,935**		(650,632)	
Profit for the period	**2,489,859**		6,961,565	
Appropriation		**(385,247)**		(1,428,998)
Regulatory reserve for credit losses	**(385,247)**		(428,998)	
Reserve for loss from compensation of damage	**–**		(1,000,000)	
Unappropriated retained earnings to be carried forward to subsequent year		**6,986,547**		4,881,935

(In thousands of Indian rupee)	**2017 (unaudited)**		2016 (unaudited)	
	(Expected appropriation date: March 28, 2018)		(Appropriation date: March 17, 2017)	
Retained earnings before appropriation		**443,045**		379,287
Unappropriated retained earnings (Undisposed deficit) carried forward from prior year	**293,404**		(39,103)	
Profit for the period	**149,641**		418,390	
Appropriation		**(23,153)**		(85,883)
Regulatory reserve for credit losses	**(23,153)**		(25,783)	
Reserve for loss from compensation of damage	**-**		(60,100)	
Unappropriated retained earnings to be carried forward to subsequent year		**419,892**		293,404

17. Net interest Income

Interest income, interest expense and net interest income for the periods ended December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Interest income				
Cash and due from financial institutions	**142,649**	**8,573**	150,817	9,064
Loans and receivables	**1,223,806**	**73,551**	735,875	44,226
Other Interest	**9,217**	**554**	10,799	649
	1,375,672	**82,678**	897,491	53,939
Interest expense	**842,319**	**50,623**	717,765	43,138
Net interest income	**533,353**	**32,055**	179,726	10,801

18. Gain on disposal of loans

Gain on disposal of loans for the period ended December 31, 2017 and 2016 is as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Gain on disposal of loans	**9,392,260**	**564,475**	16,849,724	1,012,668
Loss on disposal of loans	**(1,789,390)**	**(107,542)**	(157,608)	(9,472)
	7,602,870	**456,933**	16,692,116	1,003,196

19. General and administration expenses

General and administration expenses for the periods ended December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Salaries	**2,388,669**	**143,559**	2,045,180	122,915
Post employment benefits	**310,473**	**18,660**	192,024	11,540
Bonuses	**530,757**	**31,898**	787,448	47,325
Miscellaneous benefits	**274,065**	**16,471**	226,871	13,635
Depreciation	**127,348**	**7,654**	116,405	6,999
Amortization of intangible asset	**670,802**	**40,315**	606,351	36,442
Welfare expense	**662,724**	**39,830**	645,308	38,783
Service fee	**1,451,025**	**87,207**	996,288	59,877
Administrative and maintenance expenses	**925,338**	**55,613**	652,475	39,214
Communications	**110,350**	**6,632**	103,906	6,245
Advertising expenses	**369,830**	**22,227**	461,875	27,759
Tax and dues	**96,453**	**5,797**	124,920	7,508
Business promotion expenses	**438,458**	**26,351**	373,047	22,420
Training expenses	**19,036**	**1,144**	31,675	1,904
Publication	**113,364**	**6,813**	104,569	6,284
Supplies	**33,499**	**2,013**	38,717	2,327
Travel expenses	**20,905**	**1,256**	14,553	875
Rental expenses	**355,733**	**21,380**	343,393	20,638
Vehicles maintenance expenses	**28,792**	**1,730**	20,704	1,244
Insurance cost	**40,798**	**2,452**	23,640	1,421
	8,968,419	**539,002**	7,909,399	475,355

20. Other operating income and expenses

The other operating income for the periods ended December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Commission income	**5,015,136**	**301,410**	1,686,560	101,362
Other	**–**	**–**	905,965	54,448
	5,015,136	**301,410**	2,592,525	155,810

The other operating expenses for the periods ended December 31, 2017 and 2016, are as follows.

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Sales promotion	**1,219,070**	**73,266**	2,718,000	163,352

21. Cash flow statement

The cash flow from operating activities for the periods ended December 31, 2017 and 2016, are as follows:

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Profit(loss) for the period	**2,489,859**	**149,641**	6,961,565	418,390
Adjustment				
Interest income	**(1,375,672)**	**(82,678)**	(897,492)	(53,939)
Interest expense	**842,319**	**50,623**	717,765	43,138
Income tax	**645,729**	**38,808**	1,860,316	111,805
Post employment benefit	**310,473**	**18,659**	192,024	11,541
Depreciation	**127,348**	**7,654**	116,454	6,999
Amortization of intangible assets	**670,802**	**40,315**	606,351	36,442
Provision for impairment	**39,738**	**2,388**	167,424	10,061
Provisions	**–**	**–**	546	33
	1,260,737	**75,769**	2,763,388	166,080
Changes in operating assets and liabilities:				
Increase in loans and receivables	**(10,480,231)**	**(629,862)**	(55,853,120)	(3,356,773)
Decrease(increase) in other receivables	**8,120**	**488**	(64,584)	(3,881)
Decrease(increase) in prepaid expenses	**9,734**	**585**	(2,809)	(169)
Increase in advance payments	**(19,570)**	**(1,176)**	(27,767)	(1,669)
Increase in Other deposits received	**(115,800)**	**(6,960)**	–	–
Increase in other payables	**(2,144,566)**	**(128,888)**	6,240,093	375,030
Increase(decrease) in accrued expenses	**41,913**	**2,519**	1,096,022	65,871
Increase in VAT withheld	**10,986**	**660**	137,570	8,268
Increase in deposits received	**2,957**	**178**	1,090	65
Increase in advance payment	**49,477**	**2,974**	1,557	94
Increase(decrease) in Net defined benefit liability	**(437,692)**	**(26,305)**	–	–
	(13,074,672)	**(785,787)**	(48,471,948)	(2,913,164)
Total	**(9,324,076)**	**(560,377)**	(38,746,996)	(2,328,694)

22. Related Party Transactions

(a) The related parties as of December 31, 2017, are as follows:

	2017
Jointly controlled entity	Ssangyong motor Co., Ltd., KB Capital Co., Ltd.
Other related parties	Mahindra & Mahindra Ltd. Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd. Kookmin Bank KB Investment & Securities Co., Ltd. KB Kookmin Card Co., Ltd. KB Data Systems Co., Ltd. KB Insure Co., Ltd. Ssangyong motor Co., Ltd., Subsidiaries, affiliated companies, other related parties of KB Financial Group

(b) Details of assets and liabilities from transactions with related parties of December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)		2017	2016
Kookmin Bank	Cash and cash equivalents	**7,409**	3,996,941
	Borrowings	**–**	10,000,000
	Accrued expense	**–**	6,025
KB Capital Co., Ltd.	Other receivables	**27,979**	64,100
	Accrued expense	**31,825**	20,837
	Borrowings	**40,000,000**	20,000,000
KB Kookmin Card Co., Ltd.	Other receivable	**19,809**	–
	Other payables	**2,608,700**	4,444,000
KB Insurance Co., Ltd.	Prepaid expense	**7,357**	13,608
		42,703,079	38,545,511

(In thousands of Indian rupee)		2017 (unaudited)	2016 (unaudited)
Kookmin Bank	Cash and cash equivalents	**445**	240,216
	Borrowings	**–**	601,000
	Accrued expense	**–**	362
KB Capital Co., Ltd.	Other receivables	**1,682**	3,852
	Accrued expense	**1,913**	1,252
	Borrowings	**2,404,000**	1,202,000
KB Kookmin Card Co., Ltd.	Other receivable	**1,191**	–
	Other payables	**156,783**	267,084
KB Insurance Co., Ltd.	Prepaid expense	**442**	818
		2,566,456	2,316,584

(c) Details of gain and loss from transactions with related parties for the period ended December 31, 2017, are as follows.

(In thousands of Korean won)	Disposal of loans and receivables	Interest income	Interest expense	Other income	Other expenses
KB Capital Co., Ltd.	**493,342,580**	**–**	**1,517,692**	**–**	**174,628**
Kookmin Bank	**–**	**89,525**	**108,114**	**–**	**–**
KB Card Co., Ltd	**344,034,810**	**–**	**–**	**3,267,181**	**864**
KB Insurance Co., Ltd	**–**	**–**	**–**	**–**	**37,908**
KB Data Systems Co., Ltd	**–**	**–**	**–**	**–**	**780,580**
	837,377,390	**89,525**	**1,625,806**	**3,267,181**	**993,980**

(In thousands of Indian rupee)	Disposal of loans and receivables	Interest income	Interest expense	Other income	Other expenses
KB Capital Co., Ltd.	**29,649,889**	**–**	**91,213**	**–**	**10,495**
Kookmin Bank	**–**	**5,380**	**6,498**	**–**	**–**
KB Card Co., Ltd	**20,676,492**	**–**	**–**	**196,358**	**52**
KB Insurance Co., Ltd	**–**	**–**	**–**	**–**	**2,278**
KB Data Systems Co., Ltd	**–**	**–**	**–**	**–**	**46,913**
	50,326,381	**5,380**	**97,711**	**196,358**	**59,738**

(d) Funding transactions with related parties for the period ended December 31, 2017, are as follows.

		Borrowings		Redemption	
		(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*	*(In thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Jointly controlled entity	KB Capital Co., Ltd.	**40,000,000**	**2,404,000**	**30,000,000**	**1,803,000**
Other related party	Kookmin Bank	**9,997,000**	**600,820**	**19,997,000**	**1,201,820**

(e) As of December 31, 2017, the Company is holding an installment financing agreement with Ssangyong Motor Corporation. In relation to the financing agreement, loan origination fees of Rs 846,766,329 was generated during the current period.

(f) Key management personnel compensations for the periods ended December 31, 2017 and 2016, are as follows:

	2017		2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Salaries	**396,380**	**23,822**	388,608	23,355
Post employment benefit	**72,568**	**4,361**	27,059	1,626
	468,948	**28,183**	415,667	24,981

23. Contingent Liabilities and commitment

Contingent Liabilities and commitment as of December 31, 2017, are as follows:

		Limit of loan commitment		**Loan executions**	
	Financial institution	***(In thousands of Korean won)***	***(In thousands of Indian rupee) (unaudited)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee) (unaudited)***
Loans for working capital	Kookmin Bank	**10,000,000**	**601,000**	**–**	**–**

Registry of Trading Companies reg. no. 07206571007
Chamber of Commerce (REA) reg. no. 1018401

MAHINDRA EUROPE S.R.L.-UNIPERSONALE

Company subject to the coordination and control of
MAHINDRA & MAHINDRA LTD
Single-member company

Registered office in VIA CANCELLIERA N.35 -00072 ARICCIA (RM)
Share Capital Eur 1.421.151,00 fully paid

Directors' report on the financial statements at 31/03/2018

Indian Rupees at the exchenge rate of Rs 80.66=Eur 1

Dear Quotaholder,

The financial statements for the fiscal year ended 31/03/2018 show a loss of INR/Lakhs(305,672) Eur (378,963), after the allocation of deferred tax asset amounting to INR/Lakhs 36.51 Eur 45,258 and amortizations and depreciations amounting to INR/Lakhs 65.95 Eur 81,765.

Market situation and development of business

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

In the business year ended on 31/03/2018 Mahindra Europe mainly imported and sold SUV XUV500 and light duty commercial vehicles Goa Pick-up, Genio and Quanto.

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

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

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

Mahindra Europe S.r.l. is legally subject to the coordination and the control of Mahindra & Mahindra Ltd (based in Mumbai – India), through its Subsidiary Mahindra Overseas Investment Company (Mauritius) Ltd. The Company does not directly or indirectly control other companies.

The company has a majority stake in Pininfarina, SsangYong Motor Company, Mahindra Electric and Peugeot Scooters. In 2016, it acquired the BSA and Jawa motorcycle brands. It is extremely active in motorsports: Mahindra is widely involved in racing as a constructor and has successfully appeared in the FIA Formula E International Championship, demonstrating once again all of its flexibility and engineering capacity.

Business review

General business trend

In 2017 the Italian economy was characterized by a decrease in the debt-GDP ratio, which reached 131.6% from the historical record of 132.6% in 2016 as against an average of 86.7% in the Eurozone. That value is mainly due to GDP growth and the Bank rescue. The deficit/GDP ratio was 1.9% as against an average of 0.9% in the Eurozone, while the variation of GDP in terms of volume was +1.5% compared to last year as against an European average of +2.5%. The European Commission's forecasts for 2018 are: GDP of 1.5% in 2018 and of 1.2% in 2019.

As for the developments on the labour market in Italy, the unemployment rate drop by 0.7 percentage points compared to the end of 2016 to 11.7% in December 2017 and 11.0% in March 2018. Youth unemployment rate of 31.7% in March 2018 causes serious concerns. The other positive sign comes from the reduction in the use of redundancy funds by enterprises.

In 2017, the average annual inflation rate remains low. This slowdown in inflation depends on a decrease in consumptions which should remain low for the 2018, mainly due to the poor economic recovery and a weak labour market as well as the presence of wide margins of unexploited earning capacity. Therefore, the European Central Bank has maintained its official interest rate at 0.00% till March 2018 to support economic recovery in the 2018 and to avoid the risk of deflation.

The economic forecast is particularly influenced by the possible evolution of international demand, Euro exchange rate, the solution of international crisis and the supply of credit, all subject to the ECB easing measures. In Italy, the poor supply of consumer credit could continue to negatively influence consumers' confidence, their purchasing power and spending capacity. This could significantly affect the Company's business perspectives.

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

Development of demand and market trend

The company sold 697 vehicles during the year with an decrease of 33.5% over previous year (930 vehicles) and 881 vehicles were retailed, thus registering a +0.2% growth over last year.

The vehicles registered in the European market are more than 15.6 millions, with a 3.3% increase over the previous year (source: ACEA). The top 5 European markets demonstrated strong recovery with positive growths at the end of 2017: Italy +7.9%, Spain +7.7%, France +4.7%, Germany +2.7%, while United Kingdom negative sign of -5.7%.

Only 1,971,247 new cars were registered on the Italian car market in 2017 (+7.9%). The market showed an increase for the fourth time since the beginning of the crisis in the car sector in 2008. In six years of crisis the sales volumes in Italy were reduced by a half.

The demand from private customers decreaseed and falling under 56.7% of the market. The volumes linked to VAT registered consumers showed an increase of +30% after the continuous falls in the previous years mainly due to Dealer's car registrations, but they did not go over 21.4% of the total private market share.

The share of the business cars in Italy is lower than in the other 4 major European markets, as a result of different tax policies applied in those countries. However, the "super amortization" introduced from 15th October 2015 to end 2017 to bring a good benefit to the company vehicles. In 2017 the rental business has a good performance: + 18.3% with 21.9% of the total market. The major contribution derives from the long term, which grows more than 16.7%, but also the short-term rental shows an excellent increase: + 13.5%.

In detail, the self-registrations grew by 49% to a record level of around 360,000. On the other hand, the companies decrease of 7.7%. The increase in long-term rentals was determined both by the Captive (the financial companies directly linking with the car manufacturers) and by the main top companies that hire long-term rentals on the market.

The stock of 0KM in the Sales Networks grew strongly, reaching 180,000 units at the end of September 2017.

2017 confirms an increase in sales of traditional fuels of around 20%, respectively + 6.9% for diesel and + 4.8% for gasoline, while LPG grows by 26.4%, methane is more than 25.3%, while the rise of hybrids continues: + 71.2%.

Electric cars are back on a sustained growth: +42.7% in 2017, with almost 2,000 cars registered and a share of 0.1%. Over 25% of last year's sales went to the private channel, the rest equally distributed between companies and rentals.

SUV and Crossover vehicles dominated the market in 2017 and reached respectively almost 30.6% and 22.4% of the total market share. If we add this result to the traditional off-road vehicles, we can state that little more than 1/3 of the consumers were attracted by vehicles in this segment. We record a slight fall in the sales of sedan, representing slightly less than 52.5% of the consumers' choices.

2017 recorded a further reduction in average CO_2 emissions (g/km), which were 112,4 as against 112.7 in 2016. Increasingly many European countries are regulating their tax structure based on CO_2 emissions.

The first quarter of 2018 marked a +0.74% at European level, a -1.55% on the Italian market and a +10.52% on the Spanish market.

In 2017 the market of light commercial vehicles in Europe (EU28) showed an increase by 3.95% over 2016, +1.28% in Italy and +15.53% in Spain.

In March the LCV market recorded a month of drop with -10.58%. In the first quarter 2018 total growth was +0.56% and -6.3% in Italy.

The pickup market where we are present increased by a whopping 21.6% in 2017 compared to 2016 in Italy closing the year with 9,410 pickups while Mahindra Europe increased its pickup volume by 6.3% taking a share of 2.35% from market.

XUV500 represented 0.05% of the market share in 2017, -0.01% compared with last year.

Competitors' conduct

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

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

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

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

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

The Mahindra brand continues to perform its activities in the European countries where it is present in the Light commercial vehicle space with pick-up vehicles and SUV segment with Mahindra XUV500 with the launch of XUV500 Euro 6. In June 2017 the Company launched the XUV500 W10 Euro 6b.

Social, political, and trade union climate

The Company has good relations with Trade Unions and this enables more flexibility and adjustment to the actual needs.

All the company's employees are hired under collective bargaining agreements and/or safeguarded by the labour law rules in force which may limit the Company's possibility to reorganize quickly its activities and reduce costs to react to the changing market conditions.

Company's performance in each area of business

Last year, your company performed poorly in terms of the decrease in turnover and operating margin, but taking into account the delay in distribution of the model KUV100 and marketing investment, the business year was well because the company increased its market share in LCV and maintained its market share in the SUV segment .

The following table shows the results of the past three years in terms of Revenue, gross operating margin and pre-tax result:

INR/Lakhs	31/03/2018	31/03/2017	31/03/2016
Revenue	10,218.71	13,115.28	12,893.15
gross operating margin	(1,343.03)	(459.90)	(30.46)
pre-tax result	(342.68)	72.73	326,48

EUR	31/03/2018	31/03/2017	31/03/2016
Revenue	12,668,869	16,259,952	15,984,563
gross operating margin	(1,665,051)	(570,166)	(37,761)
pre-tax result	(424,850)	90,164	404,755

The negative GOM is basically due to the sales incentives granted in the year to face the general drop in prices on the market, logistic cost increase and increase of marketing expenses. Another important factor to take into account is that other financial income is not included in the GOM calculation, as it consists mainly in the parent company's reimbursement for product warranties on the European market and related costs.

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

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

Main items of the profit and loss account

The company's reclassified profit and loss account compared with that of the previous year is as follows:

INR/Lakhs	31/03/2018	31/03/2017	Difference
Revenue	9,081.68	12,499.77	(3,418.10)
External costs	9,726.48	12,290.13	(2,563.65)
Added value	**(644.81)**	**(209.64)**	**(854.45)**
Labour cost	698.22	669.54	28.69
Gross operating margin	**(1,343.03)**	**(459.90)**	**(883.13)**
Amortisation, depreciation and other accruals	61.37	65.78	(4.40)
Operating result	**(1,404.40)**	**(525.67)**	**(878.73)**
Other income	1,137.03	615.50	521.53
Financial income and costs	(75.31)	(17.10)	(58.21)
Ordinary result	**(342.68)**	**72.73**	**(415.41)**
Rivalutazioni e svalutazioni	0	0	0
Result before taxes	**(342.68)**	**72.73**	**(415.41)**
Income taxes	(37.01)	14.27	(51.28)
Result after taxes	**(305.67)**	**58.46**	**(364.13)**

EUR	31/03/2018	31/03/2017	Difference
Revenue	11.259.208	15.496.868	(4.237.660)
External costs	12.058.622	15.236.962	(3.178.340)
Added value	**(799.414)**	**259.906**	**(1.059.320)**
Labour cost	865.637	830.072	35.565
Gross operating margin	**(1.665.051)**	**(570.166)**	**(1.094.885)**
Amortisation, depreciation and other accruals	76.090	81.551	(5.461)
Operating result	**(1.741.141)**	**(651.717)**	**(1.089.424)**
Other income	1.409.661	763.084	646.577
Financial income and costs	(93.370)	(21.203)	(72.167)
Ordinary result	**(424.850)**	**90.164**	**(515.014)**
Rivalutazioni e svalutazioni			
Result before taxes	**(424.850)**	**90.164**	**(515.014)**
Income taxes	(45.887)	17.693	(63.580)
Result after taxes	**(378.963)**	**72.471**	**(451.434)**

The result of operations, inclusive of other but operating proceeds, would amount to Eur (331,480) INR/Lakhs 267.37. To provide a better description of the company's financial position, we set out below some profitability ratios, compared with the same ratios in the financial statements of previous years.

	31/03/2018	*31/03/2017*	*31/03/2016*
Net ROE	()	2,94	31,27
Gross ROE	()	3,65	22,77
ROI	()	0,55	3,60
ROS	(2,37)	0,58	2,13

Main items of the balance sheet

The company's reclassified balance sheet compared with that of the previous year is as follows:

INR/Lakhs	31/03/2018	31/03/2017	Difference
Net tangible assets	8.70	15.21	(6.50)
Net intangible assets	260.79	184.44	76.34
Shareholdings & other financial fixed assets	36.64	36.64	0
Fixed assets	**306.13**	**236.29**	**69.84**
Stocks	4,307.81	6,611.29	(2,303.48)
Accounts receivable from customers	2,371.03	5,103.66	(2,732.62)
Other accounts receivable	1,297.84	859.12	438.72
Accrued income and prepayments	206.65	135.93	70.72
Short-term operating assets	**8,183.34**	**12,710.00**	**(4,526.66)**
Accounts payable to suppliers	608.25	1,102.71	(494.46)
Taxes & social security contributions payable	89.62	60.42	29.19
Other accounts payable	2,706.39	9,202.77	(6,496.38)
Accrued liabilities and deferred income	90.56	5.46	85.11
Short-term operating liabilities	**3,494.83**	**10,371.37**	**(6,876.54)**
Net working capital	**4,688.51**	**2,338.63**	**2,349.88**
Employees' leaving indemnity	105.58	94.03	11.55
Other medium/long-term liabilities	22.47	20.63	1.85
Medium/long-term liabilities	**128.06**	**114.66**	**13.40**
Net invested capital	**4,866.59**	**2,460.26**	**2,406.33**
Shareholders' equity	(1,357.55)	(1,663.22)	305.67
Medium-long term net position	0.10	0.10	0
Short-term net position	(3,509.14)	(797.15)	(2,712.00)
Shareholders' equity and net indebtedness	**(4,866.59**	**(2,460.26)**	**(2,406.33)**

EUR	31/03/2018	31/03/2017	Difference
Net tangible assets	10.792	18.852	(8.060)
Net intangible assets	323.317	228.669	94.648
Shareholdings & other financial fixed assets	45.424	45.424	
Fixed assets	**379.533**	**292.945**	**86.588**
Stocks	5.340.707	8.196.491	(2.855.784)
Accounts receivable from customers	2.939.541	6.327.370	(3.387.829)
Other accounts receivable	1.609.031	1.065.117	543.914
Accrued income and prepayments	256.196	168.519	87.677
Short-term operating assets	**10.145.475**	**15.757.497**	**(5.612.022)**
Accounts payable to suppliers	3.888.272	12.582.885	(8.694.613)
Taxes & social security contributions payable	111.103	74.912	36.191
Other accounts payable	221.134	193.568	27.566
Accrued liabilities and deferred income	112.279	6.765	105.514
Short-term operating liabilities	**4.332.788**	**12.858.130**	**(8.525.342)**
Net working capital	**5.812.687**	**2.899.367**	**2.913.320**
Employees' leaving indemnity	130.897	116.576	14.321
Other medium/long-term liabilities	27.863	25.571	2.292
Medium/long-term liabilities	**158.760**	**142.147**	**16.613**

EUR	31/03/2018	31/03/2017	Difference
Net invested capital	**6.033.460**	**3.050.165**	**2.983.295**
Shareholders' equity	(1.683.055)	(2.062.017)	378.962
Medium-long term net position	130	130	
Short-term net position	(4.350.535)	(988.278)	(3.362.257)
Shareholders' equity and net indebtedness	**(6.033.460)**	**(3.050.165)**	**(2.983.295)**

The reclassified balance sheet shows the company's ability to maintain financial balance in the medium/long-term, thanks to the shareholders' policy of reinvesting the profits in the Company in previous accounting periods and to the correct mix of funding resources compared to medium and long-term expenditures. The secondary margin of about 1.4 million Eur is more than enough to cover the permanent stock or technical stock, which is necessary to support the Company's operating cycle. For a better description of the company's financial position, the following table shows some financial statement ratios regarding (i) the funding of medium/long-term investments and (ii) the composition of funding sources, compared with the same ratios in the financial statements of previous years.

INR/Lakhs	31/03/2018	31/03/2017	31/03/2016
Shareholders' equity – Fixed assets	1,051.32	1,426.83	1,306.01
Shareholders' equity/ Fixed assets	4.43	7.04	5.37
(Equity + Medium/ long-term liabilities) – Fixed assets	1,179.37	1,541.48	1,413.62
(Equity + Medium/ long-term liabilities)/ Fixed assets	4.85	7.52	5.73

EUR	31/03/2018	31/03/2017	31/03/2016
Shareholders' equity – Fixed assets	1.303.392	1.768.942	1.619.149
Shareholders' equity/ Fixed assets	4,43	7,04	5,37
(Equity + Medium/ long-term liabilities) – Fixed assets	1.462.152	1.911.089	1.752.563
(Equity + Medium/ long-term liabilities)/ Fixed assets	4,85	7,52	5,73

Main financial items

The net financial position at 31/03/2018, is shown below:

INR/Lakhs	31/03/2018	31/03/2017	Difference
Cash at banks	450.91	316.98	133.93
Cash and cash equivalents	1.71	1.61	0.10
Liquid assets and treasury shares	**452.62**	**318.59**	**134.03**
Financial assets other than fixed assets			
Accounts payable to banks (within one year)	5.10	712.79	(707.69)
Advances for foreign payments	3,956.66	402.95	3,553.72
Short-term financial accounts payable	**3,961.76**	**1,115.74**	**2,846.03**
Net short-term financial position	**(3,509.14)**	**(797.15)**	**(2,712.00)**
Financial accounts receivable (after more than one year)	(0.10)	(0.10)	0
Medium/long-term net financial position	**0.10**	**0.10**	**0**
Net financial position	**(3,509.04)**	**(797.04)**	**(2,712.00)**

EUR	31/03/2018	31/03/2017	Difference
Cash at banks	559.030	392.986	166.044
Cash and cash equivalents	2.119	1.996	123
Liquid assets and treasury shares	**561.149**	**394.982**	**166.167**
Financial assets other than fixed assets			
Accounts payable to banks (within one year)	6.324	883.700	(877.376)
Advances for foreign payments	4.905.360	499.560	4.405.800
Short-term financial accounts payable	**4.911.684**	**1.383.260**	**3.528.424**
Net short-term financial position	**(4.350.535)**	**(988.278)**	**(3.362.257)**
Financial accounts receivable (after more than one year)	(130)	(130)	
Medium/long-term net financial position	**130**	**130**	
Net financial position	**(4.350.405)**	**(988.148)**	**(3.362.257)**

As stated in the notes to the financial statements, the company's net financial position is affected by the ordinary funding of the net working capital, in particular trade receivables reflect the negative trends in payments as discussed in this report and the capacity to repay the oldest trade receivables and payables to the parent company from INR/Lakhs 9,046.64 Eur 11,215,770 (March 2017) to INR/Lakhs 2,528.03 Eur 3,134,178 (March 2018).

For more details on the financial position, the following table shows some balance sheet ratios compared with the same ratios in the financial statements of prior years.

	31/03/2018	***31/03/2017***	***31/03/2016***
Primary liquidity	0,55	0,54	0,85
Secondary liquidity	1,13	1,12	1,22
Debt	5,50	6,96	3,58
Fixed asset coverage ratio	4,78	7,43	5,65

The primary liquidity ratio is 0.55. The financial situation of the Company is good and adequate to meet the current monthly needs of the company.

Compared to the previous year is better.

The secondary liquidity ratio is 1.13. The value of the working capital is satisfactory compared to the amount of current debt. It has slightly bettered from the previous year.

The debt ratio is 5,50. The amount of payables is not a source of concern, since 34% of the payables are with the parent company. The amount of payables to banks is not significant compared to existing own resources, however it is necessary to finance the average time required to collect trade receivables.

Compared to the previous year is better.

Based on the fixed asset coverage ratio of 4,78, the amount of shareholders' equity and consolidated debt can be considered appropriate in relation to fixed assets taking into account the company's technical stock and the financial risk related to the industrial plant held on lease. A decrease over last year was recorded.

Environmental and Headcount information

Considering the company's social role, as described inter alia in the document on the Directors' report prepared by the Italian National Association of Chartered Accountants and accounting experts, we consider it appropriate to provide the following environmental and personnel information.

Personnel

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

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

During the year our Company has made significant investments in personnel security through training courses addressed to all company employees, focused in particular on first aid, Fire rescue and the purchase of the PPE required under the laws in force; the Company has met all the obligations required under Legislative Decree no. 81/2008 as amended and supplemented. Our Risk Assessment Report was updated on 21/09/2017.

Environment

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

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

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

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

The target emissions stated in gr/Km:

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

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

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

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

Investments

Investments were made in the following areas during the year:

Fixed assets	Purchases for the year INR/Lakhs	Purchases for the year EUR
Land and building		
Plant and machinery	17.44	21.630
Industrial and commercial equipment		
Other assets	114.99	224.242

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

Research and development

Pursuant to art. 2428 (3) (1) of the civil code we provide the following information:

The company is not engaged in any important Research & Development activity. Such activities are carried out by the parent company Mahindra & Mahindra Ltd. During this year the parent company has launched on the market the new KUV100 model for the European countries. The new KUV100 nxt, the new Goa Hawk Euro VIc and the new XUV500 are planned for next year.

Relationships with subsidiary, affiliated, controlling and other sister companies

During the year, the company had the following relations with its controlling and other sister companies:

The company's relationships with group companies are shown below:

INR/Lakhs				
Company	**Trade receivables**	**Trade payables**	**Sales**	**Purchases**
M&M Ltd	1.017,11	2.528,03	1.053,36	3.558,42
MGRD Srl	2,36		7,74	
MSA			23,25	
Total	**1.019,48**	**2.528,03**	**1.084,36**	**3.558,42**

EUR				
Company	**Trade receivables**	**Trade payables**	**Sales**	**Purchases**
M&M Ltd	1.260.989	3.134.178	1.305.932	4.411.624
MGRD Srl	2.928		9.600	
MSA			28.823	
Total	**1.263.917**	**3.134.178**	**1.344.355**	**4.411.624**

These relationships are held under market conditions and do not include any irregular and/or unusual transactions and are on an arm's length basis, in particular those with the parent company Mahindra & Mahindra Ltd are solely of a trading nature.

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

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

Relations with the sister company Mahindra South Africa refer to the sale of diagnostic equipment.

Treasury shares and shares/quotas of controlling companies

No Treasury shares or shares of controlling companies owned whether directly or indirectly.

Information on the risks and uncertainties pursuant to article 2428(3)(6-bis) of the Civil Code

Pursuant to article 2428(3)(6-bis) of the civil code, we set out below the information on the use of financial instruments, which are relevant for the purpose of evaluating the company's financial situation, specifically, the business objectives, the policies and criteria adopted to measure, monitor and control financial risks.

We set out below also some quantitative information providing indications on the company's risk exposure.

Credit risk

The company has a good credit standing, the amount of trade payables considered of doubtful collection, about Eur 200,000 INR/Lakhs 161.32, is more than covered by the provision for bad debts.

Our current maximum exposure, without considering collaterals or other elements improving credit quality, amounts to Eur 300,000 INR/Lakhs 241.98, i.e. about 10.2% of trade receivables, and arise from longer average collection times due mostly to the liquidity crisis that is being faced by the companies in the automotive industry.

However, the company holds Eur 2.3 million INR/Lakhs 1,855.18 in bank guarantees to cover its trade receivables.

Liquidity risk

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

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

Market risk

The balance sheet, income statement and financial positions of the company are affected by the various factors of the macro-economic scenario – including the increase or decrease of the

GNP, the decree of consumer and enterprise trust, the trends of consumer credit interest rates, the cost of raw materials, the unemployment rate – in each of the countries where the company does business. In a generally weak economic scenario, the demand in the reference areas and markets of the company has significantly reduced compared to pre-crisis levels; the company had to handle with its own resources the drop in sales volumes and the lack of State-funded incentive schemes.

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

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

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

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

Environmental risks and ruling compliance risks

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

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

Expected trend of business

The positive data on sales are likely to be confirmed in the next accounting period. Such growth will be mainly driven by the continued growth of the major markets, Italy,Spain and other EU countries, and by a prudent management of resources and communication in order to make Mahindra brand more known in Europe. -The operating income is expected to remain positive, but not proportionate to the sales volumes because of the fierce competition in the sales of end-of-series-vehicles Euro6b vehicles.

This is why the commercial objectives for the next few years will be a real challenge. From the 600 units delivered in Italy in 2017, for 2021 the target is 6000. This will be achieved through the expansion of the range, that will be made up of four SUVs, one for each sector (A-B-C-D) and with lengths from 3.7-4.7 metres. Completing the line-up is a 4.2 metre offroader and a 5.1 metre pick-up.
As for the dealership network, the aim is for 80 dealerships in 2021 compared to today's 48.

Step up of corporate assets in accordance with the legislation

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

We thank you for your expression of confidence and we kindly invite you to approve the financial statements in their current form.

Presidente del Consiglio di amministrazione
Pravin Kumar Shah

Mumbai, 9th May 2018

THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AT 31 MARCH 2018

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

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

Report on the annual financial statements

1. We have carried out the accounting audit on the financial statements of Mahindra Europe S.r.l., attached herewith and composed of the Balance Sheet at 31 March 2018, the Income Statement for the period which closed on that date and the Notes to the Accounts accompanied by the Cash Flow Statement.

The Directors' Responsibility for the Financial Statements

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

The Independent Auditors' Report

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

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

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

6. The opinion on the financial statements of the previous period, the data of which are presented for purposes of comparison, as required by law, can be found in the report that we issued on 24 May 2017.

Opinion

7. In our opinion, the annual Financial Statements at 31 March 2018 comply with the provisions which discipline the criteria for the drafting of the same; they have been drawn up clearly and give a true and correct representation of the Company's equity and financial situation and economic result.

Report on other legal and regulatory provisions

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

8. We have carried out the procedures indicated in the Auditing Standard no. 720B, in order to express, as required by law, an opinion on the consistency of the Management Report, for which the Directors of Mahindra Europe S.r.l. are responsible for drafting, with the annual Financial Statements of Mahindra Europe S.r.l. at 31 March 2018. In our opinion, the Management Report is consistent with the annual Financial Statements of Mahindra Europe S.r.l. at 31 March 2018.

RB Audit Italia

Mr. Roberto Mallardo
Partner

Rome, 25 May 2018

Financial statement as on 31/03/2018

Balance Sheet	31/3/2018 Euro	31/3/2018 INR/Lakhs	31/3/2017 Euro	31/3/2017 INR/Lakhs
Assets				
A) Accounts receivable from shareholders in respect of unpaid share capital	**0**	**0.00**	0	0.00
B) Fixed assets				
I. Intangible assets				
1) Industrial patents & intellectual property rights	**1,500**	**1.21**	8,478	6.84
2) Others	**9,292**	**7.49**	10,374	8.37
Total I	**10,792**	**8.70**	18,852	15.21
II. Tangible assets				
1) Plant & Machinery	**43,634**	**35.20**	27,720	22.36
2) Industrial & commercial equipment	**48,972**	**39.50**	61,384	49.51
3) Other Assets	**230,711**	**186.09**	139,565	112.57
Total II	**323,317**	**260.79**	228,669	184.44
III. Financial assets				
1) Equity investments in other companies	**62**	**0.05**	62	0.05
2) Receivables				
d) Other companies due beyond 12 months	**130**	**0.10**	130	0.10
Total III	**192**	**0.15**	192	0.15
Total fixed assets	**334,301**	**269.65**	247,713	199.81
C) Current assets				
I. Stock				
1) Finished goods	**5,340,707**	**4,307.81**	8,196,491	6,611.29
2) Advance	**0**	**0.00**	0	0.00
Total I	**5,340,707**	**4,307.81**	8,196,491	6,611.29
II. Accounts receivable				
1) Trade within 12 months	**2,939,541**	**2,371.03**	6,327,370	5,103.66
2) Parent Company within 12 months	**1,263,917**	**1,019.48**	590,031	475.92
4-bis) Tax receivables within 12 months	**44,127**	**35.59**	208,564	168.23
4-ter) Deferred Tax assets within 12 months	**275,109**	**221.90**	229,851	185.40
3) Others				
due within 12 months	**28,824**	**23.25**	39,617	31.96
due beyond 12 months	**42,416**	**34.21**	42,416	34.21
Total II	**4,593,934**	**3,705**	7,437,849	5,999
III. Financial assets other than fixed assets				
IV. Liquid assets				
1) Bank & Post office deposit	**559,030**	**450.91**	392,986	316.98
2) Bank cheque	**0**	**0.00**	0	0.00
3) Cash on hand	**2,119**	**1.71**	1,996	1.61
Total IV	**561,149**	**452.62**	394,982	318.59
Total current assets	**10,495,790**	**8,465.90**	16,029,322	12,929.25
D) Accrued income and prepaid expenses				
Total accrued income and prepaid expenses	**256,196**	**206.65**	168,519	135.93
Total assets	**11,086,287**	**8,942.20**	16,445,554	13,264.98

		31/3/2018 Euro	31/3/2018 INR/Lakhs	31/3/2017 Euro	31/3/2017 INR/Lakhs
Liabilities					
A)	**Shareholders' equity**				
I.	Share capital	**1,421,151**	**1,146.30**	1,421,151	1,146.30
II.	Share premium reserve				
III.	Revaluation reserve				
IV.	Legal reserve	**43,945**	**35.45**	40,321	32.52
V.	Reserve for Treasury shares				
VI.	Reserves provided for by the articles on association				
VII.	Other reserves				
	Extraordinary reserve	**596,922**	**481.48**	528,075	425.95
	Advance for share capital			0	
	Rounding off reserve	**0**		(1)	
	Reserve for social initiatives		**0.00**		0.00
VIII.	Retained earnings (loss) carry forwards	**0**	**0.00**	0	0.00
IX.	Profit (loss) for the year	**(378,963)**	**(305.67)**	72,471	58.46
	Total shareholders' equity	**1,683,055**	**1,357.55**	2,062,017	1,663.22
B)	**Provisions for liabilities and charges**				
I.	Retirement benefits & similar obligations				
II.	Taxes, including deferred				
III.	Other	**27,863**	**22.47**	25,571	20.63
	Total provision for liabilities & charges	**27,863**	**22.47**	25,571	20.63
C)	**Employees' leaving indemnity**				
	Total employees' leaving indemnity	**130,897**	**105.58**	116,576	94.03
D)	**Debt and Payables**				
4)	Banks within 12 months	**4,911,684**	**3,961.76**	1,383,260	1,115.74
7)	Trade within 12 months	**754,094**	**608.25**	1,367,115	1,102.71
11)	Parent Company within 12 months	**3,134,178**	**2,528.03**	11,215,770	9,046.64
12)	Tax payables within 12 months	**59,059**	**47.64**	18,570	14.98
13)	Social security within 12 months	**52,044**	**41.98**	56,342	45.45
14)	Other within 12 months	**221,134**	**178.37**	193,568	156.13
	Total Debt & payables	**9,132,193**	**7,366.03**	14,234,625	11,481.65
E)	**Accrued liabilities and deferred income**				
	Total accrued liabilities and deferred income	**112,279**	**90.56**	6,765	5.46
	Total shareholders' equity and liabilities	**11,086,287**	**8,942.20**	16,445,554	13,264.98

Profit and loss account

	31/3/2018 Euro	31/3/2018 INR/Lakhs	31/3/2017 Euro	31/3/2017 INR/Lakhs
A) Revenues				
1) From sales and services	**11,259,208**	**9,081.68**	15,496,868	12,499.77
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and income				
a) Other revenues and income	**1,409,661**	**1,137.03**	763,084	615.50
b) Contribution on trading account				
Total revenues	**12,668,869**	**10,218.71**	16,259,952	13,115.28
B) Expenses				
6) Raw materials, subsidiary materials, consumables and goods	**(6,005,726)**	**(4,844.22)**	(17,585,838)	(14,184.74)
7) Services	**(2,992,304)**	**(2,413.59)**	(3,037,935)	(2,450.40)
8) Rent/lease	**(144,687)**	**(116.70)**	(120,579)	(97.26)
9) Personnel costs				
a) salaries and wages	**(625,479)**	**(504.51)**	(600,551)	(484.40)
b) social contributions	**(193,726)**	**(156.26)**	(184,539)	(148.85)
c) employees' leaving indemnity	**(45,810)**	**(36.95)**	(44,234)	(35.68)
d) accruals for pension and similar costs			0	
e) other costs	**(622)**	**(0.50)**	(748)	(0.60)
Total 9)	**(865,637)**	**(698.22)**	(830,072)	(669.54)
10) Depreciation and value adjustments				
a) depreciation of intangible assets	**(6,559)**	**(5.29)**	(12,165)	(9.81)
b) depreciation of tangible assets	**(69,531)**	**(56.08)**	(69,386)	(55.97)
c) other value adjustments				
d) write down of accounts receivable recorded among current assets and liquid assets		**0.00**	(36,000)	(29.04)
Total 10)	**(76,090)**	**(61.37)**	(117,551)	(94.82)
11) Changes in raw materials, subsidiary materials, consumables and goods	**(2,855,784)**	**(2,303.48)**	5,597,654	4,515.07
12) Accruals to provisions for liabilities and charges	**(5,675)**	**(4.58)**	0	0.00
13) Other accruals		**0.00**		
14) Other operating costs	**(54,446)**	**(43.92)**	(54,264)	(43.77)
Total expenses	**(13,000,349)**	**(10,486.08)**	(16,148,585)	(13,025.45)
Difference between revenues and expenses(A–B)	**(331,480)**	**(267.37)**	111,367	89.83
C) Financial income and expense				
15) Income from shareholdings:				
– in controlled undertakings				
– in affiliated undertakings				
– other income		**0.00**		0.00
Total 15)	**0**	**0.00**	0	0.00
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
a1) controlled undertakings				
a2) from affiliated undertakings				
a3) from controlling companies				
a4) other financial income				
b) from securities recorded among fixed assets				

PROFIT AND LOSS ACCOUNT (CONT.)

	31/3/2018 Euro	31/3/2018 INR/Lakhs	31/3/2017 Euro	31/3/2017 INR/Lakhs
c) from securities recorded among current assets				
d) other income:				
d1) from controlled undertakings				
d2) from affiliated undertakings				
d3) from controlling companies				
d4) other income	**1,591**	**1.28**	2,748	2.22
Total d)	**1,591**	**1.28**	2,748	2.22
Total 16)	**1,591**	**1.28**	2,748	2.22
17) Interest and other financial costs:				
a) from controlled undertakings				
b) from affiliated undertakings				
c) from controlling companies				
d) others financial costs	**(95,348)**	**(76.91)**	(23,689)	(19.11)
Total 17)	**(95,348)**	**(76.91)**	(23,689)	(19.11)
17-bis) Current and deferred exchange gains and losses	**387**	**0.31**	(262)	(0.21)
Total financial income and expense	**(93,370)**	**(75.31)**	(21,203)	(17.10)
D) Value adjustments of financial assets				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets		**0.00**		0.00
c) of securities recorded among current assets				
Total value adjustments to financial assets	**0**	**0.00**	0	0.00
E) Extraordinary income and costs				
20) Income:				
– capital gains on disposals of assets				
– other extraordinary income	0	**0.00**		0.00
Total 20)	**0**	**0.00**	0	0.00
21) Expenses:				
– losses on disposals of assets	**0**	**0.00**	0	0.00
– taxes of previous years		**0.00**	0	0.00
– other extraordinary costs	0	**0.00**	0	0.00
Total 21)	**0**	**0.00**	0	0.00
Total extraordinary income and costs	**0**	**0.00**	0	0.00
Result before taxes (A–B±C±D±E)	**(424,850)**	**(342.68)**	90,164	72.73
22) Taxes on the income for the year				
a) Current business year taxes	**0**	**0.00**	(30,778)	(24.83)
b) Tax related previous year	**629**	**0.51**	8,055	6.50
c) Deferred tax liabilities and (assets)	**45,258**	**36.51**	5,030	4.06
23) Profit (loss) of the year	**(378,963)**	**(306.18)**	72,471	51.96

"EURO amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = Euro 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2018".
A lakh is a unit in the Indian numering system equal to one hundred thousand (100.000).

This Financial Statement is in agreement with results of accountant records.

For The Board of Directors:

Pravin Shah

Mumbai, 9th May 2018 *Chairman*

Notes to the financial statements as at 31/03/2018

Indian Rupees at the exchange rate of INR 80.66 = Eur 1
A lakh is a unit in the Indian numeric system equivalent to one hundred thousand (100.000)
Values expressed in Euro

Introduction

Dear Quotaholder,

The financial statements for the fiscal year ended 31/03/2018 show a loss of INR/Lakhs(305.67) Eur (378,963), after the allocation of deferred tax asset amounting to INR/Lakhs 36.51 Eur 45,258 and amortizations and depreciations amounting to INR/Lakhs 65.95 Eur 81,765.

Area of Business

Your company carries out its activities in the sector of the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles on the European markets like Italy, Spain, Slovakia, Hungary, Greece & other Eastern Europe countries.

Major events occurred during the company's fiscal year

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

The company launched the W10 variant of model XUV500, Euro 6b in June 2017.

The Company requested and obtained the renewal of the credit lines with Intesa Sanpaolo and Bank of America Merrill Lynch. They are used to finance vehicles and spare parts import, as well as short term financial needs.
Such credit lines are regulated by standard market conditions and grant the Company appropriate financial means to manage its activities.

In the business year, the Company renewed the retail financing agreement with Agos Ducato to support the sales of vehicles.

Layout criteria

The criteria adopted for the preparation of the financial statements at 31/03/2018 take into account the changes introduced into domestic legislation by legislative decree 139/2015, transposing EU Directive 2013/34. Legislative decree 139/2015 amended the domestic accounting principles issued by the Italian Accounting Body (Organismo Italiano di Contabilità – OIC).

It was not feasible to calculate the cumulative past effects of the change in accounting principle and the determination of the past effects was too burdensome and therefore the new accounting principle OIC 15 and OIC 19 was not applied.

The financial statements have been drawn up in accordance with arts. 2423 of the Italian Civil Code, as appears from these Notes, which have been prepared pursuant to art. 2427 of the Italian Civil Code and are an integral part of the financial statements within the meaning and for the purposes of art. 2423.
Financial statement figures are expressed in whole Eur and INR/Lakhs by rounding off the relevant amounts to the nearest whole number. Any rounding-off differences were recorded under the item "INR/Lakhs Rounding-off reserve" included among the Shareholders' equity. Pursuant to article 2423(6) of the civil code, the notes were drawn up in thousands of Eur and INR/Lakhs/(in whole Eur and INR/Lakhs).
The balance sheet and P&L account items contained in these notes are set out in the order adopted in the respective section of the financial statements.

Valuation criteria

(article 2427(1)(1) of the Civil Code, OIC 12)

Financial statements items have been measured on a prudential, accruals and going-concern basis.

The prudential basis of accounting has resulted in the valuation of the single components of each asset or liability to avoid offsets between losses that should have been reported and profits that should not have been recognised as they have not been realised.
Under the accruals basis of accounting, the effect of transactions and other events has been reflected on the accounts and attributed to the fiscal year to which the transactions and events refer, and not to that in which the relevant changes to cash in hand and at bank (collections and payments) have taken place.
Pursuant to the principle of materiality, the recording, valuation, presentation and reporting obligations have not been complied with where conformance there to would have been immaterial for the purposes of a true and fair view of the position.

The criteria identified for the purposes of the implementation of the principle of materiality had be not applied because there were no cases.

The consistent application of accounting principles ensures the comparability of the company's financial statements drawn up in different fiscal years.

Financial statement items have been recorded and presented having regard to the substance of the underlying transaction or contract.

Exceptions

(article 2423 (5) of the Civil Code)

No exceptional cases have occurred which have made it necessary to adopt the derogations pursuant to article 2423(5) of the civil code.

Fixed assets

Intangible assets

These have been recorded at their historical purchase cost net of the relevant yearly amortisation charged to the individual items.
The costs relating to plant and machinery, research, development and advertising whose effects regard several different years are depreciated over a period of 5 business years, while the costs for the approval of vehicles are amortized over a period of 3 business years.

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

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

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the asset is written down accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

Tangible assets

These have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation.

The book value includes any ancillary costs and the costs incurred for the use of the asset, less any trade discounts and any significant cash discounts.

The depreciation charged to profit and loss account has been calculated on the basis of the remaining useful life of the assets, taking into account their use, destination and economic-technical life, which we believe are well reflected by the following rates, unchanged compared to the previous fiscal year and halved in the year in which the asset has entered operation:

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

INDUSTRIAL AND COMMERCIAL EQUIPMENT
- Miscellaneous equipment 15%
- Presses 15%

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

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the fixed assets are written down accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

Finance lease transactions

Finance lease transactions are shown in the financial statements using the net asset method, by charging the lease payments to the profit and loss account on an accruals basis. The additional information required by the law on the representation of finance lease agreements under the financial method is contained in a specific section of the notes.

Accounts receivable

The amortised cost method was not applied since its effects are immaterial for the purpose of giving a true and fair view. Therefore, accounts receivable have been recorded at their presumed realisable value, without prejudice for the possibility to apply time discounting. The adjustment of the nominal value of receivables to the assumed realizable value is obtained through a reserve for bad debts, taking into consideration the general and industrial economic conditions and country risk.

Accounts receivable recorded in the financial statements before the fiscal year starting 1 January 2016 have been recorded at their presumed realisable value since, as provided by accounting principle OIC 15, it was decided not to apply the amortised cost method and time discounting.

The nominal value of the accounts receivable was adjusted to the presumed realisable value by a bad debt reserve, having regard also to any indicators of permanent impairment.

Accounts receivable originally due within one year and subsequently transformed into long-term receivables were recorded in the balance sheet among financial assets.

Accounts receivable are written off when the contractual rights to receive the relevant cash flows have been extinguished or when the risks in connection with the payment of the receivables have been transferred.

Accounts payable

The amortised cost method was not applied since its effects are immaterial for the purpose of giving a true and fair view. Therefore, accounts payable have been recorded at their nominal value, without prejudice for the possibility to apply time discounting.

Accounts payable recorded in the financial statements before the fiscal year starting 1 January 2016 have been recorded at their nominal value since, as provided by accounting principle OIC 19, it was decided not to apply the amortised cost method and time discounting.

Accrued income/liabilities – pre payments/deferred income

These have been determined on an accruals basis.
With regard to accrued income/liabilities and prepayments/deferred income of a duration exceeding one year, we checked the conditions for their original entry and adopted any necessary changes.

Inventory

Raw materials, auxiliary materials and finished products have been recorded at the lower of purchase or manufacturing cost and realisable value as inferred from market trend, applying the weighted average cost method for spare parts and the specific cost method for vehicles.

Production cost includes the direct and indirect costs incurred during production, which are necessary for stocks to be in the current place and conditions.

On 31/03/2018 the company has not goods-in-process and work-in-progress goods.

The value thus obtained is then adjusted by the “provision for stock obsolescence” in order to take into account those goods which are expected to be realised at a value lower than cost.

Any stocks which were written down but in respect of which in subsequent years the reasons for the write-down to their realisation value ceased to exist, were restored to their original value.

Securities

The company does not hold any securities.

Shareholdings

The company does not hold any shareholdings in subsidiary and affiliated .

The shareholdings included among current assets, which do not represent a long-term investment, have been valued at the lower of purchase cost and realisable value as inferred from market trend.

Treasury shares

The company does not hold any treasury shares.

Derivative financial instruments

The company does not hold any derivative financial instruments.

Provisions for contingent liabilities and charges

These provisions are set aside for the coverage of losses or liabilities that are certain or likely to arise, but whose amount or date of occurrence could not be determined at the year-end.

The provisions have been measured on a prudential and accruals basis and no generic funds without economic justification were created.

Any potential liabilities were carried to the financial statements and recorded in the relevant provisions as they were considered likely to arise and their amount could be reasonably estimated.

Provision for employees’ leaving indemnity

This consists of the amounts actually accrued in favour of the employees pursuant to the law and the current collective bargaining agreements, taking into account any elements of remuneration paid on a continuous basis.

The provision includes the total payments accrued for employees at the year-end net of any advances paid, and assuming termination of their employment relationship at such date.

The provision does not include any amounts accrued starting from 1 January 2007 that have been paid into complementary pension schemes pursuant to legislative decree no. 252 dated 5 December 2005 (or transferred to the special-purpose fund managed by the Italian social security authority - INPS).

Income taxes

The provision for taxes has been set aside on an accruals basis and includes the following:

- accruals in respect of the taxes paid or to be paid for the year, determined at the current rates and in accordance with the rules in force;
- the amount of deferred tax assets or liabilities in respect of temporary differences which arose or were written off in the year;
- any adjustments to the balance of deferred taxes to account for changes in the tax rates occurred/for the introduction of the new tax during the year.

Deferred IRES assets and liabilities are calculated on the temporary differences between the assets and liabilities determined in accordance with civil code principles and the corresponding tax values, solely with regard to the company.

Current IRAP and any deferred IRAP assets and liabilities are determined solely with regard to the company.

Recognition of income

Proceeds from sales are recognised at the time of the transfer of ownership which usually coincides with the delivery or forwarding of the goods;

Financial income and income from the provision of services is recognised on an accruals basis.

Revenue and proceeds, costs and charges related to transactions in foreign currency are determined at the exchange rate in force at the date when the relevant transaction takes place.

Only the accrued portion of the income and costs related to buy/sell-back transactions, including the difference between the spot price and the forward price, is recognised.

Adjustment criteria

The company not applied the adjustment criteria.

Criteria for the translation of accounts in foreign currency

Accounts payable and receivable denominated in foreign currency and recorded at the exchange rates in force on the date of the transaction, are retranslated at the exchange rates ruling at the year-end as determined by Bank of Italy.

In particular, assets and liabilities which constitute assets and liabilities in foreign currency are recorded at the spot exchange rate ruling at the year-end and the relevant exchange gains and losses have been taken to the Profit and Loss Account under item 17bis “Exchange gains and losses”.

Any net gain deriving from the adjustment of the items in foreign currency to the year-end exchange rates is included in the result for the year and, at the time of the financial statements approval and appropriation of the operating result to the legal reserve, the part which is not offset against the loss for the year, if any, is apportioned to a reserve which is not distributable until the gain is realised.

Non-current assets and liabilities in foreign currency are recorded at the exchange rate ruling at the time of purchase.

No significant effects of the changes to the exchange rates occurred between the year-end and the financial statements preparation date. (article 2427(1)(6-bis) of the Civil Code).

Commitments, guarantees and potential liabilities

Commitments, which are not recorded in the balance sheet, consist of obligations assumed by the company vis-à-vis third parties and arising from legal arrangements with mandatory effects but not yet implemented by either party. Commitments include both commitments in respect of which both the relevant execution and amount is known (for instance, on buy/sell-back transactions) and commitments which are definitely going to be executed but whose amount is unknown (for example, agreement with a price adjustment clause). The amount of the commitments is their nominal value as inferred from the relevant documentation.

The company didn't provide guarantees include personal guarantees and collaterals.

I. Intangible assets

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
10.792	18.852	(8.060)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
8.71	15.21	(6.50)

Analysis of changes in intangible assets
(article 2427(1)(2) of the Civil Code)

EUR €

	Start-up and expansion costs	Development costs	Industrial patent rights	Concessions, licenses, trademarks	Goodwill	Work-in-progress and advances	Other intangible assets	Total intangible assets
Opening balance								
Purchase value			8.478				10.374	18.852
Balance at			8.478				10.374	18.852
decreases for the year			1.501					1.501
Amortisation charge for the year			5.477				1.082	6.559
Other changes			(6.978)				(1.082)	(8.060)
Total changes								
Closing balance								
Purchase value			1.500				9.292	10.792
Balance at			1.500				9.292	10.792

EUR €

	Start-up and expansion costs	Development costs	Industrial patent rights	Concessions, licenses, trademarks	Goodwill	Work-in-progress and advances	Other intangible assets	Total intangible assets
Opening balance								
Purchase value			6.84				8.37	15.21
Balance at			6.84				8.37	15.21
decreases for the year			1.21					1.21
Amortisation charge for the year			4.42				0.87	5.29
Other changes								
Total changes			(5.63)				(0.87)	(6.50)
Closing balance								
Purchase value			1.21				7.49	8.70
Balance at			1.21				7.49	8.70

Reclassifications

(article 2427(1)(2) of the civil code)

No reclassification has been made from the prior year's financial statements presentation.

Write-downs and reversals of write-downs made during the year

(article 2427(1)(2) and (3-bis) of the Civil Code)

No write-down and reversals of write-downs has been made during the year.

Composition of start-up and expansion costs and development costs

(Article 2427(1)(3) of the civil code)

No Start-up and expansion costs and Development costs has been made.

Contributions toward investments

No contributions toward investments has been applied during the year ended 31/03/2018.

II. Tangible assets

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
323.317	228.669	94.648

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
260.79	184.44	76.34

EUR €

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Work in progress and advances	Total tangible assets
Opening balance						
Purchase value		92.940	166.371	327.642		586.953
Accumulated depreciation		65.220	104.987	188.077		358.284
Balance at		27.720	61.384	139.565		228.669
Changes during the year						
Increases for the year		21.630		224.242		245.872
decreases for the year		11.000		81.683		81.694
Amortisation charge for the year		5.705	12.412	51.413		69.531
Total changes		15.914	(12.412)	91.146		94.648
Closing balance						
Purchase value		114.571	166.372	413.692		694.635
Accumulated depreciation		70.937	117.400	182.981		371.318
Balance at		43.634	48.972	230.711		323.317

INR

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Work in progress and advances	Total tangible assets
Opening balance						
Purchase value		74.97	134.19	264.28		473.44
Write-ups						
Accumulated depreciation		52.61	84.68	151.70		288.99
Balance at		22.36	49.51	112.57		184.44
Changes during the year						
Increases for the year		17.45		180.87		198.32
decreases for the year		0.01		65.89		65.89
Amortisation charge for the year		4.60	10.01	41.47		56.08
Total changes		12.84	(10.01)	73.52		76.34
Closing balance						
Purchase value		92.41	134.20	333.68		560.29
Accumulated depreciation		57.22	94.69	147.59		299.51
Write-downs						
Balance at		35.20	39.50	186.09		260.79

No review of the useful life of capital assets has been made during the financial year.

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

Write-downs and reversals of write-downs made during the year

(article 2427(1)(2) and *(3-bis)* of the Civil Code)

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

Total revaluations of tangible assets at the year-end

(Article 2427(1)(2) of the civil code)

No monetary revaluations has been made.

Contributions toward investments

The company during the year ended 31/03/2018 has not applied for contributions toward investments.

Finance lease transactions

The company has in place 1 finance lease agreements. We set out below the information regarding the main agreements pursuant to article 2427 (1)(22) of the civil code:

- lease agreement no. 00928065/001 dated 09/06/2009;
- term of the agreement 216 months;
- asset industrial building;
- cost of the asset in INR/Lakhs 1,369.85 Eur 1,698,300
- initial higher lease payment (maxicanone) of INR/Lakhs 205.48 Eur 254,745 made on 11/06/2009

EUR €

Description	Amount
Aggregate amount of finance leased assets at the year-end	1.239.759
Amount of depreciation that would have been charged in the year	50.949
Value adjustments and write-ups that would have been recognised in the year	(130.085)
Net present value of outstanding finance lease payments at the year-end	936.237
Financial costs accrued for the year based on the effective interest rate	40.848

Description	INR Amount
Aggregate amount of finance leased assets at the year-end	12.40
Amount of depreciation that would have been charged in the year	41.10
Value adjustments and write-ups that would have been recognised in the year	(104.93)
Net present value of outstanding finance lease payments at the year-end	9.36
Financial costs accrued for the year based on the effective interest rate	0.41

III. Financial assets

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
192	192	

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
0.15	0.15	

Changing in Shareholdings

Euro €

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies	Other companies	Total shareholdings	Other securities	Derivative financial instruments
Opening balance								
Purchase value				0.05	0.05			
Balance at				0.05	0.05			
Closing balance								
Purchase value				0.05	0.05			
Balance at				0.05	0.05			

INR

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies	Other companies	Total shareholdings	Other securities	Derivative financial instruments
Opening balance								
Purchase value				0.05	0.05			
Balance at				0.05	0.05			
Closing balance								
Purchase value				0.05	0.05			
Balance at				0.05	0.05			

Shareholdings

The shareholdings recorded among financial fixed assets constitute a long-term strategic investment for the company.

The shareholdings in Other companies are recorded at the purchase or subscription cost.

The shareholdings recorded at purchase cost have not been written down as a result of a permanent value impairment and no cases occurred in which the original value of a written-down shareholding was restored.

The company don't has shareholdings in controlled or affiliated companies.

No destination of shareholding under fixed assets was changed.

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

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

Derivative financial instruments

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference

No financial instruments such as forward contracts in foreign currency, swap, future, or other options tied to derivative contracts intended for being maintained beyond the following financial year.

Accounts receivable

EUR €

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies controllanti	Other companies	Total accounts receivable
Opening balance					130	130
Changes during the year						
Closing balance					130	130
Due within one year						
Due after more than one year					130	130

INR

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies controllanti	Other companies	Total accounts receivable
Opening balance					0.10	0.10
Changes during the year						
Closing balance					0.10	0.10
Due within one year						
Due after more than one year					0.10	0.10

The item credits to other companies has been entered, for an amount equal to INR/Lakhs 10,485.80 EUR 130, refer to the caution deposits made to Italian suppliers of Electricity, Water & Gas, whose details are given below.

EUR €

Description	31/03/2017	increases	Write-ups	reclassifications	decreases	Write-dows	31/03/2018
Other companies	130						**130**
Total	130						**130**

INR

Description	31/03/2017	increases	Write-ups	reclassifications	decreases	Write-dows	31/03/2018
Other companies	0.10						**0.10**
Total	**0.10**						**0.10**

The company has not signed a centralized group Treasury contract to optimise the use of financial resources (cash pooling contract).

Breakdown of the accounts receivable by geographical area

The following table shows a breakdown of the accounts receivable at 31/03/2018 by geographical area (article 2427(1)(6) of the Civil Code).

EUR €

Accounts receivable by geographical area	From controlled undertakings	From affiliated undertakings	From controlling companies	From undertakings under control by the controlling company	From other companies	Total
Italia					130	**130**
Total					130	**130**

INR

Accounts receivable by geographical area	From controlled undertakings	From affiliated undertakings	From controlling companies	From undertakings under control by the controlling company	From other companies	Total
Italia					0.10	**0.10**
Total					0.10	**0.10**

Other securities

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference

The following changes occurred in the year:

EUR €

Description	**Fair value**
Investments in other companies	62
Credits to other	130

INR

Description	**Fair value**
Investments in other companies	0.05
Credits to other	0.10

Detail of the value of immobilized investments in other companies

EUR €

Description	**Fair value**
CONAI	12
Ecotyre	50
Total	62

INR

Description	**Fair value**
CONAI	0.01
Ecotyre	0.04
Total	0.05

Detail of the value of the loans immobilized towards others

EUR €

Description	**Fair value**
ACEA (Acqua)	104
Fratelli De Carolis	26
Total	130

INR

Description	**Fair value**
ACEA (Acqua)	0.08
Fratelli De Carolis	0.02
Total	0.10

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

C) Current assets

I. Inventory

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
5.340.707	8.196.491	(2.855.784)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
4,307.81	6,611.29	(2,303.48)

Accounting policies have been applied consistently with the prior year as explained in the introduction to these notes.

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

The value of inventories is composed of:

EUR €

Description	**Amount at 31/03/2018**	**N. vehicles**
Vehicles in stock	**2.569.153**	181
Vehicles in transit	**1.026.450**	139
Spare parts and accessories	**1.499.963**	N/A
Equipment and advertising	**245.141**	N/A
Total	**5.340.707**	

INR

Description	**Amount at 31/03/2018**	**N. vehicles**
Vehicles in stock	**25.69**	181
Vehicles in transit	**10.26**	139
Spare parts and accessories	**15.00**	N/A
Equipment and advertising	**2.45**	N/A
Total	**53.41**	

The decrease in stock at the company is contributed by End of life commercial vehicles N1 Euro5b (Goa, Genio, Quanto) . Transit vehicles are mainly due to the new vehicle model KUV100.
Stock vehicles refer to the vehicles stored in the warehouse at the Ariccia headquarters and at the warehouse of third party logistics companies in Livorno, Italy and Spain.

The Company has not used its stock obsolescence provision, which was amounting to INR/Lakhs 0 at 31/03/2018.

Any contractual undertakings in respect of works and services to be carried out at the year-end.

EUR €

Description	**Opening balance**	**Changes during the year**	**Closing balance**
Finished products and goods	8.196.491	(2.855.784)	**5.340.707**
Total	8.196.491	(2.855.784)	**5.340.707**

INR

Description	**Opening balance**	**Changes during the year**	**Closing balance**
Finished products and goods	6,611.29	(2,303.48)	**4,307.81**
Total	6,611.29	(2,303.48)	**4,307.81**

II. Accounts Receivables

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
4.593.934	7.437.849	(2.843.915)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
3,705.47	5,999.37	(2,293.90)

Changes and expiration of receivables entered in the circulating assets

EUR €

Description	Opening balance	Changes during the year	Closing balance	Due within one year	Due after more than one year	Due after more than five years
From customers	6.327.370	(3.387.829)	2.939.541	2.939.541		
From controlling companies	579.295	681.694	1.260.989	1.260.989		
From undertakings under control by the controlling companies	10.736	(7.808)	2.928	2.928		
Tax credits	208.564	(164.437)	44.127	41.181	2.946	
Deferred tax assets	229.851	45.258	275.109			
Other accounts receivable	82.033	(10.793)	71.240	28.824	42.416	
Total	7.437.849	(2.843.915)	4.593.934	4.273.463	45.362	

INR

Description	Opening balance	Changes during the year	Closing balance	Due within one year	Due after more than one year	Due after more than five years
From customers	5,103.66	(2,732.62)	2,371.03	2,371.03		
From controlling companies	467.26	549.85	1,017.11	1,017.11		
From undertakings under control by the controlling companies	8.66	(6.30)	2.36	2.36		
Tax credits	168.23	(132.63)	35.59	33.22	2.38	
Deferred tax assets	185.40	36.51	221.90			
Other accounts receivable	66.17	(8.71)	57.46	23.25	34.21	
Total	5,999.37	(2,293.90)	3,705.47	3,446.98	36.59	

The company took advantage of the possibility not to follow the amortised cost method and not to time discount accounts receivable.

Therefore, accounts receivable have been recognised at their presumed realisable value.

The item "Credits towards the Controlling company" includes the credit for repairs and services rendered on behalf or to the benefit of the parent company, as well as the costs for advertising campaigns.

Receivables from parent company subject to the control of Mahindra & Mahindra equal to Eur 2,928 INR/Lakhs 2,36.

The item "Other accounts receivable" at 31/03/2018, for an amount of INR/Lakhs 57.46 Eur 71,241 consists of the following :

Description	EUR € Amount
Receivables from insurance for TFR	42.416
Receivables from employees	18.284
Receivables from INAIL	8.867
OTHERS	1.673

Description	INR Amount
Receivables from insurance for TFR	34.21
Receivables from employees	14.75
Receivables from INAIL	7.15
OTHERS	1.35

The deferred tax assets of INR/Lakhs 221.90 Eur 275,109 are in connection with tax loss carryovers in an amount of INR/Lakhs 897.61 Eur 1,112,830. For a description of the reasons which make it possible to recognise the potential tax benefit in connection with the losses, please refer to the relevant paragraph of these notes.

Break-down of the accounts receivable by geographical area

The following table shows a break-down of the accounts receivable at 31/03/2018 by geographical area (article 2427(1)(6) of the Civil Code):

EUR €

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From tax authorities	Advances on tax payments	Other accounts receivable	Total
ITALY	2.065.966		2.928	44.127	275.109	71.240	2.459.370
INDIA		1.260.989					1.260.989
SPAIN	786.316						786.316
MACEDONIA	30.083						30.083
SERBIA	29.539						29.539
FRANCE	14.355						14.355
HUNGARY	8.081						8.081
AUSTRIA	3.219						3.219
SLOVAKIA	1.082						1.082
BOSNIA	709						709
CROATIA	191						191
Total	**2.939.541**	**1.260.989**	**2.928**	**44.127**	**275.109**	**71.240**	**4.593.934**

INR

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From tax authorities	Advances on tax payments	Other accounts receivable	Total
ITALY	1,666.41		35.59	221.90	57.46	2.36	1,983.73
INDIA	–	1,017.11					1,017.11

INR

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From tax authorities	Advances on tax payments	Other accounts receivable	Total
SPAIN	**634.24**						**634.24**
MACEDONIA	**24.26**						**24.26**
SERBIA	**23.83**						**23.83**
FRANCE	**11.58**						**11.58**
HUNGARY	**6.52**						**6.52**
AUSTRIA	**2.60**						**2.60**
SLOVAKIA	**0.87**						**0.87**
BOSNIA	**0.57**						**0.57**
CROATIA	**0.15**						**0.15**
Total	**2,371.03**	**1,017.11**	**2.36**	**35.59**	**221.90**	**57.46**	**3,705.47**

The nominal value of the accounts receivable has been adjusted by a bad debts reserve that during the year changed as follows:

EUR €

Description	Bad debt reserve pursuant to article 2426 of the civil code	Bad debt reserve pursuant to art. 106 of the Italian income tax code	Total
Balance at 31/03/2017		200.094	200.094
Amount used in the year		1.735	1.735
Balance at 31/03/2018		**198.359**	**198.359**

INR

Description	Bad debt reserve pursuant to article 2426 of the civil code	Bad debt reserve pursuant to art. 106 of the Italian income tax code	Total
Balance at 31/03/2017		161.40	161.40
Amount used in the year		1.40	1.40
Accrual made in the year		–	–
Balance at 31/03/2018		**160**	**160**

No account receivable with significant amount, not transferred with recourse and not accounts receivable put up as collateral of own accounts payable or commitments.

IV. Cash-in-hand, cash-at-bank and cash equivalents

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
561.149	394.982	166.167

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
452.62	318.59	134.03

EUR €

Description	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	392.986	166.044	**559.030**
Cash and cash equivalents	1.996	123	**2.119**
Rounding off	394.982	166.167	**561.149**

INR

Description	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	316.98	133.93	**450.91**
Cheques			
Cash and cash equivalents	1.61	0.10	**1.71**
Rounding off	318.59	134.03	**452.62**

The balance reflects the cash-in-hand, cash-at-bank and cash equivalents at the year-end.

D) Accrued income/prepayments

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
256.196	168.519	87.677

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
206.65	135.93	70.72

They constitute the adjustment to costs and income pertaining to more than one fiscal year, incurred and earned before actual payment or collection and calculated on an accrual basis.

The criteria adopted for the recognition and translation of items in foreign currency have been reported in the first part of these notes.

At 31/03/2018, there were no accrued income/prepayments of a duration exceeding five years.

EUR €

Description	Accrued income	Prepayments	Total
Opening balance		168.519	**168.519**
Changes during the year		87.677	**87.677**
Closing balance		256.196	**256.196**

INR

Description	Accrued income	Prepayments	Total
Opening balance		135.93	**135.93**
Changes during the year		70.72	**70.72**
Closing balance		206.65	**206.65**

This item can be broken down as follows (article 2427(1)(7) of the Civil Code):

EUR €

Description	Amount
Insurance and road tax	**9.335**
Maxi rate for lease	**129.732**
Event and Meeting for KUV 100	**107.607**
Software maintanance	**3.651**
Others	**5.871**
	256.196

Description	INR Amount
Insurance and road tax	**7.53**
Maxi rate for lease	**104.64**
Event and Meeting for KUV 100	**86.80**
Software maintanance	**2.94**
Others	**4.74**
	206.65

Liabilities

A) Shareholder equity

(article 2427(1)(4),(7) and *(7-bis)* of the Civil Code)

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
1.683.055	2.062.017	(378.962)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
1,357.55	1,663.22	(305.67)

EUR €

		Allocation of the profit for the previous fiscal year		Other changes				
	Opening balance	**Allocation of dividends**	**Other allocations**	**Iincreases**	**Decreases**	**Reclassifications**	**Profit for the fiscal year**	**Closing balance**
Share capital	1.421.151							1.421.151
Legal reserve	40.321		3.624					43.945
Extraordinary reserve	308.82		12.993					321.813
Others …	219.254		55.855					275.109
Total various other reserves	528.074		68.848					596.922
Retained earnings (loss carryovers)	72.471		(378.963)			(72.471)	(378.963)	(378.963)
Profit (Loss) for the year								
Negative reserve for Treasury Shares								
Total	2.062.017		(306.491)			(72.471)	(378.963)	1.683.055

INR

		Allocation of the profit for the previous fiscal year		Other changes				
	Opening balance	**Allocation of dividends**	**Other allocations**	**Iincreases**	**Decreases**	**Reclassifications**	**Profit for the fiscal year**	**Closing balance**
Share capital	1,146.30							1,146.30
Legal reserve	32.52		2.92					35.45
Extraordinary reserve	249.09		10.48				–	259.57
Others …	176.85		76.91	(151.18)	(36.28)	0.52	–	221.90
Total various other reserves	425.94			(4.58)	(0.22)	164.99	–	481.48
Retained earnings (loss carryovers)	58.46		(305.67)			(58.46)	(305.67)	(305.67)
Profit (Loss) for the year								
Negative reserve for Treasury Shares								
Total	1,663.22		(247.22)			(58.46)	(305.67)	1,357.55

Detail of other reserves

Description	Amount
Reserve for DTA (not dividend distribution)	**275.109**
Total	**275.109**

INR

Description	Amount
Reserve for DTA (not dividend distribution)	**221.90**
Total	**221.90**

Use of shareholders' equity

The items of the shareholders' equity are broken down as follows according to their origin, possible use, distributability and use made in the three prior years (article 2427(1)(7-bis) of the Civil Code)

EUR €

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Share capital	1.421.151	Sottoscrizione quote sociali	B			
Share premium reserve			A,B,C,D			
Revaluation surplus			A,B			
Legal reserve	43.945	Utili d'impresa	A,B	43.945		
Reserves provided for by the articles of association			A,B,C,D			
Other reserves	–					
Extraordinary reserve	321.813	Utili d'impresa	A,B,C,D	57.150		
Various other reserves	275.109					
Total various other reserves	596.922			57.150		
Total	**2.062.018**			**101.095**		
Non-distributable share						
Residual distributable share				101.095		

INR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Share capital	1,146.30	Quota of Company	B			
Share premium reserve			A,B,C,D			
Revaluation surplus			A,B			
Legal reserve	35.45	Profits	A,B	35.45		
Reserves provided for by the articles of association			A,B,C,D			
Other reserves	-					
Extraordinary reserve	259.57	Profits	A,B,C,D	46.10		
Various other reserves	221.90					
Total various other reserves	481.48			46.10		
Total	**1,663.22**			**81.54**		
Non-distributable share						
Residual distributable share				81.54		

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the articles of association

(**) After deduction of the negative reserve for treasury shares, if any, and of tax loss carryovers.

Use of shareholders' equity various other reserves

EUR €

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Reserve for DTA (not dividend distribution)	275.109	Profits	B			
			A,B,C,D			
			A,B,C,D			
Total	**275.109**					

INR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Reserve for DTA (not dividend distribution)	221.90	Profits	B			
			A,B,C,D			
			A,B,C,D			
Total	**221.90**					

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the articles of association

Information on the creation and use of shareholders' equity

As provided by article 2427(1)(4) of the civil code, we set out below the information on the creation and use of shareholders' equity items:

EUR €

	Share capital	Legal reserve	Reserve	Result for the year	Total
At the beginning of the prior year	1.421.151	12.528		555.868	1.989.547
– other appropriations		27.793	528.074	(483.397)	72.470
Result of the prior year				72.471	
At the prior year-end	1.421.151	40.321	528.074	72.471	2.062.017
Appropriation of the result for the year					
– other appropriations		3.624	68.848	(378.963)	(306.491)
– Reclassifications				(72.471)	(72.471)
Current year's result				(378.963)	
At the current year-end	1.421.151	43.945	596.922	(378.963)	1.683.055

INR

	Share capital	Legal reserve	Reserve	Result for the year	Total
At the beginning of the prior year	1,146.30	10.11		448.36	1,604.77
– other appropriations		–	425.94	(389.91)	58.45
– Increases				–	–
Result of the prior year		–	–	58.46	–
At the prior year–end	1,146.30	32.52	–	58.46	1,663.22
Appropriation of the result for the year		–	–	–	–
– dividends		–		–	–
– other appropriations		2.92	55.53	(305.67)	(247.22)
Other changes		–	–	–	–
– Increases		–		–	–
– Decreases		–	–	–	–
– Reclassifications		–	–	(58.46)	(58.46)
Current year's result		–	–	(305.67)	–
At the current year–end	1,146.30	35.45	–	(305.67)	1,357.55

The share capital amounts to Euro 1.421.151 - INR/Lakhs 1,146.30 and is made up of quotas with a nominal value of 1 Euro, held by and fully available to the sole shareholder as no burdens exist on them. At year-end the shares subscribed are paid in as the total amount of the share capital was fully paid-up.

Reserves or other funds which in the event of distribution are not included in the company's taxable income, regardless of the period in which they were created.

	EUR €
Reserves	**Amount**
Reserve for losses cover on 31/03/2014	**11.074**
Total	**11.074**

	INR
Reserves	**Amount**
Reserve for losses cover on 31/03/2014	**8.93**
Total	**8.93**

B) Provision for contingent liabilities and charges
(article 2427(1)(4) of the Civil Code)

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
27.863	25.571	2.292

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
22.47	20.63	1.85

EUR €

	Provision for pension and similar benefits	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions companies	Total
Value at the beginning of the year				25.571	25.571
Changes in the year:					
Increases as a result of changes in the fair value				5.675	5.675
Decreases as a result of changes in the fair value				3.383	3.383
Total changes				2.292	2.292
Value at the end of the year				27.863	27.863

INR

	Provision for pension and similar benefits	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions companies	Total
Value at the beginning of the year				20.63	20.63
Changes in the year:					
Increases as a result of changes in the fair value				4.58	4.58
Decreases as a result of changes in the fair value				2.73	2.73
Total changes				1.85	1.85
Value at the end of the year				22.47	22.47

The increases are in connection with the accrual for the year, while decreases consist of amounts used in the year.

The item "Other provisions" at 31/03/2018, of INR/Lakhs 22,47 is composed as follows: (article 2427(1)(7) of the civil code).

	EUR €
Description	**As at 31/03/18**
Fund for guarantees	**27.863**
Fund for tax assessment	**0**
	27.863

	INR
Description	**As at 31/03/18**
Fund for guarantees	**0.28**
Fund for tax assessment	**0**
	0.28

The accrual to these provisions was justified by the fact that (i) the other provisions were made to the Guarantee fund, because it has been considered not adequate to cover contract discrepancies between what has been acknowledged by the Company and what has been received by the Parent company. The increase of INR/Lakhs 4.58 Eur 5,675 for extension of warranty signed during the year with Conciliauto.

About tax assessment fund, at the date of preparation of these financial statements, the company decided not to accrual further amount, after the decision of the Regional Tax Commission of Lazio, the fund was enough to cover the adjustment notice and liquidation notified by the Italian Revenue Office. During the year, the value of the Fund decreased with a value of INR/Lakhs 2.73 Eur 3,383.

C) Indemnity for Employees leaving the Company
(article 2427(1)(4) of the Civil Code)

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
130.897	116.576	14.321

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
105.58	94.03	11.55

The difference can be described as follows.

	EUR €
	Indemnity for Employees leaving company
Value at the beginning of the year	**116.576**
Changes in the year:	**–**
Increases as a result of changes in the fair value	**14.321**
Total changes	**14.321**
Value at the end of the year	**130.897**

	INR
	Indemnity for Employees leaving company
Value at the beginning of the year	**94.03**
Changes in the year:	**–**
Increases as a result of changes in the fair value	**11.55**
Total changes	**11.55**
Value at the end of the year	**105.58**

The provision consists of the amounts payable at 31/03/2018 to the employees on the company's payroll at that date, net of any advances paid.

This consists of the amounts actually accrued in favour of the employees pursuant to the law and the current collective bargaining agreements, taking into account any elements of remuneration paid on a continuous basis.

The provision includes the total amounts accrued at 31 December 2006 for employees at the year-end, net of any advances paid, and assuming termination of their employment relationship at such date.
The provision does not include any amounts accrued starting from 1 January 2007 that have been paid into complementary pension schemes pursuant to legislative decree no. 252 dated 5 December 2005 (or transferred to the special-purpose fund managed by the Italian social security authority - INPS).

In the year after 31/03/2018 employees are not expected to receive a estimated employees' leaving indemnity as a result of incentivised dismissals and corporate reorganisation plans.

D) Accounts payable

(article 2427(1)(4) of the Civil Code)

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
9.132.193	14.234.625	(5.102.432)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
7,366.03	11,481.65	(4,115.62)

The balance can be broken down by due date as follows (article 2427(1)(6) of the Civil Code):

EUR €

	Value at the beginning of the year	Changes in the year	Value at the end of the year	Falling due within one year	Falling due after more than one year	Due after more than five years
Accounts payable to banks	1.383.260	3.528.424	4.911.684	4.911.684		
Accounts payable to suppliers	1.367.115	(613.021)	754.094	754.094		
Accounts payable to controlling companies	11.215.770	(8.081.592)	3.134.178	3.134.178		
Taxes payable	18.570	40.489	59.059	59.059		
Accounts payable to social security institutions	56.342	(4.298)	52.044	52.044		
Other accounts payable	193.568	27.566	221.134	221.134		
Total	**14.234.625**	**(5.102.432)**	**9.132.193**	**9.132.193**		

INR

	Value at the beginning of the year	Changes in the year	Value at the end of the year	Falling due within one year	Falling due after more than one year	Due after more than five years
Accounts payable to banks	1,115.74	2,846.03	3,961.76	3,961.76		
Accounts payable to suppliers	1,102.71	(494.46)	608.25	608.25		
Accounts payable to controlling companies	9,046.64	(6,518.61)	2,528.03	2,528.03		
Taxes payable	14.98	32.66	47.64	47.64		
Accounts payable to social security institutions	45.45	(3.47)	4,197.87	41.98		
Other accounts payable	156.13	22.23	178.37	178.37		
Total	**11,481.65**	**(4,115.62)**	**7,366.03**	**3,961.76**		

The following table shows a breakdown of the most significant accounts payable at 31/03/2018:

EUR €

Description	**Amount**
Purchase from Mahindra & Mahindra	**3.134.178**

INR/Lakhs

Description	**Amount**
Purchase from Mahindra & Mahindra	**2,528.03**

The balance of the accounts payable to banks at 31/03/2018, in an amount of INR/Lakhs 3,961.76
Eur 4,911,684, including bank loans, corresponds to the full payable including principal amount, interest and ancillary charges which have come to maturity and can be collected.

The item "Advances" includes any advances from customers on goods and services not yet supplied or rendered; this item includes advance payments, as earnest money or otherwise, received in connection with the sale of tangible, intangible and financial fixed assets.

Accounts payable from suppliers are recognised at their nominal value of net of trade discounts; cash discounts are recorded upon payment. The nominal value of these payables has been adjusted in case of returns or allowances (invoice adjustments) by the corresponding amount agreed with the other party.

The company took advantage of the possibility not to follow the amortised cost method and/or not to time discount accounts payable since 2016.
The company adopted the following accounting policies: no time discounting of accounts payable due within one year; no time discounting of accounts payable if the effective interest rate does not significantly differ from market rate; no adoption of the amortised cost method for accounts payable due within one year, no adoption of the amortised cost method if transaction costs, commission fees and any other difference between initial value and value on expiry are of negligible amount.

With regard to the accounts payable to controlled companies and undertakings under control by the controlling companies, we note that they refer to vehicles' and spare parts' supplies under normal market conditions.

The item "Tax liabilities" only includes the actual taxes payable, while any likely tax liabilities or tax liabilities whose amount or date of occurrence is doubtful or deferred tax liabilities, are recorded in item B.2 of the liabilities section of the balance sheet (Provision for taxes).

The item tax liabilities includes the withholding taxes levied in an amount of INR/Lakhs 11.80 Eur 14,626.

The accounts payable falling due within one year not include accounts payable backed by covenants.

No significant changes occurred in the amount of Tax liabilities.

The main changes occurred in the amount of the item "Tax liabilities" were the result of VAT payment for INR/Lakhs 35.84 Eur 44.434.

Breakdown of the accounts payable by geographical area

The following table shows a breakdown of the accounts payable at 31/03/2018 by geographical area (article 2427(1)(6) of the Civil Code).

EUR €

	Accounts payable to banks	Accounts payable to suppliers	Accounts payable to controlling companies	Taxes payable	Accounts payable to social security institutions	Other accounts payable	Rounding off
Italy	**4.911.684**	**462.705**		**59.059**	**52.044**	**221.134**	**5.706.626**
India			**3.134.178**				**3.134.178**
Spain		**210.29**					**210.290**
UK		**30.835**					**30.835**
Macedonia		**15.864**					**15.864**
Hungary		**9.356**					**9.356**
Slovakia		**9.276**					**9.276**
Serbia		**7.832**					**7.832**
Bosnia		**6.40**					**6.40**
Greece		**679**					**679**
France		**395**					**395**
Others		**462**					**462**
Total	**4.911.684**	**754.094**	**3.134.178**	**59.059**	**52.044**	**221.134**	**9.132.193**

INR

	Accounts payable to banks	Accounts payable to suppliers	Accounts payable to controlling companies	Taxes payable	Accounts payable to social security institutions	Other accounts payable	Rounding off
Italy	**3,961.76**	**373.22**		**47.64**	**41.98**	**178.37**	**4,602.96**
India		–	**2,528.03**				**2,528.03**
Spain		**169.62**					**169.62**
UK		**24.87**					**24.87**
Macedonia		**12.80**					**12.80**
Hungary		**7.55**					**7.55**
Slovakia		**7.48**					**7.48**
Serbia		**6.32**					**6.32**
Bosnia		**5.16**					**5.16**
Greece		**0.55**					**0.55**
France		**0.32**					**0.32**
Others		**0.37**					**0.37**
Total	**3,961.76**	**608.25**	**2,528.03**	**47.64**	**41.98**	**178.37**	**7,366.03**

Accounts payable secured by collaterals on corporate assets

The accounts payable are not secured by collaterals on corporate assets (article 2427(1)(6) of the Civil Code):

EUR €

	Accounts payable secured by collaterals on corporate assets					
	Accounts payable secured by a mortgage	Accounts payable upon pledge	Accounts payable secured by a special lien	Total accounts payable secured by collaterals on corporate assets	Accounts payable not secured by collaterals on corporate assets	Total
Accounts payable to banks					4.911.684	4.911.684
Accounts payable to suppliers					754.094	754.094
Accounts payable to controlling companies					3.134.178	3.134.178
Taxes payable					59.059	59.059
Accounts payable to social security institutions					52.044	52.044
Other accounts payable					221.134	221.134
Total					**9.132.193**	**9.132.193**

INR

	Accounts payable secured by collaterals on corporate assets					
	Accounts payable secured by a mortgage	Accounts payable upon pledge	Accounts payable secured by a special lien	Total accounts payable secured by collaterals on corporate assets	Accounts payable not secured by collaterals on corporate assets	Total
Accounts payable to banks					3,961.76	3,961.76
Advances						
Accounts payable to suppliers					608.25	608.25
Accounts payable to controlling companies					2,528.03	2,528.03
Taxes payable					47.64	47.64
Accounts payable to social security institutions					41.98	41.98
Other accounts payable					178.37	178.37
Total					**7,366.03**	**7,366.03**

Debt restructuring operations

The company did not do any debt restructuring.

E) Accrued liabilities/Deferred income

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
112.279	6.765	105.514

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
90.56	5.46	85.11

EUR €

	Accrued liabilities	Deferred income	Total
Opening balance	**6.765**		6.765
Changes during the year	**(553)**	106.067	105.514
Closing balance	**6.212**	106.067	112.279

	Accrued liabilities	Deferred income	Total
			INR
Opening balance	**5.46**		5.46
Changes during the year	**(0.45)**	85.55	85.11
Closing balance	**5.01**	85.55	90.56

This item can be broken down as follows (article 2427(1)(7) of the Civil Code):

Description	EUR € Value
Eventi e Meeting	**106.067**
IMU	**3.882**
TARI	**2.330**
	112.279

Description	INR Value
Eventi e Meeting	**85.55**
IMU	**3.13**
TARI	**1.88**
	90.56

They constitute the adjustment to costs and income calculated on an annual basis.

The criteria adopted for the recognition and translation of items in foreign currency have been reported in the first part of these notes.

At 31/03/2018, there were no accrued liabilities/deferred income of a duration exceeding five years.

Profit and loss account

A) Revenue

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
12.668.869	16.259.952	(3.591.083)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
10,218.71	13,115.28	(2,896.57)

EUR €

Description	Balance at 31/03/18	Balance at 31/03/2017	Difference
From sales and services	**11.259.208**	15.496.868	(4.237.660)
Other revenues and proceeds	**1.409.661**	763.084	646.577
	12.668.869	16.259.952	(3.591.083)

INR

Description	Balance at 31/03/18	Balance at 31/03/2017	Difference
From sales and services	**9,081.68**	12,499.77	(3,418.10)
Other revenues and proceeds	**1,137.03**	615.50	521.53
	10,218.71	13,115.28	(2,896.57)

The reason for the changes is explained in the Directors' report.

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

Revenue by activity
(Article 2427(1)(10) of the civil code)

Activity	Euro € 31/03/2018
Sales of goods	**9.611.108**
Sales of products	**1.263.258**
Sales of accessories	**195.288**
Services rendered	**189.554**
Total	**11.259.208**

Activity	INR 31/03/2018
Sale of goods	**7,752.32**
Sale of products	**1,018.94**
Sale of accessories	**157.52**
Service supplies	**152.89**
Rental income	**–**
Commission income	**–**
Other	**–**
Total	**9,081.68**

Revenues by geographical area
(Article 2427(1)(10) of the civil code)

Area	EUR € 31/03/2018
Italy	**8.140.840**
Spain	**2.707.400**
Slovakia	**168.984**
Bosnia	**109.910**
South Africa	**28.823**
Crotia	**28.016**
Chile	**18.139**
France	**14.678**
Austria	**13.449**
Greece	**9.496**
Others	**19.473**
	11.259.208

Area	INR 31/03/2018
Italy	**6,566.40**
Spain	**2,183.79**
Slovakia	**136.30**
Bosnia	**88.65**
South Africa	**23.25**
Crotia	**22.60**
Chile	**14.63**
France	**11.84**
Austria	**10.85**
Greece	**7.66**
Others	**15.71**
	9,081.68

The company has not entered revenue of an exceptional amount or incidence.

B) Expenses

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
13.000.349	16.148.585	(3.148.236)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
10,486.08	13,025.45	(2,539.37)

EUR €

Description	Balance at	Balance at	Difference
Raw materials, subsidiary materials and goods	**6.005.726**	17.585.838	(11.580.112)
Services	**2.992.304**	3.037.935	(45.631)
Rent/lease	**144.687**	120.579	24.108
Salaries and wages	**625.479**	600.551	24.928
Social security contributions	**193.726**	184.539	9.187
Employees' leaving indemnity	**45.810**	44.234	1.576
Other personnel costs	**622.000**	748.000	(126.000)
Amortisation of intangible assets	**6.559**	12.165	(5.606)
Depreciation of tangible assets	**69.531**	69.386	145.000
Write-down of accounts receivable recorded among current assets		36.000	(36.000)
Changes to stocks of raw materials	**2.855.784**	(5.597.654)	8.453.438
Accruals to provisions for contingent liabilities and charges	**5.675**		5.675
Miscellaneous running costs	**54.446**	54.264	182
Total	**13.000.349**	16.148.585	(3.148.236)

INR

Description	Balance at	Balance at	Difference
Raw materials, subsidiary materials and goods	**4,844.22**	14,184.74	(9,340.52)
Services	**2,413.59**	2,450.40	(36.81)
Rent/lease	**116.70**	97.26	19.45
Salaries and wages	**504.51**	484.40	20.11
Social security contributions	**156.26**	148.85	7.41
Employees' leaving indemnity	**36.95**	35.68	1.27
Other personnel costs	**0.50**	0.60	(0.10)
Amortisation of intangible assets	**5.29**	9.81	(4.52)
Depreciation of tangible assets	**56.08**	55.97	0.12
Write-down of accounts receivable recorded among current assets	**–**	29.04	(29.04)
Changes to stocks of raw materials	**2,303.48**	(4,515.07)	6,818.54
Accruals to provisions for contingent liabilities and charges	**4.58**	–	4.58
Miscellaneous running costs	**43.92**	43.77	0.15
Total	**10,486.08**	13,025.45	(2,539.37)

Costs of raw materials, subsidiary materials, consumables and goods and costs of services

They are closely related to the information provided in the Directors' report and to point A (Revenue) of the Profit and loss account.

Personnel costs

This item includes all employee costs, including bonuses, promotions, cost-of-living increases, untaken holidays and the provisions made pursuant to the law and the national collective bargaining agreements.

Depreciation of tangible assets

Depreciation has been calculated on the basis of the useful life of the assets and their contribution to the production process.

Other write-downs of fixed assets

The item is not reflected in the present financial statements.

Write-downs of accounts receivable included among current assets and of liquid assets

The item is not reflected in the present financial statements.

Accruals to provisions for contingent liabilities and charges

The increase in the provision for contingent liabilities refers to the provision for guarantees during the year, based on the contractual evidences held.

Other accruals

The item is not reflected in the present financial statements.

Miscellaneous running costs

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

The company has not entered expenses for exceptional amount or incidence.

C) Financial income and costs

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
(93.370)	(21.203)	(72.167)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
(75.31)	(17.10)	(58.21)

Financial income

EUR €

Description	Balance at 31/03/2018	Balance at 31/03/2017	Difference
Other income	**1.591**	2.748	(1.157)
(Interest and other financial costs)	**(95.348)**	(23.689)	(71.659)
Exchange gains and losses	**387**	(262)	649
Total	**(93.370)**	**(21.203)**	**(72.167)**

INR

Description	Balance at 31/03/2018	Balance at 31/03/2017	Difference
Other income	**1.28**	2.22	(0.93)
(Interest and other financial costs)	**(76.91)**	(19.11)	(57.80)
Exchange gains and losses	**0.31**	(0.21)	0.52
Total	**(75.31)**	**(17.10)**	**(58.21)**

Other financial income

EUR €

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank and postal interest					45	45
Other proceeds					1546	1546
					1591	**1591**

INR

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank and postal interest					0.04	0.04
Other proceeds					1.25	1.25
					1.28	**1.28**

Interest and other financial costs

(article 2427(1)(12) of the Civil Code)

EUR €

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank interest					95.348	95.348
					95.348	**95.348**

INR

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank interest					76.91	76.91
					76.91	**76.91**

Exchange gains and losses

The total amount of exchange gains on the income statement of INR/Lakhs 0.31 € 387 refers to exchange differences between forward contracts and spot contracts on the date on which the contract was concluded. There are no gains on unrealized exchange rates at the end of the year.

Taxes on the income of the period

EUR €

Balance at 31/03/2018	Balance at 31/03/2017	Difference
(45.887)	17.693	(63.580)

INR

Balance at 31/03/2018	Balance at 31/03/2017	Difference
(37.01)	14.27	(51.28)

EUR €

Taxes	Balance at 31/03/2018	Balance at 31/03/2017	Difference
Current taxes:		30.778	30.778
IRES		8.062	8.062
IRAP		22.716	22.716
Imposte relative a esercizi precedenti	**(629)**	(8.055)	7.426
Deferred tax liabilities/(assets)	**(45.258)**	(5.030)	(40.228)
IRES	**(44.984)**	(5.273)	(39.711)
IRAP	**(274)**	243	(517)
	(45.887)	**17.693**	**(63.580)**

INR

Taxes	Balance at 31/03/2018	Balance at 31/03/2017	Difference
Current taxes:		24.83	(24.83)
IRES		6.50	(6.50)
IRAP		18.32	(18.32)
Imposte relative a esercizi precedenti	**(0.51)**	(6.50)	5.99
Deferred tax liabilities/(assets)	**(36.51)**	(4.06)	(32.45)
IRES	**(36.28)**	(4.25)	(32.03)
IRAP	**(0.22)**	0.20	(0.42)
	(37.01)	**14.27**	**(51.28)**

Taxes pertaining to the financial year have been entered.

The IRES liability is recorded under Accounts payable to the parent company, less any payments on account made, withholdings suffered and, in general, tax credits.

We set out below the reconciliation between the theoretical tax liability per the financial statements and the tax liability:

Reconciliation between the theoretical tax liability per the financial statements and the tax liability (IRES)

EUR €

Description	Value	Tax
Pre-tax result	(424.850)	
Theoretical tax liability (%)	24	
Temporary differences taxable in future years:		
Non deductible share of credit write-off	5.675	
Business expenses	8.439	
total	**14.114**	
Reversal of temporary differences of prior years		
Leasing auto	(8.989)	
Income from asset sale	(6.431)	
Business expenses	(6.329)	
Imu	(3.106)	
other	(8.752)	
total	**(33.607)**	
Differences which will not be reversed in future years		
Non deductible costs	102.422	
Leasing on land	31.566	
Imu	15.528	
Bank interest	95.326	
Non deductible maintenance	21.337	
	266.179	
Taxable basis	(178.164)	
Current taxes on the profit for the year	0	

INR

Description	Value	Taxes
Pre-tax result	(342.68)	
Theoretical tax liability (%)	24.00	
Temporary differences taxable in future years:	–	
Non deductible share of credit write-off	4.58	
Business expenses	6.81	
total	**11.38**	

Description	Value	INR Taxes
Reversal of temporary differences of prior years		
Leasing auto	(7.25)	
Income from asset sale	(5.19)	
Business expenses	(5.10)	
Imu	(2.51)	
other	(7.06)	
total	**(27.11)**	
Differences which will not be reversed in future years		
Non deductible costs	82.61	
Leasing on land	25.46	
Imu	12.52	
Bank interest	76.89	
Non deductible maintenance	17.21	
	–	
Taxable basis	(143.71)	
Current taxes on the profit for the year		

Determination of the IRAP taxable amount

EUR €

Description	Value	Tax
Difference between revenue and expenses	539.832	
Costs not relevant for IRAP	39.416	
Revenue not relevant for IRAP	(609.069)	
	(29.821)	
Theoretical tax liability (%)	4,82	
Temporary difference deductible in future years:		
Irap taxable amount	(29.821)	
Current IRAP for the year		0

INR

Description	Value	Tax
Difference between revenue and expenses	435.43	
Costs not relevant for IRAP	31.79	
Revenue not relevant for IRAP	(491.28)	
	(24.05)	
Theoretical tax liability (%)	4.82	
Temporary difference deductible in future years:		
Irap taxable amount	(24.05)	
Current IRAP for the year		0

Pursuant to article 2427(1)(14) of the civil code, we set out below the required information on deferred tax assets and liabilities:

Deferred tax assets and liabilities

Deferred tax assets have been recorded since in the years in which the underlying deductible temporary differences are going to be reversed there is reasonable certainty that taxable income not lower than the amount of the differences to be reversed is going to be realized.

The main temporary differences that have given rise to deferred tax assets and liabilities and their effects are shown in the following table.

Recording of deferred tax assets and liabilities and relevant effects:

EUR €

	31/03/2018 Amount of temporary differences IRES	31/03/2018 Tax effect IRES	31/03/2018 Amount of temporary differences IRAP	31/03/2018 Tax effect IRAP	31/03/2017 Amount of temporary differences IRAP	31/03/2017 Tax effecte IRAP
Deferred tax assets:						
Garantee fund	5.675	1.362	5.675	274	5.034	1.208
Business losses	177.545	42.611			(27.004)	(6.481)
Business losses prior year	4.213	1.011				
Total	**187.433**	**44.984**	**5.675**	**274**	**(21.970)**	**(5.273)**
Deferred tax liabilities:						
Total						
Net deferred tax liabilities (assets)		**(44.984)**		**(274)**		**5.273**
Tax losses						
– for the year	177.145					
– carried over from prior years	935.285					
TOTAL	**1.112.430**					
Tax rate	24					

	IRES	IRAP
A. Temporary differences		
Total deductible Temporary differences	187.433	5.675
net temporary differences	187.433	5.675
B Tax effect		
Deferred tax fund (anticipated) at start of exercise		
Deferred tax (early) of the year	(44.984)	
Deferred tax fund (advance) at the end of the year	(44.984)	274

INR

	31/03/2018 Amount of temporary differences IRES	31/03/2018 Tax effect IRES	31/03/2018 Amount of temporary differences IRAP	31/03/2018 Tax effect IRAP	31/03/2017 Amount of temporary differences IRAP	31/03/2017 Tax effecte IRAP
Deferred tax assets:						
Garantee fund	4.58	1.10	4.58	0.22	4.06	0.97
Business losses	143.21	34.37			(21.78)	(5.23)
Business losses prior year	3.40	0.82			–	–
Total	151.18	36.28	4.58	0.22	(17.72)	(4.25)
Deferred tax liabilities:						
Total						
Net deferred tax liabilities (assets)		(36.28)	–	(0.22)	–	4.25
Tax losses	Amount	Tax impact	Amount	Tax impact	Amount	Tax impact
– for the year	142.89					
– carried over from prior years	754.40					
TOTAL	897.29					
Tax loss carryovers						
Tax rate	24				27,5	
Temporary differences not included in the determination of deferred tax (assets) and liabilities						

	IRES	IRAP
A. Temporary differences		
Total deductible Temporary differences	151.18	4.58
Total Taxable Temporary differences		
net temporary differences	(151.18)	(4.58)
B Tax effect		
Deferred tax fund (anticipated) at start of exercise		
Deferred tax (early) of the year	(36.28)	
Deferred tax fund (advance) at the end of the year	(36.28)	(0.22)

Detail of deductible temporary differences

EUR €

Description	Amount at the end of the previous year	Variation that occurred in the year	Amount at the end of the year	rate IRES	Tax effect IRES	rate IRAP	Tax effecte IRAP
Garantee fund	5.034	641	5.675	24	1.362	4,83	274
Business lossese	(27.004)	204.549	177.545	24	42.611		
Business losses prior year		4.213	4.213	24	1.011		

INR

Description	Amount at the end of the previous year	Variation that occurred in the year	Amount at the end of the year	rate IRES	Tax effect IRES	rate IRAP	Tax effecte IRAP
Garantee fund	4.06	0.52	4.58	0.02	1.10	0.00	0.22
Business lossese	(21.78)	164.99	143.21	0.02	34.37		
Business losses prior year		3.40	3.40	0.02	0.82		

Tax loss Information

EUR €

	Current			Previous		
	Amount	Tax rate	Early taxes detected	Amount	Tax rate	Early taxes detected
Tax losses						
Of the year	177.145					
of previous exercises	935.285					
Total tax losses	1.112.430					

INR

	Current			Previous		
	Amount	Tax rate	Early taxes detected	Amount	Tax rate	Early taxes detected
Tax losses						
Of the year	142.89					
of previous exercises	754.40					
Total tax losses	897.29					

Deferred tax assets in an amount of INR/Lakhs 36.51 Eur 45,258 in connection with tax losses for the year or loss carryovers of prior years have been recorded since the conditions required by the accounting principles for the recognition of the future benefit were met, with particular regard to the reasonable certainty that in future the company will generate sufficient taxable income to offset the losses.

On the basis of the information available also taking into account the contents of the budget for the next financial year being approved, the directors consider the assumption of going concern to be appropriate.

Employee information

(article 2427(1)(15) of the Civil Code)

Compared to the previous year the personnel broken down by category has changed as shown below:

Staff	31/03/2018	31/03/2017	Change
Executives	**1**	1	0
Quadri	**2**	2	0
Employees	**8**	8	0
Labourers	**5**	5	0
Others	**–**	–	0
	16	**16**	**0**

The national collective bargaining agreement for companies in the commercial sector applies.
Industrial relations are good and there are no litigations with employees still working or dismissed.

	Executives	Quadri	Employees	Labourers	Others	Total
Average	1	2	8	5		**16**

Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf

EUR €

	Directors	Auditors
Remunerations		14.768
Advances		
Credits		
Commitments assumed on their behalf as a result of any type of guarantee provided		

INR

	Directors	Auditors
Remunerations		11.91
Advances		
Credits		
Commitments assumed on their behalf as a result of any type of guarantee provided		

Information concerning the Auditor's fees

(article 2427(1)(16-bis) of the civil code)

As required by law, we set out below the amount of fees charged for services rendered by the audit company firm and by entities that are members of its network:

EUR €

Description	Fee
Audit of annual accounts	10.252
Total fees due to the auditor or audit company	10.252

INR

Description	Fee
Audit of annual accounts	8.16
Total fees due to the auditor or audit company	8.16

Information on the company which prepares the consolidated financial statements for the larger/smaller set of companies which the company is a member of in a capacity as controlled undertaking

As required by law, we set out below the information pursuant to article 2427(1)(22-quinquies and sexies) of the civil code.

Description	Larger set	Smaller set
Company name	Mahindra & Mahindra Ltd	
Registered office	India	
Tax code		
Place of filing of a copy of the consolidated financial statements	India	

Group

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

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

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

Description		Latest available financial statements	EUR € Financial statements prior to the latest available ones
BALANCE SHEET			
ASSETS			
A)	Accounts receivable from shareholders in respect of unpaid share capital	3,862,397.72	3,297,297.30
B)	Fixed assets		1,551,710.89
C)	Current assets	1,817,406.40	7,822.96
D)	Accrued income and prepayments	–	
Total assets		5,679,804.12	4,856,831.14
		–	
LIABILITIES:		–	
A)	Shareholders' equity:	–	
	Share capital	42,858.91	39,523.93
	Reserves	3,091,867.10	2,433,424.25
	Profit (loss) for the year	571,534.84	422,501.86
		3,706,248.45	2,895,450.04
B)	Provisions for liabilities and charges	–	
C)	Employees' leaving indemnity	–	
D)	Accounts payable	1,973,555.67	902,182.00
E)	Accrued liabilities and deferred income	–	1,059,199.11
Total liabilities		5,679,804.12	4,856,831.14
		–	
PROFIT AND LOSS ACCOUNT		–	
A)	Revenue	6,993,647,260.10	5,567,542.77
B)	Expenses	6,302,772,266.30	4,991,780.31
C)	Financial income and costs	(21,080,994.30)	(20,716.59)
D)	Value adjustments to financial assets	79,123,220.93	9,174.31
Taxes on income for the year		177,736,151.75	141,718.32
Profit (loss) for the year		571,181,068.68	422,501.86

Description		Latest available financial statements	INR Financial statements prior to the latest available ones
BALANCE SHEET			
ASSETS			
A)	Accounts receivable from shareholders in respect of unpaid share capital	3,115.41	2,659.60
B)	Fixed assets	–	–
C)	Current assets	1,465.92	1,251.61
D)	Accrued income and prepayments	–	6.31
Total assets		4,581.33	3,917.52
		–	–
LIABILITIES:		–	–
A)	Shareholders' equity:	–	–
	Share capital	34.57	31.88
	Reserves	2,493.90	1,962.80
	Profit (loss) for the year	461.00	340.79
		2,989.46	2,335.47
B)	Provisions for liabilities and charges	–	–
C)	Employees' leaving indemnity	–	–
D)	Accounts payable	1,591.87	727.70
E)	Accrued liabilities and deferred income	–	854.35
Total liabilities		4,581.33	3,917.52
		–	–
PROFIT AND LOSS ACCOUNT		–	–
A)	Revenue	5,641,075.88	4,490.78
B)	Expenses	5,083,816.11	4,026.37
C)	Financial income and costs	(17,003.93)	(16.71)
D)	Value adjustments to financial assets	63,820.79	7.40
Taxes on income for the year		143,361.98	114.31
Profit (loss) for the year		460,714.65	340.79

Appropriation of the profit for the year

We hereby suggest that the general meeting appropriate the loss for the year as follows:

		EUR €
Forward the loss for the year at 31/03/2018	EUR	(378,961.07)
5% to the legal reserve		
To the extraordinary reserve		
To dividends		

		INR
Forward the loss for the year at 31/03/2018	INR/Lakhs	(305.67)
5% to the legal reserve		
To the extraordinary reserve		
To dividends		

Final considerations

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and are in accordance with the underlying accounting records.

We invite the QuotaHolder to approve the financial statements in their current form and all the single items, to forward the loss of the financial year as on 31/03/2018, for Eur (378,963), to the next year.

Pravin Kumar Shah

Presidente del Consiglio di amministrazione

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 40, which have been prepared on the going concern basis, were approved by the board on 03 May 2018 and were signed by:

Dr Pawan Goenka (Chairman)	**Kandasamy Chandrasekar**
Arvind Mathew	**Rajesh Gupta**
Avinash Bapat	**Ashok Thakur**

Pretoria

3rd May, 2018

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Mahindra and Mahindra South Africa Proprietary Limited ("the company") for the year ended 31 March 2018.

1. Main business and operations

The company is engaged to pursue business opportunities in the automobile, automobile spare parts, other related sections and operates principally in South Africa.

The branch in Kenya trades in agricultural products (viz Rice, Seeds and Pulses).

The company has a subsidiary in Nigeria named Mahindra West Africa Limited. The subsidiary focuses on market development in the Automotive and Farm Sector apart from business development of Powerol Gensets and Heavy commercial vehicles in the western African region.

The Company opened a representative office in Egypt during the financial year. The office will focus on market research and identifying business potential in Northern African.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

There have been no material changes to the nature of the group's business from the prior year.

2. Going concern

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

3. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Authorised and issued share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

The dividends already declared and paid to the shareholder during the year are as reflected in the attached statement of changes in equity.

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
Dr Pawan Goenka (Chairman)	Non executive	Indian	
Kandasamy Chandrasekar	Non executive	Indian	
Pravin Shah	Non executive	Indian	Resigned 05 May 2017
Arvind Mathew	Non executive	USA	Appointed 06 May 2017
Ashok Thakur	Executive	Indian	Resigned 23 April 2018
Sanjoy Gupta	Executive	Indian	Resigned 26 January 2018
Rajesh Gupta	Executive	Indian	Appointed 26 April 2018
Avinash Bapat	Executive	Indian	

7. Secretary

The company secretary is Mr P Cilliers.

Postal address	PO Box 35510 Menlo Park 0102
Business address	434 Atterbury Road Menlo Park Pretoria 0081

8. Holding company

The company's holding company is Mahindra & Mahindra Limited incorporated in India.

9. Auditors

Grant Thornton will continue in office as auditors in accordance with Section 90 of the Companies Act of South Africa.

10. Investment in Subsidiary

The financial statements so presented herewith have not been consolidated to include the operations of the subsidiary (viz. Mahindra West Africa Limited) in Nigeria. The financials of the subsidiary would be consolidated with the Mahindra group financials the 'Ultimate Holding Company'.

Dr Pawan Goenka
(Chairman)

Kandasamy Chandrasekar

Arvind Mathew

Rajesh Gupta

Avinash Bapat

Pretoria

3rd May, 2018

INDEPENDENT AUDITORS' REPORT

To the shareholder of Mahindra and Mahindra South Africa Proprietary Limited on Factual Findings

We have performed the procedures agreed with Mahindra and Mahindra Limited as described below on the audited financial statements of Mahindra and Mahindra South Africa Proprietary Limited presented in South African Rands.

Procedure

We have been requested to verify the arithmetical accuracy of the translation of the audited statutory financial statements of Mahindra and Mahindra South Africa (Proprietary) Limited presented in South African Rands into Indian Rupees, at the exchange rate provided by Mahindra and Mahindra Limited of ZAR 1 = INR 5.58.

Result

We have merely verified the arithmetical accuracy of the translation into Indian Rupees at the exchange rate provided by Mahindra and Mahindra Limited. These financial statements are translated from the audited statutory financial statements of Mahindra and Mahindra South Africa Proprietary Limited.

Grant Thornton
Chartered Accountants (S.A.)
Registered Auditors
Practice Number: 903426 E

14 May 2018
Building 2, Summit Place
221 Garstfontein
Menlyn
0181

NC Kyriacou
Partner
Chartered Accountant (SA)
Registered Auditor

STATEMENT OF FINANCIAL POSITION

		2018		2017 Restated*	
	Note(s)	Rs	R	Rs	R
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	66,512,138	11,919,738	62,078,911	11,125,253
Investment in subsidiary	4	16,819,236	3,014,200	16,819,236	3,014,200
Deferred tax	6	114,615,996	20,540,501	117,139,969	20,992,826
		197,947,370	**35,474,439**	**196,038,116**	**35,132,279**
Current Assets					
Inventories	8	846,466,235	151,696,458	980,097,676	175,644,745
Trade and other receivables	9	1,103,160,795	197,699,067	915,102,413	163,996,848
Cash and cash equivalents	10	235,740,068	42,247,324	223,934,233	40,131,583
Current tax receivable		15,384,596	2,757,096	3,886,096	696,433
		2,200,751,694	**394,399,945**	**2,123,020,418**	**380,469,609**
Total Assets		**2,398,699,064**	**429,874,384**	**2,319,058,534**	**415,601,888**
EQUITY AND LIABILITIES					
Equity					
Share capital	11	290,160,000	52,000,000	290,160,000	52,000,000
Foreign currency translation reserve	12	36,804,313	6,595,755	10,552,221	1,891,079
Retained income		580,364,177	104,007,917	669,729,701	120,023,244
		907,328,490	**162,603,672**	**970,441,922**	**173,914,323**
Liabilities					
Non-Current Liabilities					
Deferred income	13	251,771,324	45,120,309	190,808,479	34,195,068
Provisions	14	149,392,486	26,772,847	180,405,094	32,330,662
		401,163,810	**71,893,156**	**371,213,573**	**66,525,730**
Current Liabilities					
Trade and other payables	16	444,228,566	79,610,854	370,057,637	66,318,573
Deferred income	13	154,432,839	27,676,136	124,891,493	22,381,988
Provisions	14	154,206,040	27,635,491	140,906,015	25,251,974
Bank overdraft	10	337,339,319	60,455,075	341,547,894	61,209,300
		1,090,206,764	**195,377,556**	**977,403,039**	**175,161,835**
Total Liabilities		**1,491,370,574**	**267,270,712**	**1,348,616,612**	**241,687,565**
Total Equity and Liabilities		**2,398,699,064**	**429,874,384**	**2,319,058,534**	**415,601,888**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2018		2017 Restated*	
	Note(s)	**Rs**	**R**	**Rs**	**R**
Revenue	17	6,342,382,254	1,136,627,644	5,466,660,139	979,688,197
Cost of sales	18	(5,551,652,233)	(994,919,755)	(4,888,427,640)	(876,062,301)
Gross profit		**790,730,021**	**141,707,889**	**578,232,499**	**103,625,896**
Other operating income		9,814,177	1,758,813	40,163,077	7,197,684
Other operating gains (losses)		(16,623,986)	(2,979,209)	(12,191,619)	(2,184,878)
Operating operating expenses		(703,472,665)	(126,070,370)	(449,510,398)	(80,557,419)
Operating profit	19	**80,447,547**	**14,417,123**	**156,693,559**	**28,081,283**
Investment income	20	11,853,348	2,124,256	9,317,852	1,669,866
Finance costs paid	21	(49,272,778)	(8,830,247)	(37,567,205)	(6,732,474)
Profit before taxation		**43,028,117**	**7,711,132**	**128,444,206**	**23,018,675**
Taxation	22	(59,853,641)	(10,726,459)	(61,378,957)	(10,999,813)
(Loss) profit for the year		**(16,825,524)**	**(3,015,327)**	**67,065,249**	**12,018,862**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations		26,252,098	4,704,677	15,307,731	2,743,321
Other comprehensive income for the year net of taxation		**26,252,098**	**4,704,677**	**15,307,731**	**2,743,321**
Total comprehensive income for the year		**9,426,574**	**1,689,350**	**82,372,980**	**14,762,183**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve	Retained income	Total equity
Rupee				
Opening balance as previously reported	290,160,000	(4,755,510)	653,027,328	938,431,818
Prior period error	–	–	22,177,124	22,177,124
Restated* Balance at 01 April 2016	**290,160,000**	**(4,755,510)**	**675,204,452**	**960,608,942**
Profit for the year	–	–	67,065,249	67,065,249
Other comprehensive income	–	15,307,731	–	15,307,731
Total comprehensive income for the year	**–**	**15,307,731**	**67,065,249**	**82,372,980**
Dividends	–	–	(72,540,000)	(72,540,000)
Total contributions by and distributions to owners of company recognized directly in equity	**–**	**–**	**(72,540,000)**	**(72,540,000)**
Balance at 01 April 2017	**290,160,000**	**10,552,221**	**669,729,701**	**970,441,922**
Loss for the year	–	–	(16,825,524)	(16,825,524)
Other comprehensive income	–	26,252,092	–	26,252,092
Total comprehensive Loss for the year	**–**	**26,252,092**	**(16,825,524)**	**9,426,568**
Dividends	–	–	(72,540,000)	(72,540,000)
Total contributions by and distributions to owners of company recognized directly in equity	**–**	**–**	**(72,540,000)**	**(72,540,000)**
Balance at 31 March 2018	**290,160,000**	**36,804,313**	**580,364,177**	**907,328,490**
Note(s)	11	12		
Rand				
Opening balance as previously reported	52,000,000	(852,242)	117,029,987	168,177,745
Prior period error	–	–	3,974,395	3,974,395
Restated* balance at 01 April 2016	**52,000,000**	**(852,242)**	**121,004,382**	**172,152,140**
Profit for the year	–	–	12,018,862	12,018,862
Other comprehensive income	–	2,743,321	–	2,743,321
Total comprehensive income for the year	**–**	**2,743,321**	**12,018,862**	**14,762,183**
Dividends	–	–	(13,000,000)	(13,000,000)
Total contributions by and distributions to owners of company recognized directly in equity	**–**	**–**	**(13,000,000)**	**(13,000,000)**
Balance at 01 April 2017	**52,000,000**	**1,891,079**	**120,023,244**	**173,914,323**
Loss for the year	–	–	(3,015,327)	(3,015,327)
Other comprehensive income	–	4,704,676	–	4,704,676
Total comprehensive Loss for the year	**–**	**4,704,676**	**(3,015,327)**	**1,689,349**
Dividends	–	–	(13,000,000)	(13,000,000)
Total contributions by and distributions to owners of company recognized directly in equity	**–**	**–**	**(13,000,000)**	**(13,000,000)**
Balance at 31 March 2018	**52,000,000**	**6,595,755**	**104,007,917**	**162,603,672**
Note(s)	11	12		

STATEMENT OF CASH FLOWS

		2018		2017 Restated*	
	Note(s)	Rs	R	Rs	R
Cash flows from operating activities					
Cash used in operations	23	221,719,463	39,734,671	(63,280,347)	(11,340,564)
Interest income		11,853,348	2,124,256	9,317,852	1,669,866
Finance costs paid		(49,272,778)	(8,830,247)	(37,567,205)	(6,732,474)
Tax paid	24	(68,828,167)	(12,334,797)	(85,858,835)	(15,386,888)
Net cash from operating activities		**115,471,866**	**20,693,883**	**(177,388,535)**	**(31,790,060)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(44,926,036)	(8,051,261)	(59,107,416)	(10,592,727)
Sale of property, plant and equipment	3	18,008,580	3,227,344	19,980,992	3,580,823
Purchase of investments		–	–	(16,819,236)	(3,014,200)
Net cash from investing activities		**(26,917,456)**	**(4,823,917)**	**(55,945,660)**	**(10,026,104)**
Cash flows from financing activities					
Dividends paid		(72,540,000)	(13,000,000)	(72,540,000)	(13,000,000)
Total cash movement for the year		**16,014,410**	**2,869,966**	**(305,874,195)**	**(54,816,164)**
Cash at the beginning of the year		(117,613,661)	(21,077,717)	188,260,534	33,738,447
Total cash at end of the year	10	**(101,599,251)**	**(18,207,751)**	**(117,613,661)**	**(21,077,717)**

NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the company's functional and company's presentation currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Deferred revenue

The fair value of deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

Provision for warranties

Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two, three or five year warranties based on the current year warranty claims occurred. The cost per day calculated on those claims is used to estimate the future cost for the remaining warranty days under consideration.

The warranty provision has been discounted to present value and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

Fair value estimation

The company measures financial instruments at fair value at each reporting date.The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments do not reasonably approximate their value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.3 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	4 years
Computer software	Straight line	5 years
Furniture and fixtures	Straight line	3 years
Leasehold improvements	Straight line	3 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss.
- Financial liabilities at fair value through profit or loss.
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Investment in subsidiary are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss held for trading.

1.5 Tax

Current tax assets and liabilities

Current tax is based on taxable profit for the year.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.10 Employee benefits

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;

NOTES TO FINANCIAL STATEMENTS (Contd.)

  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service Plan revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The company has inventory stored in a bonded warehouse where duties, levies and taxes are due once the inventory leaves the bonded warehouse, or 24 months, whichever are earlier. IFRIC 21 is applied retrospectively.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The company has adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the company:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the company will have sufficient taxable profit in future periods. The company is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The company has adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2018 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right of use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right of use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right of use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re measurement of the lease liability. However, right of use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right of use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right of use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re measured for reassessments or modifications.
- Re measurements of lease liabilities are affected against right of use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re measures the lease liability by making a corresponding adjustment to the right of use asset.
- Right of use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right of use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller lessee must measure the new right of use asset at the proportion of the previous carrying amount of the asset that relates to the right of use retained. The buyer lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company expects to adopt the standard for the first time in the 2020 annual financial statements.

NOTES TO FINANCIAL STATEMENTS (Contd.)

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

3. Property, plant and equipment

	2018			2017		
Rupee	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Computer equipment	**8,060,360**	**(6,778,629)**	**1,281,731**	7,493,895	(6,051,309)	1,442,586
Computer software	**12,141,014**	**(11,252,957)**	**888,057**	8,493,145	(6,937,190)	1,555,955
Furniture and fixtures	**15,588,305**	**(10,475,736)**	**5,112,569**	11,461,772	(7,486,184)	3,975,588
Leasehold improvements	**2,077,942**	**(2,077,892)**	**50**	2,077,942	(2,077,892)	50
Motor vehicles	**62,471,973**	**(14,735,842)**	**47,736,131**	45,621,316	(9,982,023)	35,639,293
Office equipment	**6,996,438**	**(5,101,102)**	**1,895,336**	6,978,331	(4,515,498)	2,462,833
Plant and machinery	**22,208,199**	**(12,609,935)**	**9,598,264**	24,204,009	(7,201,403)	17,002,606
Total	**129,544,231**	**(63,032,093)**	**66,512,138**	106,330,410	(44,251,499)	62,078,911

	2018			2017		
Rand	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Computer equipment	**1,444,509**	**(1,214,808)**	**229,701**	1,342,992	(1,084,464)	258,528
Computer software	**2,175,809**	**(2,016,659)**	**159,150**	1,522,069	(1,243,224)	278,845
Furniture and fixtures	**2,793,603**	**(1,877,372)**	**916,231**	2,054,081	(1,341,610)	712,471
Leasehold improvements	**372,391**	**(372,382)**	**9**	372,391	(372,382)	9
Motor vehicles	**11,195,694**	**(2,640,832)**	**8,554,862**	8,175,863	(1,788,893)	6,386,970
Office equipment	**1,253,842**	**(914,176)**	**339,666**	1,250,597	(809,229)	441,368
Plant and machinery	**3,979,964**	**(2,259,845)**	**1,720,119**	4,337,636	(1,290,574)	3,047,062
Total	**23,215,812**	**(11,296,074)**	**11,919,738**	19,055,629	(7,930,376)	11,125,253

NOTES TO FINANCIAL STATEMENTS (Contd.)

Reconciliation of property, plant and equipment – Rupee – 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	**1,442,586**	**566,459**	**–**	**(727,314)**	**1,281,731**
Computer software	**1,555,955**	**3,647,869**	**–**	**(4,315,767)**	**888,057**
Furniture and fixtures	**3,975,588**	**4,126,533**	**–**	**(2,989,552)**	**5,112,569**
Leasehold improvements	**50**	**–**	**–**	**–**	**50**
Motor vehicles	**35,639,293**	**36,567,068**	**(13,255,998)**	**(11,214,232)**	**47,736,131**
Office equipment	**2,462,833**	**18,107**	**–**	**(585,604)**	**1,895,336**
Plant and machinery	**17,002,606**	**–**	**(1,441,448)**	**(5,962,894)**	**9,598,264**
	62,078,911	**44,926,036**	**(14,697,446)**	**(25,795,363)**	**66,512,138**

Reconciliation of property, plant and equipment – Rupee – 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	1,870,349	334,326	–	(762,089)	1,442,586
Computer software	789,989	1,670,931	–	(904,965)	1,555,955
Furniture and fixtures	1,747,271	3,931,540	–	(1,703,223)	3,975,588
Leasehold improvements	50	–	–	–	50
Motor vehicles	20,615,293	43,181,863	(17,939,404)	(10,218,459)	35,639,293
Office equipment	1,723,154	1,186,944	–	(447,265)	2,462,833
Plant and machinery	14,196,072	8,801,814	–	(5,995,280)	17,002,606
	40,942,178	59,107,418	(17,939,404)	(20,031,281)	62,078,911

Reconciliation of property, plant and equipment – Rand – 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	**258,528**	**101,516**	**–**	**(130,343)**	**229,701**
Computer software	**278,845**	**653,740**	**–**	**(773,435)**	**159,150**
Furniture and fixtures	**712,471**	**739,522**	**–**	**(535,762)**	**916,231**
Leasehold improvements	**9**	**–**	**–**	**–**	**9**
Motor vehicles	**6,386,970**	**6,553,238**	**(2,375,627)**	**(2,009,719)**	**8,554,862**
Office equipment	**441,368**	**3,245**	**–**	**(104,947)**	**339,666**
Plant and machinery	**3,047,062**	**–**	**(258,324)**	**(1,068,619)**	**1,720,119**
	11,125,253	**8,051,261**	**(2,633,951)**	**(4,622,825)**	**11,919,738**

Reconciliation of property, plant and equipment – Rand – 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	335,188	59,915	–	(136,575)	258,528
Computer software	141,575	299,450	–	(162,180)	278,845
Furniture and fixtures	313,131	704,577	–	(305,237)	712,471
Leasehold improvements	9	–	–	–	9
Motor vehicles	3,694,497	7,738,685	(3,214,947)	(1,831,265)	6,386,970
Office equipment	308,809	212,714	–	(80,155)	441,368
Plant and machinery	2,544,099	1,577,386	–	(1,074,423)	3,047,062
	7,337,308	10,592,727	(3,214,947)	(3,589,835)	11,125,253

Property, plant and equipment encumbered as security

The property, plant and equipment have been encumbered as security per note 30:

4. Investment in subsidiary

The following table lists the entities which are controlled by the company, either directly or indirectly through subsidiaries.

Name of company

	% holding 2018	% Holding 2017	Carrying Amount 2018	Carrying Amount 2017
Rupee				
199,999 shares held in Mahindra West Africa Limited	99.99%	99.99%	16,819,236	16,819,236

Name of company

	% holding 2018	% Holding 2017	Carrying Amount 2018	Carrying Amount 2017
Rand				
199,999 shares held in Mahindra West Africa Limited	99.99%	99.99%	3,014,200	3,014,200

Fair value of investment in subsidiary

The carrying amount of the investment in subsidiary is considered by management to approximate its fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

5. Retirement benefits

Defined contribution plan

It is the policy of the company to provide retirement benefits to all its employees. A defined contribution provident fund which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded by company and employee contributions only, which are charged to the income statement as they are incurred. The total company contributions to such scheme in 2018 was Rs4,146,933: R743,178 (2017: Rs4,335,481: R776,968).

The company is under no obligation to cover any unfunded benefits.

6. Deferred tax

Deferred tax asset

	2018		2017	
	Rs	R	Rs	R
Accelerated capital allowances for tax purposes	2,522,623	452,083	1,225,028	219,539
Deferred revenue less Section 24C allowance	22,747,434	4,076,601	20,402,087	3,656,288
Provisions	89,345,939	16,011,817	95,512,854	17,116,999
Total deferred tax asset	**114,615,996**	**20,540,501**	**117,139,969**	**20,992,826**

Reconciliation of deferred tax asset

	2018		2017	
	Rs	R	Rs	R
At beginning of year	117,139,969	20,992,826	121,011,155	21,686,587
Taxable / (deductible) temporary difference movement on tangible fixed assets	1,297,595	232,544	633,246	113,485
Originating temporary difference on provisions	(6,166,915)	(1,105,182)	(4,107,237)	(736,064)
(Reversing) / originating temporary difference on interest on deferred revenue	2,345,347	420,313	(388,200)	(69,570)
Deductible temporary difference movement on doubtful debts	–	–	(8,995)	(1,612)
	114,615,996	**20,540,501**	**117,139,969**	**20,992,826**

NOTES TO FINANCIAL STATEMENTS (Contd.)

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Rupee – 2018	Loans and receivables	Fair value through profit or loss – held for trading	Held to maturity investments	Total
Cash and cash equivalents	–	**235,740,068**	–	**235,740,068**
Trade and other receivables	**1,103,160,795**	–	–	**1,103,160,795**
Investment in subsidiary at amortised cost	–	–	**16,819,236**	**16,819,236**
	1,103,160,795	**235,740,068**	**16,819,236**	**1,355,720,099**

Rand – 2018	Loans and receivables	Cash and cash equivalents	Investment in subsidiary at amortised cost	Total
Cash and cash equivalents	–	**42,247,324**	–	**42,247,324**
Trade and other receivables	**197,699,067**	–	–	**197,699,067**
Investment in subsidiary at amortised cost	–	–	**3,014,200**	**3,014,200**
	197,699,067	**42,247,324**	**3,014,200**	**242,960,591**

Rupee – 2017	Loans and receivables	Fair value through profit or loss – held for trading	Held to maturity investments	Total
Cash and cash equivalents	–	223,934,233	–	223,934,233
Trade and other receivables	915,102,413	–	–	915,102,413
Investment in subsidiary at amortised cost	–	–	16,819,236	16,819,236
	915,102,413	223,934,233	16,819,236	1,155,855,882

Rand – 2017	Loans and receivables	Cash and cash equivalents	Investment in subsidiary at amortised cost	Total
Cash and cash equivalents	–	40,131,583	–	40,131,583
Trade and other receivables	163,996,848	–	–	163,996,848
Investment in subsidiary at amortised cost	–	–	3,014,200	3,014,200
	163,996,848	40,131,583	3,014,200	207,142,631

8. Inventories

	2018		2017	
	Rs	R	Rs	R
Agricultural produce	**64,156,881**	**11,497,649**	38,869,817	6,965,917
Goods in transit	**303,306,814**	**54,356,060**	293,262,558	52,556,014
Motor vehicles	**356,107,871**	**63,818,615**	517,303,285	92,706,682
Spares	**162,290,088**	**29,084,245**	163,332,235	29,271,010
	885,861,654	**158,756,569**	1,012,767,895	181,499,623
Provision for write down of inventories to net realisable value – motor vehicles and spares	**(39,395,419)**	**(7,060,111)**	(32,670,219)	(5,854,878)
	846,466,235	**151,696,458**	980,097,676	175,644,745

Inventories were pledged as security for overdraft facilities of the company. Refer to note 30 for full details on the facilities granted to the company.

9. Trade and other receivables

	2018		2017	
	Rs	R	Rs	R
Deposits	**4,014,314**	**719,411**	4,070,722	729,520
Other receivable	**269,171,539**	**48,238,627**	40,581,985	7,272,757
Trade receivables	**806,249,022**	**144,489,072**	801,931,664	143,715,352
VAT	**23,725,920**	**4,251,957**	68,518,042	12,279,219
	1,103,160,795	**197,699,067**	915,102,413	163,996,848

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of the company. Refer to note 30 for full details on the facilities granted to the company.

Fair value of trade and other receivables

All amounts are short term. The carrying amount of the trade and other receivables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	2018		2017	
Automotive business	Rs	R	Rs	R
Not more than 3 months	**254,874,312**	**45,676,400**	45,229,611	8,105,665
More than 3 months but not more than 6 months	**5,051,228**	**905,238**	9,785,110	1,753,604
More than 6 months but not more than 1 year	–	–	3,985,102	714,176
	259,925,540	**46,581,638**	58,999,823	10,573,445

	2018		2017	
Agricultural produce business	Rs	R	Rs	R
Not more than 3 months	**210,074,484**	**37,647,757**	27,726,629	4,968,930
More than 3 months but not more than 6 months	**38,499,628**	**6,899,575**	90,124,315	16,151,311
More than 6 months but not more than 1 year	**21,336,436**	**3,823,734**	26,745,621	4,793,122
	269,910,548	**48,371,066**	144,596,565	25,913,363

Trade and other receivables impaired

All trade and other receivables have been reviewed for indicators of impairment and accordingly adequate provisions were raised.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018		2017	
	Rs	R	Rs	R
Cash on hand	**579,946**	**103,933**	375,015	67,207
Bank balances	**235,160,122**	**42,143,391**	223,559,218	40,064,376
Bank overdraft	**(337,339,319)**	**(60,455,075)**	(341,547,894)	(61,209,300)
	(101,599,251)	**(18,207,751)**	(117,613,661)	(21,077,717)

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2018		2017	
	Rs	R	Rs	R
Current assets	**235,740,068**	**42,247,324**	223,934,233	40,131,583
Current liabilities	**(337,339,319)**	**(60,455,075)**	(341,547,894)	(61,209,300)
	(101,599,251)	**(18,207,751)**	(117,613,661)	(21,077,717)

11. Share capital

	2018		2017	
	Rs	R	Rs	R
Authorised				
Rs 390,600,000: R70,000,000 (2017: Rs 390,600,000: R70,000,000) Ordinary shares with no par value	**390,600,000**	**70,000,000**	390,600,000	70,000,000
Reconciliation of number of shares issued:				
Reported as at 01 April 2017	**290,160,000**	**52,000,000**	290,160,000	52,000,000
Issued				
52,000,000 (2017: 52.000,000) Ordinary shares with no par value	**290,160,000**	**52,000,000**	290,160,000	52,000,000

12. Foreign currency translation reserve

The Kenya Branch operations in Shilling has been translated to ZAR based on the exchange rate. The foreign currency reserve is a result of the foreign currency translation.

	2018		2017	
	Rs	R	Rs	R
Kenya Branch operations	**36,804,313**	**6,595,755**	10,552,221	1,891,079

13. Deferred income

	2018		2017	
	Rs	R	Rs	R
Service plans	**406,204,163**	**72,796,445**	315,699,972	56,577,056

Nature: Certain vehicles are sold with a service plan. This service plan then covers certain services for a predetermined number of years and kilometres travelled. The income from these service plans is deferred and recognised as these services are performed.

Assumptions: The fair value of deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

	2018		2017	
	Rs	R	Rs	R
Non current liabilities	**251,771,324**	**45,120,309**	190,808,479	34,195,068
Current liabilities	**154,432,839**	**27,676,136**	124,891,493	22,381,988
	406,204,163	**72,796,445**	315,699,972	56,577,056

14. Provisions

Reconciliation of provisions – Rupee – 2018

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	**321,311,109**	**231,130,809**	**(217,724,541)**	**(31,118,851)**	**303,598,526**

Reconciliation of provisions – Rand – 2018

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	**57,582,636**	**41,421,292**	**(39,018,735)**	**(5,576,855)**	**54,408,338**

Reconciliation of provisions Rupee – 2017

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	293,348,295	272,726,066	(234,010,514)	(10,752,738)	321,311,109

Reconciliation of provisions Rand – 2017

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	52,571,379	48,875,639	(41,937,368)	(1,927,014)	57,582,636

	2018		2017	
	Rs	R	Rs	R
Non-current liabilities	**149,392,486**	**26,772,847**	180,405,094	32,330,662
Current liabilities	**154,206,040**	**27,635,491**	140,906,015	25,251,974
	303,598,526	**54,408,338**	321,311,109	57,582,636

Warranty Provision

Nature: This provision is raised due to the fact that certain vehicles sold are sold under a warranty, thus this provision estimates cost that would occur in the future for vehicles repairs under warranties.

Assumptions: Warranty provisions are managements best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two or three year warranties based on three years actual historical sales and warranty claims occurred.

Further, the warranty provision has been discounted to present value and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Rupee – 2018	Financial liabilities at amortised cost	Total
Bank overdrafts	**337,339,319**	**337,339,319**
Trade and other payables	**444,228,566**	**444,228,566**
	781,567,885	**781,567,885**

NOTES TO FINANCIAL STATEMENTS (Contd.)

Rand – 2018	Financial liabilities at amortised cost	Total
Bank overdrafts	60,455,075	60,455,075
Trade and other payables	79,610,854	79,610,854
	140,065,929	140,065,929

Rupee – 2017	Financial liabilities at amortised cost	Total
Bank overdrafts	**341,547,894**	**341,547,894**
Trade and other payables	**370,057,637**	**370,057,637**
	711,605,531	**711,605,531**

Rand – 2017	Financial liabilities at amortised cost	Total
Bank overdrafts	**61,209,300**	61,209,300
Trade and other payables	**66,318,573**	66,318,573
	127,527,873	127,527,873

16. Trade and other payables

	2018		2017	
	Rs	R	Rs	R
Accrued expense	**52,307,416**	**9,374,089**	87,056,856	15,601,587
Accrued leave pay	**4,973,833**	**891,368**	9,116,079	1,633,706
Other payables	**226,961,026**	**40,674,019**	113,666,458	20,370,333
Sundry payables	**1,632,875**	**292,630**	922,765	165,370
Trade payables	**158,353,416**	**28,378,748**	159,295,479	28,547,577
	444,228,566	**79,610,854**	370,057,637	66,318,573

All amounts are short term. The carrying amount of the trade and other payables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

17. Revenue

	2018		2017	
	Rs	R	Rs	R
Sale of goods	**6,282,317,906**	**1,125,863,424**	5,466,660,139	979,688,197
Commissions received	**60,064,348**	**10,764,220**	–	–
	6,342,382,254	**1,136,627,644**	5,466,660,139	979,688,197
The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:				
Sale of spares	**711,918,832**	**127,584,020**	654,467,671	117,288,113
Sale of vehicles	**4,595,670,339**	**823,596,835**	4,028,227,299	721,904,534
Sale of service plan	**150,539,092**	**26,978,332**	154,783,391	27,738,959
Sale of agricultural produce	**824,189,642**	**147,704,237**	629,181,778	112,756,591
Commission income	**60,064,348**	**10,764,220**	–	–
	6,342,382,253	**1,136,627,644**	5,466,660,139	979,688,197

18. Cost of sales

	2018		2017	
	Rs	R	Rs	R
Sale of goods	**5,557,589,634**	**995,982,791**	4,891,323,448	876,581,263
Write down of inventories to net realisable value	**(5,937,401)**	**(1,063,036)**	(2,895,808)	(518,962)
	5,551,652,233	**994,919,755**	4,888,427,640	876,062,301

19. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditors' remuneration – external

	2018		2017	
	Rs	R	Rs	R
Audit fees	**2,790,000**	**500,000**	3,414,960	612,000

Leases

	2018		2017	
	Rs	R	Rs	R
Premises	**9,651,191**	**1,729,604**	6,694,856	1,199,795

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2018		2017	
	Rs	R	Rs	R
Depreciation, amortization and impairment	**25,795,363**	**4,622,825**	20,031,281	3,589,835
Employee costs	**210,674,095**	**37,755,214**	178,692,433	32,023,734
Loss on exchange differences	**21,784,074**	**3,903,956**	12,191,619	2,184,878
Profit on sale of property, plant and equipment	**(3,311,133)**	**(593,393)**	(2,041,644)	(365,886)

20. Investment income

	2018		2017	
	Rs	R	Rs	R
Interest income From investments in financial assets:				
Bank	**11,853,348**	**2,124,256**	9,317,852	1,669,866

21. Finance costs paid

	2018		2017	
	Rs	R	Rs	R
Bank and other	**45,838,729**	**8,214,826**	37,346,499	6,692,921
Holding company for vehicle purchase credit	**3,434,049**	**615,421**	220,706	39,553
	49,272,778	**8,830,247**	37,567,205	6,732,474
Total finance costs	**49,272,778**	**8,830,247**	37,567,205	6,732,474

NOTES TO FINANCIAL STATEMENTS (Contd.)

22. Taxation

Major components of the tax expense

	2018		2017 Restated *	
	Rs	R	Rs	R
Current				
Local income tax – current period	**57,329,667**	**10,274,134**	66,132,213	11,851,651
Deferred				
Deferred tax – current period	**2,523,974**	**452,325**	(4,753,256)	(999,169)
Deferred tax – prior period correction	–	–	–	147,331
	2,523,974	**452,325**	(4,753,256)	(851,838)
	59,853,641	**10,726,459**	61,378,957	10,999,813

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2018		2017	
	Rs	R	Rs	R
Accounting profit	**43,028,117**	**7,711,132**	128,444,206	23,018,675
Tax at the applicable tax rate of 28% (2017: 28%)	**12,047,873**	**2,159,117**	35,964,378	6,445,229
Tax effect of adjustments on taxable income				
Non-taxable/ deductible items	**(436,144)**	**(78,162)**	(297,018)	(53,229)
Non-taxable/ deductible operations - Kenya	**56,440,679**	**10,114,817**	25,711,597	4,607,813
Non taxable/ deductible operations - Egypt	**1,247,777**	**223,616**	–	–
Deferred tax adjustment due to change of discounting	**(9,446,544)**	**(1,692,929)**	–	–
	59,853,641	**10,726,459**	61,378,957	10,999,813

23. Cash generated from (used in) operations

	2018		2017	
	Rs	R	Rs	R
Profit before taxation	**43,028,117**	**7,711,132**	128,444,206	23,018,675
Adjustments for:				
Depreciation and amortisation	**25,795,363**	**4,622,825**	20,031,281	3,589,835
Profit on sale of assets	**(3,311,133)**	**(593,393)**	(2,041,644)	(365,886)
Interest income	**(11,853,348)**	**(2,124,256)**	(9,317,852)	(1,669,866)
Finance costs paid	**49,272,778**	**8,830,247**	37,567,205	6,732,474
Movements in provisions	**(17,712,583)**	**(3,174,298)**	28,002,778	5,018,419
Foreign currency translation reserve	**26,252,092**	**4,704,676**	15,307,731	2,743,321
Changes in working capital:				
Inventories	**133,631,441**	**23,948,287**	(43,016,008)	(7,708,962)
Trade and other receivables	**(188,058,382)**	**(33,702,219)**	(308,893,990)	(55,357,346)
Trade and other payables	**74,170,927**	**13,292,281**	17,963,687	3,219,299
Deferred income	**90,504,191**	**16,219,389**	52,672,259	9,439,473
	221,719,463	**39,734,671**	(63,280,347)	(11,340,564)

24. Tax paid

	2018		2017	
	Rs	R	Rs	R
Balance at beginning of the year	**3,886,096**	**696,433**	(15,840,526)	(2,838,804)
Current tax for the year recognised in profit or loss	**(57,329,667)**	**(10,274,134)**	(66,132,213)	(11,851,651)
Balance at end of the year	**(15,384,596)**	**(2,757,096)**	(3,886,096)	(696,433)
	(68,828,167)	**(12,334,797)**	(85,858,835)	(15,386,888)

25. Commitments

Operating leases – as lessee (expense)

	2018		2017 Restated *	
	Rs	R	Rs	R
Minimum lease payments due				
– within one year	**13 033 630**	**2 335 776**	6 158 501	1 103 674
– in second to fifth year inclusive	**27 906 428**	**5 001 152**	4 840 494	867 472
	40 940 058	**7 336 928**	10 998 995	1 971 146

Operating lease payments represent rentals payable by the group for certain of its premises (residential and office properties). The non cancellable leasing arrangements range from between two and three years and are usually renewable by mutual consent on agreed terms. No contingent rent is payable.

25. Related parties

Relationships

Holding company	Mahindra & Mahindra Limited
Subsidiaries	Mahindra West Africa Limited
Fellow Subsidiaries	SsangYong Motor Company
	Bristlecone
Directors	1) Dr. Pawan Goenka
	2) Kandasamy Chandrasekar
	3.) Pravin Shah Resigned 05 May 2017
	4.) Arvind Mathew – Appointed 06 May 2018
	5.) Ashok Thakur – Resigned 23 April 2018
	6.) Sanjoy Gupta – Resigned 26 January 2018
	7.) Rajesh Gupta – Appointed 26 April 2018
	8.) Avinash Bapat

NOTES TO FINANCIAL STATEMENTS (Contd.)

Related party balances

	2018		2017	
	Rs	R	Rs	R
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Mahindra & Mahindra Limited (Payable)	**(113,383,909)**	**(20,319,697)**	(60,004,893)	(10,753,565)
Mahindra & Mahindra Limited (Receivable)	**426,660,225**	**76,462,406**	263,689,680	47,256,215
Mahindra West Africa Limited (2018: USD 55 500; 2017: USD 55 500)	**7,915,197**	**1,418,494**	4,024,145	721,173
SsangYong Motor Company (Receivable)	**592,256**	**106,139**	1,589,017	286,383
	321,783,769	**57,667,342**	209,297,949	37,510,206
Amounts included in goods in transit				
Mahindra & Mahindra Limited	**303,203,484**	**54,337,542**	293,262,709	52,556,041
SsangYong Motor Company	**103,330**	**18,518**	–	–
	303,306,814	**54,356,060**	293,262,709	52,556,041
Related party transactions				
Purchases from (sales to) related parties				
Mahindra & Mahindra Limited	**2,829,541,933**	**507,086,368**	2,702,902,461	484,391,122
SsangYong Motor Company	**5,397,953**	**967,375**	10,236,292	1,834,461
	2,834,939,886	**508,053,743**	2,713,138,753	486,225,583
Compensation to directors and other key management				
Short-term employee benefits (for 2018 please refer to note 27)	**32,784,894**	**5,875,429**	30,434,430	5,454,199

27. Directors' emoluments

Executive

Rupee – 2018	**Director 1**	**Director 2**	**Director 3**	**Director 4**	**Director 5**	**Director 6**	**Director 7**	**Director 8**
Basic Salary	–	–	–	–	6,557,276	5,991,637	459,887	3,705,656
Performance Pay	–	–	–	–	2,013,275	2,113,542	–	845,643
Benefits	–	–	–	–	6,019,219	2,646,789	198,598	2,233,373
	–	–	–	–	14,589,770	10,751,968	658,485	6,784,672

Rand – 2018	**Director 1**	**Director 2**	**Director 3**	**Director 4**	**Director 5**	**Director 6**	**Director 7**	**Director 8**
Basic Salary	–	–	–	–	1,175,139	1,073,770	82,417	664,096
Performance Pay	–	–	–	–	360,802	378,771	–	151,549
Benefits	–	–	–	–	1,078,713	474,335	35,591	400,246
	–	–	–	–	2,614,654	1,926,876	118,008	1,215,891

Rupee – 2017	**Director 1**	**Director 2**	**Director 3**	**NA**	**Director 5**	**Director 6**	**NA**	**Director 8**
Basic Salary	–	–	–	–	6,238,457	6,151,777	–	3,399,252
Performance Pay	–	–	–	–	1,563,298	1,824,403	–	730,455
Benefits	–	–	–	–	4,275,692	3,849,893	–	2,401,202
	–	–	–	–	12,077,447	11,826,073	–	6,530,909

Rand – 2017	**Director 1**	**Director 2**	**Director 3**	**NA**	**Director 5**	**Director 6**	**NA**	**Director 8**
Basic Salary	–	–	–	–	1,118,003	1,102,469	–	609,185
Performance Pay	–	–	–	–	280,161	326,954	–	130,906
Benefits	–	–	–	–	766,253	689,945	–	430,323
	–	–	–	–	2,164,417	2,119,368	–	1,170,414

28. Prior period error

Due to the requirements of IAS 37, the measurement of provisions should be discounted at a present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Based on this, it was determined that the current portion of the provision for the warranty claims should also be discounted.

This was adjusted retrospectively.

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2018		2017 Restated*	
	Rs	R	Rs	R
Statement of Financial Position				
Provision for warranty claims (decrease)	–	–	33,737,662	6,046,176
Deferred taxation (decrease)	–	–	(9,446,544)	(1,692,929)
Retained earnings (increase)	–	–	(24,291,118)	(4,353,247)
	–	–	–	–
Statement of comprehensive income				
Cost of sales (decrease)	–	–	(2,936,096)	(526,182)
Taxation (increase).	–	–	822,107	147,331
	–	–	**(2,113,989)**	**(378,851)**

29. Risk management

Capital risk management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projection. Short term liquidity needs for a 120 day or less are identified monthly.

Funding in regards to long term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The company have contractual maturities which are summarised below:

Company

	Rs	R	Rs	R
At 31 March 2018	**Current**		**Within 6 months**	
Trade and other payables	**444,228,526**	**79,610,847**	**439,254,693**	**78,719,479**

	Rs	R	Rs	R
At 31 March 2017	**Current**		**Within 6 months**	
Trade and other payables	370 057 643	66 318 574	350 251 416	62 769 071

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.5% and -0.5% (2016: +0.5% and -0.5%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the company's financial instruments held at each balance sheet date. All other variables are held constant.

	2018 Rs		2018 R		2017 Rs		2017 R	
	+0,5%	**-0,5%**	**+0,5%**	**-0,5%**	+0,5%	-0,5%	+0,5%	-0,5%
Net results for the year	2,403,525	(2,403,552)	430,744	(430,744)	1,707,742	(1,707,742)	306,047	(306,047)

Credit risk

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

The company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

The company's management considers that all the financial assets are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 9 for further information on impairment or financial assets that are past due.

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

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with quality external credit ratings.

Foreign exchange risk

Most of the company's transactions are carried out in Rands. Exposure to currency exchange rates arise from the operations in Kenya, as well as the company's overseas purchases and sea freight, which are primarily denominated in US Dollars. To mitigate the company's exposure to foreign currency risk, non Rand cash flows are monitored and forward exchange contracts are entered into in accordance with our risk management policies. Forward exchange contracts are generally entered into when the rate is more favourable than the budgeted rate.

Foreign currency denominated financial assets and liabilities, translated in Rands at the closing rate, are as follows:

	2018		2017	
	Rs	R	Rs	R
Assets				
Mahindra and Mahindra Limited (2018: USD 225,599; 2017: USD 34,590)	**14,905,296**	**2,671,200**	2,508,020	449,466
Bank balance (2018: USD 126,953; 2017: USD 104,761)	**8,387,750**	**1,503,181**	7,595,948	1,361,281
SsangYong Motor Company (2018: USD 8,964; 2017: USD 22,039)	**592,256**	**106,139**	1,598,017	286,383
Mahindra West Africa Limited (2018: USD 105,000; 2017: USD 55,500)	**7,915,197**	**1,418,494**	4,024,145	721,173
Schenker (2018: USD 1,426)	**92,578**	**16,591**	–	–
	31,893,077	**5,715,605**	15,726,130	2,818,303
Liabilities				
Savino del Bene (2017: USD 3,915)	–	–	283,838	50,867
Mahindra and Mahindra Limited (2018: INR 2,284,178, USD 239,264; 2017: USD 104,350)	**18,122,774**	**3,247,809**	7,566,112	1,355,934
Mahindra Europe Limited (2018: USD 485)	**31,549**	**5,654**	–	–
Hoegh Limited (2018: USD 38 334)	**2,532,712**	–	–	–
	20,687,035	**3,253,463**	7,849,950	1,406,801

NOTES TO FINANCIAL STATEMENTS (Contd.)

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar Rand exchange rate.

It assumes a +9% and -9% change of the Rand / US Dollar exchange rate for the year ended 31 March 2018 (2017: +5% and -12%). This has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rand had strengthened against the US Dollar by 9% (2017:5%) then this would have had the following impact:

Company

	2018		2017	
	Rs	**R**	**Rs**	**R**
Net results for the year	**1,008,546**	**180,743**	393,809	70,575

If the Rand had weakened against the US Dollar by 9% (2017:12%) then this would have had the following impact:

	2018		2017	
	Rs	**R**	**Rs**	**R**
Net results for the year	**(1,008,546)**	**(180,743)**	(945,140)	(169,380)

Exposure to foreign exchange rates vary during the year depending on the volumes of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

30. Banking facilities

The company avails credit facilities from ICICI Bank which has sanctioned a ZAR facility of R 30 million (2017: R 30 million with The State Bank of India) for working capital borrowings. At the year end the company has utilised none of its facility from ICICI Bank.

In order to facilitate working capital for the Kenya branch, the company also avails credit facilities from ICICI Bank (DFS branch) which has sanctioned a facility of USD 5 million (2017: Nil) towards working capital financing in the form of Short Term Loans. The company's branch has utilised USD 1 946 984 million of its facility with the bank.

Further, the company also avails credit facilities from Barclays Bank in Kenya which has sanctioned amounts of KES 242 500 000 for overdraft and USD 2 000 000 for Short Term Loans and USD 500 000 for Letters of Credit. At the end of the year the company has utilised KES 233 187 315 towards Overdraft, USD 1 098 336 towards Short Term Loans and USD Nil towards Letters of Credit facilities.

The above facilities have been secured as follows:

- General Notarial Bond on all present and future moveable assets of the Company including stocks, whether in company's showroom, warehouse or in transit but excluding book debts.
- An unrestricted cessation of all present and future book debts due or to become due.

Registered Office

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

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

Directors Report on the Financial Statement for the year ended on 31.03.2018

Dear Quota-holder,

The Company was incorporated on February 12, 2008.

The Financial Statements as at March 31st, 2018 (F18) report a gross operating Profit of Euro 25,062 (Rs. in lakhs 20.22) vis-a-vis a gross operating profit of Euro 1,35,381 (Rs. in lakhs 109.20) in the previous year (F17) and a Net Loss of Euro 141,721 (Rs. in lakhs 114.31) vis-à-vis a Net Loss of Euro 133,140 (Rs. in lakhs 107.39) in the previous year.

Performance during the year:

The revenue of the company is Euro 2.7 mln in F18 v/s Euro 3.2 mln in F17. The major areas from where company is deriving revenues are US, India and Italy.

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

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

Future Prospects:

The company continues to execute projects of M&M Group and mainly dependent on M&M's product development plans. The thrust to get Non - M&M business will continue in future as well.

Holding Company:

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

Directors:

Rajan Wadhera

Bharat Moossaddee

Angelantonio Molfetta

Jose Ebenezer

Chairman of the Board of Directors

Rajan Wadhera

Date: May 4, 2018

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE N. 39 DATED JANUARY 27, 2010 (Translation from the original Italian text)

To the Sole Shareholder of

Mahindra Graphic Research Design S.r.l.

Opinion

We have audited the financial statements of the Mahindra Graphic Research Design S.r.l. (the Company), drawn up in abbreviated form pursuant to art. 2435-bis of the Civil Code, which comprise the balance sheet at March 31, 2018, the income statement for the year then ended and the related explanatory notes.

In our opinion, the financial statements give a true e fair view of the financial position of the Company at March 31, 2018 and of the economic result for the year then ended in accordance with the Italian rules governing the drafting criteria.

Basis for opinion

We conducted our audit in accordance with international standards on auditing (ISA Italia). Our responsibilities under those standards are described in detail in the section of this report titled *Auditor's responsibilities for the audit of the Financial Statements.* We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The Company, as required by law, has included in the notes the essential data of the last financial statements of the company exercising on it management and coordination activities. The opinion on the financial statements of Mahindra Graphic Research Design S.r.l. does not extend to such data.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian rules governing the drafting criteria and, in the terms prescribed by law, for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the application of the going concern assumption, and for appropriate disclosure thereof. The directors prepare financial statements on a going concern basis unless they either intend to liquidate the Company or to cease trading, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance that, but is not a guarantee that an audit performed in accordance with international standards on auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

As part of the audit in accordance with international standards on auditing (ISA Italia), we exercised professional judgement and maintained professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- We obtained an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Where a material uncertainty exists, we are required to draw attention, in our auditor's report, to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions based on the audit evidence obtained up to the date of our auditor's report. However, subsequent events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in such a manner as to give a true and fair view;

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Turin, Italy
May 25, 2018

Baker Tilly Revisa S.p.A.
Signed by: Nicola Fiore - Partner

This report has translated into the English language solely for the convenience of international readers.

FINANCIAL STATEMENTS AS ON 31/03/2018

BALANCE SHEET

	Total as at 31/03/2018			Total as at 31/03/2017		
	Euro	**Euro/Lakhs**	**INR/Lakhs**	Euro	Euro/Lakhs	INR/Lakhs
B) Fixed assets						
I – Intangible fixed assets	**7,737**	**0.08**	**6.24**	1,97,186	1.97	159.05
II – Tangible fixed assets	**69,391**	**0.69**	**55.97**	35,131	0.35	28.34
Total fixed assets (B)	**77,128**	**0.77**	**62.21**	2,32,317	2.32	187.39
C) Current assets						
II – Receivables	**6,96,651**	**6.97**	**561.92**	6,22,633	6.23	502.22
due within the following year	**6,96,651**	**6.97**	**561.92**	6,22,633	6.23	502.22
due beyond the following year						
Deferred tax	**3,49,350**	**3.49**	**281.79**	3,06,935	3.07	247.57
IV – Liquid funds	**4,64,240**	**4.64**	**374.46**	3,33,711	3.34	269.17
Total current assets (C)	**15,10,241**	**15.10**	**1,218.16**	12,63,279	12.63	1,018.96
D) Accrued income and prepayments	**21,210**	**0.21**	**17.11**	29,959	0.30	24.16
Total assets	**16,08,579**	**16.09**	**1,297.48**	15,25,555	15.26	1,230.51
A) Shareholders' equity						
I – Share capital	**9,60,000**	**9.60**	**774.34**	9,60,000	9.60	774.34
IV – Legal reserve	**14,359**	**0.14**	**11.58**	14,359	0.14	11.58
VI – Other reserves	**0**	**0.00**	**0.00**	2	0.00	0.00
VIII – Retained earnings (accumulated losses)	**(2,53,110)**	**(2.53)**	**(204.16)**	(1,19,970)	(1.20)	(96.77)
IX – Profit (loss) for the year	**(1,41,721)**	**(1.42)**	**(114.31)**	(1,33,140)	(1.33)	(107.39)
Total Shareholders' Equity	**5,79,528**	**5.80**	**467.45**	7,21,251	7.21	581.76
C) Total reserve for severance indemnities (TFR)	**2,95,855**	**2.96**	**238.64**	3,28,097	3.28	264.64
D) Payables	**7,32,105**	**7.32**	**590.52**	4,74,160	4.74	382.46
due within the following year	**7,32,105**	**7.32**	**590.52**	4,74,160	4.74	382.46
due beyond the following year						
E) Accrued liabilities and deferred income	**1,091**	**0.01**	**0.88**	2,047	0.02	1.65
Total liabilities and shareholders' equity	**16,08,579**	**16.09**	**1,297.48**	15,25,555	15.26	1,230.51

	Total as at 31/03/2018			Total as at 31/03/2017		
	Euro	**Euro/Lakhs**	**INR/Lakhs**	Euro	Euro/Lakhs	INR/Lakhs
Profit and loss account						
A) Value of production						
1) Revenues from sales and services	**25,64,376**	**25.64**	**2,068.43**	29,67,817	29.68	2,393.84
5) Other income and revenues	**1,45,416**	**1.45**	**117.29**	2,29,117	2.29	184.81
Total value of production	**27,09,792**	**27.10**	**2,185.72**	31,96,934	31.97	2,578.65
B) Cost of production						
6) Raw, ancillary and consumable materials and goods for resale	**3,654**	**0.04**	**2.95**	1,498	0.01	1.21
7) Services	**8,39,048**	**8.39**	**676.78**	9,70,378	9.70	782.71
8) Use of third party assets	**68,333**	**0.68**	**55.12**	89,708	0.90	72.36
9) Payroll and related costs						
a) wages and salaries	**12,38,464**	**12.38**	**998.95**	14,13,764	14.14	1,140.34
b) related salaries	**4,00,025**	**4.00**	**322.66**	4,51,235	4.51	363.97
c) severance	**99,682**	**1.00**	**80.40**	1,11,957	1.12	90.30
e) other costs						
Total payroll and related costs	***17,38,171***	***17.38***	***1,402.01***	19,76,956	19.77	1,594.61
10) Amortisation, depreciation and writedowns						
a) amortisation of intangible fixed assets	**1,89,449**	**1.89**	**152.81**	2,31,910	2.32	187.06
b) depreciation of tangible fixed assets	**19,673**	**0.20**	**15.87**	21,231	0.21	17.12
d) writedowns of accounts included among current assets	**0**	**0.00**	**0.00**	2,403	0.02	1.94
Total Amortisation, depreciation and writedowns	***2,09,122***	***2.09***	***168.68***	2,55,544	2.56	206.12
14) Other operating expenses	**35,524**	**0.36**	**28.65**	23,013	0.23	18.56
Total cost of production	**28,93,852**	**28.94**	**2,334.18**	33,17,097	33.17	2,675.57
Difference between value and cost of production (A - B)	**(1,84,060)**	**(1.84)**	**(148.46)**	(1,20,163)	(1.20)	(96.92)
C) Financial income and expense						
16) Other financial income						
d) Income other than the above	**127**	**0.00**	**0.10**	720	0.01	0.58
Total income other than the above	***127***	***0.00***	***0.10***	720	0.01	0.58
17) Interest and other financial expense	**242**	**0.00**	**0.20**	65	0.00	0.05
Total interest and other financial expense	**242**	**0.00**	**0.20**	65	0.00	0.05
Total financial income and expense (15 + 16 - 17 + - 17-bis)	**242**	**0.00**	**0.20**	655	0.01	0.53
Profit before taxes (A - B + - C + - D)	**(1,84,136)**	**(1.84)**	**(148.52)**	(1,19,508)	(1.20)	(96.40)
20) Taxes on the income for the year						
Current taxes	**0**	**0.00**	**0.00**	5,103	0.05	4.12
taxes related to previous years	**0**	**0.00**	**0.00**	9	0.00	0.01
Deferred tax assets and liabilities	**(42,415)**	**(0.42)**	**(34.21)**	8,520	0.09	6.87
Total taxes on the income for the year	**(42,415)**	**(0.42)**	**(34.21)**	13,632	0.14	11.00
21) Net profit (loss) for the year	**(1,41,721)**	**(1.42)**	**(114.31)**	(1,33,140)	(1.33)	(107.39)

Exchange rate was (1 Euro=Rs 80,66) for both financial years for convenience translation.

A lakh is a unit in the Indian numering system equal to one hundred thousand (100.000).

This Financial Statements is in agreement with results of accountant records.

For and behalf of the Board

Jose Ebnezer	Bharat Moossaddee	Wadhera Rajan
Director	Director	*President*

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31-03-2018

First part of the notes to the accounts

Dear shareholder,

These financial statements, submitted for your examination and approval, show a net loss for the year of € 141.721 (Rs in Lakhs 114,31).

Accounts have been prepared in accordance with article 2423 of the Italian Civil Code and by new Italian GAAP(OIC).

The comparison of information with previous year figures will need to take into account, if necessary, of the changes of the format of the financial statements and notes to the accounts and new Italian GAAP.

The accounts have been prepared in accordance with the Law In order to provide a true and correct view of the financial situation of the company and of the economic result.

Balance sheet and profit and loss have been prepared in accordance with articles 2424 and 2425 of the Italian Civil Code.

The company exploited the possibility granted by Law to prepare the accounts in the "short" format in accordance with article 2435 bis of the Italian Civil Code.

For the same reason the company did not prepare the cash flow and the management report.

On the basis of the information available also taking into account the contents of the budget for the next financial year approved on 04/05/2018, the directors consider the assumption of going concern to be appropriate.

Overall performance

The company recorded a decrease in turnover of around 15% in comparison to accounting period 2016/2017.

However, the company continued to perform services to other group companies and specifically to Mahindra North American Technical Center Inc. incorporated by Mahindra VehicleManufacturers Ltd. Total turnover was Euro 2.703.252 (Rs in Lakhs 2.180,44) of which 68% coming from group companies and 32% coming from other customers. The target for accounting period 2018/2019 will be to increase turnover to third parties increasing the market share.

The gross operating margin for normal operations is negative at € 120.355 (Rs in Lakhs 97,08).

31/03/2018	Euro
Net Revenues	**2.564.376**
External Costs	**946.559**
Value Added	**1.617.817**
Labour Costs	**1.738.171**
Gross Operating Margin	**(120.355)**

31/03/2018	Rupee/Lakhs
Net Revenues	**2.068,43**
External Costs	**763,49**
Value Added	**1.304,93**
Labour Costs	**1.402,01**
Gross Operating Margin	**(97,08)**

Significant events during the year

Normal operations have continued after the balance sheet date.

On the 13th April 2017 the company has signed an agreement with Unions for the access of 23 employees to "CIG" for the period going from the 18th April 2017 to the 27th May 2017.

During the year the company has signed two additional agreements for the extension of the access to "CIG" also for following periods, 29.05.2017-30.06.2017 and 01.07.2017-29.07.2017, for 23 employees.

Basis of preparation

The following financial statements have been prepared in accordance with articles 2423 et seq of the Italian Civil Code, as reported in these notes, which have been drawn up in compliance with article 2427 of the Italian Civil Code, and, under article 2423, constitute an integral part of the financial statements for the year.

The valuation criteria applied to items and adjustments in the financial statements comply with the provisions of the Italian Civil Code and with the guidance issued by the Italian Accounting Board.

The financial statements are presented in Euros and the amounts have been rounded. Any rounding differences have been recorded in the "Euro rounding reserve" within Shareholders' Equity and as "Euro rounding differences" within item "extraordinary income and costs" in the Profit and loss account.

In accordance with article 2423, paragraph 5, of the Italian Civil Code, the notes to the accounts have been prepared in Euros.

The financial statements have been drawn up in abbreviated form in accordance with article 2435 of the Italian Civil Code.

Valuation Criteria

The criteria used in the preparation of the financial statements for the year ended 31/03/2018 have not changed from those used in the financial statements of the previous year, in particular with respect to the principles of valuation and consistency.

All items in the financial statements have been valued in accordance with the general principles of prudence and accruals and on a going-concern basis, also taking into account the economic function of the asset or liability.

The application of the prudence principle entailed the assessment of the individual elements of each asset and liability in order to prevent losses that should be recognised from being offset against unrealised profits which should not.

In accordance with the accrual principle, the effects of transactions and other events are recognised in the period to which they refer, and not in the period in which the associated cash flows (receipts and payments) occur.

Consistency of valuation criteria over time is fundamental for ensuring the comparability of the company's financial statements between different periods.

Recognition of assets and liabilities on the basis of their economic function reflects the principle of substance over form – obligatory where not expressly contrary to other specific accounting principles – and makes it possible to report transactions in accordance with the economic reality underlying the formal aspects.

Structure and contents of the financial statement

The Balance Sheet, P&L Account and accounting disclosures contained in these Explanatory Notes comply with the accounting entries from which they were directly obtained.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was necessary to adjust any items of the previous fiscal year.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3rd paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

Measurement policies

The criteria used to valuate the financial statements' items and to adjust the values comply with the provisions of the Italian Civil Code and with the instructions found in the accounting principles issued by the Italian Accounting Board. In addition, said values did not change compared to the previous fiscal year, except as will be specified below in the comments to the individual items.

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

Based on application of the provision introduced with the company law reform, the accounting amounts expressed in foreign currency were entered, after conversion into euro according to the current exchange rate at the time of their assessment, or at the exchange rate, if lower, on the date of closing of the financial year, if the reduction in value was lasting.

Other information

Assets and liability in foreign currency

If present, they have been converted into Euro to the exchange rate at the date of the transaction or at the exchange rate of year end in accordance to OIC 26.

Transaction with re-conveyance obligation

The company did not carry any transaction subject to re-conveyance

Notes to the accounts Assets

Intangible fixed assets

I. Intangible fixed assets

Euro

Balance as at 31/03/2018	Balance as at 31/03/2017	Change
7.737	**197.186**	189.449

Rupee/Lakhs

Balance as at 31/03/2018	Balance as at 31/03/2017	Change
6,24	**159,05**	152,81

Intangible assets are recorded at historical acquisition cost and shown net of accumulated amortisation charged directly to the individual items.

Purchased goodwill has been recorded at an amount equal to the cost incurred and paid to G.R. Grafica Ricerca Design S.r.l. in 2008 for the acquisition of a business unit, and is amortised on a straight-line basis over 10 years. This period does not exceed the expected useful life of the assets.

Rights to use intellectual property are amortised at an annual rate of 20%. These relate only to software. Annual fees for the use of graphic licenses are recognised on an accrual basis in the Profit and loss account.

In the event that, regardless of the amortisation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant amortisation.

Changes in intangible fixed assets

	Euro		
	Industrial patent rights and rights to use intellectual property	**Goodwill**	**Total intangible fixed assets**
Balance at beginning of year			
Cost	492,720	2,203,461	2,696,181
Book value	13,564	183,622	197,186
Change during the year			
Increases due to acquisitions			
Amortisation for the year	5.827	183.662	189.449
Total change	(5.827)	(183.662)	(189.449)
Balance at end of year			
Cost	492,720	2,203,461	2,696,181
Accumulated amortisation	484,983	2,203,461	2,688,444
Book value	7.737	–	7,737

	Rupee/Lakhs		
	Industrial patent rights and rights to use intellectual property	**Goodwill**	**Total intangible fixed assets**
Balance at beginning of year			
Cost	397,43	1.777,31	2.174,74
Book value	10,94	148,11	159,05
Change during the year			
Increases due to acquisitions			
Amortisation for the year	4,70	148,11	152,81
Total change	(4,70)	(148,11)	(152,81)
Balance at end of year			
Cost	397,43	1.777,31	2.174,74
Accumulated amortisation	391,19	1.777,31	2.168,50
Book value	6,24	–	6,24

The other intangible fixed assets for 23.360 Euro (Rupee/Lakhs 16,18 as at 31.12.2017) have been completed depreciated in fy 2015/2016.

Tangible fixed assets

II. Tangible fixed assets

Euro

Balance as at 31/03/2018	Balance as at 31/03/2017	Change
69.391	**35.131**	34.260

Rupee/Lakhs

Balance as at 31/03/2018	Balance as at 31/03/2017	Change
55,97	**28,34**	27,63

Changes in tangible fixed assets

Tangible Assets

Tangible assets are recorded at acquisition cost and shown net of accumulated depreciation.

The carrying amounts take into account incidental costs and costs sustained for the use of the fixed asset, less any material trade or cash discounts.

The depreciation rates charged to the profit and loss accounthave been calculated bearing in mind the use, destination, and the economic and technical life of the assets, based on the criterion of remaining useful life. We believe that this criterion is properly represented by the following rates which have not changed from the previous year and which are reduced by half in the year that an asset comes into operation:

- Equipment: 15%
- Furnishings: 12%
- Motor vehicles: 20%
- Office machinery, furniture and fittings: 12%
- Electrical office machinery: 20%
- Internal communication devices: 25%

In the event that, regardless of the depreciation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant depreciation.

No assets have been discretionarily or voluntarily revalued and the valuations carried out have been determined objectively based on the use of the assets in question.

Plant and machinery

Euro

Description	Balance
Historical cost	4,229
Accumulated depreciation	(4,229)
Balance as at 31/03/2017	
Balance as at 31/03/2018	

Rupee/Lakhs

Description	Balance
Historical cost	3,41
Accumulated depreciation	(3,41)
Balance as at 31/03/2017	
Balance as at 31/03/2018	

Industrial and commercial equipment

Euro

Description	Balance
Historical cost	33,060
Accumulated depreciation	(30,831)
Balance as at 31/03/2017	**2,229**
Depreciation charge for the year	(766)
Balance as at 31/03/2018	**1,463**

Rupee/Lakhs

Description	Balance
Historical cost	26,67
Accumulated depreciation	(24,87)
Balance as at 31/03/2017	**1,80**
Depreciation charge for the year	(0,62)
Balance as at 31/03/2018	**1,18**

Other assets

Euro

Description	Balance
Historical cost	315,692
Accumulated depreciation	(282,790)
Balance as at 31/03/2017	**32,902**
Acquisitions during the year	53.993
Disposals during the year	–
Reversal of write-down	–
Depreciation charge for the year	(18.907)
Balance as at 31/03/2018	**67,928**

Rupee/Lakhs

Description	Balance
Historical cost	254,64
Accumulated depreciation	(228,10)
Balance as at 31/03/2017	**26,54**
Acquisitions during the year	43,55
Disposals during the year	–
Reversal of write-down	–
Depreciation charge for the year	(15,25)
Balance as at 31/03/2018	**54,79**

Euro	**Plant and Machinery**	**Industrial and commercial equipment**	**Other tangible fixed assets**	**Total tangible fixed assets**
Balance at beginning of year				
Cost	4,229	33,060	315,692	352,981
Accumulated depreciation	4,229	30,831	282,790	317,850
Book value	–	2,229	32,902	35,131
Change during the year				
Increases due to acquisitions	–	–	53,993	53,993
Decreases due to disposals and retirement (of book value)	–	–	–	–
Depreciation for the year	–	766	18,907	19,673
Other changes	–	–	–	–
Total change	–	(766)	35.086	34.320
Balance at end of year				
Cost	4,229	33,060	369.625	406,914
Accumulated depreciation	4,229	31,597	301.697	337,523
Book value	–	1,463	67.928	69,391

Rupee/Lakhs	Plant and Machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at beginning of year				
Cost	3,41	26,67	254,64	284,71
Accumulated depreciation	3,41	24,87	228,10	256,38
Book value	–	7.5	26,54	28,34
Change during the year				
Increases due to acquisitions	–	–	43,55	43,55
Decreases due to disposals and retirement (of book value)	–	–	–	–
Depreciation for the year	–	0,62	15,25	15,87
Other changes	–	–	–	–
Total change	–	(6,62)	28,30	27,68
Balance at end of year				
Cost	3,41	26,67	298,14	328,22
Accumulated depreciation	3,41	25,49	243,35	272,25
Book value	–	1,18	54,79	55,97

Finance lease transactions

Disclosures relating to finance lease transactions

Finance lease transactions (leasing)

At the balance sheet date there were no finance leases.

Current assets

Current assets: Accounts receivable

Receivables

Receivables are recorded at their estimated realisable value. The nominal value of receivables is adjusted to this value through the provision for bad debts, taking general economic and sector conditions and also country risk into consideration.

Receivables are derecognised in the financial statements when the rights to the cash flows from the assets expire or when the assets are sold and all the risks connected to them are transferred.

Euro	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Receivables from clients included in current assets	51.791,00	83.986,00	135.777,00	135.777,00	–
Receivables from associated company included in current assets	404.418,00	94.358,00	498.776,00	498.776,00	–
Receivables from parent company included in current assets	22.060,00	668,00	22.728,00	22.728,00	–
Tax credits included in current assets	140.287,00	(104.705,00)	35.582,00	35.582,00	–
Deferred taxes included in current assets	306.936,00	42.414,00	349.350,00	349.350,00	–
Other receivables included in current assets	4.076,00	(288,00)	3.788,00	3.788,00	–
Total receivables included in current assets	929.568,00	116.433,00	1.046.001,00	1.046.001,00	–

Rupee/Lakhs	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Receivables from clients included in current assets	41,77	67,75	109,52	109,52	–
Receivables from associated company included in current assets	326,20	76,11	402,31	402.31	–
Receivables from parent company included in current assets	17,79	0,54	18,33	18,33	–
Tax credits included in current assets	113,16	(84,46)	28,70	28,70	–
Deferred taxes included in current assets	247,57	34,22	281,79	281,79	–
Other receivables included in current assets	**3,29**	**(0,23)**	**3,06**	**3,06**	**–**
Total receivables included in current assets	**749,78**	**93,93**	**843,71**	**843,71**	**–**

Receivables from parent company" are receivables related to transactions concluded under normal market conditions.

The full amount for deferred taxes has been prudently allocated to amounts due in over one year even if it is likely that it will be partially used in the course of the following year in relation to the possibility of converting deferred tax assets into tax credits to be offset in accordance with regulations currently in force.

Breakdown by geographical area of receivables included in current assets

The distribution of accounts receivable as at 31/03/2018by geographical area is shown in the table below.

Euro

Geographical area	Italy	India	USA	Total
Receivables from clients included in current assets	135.777	–	–	135.777
Receivables from associated company included in current assets	–	–	498.776	498.776
Receivables from parent company included in current assets	–	22.728	–	22.728
Tax credits included in current assets	35.582	–	–	35.582
Deferred taxes included in current assets	349.350	–	–	349.350
Other receivables included in current assets	**3.788**	–	–	**3.788**
Total accounts receivable included in current assets	**524.497**	**22.728**	**498.776**	**1.046.001**

Rupee/Lakhs

Geographical area	Italy	India	USA	Total
Receivables from clients included in current assets	109,52	–	–	109,52
Receivables from associated company included in current assets	–	–	402,31	402,31
Receivables from parent company included in current assets	–	18,33	–	18,33
Tax credits included in current assets	28,70	–	–	28,70
Deferred taxes included in current assets	281,79	–	–	281,79
Other receivables included in current assets	**3,06**	–	–	**3,06**
Total accounts receivable included in current assets	**423,06**	**18,33**	**402,31**	**843,70**

Current assets: liquid assets

Changes in liquid assets

Euro	Balance at beginning of year	Change during year	Balance at end of year
Bank and postal deposits	333,664	129.404	463.068
Cash	47	1.125	1.172
Total liquid assets	**333,711**	**130.529**	**464.240**

Rupee/Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Bank and postal deposits	269,13	104,38	373,51
Cash	0,04	0,91	0,95
Total liquid assets	**269,17**	**105,28**	**374,46**

The balance represents the liquid assets and cash and cash equivalents on hand at the balance sheet date.

Accrued income and prepaid expenses

Accruals and prepayments

Accrued income and prepaid expenses have been determined in accordance with the accruals concept.

For long term accruals and prepayments the conditions that determined their initial recognition have been verified and any necessary changes made.

Accruals and prepayments include income and expenses whose impact on profit or loss comes before or after their actual cash payment and/or documentary support; regardless of the date of payment or collection of the income or expenses, they relate to two or more financial years and are allocated over time.

As at 31/03/2018 there are no accruals and prepayments with a duration of more than five years.

Euro	Balance at beginning of year	Change during year	Balance at end of year
Other accrued incomes	84	(84)	–
Other prepaid expenses	29,875	(8.665)	21.210
Total accrued income and prepaid expenses	**29,959**	**(8.749)**	**21.210**

Rupee/Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Other accrued incomes	0,07	(0,07)	–
Other prepaid expenses	24,10	(6,99)	17,11
Total accrued income and prepaid expenses	**24,17**	**(7,06)**	**17,11**

Notes to the accounts Liabilities and shareholders' equity

Shareholders' equity

Euro

A) Shareholders' equity

Balance as at 31/03/2017	Balance as at 31/03/2018	Change
721,251	**579.528**	(141,723)

Rupee/Lakhs

A) Shareholders' equity

Balance as at 31/03/2017	Balance as at 31/03/2018	Change
581.76	**467.45**	(114,31)

Changes in shareholders' equity

Euro	Balance at beginning of year	Allocation of prior year profits: Other Allocations	Profit (loss) for the year	Balance at end of year
Share capital	960,000	–		960,000
Legal reserve	14,359	–		14,359
Other reserves				
Capital contributions	–			–
Various other reserves	2	(2)		–
Total other reserves	2	(2)		–
Retained earnings (loss)	(119,970)	(133.140)		(253.110)
Profit (loss) for the year	(133,140)	133.140	(141.721)	(141.721)
Total shareholders' equity	**721,251**	**(2)**	**(141.721)**	**579.528**

Rupee/Lakhs	Balance at beginning of year	Allocation of prior year profits – Other Allocations	Profit (loss) for the year	Balance at end of year
Share capital	774,34	–		774,34
Legal reserve	11,58	–		11,58
Other reserves				
Capital contributions	–	–		–
Various other reserves	–	–		–
Total other reserves	–	–		–
Retained earnings (loss)	(96,77)	(107,39)		(204,16)
Profit (loss) for the year	(107,39)	107,39	(114,31)	(114,31)
Total shareholders' equity	**581,76**	**–**	**(114,31)**	**467,45**

Availability and use of shareholders' equity

The components of shareholders' equity are broken down as follows by origin, permitted use, amount available for distribution and uses in the previous three years.

Euro	Amount	Permitted use	Amount available
Share capital	960,000	B	–
Legal reserve	14,359	B	–
Other reserves			
Various other reserves	–	A,B,C	–
Total other reserves	–		–
Retained earnings	(253.110)	A,B,C	–
Total	**721.249**		**–**

Rupee/Lakhs	Amount	Permitted use	Amount available
Share capital	774,34	B	–
Legal reserve	11,58	B	–
Other reserves			
Various other reserves	–	A,B,C	–
Total other reserves	–		–
Retained earnings	(204,16)	A,B,C	–
Total	**581,76**		**–**

(*) A: to increase capital; B: to cover losses; C:for distribution to shareholders

The share capital of €960,000 (Rs in Lakhs 774,34), consists of a single share.

In accordance with article 2427 of the Italian Civil Code we point out the fact that the company has not issued shares or other securities or equity instruments.

Employees' leaving indemnity

Disclosures relating to employees' leaving indemnity

Provision for employees' leaving indemnity

The provision for employees' leaving indemnity represents the liability matured towards employees at the balance sheet date in accordance with the law and current employment contracts and considering all forms of ongoing remuneration.

The provision is the total of the individual indemnities due to employees accrued up to 29.02.2008, when the business unit was acquired,revalued each year and net of any advances paid and any withholding taxes on the revaluations; and represents the amount that would be payable to employees should their employment have terminated on 31.03.2018.

The fund does not include benefits accrued from 1 January 2007 and allocated to supplementary pension schemes in accordance with Legislative Decree. no 252 of 5 December 2005 or transferred to the INPS treasury fund.

Euro	Employee leaving indemnity
Balance at beginning of year	328,097
Change during year	
Utilisation during year	(175,817)
Other changes	143.575
Total changes	(32.242)
Balance at end of year	295,855

Rupee/Lakhs	Employee leaving indemnity
Balance at beginning of year	264,64
Change during year	–
Utilisation during year	(141,81)
Other changes	115,81
Total changes	(26,00)
Balance at end of year	238,64

The other changes reported in the table consist of gross revaluations of €8.490(Rs in Lakhs 6,85), substitute tax of €(3.697) (Rs in Lakhs -2,98).

Accounts payable

Accounts payable changes and due dates

Accounts payable are recorded at their nominal value and their due dates can be broken down as follows.

Euro

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Towards banks	568			568				
Towards suppliers	395.155			395.155				
Tax payables	26.409			26.409				
Social contributions	82.012			82.012				
Other payables	227.688			227.688				
	732,105			**732,105**				

Rupee/Lakhs

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Towards banks	0,46			0,46				
Towards suppliers	318,73			318,73				

Rupee/Lakhs								
Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Tax payables	21,30			21,30				
Social contributions	66,15			66,15				
Other payables	183,65			183,65				
	590,29			**590,29**				

Euro	Balance at beginning of year	Change during year	Balance at end of year	Amount due within the year
Towards banks	223	345	568	568
Towards suppliers	144,752	250.403	395.155	395.155
Tax payables	25,018	1.391	26.409	26.409
Social contributions	89,948	(7.936)	82.012	82.012
Other payables	214,219	13.469	227,688	227,688
Total accounts payables	474,160	257.945	732.105	732.105

Rupee/Lakhs	Balance at beginning of year	Change during year	Balance at end of year	Amount due within the year
Towards banks	0,18	0,28	0,46	0,46
Towards suppliers	116,76	201,97	318,73	318,73
Tax payables	20,18	1,12	21,30	21,30
Social contributions	72,55	(6,40)	66,15	66,15
Other payables	172,79	10,86	183,65	183,65
Total accounts payables	382,46	207,83	590,29	590,29

"Accounts payable" are presented net of trade discounts. Cash discounts, however, are recorded at the time of payment. The nominal value of these payables has been adjusted for any returns or rebates (invoicing adjustments), to the extent of the amount defined with the counterpart.

Breakdown of accounts payable by geographical area

All the payables are related to transactions with Italian residents and due within the following accounting period.

Accrued liabilities and deferred income

Euro	Balance at beginning of year	Change during year	Balance at end of year
Other deferred income	2,047	(956)	1.091
Total accrued liabilities and deferred income	2,047	(956)	1.091

Rupee/Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Other deferred income	1,65	(0,77)	0,88
Total accrued liabilities and deferred income	1,65	(0,77)	0,88

Accrued liabilities and deferred income have been determined in accordance with the accruals concept.

They represent amounts relating to the financial year and accounted for on an accruals basis.

As at 31/03/2018 there are no accruals and deferrals with a duration of more than five years.

Commitments arising from off balance sheet and memorandum accounts

Disclosures relating to agreements not disclosed in the balance sheet

The company has no agreements that are not disclosed in the Balance Sheet.

Notes to the accounts Profit and loss account

Production value

Recognition of revenues

Revenues from product sales are recognised upon transfer of ownership, which normally coincides with the delivery or shipment of goods.

Revenues from services are recognised on an accrual basis.

Breakdown of revenues from sales and services by geographical area

Euro	
Geographical area	**Current year value**
Italy	844.618
India	230.800
USA	1.488.958
Total	**2.564.376**

Rupee/Lakhs	
Geographical area	**Current year value**
Italy	681,27
India	186,16
USA	1.200,99
Total	**2.068,42**

Production costs

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

Euro			
Description	**31/03/2017**	**31/03/2018**	**Change**
Raw materials, subsidiary materials, consumables and goods	1,498	**3.654**	2.156
Services	970,378	**839.048**	(131.330)
Rent/lease	89,708	**68.333**	(21.375)
Salaries and wages	1,413,764	**1.238.464**	(175.300)
Social contributions	451,235	**400.025**	(51.210)

Euro

Description	31/03/2017	31/03/2018	Change
Employees' leaving indemnity	111,957	**99.682**	-12.275
Other personnel costs	–	**0**	0
Amortisation of intangible assets	231,910	**189.449**	(42.461)
Depreciation of tangible fixed assets	21,231	**19.673**	(1.558)
Write-down of accounts receivable recorded in current assets	2,403	**–**	(2.403)
Other operating costs	23,013	**35.524**	12.511
	3,317,097	**2.893.852**	**(423.245)**

Rupee/Lakhs

Description	31/03/2017	31/03/2018	Change
Raw materials, subsidiary materials, consumables and goods	1,21	**2,95**	1,74
Services	782,71	**676,78**	(105,93)
Rent/lease	72,36	**55,12**	(17,24)
Salaries and wages	1.140,34	**998,95**	(141,39)
Social contributions	363,97	**322,66**	(41,31)
Employees' leaving indemnity	90,30	**80,40**	(9,90)
Other personnel costs	–	**–**	–
Amortisation of intangible assets	187,06	**152,81**	(34,25)
Depreciation of tangible fixed assets	17,12	**15,87**	1,25
Write-down of accounts receivable recorded in current assets	–	**–**	–
Other operating costs	18,56	**28,65**	10,09
	2.673,63	**2.334,19**	**(339,44)**

Financial income and expenses

Euro

C) Financial income and expenses

Balance as at 31/03/2017	Balance as at 31/03/2018	Change
(655)	**(76)**	579

Rupee/Lakhs

C) Financial income and expenses

Balance as at 31/03/2017	Balance as at 31/03/2018	Change
(0,53)	**(0,06)**	0,59

The financial incomes are related to interest on bank and the financial expenses are related to interests for late payments.

Taxes on income for the year – current, deferred

Current, deferred taxes

Income tax

Taxes are accounted for on an accruals basis and therefore represent:

- provisions for taxes paid or to be paid for the year, determined in accordance with the rates and regulations in force
- the amount of taxes deferred or paid in advance in respect of temporary differences arising or reversed during the year

Tax payable is recorded under tax payables net of payments on account, withholding taxes and, generally, of tax credits.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values solely with reference to the company.

Current and deferred IRAP is determined solely with reference to the company.

Euro

Tax	Balance at 31/03/2017	Balance at 31/03/2018	Change
Current tax:	5,112	**–**	(5.112)
IRES			–
IRAP	–	**–**	–
Other taxes	5,112	**–**	(5.112)
Deferred tax	8,520	**42.415**	33.895
IRES	12,339	**37.792**	25.453
IRAP	(3,819)	**4.623**	8.442
Income (expenses) from tax consolidation/tax transparency regimes			
	13,632	**42.415**	**28.783**

Rupee/Lakhs

Tax	Balance at 31/03/2017	Balance at 31/03/2018	Change
Current tax:	4,12	**–**	(4,12)
IRES	–	**–**	–
IRAP	–	**–**	–
Other taxes	4,12	**–**	(4,12)
Deferred tax	6,87	**34,21**	27,34
IRES	9,95	**30,48**	20,53
IRAP	(3,08)	**3,73**	6,81
Income (expenses) from tax consolidation/tax transparency regimes	–	**–**	–
	10,99	**34,21**	**23,22**

Deferred taxes

Deferred tax assets have been recognised to the extent that there is a reasonable certainty that in the years in which the temporary differences against which deferred tax assets were recognised are reversed, the company will have a taxable income that is not lower than the amount of the differences to be offset.

The main temporary differences that led to the recognition of deferred tax assets and liabilities are shown in the following table together with the related effects.

Breakdown of deferred taxes and the related effects:

Euro

IRES deferred tax assets:	year ended 31/03/2017 Amount of temporary differences	year ended 31/03/2017 Tax effect	year ended 31/03/2018 Amount of temporary differences	year ended 31/03/2018 Tax effect	Tax Rate Adjustment Amount	Tax Rate Adjustment Tax effect
Unpaid contributions to trade unions and waste tax	–	–	**4.516**	**1.084**		
Unpaid contributions to trade unions and waste tax	–	–	**(2.311)**	**(555)**		
Non-deductible portion of amortisation on intangible fixed assets	97,932	23,504	**61.207**	**14.690**	57.341	13.762
Deferred tax assets on losses and surplus ACE	2.924	702	**35.502**	**8.520**	1.213	291
Total	**100,856**	**24,206**	**98,914**	**23.739**	**58.554**	**14.053**

Rupee/Lakhs

IRES deferred tax assets:	year ended 31/03/2017 Amount of temporary differences	year ended 31/03/2017 Tax effect	year ended 31/03/2018 Amount of temporary differences	year ended 31/03/2018 Tax effect	Tax Rate Adjustment Amount	Tax Rate Adjustment Tax effect
Unpaid contributions to trade unions and waste tax	–	–	**3,64**	**0,98**	–	–
Unpaid contributions to trade unions and waste tax	–	–	**(1,86)**	**(0,45)**	–	–
Non-deductible portion of amortisation on intangible fixed assets	78,99	18,96	**49,37**	**11,85**	46	11
Deferred tax assets on losses and surplus ACE	2,36	0,57	**28,64**	**6,87**	1	0
Total	**81,35**	**19,53**	**79,79**	**19,25**	**47**	**11**

Euro

IRAP deferred tax assets:	year ended 31/03/2017 Amount of temporary differences	year ended 31/03/2017 Tax effect	year ended 31/03/2018 Amount of temporary differences	year ended 31/03/2018 Tax effect	Tax Rate Adjustment Amount	Tax Rate Adjustment Tax effect
Non-deductible portion of amortisation on intangible fixed assets	97,932	3,819	**61.207**	**2.387**	**57.341**	**2.236**
Total	**97,932**	**3,819**	**61.207**	**2.387**	**57.341**	**2.236**

Rupee/Lakhs

IRAP deferred tax assets:	year ended 31/03/2017 Amount of temporary differences	year ended 31/03/2017 Tax effect	year ended 31/03/2018 Amount of temporary differences	year ended 31/03/2018 Tax effect	Tax Rate Adjustment Amount	Tax Rate Adjustment Tax effect
Non-deductible portion of amortisation on intangible fixed assets	78,99	3,08	**49,37**	**1,93**	**46**	**2**
Total	**78,99**	**3,08**	**49,37**	**1,93**	**46**	**2**

Notes to the accounts Other disclosures

Employment data

The average headcount, broken down by category, has changed compared to the previous year as follows:

Headcount	31/03/2017	31/03/2016	Change
Executives	1	3	(2)
Employees	29	33	(4)
Other	–	–	–
	30	**36**	**(6)**

Transactions with related parties

Transactions with related parties were undertaken during the fiscal year; these are performed at arm's length, therefore, based on current laws.

Companies that must submit consolidated financial statements

In accordance with art. 2427, paragraph 22-sexies, the company at the date of 31/03/18 is a subsidiary of MAHINDRA & MAHINDRA L.T.D (India) that submits consolidated financial statements.

Summary data of the financial statements of the company that exercises management and coordination

Belonging to a group

Your company is part of the MAHINDRA & MAHINDRA LTD group.

In the following summary the main data of the last approved balance sheet of that company which exercises management and coordination (article 2497-*bis*, fourth paragraph, Italian Civil Code).

Euro	
Balance sheet	**31/03/2017**
Fixed Assets	1.812.492.059
Current assets	1.798.440.658
Non current investment	2.063.961.883
Long term loans & advances	4.909.038
Total assets	**5.679.803.638**
Share capital	42.853.018
Reserves	3.091.863.991
Profit (loss) for the period	571.534.796
Total shareholders' equity	**3.706.251.805**
Accounts payable	1.973.-
Non current Liabilities	607.854.461
Current Liabilities	1.365.578.978
Total Liabilities	**1.973.433.439**

Income statement	**31/03/2017**
A) Value of production	6.993.647.127
B) Cost of production	6.302.772.163
C) Financial Income & Expense	21.079.988
D) Extraordinary income and expense	(79.122.148)
Income Taxes	177.736.067
Profit (loss) for the period	**571.181.057**

Directors and auditors fees

Other disclosures

In accordance with law we note that no fees were paid to directors.

Statutory auditor or audit firm fees

Disclosures relating to fees paid to the statutory auditor

In accordance with law we note that the fees paid for the services of the auditing firm Baker Tilly RevisaSpa for the year were € 8,999 (Rs in Lakhs 7,26).

Disclosures relating to financial instruments issued by the company

The company has not issued any financial instruments.

Agreements not included in the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform anytransaction subject to the grant back obligation.

Notes to the accounts final part

Disclosures relating to transactions carried out with related parties

Any material transactions carried out by the company with related parties have been carried out under normal market conditions.

These financial statements, consisting of the balance sheet, income statement and notes to the accounts, give a true and fair view of the financial position and earnings for the year and reflect the underlying accounting records.

Considering that:

1) The Board of Directors, on 24th July 2017, ascertained the case of article 2482 bis of the Italian Civil Code.
2) The same Board of Directors postponed any related decision to the end of the fiscal year 2017/2018;
3) The case of art. 2482 bis of Civil Code is still present and that accumulated losses are higher than one third of the Company Share Capital;

The Board of Directors invites the Sole shareholder to take the relevant actions according to the Italia Civil Code.

Chairman of the Board of Directors

WADHERA RAJAN

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your company for the year ended 31st March 2018.

Financial Highlights:

	F18 (USD)	F18 (INR)
Revenues	6,993,236	454,000,881
Income (loss) before income tax	(18,899,139)	(1,226,932,105)
Net Income (loss)	(13,969,825)	(906,921,040)

The Company was incorporated in the state of Delaware on 18th December, 2013 and is licensed to do the business in Michigan.

The Financial Statement as at March 31st, 2018 (F18) reports Revenues of USD 6,993,236 (INR 454,000,881) with a net loss of USD 13,969,825 (INR 906,921,040).

Performance during the year:

On January 15, 2018, the Company started producing ROXOR vehicles, which is an off-road Side by Side vehicle.

During the year, the Company was working on supply of prototype vehicles for which it received milestone based payments from USPS and incurred much of the total loss in the year on these prototypes. The design and engineering activity of prototype vehicles is carried out by a US branch of Mahindra Vehicle Manufacturers Ltd. (MVML)

Future Prospects:

In addition to supply of prototype vehicles and manufacturing of off-road vehicles, the company is currently evaluating various business opportunities & will take steps for implementation at appropriate time.

Directors:

Rajan Wadhera
Bharat Moossaddee
Richard Hass

For and behalf of the Board

Rajan Wadhera
Chairman

Date: 28th May 2018

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mahindra North America Technical Center, Inc.

We have audited the accompanying balance sheets of Mahindra North America Technical Center, Inc. ('the Company') as of March 31, 2018 and March 31, 2017, and the related statements of income, stockholder's equity (deficit) and cash flows for the years ended on March 31, 2018 and March 31, 2017.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2018 and March 31, 2017, and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matters

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

KNAV P.A.
Atlanta, Georgia
May 13, 2018

BALANCE SHEETS

	USD		INR	
	As at March 31,		As at March 31,	
	2018	2017	**2018**	2017
ASSETS				
Current assets				
Cash & cash equivalents	**81,799**	582,502	**5,310,391**	37,816,030
Accounts receivable	**2,180,000**	2,180,000	**141,525,600**	141,525,600
Accounts receivable, related party	**998,236**	–	**64,805,481**	–
Short term loan, related party	**2,450,000**	–	**159,054,000**	–
Due from related parties	**562,157**	–	**36,495,232**	–
Inventories	**12,096,959**	–	**785,334,578**	–
Prepaid expense and other current assets	**38,114**	37,767	**2,474,361**	2,451,834
Total current assets	**18,407,265**	2,800,269	**1,194,999,643**	181,793,464
Property, plant and equipment, net	**6,053,788**	–	**393,011,917**	–
Deferred tax asset	**7,846,897**	2,917,583	**509,420,553**	189,409,488
Other assets	**569,053**	–	**36,942,921**	–
Total assets	**32,877,003**	5,717,852	**2,134,375,034**	371,202,952
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)				
Current liabilities				
Trade payables	**10,610,125**	2,348,830	**688,809,315**	152,486,044
Line of credit	**7,900,000**	–	**512,868,000**	–
Accrued expenses	**398,317**	91,800	**25,858,740**	5,959,656
Due to related parties	**5,588,092**	5,201,928	**362,778,933**	337,709,166
Total current liabilities	**24,496,534**	7,642,558	**1,590,314,988**	496,154,866
Stockholder's equity (deficit)				
Common stock, $ 0.10 par value 100,000 shares authorized 1,000 shares issued and outstanding	**100**	100	**6,492**	6,492
Common stock, $ 25 par value 1,000,000 shares authorized 971,000 shares issued and outstanding	**24,275,000**	–	**1,575,933,000**	–
Additional paid in capital	**9,900**	9,900	**642,708**	642,708
Accumulated deficit	**(15,904,531)**	(1,934,706)	**(1,032,522,154)**	(125,601,114)
Total stockholder's equity (deficit)	**8,380,469**	(1,924,706)	**544,060,046**	(124,951,914)
Total liabilities and stockholder's equity	**32,877,003**	5,717,852	**2,134,375,034**	371,202,952

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF INCOME

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2018	2017	**2018**	2017
Operating revenues	**6,993,236**	3,815,000	**454,000,881**	247,669,800
Cost of sales	**23,034,341**	9,622,225	**1,495,389,418**	624,674,847
Gross loss	**(16,041,105)**	(5,807,225)	**(1,041,388,537)**	(377,005,047)
General and administrative expense	**2,331,743**	633,886	**151,376,756**	41,151,879
Depreciation	**330,601**	–	**21,462,617**	–
Interest expense, net	**195,690**	–	**12,704,195**	–
Total costs and expenses	**2,858,034**	633,886	**185,543,568**	41,151,879
Operating loss before income taxes	**(18,899,139)**	(6,441,111)	**(1,226,932,105)**	(418,156,926)
Income tax benefit	**(4,929,314)**	(2,481,029)	**(320,011,065)**	(161,068,403)
Net loss	**(13,969,825)**	(3,960,082)	**(906,921,040)**	(257,088,523)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)

(All amounts are stated in USD, except number of shares)

	Common stock						
	Authorized		Issued & outstanding				
Particulars	**Shares**	**Value ($)**	**Shares**	**Value ($)**	**Additional paid in capital**	**Accumulated deficit**	**Total stockholder's equity**
Balance as on April 1, 2016	100,000	10,000	1,000	100	9,900	2,025,376	2,035,376
Net loss for the year	–	–	–	–	–	(3,960,082)	(3,960,082)
Balance as at March 31, 2017	100,000	10,000	1,000	100	9,900	(1,934,706)	(1,924,706)
Balance as on April 01, 2017	100,000	10,000	1,000	100	9,900	(1,934,706)	(1,924,706)
Common stock issued during the year	1,000,000	25,000,000	971,000	24,275,000	–	–	24,275,000
Net loss for the year	–	–	–	–	–	(13,969,825)	(13,969,825)
Balance as at March 31, 2018	**1,100,000**	**25,010,000**	**972,000**	**24,275,100**	**9,900**	**(15,904,531)**	**8,380,469**

(All amounts are stated in INR, except number of shares)

	Common stock						
	Authorized		Issued & outstanding				
Particulars	**Shares**	**Value (INR)**	**Shares**	**Value (INR)**	**Additional paid in capital**	**Accumulated deficit**	**Total stockholder's equity**
Balance as on April 1, 2016	100,000	649,200	1,000	6,492	642,708	131,487,409	132,136,609
Net loss for the year	–	–	–	–	–	(257,088,523)	(257,088,523)
Balance as at March 31, 2017	100,000	649,200	1,000	6,492	642,708	(125,601,114)	(124,951,914)
Balance as on April 01, 2017	100,000	649,200	1,000	6,492	642,708	(125,601,114)	(124,951,914)
Common stock issued during the year	1,000,000	1,623,000,000	971,000	1,575,933,000	–	–	1,575,933,000
Net loss for the year	–	–	–	–	–	(906,921,040)	(906,921,040)
Balance as at March 31, 2018	**1,100,000**	**1,623,649,200**	**972,000**	**1,575,939,492**	**642,708**	**(1,032,522,154)**	**544,060,046**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2018	2017	**2018**	2017
Cash flow from operating activities				
Net loss	**(13,969,825)**	(3,960,082)	**(906,921,040)**	(257,088,523)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities				
Depreciation	**330,601**		**21,462,617**	–
Deferred tax benefit	**(4,929,314)**	(2,481,029)	**(320,011,065)**	(161,068,403)
Provision for damaged goods	**206,517**	–	**13,407,084**	–
Changes in assets and liabilities				
Accounts receivable	**–**	(1,861,000)	**–**	(120,816,120)
Increase in accounts receivable, related party	**(998,236)**	–	**(64,805,481)**	–
Inventories	**(12,303,476)**	–	**(798,741,662)**	–
Decrease (increase) in due from related parties	**(562,157)**	1,256,881	**(36,495,232)**	81,596,715
Prepaid expense and other current assets	**(347)**	(37,767)	**(22,527)**	(2,451,834)
Increase in other assets	**(569,053)**	–	**(36,942,921)**	–
Trade payables	**8,261,295**	2,348,830	**536,323,271**	**152,486,044**
Accrued expenses	**306,516**	31,800	**19,899,019**	**2,064,455**
Due to related parties	**386,164**	5,201,928	**25,069,767**	**337,709,166**
Net cash (used in) provided by operating activities	**(23,841,315)**	499,561	**(1,547,778,170)**	32,431,500
Cash flow from investing activities				
Purchase of property, plant and equipment	**(6,384,388)**	–	**(414,474,469)**	–
Net cash used in investing activities	**(6,384,388)**	–	**(414,474,469)**	–
Cash flow from financing activities				
Issuance of common stock	**24,275,000**		**1,575,933,000**	–
Line of credit received	**7,900,000**	–	**512,868,000**	–
Loan to related party, net	**(2,450,000)**	–	**(159,054,000)**	
Net cash provided by financing activities	**29,725,000**	–	**1,929,747,000**	–
Net (decrease) increase in cash and cash equivalents	**(500,703)**	499,561	**(32,505,639)**	32,431,500
Cash and cash equivalents at the beginning of the year	**582,502**	82,941	**37,816,030**	5,384,530
Cash and cash equivalents at the end of the year	**81,799**	582,502	**5,310,391**	37,816,030
Supplemental cash flow information				
Income taxes paid	**–**	–	**–**	
Interest paid	**213,830**	–	**13,881,844**	–

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

Mahindra North American Technical Center, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on December 18, 2013 and is a wholly owned subsidiary of Mahindra Automotive North America, Inc. ("MANA"). The Company engineers, designs, develops, assembles, and delivers parts and vehicles to the global automotive market, both for on and off-road use, as an Original Equipment Manufacturer ("OEM") headquartered in Auburn Hills, MI.

Ownership of the Company changed on April 30, 2017 when 100% of its stock was acquired by MANA from Mahindra USA, Inc ("MUSA").

In Michigan, when engaged in automotive manufacturing activities, the Company does business as ("d/b/a") Mahindra Automotive North America Manufacturing ("MANAM"). On January 15, 2018, MANAM started producing ROXOR vehicles, which is an off-road Side by Side vehicle.

In addition, the Company has been engaged since September 2016 with performance to a contract with the United States Postal Service ("USPS") issued under Solicitation Number 3D-16-A-007 for the development of Next Generation Delivery Vehicle ("NGDV") prototypes. Testing of the prototype vehicles is underway and continues until July 2018 by the USPS. The Company has been invited to submit a preliminary cost estimate to supply 180,000 of its vehicles to the USPS.

As part of its performance on the USPS NGDV prototype development contract, the Company utilized the engineering services provided by the US branch of Mahindra Vehicle Manufacturers, Limited ("MVML").

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*

   a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.

   b. The financial statements are for the fiscal years ended March 31, 2018 and March 31, 2017.

   c. Financial information in this report is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal years ended March 31, 2018 and March 31, 2017, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 64.92 INR per dollar on March 31, 2018. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's equity (deficit).

2. *Use of estimates*

   Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. *Change in accounting principle*

   The Company retrospectively adopted new guidance on April 01, 2016 related to the presentation of deferred taxes in its balance sheet. Under the new guidance, all deferred tax assets, liabilities and related valuation allowances are reported as non-current, depending on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss credit carryforwards, based on when the item was expected to reverse.

4. *Operating leases*

   Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

5. *Cash and cash equivalents*

   The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR 16,230,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

6. *Inventories*

   Inventories are stated at the lower of cost and market value. Cost is determined using the standard costing method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads. A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, damaged goods, obsolete and impaired inventory. Provision for damaged goods or obsolescence has been created based on the goods identified in the current year.

   The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves. The Company during the year did not identify any specific situation for which inventory reserve is required.

   If actual conditions are less favorable than those the Company has projected, the Company will increase its reserves for lower of cost or market ("LCM"), excess and obsolete inventory, accordingly. Any increase in the Company's reserves will adversely impact its results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold. No reserve has been established for LCM in the current year.

7. *Income taxes*

   Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

   The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

8. *Revenue recognition*

   <u>Sale of manufactured goods</u>

   The Company recognizes revenues from sale of manufactured ROXOR off-road Side by Side vehicle and their related accessories. Sales are recognized as revenue upon sale as these sales are considered to be final and no right of return or price protection exists.

   Revenue from sale of goods is recognized specifically when all the following conditions are met:

   a. There is a persuasive evidence that an arrangement exists.

   b. Delivery has occurred or services have been rendered.

   c. The sales price is fixed or determinable.

   d. Collectability is reasonably assured.

Milestone payment

Revenues from contracts were recognized when milestones are achieved. Anticipated losses on contracts are recorded when determinable.

9. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

Particulars	Useful life
Computers	3 years
Furniture	7 years
Leasehold improvements	15 years
Machinery & equipment	5 years
Tooling	5 years

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

10. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE C – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise of:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2018**	2017	**2018**	2017
Bank balances	**81,799**	582,502	**5,310,391**	37,816,030
Total	**81,799**	582,502	**5,310,391**	37,816,030

NOTE D – ACCOUNTS RECEIVABLE

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2018**	2017	**2018**	2017
Accounts receivable	**2,180,000**	2,180,000	**141,525,600**	141,525,600
Total	**2,180,000**	2,180,000	**141,525,600**	141,525,600

NOTE E – PREPAID EXPENSE AND OTHER CURRENT ASSETS

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2018**	2017	**2018**	2017
Prepaid insurance	**19,974**	37,767	**1,296,730**	2,451,834
Interest receivable from related party	**18,140**	–	**1,177,631**	–
Total	**38,114**	37,767	**2,474,361**	2,451,834

NOTE F – INVENTORIES

Inventories comprise of:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2018**	2017	**2018**	2017
Raw materials	**4,660,121**	–	**302,535,024**	–
Finished goods	**2,101,755**	–	**136,445,941**	–
Work-in-process	**71,417**	–	**4,636,418**	–
Material in transit	**5,470,183**	–	**355,124,279**	–
Less: provision for damaged goods and obsolescence	**(206,517)**	–	**(13,407,084)**	–
Total	**12,096,959**	–	**785,334,578**	–

NOTE G – PROPERTY PLANT AND EQUIPMENT, NET

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2018**	2017	**2018**	2017
Computers	**112,662**	–	**7,314,018**	–
Furniture	**4,723**	–	**306,618**	–
Leasehold improvements	**2,225,410**	–	**144,473,629**	–
Machinery & equipment	**3,698,722**	–	**240,121,047**	–
Tooling	**277,664**	–	**18,025,914**	–
	6,319,181	–	**410,241,226**	–
Less: Accumulated depreciation	**(330,601)**	–	(21,462,609)	–
	5,988,580	–	**388,778,617**	–
Capital work in progress	**65,208**	–	**4,233,300**	–
Property and equipment, net	**6,053,788**	–	**393,011,917**	–

Depreciation expense for the year March 31, 2018 and March 31, 2017 is USD 330,601 (INR 21,462,617) and USD Nil (INR: Nil), respectively.

NOTE H – ACCRUED EXPENSES

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	**2018**	2017	**2018**	2017
Accrued expenses	**160,275**	–	**10,405,053**	–
Accrued vacation	**151,942**	–	**9,864,075**	–
Accrued payroll	**73,600**	84,800	**4,778,112**	5,505,216
Others	**12,500**	7,000	**811,500**	454,440
Total	**398,317**	91,800	**25,858,740**	5,959,656

NOTE I – LINE OF CREDIT

In June 2017, the Company obtained a line of credit with JP Morgan Bank with a maximum permissible limit of USD 10,000,000 (INR: 649,200,000). As at March 31, 2018 the Company has made withdrawals to the tune of USD 7,900,000 (INR: 512,868,000). Interest on the line of credit is payable at LIBOR plus 2% per annum, calculated at monthly intervals. The weighted average rate of interest for the year ended March 31, 2018 was 3.50% per annum. As of March 31, 2018, the applicable rate of interest on the outstanding line of credit was 3.50% per annum.

Total interest expense on the line of credit for the year ended March 31, 2018 is USD 72,481 (INR 4,705,467).

NOTE J – RELATED PARTY LOAN

The Company during the fiscal year 2017-2018, issued a loan to its related party, Mahindra Automotive North America, Inc. at an interest rate of 5.00% per annum. The loan amount receivable as at March 31, 2018 is USD 2,450,000 (INR: 159,054,000). Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand.

Interest income for the year ended March 31, 2018 was USD 18,140 (INR: 1,177,649).

The Company during the fiscal year 2017-2018, also obtained a loan from Mahindra Automotive North America, Inc. at an interest rate of 5.00% for short-term funding purpose. The loan amounting to USD 10,050,000 (INR 652,446,000) was repaid during the year.

Interest expense for the year ended March 31, 2018 was USD 141,349 (INR: 9,176,377).

NOTE K – CONTINGENCIES AND COMMITMENTS

	Amount	
Year ended March 31,	**USD**	**INR**
2019	1,077,559	69,955,115
2020	1,025,068	66,547,412
2021	1,025,068	66,547,412
2022 and onwards	2,050,136	133,094,824

Total rental expense for operating leases for the year ended March 31, 2018 and March 31, 2017 amounted to USD 227,222 (INR 14,751,255) and USD Nil (INR Nil), respectively.

NOTE L – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The provision for income tax (benefit) expense is as follows:

	USD		INR	
	Year ended March 31,		**Year ended March 31,**	
Particulars	**2018**	2017	**2018**	2017
Current tax benefit	–	–	–	–
Deferred tax benefit	**(4,929,314)**	(2,481,029)	**(320,011,065)**	(161,068,403)
Income tax benefit	**(4,929,314)**	(2,481,029)	**(320,011,065)**	(161,068,403)

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	Year ended March 31,		**Year ended March 31,**	
Particulars	**2018**	2017	**2018**	2017
Non-current deferred tax assets				
Accrued vacation	**38,148**	–	**2,476,569**	–
Net operating loss carry forward	**7,657,060**	2,400,498	**497,096,335**	155,840,330
Research & development credit	**285,995**	285,995	**18,566,795**	18,566,795
State net operating loss	**1,052,751**	243,931	**68,344,595**	15,836,001
Foreign tax credit	**1,206,071**	1,206,071	**78,298,129**	78,298,129
Valuation allowance	**(1,206,071)**	(1,206,071)	**(78,298,129)**	78,298,129)
Total	**9,033,954**	2,930,424	**586,484,294**	190,243,126
Non-current deferred tax liabilities				
Prepaid expenses	**(5,015)**	(12,841)	**(325,574)**	(833,638)
Fixed assets	**(1,182,042)**	–	**(76,738,167)**	–
Total	**(1,187,057)**	(12,841)	**(77,063,741)**	(833,638)
Net deferred tax asset	**7,846,897**	2,917,583	**509,420,553**	189,409,488

Under the U.S. & India tax treaty, Indian withholding taxes levied on the engineering services provided to M&M are treated as being creditable against U.S. income taxes. The total India withholding tax expense for the year ended March 31, 2018 and March 31, 2017 is USD Nil (INR: Nil) and USD Nil (INR: Nil), respectively. Therefore, a valuation allowance amounting to USD 1,206,071 (INR: 78,298,129) and USD 1,206,071 (INR: 78,298,129) as at March 31, 2018 and March 31, 2017 respectively, has been placed on the foreign tax credit deferred tax assets as it is not more-likely-than-not to be utilized prior to the credit expiration.

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the net operating losses and research & development credit.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

NOTE M – RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Automotive North America, Inc.	Parent company
3	Mahindra Vehicle Manufactures Limited – US Branch	Affiliate company
4	Mahindra Vehicle Sales and Service, Inc	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	March 31		**March 31**	
Particulars	**2018**	2017	**2018**	2017
Transactions during the year				
Mahindra Vehicle Manufacturers Limited – US branch				
Expense incurred	**–**	152,879	**–**	9,924,905
Reimbursement of expenses	**–**	1,256,881	**–**	81,596,715
Services received	**11,588,826**	5,649,049	**752,346,584**	366,736,261
Mahindra Vehicle Sales and Services, Inc.				
Reimbursement of expenses	**847,194**	–	**54,999,834**	–
Sale of vehicles	**998,236**	–	**64,805,512**	–
Mahindra Automotive North America, Inc.				
Corporate cost allocation	**547,240**	–	**35,526,821**	–
Capital contribution received	**24,285,000**	–	**1,576,582,200**	–
Loan provided	**2,630,000**	–	**170,739,600**	–
Repayment received	**180,000**	–	**11,685,600**	–
Interest income	**18,140**	–	**1,177,649**	–
Loan obtained	**10,050,000**	–	**652,446,000**	–
Loan repaid	**10,050,000**	–	**652,446,000**	–
Interest expense	**141,349**	–	**9,176,397**	–

	USD		INR	
	March 31		**March 31**	
Particulars	**2018**	2017	**2018**	2017
Mahindra and Mahindra, Limited				
Purchase of raw materials	**9,888,886**	–	**641,986,471**	–
<u>Balances at the end of the year</u>				
Mahindra Vehicle Manufacturers Limited – US branch				
Due to related party	**5,040,852**	5,201,928	**327,252,092**	337,709,166
Mahindra Vehicle Sales and Services, Inc.				
Accounts receivable	**998,236**	–	**64,805,512**	–
Due from related party	**562,157**	–	**36,495,204**	–
Mahindra Automotive North America, Inc.				
Loan receivable	**2,450,000**	–	**159,054,000**	–
Interest receivable	**18,140**	–	**1,177,631**	–
Due to related party	**547,240**	–	**35,526,821**	–
Mahindra and Mahindra, Limited.				
Accounts payable	**9,329,769**	–	**605,688,582**	–

NOTE N – RISK AND UNCERTANITIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE O – EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 8,328 (INR 540,654) and USD 20,141 (INR 1,307,554) for the years ended March 31, 2018 and March 31, 2017, respectively.

NOTE P – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2018 which is the date the financial statements were issued.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your company for the year ended 31st March 2018.

Financial Highlights:

	F18 (USD)	F18 (INR)
Revenues	348,353	22,615,077
Profit before income tax	251,249	16,311,085
Net Profit	155,588	10,100,773

The Company was incorporated in the state of Delaware on 27th March, 2017 and is a wholly owned subsidiary of Mahindra Overseas Investment Company Mauritius Ltd (MOICML).

The Company has two 100% subsidiaries; Mahindra Vehicle Sales and Service, Inc. ("MVSS") which is engaged in the sales of off-road recreational vehicles and Mahindra North American Technical Center, Inc. ("MNATC") which is involved in the manufacture of off-road vehicles as well as the development of prototype of on road vehicles.

The Financial Statement as at March 31st, 2018 (F18) reports Revenues of USD 348,353 (INR 22,615,077) with a net profit of USD 155,588 (INR 10,100,773).

Performance during the year:

The Company, through its subsidiaries, engineers, designs, develops, assembles and delivers parts and vehicles to the global automotive market, for off-road use and is headquartered in Auburn Hills, MI. The Company's vehicle under brand ROXOR is an off-road side-by-side vehicle that started production at Company's subsidiary viz., MNATC, in the last quarter of the current financial year. Substantially, all the vehicles, parts and accessories are sold by Company's subsidiary viz., MVSS. through distributors and dealers (collectively, "dealerships"), the majority of which are independently owned.

Future Prospects:

In addition to supply of prototype vehicles and selling off-road vehicles through its subsidiaries, the company is currently evaluating various business opportunities & will take steps for implementation at appropriate time.

Directors:

Pawan Goenka
Rajan Wadhera
VS Parthasarathy

For and behalf of the Board

Pawan Goenka
Chairman

Date: 28th May 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors

Mahindra Automotive North America, Inc.

We have audited the accompanying balance sheet of Mahindra Automotive North America, Inc. ("the Company") as of March 31, 2018, the related statements of income, stockholder's equity and cash flows for the year then ended and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these separate parent company financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the separate parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

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

Basis for qualified opinion

As discussed in Note A. 2(a) to the separate parent company financial statements, the Company reports investment in its wholly owned subsidiary, Mahindra North American Technical Center, Inc. and Mahindra Vehicle Sales and Service, Inc., on cost basis. Accounting principles generally accepted in the United States of America require that all majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of this subsidiary had been consolidated with those of the Company, total assets and total liabilities would have increased by USD 4,200,240 (INR: 272,679,581) and USD 24,052,762 (INR: 1,561,505,309) respectively as of March 31, 2018; stockholder's equity would have decreased by USD 19,852,522 (INR: 1,288,825,728), and net income would have decreased by USD 17,917,817 (INR: 1,163,224,680) for the year then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating the wholly owned subsidiary as discussed in the Basis of qualified opinion paragraph, the separate parent company financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

The presentation of financial information in Indian rupees in the separate parent company financial statements is not a required part of the basic separate parent company financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia

May 30, 2018

Separate Parent Company Financial Statements

BALANCE SHEET

	As at March 31, 2018	
	USD	**INR**
ASSETS		
Current assets		
Cash and cash equivalents	13,903	902,583
Accounts receivable, related party	348,353	22,615,077
Short term loan, related party	1,900,000	123,348,000
Due from related parties	1,191,821	77,373,019
Prepaid expenses and other current assets	170,525	11,070,483
Total current assets	**3,624,602**	**235,309,162**
Investment in subsidiaries	25,985,000	1,686,946,200
Deferred tax asset, net	14,453	938,289
Total assets	**29,624,055**	**1,923,193,651**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	171,168	11,112,227
Short term borrowing, related party	2,450,000	159,054,000
Accrued expenses and other current liabilities	447,299	29,038,651
Total current liabilities	**3,068,467**	**199,204,878**
Stockholder's equity		
Common stock, $ 25 par value 1,080,000 shares authorized 1,056,000 shares issued and outstanding	26,400,000	1,713,888,000
Retained earnings	155,588	10,100,773
Total stockholder's equity	**26,555,588**	**1,723,988,773**
Total liabilities and stockholder's equity	**29,624,055**	**1,923,193,651**

(The accompanying notes are an integral part of these separate parent company financial statements)

Separate Parent Company Financial Statements

STATEMENT OF INCOME

	Year ended March 31, 2018 USD	INR
Operating revenues	348,353	22,615,077
Cost of revenue	236,727	15,368,317
Gross profit	**111,626**	**7,246,760**
Administrative expenses	–	–
Total costs and expense	**–**	**–**
Income from operations	**111,626**	**7,246,760**
Interest income, net	139,623	9,064,325
Income before income tax	**251,249**	**16,311,085**
Income tax expense	95,661	6,210,312
Net income	**155,588**	**10,100,773**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statement of stockholder's equity

(All amounts are stated in United States Dollars, except number of shares)

Particulars	Common stock Authorized Shares	Common stock Authorized Value ($)	Common stock Issued & outstanding Shares	Common stock Issued & outstanding Value ($)	Retained earnings	Total stockholder's equity
Balance as at April 01, 2017	–	–	–	–	–	–
Common stock issued during the year	1,080,000	27,000,000	1,056,000	26,400,000	–	26,400,000
Net income					155,588	155,588
Balance as at March 31, 2018	**1,080,000**	**27,000,000**	**1,056,000**	**26,400,000**	**155,588**	**26,555,588**

(All amounts are stated in Indian Rupees, except number of shares)

Particulars	Common stock Authorized Shares	Common stock Authorized Value (INR)	Common stock Issued & outstanding Shares	Common stock Issued & outstanding Value (INR)	Retained earnings	Total stockholder's equity
Balance as at April 01, 2017	–	–	–	–	–	–
Common stock issued during the year	1,080,000	1,752,840,000	1,056,000	1,713,888,000	–	1,713,888,000
Net income					10,100,773	10,100,773
Balance as at March 31, 2018	**1,080,000**	**1,752,840,000**	**1,056,000**	**1,713,888,000**	**10,100,773**	**1,723,988,773**

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENT OF CASH FLOWS

	Year ended March 31, 2018	
	USD	**INR**
Net income	155,588	10,100,773
Adjustments to reconcile net income to net cash used in operating activities		
Deferred tax benefit	(14,453)	(938,289)
Changes in assets and liabilities		
Accounts receivable, related party	(348,353)	(22,615,077)
Due from related parties	(1,191,821)	(77,373,019)
Prepaid expenses and other current assets	(170,525)	(11,070,483)
Accounts payable	171,168	11,112,227
Accrued expenses	447,299	29,038,651
Net cash used in operating activities	**(951,097)**	**(61,745,217)**
Cash flow from investing activities		
Acquisition of common control subsidiary	(10,000)	(649,200)
Investment in subsidiaries	(25,975,000)	(1,686,297,000)
Net cash used in investing activities	**(25,985,000)**	**(1,686,946,200)**
Cash flow from financing activities		
Loan from related party, net	550,000	35,706,000
Issuance of common stock	26,400,000	1,713,888,000
Net cash provided by financing activities	**26,950,000**	**1,749,594,000**
Net increase in cash and cash equivalents	13,903	902,583
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	**13,903**	**902,583**
Supplemental cash flow information		
Income taxes paid	–	–
Interest paid	–	–

(The accompanying notes are an integral part of these separate parent company financial statements)

NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Mahindra Automotive North America, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on March 27, 2017 and is a wholly owned subsidiary of Mahindra Overseas Investment Company Mauritius, Limited ("MOICML"). Both, the Company and MOICML are consolidated subsidiaries of Mahindra and Mahindra Limited ("M&M"). The Company engineers, designs, develops, assembles and delivers parts and vehicles to the global automotive market, for off-road use, as an Original Equipment Manufacturer ("OEM") headquartered in Auburn Hills, MI.

The Company owns 100% of two separate business units; Mahindra Vehicle Sales and Service, Inc. ("MVSS") which is engaged in the sales of off-road recreational vehicles and Mahindra North American Technical Center, Inc. ("MNATC") which is involved in the manufacture of off-road vehicles as well as the development of prototype on road vehicles.

The Company's product vehicle brand ROXOR is an off-road side-by-side vehicle that started production in the last quarter of the current financial year. Substantially all the vehicles, parts and accessories are sold through distributors and dealers (collectively, "dealerships"), the majority of which are independently owned.

NOTE B - SUBSIDIARY OPERATIONS

On April 30, 2017, the Company acquired all the stock of MNATC from Mahindra USA, Inc., another wholly owned subsidiary of M&M. MNATC had been engaged since September 2016 with performance to a contract with the United States Postal Service (USPS) issued under solicitation number 3D-16-A-007 for the development of Next Generation Delivery Vehicle ("NGDV") prototypes. Testing of the prototype vehicles is underway and continues until July 2018 by the USPS. MNATC has been invited to submit a preliminary cost estimate to supply 180,000 of its vehicles to the USPS by June 2018. As part of its performance on the USPS NGDV prototype development contract, MNATC sub-contracted with the U.S. branch of Mahindra Vehicle Manufacturers Ltd ("MVML") to provide the designs and engineering services for the vehicle.

On January 15, 2018 MNATC began producing ROXOR vehicles from its facility in Auburn Hills, Michigan. In Michigan, when engaged in automotive manufacturing activities, MNATC does business as "d/b/a" Mahindra Automotive North America Manufacturing ("MANAM").

MVSS was formed on May 13, 2017 to function as the sales and distribution business unit for ROXOR. MVSS purchases the ROXORs manufactured by MANAM and wholesales them to MVSS's dealerships.

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NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

a. The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operations and cash flows of the Company. The Company reported its investments in its wholly owned subsidiary, MNATC and MVSS, on cost basis. Accounting principles generally accepted in the United States require that wholly-owned and majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of the subsidiary had been consolidated with those of the Company, total assets and total liabilities would have increased by USD 4,200,240 (INR: 272,679,581) and USD 24,052,762 (INR: 1,561,505,309) respectively as of March 31, 2018; stockholder's equity would have decreased by USD 19,852,522 (INR: 1,288,825,728), and net income would have decreased by USD 17,917,817 (INR: 1,163,224,680) for the period then ended.

b. The separate parent company financial statements are for the year April 01, 2017 to March 31, 2018.

c. Financial information in this report is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal year ended March 31, 2018, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 64.92 INR per dollar on March 31, 2018. Within the notes to the separate parent company financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

d. The Company was incorporated in March 2018, however the operations of the Company commenced in April 2018.

2. Use of estimates

The preparation of separate parent company financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the separate parent company financial statements. Significant items subject to such estimates and assumptions include obligations related to employee benefits, income tax uncertainties and other contingencies. Management believes that the estimates used in the preparation of the separate parent company financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the separate parent company financial statements.

3. Revenue recognition

Revenue of the Company comprise of fees for services rendered to its ultimate parent company. These fees have been accrued as the related services have been performed.

Other income comprises of interest for loan to its wholly owned subsidiary. Interest is recognized on time proportion basis considering the amount outstanding and the applicable rate.

4. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR 16,230,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

5. Income taxes

Income taxes are provided for the tax effects of transactions reported in the separate parent company financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying separate parent company financial statements.

6. Investments

Investments are carried at cost. Acquisition related expenditure, if any, is expensed in the year of incurring the same.

7. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

8. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the separate parent company financial statements.

NOTE D - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise:

Particulars	As at March 31, 2018 USD	INR
Bank balances	13,903	902,583
Total	**13,903**	**902,583**

NOTE E - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

Particulars	As at March 31, 2018 USD	INR
Prepaid insurance	149,711	9,719,238
Interest receivable from related party	16,414	1,065,597
Others	4,400	285,648
Total	**170,525**	**11,070,483**

NOTE F - INVESTMENT IN SUBSIDIARIES

Investments comprise the following:

Particulars	As at March 31, 2018 USD	INR
Investment in MNATC	24,285,000	1,576,582,200
Investment in MVSS	1,700,000	110,364,000
Total	**25,985,000**	**1,686,946,200**

NOTE G - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise the following:

Particulars	As at March 31, 2018 USD	INR
Accrued vacation	211,678	13,742,136
Accrued tax liability	110,114	7,148,600
Accrued payroll	69,700	4,524,924
Accrued accounts payable	33,467	2,172,678
Interest payable to related party	18,140	1,177,649
Others	4,200	272,664
Total	**447,299**	**29,038,651**

NOTE H - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The income tax expense is as follows:

Particulars	As at March 31, 2018 USD	INR
Current tax expense	110,114	7,148,601
Deferred tax benefit	(14,453)	(938,289)
Income tax expense	**95,661**	**6,210,312**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

Particulars	As at March 31, 2018 USD	INR
Deferred tax asset		
Accrued vacation	53,146	3,450,238
Total	**53,146**	**3,450,238**
Deferred tax liability		
Prepaid expenses	(38,693)	(2,511,949)
Net deferred tax asset	**14,453**	**938,289**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the accrued expenses and research & development credit.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's balance sheet, statement of loss and cash flows.

NOTE I - RELATED PARTY LOAN

The Company during the fiscal year 2017-2018, obtained a loan from MNATC at an interest rate of 5.00% per annum. The loan amount payable as at March 31, 2018 is USD 2,450,000 (INR: 159,054,000). Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest expense for the year ended March 31, 2018 was USD 18,140 (INR: 1,177,649).

The Company during the fiscal year 2017-2018, also issued a loan to MNATC at an interest rate of 5.00% for short-term funding purpose. The loan amounting to USD 10,050,000 (INR 652,446,000) was repaid during the year. Interest income for the year ended March 31, 2018 was USD 141,349 (INR: 9,176,397).

The Company during the fiscal year 2017-2018, issued a loan to MVSS at an interest rate of 5.00% per annum. The loan amount receivable as at March 31, 2018 is USD 1,900,000 (INR: 123,348,000). Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest income for the year ended March 31, 2018 was USD 16,414 (INR: 1,065,597).

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NOTE J - RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Overseas Investment Company Mauritius Limited	Parent company
3	Mahindra Vehicles Manufactures Limited – US Branch	Affiliate company
4	Mahindra North American Technical Center, Inc.	Wholly owned subsidiary
5	Mahindra Vehicle Sales and Service Inc.	Wholly owned subsidiary

Summary of transactions and balances with related parties are as follows:

Particulars	As at March 31, 2018 USD	INR
Transactions during the year		
Mahindra Overseas Investment Company Mauritius Limited		
Capital contribution received	26,400,000	1,713,888,000
Mahindra & Mahindra Limited		
Management service fee	348,353	2,2615,077
Mahindra Vehicles Manufacturers Limited – US Branch		
Management service fee allocation*	1,026,076	66,612,854
Mahindra North American Technical Center, Inc.		
Management service fee allocation*	547,240	35,526,821
Investment	24,285,000	1,576,582,200
Loan obtained	2,630,000	170,739,600
Loan repaid	180,000	11,685,600
Interest expense	18,140	1,177,649
Loan provided	10,050,000	652,446,000
Loan repaid	10,050,000	652,446,000
Interest income	141,349	9,176,397
Mahindra Vehicle Sales and Service Inc.		
Management service fee allocation*	136,810	8,881,705
Investment	1,700,000	110,364,000
Loan given	2,380,000	154,509,600
Loan repaid	480,000	31,161,600
Interest income	16,414	1,065,597

Particulars	As at March 31, 2018 USD	INR
Balances at the end of the year		
Mahindra & Mahindra Limited		
Accounts receivable	348,353	22,615,077
Mahindra Vehicles Manufacturers Limited – US Branch		
Due from related party	507,771	32,964,493
Mahindra North American Technical Center, Inc.		
Due from related party	547,240	35,526,821
Loan payable	2,450,000	159,054,000
Interest payable	18,140	1,177,649
Mahindra Vehicle Sales and Service Inc.		
Due from related party	136,810	8,881,705
Loan receivable	1,900,000	123,348,000
Interest receivable	16,414	1,065,597

* The Company allocates cost to its wholly owned subsidiaries and affiliate company.

NOTE K - CONTINGENCIES AND COMMITMENTS

Commitment for lease is as follows:

Year ended March 31	Amount (USD)	Amount (INR)
2019	30,800	1,999,536
2020 and onwards	–	–

The lease entered with Eastern Foundry ends on October 10, 2018. Total rental expense for operating leases for the year ended March 31, 2018 amounted to USD 18,450 (INR: 1,197,774).

NOTE L - SHAREHOLDER'S EQUITY

Common stock

The authorized share capital of the Company is USD 27,000,000 (INR: 1,752,840,000) comprising of 1,080,000 shares of par value USD 25 each.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE M - CONCENTRATIONS

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE N - EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 12,228 (INR 793,842) for the year ended March 31, 2018.

NOTE O - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 30, 2018 which is the date the separate parent company financial statements were issued. No events have occurred after the balance sheet dated March 31, 2018 that would require adjustments to the separate parent company financial statements.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your company for the period ended 31st March 2018.

Financial Highlights:

	F18 (USD)	F18 (INR)
Revenues	1,041,265	67,598,924
Income (loss) before income tax	(5,618,128)	(364,728,869)
Net Income (loss)	(3,967,890)	(257,595,418)

The Company was incorporated in the state of Delaware on 19th April, 2017, a wholly owned subsidiary of Mahindra Automotive North America Inc.

The Financial Statement as at March 31st, 2018 (F18) reports Revenues of USD 1,041,265 (INR 67,598,924) with a net loss of USD 3,967,890 (INR 257,595,418).

Performance during the period:

The Company distributes parts and vehicles to the global automotive market for off-road use.

The only vehicle sold by the Company to dealerships is the ROXOR, an off-road side-by-side vehicle manufactured by Mahindra Automotive North American Technical Centre. Inc.

Future Prospects:

In addition to selling off-road vehicles, the company is currently evaluating various business opportunities & will take steps for implementation at appropriate time.

Directors:

Anish Shah
Bharat Moossaddee
Richard Hass

For and behalf of the Board

Anish Shah
Chairman

Date: 28th May 2018

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Vehicle Sales and Services, Inc.

We have audited the accompanying balance sheet of Mahindra Vehicle Sales and Services, Inc. ("the Company") as of March 31, 2018, the related statements of loss, stockholder's deficit and cash flows for the period April 19, 2017 to March 31, 2018 and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2018 and the results of its operations and cash flows for the period April 19, 2017 to March 31, 2018 in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia

May 13, 2018

BALANCE SHEET

	As at March 31, 2018 USD	INR
ASSETS		
Current assets		
Cash and cash equivalents	69,354	4,502,462
Accounts receivable	813,546	52,815,406
Prepaid expenses	162,024	10,518,598
Total current assets	**1,044,924**	**67,836,466**
Property and equipment, net	274,395	17,813,723
Intangible assets, net	1,044,360	67,799,851
Deferred tax assets, net	1,650,238	107,133,451
Other assets	13,532	878,499
Total assets	**4,027,449**	**261,461,990**
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities		
Accounts payable	388,480	25,220,122
Accounts payable - related parties	1,135,046	73,687,186
Short term borrowings – related party	1,900,000	123,348,000
Due to related parties	2,068,441	134,283,190
Accrued expenses and other current liabilities	803,372	52,154,910
Total current liabilities	**6,295,339**	**408,693,408**
Stockholder's deficit		
Common stock, $ 25 par value 200,000 shares authorized 68,000 shares issued and outstanding	1,700,000	110,364,000
Accumulated deficit	(3,967,890)	(257,595,418)
Total stockholder's deficit	**(2,267,890)**	**(147,231,418)**
Total liabilities and stockholder's deficit	**4,027,449**	**261,461,990**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF LOSS

	For the period April 19, 2017 to March 31, 2018	
	USD	**INR**
Operating revenues	1,041,265	67,598,924
Cost of revenue	998,236	64,805,481
Gross profit	**43,029**	**2,793,443**
Selling, general and administrative expenses	5,498,335	356,951,908
Depreciation and amortization	228,299	14,821,171
Interest expense	16,414	1,065,597
Total costs and expense	**5,743,048**	**372,838,676**
Loss from operations	(5,700,019)	(370,045,233)
Gain on sale of vehicles	81,891	5,316,364
Loss before income tax	**(5,618,128)**	**(364,728,869)**
Income tax benefit	(1,650,238)	(107,133,451)
Net loss	**(3,967,890)**	**(257,595,418)**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S DEFICIT

(All amounts are stated in United States Dollars, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			Total
Particulars	**Shares**	**Value ($)**	**Shares**	**Value ($)**	**Accumulated deficit**	**stockholder's deficit**
Common stock issued during the period	200,000	5,000,000	68,000	1,700,000	–	1,700,000
Net loss					(3,967,890)	(3,967,890)
Balance as at March 31, 2018	**200,000**	**5,000,000**	**68,000**	**1,700,000**	**(3,967,890)**	**(2,267,890)**

(All amounts are stated in Indian Rupees, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			Total
Particulars	**Shares**	**Value (INR)**	**Shares**	**Value (INR)**	**Accumulated deficit**	**stockholder's deficit**
Common stock issued during the period	200,000	324,600,000	68,000	110,364,000	–	110,364,000
Net loss					(257,595,418)	(257,595,418)
Balance as at March 31, 2018	**200,000**	**324,600,000**	**68,000**	**110,364,000**	**(257,595,418)**	**(147,231,418)**

STATEMENT OF CASH FLOWS

	For the period April 19, 2017 to March 31, 2018	
	USD	INR
Net loss	(3,967,890)	(257,595,418)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	228,299	14,821,171
Gain on sale of assets	(81,891)	(5,316,364)
Deferred tax benefit	(1,650,238)	(107,133,451)
Changes in assets and liabilities		
Accounts receivable	(813,546)	(52,815,406)
Prepaid expenses	(162,024)	(10,518,598)
Other assets	(13,532)	(878,497)
Accounts payable	388,480	25,220,122
Accounts payable - related parties	1,135,046	73,687,186
Due to related parties	2,068,441	134,283,190
Accrued expenses and other current liabilities	803,372	52,154,910
Net cash used in operating activities	**(2,065,483)**	**(134,091,155)**
Cash flow from investing activities		
Proceeds from sale of assets	747,638	48,536,658
Purchase of intangible assets	(1,174,905)	(76,274,833)
Purchase of property and equipment	(1,037,896)	(67,380,208)
Net cash used in investing activities	**(1,465,163)**	**(95,118,383)**
Cash flow from financing activities		
Short term borrowing – related party	1,900,000	123,348,000
Issuance of common stock	1,700,000	110,364,000
Net cash provided by financing activities	**3,600,000**	**233,712,000**
Net increase in cash and cash equivalents	69,354	4,502,462
Cash and cash equivalents at the beginning of the period	–	–
Cash and cash equivalents at the end of the period	**69,354**	**4,502,462**
Supplemental cash flow information		
Income taxes paid	–	–
Interest paid	–	–

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Mahindra Vehicle Sales and Services, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on April 19, 2017 and is a wholly owned subsidiary of Mahindra Automotive North America, Inc. ("MANA"). The Company delivers parts and vehicles to the global automotive market for off-road use.

The Company sells and distributes parts and vehicles to distributors and dealers (collectively "dealerships"), the majority of which are independently owned. At March 31, 2018, the Company has contractual relationships in North America with approximately 225 dealerships. The only vehicle sold by the Company to dealerships is the ROXOR, an off-road side-by-side vehicle manufactured by Mahindra North American Technical Center, Inc. d/b/a Mahindra Automotive North America Manufacturing ("MANAM").

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.

b. The financial statements are for the period April 19, 2017 to March 31, 2018.

c. Financial information in this report is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal year ended March 31, 2018, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 64.92 INR per dollar on March 31, 2018. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

2. Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, the carrying amount of property and equipment, obligations related to employee benefits, provisions for product related liability, income tax uncertainties and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

3. Revenue recognition

The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicle and their related accessories. Sales are recognized as revenue upon sale as these sales are considered to be final and no right of return or price protection exists.

Revenue from sale of goods is recognized specifically when all the following conditions are met:

a. There is a persuasive evidence that an arrangement exists.

b. Delivery has occurred or services have been rendered.

c. The sales price is fixed or determinable.

d. Collectability is reasonably assured.

The Company sponsors certain sales incentive programs and accrues liabilities for estimated sales promotion expenses when products are sold to the dealerships. Sales promotion incentive programs include volume incentives, cash discounts, retail financing programs, and co-op advertising programs. Sales promotions and incentives are recognized as a reduction to sales at the time of sale to the dealership.

4. Product warranty

The Company provides a limited warranty for ROXOR for a period of two years or 12,000 miles. The warranty reserve is established at the time of sale to the distributorship based on management's best estimate using historical rates and trends. These amounts are recorded as a liability in the balance sheet until they are ultimately paid. At March 31, 2018 , the accrued warranty liability was USD 45,872 (INR: 2,978,010).

5. Product liability

The Company is subject to product liability claims in the normal course of business. Adequate insurance coverage is carried for catastrophic product liability claims. The Company self-insures product liability claims up to the purchased catastrophic insurance coverage. The estimated costs resulting from uninsured losses are charged to operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably determinable.

6. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR: 16,230,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

7. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Leasehold improvements	7 years or the lease period
Equipment	5 years
Furniture & fixtures	5 - 7 years
Computers	3 years
Vehicles	5 years

Expenditures for maintenance and repairs are charged to expense. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

8. Intangible assets

Intangible assets are comprised of computer software which has been recognized at cost and amortized over a period of 3 years or its estimated useful life. Subsequent expenditure is capitalized only when it increases the future economic benefit from the specific assets to which it relates.

9. Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

10. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

11. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

12. Advertising

Advertising costs are presented as part of selling, general, and administrative expenses in the statement of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the period ended March 31, 2018 is USD 2,331,946 (INR: 151,389,919).

NOTES TO THE FINANCIAL STATEMENTS

NOTE C - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise:

	As at March 31, 2018	
Particulars	**USD**	**INR**
Bank balances	69,354	4,502,462
Total	**69,354**	**4,502,462**

NOTE D - ACCOUNTS RECEIVABLE

The accounts receivable as at March 31, 2018 of USD 813,546 (INR: 52,815,406) represent dues from customers of the Company and are stated net of rebates and allowance for doubtful accounts.

NOTE E - PREPAID EXPENSES

Prepaid expenses comprise the following:

	As at March 31, 2018	
Particulars	**USD**	**INR**
Prepaid software license fee	132,839	8,625,206
Prepaid insurance	12,525	813,123
Prepaid others	16,640	1,080,269
Total	**162,024**	**10,518,598**

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

	As at March 31, 2018	
Particulars	**USD**	**INR**
Vehicles	220,108	14,289,411
Equipment	28,810	1,870,345
Furniture	26,668	1,731,287
Computers	10,632	690,229
Leasehold improvements	4,041	262,342
	290,259	**18,843,614**
Less: Accumulated depreciation	(15,864)	(1,029,891)
Total	**274,395**	**17,813,723**

Depreciation expense for the period ended March 31, 2018 is USD 97,754 (INR: 6,346,190).

NOTE G - INTANGIBLE ASSETS, NET

Intangible assets comprise the following:

	As at March 31, 2018	
Particulars	**USD**	**INR**
Software	1,174,905	76,274,832
Less: Accumulated amortization	(130,545)	(8,474,981)
Total	**1,044,360**	**67,799,851**

Amortization expense for the period ended March 31, 2018 is USD 130,545 (INR: 8,474,981).

The estimate of annual amortization expense for the next five years and thereafter for the intangible assets is as follows:

March 31,	**USD**	**INR**
2019	391,635	25,424,944
2020	391,635	25,424,944
2021	261,090	16,949,963
Total	**1,044,360**	**67,799,851**

NOTE H -ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses comprise the following:

	As at March 31, 2018	
Particulars	**USD**	**INR**
Accrued expenses	241,418	15,672,857
Accrued vacation	187,286	12,158,607
Accrued payroll	59,400	3,856,248
Customer advances	76,861	4,989,816
Rebate liability	77,485	5,030,326
Warranty liability	45,872	2,978,010
Co-op liability	22,936	1,489,005
Interest payable to related party	16,414	1,065,597
Others	75,700	4,914,444
Total	**803,372**	**52,154,910**

NOTE I - SHORT TERM BORROWING – RELATED PARTY

The Company during the period obtained a loan from its related party, Mahindra Automotive North America, Inc. at an interest rate of 5.00% per annum. The loan amount payable as at March 31, 2018 is USD 1,900,000 (INR: 123,348,000). Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand.

Interest expense for the period ended March 31, 2018 was USD 16,414 (INR: 1,065,597).

NOTE J - CONTINGENCIES AND COMMITMENTS

The Company has entered various facility and equipment operating leases with varying terms. In most circumstances, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2018.

Year ended March 31	**Amount (USD)**	**Amount (INR)**
2019	371,623	24,125,742
2020	371,623	24,125,742
2021	282,024	18,309,005
2022 and onwards	–	–

Total rental expense for operating leases for the period ended March 31, 2018 amounted to USD 90,950 (INR: 5,904,474).

NOTE K - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The provision for income tax benefit for the current period is as follows:

NOTES TO THE FINANCIAL STATEMENTS

Particulars	For the period April 19, 2017 to March 31, 2018 USD	INR
Current tax benefit	–	–
Deferred tax benefit	(1,650,238)	(107,133,451)
Income tax benefit	**(1,650,238)**	**(107,133,451)**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

Particulars	As at March 31, 2018 USD	INR
Deferred tax assets		
Accrued vacation	47,022	3,052,668
Accrued warranty	11,517	747,684
Net operating loses	1,923,264	124,858,299
Total	1,981,803	128,658,651
Deferred tax liabilities		
Prepaid expenses	(40,679)	(2,640,881)
Fixed assets	(290,886)	(18,884,319)
Net deferred tax asset	**1,650,238**	**107,133,451**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the accrued expenses and research & development credit.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

NOTE L - RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Automotive North America, Inc.	Parent company
3	Mahindra Vehicles Manufactures Limited – US Branch	Affiliate company
4	Mahindra North American Technical Center, Inc.	Affiliate company

Summary of transactions and balances with related parties are as follows:

Particulars	As at March 31, 2018 USD	INR
<u>Transactions during the period</u>		
Mahindra Vehicles Manufacturers Limited – US Branch		
Reimbursement of expenses	1,506,284	97,787,957
Mahindra North American Technical Center, Inc.		
Purchases	998,236	64,805,481
Reimbursement of expenses	847,194	54,999,834
Mahindra Automotive North America, Inc.		
Capital contribution received	1,700,000	110,364,000
Corporate cost allocation	136,810	8,881,705
Loan obtained	2,380,000	154,509,600
Loan repaid	480,000	31,161,600
Interest expense	16,414	1,065,597
<u>Balances as at March 31, 2018</u>		
Mahindra Vehicles Manufacturers Limited – US Branch		
Due to related party	1,506,284	97,787,957
Mahindra North American Technical Center, Inc.		
Accounts payable	998,236	64,805,481
Due to related party	562,157	36,495,232
Mahindra Automotive North America, Inc.		
Accounts payable	136,810	8,881,705
Loan payable	1,900,000	123,348,000
Interest payable	16,414	1,065,597

NOTE M - RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE N - EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 15,913 (INR 1,033,072) for the period ended March 31, 2018.

NOTE O - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2018 which is the date the financial statements were issued. No events have occurred after the balance sheet dated March 31, 2018 that would require adjustments to the financial statements.

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.

BOARD OF DIRECTORS:

DIRECTORS:

Mr Nikhil Madgavkar	Director
Mr. Ashok Thakur	Director

OFFICE ADDRESS:

3rd Floor,
68A Coscharis Plaza,
Adeola Odeku Street,
Victoria Island, Lagos.

SECRETARY:

PINNOVN Nominees Limited
20 Kwame Nkrumah Cresent
Asokoro
Abuja, Nigeria.

INDEPENDENT AUDITORS:

Grant Thornton Nigeria (Chartered Accountants)
3rd & 4th Floors
294 Herbert Macaulay Way
Sabo-Yaba
Lagos, Nigeria.

BANKER:

Sterling Bank

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 2018, which disclose the state of affairs of the company.

Legal Form

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on May 20, 2016. It commenced full operation in May 2016.

Principal Activity

The principal activity of the company is to assemble, buy, sell, distribute two, three or four wheeled vehicles, trucks, buses and any other vehicles of every kind and description, engines, generators, tractors(including implements), and construction equipments.

Directors

The directors who held office during the year and to the date of this report were:

Mr Nikhil Madgavkar	(Indian)	Director
Mr Ashok Thakur	(Indian)	Director

Directors interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

Donations and Charitable Gifts

There were no donations made during the year.

Human Resources

Employment of Disabled Persons

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment.

Health, Safety and welfare at Work

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical facilities are provided for staff at the company's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

Employee Involvement and Training

The company ensures, through various form, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the company's policy of continuous development, employees of the company are nominated to attend both locally and internationally organized courses. These are complemented by on-the job training.

Independent Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004, Messrs. Grant Thornton (Chartered Accountants) were appointed as Auditors to the Company having indicated their willingness to do so.

LAGOS, NIGERIA. **BY ORDER OF THE BOARD**
Date: 21 June, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2018

The Companies and Allied Matters Act, CAP C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities, and
- Prepares its financial statement using suitable accounting policies supported by reasonable and prudent judgment and estimates that are consistently applied

The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent Judgments and estimates in conformity with the special purpose Financial Reporting Framework and the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Nikhil Madgavkar	**Ashok Thakur**
Director	Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mahindra West Africa Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra West Africa Limited** (the Company), which comprise the statement of financial position as at **31 March 2018**, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **31 March 2018**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 'IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following mattes. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and ement of Profit or Loss are in agreement with the books of account.

Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)

LAGOS, NIGERIA.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017	
		12 Months		11 Months	
	Notes	₦	Rs	₦	Rs
Revenue	5	**173,099,868**	**31,331,076**	32,462,534	5,875,719
Other Income	6	**23,384,930**	**4,232,672**	59,824,120	10,828,166
		196,484,798	**35,563,748**	92,286,654	16,703,884
Less Expenses:					
Employee Cost	7	**(78,930,877)**	**(14,286,489)**	(31,244,008)	(5,655,165)
Administrative Expenses	10	**(115,466,676)**	**(20,899,469)**	(65,438,076)	(11,844,292)
Depreciation Expenses	11	**(14,483,836)**	**(2,621,574)**	(4,693,622)	(849,546)
Finance Cost	8	**(4,263,187)**	**(771,637)**	(2,349,523)	(425,264)
Operating Loss		**(16,659,778)**	**(3,015,420)**	(11,438,575)	(2,070,382)
Exchange Difference	9	**15,925,236**	**2,882,468**	12,811,225	2,318,832
Profit/(Loss) Before Taxation		**(734,542)**	**(132,952)**	1,372,650	248,450
Taxation	12.2	**23,615**	**4,274**	(619,907)	(112,203)
Profit/(Loss) for the Year		**(710,927)**	**(128,678)**	752,743	136,247
Earnings Per Share					
Earnings per share (Naira)		**(0.02)**	**(0.00)**	0.02	0.02

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	**2018 12 Months**		2017 11 Months	
ASSETS		**₦**	**Rs**	₦	Rs
NON CURRENT ASSETS					
Property, Plant & Equipment	13	**47,390,424**	**8,577,667**	34,807,893	6,300,229
		47,390,424	**8,577,667**	34,807,893	6,300,229
CURRENT ASSETS					
Receivable and Prepayments	14	**81,269,574**	**14,709,793**	88,648,642	16,045,404
Cash and Cash Equivalent	15	**20,060,729**	**3,630,992**	8,672,415	1,569,707
		101,330,303	**18,340,785**	97,321,057	17,615,111
TOTAL ASSETS		**148,720,727**	**26,918,452**	132,128,950	23,915,340
EQUITY AND LIABILITIES					
Equity Attributable to Owners					
Share Capital	17	**39,220,000**	**7,098,820**	39,220,000	7,098,820
Deposit for Equity Issue	16	**21,254,000**	**3,846,974**	21,254,000	3,846,974
Retained Earnings		**41,816**	**7,569**	752,743	136,247
		60,515,816	**10,953,363**	61,226,743	11,082,041
NON CURRENT LIABILITIES					
Deferred Tax Liabilities	12.3	**321,306**	**58,156**	321,306	58,156
		321,306	**58,156**	321,306	58,156
CURRENT LIABILITIES					
Trade and Other Payables	18	**80,103,783**	**14,498,785**	39,732,445	7,191,573
Short Term Borrowings	19	**7,504,836**	**1,358,375**	30,549,855	5,529,524
Tax Payable	12.1	**274,986**	**49,772**	298,601	54,047
		87,883,605	**15,906,933**	70,580,901	12,775,143
TOTAL EQUITY AND LIABILITIES		**148,720,727**	**26,918,452**	132,128,950	23,915,340

These financial statements were approved by the Board of Directors on ________________ and signed on its behalf by:

Nikhil Madgavkar	**Avinash Bapat**	**Ashok Thakur**
Director	Chief Finance Officer	Director

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Equity Share	Retained earnings	Deposit for Equity Issue	Total
	₦	**₦**	**₦**	**₦**
Year Ended 31 March 2017				
New Share Issue	39,220,000	–	–	39,220,000
New deposit for share	–	–	21,254,000	21,254,000
Profit for the period	–	752,743	–	752,743
Balance as at 31 March 2017	**39,220,000**	**752,743**	**21,254,000**	**61,226,743**
Year Ended 31 March 2018				
Balance at 1 April 2017	39,220,000	752,743	21,254,000	61,226,743
Loss for the year	–	(710,927)	–	(710,927)
Balance as at 31 March 2018	**39,220,000**	**41,816**	**21,254,000**	**60,515,816**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Equity Share	Retained earnings	Deposit for Equity Issue	Total
	Rs	**Rs**	**Rs**	**Rs**
Year Ended 31 March 2017				
New Share Issue	7,098,820	–	–	7,098,820
New deposit for share	–	–	3,846,974	3,846,974
Profit for the period	–	136,247	–	136,247
Balance as at 31 March 2017	**7,098,820**	**136,247**	**3,846,974**	**11,082,041**
Year Ended 31 March 2018				
Balance at 1 April 2017	7,098,820	136,247	3,846,974	11,082,041
Loss for the year	–	(128,678)	–	(128,678)
Balance as at 31 March 2018	**7,098,820**	**7,569**	**3,846,974**	**10,953,363**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018		2017	
	₦	Rs	₦	Rs
Cash flows from operating activities				
Profit/(Loss) Before Tax	**(734,542)**	**(132,952)**	1,372,650	248,450
Adjustments:				
Depreciation	**14,483,836**	**2,621,574**	4,693,622	849,546
Operating Profit Before Working Capital Changes	**13,749,294**	**2,488,622**	6,066,272	1,097,995
Receivable and Prepayment	**7,379,068**	**1,335,611**	(88,648,642)	(16,045,404)
Trade Payables	**40,371,338**	7,307,212	39,732,444	7,191,573
	47,750,406	**8,642,823**	(48,916,198)	(8,853,832)
Tax Paid	**–**	**–**	–	–
Net Cash Flow from Operating Activities	**61,499,700**	**11,131,446**	(42,849,926)	(7,755,836)
Cash flow from Investing Activities:				
Purchase of Property, Plant and Equipment	**(27,066,367)**	**(4,899,012)**	(39,501,515)	(7,149,774)
Net Cash flow from Investing Activities	**(27,066,367)**	**(4,899,012)**	(39,501,515)	(7,149,774)
Cash Flow from Financing Activities:				
Issue of Share Capital			39,220,000	7,098,820
Deposit for Equity Issue			21,254,000	3,846,974
Short Term Borrowings	**(23,045,019)**	**(4,171,148)**	30,549,855	5,529,524
Net Cash Flow from Financing Activities	**(23,045,019)**	**(4,171,148)**	91,023,855	16,475,318
Net Cash Flow for the period	**11,388,314**	**2,061,285**	8,672,415	1,569,707
Cash and Cash Equivalents at 1 April	**8,672,415**	**1,569,707**	–	–
Cash and Cash Equivalents at 31 March	**20,060,729**	**3,630,992**	8,672,415	1,569,707
Cash and Cash Equivalent Consist of :				
Bank	**20,060,729**	**3,630,992**	8,672,415	1,569,707

(The accompanying notes are an integral part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Reporting Entity

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on 20 May 2016. It commenced full operation in May 2016. Its Authorised Share Capital was 200,000 ordinary shares of N196.10 each. The company is wholly owned by Mahindra & Mahindra South Africa. The company deals in sales of automobile and farm equipments

2 Basis of Preparation

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were authorized for issue by the Board of Directors of Mahindra West Africa Limited on 21 June, 2018.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

2.3 Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the company's functional currency, but they have been transalated to the Indian Rupees.

2.4 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgments in applying the accounting policies of the entity that have the most significant effect on the financial statements.

2.4.1 Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgment. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

2.4 .2 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company’s future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

2.4.3 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

2.4.4 Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

2.4.5 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

2.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

2.5.1 IFRS 9, 'Financial instruments', issued in July 2014 (effective 1 January 2018)

IFRS 9 introduces extensive changes to the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. The Standard also provides new guidance on the application of hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

2.5.2 IFRS 15, 'Revenue from Contracts with Customers', Issued: May 2014 (effective 1 January 2018)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principle based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

2.5.3 IFRS 16, 'Leases', Issued: January 2016 (effective 1 January 2019)

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from period beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

3.1 Revenue

Revenue represents the fair value of consideration received or receivable for services rendered, in the ordinary course of the entity's activities and is stated net of value added tax (VAT), rebates. The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and when specific criteria have been met for each of the entity's activities as described below:

3.1.1 Service revenue from commission income

Commission from sales of automobile and farm equipment for client are recognised at fair value of the consideration received or receivable, after deducting taxes, excise duties and similar levies, when sales have been made on behalf client based service agreement reached.

3.2 Administrative expense

Administrative expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.3 Employee Benefits

3.3.1 Pension fund obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognised as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

3.3.2 Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognised in the period in which the service is rendered and is not discounted. The expected cost of short- term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognised as a liability in the financial statements.

3.4 Taxation

3.4.1 Tax Expense

The tax expense represents the sum of the current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

3.4.2 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of the previous years.

3.4.3 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4.4 Tax Exposure

In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that caused the company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

3.5 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of notes and coins on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

3.6 Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term.

3.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.8 Property, Plant and Equipment

3.8.1 Land

Land held for use in production or administration is stated at cost amounts. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

3.8.2 Buildings, IT equipment and other equipment

3.8.2.1 Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

3.8.2.2 Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the company. On-going repairs and maintenance are expensed as incurred.

3.8.2.3 Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

– Motor Vehicles	4 years
– Furniture and Fittings	2 - 4 years
Household equipment	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Share Capital

3.9.1 Ordinary Shares

Ordinary shares are classified as equity and (share capital) are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

3.10 Financial Instruments

3.10.1 Recognition and Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are derecognised when and only when:

– The contractual rights to the cash flows from the financial assets expire; or

– The company transfers the financial asset, including substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by company which are classified as either held at fair value through profit or loss or available-for-sale, and are measured at subsequent reporting dates at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

3.10.2 Fair Value Hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS7 'Financial Disclosures':

Level 1: Quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

Level 2: Valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

3.10.2 De-recognition of Financial Instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the company has also transferred substantially all risks and rewards of ownership. Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

3.10.3 Financial Assets

Management determines the classification of financial assets at initial recognition; this classification depends on the nature and purpose of the financial asset. Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- trade receivables
- held-to-maturity and
- available-for-sale financial assets.

3.10.3.1 Financial Assets at fair value through profit or loss

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuation in price or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that are:

- Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

3.10.3.2 Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a customer with no intention of trading the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

3.10.3.3 Available-for-sale

Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Subsequent to initial recognition, financial assets classified as available -for -sale are measured at fair value on the statement of financial position.

3.10.3.4 Held - to - Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

3.10.3.5 Financial Liabilities

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

The company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

3.10.3.6 Gains and Losses

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss except for short term receivables where the recognition of interest would be immaterial. Dividends on available -for-sale equity instruments are recognised in the profit or loss when the company's right to receive payment is established.

3.10.3.7 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.10.3.8 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or, realise the asset and settle the liability simultaneously.

3.10.3.9 Impairment of Financial Assets

3.10.3.9.1 Assets Carried at Amortised Cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial asset that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a trade receivable is uncollectible, it is written off against the related provision for loan impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for receivables allowance in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reverse shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.10.3.9.2 Asset Carried at Fair Value

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available -for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available- for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available -for-sale increase and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3.11 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

3.12 Foreign Currency Transactions and Balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the Nigerian Naira.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items of historical cost in a foreign currency are not retranslated.

4 Financial Risk Management

4.1 Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

4.2 Significant Risks

The company has exposure to Significant Risks which are categorised as follows:

- Regulatory (capital adequacy, legal, accounting and taxation);
- Business environment (reputation and strategic);
- Operational (people, information technology and internal control processes);
- Market (equity prices, interest rate and currency); and
- Liquidity

Detailed Discussion of Significant Risks

4.2.1. Regulatory Risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in the IT industry and engages in discussions with policy makers and regulators.

4.2.1,1 Legal Risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 March 2017, the directors are not aware of any significant obligation not provided for.

4.2.1.2 Taxation Risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

4.2.1.2.1 Transactional Risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorganizations.

4.2.1.2.2 Operational Risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

4.2.1.2.3 Compliance Risk

The risk associated with meeting the company's statutory obligations.

4.2.1.2.4 Financial Accounting Risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

4.2.1.3 Accounting Risk

Accounting Risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

4.2.2 Business Environment

4.2.2.1 Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

4.2.2.2 Strategic Risk

Strategic Risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

4.2.3 Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

4.2.4 Market Risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

4.2.4.1 Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

4.2.4.2 Interest Rate Risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

4.2.4.3 Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

4.2.4.4 Foreign Currency Risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term balances.

4.2.4.4.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

* Certain classes of financial assets such as bonds, term deposits, cash and cash equivalent; and
* Certain accounts within trade and other receivables.

4.2.4.4.2 Financial Assets

Various debt instruments are entered into by the company in order to invest surplus shareholders funds. The company is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the company's exposure to this credit risk:

* Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the company's audit committee and the company's board.

4.2.4.4.3 Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

4.2.5 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company Treasury maintains flexibility in funding by keeping committed credit lines available.

4.2.5.1 Sensitivities

Management applies a number of sensitivity tests to the earnings of the company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the company is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

* The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

		2018		2017	
		12 Months		11 Months	
		₦	**Rs**	₦	Rs
5	**Revenue**				
	Commission Income	**173,099,868**	**31,331,076**	32,462,534	5,875,719
		173,099,868	**31,331,076**	32,462,534	5,875,719

This represents 5% of revenues generated for Mahindra & Mahindra Ltd. (India) from its businesses in West African Countries

		2018		2017	
6	**Other Income**				
	Reimbursable income	**23,384,930**	**4,232,672**	59,803,876	10,824,502
	Interest on bank deposit	**–**	**–**	20,244	3,664
		23,384,930	**4,232,672**	59,824,120	10,828,166

Reimbursable Income represents actual personnel costs of MWAL employees that are deputed by Mahindra & Mahindra Ltd. (India), including but not limited to daily allowance, rent, benefits etc.

		2018		2017	
		12 Months		11 Months	
		₦	**Rs**	₦	Rs
7	**Employee Cost**				
	Staff salaries	**43,338,844**	**7,844,331**	–	–
	Personnel allowance	**35,592,033**	**6,442,158**	31,244,008	5,655,165
		78,930,877	**14,286,489**	31,244,008	5,655,165

Personnel cost relates to daily allowance incurred in retaining the existing personnel as well as hiring new ones.

		2018		2017	
8	**Finance Cost**				
	Interest expenses	**4,263,187**	**771,637**	2,127,763	385,125
	Facility charges	**–**	**–**	221,760	40,139
		4,263,187	**771,637**	2,349,523	425,264

The finance cost relates to charges and interest on bank overdraft granted by Sterling Bank Plc.

		2018		2017	
9	**Exchange Difference**				
	Exchange gain	**15,925,236**	**2,882,468**	12,811,225	2,318,832
		15,925,236	**2,882,468**	12,811,225	2,318,832

10 Administrative Expenses

Administrative expenses consist of the expenses listed below:

	2018 ₦	**2018 Rs**	2017 ₦	2017 Rs
Audit fees	**2,800,000**	**506,800**	1,600,000	289,600
Rent	**27,690,625**	**5,012,003**	22,609,375	4,092,297
Professional fees	**8,169,200**	**1,478,625**	16,696,316	3,022,033
Staff welfare	**9,553,712**	**1,729,222**	2,057,700	372,444
Insurance	**1,925,762**	**348,563**	182,232	32,984
Travelling expenses	**45,475,506**	**8,231,067**	11,688,997	2,115,708
Advertising	**514,500**	**93,125**	395,300	71,549
Donations and contributions	**–**	**–**	100,000	18,100
Repairs and Maintenance	**954,050**	**172,683**	–	–
Hospitality expenses	**2,883,961**	**521,997**	1,195,501	216,386
Office expenses	**8,043,813**	**1,455,930**	7,114,833	1,287,785
Utility expenses	**6,452,675**	**1,167,934**	1,353,660	245,012
Bank charges	**1,002,872**	**181,520**	366,960	66,420
Miscellaneous - others	**–**	**–**	77,202	13,974
	115,466,676	**20,899,469**	65,438,076	11,844,292

		2018 ₦	**2018 Rs**	2017 ₦	2017 Rs
11	**Depreciation Expenses**	**14,483,836**	**2,621,574**	4,693,622	849,546

Depreciation expenses represents a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the year.

	2018 12 Months ₦	2018 12 Months Rs	2017 11 Months ₦	2017 11 Months Rs
12 Income Tax				
Current tax (Statement of Financial Position)				
Balance as at 01 April	**298,601**	**54,047**	–	–
Over provision from prior year	**(298,601)**	**(1,649,729)**		
Charge for the year	**274,986**	**49,772**	298,601	54,047
	274,986	**(1,545,910)**	298,601	54,047
Payment for the year	**–**	**–**	–	–
Balance as at reporting period	**274,986**	**49,772**	298,601	54,047
Income Tax Expense				
Company income tax	**(23,615)**	**(4,274)**	298,601	54,047
Deferred tax expense	**–**	**–**	321,306	58,156
Charged to income	**(23,615)**	**(4,274)**	**619,907**	**112,203**
Deferred Tax Liability				
Balance as at 1 April	**321,306**	**58,156**		–
Charge for the year	**–**	**–**		
Balance as at 31 march	**321,306**	**58,156**	321,306	58,156

13 Property, Plant & Equipment

	Household equipment ₦	Motor Vehicle ₦	Furniture & Fitting ₦	Total ₦
COST				
As at 1 April 2017	12,539,045	17,590,000	9,372,470	39,501,515
Additions during the year	1,180,117	25,000,000	886,250	27,066,367
As At 31 March 2018	**13,719,162**	**42,590,000**	**10,258,720**	**66,567,882**
Depreciation				
As at 1 April 2017	2,572,236	732,917	1,388,469	4,693,622
Charge for the year	3,329,807	8,564,168	2,589,861	14,483,836
As at 31 March 2018	**5,902,042**	**9,297,086**	**3,978,330**	**19,177,458**
Carrying Amount				
As at 31 March 2018	7,817,120	33,292,914	6,280,390	47,390,424
As At 31 March 2017	**9,966,809**	**16,857,083**	**7,984,001**	**34,807,893**

13.1 Property, Plant & Equipment (Indian Rupees)

	Household equipment Rs	Motor Vehicle Rs	Furniture & Fitting Rs	Total Rs
COST				
As at 1 April 2017	2,269,567	3,183,790	1,696,417	7,149,774
Additions during the year	213,601	4,525,000	160,411	4,899,012
As At 31 March 2018	**2,483,168**	**7,708,790**	**1,856,828**	**12,048,787**
Depreciation				
As at 1 April 2017	465,575	132,658	251,313	849,546
Charge for the year	602,695	1,550,114	468,765	2,621,574
As at 31 March 2018	**1,068,270**	**1,682,773**	**720,078**	**3,471,120**
Carrying Amount				
As at 31 March 2018	1,414,899	6,026,017	1,136,751	8,577,667
As At 31 March 2017	**1,803,992**	**3,051,132**	**1,445,104**	**6,300,229**

	2018 ₦	2018 Rs	2017 ₦	2017 Rs
14 Receivable and Prepayments				
14.1 Receivable				
Trade Receivable	**77,082,074**	**13,951,855**	63,823,355	11,552,027
	77,082,074	**13,951,855**	63,823,355	11,552,027
14.2 Prepayment				
Advances rent	**4,187,500**	**757,938**	24,178,125	4,376,241
Advance car insurance			647,162	117,136
	4,187,500	**757,938**	24,825,287	4,493,377
	81,269,574	**14,709,793**	88,648,642	16,045,404

All amounts are short-term. The net carrying value of trade receivables is considered to be at fair value.

	2018 ₦	2018 Rs	2017 ₦	2017 Rs
15 Cash and Cash Equipment				
Cash and cash equivalents consist of:				
Cash at bank	**20,060,729**	**3,630,992**	8,672,415	1,569,707
	20,060,729	**3,630,992**	8,672,415	1,569,707

These comprise of balances in foreign currencies with Sterling Bank that are translated at the period end, using the interbank rate as at 31 March.

16 Deposit for Equity Issue

Mahindra and Mahindra South Africa	**21,254,000**	**3,846,974**	21,254,000	3,846,974

This represents an extra amount on capital importation paid by the equity owners over and above the nominal value in anticipation of increase in share capital.

17 Share Capital

Authorised

200,000 Ordinary shares of ₦196.10 each	**39,220,000**	**7,098,820**	39,220,000	7,098,820

Issued and fully Paid

200,000 Ordinary shares of ₦196.10 each	**39,220,000**	**7,098,820**	39,220,000	7,098,820

The share capital of Mahindra West Africa Limited consists of issued and fully paid ordinary shares with a nominal value of N196.10 each.

18 Trade and Other Payables

Trade and other payables consist of the following:

Trade payables	**37,488,150**	**6,785,355**	37,224,621	6,737,656
Accruals	**42,615,633**	**7,713,430**	2,507,824	453,916
	80,103,783	**14,498,785**	39,732,445	7,191,573

The carrying amount of trade and other payables are considered to be at their fair values.

19 Short Term Borrowings

Short term borrowings from Sterling Bank consist of the following:

Loan	**7,504,836**	**1,358,375**	10,041,802	1,817,566
Overdraft	–	–	20,508,053	3,711,958
	7,504,836	**1,358,375**	30,549,855	5,529,524

20 Employees

The number of persons employed by the company during the year were 4 .(2017: 4)

21 Substantial Interest in Shares

Mahindra and Mahindra South Africa	**199,999**	**199,999**	199,999	199,999
Mr. Nikhil Madgavkar	**1**	**1**	1	1
	200,000	**200,000**	200,000	200,000

22 Related Party Disclosure

The below are related party balance as at the year end				
Mahindra South Africa	**37,488,150**	**6,785,355**	15,494,903	2,804,577
Tech Mahindra Nigeria Limited	–	–	21,729,718	3,933,079
	37,488,150	**6,785,355**	37,224,621	6,737,656
Intercompany Receivable				
Mahindra Mahindra India	**77,082,074**	**13,951,855**	63,823,355	11,552,027
	77,082,074	**13,951,855**	63,823,355	11,552,027

Authorization of Financial Statements

The financial statements for the period ended 31 March 2018 were approved by the board of directors on

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH 2018

			2018 12 Months			2017 11 Months
	₦	Rs	%	₦	Rs	%
Revenue	**173,099,868**	**31,331,076**		32,462,534	5,875,719	
Bought in Goods and Services	**(76,132,895)**	**(13,780,054)**		6,577,362	1,190,503	
Value Added	**96,966,973**	**17,551,022**	**100**	39,039,896	7,066,221	100
Applied as follows:						
To Pay Employees:						
Salaries, Wages and Other Benefits	**78,930,877**	**14,286,489**	**81**	31,244,008	5,655,165	80
To Pay Providers of Funds						
Interest Paid	**4,263,187**	**771,637**	**4**	2,349,523	425,264	6
Assets Replacement Provision:						
Depreciation	**14,483,836**	**2,621,574**	**15**	4,693,622	849,546	12
To Provide for the Future:						
Profit/(Loss) for the Year	**(710,927)**	**(128,678)**	**(1)**	752,743	136,246	2
	96,966,973	**17,551,022**	**100**	39,039,896	7,066,221	100

Value added represents the wealth created through the efforts of the company, its management and employees. The statement shows the distribution of the generated wealth amongs company employees, the government, providers of capital and amount retained for future creation of wealth.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018 REGISTERED NUMBER: 09822651

	Note	**2018** **£**	**2018** **INR**	2017 £	2017 INR
Turnover	4	**2,82,859**	**2,60,28,718**	1,07,319	98,75,494
Cost of sales		**(4,67,552)**	**(4,30,24,169)**	(1,17,580)	(1,08,19,712)
Exceptional cost of sales		**–**	**–**	(5,07,740)	(4,67,22,235)
Gross loss		**(1,84,693)**	**(1,69,95,451)**	(5,18,001)	(4,76,66,452)
Administrative expenses		**(2,30,662)**	**(2,12,25,476)**	(17,93,423)	(16,50,30,784)
Other operating income	5	**21,650**	**19,92,194**	85,940	79,08,199
Operating loss		**(3,93,705)**	**(3,62,28,732)**	(22,25,484)	(20,47,89,038)
Tax on loss		**–**	**–**	–	–
Loss for the period		**(3,93,705)**	**(3,62,28,732)**	(22,25,484)	(20,47,89,038)

There was no other comprehensive income for 2018.

The notes form part of these financial statements.

The company is under Liquidation & Liquidator is appointed on 29th March, 2018. As the company is in Liquidation and has ceased to trade there is no need to complete the statutory audit or file any other financial closures.

BALANCE SHEET AS AT 31 MARCH 2018
REGISTERED NUMBER: 09822651

	Note	**2018** £	**2018** INR	2017 £	2017 INR
Current assets					
Stocks	11	**–**	**–**	5,07,740	4,67,22,235
Debtors: amounts falling due within one year	12	**2,962**	**2,72,558**	1,60,354	1,47,55,775
Cash at bank and in hand	13	**26,203**	**24,11,246**	86,741	79,81,907
		29,165	**26,83,803**	7,54,835	6,94,59,917
Creditors: amounts falling due within one year	14	**(5,353)**	**(4,92,571)**	(5,80,318)	(5,34,00,862)
Net current assets		**23,813**	**21,91,232**	1,74,517	1,60,59,054
Total assets less current liabilities		**23,813**	**21,91,232**	1,74,517	1,60,59,054
Net assets		**23,813**	**21,91,233**	1,74,517	1,60,59,054
Capital and reserves	16	**26,43,001**	**24,32,08,952**	24,00,001	22,08,48,092
Profit and loss account		**(26,19,188)**	**(24,10,17,719)**	(22,25,484)	(20,47,89,038)
		23,813	**21,91,233**	1,74,517	1,60,59,054

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The notes form part of these financial statements.

The company is under Liquidation & Liquidator is appointed on 29th March, 2018. As the company is in Liquidation and has ceased to trade there is no need to complete the statutory audit or file any other financial closures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

1. General Information

Mahindra International UK Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office and the registration number are given in the company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

Since the company has filed for Liquidation, the directors do not consider the going concern basis to be appropriate and therefore these financial statements have been prepared on a basis other than that of a going concern.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	–	33%
Motor vehicles	–	50%
Fixtures and fittings	–	33%
Office equipment	–	33%
Computer equipment	–	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

No significant judgements have been made by management in preparing these financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018	**2018**	2017	2017
	£	**INR**	£	INR
Sales of electric cars	**2,82,859**	**2,60,28,718**	1,07,319	98,75,494
	2,82,859	**2,60,28,718**	1,07,319	98,75,494

An analysis of turnover by country of destination:

	2018	**2018**	2017	2017
	£	**INR**	£	INR
Srilanka	**2,82,859**	**2,60,28,718**	–	–
United Kingdom	**–**	**–**	1,07,319	98,75,494
	2,82,859	**2,60,28,718**	1,07,319	98,75,494

5. Other operating income

	2018	**2018**	2017	2017
	£	**INR**	£	INR
Other operating income	**87**	**8,013**	67,002	61,65,524
Government grants receivable	**21,563**	**19,84,181**	18,938	17,42,675
	21,650	**19,92,194**	85,940	79,08,199

6. Auditors' remuneration

	2018	**2018**	2017	2017
	£	**INR**	£	INR
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**–**	**–**	5,775	5,31,416
	–	**–**	5,775	5,31,416

7. Directors' remuneration

	2018	**2018**	2017	2017
	£	**INR**	£	INR
Directors' emoluments	**47,750**	**43,93,912**	1,13,925	1,04,83,379
	47,750	**43,93,912**	1,13,925	1,04,83,379

8. Exceptional items

	2018	**2018**	2017	2017
	£	**INR**	£	INR
Impairment of stock	**–**	**–**	5,07,740	4,67,22,235
	–	**–**	5,07,740	4,67,22,235

9. Stocks

	2018	2018	2017	2017
	£	INR	£	INR
Finished goods and goods for resale	–	–	5,07,740	4,67,22,235
	–	–	5,07,740	4,67,22,235

` Stock recognised in cost of sales during the period as an expense was Nil (£ 117,580)

10. Debtors

	2018	2018	2017	2017
	£	INR	£	INR
Trade debtors	–	–	88,118	81,08,618
Other debtors	**2,962**	**2,72,558**	47,552	43,75,735
Prepayments and accrued income	–	–	15,684	14,43,242
Grants receivable	–	–	9,000	8,28,180
	2,962	**2,72,558**	1,60,354	1,47,55,775

11. Cash and cash equivalents

	2018	2018	2017	2017
	£	INR	£	INR
Cash at bank and in hand	**26,203**	**24,11,246**	86,741	79,81,907
	26,203	**24,11,246**	86,741	79,81,907

12. Creditors: Amounts falling due within one year

	2018	2018	2017	2017
	£	INR	£	INR
Trade creditors	**5,352**	**4,92,463**	94,830	87,26,257
Amounts owned to group undertakings	–	–	4,21,982	3,88,30,784
Other taxation and social security	**1**	**108**	10,187	9,37,408
Other creditors	–	–	1,000	92,020
Accruals and deferred income	–	–	52,319	48,14,394
	5,353	**4,92,571**	5,80,318	5,34,00,862

13. Financial instruments

	2018	2018	2017	2017
	£	INR	£	INR
Financial assets				
Financial assets measured at amortised cost	–	–	2,22,411	2,04,66,260
	–	–	2,22,411	2,04,66,260
Financial liabilities				
Other financial liabilities measured at amortised cost	–	–	5,17,812	4,76,49,060
	–	–	5,17,812	4,76,49,060

14. Share capital

	2018	2018	2017	2017
	£	INR	£	INR
Shares classified as equity				
2,643,001 (2,400,001) Ordinary shares of £1 each (INR 80.94 each)	**26,43,001**	**24,32,08,952**	24,00,001	22,08,48,092

Commitments under operating leases

At 28 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2018	2017	2017
	£	INR	£	INR
Not later than 1 year	–	–	83,024	76,39,868
Later than 1 year and not later than 5 years	–	–	29,148	26,82,199
	–	–	1,12,172	1,03,22,067

15. Controlling party

The company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritius. The ultimate parent undertaking is Mahindra & Mahindra Limited, a company incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2018

	2018	2018	2017	2017
	£	**INR**	£	INR
Turnover	**2,82,859**	**2,60,28,718**	1,07,319	98,75,494
Cost of sales	**(4,67,552)**	**(4,30,24,169)**	(6,25,320)	(5,75,41,946)
Gross (loss)/profit	**(1,84,693)**	**(1,69,95,451)**	(5,18,001)	(4,76,66,452)
Other operating income	**21,650**	**19,92,194**	85,940	79,08,199
Administrative expenses	**(2,30,662)**	**(2,12,25,476)**	(17,93,423)	(16,50,30,784)
Tax on profit on ordinary activities	**–**	**–**	–	–
(Loss)/Profit for the period	**(3,93,705)**	**(3,62,28,732)**	(22,25,484)	(20,47,89,038)

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

	2018	2018	2017	2017
	£	INR	£	INR
Turnover				
Sales	**2,82,859**	**2,60,28,718**	1,07,319	98,75,494
	2,82,859	**2,60,28,718**	1,07,319	98,75,494

	2018	2018	2017	2017
	£	INR	£	INR
Cost of sales				
Purchases	**4,67,552**	**4,30,24,169**	11,33,270	10,42,83,505
Closing stocks	**–**	**–**	(10,15,690)	(9,34,63,794)
Impairment of stock	**–**	**–**	5,07,740	4,67,22,235
	4,67,552	**4,30,24,169**	6,25,320	5,75,41,946

	2018	2018	2017	2017
	£	INR	£	INR
Other operating income				
Other operating income	**87**	**8,013**	**67,002**	**61,65,524**
Government grants receivable	**21,563**	**19,84,181**	**18,938**	**17,42,675**
	21,650	**19,92,194**	**85,940**	**79,08,199**

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

	2018 £	2018 INR	2017 £	2017 INR
Administrative expenses				
Directors salaries	**47,750**	**43,93,912**	1,13,925	1,04,83,379
Directors national insurance	**6,018**	**5,53,817**	14,740	13,56,375
Staff salaries	**5,321**	**4,89,650**	2,27,958	2,09,76,695
Staff national insurance	**–**	**–**	16,348	15,04,343
Motor running costs	**270**	**24,876**	4,722	4,34,518
Hotels, travel and subsistence	**2,540**	**2,33,712**	10,369	9,54,155
Printing and stationery	**17**	**1,533**	1,363	1,25,423
Postage	**728**	**66,964**	958	88,155
Telephone and fax	**716**	**65,904**	14,101	12,97,574
Advertising and promotion	**6,562**	**6,03,836**	8,17,655	7,52,40,613
Trade subscriptions	**340**	**31,289**	667	61,377
Legal and professional	**36,713**	**33,78,296**	1,00,813	92,76,812
Auditors' remuneration	**–**	**–**	5,775	5,31,416
Bank charges	**2,053**	**1,88,892**	1,177	1,08,308
Difference on foreign exchange	**–**	**–**	151	13,895
Sundry expenses	**13,602**	**12,51,645**	15,985	14,70,940
Rent	**62,101**	**57,14,561**	1,39,219	1,28,10,932
Rates	**4,641**	**4,27,080**	47,237	43,46,749
Service charges	**–**	**–**	12,648	11,63,869
Insurances	**11,970**	**11,01,437**	19,118	17,59,238
Repairs and maintenance	**2,320**	**2,13,531**	15,220	14,00,544
Depreciation	**–**	**–**	69,751	64,18,487
warranty	**27,000**	**24,84,540**	–	–
Impairment of tangible fixed assets	**–**	**–**	80,943	74,48,375
Profit/loss on sale of tangible assets	**–**	**–**	280	25,766
Recruitment	**–**	**–**	62,300	57,32,846
	2,30,662	**2,12,25,476**	17,93,423	16,50,30,784

DIRECTORS' REPORT

Your Directors present their Thirty-Ninth Report, together with the Audited Financial Statement of your Company for the financial year ended on 31st March, 2018.

Financial Highlights and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended	
	31st March 2018	31st March 2017
Income	**10,031.17**	7,538.95
Profit/(Loss) before depreciation, interest, exceptional item and tax	**87.18**	(350.77)
Finance costs	**86.17**	97.00
Depreciation/Amortization	**115.44**	73.37
Profit/(Loss) for the year before exceptional/prior period item and taxation	**(114.43)**	(521.14)
Exceptional/prior period item - expense	**44.50**	–
Profit/(Loss) before taxation	**(158.93)**	(521.14)
Provision for taxation		
– Current tax	**–**	**–**
Profit/(Loss) after taxation	**(158.93)**	(521.14)
Other Comprehensive Income-gain/(loss)	**(0.03)**	(11.86)
Balance of Profit/(Loss) brought forward from earlier years	**(3,027.14)**	(2,494.14)
Balance of Profit/(Loss) carried to Balance Sheet	**(3,186.10)**	(3,027.14)
NetWorth	**2,461.23**	2,620.19

No material changes and commitments have occurred after the close of the year till the date of this Report which would affect the financial position of your Company.

The Board at its Meeting held on 11th May 2018 had approved to enter into and sign a revised Shareholders' Agreement ('Agreement') by and between the Company, Mahindra & Mahindra Limited ('M&M'), Mahindra Holdings Limited and Governor of the State of Gujarat ('GOG') ('the parties') subject to approval of the parties to the said agreement.

OPERATIONS

Your Company sold 2,240 Tractors during the year under review as compared to 1,535 tractors in the previous year, registering a growth of 45.93%.

The profit for the year before depreciation, interest, exceptional/ prior period item and tax for the year is Rs. 87.18 lakhs as against loss of Rs. 350.77 lakhs in the previous year. The loss after tax for the year stood at Rs. 158.93 lakhs as against loss of Rs. 521.14 lakhs of the previous year.

In our efforts to strengthen and create self-reliant manufacturing operations, your Company has installed new transmission assembly line during the year, in its factory at Vadodara. This not only allows us to reduce cost but also helps in improvement in the product quality.

During the year, your Company has launched new Tractor Brand 'TRAKSTAR' in its focus markets with higher power and fuel efficiency benefit to its customers. Through this brand, your Company is targeting farmers looking for affordable mechanization solutions and willing to go beyond circumstances of marginal farming. The brand name, 'Trakstar', aptly sums up its tagline- 'Tractor Jo Badal De Life Ka Track'.

The Trakstar range will be present across five HP points in 30-50HP category. In addition, your Company has also enhanced its portfolio with the Trakmate range of implements which includes cultivators and rotavators.

Looking at the industry potential, your Company is working on aggressive growth plan based on newly launched powerful, fuel efficient and price competitive Trakstar tractors. Your Company is also in the process of further strengthening distribution network as well as enhancing retail finance support through financial institution tie ups to reach out to customers and tap aggressive growth opportunities.

DIVIDEND

In view of losses, Directors have not recommended any dividend for the year under review. Further the Directors decided not to transfer any amount to General Reserves.

CHANGE OF NAME OF THE COMPANY

The Shareholders at an Annual General Meeting of the Company held on 10th July, 2017 accorded their approval for change of name of the Company from 'Mahindra Gujarat Tractor Limited' to 'Gromax Agri Equipment Limited'. Subsequently, the Registrar of Companies, Ahmedabad, approved the said change of name w.e.f. 24th August, 2017 and accordingly the name of your Company changed to 'Gromax Agri Equipment Limited'.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 stood at Rs. 60,00,00,000 (Rupees Sixty Crores Only) divided into 5,50,00,000 (Five Crores Fifty Lakhs) Equity Shares of Rs. 10 each and 50,00,000 (Fifty Lakhs) cumulative redeemable preference shares of Rs. 10 each.

As on 31st March, 2018, the Paid Up Equity Share Capital of your Company stood at Rs. 54,30,19,790 (Rupees Fifty Four Crores Thirty Lakhs Nineteen Thousand Seven Hundred and Ninety Only) divided into 5,43,01,979 (Five Crores Forty Three Lakhs One Thousand Nine Hundred and Seventy Nine) Equity Shares of Rs. 10 each and the Paid Up Preference Share Capital stood at Rs. 5,00,00,000 (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lakhs) cumulative redeemable Preference Shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

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

Sr. No.	Name of the Director and DIN	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
1.	Mr. Harish Chavan (06890989)	Director	Non-Executive	Non-Independent
2.	Mr. Nikhil Madgavkar (05163088)	Director	Non-Executive	Non-Independent
3.	Mr. K. Chandrasekar (01084215)	Director	Non-Executive	Non-Independent
4.	Mr. Sanjay Prasad (05245631)	Director	Non-Executive	Non-Independent
5.	Mr. Vishal Gupta (07840621)	Additional Director	Non-Executive	Non-Independent
6.	Mr. S. Nagarajan (03060429)	Director	Non-Executive	Independent
7.	Mr. Viren Popli (07811022)	Director	Non-Executive	Non-Independent
8.	Mr. J.B. Patel (07903253)	Additional Director	Non-Executive	Non-Independent
9.	Mr. Nikhilesh Panchal (00041080)	Additional Director	Non-Executive	Independent

Mr. S. M. Khatana and Mr. Rajesh Jejurikar resigned from the Board with effect from 25th April, 2017 and 11th May, 2017 respectively.

Pursuant to recommendation of the Nomination and Remuneration Committee ('NRC'), Mr. Viren Popli was appointed as Additional Director of the Company with effect from 11th May, 2017. The Members of the Company had at the Annual General Meeting held on 10th July, 2017 approved the said appointment.

Further, pursuant to recommendation of the NRC, Mr. Vishal Gupta was appointed as an Additional Director of the Company with effect from 11th July, 2017, to hold office upto the next Annual General Meeting.

Mr. C. J. Mecwan ceased to be a Director of the Company with effect from 14th July, 2017 pursuant to withdrawal of his nomination by Government of Gujarat.

Further, pursuant to recommendation of the NRC, Mr. J.B. Patel was appointed as an Additional Director of the Company with effect from 31st October, 2017, to hold office upto the next Annual General Meeting.

Mr. Chhabildas Patel, Independent Director resigned from the Company with effect from 6th November, 2017 and pursuant to recommendation of the NRC, Mr. Nikhilesh Panchal was appointed as an Additional Director designated as an Independent Director of the Company with effect from 3rd February, 2018 for a period of one year and he would not be liable to retire by rotation. Mr. Nikhilesh Panchal had given a declaration to the effect that he meets the criteria of independence as laid down under section 149 of the Companies Act, 2013.

The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. S. M. Khatana, Mr. Rajesh Jejurikar, Mr. C.J. Mecwan and Mr. Chhabildas Patel during their stint as Directors of the Company.

Mr. Harish Chavan and Mr. K. Chandrasekar are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 from Mr. Harish Chavan and Mr. K. Chandrasekar that they are not disqualified from being appointed as a Director of the Company pursuant to section 164 of the Companies Act, 2013.

Mr. S. Nagarajan has given a declaration to the effect that he meets the criteria of independence as laid down under section 149 of the Companies Act, 2013.

The Company has received notices pursuant to Section 160 of the Companies Act, 2013 from a shareholder proposing candidatures of Mr. Vishal Gupta and Mr. J.B. Patel as Directors of the Company and Mr. Nikhilesh Panchal as Director (Independent and Non-Executive) at the ensuing Annual General Meeting.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Meetings:

The Board met four times during the year under review on 11th May, 2017, 10th July, 2017, 31st October, 2017 and 3rd February, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended
Mr. K. Chandrasekar	3
Mr. Harish Chavan	4
Mr. S. Nagarajan	4
Mr. Nikhil Madgavkar	3
Mr. S. M. Khatana *(resigned w.e.f 25th April, 2017)*	-
Mr. Rajesh Jejurikar *(resigned with effect from 11th May, 2017)*	-
Mr. Viren Popli *(appointed with effect from 11th May, 2017)*	3
Mr. Vishal Gupta *(appointed with effect from 11th July, 2017)*	-
Mr. C.J. Mecwan *(ceased w.e.f 14th July, 2017)*	1
Mr. Sanjay Prasad *(appointed with effect from 1st August, 2017)*	1
Mr. J.B. Patel *(appointed with effect from 31st October, 2017)*	-
Mr. Chhabildas N Patel *(resigned w.e.f 6th November, 2017)*	2
Mr. Nikhilesh Panchal *(appointed with effect from 3rd February, 2018)*	-

Evaluation of performance of Directors:

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

The Nomination and Remuneration Committee has also carried out an Evaluation of the performance of the Directors individually.

Meeting of Independent Directors:

The Independent Directors of the Company met on 3rd November, 2017 without the presence of the other Non-Independent Directors or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

COMMITTEES OF THE BOARD

Audit Committee:

The Audit Committee currently comprises of Mr. K. Chandrasekar (Chairman), Mr. S. Nagarajan (Member) and Mr. Nikhilesh Panchal (Member).

The Audit Committee was re-constituted during the year with effect from 3rd February, 2018 by inducting Mr. Nikhilesh Panchal in place of Mr. Chhabildas Patel who ceased to be a Director of the Company and thereby member of the Committee w.e.f 6th November, 2017.

Audit Committee met thrice during year, i.e., on 11th May, 2017, 10th July, 2017 and 3rd February, 2018 and the attendance at the Meetings of the Audit Committee was as follows:

Director	Designation	No. of meetings attended
Mr. K. Chandrasekar	Chairman	2
Mr. Chhabildas N Patel*	Member	2
Mr. Nikhilesh Panchal**	Member	-
Mr. S. Nagarajan	Member	3

*Ceased to be a Director and thereby member of the Committee w.e.f 6th November, 2017

**Appointed as a member of the Committee w.e.f 3rd February, 2018

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee currently comprises of Mr. Sanjay Prasad (Chairman), Mr. S. Nagarajan (Member), Mr. Nikhilesh Panchal (Member) and Mr. Nikhil Madgavkar (Member).

The Committee was re-constituted with effect from 11th May, 2017 by induction of Mr. Nikhil Madgavkar as a member in place of Mr. Rajesh Jejurikar who ceased to be a Director and thereby member of the Committee with effect from 11th May, 2017.

The Committee was further re-constituted with effect from 31st October, 2017 by inducting Mr. Sanjay Prasad as Chairman and member in place of Mr. C.J. Mecwan who ceased to be a Director and thereby member of the Committee with effect from 14th July, 2017.

The Committee was further re-constituted with effect from 3rd February, 2018 by inducting Mr. Nikhilesh Panchal in place of Mr. Chhabildas Patel who ceased to be a Director of the Company and thereby member of the Committee with effect from 6th November, 2017.

The Committee met thrice during year, i.e., on 11th May, 2017, 10th July, 2017 and 3rd February, 2018 and the attendance at the Meetings of the Nomination and Remuneration Committee was as follows:

Director	Designation	No. of meetings attended
Mr. C.J Mecwan$	Chairman	1
Mr. Sanjay Prasad	Chairman	-
Mr. Rajesh Jejurikar#	Member	-
Mr. S. Nagarajan	Member	3

Director	Designation	No. of meetings attended
Mr. Chhabildas N Patel*	Member	2
Mr. Nikhil Madgavkar##	Member	2
Mr. Nikhilesh Panchal**	Member	-

$ Ceased to be a Director and thereby Chairman and member of the Committee w.e.f 14th July, 2017

#Resigned as a Director and thereby member of the Committee w.e.f. 11th May, 2017

* Ceased to be a Director and thereby member of the Committee w.e.f 6th November, 2017

Appointed as a member of the Committee w.e.f 11th May, 2017

**Appointed as a Director and member of the Committee w.e.f 3rd February, 2018

Corporate Social Responsibility Committee (CSR Committee):

The Corporate Social Responsibility Committee currently comprises of Mr. K. Chandrasekar (Chairman), Mr. J. B. Patel (Member) and Mr. S. Nagarajan (Member).

The CSR Committee was re-constituted during the year with effect from 31st October, 2017 by induction of Mr. J. B. Patel as member in place of Mr. C.J. Mecwan who ceased to be a Director and thereby member of the Committee with effect from 14th July, 2017.

The CSR Committee met once during year, i.e., on 11th May, 2017 and the attendance at the Meeting of the CSR Committee was as follows:

Director	Designation	No. of meetings attended
Mr. K. Chandrasekar	Chairman	1
Mr. C.J.Mecwan*	Member	1
Mr. J. B. Patel**	Member	-
Mr. S. Nagarajan	Member	1

* Ceased to be a Director and thereby member of the Committee w.e.f 14th July, 2017

** Appointed as a Director and member of the Committee w.e.f 31st October, 2017

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company continued its CSR initiatives in the area of sanitation and promoting girl child education. Your Company constructed 15 fully equipped toilets at, Rayantalavdi village, near Vadodara (Gujarat State) and contributed to K.C. Mahindra Education Trust under their 'Nanhi Kali' program that promotes girl child education.

An Annual Report on Corporate Social Responsibility is attached as **Annexure I** and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. The same may be accessed on the Company's website: http://trakstartractor.com/wp-content/uploads/2018/02/Gromax-CSR-Policy.pdf

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management, and after due enquiry, state that:

(a) in the preparation of the annual financial statement for the year ended 31st March 2018 the applicable accounting standards have been followed;

(b) the Directors had in consultation with Statutory auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the Loss of the Company for the financial year ended on that date;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared annual accounts on a going concern basis; and,

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

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos. Your Company has, for the year, received declarations from Directors and Senior Management and Employees, affirming compliance with the respective Codes.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the appointment/removal of Directors and Senior Management Personnel together with the criteria for determining qualifications, positive attributes and Independence of Directors, and Remuneration of Directors, Key Managerial Personnel and other Employees.

These policies are provided as **Annexure II** and form part of this Report.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company as on 31st March, 2018 areas below:

1. Mr. Sandeep Jaiswal as Manager;
2. Mr. Ashok Panara as Chief Financial Officer;and
3. Mr. Sumeet Maheshwari as Company Secretary

Subsequent to the year end, Mr. Ashok Panara resigned as the Chief Financial Officer of the Company with effect from end of business hours on 11th May, 2018 and subsequently Mr. Avdhesh Rathi was appointed as the Chief Financial Officer and Key Managerial Personnel of the Company with effect from 12th May, 2018.

SECRETARIAL AUDITORS

Your Company had appointed M/s. Samdani Shah & Kabra., Company Secretaries, Vadodara as Secretarial Auditor of the Company in accordance with Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed a Secretarial Audit Report in the prescribed form MR 3 as **Annexure III** issued by M/s. Samdani Shah & Kabra.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, your Board has also approved the appointment of M/s. Samdani Shah & Kabra, Company Secretaries, Vadodara to conduct secretarial audit for the financial year 2018-19.

STATUTORY AUDITORS

At the Thirty-Fifth Annual General Meeting, M/s. Bipin & Co., Chartered Accountants, Vadodara (Firm Registration No. 101509W) were appointed as the Statutory Auditors of your Company to hold office for a period of 5 years from the conclusion of the 35th Annual General Meeting (AGM) till the conclusion of 40th AGM of the Company.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 in The Companies (Audit and Auditors) Amendment Rules, 2018, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting has been omitted and hence the Company will not be proposing an item on ratification of appointment of M/s. Bipin & Co., Chartered Accountants at the ensuing AGM.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

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

INDUSTRIAL RELATIONS

Industrial relations have generally remained cordial throughout the year.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statement and the same is, in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

COMPLIANCE WITH SECRETARIAL STANDARDS 1 & 2

The applicable Secretarial Standards 1 & 2 have been complied by your Company.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach.

Your Company has formulated a risk management policy which provides for evaluation of risks which may threaten the existence of the Company, and facilitates development of a suitable plan to mitigate the same.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

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

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/ securities which are required to be reported under Section 186 of the Companies Act, 2013.

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as **Annexure IV** and forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in form MGT-9 is annexed as **Annexure V** and forms part of this Report.

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

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

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company pursues various safety improvement measures. The safety measures have been on focus throughout the year resulting in an increase in Safety Activity Ratio (S.A.R.) and achieved Zero accident during the year. During the year, operating systems in your Company were certified with Integrated Management System (IMS - ISO 9001:2015 & OHSAS 18001-2007) and awarded certificate from TUV-NORD. All statutory requirements have been adhered to & fully complied with. Fire Hydrant & fire detection and alarm system installed to strengthen safety system.

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

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure VI** and form part of this report.

GENERAL DISCLOSURE

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

a) Issue of equity shares with differential rights as to dividend, voting or otherwise.

b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.

c) Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Harish Chavan — Director

Sanjay Prasad — Director

Place: Vadodara,
Date: 11th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF GROMAX AGRI EQUIPMENT LIMITED

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Weblink: http://trakstartractor.com/wp-content/uploads/2018/02/Gromax-CSR-Policy.pdf

The objective of the Company's CSR policy is to-

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation, and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

(2) The Composition of the CSR Committee: K. Chandrasekar (Chairman), J. B. Patel and S. Nagarajan

(3) Average net profit of the Company for last three financial years: Rs. 251 lakhs

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): Rs. 5.02 lakhs

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

(a) Total amount spent for the financial year: Rs. 5. 19 lakhs

(b) Amount unspent, if any: NIL

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

Sr. No.	Particulars	CSR Expenditure
(1)	CSR project or activity identified	Construction of Toilets and Girl Child Education
(2)	Sector in which the project is covered	Sanitation and Education
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	1. Local Area for Toilets Construction at Rayantalavdi Village near Vadodara, Gujarat 2. Girl Child Education in Nasik, Maharashtra
(4)	Amount outlay (budget project or programme wise	Construction of Toilets Rs. 2.51 lakhs and Girl Child Education Rs. 2.51 lakhs
(5)	Amount spent on the project or programme Sub Heads: (1) Direct Expenditure on projects or programmes (2) Overheads	Direct Expenditure of Rs. 5.19 lakhs NIL
(6)	Cumulative expenditure up to the reporting period	Rs. 5.19 lakhs
(7)	Amount Spent direct or through implementing agency – Through K.C. Mahindra Education Trust – Directly by the Company	Rs. 2.51 Lakhs Rs. 2.68 Lakhs

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

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

For and on behalf of the Board

K. Chandrasekar
Director and Chairman of the CSR Committee

S. Nagarajan
Director

Place: Vadodara,
Date: 11th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Gromax Agri Equipment Limited (GAEL).

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"**HR**" means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 from time to time.

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a Director as applicable:

1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in sprit, by Directors.

Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made there under.

REMOVAL OF DIRECTORS

If a Director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the Company, NRC may recommend to the Board, with reasons recorded in writing, removal of a Director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director/CEO/Manager based on business needs and suitability of the candidate.

Managing Director/CEO/Manager shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Gromax Agri Equipment Limited (GAEL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Director/Managing Director/Manager

The remuneration to Executive Director(s)/Managing Director/ Manager shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The remuneration to Manager shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

The terms of remuneration of the Chief Financial Officer (CFO), the Company Secretary and other KMP shall be determined either by any Director or such other person as may be authorised by the NRC.

The above remuneration shall be competitively bench marked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the tractor and related industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director/Chief Executive Officer/Manager, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

For and on behalf of the Board

Harish Chavan	**Sanjay Prasad**
Director	Director

Place: Vadodara,
Date: 11th May, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. MR.3

Secretarial Audit Report

for the Financial Year ended March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Gromax Agri Equipment Limited
Vishwamitri, Nr. Railway Overbridge,
Vadodara – 390011,
Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ***Gromax Agri Equipment Limited*** (hereinafter referred to as 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2018, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) are not applicable to the company being Unlisted Public Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Guidelines, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India. Being Unlisted Public Company, clauses / regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are not applicable to the company.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

(a) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, if any, were carried out in compliance with the provisions of the Act;

(b) Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;

(c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;

(d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines;

(e) During the audit period, there were no specific instances / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs except that the Company has changed its name from Mahindra Gujarat Tractor Limited to Gromax Agri Equipment Limited with effect from August 24, 2017 as per the Certificate of change of name issued by the Registrar of Companies, Gujarat.

S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677
CP No. 2863

Place: Vadodara,
Date: 1st May, 2018

This Report is to be read with our letter of even date annexed as Appendix A and forms part of this report.

Appendix A

To,

The Members,
Gromax Agri Equipment Limited
Vishwamitri, Nr. Railway Overbridge,
Vadodara – 390011,
Gujarat.

Our Secretarial Audit report of even date is to be read along with this letter, that;

- Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records & we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677
CP No. 2863

Place: Vadodara,
Date: 1st May, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC. 2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. Lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Tractors	Financial year ended 31st March,2018	461	Not Applicable	–
2.	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Components of Tractors	Financial year ended 31st March,2018	2186	Not Applicable	–
3.	Mahindra & Mahindra Limited. (Holding Company)	Sale of Tractors and its Components	Financial year ended 31st March,2018	46	Not Applicable	–
4.	Mahindra & Mahindra Limited. (Holding Company)	Services Received for Employees on Deputation	Financial year ended 31st March,2018	303	Not Applicable	–
5.	Mahindra & Mahindra Limited. (Holding Company)	Expenses Reimbursed	Financial year ended 31st March,2018	54	Not Applicable	–
6.	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Implements	Financial year ended 31st March,2018	94	Not Applicable	–
7.	Mahindra Logistics Limited. (Fellow Subsidiary)	Logistics Services Received	Financial year ended 31st March,2018	487	Not Applicable	–
8.	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Assets	Financial year ended 31st March,2018	7	Not Applicable	–
9.	Mahindra Integrated Business Solutions Limited (Fellow Subsidiary)	Services of Payroll processing	Financial year ended 31st March,2018	4	Not Applicable	–
10.	Mahindra & Mahindra Financial Services Limited (Fellow Subsidiary)	Financing Tieup	Financial year ended 31st March,2018	2	Not Applicable	–

Note: for the purpose of materiality, the following criteria have been considered.

10% of Turnover of the Company or Rs. One hundred crore, whichever is lower is considered material for the purpose of disclosure in respect of contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.

10% of Net-worth of the Company or Rs. One hundred crore, whichever is lower is considered material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.

10% of the Net-worth of the Company or 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.

10% of Turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts /transactions/ arrangements for rendering of services.

For and on behalf of the Board

Harish Chavan — Director

Sanjay Prasad — Director

Place: Vadodara,
Date: 11th May, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U34100GJ1978PLC003127
ii.	Registration Date	:	31st March, 1978
iii.	Name of the Company	:	Gromax Agri Equipment Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	:	Vishwamitri, Near Railway Overbridge Vadodara – 390011, Gujarat Tel.: +91-265-2311617/2339547 Fax: +91-265-2338015/2338156 Contact: mayekar.shweta@mahindra.com
vi.	Whether listed Company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NSDL Database Management Limited 4th Floor A Wing Trade World, Kamala Mills Compound Senapati Bapat Marg., Lower Parel, Mumbai-400013. Tel: 022-4914 2700; Fax: 022-49142503

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Manufacturing of Tractors	28211	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Holding Company	60%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	2,17,20,791	2,17,20,791	40	–	2,17,20,791	2,17,20,791	40	–
d) Bodies Corp.	–	3,25,81,188	3,25,81,188	60	3,25,81,181	7	3,25,81,188	60	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (A)(1)	–	**5,43,01,979**	**5,43,01,979**	**100**	**3,25,81,181**	**2,17,20,798**	**5,43,01,979**	**100**	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**5,43,01,979**	**5,43,01,979**	**100**	**3,25,81,181**	**2,17,20,798**	**5,43,01,979**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non–Institutions									
a) Bodies Corp./Corporate incorporated outside India									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)									
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**5,43,01,979**	**5,43,01,979**	**100**	**3,25,81,181**	**2,17,20,798**	**5,43,01,979**	**100**	–

(ii) Shareholding of promoters (equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	59,73,211	11	–	59,73,211	11	–	–
2.	Mahindra & Mahindra Limited jointly with Mr. Ashutosh Vidwans	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. Rajeev Goel	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged/encumbered to total shares	
4.	Mahindra & Mahindra Limited jointly with Mr. Nikhil Madgavkar	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. Harish Chavan	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. Ashok Kumar Panara	1	–	–	1	–	–	–
8.	Mahindra & Mahindra Limited jointly with Mr. Sandeep Jaiswal	1	–	–	1	–	–	–
9.	Mahindra Holdings Limited	2,66,07,970	49	–	2,66,07,970	49	–	–
10.	Governor of Gujarat	2,17,20,784	40	–	2,17,20,784	40	–	–
11.	Governor of Gujarat jointly with Mr. B.R. Shah	1	–	–	–	–	–	–
12.	Governor of Gujarat jointly with Mr. B.M. Modi	–	–	–	1	–	–	–
13.	Governor of Gujarat jointly with Mr. J. D.Dave	1	–	–	–	–	–	–
14.	Governor of Gujarat jointly with Mr. M. R. Chauhan	–	–	–	1	–	–	–
15.	Governor of Gujarat jointly with Ms. Bhavita Rathod	1	–	–	1	–	–	–
16.	Governor of Gujarat jointly with Mrs. B. R. Thakkar	1	–	–	–	–	–	–
17.	Governor of Gujarat jointly with Mrs. V.R. Patel	–	–	–	1	–	–	–
18.	Governor of Gujarat jointly with Mr. M. K Qureshi	1	–	–	1	–	–	–
19.	Governor of Gujarat jointly with Mr. B. M. Jadhav	1	–	–	–	–	–	–
20.	Governor of Gujarat jointly with Mr. D. N. Patel	–	–	–	1	–	–	–
21.	Governor of Gujarat jointly with Mr. G. K. Thakor	1	–	–	1	–	–	–
	Total	**5,43,01,979**	**100**	**-**	**5,43,01,979**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No change except as stated below

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1.	**Governor of Gujarat jointly with Mr. B.R. Shah**					
	At the beginning of the year	1	–			
	Decrease- Share transferred to Governor of Gujarat jointly with Mr. B.M. Modi on 11th May, 2017			1		
	At the End of the year				–	–

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
2.	**Governor of Gujarat jointly with Mr. B.M. Modi**					
	At the beginning of the year	–	–			
	Increase- Share transferred from Governor of Gujarat jointly with Mr. B.R. Shah on 11th May, 2017			1		
	At the End of the year				1	–
3.	**Governor of Gujarat jointly with Mr. J.D. Dave**					
	At the beginning of the year	1	–			
	Decrease- Share transferred to Governor of Gujarat jointly with Mr. M.R. Chauhan on 10th July, 2017			1		
	At the End of the year				–	–
4.	**Governor of Gujarat jointly with Mr. M. R. Chauhan**					
	At the beginning of the year	–	–			
	Increase- Share transferred fromGovernor of Gujarat jointly with Mr. J.D. Dave on 10th July, 2017			1		
	At the End of the year				1	–
5.	**Governor of Gujarat jointly with Mrs. B.R. Thakkar**					
	At the beginning of the year	1	–			
	Decrease- Share transferred to Governor of Gujarat jointly with Mrs. V.R. Patel on 10th July, 2017			1		
	At the End of the year				–	–
6.	**Governor of Gujarat jointly with Mrs. V.R. Patel**					
	At the beginning of the year	–	–			
	Increase- Share transferred from Governor of Gujarat jointly with Ms. B.R. Thakkar on 10th July, 2017			1		
	At the End of the year				1	–
7.	**Governor of Gujarat jointly with Mr. B. M. Jadhav**					
	At the beginning of the year	1	–			
	Decrease - Transfer of share to Governor of Gujarat jointly with Mr. D.N. Patel on 10th July, 2017			1		
	At the End of the year				–	–
8.	**Governor of Gujarat jointly with Mr. D.N. Patel**					
	At the beginning of the year	–	–			
	Increase - Share transferred from Governor of Gujarat jointly with Mr. B.M. Jadhav on 10th July, 2017			1		
	At the End of the year				1	–

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

Sr. No.	Name of the Shareholder:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	–	–	–	–
	Change	–	–	–	–
	At the End of the year	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company		No. of shares	% of total Shares of the Company
1.	**Mr. Sandeep Jaiswal (Jointly with Mahindra & Mahindra Limited)**					
	At the beginning of the year	1	–			
	No change	–	–	–	–	–
	At the End of the year				1	–
2.	**Mr. Ashok Kumar Panara (Jointly with Mahindra & Mahindra Limited)**					
	At the beginning of the year	1	–			
	No change	–	–	–	–	–
	At the End of the year				1	–
3.	**Mr. Harish Chavan (Jointly with Mahindra & Mahindra Limited)**				1	–
	At the beginning of the year	1				–
	No change	–	–	–	–	–
	At the End of the year				1	–
4.	**Mr. Nikhil Madgavkar (Jointly with Mahindra & Mahindra Limited)**					
	At the beginning of the year	1	–			
	No change	–	–	–	–	–
	At the End of the year				1	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs.in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
• Addition	255.14	–	–	255.14
• Reduction	–	–	–	–
Net Change	**255.14**	–	–	**255.14**
Indebtedness at the end of the financial year				
i) Principal Amount	255.14	–	–	255.14
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**255.14**	–	–	**255.14**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Manager	
		Sandeep Jaiswal	Total Amount
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	60.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of Profit	–	
	– others, specify… Fees	–	–
5.	Others, please specify	–	–
	Total (A)	**60.00**	**60.00**
	Ceiling as per the Act	As per Schedule V of Companies Act, 2013	

B. Remuneration to other Directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S. Nagarajan	Mr. Chhabildas Patel (upto 6th November, 2017)	Mr. Nikhilesh Panchal (w.e.f 3rd February, 2018)	
1.	Independent Directors				
	• Fee for attending board/committee meetings	1.50	0.80	–	2.30
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	**1.50**	**0.80**	–	**2.30**
2.	Other Non-Executive Directors	–	–	–	
	• Fee for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	**1.50**	**0.80**	–	**2.30**
	Total Managerial Remuneration	–	–	–	–
	Overall Ceiling as per the Act	Within the prescribed limits under the Companies Act, 2013			

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify... Fees	–	–	–	–
5.	Others, please specify	–	1.89	22.85	24.74
	Total	–	**1.89**	**22.85**	**24.74**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Harish Chavan
Director

Sanjay Prasad
Director

Place: Vadodara,
Date: 11th May, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

During the year, your Company has taken following initiatives for conservation of energy:

- Optimum utilization of the plant & machinery.
- Maintain power factor at unity (0.999)
- All window Air conditioners replaced with energy efficient cassette & split ACs.
- Energy saver cleaning machines, hyd press, transmission line etc.

(b) the steps taken by the Company for utilizing alternate sources of energy:

- Replacement of asbestos roof sheets in TMCH shop assly with transparent sheets to use natural light resulted to improve lux level
- Provision of Air circulator to improve air changeover.

(c) the capital investment done on energy conservation equipments:

- Roof ventilators with Natural lighting,
- Impliment of LED lights/ Solar hot water system for canteen.
- All electrical system strengthen by replacing old OCB with new Microprocessor ACBs

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Areas in which Research & Development is carried out:

- Keeping in view the future requirements of technological up- gradation, your Company has undertaken various programs like development of tractor to meet future regulatory norms in India and also upgrade some models with improved aesthetics.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

- During the year under review, pursuant to R&D efforts on development of new Tractor series "Trakstar" in the 31,35,40,45 & 50 hp category with feature as Power steering , Oil brakes etc.

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NIL

(a) the details of technology imported: N.A.

(b) the year of import: N.A.

(c) whether the technology been fully absorbed: N.A.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

iv) the expenditure incurred on Research and Development :

	(Rupees in Lakhs)
(a) Capital Expenditure	Rs. NIL
(b) Recurring Expenditure	Rs. 35.25

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2018	**For the Financial Year Ended 31st March, 2017**
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	16.17

For and on behalf of the Board

Harish Chavan
Director

Sanjay Prasad
Director

Place: Vadodara,
Date: 11th May, 2018

INDEPENDENT AUDITORS' REPORT

To

The Member,

GROMAX AGRI EQUIPMENT LTD

(Formerly known as Mahindra Gujarat Tractor Limited)

We have audited the accompanying standalone financial statements of **GROMAX AGRI EQUIPMENT LIMITED** (Formerly known as Mahindra Gujarat Tractor Limited) ("the Company"), which comprises the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We had conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central Government in terms of Section 143(11) of the Act, We give in the "Annexure-A" a statement on the matter specified in paragraph 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure- B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note: 33 to the financial statements;

II. The Company did not have any long-term Contracts including derivative contract for which there were any material foreseeable losses.

III. There were no amounts which required to be transferred to Investor Education and Protection Fund by the Company.

IV. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and those are in accordance with the books of accounts maintained by the Company. Refer Note No: NIL to the financial statements; -NA

For BIPIN & COMPANY
Chartered Accountants
Firm No: 101509W

Pradeep K Agrawal
Partner
M .NO: 116612

Place: Vadodara
Date: 11.05.2018

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the account of Gromax Agri Equipment Limited (Formerly known as Mahindra Gujarat Tractor Limited) for the year ended on 31st March, 2018)

I. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company hold title of all immovable property held by the company.

II. (a) As explained to us, inventories were physically verified by the Management during a year and any discrepancy had been noticed during physical verification were properly dealt with in books of Account.

III. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the period under perusal.

IV. According to information and explanation provided to us, Section 185 and 186 of the Companies Act, 2013 had been complied in respect of Loans, Investments, guarantees and securities.

V. According to information and explanation provided to us, the company had not accepted any deposits during the year under review, accordingly the provision of clause 3(v) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

VI. As per the Notification No: 1/40/2013 dated 31st December, 2014, the Central Government exempt automobile industries from the preview of Cost Audit, hence it is not applicable to company, under section 148 (1) of the Companies Act, 2013.

VII. (a) According to information and explanation given to us, no undisputed amount payable in respect of income tax or Goods & Services Tax, sales tax or service tax or duty of customs or duty of excise or value added tax or cess were in arrears as at 31st March, 2018 for a period of more than six month from the day they become payable.

(b) Details of dues of income tax, Goods & Services Tax, wealth tax, service tax, customs duty, excise duty, and cess which have not been deposited as on 31st March, 2018 on account of dispute are given below.

Name of Statue	Nature of Dues	Amount in Lakhs	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1962	Income Tax	66.73	AY 2014-15	CIT-Appeals

VIII. According to information and explanation given to us the company had not defaulted in repayment of dues to financial institution or bank.

IX. According to information and explanation given to us, no money has been raised by way of initial public offer (including debt instrument) and term loan during the year under review hence clause 3(ix) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

X. According to information and explanation given to us no fraud on or by the company has been noticed or reported during the year.

XI. According to information and explanation provided to us, managerial remuneration has been paid and provided in accordance with the requisite approval mandate by the provision of section 197 read with Schedule V of the Companies Act, 2013

XII. According to information and explanation provided to us, clause 3(xii) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

XIII. According to information and explanation provided to us, all transaction with the related parties are in compliance with section 177 and 188 of The Companies Act, 2013 and all applicable details have been disclosed in the Financial Statement as required by the applicable accounting standard.

XIV. According to information and explanation provided to us, Company has not made any preferential allotment or private placement of share or fully or partly convertible debenture during the year under review. Accordingly provision of clause 3 (xiv) of the order not applicable to company and hence not commented upon.

XV. According to information and explanation provided to us, Company has not entered into any non-cash transaction with directors or person connected with him hence, clause 3(xv) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

XVI. According to information and explanation provided to us, Company is not required to register under section 45IA of the Reserve Bank of India Act, 1934 hence, clause 3(xvi) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

For BIPIN & COMPANY
Chartered Accountants
Firm No: 101509W

PRADEEP K AGRAWAL
Partner
M.NO: 116612

Place: Vadodara
Date: 11.05.2018

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Gromax Agri Equipment Limited (Formerly known as Mahindra Gujarat Tractor Limited) ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BIPIN & COMPANY
Chartered Accountants
Firm No: 101509W

PRADEEP K AGRAWAL
Partner
M.NO: 116612

Place: Vadodara
Date: 11.05.2018

BALANCE SHEET AS AT 31ST MARCH, 2018

All amounts are in Lacs unless otherwise stated

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I.	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	**1,557.56**	1,105.69
	(b) Capital Work-in-Progress		**–**	158.01
	(c) Other Intangible Assets	4	**0.07**	0.19
	(d) Financial Assets:			
	(i) Investment	5	**–**	–
	(ii) Loans	7	**93.43**	62.69
	(e) Non-Current Tax Assets (Net)	9	**55.03**	58.06
	(f) Other Non-current Assets	10	**91.02**	25.92
	SUB-TOTAL		**1,797.11**	1,410.56
	CURRENT ASSETS			
	(a) Inventories	11	**1,786.02**	1,115.38
	(b) Financial Assets:			
	(i) Trade Receivables	6	**2,896.30**	2,656.41
	(ii) Cash and Cash Equivalents	12a	**200.83**	382.10
	(iii) Other Bank Balances	12b	**1,233.73**	1,612.73
	(v) Loans	7	**77.41**	51.81
	(vi) Other Financial Assets	8	**50.29**	42.21
	(c) Current Tax Assets (Net)	9	**–**	–
	(d) Other Current Assets	10	**623.38**	136.33
	SUB-TOTAL		**6,867.96**	5,996.97
	TOTAL ASSETS		**8,665.07**	7,407.53
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	13	**5,430.20**	5,430.20
	(b) Other Equity	14	**(2,968.97)**	(2,810.01)
	SUB-TOTAL		**2,461.23**	2,620.19
	LIABILITIES			
1)	**NON-CURRENT LIABILITIES**			
	(a) Provisions	17	**234.23**	282.82
	(b) Non-Current Tax Liabilities (Net)	9	**–**	–
	SUB-TOTAL		**234.23**	282.82
2)	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	19	**255.14**	–
	(ii) Trade Payables	15	**3,302.83**	2,115.61
	(iii) Other Financial Liabilities	16	**2,236.30**	2,235.61
	(b) Provisions	17	**139.83**	104.25
	(c) Current Tax Liabilities	9	**–**	–
	(d) Other Current Liabilities	18	**35.51**	49.05
	SUB-TOTAL		**5,969.61**	4,504.52
	TOTAL LIABILITIES		**8,665.07**	7,407.53
	See accompanying notes to the financial statements	1&2		

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn. no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Vadodara
Date : 11th May 2018

For and on behalf of the Board of Directors

Sanjay Prasad Director
Harish Chavan Director
Sandeep Jaiswal Manager
Ashok Panara Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Vadodara
Date : 11th May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2018

All amounts are in Lacs unless otherwise stated

	Particulars	Note No.	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
I.	**Revenue from operations**	20	**9,805.28**	7,357.00
II.	**Other Income**	21	**225.89**	181.95
III.	**Total Revenue (I + II)**		**10,031.17**	7,538.95
IV.	**EXPENSES**			
	(a) Cost of materials consumed	22(a)	**6,554.52**	4,615.94
	(b) Purchases of Stock-in-trade		**444.12**	580.61
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	22(b)	**(238.00)**	68.17
	(d) Excise duty on sale of goods		**8.94**	37.98
	(e) Employee benefit expense	23	**1,366.23**	1,279.15
	(f) Finance costs	24	**86.17**	97.00
	(g) Depreciation and amortisation expense	3&4	**115.44**	73.37
	(h) Other expenses	25	**1,808.18**	1,307.87
	Total Expenses (V)		**10,145.60**	8,060.09
	Profit/(loss) before exceptional items and tax (I - IV)		**(114.43)**	(521.14)
	Exceptional Items		**(44.50)**	
V.	**Profit/(loss) before tax**		**(158.93)**	(521.14)
VI.	**Tax Expense**			
	(1) Current tax	9	**–**	–
	(2) Deferred tax	9	**–**	–
	Total tax expense		**–**	–
VII.	**Profit/(loss) after tax (V - VI)**		**(158.93)**	(521.14)
IX.	**Other comprehensive income**			
	Acturial Gain/(Loss) of as per Acturial valuation		**(0.03)**	(11.86)
X.	**Total comprehensive income for the period (IX + VIII)**		**(158.96)**	(533.00)
XI.	**Earnings per equity share**			
	(1) Basic	26	**(0.29)**	(0.98)
	(2) Diluted	26	**(0.29)**	(0.98)

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn. no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Vadodara
Date : 11th May 2018

For and on behalf of the Board of Directors

Sanjay Prasad	Director
Harish Chavan	Director
Sandeep Jaiswal	Manager
Ashok Panara	Chief Financial Officer
Sumeet Maheshwari	Company Secretary

Place : Vadodara
Date : 11th May 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31ST MARCH, 2018

	Particulars	Note No.	Year Ended on 31st March 2018	Year Ended on 31st March 2017
I.	**Cash flows from operating activities**			
	Profit before tax for the year		**(158.96)**	(533.00)
	Finance costs recognised in profit or loss	24	**74.16**	83.90
	Gain on disposal of property, plant and equipment	21	**(23.03)**	(16.55)
	Depreciation and amortisation of non-current assets	3&4	**115.44**	73.37
	Provision for Doubtful debts and advances	25	**144.58**	130.39
	Write Back of Credit Balances	21	**(31.87)**	(39.94)
	Write back of unclaimed security deposits of Dealers	21	**(41.99)**	–
	Bad Debt Recovery	21	**(3.78)**	–
	Provisions written back	21	**–**	(1.52)
			74.55	(303.35)
	Movements in working capital:			
	Increase in trade and other receivables		**(1,001.03)**	1,242.31
	(Increase)/decrease in inventories		**(670.64)**	(74.86)
	(Decrease)/increase in other liabilities		**1,196.48**	(581.63)
	Cash generated from operations		**(400.64)**	282.47
	Income taxes paid	9	**3.03**	(96.06)
	Net cash generated by operating activities		**(397.61)**	186.41
II.	**Cash flows from investing activities**			
	Payments for property, plant and equipment	3&4	**(413.14)**	(685.47)
	Proceeds from disposal of property, plant and equipment	3&4	**27.00**	24.88
	Net cash (used in)/generated by investing activities		**(386.14)**	(660.59)
III.	**Cash flows from financing activities**			
	Proceeds from Equity Issue	13	**–**	3,900.00
	Repayment of borrowings	19	**–**	(901.83)
	Interest paid	16	**(31.66)**	(848.11)
	Net cash used in financing activities		**(31.66)**	2,150.06
IV.	**Net increase in cash and cash equivalents**		**(815.41)**	1,675.88
	Cash and cash equivalents at the beginning of the year	12a	**1,994.83**	318.95
	Effects of exchange rate changes on the balance of cash held in foreign currencies		**–**	–
V.	**Cash and cash equivalents at the end of the year**		**1,179.42**	1,994.83

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn. no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Vadodara
Date : 11th May 2018

For and on behalf of the Board of Directors

Sanjay Prasad Director
Harish Chavan Director
Sandeep Jaiswal Manager
Ashok Panara Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Vadodara
Date : 11th May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note: Accounting Policies

1. Corporate Information

Gujarat Tractor Corporation Limited (GTCL) a Public Limited Company domiciled in India and incorporated on 31st March, 1978 under the provisions of the Companies Act, 1956 (CIN : U34100GJ1978PLC003127) and a Government of Gujarat Undertaking. As a part of Disinvestment by Government of Gujarat, the Mahindra & Mahindra Ltd. acquired 60% stake in Equity Shares of the Company in 1999-2000. The name of the Company changed to Mahindra Gujarat Tractor Limited (MGTL / the Company) in the year 2000. The name of company further changed to Gromax Agri Equipment Limited w.e.f. from 24.08.2017.

Currently Mahindra Group hold 60% and Government of Gujarat hold 40% Equity in the Company. The Company is engaged in the Manufacture and Sale of Tractors under the brand name “Shaktimaan”, “Hindustan”, “Farm Plus”, “Trakstar” and spares of the same. The Company carries out its business activities in India and Nepal. The Factory and Registered Office of the Company is located at Vishwamitri, Vadodara, Gujarat and Sales & Distribution Offices and Yards in major States of India.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company’s second Ind AS financial statements. The date of transition to Ind AS is 1st April 2015. Refer Note 2.14 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Revenue is including Excise Duty and after deducting various Dealer Incentives and Discounts.

2.3.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3.2 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

2.3.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Employee benefits

2.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.5.3 Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered/ reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Under IND AS First time adoption Exemptions company has adopted historical cost as carrying amount for various tangible assets

2.7.1 Useful lives of tangible assets

Estimated useful lives of the tangible assets are as follows:

Building - Non Factory 60 years

Building - Factory 30 years

Plant & Machineries, Jig& Fixtures and Pattern & Moulds 15 Years

Furniture & Fixtures, Electrical Installation 10 Years

Motor Vehicles- Cars & Tractors 8 Years

Computer-Servers and Network 6 Years

Office Equipments 5 Years

Computer-Enduse devices (Desktop, Laptop, Printer etc.) 3 Years

Assets Value < Rs. 5000 1 Year

2.8 Intangible assets

2.8.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Under IND AS First time adoption Exemptions company has adopted historical cost as carrying amount for various tangible assets

2.8.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Development Expenditure 5 years

Softwares 3 Years

2.9 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw material and traded goods comprises sot of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of Inventories also include all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebates and discosunts.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.11.2 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

2.11.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when a entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.13.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14 First-time adoption – mandatory exceptions, optional exemptions

2.14.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.14.2 Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

2.14.3 Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

2.15.4 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2.1 to 2.15, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Statement of changes in Equity for the year ended on 31st March 2018

A. Equity share capital

Particulars	**Amount**
As at 1st April, 2016	**1,530.20**
Changes in equity share capital during the year	3,900.00
As at 31st March, 2017	**5,430.20**
Changes in equity share capital during the year	–
As at 31st March, 2018	**5,430.20**

Note:

During the previous year, Company has raised fund through right issue of equity shares 3,90,00,000 of Rs.10 each to existing equity shareholders in their shareholding ratio.

Out of Rs.3900 lakhs equity infusion, Rs. 379 lakhs spent towards Capex for new Facilities in FY 2017-18(In FY 2016-17 Rs.1749 lakhs was used for repayment of Loan Liabilities of the promoters, Rs.685 lakhs was spent in Capex for new facilities) in the Company and balance fund will be used for enhancement of capacity of the plant, new product development etc.

Surplus fund of Rs.1221 lakhs is invested in the fixed deposit with Banks.

B. Other Equity

Particulars	Reserves and Surplus		
	Capital Reserve	Retained Earnings	Total
As at 1st April, 2016	**217.13**	**(2,494.14)**	**(2,277.01)**
Profit/(Loss) for the period	–	(521.14)	**(521.14)**
Other Comprehensive Income/ (Loss)	–	(11.86)	**(11.86)**
Total Comprehensive Income for the year	–	(533.00)	**(533.00)**
Any other changes	–	–	**–**
As at 31st March, 2017	**217.13**	**(3,027.14)**	**(2,810.01)**

Particulars	Reserves and Surplus		
	Capital Reserve	Retained Earnings	Total
Profit/(Loss) for the period	–	(158.93)	**(158.93)**
Other Comprehensive Income/ (Loss)	–	(0.03)	**(0.03)**
Total Comprehensive Income for the year	–	(158.96)	**(158.96)**
Any other changes	–	–	**–**
As at 31st March, 2018	**217.13**	**(3,186.10)**	**(2,968.97)**

Note No. 3 - Property, Plant and Equipment

	Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April 2017	1.03	207.55	1,479.16	45.26	32.37	70.94	1,836.31
	Additions	–	257.45	230.37	26.42	48.00	8.91	571.15
	Disposals			(79.63)	–	–	–	(79.63)
	Balance as at 31st March 2018	**1.03**	**465.00**	**1,629.90**	**71.68**	**80.37**	**79.85**	**2,327.83**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April 2017	–	78.93	576.02	27.46	13.13	35.08	730.62
	Depreciation expense for the year		7.03	87.33	10.25	5.36	5.34	115.31
	Eliminated on disposal of assets			(75.66)	–	–	–	(75.66)
	Balance as at 31st March 2018	**–**	**85.96**	**587.69**	**37.71**	**18.49**	**40.42**	**770.27**
III.	**Net carrying amount (I-II)**	**1.03**	**379.04**	**1,042.21**	**33.97**	**61.88**	**39.43**	**1,557.56**

	Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April, 2016	1.03	147.97	1,125.11	53.26	43.11	61.77	**1,432.25**
	Additions	–	59.58	443.25	6.68	5.23	12.59	**527.33**
	Disposals	–	–	(89.20)	(14.68)	(15.97)	(3.42)	**(123.27)**
	Balance as at 31st March, 2017	**1.03**	**207.55**	**1,479.16**	**45.26**	**32.37**	**70.94**	**1,836.31**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April, 2016	–	76.52	602.00	35.22	25.65	33.64	**773.03**
	Depreciation expense for the year	–	2.41	56.60	6.17	2.66	4.69	**72.53**
	Eliminated on disposal of assets	–	–	(82.58)	(13.93)	(15.18)	(3.25)	**(114.94)**
	Balance as at 31st March, 2017	**–**	**78.93**	**576.02**	**27.46**	**13.13**	**35.08**	**730.62**
III.	**Net carrying amount (I-II)**	**1.03**	**128.62**	**903.14**	**17.80**	**19.24**	**35.86**	**1,105.69**

Note:

Impairment losses not recognised in the year:

During the year ended on 31st March 2018, there were no impairment indicators. So impairment loss not recognised.

Depreciation Method and Useful Life

The depreciation methods used and the useful lives or the depreciation rates used mentioned in Note on Accounting Policies

Tangible Asset given to Co-op Society on Hire Purchase

Certain fixed assets were transferred to various Industrial Co-operative Societies on hire purchase basis, had been reduced from the Gross Block of Fixed Assets of the Company in the year of actual transactions in past, but they still remain the property of this Company till the last instalment is paid.

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and mortgage of Ten acres of land.

Note No. 4 - Other Intangible Assets

	Description of Assets	Development Expenditure	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st April, 2017	55.51	47.87	103.38
	Additions from separate acquisitions	–	–	–
	Balance as at 31st March, 2018	**55.51**	**47.87**	**103.38**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2017	55.51	47.67	103.18
	Amortisation expense for the year	–	0.13	0.13
	Balance as at 31st March, 2018	**55.51**	**47.80**	**103.31**
III.	**Net carrying amount (I-II)**	**–**	**0.07**	**0.07**

	Description of Assets	Development Expenditure	Computer Software	Total
	Intangible Assets			
I.	**Cost**			
	Balance as at 1st April, 2016	55.51	47.74	103.25
	Additions from separate acquisitions	–	0.13	0.13
	Balance as at 31st March, 2017	55.51	47.87	103.38
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2016	55.51	46.83	102.34
	Amortisation expense for the year	–	0.85	0.85
	Balance as at 31st March, 2017	55.51	47.68	103.19
III.	**Net carrying amount (I-II)**	–	0.19	0.19

Note No. 5 - Investments Í(Non-Current)

Particular	As at 31st March, 2018 QTY	As at 31st March, 2018 Amount Rs.	As at 31st March, 2017 QTY	As at 31st March, 2017 Amount Rs.
Investments Carried at:				
Designated as Fair Value Through Profit and Loss				
I. Unquoted Investments (all fully paid)				
Other Non-Current Investments	**–**	**4.45**	–	4.45
Total Unquoted Investments	**–**	**4.45**	–	4.45
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**–**	**4.45**	–	4.45
TOTAL INVESTMENTS	**–**	**4.45**	–	4.45
Total Impairment value for investment carried at FVTPL	**–**	**(4.45)**	–	(4.45)
TOTAL INVESTMENTS CARRYING VALUE	**–**	**–**	–	–

Note:

Details of Investments in the Shares of Industrial Co-Operative Societies within Gromax Premises

Sr.	Name of Industrial Co-Operative Societies	% of Holding of Company	No. of shares held by Company	As at 31st March, 2018	As at 31st March, 2017
1	Pragati Ind. Co-Op. Soc. Ltd.	41.61%	228	1.14	1.14
2	Sarvoday Ind. Co-Op.Soc. Ltd.	40.00%	140	0.70	0.70
3	Parishram Ind. Co-Op.Soc. Ltd.	37.93%	154	0.77	0.77
4	Adarsh Ind. Co-Op.Soc. Ltd.	36.84%	140	0.70	0.70
5	Ajay Ind. Co-Op.Soc. Ltd.	0.50%	1	–	0.01
6	Akshay Ind. Co-Op. Soc. Ltd.	40.04%	227	1.14	1.14
	TOTAL			**4.45**	4.45

Note No. 6 - Trade receivables

	Particulars	As at 31st March, 2018	As at 31st March, 2017
	Trade receivables		
1.	Secured, considered good	**330.17**	358.46
2.	Unsecured, considered good	**2,566.13**	2,297.95
3.	Doubtful	**369.86**	300.00
	Less: Provision for Doubtful Debts	**(369.86)**	(300.00)
	Less: ECL Provision	**–**	–
	TOTAL	**2,896.30**	2,656.41

Note:

The Company has Bank Guarantees as security as on 31st March 2018: INR 382.5 Lakhs, (31 March 2017: INR. 304 Lakhs), where appropriate, as a means of mitigating the risk of financial loss from defaults. Other than these company also have Security Deposits of various dealers as necessary.

Note No. 7 - Loans

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
a) Security Deposits				
Utility Deposits	**6.20**	**93.43**	5.76	62.69
Total (a)	**6.20**	**93.43**	5.76	62.69
b) Other Loans				
Other Advances	**62.84**	**–**	39.77	–
Advances to Employees	**8.37**	**–**	6.28	–
Total (b)	**71.21**	**–**	46.05	–
Grand total	**77.41**	**93.43**	51.81	62.69

Note No. 8 - Other Financial assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest accrued on Deposits	**50.29**	42.21
Total	**50.29**	42.21

Note No. 9 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	–
Total income tax expense on continuing operations	**–**	–

For the financial year 2017-18 there is Loss as per Income Tax so Advance Tax as well Tax deducted source of Rs 8.92 lakhs will due for refund from Income Tax.

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit before tax from continuing operations	**(158.96)**	(533.00)
Income tax expense calculated at 30.90%	**(49.12)**	(176.21)
Effect of expenses that is non-deductible in determining taxable profit	**1.76**	3.33
Effect of Expenses on which deffered tax asset is not created	**12.23**	46.94
Effect of current year losses for which no deferred tax asset is recognised	**35.13**	125.95
Income tax expense recognised In profit or loss from continuing operations	**0.00**	0.00

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30.9% payable by company on taxable profits under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Asset		
Gratuity & Leave Encashment	**52.54**	72.86
Bonus	**–**	–
Provision for Doubtful Debts and Advances	**117.60**	99.18
Brought Forward Tax Loss FY 2016-17	**121.51**	125.95
Current Tax Loss FY 2017-18	**35.13**	–
Deferred Tax Liability		
Depreciation	**(207.31)**	(110.15)
Total DTA/(DTL)	**119.47**	187.83

Note No. 10 - Other assets

	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
1 Capital advances				
(i) For Capital work in progress	**–**	**91.02**	–	25.92
2 Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**609.79**	**–**	127.08	–
(ii) Other advances	**13.59**	**–**	9.25	–
Total	**623.38**	**91.02**	136.33	25.92

Note:

Details of Balances with Government Authorities (other than Income Tax) by Category

	Particulars	As at 31st March, 2018	As at 31st March, 2017
1	Balances with VAT/GST Authorities	**607.22**	86.63
2	Balances with Excise Authorities	**2.57**	40.45
	Total	**609.79**	127.08

Note No. 11 - Inventories

	Particulars	As at 31st March, 2018	As at 31st March, 2017
1	Raw materials	**1,118.28**	682.61
2	Work-in-progress	**130.33**	68.15
3	Finished and semi-finished goods	**509.01**	327.37
4	Stock-in-trade of goods acquired for trading	**–**	5.82
5	Stores and spares	**0.05**	5.29
6	Loose Tools	**28.35**	26.14
	Total Inventories (at lower of cost and net realisable value)	**1,786.02**	1,115.38

Note:

The inventory of Raw Material includes no Raw Material Goods in Transit

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.7082.54 (31 March 2017: Rs.5360.83)

The carrying amount of inventories pledged as security for Cash Credit Facility from the Bank is Rs.1786.01 as on 31 March 2018 (31 March 2017: Rs.1115.38).

Mode of valuation of inventories is at lower of cost and net realisable value.

Note No. 12a - Cash and cash equivalents

Rupees in Lakhs

	Particulars	As at 31st March, 2018	As at 31st March, 2017
	Cash and cash equivalents		
1	Balances with banks	**0.39**	0.40
2	Cheques, drafts on hand	**199.81**	322.13
3	Cash on hand	**0.63**	0.76
4	Cash Credit Account	**–**	58.81
	Total Cash and cash equivalent	**200.83**	382.10

Note No. 12b - Other Bank Balances

	Particulars	As at 31st March, 2018	As at 31st March, 2017
	Other Bank Balances		
1	Balances with Banks:		
	(i) On Margin Accounts	**12.37**	12.37
	(ii) Fixed Deposits with maturity greater than 3 months	**1,221.36**	1,600.36
	Total Other Bank balances	**1,233.73**	1,612.73

Note:

Margin Money Deposits are against the company's Letter of Credit and Bank Guarantee issued

Cash and cash equivalents include cash in hand and in banks, net of overdraft.

Note No. 13 - Equity Share Capital

Rupees in Lakhs

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount
Authorised:				
Equity Shares of Rs. 10 each	**55,000,000**	**5,500.00**	55,000,000	5,500.00
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	**–**	–	–
Issued, Subscribed and Fully Paid:				
Equity Shares of Rs. 10 each	**54,301,979**	**5,430.20**	54,301,979	5,430.20
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	**–**	–	–
Total	**54,301,979**	**5,430.20**	54,301,979	5,430.20

Note:

(i) Issued and Subscribed Capital includes - Equity Share Capital

a. 1,500,000 Equity Shares of Rs.10 each issued to Government of Gujarat as fully paid up, without receiving payment in cash, being the consideration for transfer of the undertaking of Hindustan Tractors Limited to the Company.

b. 11,979 Equity Shares of Rs.10 each issued to Government of Gujarat as fully paid up, being the reimbursement of preliminary expenses incurred by them on the formation of the Company.

c. 13,790,000 Equity Shares of Rs.10 each issued to Government of Gujarat consequent upon conversion of loan of Rs.137,900,000 into Equity Share Capital.

d. Out of 15,301,979 Equity Shares, as stated above held by the Government of Gujarat, 9,181,188 Equity Shares were divested by sale to Mahindra Group. The holding by Mahindra Group is as follows 1,683,218 Equity Shares are held by Mahindra & Mahindra Limited, the holding Company, including 7 Equity Shares jointly with its nominees & 7,497,970 Equity shares are held by Mahindra Holdings Limited.

e. During the previous year FY 2016-17, Company has raised fund through right issue of equity shares 3,90,00,000 of Rs.10 each to existing equity shareholders in their shareholding ratio.

(ii) Preference Share Capital

a. As per IND AS preference share capital is excluded from Share Capital of the company and disclosed as Other Financial Liability as "Unpaid Matured Preference Shares".

(iii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares of Rs. 10 each			
Year Ended 31st March 2018			
No. of Shares	54,301,979	–	54,301,979
Amount	5,430.20	–	5,430.20
Year Ended 31st March 2017			
No. of Shares	15,301,979	39,000,000	54,301,979
Amount	1,530.20	3,900.00	5,430.20

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares
As at 31st March 2018	
Mahindra Holdings Limited, the Holding Company	**26,607,970**
Mahindra & Mahindra Ltd, the Ultimate Holding Company	**5,973,218**
As at 31st March 2017	
Mahindra Holdings Limited, the Holding Company	26,607,970
Mahindra & Mahindra Ltd, the Ultimate Holding Company	5,973,218

(v) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March 2018 Number of shares held	As at 31st March 2018 % holding in that class of shares	As at 31st March 2017 Number of shares held	As at 31st March 2017 % holding in that class of shares
Equity Shares of Rs.10 each				
Mahindra Holdings Limited, the Holding Company	**26,607,970**	**49%**	26,607,970	49%
Mahindra & Mahindra Ltd, the Ultimate Holding Company	**5,973,218**	**11%**	5,973,218	11%
Government of Gujarat	**21,720,791**	**40%**	21,720,791	40%

Note No. 14 - Other Equity

Rupees in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Reserve	217.13	217.13
Retained Earning	(3,186.10)	(3,027.14)
Total	**(2,968.97)**	(2,810.01)

Movement in Reserves

Particulars	As at 31st March, 2018	As at 31st March, 2017
(I) Capital Reserve		
Balance as at the beginning of the year	**217.13**	217.13
Add/Less: Additions/Utilised during the year	**–**	–
Balance as at the end of the year	**217.13**	217.13
(II) Retained Earnings		
Balance as at the beginning of the year	**(3,027.14)**	(2,494.14)
Add :		
Profit/(Loss) for the period	**(158.93)**	(521.14)
Other Comprehensive Income/(Loss)	**(0.03)**	(11.86)
Balance as at the end of the year	**(3,186.10)**	(3,027.14)

Note No. 15 - Trade Payables

Rupees in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payable - Micro and small enterprises	**9.33**	13.12
Trade payable - Other than micro and small enterprises	**3,293.50**	2,102.49
Total trade payables	**3,302.83**	2,115.61

Note:

1. Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.
2. There are some Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than the stipulated period. The information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures required to be made as per Micro, Small, and Medium Enterprise Development Act 2006 are as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
I. Dues remaining unpaid		
Principal	**9.33**	13.12
Interest	**0.51**	0.15
II. Interest paid in terms of Section 16 of the Act (actual)	**0.51**	0.15
III. Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.51**	0.15
IV. Amount of interest accrued and remaining unpaid	**0.15**	0.15
V. Amount of interest due and payable on previous year's outstanding amount	–	–

VI. The names of the small scale industrial undertaking(s) to whom the Company owes any sum exceeding Rs. 1,00,000/- together with interest which is outstanding for more than 45 days are Chamunda Engineering Works, Inducto Cast, Kalyani Engineering Works, Shreepal Clutch Pvt Ltd.

Note No. 16 - Other Financial Liabilities

Rupees in Lakhs

Particulars		As at 31st March, 2018	As at 31st March, 2017
	Other Financial Liabilities Measured at Amortised Cost		
A	**Current**		
1	Unpaid dividends (Preference dividend, considered as interest)	**758.95**	716.45
2	Trade and Security Deposits	**442.02**	524.92
3	Unpaid matured preference shares	**500.00**	500.00
4	Other liabilities		
	a) Payables on purchase of fixed assets	**24.01**	90.84
	b) Advances from Customers	**250.76**	241.98
	c) Dealers Incentives	**93.28**	68.21
	d) Expenses accruals	**150.98**	82.69
	e) Others	**16.30**	10.52
	Total other financial liabilities	**2,236.30**	**2,235.61**

Note:

5,000,000 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each issued solely to Government of Gujarat (GOG) as fully paid up on 23rd May, 2000 consequent upon conversion of loan of Rs.50,000,000.

These Share were redeemable at par at the end of fours years from the date of allotment i.e. 22nd May, 2004. and the terms of the Issue of the Shares can be varied with the express consent of the Company and the holders of the Shares at any time during the period the Shares are outstanding .

The Preference Shares issued have right to receive dividend from year to year as decided by terms of Issue i.e. 8.5% per annum from the date of allotment.

The Preference share holders will not be entitled to any of the rights and privileges available to the members of the company including right to receive notice of or to attend and vote at General Meeting or to receive Annual Reports of the Company. If, however any resolution affecting the rights attached to the Share is placed before the member of the Company , such resolution will first be placed before the Preference shareholders for their consideration .

Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 631.46 lakhs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the preceding year ended 31st March, 2015 and Rs. 42.50 lakhs in FY 2016-17, Rs. 42.50 lakhs for the current year, and additional tax thereon as per the accounting treatment under IGAAP.

Now as per IND As the accrued Dividend on Preference Shares has to be identified as Other Current Financial Liabilities under Unpaid Dividends.

Earlier it was shown as contigent liability, So Accrued Dividend upto 31.03.2015 of Rs. 631.46 has been identified as Unpaid dividends and continue to be represneted so.

Note No. 17 - Provisions

Rupees in Lakhs

	As at 31st March, 2018		As at 31st March, 2017	
Particulars	**Current**	**Non-Current**	Current	Non-Current
1. Provision for employee benefits				
a) Employee Benefits	**63.28**	**234.23**	42.03	282.82
2. Other Provisions				
a) Provision for Warranty	**23.52**	–	18.34	–
b) Provision for Service Coupon	**53.03**	–	43.88	–
Total Provisions	**139.83**	**234.23**	104.25	282.82

Note:

Movement of Warranty Provision- For FY 18

Provision for Warranties	Balance at the beginning of the year	Provision made during the period	Provision used during the period	Provision written back during the period	Balance at the end of the period
FY 2017-18	**18.34**	**17.46**	**12.28**	**0**	**23.52**
FY 2016-17	21.45	18.17	21.28	0	18.34

Provision for warranty has been recognised for expected warranty claims on products sold during the last two financial years. It is expected that the majority of this expenditure will be incurred in the next financial year.

Movement of Service Coupon Provision- For FY 18

Provision for Service Coupon	Balance at the beginning of the year	Provision made during the period	Provision used during the period	Provision written back during the period	Balance at the end of the period
FY 2017-18	**43.88**	**39.63**	**8.52**	**21.96**	**53.03**
FY 2016-17	50.10	28.40	6.67	27.95	43.88

Note No. 18- Other Liabilities (Current)

Rupees in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
1. Statutory dues		
a) Taxes payable other than income taxes	**24.68**	48.90
2. Interest Payable	**10.83**	0.15
Total Other Liabilities	**35.51**	49.05

Note No. 19 - Current Borrowings

Rupees in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Secured Borrowings		
1. Loans repayable on demand		
a) From Banks	**255.14**	–
Total Secured Borrowings	**255.14**	–
B. Unsecured Borrowings		
1. Loans from related parties	**–**	–
Total Unsecured Borrowings	**–**	–
Total Current Borrowings	**255.14**	–

Note:

Particulars	Principal Amount (Rs.)	Interest Amount (Rs.)	Total Amount (Rs.)
Inter Corporate Deposit from M&M	585.00	357.39	942.39
Loan from Government of Gujarat	316.83	449.32	766.15

During the previous year Loan from Government of Gujarat and ICD from M&M has been repaid in full alongwith accrued interest on it.

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and mortgage of Ten acres of land.

Note No. 20 – Revenue from Operations

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Revenue from sale of products (including excise duty)	**9,671.50**	7,193.24
2	Other operating revenue	**133.78**	163.77
Total Revenue from Operations		**9,805.28**	7,357.00

Note No. 21 – Other Income

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
(a)	Interest Income		
	1. Bank Deposits	**101.08**	98.36
	2. On overdue trade receivables	**1.95**	0.18
(b)	Royalties income	**22.19**	25.41
(c)	Profit on sale of capital assets (net of loss on assets sold)	**23.03**	16.55
(d)	Write back of Dealers Security Deposits	**41.99**	–
(e)	Write Back of Credit Balances	**31.87**	39.94
(f)	Bad Debts Recovery	**3.78**	–
(g)	Excess Provisions for expenses in earlier year written back	**–**	1.52
Total Other Income		**225.89**	181.95

Note No. 22(a) - Cost of materials consumed

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Opening stock	**682.61**	540.30
Add: Purchases	**6,990.19**	4,758.24
	7,672.80	5,298.54
Less: Closing stock	**1,118.28**	682.61
Cost of materials consumed	**6,554.52**	4,615.94

Note No. 22(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Inventories at the end of the year:		
Finished goods	**509.01**	327.37
Work-in-progress	**130.33**	68.15
Stock-in-trade	**–**	5.82
	639.34	401.34
Inventories at the beginning of the year:		
Finished goods	**327.37**	337.83
Work-in-progress	**68.15**	86.19
Stock-in-trade	**5.82**	45.49
	401.34	469.51
Net (increase)/decrease	**(238.00)**	68.17

Note No. 23 – Employee Benefits Expense

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Salaries and wages, including bonus	**1,221.21**	1,140.26
2	Contribution to provident and other funds	**58.66**	59.94
3	Staff welfare expenses	**86.36**	78.95
Total Employee Benefit Expense		**1,366.23**	1,279.15

Note:

Analysis of Contribution to provident and other funds by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Contribution to Provident Fund	**53.16**	52.15
2	Contribution to Group Insurance	**5.50**	7.79
Total		**58.66**	59.94

Analysis of Staff welfare expenses by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Contribution to ESI	**10.87**	6.00
2	Contribution to Labour Welfare Fund	**0.02**	0.02
3	Gratuity Provisions	**27.77**	42.03
4	Other Welfare Expenses	**47.73**	42.76
5	Defined Benefit Obligation Recognised as Other Comprehensive Income	**(0.03)**	(11.86)
Total		**86.36**	78.95

Note No. 24 – Finance Cost

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Interest expense	**31.66**	41.40
2	Dividend on redeemable preference shares	**42.50**	42.50
3	Other borrowing cost	**12.01**	13.11
Total finance costs		**86.17**	97.00

Note:

Analysis of Interest Expenses by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Interest Expenses			
(a)	On Unsecured Borrowing-Loan from government of Gujarat	**–**	13.37
(b)	On Unsecured Borrowing-ICD From M&M	**–**	21.24
(c)	On Secured Borrowing-Loan from Banks	**8.89**	6.24
(d)	On Others	**22.77**	0.55
Total		**31.66**	41.40

Analysis of Other Borrowing Cost by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Other borrowing cost			
(a)	Bank Charges	**12.01**	13.11
Total		12.01	13.11

Note No. 25 - Other Expenses

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Stores consumed	**25.82**	14.80
2	Tools consumed	**3.29**	3.16
3	Power and fuel	**67.90**	48.26
4	Rent including lease rentals	**23.76**	25.00
5	Rates and taxes	**58.81**	29.76
6	Insurance	**4.35**	4.07
7	Repairs and maintenance		
	– Buildings	**13.83**	12.08
	– Machinery	**27.63**	22.78
	– Others	**9.61**	17.31
8	Postage, Telephone and Communication	**14.31**	18.08
9	Legal and Professional Charges	**85.22**	57.23
10	Freight outward	**435.48**	306.47
11	Sales promotion expense	**206.51**	67.62
12	Travelling & Conveyance Expenses	**287.85**	216.57
13	Subcontracting, Hire & Service Charges	**189.89**	191.75
14	Provision for doubtful trade and other receivables, loans and advances	**144.58**	130.39
15	Auditors' remuneration	**2.50**	2.30
16	Miscellaneous expenses	**189.38**	122.07
17	Provision for warranty	**17.46**	18.17
18	Bad Debt Written off	**68.42**	–
	Less:-Provision for Doubtful Debt written back	**(68.43)**	–
19	Bad Advances Written off	**0.01**	–
	Less:- Provision for Doubtful Advances written back	**–**	–
Total Other Expenses		**1,808.18**	**1,307.87**

Note:

Details of Payment to Statutory Auditor for Various purpose

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
1	Provision for Statutory Audit Fees	**2.50**	2.30
2	Payment for Convergence of IND AS and review of IND AS Financials	**–**	0.63
Total		**2.50**	2.93

Note No. 26 - Disclosures under Ind AS 105

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Cash flows from Continued operations		
Net cash inflows/outflows from operating activities	**(397.61)**	186.41
Net cash inflows/outflows from investing activities	**(386.14)**	(660.59)
Net cash inflows/outflows from financing activities	**(31.66)**	2,150.06
Net Cash inflows	**(815.41)**	1,675.88

Note No. 27 - Earnings per Share

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Basic Earnings per share		
From continuing operations	**(0.29)**	(0.98)
Total basic earnings per share	**(0.29)**	(0.98)
Diluted Earnings per share		
From continuing operations	**(0.29)**	(0.98)
Total diluted earnings per share	**(0.29)**	(0.98)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	**(158.96)**	(533.00)
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share	**(158.96)**	(533.00)
Weighted average number of equity shares	**543.02**	543.02
Nominal value of Shares	**10.00**	10.00
Earnings per share from continuing operations – Basic	**(0.29)**	(0.98)

Diluted earnings per share

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Profit/(loss) for the year used in the calculation of basic earnings per share	**(158.96)**	(533.00)
Add: Interest expense and exchange fluctuation on convertible securities	**–**	–
Profits used in the calculation of diluted earnings per share	**(158.96)**	(533.00)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2018	Year Ended on 31st March, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**543.02**	543.02
Add:		
ESOPs	**–**	–
Convertible bonds	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**543.02**	543.02

Note No. 28 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March 2018, 31st March 2017 is as follows:

	As at 31st March, 2018	As at 31st March, 2017
Debt (A)	**1,258.95**	1,216.45
Equity (B)	**2,461.23**	2,620.19
Debt Ratio (A/B)	**0.51**	0.46

Categories of financial assets and financial liabilities

As at 31st March 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**–**	**–**	**–**	**–**
Loans	**93.43**	**–**	**–**	**93.43**
Current Assets				
Trade Receivables	**2,896.30**	**–**	**–**	**2,896.30**
Other Bank Balances	**1,434.56**	**–**	**–**	**1,434.56**
Loans	**77.41**	**–**	**–**	**77.41**
Other Financial Assets	**50.29**	**–**	**–**	**50.29**
Non-current Liabilities				
Current Liabilities				
Borrowings	**255.14**	**–**	**–**	**255.14**
Trade Payables	**3,302.83**	**–**	**–**	**3,302.83**
Other Financial Liabilities	**2,236.30**	**–**	**–**	**2,236.30**

As at 31st March 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Loans	62.69	–	–	62.69
Current Assets				
Trade Receivables	2,656.41	–	–	2,656.41
Other Bank Balances	1,994.82	–	–	1,994.82
Loans	51.81	–	–	51.81
Other Financial Assets	42.21	–	–	42.21
Non-current Liabilities				
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	2,115.61	–	–	2,115.61
Other Financial Liabilities	2,235.61	–	–	2,235.61

Financial Risk Management Framework
The Company's activities expose it to credit risk. In order to manage the aforementioned risk, the Company operates a risk management policy and a program that performs close monitoring of and responding to risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel (As on 31 March 2018: INR 382.5 Lakhs, 31 March 2017: INR 304 Lakhs), where appropriate, as a means of mitigating the risk of financial loss from defaults.Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee periodically.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. In case of Exports to Nepal credit guarantee insurance cover is purchased.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 march 2018, an amount of INR 142.38 Lakhs (31 March 2017: INR 239.62 Lakhs) has been recognised as contigent.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit and bank guarantees of Dealer which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

	As at 31st March 2018		
	Less than 6 months past due	**More than 6 months past due**	**Total**
Expected loss rate	**–**	**0.58**	**0.11**
Gross carrying amount (Unsecured)	**2,627.62**	**638.55**	**3,266.16**
Loss allowance provision	**–**	**369.86**	**369.86**

	As at 31st March 2017		
	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	0.37	0.10
Gross carrying amount (Unsecured)	2,153.69	802.72	2,956.41
Loss allowance provision	–	300.00	300.00

Reconciliation of loss allowance provision for Trade Receivables

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Balance as at beginning of the year	**300.00**	169.61
As per ECL in Opening Provisions	**–**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**138.28**	130.39
Amounts written off during the year as uncollectible	**(68.42)**	–
Balance at end of the year	**369.86**	300.00

The loss allowance provision has changed during the period due to amounts written off as uncollectible.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**4,280.19**	–	–	–
Fixed interest rate instruments	**1,258.95**	–	–	–
Total	**5,539.13**	–	–	–
31-Mar-17				
Non-interest bearing	3,134.78	–	–	–
Fixed interest rate instruments	1,216.45	–	–	–
Total	4,351.22	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rupees in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured Cash Credit facility		
– Expiring within one year	**500.00**	500.00
Secured Letter of Credit facility		
– Expiring within one year	**50.00**	230.00
Secured Bank Guarantee facility		
– Expiring within one year	**50.00**	20.00
Commercial Card Facility		
Continuing Agreement till Termination	**500.00**	–
	1,100.00	750.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**4,551.99**	–	–	–
Total	**4,551.99**	–	–	–
31-Mar-17				
Non-interest bearing	4,807.95	–	–	–
Total	4,807.95	–	–	–

Note No. 29 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value:

Particulars	As at 31st March, 2018 Carrying Amount	As at 31st March, 2018 Fair Value	As at 31st March, 2017 Carrying Amount	As at 31st March, 2017 Fair Value
Financial assets				
Financial assets carried at Amortised Cost:				
1) Trade and other receivables	**2,896.30**	**2,896.30**	2,656.41	2,656.41
2) Loans	**170.84**	**170.84**	114.50	114.50
3) Deposits and similar assets	**764.69**	**764.69**	204.46	204.46
Financial liabilities				
Financial liabilities held at amortised cost:				
1) Bank loans	**255.14**	**255.14**	–	–
2) Loans from Related Party	**–**	**–**	–	–

Note No. 30 - Segment information

Revenue from Major Geographic Location

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Revenue from India		
Revenue from External Customers	**9,210.62**	6,151.85
Revenue from Related Parties	**40.20**	73.36
	9,250.82	6,225.21
Outside India		
Nepal	**787.33**	1,339.30
Total revenue as per profit or loss	**10,038.15**	7,564.51

Revenue from major products and services

The following is an analysis of the company's revenue from continuing operationsfrom its major products and services:

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Manufactured Goods	**9,425.32**	6,532.73
Traded Goods	**612.83**	1,031.77
Total	**10,038.15**	7,564.51

Extent of the reliance on its major customers

There is no Dealer whose revenue is more then 10% as against the total turnover of the company for the Financial Year 2017-18.

Note No. 31 - Employee benefits

(a) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31-Mar-17	31-Mar-16
Discount rate(s)	**7.75%**	7.50%
Expected rate(s) of salary increase	**5.00%**	5.00%
Average Longevity	**41.1**	41.1

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Particulars	Unfunded Plan Gratuity 2018	2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost:		
Current Service Cost	**12.79**	13.25
Net interest expense	**14.96**	16.92
Components of defined benefit costs recognised in profit or loss	**27.75**	30.17
Remeasurement on the net defined benefit liability:		
Actuarial gains and loss arising form changes in Demographic Assumptions	**2.62**	-
Actuarial gains and loss arising form changes in financial assumptions	**(2.54)**	5.93
Actuarial gains and loss arising form experience adjustments	**(0.05)**	5.93
Components of defined benefit costs recognised in other comprehensive income	**0.03**	11.86
Total	**27.78**	**42.03**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2018		
1. Present value of defined benefit obligation as at 31st March 2018	**199.11**	227.53
2. Fair value of plan assets as at as at 31st March 2018	**–**	–
3. Surplus/(Deficit)	**199.11**	227.53
4. Current portion of the above	**42.85**	30.31
5. Non current portion of the above	**156.26**	197.22
II. Change in the obligation during the year ended 31st March 2018		
1. Present value of defined benefit obligation at the beginning of the year	**227.53**	237.49
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**12.79**	13.25
– Interest Expense (Income)	**14.96**	16.92
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**2.62**	–
ii. Financial Assumptions	**(2.54)**	5.93
iii. Experience Adjustments	**(0.05)**	5.93
4. Benefit payments	**(56.19)**	(51.99)
5. Present value of defined benefit obligation at the end of the year	**199.12**	227.53
V. Actuarial assumptions		
1. Discount rate	**7.75%**	7.50%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1.00%**	**(4.70)%**	**5.40%**
	2017	1.00%	(6.00)%	5.00%
Salary growth rate	**2018**	**1.00%**	**6.60%**	**(5.40)%**
	2017	1.00%	6.00%	(5.40)%
Withdrawal Rate	**2017**	**1.00%**	**0.90%**	**(1.10)%**
	2016	1.00%	1.00%	(1.10)%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	2018	2017
Within 1 year	**42.85**	30.30
1 – 2 year	**33.21**	66.24
2 – 3 year	**32.06**	34.48
3 – 4 year	**17.21**	28.90
4 – 5 year	**23.85**	15.45
5 – 10 years	**68.88**	83.52

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 10.44 years (2017: 10.41 years)

Experience Adjustments :

Particulars	Gratuity Period Ended 2018	2017	2016	2015	2014
1. Defined Benefit Obligation	**199.11**	227.53	237.49	272.50	293.04
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**199.11**	227.53	237.49	272.50	293.04
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	**0.03**	11.86	(5.79)	(2.73)	18.01
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 32 - Related Party Transactions

Analysis of Related Parties:

Sr.	Name of Company	Relationship	Parent
1	Mahindra & Mahindra	Ultimate Holding Company	–
2	Mahindra Holdings Limited	Holding Company	Mahindra & Mahindra
3	Mahindra Logistics Limited	Fellow Subsidary Company	Mahindra & Mahindra
4	Mahindra CIE Automotive Limited.	Associates Company of Parent Company	Mahindra & Mahindra
5	Mahindra Integrated Business Solution Limited	Fellow Subsidary Company	Mahindra & Mahindra
6	Mahindra & Mahindra Financial Services Limited	Fellow Subsidary Company	Mahindra & Mahindra
7	Governement of Gujarat	Significant Influence over Company	–

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Parent Company	Entities having significant influence over Company	Other related parties
Sale of goods	**31-Mar-18**	**(45.68)**	**–**	
	31-Mar-17	(74.93)	–	–
Purchase of Tractors	**31-Mar-18**	**461.46**	**–**	**–**
	31-Mar-17	580.61	–	–
Receiving of services	**31-Mar-18**	**302.90**	**–**	**–**
	31-Mar-17	226.92	–	58.11
Loans taken	**31-Mar-18**	**–**	**–**	**–**
	31-Mar-17	21.24	–	–
Purchase of Other Components	**31-Mar-18**	**2,279.56**	**–**	**534.51**
	31-Mar-17	1,531.40	–	314.12
Purchase of Assets	**31-Mar-18**	**7.13**	**–**	**–**
	31-Mar-17	7.43	–	–
Expenses Reimbursed (Receipt)	**31-Mar-18**	**(0.17)**	**–**	**–**
	31-Mar-17	(0.25)	–	–
Expenses Reimbursed (Payment)	**31-Mar-18**	**54.24**	**–**	**84.78**
	31-Mar-17	56.66	–	–

Nature of transactions with Related Parties	Balance as on	Parent Company	Entities having significant influence over Company	Other related parties
Trade payables	**31-Mar-18**	**2,623.02**	**–**	**30.62**
	31-Mar-17	1,689.80	–	2.12
Loans & advances taken	**31-Mar-18**	**–**	**–**	**–**
	31-Mar-17	–	–	–

Note No. 33 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

	Particulars	**As at 31st March, 2018**	As at 31st March, 2017
	Contingent liabilities		
1	Guarantees (Bank Guarantee)	**117.50**	18.50
2	Bills Discounted but not Matured	**142.38**	239.62
3	Outstanding Demand of Income Tax Against Company		
(i)	AY 2014-15	**66.73**	66.73

Note: Already filed with CIT Appeals for further assessment being argieved with the disallowance of right bad debts claimed in the resp. year.

4 The Company is anticipating to enter into an agreement/MoU for Settlement with various non Hire Purchase Industrial Co-Operative Societies and Ancillaries within MGTL Premises, therefore may require to pay Compensation to Co-Operative Societies or its members. Amount of such Compensation is not yet quantified.

5 The Company has entered into an agreement/MoU with Private Sector Banks and NBFCs for retail funding for providing loan to customer who buy MGTL's Tractors. The said MOU also contains a clause on loss sharing in case of default in repayment by customer or loss incurred in case of repossession of asset and its resale. Anticipated loss from these agreements/MoUs are not quantified as of now. Company is obtaining undertaking from its dealers to ensure no default in terms of these agreements.

DIRECTORS' REPORT TO THE SHAREHOLDERS OF AUTO DIGITECH PRIVATE LIMITED

Your Directors present their Ninth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Amount in Rupees)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Revenue	**1,246,460**	82,700
(Loss)/Profit before Depreciation, Amortisation, Interest, and Taxation	**(41,257,267)**	(48,942,400)
Depreciation and Amortisation	**11,235,627**	863,072
(Loss)/Profit before Interest and Taxation	**(52,492,894)**	(49,805,472)
Interest	**2,733,535**	3,773
(Loss) before Taxation	**(55,226,429)**	(49,809,245)
Provision for Taxation for the year	**–**	–
(Loss) for the year after Taxation	**(55,226,429)**	(49,809,245)
Add: Other Comprehensive Income	**165,505**	30,145
Total comprehensive income for the period	**(55,060,924)**	(49,779,100)
Balance of (loss) brought forward from previous year	**(49,934,925)**	(155,825)
Balance of (loss) carried forward	**(104,995,849)**	(49,934,925)
Net Worth	**4,298,596**	2,748,281

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

Operations

In Financial year 2018, marketing spends on Business to Customers/Consumers platform were curtailed and focus was expanded to Business to Business. The plans were rejigged to start a) Spares part sales to Independent Garages (IGs) b) Garage Management System Development and c) Institutional Sales for service appointments.

Spare sales to IGs – It was a differentiated value proposition for garages with big potential to increase sales from Mahindra First Choice Services' (MFCS) hubs. Sales to IGs without credit was an uphill task but with relentless effort on field and relationships with IGs, the team achieved initial success; however due to internal inventory and manpower issues, the Company couldn't deliver on the value proposition and had to put the activity on hold.

Garage Management System Development – The in-house tech team developed the product, named 'DearO', in record 10 weeks. As per MFCS business strategy, product customization for MFCXpress workshops was prioritized over taking the product to MFCS standard workshops. Presently, DearO is deployed in around 35 IGs, customized product for MFCXpress is ready and awaiting commencement of MFCXpress operations, and product capability on various other aspects are in final leg of development with projected deployment in May, 2018.

Institutional sales for service appointments – Different industries and stakeholders were reached for potential tie-ups and getting service orders. Your Company got success in winning retail customers through corporate activities; however, it did not bring repeat business post the ground activity. Your Company is at an advance stage of discussion with a few taxi aggregators, online market place and Oil Companies.

With lower focus and marketing spend, the traffic to the site reduced significantly yet the appointments saw significant growth owing to strategic tie ups.

B2C Business Performance Numbers	F17	F18	% increase
Registered Users	9,653	7,434	-23
Mobile App Installs	20,551	7,898	-62
Appointments booked	893	6,953	679
Services completed	179	4,796	2,579

Outlook for the Current Year

Your Company will focus on following areas in year 2018-19:

- Build and sustain the Technical Product Development capability
- DearO Product development
- Institutional Tie ups for MFCS and IG

DIVIDEND

In view of losses, your Directors have not considered dividend for the year under review.

HOLDING COMPANY

Mahindra First Choice Services Limited is your Holding Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have subsidiaries, associates and joint ventures.

SHARE CAPITAL

Pursuant to the further issue and allotment of 4,399 Optionally Convertible Redeemable Preference Shares (OCRPS), in 2nd tranche, the paid up capital of your company increased from Rs. 140,860 divided into 10,000 Equity Shares of Rs. 10/- each and 4,086 OCRPS of Rs. 10/- each to Rs.184,850 divided into 10,000 Equity Shares of Rs. 10/- each and 8,485 OCRPS of Rs.10/- each.

The authorised share capital of your Company, as at the end of the year under review, remained the same at Rs. 2,50,000 consisting of Rs. 1,30,000 divided into 13,000 equity shares of Rs. 10/- each and Rs. 1,20,000 divided into 12,000 Optionally Convertable Redeemable Preference Shares of Rs. 10/- each.

BOARD OF DIRECTORS

The Composition of your Board of Directors,as on the date of this report,is as follows:-

Sr. No.	Name of Director	DIN	Category	Independent/ Non Independent
1.	Mr. YVS Vijaykumar	03588223	Non-Executive	Non Independent
2.	Mr. Tarun Gupta	07479804	Executive	Non Independent
3.	Mr. Srinath Ramamurthy*	07063293	Non-Executive	Non Independent

* Mr. Srinath Ramamurthy was appointed as Additional Director of the company with effect from 22nd December, 2017.

Mr. Jaspreet Bindra resigned as Director of the Company after closure of the financial year under review i.e. with effect from 7th April, 2018. Your Board takes this opportunity to place on record its appreciation for the valuable contribution made by Mr. Bindra during his association with the Company.

Mr. Tarun Gupta, (DIN: 07479804), Director of the Company, retires by rotation at the forthcoming Annual General Meeting (AGM) and offers himself for re-appointment.

Mr. Srinath Ramamurthy (DIN: 07063293) was appointed as Additional Director with effect from 22nd December, 2017 and holds office upto the ensuing Annual General Meeting. Your Company has received notice from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of Mr. Srinath Ramamurthy as a Director of the Company.

The Board recommends to the shareholders the above appointment and reappointment of Directors.

MEETINGS OF BOARD OF DIRECTORS

Your Board of Directors met four times during the year under review i.e. on 26th April, 2017, 25th July, 2017, 13th October, 2017 and 22nd January, 2018.The gap between two consecutive Board Meetings did not exceed 120 days.

The attendance of the Directors at these meetings was as under:

Sr. No.	Name of Director	No. of meetings attended
1	Mr. YVS Vijaykumar	4
2	Mr. Jaspreet Bindra*	1
3	Mr. Tarun Gupta	4
4	Mr. Srinath Ramamurthy **	0

* Resigned as Director with effect from 7th April, 2018.

** Appointed on 22nd December, 2017 as an Additional Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

GENERAL MEETING

The 8th Annual General Meeting (AGM) of the Company was held on 28th July, 2017.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions of the Companies Act, 2013, relating to evaluation of performance of the Directors, are not applicable to your Company.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and employees affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD

There are no Committees of the Board.

KEY MANAGERIAL PERSONNEL (KMPs)

Even though the provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 were not applicable to your Company, Mr. Tarun Gupta was appointed as Whole Time Director, designated as Chief Executive Officer and Mr. V Rajan was appointed as Chief Financial Officer as well as Key Managerial Personnel of the Company in the previous year and continued to be so during the year under review.

The Board at the meeting held on 20th April, 2018, accepted the resignation of Mr. V Rajan as Chief Financial officer with effect from 30th April, 2018 and noted the resignation of Mr. Tarun Gupta as Whole Time Director designated as Chief Executive Officer with effect from 30th April, 2018.

RISK MANAGEMENT POLICY

Your Company has adopted Risk Management Policy, Including identification therein of the elements of risk, which in the opinion of the Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organisation and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

CORPORATE SOCIAL RESPONSIBILITY

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 were not applicable to your Company during the year under review.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS1 and SS2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the company.

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

STATUTORY AUDITORS & STATUTORY AUDIT REPORT

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 5th Annual General Meeting held on 30th September, 2014 from its conclusion till the conclusion of the 10th Annual General Meeting to be held in the year 2019. The appointment was subject to ratification of appointment on annual basis.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No: 105102W) as statutory auditors to hold office until the conclusion of 10th Annual General Meeting to be held in the year 2019.

The Auditors' Report for the year does not contain any qualification, reservation or adverse mark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143 (12) of the Companies Act 2013.

SECRETARIAL AUDITOR

The provisions of section 204 of the Companies Act, 2013 relating to appointment of Secretarial Auditor is not applicable to the Company and accordingly, your Company has not appointed Secretarial Auditor.

INTERNAL AUDITOR

The provisions of section 138 of the Companies Act, 2013 relating to appointment of Internal Auditor is not applicable to the Company and accordingly, your Company has not appointed Internal Auditor.

COST AUDITOR

The provisions of the Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure I** and the same forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, your Company had not made any investment or given loans/ guarantees/securities particulars in respect of which are required to be given under section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS / ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company, Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions entered during the year were in the ordinary course of business and on arm's length basis. Details of transactions required to be reported in pursuance to Section 134(3) (h) of the Companies Act, 2013 are given in Form AOC – 2 as **Annexure II** and the same forms part of this Report.

DISCLOSURES OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2018 is attached herewith as **Annexure III** and the same forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting was required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Tarun Gupta	**YVS Vijaykumar**
Whole Time Director	Director

Mumbai,
20th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

(b) the steps taken by the company for utilizing alternate sources of energy: **Not applicable**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **None**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: **NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (*in terms of actual inflow and outflow*)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**0.05**	0.16

For and on behalf of the Board

Tarun Gupta
Whole Time Director

YVS Vijaykumar
Director

Mumbai,
20th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. : Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any	Date of approval by the Board	Amount paid as advances, if any
1	Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	Payroll processing charges	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis. Rs. 153,500	Since these transactions were in the ordinary course of Business and on arm's length basis approval of the Board was not applicable.	NIL
2	Mahindra & Mahindra Limited	Ultimate Holding Company	Secretarial support charges	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis. Rs. 224,310	- DO -	NIL
3	Mahindra First Choice Services Limited	Holding Company	Sharing of common expenses	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis. Rs. 12,984,760	-DO-	NIL

Note: for the purpose of materiality, the following criteria have been considered.

- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company or Rs. 100 crores, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company or Rs. 100 crores, whichever is lower is considered as materialfor the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company or Rs. 100 crores, whichever is lower is considered as material.
- Contracts/transactions/arrangements foravailing or rendering of services amounting to 10% or more of turnover of the Company or Rs. 50 crores, whichever is lower is considered as material for the purpose of disclosure.

For and on behalf of the Board

Tarun Gupta
Whole Time Director

YVS Vijaykumar
Director

Mumbai,
20th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT–9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U29253MH2009PTC196365
2.	**Registration Date**	9th October, 2009
3.	**Name of the Company**	Auto Digitech Private Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares/ Indian – Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018, Tel: 022-24901441 Fax No: 2490 0833
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Income from rendering services	45200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra First Choice Services Limited	U35999MH2008PLC180385	Holding Company	54.10	2(46)
2.	Mahindra Holdings Limited	U65993MH2007PLC175649	Holding Company	–	2(46)
3.	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	1	1	–	–	1	1	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	9,999	9,999	100	–	9,999	9,999	100	Nil
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- (A) (1)	–	10,000	10,000	100	–	10,000	10,000	100	Nil

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total - (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	10,000	10,000	100	–	10,000	10,000	100	Nil
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total - (B) (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others									
Sub-Total - (B) (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**10,000**	**10,000**	**100**	**–**	**10,000**	**10,000**	**100**	**Nil**

ii. **Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1	Mahindra First Choice Services Limited	9,999	100	0	9,992	100	0	100
2	Mr. YVS Vijaykumar (Nominee of Mahindra First Choice Services Limited)	1	0	0	1	0	0	0
3	Mahindra First Choice Services Limited jointly with Mr. Rajeev Dubey	0	0	0	1	0	0	0
4	Mahindra First Choice Services Limited jointly with Mr. K Chandrasekar	0	0	0	1	0	0	0
5	Mahindra First Choice Services Limited jointly with Dr. Prince Augustin	0	0	0	1	0	0	0
6	Mahindra First Choice Services Limited jointly with Mr. Vivek Nayer	0	0	0	1	0	0	0
7	Mahindra First Choice Services Limited jointly with Mr. Narayan Shankar	0	0	0	1	0	0	0
8	Mahindra First Choice Services Limited jointly with Mr. Rajesh Parte	0	0	0	1	0	0	0
9	Mahindra First Choice Services Limited jointly with Mr. Feroze Baria	0	0	0	1	0	0	0
	Total	**10,000**	**100**	**0**	**10,000**	**100**	**0**	**0**

iii. Change in Promoters' Shareholding:

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	**Mahindra First Choice Services Limited**					
	At the beginning of the year	9,999	100			
	Decrease: Transfer of 1 share each on 22nd January, 2018 to Joint Holding with					
	1. Mr. Rajeev Dubey			1	9998	100
	2. Mr. K Chandrasekar			1	9997	100
	3. Dr. Prince Augustin			1	9996	100
	4. Mr. Vivek Nayer			1	9995	100
	5. Mr. Narayan Shankar			1	9994	100
	6. Mr. Rajesh Parte			1	9993	100
	7. Mr. Feroze Baria			1	9992	100
	At the End of the year				9,992	100
2.	**Mr. YVS Vijaykumar (Nominee of Mahindra First Choice Services Limited)**					
	At the beginning of the year	1	0			
	At the End of the year				1	0
3.	**Mahindra First Choice Services Limited jointly with Mr. Rajeev Dubey**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**
4.	**Mahindra First Choice Services Limited jointly with Mr. K Chandrasekar**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**
5.	**Mahindra First Choice Services Limited jointly with Dr. Prince Augustin**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
6.	**Mahindra First Choice Services Limited jointly with Mr. Vivek Nayer**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**
7.	**Mahindra First Choice Services Limited jointly with Mr. Narayan Shankar**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**
8.	**Mahindra First Choice Services Limited jointly with Mr. Rajesh Parte**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**
9.	**Mahindra First Choice Services Limited jointly with Mr. Feroze Baria**					
	At the beginning of the year	0	0			
	Increase: Transfer on 22nd January, 2018			1	1	0
	At the End of the year				**1**	**0**

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
1.	Mr. YVS Vijaykumar (As nominee of Mahindra First Choice Services Limited)	1	0.00		
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease.	–	–	–	–
	At the end of the year	–	–	1	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2018	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**–**	**–**	**–**	**–**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole–Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Tarun Gupta, Whole Time Director (designated as Chief Executive Officer)	
1.	Gross Salary	3,341,462	3,341,462
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary u/s 17(3) Income Tax Act, 1961	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Tarun Gupta, Whole Time Director (designated as Chief Executive Officer)	
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– As % of Profit	–	–
	– Others, specify	–	–
5.	Others, please specify Provident Fund and other Funds	–	–
	Performance Bonus	–	–
	Total (A)	3,341,462	3,341,462
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

I. Independent Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non–Executive Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)						
Ceiling as per the Act						

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD:

Sr. No	Particulars of Remuneration	Name of the KMP	Total Amount (In Rs.)
		Mr. V. Rajan Chief Financial Officer	
1.	Gross Salary	–	–
	(a) Salary as per provisions contains in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–
2.	Stock Option	–	–

Sr. No	Particulars of Remuneration	Name of the KMP	Total Amount (In Rs.)
		Mr. V. Rajan Chief Financial Officer	
3.	Sweat Equity	–	–
4.	Commission	–	–
	– As % of Profit	–	–
	– Others, specify	–	–
5.	Others, please specify Provident Fund and other Funds	–	–
	Performance Bonus	–	–
	Others	–	–
	Total (C)	–	–

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):

PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Tarun Gupta
Whole Time Director

YVS Vijaykumar
Director

Mumbai,
20th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUTO DIGITECH PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Auto Digitech Private Limited**("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these the financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors

is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 40404

Mumbai, April 20, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on the financial statements of Auto Digitech Private Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

   (iii) Company has no immovable properties.

2. The Company is in the business of providing services through internet and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investments made by the Company.

5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits to which directives of the Reserve Bank of India or the provisions of Sections 73-76 of the Act apply. According to the information and explanations given to us and to the best of our knowledge and belief, no order has been passed by the Company Law Board or the National Company Law Tribunal or the RBI or any other court or tribunal which is to be complied with by the Company.

6. In our opinion and according to information and explanation given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the provisions of para 3(vi) of the Order are not applicable to the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, Goods & Service tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2018 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there are no amounts of the nature referred to clause 7(a) which have been deposited with the authority on account of any dispute.

8. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or bank or debenture holders as at the Balance Sheet date and accordingly, the provisions of para 3(viii) of the Order are not applicable to the Company.

9. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has neither raised any moneys by way of initial public offer or further public offer during the year nor have taken any term loans and accordingly, the provisions of para 3(ix) of the Order are not applicable to the Company.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management except for one instance involving Rupees Ten thousand done by an employee of the Company which got recovered subsequently. Refer note no. 26 to of the financial statements.

11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of Section 177 and 188 of the Act.

14. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has made private placement of optionally convertible redeemable preference shares during the financial year and the proceeds were applied for the purposes for which those were raised.

15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

16. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 40404
Mumbai, April 20, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AUTO DIGITECH PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Auto Digitech Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 40404
Mumbai, April 20, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	**960,191**	1,058,720
(b) Other intangible assets	5	**24,756,165**	29,846,407
(c) Financial assets		**–**	–
(i) Trade receivables	6	**–**	–
(ii) Other financial assets	7	**–**	–
(d) Other non current assets	8	**10,363,758**	5,729,735
Total non current assets		**36,080,114**	36,634,862
2 Current assets			
(a) Financial assets			
(i) Trade receivables	6	**112,348**	3,550
(ii) Cash and cash equivalents	9	**6,239,048**	2,050,344
(iii) Bank balances other than (ii) above	9	**16,749**	248
(iv) Other financial assets	7	**11,610**	38,400
(b) Other current assets	8	**168,577**	58,681
Total current assets		**6,548,332**	2,151,223
Total assets (1+2)		**42,628,446**	38,786,085
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	10	**100,000**	100,000
(b) Other equity	11	**4,198,596**	2,648,281
Total equity		**4,298,596**	2,748,281
Liabilities			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Trade payables	12	**–**	–
(ii) Other financial liabilities	13	**28,535,440**	12,425,054
(b) Provisions	14	**1,379,875**	1,132,330
(c) Other non-current liabilities	15	**–**	–
Total non-current liabilities		**29,915,315**	13,557,384
3 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	12	**7,437,127**	19,260,448
(ii) Other financial liabilities	13	**–**	–
(b) Provisions	14	**171,220**	134,989
(c) Other current liabilities	15	**806,188**	3,084,983
Total current liabilities		**8,414,535**	22,480,420
Total equity and liabilities (1+2+3)		**42,628,446**	38,786,085

See accompanying notes to the financial statements

In terms of our report attached
For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 20th April, 2018

For and on behalf of the Board of Directors

YVS Vijaykumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director and CEO
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

	Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations	16	1,244,272	82,181
II	Other income	17	2,188	519
III	**Total revenue (I + II)**		1,246,460	82,700
IV	**EXPENSES**			
	(a) Employee benefit expense	18	16,867,086	3,426,205
	(b) Finance costs	19	2,733,535	3,773
	(c) Depreciation and amortisation expense	4,5	11,235,627	863,072
	(d) Other expenses	20	25,636,641	45,598,895
	Total expenses (IV)		56,472,889	49,891,945
V	**Loss before tax (III - IV)**		(55,226,429)	(49,809,245)
VI	**Tax expense**		–	–
VII	**Loss after tax (V - VI)**		(55,226,429)	(49,809,245)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss:			
	– Remeasurements of the defined benefit liabilities	24	165,505	30,145
	Total other comprehensive income for the period (VIII)		165,505	30,145
IX	**Total comprehensive income for the period**		(55,060,924)	(49,779,100)
X	**Earnings per equity share:**			
	Basic & Diluted	21	(5,522.64)	(4,980.92)

See accompanying notes to the financial statements

In terms of our report attached
For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 20th April, 2018

For and on behalf of the Board of Directors

YVS Vijaykumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director and CEO
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars			Year ended 31st March, 2018		Year ended 31st March, 2017
A.	**Cash flow from operating activities:**				
	Loss before tax			**(55,226,429)**	(49,809,245)
	Adjustments for:				
	Depreciation and amortisation expense		**11,235,627**		863,072
	Interest on Loan		**–**		3,773
	Interest on convertible/redeemable instruments		**2,733,535**		–
	Provision for doubtful trade receivables		**19,787**		–
				13,988,949	866,845
	Operating loss before working capital changes			**(41,237,480)**	(48,942,400)
	(Increase) in other non current assets		**(4,634,023)**		(5,729,735)
	(Increase) in trade receivables		**(128,585)**		(3,550)
	(Increase) in other current assets		**(109,896)**		(58,681)
	Decrease/(Increase) in other financial assets		**26,790**		(38,400)
	(Decrease)/Increase in trade payables		**(11,823,321)**		19,220,693
	(Decrease) / Increase in other current liabilities and provisions		**(2,242,564)**		3,219,972
	Increase in other non current liabilities and provisions		**413,050**		1,162,475
				(18,498,549)	17,772,774
	Net cash used in operating activities	**(A)**		**(59,736,029)**	(31,169,626)
B.	**Cash flow from investing activities :**				
	Purchase of fixed assets			**(6,046,856)**	(31,768,199)
	Net cash used in investing activities	**(B)**		**(6,046,856)**	(31,768,199)
C.	**Cash flow from financing activities :**				
	Proceeds from issue of preference shares		**56,611,239**		52,583,206
	Proceeds from issue of convertible/redeemable instruments		**13,376,851**		12,425,054
	Borrowings repaid during the year		**–**	**69,988,090**	(58,359)
	Net cash from financing activities	**(C)**		**69,988,090**	64,949,901
D.	**Net increase in cash and cash equivalents**	**(A+B+C)**		**4,205,205**	2,012,076
	Cash and cash equivalents at the beginning of the year			**2,050,592**	38,516
	Cash and cash equivalents at the end of the year			**6,255,797**	2,050,592
	Net Increase as disclosed above			**4,205,205**	2,012,076

See accompanying notes to the financial statements

In terms of our report attached
For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 20th April, 2018

For and on behalf of the Board of Directors

YVS Vijaykumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director and CEO
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

a. Equity Share Capital

	Amount
As at 31st March 2016	100,000
Changes in equity share capital during the year	–
As at 31st March 2017	100,000
Changes in equity share capital during the year	–
As at 31st March 2018	**100,000**

b. Other Equity

Particulars	Reserves & Surplus	Equity component of compound financial instruments	Items of other comprehensive income	Total
	Retained earnings		Remeasurements of the defined benefit liabilities/ (assets)	
Balance as at April 1, 2016	(155,825)	–	–	(155,825)
Loss for the year	(49,809,245)	–	–	(49,809,245)
0.01% Optionally convertible redeemable preference shares	–	52,583,206	–	52,583,206
Other comprehensive income	–	–	30,145	30,145
Total comprehensive income	(49,809,245)	52,583,206	30,145	2,804,106
Balance as at March 31, 2017	(49,965,070)	52,583,206	30,145	2,648,281
Loss for the year	**(55,226,429)**	**–**	**–**	**(55,226,429)**
0.01% Optionally convertible redeemable preference shares	**–**	**56,611,239**	**–**	**56,611,239**
Other comprehensive income	**–**	**–**	**165,505**	**165,505**
Total comprehensive income	**(55,226,429)**	**56,611,239**	**165,505**	**1,550,315**
Balance as at March 31, 2018	**(105,191,499)**	**109,194,445**	**195,650**	**4,198,596**

See accompanying notes to the financial statements

In terms of our report attached
For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 20th April, 2018

For and on behalf of the Board of Directors

YVS Vijaykumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director and CEO
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

Significant Accounting Policies

1) Corporate Information

Mahindra Punjab Tractors Private Limited was incorporated in the financial year 2009-10 under the Companies Act, 1956.

With effect from January 22, 2016, the name of the Company was changed from 'Mahindra Punjab Tractors Private Limited' to 'Auto Digitech Private Limited'.

The Company is 100% subsidiary of Mahindra First Choice Services Limited (MFCSL), which is a subsidiary of Mahindra Holdings Limited, for carrying on an e-commerce activity including developing and operating the e-commerce website to act as an online platform for marketing and sale of spare parts and servicing of vehicles. This transfer has been effected on April 29, 2016.

Carworkz is an internet based platform (portal) which will connect millions of car owners with thousands of car service workshops. The portal will be one of a kind in industry 'Diagnostic Tool & Service Cost Estimator' wherein the inherent knowledge/strength of the MFCSL viz; Service diagnosis, Multi-brand Parts Catalogue and Multi-brand Labour Catalogue would be put to use.

2) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. The date of transition to Ind AS is 1 April 2015.

a) **Basis of accounting and preparation of financial statements**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 on inventories or value in use in Ind AS 36 impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

b) **Property, plant and equipment:**

Property, plant and equipment are stated at cost less depreciation and impairment losses. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are given below

Category of assets	Life
Plant and Machinery	
– Machinery	10 Years
– Electrical equipments and tools	06 Years
– Mobile handsets	02 Years
– Barcode system & equipment	05 Years
Furniture and fittings - movable in nature	06 Years
Vehicles	06 Years and 8 months
Office Equipments	05 Years
Leasehold Premises	Over the period of lease
Computers	03 Years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

c) **Intangible assets:**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Useful lives of intangible assets
Software are amortised over a period of three years on Straight line Method.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets under development
Expenditure on research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

d) **Impairment of tangible and intangible assets other than goodwill:**

The carrying amounts of tangible and intangible assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amounts of assets exceed their recoverable amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

e) **Inventories:**

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered

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necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi, freight and other levies. Cost is arrived at on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

f) **Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from services:

Income from services is recognised when services are rendered and related costs are incurred.

g) **Dividend and interest income:**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

h) **Employee Benefits:**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences and post employment medical benefits.

1. Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

a. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b. in case of non-accumulating compensated absences, when the absences occur.

2. Long term benefits

I. Defined contribution plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

i. **Provident and family pension fund**

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plans is charged to the Statement of Profit and Loss as incurred.

ii. **Superannuation**

The eligible employees of the Company are entitled to receive post-employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

b. **Defined benefit plan**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

i. **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

ii. **Compensated absences**

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/availment.

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The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation.

i) **Taxes on income:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws. The Companies current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

j) **Provisions and contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

k) **Leases:**

The Company as lessee

Rental expense from operating leases is generally recognised as per agreement over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

l) **Financial instruments**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

m) **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or

(ii) on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short term profit taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the

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risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

n) **Financial liabilities and equity instruments**

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

o) **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Sr. No	Category of assets	Life
(i)	Plant and Machinery	
	- Machinery	10 Years
	- Electrical equipments and tools	6 Years
	- Mobile handsets	2 Years
	- Barcode system & equipment	5 Years
(ii)	Furniture and fittings - movable in nature	6 Years
(iii)	Vehicles	6 Years and 8 months

3) **Recent accounting pronouncements**

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Note No. 4 - Property, plant and equipment

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Carrying amount of:		
Furniture and fixtures	**6,610**	926
Computers	**953,580**	1,057,794
	960,191	1,058,720

Description of Assets	**Furniture and fixtures**	**Computers**	**Total**
I. Gross Block			
Balance as at 1 April, 2016	–	–	–
Additions	926	1,068,111	1,069,037
Disposals	–	–	–
Balance as at 31 March, 2017	926	1,068,111	1,069,037
Additions	9,822	289,177	298,999
Disposals	–	–	–
Balance as at 31 March, 2018	**10,748**	**1,357,288**	**1,368,036**

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Description of Assets	Furniture and fixtures	Computers	Total
II. Accumulated depreciation			
Balance as at 1 March, 2016	–	–	–
Depreciation/amortisation expense for the year	–	10,317	10,317
Eliminated on disposal of assets	–	–	–
Balance as at 31 March, 2017	–	10,317	10,317
Depreciation/amortisation expense for the year	4,138	393,391	397,529
Eliminated on disposal of assets	–	–	–
Balance as at 31 March, 2018	**4,138**	**403,707**	**407,846**
III. Net block			
Balance as at 1 March, 2016	–	–	–
Additions	926	1,068,111	1,069,037
Disposals	–	–	–
Depreciation/amortisation expense for the year	–	10,317	10,317
Balance as at 31 March, 2017	926	1,057,794	1,058,720
Additions	9,822	289,177	298,999
Disposals	–	–	–
Depreciation/amortisation expense for the year	4,138	393,391	397,528
Balance as at 31 March, 2018	**6,610**	**953,580**	**960,191**

Depreciation and amortisation

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Depreciation and amortisation for the year as shown above	**397,529**	10,317
Less: Transferred to intangible assets under development	**37,807**	–
Depreciation and amortization for the year (net)	**359,722**	10,317

Note No. 5 - Other intangible assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Carrying amount of:		
Computer software	**24,756,165**	29,846,407
	24,756,165	29,846,407

Description of assets	Computer software	Total
I. Gross block		
Balance as at 31 March, 2016	–	–
Additions from separate acquisitions	30,699,162	30,699,162
Disposals	–	–
Balance as at 31 March, 2017	30,699,162	30,699,162
Additions from separate acquisitions	5,785,663	5,785,663
Disposals	–	–
Balance as at 31 March, 2018	**36,484,825**	**36,484,825**
II. Accumulated amortisation		
Balance as at 31 March, 2016	–	–
Amortisation expense for the year	852,755	852,755
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2017	**852,755**	**852,755**
Amortisation expense for the year	10,875,905	10,875,905
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2018	**11,728,660**	**11,728,660**
III Net block		
Balance as at 31 March, 2016	–	–
Additions from separate acquisitions	30,699,162	30,699,162
Disposals	–	–
Amortisation expense for the year	852,755	852,755
Balance as at 31 March, 2017	**29,846,407**	**29,846,407**
Additions from separate acquisitions	5,785,663	5,785,663
Disposals	–	–
Amortisation expense for the year	10,875,905	10,875,905
Balance as at 31 March, 2018	**24,756,165**	**24,756,165**

Note No. 6 - Trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current	**–**	–
Current		
Trade receivables		
(a) Secured, considered good	**–**	–
(b) Unsecured, considered good	**112,348**	3,550
(c) Doubtful	**19,787**	–
Less: Allowance for credit losses	**(19,787)**	–
Total current	**112,348**	3,550
TOTAL	**112,348**	3,550

Note No. 7 - Other financial assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current	**–**	–
Current		
Unbilled revenue	**11,610**	38,400
Total current	**11,610**	38,400
TOTAL	**11,610**	38,400

Note No. 8 - Other assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current		
Advances other than capital advances		
(i) Balances with government authorities (other than income taxes)		
– Service tax credit receivable	**–**	5,729,735
– GST receivable	**10,355,851**	–
(ii) Advance income tax	**7,907**	–
Total non current	**10,363,758**	5,729,735

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Particulars	As at 31st March, 2018	As at 31st March, 2017
Current		
Advances other than capital advances		
(i) Advances to suppliers and service providers	**28,168**	20,762
(i) Advances to employees	**119,714**	37,919
(ii) Other advances	**20,695**	–
Total current	**168,577**	58,681
TOTAL	**10,532,335**	5,788,416

Note No. 9 - Cash and cash equivalents

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Balances with banks		
– in current accounts	**6,239,048**	2,050,344
Total cash and cash equivalent	**6,239,048**	2,050,344
Other bank balances		
Restricted cash - amount in nodal account	**16,749**	248
Total Other Bank balances	**16,749**	248
Total	**6,255,797**	2,050,592

Note No. 10 - Equity share capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of Rs 10/- each	**13,000**	**130,000**	13,000	130,000
	13,000	**130,000**	13,000	130,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10/- each	**10,000**	**100,000**	10,000	100,000
	10,000	**100,000**	10,000	100,000
Total	**10,000**	**100,000**	10,000	100,000

Note No. 10.1 - Preference share capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Preference shares of Rs 10/- each	**12,000**	**120,000**	12,000	120,000
Total	**12,000**	**120,000**	12,000	120,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity shares with voting rights			
Year Ended March 31, 2018			
No. of Shares	**10,000**	**–**	**10,000**
Amount	**100,000**	**–**	**100,000**
Year Ended March 31, 2017			
No. of Shares	10,000	–	10,000
Amount	100,000	–	100,000

Entire equity shares are held by Mahindra First Choice Services Limited, the holding company.

Note No. 11 - Other equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Equity component of compound financial instruments	**109,194,445**	52,583,206
b) Retained earnings	**(104,995,849)**	(49,934,925)
Balance at the end of year	**4,198,596**	2,648,281

a) Equity component of compound financial instruments

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance as at the beginning of the year	**52,583,206**	–
0.01% Optionally convertible redeemable preference shares	**56,611,239**	52,583,206
Balance at the end of year	**109,194,445**	52,583,206

b) Retained earnings

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance as at the beginning of the year	**(49,934,925)**	(155,825)
Loss attributable to owners of the Company	**(55,226,429)**	(49,809,245)
Other comprehensive income arising from remeasurement of defined benefit obligation	**165,505**	30,145
Balance at the end of year	**(104,995,849)**	(49,934,925)

Note No. 12 - Trade payables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current	**–**	–
Current		
Trade payable - other than micro and small enterprises	**7,437,127**	19,260,448
Total current	**7,437,127**	19,260,448
Total	**7,437,127**	19,260,448

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

Note No. 13 - Other financial liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current		
0.01% Optionally convertible redeemable preference shares - Liability component	**28,535,440**	12,425,054
Total non current	**28,535,440**	12,425,054
Current	**–**	–
Total	**28,535,440**	12,425,054

Note No. 14 - Provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
Provision for employee benefits		
– Compensated absences	**932,718**	850,598
– Provision for gratuity	**447,157**	281,732
Total non current	**1,379,875**	1,132,330
Current		
Provision for employee benefits		
– Compensated absences	**170,501**	134,641
– Provision for gratuity	**719**	348
Total current	**171,220**	134,989
Total	**1,551,095**	1,267,319

Note No. 15 - Other liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current	**–**	–
Current		
Advances received from customers	**79,496**	–
Statutory dues:		
– Taxes payable (other than income taxes)	**287,636**	2,630,140
– Employee recoveries and employer contributions	**439,056**	454,843
Total current	**806,188**	3,084,983
Total	**806,188**	3,084,983

Note No. 16 - Revenue from operations

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from rendering of services	**1,244,272**	82,181
Total	**1,244,272**	82,181

Note No. 17 - Other Income

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest on loan to employees	**2,188**	519
Total	**2,188**	519

Note No. 18 - Employee benefits expense

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries and wages (including bonus)	**15,566,327**	3,111,637
Contribution to provident and other funds	**1,114,984**	294,470
Staff welfare expenses	**185,775**	20,098
Total	**16,867,086**	3,426,205

Note No. 19 - Finance costs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest on loan	**–**	3,773
Interest on convertible/redeemable instruments	**2,733,535**	–
Total	**2,733,535**	3,773

Note No. 20 - Other Expenses

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Lease rent	**2,965,383**	2,618,519
Hire and service charges	**318,492**	450,039
Repairs and maintenance	**41,507**	6,380
Insurance	**123,655**	–
Rates and Taxes	**241,300**	8,449
IT support costs	**1,426,925**	871,161
Books, periodicals and subscription fees	**50,224**	44,800
Recruitment and related expenses	**–**	200,462
Communication expenses	**232,586**	357,447
Travelling and conveyance	**267,552**	291,173
Printing and stationary	**35,611**	8,925
Marketing, promotional and related expenses	**4,543,778**	3,138,317
Legal and professional charges	**11,905,108**	22,899,551
Audit Fees	**100,000**	100,000
Deputation charges	**3,341,462**	14,541,099
Training expenses	**–**	62,516
Bank charges	**5,273**	–
Bad debts written off	**17,025**	–
Expected credit loss allowance on trade and other receivables	**19,787**	–
Miscellaneous expenses	**973**	57
Total	**25,636,641**	45,598,895

Note No. 21 - Earnings per share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Loss for the year attributable to owners of the company	**(55,226,429)**	(49,809,245)
Less: Preference dividend and tax thereon	**–**	–
Loss for the year used in the calculation of basic earnings per share	**(55,226,429)**	(49,809,245)
Weighted average number of equity shares	**10,000**	10,000
Earnings per share - Basic and Diluted	**(5,522.64)**	(4,980.92)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

Note No. 22 - Financial instruments

A) Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity	**4,298,596**	2,748,281
Total	**4,298,596**	2,748,281

Categories of financial instruments

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial assets		
Measured at amortised cost		
Non current	**–**	–
Current		
Trade receivables	**112,348**	3,550
Cash and cash equivalents	**6,255,797**	2,050,592
Other financial assets	**11,610**	38,400
Financial liabilities		
Measured at amortised cost		
Non current		
0.01% Optionally convertible redeemable preference shares - Liability component	**28,535,440**	12,425,054
Current		
Trade payables	**7,437,127**	19,260,448

B) Financial risk management framework

The Company's activities expose it to liquidity risk. The Company examines risks, which may in the opinion of the Board threaten the existence of the Company.

The Company is formulating the risk management policy which will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

1) Credit risk

Credit risk arises when customers defaults on its contractual obligations to pay resulting in financial loss to the Company.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on individual receivable specific provision where applicable.

The loss allowance provision is determined as follows:

		As at 31st March 2018		
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	12.9%	96.9%	15.0%
Gross carrying amount	–	128,935	3,200	132,135
Loss allowance provision	–	16,687	3,100	19,787

		As at 31st March 2017		
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	0.0%	–	0.0%
Gross carrying amount	–	3,550	–	3,550
Loss allowance provision	–	–	–	–

Reconciliation of loss allowance provision for trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance as at beginning of the year	**–**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**19,787**	–
Balance at end of the year	**19,787**	–

During the period, the company has written off Rs 17,025 (Previous year - NIL) of trade receivable. These trade receivables are not subject to enforcement activity.

2) Liquidity risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

(ii) Maturity of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Non derivative financial liabilities				
31-Mar-18				
Other financial liabilities	**–**	**–**	**–**	**28,535,440**
Trade payables	**7,437,127**	**–**	**–**	**–**
Total	**7,437,127**	**–**	**–**	**28,535,440**
31-Mar-17				
Other financial liabilities	–	–	–	12,425,054
Trade payables	19,260,448	–	–	–
Total	19,260,448	–	–	12,425,054

(iii) Maturity of financial assets

The following tables detail the Company's remaining contractual maturity for its non derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non derivative financial assets				
31-Mar-18				
Other financial assets	**11,610**	**–**	**–**	**–**
Trade receivables	**112,348**	**–**	**–**	**–**
Total	**123,958**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31-Mar-17				
Other financial assets	38,400	–	–	–
Trade receivables ..	3,550	–	–	–
Total	41,950	–	–	–

Note No. 23 - Related party transactions

Name of the parent Company: Mahindra First Choice Services Limited

Details of transaction between the Company and its related parties are disclosed below:

i) **List of related parties with whom transacted during the year and relationship:**

Name of the related parties	Relationship
Mahindra First Choice Services Limited	Holding Company
Mahindra Holdings Limited	Intermediate Holding Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra & Mahindra Limited	Ultimate Holding Company
Mr. Tarun Gupta (Whole Time Director and CEO)	Key Managerial Personnel

Related party transactions with holding and subsidiaries are as under:

Particulars	31st March, 2018	31st March, 2017
Equity contribution to the Company:		
– Mahindra First Choice Services Limited	**–**	100,000
Optionally convertible redeemable preference shares:		
– Mahindra Holdings Limited	**69,988,090**	65,008,260
Purchase of property, plant and equipment/ other intangibles:		
– Mahindra First Choice Services Limited	**–**	31,768,199
Expenses:		
– Mahindra First Choice Services Limited		
Shared common expenses	**9,643,298**	32,283,387
– Mahindra Holdings Limited		
Interest on loan	**–**	3,773
– Mahindra Integrated Business Solutions Private Limited		
Professional charges	**153,500**	10,000
– Mahindra & Mahindra Limited		
Professional charges	**224,310**	–
Outstanding:		
Trade Payables		
– Mahindra Integrated Business Solutions Private Limited	**18,360**	10,500
– Mahindra First Choice Services Limited	**1,406,286**	12,777,109
– Mahindra & Mahindra Limited	**242,255**	–

ii) **The related party transactions with key management personnel are as under:**

With key management personnel Mr.Tarun Gupta Rs 3,341,462 (Previous year Rs 3,001,313), paid to Mahindra First Choice Services Limited as deputation charges.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions

Note No. 24 - Employee benefits

(a) **Defined contribution plan:**

Company's contribution to provident and other funds Rs 783,683 (Previous year Rs 222,551) has been recognised in the Statement of Profit and Loss under Employee benefits expense.

(b) **Defined benefit plan:**

Gratuity:

The Company has an obligation towards gratuity. A defined benefit retirement plan covering eligible employees provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in Other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	31st March, 2018	31st March, 2017
Discount rate(s)	**8.05%**	7.25%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans – as per actuarial valuation

Particulars	Gratuity (Unfunded Plan)	
	Year ended 31st March, 2018	Year ended 31st March, 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service cost	**–**	–
Current service cost	**310,863**	67,564
Net interest expense..	**20,438**	4,356
Components of defined benefit costs recognised in profit or loss..............................	**331,301**	71,920

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars	Gratuity (Unfunded Plan) Year ended 31st March, 2018	Year ended 31st March, 2017
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in financial assumptions	**(86,004)**	–
Actuarial gains arising from changes in demographic assumptions	**(18,323)**	–
Actuarial gains arising from experience adjustments	**(61,178)**	(30,145)
Components of defined benefit costs recognised in other comprehensive income	**(165,505)**	(30,145)
Total	**165,796**	41,775
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**(447,876)**	(282,080)
2. Fair value of plan assets as at 31st March	**–**	–
3. Deficit	**(447,876)**	(282,080)
4. Current portion of the above	**(719)**	(348)
5. Non current portion of the above	**(447,157)**	(281,732)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**282,080**	–
2. Add/(Less) on account of scheme of arrangement/business transfer	**–**	–
3. Expenses recognised in profit and loss account		
– Current service cost	**310,863**	67,564
– Interest expense	**20,438**	4,356
4. Recognised in other comprehensive income		
Remeasurement gains/(losses)		
– Actuarial gain/(loss) arising from:		
i. Financial assumptions	**(86,004)**	–
ii. Demographic assumptions	**(18,323)**	–
iii. Experience adjustments	**(61,178)**	(30,145)
5. Benefit payments	**–**	–
6. Liabilities assumed/(settled)		240,306
7. Present value of defined benefit obligation at the end of the year	**447,876**	282,080

III. Actuarial assumptions				
1. Discount rate	**8.05%**		7.25%	
2. Expected rate of return on plan assets	**N.A.**		N.A.	
3. Attrition rate	**Age**	**Rate**	Age	Rate
	21-30	**30%**	21-30	5%
	31-59	**0%**	31-40	3%
			41-59	2%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1.0%**	**-19.43%**	**24.60%**
	2017	1.0%	-18.05%	23.02%
Salary growth rate	**2018**	**1.0%**	**24.36%**	**-19.60%**
	2017	1.0%	22.60%	-18.08%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2018	2017
Expected benefits for year 1	**719**	348
Expected benefits for year 2	**780**	378
Expected benefits for year 3	**872**	414
Expected benefits for year 4	**4,803**	8,835
Expected benefits for year 5	**4,821**	9,497
Expected benefits for year 6	**3,517**	9,341
Expected benefits for year 7	**2,345**	9,829
Expected benefits for year 8	**1,870**	9,319
Expected benefits for year 9	**2,220**	11,042
Expected benefits for year 10 and above	**2,913,518**	1,450,782

Experience Adjustments:	**Year ended 31st March, 2018**	Year ended 31st March, 2017
	Gratuity	
1. Defined Benefit Obligation	**(447,876)**	(282,080)
2. Fair value of plan assets	**–**	–
3. Surplus/(Deficit)	**(447,876)**	(282,080)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(61,178)**	(30,145)
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 25 - Current tax and Deferred tax

Amounts on which deferred tax asset has not been created:

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Deductible temporary differences (will never expire)	**24,748,191**	9,530,228
Unused tax losses (revenue in nature)	**89,991,995**	47,440,812
Total	**114,740,186**	56,971,040

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

All amounts are in INR unless otherwise stated

The unrecognised tax losses carried forward expire as follows:

Expiry Year	As at 31st March, 2018	As at 31st March, 2017
Financial year 2023-24	**618**	618
Financial year 2024-25	**47,440,194**	47,440,194
Financial year 2025-26	**42,551,183**	–
Total	**89,991,995**	47,440,812

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Loss before tax from continuing operations	**(55,226,429)**	(49,809,245)
Income tax expense calculated at 30.90%	**(17,064,967)**	(15,391,057)
Effect of expenses that is non-deductible in determining taxable profit	**(836,841)**	394,604
Effect of unused tax losses for which no deferred tax asset is recognised	**(17,901,807)**	(14,996,453)
	(17,064,967)	(15,391,057)
Income tax expense recognised in profit or loss	**–**	–

Note No. 26 - Additional disclosures

(i) Expenditure in foreign currency

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Expenditure in foreign currency on account of:		
Professional and consultation fees	**5,378**	16,345
Total	**5,378**	16,345

(ii) During the year, the management of the Company noticed fraud of Rs 10,000 by one of the employees. The amount has been fully recovered.

Note No. 27 - Fair value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at amortised cost				
Non current assets	**–**	**–**	–	–
Current assets				
Trade receivables	**112,348**	**112,348**	3,550	3,550
Cash and cash equivalents	**6,255,797**	**6,255,797**	2,050,592	2,050,592
Other financial assets	**11,610**	**11,610**	38,400	38,400
Financial liabilities				
Non current liabilities				
Other financial liabilities	**28,535,440**	**28,535,440**	12,425,054	12,425,054
Current liabilities				
Trade payables	**7,437,127**	**7,437,127**	19,260,448	19,260,448

	Level 1	Level 2	Level 3	Total
Financial assets				
Current assets				
Trade receivables	–	112,348	–	112,348
Cash & cash equivalents	–	6,255,797	–	6,255,797
Other financial assets	–	11,610	–	11,610
Financial liabilities	–	28,535,440	–	28,535,440
Current liabilities				
Trade payables	–	7,437,127	–	7,437,127

Note No. 28 - Going concern

Company has started its commercial activities in FY2017 with a launch of internet based customer & service provider aggregator 'Carworkz' portal. In FY2018, Company also did a commercial launch of a Garage Management software 'DearO'. Company is still in the nascent stage of operations and expects to grow and expand its market in coming years. Having regard to future business plans, expected improvement in operations of the Company and continuing support of the promoters for meeting its funding requirement, the management expects turnaround in its operations. Accordingly, financial statements of the Company have been prepared on going concern basis.

DIRECTORS' REPORT

To the Members,

Your Directors present their Second Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	For the year ended 31st March, 2018	For the period ended 31st March, 2017
		Rs. in Lakhs
Gross Income	**85.98**	83.39
Profit/(Loss) Before Interest and Depreciation	**(1,070.71)**	(610.65)
Finance Charges	**5.65**	–
Gross Profit/(Loss)	**(1,076.36)**	(610.65)
Provision for Depreciation	**38.16**	14.21
Net Profit/(Loss) Before Tax	**(1,114.52)**	(624.86)
Provision for Tax	**–**	–
Net Profit/(Loss) After Tax	**(1,114.52)**	(624.86)
Balance of Profit for earlier years	**(624.86)**	–
Balance available for appropriation	**(1,739.38)**	(624.86)
Proposed Dividend on Equity Shares	**–**	–
Tax on proposed Dividend	**–**	–
Transfer to General Reserve	**–**	–
Surplus/(Deficit) carried to Balance Sheet	**(1,739.38)**	(624.86)
Net Worth	**320.62**	325.14

No material changes and commitments have occurred after the closure of year under review till the date of this Report which would affect the financial position of the Company.

OPERATIONS

Your Company was incorporated to launch an organized farm equipment rental business through a franchisee based model and effectively started operations in October 2016. Currently your Company has a presence in Karnataka, Maharashtra, Gujarat, Rajasthan, Madhya Pradesh and is expanding to other states in India.

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2018.

SHARE CAPITAL

The Authorised share capital of the Company as on 31st March, 2017 was Rs. 12,00,00,000 (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of Rs. 10 each and paid-up capital of Rs. 9,50,00,000 (Rupees Nine Crores Fifty Lakhs Only) divided into 94,50,000 (Ninety Four Lakhs Fifty Thousand) Equity shares of Rs. 10 each.

During the period under review, the Authorised share capital of the Company was increased to Rs.28,00,00,000 (Rupees Twenty Eight Crores Only) divided into 2,80,00,000 (Two Crores Eighty Lakhs) Equity Shares of Rs. 10 each. The Company has also issued and allotted 1,11,00,000 (One Crore Eleven Lakhs) Equity shares of Rs. 10 each at par aggregating to Rs. 11,10,00,000 (Rupees Eleven Crores Ten Lakhs Only) to Mahindra & Mahindra Limited on rights basis. The paid up share capital as on 31st March, 2018 is Rs. 20,60,00,000 (Rupees Twenty Crores Sixty Lakhs Only) divided into 2,06,00,000 (Two Crores Six Lakhs) Equity shares of Rs. 10 each.

BOARD OF DIRECTORS

SR. NO.	Name of Director & DIN	Designation	Category	
1.	Mr. Rajesh Jejurikar (DIN: 00046823)	Chairman	Non Executive	Non Independent
2.	Mr. Nikhil Madgavkar (DIN: 05163088)	Director	Non Executive	Non Independent
3.	Mr. Kannan Chakravarthy* (DIN: 08021737)	Director	Non Executive	Non Independent

*appointed w.e.f. 8th January, 2018

Mr. Kannan Chakravarthy (DIN: 08021737) was appointed as an Additional Director of the Company w.e.f. 8th January, 2018 to hold office upto the date of the ensuing Annual General Meeting.

Mr. Jaspreet Bindra (DIN: 03506482) resigned as a director of the Company w.e.f. 18th January, 2018. The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. Jaspreet Bindra during his tenure as Director of the Company.

The Company has also received a Notice from a Member under section 160 of the Companies Act, 2013, signifying the intention to propose Mr. Kannan Chakravarthy for the office of Director. The Company has received consent to act as a Director from Mr. Kannan Chakravarthy pursuant to section 152(5) and rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014.

The Board of Directors recommends his appointment at the ensuing Annual General Meeting of the Company.

Mr. Rajesh Jejurikar (DIN: 00046823) retires at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 from Mr. Rajesh Jejurikar that he is not disqualified from being appointed as Director of the Company pursuant to section 164 of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

BOARD MEETINGS

The Board of Directors met four times during the year under review on 3rd May, 2017, 18th July, 2017, 6th November, 2017 and 18th January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of the Director	No. of meetings attended
Mr. Rajesh Jejurikar	4
Mr. Jaspreet Bindra*	2
Mr. Nikhil Madgavkar	4
Mr. Kannan Chakravarthy#	1

*Resigned w.e.f. 18th January, 2018
#Appointed w.e.f. 8th January, 2018

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2018 and of the loss of the Company for the period ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts have been prepared on a going concern basis; and

(e) that proper systems have been identified to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos. Your Company has, for the year, received declarations from Directors and Senior Management and Employees, affirming compliance with the respective Codes.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Arvind Kumar resigned as the Chief Executive Officer of the Company with effect from 18th July, 2017 and subsequently Mr. Atindriya Bose was appointed as the Chief Executive Officer of the Company with effect from 19th July, 2017.

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, given below are the Key Managerial Personnel of your Company:-

1. Mr. Atindriya Bose as Chief Executive Officer with effect from 19th July, 2017;
2. Mr. Nikhil Pai as Chief Financial Officer with effect from 1st March, 2017; and
3. Mr. Gaurav Juwatkar as Company Secretary with effect from 9th November, 2016.

AUDITORS

M/s. B.K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), were appointed as the statutory Auditors of the Company at the first Annual General Meeting (AGM) to hold office upto the conclusion of the sixth AGM of the Company.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the Members are requested to ratify appointment of Statutory Auditors at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 is given as an Annexure I to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

The loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with schedule V applicable to the parent Company, Mahindra & Mahindra Limited, are furnished separately.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/ arrangements / transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure II and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms part of this Report.

INTERNAL CONTROLS

Your Company has implemented a proper system of internal control with reference to financial statements and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company at all levels. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

Rajesh Jejurikar Director

Nikhil Madgavkar Director

Mumbai, 8th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, however adequate measures are taken to contain and bring saving in power consumption through better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 2,13,947

For and on behalf of the Board

Rajesh Jejurikar	**Nikhil Madgavkar**
Director	Director

Mumbai, 8th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub¬section (1) of section 188 of the Companies Act, 2013 ("the Act") including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions/ arrangements	Name of the related party and Nature of Relationship	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or transactions including the value, if any. (Rs. in Lacs)	Date of approval by the Board if any	Amount paid as advances if any
1.	Deputation of employee (full time), Canteen expenses, IT & Reimbursement of Expenses	Mahindra & Mahindra Limited Holding Company	1st April, 2017 to 31st March, 2018	182.87	Not Applicable	NIL
2,	Purchase of Goods	Mahindra & Mahindra Limited Holding Company	1st April, 2017 to 31st March, 2018	46.88	Not Applicable	NIL
3.	ICD taken	Mahindra & Mahindra Limited Holding Company	1st April, 2017 to 31st March, 2018	300.00	Not Applicable	NIL
4.	ICD repaid	Mahindra & Mahindra Limited Holding Company	1st April, 2017 to 31st March, 2018	300.00	Not Applicable	NIL
5.	Software AMC	Tech Mahindra Growth Factories Limited Associate of Holding Company	1st April, 2017 to 31st March, 2018	37.72	Not Applicable	NIL
6.	Reimbursement of Expenses	Mahindra Holidays & Resorts Limited Fellow Subsidiary Company	1st April, 2017 to 31st March, 2018	8.73	Not Applicable	NIL

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Rajesh Jejurikar Director

Nikhil Madgavkar Director

Mumbai, 8th May, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	**CIN:-**	U01409MH2016PLC281449
ii)	**Registration Date**	23/05/2016
iii)	**Name of the Company**	TRRINGO.COM LIMITED
iv)	**Category/Sub-Category of the Company**	Company Limited By Shares (Non-Government Company)
v)	**Address of the Registered office and contact details**	Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai-400018, Maharashtra.
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	NSDL Database Management Limited 4th Floor A wing Trade World, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai- 400013 Tel: 022 - 4914 2700; Fax: 022 - 49142503

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Renting and operational leasing of agricultural and forestry machinery and equipment	77302	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra & Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	95,00,000*	95,00,000*	100	2,05,99,994	6	2,06,00,000	100	
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**–**	**95,00,000***	**95,00,000***	**100**	**2,05,99,994**	**6**	**2,06,00,000**	**100**	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**95,00,000***	**95,00,000***	**100**	**2,05,99,994**	**6**	**2,06,00,000**	**100**	–
B. Public									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Body Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**95,00,000***	**95,00,000***	**100**	**2,05,99,994**	**6**	**2,06,00,000**	**100**	–

* Includes 6 shares held jointly with Mahindra & Mahindra Limited to comply with the statutory provisions of Companies Act, 2013 with regard to minimum number of members.

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	94,99,994	100	–	2,05,99,994	100	–	–
2.	Mahindra & Mahindra Limited jointly with Mr. Jaspreet Bindra**	1	0	–	1	0	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. V. S. Parthasarthy**	1	0	–	1	0	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar**	1	0	–	1	0	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. K. Chandasekar**	1	0	–	1	0	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. Rajesh Jejurikar**	1	0	–	1	0	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. Nikhil Madgavkar**	1	0	–	1	0	–	–
	Total	**95,00,000**	**100**	**–**	**2,06,00,000**	**100**	**–**	**–**

** Jointly held with Mahindra & Mahindra Limited to comply with the statutory provisions of the Companies Act, 2013 with regards to minimum number of members

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mahindra & Mahindra Limited				
	At the beginning of the year	95,00,000*	100	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				
	Increase – Allotment of 25,00,000 Equity Shares under Rights Issue on 17th November, 2017	–	–	1,20,00,000	100
	Increase – Allotment of 66,00,000 Equity Shares under Rights Issue on 18th January, 2018	–	–	1,86,00,000	100
	Increase – Allotment of 20,00,000 Equity Shares under Rights Issue on 16th March, 2018	–	–	2,06,00,000	100
	At the end of the year	–	–	2,06,00,000*	100

* Includes 6 shares held jointly with Mahindra & Mahindra Limited to comply with the statutory provisions of Companies Act, 2013 with regard to minimum number of members.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	NIL	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel: **(Rs. in Lakhs)**

Sr. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Rajesh Jejurikar				
	At the beginning of the year	1#	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	No Change	No Change	No Change	No Change
	At the end of the year	–	–	1#	–
2.	Mr. Nikhil Madgavkar				
	At the beginning of the year	1#	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	No Change	No Change	No Change	No Change
	At the end of the year	–	–	1#	–

#held jointly with Mahindra & Mahindra Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: **(Rs. in Lakhs)**

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	300.00	NIL	NIL
• Reduction	NIL	300.00	NIL	NIL
Net change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sr. No.	Particulars of Remuneration						Total Amount
1.	Gross Salary						–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–	–	–
2.	Stock Option	–	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–	–
4.	Commission – As % of Profit – Others, specify...	–	–	–	–	–	–
5.	Others, Contribution to PF	–	–	–	–	–	–
	Total (A)	–	–	–	–	–	–
	Ceiling as per the Act	–	–	–	–	–	–

B. Remuneration of other Directors: NIL

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Rajesh Jejurikar	Mr. Jaspreet Bindra (upto 18th January, 2018)	Mr. Kannan Chakravarthy (w.e.f 8th January, 2018)	Mr. Nikhil Madgavkar (Director)	
1. Independent Directors	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–
• Commission	–	–	–	–	–
• Others, please specify	–	–	–	–	–
Total (1)	–	–	–	–	–
2. Other Non-Executive Directors	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–
• Commission	–	–	–	–	–
• Others, please specify	–	–	–	–	–
Total (2)	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–
Ceiling as per the Act	–	–	–	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: NIL

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount (in Rs.)
		Mr. Arvind Kumar(Chief Executive Officer) upto 18th July, 2017	Mr. Atindriya Bose (Chief Executive Officer) w.e.f 19th July, 2017	Mr. Nikhil Pai (Chief Financial Officer)	Mr. Gaurav Juwatkar (Company Secretary)	
1.	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	51,66,619	–	–	51,66,619
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	7,823	–	–	7,823
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission – As % of Profit – Others, specify...	–	–	–	–	–
5.	Others: Contribution to PF	–	1,88,717	–	–	1,88,717
	Others	18,41,286	–	9,71,539	28,200	28,41,025
	Total	**18,41,286**	**53,63,159**	**9,71,539**	**28,200**	**82,04,184**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Rajesh Jejurikar
Director

Nikhil Madgavkar
Director

Mumbai, 8th May, 2018

PARTICULARS OF LOANS/ADVANCES PURSUANT TO PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Loans and advances in the nature of loan from the Parent Company:

(Rs. in crores)

Name of the Company	Balance as on 31st March, 2018	Maximum outstanding during the year
Mahindra & Mahindra Limited	–	3.00

INDEPENDENT AUDITOR'S REPORT

To the Members of Trringo.com Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Trringo.com Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: 8th May, 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Trringo.com Limited for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) The Company does not own any immovable property and hence the provisions of para 3(i)(c) of the Order are not applicable to the Company.

2. (i) The Company does not have inventory as on 31 March 2018. Accordingly the provisions of para 3(ii) of the Order are not applicable to the Company.

3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security during the year. Accordingly the provisions of Clause 3(iv) of the Order are not applicable to the company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. Accordingly the provisions of Clause 3(vi) of the Order are not applicable to the company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods & Service Tax and other statutory dues applicable to it with the concerned authorities. The provisions of Excise Duty are not applicable to the operations of the Company.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax and Goods & Service Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax, Goods & Service and Cess Tax which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or Government or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11. No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. Based on the records examined by us and according to the information and explanations given to us, the transactions with related party are in compliance with section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Company is not required to have an audit committee and hence the provision of section 177 of the Companies Act, 2013 are not applicable to the Company.

14. Based on the records examined by us and according to the information and explanations given to us, the requirement of section 42 of the Companies Act, 2013 have been complied with in respect of private placement of shares issued during the year and the amount raised have been used for the purpose for which the funds were raised by the Company. The Company has not made any preferential allotment or private placement of debentures during the year under review.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 8th May, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TRRINGO.COM LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Trringo.com Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 8th May, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Rupees in Lakhs

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
	1 NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	124.72	11.79
	(b) Other Intangible Assets	4	143.09	46.20
	(c) Income tax Assets (Net)	5	2.19	2.20
	(d) Other Non-current Assets	6	1.71	–
	SUB-TOTAL		271.71	60.19
	2 CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	7	26.21	8.81
	(ii) Cash and Cash Equivalents	8	123.12	390.63
	(iii) Loans	9	8.39	7.75
	(iv) Other Financial Assets	10	19.03	0.03
	(b) Other Current Assets	6	196.65	64.44
	SUB-TOTAL		373.41	471.66
	TOTAL ASSETS		645.12	531.85
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	11	2,060.00	950.00
	(b) Other Equity	SOCE – B	(1,739.38)	(624.86)
	SUB-TOTAL		320.62	325.14
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Provisions	14	14.43	11.87
	(b) Other Non-current Liabilities	15	55.08	–
	SUB-TOTAL		69.51	11.87
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	79.11	184.46
	(ii) Other Financial Liabilities	13	101.41	0.17
	(b) Provisions	14	3.56	–
	(c) Other Current Liabilities	15	70.91	10.21
	SUB-TOTAL		254.98	194.85
	TOTAL		645.12	531.85

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Place: Mumbai
Date: 8th May 2018

For Trringo.com Limited

Rajesh Jejurikar
Chairman

Nikhil Madgavkar
Director

Kannan Chakravarthy
Director

Atindriya Bose
Chief Executive Officer

Gaurav Juwatkar
Company Secretary

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 8th May 2018

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2018

Particulars		Note No.	Period ended 31st March, 2018	Period ended 31st March, 2017
				Rupees in Lakhs
Continuing Operations				
I	Revenue from operations	**16**	**72.36**	61.34
II	Other Income	**17**	**13.62**	22.05
III	**Total Revenue (I + II)**		**85.98**	83.39
IV	**EXPENSES**			
	(a) Employee benefit expense	**18**	**535.36**	222.92
	(b) Finance Costs	**19**	**5.65**	–
	(c) Depreciation and amortisation expense	**20**	**38.16**	14.21
	(d) Other expenses	**21**	**621.32**	471.12
	Total Expenses (IV)		**1,200.50**	708.25
V	**Profit/(loss) before tax (III - IV)**		**(1,114.52)**	(624.86)
VI	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
	Total tax expense		**–**	–
VII	**Profit/(loss) after tax for the period (V - VI)**		**(1,114.52)**	(624.86)
VIII	**Other comprehensive income**		**–**	–
IX	**Total comprehensive income for the period**		**(1,114.52)**	(624.86)
X	**Earnings per equity share:**	**22**		
	(1) Basic		**(9.42)**	(11.26)
	(2) Diluted		**(9.42)**	(11.26)

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Place: Mumbai
Date: 8th May 2018

For Trringo.com Limited

Rajesh Jejurikar
Chairman

Kannan Chakravarthy
Director

Gaurav Juwatkar
Company Secretary

Nikhil Madgavkar
Director

Atindriya Bose
Chief Executive Officer

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 8th May 2018

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH, 2018

Rupees in Lakhs

Particulars		Note No.	Period ended 31st March, 2018	Period ended 31st March, 2017
A	**Cash flows from operating activities**			
	Profit before tax for the year	PL	(1,114.52)	(624.86)
	Adjustments for:			
	Investment income recognised in profit or loss		(7.26)	(22.05)
	Depreciation and amortisation of non-current assets	3 & 4	38.16	14.21
			(1,083.61)	(632.70)
	Movements in working capital:			
	Increase in trade and other receivables		(18.04)	(16.56)
	(Increase)/decrease in other assets		(133.89)	(64.47)
	Decrease in trade and other payables		98.75	206.72
	Income taxes paid (Net of Refunds)		0.01	(2.20)
	Net cash generated by operating activities		(1,136.79)	(509.22)
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		(124.01)	(12.83)
	Payments for intangible assets		(123.96)	(59.37)
	Net cash (used in)/generated by investing activities		(247.98)	(72.20)
C	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		1,110.00	950.00
	Interest Received		7.26	22.05
	Acceptance of ICDs/Short Term Borrowing from M&M		300.00	–
	Repayments of borrowings		(300.00)	–
	Net cash used in financing activities		1,117.26	972.05
	Net increase in cash and cash equivalents		(267.51)	390.63
	Cash and cash equivalents at the beginning of the year		390.63	–
	Cash and cash equivalents at the end of the year		123.12	390.63

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Place: Mumbai
Date: 8th May 2018

For Trringo.com Limited

Rajesh Jejurikar
Chairman

Nikhil Madgavkar
Director

Kannan Chakravarthy
Director

Atindriya Bose
Chief Executive Officer

Gaurav Juwatkar
Company Secretary

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 8th May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018

A. Equity share capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No of Shares	Rupees in Lakhs	No of Shares	Rupees in Lakhs
Balance as at the beginning of the year	**95,00,000**	**950.00**	–	–
Equity shares issued during the year	**1,11,00,000**	**1,110.00**	95,00,000	950.00
Balance as at the end of the year	**2,06,00,000**	**2,060.00**	**95,00,000**	**950.00**

B. Other Equity

Rs in Lakhs

Particulars	Reserves & Surplus		
	Securities Premium Reserve	Retained Earnings	Total
Balance as at 31st March, 2016	–	–	–
Profit/(Loss) for the period	–	(624.86)	(624.86)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(624.86)	(624.86)
Balance as at 31st March, 2017	**–**	**(624.86)**	**(624.86)**
Balance as at 31st March, 2017	–	(624.86)	(624.86)
Profit/(Loss) for the period	–	(1,114.52)	(1,114.52)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(1,739.38)	(1,739.38)
Balance as at 31st March, 2018	**–**	**(1,739.38)**	**(1,739.38)**

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Place: Mumbai
Date: 8th May 2018

For Trringo.com Limited

Rajesh Jejurikar
Chairman

Kannan Chakravarthy
Director

Gaurav Juwatkar
Company Secretary

Nikhil Madgavkar
Director

Atindriya Bose
Chief Executive Officer

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 8th May 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Corporate Information

Trringo.com Limited is a 100 % subsidiary of Mahindra and Mahindra Limited and incorporated on 23rd May, 2016 under the provisions of the Companies Act, 2013 (CIN: U01409MH2016PLC281449). The Company is in the business of organized farm equipment rentals through a franchisee based model.

2. Significant accounting policies

(A) Statement of compliance

The financial statements of the Company have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(B) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis, presented in Indian rupees and rounded off to nearest lacs.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(C) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

(D) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(E) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software 3 to 6 years

(F) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(G) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(H) Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(I) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Services

Revenue from the rental services is recognised when the service is delivered and completed, all the following conditions are satisfied:

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the services rendered;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

(J) Government Grants

The Company directly or indirectly is entitled to incentives from government authorities in respect of custom hiring and service centers. The Company accounts for its entitlement as income on accrual basis.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. When the grants relates to an asset, it is recognized as income in equal amounts over the useful life of the related asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(K) Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(L) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(M) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(N) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

(O) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 3 – Property, Plant and Equipment

Rupees in Lakhs

Description of Assets	Plant & Machinery	Vehicles	Computers & Edp Equipments	Office Equipment	Furniture & Fixtures	Total
I. Gross Carrying Amount						
Balance as at 1st April, 2017	–	12.23	–	0.60	–	12.83
Additions during the year	116.19	–	5.47	–	2.36	124.01
Disposals during the year	–	–	–	–	–	–
Balance as at 31st March, 2018	**116.19**	**12.23**	**5.47**	**0.60**	**2.36**	**136.85**
Balance as at 1st April, 2016	–	–	–	–	–	–
Additions during the year	–	12.23	–	0.60	–	12.83
Disposals during the year	–	–	–	–	–	–
Balance as at 31st March, 2017	–	12.23	–	0.60	–	12.83
II. Accumulated depreciation						
Balance as at 1st April, 2017	–	0.81	–	0.23	–	1.04
Depreciation expense for the year	7.38	2.32	0.94	0.28	0.17	11.09
Eliminated on disposal of assets	–	–	–	–	–	–
Balance as at 31st March, 2018	**7.38**	**3.13**	**0.94**	**0.51**	**0.17**	**12.13**
Balance as at 1st April, 2016	–	–	–	–	–	–
Depreciation expense for the year	–	0.81	–	0.23	–	1.04
Eliminated on disposal of assets	–	–	–	–	–	–
Balance as at 31st March, 2017	–	0.81	–	0.23	–	1.04
III. Net carrying amount (I–II)						
Balance as at 31st March, 2018	**108.81**	**9.10**	**4.53**	**0.09**	**2.19**	**124.72**
Balance as at 31st March, 2017	–	11.42	–	0.37	–	11.79

Note No. 4 – Other Intangible Assets

Rupees in Lakhs

Description of Assets	Computer Software	Total
I. Intangible Assets		
Cost		
Balance as at 1st April, 2017	59.37	59.37
Additions during the year	123.96	123.96
Balance as at 31st March, 2018	**183.33**	**183.33**
Balance as at 1st April, 2016	–	–
Additions during the year	59.37	59.37
Balance as at 31st March, 2017	59.37	59.37
II. Accumulated amortisation expense		
Balance as at 1st April, 2017	13.17	13.17
Amortisation expenses for the year	27.08	27.08
Balance as at 31st March, 2018	**40.25**	**40.25**
Balance as at 1st April, 2016	–	–
Amortisation expenses for the year	13.17	13.17
Balance as at 31st March, 2017	13.17	13.17
III. Net carrying amount (I-II)		
Balance as at 31st March, 2018	**143.09**	**143.09**
Balance as at 31st March, 2017	46.20	46.20

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

Note No. 5 – Current Tax and Deferred Tax

Rs in Lakhs

Particulars	Period ended 31st March, 2018	Period ended 31st March, 2017
Income tax Assets (Net)	**2.19**	2.20
TOTAL	**2.19**	2.20

Following deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not certain that future taxable profit will be available against which the Company can use the benefit therefrom.

Rs in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Excess depreciation as per book vs. Income Tax Act	**(0.91)**	1.64
Provision for doubtful debts	**2.99**	–
Section 43B items	**2.63**	3.07
Unabsorbed loss and depreciation	**401.23**	117.71
Others	**3.97**	0.84
Total	**409.90**	123.27

Note No. 6 – Other assets (Non financials)

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
(a) Capital Advances	–	**1.71**	–	–
(b) Advances other than capital advances				
(i) Balances with government authorities	**172.52**	–	45.65	–
(ii) Other advances				
Advance to suppliers	**0.05**	–	15.54	–
Advance to employees	**1.87**	–	–	–
Prepaid Expenses	**4.59**	–	3.25	–
Other current Assets	**17.62**	–	–	–
TOTAL OTHER ASSETS	**196.65**	**1.71**	64.44	–

Note No. 7 – Trade receivables

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
(a) Unsecured, considered good	**26.21**	–	8.81	–
(b) Doubtful	**11.54**	–	–	–
Less: Allowance for Credit Losses	**11.54**	–	–	–
TOTAL TRADE RECEIVABLES	**26.21**	–	8.81	–

Note No. 8 – Cash and Cash Equivalent

Rs in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Balances with banks	**77.52**	22.31
(b) Fixed Deposits with maturity less than 3 months	**45.14**	368.32
(c) Cash on hand	**0.46**	–
TOTAL CASH AND CASH EQUIVALENT	**123.12**	390.63

Note No. 9 – Loans

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
a) Security Deposit	**8.39**	–	7.75	–
TOTAL LOANS	**8.39**	–	7.75	–

Note No. 10 – Other financial assets

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
Financial Assets at amortised cost				
- Accrued Interest	–	–	0.03	–
- Government grants receivable	**19.03**	–	–	–
TOTAL OTHER FINANCIAL ASSETS	**19.03**	–	0.03	–

Note No. 11 – Equity Share Capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No of Shares	Rupees in Lakhs	No of Shares	Rupees in Lakhs
Authorised:				
Equity shares of ₹ 10 each with voting rights	**2,80,00,000**	**2800.00**	1,20,00,000	1200.00
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**2,06,00,000**	**2060.00**	95,00,000	950.00
Total	**2,06,00,000**	**2060.00**	95,00,000	950.00

Terms / Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(i) Reconciliation of the number of Ordinary (Equity) Shares and amount outstanding:

Particulars	2018		2017	
	No of Shares	Rupees in Lakhs	No of Shares	Rupees in Lakhs
Balance as at the beginning of the year	**95,00,000**	**950.00**	–	–
Add: Issue of Shares during the year	**1,11,00,000**	**1,110.00**	95,00,000	950.00
Balance as at the end of the year	**2,06,00,000**	**2,060.00**	95,00,000	950.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

(ii) Details of Ordinary (Equity) Shares held shareholders holding more than 5% of the aggregate shares in the Company:

Name of the Shareholder	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Equity shares with voting rights				
Mahindra and Mahindra Limited	**2,06,00,000**	**100%**	95,00,000	100%

Note No. 12 – Trade Payables

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**79.11**	**–**	184.46	–
TOTAL TRADE PAYABLES	**79.11**	**–**	184.46	–

Note No. 13 – Other financial liabilities

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
a) Other Financial liabilities				
Capital Creditors	**77.94**	**–**	–	–
Others	**23.47**	**–**	0.17	–
TOTAL OTHER FINANCIAL LIABILITIES	**101.41**	**–**	0.17	–

Note No. 14 – Provisions

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits				
Leave Encashment	**2.43**	**7.15**	–	4.80
Gratuity	**1.13**	**7.28**	–	7.06
TOTAL PROVISIONS	**3.56**	**14.43**	–	11.87

Note No. 15 – Other Liabilities (Non financial)

Rs in Lakhs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
a. Advances received from customers	**0.27**	**–**	0.09	–
b. Employee related payables	**40.27**	**–**	–	–
c. Statutory dues	**11.82**	**–**	10.12	–
d. Deferred Government Grants	**18.55**	**55.08**	–	–
TOTAL OTHER LIABILITIES	**70.91**	**55.08**	10.21	–

Note No. 16 – Revenue from Operations

Rs in Lakhs

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
Revenue from rendering of services	**72.36**	61.34
TOTAL REVENUE FROM OPERATIONS	**72.36**	61.34

Note No. 17 – Other Income

Rs in Lakhs

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
Interest Income from Fixed Deposits	**7.14**	22.05
Deferred Government Grants Income	**5.72**	–
Interest Income on Income Tax Refund	**0.12**	–
Miscellaneous Income	**0.64**	–
TOTAL OTHER INCOME	**13.62**	22.05

Note No. 18 – Employee Benefit Expense

Rs in Lakhs

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
(a) Salaries and wages, including bonus	**518.45**	213.09
(b) Contribution to provident and other funds	**13.95**	3.44
(c) Staff welfare expenses	**2.96**	6.39
TOTAL EMPLOYEE BENEFIT EXPENSE	**535.36**	222.92

Note No. 19 – Finance Costs

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
(a) Interest on inter corporate deposits	**5.65**	–
TOTAL FINANCE COSTS	**5.65**	–

Note No. 20 – Depreciation and amortisation expense

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
(a) Depreciation	**11.09**	1.04
(b) Amortisation expense	**27.08**	13.17
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	**38.16**	14.21

Note No. 21 – Other Expenses

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
(a) Rent expenses	**18.92**	8.28
(b) Rates and taxes	**16.11**	–
(c) Advertisement expenses	**34.08**	151.01
(d) Repairs and maintenance - Others	**3.31**	0.20
(e) Sales promotion expenses	**79.48**	64.50
(f) Travelling and Conveyance Expenses	**44.10**	35.52
(g) Hire and Service Charges	**284.15**	119.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
(h) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**1.01**	1.00
(ii) For Taxation matters	**0.50**	0.50
(i) Legal and other professional costs	**47.90**	43.95
(j) Call Center expenses	**50.63**	29.21
(k) Provision for doubtful debts	**11.54**	–
(l) Other expenses	**29.60**	17.05
TOTAL OTHER EXPENSES	**621.32**	471.12

Note No. 22 - Earnings per Share

Particulars	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
	Rs per Share	Rs per Share
Basic Earnings per share		
From continuing operations	(9.42)	(11.26)
Diluted Earnings per share		
From continuing operations	(9.42)	(11.26)

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the Period ended 31st March, 2018	For the Period ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company (Rs in Lakhs)	**(1,114.52)**	(624.86)
Profits used in the calculation of basic earnings per share	**(1,114.52)**	(624.86)
Weighted average number of equity shares	**1,18,32,329**	55,50,000
Earnings per share - Basic & Diluted	**(9.42)**	**(11.26)**

Note No. 23 - Capital commitments

(a) The estimated amounts of contracts remaining to be executed on capital account and not provided for as at 31st March, 2018 is Rs 5.13 lakhs (2017 - Nil).

Note No. 24 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of debt to equity and maturity profile of overall debt portfolio of the Company.

	31-Mar-18	31-Mar-17
Equity	**2,060.00**	950.00
Debt	–	–
Total Capital	**2,060.00**	950.00

Categories of financial assets and financial liabilities

Rs in Lakhs

As at 31st March, 2018

	Amortised Costs	FVTPL	FVOCI	Total
As at 31st March, 2018				
Current Assets				
Trade Receivables	**26.21**	–	–	**26.21**
Loans	**8.39**	–	–	**8.39**
Other Financial Assets	**19.03**	–	–	**19.03**
Current Liabilities				
Trade Payables	**79.11**	–	–	**79.11**
Other Financial Liabilities	**101.41**	–	–	**101.41**
As at 31st March, 2017				
Current Assets	**8.81**	–	–	**8.81**
Trade Receivables	**7.75**	–	–	**7.75**
Loans	**0.03**	–	–	**0.03**
Current Liabilities				
Trade Payables	**184.46**	–	–	**184.46**
Other Financial Liabilities	**0.17**	–	–	**0.17**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
31-Mar-18			
Current Liabilities			
Trade Payables	**79.11**	**–**	**–**
Other Financial Liabilities	**101.41**	**–**	**–**
Total	**180.52**	**–**	**–**
31-Mar-17			
Current Liabilities			
Trade Payables	184.46	–	–
Other Financial Liabilities	0.17	–	–
Total	184.64	–	–

(iv) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
	Rs. in lakhs	**Rs. in lakhs**	**Rs. in lakhs**
31-Mar-18			
Current Assets			
Trade Receivables	**26.21**	–	–
Loans	**8.39**	–	–
Other Financial Assets	**19.03**	–	–
Total	**53.63**	–	–
31 March, 2017			
Current Assets			
Trade Receivables	**8.81**	–	–
Loans	**7.75**	–	–
Other Financial Assets	**0.03**	–	–
Total	**16.60**	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 25 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rs in Lakhs

Financial assets	Carrying Value	Fair value	Fair value hierarchy as at 31st March, 2018 Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost						
– trade and other receivables	**26.21**	**26.21**	**–**	**26.21**	**–**	26.21
– deposits and similar assets	**8.39**	**8.39**	**–**	**8.39**	**–**	8.39
– Other Financial Assets	**19.03**	**19.03**	**–**	**19.03**	**–**	19.03
Total	**53.63**	**53.63**	**–**	**53.63**	**–**	53.63
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	**79.11**	**79.11**	**–**	**79.11**	**–**	79.11
– other liabilities	**101.41**	**101.41**	**–**	**101.41**	**–**	101.41
Total	**180.52**	**180.52**	**–**	**180.52**	**–**	180.52

Rs in Lakhs

Financial assets	Carrying Value	Fair value	Fair value hierarchy as at 31st March, 2017 Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost						
– trade and other receivables	8.81	8.81	–	8.81	–	8.81
– deposits and similar assets	7.75	7.75	–	7.75	–	7.75
– Other Financial Assets	0.03	0.03	–	0.03	–	0.03
Total	16.60	16.60	–	16.60	–	16.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

Rs in Lakhs

Financial assets	Carrying Value	Fair value	Level 1	Level 2	Level 3	Total
		Fair value hierarchy as at 31st March, 2017				
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	184.46	184.46	–	184.46	–	184.46
– other liabilities	0.17	0.17	–	0.17	–	0.17
Total	184.64	184.64	–	184.64	–	184.64

Note No. 26 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating to Rs.13.39 Lakhs (2017 - Rs. 1.10 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an independent actuarial valuation obtained using projected unit credit method.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31-Mar-18
Discount rate(s)	**7.85%**
Expected rate(s) of salary increase	**10.00%**
Attrition Rate	**22.00%**

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Rs in Lakhs

Particulars	Unfunded Plans Gratuity
Ia. Expense recognised in the Statement of Profit and Loss for the Period ended 31st March:	
Service Cost	
Current Service Cost	**0.57**
Past service cost and (gains)/losses from settlements	–
Net interest expense	–
Components of defined benefit costs recognised in profit or loss	0.57
Total	0.57
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March	
1. Present value of unfunded defined benefit obligation as at 31st March	8.40
2. Fair value of plan assets as at 31st March	–
3. Surplus/(Deficit)	(8.40)
4. Current portion of the above	1.13
5. Non current portion of the above	7.28
II. Change in the obligation during the Period ended 31st March	
1. Present value of defined benefit obligation at the beginning of the year	–
2. Expenses Recognised in Profit and Loss Account	
– Current Service Cost	0.57
– Past Service Cost	–
– Interest Expense (Income)	–
3. Liability assumed/(settled)	7.83
Present value of defined benefit obligation at the end of the year	8.40

Note No. 27 - Related Party Transactions

Name of the Parent Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Integrated Business Solutions Limited
	Mahindra Two Wheelers Limited *
	Mahindra Holidays & Resorts Limited
	Mahindra First Choice Wheels Limited
Name of the Associate of Holding Company	Tech Mahindra Growth Factories Limited
Name of KMP of the Company	Mr Atindriya Bose (Chief Executive Officer)
	Mr Nikhil Pai (Chief Financial Officer)

* Mahindra Two Wheelers Limited merged with Mahindra & Mahindra Limited w.e.f. 26th Oct, 2017

Details of transaction between the Company and its related parties are disclosed below:

Rs in Lakhs

Particulars	For the year ended	Parent Company	Fellow Subsidiaries	Associate of Holding Company
Nature of transactions with Related Parties				
Purchase of property and other assets	31-Mar-18	46.88	–	–
	31-Mar-17	–	12.23	–
Lease expenses	31-Mar-18	9.84	1.05	–
	31-Mar-17	3.91	3.49	–
Receiving of services	31-Mar-18	168.70	5.96	37.72
	31-Mar-17	208.19	0.41	32.10
Providing of services	31-Mar-18	7.19	10.98	–
	31-Mar-17	–	–	–
Settlement of liabilities by the Company on behalf of related parties	31-Mar-18	4.33	–	–
	31-Mar-17	227.37	–	–
Equity contribution by the Company	31-Mar-18	1,110.00	–	–
	31-Mar-17	950.00	–	–
ICD taken	31-Mar-18	300.00	–	–
	31-Mar-17	–	–	–
ICD repaid	31-Mar-18	300.00	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

Rs in Lakhs

Particulars	For the year ended	Parent Company	Fellow Subsidiaries	Associate of Holding Company
	31-Mar-17	–	–	–
Interest paid on ICD	31-Mar-18	5.65	–	–
	31-Mar-17	–	–	–

Rs in Lakhs

Nature of Balances with Related Parties	Balance as on	Parent Company	Fellow Subsidiaries	Associate of Holding Company
Trade Receivables	31-Mar-18	–	9.47	–
	31-Mar-17	–	–	–
Trade Payables	31-Mar-18	58.43	0.52	1.30
	31-Mar-17	109.59	12.54	13.46

Note No. 27a - Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':
This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':
The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':
This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures':
The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's standalone financial statements.

Amendment to Ind AS 40 – 'Investment Property':
The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

Note No. 27b

The Company has made cumulative losses of Rs 1739.38 Lakhs at the balance sheet date from the date of incorporation. These accounts have been prepared on the going concern basis, on the understanding that the shareholders will continue to financially support the company for next 12 months.

Note No. 28 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March, 2018 are as under:

Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act 2006"

Rupees in Lakhs

Particulars	31-Mar-18	31-Mar-17
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
– Principal amount due to micro and small enterprises	–	–
– Interest due on above	–	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 29- Segment Reporting

The Company operates in one segment namely renting of organised farm equipments, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 30- Comparitives

The figures for previous year have been regrouped wherever necessary to confirm to current year's classification.

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Place: Mumbai
Date: 8th May 2018

For Trringo.com Limited

Rajesh Jejurikar
Chairman

Nikhil Madgavkar
Director

Kannan Chakravarthy
Director

Atindriya Bose
Chief Executive Officer

Gaurav Juwatkar
Company Secretary

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 8th May 2018

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st March 2018.

Financial Highlights for Mahindra USA, Inc:

	2018 US $	**2018 INR**	2017 US $	2017 INR
Income	**617,181,126**	**39,837,380,067**	547,349,787	35,329,955,120
Profit/(Loss) before tax	**6,026,636**	**389,003,153**	6,565,130	423,761,494
Profit after tax	**3,453,079**	**222,886,927**	4,790,188	309,193,710

The economy in the United States of America ('US') is positive as consumer confidence continues to increase and unemployment is at its lowest level since before the economic recession in late 2008/early 2009. The growth has been buoyed by lower commodity prices and by moderate wage growth and improvement in consumer sentiment. However extreme seasonal weather patterns continue.

During the year the industry grew by 4.9%, whereas your Company grew by 2.6%. Tractor billing grew by 8.4% from 20,886 in previous year to 22,636 in the current year. UTV billing grew by 17.2% from 2,539 in the previous year to 2,976 in the current year. Tractor retails grew by 2.6% from 19,038 in the previous year to 19,538 in the current year, whereas UTV grew 37.3% from 1,962 in the previous year to 2,693 in the current year. The overall market share of your company maintained at 8.8% in North America (in the 0 to 100 HP).

Your Company stabilized its newly introduced products in the sub compact segment US manufactured UTVs which were well received in the marketplace. Your company continued to strengthen the dealer channel, which is reflected in growth during financial year 2018.

Your Company's brand familiarity improved during current year to 84% from 82% in previous year. Your Company had Customer as Net Promoter score (CaPS) of 54. Your Company continues to invest in multiple CSR initiatives across North America. During the year, your Company expanded the CSR to Urban Ag, FarmHer, & American Agri-Women. Your Company is at third position in the US tractor sales for 0 to 120 horse power category as per Association of Equipment Manufacturers' report.

Your Company undertook several initiatives during the year in order to further cut costs and bring in efficiency and strengthen the operating margin. Your Company continues to look towards further strengthening its Dealer channel and focus on identified regional markets and Canada.

Dr. Pawan Goenka
Chairman

Date: 23rd April, 2018
Mumbai, India

INDEPENDENT AUDITOR'S REPORT

To the Stockholder and the Board of Directors

Mahindra USA, Inc.

We have audited the accompanying financial statements of Mahindra USA, Inc., a Texas corporation, which comprise the balance sheets as of March 31, 2018 and 2017, and the related statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the Company reports its investment in its wholly owned subsidiaries at cost. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of Mahindra USA, Inc., total assets and total liabilities would increase by $10,868,669 and $6,342,621 as of March 31, 2018 and 2017, respectively, revenues and expenses would have increased by $4,462,445 and $6,694,622, respectively, and net income would have decreased by $644,072 and $4,166,050, respectively, for the years then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating majority-owned subsidiaries as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mahindra USA, Inc. as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter for Presentation of Financial Information

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon an exchange rate provided by Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Kahanek, Franke & Associates, L.C.
Houston, Texas

May 22, 2018

BALANCE SHEET AS OF MARCH 31, 2018 AND 2017

ASSETS	2018		2017	
	U.S. $	**INR**	**U.S. $**	**INR**
Current Assets:				
Cash and cash equivalents	**$ 703,483**	**45,666,617**	$ 318,543	20,678,227
Accounts Receivable				
Customers net	**47,905,737**	**3,109,800,886**	15,520,927	1,007,540,976
Related parties (note 8)	**6,193,975**	**402,081,868**	3,402,435	220,869,068
Employees	**14,832**	**962,829**	107,641	6,987,497
Inventories (note 3)	**182,214,649**	**11,828,463,938**	184,555,995	11,980,452,426
Deferred tax asset (note 6)	**814,063**	**52,844,893**	1,946,868	126,380,958
Prepaid expenses and deposits	**9,251,139**	**600,537,700**	4,924,534	319,676,156
Total Current Assets	**247,097,878**	**16,040,358,732**	210,776,944	13,682,585,308
Investments in wholly-owned subsidiaries	**1,000,000**	**64,915,000**	11,348	736,684
Property and equipment, net	**8,060,232**	**523,229,986**	5,013,271	325,436,505
Total Assets	**$256,158,110**	**16,628,503,719**	$215,801,564	14,008,758,497
LIABILITIES AND STOCKHOLDERS'S EQUITY				
Current liabilities:				
Accounts payable				
Related parties (note 8)	**$82,877,071**	**5,379,965,036**	$62,935,884	4,085,482,910
Other	**59,713,374**	**3,876,293,664**	42,199,043	2,739,350,896
Bank overdrafts	**2,999,574**	**194,717,323**	2,328,456	151,151,731
Accrued Expenses	**21,019,155**	**1,364,458,468**	28,582,322	1,855,421,435
Note payable (note 10)	**65,600,000**	**4,258,424,000**	58,700,000	3,810,510,500
Total current liabilities	**232,209,173**	**15,073,858,490**	194,745,705	12,641,917,472
Total liabilities	**232,209,173**	**15,073,858,490**	194,745,705	12,641,917,472
Stockholder's equity				
Common stock ($.25 par value; 60,000,000 shares authorized and 56,000,000 issued, changed from $.10 par with 45,000,000 issued)	**14,000,000**	**908,810,000**	14,000,000	908,810,000
Retained Earnings	**9,948,937**	**645,835,228**	7,055,858	458,031,025
	23,948,937	**1,554,645,228**	21,055,858	1,366,841,025
Total liabilities and stockholder's equity	**$256,158,110**	**16,628,503,719**	$215,801,564	14,008,758,497

STATEMENT OF INCOME FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018		2017	
	U.S. $	**INR**	U.S. $	INR
Revenues:				
Sales of tractors and parts $	**617,181,126**	**39,837,380,067**	$ 547,349,787	35,329,955,120
Less retail sales incentives	**41,630,982**	**2,687,167,799**	34,266,860	2,211,833,573
Total revenues	**575,550,144**	**37,150,212,267**	513,082,927	33,118,121,548
Cost of sales:				
Tractors and parts	**436,523,435**	**28,176,412,471**	399,627,300	25,794,866,302
Other direct costs	**27,466,604**	**1,772,895,325**	24,257,105	1,565,730,842
Total cost of sales	**463,990,039**	**29,949,307,796**	423,884,405	27,360,597,144
Gross profit	**111,560,106**	**7,200,904,472**	89,198,521	5,757,524,403
General and administrative expenses:				
Advertising and marketing expenses	**12,194,770**	**787,139,590**	10,766,260	694,933,087
Other general and administrative expenses	**91,439,723**	**5,902,187,929**	70,250,707	4,534,494,006
Total general and administrative expenses	**103,634,493**	**6,689,327,519**	81,016,967	5,229,427,092
Income from operations	**7,925,613**	**511,576,953**	8,181,554	528,097,311
Other Income (expense)				
Interest expense	**(2,107,484)**	**(136,032,418)**	(1,666,094)	(107,541,889)
Other Income	**62,535**	**4,036,485**	19,709	1,272,180
Gain (loss) on disposal of assets	**145,973**	**9,422,133**	29,961	1,933,893
Total other income (expense), net	**(1,898,976)**	**(122,573,800)**	(1,616,424)	(104,335,817)
Net income before income taxes	**6,026,636**	**389,003,153**	6,565,130	423,761,494
Income tax expense (benefit):				
Current Tax	**1,440,753**	**92,996,713**	1,808,529	116,735,670
Deferred Tax	**1,132,805**	**73,119,513**	(33,586)	(2,167,886)
Net income $	**3,453,079**	**222,886,927**	$ 4,790,188	309,193,710

STATEMENT OF STOCKHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	U.S. $			
	Shares	**Common Stock Amount**	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2016	56,000,000	$ 14,000,000	$ 2,545,670	$ 16,545,670
Dividend paid to parent			(280,000)	(280,000)
Net income			4,790,188	4,790,188
Balance -				
March 31, 2017	56,000,000	$ 14,000,000	$ 7,055,858	$ 21,055,858
Dividend paid to parent			(560,000)	(560,000)
Net income			3,453,079	3,453,079
Balance -				
March 31, 2018	**56,000,000**	**$ 14,000,000**	**$ 9,948,937**	**$ 23,948,937**

	INR			
	Shares	**Common Stock Amount**	Retained Earnings	Total Stockholder's Equity
Balance -				
March 31, 2016	56,000,000	$ 908,810,000	$ 165,252,168	$ 1,074,062,168
Dividend paid to parent			(18,176,200)	(18,176,200)
Net income			310,955,025	310,955,025
Balance -				
March 31, 2017	56,000,000	$ 908,810,000	$ 458,031,025	$ 1,366,841,025
Dividend paid to parent			(36,352,400)	(36,352,400)
Net income			224,156,598	224,156,598
Balance -				
March 31, 2018	**56,000,000**	**$ 908,810,000**	**$ 645,835,223**	**$ 1,554,645,223**

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Increase (decrease) in cash and cash equivalents)

	2018		2017	
	U.S. $	**INR**	U.S. $	INR
Cash flows from operating activities:				
Net Income	$ **3,453,079**	**224,156,598**	$ 4,790,188	310,955,025
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	**1,326,832**	**86,131,273**	1,010,508	65,597,118
Deferred income tax	**1,132,805**	**73,536,064**	(33,586)	(2,180,235)
Gain (loss) on disposal of assets	**(140,174)**	**(9,099,413)**	(20,461)	(1,328,217)
(Increase) decrease in:				
Accounts receivable - trade	**(35,176,349)**	**(2,283,472,711)**	(404,795)	(26,277,267)
Accounts receivable - employees	**92,809**	**6,024,668**	17,831	1,157,499
Inventories	**2,341,346**	**151,988,488**	(9,797,147)	(635,981,798)
Prepaid expenses	**(4,326,605)**	**(280,861,544)**	(1,246,280)	(80,902,266)
Increase (decrease) in:				
Accounts payable	**37,455,517**	**2,431,424,894**	2,107,006	136,776,294
Bank overdrafts	**671,117**	**43,565,592**	(3,986,944)	(258,812,470)
Accrued expenses	**(7,563,167)**	**(490,962,968)**	5,613,714	364,414,244
Net cash provided by (used in) Operating activities	**(732,790)**	**(47,569,059)**	(1,949,966)	(126,582,071)
Cash flows from investing activities				
Investment in wholly-owned subsidiaries	**(988,652)**	**(64,178,316)**	(1,348)	(87,505)
Dividend paid to parent	**(560,000)**	**(36,352,400)**	(280,000)	(18,176,200)
Capital expenditures	**(5,044,004)**	**(327,431,515)**	(2,074,541)	(134,668,829)
Proceeds from sale of assets	**810,386**	**52,606,180**	55,500	3,602,783
Net cash used in investing activities	**(5,782,270)**	**(375,356,051)**	(2,300,389)	(149,329,752)
Cash flows from financing activities:				
Note payable - net balance	**6,900,000**	**447,913,500**	4,200,000	272,643,026
Net cash used in investing activities	**6,900,000**	**447,913,500**	4,200,000	272,643,026
Net increase (decrease) in cash and cash equivalents	**384,940**	**24,988,390**	(50,355)	(3,268,797)
Cash and cash equivalents:				
Beginning of year	**318,543**	**20,678,227**	368,898	23,947,025
End of year	**703,483**	**45,666,617**	318,543	20,678,227

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

NOTE 1 – THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Mahindra USA, Inc. (the "Company") ("MUSA") was incorporated June 8, 1994 in the State of Texas, and commenced business on March 15, 1995. The Company is owned by Mahindra and Mahindra, Ltd. ("M&M"). M&M is a publicly traded corporation headquartered in Mumbai, India which, among other activities, manufactures farming equipment and automobiles. The Company sells tractors, parts, attachments and accessories in North America under wholesale distribution agreements. The Company's sales are to a network of 542 dealer locations throughout North America.

The Company formed a wholly owned subsidiary on December 18, 2013, Mahindra North American Technical Center, Inc., ("MNATC"), to design and develop complete prototype vehicle designs and related parts to facilitate M&M's expansion in the worldwide vehicle market. Effective April 1, 2015, the assets, liabilities, and business activities of MNATC was sold to another M&M subsidiary, Mahindra Vehicle Manufacturers Limited. Subsequently in October 2015, the United States Postal Services ("USPS") issued a solicitation for development of Next Generation Delivery Vehicle ("NGDV") prototypes, and MNATC responded in February 2016. In September 2016, MNATC was selected as one of six participants to develop these vehicles. MNATC contracted with another M&M subsidiary to provide design and engineering services for the NGDV prototypes. On March 27, 2017, M&M incorporated a new subsidiary, Mahindra Automotive North American, Inc. ("MANA") to acquire and own MNATC. The board of directors of MANA met on April 13, 2017 and approved the purchase of MNATC from the Company for $10,000 which was effective on May 1, 2017.

The Company formed another subsidiary on August 9, 2016, Mahindra Mexico S de. R.L. de. C.V. ("MML"), to assemble and sell tractors, parts, attachments and accessories in Mexico and Latin America. MML commenced commercial operations in July 2018.

The Company reported its investment in MNATC and MML at cost. Accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for using consolidated financial statements.

Financial Presentation in U.S. Dollars and Indian Rupees

Financial information in this report is shown in U.S. dollars ("$") and in Indian rupees ("INR"). For both March 31, 2018 and 2017, dollar amounts are translated for convenience into Indian rupees at a closing exchange rate of 64.9150 INR per dollar for assets and liabilities and an average exchange rate of 64.5170 INR per dollar for revenue and expenses. These rates originate from the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2018. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.

Significant Accounting Policies

Accounting method –

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, as noted above, the financial results of MNATC and MML, both being wholly owned subsidiaries, are not included in these financial statements.

Use of estimates –

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Receivables –

Receivables are stated at the amount invoiced for the sale to the various dealers. The is currently an allowance for uncollectible accounts of $550,281 (INR 35,721,511) and $1,222,686 (INR 79,370,666) at March 31, 2018 and March 31, 2017, respectively, which management considers sufficient to cover uncollectible accounts (see Note 2 for a discussion of dealer financing arrangements).

Revenue Recognition –

Revenue from the sale of tractors, parts, attachments and accessories is recognized when the ordered goods are invoiced to the dealer. Invoices are issued after credit approval and when the ordered items are ready for shipment. The Company participates in various retail incentives with its dealers. At the time a sale is recognized, the Company records an estimate of the future sales incentive costs for allowances and financing programs that will be due when a dealer sells the equipment to a retail customer. The estimate is based on historical data, announced incentive programs, field inventory levels, and retail sales volumes.

Inventories –

New tractors, parts, and accessories are stated at the lower of cost or market. Cost is determined by the moving average price.

Property and equipment –

Property and equipment are stated at cost. The cost of additions and improvements are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss on disposition is included in the statement of income. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable. No impairment charges were recorded during the years ended March 31, 2018 and 2017.

Depreciation is provided over the useful lives of the related assets using the straight-line method for financial reporting and the modified accelerated cost recovery method for tax purposes.

Income taxes –

Income for financial reporting purposes is different than income for income tax reporting purposes due principally from timing differences related to allowances for inventory valuation, allowance for doubtful accounts, depreciation and several expense accruals. Federal and state income tax returns for the Company are subject to examination for three years from the date of filling. Years open for examination are from March 31, 2015 to present.

Statement of cash flows –

For purposes of the statements of cash flows, the Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents.

Supplemental disclosure of cash flow information for the years ended March 31:

	2018		2017	
	$	**INR**	$	INR
Interest Paid	**2,107,484**	**136,032,418**	1,666,094	107,541,882
Taxes Paid	**2,073,326**	**133,827,611**	1,517,649	97,960,157

Advertising –

The Company subsidizes product advertising carried on by dealers within each dealer's local market, and conducts dealer conferences. The Company also advertises in trade magazines, at trade shows and uses various other means of promotions, including product brochures, to increase brand awareness and sale of products in the market. The Company capitalizes expenditures with extended advertising value and amortizes these costs over a period not exceeding twelve months. Expenditures without extended advertising value are expensed in the year incurred.

NOTE 2 – ACCOUNTS RECEIVABLE – CUSTOMERS

The Company's customers are the retail dealers authorized to sell Mahindra tractors. During the year ending March 31, 2018 and for the current fiscal year, the Company offered varying discounts for payments. There are various marketing programs throughout the year, including programs that offer all dealers interest free financing for varying number of days after date of purchase. The Company has also arranged for dealers to finance tractors purchased through commercial lenders who then remit payment directly to the Company.

NOTE 3 – INVENTORIES

Inventories were comprised of the following at March 31:

	2018		2017	
	$	INR	$	INR
Tractors	**127,392,663**	**8,269,694,719**	146,863,518	9,533,645,271
Parts Accessories and other	**54,821,986**	**3,558,769,219**	37,692,477	2,446,807,144
	182,214,649	**11,828,463,938**	184,555,995	11,980,452,415

NOTE 4 – ACCRUED EXPENSES

Expenses accrued for the years ending March 31, 2018 and March 31, 2017 include advertising, marketing program costs, retail rate buy-downs, cash discounts, state franchise taxes, payroll and payroll taxes, employee bonuses, salesmen and customer bonuses, legal fees, property taxes, insurance deductibles and warranty reserves. The Company participates in various retail incentives with its dealers and has accrued for the costs of these programs in effect as of the date of these financial statements.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at March 31:

	Est. Useful Life	2018		2017	
		$	INR	$	INR
Machinery & equip.	7 yrs	**1,569,506**	**101,884,494**	959,223	62,267,960
Office furniture & equip.	5-7 yrs	**2,923,025**	**189,748,152**	3,895,437	252,872,293
Leasehold improvements	9 yrs	**2,770,311**	**179,834,720**	3,165,454	205,485,446
Intangible - Software	3 yrs	**1,510,712**	**98,067,886**	59,264	3,847,132
Vehicles	5 yrs	**272,344**	**17,679,221**	375,434	24,371,298
Capital work in Progress	5 yrs	**4,254,774**	**276,198,643**	682,770	44,322,007
		13,300,672	**863,413,116**	9,137,582	593,166,137
Less-accumulated depreciation		**5,240,439**	**340,183,098**	4,124,311	267,729,649
		8,060,232	**523,230,018**	5,013,271	325,436,488

Depreciation expense was $1,326,832 (INR 85,643,433) and $1,010,508 (INR 65,225,571) for the years ended March 31, 2018 and 2017, respectively.

NOTE 6 – INCOME TAXES

The components of the provision income tax benefit for federal income taxes is as follows for the period ended March 31:

	2018		2017	
	$	INR	$	INR
Current income tax expense	**1,440,752**	**92,996,685**	1,808,529	116,735,678
Deferred income tax (benefit)	**1,132,805**	**73,119,540**	(33,586)	(2,167,886)
Total income tax expense	**2,573,558**	**166,116,226**	1,774,943	114,567,792

The Company calculates income tax benefit based upon the maximum federal income tax rate. During the year, the federal income tax rate was reduced to 21% from 34% effective January 1, 2018. The Company has calculated tax on a pro rata rate of 30.75%.

The deferred tax asset recognized at March 31, 2018 and 2017 in the amounts of $814,063 (INR 52,844,893) and $1,946,868 (INR 126,380,958), respectively, represent future deferred tax deductions for various expenses, including slow moving inventory, warranty reserves and allowance for uncollectible accounts receivable.

Due to changes in the federal tax laws, the deferred tax asset for fiscal year 2018 was calculated at the new maximum federal income tax rate of 21%, resulting in an increase of deferred tax expense of $ 503,943 (INR 32,713,492) because of change in rate.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Company adopted a 401(k) retirement plan effective April 1, 1998. All of the Company's employees who are at least 18 years of age are eligible at the beginning of the following month upon completion of 6 months of employment after their hire date to participate in a 401(k) profit sharing plan (the "Plan"). In most cases, qualified rollovers are accepted before an employee reaches eligibility. In 2018, eligible employees may make contributions up to the maximum limit of $18,500 (INR 1,194,125) for participants under the age of 50 and $24,500 (INR 1,581,409) for participants 50 and older. The Plan provides for matching contributions by the Company in an amount equal to the employee contributions for the first 3% of eligible contributions and 50% for the percentages 4 and 5 for a maximum of 4% employer matching. Employee contributions and employer matching contributions are invested in mutual funds. The Company's contributions for the years ended March 31, 2018 and 2017 were $216,278 (INR 13,960,148) and $174,892 (INR 11,288,808), respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Company purchases tractors and parts from related parties, including M&M and Mitsubishi Mahindra Agricultural Machinery, on an open accounts, which is paid when due. Accounts payable are net of amounts the Company has paid for warranty claims and legal fees. The Company has the following payables.

	March 31, 2018		March 31, 2017	
	$	INR	$	INR
Mahindra and Mahindra Ltd. Farm Equipment Sector	**52,912,486**	**3,434,814,006**	43,706,686	2,837,219,522
Mitsubishi Mahindra Agricultural Machinery Co., Ltd	**29,466,023**	**1,912,786,869**	18,998,202	1,233,268,283
Mahindra and Mahindra Ltd. Head Office	**462,528**	**30,025,014**	200,716	13,029,479
Mahindra and Mahindra Ltd. Auto Sector	**1,853**	**120,287**	–	–
Mahindra Tractor Assembly, Inc.	**34,181**	**2,218,860**	30,280	1,965,626
	82,877,071	**5,379,965,036**	62,935,884	4,085,482,910

In addition, the Company conducts business and records transactions with related parties for goods and services. As a result, the Company has the following receivables.

	March 31, 2018		March 31, 2017	
	$	INR	$	INR
Mahindra and Mahindra Ltd. Farm Equipment Sector	**2,697,945**	**175,137,096**	2,333,540	151,481,749
Mahindra Mexico S de RL de CV	**3,101,070**	**201,305,964**	663,492	43,070,583

	March 31, 2018		March 31, 2017	
	$	**INR**	$	INR
Mahindra and Mahindra Financial Services, Ltd.	**296,320**	**19,235,592**	19,974	1,296,612
Mahindra and Mahindra Ltd. Auto Sector	**59,529**	**3,864,325**	126,006	8,179,679
Mahindra Automotive Australia Pty Ltd.	**38,794**	**2,518,313**	259,423	16,840,444
Mahindra do Brasil Industrial Ltd.	**317**	**20,578**	–	–
	6,193,975	**402,081,868**	3,402,435	220,869,068

The Company's purchases of tractors and parts from M&M and Mitsubishi Mahindra Agricultural Machinery for the years ended March 31, 2018 and 2017 were $157,912,111 (INR 10,192,801,617) and $161,133,366 (INR 10,400,724,955), respectively.

NOTE 9 – CASH BALANCES IN EXCESS OF INSURED LIMITS

The Company maintains cash and cash equivalent balances at two financial institutions. The accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. The balances in excess of this coverage are uninsured. The bank balances at March 31, 2018 exceeded the insured amount by $201,157. The bank balance at March 31, 2017 did not exceed the insured amount.

NOTE 10 – NOTES PAYABLE

At March 31, 2018 and 2017, the Company has an available credit facility in the form of a revolving note in the amount of $80,000,000 (INR 5,193,200,000) with Bank of America. This note bears interest at Libor plus 1.75%. Additionally, the Company entered into another credit facility in the form of a revolving note in the amount of $20,000,000 (INR 1,298,300,000) with JP Morgan Chase in January of 2015 with the same terms. At March 31, 2018, the outstanding loan balances were $45,600,000 (INR 2,960,124,000) with Bank of America and $20,000,000 (INR 1,298,300,000) with JP Morgan Chase resulting in a total of $65,600,000 (INR 4,258,424,000). At March 31, 2017, the outstanding loan balances were $42,500,000 (INR 2,758,887,500) with Bank of America and $16,200,000 (INR 1,051,623,000) with JP Morgan Chase resulting in a total of $58,700,000 (INR 3,810,510,500). The Bank of America credit facility matures on March 31, 2019. The JP Morgan Chase credit facility matures on January 26, 2019.

Bank of America issued an irrevocable standby letter of credit for $20,000,000 (INR 1,298,300,000) on behalf of the Company payable to De Lage Landen Financial Services, Inc., an unrelated organization offering financing to the Company's dealers in USA and Canada, plus dealers of related entities in Mexico and Brazil as a credit enhancement.

NOTE 11 – LEASES

The Company entered into a lease covering a 130 month period for an office and warehouse on August 11, 2011. Additional warehouse space was subsequently leased. Total rent expense for all operating leases for 2018 and 2017 were $1,919,395 (INR 123,891,780) and $1,554,916 (INR 100,365,641), respectively.

The Company entered into a master lease agreement for their vehicle fleet.

Future minimum lease payments under the non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

March 31	$	INR
2019	3,078,213	198,690,354
2020	2,873,741	185,492,212
2021	2,728,933	176,145,292
2022	2,631,579	169,861,359
2023	2,251,733	145,343,329
Thereafter	5,274,839	340,476,624
Total	18,839,038	1,216,009,171

NOTE 12 – ASSEMBLY AND SERVICE AGREEMENT

The Company has entered into agreements with dealerships in Chattanooga, TN, Bloomsburg, PA, Lyons, KS, Olivehurst, CA and Adstock, Quebec (collectively the "Assemblers") for the final assembly of tractors imported from various manufacturers overseas, including M&M. These agreements stipulate that the Assemblers are to assemble the tractors in accordance with procedures provided by the Company so that the tractors are ready for sale to dealers. The Assemblers are required to employ qualified personnel to perform the duties required by the Company. The Assemblers store inventory owned by the Company in a secure location. The Assemblers are paid based on a piecemeal basis at various rates depending on the respective model and related accessories. These rates are reviewed and negotiated at regular intervals.

NOTE 13 – CONTINGENT LIABILITY

The State of Texas conducted an audit of the Company's franchise tax returns for the years of 2008 through 2011. The results of the audit were issued in April 2013, and additional taxes were assessed. The Company requested judicial review of the findings noted by the State of Texas, and the State prevailed. The Company disagrees with the results of the audit and intends to vigorously challenge the amounts assessed. The Company has paid $654,060 (INR 42,458,305) which is inclusive of the penalty and interest under protest. This amount is recorded as an asset with an appropriate accrual for future tax liability in case of unfavorable verdict.

The Company is involved in various proceedings which are considered ordinary litigation incident to its business. In management's opinion, none of the current litigation will have a materially adverse effect on the Company's financial position.

NOTE 14 – DIVIDEND TO PARENT

The Company's Board of Directors declared a dividend of $840,000 (INR 54,528,600) on April 23, 2018 payable to Mahindra & Mahindra Limited. The Company had declared a dividend of $560,000 (INR 36,352,400) for Fiscal Year 2017 in the board meeting held in April 2017.

NOTE 15 – DATE OF MANAGEMENT'S REVIEW

The Company's management reviewed and evaluated subsequent events through May 22, 2018, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheets dated March 31, 2018 and 2017 that would require adjustments to, or disclosure in, the financial statements.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the period ended 31st March 2018.

Financial Highlights for Mahindra México, S. De R.L. De C. V.:

Income	**80,983**	**281,821**	**0**	**0**
Profit /(Loss) before tax	**(12,676)**	**(44,112)**	**(4,733)**	**(16,471)**
Profit / (Loss) after tax	**(11,688)**	**(40,676)**	**(3,853)**	**(13,408)**

Mexico is 11th largest economy in terms of purchase power parity. Economy is facing some degree of uncertainty on account of uncertainty on the future of NAFTA and also on account of the upcoming Presidential elections. Mexico has 13% of land under cultivation with 14% of work force in agricultural sector.

Mahindra & Mahindra Limited, India manufactures tractors suitable to Mexico market requirement. To explore business in Mexico the company was formed on August 8, 2016. The Company commenced commercial operations in July 2018. During the year your company sold 172 tractors. Your company signed up 14 dealers during the fiscal.

Your company is committed to expanding the foot print in Mexico and Central America and is taking steps in that direction in Fiscal 2019.

Mr. Mani Iyer
Chairman

11th May, 2018
United State of America

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders´ Meeting of
Mahindra Mexico, S. de R.L. de C. V.
(A 99% wholly owned Subsidiary of Mahindra USA Inc.)

Report on the Audit of the pre-operating stage financial statements.

Opinion.

1. We have audited the financial statements of Mahindra México, S. de R. L. de C. V., (the Company), which comprise statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in shareholders and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mahindra Mexico, S. de R. L. de C. V., as of at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRSs).

Basis for Opinion.

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mexico and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

4. Management is responsible for the preparation and fair presentation of the financial statements in accordance with MFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

5. In preparing the financia! statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern including the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

6. Those charged with governance are responsible for overseeing the Company's financia! reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

7. Our objectives are to obtain reasonable assurance about whether the financia! statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high leve! of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financia! statements.

8. A further description of our responsibilities for the audit of the financia! statements is included in appendix 1 of this auditor's report. Such description, forms part of our independent auditor's report.

Other Matters.

9. As mention in Note 2g, for consolidation purposes and for convenience of the users in India a con ven ience translation of the financia! statements as of March 31, 2018 has been performed. A convenience translation is used for practica! purposes when an entity displays its financia! statements or other financia! information in a currency that is different from either its functional currency or its presentation currency simply by translating ali amounts at end-of-period exchange rates. A result of making a convenience translation is that the resulting financia! information does not comply with ali Generally Accepted Accounting Principies. Amounts in Mexican pesos may not represent its current value in Indian rupees.

April 19, 2018,

Mexico City, Mexico.

APPENDIX I

Further description of Auditor's Responsibilities for the Audit of the Pre-Operating Stage Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the pre-operating stage financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

April 19, 2018,
Mexico City, Mexico.

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2018

(In Mexican pesos / In Indian rupees INR)

	Note				
Assets					
Current assets					
Cash and cash equivalents		$	1,644,650	INR	5,805,616
Trade receivables, net	(5)		73,958,874		261,074,825
Inventory	(6)		115,796,882		408,762,993
Recoverable Value Added Tax			2,515,024		8,878,035
Due from related parties			115,853		408,961
Total current assets			194,031,283		684,930,430
Non-current assets					
Furniture and equipment	(7)		470,261		1,660,021
Other long-term assets			872,323		3,079,300
Deferred income asset tax	(12)		1,867,479		6,592,201
Total Assets		$	197,241,346	INR	696,261,952
Liabilities					
Current liabilities					
Suppliers	(8)	$	10,035,137	INR	35,424,034
Bank loans	(9)		34,460,000		121,643,800
Due to related parties	(10)		144,530,480		510,192,594
Other payables			5,224,590		18,442,803
Total liabilities		$	194,250,207	INR	685,703,231
Stockholders' deficit					
Common stock	(14)	$	18,532,800	INR	65,420,784
Accumulated deficit			(3,853,236)		(13,601,923)
Net loss for the year and for pre-operating stage period			(11,688,425)		(40,675,719)
Foreign currency exchange loss			–		(584,421)
Total Stockholders' equity			2,991,139		10,558,721
Total liabilities and Stockholders' deficit		$	197,241,346	INR	696,261,952

See notes to the financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2018

	Note	(In Mexican pesos	/ In Indian rupees INR)
Net sales		$ 80,983,120	INR 281,821,258
Cost of sales		(61,628,746)	(214,468,036)
Gross profit		19,354,374	67,353,222
Expenses:			
Administrative expenses		(15,926,871)	(55,425,511)
Selling expenses		(16,657,691)	(57,968,765)
		(13,230,188)	(46,041,054)
Integral result financing			
Foreign exchange gain, net		554,118	1,928,331
Other income.		66	230
		554,184	1,928,561
Loss before income taxes		(12,676,004)	(44,112,493)
Income taxes- Deferred income asset tax expense		987,577	3,436,768
Net loss the year and the pre operating stage period		$ (11,688,427)	INR (40,675,725)

See notes to the financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' FOR THE YEAR ENDED MARCH 31, 2018

(In Mexican pesos / In Indian rupees INR)

	Common Stock	Contribution for future capital increase	Accumulated deficit	Stockholder´s total
Balances as of March 31, 2017	$ 10,000	$ 15,000	$ –	$ 25,000
Application of capital increase	15,000	(15,000)	–	–
Common Stock increase	18,507,800	–	–	18,507,800
Cumulative results	–	–	(3,853,236)	(3,853,236)
Comprehensive income	–	–	(11,688,425)	(11,688,425)
Balances as of March 31, 2018	$ **18,532,800**	$ –	$ **(15,541,661)**	$ **2,991,139**

	Common Stock	Contribution for future capital increase	Loss for the pre-operating stage the period	Stockholder´s total
Balances as of March 31, 2017	INR 35,300	INR 52,950	INR –	INR 88,250
Application of capital increase	52,950	(52,950)	–	–
Common Stock increase	65,332,534	–	–	65,332,534
Cumulative results	–	–	(13,601,923)	(13,601,923)
Comprehensive income	–	–	(40,675,719)	(40,675,719)
			(584,421)	(584,421)
Balances as of March 31, 2018	INR **65,420,784**	INR –	INR **(54,862,063)**	INR **10,558,721**

See notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR THEN ENDED MARCH 31, 2018

	(In Mexican pesos $ / In Indian rupees INR)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes	$	(12,676,002)	INR	(44,746,287)
Items to reconcile to cash flow in operating activities				
Depreciation		106,945		377,516
Amortization		334,366		1,180,312
Total		(12,234,691)		(43,188,459)
(Increase) decrease in:				
Accounts Receivable		(73,958,874)		(261,074,825)
Inventory		(105,580,396)		(372,698,798)
Recoverable VAT		(1,976,218)		(6,976,050)
Due from related parties		(115,853)		(408,961)
Increase (decrease) in:				
Suppliers		6,934,678		24,479,413
Due to Related Parties		132,147,717		466,481,441
Other payables		5,219,382		18,424,418
Net cash used in operating activities		(49,564,255)		(174,961,820)
Investment activities				
Machinery and equipment, net		(577,206)		(2,037,537)
Other long-term assets		(1,206,689)		(4,259,612)
Net cash flows from investment activities		(1,783,895)		(6,297,149)
Excess cash to apply in financing activities		(51,348,150)		(181,258,970)
FINANCING ACTIVITIES:				
Bank loans		34,460,000		121,643,800
Common stock		18,507,800		65,332,534
Increase in cash and cash equivalents		1,619,650		5,717,365
Cash at the beginning of the period		25,000		88,250
Cash at the end of the period	$	1,644,650	INR	5,805,615

See notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED AT MARCH 31, 2017

(These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers)

NOTE 1.- ACTIVITY OF THE COMPANY

Mahindra Mexico, S. de R. L. de C. V., (the Company) was incorporated on August 8, 2016 in accordance with Mexican law by public deed number 128,847 in México City, the Company `s activities, among others activities, distribution, purchase and sale of all types of tractors, tools for transverse vehicles, as well as accessories and components. As of July 2017 the Company start commercial operations.

Mahindra Mexico, S. de R. L. de C. V., is a 99% wholly owned subsidiary of Mahindra USA Inc. a company incorporated in the United States of America (USA).

NOTE 2.- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) The Company prepares the financial statements in accordance with the Mexican Financial Reporting Standards (NIF for its acronym in Spanish), which are mandatory for all for-profit entities. These financial reporting standards are issued by the Mexican Council of Financial Information Standards, A.C. (CINIF for its acronym in Spanish).

b) Monetary unit of the financial statements - Financial statements and notes as of March 31, (beginning of operations period), were determined and presented in Mexican pesos of distinct purchasing power.

c) The accumulated inflation of the three previous years at March 31, 2016, has been less than 26%, so in accordance with the Mexican Financial Reporting Standards, corresponds to a non-inflationary economic environment in both years and consequently, the effects of inflation are not recognized in the financial statements.

d) Statement of income. The Company presents this financial statement by grouping the expenses by function, because that is the practice of the sector in which the Entity operates. In addition to the provisions of the NIF B-3, the line item "Operating profit", as the Entity considers that it is a relevant fact for the users of its financial information.

e) Statement of cash flows. The Company prepares this financial statement using the indirect method, the operating activities cash flows are determined based on utility or loss before tax income; This amount increased or decreased by the effects of the items associated with investment activities, financing activities and changes that have occurred in the period related to the working capital.

f) The functional currency of the Company is the dollar (USD) since their main transactions are agreed and carried out in such currency, however, by the fact of which the Company operates in Mexico, the currency of recording and reporting for legal and tax purposes is the Mexican peso, by which, in accordance with the NIF B-15 and the interpretation "INIF-15", the financial statements and accompanying notes have been prepared in Mexican pesos without prior conversion to the functional currency.

g) For consolidation purposes and the for convenience of the users in India a convenience translation of the financial statements as of March 31, 2017 and for the period from August 8, 2016 to March 31, 2017 has been performed. A convenience translation is used for practical purposes when an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency simply by translating all amounts at end-of-period exchange rates. A result of making a convenience translation is that the resulting financial information does not comply with all Generally Accepted Accounting Principles. Amounts in Mexican pesos may not represent its current value in Indian rupees.

h) The issuance of the financial statements was approved by Hetal Shah, Director, on April 19, 2018.

In accordance with the Genera Corporations Law and the bylaws of the Company, the stockholders are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders´ Meeting for approval.

NOTE 3.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed the Company in the preparation of these pre-operating stage financial statements, are in accordance with NIF, and are as follows:

a) Cash and cash equivalents -

Cash in banking accounts in Mexican pesos are expressed at their nominal value. The amounts of cash equivalents denominated in foreign currency and short term investments are expressed at their fair value.

b) Financial risk management -

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Financial risk management policies

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk.- Accounts receivable, other accounts receivable and accounts receivable with related parties-

The Company's exposure to credit risk maybe significant since a substantial percentage attributable to sales with a single customer occurs.

A credit policy has been implemented for each customer establishing purchase limits, which represent the maximum open amount that does not require the approval of the Board.

Liquidity risk.- Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing its liquidity consists of ensuring, insofar as possible, that it will have sufficient liquidity to settle its liabilities at the date of maturity, both in normal situations and in extraordinary conditions, without incurring unacceptable losses or jeopardize the reputation of the Company.

Market risk.- Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will can affect the Company's income.

Currency risk.- The exchange rate risk arises when the Company carries out operations and maintains monetary assets and liabilities in currencies other than its functional currency.

Interest rate risk.- Fluctuations in interest rates mainly impact the loans contracted by the Company, as well as long term Accounts Receivable. Management does not have a formal policy to determine how much of the Company's exposure should be at a fixed or variable rate.

c) Accounts receivable and revenue recognition -

Sale of goods.- The Company recognizes enforceable rights derived from the sale and transfer of the risks and benefits of products, which regularly happens to the delivery or shipment them to customers or related parties.

Revenue and receivables are recorded net of estimates for returns and doubtful accounts, respectively.

d) Inventories (Note 5) and cost of sales.

Inventories are stated at lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling and storage cost. Cost of inventories (tractors) are determinate by using the identified cost method.

g) Equipment and depreciation).

Equipment accounts are stated at historical cost of acquisition and modified by the cumulative effects of inflation on the financial information recognized up to December 31, 2007 and they are presented net of accumulated depreciation and/or accumulated impairment losses, -if any-. The borrowing costs related to the acquisition are capitalized as part of the cost of that asset. As stated in note 2, since fiscal years started January 1 2008, it is not required to recognize the effects of inflation.

Maintenance and repairs are expensed as incurred; other disbursements, which materially add value to the property, are capitalized. Gains or losses on dispositions of property and equipment are added as income.

	%
Equipment	10
Fixtures and office equipment	10
Computer equipment	30
Installation costs	*

*In accordance with the period of the property rental agreement

e) Accruals.–

Are determined and recorded when the Company has a present obligation as a result of a past event, which is likely to result in the outflow of economic resources and which can reasonably be estimated

f) Income Taxes -

Income Tax (ISR for its acronym in Spanish) is recorded in the results of the year in which it is caused.

The Company recognizes current and deferred taxes in accordance with NIF D-4 “Income tax”, that requires deferred taxes be recognized for all temporary differences between the tax basis of an asset or

liability that will result in taxable or deductible amounts in future years when the reported amount of the asset or liability is recovered or settled, respectively. Deferred tax assets and liabilities represent the future effects on income taxes that result from temporary differences and loss carry forwards that exist at the end of a period. Deferred tax assets and liabilities are measured using enacted tax rates and provisions of the enacted tax law and they are not discounted to reflect the time-value of money.

f) Prepaid expenses

Mainly includes advances for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

g) Foreign currency transactions -

Foreign currency transactions are recorded at the exchange rate at the date on which they are carried out. Foreign currency denominated assets and liabilities are stated in local currency at the current exchange rate at the closing date. Foreign exchange differences resulting from exchange rate fluctuations between the dates on which transactions are carried out and the dates on which they are liquidated or valued at the balance sheet date are charged as income of the year.

NOTE 4.- FOREIGN CURRENCY POSITION

As of March 31, 2018, the exchange rate was $ 18.3445 Mexican pesos per USD dollar (INR 3.53 per Mexican pesos).

As of April 19, 2018, the date of issuance of these audited financial statements, the exchange rate is $17.9787 Pesos per USD dollar (INR 3.53 per Mexican pesos).

The figures shown below are expressed in US dollar (USD), as the foreign currency of predominant use for the company:

Liabilities				
Due to Related parties	USD	280,999	INR	18,196,388
Suppliers		7,614,928		492,572,655
Monetary positions, Net	USD	7,895,927	INR	510,769,043

The figures for significant transactions are summarized below in foreign currency:

Tractor purchases	USD	7,779,329	INR	503,758,908

NOTE 5.- TRADE RECEIVABLES

As of March 31, 2018 is as follows:

Brises Machinery, S de R.L. C.V.	$	10,983,256	INR	38,770,894
Grupo Quimia Maquinaria y Equipos, S.A. de C.V.		6,242,312		22,035,361
Grupo Febra, S.A. de C.V.		18,871,169		66,615,227
Kompaktar, S.A. de C.V.		8,722,036		30,788,787
Sinomach del Norte, S.A. de C.V.		5,409,932		19,097,060
Others		23,730,169		83,767,497
	$	73,958,874	INR	261,074,826

The Company is in the process of establishing a criteria for the determination of a reserve for doubtful accounts as required.

NOTE 6.- INVENTORY

As of March 31, 2018 is as follows:

Tractors Mahindra	$	90,450,970	INR	319,291,924
Inventory in transit		16,696,200		58,937,586
Expenses		7,996,271		28,226,837
Other		653,441		2,306,646
	$	115,796,882	INR	408,762,993

As of March 31, 2018 and the issuance date of these financial statement management considers that it is not required to establish create a reserve for obsolete or slow moving inventory.

The tractors are located in three different states of México: Guanajuato, Sinaloa and Aguascalientes. Tractors were used for product validation for local crops, conditions and on loan to farmers in different areas to accumulate hours under normal farming conditions in Mexico. Management considers that these tractors should be part of the inventory.

NOTE 7.- FURNITURE AND EQUIPMENT

As of March 31, 2018 is as follows:

Office machinery and equipment	$	134,037	INR	473,150
Computer equipment		443,170		1,564,390
	$	577,207	INR	2,037,540
Accumulated depreciation		(106,946)		(377,519)
	$	470,261	INR	1,660,021

NOTE 8.- SUPPLIERS

As of March 31, 2017 is as follows:

National Suppliers				
Randolph Manufacturing, S. de R.L. MI de C.V.	$	506,703	INR	1,788,662
Offidirect, S.A. de C.V.		143,625		506,996
Renta Tur S.A. de C.V.		122,094		430,992
Tecnologia y Manufactura, S.A. de C.V.		654,185		2,309,273
Adilub, S.A. de C.V.		757,992		2,675,712
Others suppliers		1,232,498		4,350,718
		3,417,097		12,062,353

Suppliers in foreign currency

Meridian IQ Logistics S.A. de R.L. de C.V.		5,145,760		18,164,533
Other suppliers in foreign currency		1,472,280		5,197,148
	$	10,035,137	INR	35,424,034

The main suppliers correspond to service providers.

NOTE 9.- BANK LOANS

As of March 31, 2017 is as follows:

Banco Nacional de México, S.A.

Promissory note, conclude on September 5, 2018. The agreed annual interest rate was 10.11%	$	24,960,000	INR	88,108,800
Promissory note, conclude on September 21, 2018. The agreed annual interest rate was 10.11%		9,500,000		33,535,000
	$	34,460,000	INR	121,643,800

NOTE 10.- DUE TO RELATED PARTIES

As of March 31, 2018, the Company had balances (pay for) with related parties. The following is information on the balances (payable) as of March 31, 2018:

Due to related parties:

Tractors sales	$	115,853	INR	408,961
	$	115,853	INR	408,961

In order to facilitate the Company operations, has established a "Reimbursement agreement" with Mahindra USA Inc. (MUSA). Reimbursement agreement was agreed to facilitate the operations of the Company, on occasions which arise and which may be difficult to predict, it may be necessary or expeditious for MUSA to make financial expenditures on behalf of the Company.

On presentation by MUSA of a claim in this regard, presented with appropriate supporting documents, the Company have to pay such claim within 90 days of receipt of such claim. This transaction will not cause interest. Contracts between related parties are controlled from the Company's Corporate. Quotas between related parties are negotiated at the corporate level.

NOTE 11.- EMPLOYEE BENEFITS

The personnel assigned to the Company works for an outsourcing, for that reason it does not recognize labor obligations

NOTE 12.- INCOME TAXES

Among the accounting and tax criteria there are items that cause that the real rate of income tax for the year is affected in relation to the rate that tax provisions are setting (30% 2017 and 2016). The main differences between tax and accounting results are mainly due to different treatment of the effects of inflation for accounting and tax purposes, to the difference between the tax and book depreciation purposes. A conciliation of the legal Income Tax rate and the effective income tax rate is shown below:

Expense (benefit):

Deferred income tax – (benefit) expense	$	1,867,479	INR	6,592,201
Income Tax expense, net	$	1,867,479	INR	6,592,201

Deferred Income Tax:

Payable sales commissions	$	3,289,356	INR	11,611,427
Extended Warranty		1,026,100		3,622,133
Carryforward Tax Loss (NOL)		1,909,475		6,740,447
		6,224,931		21,974,007
		30%		30%
Deferred Income Tax (assets)		1,867,479		6,592,201
Deferred tax at the beginning of the period		(879,902)		(3,106,054)
Deferred income tax expense	$	987,577	INR	3,486,147

Gross Loss	$	(21,221,854)	INR	(74,913,145)
Annual adjustment for inflation		10,207,111		36,031,102
Other non-accounting tax revenues		38		134
Accounting sale cost		31,550,922		111,374,755
Expenses that do not meet requirements		613,057		2,164,091
Exchange loss		11,505,033		40,612,766
Cost of tax sale		(31,550,922)		(111,374,755)
Investment deduction		(79,814)		(281,743)
Other non-tax accounting income		(38)		(134)
Taxable income		1,023,533		3,613,071
Amortization of fiscal losses		1,023,533		3,613,071
Fiscal result for the year	$	–	INR	–

NOTE 13.- CONTINGENCIES

1. As of March 31, 2018 the Company has Value Added Tax (VAT) pending to pay for the following periods October 2017 $ 9,630, November 2017 $ 4,440, January 2018 $ 127, February 2018 $ 5,856 and March 2018 $ 1,308, total $ 21,361.

   At the time of payment, the Company must pay the taxes plus fines and increases for financing.

2. For operations with foreign related parties, tax differences may arise if the tax authority, when reviewing said operations, considers that the prices and amounts used by the Company are not comparable to those used with or between independent parties in comparable operations.

   In the event that the tax authorities examine the transactions and reject the prices of the related parties, they could evaluate the additional taxes plus the related inflation adjustment and interest, in addition to fines of up to 100% of the taxes omitted.

NOTE 14.- COMMON STOCK AND CONTRIBUTION FOR FUTURE CAPITAL INCREASE

The subscribed and paid-in capital stock is composed of a fixed minimum portion of $10,000 (INR34,600) (figure nominal), And is represented by 2 social parts: one with a total value of $ 9,900, representing ninety-nine percent of the minimum fixed capital and the other social part representing the fixed capital with total value of $100 (INR 346), representing one per cent of the minimum fixed capital.

In accordance with the shareholders resolution dated March 23, 2018 it was agreed to increase the social capital for an amount of $ 18,507,800 increase which is presented as part of shareholders equity.

NOTE 15.- NEW ACCOUNTING PRONOUNCEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017:

Improvements to NIF 2017:

The CINIF, has issued the following improvements to NIF applicable for the year 2017:

SECCIÓN I. Improvements to NIF that generate accounting changes.

NIF B-2 Cash flows statement

NIF B-10 Inflationary effects

NIF C-6 Property, plant and equipment

NIF C-8 Intangibles

NIF C-14 Transfer and disposal of financial assets

SECTION II. Improvements to NIF that do not generate accounting changes.

NIF B-7 Business acquisition

NIF B-15 Foreign currency exchange

NIF C-3 Accounts receivable

NOTE 16.- NEW ACCOUNTING PRONOUNCEMENTS FOR 2018 AND SUBSEQUENT YEARS

NIF B-17 Fair value

NIF C-3 Accounts receivable

NIF C-9 Accruals, contingencies and commitments

NIF D-1 Revenue from contracts with customers

NIF D-2 Costs for contracts with customers

NIF D-5 Leasing

Improvements to NIFs that do not generate accounting changes.

NIF C-3, Accounts Receivable

At the date of issuance of these financial statements, the Company is in the process of determining the effects of these new standards on its financial information.

The Company believes that these provisions will not have material effects on the presentation of its financial statements and disclosures in the explanatory notes.

The accompanying notes are part of these financial statements.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the period ended 31st March 2018.

Financial Highlights for Mahindra do Brazil Industrial Ltda:

	F 2018		F 2017	
	In BRL 000s	**In INR Thousands**	**In BRL 000s**	**In INR Thousands**
Income	23.92	466.36	3.46	71.80
Profit Before Tax	(6.59)	(128.45)	(3.88)	(80.41)
Profit After Tax	(6.59)	(128.45)	(2.95)	(61.11)

During the year, your Company faced a tough economic environment coupled with uncertainty on the political front. The industry was down 20% at the end of the fiscal.

This was the 1st full year of operations for the company. During the year, your Company participated in various farm shows with Mahindra Tractors to prospect targeted consumers and dealers. Your company currently has 19 dealers and plan to increase the dealers 9 more dealers by Fiscal year 2019. Your Company sold 53 tractors during the year earning a revenue of BRL 3.46 mn (INR 7.2 Crores).

Your Company is committed to growing its brand presence in Brazil and in the neighboring countries and is taking steps in that direction in Fiscal 2019.

Mr. Mani Iyer
Chairman

April 28, 2018
United states of America

INDEPENDENT AUDITORS' REPORT

Dear Sirs. Director
Mahindra do Brasil Industrial Ltda.
DoisIrmãos – RS – Brazil

Opinion

We have audited the individual financial statements of **Mahindra do Brasil Industrial Ltda**., which comprise the balance sheet as of March 31, 2018 and the related income statements, statements of changes in stockholders' equity and cash flows for the year then ended, as well as the summary of significant accounting practices and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Mahindra do Brasil Industrial Ltda.** on March 31, 2018, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of Financial Statements." We are independent of the Company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Emphasis

As mentioned in note nº 12, on march 31, 2018 the Company has deferred tax credits arising from equity valuation, income tax loss carryforwards and negative social contribution bases in the amount of IRN64,740 thousand (Indian Rupees) and R$ 3.320 thousand (Brazilian Currency), which, according to studies prepared by management, it is estimated that Will be recovered within a period of up to 10 years, based on the improvement of the Company's operating and financial margin indicators to be conducted by management. The realization of these credits depends on the fulfillment of these projections and, at this moment, we can't affirm that the balances of these assets recorded in the financial statements as of march 31, 2018 will be realized by the totals presented, as they depend on the success and monitoring of the realization plan Developed by the Administration. The accounting practices establish that the maintenance of this asset depends, among other aspects, on the generation of future taxable profits for the offset of these credits. The financial statements do not include any adjustments relating to the realization and classification of asset values or to the amounts and classification of liabilities that would be required in case of failure of the measures currently in progress by management. Our opinion has no qualifications related to this matter.

Management and governance responsibilities of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing the operations.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the referred financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve circumvention of internal controls, collusion, falsification, omission or false intentional representations.

- We obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of the management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the capacity for operational continuity of the Company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion if the disclosures are inadequate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to no longer be in operational continuity.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.

We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in the internal controls we have identified during our work.

Dois Irmãos, RS, April 27, 2018.

Carlos Alberto dos Santos

Accountant – CRCRS No. 69.366

Baker Tilly Brasil RS AuditoresIndependentes S/S

CRCRS No. 006706/O

CVM 12.360

BALANCE SHEET

FISCAL YEAR FINISHED ON MARCH 31ST, 2018

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

	INR		BRL	
Assets	**03/31/2018**	03/31/2017	**03/31/2018**	03/31/2017
Current Assets				
Cash and cash equivalents (Note 4)	**39**	22.324	**2**	1.077
Customer receivables (Note 5)	**132.288**	12.520	**6.784**	604
Advances for suppliers (Note 6)	**15.346**	6.115	**787**	295
Taxes to recover (Note 8)	**72.384**	65.191	**3.712**	3.145
Inventory (Note 7)	**157.696**	125.883	**8.087**	6.073
Other credits (Note 9)	**56.803**	2.550	**2.913**	121
	434.556	234.582	**22.285**	11.316
Non-Current Assets				
Financial investment	**2.925**	-	**150**	-
Deferred taxes (Note 12)	**64.740**	79.244	**3.320**	3.823
	67.665	79.244	**3.470**	3.823
Fixed assets (Note 10)	**34.008**	37.332	**1.744**	1.801
Intangible (Note 11)	**92.469**	74.643	**4.742**	3.601
	194.142	191.219	**9.956**	9.225
Total Assets	**628.698**	425.801	**32.241**	20.542

The accompanying notes are part of these financial statements.

BALANCE SHEET

FISCAL YEAR FINISHED ON MARCH 31ST, 2018

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

	INR		BRL	
Liabilities and equity	**03/31/2018**	03/31/2017	**03/31/2018**	03/31/2017
Current liabilities				
Suppliers (Note 13)	**98.338**	10.364	**5.043**	500
Bank and loan (Note 14)	**246.675**	–	**12.650**	–
Taxes payable and installments (Note 15)	**7.098**	871	**364**	42
Payroll and vacations payable	**20.572**	5.182	**1.055**	250
Customers' advances	**5.772**	6.529	**296**	315
Other payables	**6.025**	767	**309**	38
	384.480	23.713	**19.717**	1.145
Non-current liabilities				
Deferred taxes (Note 12)	**–**	1.202	**–**	58
Tax installments	**6.142**	–	**315**	–
Warranty provisions	**6.123**	–	**314**	–
Long term provisions	**2.554**	–	**131**	–
	14.819	1.202	**760**	58
Total liabilities	**399.299**	24.915	**20.477**	1.202
Equity	**–**		**–**	
Stockholders' capital (Note 16)	**468.741**	498.267	**24.038**	24.038
(-) Losses accumulated	**(189.553)**	(61.107)	**(9.535)**	(2.948)
Valuation adjustments	**(53.410)**	(36.274)	**(2.739)**	(1.781)
Cumulative translation adjustments	**3.621**	–	**–**	31
	229.399	400.885	**11.764**	19.340
Total liabilities and equity	**628.698**	425.801	**32.241**	20.542

The accompanying notes are part of these financial statements.

INCOME STATEMENT

FISCAL YEAR FINISHED ON MARCH 31ST, 2018

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Revenues (Note 17)	**466.362**	71.803	**23.916**	3.464
Cost of sales (Note 18)	**(397.078)**	(87.909)	**(20.363)**	(4.241)
Gross losses	**69.284**	(16.106)	**3.553**	(777)
Sales expenses (Note 19)	**(125.307)**	(21.889)	**(6.426)**	(1.056)
Administrative and tax expenses (Note 20)	**(81.568)**	(40.296)	**(4.183)**	(1.944)
Other operational revenues and expenses	**22.990**	–	**1.179**	–
Operating loss	**(114.601)**	(78.291)	**(5.877)**	(3.777)
Financial expenses (Note 21)	**(21.898)**	(2.757)	**(1.123)**	(133)
Financial incomes (Note 21)	**8.053**	643	**413**	31
Net financial result	**(13.845)**	(2.114)	**(710)**	(102)
Losses before taxes	**(128.446)**	(80.405)	**(6.587)**	(3.879)
Income tax and social contribution	**–**	19.298	**–**	931
Losses of the year	**(128.446)**	(61.107)	**(6.587)**	(2.948)
Number of shares at the end of the year	**24.037.600**	24.037.600	**24.037.600**	24.037.600
Result by share in R$	**(5,34)**	(2,54)	**(0,27)**	(0,12)

The accompanying notes are part of these financial statements.

STATEMENT OF OWNERS' EQUITY (INR)

FISCAL YEAR FINISHED ON MARCH 31ST, 2018

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

	Capital	Valuation adjustments	Accumulated Losses	CTA	Total
Balance in March 31, 2016	2	-	-	-	2
Paid-in capital	498.265	-	-	-	498.265
Valuation adjustment	-	(36.917)	-	-	(36.917)
Current year's result	-	643	-	-	643
Losses of the year	-	-	(61.107)	-	(61.107)
Balance in March 31, 2017	**498.267**	**(36.274)**	**(61.107)**	**-**	**400.885**
Paid-in capital	(29.526)	–	–	–	(29.526)
Valuation adjustment	–	(17.136)	–	–	(17.136)
Losses of the year	–	–	(128.446)	3.621	(128.446)
Balance in March 31, 2018	**468.741**	**(53.410)**	**(189.553)**	**3.621**	**229.399**

The accompanying notes are part of these financial statements.

STATEMENT OF OWNERS' EQUITY (BRL)

FISCAL YEAR FINISHED ON MARCH 31ST, 2018

IN THOUSANDS OF BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED

	Capital	Valuation adjustments	Accumulated Losses	CTA	Total
Balance in March 31, 2016	0,1	–	–	–	0,1
Paid-in capital	24.038	–	–	–	24.038
Valuation adjustment	–	(1.781)	–	–	(1.781)
Current year's result	–	31	–	–	31
Losses of the year	–	–	(2.948)	–	(2.948)
Balance in March 31, 2017	**24.038**	**(1.750)**	**(2.948)**	**–**	**19.340**
Paid-in capital	–	–	–	–	–
Valuation adjustment	–	(2.739)	–	–	(2.739)
Losses of the year	–	–	(6.587)	–	(6.587)
Balance in March 31, 2018	**24.038**	**(2.739)**	**(9.535)**	**–**	**11.764**

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOW

FISCAL YEAR FINISHED ON MARCH 31ST, 2018

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

	INR		BRL	
Inderect method	**03/31/2018**	03/31/2017	**03/31/2018**	03/31/2017
Cash flow from operating activities				
Losses of the year	**(128.446)**	(61.107)	**(6.587)**	(2.948)
Valuation adjustments	**(19.285)**	(36.275)	**(989)**	(1.750)
Deferred taxes on assets	**9.808**	(79.244)	**503**	(3.823)
Deferred taxes on liabilities	**(1.131)**	1.202	**(58)**	58
Depreciation e amortization	**5.635**	2.052	**289**	99
	(133.419)	(173.372)	**(6.842)**	(8.365)
Variations on assets and liabilities				
Customer receivables	**(120.510)**	(12.520)	**(6.180)**	(604)
Inventory	**(39.253)**	(125.883)	**(2.013)**	(6.073)
Advances for suppliers	**(9.613)**	(7.711)	**(493)**	(372)
Taxes to recover	**(11.037)**	(65.191)	**(566)**	(3.145)
Other credits	**(54.424)**	(974)	**(2.791)**	(44)
Suppliers	**88.588**	10.364	**4.543**	500
Taxes payable and installments	**12.421**	871	**637**	42
Wages and vacations payable	**15.697**	5.182	**805**	250
Customers' advances	**(370)**	6.529	**(19)**	315
Other provisions	**8.677**	–	**445**	–
Other payables	**5.284**	788	**271**	38
Cash flow used in operating activities	**(104.540)**	(188.545)	**(5.361)**	(9.095)
Cash flow from investing activities				
Acquisition of fixed and intangible assets	**(26.754)**	(114.026)	**(1.372)**	(5.501)
Cash flow used in investing activities	**(26.754)**	(114.026)	**(1.372)**	(5.501)
Cash flow from financing activities				
Paid-in capital	**–**	(498.267)	**–**	(24.038)
Loans and funding	**246.675**	–	**12.650**	–
Loans and funding	**(2.925)**	–	**(150)**	–
Cash flow arising from financing activities	**243.750**	(498.267)	**12.500**	(24.038)
Net increase in cash and cash equivalents	**20.963**	22.324	**20.963**	1.077
Cash and cash equivalents in April 1st	**21.002**	2	**21.002**	0,1
Cash and cash equivalents in March 31st	**39**	22.322	**39**	1.077

The accompanying notes are part of these financial statements.

ACCOMPANYING NOTES FOR MARCH 2018 FINANCIAL STATEMENTS

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

1. Operational Context

Mahindra do Brasil Industrial Ltda is a Braziliancompanyheadquartered in Dois Irmãos, RS, atRua 10 deSetembro, 1097. The company was incorporated in 2016.

The company's main activity is the manufacture of agricultural tractors, parts and accessories as well as trade of new and used automobiles, vans and utilities; Retail trade of new cars, vans and utilities; Retail trade of parts and accessories used for motor vehicles; Wholesale of machinery, apparatus and equipment for agricultural use; parts and pieces; Maintenance and repair services of motor vehicles; Installation of industrial machinery; Manufacture of other appliances, not specified or included elsewhere in this chapter; Wholesale trade of new parts and accessories for motor vehicles; Other holding companies, except holding companies; Other service activities rendered mainly to companies not specified above; Motor vehicle or motor vehicle headlamp and hopper services.

The company reported a loss in the amount of R $ 6.587 on March 31, 2018. The parent company is following the results and operations of the company and estimates that from 2019 it will present operating profit.

2. Summary of major accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

These financial statements were approved by the board of directors on March 31, 2018.

2.1 Basis for preparation

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by management in the process of applying the Company's accounting policies. Those areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 2.15.

(a) Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) in accordance with Laws 6,404/1976 and 11,638/2007.

2.2 Exchange of foreign currency

Functional currency and presentation currency

The items included in the Company's financial statements are measured using the currency of the principal economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Reais (R$), which is the Company's functional currency.

Foreign Currency transactions

Transactions in foreign currency are translated to the Brazilian Real by the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate calculated on that date. Exchange rate gain or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted for interest and actual payments during the period, and the amortized cost in foreign currency at the exchange rate at the end of the reporting period. Foreign currency differences resulting from the conversion are recognized in profit or loss.

Financial Presentation is Foreign Currency and Indian Ruopees

Financial information in this report is shown in Brazilian Real ("BRL") and in Indian rupees ("INR"). For both March 31, 2018 and 2017, BRL amounts are translated for convenience into Indian rupees at a closing exchange rate of 19.50 INR per Real for assets and liabilities and an average exchange rate of 20.01 INR per Real for revenue and expenses. These rates originate from the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2018

2.3 Calculation of Results

The results of operations are determined in accordance with the accrual basis.

2.4 Cash and Cash equivalents

They are comprised of financial resources held in cash, banks account movement and financial investments. Short-term investments are valued at cost, plus income earned through the balance sheet date. These financial instruments are used for trading and are recorded at realizable values (Note 4).

2.5 Financial Assets and Liabilities

Classification and measurement

The Company classifies its financial assets under the following categories: loans and receivables are measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets in the initial recognition.

Loans and receivables

Included in this category are receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with a maturity of more than 12 months after the balance sheet date (these are classified in noncurrent assets). The Company's receivables comprise trade accounts receivable, other accounts receivable and cash and cash equivalents, other than short-term investments. Receivables are recorded at amortized cost using the effective interest rate method.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or losses are financial assets held for active and frequent trading. Assets in this category are classified in current assets. Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are presented in the statement of operations under "Financial income" in the period in which they occur. They refer primarily to short-term financial investments.

2.6 Non-derivative financial liabilities

The Company recognizes debt securities issued and subordinated liabilities initially on the date they are originated. All other financial liabilities are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company lowers a financial liability when it has its contractual obligations withdrawn, canceled or expired.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Company has the legal right to offset the amounts and intends to settle on a net basis or to realize the asset and pay the liability simultaneously. The Company has the following non-derivative financial liabilities: loans with related parties, suppliers, loans and other accounts payable.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

ACCOMPANYING NOTES FOR MARCH 2018 FINANCIAL STATEMENTS

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

2.7 Inventory

The cost of inventories is based on the weighted average principle and includes expenses incurred in the acquisition of inventories, production and processing costs and other costs incurred in bringing them to their existing locations and conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

2.8 Fixed Assets

(a) Classification and measurement

The Company opted to revalue the fixed assets at deemed cost on October 31, 2016. The effects of attributed cost decreased fixed assets and offset against shareholders' equity, net of tax effects (Note 9).

After the transition of CPCs, fixed asset items are measured at historical cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses.

Cost includes expenses that are directly attributable to the acquisition of an asset. Purchased software that is an integral part of the functionality of an equipment is capitalized as part of that equipment.

Gains and losses on the sale of an item of fixed assets are determined by comparing the proceeds from the sale with the book value of fixed asset and are recognized net of other income in the statement of income.

(b) Subsequent Cost

The replacement cost of a component of fixed asset is recognized in the carrying amount of the item if it is probable that the economic benefits incorporated into the component will flow to the Company and that its cost can be measured reliably. The carrying amount of the component that has been replaced by another is decreased. The maintenance costs of fixed assets are recognized in the income statement as incurred.

(c) Depreciation

Depreciation is recognized in the statement of income based on the straight-line method with respect to the estimated useful lives of each part of an item of fixed assets, since this method is the one that most closely reflects the consumption pattern of future economic benefits incorporated in the asset.

2.9 Impairment

The Company analyzes the existence of evidence that the carrying amount of an asset will not be recovered. If evidence is identified, the Company estimates the recoverable amount of the asset. The recoverable value of an asset is the greater of: (a) its fair value less costs that would be incurred to sell it, and (b) its value in use. The value in use is equivalent to the discounted cash flows (before taxes) derived from the continuous use of the asset until the end of its useful life.

When the carrying amount of the asset exceeds its recoverable amount, the Company recognizes a reduction in the carrying amount of this asset (impairment). For the assets recorded at cost, the impairment is recorded in the income statement for the period. If the recoverable amount of an asset is not determined individually, the recoverable value of the cash-generating unit to which the asset belongs.

2.10 Provisions

A provision is recognized based on a past event and whether the Company has a legal or constructive obligation that can be reliably estimated and it is probable that an economic resource will be required to settle the obligation. Provisions are cleared by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and liabilities specific risks.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, as the case may be. The Company determines the classification of its financial liabilities at the time of its initial recognition. The Company's financial liabilities include accounts payable to suppliers, tax and labor liabilities.

2.11 Paid-in Capital

The shares are all paid up and classified as owners' equity. The mandatory minimum dividends, when existing, as defined in the bylaws are recognized as liabilities.

2.12 Operational Revenues

Operating income from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. Operating income is recognized when there is convincing evidence that: (i) the most significant risks and benefits inherent in the ownership of the assets have been transferred to the buyer, which in the case of the Company is at the time the products are delivered to their customers; (ii) it is probable that the financial economic benefits will flow to the Company; (iii) that the associated costs and possible return of goods can be estimated reliably, (iv) that there is no continuous involvement with the goods sold, (v) and that the value Of operating revenue can be measured reliably. If discounts are likely to be granted and the amount can be measured reliably, then the discount is recognized as a reduction in operating revenue as sales are recognized.

2.13 Financial incomes and expenses

Financial income basically comprises interest income, discounts, income from financial investments, gains from exchange variation.

Financial expenses include interest expenses, financial expenses and loans and financing, as well as the respective exchange rate variations.

2.14 Income Tax and Social Contribution

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R$ 240 thousand for income tax and 9% on taxable income for social contribution. Their calculation considers the offsetting of tax losses and negative basis of social contribution, limited to 30% of the actual profit.

2.15 Critical accounting estimates and judgments

Accounting estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events, which are considered reasonable for the circumstances.

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will rarely equal their actual results. Estimates and assumptions that present a significant risk, with a probability of causing a material adjustment in the carrying amounts of assets and liabilities for the next fiscal year, are contemplated below:

3. Financial Risk Management

(a) Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks
- Currency risk
- Operational risks

ACCOMPANYING NOTES FOR MARCH 2018 FINANCIAL STATEMENTS

IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

We present information on the Company's exposure to each of the risks mentioned above, the Company's objectives, policies and processes for the measurement and risk management, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

(b) Risk management Structure

Management has overall responsibility for the establishment and supervision of the Company's risk management structure. Risk management policies are established to identify and analyze the risks faced by the Company, to define appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are frequently reviewed to reflect changes in market conditions and in the Company's activities. The Company, through its standards and training and management procedures, has the objective of developing a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit Risks

Credit risk is the risk of financial loss of the Company if a customer or counterparty in a financial instrument fails to comply with its contractual obligations, which arise mainly from customer receivables and investment securities.

Customers' receivables and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, management also considers the demographics of the customer base, including the credit risk of the region where clients operate, as these factors may have an influence on credit risk.

Management has established a credit policy in which all new customers have their credit capacity individually analyzed before the terms and conditions of payment and delivery of the Company are offered. The analysis includes external evaluations, when available, including prior analysis of the banking register made by the financial institutions themselves. Purchasing limits are set for each customer, guaranteed by financial institutions, which represent the maximum outstanding amount without requiring prior approval, these limits are periodically revised. Customers who fail to meet the established credit limit may only operate with the Company on an advance payment basis. Once the transaction is approved by the financial institution, the sale is carried out and the risk becomes entirely the financial institution.

In the monitoring of Customers' credit risk, they are grouped according to their credit characteristics, including geographic location, maturity and previous financial difficulties.

(d) Liquidity Risks

Liquidity risks is the Company's risk of finding difficulties to comply with its obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure as much as possible that it always has sufficient liquidity to meet its obligations under normal and stressful conditions without causing unacceptable losses or risks of damaging the Company's reputation.

Based on the calculation of the Liquidity indexes, the current liquidity ratio corresponds to 1.15 as of March 31, 2018, a result that shows the remaining available cash and banks for a possible liquidation of short-term obligations.

(e) Market Risks

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and stock prices, may impact on the Company's earnings or the value of its holdings in financial instruments. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return.

The Company complies with financial obligations to manage market risks. All these operations are conducted within the guidelines established by the Administration.

(f) Currency Risks

The Company is subject to currency risk in purchases and loans and financing denominated in a currency other than its functional currency, the Real (R$). The currency in which these transactions are primarily denominated is the US dollar.

With respect to other monetary assets and liabilities denominated in foreign currency, the Company guarantees that its net exposure is maintained at an acceptable level to treat short-term instabilities.

(g) Operational Risks

Operational risks are the risks of direct or indirect losses arising from a variety of causes associated with Company processes, personnel, technology and infrastructure and external factors, except for credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of business behavior. Operating risks arise from all operations of the Company.

The Company's objective is to manage operational risks to avoid the occurrence of financial losses and damages to its reputation, as well as to seek cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The main responsibility for the development and implementation of controls to address operational risks is assigned to top management. The responsibility is supported by the development of the Company's general standards for the management of operational risks in the following areas:

- Requirements for adequate segregation of duties, including independent clearance of operations;
- Requirements for the reconciliation and monitoring of operations;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to deal with identified risks;
- Requirements to report operational losses and corrective actions proposed;
- Development of contingency plans;
- Professional training and development;
- Ethical and commercial standards;
- Risk mitigation, including insurance when effective.

(h) Capital Management

The Management has been monitoring the loss generated by the operation in order to mitigate its causes and generate returns on capital, which the Company defines as results of operating activities divided by total owners' equity.

Owners provide advances for future capital increase when necessary and / or contributions to maintain cash flow and sustain investments, whichever is more profitable for the Company.

4. Cash and Cash Equivalents

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Cash	**19**	2	**1**	–
Checking account	**20**	–	**1**	–
Financial investments	**–**	22.322	**–**	1.077
	39	22.324	**2**	1.077

ACCOMPANYING NOTES FOR MARCH 2018 FINANCIAL STATEMENTS

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The Company makes financial investments in large financial institutions with the purpose of generating financial income while not using the resources. The investments in Reais are made in CDBs issued by the bank and Buyback operations, the Buyback is an application in debentures of the bank leasing with daily liquidity and guarantee of repurchase by the bank.

5. Costumer receivables

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Brazilian customers	**134.082**	12.520	**6.876**	604
Foreign customers	**–**	–	**(92)**	–
(-) Bad debt reserve	**(1.794)**	–	**–**	–
	132.288	12.520	**6.784**	604

The company sells its products directly to the dealers through its commercial department. In this year, it was accrued as bad debts 50% of the bills expired for more than 180 days.

6. Advances

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Advances for suppliers (National)	**14.489**	2.612	**743**	126
Advances for travels	**858**	166	**44**	8
Advances for fairs	**–**	3.337	**–**	161
	15.346	6.115	**787**	295

7. Inventory

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Raw materials	**81.529**	93.671	**4.181**	4.519
Inventory in transit	**25.214**	–	**1.293**	–
Finished products	**10.140**	24.190	**520**	1.167
Third party's stocks in our power	**2.554**	–	**131**	–
Goods for resale	**38.259**	49.105	**1.962**	2.369
	157.696	166.966	**8.087**	8.055
(-) Losses in parts and accessories	**–**	(29.683)	**–**	(1.432)
(-) Losses in tractors	**–**	(11.401)	**–**	(550)
	157.696	125.883	**8.087**	6.073

The balance of inventories on October 31, 2016 included adjustments of losses as per appraisal issued by the company Ferrari Organização e AvaliaçõesPatrimoniais Ltda. which have already been fully realized.

8. Taxes to Recover

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
ICMS to recover	**27.027**	32.896	**1.386**	1.587
PIS to recover	**7.176**	4.954	**368**	239
COFINS to recover	**33.969**	22.884	**1.742**	1.104
Other taxes	**4212**	4.457	**216**	215
	72.384	65.191	**3.712**	3.145

9. Other Credits

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Receivable accounts	**19**	–	**1**	–
Amount to be appropriate	**3.939**	912	**202**	43
Import advance payment	**35.841**	1.617	**1.838**	78
Advance payment to broker	**17.004**	–	**872**	–
	56.803	2.529	**2.913**	121

10. Fixed Assets

		03/31/2017				03/31/2018			
	Rate a.a.	Net		Cost		Accumulated Amortization		Net	
		IND	BRL	IND	BRL	**IND**	**BRL**	**IND**	**BRL**
Machines and equipment	10%	12.558	644	12.753	654	**(1.716)**	**(88)**	**11.037**	**566**
Vehicles	20%.	6.981	358	1.892	97	**(546)**	**(28)**	**1.346**	**69**
Furniture and fixtures	10%	13.338	684	13.923	714	**(2.028)**	**(104)**	**11.895**	**610**
Computers – hardware	20%	1.852	95	3.881	199	**(643)**	**(33)**	**3.238**	**166**
Facilities	10%.	4.836	248	5.148	264	**(702)**	**(36)**	**4.446**	**228**
Machines and equipment – surplus valuation adjustment		16.614		13.455	690	**(2.067)**	**(106)**	**11.388**	**584**
(-) Vehicles – loss valuation adjustment		273	14	254	13	**(78)**	**(4)**	**176**	**9**
(-) Furniture and fixtures – loss valuation adjustment		526	27	(12.519)	(642)	**1.774**	**91**	**(10.745)**	**(551)**
(-) Computers – hardware – loss valuation adjustment		(682)	(35)	(468)	(24)	**136**	**7**	**(332)**	**(17)**
(-) Facilities – loss valuation adjustment		(4.777)	245	(4.777)	(245)	**682**	**35**	**(4.095)**	**(210)**
Development/prototype		–	–	1.267	65	**–**	**–**	**1.267**	**65**
Fixed assets in third party power		–	–	4.387	225	**–**	**–**	**4.387**	**225**
		51.519	1.801	39.196	2.010	**(5.188)**	**(266)**		**37.335**

ACCOMPANYING NOTES FOR MARCH 2018 FINANCIAL STATEMENTS

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11. Intangible

		03/31/2017				03/31/2018			
	Rate a.a.	Net		Cost		Accumulated Amortization		Net	
		IND	BRL	IND	BRL	IND	BRL	IND	BRL
Computers - software and licenses	20%	995	51	1.053	54	**(253)**	**(13)**	**800**	**41**
Gain on the acquisition of assets		69.205	3.549	93.756	4.808	**(2.087)**	**(107)**	**91.669**	**4.701**
		70.200	3.601	94.809	4.862	**(2.340)**	**(120)**	**92.469**	**4.742**

12. Deferred Taxes

The Company recorded deferred taxes on the equity valuation and also on the operating loss, which are recorded in the appropriate asset and liability accounts. To calculate these values, 15% and 9% aliquots were used for IRPJ and CSLL, respectively.

Deferred tax assets:

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
IRPJ deferred	**34.242**	44.027	**1.756**	2.124
CSLL deferred	**12.344**	15.919	**633**	768
IRPJ deferred – year's result	**11.349**	12.064	**582**	582
CSLL deferred – year's result	**6.805**	7.234	**349**	349
	64.740	79.244	**3.320**	3.823

Deferred tax liabilities:

	INR		BRL	
IRPJ deferred	**–**	871	**–**	42
CSLL deferred	**–**	332	**–**	16
	–	1.202	**–**	58

13. Suppliers

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Raw materials	**81.393**	5.742	**4.174**	277
Third party services	**9.418**	601	**483**	29
Food and fuel voucher	**3.082**	850	**158**	41
Shipping	**1.891**	62	**97**	3
Fixed assets	**39**	145	**2**	7
Maintenance	**468**	207	**24**	10
Others	**2.047**	2.757	**105**	133
	98.338	10.364	**5.043**	500

14. Banks and loans

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Bank Bradesco S.A.	**10.784**	–	**553**	–
Discounted Bills	**45.298**	–	**2.323**	–
Citibank S.A	**190.554**	–	**9.772**	–
Bank Daycoval	**39**	–	**2**	–
	246.675	–	**12.650**	–

15. Payable Taxes and installments

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
IRRF	**2.828**	560	**145**	27
CSRF	**176**	124	**9**	6
ICMS ST	**97**	124	**5**	6
Others	**19**	62	**1**	2
RFB Simplified Installment	**4.680**	–	**240**	–
(-) Interest Simplified Installment	**(702)**	–	**(36)**	–
	7.098	871	**364**	42

16. Owners' Equity

a) Owners' Capital

On March 31st, 2018, paid-in capital was represented by 24,037,600 social shares, with a nominal value of R$ 1.00 (one real), distributed among the owners as follows:

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Mahindra & Mahindra Ltd.	**467.493**	496.940	**23.974**	23.974
Mahindra Overseas Investment Company (Mauritius)	**1.248**	1.327	**64**	64
	468.741	498.267	**24.038**	24.038

b) Valuation Adjustments

The reserve for equity valuation adjustments includes adjustments for the adoption of the attributed cost of assets at the transition date.

c) Dividends

The Company's Bylaws determine the distribution of dividends in the proportion that the shareholders holding the majority of the capital stock approve. The Company had no dividends payable in the year, as it presented accounting losses.

17. Revenues

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Product sales	**541.787**	95.267	**27.784**	4.596
Other revenues	**59**	–	**3**	–
(-) Taxes on sales	**(62.536)**	(11.919)	**(3.207)**	(575)
(-) Returns and rebates	**(12.948)**	(11.566)	**(664)**	(558)
Net revenues	**466.362**	71.803	**23.916**	3.464

ACCOMPANYING NOTES FOR MARCH 2018 FINANCIAL STATEMENTS
IN THOUSANDS OF RUPEES, UNLESS OTHERWISE INDICATED

18. Cost of Sales

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Direct costs - tractors	**–**	14.012	**–**	676
Cost of sold products	**389.005**	71.533	**19.949**	3.451
Cost of resold goods	**8.073**	2.363	**414**	114
	397.078	87.909	**20.363**	4.241

19. Sales Expenses

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Payroll, benefits and social charges	**37.108**	4.975	**1.903**	240
Third-party services	**8.580**	104	**440**	5
Advertising and publicity	**19.091**	2.778	**979**	134
Vehicle expenses	**994**	539	**51**	26
Trips and stays	**17.569**	4.001	**901**	193
Fairs, congresses and symposia	**21.724**	5.452	**1.114**	263
Promotions and events	**5.577**	3.607	**286**	174
Extended warranty	**6.123**	–	**314**	–
Other sales expenses	**8.541**	435	**438**	21
	125.307	21.889	**6.426**	1.056

20. Administrative Expenses

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Payroll, benefits and social charges	**43.817**	17.847	**2.247**	861
Third-party services	**9.574**	8.395	**491**	405
Communications and electricity	**6.142**	3.607	**315**	174
Trips and stays	**2.847**	2.384	**146**	115
Rents and condominiums	**5.831**	2.467	**299**	119
Depreciation and amortization	**6.103**	1.990	**313**	96
Maintenance and conservation	**–**	539	**–**	26
Vehicle expenses	**–**	311	**–**	15
Insurances	**58**	477	**3**	23
Fairs, congresses and symposia	**59**	187	**3**	9
Office supplies	**1.268**	725	**65**	35
Expenses with guarantees	**–**	124	**–**	6
Tax expenses	**1.560**	104	**80**	5
Others	**4.309**	1.140	**221**	55
	81.568	40.296	**4.183**	1.943

21. Financial Incomes and Expenses

	INR		BRL	
	03/31/2018	03/31/2017	**03/31/2018**	03/31/2017
Financial expenses				
Foreign exchange variation losses	7.975	**41**	409	**2**
Paid interests	10.998	**104**	564	**5**
IOF	1.092	**1.948**	56	**94**
Bad debt expenses	234	**–**	12	**–**
Others	1.599	**663**	82	**32**
	21.898	**2.757**	1.123	**133**
Financial income				
Income from financial investments	253	**456**	13	**22**
Foreign exchange variation gains	6.922	**62**	355	**3**
Others	878	**124**	45	**6,3**
	8.053	**643**	413	**31**

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st December 2017.

Financial Highlights (Consolidated):

	2017 (TRL Lakhs)	**2017 (INR Lakhs)**	2016 (TRL Lakhs)	2016 (INR Lakhs)
Revenues	**889.31**	**14,460.26**	1,869.73	30,401.92
Income before Income Tax	**(762.97)**	**(12,405.95)**	(1,082.79)	(17,606.15)
Net Profit	**(884.33)**	**(14,379.19)**	(937.01)	(15,235.72)

The Financial Statement as at December 31st, 2017 reports Revenues of TRL 889.31 lakhs (INR 14,460.26 lakhs) with a Net Loss of TRL 884.33 lakhs (INR 14,379.19 lakhs).

Performance during the year:

Your Company is engaged in manufacturing and sale of Agriculture Machinery, Cabinets for Tractors and Construction Machinery and Metal Fabrication parts for Automotive and Construction segments for Turkey as well as the Global market. Your Company's brand name "Hisarlar" is a well-known brand in the global farm machinery segment and has a strong dealer network in Turkey.

Your Company, with effect from 30th March 2017, has become a part of Mahindra Group through its subsidiary, Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML"). MOICML acquired 75.07% stake in your Company by infusing TRL 710 lakhs into the Company.

Further, in the General Assembly held on 10th November 2017, the shareholders approved an additional equity capital infusion of TL 700 lakhs into the Company to fund its current operations, working capital needs and to bring the Company back on track. This infusion was completed on 23rd Jan 2018.

Post the above capital infusion, MOICML holds 77.18% of the Equity share capital of the Company. Out of the balance equity share capital, 19.02% is held by European Bank for Reconstruction and Development ("EBRD"), 3.56% by Zafer Turker and 0.24% by Nakina Finance S.A.R.L.

In the year 2016, your Company experienced liquidity problems due to delays on its collections which also affected production as well as debt repayments. However, post becoming part of Mahindra Group and the above mentioned capital infusions, your Company has cleared-off all the overdue liabilities to suppliers, employees and banks. Your Company has not only been successful in bringing back the old Customers, who had stopped business with your Company during the financial crisis in 2016, but also acquired new customers in Cabins and Metal Fabrication business. Your Company has also successfully restarted its Agriculture Machinery production and sales.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

Your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited (MOICML) which is based in Mauritius. MOICML is a subsidiary of Mahindra & Mahindra Limited which is incorporated in India.

Directors:

The Directors of your Company during the year and to the date of this report are as follows:

- Rajesh Jejurikar (appointed with effect from 30th March, 2017)
- Giju Kurian (appointed with effect from 30th March 2017)
- Nikhil Sohoni (appointed with effect from 30th March 2017)
- Nikhil Madgavkar (appointed with effect from 10th November 2017)
- Austin Erwin (appointed with effect from 10th November 2017)
- Fazli Turker (resigned with effect from 30th March 2017)
- Zafer Turker (resigned with effect from 30th March 2017)
- Rasit Turker (resigned with effect from 30th March 2017)

For and behalf of the Board

Giju Kurian
CEO and Director

Date: 9th April 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hisarlar Makina Sanayi ve Ticaret A.Ş.

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Hisarlar Makina Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

We were not able to observe the counting of the physical inventories as of 31 December 2016. Due to nature of the Entity's inventory records and high volume of transactions, the amount of inventory which could not be tested by other alternative audit procedures and inventory balance which we couldn't observe the counting amounts to TL 21.445.325 as of 31 December 2016. Since opening inventories enter into determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the profit or loss statement and the net cash flows from operating activities reported in the cash flow statement as of 31 December 2017.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

Without qualifying our opinion, as described in Note 2.3 to the consolidated financial statements, we draw attention to the fact that the Group has completed the period ended 31 December 2017 with a net loss of TL 88.432.895 (31 December 2016: TL 93.700.633), accumulated losses has reached TL 97.046.757 (31 December 2016: TL 29.291.633) and short-term liabilities has exceeded current assets by TL 73.487.639 (31 December 2016: TL 196.170.644). Together with the effect of the accumulated losses and period loss, two thirds of the sum of capital and restricted profit reserves is unsecured in accordance with Article 376 of Turkish Commercial Law. The actions taken by the management in 2017, regarding the aforementioned fact and the plans for the future periods are explained in detail in Note 2.3.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ankara, 9 April 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 31 December 2017	Prior Period 31 December 2016
ASSETS			
Current Assets		**139.181.294**	71.806.468
Cash and Cash Equivalent	27	**2.191.802**	971.898
Financial Assets	23	**69.549.463**	1.646.419
Trade Receivables	5	**34.869.233**	35.984.969
Trade receivables from related parties	4	**421.942**	1.645.992
Trade receivables from third parties		**34.447.291**	34.338.977
Other Receivables	6	**1.320.913**	3.961.827
Other receivables from related parties	4	**–**	2.719.956
Other receivables from third parties		**1.320.913**	1.241.871
Inventory	7	**21.955.531**	21.445.325
Prepaid Expenses	8	**5.520.555**	7.611.913
Assets Related to Current Tax	22	**46.457**	–
Other Current Assets	14	**3.727.340**	184.117
Non-Current Assets		**93.249.428**	150.980.347
Other Receivables	6	**641.123**	88.000
Other receivables from third parties		**641.123**	88.000
Investment Property	11	**1.643.000**	1.643.000
Property, Plant and Equipment	9	**85.249.397**	124.383.105
Intangible Assets	10	**4.761.731**	9.391.602
Other Non-Current Assets		**4.761.731**	9.391.602
Prepaid Expenses	8	**–**	1.627.896
Deferred Tax Assets	22	**954.177**	13.846.744
TOTAL ASSETS		**232.430.722**	222.786.815

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 31 December 2017	Prior Period 31 December 2016
LIABILITIES			
Current Liabilities		**212.668.933**	267.977.112
Financial Borrowings	23	**179.062.347**	103.893.895
Short-term Portion of Long-term Borrowings	23	**–**	8.183.327
Obligations Under Financial Leases	23	**4.445.783**	5.306.363
Other Financial Liabilities	23	**–**	14.557.984
Trade Payables	5	**20.258.878**	106.225.811
Trade payables to related parties	4	**124.254**	7.372.150
Trade payables to third parties		**20.134.624**	98.853.661
Payables Related to Employee Benefits	13	**2.885.469**	6.526.535
Other Payables	6	**3.172**	1.125.306
Other payables to related parties	4	**–**	1.125.306
Other payables to third parties		**3.172**	–
Deferred Income	8	**3.638.278**	10.256.859
Short-term Provisions		**1.149.100**	2.446.535
Short-term provisions for employee benefits	13	**906.568**	805.614
Other short-term provisions	15	**242.532**	1.640.921
Other Current Liabilities	14	**1.225.906**	9.454.497
Non-Current Liabilities		**8.640.310**	13.411.754
Obligations Under Financial Leases	23	**1.517.965**	5.476.774
Long- term Provisions	13	**7.122.345**	7.934.980
Long-term provisions for employee benefits		**7.122.345**	7.934.980

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 31st December, 2017**	Prior Period 31st December, 2016
EQUITY		**11.121.479**	(58.602.051)
Equity Attributable to Owners of the Parent		**11.121.479**	(58.326.106)
Paid-in Capital	16	**93.240.345**	29.507.575
Capital Advances		**68.844.283**	–
Entities Under Common Control		**–**	12.678
Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		**31.926.571**	32.462.322
Properties Revaluation Reserves		**32.323.056**	33.035.834
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans		**(396.485)**	(573.512)
Restricted Profit Reserves	16	**2.589.932**	2.559.932
Accumulated Losses		**(97.046.757)**	(29.291.633)
Net Loss for the Period		**(88.432.895)**	(93.486.980)
Non-controlling Interests		**–**	(365.945)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**232.430.722**	222.786.815

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 1ST JANUARY - 31ST DECEMBER 2017 PERIOD

(Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1st January- 31st December 2017**	Prior Period 1st January- 31st December 2016
Revenue	17	**88.931.470**	186.973.669
Cost of Sales (-)	17	**(127.110.152)**	(205.419.957)
Gross Loss		**(38.178.682)**	(18.446.288)
General Administrative Expenses (-)	18	**(18.455.590)**	(12.253.866)
Marketing Expenses (-)	18	**(6.322.758)**	(4.236.750)
Research and Development Expenses (-)	19	**(3.299.425)**	–
Other Income From Operating Activities	19	**28.553.334**	9.893.263
Other Loss From Operating Activities (-)	19	**(42.477.754)**	(26.244.452)
Operating Loss		**(80.180.815)**	(51.288.093)
Investment Revenue	20	**3.712.693**	1.994.460
Expenses from Investing Activities (-)	20	**(13.948)**	(13.845.975)
OPERATING LOSS BEFORE FINANCE EXPENSE		**(76.482.130)**	(63.139.608)
Finance Income/Expenses (-) - net	21	**184.767**	(45.139.302)
LOSS BEFORE TAX		**(76.297.363)**	(108.278.910)
Tax (Expense)	22	**(12.135.532)**	14.578.277
Current Tax Expense (-)	22	**–**	–
Deferred Tax Expense / Income	22	**(12.135.532)**	14.578.277
LOSS FOR THE PERIOD		**(88.432.895)**	(93.700.633)
Loss from the period attributable to:			
Non- controlling interest		**–**	(213.653)
Owners of the Company		**(88.432.895)**	(93.486.980)
		(88.432.895)	(93.700.633)

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 1ST JANUARY - 31ST DECEMBER 2017 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1st January- 31st December 2017**	Prior Period 1st January- 31st December 2016
LOSS FOR THE PERIOD		**(88.432.895)**	(93.700.633)
OTHER COMPREHENSIVE INCOME			
Items that will not be Reclassified Subsequently to Profit/(Loss)		**(535.751)**	27.346.520
Gain / (Loss) on remeasurement of defined benefit plans	13	**221.284**	971.614
Gain on revaluation of property plant and equipments		**–**	31.084.676
Deffered tax expenses (-) / income	22	**(757.035)**	(4.709.770)
OTHER COMPREHENSIVE (LOSS)/INCOME		**(535.751)**	27.346.520
TOTAL COMPREHENSIVE LOSS		**(88.968.646)**	(66.354.113)
Total Comprehensive (Loss)/Income for the Period Attributable to:			
Non-controlling interest		**–**	(213.653)
Owners of Company		**(88.968.646)**	(66.140.460)
		(88.968.646)	(66.354.113)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 1ST JANUARY - 31ST DECEMBER 2017 PERIOD

Amounts are expressed in Turkish Lira (TL)

					Accumulated Other Comprehensive Income or Expense that will not be Reclassified to Profit or Loss		Retained Earnings				
	Share capital	**Capital advances**	**Legal reserves**	**Purchase of shares of entities under common control**	**Properties revaluation reserve (*)**	**Actuarial gain/loss**	**Accumulated losses**	**Net profit for the year**	**Attributable to Equity Holders of the Parent**	**Non-controlling interests**	**Total**
Balance at 1 January 2016........	**29.507.575**	**–**	**2.559.932**	**12.678**	**6.466.605**	**(1.350.803)**	**(13.292.991)**	**(16.406.960)**	**7.496.036**	**(152.292)**	**7.343.744**
Effect of change in accounting policy (Note:2.7).............	–	–	–	–	–	–	408.318	–	408.318	–	408.318
Transfers	–	–	–	–	–	–	(16.406.960)	16.406.960	–	–	–
Total comprehensive loss	–	–	–	–	26.569.229	777.291	–	(93.486.980)	(66.140.460)	(213.653)	(66.354.113)
Balance at 31 December 2016	**29.507.575**	**–**	**2.559.932**	**12.678**	**33.035.834**	**(573.512)**	**(29.291.633)**	**(93.486.980)**	**(58.236.106)**	**(365.945)**	**(58.602.051)**
Increase in capital..	63.732.770	68.844.283	–	–	–	–	26.267.231	–	158.844.284	–	158.844.284
Transfers...............	–	–	–	–	–	–	(93.486.980)	93.486.980	–	–	–
Change in consolidation structure (Note: 2.6)	–	–	30.000	(12.678)	–	–	(535.375)	–	(518.053)	365.945	(152.108)
Total comprehensive loss	–	–	–	–	(712.778)	177.027	–	(88.432.895)	(88.968.646)	–	(88.968.646)
Balance at 31 December 2017	**93.240.345**	**68.844.283**	**2.589.932**	**–**	**32.323.056**	**(396.485)**	**(97.046.757)**	**(88.432.895)**	**11.121.479**	**–**	**11.121.479**

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 1ST JANUARY - 31ST DECEMBER 2017 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1st January- 31st December 2017**	Prior Period 1st January- 31st December 2016
Cash flows from operating activities			
Loss for the period		**(88.432.895)**	(93.700.633)
– Adjustments related to tax expense/income	22	**12.135.532**	(14.578.277)
– Adjustments related to interest expense	21	**13.010.768**	22.089.661
– Adjustments related to interest income	20	**(377.781)**	(5.135)
– Adjustments related to provision for doubtful trade receivables	18	**7.407.831**	2.559.279
– Adjustments related to (gain) on sale or disposal of property, plant and equipment and intangible assets	20	**(3.320.964)**	(778.335)
– Adjustments related to depreciation and amortization of property, plant and equipment and intangible assets	9,10	**23.380.476**	10.508.422
– Adjustments related to provision for employment termination benefits	13	**1.135.734**	4.274.711
– Adjustments related to provisions for legal claim	15	**(1.398.389)**	1.640.921
– Adjustments related to income from cancellation of loans	19	**(33.988.974)**	–
– Adjustments related to written off intangible assets and fixtures	19	**31.561.771**	8.424.379
– Adjustments related to change in fair value of fixed assets	20	**–**	12.436.429
– Adjustments related to impairment on inventroies	7	**6.754.539**	–
– Adjustment related to change in unused vacation provision		**100.954**	(225.820)
– Adjustments related to discount expense	19	**2.349.249**	(1.788.330)
– Unrealized foreign exchange differences related to borrowings -net	7	**(154.814)**	13.233.604
Movements in working capital			
Adjustments for (increase)/decrease in trade receivables		**(6.969.219)**	44.629.171
Adjustments for (increase)/decrease in inventories		**(7.264.745)**	26.614.454
Adjustments for (increase)/decrease in other receivables and other assets		**(65.639.222)**	**11.957.793**
Adjustments for increase/(decrease) in trade payables		**(87.639.058)**	30.030.585
Adjustments for increase/(decrease) in other payables and expense accruals		**(19.610.372)**	3.632.955
		(216.959.579)	80.955.834
Income taxes paid	22	**(46.457)**	10.592
Employment termination benefits paid	13	**(1.727.085)**	(987.081)
Net cash (used in)/generated by operating activities		**(218.733.121)**	79.979.345
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	9	**(8.886.547)**	(21.759.949)
Proceeds from sale of property, plant and equipment and intangible assets	9,10	**3.574.634**	2.197.986
Payments for purchase of intangible assets	10	**(2.545.791)**	(3.287.769)
Interest received	20	**377.781**	5.135
Change in consolidation structure		**(152.108)**	–
Net cash used in investing activities		**(7.632.031)**	(22.844.597)
Cash flow from financing activities			
Increase in capital		**158.844.284**	–
Proceeds from borrowings		**841.165.561**	36.120.453
Repayments of borrowings		**(739.677.935)**	(66.989.573)
Repayments of leasing payables		**(5.419.946)**	(12.473.699)
Change in factoring payables		**(14.557.984)**	(16.045.454)
Interest paid		**(12.768.924)**	–
Net cash generated by / (used in) financing acitivities		**227.585.056**	(59.388.273)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1.219.904**	(2.253.525)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27	**971.898**	3.225.423
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	**2.191.802**	971.898

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Amounts are expressed in Turkish Lira (TL)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hisarlar Makina Sanayi ve Ticaret A.Ş. (the "Company" or "Hisarlar Makina") is the parent company. The address of Hisarlar Makina's registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M. Çukurhisar, Eskişehir, Turkey.

The Company was established in 1973. Following the production of the tractor safety cab in Turkey in 1974, the first serial production has started in 1977. Hisarlar Makina started its first export activities of safety cabs to Netherlands in 1985 and to Austria in 1987. Hisarlar Makina realizes export sales over Hisarlar Pazarlama. In 2006, shareholders established Hisarlar Kabin in order to carry out production of tractor safety cabs and agricultural machines within the newly established company. After this demerge, Hisarlar Makina started to specialize in the production of welded components. As of 2 January 2012, Hisarlar Makina has been remerged with Hisarlar Kabin. Hisarlar Makina's customers include manufacturers operating mainly in agriculture, construction, textile and automotive sectors. Additionally, Hisarlar Makina provides engineering support, design, prototyping, serial production, painting and final assembly to its customers.

As of 18 December 2012 the Company and its shareholders signed a loan agreement with European Bank for Reconstruction and Development ("EBRD") and Nakina Finance S.A.R.L. ("Nakina") (together the "Investors"). Depending upon this loan agreement, the shareholders of the Company has transferred 15.7% of their shares in the Company to EBRD and Nakina. According to the shareholders agreement signed between the parties, Investors have put option in order to transfer back the shares in the period starting from 1 January 2020 to 31 May 2020 when the repayments of the loans are finalized and the annual financial statements for the year ending 31 December 2019 are delivered to the Investors. The Group was experiencing liquidity problems due to the delays on its collections. Accordingly, as of 31 August 2016, the Group was unable to pay its cheques. Subsequently, some banks have recalled their loans commencing September 8th, 2016. Together with the recall of the loans, notification has been sent to all suppliers and customer in accordance with Article 89/1 of the Execution and Bankruptcy Law. Some suppliers have started to apply legal follow-up. Following all these developments, the Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment ("Mahindra"). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are paid in 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% shares.

The Company has acquired 90% of the shares of Hisarlar Pazarlama İthalat ve İhracat A.Ş. ("Hisarlar Pazarlama") from the shareholders of the Company on 14 August 2012. Hisarlar Pazarlama was under common control by the Company since the beginning of its operations until March 2017. In March 2017, the Company has acquired remaining 10% of Hisarlar Pazarlama shares. In addition, Hisarlar Kabin has been merged with Hisarlar Makina on 2 January 2012 as stated above.

Hisarlar Pazarlama started its operations in 2003 and operates in the import and export, marketing and market research activities of the products of Hisarlar Makina. Hisarlar Pazarlama mainly makes exports of different vehicles, machines and components to Europe and other continents of the world. Hisarlar Pazarlama's customers include firms producing agricultural machines, construction machines, material handling equipments, special purpose vehicles, textile machines, medical equipment and automotives manufacturers. The address of the Hisarlar Pazarlama's registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M.Çukurhisar, Eskişehir, Turkey.

As of 31 December 2017, the Group employed 752 people (31 December 2016: 808).

<u>The approval of the financial statements:</u>

The consolidated financial statements for the 1 January-31 December 2017 period are approved by the Board of Directors and have been granted authorization to be published on the date of 9 April 2018. No authority other than General Assembly has the right to change these financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis except for the fair measurement of certain non-current assets.

In order to determine the historical cost, the fair values paid for assets are considered.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS").

2.3 Going Concern Assumptions and Management Plans

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future. As of 31 December 2017, the Group's short-term liabilities exceeds its current assets by TL 73.487.639 (31 December 2016: TL 196.170.644) based on the accompanying consolidated financial statements. In addition, the Group has completed the period ended 31 December 2017 with a net loss of TL 88.432.895 (31 December 2016: TL 93.700.633) and total accumulated losses has reached TL 97.046.757 (31 December 2016: TL 29.291.633). Together with the effect of the accumulated losses and period loss, two thirds of the sum of capital and restricted profit reserves is unsecured in accordance with Article 376 of Turkish Commercial Law. As of 31 December 2016, the Group had experienced liquidity problems due to the negative impact of the increase in foreign exchange rates on its loans and the negative operating income due to the maturity increases in sales transactions. Meanwhile, some loans of the Group were subject to certain covenants due to the contracts. According to these covenants, Group shall achive some performance criterion and shall satisfy spesific qualitative and quantitative criterion. As of 31 December 2016, the Group was in breach regarding certain loan covenants and no waiver letter had been provided regarding these breaches. Some creditors also had recalled their loans since the Group could not fulfill its payment obligations. The Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment ("Mahindra"). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are closed on 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% ownership. Meanwhile there was an increase in paid-in capital of the Group amounting to TL 63.732.770 during 2017. Also the shareholders provided a capital advance amounting TL 68.844.283 on 29 December 2017. As a result of these transactions, the Group management believes that the financial indicators of the Group will be positive and it can continue for the foreseeable future.

2.4 Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

2.5 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with prior period in order to give information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. The Group do not have any material reclassifications and corrections in current year.

2.6 Basis of Consolidation

As of 31 December 2017 and 31 December 2016, details of the Company's subsidiary are as follows

Subsidiary	Group's proportion of ownership and voting power held (%) 2017	2016	Place of incorporation and operation	Principle activity
Hisarlar Pazarlama	100	90	Eskişehir-Eskişehir	Trading

The accompanying consolidated financial statements include the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.7 Changes in the Accounting Policies

The signficant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated. No changes has been observed at the accounting policies of the Group in the current year.

2.8 Changes in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. No changes has been observed at the accounting estimates of the Group in the current year.

The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. No material misstatement has been observed in order to restate the financial statements of the Group in the current year.

2.9 Application of New and Revised International Financial Reporting Standards (IFRSs)

a) Amendments to IFRSs that are mandatorily effective for the current year

Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealized Losses* [1]
Amendments to IAS 7	*Disclosure Inıtiative* [1]
Annual Improvements to IFRS Standards 2014–2016 Cycle	*IFRS 12* [1]

[1]Effective for annual periods beginning on or after 1 January 2017.

Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Amendments to IAS 7 *Disclosure Inıtiative*

This amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

Annual Improvements to IFRS Standards 2014–2016 Cycle

IFRS 12: IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

b) New and revised IFRSs in issue but not yet effective:

IFRS 9	*Financial Instruments* [1]
IFRS 15	*Revenue from Contracts with Customers* [1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IFRS 16	*Leases* [2]
Amendments to IFRS 2	*Classification and Measurement of Share-Based Payment Transactions* [1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration* [1]
Amendments to IAS 40	*Transfers of Investment Property* [1]
Annual Improvements to IFRS Standards 2014–2016 Cycle	*IFRS 1* [1], *IAS 28* [1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures* [2]
IFRS 17	*Insurance Contracts* [3]
IFRIC 23	*Uncertainty over Income Tax Treatments* [2]

Amendments to IFRS 9	*Prepayment Features with Negative Compensation* [2]
Annual Improvements to IFRS Standards 2015–2017 Cycle	*IFRS 3 and IFRS 11, IAS 12, IAS 23*[2]

[1]Effective for annual periods beginning on or after 1 January 2018.
[2]Effective for annual periods beginning on or after 1 January 2019.
[3]Effective for annual periods beginning on or after 1 January 2021.

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 9 *Financial Instruments*

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Loans and receivables and financial liabilities carried at amortized cost as disclosed in Note 24: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortized cost upon the application of IFRS 9;

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

<u>Impairment</u>

Financial assets measured at amortized cost will be carried at FVTOCI under IFRS 9.

In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognized for these items.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Apart from providing more extensive disclosures on the Group's revenue transactions, the Management is assessing whether the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

IFRS 16 *Leases*
IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognized an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognized in the Group's consolidated financial statements.

Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions*

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

    i. the original liability is derecognised;

    ii. the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

    iii. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

Amendments to IAS 40 *Transfers of Investment Property*
The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

Annual Improvements to IFRS Standards 2014–2016 Cycle
The Annual Improvements include amendments to a number of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 Disclosure of Interests in Other Entities, which is effective for annual periods beginning on or after 1 January 2017 (see section 1A above for details).

- **IFRS 1**: The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.

- **IAS 28**: The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture.

In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

The amendments apply retrospectively with earlier application permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*
This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRS 17 *Insurance Contracts*
This new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRIC 23 *Uncertainty over Income Tax Treatments*
This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
This amendment amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle

- IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.10 Summary of Significant Accounting Policies

Related Parties
A related party is a person or entity that is related to the entity that is preparing its financial statements

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods:

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the time following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rental income is recognized on a straight-line basis over the term of the relevant lease.

Inventories
Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, plant and equipment
As of 31 December 2010, land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost and depreciation has been recorded for buildings. Starting from 31 December 2011, these assets are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Starting from 31 December 2016, plant, machinery and equipment are also stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair value determination is based on the market and cost approaches using quoted market prices for similar items when available and in some cases, using replacement cost when appropriate.

Any revaluation increase arising on the revaluation of such land, buildings and plant, machinery and equipment is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, buildings and plant, machinery and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and plant, machinery and equipment is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the related revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated. Motor vehicles, furniture and fixtures, and leasehold improvements are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Intangible assets
Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;

- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial instruments
Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as ‘at fair value through profit or loss’, ‘held-to-maturity investments’, ‘available-for-sale’ financial assets and ‘loans and receivables’.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilitities

Financial liabilities at Fair value through Profit or Loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Entities under common control
90% of the shares of Hisarlar Pazarlama were acquired by the Company from the shareholders of the Company on 14 August 2012. The acquired subsidiary was under common control by the Company since the beginning of its operations and is accounted for by use of the pooling of interest method. This application is based on management judgement that this treatment is the best way to present the economic substance of the transaction because there is no independent third party involved and hence measurement of the fair value is very difficult and, therefore meets the criteria of IAS 8.10-12. IAS 8.10 states that “In the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that result in information that is: (a) relevant to the economic decision-making needs of users; and (b) reliable, in that financial statements.

IAS 8.12 states that; in making the judgement described in paragraph 10, management may also consider the most recent pronouncement of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industrial practices, to the extent that these do not conflict with the sources in paragraph 11.

Foreign currency transactions
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Events after the reporting period
Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investment property
The Group has moved from cost model to fair value model for the measurement of its investment properties starting from 31 December 2016. The Company has not applied this change in accounting policy retrospectively and measured its investment properties with cost model as of 31 December 2015 and fair value model as of 31 December 2016. As of 31 December 2015 the fair value of investment properties was TL 408.318. As of 31 December 2016, the amount of TL 408.318 of the TL 1.619.308, which is the positive difference between the fair value model and the cost model, is recognized in retained earnings, and presented as “the effect of change in accounting policy” in the statement of changes in equity. Remaining portion of the total positive difference between the fair value model and the cost model is recognized in the consolidated statement of profit or loss.

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment properties.

Taxation and deferred income taxes
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

<u>Current and deferred tax for the period</u>
Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employment benefits
Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation. Calculated whole actuarial gains and loses are recognized in other comprehensive income.

Statement of cash flows
Current period statement of cash flows is categorized and reported as operating, investing and financing.

Share capital and dividends
Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

2.11 Critical accounting judgments and key sources of estimation uncertainty

<u>Key sources of estimation uncertainty</u>
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of its property, plant and equipment and intangible assets at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment and intangible assets, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

The Group considers the useful lives of property, plant and equipment and intangible assets as described in Note 9 and 10.

Determination of fair values of property, plant and equipment

The fair values of property, plant and equipment are based on valuations, performed by independent valuers, who hold recognized and relevant professional qualifications. The valuations are based primarily on comparable fair market value of lands and, estimating costs to rebuild the building in the new economic conditions.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized only if the technical feasibility and the intention to complete the intangible asset, the ability to use or sell the intangible asset are demonstrated, how the intangible asset will generate probable future economic benefits is determined, adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available and the expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognized as expense when incurred. The Group Management considers that the internally-generated intangible assets will generate economic benefits and management is confident that the carrying amount of the assets will be recovered in full.

<u>Deferred taxes</u>

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets is not recognized.

3. INTERESTS IN OTHER ENTITIES

a) Subsidiaries
Details of the Group's material joint ventures as of 31 December 2017 and 2016 are as follows:

			Proportion of ownership interest and (%)	
Name of subsidiary	**Operation**	**Place of incorporation and operation**	**31 December 2017**	31 December 2016
Hisarlar Pazarlama	Trade	Eskişehir	**100**	90

<u>Details of non-wholly owned subsidiaries that have material non-controlling interests:</u>

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

		Proportion of ownership interest and voting rights held by non- controlling interests		Profit / (loss) allocated to non- controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**Place of incorporation and operation**	**31 December 2017**	31 December 2016	**1 January-31 December 2017**	1 January-31 December 2016	**31 December 2017**	31 December 2016
Hisarlar Pazarlama (i)	Türkiye	**–**	%10	**–**	(213.653)	**–**	(365.945)

i) As of 31 December 2016, the Group owns 90% of the shares of Hisarlar Pazarlama. Also, the Group has the authority to change and assign the majority of Hisarlar Pazarlama's board of directors. The related activities of Hisarlar Pazarlama are determined by the board of directors on the basis of majority of votes. As of 31 December 2017, the Group acquired remaining 10% of Hisarlar Pazarlama shares.

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017	2016
	Hisarlar Pazarlama	Hisarlar Pazarlama
Current assets	**2.729.114**	7.354.989
Non current assets	**45.375**	2.536.190
Current liabilities	**(7.393.664)**	(13.559.043)
Non current liabilities	**–**	–
Equity attributable to owners of the Company	**4.619.175**	3.301.919
Non controlling interests	**–**	365.945
Revenue	**19.290.463**	73.083.836
Expenses	**(20.241.773)**	(75.220.370)
Profit/loss for the year	**(951.310)**	(2.136.534)
Profit / loss for the year attributable to:		
Owners of the Company	**(951.310)**	(1.922.881)
Non controlling interests	**–**	(213.653)
Profit/loss for the year	**(951.310)**	(2.136.534)
Total comprehensive income for the year attributable to:		
Owners of the Company	**(951.310)**	(1.922.881)
Non controlling interests	**–**	(213.653)
Total comprehensive income	**(951.310)**	(2.136.534)

4. RELATED PARTY TRANSACTIONS

The non-trade receivables from related parties arise mainly from financial needs of the related parties and are due in 60 days. The receivables are unsecured in nature and bear no interest.

The trade payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest and are payable under normal terms.

The non-trade payables to related parties arise mainly from financial needs of the Group and are due in 120 days. The payables are unsecured in nature and bear no interest.

	31 December 2017		31 December 2016			
	Receivables	**Payables**	Receivables		Payables	
	Short Term		Short Term		Short Term	
Balances with related parties	**Trade**	**Trade**	Trade	Non-Trade	Trade	Non-Trade
<u>Other companies managed by the main partner</u>						
Senkron Spor Aletleri Ltd. Şti.	**–**	**–**	–	2.719.956	–	–
Hiscar Oto. End. San. ve Tic. A.Ş.	**–**	**–**	–	–	–	35.122
Hisbim Bil. ve İlet. Tek. San. ve Tic. A.Ş.	**–**	**–**	–	–	1.951.408	–
Hisnak Ltd. Şti.	**–**	**–**	–	–	1.178.782	–
Fazlı Türker	**–**	**–**	–	–	–	421.961
Mustafa Türker	**–**	**–**	–	–	–	821
Hasan Türker	**–**	**–**	–	–	–	3.172
Zafer Türker	**–**	**–**	–	–	–	664.230
Ejder Mak. San.Tic.A.Ş.	**–**	**–**	–	–	4.241.960	–
TZ Araştırma Geliş. San.ve Ticaret A.Ş.	**–**	**–**	1.645.992	–	–	–
Mahindra & Mahindra Ltd	**–**	**104.819**	–	–	**–**	**–**
Sampo Rosenlew Ltd	**421.942**	**–**	–	–	**–**	**–**
Erkunt Traktör Sanayii A.Ş.	**–**	**19.435**	–	–	**–**	**–**
	421.942	**124.254**	1.645.992	2.719.956	7.372.150	1.125.306

Compensation of key management personnel during the period as follows:

	1 January- 31 December 2017	1 January- 31 December 2016
Salaries and other short term benefits	**455.238**	911.047
	455.238	911.047

Transactions with related parties	**1 January - 31 December 2017** Purchases	**Sales**	**Other income**	**Other expense**
Hiscar Oto. End. San. ve Tic. A.Ş.	–	**57.881**	–	–
Hisnak Ltd. Şti.	**1.053.925**	–	**14.136**	–
Ejder Mak. San.Tic.A.Ş.	**1.837.935**	**2.072.972**	–	–
Sampo Rosenlew Ltd	–	**314.952**	–	–
Mahindra & Mahindra Ltd	**1.026.358**	**1.043.105**	–	–
Erkunt Traktör Sanayii A.Ş.	**163.925**	**137.993**	–	–
	4.082.143	**3.626.903**	**14.136**	–

Transactions with related parties	1 January - 31 December 2016 Purchases	Sales	Rent income	Other income
Senkron Spor Aletleri Ltd. Şti.	–	1.603.736	–	12.500
Hiscar Oto. End. San. ve Tic. A.Ş.	–	–	3.287.769	12.325
Hisbim Bil. ve İlet. Tek. San. ve Tic. A.Ş.	–	–	–	–
Hisnak Ltd. Şti.	2.601.359	–	–	–
Ejder Mak. San.Tic.A.Ş.	8.385.014	4.100.772	–	–
TZ Araştırma Geliş. San.ve Ticaret A.Ş.	1.807.401	795.498	–	–
	12.793.774	6.500.006	3.287.769	24.825

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at the balance sheet date, trade receivables of the Group are summarized below:

	31 December 2017	31 December 2016
Current trade receivables		
Trade receivables	**31.042.049**	26.557.311
Notes receivable	**14.951.988**	21.304.226
Trade receivables from related parties (Note 4)	**421.942**	1.645.992
Allowance for doubtful receivables (-)	**(11.546.746)**	(13.522.560)
	34.869.233	35.984.969

The average credit period is 202 days (31 December 2016: 130 days). No interest is charged for the overdue trade receivables. No collateral is received for trade receivables.

As of 31 December 2017, trade receivables of TL 11.546.746 (31 December 2016: TL 13.522.560) were considered as impaired and a provision was provided for these trade receivables.

Movement in the allowance for doubtful receivables are as follows:

	1 January-31 December 2017	1 January-31 December 2016
Balance at beginning of the year, 1 January	**13.522.560**	10.963.281
Period charge	**7.407.831**	2.559.279
Written off receivables	**(9.383.645)**	–
Closing balance, 31 December	**11.546.746**	13.522.560

Explanations on nature and level of risks of trade receivables are disclosed in Note 24.

b) Trade Payables:

As of balance sheet date, the details of the Group's trade payables are as follows

Short term trade payables	**31 December 2017**	31 December 2016
Trade payables	**19.592.498**	37.647.607
Notes payables	**24.246**	61.198.683
Trade payables to related parties (Note: 4)	**124.254**	7.372.150
Expense accruals	**517.880**	7.371
	20.258.878	106.225.811

The average credit period on purchases of goods and services is 136 days and no interest is charged by vendors on the outstanding balance (31 December 2016: 179 days).

6. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other Current Receivables	**31 December 2017**	31 December 2016
Deposits and guarantees given	**754.530**	219.978
Non-trade receivables from related party (Note: 4)	–	2.719.956
Due from personnel	**31.921**	71.846
Other current receivables	**534.462**	950.047
	1.320.913	3.961.827

Other Non-current Receivables	**31 December 2017**	31 December 2016
Deposits and guarantees given	**641.123**	88.000
	641.123	88.000

b) Other Payables:

Other Current Payables	**31 December 2017**	31 December 2016
Non-trade payables from related party (Note: 4)	–	1.125.306
Other payables	**3.172**	–
	3.172	1.125.306

7. INVENTORIES

	31 December 2017	31 December 2016
Raw materials	**9.493.931**	12.207.943
Work in process	**4.743.178**	4.563.084
Finished goods	**6.390.158**	2.455.216
Trade goods	**1.327.801**	2.175.233
Other inventory	**463**	43.849
	21.955.531	21.445.325

8. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid expenses:

Short Term Prepaid Expenses	31 December 2017	31 December 2016
Advances given for purchasing of inventories	**5.520.440**	6.346.868
Prepaid expenses (*)	**–**	650.587
Advances given for business purposes	**115**	614.458
	5.520.555	7.611.913

Long Term Prepaid Expenses	31 December 2017	31 December 2016
Prepaid expenses (*)	**–**	1.627.896
	–	1.627.896

(*) As of 31 December 2016, TL 1.627.896 of long term prepaid expenses and TL 650.587 of short term prepaid expenses of supplemental fee as specified in the loan agreement made between the Company and EBRD and D.C.E.F. Since these prepayments are directly attributable to the loans obtained, they will be recorded as expense based on the maturities of the loans obtained. However, following the take over process of Mahindra and full repayment of these loans, as explained in Note 1, all prepaid expenses regarding loan agreement are recognized in profit or loss statement.

b) Deferred Income:

Short Term Deferred Income	31 December 2017	31 December 2016
Order advances received	**3.638.278**	10.251.758
Other deferred income	**–**	5.101
	3.638.278	10.256.859

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, Machinery and Equipment (*)	Motor Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress ("CIP")	Total
Cost Value								
Opening balance as of 1 January 2017	**14.994.000**	**34.696.802**	**72.471.703**	**996.345**	**4.779.748**	**259.454**	**41.081.625**	**169.279.677**
Additions	**–**	**885.507**	**3.280.017**	**427.054**	**1.941.800**	**–**	**2.352.169**	**8.886.547**
Disposals	**–**	**–**	**(3.311.892)**	**–**	**–**	**–**	**–**	**(3.311.892)**
Transfers from CIP	**–**	**7.509.196**	**–**	**–**	**167.824**	**–**	**(40.141.891)**	**(32.464.871)**
Closing balance as of 31 December 2017	**14.994.000**	**43.091.505**	**72.439.828**	**1.423.399**	**6.889.372**	**259.454**	**3.291.903**	**142.389.461**
Accumulated Depreciation								
Opening balance as of 1 January 2017	**–**	**(4.420.802)**	**(35.987.322)**	**(884.336)**	**(3.447.243)**	**(156.869)**	**–**	**(44.896.572)**
Charge for the year	**–**	**(1.096.770)**	**(13.595.005)**	**(66.613)**	**(525.756)**	**(17.570)**	**–**	**(15.301.714)**
Disposals	**–**	**–**	**3.058.222**	**–**	**–**	**–**	**–**	**3.058.222**
Closing balance as of 31 December 2017	**–**	**(5.517.572)**	**(46.524.105)**	**(950.949)**	**(3.972.999)**	**(174.439)**	**–**	**(57.140.064)**
Carrying value as of 31 December 2017	**14.994.000**	**37.573.933**	**25.915.723**	**472.450**	**2.916.373**	**85.015**	**3.291.903**	**85.249.397**

(*) Cost of machinery acquired through finance lease agreements amount to TL 23.424.167. No machinery acquisition through finance lease agreements exists in 2017.

	Land (*)	Buildings (*)	Plant, Machinery and Equipment (*) (**)	Motor Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress ("CIP")	Total
Cost Value								
Opening balance as of 1 January 2016	2.922.669	43.454.656	72.966.557	996.345	4.712.933	259.454	23.000.567	148.313.181
Additions	–	–	5.916.997	–	66.815	–	18.224.044	24.207.856
Disposals	–	(891.948)	(81.753)	–	–	–	–	(973.701)
Transfers from CIP	–	–	–	–	–	–	(142.986)	(142.986)
Written off fixtures	–	–	(19.561.930)	–	–	–	–	(19.561.930)
Fair value losses	–	(13.647.419)	–	–	–	–	–	(13.647.419)
Revaluation effect	12.071.331	5.781.513	13.231.832	–	–	–	–	31.084.676
Closing balance as of 31 December 2016	14.994.000	34.696.802	72.471.703	996.345	4.779.748	259.454	41.081.625	169.279.677
Accumulated Depreciation								
Opening balance as of 1 January 2016	–	(4.108.932)	(44.030.384)	(804.800)	(3.195.303)	(139.301)	–	(52.278.720)
Charge for the year	–	(311.870)	(7.083.989)	(79.536)	(251.940)	(17.568)	–	(7.744.903)
Disposals	–	–	42.374	–	–	–	–	42.374
Written off fixtures	–	–	15.084.677	–	–	–	–	15.084.677
Closing balance as of 31 December 2016	–	(4.420.802)	(35.987.322)	(884.336)	(3.447.243)	(156.869)	–	(44.896.572)
Carrying value as of 31 December 2016	14.994.000	30.276.000	36.484.381	112.009	1.332.505	102.585	41.081.625	124.383.105

(*) The Group has pledged first degree mortgage on the land, buildings and plant, machinery and equipment in Tepebaşı/Eskişehir amounting to TL 90.627.268 as a guarantee for the borrowings.

(**) Cost of machinery acquired through finance lease agreements amount to TL 26.736.059. TL 2.447.907 of this amount corresponds to machinery acquired in 2016

The following useful lives are used in the calculation of depreciation:

	Useful life
Buildings	50 years
Plant, machinery and equipment	5 – 12 years
Motor vehicles	5 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	12 – 15 years

Depreciation expense of TL 14.723.527 has been charged to cost of sales (31 December 2016: TL 7.398.443), TL 228.728 to research and development expenses (31 December 2016: none), TL 51.706 to selling and marketing expenses (31 December 2016: TL 26.713) and TL 297.753 to general administrative expenses (31 December 2016: TL 319.747).

An independent valuation on the Group's land, buildings and machinery was done by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. Fair values of the Group's land were estimated based on valuation techniques which conform to International Valuation Standards in main principles which take into account comparable fair market value of land that share similar characteristics to the Group's assets. For the determination of fair value of buildings, cost method has been applied. Cost method includes estimating the costs to rebuild the building in the new economic conditions. Physical condition, maintenance, performance, position in the sector and storage capacity factors which may effect the fair value are considered, detailed market research is performed and current economic conditions for the country is considered for property, plant and equipment. The fair value hierarchy level of these lands and buildings are level 2.

If land, buildings and plant,machinery and equipment were stated on the historical cost basis, the amounts would be as follows:

	31 December 2017	31 December 2016
Cost	**111.254.308**	102.541.025
Accumulated depreciation	**(44.406.074)**	(40.408.125)
Net book value	**66.848.234**	62.132.900

10. INTANGIBLE ASSETS

Cost Value	Capitalized development costs	Rights	Total
Opening balance as of 1 January 2017	**8.585.195**	**13.613.856**	**22.199.051**
Additions	**–**	**2.545.791**	**2.545.791**
Written off intangible assets	**(35.320.574)**	**(14.981.099)**	**(50.301.673)**
Transfers from constructions in progress	**32.464.871**	**–**	**32.464.871**
Closing balance as of 31 December 2017	**5.729.492**	**1.178.548**	**6.908.040**
Accumulated Amortization			
Opening balance as of 1 January 2017	**(5.575.767)**	**(7.231.682)**	**(12.807.449)**
Charge for the year	**(6.768.938)**	**(1.309.824)**	**(8.078.762)**
Written off intangible assets	**10.932.810**	**7.807.092**	**18.739.902**
Closing balance as of 31 December 2017	**(1.411.895)**	**(734.414)**	**(2.146.309)**
Carrying value as of 31 December 2017	**4.317.597**	**444.134**	**4.761.731**

	Capitalized development costs	Rights	Total
Cost Value			
Opening balance as of 1 January 2016	8.949.990	10.326.087	19.276.077
Additions	–	3.287.769	3.287.769
Disposals	(507.781)	–	(507.781)
Transfers from constructions in progress	142.986	–	142.986
Closing balance as of 31 December 2016	8.585.195	13.613.856	22.199.051
Accumulated Amortization			
Opening balance as of 1 January 2016	(4.042.269)	(6.021.118)	(10.063.387)
Charge for the year	(1.552.955)	(1.210.564)	(2.763.519)
Disposals	19.457	–	19.457
Closing balance as of 31 December 2016	(5.575.767)	(7.231.682)	(12.807.449)
Carrying value as of 31 December 2016	3.009.428	6.382.174	9.391.602

The following useful lives are used in the calculation of depreciation:

	Useful life
Capitalised development costs	5 years
Other intangible assets	3 – 5 years

Amortization expense of TL 7.773.499 has been charged to cost of sales (31 December 2016: TL 2.639.896), TL 120.761 to research and development expenses (31 December 2016: None), TL 27.299 to selling and marketing expenses (31 December 2016: TL 9.531) and TL 157.203 to administrative expenses (31 December 2016: TL 114.092).

11. INVESTMENT PROPERTY

	1 January-31 December 2017	1 January-31 December 2016
Opening value	**1.643.000**	1.643.000
Closing value	**1.643.000**	1.643.000

Investment properties of the Group are composed of several lands located in Eskişehir.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. The valuation, which conforms to International Valuation Standards in main principles, was arrived at by reference to market evidence of transaction prices for similar properties. The fair value hierarchy level of these assets are level 2.

12. COMMITMENTS AND CONTINGENCIES

Guarantees, Pledges and Mortgages ("GPM") position of the Company as of 31 December 2017 and 31 December 2016 are as follows:

31 December 2017	**TL equivalent**
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	**19.000**
– *Mortgages*	**1.350.000**
Total	**1.369.000**

31 December 2016	TL equivalent
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	275.000
– *Mortgages*	90.627.268
Total	90.902.268

13. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2017	31 December 2016
Due to personnel	**1.876.579**	6.262.849
Social security premiums payable	**1.008.890**	263.686
	2.885.469	6.526.535

Short-term provisions for employee benefits

	31 December 2017	31 December 2016
Provision for unused vacation	**906.568**	805.614
	906.568	805.614

Long-term provisions for employee benefits

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 4.732,48 (2016: TL 4.297,21) for each period of service at 31 December 2017.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2017, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of an annual inflation rate of 6,5% and a discount rate of 11,5%, resulting in a real discount rate of approximately 4,69% (31 December 2016: discount rate of approximately 4,21%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. The rate of voluntary leaves and retained in the Company is taken between %0 for 0-15 years employee and %9,39 for more than 16 years employees. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 5.001,76 (1 January 2017: 4.426,16) which is in effect since 1 January 2018 is used in the calculation of Group's provision for retirement pay liability.

Long-term provisions for employee benefits

	1 January-31 December 2017	1 January-31 December 2016
Provision at 1 January	**7.934.980**	5.618.964
Service cost	**802.020**	4.008.939
Interest cost	**333.714**	265.772

	1 January-31 December 2017	1 January-31 December 2016
Termination benefits paid	**(1.727.085)**	(987.081)
Actuarial (gain) / loss	**(221.284)**	(971.614)
Provision at 31 December	**7.122.345**	7.934.980

14. OTHER ASSETS AND LIABILITIES

a) Other Assets:

	31 December 2017	31 December 2016
Other Current Assets		
VAT carried forward	**3.727.340**	184.117
	3.727.340	184.117

b) Other Liabilities:

	31 December 2017	31 December 2016
Other Current Liabilities		
Taxes and dues payable	**1.197.771**	9.336.936
Other current liabilities	**28.135**	117.561
	1.225.906	9.454.497

15. PROVISIONS

	31 March 2017	31 December 2016
Provisions		
Provision for employee litigation	**242.532**	1.640.921
	242.532	1.640.921

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2017 and 31 December 2016 the share capital held is as follows:

Shareholders	**%**	**31 December 2017**	%	31 December 2016
Mahindra Overseas Investment Company (Mauritius) Ltd	**75,1**	**71.000.000**	–	–
European Bank For Reconstruction and Development	**18,3**	**17.326.489**	7,14	2.201.014
Zafer Türker	**6,2**	**5.856.725**	<1	242.554
Nakina Finance S.A.R.L.	**0,4**	**391.786**	8,56	2.641.216
Fazlı Türker	**-**	**-**	60,7	18.720.000
Hayrullah Türker	**-**	**-**	15,9	4.910.282
Mustafa Türker	**-**	**-**	4,5	1.402.934
Hasan Türker	**-**	**-**	2,3	701.480
Raşit Türker	**-**	**-**	<1	22.750
Nominal capital	**100**	**94.575.000**	100	30.842.230
Inflation Adjustment		**(1.334.655)**		(1.334.655)
Adjustment capital		**93.240.345**		29.507.575

The total number of ordinary shares authorized is 1.891.500.000 (2016: 616.844.603 shares) with a par value of TL 0,05 per share (2016: TL 0,05 per share).

Restricted profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

	31 December 2017	31 December 2016
Legal reserves	**2.589.932**	2.559.932
	2.589.932	2.559.932

17. REVENUE AND COST OF SALES

a) Sales	**1 January-31 December 2017**	1 January-31 December 2016
Domestic Sales	**67.459.864**	109.808.413
Export Sales	**21.467.423**	75.027.060
Other income	**4.183**	2.138.196
	88.931.470	186.973.669

b) Cost of Sales	**1 January-31 December 2017**	1 January-31 December 2016
Raw materials used	**(53.091.585)**	(100.875.658)
Employee benefits expenses	**(21.813.898)**	(23.745.160)
Production overheads	**(23.388.365)**	(18.902.554)
Depreciation and amortization expenses	**(22.497.026)**	(10.038.339)
Change in work-in-progress inventories	**180.094**	(14.568.843)
Change in finished goods inventories	**3.934.942**	(4.823.966)
	(116.675.838)	(172.954.520)
Cost of merchandises sold	**(5.950.195)**	(30.750.343)
Cost of services rendered	**(4.484.119)**	(1.715.094)
	(127.110.152)	(205.419.957)

18. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January-31 December 2017	1 January-31 December 2016
General adminisrative expenses(-)	**(18.455.590)**	(12.253.866)
Marketing, selling and distribution expenses (-)	**(6.322.758)**	(4.236.750)
Research and development expenses (-)	**(3.299.425)**	–
	(28.077.773)	(16.490.616)

a) Details of General Administrative Expenses	**1 January–31 December 2017**	1 January–31 December 2016
Expense from doubtful receivable provision (Note: 5)	**(7.407.831)**	(2.559.279)
Employee benefit expenses	**(4.496.551)**	(5.110.373)
Depreciation and amortization expenses	**(454.956)**	(433.839)
Rent expenses	**(349.300)**	(121.077)
Transportation expenses	**(79.875)**	(103.967)
Consulting expenses	**(4.116.070)**	(714.615)
Cleaning expenses	**(40.492)**	(63.636)
Maintanence expenses	**(19.157)**	(87.093)
Vehicle expenses	**(2.111)**	(277.506)

a) Details of General Administrative Expenses	1 January–31 December 2017	1 January–31 December 2016
Communication expenses	**(97.901)**	(94.197)
Travel expenses	**(98.447)**	(126.166)
Taxes, dues and payables	**(231.763)**	(260.245)
Training expenses	**(15.495)**	(81.433)
Outsourcing expenses	**(383.319)**	(123.104)
Other administrative expenses	**(662.322)**	(456.414)
Provision for employee litigation	**–**	(1.640.922)
	(18.455.590)	(12.253.866)

b) Details of Marketing Expenses	1 January-31 December 2017	1 January-31 December 2016
Employee benefit expenses	**(2.509.194)**	(1.927.139)
Depreciation and amortization expenses	**(79.005)**	(36.244)
Rent expenses	**(243.737)**	(207.213)
Consulting expenses	**(105.805)**	(85.110)
Advertisement expenses	**(357.077)**	(157.147)
Insurance expenses	**(16.091)**	(45.185)
Travel expenses	**(1.955.262)**	(988.616)
Custom and tax expenses	**(118.032)**	(6.530)
Maintanence expenses	**(252.786)**	(199.685)
Outsourcing expenses	**(56.145)**	(51.709)
Other marketing and sales expenses	**(629.624)**	(532.172)
	(6.322.758)	(4.236.750)

c) Research and Development Expenses	1 January-31 December 2017	1 January-31 December 2016
Employee benefit expenses	**(2.253.161)**	–
Depreciation and amortization expenses	**(349.489)**	–
Rent expenses	**(36.017)**	–
Transportation expenses	**(15.894)**	–
Consulting expenses	**(1.940)**	–
Travel expenses	**(47.997)**	–
Maintanence expenses	**(162.839)**	–
Outsourcing expenses	**(138.853)**	–
Other research and development expenses	**(293.235)**	–
	(3.299.425)	–

19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2017 and 2016 are as follows:

Income/Profit from Other Operations	1 January-31 December 2017	1 January-31 December 2016
Net foreign exchange gains from operations	**21.178.153**	–
Discount income	**–**	3.496.977
Gains from insurance claims	**1.073.129**	82.746
Maturity difference income	**2.030.465**	2.339.495
Other income	**4.271.587**	3.974.045
	28.553.334	9.893.263

Expense/Loss from Other Operations	1 January-31 December 2017	1 January-31 December 2016
Net foreign exchange losses from operations	**–**	(2.994.232)
Discount expense	**(2.349.249)**	(1.708.647)
Provision expenses	**(169.165)**	–
Maturity difference expense	**(1.141.914)**	(6.855.817)
Written off intangible assets and fixtures	**(31.561.771)**	(4.477.253)
Stock amnesty	**–**	(4.512.060)
Written off assets	**(4.651.174)**	(3.947.126)
Other expenses	**(2.604.481)**	(1.749.317)
	(42.477.754)	(26.244.452)

20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Investment Revenue

	1 January-31 December 2017	1 January-31 December 2016
Gain on disposal of property, plant and equipment	**3.334.912**	778.335
Change in fair value of investment property	**–**	1.210.990
Interest income from bank deposits	**377.781**	5.135
	3.712.693	1.994.460

b) Expenses from Investing Activities

	1 January-31 December 2017	1 January-31 December 2016
Loss on fair value of plant, property and equipment	**–**	(13.647.419)
Loss on disposal of property, plant and equipment	**(13.948)**	(198.556)
	(13.948)	(13.845.975)

21. FINANCE INCOME/EXPENSES -NET

	1 January-31 December 2017	1 January-31 December 2016
Interest on bank overdrafts and loans	**(11.363.536)**	(15.432.843)
Interest on obligations under finance leases	**(1.566.850)**	(1.514.296)
Income from loan arrangement (*)	**33.988.974**	–
Net foreign exchange gains / (losses) on borrowings	**(20.227.112)**	(22.265.891)
Interest on factoring expenses	**(80.382)**	(5.142.522)
Other interest expenses	**(566.327)**	(783.750)
	184.767	(45.139.302)

(*) According to the takeover transaction held in 30 March 2017, some creditors had released certain portion of borrowings in exhange with increasing their proportion of ownership over the Company.

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Assets related with current taxes:	31 December 2017	31 December 2016
Prepaid taxes and funds	**46.457**	–
	46.457	–

	31 December 2017	31 December 2016
Current tax liability		
Current corporate tax provision	**–**	–
Less: prepaid taxes and funds	**–**	–
	–	–

Income tax recognized in profit or loss:

Tax expense/income comprises:	**1 January-31 December 2017**	1 January-31 December 2016
Current tax expense / (income)	**–**	–
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	**12.135.532**	(14.578.277)
Total tax expense/(income)	**12.135.532**	(14.578.277)

Income tax recognised directly in equity

	1 January-31 December 2017	1 January-31 December 2016
Deferred tax		
Arising on income and expense taken directly to equity:		
– Actuarial gains and losses	**44.257**	194.323
– Revauation of property, plant and equipment	**712.778**	4.515.447
Total deferred tax recognised directly in equity	**757.035**	4.709.770

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (previous years losses, if any, and investment incentives utilized, if preferred).

The effective tax rate in 2017 is 20% (2016: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2017 is 20% (2016: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Income Witholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2016: 20%).

For calculation of deferred tax asset and liabilities, the rate of 20% (2016: 20%) is used.

Deferred tax (assets) / liabilities:	**31 December 2017**	31 December 2016
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	**926.223**	(6.344.205)
Provision for employment termination benefits	**(1.424.469)**	(1.586.996)
Provisions for legal cases	**-**	(328.184)
Expense accrualas regarding signed protocols with suppliers	**-**	(1.210.399)
Provision for doubtful receivables	**(230.194)**	(2.704.512)
Unused vacation liabilities	**(181.314)**	(161.123)
Discount of notes receivable/payable (net)	**(278.806)**	216.389
Accruals for loans	**(53.206)**	(1.861.668)
Other	**287.589**	133.954
	(954.177)	(13.846.744)

Movement of deferred tax (assets) / liabilities for year ended 31 December 2017 and 31 December 2016 are as follows:

Movement of deferred tax (asset)/ liabilities:	**1 January-31 December 2017**	1 January-31 December 2016
Opening balance as of 1 January	**(13.846.744)**	(3.978.237)
Charged to income	**12.135.532**	(14.578.277)
Charged to equity	**757.035**	4.709.770
Closing balance at 31 December	**(954.177)**	(13.846.744)

Current period tax reconciliation is as follows:

Tax Reconciliation:	**1 January-31 December 2017**	1 January-31 December 2016
Profit/(loss) for the period	**(76.297.363)**	(108.278.910)
Tax at the domestic income tax rate of 20%	**(15.259.473)**	(21.655.782)

Tax Reconciliation:	1 January-31 December 2017	1 January-31 December 2016
Tax effects of:		
- expenses that are not deductible	**(3.893.677)**	(649.949)
- unused tax losses	**5.829.101**	7.269.613
- other	**816.982**	(331.584)
- non taxable adjustments	**24.642.599**	789.425
	12.135.532	(14.578.277)

Expiration schedule of carry forward tax losses is as follows:

	31 December 2017	31 December 2016
Expiring in 2018	**1.216.653**	1.216.653
Expiring in 2020	**4.385.057**	4.385.057
Expiring in 2021	**32.781.718**	36.348.064
Expiring in 2022	**29.145.507**	–
	67.528.935	41.949.774

23. FINANCIAL INSTRUMENTS

Financial Investments

The detail of financial investments of the Group as of 31 December 2017 and 31 December 2016 is as follows:

	31 December 2017	31 December 2016
Financial Investments		
Blocked deposits (*)	**69.549.463**	1.646.419
	69.549.463	1.646.419

(*) As of 31 December 2017, TL 68.844.283 of blocked deposits represents the blocked amount due to the capital advances collected from the shareholders. This balance has two days maturity and 12,5% interest rate. Remaning balances are kept in demand deposits.

Financial Liabilities

The detail of borrowings of the Group as of 31 December 2017 and 31 December 2016 is as follows:

	31 December 2017	31 December 2016
Financial Liabilities		
a) Bank Borrowings	**179.062.347**	112.077.222
b) Obligations Under Finance Leases	**5.963.748**	10.783.137
c) Other Financial Liabilities	**–**	14.557.984
	185.026.095	137.418.343

a) Bank Borrowings:

The detail of borrowings is as follows:

Currency Type	Weighted Average Effective Interest Rate	31 December 2017 Current	31 December 2017 Non-current
TL	15,03%	**178.041.844**	**–**
EUR	2,85%	**1.020.503**	**–**
		179.062.347	**–**

Currency Type	Effective Interest Rate	31 December 2016 Current	31 December 2016 Non-current
TL	16,67%	73.252.174	–
EUR	9,52%	38.825.048	–
		112.077.222	–

The redemption schedule of the borrowings as of 31 December 2017 and 31 December 2016 is as follows:

The borrowings are repayable as follows:

	31 December 2017	31 December 2016
To be paid within 1 year	**179.062.347**	112.077.222
	179.062.347	112.077.222

As of 31 December 2016, some loans of the Group were subject to certain covenants due to the contracts. According to these covenants, Group shall achive some performance criterion and shall satisfy spesific qualitative and quantitative criterion. As of 31 December 2016, the Group was in breach regarding certain loan covenants and no waiver letter was provided regarding these breaches. As explained in Note 24, some creditors also recalled their loans since the Group could not fulfill its payment obligations. As a result of these developments, all bank loans of the Group are presented as short term liabilities in the consolidated financial statements as of 31 December 2016.

b) Obligations Under Finance Leases:

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2017	31 December 2016	**31 December 2017**	31 December 2016
Finance Lease Payables				
Amounts payable under finance leases	**6.807.228**	12.347.628	**5.963.748**	10.783.137
Within one year	**4.592.858**	6.771.954	**4.445.783**	5.306.363
In the second to fifth years	**2.214.370**	5.575.674	**1.517.965**	5.476.774
Less : Future finance charges	**(843.480)**	(1.564.491)	**–**	–
Present value of finance lease obligations	**5.963.748**	10.783.137	**5.963.748**	10.783.137
Less: Amounts due to settlement within twelve months (shown under current liabilities)			**4.445.783**	5.306.363
Amounts due for settlement after 12 months			**1.517.965**	5.476.774

The interest rates of the finance leases are fixed for all lease periods at the contract date. The weighted average effective contractual interest rate is approximately 22% for TL, 6% for USD and 8% for EURO (31 December 2016: 22% for TL, 6% for USD and 8% for EURO)

c) Other Financial Liabilities

	31 December 2017	31 December 2016
Other Financial Liabilities		
Factoring Payable	**–**	14.557.984
	–	14.557.984

As of 31 December 2016, the interest rate on the Group's factoring transaction is between 17% to 18%.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of 31 December 2017 and 31 December 2016 net debt / total capital ratio is as follows:

	1 January-31 December 2017	1 January-31 December 2016
Total Debts (Note: 23)	**185.026.095**	137.418.343
Less: Cash and Cash Equivalents (Note: 27)	**(2.191.802)**	(971.898)
Net Debt	**182.834.293**	136.446.445
Total Equity	**11.121.479**	(58.602.051)
Total Capital	**193.955.772**	77.844.394
Total Debt / Total Capital Ratio	**94,27%**	100%

b) Financial risk factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments of the Group that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Group's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements.

The Group has cash and cash equivalents at several financial institutions. The Group manages this risk by continuously evaluating the reliability of these financial institutions.

Credit risk arising from trade receivables is limited due to the large number of customers and the policy of the Group to limit the credit amount of customers. The Group generally prefers to collect cheques to increse the credit limits of its customers except its dealers.

Credit risk of financial instruments	**Receivables**				
	Trade Receivables		**Other Receivables**		
31 December 2017	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	**34.447.291**	**421.942**	**1.320.913**	**–**	**2.171.994**
- The part of maximum risk under guarantee with collateral etc. (**)	**200.000**	**–**	**–**	**–**	**–**
A. Net book value of financial assets that are neither past due nor impaired	**34.447.291**	**421.942**	**1.320.913**	**–**	**2.171.994**
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired (***)	**–**	**–**	**–**	**–**	**–**
C. Net book value of impaired assets	**–**	**–**	**–**	**–**	**–**
- Overdue (gross carrying amount)	**–**	**–**	**–**	**–**	**–**
- Impairment (-)	**11.546.746**	**–**	**–**	**–**	**–**
- The part of net value under guarantee with collateral etc.	**(11.546.746)**	**–**	**–**	**–**	**–**
D. Off-balance sheet items with credit risk	**–**	**–**	**–**	**–**	**–**

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.
(***) The maturity of past due receivables from related parties are more than six months.

Credit risk of financial instruments	**Receivables**				
	Trade Receivables			**Other Receivables**	
31 December 2016	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	34.338.977	1.645.992	1.329.871	2.719.956	965.040
- The part of maximum risk under guarantee with collateral etc. (**)	275.000	–	–		–
A. Net book value of financial assets that are neither past due nor impaired	34.338.977	–	1.329.871	–	965.040
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired (***)	–	1.645.992	–	2.719.956	–
C. Net book value of impaired assets	–	–	–	–	–
- Overdue (gross carrying amount)	–	–	–	–	–
- Impairment (-)	13.522.560	–	–	–	–
- The part of net value under guarantee with collateral etc.	(13.522.560)	–	–		–
D. Off-balance sheet items with credit risk	–	–	–		–

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.
(***) The maturity of past due receivables from related parties are more than six months.

Explanations on the credit quality of financial assets

Credit quality of financial assets that are past due but not impaired, which is evaluated based on external evaluations and retrospective internal evaluations, is as follows:

Aging of overdue receivables is as follows:

31 December 2017	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	–	–	–
Past due 1-5 year	–	–	–
Total past due receivables	–	–	–
Secured portion of receivables by guarantees, etc.	–	–	–

31 December 2016	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	1.645.992	–	1.645.992
Past due 1-5 year	–	2.719.956	2.719.956
Total past due receivables	–	2.719.956	2.719.956
Secured portion of receivables by gurantees, etc.	–	–	–

b.2) Liquidity risk management

Ultimate control for liquidity risk management rests with the Board of Directors, which aims to maintain an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2017 and 2016 is as follows:

31 December 2017

Contructual maturity analysis	**Net book value**	**Net cash outflows (I+II+III+IV)**	**1-3 months (I)**	**3 months- 1 year (II)**	**1-5 years (III)**
Non-derivative					
Financial liabilities					
Bank loans	**179.062.347**	**191.090.520**	**57.669.045**	**133.421.475**	**–**
Obligations under finance leases	**5.963.748**	**6.807.228**	**1.425.302**	**3.167.556**	**2.214.370**
Trade payables	**20.258.878**	**21.025.522**	**6.728.167**	**14.297.355**	**–**
Total liabilities	**205.284.973**	**218.923.270**	**65.822.514**	**150.886.386**	**2.214.370**

31 December 2016

Contructual maturity analysis	**Net book value**	**Net cash outflows (I+II+III+IV)**	**1-3 months (I)**	**3 months- 1 year (II)**	**1-5 years (III)**
Non- derivative					
Financial liabilities					
Bank loans	112.077.222	123.021.254	101.922.709	21.098.545	–
Obligations under finance leases	10.783.137	12.347.628	1.372.526	4.281.103	6.693.999
Other financial liabilities	14.557.984	14.557.984	-	14.557.984	–
Trade payables	106.225.811	108.664.580	-	108.664.580	–
Total liabilities	243.644.154	258.591.446	103.295.235	148.602.212	6.693.999

b.3.1) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Foreign currency risk is managed through balancing the liabilities and receivables in foreign currencies.

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

b.3.2) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk. Foreign currency risk is managed by balancing the liabilities and receivables in foreign currencies.

As of 31 December 2016 and 2015 the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 December 2017		
	USD	**Euro**	**Total TL Equivalent**
Cash and Cash Equivalents	**52**	**83.791**	**378.554**
Trade Receivables	**218.254**	**625.391**	**3.649.624**
Bank Borrowings	**-**	**(226.000)**	**(1.020.503)**
Other Financial Liabilities	**-**	**(702.316)**	**(3.171.308)**
Trade Payables	**(963.358)**	**(185.815)**	**(4.472.734)**
Net Foreign Currency Position	**(745.052)**	**(404.409)**	**(4.636.367)**

	31 December 2016		
	USD	**Euro**	**Total TL Equivalent**
Cash and Cash Equivalents	1	46.388	147.404
Trade Receivables	136.910	1.221.998	4.281.100
Bank Borrowings	-	(25.594.161)	(81.328.006)
Other Financial Liabilities	(24.594)	(2.151.814)	(6.909.114)
Trade Payables	(656.890)	(596.076)	(3.804.064)
Net Foreign Currency Position	(544.573)	(27.073.665)	(87.612.680)

The following table details the Group's sensitivity to a 10% increase and decrease in USD, and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number indicates an decrease in profit or loss.

	USD Effect		EUR Effect	
	2017	2016	**2017**	2016
Profit or Loss	**(281.026)**	(81.276)	**(182.611)**	(3.140.549)

b.3.3) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The related risks are managed through natural methods which are resulting from the netting of receivables and liabilities dependent to interest rates. The interest rates of financial assets and liabilities are stated in the related notes.

Interest rate sensitivity

The sensitivity analysis of financial instruments is presented below:

Interest Position Table

	31 December 2017	31 December 2016
Financial Instruments with Fixed Interest Rate		
Financial Borrowings	**52.670.503**	98.737.796
Other Financial Liabilities	**5.963.748**	25.341.121
Financial Instruments with Floating Interest Rate		
Financial Borrowings	**126.391.844**	13.486.413

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

Profit for the year ended 31 December 2017 would increase/decrease by TL 8.203 (2016: 24.064) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2017	**Loans and receivables (cash and cash equivalents included)**	**Financial liabilities at amortized cost**	**Fair value**	**Note**
Financial assets				
Cash and cash equivalents	**2.191.802**	**–**	**2.191.802**	**27**
Trade receivables	**34.447.291**	**–**	**34.447.291**	**5**
Due from related parties	**421.942**	**–**	**421.942**	**4**
Other receivables from third parties	**1.320.913**	**–**	**1.320.913**	**6**
Financial liabilities				
Borrowings	**–**	**179.062.347**	**179.062.347**	**23**
Obligations under finance leases	**–**	**5.963.748**	**5.963.748**	**23**
Trade payables	**–**	**20.258.878**	**20.258.878**	**5**

31 December 2016	**Loans and receivables (cash and cash equivalents included)**	**Financial liabilities at amortized cost**	**Fair value**	**Note**
Financial assets				
Cash and cash equivalents	971.898	–	971.898	27
Trade receivables	34.338.977	–	34.338.977	5
Due from related parties	4.365.948	–	4.365.948	4
Other receivables from third parties	1.329.871	–	1.329.871	6

31 December 2016	**Loans and receivables (cash and cash equivalents included)**	**Financial liabilities at amortized cost**	**Fair value**	**Note**
Financial liabilities				
Borrowings		112.077.222	112.077.222	23
Obligations under finance leases	–	10.783.137	10.783.137	23
Other Financial Liability	–	14.557.984	14.557.984	23
Trade payables	–	106.225.811	106.225.811	5

Group, considers that the book value of financial instruments reflects their fair values.

26. EVENTS AFTER THE REPORTING PERIOD

None

27. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2017	31 December 2016
Cash on hand	**19.808**	6.858
Cash at banks	**2.171.994**	965.040
Demand deposits	**2.171.994**	965.040
	2.191.802	971.898

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 24.

28. SUPPLEMENTARY INFORMATION

For the convenience of readers of the financial statements, all items in the Consolidated Statement of Profit or Loss for the period 1 January 2017 to 31 December 2017 and the Consolidated Statement of Financial Position as at 31 December 2017 have been translated from the Company's reporting currency (Turkish Lira) into Indian Rupees ("INR") using the exchange rate of TL 1 = INR 16.26. This convenience translation should not be construed as a representation that the Turkish Lira amounts or the Indian Rupee amounts referred to have been, could have been, or could in the future be, converted into INR or Turlish Lira, as the case may be, at this or at any other rate of exchange, or at all. The information presented below does not form part of the audit report and audited financial statements and does not conform to IFRS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Amounts are expressed in Indian Rupee (INR)

BALANCE SHEET	**Current Period 31st December, 2017**	Prior Period 31st December, 2016
ASSETS		
Current Assets	**2,26,30,87,840**	1,16,75,73,170
Cash and Cash Equivalent	**3,56,38,701**	1,58,03,061
Financial Investments	**1,13,08,74,268**	2,67,70,773
Trade Receivables	**56,69,73,729**	58,51,15,596
Trade receivables from related parties	**68,60,777**	2,67,63,830
Trade receivables from third parties	**56,01,12,952**	55,83,51,766
Other Receivables	**2,14,78,045**	6,44,19,307
Other receivables from related parties	**–**	4,42,26,485
Other receivables from third parties	**2,14,78,045**	2,01,92,822
Inventory	**35,69,96,934**	34,87,00,985
Prepaid Expenses	**8,97,64,224**	12,37,69,705
Assets Related to Current Tax	**7,55,391**	–
Other Current Assets	**6,06,06,548**	29,93,742
Non-Current Assets	**1,51,62,35,699**	2,45,49,40,442
Trade Receivables	**–**	–
Trade receivables from third parties	**–**	–
Other Receivables	**1,04,24,660**	14,30,880
Other receivables from third parties	**1,04,24,660**	14,30,880
Investment Property	**2,67,15,180**	2,67,15,180
Property, Plant and Equipment	**1,38,61,55,195**	2,02,24,69,287
Intangible Assets	**7,74,25,746**	15,27,07,449
Other Non-Current Assets	**7,74,25,746**	15,27,07,449
Prepaid Expenses	**–**	2,64,69,589
Deferred Tax Assets	**1,55,14,918**	22,51,48,057
TOTAL ASSETS	**3,77,93,23,540**	3,62,25,13,612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Amounts are expressed in Indian Rupee (INR)

LIABILITIES	**Current Period 31st December 2017**	Prior Period 31st December 2016
Current Liabilities	**3,45,79,96,851**	4,35,73,07,841
Financial Borrowings	**2,91,15,53,762**	1,68,93,14,733
SShort-term Protion of Long-term Borrowings	**–**	13,30,60,897
Obligations under financial leases	**7,22,88,432**	8,62,81,462
Other Financial Liabilities	**–**	23,67,12,820
Trade Payables	**32,94,09,356**	1,72,72,31,687
Trade payables to related parties	**20,20,370**	11,98,71,159
Trade payables to third parties	**32,73,88,986**	1,60,73,60,528
PPayables Related to Employee Benefits	**4,69,17,726**	10,61,21,459
Other Payables	**51,577**	1,82,97,476
Other payales to related parties	**–**	1,82,97,476
Other payables to third parties	**51,577**	–
Deferred Income	**5,91,58,400**	16,67,76,527
Short-term Provisions	**1,86,84,366**	3,97,80,659
Short-term provisions for employee benefits	**1,47,40,796**	1,30,99,284
Other short-term provisions	**39,43,570**	2,66,81,375
Other Current Liabilities	**1,99,33,232**	15,37,30,121
Non-Current Liabilities	**14,04,91,441**	21,80,75,120
Obligations under financial leases	**2,46,82,111**	8,90,52,345
Long-term Provisions	**11,58,09,330**	12,90,22,775
Long-term provisions for employee benefits	**11,58,09,330**	12,90,22,775
Deferred Tax Liabilities	**–**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Amounts are expressed in Indian Rupee (INR)

	Current Period 31st December 2017	Prior Period 31st December 2016
EQUITY	**18,08,35,248**	(95,28,69,349)
Equity Attributable to Owners of the Parent	**18,08,35,248**	(95,28,69,349)
Paid-in Capital	**1,51,60,88,010**	47,97,93,170
Capital Advances	**1,11,94,08,042**	–
Entities Under Common Control	**–**	2,06,144
Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	**51,91,26,044**	52,78,37,356
Properties Revaluation Reserves	**52,55,72,891**	53,71,62,661
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans	**(64,46,846)**	(93,25,305)
Restricted Profit Reserves	**4,21,12,294**	4,16,24,494
Retained Earnings	**(1,57,79,80,275)**	(47,62,81,953)
Net Profit / Loss for the period	**(1,43,79,18,867)**	(1,52,00,98,295)
Profit Reserves	**–**	(59,50,266)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,77,93,23,540**	3,62,25,13,612

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 1 JANUARY - 31 DECEMBER 2017 PERIOD

Amounts are expressed in Indian Rupee (INR)

	Current Period 1st January 2017 to 31st December 2017	Current Period 1st January 2016 to 31st December 2016
Revenue	**1,44,60,25,702**	3,04,01,91,858
Cost of Sales (-)	**(2,06,68,11,067)**	(3,34,01,28,501)
Gross Profit	**(62,07,85,364)**	(29,99,36,643)
General Administrative Expenses (-)	**(30,00,87,893)**	(19,92,47,861)
Marketing Expenses (-)	**(10,28,08,045)**	(6,88,89,555)
Research and Development Expenses (-)	**(5,36,48,650)**	–
Other Income From Operating Activities	**46,42,77,211**	16,08,64,449
Other Loss From Operating Activities (-)	**(69,06,88,280)**	(62,55,40,395)
Operating Profit	**(1,30,37,41,022)**	(1,03,27,50,005)
Investment Revenue	**6,03,68,388**	3,24,29,927
Expenses from Investment activities	**(2,26,794)**	(2,63,29,948)
OPERATING PROFIT BEFORE FINANCE EXPENSE	**(1,24,35,99,428)**	(1,02,66,50,026)
Finance Expenses (-)	**30,04,311**	(73,39,65,051)
LOSS/PROFIT BEFORE TAX	**(1,24,05,95,117)**	(1,76,06,15,077)
Tax (Expense)	**(19,73,23,750)**	23,70,42,784
Deferred Tax Expense / Income	**(19,73,23,750)**	23,70,42,784
PROFIT/LOSS FOR THE PERIOD	**(1,43,79,18,867)**	(1,52,35,72,293)
DISCONTINUED OPERATIONS PROFIT/LOSS	**–**	–
PROFIT/LOSS FOR THE PERIOD	**(1,43,79,18,867)**	(1,52,35,72,293)
Loss from the period attributable to:		
Non- controlling Interest	**–**	(34,73,998)
Owners of the company	**(1,43,79,18,867)**	(1,52,00,98,295)
	(1,43,79,18,867)	(1,52,35,72,293)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 1 JANUARY - 31 DECEMBER 2017 PERIOD

Amounts are expressed in Indian Rupee (INR)

	Current Period 1 January- 31 December 2017	Current Period 1 January- 31 December 2016
PROFIT/LOSS FOR THE PERIOD	**(1,43,79,18,867)**	(1,52,35,72,293)
OTHER COMPREHENSIVE INCOME		
Items that will not be Reclassified Subsequently to Profit / (Loss)	**(87,11,311)**	44,46,54,416
Gain / (Loss) on remeasurment of defined benefit plans	**35,98,078**	1,57,98,444
Gain on revaluation of property plant and equipments	**–**	50,54,36,832
Deffered Tax Expenses (-) / Income	**(1,23,09,389)**	(7,65,80,859)
OTHER COMPREHENSIVE (LOSS)/INCOME	**(87,11,311)**	44,46,54,416
TOTAL COMPREHENSIVE (LOSS)/ INCOME	**(1,44,66,30,178)**	(1,07,89,17,877)
Total Comprehensive (Loss)/Income for the Period Attributable to:		
Non- controlling Interest	**–**	(34,73,998)
Owners of the company	**(1,44,66,30,178)**	(1,07,54,43,879)
	(1,44,66,30,178)	(1,07,89,17,877)

DIRECTORS' REPORT

Your Directors present their Report together with the management accounts of your Company for the year ended 31st December 2017.

FINANCIAL HIGHLIGHTS:

	2017 (TRL Lakhs)	**2017 (INR Lakhs)**	2016 (TRL Lakhs)	2016 (INR Lakhs)
Revenues	**196.42**	**3,193.81**	712.25	11,581.18
Income before Income Tax	**(109.49)**	**(1,780.32)**	(5.37)	(87.35)
Net Profit	**(109.49)**	**(1,780.32)**	(5.37)	(87.35)

The Financial Statement as at December 31st, 2017 reports Revenues of TRL 196.42 lakhs (INR 3,193.81 lakhs) with a Net Loss of TRL 109.49 lakhs (INR 1,780.32 lakhs).

Performance during the year:

Your Company is mainly engaged in trading and export of Metal Fabrication Parts for Automotive and Construction segments from Turkey to Europe.

Your Company, with effect from 30th March 2017, has become a part of Mahindra Group through its subsidiary, Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML"). MOICML acquired 75.07% stake in your Company's parent company HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş. ("Hismak").

In the year 2016, Your Company and its parent company, Hismak, experienced liquidity problems due to delays on its collections which also affected production consequently affecting your Company's procurement and sales. However, post becoming part of Mahindra Group, Hismak's financial health has improved which has helped your Company's procurement. Your Company has not only been successful in bringing back the old Customers, who had stopped business with your Company during the financial crisis in 2016, but also acquired new customers in the Metal Fabrication business.

Shareholding

As on 31st Dec 2017, 100% of the shares of the Company are held by Hismak.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

Your Company's holding company is HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş. which is based in Turkey.

Directors:

The Directors of your Company during the year and to the date of this report are as follows:

- Rajesh Jejurikar (appointed with effect from 30th March, 2017)
- Giju Kurian (appointed with effect from 30th March 2017)
- Nikhil Sohoni (appointed with effect from 30th March 2017)
- Fazli Turker (resigned with effect from 30th March 2017)
- Zafer Turker (resigned with effect from 30th March 2017)
- Rasit Turker (resigned with effect from 30th March 2017)

For and behalf of the Board

Giju Kurian
CEO and Director

Date: 9th April 2018

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2017

	Notes	**Current Period 31 Dec 2017 TRL**	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1	**354,839**	**5,769,677**	965,040	15,691,550
Trade receivables	2	**2,193,857**	**35,672,112**	10,120,613	164,561,163
Inventories	3	**–**	**–**	11,638	189,240
Other current assets	4	**313,056**	**5,090,285**	322,873	5,249,921
SUBTOTAL		**2,861,751**	**46,532,074**	11,420,164	185,691,874
Non-Current Assets					
Other non-current assets	5	**–**	**–**	17,533	285,083
SUBTOTAL		**–**	**–**	17,533	285,083
TOTAL ASSETS		**2,861,751**	**46,532,074**	11,437,697	185,976,957
		Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
LIABILITIES AND EQUITY					
Current Liabilities					
Short-term borrowings	6	**–**	**–**	9,460	153,826
Trade payables	7	**7,164,959**	**116,502,241**	4,272,130	69,464,841
Payables related to employee benefits	8	**18,524**	**301,201**	65,578	1,066,305
Other current liabilities	9	**45,462**	**739,215**	197,806	3,216,321
SUBTOTAL		**7,228,946**	**117,542,658**	4,544,975	73,901,294
Liabilities related to asset groups held for sale					
Non-Current Liabilities					
Long-term borrowings	10	**–**	**–**	411,049	6,683,649
SUBTOTAL		**–**	**–**	411,049	6,683,649
		Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
EQUITY					
Equity Attributable to Owners of the Company					
Share capital		**1,500,000**	**24,390,000**	1,500,000	24,390,000
Profit/Loss Reserve		**(6,173,972)**	**(100,388,783)**	4,674,896	76,013,815
Legal Reserves		**300,000**	**4,878,000**	300,000	4,878,000
Other Reserves		**6,777**	**110,199**	6,777	110,199
Non-Controlling Interests					
SUBTOTAL		**(4,367,195)**	**(71,010,584)**	6,481,674	105,392,014
TOTAL LIABILITIES AND EQUITY		**2,861,751**	**46,532,074**	11,437,697	185,976,957

For the Board of Directors

CEO and Director
Giju Kurian

Date: 9th April 2018

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

	Notes	**Current Period 1 January- 31 December 2017 TRL**	**Current Period 1 January- 31 December 2017 INR**	Prior Period 1 January- 31 December 2016 TRL	Prior Period 1 January- 31 December 2016 INR
Revenue	11	**19,642,140**	**319,381,200**	71,224,960	1,158,117,851
Other Income	12	**2,572,730**	**41,832,588**	2,650,972	43,104,808
Cost of Sales (-)	13	**(19,257,614)**	**(313,128,805)**	(70,083,365)	(1,139,555,517)
Gross Profit		**2,957,256**	**48,084,983**	3,792,567	61,667,143
General Administrative Expenses (-)	14	**(13,605,355)**	**(221,223,066)**	(1,747,455)	(28,413,611)
Marketing Expenses (-)	15	**(285,535)**	**(4,642,795)**	(226,811)	(3,687,951)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**(10,933,633)**	**(177,780,878)**	1,818,301	29,565,581
Finance Expenses (-)	16	**(15,454)**	**(251,288)**	(2,355,542)	(38,301,110)
LOSS/PROFIT BEFORE TAX		**(10,949,088)**	**(178,032,167)**	(537,240)	(8,735,529)
Tax (Expense)		**–**	**–**	–	–
PROFIT/LOSS FOR THE PERIOD		**(10,949,088)**	**(178,032,167)**	(537,240)	(8,735,529)

For the Board of Directors

CEO and Director
Giju Kurian

Date: 9th April 2018

NOTES FOR THE CALENDAR YEAR 2017

1. **General Declarations**
   - The Books of Accounts of Hisarlar İthalat İhracat Pazarlama Anonim Şirketi(Hispa) are not required to be audited as per Turkish Commercial Code as it does not satisfy the minimum criteria set for Independent audit. Consequently, the Books of Accounts are maintained under Turkish Tax Procedure Law (VUK).
   - The financial year is identical to the calendar year.
   - The income statement has been prepared according to the nature of expense method.
   - The functional currency of the company is measured using the currency of the economic environment in which the company operates. For the convenience of readers of the financial statements this has been converted into, Indian Rupees, at a pre-determined 'convenience rate'. This is displayed as comparative balances for both the current and prior years.
   - All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs. 16.26 = TRL 1.00 as advised by the ultimate parent entity.

2. **Accounting and Valuation Principles**

   2.1 Inventories

   Trade Goods are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

   2.2 Receivables, other assets and liquid funds

   Trade Receivables, other assets and liquid funds are balanced at face value.

   2.3 Liabilities

   Trade payables are shown at their repayment values.

   2.4 Currency Translation

   All foreign currency balances are restated at the closing forex buy rate as indicated by Türkiye Cumhuriyet Merkez Bankası.

   2.5 Revenues

   Export revenues are recorded once the goods clear the Turkey Customs.

3. **Parent Company**

   Hispa is a wholly owned subsidiary of HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş.

NOTE 1: CASH AND CASH EQUIVALENTS

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Cash at bank	**354,839**	**5,769,677**	965,040	15,691,550
	354,839	**5,769,677**	965,040	15,691,550

NOTE 2: TRADE RECEIVABLES - CURRENT

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Trade Receivables	**2,193,857**	**35,672,112**	10,120,613	164,561,163
Allowance for doubtful receivables (-)	–	–	–	–
	2,193,857	**35,672,112**	10,120,613	164,561,163

NOTE 3: INVENTORIES

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Trade goods	–	–	11,638	189,240
	–	–	11,638	189,240

NOTE 4: OTHER CURRENT ASSETS

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
VAT deductable	**312,658**	**5,083,826**	322,873	5,249,921
Other current receivables	**397**	**6,458**	–	–
	313,056	**5,090,285**	322,873	5,249,921

NOTE 5: OTHER NON-CURRENT ASSETS

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Prepaid expenses - Long Term	–	–	17,533	285,083
	–	–	17,533	285,083

NOTE 6: SHORT TERM BORROWINGS

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Short term bank loans	–	–	9,460	153,826
	–	–	9,460	153,826

NOTE 7: TRADE PAYABLES - CURRENT

	Current Period 31 Dec 2017 TRL	**Current Period 31 Dec 2017 INR**	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Trade payables	**7,164,959**	**116,502,241**	4,272,130	69,464,841
	7,164,959	**116,502,241**	4,272,130	69,464,841

NOTE 8: PAYABLES RELATED TO EMPLOYEE BENEFITS

	Current Period 31 Dec 2017 TRL	Current Period 31 Dec 2017 INR	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Due to personnel	**18,524**	**301,201**	65,452	1,064,250
Social security premiums payable	–	–	126	2,055
	18,524	**301,201**	65,578	1,066,305

NOTE 9: OTHER CURRENT LIABILITIES

	Current Period 31 Dec 2017 TRL	Current Period 31 Dec 2017 INR	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Taxes and dues payable	**31,184**	**507,056**	180,136	2,929,016
Interest accrued	–	–	17,533	285,083
Other payables	**14,278**	**232,159**	137	2,223
	45,462	**739,215**	197,806	3,216,321

NOTE 10: LONG TERM BORROWINGS

	Current Period 31 Dec 2017 TRL	Current Period 31 Dec 2017 INR	Prior Period 31 Dec 2016 TRL	Prior Period 31 Dec 2016 INR
Long term bank loans	–	–	411,049	6,683,649
	–	–	411,049	6,683,649

NOTE 11: REVENUES

	Current Period 1 January– 31 December 2017 TRL	Current Period 1 January– 31 December 2017 INR	Prior Period 1 January– 31 December 2016 TRL	Prior Period 1 January– 31 December 2016 INR
Domestic Sales	**137,728**	**2,239,464**	24,661	400,982
Export Sales	**19,710,830**	**320,498,092**	71,602,885	1,164,262,904
Sales returns (-)	**(206,418)**	**(3,356,356)**	(268,735)	(4,369,628)
Sales discounts (-)	–	–	(133,850)	(2,176,407)
	19,642,140	**319,381,200**	71,224,960	1,158,117,851

NOTE 12: OTHER INCOME

	Current Period 1 January– 31 December 2017 TRL	Current Period 1 January– 31 December 2017 INR	Prior Period 1 January– 31 December 2016 TRL	Prior Period 1 January– 31 December 2016 INR
Foreign exchange Gain	–	–	1,700,339	27,647,508
Other revenues	**2,572,730**	**41,832,588**	950,633	15,457,300
	2,572,730	**41,832,588**	2,650,972	43,104,808

NOTE 13: COST OF SALES

	Current Period 1 January– 31 December 2017 TRL	Current Period 1 January– 31 December 2017 INR	Prior Period 1 January– 31 December 2016 TRL	Prior Period 1 January– 31 December 2016 INR
Cost of merchandises sold	**17,138,715**	**278,675,507**	65,262,468	1,061,167,736
Freight Outwards	**2,118,899**	**34,453,298**	4,820,897	78,387,781
	19,257,614	**313,128,805**	70,083,365	1,139,555,517

NOTE 14: GENERAL ADMINISTRATIVE EXPENSES

	Current Period 1 January– 31 December 2017 TRL	Current Period 1 January– 31 December 2017 INR	Prior Period 1 January– 31 December 2016 TRL	Prior Period 1 January– 31 December 2016 INR
Personnel expenses	**94,618**	**1,538,494**	109,467	1,779,929
Rent expenses	–	–	1,815	29,512
Legal & Consultancy Fees	**86,735**	**1,410,303**	108,425	1,762,986
Warranty Expenses	**1,294,397**	**21,046,896**	544,747	8,857,580
Foreign exchange loss	**1,674,124**	**27,221,250**	–	–
Other Expenses	**10,455,481**	**170,006,123**	983,001	15,983,604
	13,605,355	**221,223,066**	1,747,455	28,413,611

NOTE 15: MARKETING EXPENSES

	Current Period 1 January– 31 December 2017 TRL	Current Period 1 January– 31 December 2017 INR	Prior Period 1 January– 31 December 2016 TRL	Prior Period 1 January– 31 December 2016 INR
Personnel Expenses	**256,601**	**4,172,328**	219,643	3,571,398
Consultancy	**23,315**	**379,094**	–	–
Other marketing and sales expenses	**5,619**	**91,373**	7,168	116,553
	285,535	**4,642,795**	226,811	3,687,951

NOTE 16: FINANCE EXPENSES

	Current Period 1 January– 31 December 2017 TRL	Current Period 1 January– 31 December 2017 INR	Prior Period 1 January– 31 December 2016 TRL	Prior Period 1 January– 31 December 2016 INR
Bank Commission expenses	**7,623**	**123,954**	14,409	234,296
Bank Financing expenses	**7,831**	**127,334**	2,341,132	38,066,814
	15,454	**251,288**	2,355,542	38,301,110

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st December 2017.

FINANCIAL HIGHLIGHTS (CONSOLIDATED):

	2017(TRL Lakhs)	**2017 (INR Lakhs)**	2016 (TRL Lakhs)	2016 (INR Lakhs)
Revenues	**3708.57**	**60301.45**	3140.63	51066.64
Income before Income Tax	**(467.26)**	**(7597.61)**	138.20	2247.16
Net Profit	**(450.32)**	**(7322.18)**	120.79	1963.97

The Financial Statement as at December 31st, 2017 reports Revenues of TRL 3708.57 lakhs (INR 60,301.45 lakhs) with a Net Loss of TRL 450.32 lakhs (INR 7,322.18 lakhs).

Performance during the year:

Your Company is engaged in manufacturing and sale of Agricultural tractorsin Turkey as well as the Global market. Your Company's brand name "Erkunt" is a well-known brand and has a strong dealer network in Turkey.

Your Company, with effect from 1st December 2017, has become a part of Mahindra Group through its subsidiary, Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML"). MOICML acquired 100% stake in your Company.

Further, in the General Assembly held on 23rd March 2018, the shareholders approved an additional equity capital infusion of TL 400 lakhs into the Company to fund its current operations and working capital needs. This infusion was completed on 10th April 2018.

Overall, the domestic tractor industry in Turkey recorded a growth of 4% over previous year to reach 74,270 tractor sales.

During the year 2017 your company sold 4618 units (PY 4383 units) in domestic market i.e. a growth of 5.4% and had a MS of 5.9%. In exports also we continued to expand our reach and sold 410 units (PY 367 units) i.e. a growth of 12%.

Your Company continues to seek disciplined revenue growth through Product portfolio enhancements, dealer network expansion in domestic market as well as exploring export opportunities. The improvements in quality and better cost management are being vigorously pursued to achieve long term financial stability.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

Your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited (MOICML) which is based in Mauritius. MOICML is a subsidiary of Mahindra & Mahindra Limited which is incorporated in India.

Directors:

The Directors of your Company during the year and to the date of this report are as follows:

- Mrs. Zeynep Erkunt Armagan, Chairperson of the Board of Directors
- Mr. Rajesh Ganesh Jejurikar, Vice Chariman of the Board of Directors
- Mr. Harish Chavan
- Mr. Nikhil Sohoni
- Mr. Hemant Sikka

For and behalf of the Board

Zeynep Erkunt Armagan
Chairperson of the Board of Directors

Date: 12th April 2018

INDEPENDENT AUDITORS REPORT ON FINANCIAL STATEMENTS

To the board of directors of Erkunt Traktör Sanayi Anonim Şirketi

Opinion

We have audited the financial statements of Erkunt Traktör Sanayi A.Ş., which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Code of Ethics for Independent Auditors issued by Public Oversight, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

In an independent audit, the responsibilities of us independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have informed those charged with governance that we have complied with the ethical provisions regarding independence. We have also communicated to all those charged with governance all relations and other matters that may be considered to have an effect on independence and, if any, relevant measures.

Among the issues that are reported to those charged with governance, we specify the most important issues in the independent audit of the financial statements of the current period, namely the key audit topics. We may decide not report relevant matter if the legislation does not allow the disclosure of the matter to the public or if there are exceptional circumstances where it is reasonably expected to have negative outcomes on public interest.

Report on Other Legal and Regulatory Requirements

1) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, no material issue has been found regarding the bookkeeping schedule of the Company for the period 1 January - 31 December 2017, which does not conform to the financial statements of the Company and the Articles of Association.

2) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, the Board of Directors has made the required explanations within the scope of the audit and issued the requested documents.

The responsible auditor Metin ETKİN is responsible for carrying out this independent audit.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Metin ETKİN
Responsible Auditor
İstanbul,
March 7, 2018

STATEMENT OF FINANCIAL POSİTION FOR THE 01.01.2017-31.12.2017 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2017 31.12.2017 (FC)**	**Independently Audited Current Period 01.01.2017 31.12.2017 (Rs)**	Independently Audited Previous Period 01.01.2016 31.12.2016 (FC)	Independently Audited Previous Period 01.01.2016 31.12.2016 (Rs)
ASSETS					
Current Assets		**239,783,252**	**3,898,875,678**	169,355,550	2,753,721,243
Cash and Cash Equivalents	**6**	**5,854,843**	**95,199,747**	15,663,056	254,681,291
Financial Investments	**7**	**–**	**–**	–	–
Trade Receivables	**10**	**135,172,573**	**2,197,906,037**	73,184,349	1,189,977,515
Trade Receivables from Non-Related Parties	***10,37***	***135,172,573***	***2,197,906,037***	73,184,349	1,189,977,515
Trade Receivables from Related Parties	***10,37***	**–**	**–**	–	–
Other Receivables	**11**	**5,640,802**	**91,719,441**	4,183,199	68,018,816
Other receivables from non-related parties	***11,37***	***5,640,802***	***91,719,441***	4,183,199	68,018,816
Other Receivables from Related Parties	***11,37***	**–**	**–**	–	–
Derivative Financial Assets	**12**	**–**	**–**	–	–
Inventories	**13**	**62,352,478**	**1,013,851,292**	52,147,372	847,916,269
Biological Assets	**14**	**–**	**–**	–	–
Prepayments	**15**	**1,626,633**	**26,449,053**	1,352,031	21,984,024
Current Tax Assets	**25**	**142,493**	**2,316,936**	–	–
Other Current Assets	**26**	**28,993,430**	**471,433,172**	22,825,543	371,143,329
Total		**239,783,252**	**3,898,875,678**	169,355,550	2,753,721,243
Fixed Assets Classified for Sales	**34**	**–**	**–**	–	–
Non-Current Assets		**81,756,273**	**1,329,356,999**	74,551,393	1,212,205,650
Trade Receivables	**10**	**–**	**–**	–	–
Trade Receivables from Non-Related Parties	***10,37***	**–**	**–**	–	–
Trade Receivables from Related Parties	***10,37***	**–**	**–**	–	–
Other Receivables	***11***	**–**	**–**	–	–
Other receivables from non-related parties	***11,37***	**–**	**–**	–	–
Other Receivables from Related Parties	**11,37**	**–**	**–**	–	–
Financial Investments	**7**	**–**	**–**	–	–
Investments Accounted for Using Equity Method	***16***	***39,365,744***	***640,086,997***	40,905,876	665,129,544
Biological Assets	**14**	**–**	**–**	–	–
Investment Property	**17**	**–**	**–**	–	–
Property, Plant and Equipment	**18**	**32,635,874**	**530,659,311**	22,185,874	360,742,311
Intangible Assets and Goodwill	**19**	**7,948,958**	**129,250,057**	10,262,557	166,869,177
Prepayments	**15**	**–**	**–**	–	–
Deferred Tax Assets	**35**	**1,805,697**	**29,360,633**	1,197,086	19,464,618
Other Non-Current Assets	**26**	**–**	**–**	–	–
TOTAL ASSETS		**321,539,526**	**5,228,232,693**	243,906,943	3,965,926,893

The accompanying notes are an integral part of these statements.

STATEMENT OF FINANCIAL POSİTION FOR THE 01.01.2017-31.12.2017 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2017 31.12.2017 (FC)**	**Independently Audited Current Period 01.01.2017 31.12.2017 (Rs)**	Independently Audited Previous Period 01.01.2016 31.12.2016 (FC)	Independently Audited Previous Period 01.01.2016 31.12.2016 (Rs)
LIABILITIES					
Current Liabilities		**292,442,574**	**4,755,116,253**	145,790,205	2,370,548,733
Current Borrowings	**8**	**151,077,250**	**2,456,516,085**	21,110,916	343,263,494
Short-Term Installments of Long-Term Financial Debts	**8**	**31,711,111**	**515,622,665**	46,680,647	759,027,320
Other Financial Liabilities	**9**	**–**	**–**	–	–
Current Trade Payables	**10**	**84,820,268**	**1,379,177,558**	66,312,525	1,078,241,657
Trade Payables to Non-Related Parties	***10,37***	***77,746,358***	***1,264,155,781***	60,271,915	980,021,338
Trade Payables to Related Parties	***10,37***	***7,073,910***	***115,021,777***	6,040,610	98,220,319
Employee Benefit Obligation	**20**	**1,987,530**	**32,317,238**	1,692,158	27,514,489
Other Payables	**11**	**5,290,226**	**86,019,075**	3,448,110	56,066,269
Other Payables to Non-Related Parties	***11,37***	***5,290,226***	***86,019,075***	3,448,110	56,066,269
Other Payables to Related Parties	***11,37***	**–**	**–**	–	–
Derivative Financial Liabilities	**12**	**–**	**–**	–	–
Government Grants	**21**	**–**	**–**	–	–
Deferred Income	**15**	**729,146**	**11,855,914**	1,938,639	31,522,270
Current Tax Liabilities	**35**	**–**	**–**	1,952,227	31,743,211
Short-Term Provisions	**22**	**12,877,871**	**209,394,182**	2,654,983	43,170,024
Other Short-Term Provisions		***11,993,704***	***195,017,627***	2,028,715	32,986,906
Current Provisions For Employee Benefits		***884,167***	***14,376,555***	626,268	10,183,118
Guarantee Provision		***11,309,262***	***183,888,600***	1,882,045	30,602,052
Litigation Provision		***684,442***	***11,129,027***	146,670	2,384,854
Other Short-Term Liabilities	**26**	**3,949,172**	**64,213,537**	–	–
Total		**292,442,574**	**4,755,116,253**	145,790,205	2,370,548,733
Liabilities of Assets Held for Sale	**34**	**–**	**–**	–	–
Non-Current Liabilities		**1,356,761**	**22,060,934**	32,653,178	530,940,674
Long-Term Financial Debts	**8**	**–**	**–**	31,877,381	518,326,215
Other Financial Liabilities	9	**–**	**–**	–	–
Current Trade Payables	**10**	**–**	**–**	–	–
Other Payables	**11**	**–**	**–**	–	–
Deferred Income	**15**	**–**	**–**	–	–
Non-Current Provisions	**22,24**	**1,356,761**	**22,060,934**	775,797	12,614,459
Long-Term Provisions for Employee Benefits		***1,356,761***	***22,060,934***	775,797	12,614,459
Payables for Current Period Tax	**25**	**–**	**–**	–	–
Deferred Tax Liability	**35**	**–**	**–**	–	–
Other Long-Term Liabilities	**26**	**–**	**–**	–	–
EQUITY		**27,740,190**	**451,055,489**	65,463,560	1,064,437,486
Parent Company Shareholders' Equity	**27**	**27,740,190**	**451,055,489**	65,463,560	1,064,437,486
Issued Capital		**30,000,000**	**487,800,000**	30,000,000	487,800,000
Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		**19,021,379**	**309,287,623**	9,845,345	160,085,310
Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		**–**	**–**	–	–
Restricted Reserves From Profit		**3,442,629**	**55,977,148**	2,906,588	47,261,121
Prior Years Profits or (Losses)		**20,308,072**	**330,209,251**	10,633,074	172,893,783
Current Period Net Profit or (Loss)		**(45,031,890)**	**(732,218,531)**	12,078,553	196,397,272
Non-Controlling Interests		**–**	**–**	–	–
TOTAL LIABILITIES		**321,539,526**	**5,228,232,693**	243,906,943	3,965,926,893

The accompanying notes are an integral part of these statements.

STATEMENT OF PROFIT OR LOSS FOR THE 01.01.2017-31.12.2017 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2017 31.12.2017 (FC)**	**Independently Audited Current Period 01.01.2017 31.12.2017 (Rs)**	Independently Audited Previous Period 01.01.2016 31.12.2016 (FC)	Independently Audited Previous Period 01.01.2016 31.12.2016 (Rs)
Revenue	**28**	**370,857,652**	**6,030,145,422**	314,062,960	5,106,663,730
Cost of Sales (-)	**28**	**(305,258,672)**	**(4,963,506,007)**	(243,795,504)	(3,964,114,895)
Gross Profit/(Loss) from Commercial Activities		**65,598,980**	**1,066,639,415**	70,267,456	1,142,548,835
Revenue from Finance Sector Activities		**–**	**–**	–	–
Cost of Finance Sector Activities		**–**	**–**	–	–
Gross Profit/(Loss) from Financial Sector Activities		**–**	**–**	–	–
GROSS PROFIT (LOSS)		**65,598,980**	**1,066,639,415**	70,267,456	1,142,548,835
Marketing Expenses (-)	**29**	**(49,916,805)**	**(811,647,249)**	(31,790,049)	(516,906,197)
Administrative Expenses (-)	**29**	**(9,032,932)**	**(146,875,474)**	(7,545,625)	(122,691,863)
Research and Development Expense (-)	**29**	**(8,162,276)**	**(132,718,608)**	(1,072,321)	(17,435,939)
Other Income from Operating Activities	**31**	**26,356,240**	**428,552,462**	12,719,410	206,817,607
Other Expenses from Operating Activities (-)	**31**	**(41,248,210)**	**(670,695,895)**	(14,865,502)	(241,713,063)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**(16,405,003)**	**(266,745,349)**	27,713,368	450,619,364
Share of Profit (loss) from Investments Accounted for Using Equity Method	**16**	**1,096,452**	**17,828,310**	1,375,380	22,363,679
Investment Activity Income	**32**	**–**	**–**	–	–
Investment Activity Expense (-)	**32**	**–**	**–**	–	–
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**(15,308,551)**	**(248,917,039)**	29,088,748	472,983,042
Finance Income	**33**	**5,697,047**	**–**	4,618	75,089
Finance Costs (-)	**33**	**(37,114,310)**	**–**	(15,273,198)	(248,342,199)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**(46,725,814)**	**(759,761,736)**	13,820,168	224,715,932
Tax İncome (Expense)		**1,693,924**	**27,543,204**	(1,741,616)	(28,318,676)
– Current Period Tax Income (Expense)		**–**	**–**	(1,952,812)	(3,175,272,312)
– Deferred Tax Income (Expense)	**35**	**1,693,924**	**27,543,204**	211,196	3,434,047
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**(45,031,890)**	**(732,218,531)**	12,078,552	196,397,256
<u>DISCONTINUED OPERATIONS</u>					
Perıod Profıt/Loss From Dıscontınued Operatıons		**–**	**–**	–	–
PROFIT/(LOSS)		**(45,031,890)**	**(732,218,531)**	12,078,552	196,397,256
Period Profit/Loss Distribution					
Non-Controlling Shares		**–**	**–**	–	–
Parent Company Shares		**(45,031,890)**	**(732,218,531)**	12,078,552	196,397,256
Earnings Per Share		**–**	**–**	–	–
Earnings Per Share from Continuing Operations	**36**	**(1,501)**	**(24,406)**	403	6,553

The accompanying notes are an integral part of these statements.

OTHER COMPREHENSIVE INCOME FOR THE 01.01.2017-31.12.2017 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2017 31.12.2017 (FC)**	**Independently Audited Current Period 01.01.2017 31.12.2017 (Rs)**	Independently Audited Previous Period 01.01.2016 31.12.2016 (FC)	Independently Audited Previous Period 01.01.2016 31.12.2016 (Rs)
PROFIT/(LOSS)		**(45,031,890)**	**(732,218,531)**	12,078,552	196,397,256
OTHER COMPREHENSIVE INCOME					
Not to be re-classified in Profit or Loss		**9,176,034**	**149,202,313**	(85,317)	(1,387,254)
Defined Benefit Plans Re-Measurement Gains/(Losses)	**24**	**(177,290)**	**(2,882,735)**	(124,086)	(2,017,638)
Shares will not be classified in profit/loss from other Comprehensive Income of Investments valuated by equity method Profit	**16**	**(769,070)**	**(12,505,078)**	13,952	226,860
Other		**11,207,708**	**182,237,332**	–	–
Taxes related to the other Comprehensive Income that will not be re-classification in the Profit or Loss		**(1,085,314)**	**(17,647,206)**	24,817	403,524
– *Period Tax Income/Expense*					
– *Deferred Tax Income/Expense*	***35***	***(1,085,314)***	***(17,647,206)***	24,817	403,524
Re-classified in Profit or Loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME (EXPENSE)		**9,176,034**	**149,202,313**	(85,317)	(1,387,254)
TOTAL COMPREHENSIVE INCOME		**(35,855,856)**	**(583,016,219)**	11,993,236	195,010,017
Total Comprehensive Income Distribution:		**(35,855,856)**	**(583,016,219)**	11,993,236	195,010,017
Non-Controlling Shares		**–**	**–**	–	–
Parent Company Shares		**(35,855,856)**	**(583,016,219)**	11,993,236	195,010,017

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN EQUITY FOR THE 01.01.2017-31.12.2017 PERIOD

				Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss				Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss				Accumulated Profits					
Independently Audited		Issued Capital		Gains (losses) on revaluation of Intangible Assets		Gains (losses) on remeasurements of defined benefit plans		Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		Restricted Reserves From Profit		Prior Years Profits or (Losses)		Current Period Net Profit or (Loss)		Equity	
Previous Period	Notes	(FC)	(Rs)	(FC)	(Rs)	(FC)	(Rs)	(FC)	(Rs)	(FC)	(Rs)	(FC)	(Rs)	(FC)	(Rs)	(FC)	(Rs)
01.01.2016 (Beginning of the Period)	Not.27	30,000,000	487,800,000	10,413,325	169,320,665	(402,612)	(6,546,471)	(80,051)	(1,301,629)	1,989,669	32,352,018	(6,523,936)	(106,079,199)	18,073,929	293,882,086	53,470,324	869,427,468
Transfers		–	–	–	–	–	–	–		916,919	14,909,103	17,157,010	278,972,983	(18,073,929)	(293,882,086)	–	–
Total Comprehensive Income		–	–	–	–	(99,269)	(1,614,114)	13,952	226,860	–	–	–	–	12,078,553	196,397,272	11,993,236	195,010,017
– Net Profit for the Period		–	–	–	–	–	–	–		–	–	–	–	12,078,553	196,397,272	12,078,553	196,397,272
– Other Comprehensive Income		–	–	–	–	(99,269)	(1,614,114)	13,952	226,860	–	–	–	–	–	–	(85,317)	(1,387,254)
31.12.2016 (Period Ended)		30,000,000	487,800,000	10,413,325	169,320,665	(501,881)	(8,160,585)	(66,099)	(1,074,770)	2,906,588	47,261,121	10,633,074	172,893,783	12,078,553	196,397,272	65,463,560	1,064,437,486
Independently Audited																	
Current Period	Notes																
01.01.2017 (Beginning of the Period)	Not.27	30,000,000	487,800,000	10,413,325	169,320,665	(501,881)	(8,160,585)	(66,099)	(1,074,770)	2,906,588	47,261,121	10,633,074	172,893,783	12,078,553	196,397,272	65,463,560	1,064,437,486
Transfers				–	–	–	–	–	–	536,041	8,716,027	11,542,512	187,681,245	(12,078,553)	(196,397,272)	–	–
Partial Division Effect				–	–	–	–	–	–	–	–	(1,867,514)	(30,365,778)	–	–	(1,867,514)	(30,365,778)
Total Comprehensive Income				10,086,937	164,013,596	(141,833)	(2,306,205)	(769,070)	(12,505,078)	–	–	–	–	(45,031,890)	(732,218,531)	(35,855,856)	(583,016,219)
– Net Profit for the Period				–	–	–	–	–		–	–	–	–	(45,031,890)	(732,218,531)	(45,031,890)	(732,218,531)
– Other Comprehensive Income				10,086,937	164,013,596	(141,833)	(2,306,205)	(769,070)	(12,505,078)	–	–	–	–	–	–	9,176,034	149,202,313
31.12.2017 (Period Ended)		**30,000,000**	**487,800,000**	**20,500,262**	**333,334,260**	**(643,714)**	**(10,466,790)**	**(835,169)**	**(13,579,848)**	**3,442,629**	**55,977,148**	**20,308,072**	**330,209,251**	**(45,031,890)**	**(732,218,531)**	**27,740,190**	**451,055,489**

The accompanying notes are an integral part of these statements.

CASH FLOW FOR THE 01.01.2017-31.12.2017 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2017 31.12.2017 (FC)**	**Independently Audited Current Period 01.01.2017 31.12.2017 (Rs)**	Independently Audited Previous Period 01.01.2016 31.12.2016 (FC)	Independently Audited Previous Period 01.01.2016 31.12.2016 (Rs)
A) CASH FLOWS FROM OPERATING ACTIVITIES					
PERIOD PROFIT/(LOSS)		**(45,031,890)**	**(732,218,531)**	12,078,552	196,397,256
Adjustments Related to the Consolidation of Net Profit (Loss) for the Period		**44,305,793**	**720,412,194**	20,142,309	327,513,944
Adjustments Related to Depreciation and Amortization	**17-19**	**8,989,168**	**146,163,872**	2,819,986	45,852,972
Adjustments Related to Provisions		**10,923,051**	**177,608,809**	1,374,494	22,349,272
Adjustments Related to Benefits Provided to Employees (Cancellation)	***24***	**958,062**	**15,578,088**	750,457	12,202,431
Adjustments Regarding Warranty Provisions (Cancellation)	***22***	**9,427,217**	**153,286,548**	598,417	9,730,260
Adjustments Regarding Litigation and Criminal Provisions (Cancellation)		**537,772**	**8,744,173**	25,620	416,581
Adjustments for Provision (Reversal of Provision) of Receivables	**10**	**(665,847)**	**(10,826,672)**	487,411	7,925,303
(Income) Expense Caused by Changes in Share of Associates	**16**	**(1,096,452)**	**(17,828,310)**	(1,375,380)	(22,363,679)
Adjustments for Interest (Income) Expenses		**27,849,797**	**452,837,699**	15,094,182	245,431,399
Adjustments for Interest Income	***33***	**(5,697,047)**	**(92,633,984)**	(4,618)	(75,089)
Adjustments for Interest Expense	***33***	**37,114,310**	**603,478,681**	15,273,198	248,342,199
Deferred Financial Expense from Credit Purchases	***17***	**(1,272,823)**	**(20,696,102)**	(734,037)	(11,935,442)
Unearned Financial Income from Credit Sales	***10***	**(2,294,643)**	**(37,310,895)**	559,639	9,099,730
Adjustments for Tax (Income) Expenses		**(1,693,924)**	**(27,543,204)**	1,741,616	28,318,676
Changes in Working Capital		**(52,686,069)**	**(856,675,482)**	3,342,600	54,350,676
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties	**10**	**(59,027,734)**	**(959,790,955)**	9,778,522	158,998,768
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	**11**	**(1,457,603)**	**(23,700,625)**	3,460,811	56,272,787
Adjustments for increase (decrease) in trade accounts payable	**10**	**19,780,566**	**321,632,003**	12,611,444	205,062,079
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		**18,654,208**	**303,317,422**	13,063,218	212,407,925
Increase (Decrease) in Trade Accounts Payables to Related Parties		**1,126,358**	**18,314,581**	(451,774)	(7,345,845)
Adjustments for increase (decrease) in other operating payables	***11,2***	**1,842,116**	**29,952,806**	354,965	5,771,731
Adjustments for (Reversal of) Related with Employee Benefits Obligations	***20***	**295,372**	**4,802,749**	(1,372,593)	(22,318,362)
Adjustments for Decrease (Increase) in Prepaid Expenses		**(274,602)**	**(4,465,029)**	(334,162)	(5,433,474)
Decrease (Increase) in Other Assets Related with Operations		**(6,167,887)**	**(100,289,843)**	(6,815,143)	(110,814,225)
Increase (Decrease) in Deferred Income		**(1,209,493)**	**(19,666,356)**	995,733	16,190,619
Adjustments for decrease (increase) in inventories	**13**	**(10,205,106)**	**(165,935,024)**	(15,336,995)	(249,379,539)
Other Adjustments for Other Increase (Decrease) in Working Capital		**3,738,303**	**60,784,807**	18	292,68
Cash Flows From (Used in) Operations		**(53,412,167)**	**(868,481,835)**	35,563,462	578,261,892
Tax Returns (Payments)	**35**	**(2,094,720)**	**(34,060,147)**	(1,315,307)	(21,386,892)
Interest Paid (Net)		**(31,417,263)**	**(510,844,696)**	(15,268,580)	(248,267,111)
Employee Termination Benefit Paid	**24**	**(296,490)**	**(4,820,927)**	(749,281)	(12,183,309)
Cash from operating activities		**(87,220,640)**	**(1,418,207,606)**	18,230,294	296,424,580
		(5,706,990)	**(92,795,657)**	(10,322,072)	(167,836,891)
B) CASH FLOWS FROM INVESTING ACTIVITIES					
Cash Outflows from Purchase of Tangible Fixed Assets	**18,19**	**(1,260,726)**	**(20,499,405)**	(5,352,523)	(87,032,024)
Cash Outflows from Purchase of Intangible Fixed Assets		**(4,453,264)**	**(72,410,073)**	(5,460,202)	(88,782,885)
Cash Inflows from Sale of Tangible Fixed Assets	**18,19**	**7,000**	**113,820**	379,208	6,165,922
Cash Inflows from Sale of Intangible Fixed Assets	**18,19**	**–**	**–**	111,445	1,812,096
C) CASH FLOWS FROM FINANCING ACTIVITIES		**83,119,417**	**1,351,521,720**	3,784,681	61,538,913
Cash inflows from loans	**8**	**83,119,417**	**1,351,521,720**	3,784,681	61,538,913
Net increase/decrease in cash and cash equivalents before foreign currency translation differences		**(9,808,213)**	**(159,481,543)**	11,692,903	190,126,603
D) EFFECT ON FOREIGN CURRENCY DECREASES ON CASH AND CASH EQUIVALENTS					
Net increase/(decrease) in cash and cash equivalents		**(9,808,213)**	**(159,481,543)**	11,692,903	190,126,603
E) CASH AND CASH EQUIVALENTS AT THE PERIOD BEGINING	**6**	**15,663,056**	**254,681,291**	3,970,153	64,554,688
CASH AND CASH EQUIVALENTS AT PERIOD END	**6**	**5,854,843**	**95,199,747**	15,663,056	254,681,291

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD OF JANUARY 01 - DECEMBER 31, 2017

1 The Company's Organization and Field of Activity

Erkunt Traktör Sanayii A.Ş. was established September,12.2003; and located at Organized Industrial Zone Batıhun St. No: 2-4 Sincan/Ankara.

The main activity of the company is the production, sales, maintenance and repair of agricultural machinery, engines and transfer units, machinery and equipment.

The capital structure of the Company is stated below.

	31.12.2017			31.12.2016		
	Share Amount (FC)	**Share Amount (Rs)**	**Share Ratio (%)**	Share Amount (FC)	Share Amount (Rs)	Share Ratio (%)
Mahindra Overseas Investment Company	**30,000,000**	**487,800,000**	**100**	–	–	–
Nevin ERKUNT	–	–	–	4,800,000	78,048,000	16
Tuna ARMAĞAN	–	–	–	4,320,000	70,243,200	14,4
Zeynep ARMAĞAN	–	–	–	10,500,000	170,730,000	35
Murat ARMAĞAN	–	–	–	3,300,000	53,658,000	11
Aslıgül ARMAĞAN	–	–	–	3,300,000	53,658,000	11
Ayşe BÖLÜKBAŞI	–	–	–	2,880,000	46,828,800	9,6
Haluk ARMAĞAN	–	–	–	900,000	14,634,000	3
Total	**30,000,000**	**487,800,000**	**100**	30,000,000	487,800,000	100

The company does not have a branch.

The number of averagely employees as of; December 31.2017: 354. (December 31.2016: 306 employees)

As of November 30, 2017 Erkunt Traktör Sanayii A.Ş.'s shares are transferred to Mahindra Overseas Investment Company.

The financial statements for the period January 01 - December 31, 2017 were signed by chairman of the Board of Directors Zeynep ARMAĞAN,vice chairman of the Board of Directors Rajesh Ganesh Jejurikar, member of the Board of Directors Harish Namdeo Chavan, member of the Board of Directors Nikhil Sohoni and member of the Board of Directors Hemant Sikka on March 7. 2018. The General Assembly has the authority to change financial statements.

2. Summary of Significant Accounting Policies

2.01 Basic Presentation Principles

The Company's headquarters and subsidiaries in Turkey maintain and prepare their accounting records and legal financial statements in Turkish Lira in accordance with the terms of the Uniform Chart of Accounts issued by the Turkish Commercial Code ("TCC") and the Ministry of Finance of the Republic of Turkey ("Ministry of Finance").

Declaration of Conformity to Turkish Accounting Standards.

The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS/TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") and their annexes and interpretations thereof.

The financial statements have been presented in accordance with the TAS Taxonomy of 2016 approved by the Board of Directors, dated 02 June 2016 and numbered 30, developed by the UPS based on Article 9 (b) of Decree Law 660 ("KHK").

The Company's financial statements are presented in the functional currency of the primary economic environment in which it operates. The Company's financial performance and results of operations are expressed in Turkish Lira, which is the functional currency of the Company and the presentation currency of the financial statements.

2.02 Correcting the financial statement in the high inflation periods

Before the Turkish code of commerce no: 6102 and the legislative decree no: 660 and the related legislation, with a decision taken by the capital markets board ("SPK") in 17.March.2005, for the companies which have activities in Turkey and which issue financial statement according to the SPK accounting standards, because it was announced that it is not required to apply the inflation accounting such that it is in effect as from 01.01.2005, as from that date, the application of issuance and presentation of the financial statements according to the Turkish accounting standard 29 "Financial reporting in the high inflationist economies" was terminated.

2.03 Changes in Accounting Policies

In case of changes and errors in the accounting policies and accounting estimates, material changes and detected material accounting errors are applied retroactively and the financial statements for the previous period are reissued. If the changes in the accounting policies affect the previous periods, such policy is also retroactively applied in the financial statements as if it is always used. There is not any change in the Company's accounting policies.

2.04 Comperative Information and Adjustment of the Previous Financial Statements

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are reviewed as a result of changes to the forecasted conditions, acquisition of new information, or additional developments. The effect of the change in the accounting estimate is reflected in the financial statements to reflect only the period profit or loss for the current period in which the change is made and for future periods if both the change and the future periods are considered.

The nature and amount of a change in the accounting estimate that is expected to have an effect on the results of operations in the current period or that would have an impact on future periods is disclosed in the notes to the financial statements, except where it is not possible to estimate the effect of the future periods.

The financial statements of the Company are prepared comparatively with the prior period in order to enable the determination of the financial situation and performance trends.

Where necessary, changes in the reclassification of the current period are applied to the prior financial statements in order to be consistent.

2.05 Changes in the Accounting Estimates

Accounting estimates are made based on reliable information and reasonable estimate methods. However, in case of any change in the conditions under which the estimate is made, obtaining new information or occurrence of additional developments, estimates are reviewed. If effect of the change in the accounting estimate is related to one period only, it is reflected to the financial statements to be considered in calculation of the profit or loss for the period in the current period or both in the period of the change and the following periods on a retrospective basis if it is also related to the following periods.

Nature and amount of a change in the accounting estimate, which change has an effect on the result of operations for the current period or expected to affect the following periods, are disclosed in the notes to the financial statements except for any cases where it is not possible to estimate such effect for the following periods. There is no change in the accounting estimates in the current period.

2.06 Significant Accounting Evaluations, Estimates and Assumptions

In the preparation of the financial statements, the Company Management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, the probable liabilities and commitments as of the balance sheet date and the income and expenses in the reporting period. Actual results may differ from estimates. Estimates are regularly reviewed, necessary corrections are made and reflected in the profit or loss table in the period in which they are realized.

The interpretations that could have a significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

a) The retirement pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates). These assumptions are reviewed at each balance sheet date and revised if necessary. (Note:24)

b) The Company depreciated its tangible assets by using the straight-line depreciation method in accordance with the useful life. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for on a prospective basis if there is a change in estimates. (Note: 2.08.04-2.08.05)

c) Provisions for bad debt reflect the amounts which the Company's management believes to recover future losses for any receivables which are outstanding as of the date of balance sheet with a risk of non-collection in the framework of the current economic conditions. When impairment of receivables is evaluated, past performances of debtors, their credibility on the market and performances between the date of balance sheet and date of approval of the financial statements and renegotiated conditions are also considered. The information regarding the relevant provisions as of the date of balance sheet is given in Note: 10.

d) In the case of impairment of inventories, the physical characteristics of the inventories and how much they have come from the past are assessed, the utility of the inventories is determined based on the opinion of the technical staff and provisions are made for the items that are estimated to be unavailable. For calculating the net realizable value of inventories, average selling prices are used.

e) The Company has made deferred tax calculation in accordance with TAS and TFRS and reflected to the financial statements.

f) Company management, In accordance with the best estimates in the light of legal advisors and expert opinion regarding cases described in detail at Note: 22, has made provision in the financial statements.

g) The Group signs additional maintenance and warranty contracts with customers following the end of the warranty period. The supplementary maintenance and warranty contract income or loss is recorded according to the accrual rate by means of the proportion of the employee who has passed since the beginning of the contract during the life of the contract, to the total duration of the contract. The part of the maintenance contract income that is not accrued is accounted for in short/long term deferred income in the balance sheet.

2.07 Netting/Offsetting

The financial assets and liabilities are shown at their net values in the balance sheet if there is a legal right of netting, they are paid on a net basis or may be collected or acquisition of the asset and satisfaction of the liability may occur concurrently.

2.08 Summary of Important Accounting Policies

Summary of the important accounting policies applied during preparation of the financial statements is as follows:

2.08.01 *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand, cash in hand, short-term cash and cash equivalents, which are not held for investment or other purposes, are readily convertible into cash within a short period of time and have high liquidity and are unlikely to change in value. (Note 6).

It is included in fixed assets if it has cash or similar assets used for payment of debts or for other reasons within twelve months after the balance sheet date.

2.08.02 *Trade Receivables*

Trade receivables originated by the Company by way of providing goods or services directly to a debtor are carried at amortized cost using the effective yield method and if the provision for doubtful receivables is deducted. Short-term trade receivables with no stated interest rate are measured at the invoice amount if the interest accrual effect is insignificant.

Notes and tem checks classified as trade receivables are carried at amortized cost using the effective interest rate at the balance sheet date.

The provision for doubtful receivables is reflected in the records as expense. Provision is the amount that is estimated by the Company management and considered to cover the possible damages that may arise from the economic condition or the risk it carries for the account.

2.08.03 *Inventories*

Inventories are reflected in the financial statements at the lower of acquisition cost or net realizable value. Costs included in inventories are material, labor and general production costs. Cost is calculated by weighted average method.

Net realizable value is the estimated cost of completion of an ordinary business activity and the estimated cost of sales Total required to realize the sale.

2.08.04 *Property, Plant and Equipment*

Property, plant and equipment are carried at cost, restated for the effects of inflation as of December 31, 2004 and items purchased at January 1, 2005 less any accumulated depreciation for the items purchased before January 1, 2005 Property, plant and equipment are depreciated on a straight-line basis over their useful lives.

The depreciation rates determined by considering the useful lives of the tangible assets are as follows:

Type	Useful Life (Year)
Buildings	10-50 years
Land improvements	10-25 years
Machinery, Plant and Equipment	3-24 years
gVehicles	3-14 years
Fixtures	2-50 years
Other Tangible Fixed Assets	2-20 years

The expected useful life residual value and amortization method is reviewed every year for the possible effects of the changes emerged in the predictions and if there is a change in the forecasts, it is recognized prospectively.

The profits and losses occurring because of selling of fixed assets are determined by comparing the net book value and sales price and included in the operations profit.

2.08.05 *Intangible Assets and Goodwill*

The tangible assets, excluding the ones included in the financial statement with the realistic value, are indicated over the costs values corrected according to the effects of the inflation as of December 31st, 2004 for the items purchased before the January 1st, 2005 and by deducing the accumulated amortization from the purchasing cost value for the items purchased after the January 1st, 2005. The fixed assets are subjected to amortization according to the useful life principle with the direct amortization method.

Expected useful life and amortization method are reviewed annually and the changes in estimates are accounted for on a prospective basis to determine the possible effects of changes in estimates.

Depreciation rates determined by considering useful lives of intangible assets are below:

	Useful Life (Year)
Rights	3-15 years
Research and Development Expenditure	5-15 years
Leasehold Improvements	2-10 years
Other Intengible Assets	3-7 years

2.08.06 *Borrowing Costs*

When the assets which it takes a substantial amount of time to make ready for usage and selling are in question, the borrowing costs which can be directly correlated with purchasing, making or production are had to be included in the cost of the asset until the related asset is made ready for usage or selling. The financial investment income, obtained by using the part of the credit, related with the credit, not spent yet in the financial investments for a temporary period is offset from the borrowing costs suitable for capitalization. All of the other borrowing costs are recorded in the income statement in the period when they occur. The company does not have any financing costs capitalized during the period.

2.08.07 *Impairment of Assets*

The assets which have infinite life are not subjected to amortization. The impairment test is applied for these assets. For the assets subjected to amortization, in case that situations or events take place where it is not possible to recover the book value, test of impairment of assets is applied. In case that the book value of the asset exceeds the recoverable value, the provision for impairment is made and recorded. The recoverable amount is the bigger one of the realistic value obtained after deducing the costs of sale and the value in usage. In order to evaluate the value lowness, the assets are grouped in the lowest level where there are cash flows which can be defined separately. The assets which are not financial, which are subjected to the impairment are reviewed for the possible cancellation of the impairment of assets in every reporting date.

2.08.08 *Effect of Changes in the Exchange Rates*

Foreign currency transactions realized during the year are translated into Turkish Lira at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the rates prevailing at the balance sheet date. Foreign exchange gains/losses arising from the translation and collection of foreign currency transactions are included in the income statement.

The Company's financial statements are presented in the currency of the primary economic environment in which it operates. The financial performance and operating results of the Company are expressed in TL, which is the functional currency.

Transactions in foreign currencies during the preparation of the Company's financial statements are recorded based on the exchange rates at the transaction date. Monetary assets and liabilities indexed at the balance sheet are translated into Turkish Lira at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into Turkish Lira based on the exchange rates at the date when the fair value was determined. Non-monetary items in foreign currency measured in terms of historical cost are not retranslated. Exchange differences are recognized as profit or loss in the period in which they incur.

2.08.09 *Taxes Calculated on the Corporate Profit*

Income tax expense/revenue is represented by sum of the current tax expense/revenue and deferred tax expense (or revenue).

Current tax

Current year's tax liability is calculated on the taxable portion of the profit for the period. Taxable profit does not include income or expense items taxable or deductible in the other years and items which are not taxable or deductible, so it differs from the profit stated in the income statement. The company's current tax liability was calculated by the tax rate legalized or substantially legalized as of the date of balance sheet.

Deferred tax

Deferred tax liability or asset are defined by calculating tax effects of temporary differences between amounts of the assets and liabilities indicated in the financial statements and their amounts considered in calculation of the legal tax base according to the balance sheet method by considering the legalized tax rates.

Deferred tax liabilities are calculated for all taxable temporary differences but deferred tax assets represented by deductible temporary differences are calculated provided that it is highly probable to benefit from such differences by gaining taxable profit in the future. No deferred tax liability or asset is calculated for temporary timing differences caused by inclusion of assets or liabilities, other than goodwill or business mergers, in the financial statements for the first time and which do not affect both trade and financial profit or loss.

Deferred tax liabilities are calculated for all of taxable temporary differences which are associated with investments in the affiliates and subsidiaries and shares in business partnerships except for any cases where the Company may control elimination of the temporary differences and there is a low possibility for elimination of such different in the near future. Deferred tax assets arising from the taxable temporary differences associated with such investments and shares are calculated provided that it is highly probable to benefit from these differences by gaining sufficient taxable profit in the near future and it is possible to eliminate such differences in the future.

Book value of deferred tax asset is reviewed as of each date of balance sheet. Book value of deferred tax asset is reduced to the extent that it is not possible to gain financial profit at a level to allow for acquisition of the benefit to be provided by all or part of it.

Deferred tax assets and liabilities are calculated on the tax rates (tax adjustments) expected to be effective in the period when the asset are realized or the liabilities are satisfied and legalized or substantially legalized as of the date of balance sheet. During calculation of deferred tax assets and liabilities, tax results of the methods estimated by the Company for recovering book values of the assets as of the date of balance sheet or satisfaction of its liabilities are considered.

Deferred tax assets and liabilities ate set off if there is a legal right to set off the current tax assets against the current tax liabilities or such assets and liabilities are associated with the income tax collected by the same tax authority or the Company intends to pay them by setting off the current tax assets against the current tax liabilities.

Current and deferred tax for the period

Except for those associated with the items directly recognized as a receivable or debt in the equity (in this case, deferred tax for the relevant items is also recognized in the equity directly) or arising from the first recognition of business mergers, the current tax and deferred tax for the period are recognized as an income or expense in the income statement. In business mergers, tax effect is considered in calculation of goodwill or calculation of the portion of the share acquired by the purchaser at the fair value of the definable assets, liabilities and contingent payables of the purchased affiliate in excess of the purchasing cost.

The taxes in the financial statements include the change in the current period taxes and deferred taxes. The Company calculates current and deferred tax on the results of the period.

Netting tax assets and liabilities

The amounts of corporate tax payable are defined as net amounts as they are associated with the pre-paid corporate tax amounts.

2.08.10 *Trade payables*

The finance income included in the liabilities is calculated by considering the effective interest rate of the related debt and the effective interest rate, and the amounts are shown in the financial statements.

2.08.11 *Leasing transactions*

I) *Financial leasing transactions*

Financial leases are described which the lessor retains all the risks and benefits pertaining to the goods. Financial leases are taken into the accounts according to lower current market value or minimum lease payments. The liability arising from a financial leasing transaction is separated into interest payable and principal debt in order to determine a fixed interest rate on the remaining balance. The costs and expenses incurred at the initial acquisition of the fixed asset subject to financial leasing are added to the cost.

II) *Operational leasing transactions*

Rental contracts in which the lessor holds all risks and benefits of the property are called operational leases.

Company as leaseholder:

Operational leasing payments are charged to the record as expense according to the normal method during the lease term. As of December 31, 2017 the operating lease expense is TL 260,987 *(4,243,648.62 Rs) (31.12. 2016: TL 174,900) (31.12. 2016: 2,873,874 Rs)*

Company as leasor:

Operational leasing collection are charged to the record as income according to the normal method during the lease term. As of December 31, 2017, the Company has no operational leasing income (31 December 2016: None).

2.08.12 *Retirement and Provision for Severance Pay*

As required by the labor law valid in Turkey, the retirement and indemnity provisions are allocated as they incur in the financial statements attached. According to the UMS 19 “Benefits provided to the employees”, which was updated, the payments of the type in question are characterized as described retirement benefit plans.

In the attached financial statements, the seniority indemnity liability is reflected to the financial statements as the amount found by discounting with the suitable interest rate, purified of the inflation rate, in order to calculate the value of the retirement indemnity to be paid in the future years in the date of the balance sheet.

2.08.13 *Investments in Affiliates*

Investments in Affiliates are accounted for by the equity method of accounting. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these affiliates’ operations. Unrealized gains that result from intercompany transactions between the Group and its Associates are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost.

According to equity method of accounting, subsidiaries are recorded initially at acquisition cost, and subsequently the amount of the parent’s interest in the associate’s shareholders’ equity is reflected to financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

2.08.14 *Financial instruments*

2.08.14,01 *Financial assets*

The financial investments are recognized over the amount remained after deducing the expenditures which can be directly correlated with the purchasing transaction from the realistic value, except the financial assets, the realistic value difference of which is reflected to the profit or loss and which are put into the records over the realistic value. The investments are put into the records or removed from the records in the date of the transaction which depends on a contract which carry the delivery condition of the investment instrument according to the period determined by the related market. The financial assets are classified as the “financial assets, the realistic value difference of which is reflected to the profit or loss”, the “financial assets held until maturity”, the “financial assets, ready for selling”, and the “credits and receivables.

Effective interest method

The effective interest method is the method of valuing the financial asset with the amortized cost and distributing the related interest income to the period with which it is related. The efficient interest rate is the ratio which reduces the predicted cash total to be collected in the expected life of the financial instrument or, if it is suitable, during a shorter time period to the net present day value of the related financial asset.

The revenues related with the financial assets classified outside than the financial assets, the realistic value difference of which is reflected to the profit or loss are calculated by using the efficient interest method.

a) The financial assets, the realistic value difference of which is reflected to the profit or loss

The financial assets, the realistic value difference of which is reflected to the profit or loss are the financial assets, which are held for trading. When a financial asset is acquired for disposing of in the short term, it is classified in the category in question. The financial assets mentioned, which form the derivative products, which are not determined as an efficient hedging instrument are classified as the financial assets, the realistic value difference of which is reflected to the profit or loss. The assets included in this category are classified as current assets.

b) The financial assets held until maturity

The borrowing instruments, with constant maturity, which the Company has the means and intent to hold until maturity, having a constant or determinable payment plan are classified as the financial assets to be held until maturity. The investments to be held until maturity are put into the records by deducing the value lowness amount from the amortized cost amount according to the efficient interest method and the related revenues are calculated by using efficient interest rate.

c) The financial assets ready for sale

The financial assets ready for sale consist of the financial assets which are not financial assets to be held until maturity or with trading purpose. The financial assets ready for sale are valued with realistic value provided that they can be reliably measured after put into the records. The securities, the realistic value of which can't be measured reliably and which don't have an active market, are indicated with cost value. The profits or losses, related with the financial assets ready for sale, are included in the income statement of the related period. The changes taken place in the fair value such assets are indicated in the equity accounts. In case that the related asset is disposed of or there is impairment, the amount in the equity accounts is transferred to the income statement as profit/loss. Provision for Impairment which is arisen from the investments for the financial instruments based on equity which are classified as financial asset ready for sale and which is recognized in the income statement may not be cancelled in the income statement in the subsequent periods. Except the financial instruments based on equity, which is classified as ready for sale, if the impairment loss decreases in the next period and the decrease can be correlated with an event which occurs after the recognition of the impairment loss, the impairment loss, recognized beforehand, may be cancelled in the income statement. The Company doesn't have a financial asset ready for sale.

d) Credits and receivables

Trade, other receivables and credits, which have constant and determinable payments, not transacted in the market, are classified in this category. The credits and receivables are indicated by deducing impairment amount over the cost discounted by using the effective interest method.

<u>Impairment of financial assets</u>

The financial assets or financial asset companies, other than the financial assets, the realistic value difference of which is reflected to the profit or loss, are subjected to evaluation on whether there are indicators or not that they subjected to impairment in every date of balance sheet. In case that one or more than one incident occurs after the first recognition of the financial asset and there are an objective indicator that the related financial asset is subjected to impairment as a negative result of the incident in questions on the future cash flows of the financial asset or asset group, which can be predicted reliably, the impairment loss occurs.

The impairment amount for the credits and receivables is the difference between the present day value of the predicted cash flows expected in the future calculated by discounting over the effective interest rate of the financial asset and its book value.

Except the commercial receivables which the book value is decreased through using a reserve account, for all financial assets, the impairment is directly deduced from the recorded value of the related financial asset. In case that the commercial receivable can't be collected, the amount in question is discarded by deducing from the reserve account. The changes in the reserve account are recognized in the income statement.

Except the financial instruments based on equity, ready for sale, if the impairment loss decreases in the next period and if the decrease can be correlated with an incident taking place after the recognition of the impairment loss, the impairment loss, recognized beforehand is cancelled in the income statement such that it doesn't exceed the amortized cost amount which it would reach if the impairment of the investment never recognized in the date when the impairment is to be cancelled.

The increase occurred after the impairment of the realistic value of the financial instruments based on equity, ready for sale is recognized directly in the equities.

<u>Cash and cash equivalents</u>

Cash and cash equivalent items are the cash, current account and the other short term investments, with the maturities of three months or less than three months as from the purchasing date, which can be converted into cash immediately and which do not have impairment risk substantially and high liquidity.

2.08.14,02 <u>*Financial Liabilities*</u>

The financial obligations and equity instruments of the Company are classified based on the arrangements based on contract, the description principle of an instrument depending on a financial obligation and equity. The contract representing the right on the assets, remained after deducing all liabilities of the Company is a financial instrument based on equity. The accounting policies which can be applied for certain financial obligations and financial instruments based on equity are stated below.

The financial liabilities are classified as the financial liabilities the realistic value difference of which is reflected to the profit or loss or the other financial liabilities.

a) The financial liabilities the realistic value difference of which is reflected to the profit or loss

The financial liabilities the realistic value difference of which is reflected to the profit or loss are recorded with the realistic value and revalued with the realistic value in the date of the balance sheet in every reporting period. The change in the realistic value is recognized in the income statement. The net gains or losses recognized in the income statement also cover the amount of the interest paid for the financial liability in question.

b) The other financial liabilities

The other financial liabilities are recognized with the realistic value, purified of the transaction costs at the start. The other financial liabilities are recognized over the cost amount which is amortized by using the efficient interest method together with the interest cost calculated over the efficient interest rate in the subsequent periods.

The efficient interest method is the method of calculating the amortized costs of the financial liability and distributing the related interest expenditure to the period with which it is related. The efficient interest rate is the ratio which reduces the predicted cash total to be paid in the expected life of the financial instrument or, if it is suitable, during a shorter time period to the net present day value of the related financial liability.

2.08.15 *Provisions, Contingent liabilities and assets*

If the Company has a liability arising from the past events, sources involving economic benefit may be disposed from the Company for satisfaction of such liability and amount of such liability may be estimated reliably, the relevant liability is included in the financial statements as a provision. Contingent liabilities are always subject to assessment for finding if the possibility of disposing the sources involving economic benefit from the Company is possible. If the possibility of disposing the sources involving economic benefit from the Company occurs for the items processed as a contingent liability in the future, such contingent liability is included in the financial statements for the period of the change in the possibility as a provision except for the circumstances of failure in reliable estimate.

The Company indicates such liability in the notes if the contingent liabilities become possible but it is not possible to reliably estimate amount of the sources involving economic benefit. Any asset which arises from the past events and shall be confirmed by finding if one or more unclear event(s) existence of which is not fully under the control of the Company is considered as a contingent asset. The contingent assets are disclosed in the notes in case of a high possibility of the Company's acquisition of the sources involving economic benefit.

Where it is expected that all or part of the economic benefits used to pay the amount of provision are covered by the third parties, is recognized as an asset if this amount shall be repaid finally and the amount is calculated reliably.

2.08.16 *Related Parties*

For the purpose of these financial statements, partners, senior level directors and members of the board of directors, their families and the companies controlled by them or their affiliates, subsidiaries and partnerships are considered and stated as related parties. The transactions entered into with the related parties because of the ordinary activities were performed with the prices compatible with the market conditions. The detailed description performed with the related parties is given in the Note. 37.

2.08.17 *Recording incomes*

Revenues

Revenue is recognized when it is probable that an economic result will be obtained from the operations of the Company and the amount of revenue can be measured reliably. Revenues, deductions, value added tax and sales taxes are clearly shown after deduction. The following criteria must be met in order for income to be generated.

İncome derived from the sale of goods is recognized when the following conditions are satisfied:

- The revenue amount can be measured reliably,
- It is possible that the economic benefits related with the transaction will be obtained by the enterprise,
- The level of completion of the transaction can be measured reliably as of the end of the reporting period, and;
- The costs incurred and required for completing the transaction can be measured reliably.

2.08.18 *Cash Flow Statement*

Cash and cash equivalents are the cash money, current account and the other short termed investments, the maturity of 3 months or less than 3 months as from the purchasing date, which can be converted into cash immediately and don't have a substantial amount of value change risk, with a high liquidity.

In the cash flow statement, the cash flows related with the period are classified and reported based on the operation, investment and financial activities.

The cash flows arisen from the operational activities indicates the cash flows arisen from the main activities of the Company. The cash flows related with the investment activities indicate the cash flows which the Company uses and obtains in the investment activities (asset investments and financial investments). The cash flows related with the finance activities indicate the resources which the Company uses in the finance activities and the repayment of these resources.

2.08.19 *Profit/loss per share*

Profit per share is determined by dividing the net profit to the weighted average number of the shares existing in the related period.

The companies in Turkey can increase their capitals through "bonus share" they distributed from the previous year profits to the shareholders. When the profit per share is calculated, this bonus share issuance is considered as issued shares.

Therefore the weighted number of share average used for the profit per share is obtained by retrospectively applying the bonus issuance of the shares.

2.08.20 *Events after balance sheet date*

It refers the events emerging on behalf of or on the detriment to the Company between the date of the balance sheet and the date of authorization for publishing the balance sheet. In case that there are new evidences that the events in question exist as of the date of balance sheet or the related events emerge after the date of the balance sheet, the Company describes the issues in question in the Note. 40.

The Company, in case that events requiring correction emerge after the date of the balance sheet, corrects the amounts put into the financial statements according to this new situation.

2.09 Going Concern

The Company prepares its financial statements on the basis of going concern.

2.10 New and Revised Turkish Financial Reporting Standards

New effective standards, revisions and comments as of December 31, 2017 are below:

<u>*New and Revised International Financial Reporting Standarts*</u>

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

<u>*IFRS 15 Revenue from Contracts with Customers*</u>

The new standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is ef0fective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

<u>*IFRS 9 Financial Instruments*</u>

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Company does not expect that application of these amendments to IFRS 2 will have significant impact on its financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 1 "*First Time Adoption of International Financial Reporting Standards*"

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of 'Annual Improvements to IFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

IAS 28 "*Investments in Associates and Joint Ventures*"

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of/from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 40.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This IFRIC is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 22.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

IFRIC 23 –Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Company does not expect that application of IFRS 17 will have significant impact on its financial statements.

3. Business Mergers

None.

4. Shares in Other Businesses

The Company's Shares in Other Businesses as the end of the period are as follows:

	31.12.2017	31.12.2016
Erkunt Sanayi A.Ş.	**%35**	%35

5. Reporting per Department

None.

6. Cash and Cash Equivalents

The Company's Cash and Cash Equivalents as the end of the period re as follows:

	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Cash	**14,693**	**238,908**	11,025	179,267
Banks	**5,814,802**	**94,548,681**	15,620,416	253,987,964
– Demand Deposit	**5,814,802**	**94,548,681**	14,615,823	237,653,282
– Time Deposit	**–**	**–**	1,004,593	16,334,682
Other Liquid Assets	**25,348**	**412,158**	31,615	514,060
Total	**5,854,843**	**95,199,747**	15,663,056	254,681,291

The Company has no blocked on Cash and Cash Equivalents as of 31.12.2017 (31.12.2016: None).

7. Financial Investments

None.

8. Financial Liabilities

The Company's Current and Non-Current Financial Liabilities at the end of periods are explained below:

Current Financial Liabilities

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Loans	**150,418,113**	**2,445,798,517**	20,913,725	340,057,169
Credit Cards	**502,850**	**8,176,341**	24,138	392,484
Short-Term Installments of Long-Term Loans	**31,711,111**	**515,622,665**	46,680,647	759,027,320
Short Term Financial Leasing Payables	**156,287**	**2,541,227**	173,053	2,813,842
Total	**182,788,361**	**2,972,138,750**	67,791,563	1,102,290,814

Non-Current Financial Liabilities

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Loans	–	–	31,711,111	515,622,665
Financial Leasing Payables	–	–	166,270	2,703,550
Total	–	–	31,877,381	518,326,215
Total Financial Liabilities	**182,788,361**	**2,972,138,750**	99,668,944	1,620,617,029

a) The effective interest rates of financial liabilities on the basis of currency unit are as follows;

31.12.2017

Type	Amount of Foreign Currency	TL Amount (FC)	(Rs)	Effective Interest Rate
TL Loans	**–**	**182,788,361**	**2,972,138,750**	**%6.76-%14.89**
Total	**–**	**182,788,361**	**2,972,138,750**	**–**

31.12.2016

Type	Amount of Foreign Currency	TL Amount (FC)	(Rs)	Effective Interest Rate
TL Loans	–	99,668,944	1,620,617,029	%6.74-%15.89
Total	–	99,668,944	1,620,617,029	–

9. Other Financial Liabilities

The Company has no Other Financial Liability as ends of periods.

10. Trade Receivables and Payables

The Company's Short Term Trade Receivables at the ends of the period are disclosed below:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Trade Receivables	**32,502,930**	**528,497,642**	19,295,403	313,743,253
Notes Receivables	**105,957,455**	**1,722,868,218**	54,882,115	892,383,190
Rediscount of Notes Receivables (-)	**(3,287,812)**	**(53,459,823)**	(993,169)	(16,148,928)
Doubtful Trade Receivables	**8,316,454**	**135,225,542**	8,982,302	146,052,231
Provision for Doubtful Trade Receivables (-)	**(8,316,454)**	**(135,225,542)**	(8,982,302)	(146,052,231)
Total	**135,172,573**	**2,197,906,037**	73,184,349	1,189,977,515

The average collection time of trade receivables as of 31 December 2017 is 51 days (31 December 2016: 46 days)

The company has no collateral obtained from the related parties.

Provisions for doubtful trade receivables are as follows:

Account Name	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Begining of Period	**8,982,302**	**146,052,231**	8,494,891	138,126,928
İncrease during the period	**304,818**	**4,956,341**	487,411	7,925,303
Provisions no longer required	**(970,666)**	**(15,783,029)**	–	–
Period Ended	**8,316,454**	**135,225,542**	8,982,302	146,052,231

The Company has no Long Term Trade Receivables as at the end of periods.

The Company's Short Term Trade Payables at the ends of the period are disclosed below:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Supplier	**80,475,188**	**1,308,526,557**	61,480,271	999,669,206
Note Payable	**–**	**–**	340,709	5,539,928
Rediscount of Note Payable	**(2,728,830)**	**(44,370,776)**	(1,549,065)	(25,187,797)
Trade Payables to Related Parties	**7,073,910**	**115,021,777**	6,040,610	98,220,319
Total	**84,820,268**	**1,379,177,558**	66,312,525	1,078,241,657

As of 31.12.2017, the average maturity of trade payables is 90 days (31.12.2016: 60 days)

The Company has no Long Term Trade Payables as at the end of periods.

The company has no collateral given to the suppliers and related parties.

11. Other Receivables and Payables

Short Term Other Receivables of the Company as of the period ends are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Deposits and Guarantees Given	**–**	**–**	–	–
Receivables from Tax Office	**5,637,632**	**91,667,896**	4,180,298	67,971,645
Other Receivables	**3,170**	**51,544**	2,901	47,170
Total	**5,640,802**	**91,719,441**	4,183,199	68,018,816

The Company does not have Long Term Other Receivables as of the end of periods.

Short Term Other Payables of the Company as of period ends are explained below.

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Other Payables*	**5,290,226**	**86,019,075**	3,448,110	56,066,269
Total	**5,290,226**	**86,019,075**	3,448,110	56,066,269

* The balance of other payables TL 5,290,226 (86,019,074.76 Rs) (31.12.2016: TL 3,448,110) (31.12.2016: 56,066,268.6 Rs) consist of the credits used on behalf of the customers.

The Company does not have Long Term Other Payables as of the end of periods.

The company has no collateral given for short term and long term payables.

12. Derivative Instruments

None.

13. Inventories

Inventories of the Company as of the end of the period are explained below:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Raw Materials and Supplies	**22,120,147**	**359,673,590**	20,908,946	339,979,462
Semi-Finished Goods	**6,686,385**	**108,720,620**	2,626,883	42,713,118
Finished Goods	**17,680,381**	**287,482,995**	12,332,046	200,519,068
Merchandise	**476,446**	**7,747,012**	609,957	9,917,901
Goods in Transit	**15,454,496**	**251,290,105**	15,669,540	254,786,720
Other Inventories	**–**	**–**	–	–
Provision for Impairment of Inventory(-)	**(65,377)**	**(1,063,030)**	–	–
Total	**62,352,478**	**1,013,851,292**	52,147,372	847,916,269

Movement of provision for impairment of inventory is as follows:

	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)
Beginning of the Period	–	–	–
Increase During the Period	65,377	1,063,030	–
End of the Period	65,377	1,063,030	–

14. Biological Assets

None.

15. Prepaid Expenses and Deferred Incomes

The Short Term Prepaid Expenses at the periods ended are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Prepaid Expenses	101,428	1,649,219	111,141	1,807,153
Advences Given	1,525,205	24,799,833	1,240,890	20,176,871
Total	1,626,633	26,449,053	1,352,031	21,984,024

The Company doesn't have Long Term Prepaid Expenses at the periods ended.

The Short Term Deferred Income at the periods ended are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Deferred Income	273,420	4,445,809	1,483,460	24,121,060
Advences Received	455,725	7,410,089	455,179	7,401,211
Total	729,145	11,855,898	1,938,639	31,522,270

The Company doesn't have Long Term Deferred Income at the periods ended.

16. Investments Valued by Equity Method

Investments Valued by Equity Method as of periods ended are explained below;

Affiliate	Participation rate (%)	Provision for Loses	31.12.2017 Net Book Value (FC)	31.12.2017 Net Book Value (Rs)
Erkunt Sanayii A.Ş.	35%	–	39,365,744	640,086,997
Total		–	39,365,744	640,086,997

Affiliate	Participation rate (%)	Provision for Loses	31.12.2016 Net Book Value (FC)	31.12.2016 Net Book Value (Rs)
Erkunt Sanayii A.Ş.	35%	–	40,905,876	665,129,544
Total		–	40,905,876	665,129,544

The gains/(losses) from associates accounted for using the equity method are explained below.

	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Beginning of the Period	40,905,876	665,129,544	39,516,544	642,539,005
Dividend Collected	–		13952	226859,52
Partial Division Effect	(2,636,584)	(42,870,856)	–	
Arising from Dividend Distribution	1,096,452	17,828,310	1,375,380	22,363,679
End of Period	39,365,744	640,086,997	40,905,876	665,129,544

The financial statement summary of the investment valued by the equity method as of 31.12.2017 and 31.12.2016 as follows:

	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Current Asset	111,896,288	1,819,433,643	62,720,394	1,019,833,606
Non-Current Asset	88,632,992	1,441,172,450	105,388,182	1,713,611,839
Total Asset	200,529,280	3,260,606,093	168,108,576	2,733,445,446

	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Current Liability	**78,914,262**	**1,283,145,900**	43,345,864	704,803,749
Non-Curretn Liability	**9,141,465**	**148,640,221**	7,888,781	128,271,579
Equity	**112,473,553**	**1,828,819,972**	116,873,931	1,900,370,118
Total Liability	**200,529,280**	**3,260,606,093**	168,108,576	2,733,445,446

17. Investment Property

None.

18. Property, Plant and Equipment

The Company's property, plant and equipment at the end of periods are as follows:

31.12.2017

Cost:	1.1.2017 (FC)	1.1.2017 (Rs)	Additions (FC)	Additions (Rs)	Transfers (FC)	Transfers (Rs)	Valuation (FC)	Valuation (Rs)	Disposals (FC)	Disposals (Rs)	31.12.2017 (FC)	31.12.2017 (Rs)
Land Improvements*	615,858	10,013,851	–	–	–	–	–	–	–	–	615,858	10,013,851
Lands	–	–	–	–	16,135,000	262,355,100	–	–	–	–	16,135,000	262,355,100
Buildings	19,983,152	324,926,052	–	–	(16,135,000)	(262,355,100)	11,207,708	182,237,332	–	–	15,055,860	244,808,284
Plant Machinery and Equipment	3,511,517	57,097,266	302,193	4,913,658	(11,848)	(192,648)	–	–	–	–	3,801,863	61,818,292
Vehicles	384,419	6,250,653	–	–	(265,620)	(4,318,981)	–	–	–	–	118,799	1,931,672
Furniture and Fixtures	2,975,636	48,383,841	73,363	1,192,882	10,318	167,771	–	–	(7,000)	(113,820)	3,052,318	49,630,691
Other Tangible Fixed Assets	5,598,356	91,029,269	885,170	14,392,864	267,149	4,343,843	–	–	–	–	6,750,674	109,765,959
Construction in Progress	3,234,310	52,589,881	210,871	3,428,762	–	–	–	–	–	–	3,445,181	56,018,643
Leasehold Improvements	521,229	8,475,184	–	–	–	–	–	–	–	–	521,229	8,475,184
Total	36,824,477	598,765,996	1,471,597	23,928,167	–	–	11,207,708	182,237,332	(7,000)	(113,820)	49,496,782	804,817,675

Accumulated Depreciati(-):	1.1.2017 (FC)	1.1.2017 (Rs)	Additions (FC)	Additions (Rs)	Transfers (FC)	Transfers (Rs)	Valuation (FC)	Disposals (FC)	Disposals (Rs)	31.12.2017 (FC)	31.12.2017 (Rs)
Land Improvements	(185,519)	(3,016,539)	(70,540)	(1,146,980)	–	–	–	–	–	(256,059)	(4,163,519)
Buildings	(6,536,731)	(106,287,246)	(719,130)	(11,693,054)	–	–	–	–	–	(7,255,860)	(117,980,284)
Plant Machinery and Equipment	(1,668,962)	(27,137,322)	(556,885)	(9,054,950)	(28,014)	(455,508)	–	–	–	(2,197,833)	(35,736,765)
Vehicles	(287,415)	(4,673,368)	(7,679)	(124,861)	234,442	3,812,027	–	–	–	(60,652)	(986,202)
Furniture and Fixtures	(1,806,107)	(29,367,300)	(372,639)	(6,059,110)	(21,455)	(348,858)	–	7,000	113,820	(2,193,202)	(35,661,465)
Other Tangible Fixed Assets	(4,037,716)	(65,653,262)	(504,349)	(8,200,715	(184,972)	(3,007,645)	–	–	–	(4,727,037)	(76,861,622)
Leasehold Improvements	(116,153)	(1,888,648)	(54,112)	(879,861)	–	–	–	–	–	(170,265)	(2,768,509)
Total	(14,638,603)	(238,023,685)	(2,285,334)	(37,159,531)	–	–	–	–	–	(16,860,908)	(274,158,364)
Net Book Value	22,185,874	360,742,311	–	–	–	–	–	7,000	113,820	32,635,874	530,659,311

* The survey report of the TSKB Gayrimenkul Değerleme A.Ş. that dated December 2017 were taken into consideration in determining the fair value of the buildings that the Company followed in tangible fixed assets.

The comparative method of comparison for land and cost method for buildings were used in TSKB Real Estate Expertise Report dated 29,12.2017 numbered 2017B353.

31.12.2016

Cost:	1.1.2016 (FC)	1.1.2016 (Rs)	Additions (FC)	Additions (Rs)	Transfers (FC)	Disposals (FC)	Disposals (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Land Improvements	544,308	8,850,448	71,550	1,163,403	–	–	–	615,858	10,013,851
Buildings	19,983,152	324,926,052	–	–	–	–	–	19,983,152	324,926,052
Plant Machinery and Equipment	2,953,429	48,022,756	719,796	11,703,883	–	(161,708)	(2,629,372)	3,511,517	57,097,266
Vehicles	384,419	6,250,653	–		–	–	–	384,419	6,250,653
Furniture and Fixtures	2,695,794	43,833,610	484,842	7,883,531	–	(205,000)	(3,333,300)	2,975,636	48,383,841
Other Tangible Fixed Assets	4,789,327	77,874,457	809,029	13,154,812	–	–	–	5,598,356	91,029,269
Construction in Progress	–	–	3,234,310	52,589,881	–	–	–	3,234,310	52,589,881
Leasehold Improvements	500,731	8,141,886	32,998	536,547	–	(12,500)	(203,250)	521,229	8,475,184
Total	31,851,161	517,899,878	5,352,525	87,032,057	–	(379,208)	(6,165,922)	36,824,477	598,765,996

Accumulated Depreciation (-) :	1.1.2016 (FC)	1.1.2016 (Rs)	Additions (FC)	Additions (Rs)	Transfers (FC)	Disposals (FC)	Disposals (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Land Improvements	(148,416)	(2,413,244)	(37,103)	(603,295)	–	–	–	(185,519)	(3,016,539)
Buildings	(6,089,795)	(99,020,067)	(446,936)	(7,267,179)	–	–	–	(6,536,731)	(106,287,246)
Plant Machinery and Equipment	(1,223,266)	(19,890,305)	(445,696)	(7,247,017)	–	–	–	(1,668,962)	(27,137,322)
Vehicles	(254,525)	(4,138,577)	(32,890)	(534,791)	–	–	–	(287,415)	(4,673,368)
Furniture and Fixtures	(1,473,446)	(23,958,232)	(332,661)	(5,409,068)	–	–	–	(1,806,107)	(29,367,300)
Other Tangible Fixed Assets	(3,468,136)	(56,391,891)	(569,580)	(9,261,371)	–	–	–	(4,037,716)	(65,653,262)
Leasehold Improvements	(62,241)	(1,012,039)	(53,912)	(876,609)	–	–	–	(116,153)	(1,888,648)
Total	(12,719,825)	(206,824,355)	(1,918,778)	(31,199,330)	–	–	–	(14,638,603)	(238,023,685)
Net Book Value	19,131,336	311,075,523	3,433,746	55,832,710	–	–	–	22,185,874	360,742,311

(*) Supervision reports of Ekol Sigorta Ekspertiz Hiz.Ltd.Şti.in June 2009 are taken into consideration in determining the Fair Value of the buildings and underground structures and buildings of the Company in Tangible Fixed Assets.

The insurance security deposits on Property, Plant and Equipment is TL 18,649,191, *(303,235,845.66 Rs)* (31.12.2016: TL 17,167,525) (31.12.2016: *279,143,956,5 Rs*)

Depreciation expenses and amortization amount recorded in the income statement are disclosed in Note 30.

There are no restrictions on the tangible assets of the Company.

19. Intangible Assets and Goodwill

Goodwill

None.

Other Intengible Assets

The Company's other intengible assets at the end of periods are as follows:

31.12.2017

Cost:	**1.1.2017 (FC)**	**1.1.2017 (Rs)**	**Additions (FC)**	**Additions (Rs)**	**Transfers**	**Disposals**	**31.12.2017 (FC)**	**31.12.2017 (Rs)**
Rights	**2,135,160**	**34,717,702**	**288,684**	**4,694,002**	–	–	**2,423,844**	**39,411,703**
Development Expenditure	**12,584,843**	**204,629,547**	**4,070,147**	**66,180,590**	–	–	**16,654,990**	**270,810,137**
Other Intengible Asset	**581,144**	**9,449,401**	**94,433**	**1,535,481**	–	–	**675,577**	**10,984,882**
Total	**15,301,147**	**248,796,650**	**4,453,264**	**72,410,073**	–	–	**19,754,411**	**321,206,723**

Accumulated depreciation (-) :	**1.1.2017 (FC)**	**1.1.2017 (Rs)**	**Additions (FC)**	**Additions (Rs)**	**Transfers**	**Disposals**	**31.12.2017 (FC)**	**31.12.2017 (Rs)**
Rights	**(976,465)**	**(15,877,321)**	**(478,376)**	**(7,778,394)**	–	–	**(1,454,841)**	**(23,655,715)**
Development Expenditure	**(3,716,729)**	**(60,434,014)**	**(6,167,771)**	**(100,287,956)**	–	–	**(9,884,500)**	**(160,721,970)**
Other Intengible Asset	**(345,396)**	**(5,616,139)**	**(120,716)**	**(1,962,842)**	–	–	**(466,112)**	**(7,578,981)**
Total	**(5,038,590)**	**(81,927,473)**	**(6,766,863)**	**(110,029,192)**	–	–	**(11,805,453)**	**(191,956,666)**
Net Book Value	**10,262,557**	**166,869,177**			–	–	**7,948,958**	**129,250,057**

31.12.2016

Cost:	1.1.2016 (FC)	1.1.2016 (Rs)	Additions (FC)	Additions (Rs)	Transfers (FC)	Disposals (FC)	Disposals (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Rights	1,932,142	31,416,629	203,018	3,301,073	–	–	–	2,135,160	34,717,702
Research and Development Expenditure	7,439,104	120,959,831	5,257,184	85,481,812	–	(111,445)	(1,812,096)	12,584,843	204,629,547
Other Intengible Asset	581,144	9,449,401	–	–	–	–	–	581,144	9,449,401
Total	9,953,390	161,842,121	5,460,202	88,782,885	–	(111,445)	(1,812,096)	15,301,147	248,796,650

Accumulated depreciation (-) :	1.1.2016 (FC)	1.1.2016 (Rs)	Additions (FC)	Additions (Rs)	Transfers (FC)	Disposals (FC)	Disposals (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Rights	(540,686)	(8,791,554)	(435,779)	(7,085,767)	–	–	–	(976,465)	(15,877,321)
Research and Development Expenditure	(3,373,562)	(54,854,118)	(343,167)	(5,579,895)	–	–	–	(3,716,729)	(60,434,014)
Other Intengible Asset	(223,114)	(3,627,834)	(122,282)	(1,988,305)	–	–	–	(345,396)	(5,616,139)
Total	(4,137,362)	(67,273,506)	(901,208)	(14,653,642)	–	–	–	(5,038,590)	(81,927,473)
Net Book Value	5,815,028	94,552,355	–	–	–	–	–	10,262,557	166,869,177

Depreciation expenses and amortization amount recorded in the income statement are shown in Note 30.

20. Employee Benefits Obligations

Short Term Payables within the scope of the Benefits Provided to Employees as of 31 December 2017 and 31 December 2016 are as follows:

Account Name	**31.12.2017 (FC)**	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Due to Personnel	**1,087,508**	**17,682,880**	985,593	16,025,742
Taxes, Fees and Other Deductions payable	**451,966**	**7,348,967**	296,056	4,813,871
Social Security Premiums Payable	**442,201**	**7,190,188**	410,509	6,674,876
Public debts deferred and made an installment plan	**5,855**	**95,202**	–	–
Total	**1,987,530**	**32,317,238**	1,692,158	27,514,489

21. Government Incentives and Grants

None.

22. Provisions, Contingent Assets and Liabilities

The Company's short term provisions at the end of periods are as follows:

i) ***Provisions***

	31.12.2017 (FC)	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Provision for Litigation	**684,442**	**11,129,027**	146,670	2,384,854
Other (Guarantee Provision)	**11,309,262**	**183,888,600**	1,882,045	30,602,052
Total	**11,993,704**	**195,017,627**	2,028,715	32,986,906

The Company's Current Provisions For Employee Benefits at the end of periods are as follows;

	31.12.2017 (FC)	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Provision of Vacation	**884,167**	**14,376,555**	387,806,00	6,305,725,56
Provision for Severance Pay	**–**	**–**	238,462,00	3,877,392,12
Total	**884,167**	**14,376,555**	626,268	10,183,118

Provision for litigation movement are as follows;

	31.12.2017 (FC)	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Opening	**146,670**	**2,384,854**	121,050	1,968,273
Additional Provision	**537,772**	**8,744,173**	25,620	416,581
End of period	**684,442**	**11,129,027**	146,670	2,384,854

ii) ***Commitments, mortgage and guarantees not included in the liability***

The details of mortgages and guarantees not included in the liability are explained below:

			31.12.2017			31.12.2016	
	Currency	**Original Amount**	**(FC)**	**(Rs)**	Original Amount	(FC)	(Rs)
Received Warranty Letter	TL	**60,930,500**	**60,930,500**	**990,729,930**	67,761,500	67,761,500	1,101,801,990
Received Colleteral Bill	TL	**4,634,308**	**4,634,308**	**75,353,848**	54,882,114	54,882,114	892,383,174
Received Encumbrance	TL	**2,702,000**	**2,702,000**	**43,934,520**	–	–	–
Total		**68,266,808**	**68,266,808**	**1,110,018,298**	152,643,614	152,643,614	2,481,985,164
Given Warranty Letter	TL	**11,634,250**	**11,634,250**	**189,172,905**	20,732,287	20,732,287	337,106,987
Total		**11,634,250**	**11,634,250**	**189,172,905**	20,732,287	20,732,287	337,106,987

The Company's guarantees, pledges and mortgages ("GPM") position as of 31 December 2017 and 31 December 2016 is as follows:

Guarantees, pledges and mortgages given by the Company	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
A. Total of GPM given on behalf of its legal person	11,634,250	189,172,905	20,732,287	337,106,987
B. The total amount of GPM given to the Joint ventures	–	–	–	–
under the scope of full consolidation	–	–	–	–
C. Total amount of GPM given to guarantee the debts	–	–	–	–
of other 3 people in order to run ordinary trade activities	–	–	–	–
D. Total amount of Other GPM 's given	–	–	–	–
i. Total amount of GPM given on behalf of parent company	–	–	–	–
ii. Total amount of GPM given on behalf of Other	–	–	–	–
Group Companies not covered by B and C Articles	–	–	–	–
iii. The total amount of GPMs given in favor of 3rd persons who do not fall within the scope of Article C	–	–	–	–
Total	11,634,250	189,172,905	20,732,287	337,106,987

iii) ***Total insurance amount of assets;***

The total insurance amount of the assets as of 31.12.2017 is TL 18,649,191 *(303,235,845.66 Rs)*. (31.12.2016: TL 17,167,525). (31.12.2016: *279,143,956.5 Rs*)

23. Commitments

None.

24. Employee Benefits

Long-Term Provisions for Employee Benefits provided to the employees as of the period ended are as follows:

Provision for Severance Payments:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Provision for Severance Payments	1,356,761	22,060,934	775,797	12,614,459

In accordance with the provisions of the Labor Law in effect, it is obligatory to pay the legal severance pays entitled by those of employees whose employment contracts are terminated with a right of severance pay. These indemnities are calculated on the wage for 30 days per working year based on the wage on the date of resignation or dismissal. Severance pay payable as of December 31, 2017 is subject to the ceiling of TL 5,001.76 *(81,328.62 Rs)* (31.12.2016: TL 4,297,21). (31.12.2016: *69,872.63 Rs*)

The severance pay liability is not subject to any funding legally.

The severance pay liability is calculated according to estimate of present value of future possible liability of the Company due to retirement of the employees. TMS 19 ("Benefits to Employees") stipulates development of liabilities by using the actuarial valuation methods under the defined benefit plans. Accordingly, the actuarial assumptions used in calculation of total liabilities are stated below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after the correction of future inflation effects. At 31 December 2017, the provision in the accompanying financial statements is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of 31 December 2017, the provision is calculated with a annual inflation rate of 10,50%, interest rate of 11,50%, and real discount rate of %3,51.

The movements of the provision for severance pay during the period are as follows:

	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Opening Balance	1,014,259	16,491,851	1,024,847	16,664,012
Current Service Cost	206,630	3,359,804	137,340	2,233,148
Interest Cost	124,677	2,027,248	160,901	2,616,250
Loss due to Payment/Reduction of Benefits/Dismissal	130,394	2,120,206	316,366	5,144,111
Actuarial Gain/(Loss)	177,291	2,882,752	124,086	2,017,638
Payment	(296,490)	(4,820,927)	(749,281)	(12,183,309)
Closing Balance	1,356,761	22,060,934	1,014,259	16,491,851

25. Assets and Liabilities for the Current Period Tax

The Company's Assets and Liabilities for the Current Period Tax as of the ends of period are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Prepaid Tax	142,493	2,316,936	–	–
Total	142,493	2,316,936	–	–

The Company does not have any liabilities related to the current term tax As of December 31, 2017. (31 December 2016: None)

26. Other Assets and Liabilities

The Company's Other Current Assets as of the ends of period are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Deferred VAT	**28,535,554**	**463,988,108**	22,779,236	370,390,377
Turquality Accruals	**427,182**	**6,945,979**	–	–
Personnel Advances	**27,168**	**441,752**	23,272	378,403
Job Advances	**3,526**	**57,333**	23,035	374,549
Total	**28,993,430**	**471,433,172**	22,825,543	371,143,329

The Company does not have other non-current assets as of the end of periods.

The Company's Other Current Liabilities as of the ends of period are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Expense Accruals	**3,949,172**	**64,213,537**	–	–
Total	**3,949,172**	**64,213,537**	–	–

The Company's December 31, 2017 expense accruals total contains TL 1,060,158 *(17,238,169,08 Rs)* the Revenue Turnover Premium and Other Expense Accruals,and TL 2,889,014 *(46,975,367,64 Rs)* Customs Offenses.

The Company does not have other non-current liabilities as of the end of periods.

27. Shareholders' Equity

i) ***Non-Controlling Shares***

None.

ii) ***Capital/Mutual Participation Capital Adjustment***

The partnership and shareholding rates as of 31 December 2017 and 31 December 2016 are as follows;

	31.12.2017			31.12.2016		
	Share Amount (FC)	**Share Amount (Rs)**	**Share Ratio (%)**	Share Amount (FC)	Share Amount (Rs)	Share Ratio (%)
Mahindra Overseas Investment Company	**30,000,000**	**487,800,000**	**100**	–	–	–
Nevin ERKUNT	**–**	**–**	**–**	4,800,000	78,048,000	16
Tuna ARMAĞAN	**–**	**–**	**–**	4,320,000	70,243,200	14,4
Zeynep ARMAĞAN	**–**	**–**	**–**	10,500,000	170,730,000	35
Murat ARMAĞAN	**–**	**–**	**–**	3,300,000	53,658,000	11
Aslıgül ARMAĞAN	**–**	**–**	**–**	3,300,000	53,658,000	11
Ayşe BÖLÜKBAŞI	**–**	**–**	**–**	2,880,000	46,828,800	9,6
Haluk ARMAĞAN	**–**	**–**	**–**	900,000	14,634,000	3
Total	**30,000,000**	**487,800,000**	**100**	30,000,000	487,800,000	100

The company does not have a branch.

Details on Paid-in Capital and Shares as of the end of periods are as follows;

	31.12.2017			31.12.2016		
	Share	**(FC)**	**(Rs)**	Share	(FC)	(Rs)
Paid-in Capital	**30,000**	**30,000,000**	**487,800,000**	30,000	30,000,000	487,800,000
Total	**30,000**	**30,000,000**	**487,800,000**	30,000	30,000,000	487,800,000

Capital increase:

The Company has no Capital Increase as of the end of the period.

iii) ***Restricted Reserves from Profit***

Restricted reserves from profits consist of legal reserves.

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not availa-ble for distribution unless they exceed 50% of the historical paid-in share capital but may b e used to offset losses in the event that historical general reserve is exhausted.

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Legal Reserves	**3,442,629**	**55,977,148**	**2,906,588**	47,261,121
Total	**3,442,629**	**55,977,148**	**2,906,588**	47,261,121

iv) ***Previous Years' Profit/Loses***

Profits of previous years consist of extraordinary reserves, lose and profits of other previous years.

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Extraordinary Reserves	28,977	471,166	28,977	471,166
Other Previous Years' Profit/(Loses)	20,279,095	329,738,085	10,604,097	172,422,617
Total	20,308,072	330,209,251	10,633,074	172,893,783

v) ***Premiums or Discounts Regarding Shares***

None.

vi) ***Accumutated other comprehensive income or Expense that will be reclassipied to Profit or Loss***

None.

vii) ***Accumulated Other Comprehensive Income or Expense that will not be reclassified to Profit or Loss***

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Gains (losses) on revaluation of Property, Plant and Equipment	20,500,262	333,334,260	10,413,325	169,320,665
Gains (losses) on remeasurements of defined benefit plans	(643,714)	(10,466,790)	(501,881)	(8,160,585)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	(835,169)	(13,579,848)	(66,099)	(1,074,770)
Total	19,021,379	309,287,623	9,845,345	160,085,310

27. Shareholders' Equity

Supervision report of Ekol Sigorta Ekspertiz Hiz.Ltd.Şti. dated June 2009 and report of TSKB Gayrimenkul Değerleme A.Ş. dated December 2017 have been taken into consideration in determining the Fair Value of buildings and underground layouts and buildings of the Company in Tangible Assets, increases are classified in equity.

The equity items of the Company as of 31 December 2017 and 31 December 2016 are as follows:

Account Name	31.12.2017 (FC)	31.12.2017 (Rs)	31.12.2016 (FC)	31.12.2016 (Rs)
Issued Capital	30,000,000	487,800,000	30,000,000	487,800,000
Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	19,021,379	309,287,623	9,845,345	160,085,310
– *Gains (losses) on remeasurements of defined benefit plans*	(643,714)	(10,466,790)	(501,881)	(8,160,585)
– *Gains (losses) on revaluation of Property, Plant and Equipment*	20,500,262	333,334,260	10,413,325	169,320,665
– *Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss*	(835,169)	(13,579,848)	(66,099)	(1,074,770)
Restricted Reserves From Profit	3,442,629	55,977,148	2,906,588	47,261,121
– Legal reserves	3,442,629	55,977,148	2,906,588	47,261,121
Prior Years Profits or (Losses)	20,308,072	330,209,251	10,633,074	172,893,783
Current Period Net Profit or (Loss)	(45,031,890)	(732,218,531)	12,078,553	196,397,272
Parent Company Shareholders' Equity	27,740,190	451,055,489	65,463,560	1,064,437,486
Non-Controlling Interests	–	–	–	–
Total Equity	27,740,190	451,055,489	65,463,560	1,064,437,486

28. Revenue and Cost of Sales

The Company's Cost of Sales and Sales as of the end of periods are explained below:

Account Name	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Domestic Sales	383,846,480	6,241,343,765	307,727,726	5,003,652,825
Overseas sales	31,087,683	505,485,726	27,044,546	439,744,318
Other Sales	6,752,018	109,787,813	5,315,107	86,423,640
Sales Returns (-)	(33,577,750)	(545,974,215)	(19,139,164)	(311,202,807)
Sales Discounts (-)	(17,250,779)	(280,497,667)	(6,885,255)	(111,954,246)
Net Sales	370,857,652	6,030,145,422	314,062,960	5,106,663,730
Cost of Trade Goods Sold (-)	(14,593,715)	(237,293,806)	(11,161,566)	(181,487,063)
Inventoriable Cost (-)	(289,817,938)	(4,712,439,672)	(231,139,029)	(3,758,320,612)
Depreciation Expense (-)	(760,444)	(12,364,819)	(1,079,424)	(17,551,434)
Provision for Severance Payment (-)	(86,575)	(1,407,710)	(415,485)	(6,755,786)
Gross Profit/Loss	65,598,980	1,066,639,415	70,267,456	1,142,548,835

29. Marketing Sales and Distribution Expenses, General Management Expenses and Research and Development Expenses

The Company's operating expenses as of the end of the period are explained below:

Account Name	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Marketing, Sales and Distribution Expenses (-)	**(49,916,805)**	**(811,647,249)**	(31,790,049)	(516,906,197)
General and administrative expenses (-)	**(9,032,932)**	**(146,875,474)**	(7,545,625)	(122,691,863)
Research and Development Expenses (-)	**(8,162,276)**	**(132,718,608)**	(1,072,321)	(17,435,939)
Total	**(67,112,013)**	**(1,091,241,331)**	(40,407,995)	(657,033,999)

Marketing, Sales and Distribution Expenses (-)	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Personnel Expenses	**(5,813,705)**	**(94,530,843)**	(5,454,976)	(88,697,910)
Transport Expense	**(4,061,094)**	**(66,033,388)**	(2,708,055)	(44,032,974)
Packaging Expenses	**(207,105)**	**(3,367,527)**	(138.9)	(2,258,514)
Depreciation Expense	**(206,353)**	**(3,355,300)**	(178.14)	(2,896,556)
Communication Expenses	**(68,157)**	**(1,108,233)**	(78,758)	(1,280,605)
Travel Expenses	**(363,722)**	**(5,914,120)**	(279,574)	(4,545,873)
Advertising and Promotion Expenses	**(1,888,748)**	**(30,711,042)**	(1,504,889)	(24,469,495)
Vehicle Expense	**(170,333)**	**(2,769,615)**	(96,719)	(1,572,651)
Exhibition Expense	**(3,229,003)**	**(52,503,589)**	(1,893,301)	(30,785,074)
Consultancy Expense	**(362,713)**	**(5,897,713)**	(283,073)	(4,602,767)
Export Expense	**(404,313)**	**(6,574,129)**	(142,735)	(2,320,871)
Warranty Expense	**(21,687,912)**	**(352,645,449)**	(10,734,272)	(174,539,263)
Deficiency Expense	**(56,688)**	**(921,747)**	(58,165)	(945,763)
Vehicle Lease Expense	**(261,615)**	**(4,253,860)**	(218,979)	(3,560,599)
Promotion Expense	**(597,161)**	**(9,709,838)**	(413,719)	(6,727,071)
Guarantee Letter Expense	**(187,141)**	**(3,042,913)**	(201,971)	(3,284,048)
Merchandise Incentives Expense	**(9,425,578)**	**(153,259,898)**	(6,494,940)	(105,607,724)
Training and Workshop Expense	**(86,185)**	**(1,401,368)**	(123,326)	(2,005,281)
Insurance Expense	**(26,756)**	**(435,053)**	(100,211)	(1,629,431)
Provision for Severance Payment	**(32,363)**	**(526,222)**	(104,013)	(1,691,251)
Retail Dealer Meeting Expense	**(419,793)**	**(6,825,834)**	(285,782)	(4,646,815)
Building Rental Expense	**(147,173)**	**(2,393,033)**	(138,775)	(2,256,482)
Other Expense	**(213,194)**	**(3,466,534)**	(156,776)	(2,549,178)
Total	**(49,916,805)**	**(811,647,249)**	(31,790,049)	(516,906,197)

General and Administrative Expenses (-)	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Personnel expenses	**(5,348,098)**	**(86,960,073)**	(4,541,900)	(73,851,294)
Tax Duty Fee Expenses	**(74,449)**	**(1,210,541)**	(64,483)	(1,048,494)
Depreciation Expense	**(706,346)**	**(11,485,186)**	(629,762)	(10,239,930)
Communication Expenses	**(77,820)**	**(1,265,353)**	(61,678)	(1,002,884)
Travel Expenses	**(40,045)**	**(651,132)**	(11,158)	(181,429)
Representation and Hospitality Expenses	**(7,614)**	**(123,804)**	(7,795)	(126,747)
Stationery Expense	**(49,834)**	**(810,301)**	(36,416)	(592,124)
Vehicle Expense	**(305,971)**	**(4,975,088)**	(277,019)	(4,504,329)
Consultancy Expense	**(1,104,181)**	**(17,953,983)**	(886,059)	(14,407,319)
Rental Expense	**(60,000)**	**(975,600)**	(60,000)	(975,600)
Insurance Expense	**(208,557)**	**(3,391,137)**	(68,723)	(1,117,436)
Training Expense	**(26,288)**	**(427,443)**	(7,102)	(115,479)
Provision for Severance Payment	**(45,252)**	**(735,798)**	(84,521)	(1,374,311)
Security Expense	**(331,785)**	**(5,394,824)**	(296,245)	(4,816,944)
Other Expense	**(646,692)**	**(10,515,212)**	(512,764)	(8,337,543)
Total	**(9,032,932)**	**(146,875,474)**	(7,545,625)	(122,691,863)

Research and Development Expenses (-)	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Depreciation Expense	**(7,316,025)**	**(118,958,567)**	(932,660)	(15,165,052)
Other Expense	**(385,507)**	**(6,268,344)**	(139,661)	(2,270,888)
Personnel Expenses	**(456,901)**	**(7,429,210)**	–	–
Project Expenses	**(2,822)**	**(45,886)**	–	–
Severance Expense	**(1,022)**	**(16,618)**	–	–
Total	**(8,162,276)**	**(132,718,608)**	(1,072,321)	(17,435,939)

30. Expenses by Nature Depreciation Expense

Account Name	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Cost of sales	**(760,444)**	**(12,364,819)**	(1,746,475)	(28,397,684)
General and administrative expenses	**(706,346)**	**(11,485,186)**	(629,783)	(10,240,272)
Marketing, Sales and Distribution expenses	**(206,353)**	**(3,355,300)**	(178,140)	(2,896,556)
Research and Development expenses	**(7,316,025)**	**(118,958,567)**	(932,660)	(15,165,052)
Total	**(8,989,168)**	**(146,163,872)**	(2,819,986)	(45852972,36)

Account Name	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
General and administrative expenses	**(5,348,098)**	**(86,960,073)**	(4,541,900)	(73,851,294)
Research and Development expenses	**(456,901)**	**(7,429,210)**	–	–
Marketing, Sales and Distribution expenses	**(5,813,705)**	**(94,530,843)**	(5,454,976)	(88,697,910)
Total	**(11,618,704)**	**(188,920,127)**	(9,996,876)	(162,549,204)

31. Other Income/Expenses from the Main Operations

The Company's Other Incomes/Expenses from the Main Operations as of the ends of the period are explained below:

Account Name	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Rediscount Eliminated from Revenue	**7,157,469**	**116,380,446**	5,267,267	85,645,761
Rediscount Interest Income	**3,969,673**	**64,546,883**	1,704,295	27,711,837
Cancellation of Previous Period Rediscount of Receivable	**353,623**	**5,749,910**	1,552,808	25,248,658
Non Contingent (Suspect Receivable)	**970,666**	**15,783,029**	–	
Exchange differences	**12,621,764**	**205,229,883**	3,205,117	52,115,202
Other Income	**1,283,045**	**20,862,312**	989,923	16,096,148
Total	**26,356,240**	**428,552,462**	12,719,410	206,817,607

Account Name	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Provisions for Doubtful Receivables	**(304,818)**	**(4,956,341)**	(487,411)	(7,925,303)
Litigation Provision	**(537,772)**	**(8,744,173)**	–	–
Idle Capacity Expenses and Losses	**(603,387)**	**(9,811,073)**	(1,455,607)	(23,668,170)
Prior Period Expense and Losses	**(1,590,611)**	**(25,863,335)**	–	–
Provision for Impairment of Inventories	**(65,377)**	**(1,063,030)**	–	–
Lieu Days Provision	**(496,361)**	**(8,070,830)**	(135,850)	(2,208,921)
Rediscount Eliminated from Purshases	**(10,726,502)**	**(174,412,923)**	(6,259,407)	(101,777,958)
Current Period Rediscount Payment	**(3,649,586)**	**(59,342,268)**	(1,001,934)	(16,291,447)
Cancellation of Previous Period Rediscount of Payable	**(1,712,802)**	**(27,850,161)**	(965,982)	(15,706,867)
Exchange differences	**(16,954,992)**	**(275,688,170)**	(4,072,414)	(66,217,452)
Other Expense	**(4,606,002)**	**(74,893,593)**	(486,897)	(7,916,945)
Total	**(41,248,210)**	**(670,695,895)**	(14,865,502)	(241,713,063)

32. Incomes/Expenses from Investment Operations

The Company dosn't have incomes and expenses from investment operations as of ends of periods.

33. Financial Income/Expenses

The Company's income and expense from financing activities as of the end of periods are explained below.

Financial Income	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Interest income	849,479	13,812,529	4,618	75,089
Bank Commission	4,847,568	78,821,456	–	–
Total	5,697,047	92,633,984	4,618	75,089

Financial Expense	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Interest Expense	(29,937,968)	(486,791,360)	(15,273,198)	(248,342,199)
Bank Comission	(7,176,342)	(116,687,321)	–	–
Total	(37,114,310)	(603,478,681)	(15,273,198)	(248,342,199)

There are no capitalized capital costs during the period.

34. Fixed Assets Held for Sales and Discontinued Operations

None.

35. Income Taxes

The tax deduction (or income) of the Company consists of current tax expense and deferred tax expense (or income).

Account Name	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Current Period Legal Tax Provision	–	–	(1,952,812)	(31,752,723)
Deferred Tax Income/(Expense)	1,693,924	27,543,204	211,196	3,434,047
Total	1,693,924	27,543,204	(1,741,616)	(28,318,676)

i) ***Current Period Legal Provision for Tax***

Advance tax in Turkey is calculated and accrued quarterly. Accordingly, a provisional tax of 20% is calculated over the corporate earnings in the course of taxation of the Company's earnings for the year 2016 in the advance tax period.

Under Turkish tax law, losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be generated in future years. However, losses cannot be deducted retrospectively from profits from previous years.

In accordance with Article 20 of the Corporate Tax Law, the Corporate Tax; the taxpayer is subject to the declaration. There is no definitive and conciliatory procedure for tax assessment in Turkey. Companies prepare their tax declarations by 25 April of the year following the account closing period of the relevant year. The tax authorities can review these statements and the underlying accounting records within 5 years.

The current tax provision of the Company is calculated as follows:

Account Name	01.01.2017 31.12.2017 (FC)	01.01.2017 31.12.2017 (Rs)	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Trading Profit/(Loss) in Legal Records	(29,283,494)	(476,149,612)	12,673,628	206,073,191
Additions to Base	3,274,866	53,249,321	485,014	7,886,328
According to the provisions of article 11 of KVK Lawfully Unaccepted Expenses	3,165,063	51,463,924	–	–
Donations	–		200	3252
Special Communication Tax	109,803	1,785,397	187,341	3,046,165
Other	–	–	297,473	4,836,911
Discounts of base (-)	–	–	3,394,580	55,195,871
Research and Development Discount	–	–	3,394,581	55,195,887
Donations	–	–	–	–
Financial Profit/(Loss) in Legal Records	(26,008,628)	(422,900,291)	9,764,062	158,763,648
Current Period Legal Tax Provision	–	–	(1,952,812)	(31,752,723)

Income Tax Withholding:

In addition to the corporate tax, it is also required to calculate income tax withholding on dividends other than those distributed to the full taxpayer corporations which gained dividend and declared these dividends as a part of the corporate income and branches of foreign companies in Turkey if distributed. Income tax withholding rate was increased from 15% pursuant to the Cabinet Decree No. 2009/14592 published at the Official Gazette dated 12,01.2009,

ii) Deferred Tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the statutory tax base, taking into account the tax rates of the tax effects according to the balance sheet method.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities or assets arising from the initial recognition of assets or liabilities other than goodwill or business combinations in respect of temporary timing differences that do not affect both the commercial and financial profit or loss are not recognized.

Deferred tax liabilities are calculated for all taxable temporary differences that are attributable to investments in subsidiaries and associates and joint ventures, except where the Company is able to control the reversal of temporary differences and the probability of such reversal in the near future is low. Deferred income tax assets resulting from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available against which the deductible income can be utilized and that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are enacted or substantively enacted at the balance sheet date that are expected to be valid for the period when the assets are realized or the liabilities are fulfilled. During the calculation of deferred tax assets and liabilities, the tax consequences of the Company's method of recovering its carrying amount or estimating its carrying value as of the balance sheet date are taken into account.

	Accumulated Temporary Differences By Years				Accumulated Deferred Tax Assets/(Liabilities) By Years			
Account Name	**31.12.2017 (FC)**	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)	**31.12.2017 (FC)**	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Tangible Fixed Assets	**(3,567,371)**	**(58,005,452)**	2,305,769	37,491,804	**(713,474)**	**(11,601,087)**	461,154	7,498,364
Tangible Fixed Assets Reveluation	**(11,207,708)**	**(182,237,332)**	(10,961,395)	(178,232,283)	**(1,120,771)**	**(18,223,736)**	(548,070)	(8,911,618)
Provisions for Severance Pay	**1,356,761**	**22,060,934**	1,014,259	16,491,851	**271,352**	**4,412,184**	202,852	3,298,374
Activated Interest	**–**	**–**	(4,593)	(74,682)	**–**	**–**	(919)	(14942,94)
Guarantee Provisions	**11,309,262**	**183,888,600**	1,882,045	30,602,052	**2,488,038**	**40,455,498**	376,409	6,120,410
Provisions for Doubtful Receivables	**3,343,287**	**54,361,847**	4,313,953	70,144,876	**735,522**	**11,959,588**	862,791	14,028,982
Rediscount of Payables	**(2,977,118)**	**(48,407,939)**	(1,695,530)	(27,569,318)	**(654,966)**	**(10,649,747)**	(339,106)	(5,513,864)
Rediscount of Receivables	**(598,820)**	**(9,736,813)**	353,623	5,749,910	**(131,740)**	**(2,142,092)**	70,725	1,149,989
Lieu Days Provision	**884,167**	**14,376,555**	387,806	6,305,726	**176,833**	**2,875,305**	77,561	1,261,142
Litigation Provision	**684,442**	**11,129,027**	121,050	1,968,273	**150,577**	**2,448,382**	24,210	393,655
Loan rediscount	**(625,155)**	**(10,165,020)**	242,206	3,938,270	**(31,258)**	**(508,255)**	12,110	196,909
Other	**2,889,013**	**46,975,351**	(13,150)	(213,819)	**635,582**	**10,334,563**	(2,630)	(42,764)
Deferred Tax Asset/(Liability) Net	**(1,490,760)**	**(24,239,758)**	(2,053,958)	(33,397,357)	**1,805,697**	**29,360,633**	1,197,087	19,464,635

	31.12.2017 (FC)	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Opening Balance	**1,197,087**	**19,464,635**	961,073	15,627,047
Eliminated in equity	**(1,085,314)**	**(17,647,206)**	24,818	403,541
Deferred Tax Income/(Expense)	**1,693,924**	**27,543,204**	211,196	3,434,047
Closing Balance	**1,805,697**	**29,360,633**	1,197,087	19,464,635

Reconciliation of Tax Payment:	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Before Tax Profit/(Loss)	**(46,725,814)**	**(759,761,736)**	13,820,168	224,715,932
Ratio of Corporation Tax %20	**9,345,163**	**151,952,350**	(2,764,033)	(44,943,177)
Tax Effect:			–	–
– Unused current period financial loss	**5,201,726**	**84,580,065**		
– Non-Taxable Income	**–**	**–**	1,119,419	18,201,753
– Not Legally Recognized Expenses/Income	**(654,973)**	**(10,649,861)**	(97,002)	(1,577,253)
– Other	**(1,794,540)**	**(29,179,220)**	–	–
Reconciliation of Tax Payment	**1,693,924**	**27,543,204**	(1,741,616)	(28,318,676)

36. Earnings/Loss per Share

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average share of the Company shares during the year. The Company's profit/loss calculation per share is as follows:

Earning Per Share	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Net Profit/(Loss) of Company Stakeholders	**(45,031,890)**	**(732,218,531)**	12,078,552	196,397,256
Weighted Average Share	**30,000**	**30,000**	30,000	30,000
Earnings Per Share/(Loss)	**(1,501)**	**(24,406)**	403	6,553

37. Related Party Disclosures

Receivables from or Payables to Related Parties:

	31.12.2017		31.12.2016	
	Trade Receivables	**Other Receivables**	Trade Receivables	Other Receivables
Erkunt Sanayi A.Ş.	**–**	**–**	–	–
Total	**–**	**–**	–	–

Payables from or Payables to Related Parties:

	31.12.2017			31.12.2016		
	Trade Payables (FC)	**Trade Payables (Rs)**	**Other Payables**	Trade Payables (FC)	Trade Payables (Rs)	Other Payables
Erkunt San. A.Ş.	**7,073,910**	**115,021,777**	**–**	6,040,610	98,220,319	–
Total	**7,073,910**	**115,021,777**	**–**	6,040,610	98,220,319	–

	31.12.2017							31.12.2016				
	Goods (FC)	**Goods (Rs)**	**Rental**	**Other (FC)**	Other (Rs)	Total (FC)	Total (Rs)	Goods	Rental	Service	Total (FC)	Total (Rs)
Erkunt San. A.Ş.	**185,821**	**3,021,449**	–	**34,234**	556,645	220,055	3,578,094	–	–	–	127,234	2,068,825
Total	**185,821**	**3,021,449**	–	**34,234**	556,645	220,055	3,578,094	–	–	–	127,234	2,068,825

	31.12.2017							
	Goods (FC)	**Goods (Rs)**	**Rental (FC)**	**Rental (Rs)**	**Service (FC)**	**Service (Rs)**	**Total (FC)**	**Total (Rs)**
Erkunt San. A.Ş.	**17,729,105**	**288,275,247**	**60,000**	**975,600**	**778,299**	**12,655,142**	**18,567,403**	**301,905,973**
Total	**17,729,105**	**288,275,247**	**60,000**	**975,600**	**778,299**	**12,655,142**	**18,567,403**	**301,905,973**

	31.12.2016							
	Goods (FC)	Goods (Rs)	Rental (FC)	Rental (Rs)	Service (FC)	Service (Rs)	Total (FC)	Total (Rs)
Erkunt San. A.Ş.	15,471,965	251,574,151	45,000	731,700	761,536	12,382,575	16,278,501	264,688,426
Total	15,471,965	251,574,151	45,000	731,700	761,536	12,382,575	16,278,501	264,688,426

Benefits and Salaries provided to senior management

Account Name	**01.01.2017 31.12.2017 (FC)**	**01.01.2017 31.12.2017 (Rs)**	01.01.2016 31.12.2016 (FC)	01.01.2016 31.12.2016 (Rs)
Per Diem	**144,000**	**2,341,440**	144,000	2,341,440
Salary	**–**		–	
Total	**144,000**	**2,341,440**	144,000	2,341,440

38. Nature and Level of Risks Attributable to Financial Instruments

Financial Risk Management Objectives and Policies

The main financial instruments used by the Company are bank loans, financial leases, cash and short term bank deposits. The main purpose of using these tools is to create financing for the Company's operations. The Company also has financial instruments, such as trade receivables and trade payables, which arise directly from operations.

Financial Risk Management Objectives and Policies

The risks arising from the instruments used are foreign currency risk, interest risk, credit risk and liquidity risk. The Company management manages these risks as follows. The Company also monitors the market risk that may arise from the use of financial instruments.

Foreign Currency Risk

Foreign currency risk arises from the fact that the Company has liabilities in USD and EURO.

The Company also has foreign currency risk arising from the transactions it has made. These risks arise from the purchase and sale of goods and services in foreign currencies and the use of foreign currency denominated bank credits. The exposure of the Company to foreign currency risk arises from loans that it has used and from finance lease obligations. To minimize this risk, the company monitors its financial position, cash inflows and outflows with detailed cash flow statements.

The Company's foreign currency position as at 31 December 2017 and 31 December 2016 is as follows:

Foreign Exchange Position Table

	31.12.2017						31.12.2016					
	TL Equivalent	**TL Equivalent (Rs)**	**USD**	**EUR**	**GBP**	**Other**	TL Equivalent	TL Equivalent (Rs)	USD	EUR	GBP	Other
1. Trade receivables	**16,865,569**	**274,234,152**	**17,340**	**2,331,553**	**626,511**	–	12,542,270	203,937,310	30,504	3,097,707	218,282	–
2a. Monetary Financial Assets	**7,970,260**	**129,596,428**	**87,806**	**831,603**	**271**	–	11,510,645	187,163,088	495,781	2,562,321	60,186	–
2b. Non-Monetary Financial Assets	–	–	–	–	–	–	–		–	–	–	–
3. Other	–	–	–	–	–	–	–		–	–	–	–
4. Current assets Total (1 + 2 + 3)	**24,835,829**	**403,830,580**	**105,146**	**3,163,156**	**626,782**	–	24,052,915	391,100,398	526,285	5,660,028	278,468	–
5. Trade receivables	–	–	–	–	–	–	–		–	–	–	–
6a. Monetary Financial Assets	–	–	–	–	–	–	–		–	–	–	–
6b. Non-Monetary Financial Assets	–	–	–	–	–	–	–		–	–	–	–
7. Other	–	–	–	–	–	–	–		–	–	–	–
8. Total Fixed Assets (5+6+7)	–	–	–	–	–	–	–		–	–	–	–
9. Total Assets (4+8)	**24,835,829**	**403,830,580**	**105,146**	**3,163,156**	**626,782**		24,052,915	391,100,398	526,285	5,660,028	278,468	–
10. Trade Payables	**33,932,383**	**551,740,548**	**611,238**	**6,713,073**	**8,789**		8,779,425	142,753,451	6,500	2,327,933	27,820	–
11. Financial Liabilities	–	–	–	–	–	–	–		–	–	–	–
12a. Other Monetary Liabilities	–	–	–	–	–	–	–		–	–	–	–
12b. Non-monetary Other Liabilities	–	–	–	–	–	–	–		–	–	–	–
13. Total Short Term Liabilities (10+11+12a+12b)	**33,932,383**	**551,740,548**	**611,238**	**6,713,073**	**8,789**	–	8,779,425	142,753,451	6,500	2,327,933	27,820	–
14. Trade Payables	–	–	–	–	–	–	–		–	–	–	–
15. Financial Liabilities	–	–	–	–	–	–	–		–	–	–	–
16a. Other Monetary Liabilities	–	–	–	–	–	–	–		–	–	–	–
16b. Non-monetary Other Liabilities	–	–	–	–	–	–	–		–	–	–	–
17. Total Long Term Liabilities (14+15+16a+16b)	–		–	–	–	–	8,779,425	142,753,451	6,500	2,327,933	27,820	–
18. Total Liabilities (13+17)	**33,932,283**	**551,738,922**	**611,238**	**6,713,073**	**8,789**	–	–		–	–	–	–
19. Derivatives net asset/(liability) position off-balance sheet (19a-19b)	–	–	–	–	–	–	–		–	–	–	–
19a. Hedged Total Assets Amount	–	–	–	–	–	–	–		–	–	–	–
19b. Hedged Total liability Amount												
20. Net foreign currency asset/(liability) position (9-18+19+19)	**(9,096,554)**	**(147,909,968)**	**(506,092)**	**(3,549,917)**	**617,993**	–	15,273,490	248,346,947	519,785	3,332,095	250,648	–
21. Monetary Items Net Foreign Currency Assets/(Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**(9,096,554)**	**(147,909,968)**	**(506,092)**	**(3,549,917)**	**617,993**	–	–		–	–	–	–
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedging	–	–	–	–	–	–	–		–	–	–	–
23. Export	**30,382,974**	**494,027,157**	–	–	–	–	27,044,546	439,744,318	–	–	–	–
24. Import	**116,860,970**	**1,900,159,372**	**2,018,273**	**23,205,359**	**30,970**	–	12,542,270	203,937,310	30,504	3,097,707	218,282	–

Foreign Currency Risk

The following tables show the Company's net foreign exchange position in balance sheet with changes in exchange rates.

Exchange Rate Sensitivity Analysis Table

		31.12.2017 Profit/loss			
		Appreciation of Foreign currency (FC)	**Appreciation of Foreign currency (Rs)**	**Depreciation of Foreign Currency (FC)**	**Depreciation of Foreign Currency (Rs)**
	In case of a 10% change in the value of USD against TL;				
1-	US Dollar Net Asset/Liability	**(199,932)**	**(3,250,894)**	**199,932**	**3,250,894**
2-	The Portion Hedged against USD Dollars (-)				
3-	**USD Dollars Net Effect (1+2)**	**(199,932)**	**(3,250,894)**	**199,932**	**3,250,894**
	In case of a 10% change in the value of Euro against TL;				
4-	Euro Net Assets/Liabilities	**(1,663,243)**	**(27,044,331)**	**1,663,243**	**27,044,331**
5-	The Portion Hedged against Euro risk (-)				
6-	**Euro Net Effect (4+5)**	**(1,663,243)**	**(27,044,331)**	**1,663,243**	**27,044,331**
	In case of a 10% change in the value of GBP against TL;				
7-	GBP Net Assets/Liabilities	**(789)**	**(12,829)**	**789**	**12,829**
8-	The Portion Hedged against GBP risk (-)				
9-	**GBP Net Effect (7+8)**	**(789)**	**(12,829)**	**789**	**12,829**
TOTAL		**(909,655)**	**(14,790,990)**	**909,655**	**14,790,990**

Exchange Rate Sensitivity Analysis Table

		31.12.2016 Profit/loss			
		Appreciation of Foreign currency (FC)	**Appreciation of Foreign currency (Rs)**	**Depreciation of Foreign Currency (FC)**	**Depreciation of Foreign Currency (Rs)**
	In case of a 10% change in the value of USD against TL;				
1-	US Dollar Net Asset/Liability	182,923	2,974,328	(182,923)	(2,974,328)
2-	The Portion Hedged against USD Dollars (-)	–		–	–
3-	**USD Dollars Net Effect (1+2)**	182,923	2,974,328	(182,923)	(2,974,328)
	In case of a 10% change in the value of Euro against TL;				
4-	Euro Net Assets/Liabilities	1,236,174	20,100,189	(1,236,174)	(20,100,189)
5-	The Portion Hedged against Euro risk (-)	–		–	–
6-	**Euro Net Effect (4+5)**	1,236,174	20,100,189	(1,236,174)	(20,100,189)
	In case of a 10% change in the value of GBP against TL;				
7-	GBP Net Assets/Liabilities	789	12,829	(789)	(12,829)
8-	The Portion Hedged against GBP risk (-)				
9-	**GBP Net Effect (7+8)**	789	12,829	(789)	(12,829)
TOTAL		1,527,349	24,834,695	(1,527,349)	(24,834,695)

Credit risk

The credit risk is the risk of incurring damages financially by one of the parties, which have mutual relationship, as a result of failing to perform the obligation, related with a financial instrument, by the other party. The company endeavors to manage the credit risk by limiting the transactions made with certain parties and continuously evaluating the credibility of the parties with which she has relationships. The total credit risk of the company is indicated in the financial situation statement.

Credit risk intensification is related with the certain companies having activities in the similar business areas and being in the same geographical region or the changes which may take place economically, politically or in the similar other conditions affecting the obligations of these companies arisen from the contract in the framework of similar economic conditions. The intensification of the credit risk indicates the sensitivity of the performance of the company to the developments affecting a certain sector or geographical region.

The company endeavors to manage the credit risk by avoiding unwanted intensification of her sales and service activities on persons or companies in the sector or region in the area of the new subject of activity. The company also gets warranty from the customers when she considers this as necessary.

	Receivables										
		Trade Receivable		Other Receivable							
Current Period (31.12.2017)	**Related Party**	**Other Party (FC)**	**Other Party (Rs)**	**Related**	**Other Party**	**Footnote**	**Deposits In Banks (FC)**	**Deposits In Banks (Rs)**	**Cash and Cash Equivalents (FC)**	**Cash and Cash Equivalents (Rs)**	**Footnote**
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	–	**135,172,573**	**2,197,906,037**		–	**10-11**	**5,814,802**	**94,548,681**	**5,854,843**	**95,199,747**	–
– The portion secured by the maximum guarantee, etc.	–	**135,172,573**	**2,197,906,037**		–	**10-11**					–
A. Net book value of financial assets that are not past due or not depreciated (2)	–	**135,172,573**	**2,197,906,037**		–	**10-11**	**5,814,802**	**94,548,681**	**5,854,843**	**95,199,747**	–
B. Book value of financial assets that are renegotiated, which would otherwise be past due or impaired	–	–		–	–	**10-11**	–		–		–
C. Net book value of assets that have been depreciated but not impaired (3)	–	–		–	–	**10-11**	–		–		–
– The part secured by guarantee etc.	–	–		–	–	**10-11**	–		–		–
D. Net book value of impaired assets	–	–		–	–	**10-11**	–		–		–
– Valley Past (gross book value)	–	**(8,316,454)**	**(135,225,542)**	–	–	**10-11**	–		–		–
– Depreciation (-)	–	**(8,316,454)**	**(135,225,542)**	–	–	**10-11**	–		–		–
– The part of the net value secured by guarantee etc.	–	–		–	–	**10-11**	–		–		–
– Vortex Not past (gross book value)	–	–		–	–	**10-11**	–		–		–
– Depreciation (-)	–	–		–	–	**10-11**	–		–		–
– The part of the net value secured by guarantee etc.	–	–		–	–	**10-11**	–		–		–
E. Elements containing risk of off-balance-sheet credit	–	–		–	–	**10-11**	–		–		–

	Receivables										
		Trade Receivable		Other Receivable							
Previous Period (31.12.2016)	Related Party	Other Party (FC)	Other Party (Rs)	Related	Other Party	Footnote	Deposits In Banks (FC)	Deposits In Banks (Rs)	Cash and Cash Equivalents (FC)	Cash and Cash Equivalents (Rs)	Footnote
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	–	73,184,349	1,189,977,515	–	–	10-11	14,615,823	237,653,282	15,663,056	254,681,291	–
– The portion secured by the maximum guarantee, etc.	–	71,535,500	1,163,167,230	–	–	10-11	–		–		–
A. Net book value of financial assets that are not past due or not depreciated (2)	–	73,184,349	1,189,977,515	–	–	10-11	14,615,823	237,653,282	15,663,056	254,681,291	–
B. Book value of financial assets that are renegotiated, which would otherwise be past due or impaired	–	–		–	–	10-11	–		–		–
C. Net book value of assets that have been depreciated but not impaired (3)	–	–		–	–	10-11	–		–		–
– The part secured by guarantee etc.	–	–		–	–	10-11	–		–		–
D. Net book value of impaired assets	–	–		–	–	10-11	–		–		–
– Valley Past (gross book value)	–	8,892,302	144,588,831	–	–	10-11	–		–		–
– Depreciation (-)	–	(8,892,302)	(144,588,831)	–	–	10-11	–		–		–
– The part of the net value secured by guarantee etc.	–	–		–	–	10-11	–		–		–
– Vortex Not past (gross book value)	–	–		–	–	10-11	–		–		–
– Depreciation (-)	–	–		–	–	10-11	–		–		–
– The part of the net value secured by guarantee etc.	–	–		–	–	10-11	–		–		–
E. Elements containing risk of off-balance-sheet credit	–	–		–	–	10-11	–		–		–

Liquidity Risk

Liquidity risk is the risk that a Company can not meet its funding needs. Prudent liquidity risk management is to provide adequate cash and cash equivalents, to enable funding with the credit limits granted by reliable lenders and to close open positions. The Company provides funding by balancing cash inflows and outflows through the establishment of credit lines in the business environment.

The table below shows the maturity distribution of the Company's non-derivative financial liabilities.

31.12.2017

	Book Value (FC)	Book Value (Rs)	Total of Cash Outflow (FC)	Total of Cash Outflow (Rs)	Less than 3 months (FC)	Less than 3 months (Rs)	Between 3-12 months (FC)	Between 3-12 months (Rs)	Between 1-5 years (FC)	Between 1-5 years (Rs)
Financial Loans	**182,788,361**	**2,972,138,750**	**182,129,224**	**2,961,421,182**	**137,680,337**	**2,238,682,280**	**44,448,887**	**722,738,903**	–	–
Trade Payables	**84,820,268**	**1,379,177,558**	**87,549,098**	**1,423,548,333**	**87,549,098**	**1,423,548,333**			–	–
Other Payables	**5,290,226**	**86,019,075**	**5,290,226**	**86,019,075**	**5,290,226**	**86,019,075**			–	–
Total	**272,898,855**	**4,437,335,382**	**274,968,548**	**4,470,988,590**	**230,519,661**	**3,748,249,688**	**44,448,887**	**722,738,903**	–	–

31.12.2016

	Book Value (FC)	Book Value (Rs)	Total of Cash Outflow (FC)	Total of Cash Outflow (Rs)	Less than 3 months (FC)	Less than 3 months (Rs)	Between 3-12 months (FC)	Between 3-12 months (Rs)	Between 1-5 years (FC)	Between 1-5 years (Rs)
Financial Loans	99,668,944	1,620,617,029	111,575,127	1,814,211,565	12,279,156	199,659,077	65,097,430	1,058,484,212	34,198,541	556,068,277
Trade Payables	66,312,525	1,078,241,657	67,861,590	1,103,429,453	67,861,590	1,103,429,453	–	–	–	–
Other Payables	3,448,110	56,066,269	3,448,110	56,066,269	3,448,110	56,066,269	–	–	–	–
Total	169,429,579	2,754,924,955	182,884,827	2,973,707,287	83,588,856	1,359,154,799	65,097,430	1,058,484,212	34,198,541	556,068,277

Interest Risk

The Company is exposed to an interest rate risk arising from the impact of changes in the interest rates of the underlying assets and liabilities. The risk is managed by natural hedges that balance the assets and liabilities with interest rate sensitivity. The Company carries out studies to ensure that borrowing is done at the most favorable rates to minimize the interest rate risk.

The Company's interest position table as of 31 December 2017 and 31 December 2016 is as follows:

Fixed Interest Financial Instruments	**31.12.2017 (FC)**	**31.12.2017 (Rs)**	31.12.2016 (FC)	31.12.2016 (Rs)
Financial Assets	**–**	**–**	–	–
Financial Liabilities	**182,129,224**	**2,961,421,182**	97,451,990	1,584,569,357
Variable Interest Financial Instruments	**31.12.2017**	**31.12.2017**	31.12.2016	31.12.2016
Financial Assets	**–**	**–**	–	–
Financial Liabilities	**–**	**–**	–	–

Since the Company does not have any variable rate instruments as of December 31, 2017 and December 31, 2016, there is no interest rate risk.

Price Risk

Price risk is due to exchange rate, interest rate and market risk. The Group manages this risk by receiving foreign currency and balancing its liabilities and interest bearing assets and liabilities. Market risk is closely monitored by the Group's management through current market information and appropriate valuation methods.

Capital Management

In capital management, the Group aims to increase its profit by using the balance of debt and equity most efficiently while trying to maintain the continuity of its activities on the one hand. The Group's capital structure consists of debt, cash and cash equivalents and equity, and equity items including profit reserves.

Risks associated with each capital class together with the cost of capital of the Group are assessed by the Group's senior management. During these reviews, senior management evaluates the risks associated with each class of capital together with the cost of capital and submits to the Board of Directors the ones that are subject to the decision of the Board of Directors.

The Group's general strategy is not different from Previous Period.

Fair Value

Fair value is the amount at which an asset is traded between willing parties in a current transaction.

Financial assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates that approximate the market prices at the balance sheet date.

The following methods and assumptions are used in estimating the fair value of each financial instrument when it is possible to determine the fair value.

Financial Assets

Due to their short-term nature and being subject to insignificant credit risk, it is considered that they are close to the fair values of cash and cash equivalents and the carrying values of accrued interest and other financial assets. Trade receivables are considered to approximate their fair values subsequent to the original provision for doubtful receivables.

Financial Liabilities

Due to their short-term nature, trade payables and other monetary liabilities are considered to approximate their carrying values. Bank loans are stated at discounted cost and transaction costs are added to the initial cost of the loans. It is considered that the fair values of the loans are expressed by the values they bear because the interest rates on them are updated considering the changing market conditions. Due to their short-term nature, it is foreseen that the fair value of trade payables is close to the value they bear.

39. Financial instruments (realistic value explanations and descriptions in the framework of the hedging accounting)

Fair Value of Financial Instruments

The fair value of the financial assets and liabilities is determined as follows:

– Level 1: Financial assets and liabilities are valued at quoted prices traded on the active market for the same assets and liabilities.

– Level 2: Financial assets and liabilities are valued at inputs that are used to determine the price of the asset or liability that is observable directly or indirectly in the market, other than the quoted price at the first level.

– Level 3: Financial assets and liabilities are valued at inputs that are not based on observable inputs in the market for the fair value of an asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a compulsory sale or liquidation, and is best determined by a market price, if any.

The estimated fair values of financial instruments are determined using available market information and appropriate valuation methodologies. However, in the interpretation of market data in the fair value estimation, discretion is used. Consequently, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

40. Events after balance sheet date

As of December 31, 2016 (interim or end date) Corporation Tax rate applied in Turkey is 20%. However, the provisional Article 10 of the Law No: 7061 on the Amendment of Certain Tax Laws and Some Other Laws, published in the Official Gazette dated December 5, 2017 and numbered 30261, and the Provisional 10th article added to the Law on Corporate Income Tax No. 5520, , Institutional Tax rate for corporate earnings of the taxation periods of 2019 and 2020 (accounting periods for the institutions that are designated as special accounting period in the related year) shall be applied as 22%. Since the amendment will be effective on the taxation of the periods beginning on 1 January 2018, the corporate tax rate on the following financial statements is 20%.

In addition, as a result of the amendment made in the Law on Taxation of Institutions no. 5520 with the same Law, the 75% exemption granted for the profits arising from the sales of the immovables included in the assets of the institutions for at least two full years shall be applied as 50% as effective from 5/12/2017.

41. The other issues which substantially affect the financial statements or are required to be described in terms of making the financial statements clear, interpretable and understandable

In 2009, the company built its buildings and underground superstructure Ekol Sigorta Expertiz Hiz. Ltd. Şti. In accordance with TAS 16. In 2017, TSKB Gayrimenkul Değerleme A.Ş. was founded and after that date, no valuation report was made for the buildings and underground superficies in the financial statements of the Company.

42. Restatement of Prior Year Financial Statements

There is no regulation arrangement on financial statements of December 31, 2016 referring International Accounting "Number 8" Accounting Policies, Changes and Errors in Accounting Estimates ("IAS 8").

DIRECTOR'S REPORT

2017 Overview

The world economy has reached the highest growth rate of the recent seven (7) years in spite of the geopolitical tensions and the political risks. The unemployment rates in America and in the Europe decreased to the lowest levels since the global crisis. In the report which is published in January of the year 2018 by IMF, it is stated that the improvement in the increasing investment expenditures, industrial production and the commercial volume supported the economic recovery at the global scale.

Turkey started the year 2017 with political, social and economic problems which were transferred from the previous year. The negative events which were caused by the coup attempt, the continuing scope of the State of Emergency (OHAL) period, the adverse effects and influences of the shooting of the Russian airplane, the referendum process, the problems which are encountered in the tourism sector, the negative influences of the visa crisis with USA and the negative effects of the Zarrab Case became the headlines of the year.

During the first hours of the year 2017, there was a terrorist attack in a nightclub in Istanbul and thirty nine civilian lost their lives.

The major state owned organizations such as Ziraat Bankası, Borsa Istanbul (Istanbul Stock Exchange), Botaş, Türksat and Eti Maden (Eti Mining) were transferred into the Wealth Fund which was created for the purpose of gains for the economy, providing foreign resources and participating in the strategic and major investments properly. Afterwards, the 51% of Halk Bankası and 49% of THY (Turkish Airlines) were transferred into that fund as well.

While the preparations for the referendum continued, a political meeting crisis was experienced with Holland and the diplomatic relationships between these two countries almost came to a halt.

The parliamentary system which was implemented from the beginning of the foundation of the Republic was changed to a system called the "Presidential Administration System" by means of a referendum.

The most important economic crisis of the recent years was experienced in the Gulf countries which are rich of petroleum and natural gas. Saudi Arabia, Egypt, United Arabic Emirates and Bahrain and then Yemen, Libya and Maldives announced that they stopped their diplomatic relations with Qatar. The flights to Qatar were also stopped, the ports were closed for the vessels with the Qatar visas and even some of the Egyptian Banks suspended the money transfers into Qatar.

While we approached the end of the year, USA announced their decision to stop giving visas to Turkish citizens through their consulates in Turkey. The tension returned to the normal within a few months.

Turkish Economy achieved a growth rate which was higher than expectations with the support of the incentives and subsidies such as tax discounts, Social Security Organization incentives, Special Consumption Tax discount and the KGF (Credit Security Fund) credits in particular. A growth rate of 11.1% was recorded in comparison with the same period of the previous year in the first three quarters of the year 2017. The inflation was 11.9 annually for TÜFE (Consumers Prices Index) and 15.5% for ÜFE (Producers Prices Index). The unemployment rate was 10.3% which was higher in comparison with the end of the month of November of the previous year.

Turkey had been administered with a State of Emergency (OHAL) regime for the last one and half years. At the same time, we were at the heart of an actual war that was continuing in the Middle East. This situation influenced not only the foreign investors but also the tourism sector quite negatively. Our opinion is that the year 2018 shall not be an easy year for Turkey both economically and politically.

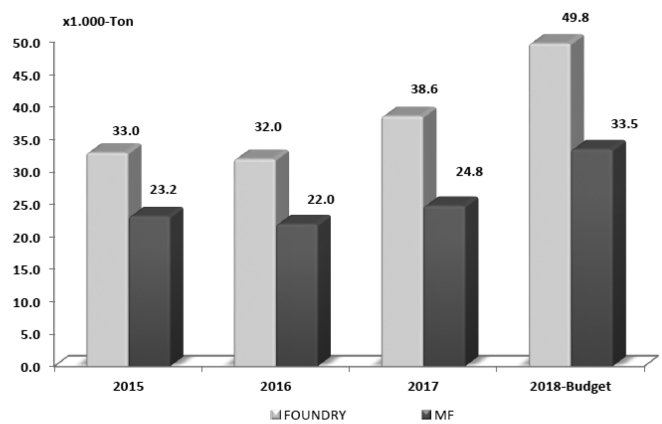
We would like to commemorate Erdoğan Nas, our dear friend and General Manager whom we lost to a tragic accident on 04th September, 2017. We shall not forget him for his positive approach to situations as well as the superior services he has performed at Erkunt since 1995.

PRODUCTION

This year, 38,569 tons of net production was achieved in both of our Casting Plants, of which 24,819 tons were machined in our machining plants.

Compared to last year, our casting production increased by 21%. In our Casting Plants, an average of 65% capacity utilization has been realized, varying according to the molding lines.

The total casting and machined production data of the last three years and our budget for 2018 is shown below.



SALES

2017 sales tonnage was 38,965 tons with an increase of 26% from the previous year with the start of JCB D-max serial production.

28,183 ton (72%) of our total sales consisted of machined parts and 10,782 tons (28%) was raw cast parts.

TON					
	2016	**%**	**2017**	**%**	**Difference%**
Exports	20,397	66	26,346	68	29.16
Domestic	10,446	34	12,620	32	20.80
TOTAL	**30,844**	**100**	**38,965**	**100**	**26.33**

2017 exports turnover increased to 198,751,000 TL by a growth of 53% from the previous year.

Total turnover in 2017 was 254,591,000 TL

TURNOVER (x1000 TRY)					
	2016	**%**	**2017**	**%**	**Difference%**
Exports	131,824	78	198,751	78	53,32
Domestic	37,051	22	55,840	22	50,71
TOTAL	**166,681**	**100**	**254,591**	**100**	**52,74**

The share of top 10 customers in overall sales is 77% which is presented in below table.

CUSTOMER	COUNTRY	TON
AGCO POWER INC.	FINLAND	5,017
ERKUNT TRAKTÖR	TURKEY	4,901
JCB	ENGLAND	4,277
DEUTZ	GERMANY	3,361
TÜRK TRAKTÖR	TURKEY	3,333
CATERPILLAR	ENGLAND	2,408
TÜMOSAN	TURKEY	2,197
ZF STEYR	AUSTRIA	1,866
ZF FRIEDRICHSHAFEN	GERMANY	1,579
PERKINS ENGINES	ENGLAND	1,167
TOTAL		**30,105**

INVESTMENTS

In 2017, Erkunt investment was 9.2 Million TRY. The details are given below.

INVESTMENT TYPE	TOTAL (TRY)
PRODUCTIVITY	3,627,000
CAPACITY	2,375,000
REVISION	1,849,000
OTHER	674,000
VEHICLE	353,000
ENVIRONMENT-OCCUPATIONAL HEALTH & SAFETY	167,000
QUALITY - TECHNOLOGY	152,000
TOTAL	**9,197,000**

Within the scope of investments for productivity increase in 2017, was a new “Core Drying Oven” with a higher capacity and energy efficient replacing the old core drying oven at our Erkunt 1 Casting Plant and also a “Core Oven Outlet Robotic Collecting System” for both of our Casting Plants in order to provide automatic placement of the cores to the pallets which come out of the Core Drying Oven.

Additionally, in parallel with the capacity increase, our relevant investments which are on order and advances paid in 2017 are as follows:

- “Grinding Machine” in the amount of 400,000-EUR from MAUS
- 3 “Core Making Machines” in the amount of 1,350,000-EUR from LEAMPE
- 2 “De Coring Machines” at the amount of 535,000-EUR from FILL

STAFF

Erkunt started the year 2017 with a total of 1.022 employees; including 276 white collar and 746 blue collar. We ended the relevant year with the total number of 1250 employees, which consisted of 288 white collar and 962 blue collar personnel.

Number of staff for the last three years and budgeted plans for the year 2018 are given below.

YEAR	NUMBER OF STAFF
2015	1,052
2016	1,022
2017	1,250
BUDGET- 2018	1,323

SUBSIDIARIES

The registered capital of our subsidiary, Kumsan Döküm Malzemeleri San. ve Tic. A.Ş. is 1,213,280,66 TRY. Our company, with a share of 25.1%, continues to be actively involved in the management of Kumsan A.Ş.

QUALITY SYSTEMS & LEAN STUDIES

We have started with ‘’Lean Transformation’’ on 2015 and this year we are working even more intensively on it. All of our group & team leaders in the Foundries and Machining Plants are trained with a conscious of lean thinking. Training and active Kaizen work will continue in 2018.

This year we have completed 246 Kaizen projects (including Before-After Kaizen projects and Kobetsu Kaizen projects) and 80 projects are still ongoing.

We have launched new projects in order to make proactive preventive maintenance in both Foundries.

In order to encourage our employees, we initiated ‘’Appreciation Recognition System’’ and we have rewarded them basing on the points they received.

Our quality systems, ISO/16949 Quality, ISO 14001 Environment, OHSAS 18001 Occupational Health and Safety and ISO 50001 Energy are driven successfully. 45 internal audits and 4 external audits have been made this year. Environmental Management System has been updated to new revision “ISO 14001:2015”. Lloyds Register Certificate for marine sector has been extended for 3 more years.

We have requested to complete the missing trainings for the proper qualification of the internal auditors. In this respect, we have started to work on IATF 16949 Automotive Quality System and our target is to integrate it totally to our system during this year.

FINANCIAL RESULTS

Our paid capital in 2017 is 15,120 million TRY. Some of our financial ratios are given in the table below.

	2016	**2017**
Profit / Paid Capital (%)	20.4	20.7
Profit / Turnover (%)	2.4	1.2
Current Ratio (%)	144.7	141.8

Our cash and cash equivalents comprised of cash and securities decreased at the amount of 7 million 116 thousand Turkish Liras compared to the last year and is 3 million 135 thousand Turkish Liras now.

Our receivable valued at 61 million 537 thousand Turkish Liras shows the year-end balance of our sales.

Our Financial Fixed Assets valued at 4 million 708 thousand Turkish Liras is comprised of our subsidiary to Kumsan A.Ş and Erkunt Gayrimenkul A.Ş.. This year, our Fixed Assets decreased at the amount of 16 million 755 thousand Turkish Liras compared to the last year and is 88 million 633 thousand Turkish Liras now.

Our short-term financial liability is 19 million 537 thousand Turkish Liras by year-end. The balance at end of year of our short-term debt resultant from the purchase of goods and services is 45 million 408 thousand Turkish Liras. There is no long-term liability.

Shareholder's equity decreased at the amount of 4 million 400 thousand Turkish Liras compared to the last year and is 112 million 474 thousand Turkish Liras now.

In 2017, our net profit is 3 million 133 thousand Turkish Liras.

Respectfully submitted for your information

Tuna Armağan

CEO

INDEPENDENT AUDITORS REPORT

To the Board of Directors of Erkunt Sanayii Anonim Şirketi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Erkunt Sanayii A.Ş. (“the Company”). which comprise the statement of financial position as at December 31, 2017 the statements of profit or loss and other comprehensive income. changes in equity and cash flows for the year then ended. and notes. comprising significant accounting policies and other explanatory information.

In our opinion. the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in (jurisdiction). and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement. whether due to fraud or error.

In preparing the financial statements. management is responsible for assessing the Company’s ability to continue as a going concern. disclosing. as applicable. matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations. or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. whether due to fraud or error. and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance. but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if. individually or in the aggregate. they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs. we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements. whether due to fraud or error. design and perform audit procedures responsive to those risks. and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. as fraud may involve collusion. forgery. intentional omissions. misrepresentations. or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and. based on the audit evidence obtained. whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists. we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or. if such disclosures are inadequate. to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However. future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation. structure and content of the financial statements. including the disclosures. and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding. among other matters. the planned scope and timing of the audit and significant audit findings. including any significant deficiencies in internal control that we identify during our audit.

Reports on Other Responsibilities Arising from Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC. no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December, 2017 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC. the Board of Directors of the Company submitted to us the necessary explanations and provided required documents within the context of audit.

The responsible auditor who conducting and finalizing of this independent audit is Metin ETKİN.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Metin ETKİN

Responsible Auditor

Istanbul. March 3, 2018

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	01.01.2017 - 31.12.2017 F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	01.01.2016 - 31.12.2016 F.C.(TRY)
ASSETS					
Current Assets		**1,819,377,695**	**111,896,288**	**1,019,802,246**	**62,720,394**
Cash and Cash Equivalents	6	50,980,004	3,135,398	166,683,029	10,251,424
Financial Investments	7	–	–		–
Trade Receivables	10	1,000,565,843	61,537,307	410,036,933	25,218,299
Trade Receivables Due From Unrelated Parties	10	881,606,496	54,221,009	406,849,420	25,022,259
Trade Receivables Due From Related Parties	10,37	118,959,347	7,316,298	3,187,512	196,040
Other Receivables	11	26,831,589	1,650,210	16,982,121	1,044,443
Other Receivables Due From Unrelated Parties	11	26,735,658	1,644,310	16,982,121	1,044,443
Other Receivables Due From Related Parties	11,37	95,931	5,900	–	–
Derivative Financial Assets	12	–	–		–
Inventories	13	625,775,084	38,486,736	410,739,359	25,261,500
Biological Assets	14	–	–	–	–
Prepayments	15	74,053,129	4,554,453	10,505,621	646,122
Current Tax Assets	25	–	–	–	–
Other Current Assets	26	41,172,046	2,532,184	4,855,184	298,606
Total		**1,819,377,695**	**111,896,288**	**1,019,802,246**	**62,720,394**
Non-current Assets or Disposal Groups Classified as Held for Sale	34		–		–
Non-Current Assets		**1,441,128,133**	**88,632,992**	**1,713,559,145**	**105,388,182**
Trade Receivables	10	–	–	–	–
Trade Receivables Due From Unrelated Parties	10	–	–	–	–
Trade Receivables Due From Related Parties	10,37	–	–	–	–
Other Receivables	11	540,189	33,223	497,866	30,620
Other Receivables Due From Unrelated Parties	11	540,189	33,223	497,866	30,620
Other Receivables Due From Related Parties	11,37	–	–	–	–
Derivative Financial Assets	12	–	–	–	–
Financial Investments	7	–	–	–	–
Investments Accounted for Using Equity Method	16	76,563,888	4,708,871	66,243,073	4,074,115
Biological Assets	14		–		–
Investment Property	17	6,917,051	425,416	7,167,594	440,825
Property, Plant and Equipment	18	1,351,847,251	83,141,994	1,637,118,764	100,686,907
Intangible Assets and Goodwill	19	957,311	58,877	2,281,793	140,336
Prepayments	15	207,114	12,738	250,055	15,379
Deferred Tax Asset	35	4,095,329	251,873	–	–
Other Non-current Assets	26	–	–	–	–
TOTAL ASSETS		**3,260,505,828**	**200,529,280**	**2,733,361,391**	**168,108,576**

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	F.C.(TRY)
LIABILITIES					
Current Liabilities		**1,283,106,443**	**78,914,262**	**704,782,076**	**43,345,864**
Current Borrowings	8	317,663,851	19,537,123	153,336,597	9,430,585
Current Portion of Non-current Borrowings	8	–	–	–	–
Other Financial Liabilities	9	–	–	–	–
Trade Payables	10	738,311,067	45,407,981	465,700,567	28,641,752
Trade Payables to Unrelated Parties	10	724,945,969	44,585,994	459,893,177	28,284,583
Trade Payables to Related Parties	10,37	13,365,098	821,987	5,807,389	357,169
Employee Benefit Obligations	20	131,153,696	8,066,281	68,496,509	4,212,707
Other Payables	11	9,196,373	565,600	4,872,793	299,689
Other payables to Unrelated parties	11	8,881,036	546,206	4,872,793	299,689
Other Payables to Related Parties	11,37	315,337	19,394	–	–
Derivative Financial Liabilities	12		–	–	–
Government Grants	21		–	–	–
Deferred Income	15	48,469,732	2,981,010	2,370,781	145,809
Current Tax Liabilities	35	17,992,421	1,106,579	7,400,576	455,154
Current Provisions	22	20,319,302	1,249,688	2,604,252	160,168
Other Short Term Provisions	22	4,429,933	272,452	1,770,660	108,900
Current Provisions for Employee Benefits	22	15,889,369	977,236	833,592	51,268
Current Tax Liabilities	25	–	–	–	–
Other Current Liabilities	26	–	–	–	–
Total		**1,283,106,443**	**78,914,262**	**704,782,076**	**43,345,864**
Liabilities İncluded in Disposal Groups Classified as Held For Sale	34		–		–
Non-Current Liabilities		**148,635,650**	**9,141,465**	**128,267,635**	**7,888,781**
Non-Current Borrowings	8		–		–
Other Financial Liabilities	9		–		–
Trade Payables	10		–		–
Trade Payables to Unrelated Parties	10		–		–
Trade Payables to Related Parties	10,37		–		–
Other Payables	11		–		–
Other payables to Unrelated parties	11		–		–
Other Payables to Related Parties	11,37		–		–
Derivative Financial Liabilities	12		–		–
Government Grants	21		–		–
Deferred Income	15		–		–
Non-Current Provisions	24	148,635,650	9,141,465	93,123,116	5,727,305
Other Non-current Provisions	24		–		–
Non-Current Provisions for Employee Benefits	24	148,635,650	9,141,465	93,123,116	5,727,305
Deferred Tax Liability	35		–	35,144,519	2,161,476
Other Non-Current Liabilities	26		–		–

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	01.01.2017 - 31.12.2017 F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	01.01.2016 - 31.12.2016 F.C.(TRY)
EQUITY		**1,828,763,735**	**112,473,553**	**1,900,311,681**	**116,873,931**
Equity Attributable to Owners of Parent	**27**	**1,828,763,735**	**112,473,553**	**1,900,311,681**	**116,873,931**
Issued Capital		245,843,640	15,120,000	313,808,350	19,300,000
Inflation Adjustments on Capital		161,424,007	9,927,981	161,424,007	9,927,981
Treasury Shares (-)		(276,284,351)	(16,992,180)	(276,284,351)	(16,992,180)
Accumulated Revaluation and Remeasurement Gains or Losses That Will Not Be Reclassified in Profit or Loss		(25,138,748)	(1,546,096)	10,588,951	651,247
Restricted Reserves Appropriated From Profits		180,470,272	11,099,374	180,470,272	11,099,374
Prior Years' Profits or Losses		1,491,512,470	91,731,755	1,446,410,178	88,957,851
Current Period Net Profit Or Loss		50,936,445	3,132,719	63,894,274	3,929,658
Non-Controlling Interests	**27**	**–**	**–**	**–**	**–**
TOTAL LIABILITIES		**3,260,505,828**	**200,529,280**	**2,733,361,391**	**168,108,576**

The accompanying notes are an intergral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
PROFIT OR LOSS STATEMENT
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	01.01.2017 - 31.12.2017 F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	01.01.2016 - 31.12.2016 F.C.(TRY)
PROFIT OR LOSS					–
Revenue	28	4,139,518,771	254,590,779	2,710,157,914	166,681,504
Cost of Sales (-)	28	(3,772,072,022)	(231,991,883)	(2,389,922,916)	(146,986,249)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**367,446,750**	**22,598,896**	**320,234,999**	**19,695,255**
Marketing, Sales and Distribution Expenses (-)	29,30	(138,334,281)	(8,507,905)	(103,862,028)	(6,387,775)
Administrative Expenses (-)	29,30	(247,806,194)	(15,240,702)	(175,970,374)	(10,822,619)
Research and Development Expenses (-)	29,30	(16,974,105)	(1,043,950)	(12,614,592)	(775,829)
Other Income From Operating Activities	31	170,899,231	10,510,731	95,076,548	5,847,446
Other Expenses From Operating Activities (-)	31	(127,771,427)	(7,858,263)	(53,100,275)	(3,265,800)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**7,459,972**	**458,807**	**69,764,279**	**4,290,678**
Share of Profit (loss) from Investments Accounted for Using Equity Method	16	11,430,266	702,990	4,923,181	302,788
Investment Activity Income	32	1,450,038	89,181		–
Investment Activity Expenses (-)	32		–		–
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**20,340,277**	**1,250,978**	**74,687,460**	**4,593,466**
Finance Income	33	234,395,830	14,415,931	60,547,598	3,723,829
Finance Costs (-)	33	(186,872,368)	(11,493,119)	(56,403,994)	(3,468,987)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**67,863,739**	**4,173,790**	**78,831,064**	**4,848,308**
Tax Income/(Expense)	35	(16,927,294)	(1,041,071)	(14,936,790)	(918,650)
- Current Period Tax Income/(Expense)		(47,089,496)	(2,896,122)	(20,009,363)	(1,230,626)
- Deferred Tax Income/(Expense)		30,162,202	1,855,051	5,072,574	311,976
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**50,936,445**	**3,132,719**	**63,894,274**	**3,929,658**
DISCONTINUED OPERATIONS					–
Profit/(Loss) From Discontinued Operations			–		–
PROFIT/ (LOSS)		**50,936,445**	**3,132,719**	**63,894,274**	**3,929,658**
Period Profit/ Loss Distribution		**50,936,445**	**3,132,719**	**63,894,274**	**3,929,658**
Noncontrolling Interests		–	–		–
Equity Holders Of The Parent		50,936,445	3,132,719	63,894,274	3,929,658
Basic Earnings Per Share					
Basic Earnings/(Loss) Per Share From Continuing Operations	36	0.0341	0.0021	0.0325	0.0020

The accompanying notes are an intergral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
PROFIT OR LOSS STATEMENT
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	01.01.2017 - 31.12.2017 F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	01.01.2016 - 31.12.2016 F.C.(TRY)
OTHER COMPREHENSIVE INCOME					
Not to be re-classified in Profit or Loss		**(35,727,699)**	**(2,197,343)**	**648,136**	**39,862**
Gains (losses) on remeasurements of defined benefit plans	24	(45,388,232)	(2,791,490)	810,162	49,827
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	16	582,887	35,849		–
Other		–	–		–
Taxes relating to components of other comprehensive income that will not be reclassified to profit or (loss)		9,077,646	558,298	(162,026)	(9,965)
Current period tax income/(expense)		–	–		–
Deferred tax income/(expense)	35	9,077,646	558,298	(162,026)	(9,965)
To be re-classified in Profit or (Loss)			**–**		**–**
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		**(35,727,699)**	**(2,197,343)**	**648,136**	**39,862**
TOTAL COMPREHENSIVE INCOME/ (EXPENSE)		**15,208,746**	**935,376**	**64,542,410**	**3,969,520**
Total Comprehensive Income Distribution:					
Non-controlling Interests			–		–
Equity Holders Of The Parent		15,208,746	935,376	64,542,410	3,969,520

The accompanying notes are an intergral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	01.01.2017 - 31.12.2017 F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	01.01.2016 - 31.12.2016 F.C.(TRY)
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**(143,595,156)**	**(8,831,462)**	**550,237,902**	**33,841,010**
PROFİT/(LOSS)		**50,936,445**	**3,132,719**	**63,894,274**	**3,929,658**
Adjustments to Reconcile Profit/(Loss)		341,087,401	20,977,730	238,969,367	14,697,215
Adjustments for Depreciation And Amortisation Expense	17,18,19	240,667,932	14,801,681	236,657,949	14,555,057
Adjustments for Provisions		64,400,514	3,960,793	(8,821,250)	(542,529)
Adjustments for (Reversal of) Provisions Related With Employee Benefits	22,24	65,037,138	3,999,947	(6,219,015)	(382,485)
Adjustments for (Reversal of) Lawsuit and Penalty Provisions	22	2,659,274	163,552	(1,508,882)	(92,800)
Adjustments for (Reversal of) Other Provisions	13	(3,295,898)	(202,706)	(1,093,354)	(67,244)
Adjustments for Interest (Income) Expenses		31,971,965	1,966,356	154,108	9,478
Adjustment for Investments Accounted for Using Equity Method	16	(11,430,266)	(702,990)	(3,974,732)	(244,456)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets	18	(1,450,038)	(89,181)	16,503	1,015
Adjustments for Tax (Income) Expenses	35	16,927,294	1,041,071	14,936,790	918,650
Changes in Working Capital		**(431,556,771)**	**(26,541,823)**	**274,045,401**	**16,854,479**
Decrease (İncrease) in Trade Accounts Receivable	10	(505,687,701)	(31,101,061)	149,166,816	9,174,133
Decrease (Increase) in Other Receivables Related With Operations	11	(9,891,792)	(608,370)	(6,826,827)	(419,867)
İncrease (Decrease) in Trade Accounts Payable	10	282,504,260	17,374,720	160,603,845	9,877,539
İncrease (Decrease) in Other Operating Payables	11	4,323,580	265,911	4,065,737	250,053
Decrease (İncrease) in İnventories	13	(211,739,827)	(13,022,530)	(93,669,337)	(5,760,899)
Increase (Decrease) in Payables Due To Employee Benefits	20	62,657,186	3,853,574	9,832,396	604,717
Decrease (Increase) in Prepaid Expenses	15	(63,504,567)	(3,905,690)	49,569,053	3,048,621
Increase (Decrease) in Deferred Income	15	46,098,951	2,835,201	(173,115)	(10,647)
Other Increase (Decrease) in Working Capital	26	(36,316,861)	(2,233,578)	1,476,834	90,829
Cash Flows From (Used in) Operations		**(39,532,926)**	**(2,431,374)**	**576,909,043**	**35,481,352**
Income Taxes Refund (Paid)	35	(36,497,651)	(2,244,697)	(429,462)	(26,413)
Interest Paid		(29,176,730)	(1,794,442)	(2,280,606)	(140,263)
Dividends Received	16	1,469,208	90,360	1,224,340	75,300
Employee Termination Benefit Paid	24	(39,857,059)	(2,451,309)	(25,185,413)	(1,548,966)
Cash From Operating Activities		**(143,595,156)**	**(8,831,462)**	**550,237,902**	**33,841,010**

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS
(All amounts are expressed in Turkish Lira)

	Notes	01.01.2017 - 31.12.2017 Rs.	01.01.2017 - 31.12.2017 F.C.(TRY)	01.01.2016 - 31.12.2016 Rs.	01.01.2016 - 31.12.2016 F.C.(TRY)
B) CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Proceeds From Sales of Property, Plant, Equipment and İntangible Assets	17,18,19	1,450,038	89,181	52,291	3,216
Cash Inflow From Purchase of Property, Plant, Equipment and Intangible Assets	17,18,19	(138,461,723)	(8,515,743)	(417,543,602)	(25,679,978)
Net Cash Flow From Investing Activities		**(137,011,685)**	**(8,426,562)**	**(417,491,295)**	**(25,676,761)**
C) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Proceeds From Borrowings	8	4,239,415,562	260,734,682	3,258,303,934	200,393,858
Repayments Of Borrowings	8	(4,074,511,745)	(250,592,684)	(3,336,066,912)	(205,176,476)
Net Cash Flow From Financing Activities		**164,903,816**	**10,141,998**	**(77,762,977)**	**(4,782,618)**
Net Increase (Decrease) In Cash And Cash Equıvalents Before Effect of Exchange Rate Changes		**(115,703,025)**	**(7,116,026)**	**54,983,629**	**3,381,631**
D) EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUİVALENTS					
Net Increase (Decrease) In Cash And Cash Equıvalents		**(115,703,025)**	**(7,116,026)**	**54,983,629**	**3,381,631**
E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6**	**166,683,029**	**10,251,424**	**111,699,399**	**6,869,793**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6**	**50,980,004**	**3,135,398**	**166,683,029**	**10,251,424**

The accompanying notes are an intergral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in Turkish Lira)

					CHANGES IN EQUITY (TRY) Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss			Accumulated Profits				
Audit Current Period	**Notes**	**Issued Capital**	**Inflation Adjustments on Capital**	**Treasury shares (-)**	**Gains (Losses) on Remeasurements of Defined Benefit Plans**	**Other Gains (Losses)**	**Restricted Reserves Appropriated From Profits**	**Prior Years' Profits or Losses**	**Current Period Net Profit Or Loss**	**Equity Attributable to Owners of Parent**	**Non-Controlling Interests**	**Total Equity**
January 1, 2017 (Opening)	**27**	**19,300,000**	**9,927,981**	**(16,992,180)**	**651,247**	**–**	**11,099,374**	**88,957,851**	**3,929,658**	**116,873,931**	**–**	**116,873,931**
Transfers		–	–	–	–	–	–	3,929,658	(3,929,658)	–	–	–
Effect of Merger,Liquidation or Division		(7,180,000)	–	–	–	–	–	1,844,246	–	(5,335,754)	–	(5,335,754)
Issue of Equity		3,000,000	–	–	–	–	–	(3,000,000)	–	–	–	–
Comprehensive Income		–	–	–	(2,233,192)	35,849	–	–	3,132,719	935,376	–	935,376
- Profit/(Loss)		–	–	–	–	–	–	–	3,132,719	3,132,719	–	3,132,719
- Other Comprehensive Income		–	–	–	(2,233,192)	35,849	–	–	–	(2,197,343)	–	(2,197,343)
December 31, 2017 (Closing)	**27**	**15,120,000**	**9,927,981**	**(16,992,180)**	**(1,581,945)**	**35,849**	**11,099,374**	**91,731,755**	**3,132,719**	**112,473,553**	**–**	**112,473,553**
Audit Current Period												
January 1, 2016 (Opening)	**27**	**15,120,000**	**9,927,981**	**(16,992,180)**	**611,385**	**–**	**11,099,374**	**88,370,064**	**4,767,787**	**112,904,411**	**–**	**112,904,411**
Transfers		–	–	–	–	–	–	4,767,787	(4,767,787)	–	–	–
Issue of Equity		4,180,000	–	–	–	–	–	(4,180,000)	–	–	–	–
Comprehensive Income		–	–	–	39,862	–	–	–	3,929,658	3,969,520	–	3,969,520
- Profit/(Loss)		–	–	–	–	–	–	–	3,929,658	3,929,658	–	3,929,658
- Other Comprehensive Income		–	–	–	39,862	–	–	–	–	39,862	–	39,862
December 31, 2016 (Closing)	**27**	**19,300,000**	**9,927,981**	**(16,992,180)**	**651,247**	**–**	**11,099,374**	**88,957,851**	**3,929,658**	**116,873,931**	**–**	**116,873,931**

The accompanying notes are an intergral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in Indian Rupees)

					CHANGES IN EQUITY (INR) Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss			Accumulated Profits				
Audit Current Period	**Notes**	**Issued Capital**	**Inflation Adjustments on Capital**	**Treasury shares (-)**	**Gains (Losses) on Remeasurements of Defined Benefit Plans**	**Other Gains (Losses)**	**Restricted Reserves Appropriated From Profits**	**Prior Years' Profits or Losses**	**Current Period Net Profit Or Loss**	**Equity Attributable to Owners of Parent**	**Non-Controlling Interests**	**Total Equity**
January 1, 2017 (Opening)	**27**	**313,808,350**	**161,424,007**	**(276,284,351)**	**10,588,951**	**–**	**180,470,272**	**1,446,410,178**	**63,894,274**	**1,900,311,681**	**–**	**1,900,311,681**
Transfers		–	–	–	–	–	–	63,894,274	(63,894,274)	–	–	–
Effect of Merger,Liquidation or Division		(116,743,210)	–	–	–	–	–	29,986,518	–	(86,756,692)	–	(86,756,692)
Issue of Equity		48,778,500	–	–	–	–	–	(48,778,500)	–	–	–	–
Comprehensive Income		–	–	–	(36,310,585)	582,887	–	–	50,936,445	15,208,746	–	15,208,746
- Profit/(Loss)		–	–	–	–	–	–	–	50,936,445	50,936,445	–	50,936,445
- Other Comprehensive Income		–	–	–	(36,310,585)	582,887	–	–	–	(35,727,699)	–	(35,727,699)
December 31, 2017 (Closing)	**27**	**245,843,640**	**161,424,007**	**(276,284,351)**	**(25,721,635)**	**582,887**	**180,470,272**	**1,491,512,470**	**50,936,445**	**1,828,763,735**	**–**	**1,828,763,735**
January 1, 2016 (Opening)	**27**	**245,843,640**	**161,424,007**	**(276,284,351)**	**9,940,814**	**–**	**180,470,272**	**1,436,853,056**	**77,521,833**	**1,835,769,271**	**–**	**1,835,769,271**
Transfers		–	–	–	–	–	–	77,521,833	(77,521,833)	–	–	–
Issue of Equity		67,964,710	–	–	–	–	–	(67,964,710)	–	–	–	–
Comprehensive Income		–	–	–	648,136	–	–	–	63,894,274	64,542,410	–	64,542,410
- Profit/(Loss)		–	–	–	–	–	–	–	63,894,274	63,894,274	–	63,894,274
- Other Comprehensive Income		–	–	–	648,136	–	–	–	–	648,136	–	648,136
December 31, 2016 (Closing)	**27**	**313,808,350**	**161,424,007**	**(276,284,351)**	**10,588,951**	**–**	**180,470,272**	**1,446,410,178**	**63,894,274**	**1,900,311,681**	**–**	**1,900,311,681**

The accompanying notes are an intergral part of these statements.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD OF JANUARY 1 - DECEMBER 31, 2017

1. The Company's Organization and Field of Activity

Erkunt Sanayii A.Ş. ("The Company") was established in 1961 and engaged in the production and trade of all kinds of parts. processed parts and main products based on casting technology for automotive. tractor and work machines.

In addition to the Casting-1 and processing-1 facilities in Etimesgut Ankara. the company has Casting-2 facilitiy in Sincan Ankara ASO Organized Industrial Zone in 1996 and Processing-2 facilities started in 2008 in the same place.

The capital has been reduced by TL 7,180,000 (INR 116,743,210) due to the announcement of the Commercial Registry Gazette numbered 9279 dated 8 March, 2017 and the transfer of the various real estates belonging to the Company to Erkunt Gayrimenkul Ticaret ve Sanayi AS with partial division in accordance with Article 159 of the Turkish Commercial Code 6102, With the same announcement concurrently, the capital of the company has been increased by TL 3,000,000 (INR 48,778,500), all to be covered by undistributed retained earnings, Accordingly, as of December 31, 2017, the Company's capital consists of 1,512,000,000 bearer shares with a nominal value of 1 Kr each amounting to TL 15,120,000 (INR 245,843,640),

The capital structure of the Company as of December 31, 2017 and December 31, 2016 is stated below.

Shareholders as TL

	December 31, 2017		December 31, 2016	
Shareholders	Share amount	Share ratio (%)	Share amount	Share ratio (%)
Mahindra Overseas Investment Company Ltd. (*)	9,633,788	63.7	–	–
Erkunt Traktör Sanayii A.Ş.	5,288,795	35.0	6,751,140	35.0
Bürge Ceylan Kaleli	110,950	0.7	–	–
Rezzan Oral	147	–	–	–
Ahmet Nalbur	15,120	0.1	438,110	2.3
Nevin Erkunt	–	–	1,314,330	6.8
Ayşe Bölükbaşı	–	–	1,138,700	5.9
Fatma Nalbur	–	–	438,110	2.3
Cemile Uyguner	–	–	312,660	1.6
Seyit Erkunt	–	–	308,800	1.6
Diğer	71,200	0.5	8,598,150	44.6
Total	**15,120,000**	**100.0**	**19,300,000**	**100.0**

Shareholders as INR

	December 31, 2017		December 31, 2016	
Shareholders	Share amount	Share ratio (%)	Share amount	Share ratio (%)
Mahindra Overseas Investment Company Ltd. (*)	156,640,576	63.7	–	–
Erkunt Traktör Sanayii A.Ş.	85,993,162	35.0	109,770,161	35.0
Bürge Ceylan Kaleli	1,803,992	0.7	–	–
Rezzan Oral	2,390	–	–	–
Ahmet Nalbur	245,844	0.1	7,123,450	2.3
Nevin Erkunt	–	–	21,370,349	6.8
Ayşe Bölükbaşı	–	–	18,514,693	5.9
Fatma Nalbur	–	–	7,123,450	2.3
Cemile Uyguner	–	–	5,083,695	1.6
Seyit Erkunt	–	–	5,020,934	1.6
Diğer	1,157,676	0.5	139,801,620	44.6
Total	**245,843,640**	**100.0**	**313,808,350**	**100.0**

(*)A part of 63.7% of the company shares was transferred to Mahindra Overseas Investment Company Limited ("Mahindra") which was not a shareholder before in the Company with the share purchase and sale contract dated 20 September, 2017. It directly became a shareholder due to its shares in Mahindra Erkunt Traktör Sanayii A.S. as well as this direct share. Within this scope. the new dominant power in the company belongs to Mahindra. This share transfer contract was announced with the trade registry gazette dated 18 December, 2017 and no 9475.

The number of employees as of December 31, 2017 is 1,280, (December 31, 2016: 1,025 employees)

These financial statements as of and for the year ended December 31, 2017 has been approved for issue by the Board of Directors ("BOD") on March 3, 2018. These financial statements will be finalised following their approval in the General Assembly.

2. Basis of Presentation of the Financial Statements

2.01 Basic Presentation Principles

The Company's headquarters and subsidiaries in Turkey maintain and prepare their accounting records and legal financial statements in Turkish Lira in accordance with the terms of the Uniform Chart of Accounts issued by the Turkish Commercial Code ("TCC") and the Ministry of Finance of the Republic of Turkey ("Ministry of Finance").

Declaration of Conformity to Turkish Accounting Standards

The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS/TFRS") issued by the Public Oversight. Accounting and Auditing Standards Authority ("POA") and their annexes and interpretations thereof.

The financial statements have been presented in accordance with the TAS Taxonomy of 2016 approved by the Board of Directors. dated June 2, 2016 and numbered 30. developed by the UPS based on Article 9 (b) of Decree Law 660 ("KHK").

The Company's financial statements are presented in the functional currency of the primary economic environment in which it operates.

The Company's financial performance and results of operations are expressed in Turkish Lira. which is the functional currency of the Company and the presentation currency of the financial statements.

2.02 Correcting the Financial Statement in the High Inflation Periods

Before the Turkish code of commerce no: 6102 and the legislative decree no: 660 and the related legislation. with a decision taken by the capital markets board ("SPK") in March 17, 2005 for the companies which have activities in Turkey and which issue financial statement according to the SPK accounting standards. because it was announced that it is not required to apply the inflation accounting such that it is in effect as from January 1, 2005 as from that date. the application of issuance and presentation of the financial statements according to the Turkish accounting standard 29 "Financial reporting in the high inflationist economies" was terminated..

2.03 Consolidation Principles

Subsidiaries. The Parent Company has the right to use more than 50% of the voting rights of the shares in the companies. either directly and/or indirectly. as a result of the ownership and/or control of other companies; or companies that have the power and power to control the financial and operating policies in the interests of the Parent Company through the use of de facto control over the financial and operating policies. without having the authority to exercise more than 50% of the voting rights.

The Company does not have any subsidiaries as of December 31, 2017, (December 31, 2016: None).

Investments in affiliates; were accounted for using the equity method from equity. These are entities in which the Company generally owns between 20% and 50% of the voting rights. or the Company has significant influence over the Company's activities. as opposed to having control. Unrealized gains on transactions between the Company and its Subsidiary are eliminated to the extent of the Company's interest in the associate and unrealized losses are restated if the transaction does not impair the carrying amount of the asset. The Company has not continued the equity method in case the carrying value of the investment in the associate is zero or the significant effect of the Company is terminated. unless the Company has entered into an obligation or commitment with respect to the Participation. The carrying amount of an investment at the date on which the significant effect is incurred is recognized at fair value when the fair value can be reliably measured thereafter.

Equity method; It is the method of recording to the financial statements by recording the acquisition cost of the associates at the initial acquisition cost and increasing or decreasing the amount to show the part of the equity of the subsidiary from the equity of the subsidiary.

Affiliates as TL

Affiliates	Capital	Participation Rate	Participation Amount	Accounting Method
Kumsan Döküm Malzemeleri San. ve Tic. A.Ş.	1,200,000	25.10%	301,200	Shares Received from Equity Method
Erkunt Gayrimenkul A.Ş.	7,230,000	0.05%	257	Shares Received from Equity Method

Affiliates as INR

Affiliates	Capital	Participation Rate	Participation Amount	Accounting Method
Kumsan Döküm Malzemeleri San. ve Tic. A.Ş.	19,511,400	25.10%	4,897,361	Shares Received from Equity Method
Erkunt Gayrimenkul A.Ş.	117,556,185	0.05%	4,179	Shares Received from Equity Method

Financial Fixed Assets; If the direct or indirect share of the Company is less than 20% or more than 20%. the Company does not have any significant influence or it is not important for the financial statements; financial assets that are not traded in organized markets and whose fair values cannot be reliably measured and which the Company does not intend to sell are reflected in the financial statements at cost after deducting impairment losses. Available-for-sale financial assets that are traded on structured markets and that its fair value can be reliably measured are recognized at fair value. (December 31, 2016: None).

2.04 Changes in Accounting Policies

In case of changes and errors in the accounting policies and accounting estimates. material changes and detected material accounting errors are applied retroactively and the financial statements for the previous period are reissued. If the changes in the accounting policies affect the previous periods. such policy is also retroactively applied in the financial statements as if it is always used. There is not any change in the Company's accounting policies.

2.05 Comparative Information and Adjustment of the Financial Statements for the Previous Periods

Accounting estimates are based on reliable information and reasonable estimation methods. However. estimates are reviewed as a result of changes to the forecasted conditions. acquisition of new information. or additional developments. The effect of the change in the accounting estimate is reflected in the financial statements to reflect only the period profit or loss for the current period in which the change is made and for future periods if both the change and the future periods are considered.

The nature and amount of a change in the accounting estimate that is expected to have an effect on the results of operations in the current period or that would have an impact on future periods is disclosed in the notes to the financial statements. except where it is not possible to estimate the effect of the future periods.

The financial statements of the Company are prepared comparatively with the prior period in order to enable the determination of the financial situation and performance trends.

Where necessary. changes in the reclassification of the current period are applied to the prior financial statements in order to be consistent.

2.06 Changes in the Accounting Estimates

Accounting estimates are made based on reliable information and reasonable estimate methods. However. in case of any change in the conditions under which the estimate is made. obtaining new information or occurrence of additional developments. estimates are reviewed. If effect of the change in the accounting estimate is related to one period only. it is reflected to the financial statements to be considered in calculation of the profit or loss for the period in the current period or both in the period of the change and the following periods on a retrospective basis if it is also related to the following periods.

Nature and amount of a change in the accounting estimate. which change has an effect on the result of operations for the current period or expected to affect the following periods. are disclosed in the notes to the financial statements except for any cases where it is not possible to estimate such effect for the following periods. There is no change in the accounting estimates in the current period.

2.07 Significant Accounting Evaluations. Estimates and Assumptions

In the preparation of the financial statements. the Company Management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities. the probable liabilities and commitments as of the balance sheet date and the income and expenses in the reporting period. Actual results may differ from estimates. Estimates are regularly reviewed. necessary corrections are made and reflected in the profit or loss table in the period in which they are realized.

The interpretations that could have a significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

a) The retirement pay liability is determined using actuarial assumptions (discount rates. future salary increases and employee turnover rates). These assumptions are reviewed at each balance sheet date and revised if necessary. **(Note: 24)**

b) The Company depreciated its tangible assets by using the straight-line depreciation method in accordance with the useful life. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for on a prospective basis if there is a change in estimates. **(Note: 2,09,04)**

c) Provisions for bad debt reflect the amounts which the Company's management believes to recover future losses for any receivables which are outstanding as of the date of balance sheet with a risk of non-collection in the framework of the current economic conditions. When impairment of receivables is evaluated. past performances of debtors. their credibility on the market and performances between the date of balance sheet and date of approval of the financial statements and renegotiated conditions are also considered. The information regarding the relevant provisions as of the date of balance sheet is given in **Note: 10**.

d) In the case of impairment of inventories. the physical characteristics of the inventories and how much they have come from the past are assessed. the utility of the inventories is determined based on the opinion of the technical staff and provisions are made for the items that are estimated to be unavailable. For calculating the net realizable value of inventories. average selling prices are used. **(Note: 13)**

e) The Company has made deferred tax calculation in accordance with TAS and TFRS and reflected to the financial statements.

f) Company management. In accordance with the best estimates in the light of legal advisors and expert opinion regarding cases described in detail at **Note: 22**. has made provision in the financial statements.

2.08 Netting/Offsetting

The financial assets and liabilities are shown at their net values in the balance sheet if there is a legal right of netting. they are paid on a net basis or may be collected or acquisition of the asset and satisfaction of the liability may occur concurrently.

2.09 Summary of Important Accounting Policies

Summary of the important accounting policies applied during preparation of the financial statements is as follows:

2.09.01 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand. cash in hand. short-term cash and cash equivalents. which are not held for investment or other purposes. are readily convertible into cash within a short period of time and have high liquidity and are unlikely to change in value. **(Note 6)**. It is included in fixed assets if it has cash or similar assets used for payment of debts or for other reasons within twelve months after the balance sheet date.

2.09.02 Trade Receivables

Trade receivables originated by the Company by way of providing goods or services directly to a debtor are carried at amortized cost using the effective yield method and if the provision for doubtful receivables is deducted. Short-term trade receivables with no stated interest rate are measured at the invoice amount if the interest accrual effect is insignificant.

Notes and tem checks classified as trade receivables are carried at amortized cost using the effective interest rate at the balance sheet date.

The provision for doubtful receivables is reflected in the records as expense. Provision is the amount that is estimated by the Company management and considered to cover the possible damages that may arise from the economic condition or the risk it carries for the account.

2.09.03 Inventories

Inventories are reflected in the financial statements at the lower of acquisition cost or net realizable value. Costs included in inventories are material. labor and general production costs. Cost is calculated by weighted average method.

Net realizable value is the estimated cost of completion of an ordinary business activity and the estimated cost of sales Total required to realize the sale.

2.09.04 Tangible Fixed Assets

Property. plant and equipment are carried at cost. restated for the effects of inflation as of December 31, 2004 and items purchased at January 1, 2005 less any accumulated depreciation for the items purchased before January 1, 2005 Property. plant and equipment are depreciated on a straight-line basis over their useful lives.

The depreciation rates determined by considering the useful lives of the tangible assets are as follows:

	Useful Life (Year)
Buildings	10-50 years
Land improvements	10-25 years
Machinery. Plant and Equipment	4-15 years
Vehicles	5 years
Fixtures	2-50 years
Other Tangible Fixed Assets	2-50 years

The expected useful life residual value and amortization method is reviewed every year for the possible effects of the changes emerged in the predictions and if there is a change in the forecasts. it is recognized prospectively.

The profits and losses occurring because of selling of fixed assets are determined by comparing the net book value and sales price and included in the operations profit.

2.09.05 Intangible Fixed Assets

The tangible assets. excluding the ones included in the financial statement with the realistic value are indicated over the costs values corrected according to the effects of the inflation as of December 31st, 2004 for the items purchased before the January 1st, 2005 and by deducing the accumulated amortization from the purchasing cost value for the items purchased after the January 1st, 2005. The fixed assets are subjected to amortization according to the useful life principle with the direct amortization method.

Expected useful life and amortization method are reviewed annually and the changes in estimates are accounted for on a prospective basis to determine the possible effects of changes in estimates.

Depreciation rates determined by considering useful lives of intangible assets are below:

	Useful Life (Year)
Rights	3-15 years

2.09.06 Borrowing Costs

When the assets which it takes a substantial amount of time to make ready for usage and selling are in question. the borrowing costs which can be directly correlated with purchasing. making or production are had to be included in the cost of the asset until the related asset is made ready for usage or selling. The financial investment income. obtained by using the part of the credit. related with the credit. not spent yet in the financial investments for a temporary period is offset from the borrowing costs suitable for capitalization. All of the other borrowing costs are recorded in the income statement in the period when they occur. The company does not have any financing costs capitalized during the period.

2.09.07 Impairment of Assets

The assets which have infinite life are not subjected to amortization. The impairment test is applied for these assets. For the assets subjected to amortization. in case that situations or events take place where it is not possible to recover the book value. test of impairment of assets is applied. In case that the book value of the asset exceeds the recoverable value. the provision for impairment is made and recorded. The recoverable amount is the bigger one of the realistic value obtained after deducing the costs of sale and the value in usage. In order to evaluate the value lowness. the assets are grouped in the lowest level where there are cash flows which can be defined separately. The assets which are not financial. which are subjected to the impairment are reviewed for the possible cancellation of the impairment of assets in every reporting date.

2.09.08 Effect of Changes in the Exchange Rates

Foreign currency transactions realized during the year are translated into Turkish Lira at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the rates prevailing at the balance sheet date. Foreign exchange gains/losses arising from the translation and collection of foreign currency transactions are included in the income statement.

The Company's financial statements are presented in the currency of the primary economic environment in which it operates. The financial performance and operating results of the Company are expressed in TL. which is the functional currency.

Transactions in foreign currencies during the preparation of the Company's financial statements are recorded based on the exchange rates at the transaction date. Monetary assets and liabilities indexed at the balance sheet are translated into Turkish Lira at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into Turkish Lira based on the exchange rates at the date when the fair value was determined. Non-monetary items in foreign currency measured in terms of historical cost are not retranslated. Exchange differences are recognized as profit or loss in the period in which they incur.

2.09.09 Taxes Calculated on the Corporate Profit

Income tax expense/revenue is represented by sum of the current tax expense/revenue and deferred tax expense (or revenue).

Current tax

Current year's tax liability is calculated on the taxable portion of the profit for the period. Taxable profit does not include income or expense items taxable or deductible in the other years and items which are not taxable or deductible. so it differs from the profit stated in the income statement. The company's current tax liability was calculated by the tax rate legalized or substantially legalized as of the date of balance sheet.

Deferred tax

Deferred tax liability or asset are defined by calculating tax effects of temporary differences between amounts of the assets and liabilities indicated in the financial statements and their amounts considered in calculation of the legal tax base according to the balance sheet method by considering the legalized tax rates.

Deferred tax liabilities are calculated for all taxable temporary differences but deferred tax assets represented by deductible temporary differences are calculated provided that it is highly probable to benefit from such differences by gaining taxable profit in the future. No deferred tax liability or asset is calculated for temporary timing differences caused by inclusion of assets or liabilities. other than goodwill or business mergers. in the financial statements for the first time and which do not affect both trade and financial profit or loss.

Deferred tax liabilities are calculated for all of taxable temporary differences which are associated with investments in the affiliates and subsidiaries and shares in business partnerships except for any cases where the Company may control elimination of the temporary differences and there is a low possibility for elimination of such different in the near future. Deferred tax assets arising from the taxable temporary differences associated with such investments and shares are calculated provided that it is highly probable to benefit from these differences by gaining sufficient taxable profit in the near future and it is possible to eliminate such differences in the future.

Book value of deferred tax asset is reviewed as of each date of balance sheet. Book value of deferred tax asset is reduced to the extent that it is not possible to gain financial profit at a level to allow for acquisition of the benefit to be provided by all or part of it.

Deferred tax assets and liabilities are calculated on the tax rates (tax adjustments) expected to be effective in the period when the asset are realized or the liabilities are satisfied and legalized or substantially legalized as of the date of balance sheet. During calculation of deferred tax assets and liabilities. tax results of the methods estimated by the Company for recovering book values of the assets as of the date of balance sheet or satisfaction of its liabilities are considered.

Deferred tax assets and liabilities are set off if there is a legal right to set off the current tax assets against the current tax liabilities or such assets and liabilities are associated with the income tax collected by the same tax authority or the

Company intends to pay them by setting off the current tax assets against the current tax liabilities.

Current and deferred tax for the period

Except for those associated with the items directly recognized as a receivable or debt in the equity (in this case. deferred tax for the relevant items is also recognized in the equity directly) or arising from the first recognition of business mergers. the current tax and deferred tax for the period are recognized as an income or expense in the income statement. In business mergers. tax effect is considered in calculation of goodwill or calculation of the portion of the share acquired by the purchaser at the fair value of the definable assets. liabilities and contingent payables of the purchased affiliate in excess of the purchasing cost.

The taxes in the financial statements include the change in the current period taxes and deferred taxes. The Company calculates current and deferred tax on the results of the period.

Netting tax assets and liabilities

The amounts of corporate tax payable are defined as net amounts as they are associated with the pre-paid corporate tax amounts.

2.09.10 Trade Payables

The finance income included in the liabilities is calculated by considering the effective interest rate of the related debt and the effective interest rate. and the amounts are shown in the financial statements.

2.09.11 Leasing Transactions

I) Financial leasing transactions

The Company does not have any leasing transactions.

II) Operational leasing transactions

Rental contracts in which the lessor holds all risks and benefits of the property are called operational leases. As of December 31, 2017 the operating lease income of the Company is TL 63,623 (1,034,478 INR) (December 31, 2016: TL 71,550-1,163,367 INR), As of December 31, 2017, the operational leasing expenses of the Company is TL 1,824,597(29,667,035 INR) (December 31, 2016: TL 151,469 - 2,462,810 INR),

2.09.12 Retirement and Provision for Severance Pay

As required by the labor law valid in Turkey. the retirement and indemnity provisions are allocated as they incur in the financial statements attached. According to the UMS 19 “Benefits provided to the employees”. which was updated. the payments of the type in question are characterized as described retirement benefit plans.

In the attached financial statements. the seniority indemnity liability is reflected to the financial statements as the amount found by discounting with the suitable interest rate. purified of the inflation rate. in order to calculate the value of the retirement indemnity to be paid in the future years in the date of the balance sheet.

2.09.13 Research and Development Expenses

Research expenditures are recorded as expenses when they occur. Development costs recorded in the prior period cannot be capitalized in the following period. Development costs are treated as intangible assets if they have the following criteria:

- If the costs associated with the product can be clearly defined and reliably measured.
- If the technical capability/feasibility of the product can be measured.
- If the product is to be sold or used within the company.
- If there is a potential market for the product. or if it can be proven to be internally usable.
- If sufficient technical. financial and other necessary resources are available for the completion of the project.

Costs of development projects that meet the above criteria are capitalized and amortized on a straight-line basis over the life of the project.

2.09.14 Financial Instruments

2.09.14.01 Financial Assets

The financial investments are recognized over the amount remained after deducing the expenditures which can be directly correlated with the purchasing transaction from the realistic value. except the financial assets. the realistic value difference of which is reflected to the profit or loss and which are put into the records over the realistic value. The investments are put into the records or removed from the records in the date of the transaction which depends on a contract which carry the delivery condition of the investment instrument according to the period determined by the related market. The financial assets are classified as the “financial assets. the realistic value difference of which is reflected to the profit or loss”. the “financial assets held until maturity”. the “financial assets. ready for selling”. and the “credits and receivables.

Effective interest method

The effective interest method is the method of valuing the financial asset with the amortized cost and distributing the related interest income to the period with which it is related. The efficient interest rate is the ratio which reduces the predicted cash total to be collected in the expected life of the financial instrument or. if it is suitable. during a shorter time period to the net present day value of the related financial asset.

The revenues related with the financial assets classified outside than the financial assets. the realistic value difference of which is reflected to the profit or loss are calculated by using the efficient interest method.

a)The financial assets. the realistic value difference of which is reflected to the profit or loss

The financial assets. the realistic value difference of which is reflected to the profit or loss are the financial assets. which are held for trading. When a financial asset is acquired for disposing of in the short term. it is classified in the category in question. The financial assets mentioned. which form the derivative products. which are not determined as an efficient hedging instrument are classified as the financial assets. the realistic value difference of which is reflected to the profit or loss. The assets included in this category are classified as current assets.

b) The financial assets held until maturity

The borrowing instruments. with constant maturity. which the Company has the means and intent to hold until maturity. having a constant or determinable payment plan are classified as the financial assets to be held until maturity. The investments to be held until maturity are put into the records by deducing the value lowness amount from the amortized cost amount according to the efficient interest method and the related revenues are calculated by using efficient interest rate.

c) The financial assets ready for sale

The financial assets ready for sale consist of the financial assets which are not financial assets to be held until maturity or with trading purpose. The financial assets ready for sale are valued with realistic value provided that they can be reliably measured after put into the records. The securities. the realistic value of which can’t be measured reliably and which don’t have an active market. are indicated with cost value. The profits or losses. related with the financial assets ready for sale. are included in the income statement of the related period. The changes taken place in the fair value such assets are indicated in the equity accounts. In case that the related asset is disposed of or there is impairment. the amount in the equity accounts is transferred to the income statement as profit/loss. Provision for Impairment which is arisen from the investments for the financial instruments based on equity which are classified as financial asset ready for sale and which is recognized in the income statement may not be cancelled in the income statement in the subsequent periods. Except the financial instruments based on equity. which is classified as ready for sale. if the impairment loss decreases in the next period and the decrease can be correlated with an event which occurs after the recognition of the impairment loss. the impairment loss. recognized beforehand. may be cancelled in the income statement. The Company doesn’t have a financial asset ready for sale.

d) Credits and receivables

Trade. other receivables and credits. which have constant and determinable payments. not transacted in the market. are classified in this category. The credits and receivables are indicated by deducing impairment amount over the cost discounted by using the effective interest method.

Impairment of financial assets

The financial assets or financial asset companies. other than the financial assets. the realistic value difference of which is reflected to the profit or loss. are subjected to evaluation on whether there are indicators or not that they subjected to impairment in every date of balance sheet. In case that one or more than one incident occurs after the first recognition of the financial asset and there are an objective indicator that the related financial asset is subjected to impairment as a negative result of the incident in questions on the future cash flows of the financial asset or asset group. which can be predicted reliably. the impairment loss occurs.

The impairment amount for the credits and receivables is the difference between the present day value of the predicted cash flows expected in the future calculated by discounting over the effective interest rate of the financial asset and its book value.

Except the commercial receivables which the book value is decreased through using a reserve account. for all financial assets. the impairment is directly deduced from the recorded value of the related financial asset. In case that the commercial receivable can't be collected. the amount in question is discarded by deducing from the reserve account. The changes in the reserve account are recognized in the income statement.

Except the financial instruments based on equity. ready for sale. if the impairment loss decreases in the next period and if the decrease can be correlated with an incident taking place after the recognition of the impairment loss. the impairment loss. recognized beforehand is cancelled in the income statement such that it doesn't exceed the amortized cost amount which it would reach if the impairment of the investment never recognized in the date when the impairment is to be cancelled.

The increase occurred after the impairment of the realistic value of the financial instruments based on equity. ready for sale is recognized directly in the equities.

Cash and cash equivalents

Cash and cash equivalent items are the cash. current account and the other short term investments. with the maturities of three months or less than three months as from the purchasing date. which can be converted into cash immediately and which do not have impairment risk substantially and high liquidity.

2.09.14.02 Financial Liabilities

The financial obligations and equity instruments of the Company are classified based on the arrangements based on contract. the description principle of an instrument depending on a financial obligation and equity. The contract representing the right on the assets. remained after deducing all liabilities of the Company is a financial instrument based on equity. The accounting policies which can be applied for certain financial obligations and financial instruments based on equity are stated below.

The financial liabilities are classified as the financial liabilities the realistic value difference of which is reflected to the profit or loss or the other financial liabilities.

a) The financial liabilities the realistic value difference of which is reflected to the profit or loss

The financial liabilities the realistic value difference of which is reflected to the profit or loss are recorded with the realistic value and revalued with the realistic value in the date of the balance sheet in every reporting period. The change in the realistic value is recognized in the income statement. The net gains or losses recognized in the income statement also cover the amount of the interest paid for the financial liability in question.

b) The other financial liabilities

The other financial liabilities are recognized with the realistic value. purified of the transaction costs at the start. The other financial liabilities are recognized over the cost amount which is amortized by using the efficient interest method together with the interest cost calculated over the efficient interest rate in the subsequent periods.

The efficient interest method is the method of calculating the amortized costs of the financial liability and distributing the related interest expenditure to the period with which it is related. The efficient interest rate is the ratio which reduces the predicted cash total to be paid in the expected life of the financial instrument or. if it is suitable. during a shorter time period to the net present day value of the related financial liability.

2.09.15 Provisions. Contingent Liabilities and Assets

If the Company has a liability arising from the past events. sources involving economic benefit may be disposed from the Company for satisfaction of such liability and amount of such liability may be estimated reliably. the relevant liability is included in the financial statements as a provision. Contingent liabilities are always subject to assessment for finding if the possibility of disposing the sources involving economic benefit from the Company is possible. If the possibility of disposing the sources involving economic benefit from the Company occurs for the items processed as a contingent liability in the future. such contingent liability is included in the financial statements for the period of the change in the possibility as a provision except for the circumstances of failure in reliable estimate.

The Company indicates such liability in the notes if the contingent liabilities become possible but it is not possible to reliably estimate amount of the sources involving economic benefit. Any asset which arises from the past events and shall be confirmed by finding if one or more unclear event(s) existence of which is not fully under the control of the Company is considered as a contingent asset. The contingent assets are disclosed in the notes in case of a high possibility of the Company's acquisition of the sources involving economic benefit.

Where it is expected that all or part of the economic benefits used to pay the amount of provision are covered by the third parties. is recognized as an asset if this amount shall be repaid finally and the amount is calculated reliably.

2.09.16 Related Parties

For the purpose of these financial statements. partners. senior level directors and members of the board of directors. their families and the companies controlled by them or their affiliates. subsidiaries and partnerships are considered and stated as related parties. The transactions entered into with the related parties because of the ordinary activities were performed with the prices compatible with the market conditions. The detailed description performed with the related parties is given in the **Note: 37**.

2.09.17 Recording Incomes

Revenues

Revenue is recognized when it is probable that an economic result will be obtained from the operations of the Company and the amount of revenue can be measured reliably. Revenues. deductions. value added tax and sales taxes are clearly shown after deduction. The following criteria must be met in order for income to be generated.

Income derived from the sale of goods is recognized when the following conditions are satisfied:

- The revenue amount can be measured reliably.
- It is possible that the economic benefits related with the transaction will be obtained by the enterprise.
- The level of completion of the transaction can be measured reliably as of the end of the reporting period. and
- The costs incurred and required for completing the transaction can be measured reliably.

2.09.18 Cash Flow Statement

Cash and cash equivalents are the cash money. current account and the other short termed investments. the maturity of 3 months or less than 3 months as from the purchasing date. which can be converted into cash immediately and don't have a substantial amount of value change risk. with a high liquidity.

In the cash flow statement. the cash flows related with the period are classified and reported based on the operation. investment and financial activities.

The cash flows arisen from the operational activities indicates the cash flows arisen from the main activities of the Company. The cash flows related with the investment activities indicate the cash flows which the Company uses and obtains in the investment activities (asset investments and financial investments). The cash flows related with the finance activities indicate the resources which the Company uses in the finance activities and the repayment of these resources.

2.09.19 Profit/Loss per Share

Profit per share is determined by dividing the net profit to the weighted average number of the shares existing in the related period.

The companies in Turkey can increase their capitals through "bonus share" they distributed from the previous year profits to the shareholders. When the profit per share is calculated. this bonus share issuance is considered as issued shares.

Therefore the weighted number of share average used for the profit per share is obtained by retrospectively applying the bonus issuance of the shares.

2.09.20 Events After Balance Sheet Date

It refers the events emerging on behalf of or on the detriment to the Company between the date of the balance sheet and the date of authorization for publishing the balance sheet. In case that there are new evidences that the events in question exist as of the date of balance sheet or the related events emerge after the date of the balance sheet. the Company describes the issues in question in the **Note: 40**.

The Company. in case that events requiring correction emerge after the date of the balance sheet. corrects the amounts put into the financial statements according to this new situation.

2.09.21 Investment Property

Investment properties are held for the purpose of rentals or gains on valuation and are stated at cost subsequent to their recognition as asset after deduction of accumulated depreciation and accumulated impairment losses. Detailed information about Investment Properties included in **Note 17**.

Depreciation rates determined by considering useful lifes of Investment Property is below:

	Useful Life (Year)
Buildings	39-50 years

2.10 Going Concern

The Company prepares its financial statements on the basis of going concern

2.11 New and Revised International Financial Reporting Standards

Standards. interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise. which will be affecting the financial statements and disclosures. after the new standards and interpretations become in effect.

TFRS 15 Revenue from Contracts with Customers

The new standard replaces existing TFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard. total consideration measured will be the amount to which the Company expects to be entitled. rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted under TFRS. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 15.

TFRS 9 Financial Instruments

TFRS 9. published in July 2014 replaces the existing guidance in TAS 39 “Financial Instruments: Recognition and Measurement”. TFRS 9 includes revised guidance on the classification and measurement of financial instruments. a new expected credit loss model for calculating impairment on financial assets. and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from TAS 39, TFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 9.

Amendments to TFRS 2 – Classification and Measurement of Share-based Payment Transactions

TFRS 2 Share-Based Payment has been amended by TASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas:

i) measurement of cash-settled share-based payments. ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also. same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met. share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after January 1, 2018 with earlier application permitted. The Company does not expect that application of these amendments to TFRS 2 will have significant impact on its financial statements.

Annual Improvements to TFRSs 2014-2016 Cycle

Improvements to TFRSs

The TASB issued Annual Improvements to TFRSs - 2014–2016 Cycle. The amendments are effective as of January 1, 2018. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

Annual Improvements to TFRSs 2014-2016 Cycle

TFRS 1 “First Time Adoption of Turkish Financial Reporting Standards”

TFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of ‘Annual Improvements to TFRSs 2012-2014 Cycle’ related to disclosures for financial instruments. employee benefits and consolidation of investment entities.

TAS 28 “Investments in Associates and Joint Ventures”

The amendment enable when an investment in an associate or a joint venture is held by. or is held indirectly through. an entity that is a venture capital organization. or a mutual fund. unit trust and similar entities including investment-linked insurance funds. the entity may elect to measure that investment at fair value through profit or loss in accordance with TFRS 9.

TAS 40 – Transfers of Investment Property

Amendments to TAS 40 - Transfers of Investment Property issued by TASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management’s intentions for the use of property does not provide evidence of a change in intended use. Therefore. when an entity decides to dispose of an investment property without development. it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly. if an entity begins to redevelop an existing investment property for continued future use as investment property. the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after January 1, 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TAS 40.

TFRIC 22 – Foreign Currency Transactions and Advance Consideration

On December 8, 2016 TASB issued TFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset. expense or income. The date of the transaction. for the purpose of determining the exchange rate. is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance. a date of transaction is established for each payment or receipt. This TFRIC is effective for annual reporting periods beginning on or after January 1, 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of TFRIC 22.

TFRS 16 Leases

On January 13, 2016 TASB published the new leasing standard which will replace TAS 17 Leases. TFRIC 4 Determining Whether an Arrangement Contains a Lease. SIC 15 Operating Leases – Incentives. and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. TFRS 16 eliminates the current dual accounting model for lessees. which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead. there is a single. on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted provided that an entity also adopts TFRS 15 Revenue from Contracts with Customers. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 16.

TFRIC 23 –Uncertainty Over Income Tax Treatments

On June 17, 2017 TASB issued TFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance. or whether a taxation authority will accept a company’s tax treatment. TAS 12 Income Taxes specifies how to account for current and deferred tax. but not how to reflect the effects of uncertainty. TFRIC 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from January 1, 2019 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of TFRIC 23.

TFRS 17 –Insurance Contracts

On May 18, 2017 TASB issued TFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers' risk exposure. profitability and financial position. TFRS 17 replaces TFRS 4. which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards. resulting in a multitude of different approaches. As a consequence. it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly. providing more useful information to users of financial statements. TFRS 17 has an effective date of January 1, 2021 but companies can apply it earlier. The Company does not expect that application of TFRS 17 will have significant impact on its financial statements.

3. Business Mergers

None.

4. Shares in Other Businesses

None.

5. Reporting per Department

None.

6. Cash and Cash Equivalents

The Company's Cash and Cash Equivalents as of December 31, 2017 and 2016 are as follows:

Cash and Cash Equivalents as TL

Account Name	December 31, 2017	December 31, 2016
Cash	10,106	6,692
Banks	3,125,292	10,244,732
-Demand deposit	867,504	562,931
- Term deposit (under three months)	2,257,788	9,681,801
Total	**3,135,398**	**10,251,424**

Cash and Cash Equivalents as INR

Account Name	December 31, 2017	December 31, 2016
Cash	164,319	108,809
Banks	50,815,685	166,574,220
-Demand deposit	14,105,181	9,152,977
- Term deposit (under three months)	36,710,504	157,421,243
Total	**50,980,004**	**166,683,029**

The Company has no blocked on Cash and Cash Equivalents as of December 31, 2017 (December 31, 2016: None),

The maturity of the overnight term deposit 500,008 Euro equivalent of which is 2,257,788 TL (36,710,504 INR) (is within one month at most and its interest rate is 0.75% as of 31 December, 2017, (31 December, 2016: 900,000 Euro overnight equivalent is 3,338,910 TL(54,289,007 INR) and its interest rate is 0.5% and 6,342,891 TL(103,132,236 INR) and the interest rate weighted average is 11.60%, Maturities of the term deposits are within one month at most),

7. Financial Investments

None. (December 31, 2016: None)

8. Borrowings

The Company's Short Term Financial Liabilities as of December 31, 2017 and 2016 are as follows:

Short-Term Borrowings as TL

Account Name	December 31, 2017	December 31, 2016
Short term loans	19,245,870	8,978,630
Credit cards	291,253	451,955
Total	**19,537,123**	**9,430,585**

The Company does not have any Current Portion of Non-current Borrowings and Non-current Borrowings as of December 31, 2017. (December 31, 2016: None)

Short-Term Borrowings as INR

Account Name	December 31, 2017	December 31, 2016
Short term loans	312,928,223	145,988,034
Credit cards	4,735,628	7,348,562
Total	**317,663,851**	**153,336,597**

a) The maturities of Financial Liabilities are as follows:

Financial Liabilities as TL

Financial Borrowings	December 31, 2017	December 31, 2016
0-3 months	17,726,318	5,930,585
3-12 months	1,810,805	3,500,000
Total	**19,537,123**	**9,430,585**

Financial Liabilities as INR

Financial Borrowings	December 31, 2017	December 31, 2016
0-3 months	288,221,068	96,428,347
3-12 months	29,442,784	56,908,250
Total	**317,663,851**	**153,336,597**

b) The effective interest rates of financial liabilities on the basis of currency unit are as follows:

The effective interest rates of financial liabilities amount as TL

December 31, 2017

Type	Amount of Foreign Currency	TL Amount	Weighted Effective Interest Rate
TL loans	–	19,245,870	14.9%
Total	–	19,245,870	–

December 31, 2016

Type	Amount of Foreign Currency	TL Amount	Weighted Effective Interest Rate
TL loans	–	8,978,630	6.7%
Total	–	8,978,630	–

The effective interest rates of financial liabilities amount as INR

December 31, 2017

Type	Amount of Foreign Currency	INR Amount	Weighted Effective Interest Rate
TL loans	–	312,928,223	14.9%
Total	–	312,928,223	–

December 31, 2016

Type	Amount of Foreign Currency	INR Amount	Weighted Effective Interest Rate
TL loans	–	145,988,034	6.7%
Total	–	145,988,034	–

9. Other Financial Liabilities

None. (December 31, 2016: None)

10. Trade Receivables and Payables

The Company's Short Term Trade Receivables as of December 31, 2017 and 2016 are as follows:

Short Term Trade Receivables as TL

Account Name	December 31, 2017	December 31, 2016
Trade receivables from related parties (Note 37)	7,316,298	196,040
Trade receivables from non-related parties	54,221,009	25,022,259
Trade receivables	55,460,305	25,445,690
Rediscount of receivable (-)	(1,239,296)	(423,431)
Doubtful trade receivables	329,806	329,806
Provision for doubtful trade receivables (-)	(329,806)	(329,806)
Total	**61,537,307**	**25,218,299**

The average maturity of trade receivables as of December 31, 2017 is 56 days (December 31, 2016: 58 days) and the interest rate used for the rediscount of trade receivables is 14.9%. (December 31, 2016: 10.70%)

Short Term Trade Receivables as INR

Account Name	December 31, 2017	December 31, 2016
Trade receivables from related parties (Note 37)	118,959,347	3,188
Trade receivables from non-related parties	881,606,496	406,849,420
Trade receivables	901,756,829	413,734,197
Rediscount of receivable (-)	(20,150,333)	(6,884,776)
Doubtful trade receivables	5,362,481	5,362,481
Provision for doubtful trade receivables (-)	(5,362,481)	(5,362,481)
Total	**1,000,565,843**	**410,036,933**

Provisions for doubtful trade receivables are as follows:

Provisions for doubtful trade receivables as TL

Description	January 1- December 31, 2017	January 1- December 31, 2016
January 1 (beginning of period)	329,806	329,806
Provisions no longer required/cancellations	–	–
December 31 (end of period)	329,806	329,806

Provisions for doubtful trade receivables as INR

Description	January 1- December 31, 2017	January 1- December 31, 2016
January 1 (beginning of period)	5,362,481	5,362,481
Provisions no longer required/cancellations	–	–
December 31 (end of period)	5,362,481	5,362,481

The Company's Short Term Trade Payables as of December 31, 2017 and 2016 are as follows:

The Company's Short Term Trade Payables as TL

Account Name	December 31, 2017	December 31, 2016
Trade Payables to non-related parties	44,585,994	28,284,583
Trade payables	45,698,233	28,788,331
Rediscount of trade payables	(1,112,239)	(503,748)
Trade payables to related parties (Note.37)	821,987	357,169
Total	**45,407,981**	**28,641,752**

The Company's Short Term Trade Payables as INR

Account Name	December 31, 2017	December 31, 2016
Trade Payables to non-related parties	724,945,969	459,893,177
Trade payables	743,030,419	468,083,868
Rediscount of trade payables	(18,084,450)	(8,190,691)
Trade payables to related parties (Note.37)	13,365,098	5,807,389
Total	**738,311,067**	**465,700,567**

Trade payables as of December 31, 2017 and 2016 are consist of raw materials and business acquisitions. As of December 31, 2017 the average maturity of trade payables is 61 days (December 31, 2016: 60 days) and interest rate used for rediscounting trade payables is 14.9%. (December 31, 2016: 10.70%)

The Company doesn't have Non-current Trade Payables as of December 31, 2017 and 2016.

11. Other Receivables and Payables

Other Current Receivables of the Company as of December 31, 2017 and 2016 are as follows:

Other Current Assets Amount as TL

Account Name	December 31, 2017	December 31, 2016
Other receivables from unrelated parties	1,644,310	1,044,443
Receivables from tax office	1,643,385	1,043,760
Other receivables	925	683
Other receivables from related parties (Note.37)	5,900	–
Total	**1,650,210**	**1,044,443**

Other Current Assets Amount as INR

Account Name	December 31, 2017	December 31, 2016
Other receivables from unrelated parties	26,735,658	16,982,121
Receivables from tax office	26,720,618	16,971,016
Other receivables	15,040	11,105
Other receivables from related parties (Note.37)	95,931	–
Total	**26,831,589**	**16,982,121**

Other Non-current Receivables as of December 31, 2017 and 2016 are as follows:

Other Non-current Receivables Amount as TL

Account Name	December 31, 2017	December 31, 2016
Deposits and guarantees given	33,223	30,620
Total	**33,223**	**30,620**

Other Non-current Receivables Amount as INR

Account Name	December 31, 2017	December 31, 2016
Deposits and guarantees given	540,189	497,866
Total	**540,189**	**497,866**

Other Current Payables of the Company as of December 31, 2017 and 2016 are as follows:

Other Current Payables as TL

Account Name	December 31, 2017	December 31, 2016
Other Payables to Non-Related Parties	546,206	299,689
Taxes Payables	210,043	122,930
Other VAT	–	58,129
Other Payables	336,163	118,630
Other Payables to Related Parties	19,394	–
Total	**565,600**	**299,689**

Other Current Payables as INR

Account Name	December 31, 2017	December 31, 2016
Other Payables to Non-Related Parties	8,881,036	4,872,793
Taxes Payables	3,415,194	1,998,780
Other VAT	–	945,148
Other Payables	5,465,842	1,928,864
Other Payables to Related Parties	315,337	–
Total	**9,196,373**	**4,872,793**

The Company does not have any Other Non-current Liabilities as of December 31, 2017 and 2016.

12. Derivative Financial Liabilities

None. (December 31, 2016: None)

13. Inventories

Inventories of the Company as of December 31, 2017 and 2016 are as follows:

Inventories as TL

Account Name	December 31, 2017	December 31, 2016
Raw materials and supplies	20,203,740	12,836,428
Semi-finished goods	11,809,861	6,661,673
Finished goods	6,434,968	5,966,105
Goods in transit	38,167	–
Provision for impairment of inventory(-)	–	(202,706)
Total	**38,486,736**	**25,261,500**

Inventories as INR

Account Name	December 31, 2017	December 31, 2016
Raw materials and supplies	328,502,711	208,713,901
Semi-finished goods	192,022,435	108,315,472
Finished goods	104,629,362	97,005,884
Goods in transit	620,576	–
Provision for impairment of inventory(-)	–	(3,295,898)
Total	**625,775,084**	**410,739,359**

There is no Inventory as collateral for the liabilities. The insurance information on active assets is given in **Note 22**.

The movement for impairment of inventories as of December 31, 2017 and 2016 are as follows:

The movement for impairment of inventories as TL

	January 1-December 31, 2017	January 1-December 31, 2016
January 1 (beginning of period)	(202,706)	(749,672)
Provision amount during the year	–	–
Provisions no longer required	202,706	546,966
December 31 (end of period)	**–**	**(202,706)**

The movement for impairment of inventories as TL

	January 1-December 31, 2017	January 1-December 31, 2016
January 1 (beginning of period)	(3,295,898)	(12,189,292)
Provision amount during the year	–	–
Provisions no longer required	3,295,898	8,893,394
December 31 (end of period)	**–**	**(3,295,898)**

There are no guarantees or mortgages on the Inventories.

14. Biological Assets

None (December 31, 2016: None).

15. Prepayments and Deferred Incomes

Short Term Prepaid Expenses

The Prepaid Expenses as of December 31, 2017 and 2016 are as follows:

The Prepaid Expenses as TL

Account Name	December 31, 2017	December 31, 2016
Order advances given	3,583,071	154,947
Expenses related to future months	971,382	491,175
Total	**4,554,453**	**646,122**

The Prepaid Expenses as INR

Account Name	December 31, 2017	December 31, 2016
Order advances given	58,258,943	2,519,361
Expenses related to future months	15,794,186	7,986,260
Total	**74,053,129**	**10,505,621**

Long Term Prepaid Expenses

The Prepaid Expenses as of December 31, 2017 and 2016 are as follows:

The Long Term Prepaid Expenses as TL

Account Name	December 31, 2017	December 31, 2016
Expenses related to future years	12,738	15,379
Total	**12,738**	**15,379**

The Long Term Prepaid Expenses as INR

Account Name	December 31, 2017	December 31, 2016
Expenses related to future years	207,114	250,055
Total	**207,114**	**250,055**

Short Term Deferred Income

Short Term Deferred Income as TL

Account Name	December 31, 2017	December 31, 2016
Income related to future months	1,596,890	28,241
Advances received	1,384,120	117,568
Total	**2,981,010**	**145,809**

Short Term Deferred Income as INR

Account Name	December 31, 2017	December 31, 2016
Income related to future months	25,964,633	459,185
Advances received	22,505,099	1,911,597
Total	**48,469,732**	**2,370,781**

Long Term Deferred Income

None (December 31, 2016).

16. Investments Accounted for Using Equity Method

Investments Valued by Equity Method as of December 31, 2017 and 2016 are as follows:

Affiliates as TL

Affiliate	December 31, 2017	December 31, 2016	Participation rate (%)
Kumsan Döküm Malzemeleri A.Ş.	4,666,822	4,060,135	25.10
Erkunt Gayrimenkul A.Ş.	42,049	13,980	0.05
Total	**4,708,871**	**4,074,115**	**–**

Affiliates as INR

Affiliate	December 31, 2017	December 31, 2016	Participation rate (%)
Kumsan Döküm Malzemeleri A.Ş.	75,880,192	66,015,765	25.10
Erkunt Gayrimenkul A.Ş.	683,696	227,308	0.05
Total	**76,563,888**	**66,243,073**	**–**

Participation rate from Erkunt Gayrimenkul A.Ş. is decrease from 33.93% to 0.05%.

The capital of Kumsan Döküm Malzemeleri Anonim Şirketi as of December 31, 2017 is TL 1,200,000(19,511,400 INR), (December 31, 2016: 1,200,000 TL - 19,511,400 INR)

The capital of Erkunt Gayrimenkul A,Ş, as of December 31, 2017 is TL 7,230,000(117,556,185 INR), (December 31, 2016: 50,000 TL – 812,975 INR)

The gains/(losses) from associates accounted for using the equity method are as follows:

The gains/(losses) from associates as TL

Description	January 1-December 31, 2017	January 1-December 31, 2016
January 1 (beginning of period)	**4,074,115**	**3,829,659**
Due to period profit	702,990	319,756
Arising from dividend distribution	(90,360)	(75,300)
Disposal inflicted from participation rate decrease	(13,723)	–
Other comprehensive income from investments accounted for using equity method	35,849	–
December 31 (end of period)	**4,708,871**	**4,074,115**

The gains/(losses) from associates as INR

Description	January 1-December 31, 2017	January 1-December 31, 2016
January 1 (beginning of period)	**66,243,073**	**62,268,341**
Due to period profit	11,430,266	5,199,073
Arising from dividend distribution	(1,469,208)	(1,224,340)
Disposal inflicted from participation rate decrease	(223,129)	–
Other comprehensive income from investments accounted for using equity method	582,887	–
December 31 (end of period)	**76,563,888**	**66,243,073**

The financial statement of the investment valued by the equity method as of December 31, 2017 and 2016 are as follows:

Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş. as TL

	December 31, 2017	December 31, 2016
Current assets	14,835,168	12,618,798
Non-current assets	6,705,382	6,049,018
Total assets	**21,540,550**	**18,667,816**
Current liabilities	2,209,402	1,895,076
Non-current liabilities	738,324	596,905
Equity	18,592,824	16,175,835
Total liabilities	**21,540,550**	**18,667,816**

	January 1-December 31, 2017	January 1-December 31, 2016
Revenues	30,979,569	15,357,561
Period profit/(loss)	**2,777,078**	**1,218,227**

Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş. as INR

	December 31, 2017	December 31, 2016
Current assets	241,212,414	205,175,346
Non-current assets	109,026,159	98,354,008
Total assets	**350,238,573**	**303,529,354**
Current liabilities	35,923,772	30,812,988
Non-current liabilities	12,004,779	9,705,377
Equity	302,310,022	263,010,989
Total liabilities	**350,238,573**	**303,529,354**

	January 1-December 31, 2017	January 1-December 31, 2016
Revenues	503,712,302	249,706,263
Period profit/(loss)	**45,153,900**	**19,807,762**

Erkunt Gayrimenkul Ticaret ve Sanayi A.Ş. as TL

	December 31, 2017	December 31, 2016
Current assets	1,819,507	41,492
Non-current assets	6,922,541	–
Total assets	**8,742,048**	**41,492**
Current liabilities	332,825	295
Non-current liabilities	–	–
Equity	8,409,223	41,197
Total liabilities	**8,742,048**	**41,492**

	January 1-December 31, 2017	January 1-December 31, 2016
Revenues	1,699,194	–
Period profit/(loss)	**1,188,614**	**(8,803)**

Erkunt Gayrimenkul Ticaret ve Sanayi A.Ş. as INR

	December 31, 2017	December 31, 2016
Current assets	29,584,274	674,639
Non-current assets	112,557,055	–
Total assets	**142,141,329**	**674,639**
Current liabilities	5,411,568	4,797
Non-current liabilities	–	–
Equity	136,729,761	670
Total liabilities	**142,141,329**	**674,639**

	January 1-December 31, 2017	January 1-December 31, 2016
Revenues	27,628,045	–
Period profit/(loss)	**19,326,269**	**(143,132)**

17. Investment Property

The Company's investment properties as of December 31, 2017 and 2016 are as follows:

Investment Properties as TL

December 31, 2017

Cost Amount

Account Name	January 1, 2017	Purchases	Sales	December 31, 2017
Buildings	721,459	–	–	721,459
Total	**721,459**	**–**	**–**	**721,459**

Accumulated depreciation (-)

Account Name	January 1, 2017	Depreciation Expense	Disposals	December 31, 2017
Buildings	(280,634)	(15,409)	–	(296,043)
Total	**(280,634)**	**(15,409)**	**–**	**(296,043)**
Net book value	**440,825**	**–**	**–**	**425,416**

December 31, 2016

Cost Amount

Account Name	January 1, 2016	Purchases	Sales	December 31, 2016
Buildings	721,459	–	–	721,459
Total	**721,459**	**–**	**–**	**721,459**

Accumulated depreciation (-)

Account Name	January 1, 2016	Depreciation Expense	Disposals	December 31, 2016
Buildings	(253,515)	(27,119)	–	(280,634)
Total	**(253,515)**	**(27,119)**	**–**	**(280,634)**
Net book value	**467,944**	**–**	**–**	**440,825**

Investment Properties as INR

December 31, 2017

Cost Amount

Account Name	January 1, 2017	Purchases	Sales	December 31, 2017
Buildings	11,730,563	–	–	11,730,563
Total	**11,730,563**	**–**	**–**	**11,730,563**

Accumulated depreciation(-)

Account Name	January 1, 2017	Depreciation Expense	Disposals	December 31, 2017
Buildings	(4,562,969)	(250,543)	–	(4,813,511)
Total	**(4,562,969)**	**(250,543)**	**–**	**(4,813,511)**
Net book value	**7,167,594**	**–**	**–**	**6,917,051**

December 31, 2016

Cost Amount

Account Name	January 1, 2016	Purchases	Sales	December 31, 2016
Buildings	11,730,563	–	–	11,730,563
Total	**11,730,563**	**–**	**–**	**11,730,563**

Accumulated depreciation(-)

Account Name	January 1, 2016	Depreciation Expense	Disposals	December 31, 2016
Buildings	(4,122,027)	(440,941)	–	(4,562,969)
Total	**(4,122,027)**	**(440,941)**	**–**	**(4,562,969)**
Net book value	**7,608,535**	**–**	**–**	**7,167,594**

Other Information

The Investment Properties are composed of the land having the surface area of 15,461 m2. which is registered in Ankara Sincan Organize Industrial Zone Batihan Cad. No:2. Parcel No. 18, Block No. 3024 and a part of 3,550 m2 of the administrative buildings on it, The fair value of this property is estimated as 6,662,952 TL(108,336,268 INR) by the Company Management, In the determination of the fair value, The appraisement values calculated by TSKB Gayrimenkul Degerleme A,S, authorized by the Capital Market Board were taken into consideration, In the appraisement report dated 29 December, 2017, the fair value of the property was calculated as 6,662,952 TL(108,336,268 INR), (4,111,167 TL(66,845,520 INR) land + 2,551,785 TL(41,490,748 INR) building),

TSKB Gayrimenkul Degerleme A,S, calculated the value of the land according to the precedent comparison method, The unit square meter value was estimated as 450 TL(7,317 INR) in consideration of the precedent values of the surrounding properties, The value of the buildings, however, was calculated over the construction cost amount, (The building value of 2,551,785 TL(41,490,748 INR) in this report was mentioned in the report for information purpose and it has no bindingness in terms of the valuation company,)

The information regarding the useful life and procedures of the investment properties is set forth in the **Note: 2,09,21**,

The rental income gained from the investment properties within the account period ending on 31 December, 2017 is 63,623 TL(1,034,478 INR) (1 January - 31 December, 2016: 71,550 TL – 1,163,367 INR) and was recognized among the Sale Incomes,

The information regarding all kinds of mortgages, limitations and restrictions on the assets of the Company is set forth in the **Note: 22**

Apart from this, there is no restriction regarding the conversion of the investment properties into cash or the use of the cash obtained from their incomes,

The insurance coverage on the assets is set forth in the **Note: 22**.

18. Property. Plant and Equipment

The Company's property. plant and equipment as of December 31, 2017 and 2016 are as follows:

The Company's property. plant and equipment as TL

December 31, 2017

Cost Amount

Account Name	January 1, 2017	Purchases	Sales	Disposal Due to Division	Transfer	December 31, 2017
Land and parcels	1,865,049	–	–	(478,580)	–	1,386,469
Land improvements	6,133,973	144,484	–	–	–	6,278,457
Buildings	26,143,407	–	–	(13,594,203)	–	12,549,205
Plant machinery and equipment	237,464,459	3,621,921	(363,116)	(9,430,222)	12,290,842	243,583,883
Vehicles	326,173	353,011	(56,069)	–	–	623,115
Furniture and fixtures	2,997,652	251,104	–	–	–	3,248,752
Other tangible fixed assets	5,366,500	70,621	–	–	–	5,437,121
Leasehold improvements	–	44,403				44,403
Construction in progress	15,985,886	4,028,332	–	–	(12,290,842)	7,723,376
Total	**296,283,099**	**8,513,876**	**(419,185)**	**(23,503,005)**	**–**	**280,874,781**

Accumulated Depreciation (-)

Account Name	January 1, 2017	Depreciation Expense	Disposal	Disposal Due to Division	Transfer	December 31, 2017
Land improvements	(3,155,720)	(297,193)	–	–	–	(3,452,913)
Buildings	(11,005,612)	(326,150)	–	8,737,030	–	(2,594,732)
Plant machinery and equipment	(174,666,540)	(13,560,256)	363,116	3,410,137	–	(184,453,543)
Vehicles	(300,840)	(60,354)	56,069	–	–	(305,125)
Furniture and fixtures	(2,013,693)	(240,607)	–	–	–	(2,254,300)
Other tangible fixed assets	(4,453,787)	(218,192)	–	–	–	(4,671,979)
Leasehold improvements	–	(195)	–	–	–	(195)
Total	**(195,596,192)**	**(14,702,948)**	**419,186**	**12,147,167**	**–**	**(197,732,787)**
Net book value	**100,686,907**	**–**	**–**	**–**	**–**	**83,141,994**

December 31, 2016

Cost

Account Name	January 1, 2016	Purchases	Sales	Transfers	December 31, 2016
Land and parcels	1,865,049	–	–	–	1,865,049
Land improvements	5,053,184	1,080,789	–	–	6,133,973
Buildings	26,143,408	–	–	–	26,143,407
Plant machinery and equipment	221,228,058	17,378,466	(1,142,075)	–	237,464,459
Vehicles	326,173	–	–	–	326,173
Furniture and fixtures	2,775,565	249,493	(27,406)	–	2,997,652
Other tangible fixed assets	5,351,776	14,725	–	–	5,366,500
Construction in progress	9,137,939	6,847,947	–	–	15,985,886
Total	**271,881,160**	**25,571,420**	**(1,169,481)**	**–**	**296,283,099**

Accumulated Depreciation

Account Name	January 1, 2016	Depreciation Expense	Disposals	Transfers	December 31, 2016
Land improvements	(3,114,684)	(41,036)	–	–	(3,155,720)
Buildings	(10,088,881)	(916,731)	–	–	(11,005,612)
Plant machinery and equipment	(162,536,892)	(13,135,836)	1,142,047	–	(174,530,681)
Vehicles	(311,879)	(1,384)	–	–	(313,263)
Furniture and fixtures	(1,956,763)	(81,148)	24,218	–	(2,013,693)
Other tangible fixed assets	(4,550,920)	(26,303)	–	–	(4,577,223)
Total	**(182,560,019)**	**(14,202,438)**	**1,166,265**	**–**	**(195,596,192)**
Net book value	**89,321,141**	**–**	**–**	**–**	**100,686,907**

The Company's property. plant and equipment as INR

December 31, 2017

Cost Amount

Account Name	January 1, 2017	Purchases	Sales	Disposal Due to Division	Transfer	December 31, 2017
Land and parcels	30,324,764	–	–	(7,781,472)	–	22,543,293
Land improvements	99,735,334	2,349,238	–	–	–	102,084,572
Buildings	425,078,726	–	–	(221,034,944)	–	204,043,799
Plant machinery and equipment	3,861,053,371	58,890,624	(5,904,085)	(153,330,695)	199,842,945	3,960,552,146
Vehicles	5,303,410	5,739,782	(911,654)	–	–	10,131,538
Furniture and fixtures	48,740,323	4,082,825	–	–	–	52,823,083
Other tangible fixed assets	87,256,607	1,148,262	–	–	–	88,404,869
Leasehold improvements	–	721,971	–	–	–	721,971
Construction in progress	259,922,513	65,498,664	–	–	(199,842,945)	125,578,232
Total	**4,817,415,048**	**138,431,367**	**(6,815,739)**	**382,147,110**	**–**	**4,566,883,502**

Accumulated Depreciation (-)

Account Name	January 1, 2017	Depreciation Expense	Disposal	Disposal Due to Division	Transfer	December 31, 2017
Land improvements	(51,310,429)	(4,832,210)	–	–	–	(56,142,639)
Buildings	(178,945,748)	(5,303,036)	–	142,059,739	–	(42,189,045)
Plant machinery and equipment	(2,839,990,607)	(220,482,982)	5,904,085	55,447,123	–	(2,999,122,382)
Vehicles	(4,891,508)	(981,326)	911,654	–	–	(4,961,180)
Furniture and fixtures	(32,741,641)	(3,912,150)	–	–	–	(36,653,791)
Other tangible fixed assets	(72,416,350)	(3,547,693)	–	–	–	(75,964,043)
Leasehold improvements	–	(3,171)	–	–	–	(3,171)
Total	**(3,180,296,284)**	**(239,062,583)**	**6,815,739**	**197,506,862**	**–**	**(3,215,036,250)**
Net book value	**1,637,118,764**	**–**	**–**	**–**		**1,351,847,251**

December 31, 2016

Cost

Account Name	January 1, 2016	Purchases	Sales	Transfers	December 31, 2016
Land and parcels	30,324,764	–	–	–	30,324,764
Land improvements	82,162,245	17,573,089	–	–	99,735,334
Buildings	425,078,742	–	–	–	425,078,726
Plant machinery and equipment	3,597,057,609	282,565,168	(18,569,568)	–	3,861,053,371
Vehicles	5,303,410	–	–	–	5,303,410
Furniture and fixtures	45,129,299	4,056,631	(445,608)	–	48,740,323
Other tangible fixed assets	87,017,202	239,421	–	–	87,256,607
Construction in progress	148,578,319	111,344,194	–	–	259,922,513
Total	**4,420,651,721**	**415,778,503**	**(19,015,176)**	**–**	**4,817,415,048**

Accumulated Depreciation

Account Name	January 1, 2016	Depreciation Expense	Disposals	Transfers	December 31, 2016
Land improvements	(50,643,204)	(667,225)	–	–	(51,310,429)
Buildings	(164,040,161)	(14,905,588)	–	–	(178,945,748)
Plant machinery and equipment	(2,642,768,595)	(213,582,125)	18,569,113	–	(2,837,781,608)
Vehicles	(5,070,997)	(22,503)	–	–	(5,093,500)
Furniture and fixtures	(31,815,988)	(1,319,426)	393,773	–	(32,741,641)
Other tangible fixed assets	**(73,995,684)**	**(427,674)**	**–**	**–**	**(74,423,357)**
Total	**(2,968,334,629)**	**(230,924,541)**	**18,962,886**	**–**	**(3,180,296,284)**
Net book value	**1,452,317,092**	**–**	**–**	**–**	**1,637,118,764**

Depreciation expenses and amortization amount recorded in the income statement are disclosed in **Note 30**.

There are no restrictions on the tangible assets of the Company. The insurance information on assets is included in **Note 22.**

19. Intangible Assets and Goodwill

The Company's Intangible Assets and Goodwill as of December 31, 2017 and 2016 are as follows:

Goodwill

None.

The Company's Intangible Assets as TL

December 31, 2017

Cost Amount

Account Name	January 1, 2017	Purchases	Sales	December 31, 2017
Rights	2,118,616	1,867	–	2,120,483
Total	**2,118,616**	**1,867**	**–**	**2,120,483**

Accumulated Depreciation (-)

Account Name	January 1, 2017	Depreciation Expense	Disposals	December 31, 2017
Rights	(1,978,280)	(83,326)	–	(2,061,606)
Total	**(1,978,280)**	**(83,326)**	**–**	**(2,061,606)**
Net book value	**140,336**	**–**	**–**	**58,877**

December 31, 2016

Cost Amount

Account Name	January 1, 2016	Purchases	Sales	December 31, 2016
Rights	2,010,051	108,565	–	2,118,616
Total	**2,010,051**	**108,565**	**–**	**2,118,616**

Accumulated Depreciation (-)

Account Name	January 1, 2016	Depreciation Expense	Disposals	December 31, 2016
Rights	(1,651,757)	(326,523)	–	(1,978,280)
Total	**(1,651,757)**	**(326,523)**	**–**	**(1,978,280)**
Net book value	**358,294**	**–**	**–**	**140,336**

The Company's Intangible Assets as INR

December 31, 2017

Cost Amount

Account Name	January 1, 2017	Purchases	Sales	December 31, 2017
Rights	34,447,637	30,356	–	34,477,993
Total	**34,447,637**	**30,356**	**–**	**34,477,993**

Accumulated Depreciation (-)

Account Name	January 1, 2017	Depreciation Expense	Disposals	December 31, 2017
Rights	(32,165,844)	(1,354,839)	–	(33,520,683)
Total	**(32,165,844)**	**(1,354,839)**	**–**	**(33,520,683)**
Net book value	**2,281,793**	**–**	**–**	**957,311**

December 31, 2016

Cost Amount

Account Name	January 1, 2016	Purchases	Sales	December 31, 2016
Rights	32,682,424	1,765,213	–	34,447,637
Total	**32,682,424**	**1,765,213**	**–**	**34,447,637**

Accumulated Depreciation (-)

Account Name	January 1, 2016	Depreciation Expense	Disposals	December 31, 2016
Rights	(26,856,743)	(5,309,101)	–	(32,165,844)
Total	**26,856,743**	**(5,309,101)**	**–**	**(32,165,844)**
Net book value	**5,825,681**	**–**	**–**	**2,281,793**

Depreciation expenses amount recorded in the profit/(loss) statement are shown in **Note 30.**

20. Employee Benefits Obligations

Short Term Payables within the scope of the Benefits Provided to Employees as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Due to personnel	70,937,418	4,362,829	30,987,485	1,905,808
Taxes, fees and other deductions payable	24,239,646	1,490,799	8,566,561	526,865
Social security premiums payable	35,976,631	2,212,653	28,942,463	1,780,034
Total	**131,153,696**	**8,066,281**	**68,496,509**	**4,212,707**

21. Government Grants

SSI incentives

The Company has the SSI incentives at the amount of 3,637,157 TL(59,138,354 INR) in total within the scope of the minimum salary support at the amount of 1,002,746 TL (16,304,149 INR) with the article 71 of law no 5510, the support of the Decree no 687 at the amount of 251,086 TL (4,082,533 INR), the disability support at the amount of 53,201 TL (865,022 INR) with the article 30 of the Law no 4857 and 5% discount supports at the amount of 2,330,124 TL (37,886,651 INR) with the article 81 of the SSI Law no 5510 within the account period of 2017 under the SSI legislation.

Investment Incentives

1) The Company has Investment Incentive Certificate dated 14 November, 2017 and certificate number 133723 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy within the scope of the iron and steel casting investments which are located in Ankara Etimesgut and which are related to the reduced corporate tax. The starting date of the investment incentive is 28 September, 2017 and the ending date is 28 September, 2020 i.e. three years.

The incentive certificate no 133723 covers the machinery and equipment investments regarding the mentioned iron and steel casting investments and the certificate amount is 20,600,000 TL (334,945,700 INR) in total, The support factors of which the investment will take advantage are as follows,

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Amount of contribution to the deserved total investment	222,048 TL//3,610,389 INR
Corporate tax discount	Tax Discount Rate is 100% Investment Contribution Rate 35%

2) Another incentive certificate of the Company within the scope of the iron and steel casting investments located in Ankara Etimesgut is the Investment Incentive Certificate dated 4 April, 2017 and certificate no 128872 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy, The starting date of the investment incentive is 3 February, 2017 and the ending date is 3 February, 2020, i,e, three years,

The incentive certificate no 128872 covers the machinery and equipment investments regarding the mentioned iron and steel casting investments and the certificate amount is 16,240,000 TL (264,054,280 INR) in total, The support factors of which the investment will take advantage are as follows:

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Insurance premium employer share support	2 Years
Amount of contribution to the deserved total investment	612,824 TL//9,964,212 INR
Corporate tax discount	Tax Discount Rate is 100% Investment Contribution Rate 30%

3) Another incentive certificate of the Company within the scope of the iron and steel casting modernization investments located in Ankara Etimesgut is the Investment Incentive Certificate dated 6 March, 2017 and certificate no 105515 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy. The starting date of the investment incentive is 18 May, 2012 and the ending date is 14 November, 2016. The investment completion visa of this investment incentive was made and the use of the rate of contribution to the investment is ongoing as of 31 December, 2017.

The incentive certificate no 105515 covers the machinery and equipment investments regarding the mentioned iron and steel casting modernization investments and the certificate amount is 14,020,239 TL (227,962,076 INR) in total. The support factors of which the investment will take advantage are as follows:

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Insurance premium employer share support	2 Years
Amount of contribution to the used total investment	2,103,036 TL//34,194,314 INR
Corporate tax discount	Tax Discount Rate is 50% Investment Contribution Rate 15%

4) Another incentive certificate of the Company within the scope of the iron and steel casting modernization investments located in Ankara Etimesgut is the Investment Incentive Certificate dated 26 February, 2016 and certificate no 109449 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy. The starting date of the investment incentive is 26 February, 2013 and the ending date is 26 February, 2016. The investment completion visa of this investment incentive was made and the use of the rate of contribution to the investment is ongoing as of 31 December, 2017.

The incentive certificate no 109449 covers the machinery and equipment investments regarding the mentioned iron and steel casting modernization investments and the certificate amount is 32,268,559 TL (524,670,635 INR) in total. The support factors of which the investment will take advantage are as follows.

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Insurance premium employer share support	3 Years
Amount of contribution to the used total investment	7,918,875 TL//128,756,948 INR
Corporate tax discount	Tax Discount Rate is 55% Investment Contribution Rate 20%

22. Current Provisions. Contingent Assets and Liabilities

i) Provisions

The Company's short term provisions as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Provision for vacation	15,889,369	977,236	833,592	51,268
Provision for litigation	4,429,933	272,452	1,770,660	108,900
Total	**20,319,302**	**1,249,688**	**2,604,252**	**160,168**

The movement of Provisions for Litigation are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
January 1 (beginning of period)	1,770,660	108,900	3,279,541	201,700
Period provision expenses (Note. 31)	3,058	188,052	–	–
Provisions allocated during the period (cancelled) (Note. 31)	(398,358)	(24,500)	(1,508,882)	(92,800)
December 31 (ending of period)	**4,429,933**	**272,452**	**1,770,660**	**108,900**

The movement of provision for vacations are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
January 1 (beginning of period)	833,592	51,268	9,431,437	580,057
Provisions allocated/(cancelled) during the period	15,055,777	925,968	(8,597,845)	(528,789)
December 31 (ending of period)	**15,889,369**	**977,236**	**833,592**	**51,268**

Details of the litigation provision of the Company as of December 31, 2017 and 2016 are as follows:

December 31, 2017

			R.S.	F.C.(TL)
Description	**File Number**	**Subject of Litigation**	**Provision Allocated**	**Provision Allocated**
Ankara 1. labor court	2017/462	Return to work	373,969	23,000
Sincan 1. labor court	2016/718	Debt claims	436,584	26,851
Sincan labor court	2015/280	Debt claims	455,266	28,000
Sincan labor court	2014/1038	Debt claims	81,298	5,000
Sincan labor court	2015/285	Debt claims	243,893	15,000
Sincan 4. Ahm	2015/89	Debt claims	211,374	13,000
Sincan labor court	2015/544	Debt claims	162,595	10,000

Description	File Number	Subject of Litigation	R.S. Provision Allocated	F.C.(TL) Provision Allocated
Sincan labor court	2015/295	Debt claims	243,893	15,000
Sincan labor court	2014/1039	Debt claims	48,779	3,000
Sincan labor court	2016/529	Return to work	390,228	24,000
Ank. B. 1. labor court	2017/360	Debt claims	373,969	23,000
Ank. B. 3. labor court	2017/247	Debt claims	17,885	1,100
Ank. B. 44. labor court	2017/693	Debt claims	4,878	300
Ank. 41. labor court	2017/79	Recourse	162,595	10,000
Ank. 25. labor court	2016/649	Recoupment	1,222,731	75,201
Total			**2,803,983**	**172,452**

<u>**December 31, 2016**</u>

Description	File Number	Subject of Litigation	R.S. Provision Allocated	F.C.(TL) Provision Allocated
Ankara 3. labor court	2010/1249	Debt claims	235,763	14,500
Sincan 1. labor court	2016/718	Debt claims	409,739	25,200
Sincan labor court	2016/293	Debt claims	162,595	10,000
Sincan labor court	2015/280	Debt claims	455,266	28,000
Sincan labor court	2014/1038	Debt claims	81,298	5,000
Sincan labor court	2015/285	Debt claims	3,252	200
Sincan 4. Ahm	2015/89	Debt claims	211,374	13,000
Sincan labor court	2015/544	Debt claims	162,595	10,000
Sincan labor court	2014/1039	Debt claims	48,779	3,000
Total			**1,770,660**	**108,900**

ii) Commitments. mortgage and guarantees not included in the liability

ii) The details of mortgages and guarantees not included in the liability are as follows:

		December 31, 2017			December 31, 2016		
	Currency	**Original Amount**	**INR Equivalent**	**TL Equivalent**	**Original Amount**	**INR Equivalent**	**TL Equivalent**
Received letter of guarantees	EURO	614,000	41,521,300	2,553,664	–	–	–
Received letter of guarantees	TL	244,800	3,980,326	244,800	68,500	1,113,776	68,500
Received checks and securities	TL	104,000	1,690,988	104,000	6,000	97,557	6,000
Total received guarantees	**–**		**47,192,613**	**2,902,464**		**1,211,333**	**74,500**
Given letter of guarantees	EURO	1,459,727	99,310,863	6,107,867	11,661,820	189,615,362	11,661,820
Given letter of guarantees	TL	3,886,539	63,193,181	3,886,539	122,000	6,521,474	401,087
Given checks of guarantees	TL	90,400	1,469,859	90,400	90,400	1,469,859	90,400
Total received guarantees			**163,973,903**	**10,084,806**		**197,606,695**	**12,153,307**

The Company's guarantees. pledges and mortgages ("GPM") position as of December 31, 2017 and 2016 are as follows:

Guarantees. Pledges and Mortgages Given by the Company	R.S. December 31, 2017	F.C.(TL) December 31, 2017	R.S. December 31, 2016	F.C.(TL) December 31, 2016
A. Total of GPM given on behalf of its legal person	163,973,903	10,084,806	197,607,671	12,153,367
B. The total amount of GPM given to the joint ventures under the scope of full consolidation	–	–	–	–
C. Total amount of GPM given to guarantee the debts of other 3 people in order to run ordinary trade activities	–	–	–	–
D. Total amount of Other GPM 's given	–	–	–	–
i. Total amount of GPM given on behalf of parent company	–	–	–	–
ii. Total amount of GPM given on behalf of other group companies not covered by B and C Articles	–	–	–	–
iii. The total amount of GPMs given in favor of 3rd persons who do not fall within the scope of article C	–	–	–	–
Total	**163,973,903**	**10,084,806**	**197,607,671**	**12,153,367**

iv) Total insurance amount of assets;

The total insurance amount of the assets as of December 31, 2017 is 310,586,141 TL (5,049,975,360 INR), (December 31, 2016: 300,61,925 TL – 4,887,799,595 INR) The detailed list is as follows;

December 31, 2017

		R.S.	F.C.(TL)		
Type of Asset Insured	**Insurance Company**	**Amount subject to insurance**	**Amount subject to insurance**	**Insurance Start Date**	**Insurance End Date**
Properties	Güneş Sigorta. IBS Sig. Brok Hiz. A.Ş.	656,776,894	40,393,425	November 7, 2017	November 7, 2018
Machinery equipment	Güneş Sigorta. IBS Sig. Brok Hiz. A.Ş.	3,997,905,632	245,881,216	November 7, 2017	November 7, 2018
Machinery equipment	Güneş Sigorta. IBS Sig. Brok Hiz. A.Ş.	395,292,834	24,311,500	November 7, 2017	November 7, 2018
Total		**5,049,975,360**	**310,586,141**		

December 31, 2016

		R.S.	F.C.(TL)		
Type of Asset Insured	**Insurance Company**	**Amount subject to insurance**	**Amount subject to insurance**	**Insurance Start Date**	**Insurance End Date**
Properties	Anadolu Sigorta. IBS Sig. Brok Hiz. A.Ş.	656,776,894	40,393,425	November 7, 2016	November 7, 2017
Machinery equipment	Anadolu Sigorta. IBS Sig. Brok Hiz. A.Ş.	3,835,729,867	235,907,000	November 7, 2016	November 7, 2017
Machinery equipment	Anadolu Sigorta. IBS Sig. Brok Hiz. A.Ş.	395,292,834	24,311,500	November 7, 2016	November 7, 2017
Total		**4,887,799,595**	**300,611,925**		

There are no restrictions or mortgages on assets as of December 31, 2017 and 2016.

23. Commitments

None. (December 31, 2016: None).

24. Employee Benefits

The long-term provisions provided to employees as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Long-term	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Provision for severance pay	148,635,650	9,141,465	93,123,116	5,727,305
Total	**148,635,650**	**9,141,465**	**93,123,116**	**5,727,305**

In accordance with the provisions of the Labor Law in effect. it is obligatory to pay the legal severance pays entitled by those of employees whose employment contracts are terminated with a right of severance pay, These indemnities are calculated on the wage for 30 days per working year based on the wage on the date of resignation or dismissal, Severance pay payable as of December 31, 2017 is subject to the ceiling of 5,001,76 TL (81,326 INR) (December 31, 2016: 4,426,16 TL – 71,967 INR)

The severance pay liability is not subject to any funding legally.

The severance pay liability is calculated according to estimate of present value of future possible liability of the Company due to retirement of the employees. TMS 19 ("Benefits to Employees") stipulates development of liabilities by using the actuarial valuation methods under the defined benefit plans. Accordingly. the actuarial assumptions used in calculation of total liabilities are stated below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after the correction of future inflation effects. at December 31, 2017 the provision in the accompanying financial statements is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of December 31, 2017 provisions are calculated by 12.25% discount rate by the assumptions of 10.50% yearly inflation rate and 1.58% real discount rate. (December 31, 2016: provisions are calculated by 10.50% discount rate by the assumptions of 6.50% yearly inflation rate and 3.77% real discount rate).

The movements of the provision for severance pay as of December 31, 2017 and 2016 are as follows:

	R.S.	FC(TL)	R.S.	FC(TL)
	January 1-December 31, 2017	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
January 1 (beginning of period)	93,123,116	5,727,305	90,743,798	5,580,971
Payment	(39,857,059)	(2,451,309)	(25,185,413)	(1,548,966)
Interest cost	8,935,652	549,565	8,425,657	518,199
Current service cost	41,045,709	2,524,414	19,949,236	1,226,928
Actuarial gain/(loss)	45,388,232	2,791,490	(810,162)	(49,827)
December 1 (ending of period)	**148,635,650**	**9,141,465**	**93,123,116**	**5,727,305**

25. Assets and Liabilities for the Current Period Tax

The Company does not have any assets related to the current period tax as of December 31, 2017 (December 31, 2016: None)

The Company does not have any liabilities related to the current term tax as of December 31, 2017 (December 31, 2016: None)

26. Other Assets and Liabilities

The Company's Other Current and Fixed Assets as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Deferred vat	37,724,463	2,320,149	3,362,595	206,808
Other vat	3,421,568	210,435	1,429,991	87,948
Personnel advances	24,389	1,500	60,973	3,750
Job advances	1,626	100	1,626	100
Total	**41,172,046**	**2,532,184**	**4,855,184**	**298,606**

The Company does not have Other Non-current Assets as of December 31, 2017 and 2016.

The Company does not have Other Current Liabilities as of December 31, 2017 and 2016.

The Company does not have Other Non-current Liabilities as of December 31, 2017 and 2016.

27. Shareholders' Equity

i) Non-Controlling Shares

None.

ii) Capital/Mutual Participation Capital Adjustment

The partnership and shareholding rates as of December 31, 2017 and 2016 are as follows;

	December 31, 2017		December 31, 2016	
Shareholders	**Share Amount**	**Share Ratio (%)**	**Share Amount**	**Share Ratio (%)**
Mahindra Overseas Investment Company Ltd.	9,633,788	63.7	–	–
Erkunt Traktör Sanayii A.Ş.	5,288,795	35.0	6,751,140	35.0
Bürge Ceylan Kaleli	110,950	0.7	–	–
Rezzan Oral	147	–	–	–
Ahmet Nalbur	15,120	0.1	438,110	2.3
Nevin Erkunt	–	–	1,314,330	6.8
Ayşe Bölükbaşı	–	–	1,138,700	5.9
Fatma Nalbur	–	–	438,110	2.3
Cemile Uyguner	–	–	312,660	1.6
Seyit Erkunt	–	–	308,800	1.6
Other	71,200	0.5	8,598,150	44.6
Total	**15,120,000**	**100.0**	**19,300,000**	**100.0**

	Shareholders as INR			
	December 31, 2017		December 31, 2016	
Shareholders	**Share amount**	**Share ratio (%)**	**Share amount**	**Share ratio (%)**
Mahindra Overseas Investment Company Ltd. (*)	156,640,576	63.7	–	–
Erkunt Traktör Sanayii A.Ş.	85,993,162	35.0	109,770,161	35.0
Bürge Ceylan Kaleli	1,803,992	0.7	–	–
Rezzan Oral	2,390	–	–	–
Ahmet Nalbur	245,844	0.1	7,123,450	2.3
Nevin Erkunt	–	–	21,370,349	6.8
Ayşe Bölükbaşı	–	–	18,514,693	5.9
Fatma Nalbur	–	–	7,123,450	2.3
Cemile Uyguner	–	–	5,083,695	1.6
Seyit Erkunt	–	–	5,020,934	1.6
Diğer	1,157,676	0.5	139,801,620	44.6
Total	**245,843,640**	**100.0**	**313,808,350**	**100.0**

Capital increase:

The capital has been reduced by TL 7,180,000 (116,743,210 INR) due to the announcement of the Commercial Registry Gazette numbered 9279 dated 8 March, 2017 and the transfer of the various real estates belonging to the Company to Erkunt Gayrimenkul Ticaret ve Sanayi AS with partial division in accordance with Article 159 of the Turkish Commercial Code 6102, With the same announcement concurrently, the capital of the company has been increased by TL 3,000,000 (48,778,500 INR), all to be covered by undistributed retained earnings, Accordingly, as of December 31, 2017, the Company's capital consists of 1,512,000,000 bearer shares with a nominal value of 1 Kr (0,162595) each amounting to TL 15,120,000 (245,843,640 INR),

Repurchased Shares

The repurchased shares as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Repurchased shares	(276,284,351)	(16,992,180)	(276,284,351)	(16,992,180)
Total	**(276,284,351)**	**(16,992,180)**	**(276,284,351)**	**(16,992,180)**

iii) Capital Reserves

None.

iv) Restricted Reserves form the Profit

Restricted Reserves form the Profit of the Company as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Legal reserves	180,470,272	11,099,374	180,470,272	11,099,374
Total	**180,470,272**	**11,099,374**	**180,470,272**	**11,099,374**

v) Profits/Losses for the Previous Year

Previous Year Profit/Loss. Extraordinary Reserves. Inflationary Differences Related to Legal Reserves and Other Previous Years' Profit/Loss.

Inflation adjustment differences of shareholders' equity and bonus share capital increase of extraordinary reserves; cash profit distribution or loss deduction. However. equity inflation adjustment differences are subject to the corporation tax if used for cash profit distribution.

Previous Years' Profits/(Losses) of the Company as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Extraordinary reserves	1,123,809,991	69,117,131	1,068,078,685	65,689,516
Other profits for the previous year	367,702,479	22,614,624	378,331,493	23,268,335
Total	**1,491,512,470**	**91,731,755**	**1,446,410,178**	**88,957,851**

vi) Accumulated Other Comprehensive Income or Expense that will not be reclassified to Profit or Loss

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Gains (losses) on remeasurements of defined benefit plans	(25,721,635)	(1,581,945)	10,588,951	651,247
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	582,887	35,849	–	–
Total	**(25,138,748)**	**(1,546,096)**	**10,588,951**	**651,247**

The movement table of gains (losses) on remeasurements of defined benefit plans are as follows.

Account Name	R.S. December 31, 2017	F.C.(TL) December 31, 2017	R.S. December 31, 2016	F.C.(TL) December 31, 2016
January 1 (beginning of period)	10,588,951	651,247	9,940,814	611,385
Actuarial Profit/ Loss (+/-)	(45,388,232)	(2,791,490)	810,162	49,827
Deferred tax effect	9,077,646	558,298	(162,026)	(9,965)
December 31 (ending of period)	**(25,721,635)**	**(1,581,945)**	**10,588,951**	**651,247**

vii) Other Considerations

The equity items of the Company as of December 31, 2017 and 2016 are as follows:

Account Name	R.S. December 31, 2017	F.C.(TL) December 31, 2017	R.S. December 31, 2016	F.C.(TL) December 31, 2016
Issued capital	245,843,640	15,120,000	313,808,350	19,300,000
Inflation adjustments on capital	161,424,007	9,927,981	161,424,007	9,927,981
Treasury shares (-)	(276,284,351)	(16,992,180)	(276,284,351)	(16,992,180)
Other accumulated comprehensive income that will not be reclassified in profit or (loss)	(25,138,748)	(1,546,096)	10,588,951	651,247
Restricted reserves appropriated from profits	180,470,272	11,099,374	180,470,272	11,099,374
Prior years' profits or (losses)	1,491,512,470	91,731,755	1,446,410,178	88,957,851
Current period net profit or (loss)	50,936,445	3,132,719	63,894,274	3,929,658
Total equity	**1,828,763,735**	**112,473,553**	**1,900,311,681**	**116,873,931**

28. Revenue and Cost of Sales

The Company's Cost of Sales and Sales as of December 31, 2017 and 2016 are as follows:

Account Name	R.S. January 1- December 31, 2017	F.C.(TL) January 1- December 31, 2017	R.S. January 1- December 31, 2016	F.C.(TL) January 1- December 31, 2016
Domestic sales	937,548,785	57,661,600	632,753,157	38,915,905
Overseas sales	3,231,594,177	198,751,141	2,107,723,651	129,630,287
Sales transfers (-)	(20,653,549)	(1,270,245)	(18,137,423)	(1,115,497)
Other discounts	(8,970,643)	(551,717)	(12,181,471)	(749,191)
Net sales	**4,139,518,771**	**254,590,779**	**2,710,157,914**	**166,681,504**
Product cost (-)	(2,896,149,375)	(178,120,445)	(1,737,510,901)	(106,861,275)
Amortization expense (-)	(234,658,405)	(14,432,080)	(229,029,528)	(14,085,890)
Personnel expenses (-)	(522,527,422)	(32,136,746)	(382,930,655)	(23,551,195)
Cost of other sales	(118,736,820)	(7,302,612)	(40,451,831)	(2,487,889)
Cost of sales (-)	**(3,772,072,022)**	**(231,991,883)**	**(2,389,922,916)**	**(146,986,249)**
Commercial operations gross profit/(loss)	**367,446,750**	**22,598,896**	**320,234,999**	**19,695,255**

29. Marketing Sales and Distribution Expenses. General Management Expenses and Research and Development Expenses

The Company's operating expenses as of December 31, 2017 and 2016 are as follows:

Account Name	R.S. January 1- December 31, 2017	F.C.(TL) January 1- December 31, 2017	R.S. January 1- December 31, 2016	F.C.(TL) January 1- December 31, 2016
Marketing. sales and distribution expenses (-)	(138,334,281)	(8,507,905)	(103,862,028)	(6,387,775)
General and administrative expenses (-)	(247,806,194)	(15,240,702)	(175,970,374)	(10,822,619)
Research and development expenses (-)	(16,974,105)	(1,043,950)	(12,614,592)	(775,829)
Total activity expenses	**(403,114,581)**	**(24,792,557)**	**(292,446,993)**	**(17,986,223)**

30. Expenses by Nature

The Company's expenses per their nature as of December 31, 2017 and 2016 are as follows:

General and Administrative Expenses (-)	R.S. January 1- December 31, 2017	F.C.(TL) January 1- December 31, 2017	R.S. January 1- December 31, 2016	F.C.(TL) January 1- December 31, 2016
Personnel expenses	(166,491,264)	(10,239,630)	(126,564,371)	(7,784,026)
Donations and assistance	(95,443)	(5,870)	(19,511)	(1,200)
Maintenance and repair expenses	(913,719)	(56,196)	(835,803)	(51,404)
Counseling expenses	(31,640,694)	(1,945,982)	(4,479,525)	(275,502)
Training expenses	(426,535)	(26,233)	(847,396)	(52,117)
Guarantee letter expenses	(495,020)	(30,445)	(734,783)	(45,191)
Communication expenses	(2,284,574)	(140,507)	(1,445,551)	(88,905)
Tax duty fee expenses	(9,844,087)	(605,436)	(8,095,199)	(497,875)
Travel expenses	(577,294)	(35,505)	(1,153,433)	(70,939)
Vehicle expenses	(10,610,543)	(652,575)	(9,548,213)	(587,239)
Representation and hospitality expenses	(293,273)	(18,037)	(51,965)	(3,196)
Amortization expenses	(6,009,527)	(369,601)	(7,628,421)	(469,167)
Other expenses	(18,124,221)	(1,114,685)	(14,566,203)	(895,858)
Total	**(247,806,194)**	**(15,240,702)**	**(175,970,374)**	**(10,822,619)**

Marketing. Sales and Distribution Expenses (-)	R.S. January 1- December 31, 2017	F.C.(TL) January 1- December 31, 2017	R.S. January 1- December 31, 2016	F.C.(TL) January 1- December 31, 2016
Personnel expenses	(9,862,590)	(606,574)	(9,676,532)	(595,131)

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Marketing. Sales and Distribution Expenses (-)	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Packaging expenses	(66,784,303)	(4,107,402)	(42,812,613)	(2,633,083)
Commission expenses	(16,372,292)	(1,006,937)	(10,806,486)	(664,626)
Shipping expenses	(40,973,550)	(2,519,976)	(35,578,696)	(2,188,179)
Travel expenses	(228,088)	(14,028)	(526,873)	(32,404)
Insurance expenses	(229,763)	(14,131)	(272,558)	(16,763)
Representation and hospitality expenses	(37,429)	(2,302)	(100,581)	(6,186)
Other expenses	(3,846,266)	(236,555)	(4,087,687)	(251,403)
Total	**(138,334,281)**	**(8,507,905)**	**(103,862,028)**	**(6,387,775)**

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Research and Development Expenses (-)	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Personnel expenses	(16,858,240)	(1,036,824)	(12,333,562)	(758,545)
Other expenses	(115,865)	(7,126)	(281,029)	(17,284)
Total	**(16,974,105)**	**(1,043,950)**	**(12,614,592)**	**(775,829)**

Amounts of depreciation expenses and amortization charges recorded in income statement accounts are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Cost of sales	(234,658,405)	(14,432,080)	(229,029,528)	(14,085,890)
General and administrative expenses	(6,009,527)	(369,601)	(7,628,421)	(469,167)
Total	**(240,667,932)**	**(14,801,681)**	**(236,657,949)**	**(14,555,057)**

The amounts for which the personnel expenses are recorded in the income statement accounts are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Cost of sales	(522,527,422)	(32,136,746)	(382,930,655)	(23,551,195)
General and administrative expenses	(166,491,264)	(10,239,630)	(126,564,371)	(7,784,026)
Marketing. sales and distribution expenses	(9,862,590)	(606,574)	(9,676,532)	(595,131)
Research and development expenses	(16,858,240)	(1,036,824)	(12,333,562)	(758,545)
Total	**(715,739,515)**	**(44,019,774)**	**(531,505,121)**	**(32,688,897)**

31. Other Income/Expenses from the Operating Activities

The Company's Other Incomes/Expenses from the Main Operations as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Other Income From Main Operation	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Provisions no longer required for litigation	398,358	24,500	1,508,882	92,800
Provisions no longer required for lieu days	–	–	8,597,845	528,789
Provision no longer required for Inventories	3,295,898	202,706	–	–
Provisions no longer required severance provision	39,857,059	2,451,309	24,024,078	1,477,541
Insurance compensation income	3,998,309	245,906	–	–
Interest eliminated from sale	95,925,636	5,899,667	45,861,790	2,820,615
Rediscount interest income	18,084,450	1,112,239	8,190,691	503,748
Cancellation of rediscounts from previous period	6,884,776	423,431	3,397,065	208,928
Other	2,454,745	150,973	3,496,199	215,025
Total	**170,899,231**	**10,510,731**	**95,076,548**	**5,847,446**

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Other Expenses From Main Operation (-)	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Rediscount interest expenses	(20,150,333)	(1,239,296)	(6,884,776)	(423,431)
Provisions for litigation expenses	(3,057,631)	(188,052)	–	–
Interest eliminated from purchases	(88,535,481)	(5,445,154)	(41,073,806)	(2,526,142)
Cancellation of rediscount of previous period	(8,190,691)	(503,748)	(2,576,480)	(158,460)
Other	(7,837,290)	(482,013)	(2,565,213)	(157,767)
Total	**(127,771,427)**	**(7,858,263)**	**(53,100,275)**	**(3,265,800)**

32. Investment Activity Incomes/Expenses

The Company's Other Incomes from Investment Operations as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Income from sales of tangible fixed assets	1,450,038	89,181	–	–
Total	**1,450,038**	**89,181**	**–**	**–**

The Company does not have expenses from Investment Activities as of December 31, 2017 and 2016.

33. Financial Income/Expenses

The Company's income from financing activities as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	January 1- December 31, 2017	January 1- December 31, 2017	January 1- December 31, 2016	January 1- December 31, 2016
Interest income	8,196,186	504,086	10,214,689	628,229
Exchange differences	226,199,644	13,911,845	50,332,908	3,095,600
Total	**234,395,830**	**14,415,931**	**60,547,598**	**3,723,829**

The Company's Expenses from Financing Activities as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	January 1- December 31, 2017	January 1- December 31, 2017	January 1- December 31, 2016	January 1- December 31, 2016
Interest Expenses	(44,186,508)	(2,717,581)	(17,283,279)	(1,062,965)
Exchange differences	(142,685,860)	(8,775,538)	(39,120,715)	(2,406,022)
Total	**(186,872,368)**	**(11,493,119)**	**(56,403,994)**	**(3,468,987)**

There are no capitalized financial costs during the period.

34. Non-current Assets or Disposal Groups Classified as Held for Sale

None. (December 31, 2016: None).

35. Income Taxes

The provision for corporation income tax of the Company's as of December 31, 2017 and 2016 are as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	**31.Ara.17**	**31.Ara.17**	**31.Ara.16**	**31.Ara.16**
Provision for corporation income tax	47,089,496	2,896,122	20,009,363	1,230,626
Prepaid taxes and funds	(29,097,074)	(1,789,543)	(12,608,787)	(775,472)
Corporation tax payable	**17,992,421**	**1,106,579**	**7,400,576**	**455,154**

The tax deduction (or income) of the Company consists of current tax expense and deferred tax expense (or income).

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	January 1- December 31, 2017	January 1- December 31, 2017	January 1- December 31, 2016	January 1- December 31, 2016
Current period legal tax provision	(47,089,496)	(2,896,122)	(20,009,363)	(1,230,626)
Deferred tax income/(expense)	30,162,202	1,855,051	5,072,574	311,976
Total	**(16,927,294)**	**(1,041,071)**	**(14,936,790)**	**(918,650)**

i) Current Period Legal Provision for Tax

Advance tax in Turkey is calculated and accrued quarterly. Accordingly. a provisional tax of 20% is calculated over the corporate earnings in the course of taxation of the Company's earnings for the year 2016 in the advance tax period.

Under Turkish tax law. losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be generated in future years. However. losses cannot be deducted retrospectively from profits from previous years.

The advance tax in Turkey is calculated and accrued by quarterly periods. In compliance with this. a tax at the rate of 20% was calculated over the earnings of the company at the stage of taxation of the earnings of the Company for 2017 within the advance tax period.

In Turkey. the corporate tax rate is 20% for 2017 (2016: 20%). However. the corporate tax rate of 20% shall be applied as 22% for the earnings of the company for the taxation periods of 2018, 2019 and 2020 of the companies (the account periods starting within the relevant year for the companies to which special account period is assigned) pursuant to the Provisional Article 10 added to the Corporate Tax Law.

Furthermore. a part of 75% of the earnings arising from the sale of the participation shares included in the assets of the companies for at least two full years and of the founding certificates. dividend right certificates and stock rights of their properties (immovable properties) which they own for the same period is exempt from the corporate tax as of 31 December, 2017. In addition to this. this rate was reduced from 75% to 50% in terms of the immovable properties with the amendment made with the law no 7061 and this rate shall be used as 50% in the tax returns to be prepared from 2018. Therefore. whereas 75% exemption was applied to the deferred tax liabilities regarding the revaluation value increase earnings of the tangible fixed assets before the relevant law amendment. this tax exemption was calculated and recognized by using the rate of 50% and considered as the comprehensive income/(expense) factor in the financial statements dated 31 December, 2017.

In accordance with the Turkish tax law. the losses can be carried forward for maximum 5 years in order to be deducted from the taxable profit to occur in the forthcoming years. However. the losses may not be deducted from the profits that occurred in the previous years. retrospectively.

Pursuant to the article 20 of the Corporate Tax Law. the Corporate Tax is levied upon the declaration of the taxpayer. There is no final and strict reconciliation procedure related to the tax assessment in Turkey. The companies prepare their tax returns until 25 April of the year following the account closure period of the relevant year. These returns and the accounting records which form the basis of these returns can be examined and changes within 5 years by the Tax Office.

The current tax provision of the Company is calculated as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Account Name	January 1- December 31, 2017	January 1- December 31, 2017	January 1- December 31, 2016	January 1- December 31, 2016
Trading profit/ (loss) in legal records	**276,827,012**	**17,025,555**	**124,519,186**	**7,658,242**
Additions to base	**29,411,582**	**1,808,886**	**778,505**	**47,880**
Non allowable expenses	29,411,582	1,808,886	47,880	47,880
Discounts of base (-)	**(70,791,131)**	**(4,353,832)**	**(25,250,857)**	**(1,552,991)**
Affiliate earnings	(1,469,208)	(90,360)	(1,224,340)	(75,300)
Other discounts and Exceptions	(69,315,907)	(4,263,102)	(24,024,078)	(1,477,541)
Donations and aids	(6,016)	(370)	(2,439)	(150)
Financial profit/ (loss) in legal records	**235,447,462**	**14,480,609**	**100,046,833**	**6,153,131**
Provision for corporation income tax	**(47,089,496)**	**(2,896,122)**	**(20,009,363)**	**(1,230,626)**

Income Tax Withholding:

In addition to the corporate tax. it is also required to calculate income tax withholding on dividends other than those distributed to the full taxpayer corporations which gained dividend and declared these dividends as a part of the corporate income and branches of foreign companies in Turkey if distributed. Income tax withholding rate was increased from 15% pursuant to the Cabinet Decree No. 2009/14592 published at the Official Gazette dated January 12, 2009.

ii) Deferred Tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the statutory tax base. taking into account the tax rates of the tax effects according to the balance sheet method.

Deferred tax liabilities are recognized for all taxable temporary differences. whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities or assets arising from the initial recognition of assets or liabilities other than goodwill or business combinations in respect of temporary timing differences that do not affect both the commercial and financial profit or loss are not recognized.

Deferred tax liabilities are calculated for all taxable temporary differences that are attributable to investments in subsidiaries and associates and joint ventures. except where the Company is able to control the reversal of temporary differences and the probability of such reversal in the near future is low. Deferred income tax assets resulting from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available against which the deductible income can be utilized and that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The recorded value of the deferred tax asset is reduced to the extent that it is unlikely that it will be possible to obtain a financial profit that would allow the gain of the benefit to be provided in part or in full.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are enacted or substantively enacted at the balance sheet date that are expected to be valid for the period when the assets are realized or the liabilities are fulfilled. During the calculation of deferred tax assets and liabilities. the tax consequences of the Company's method of recovering its carrying amount or estimating its carrying value as of the balance sheet date are taken into account.

Due to the reason that the applicable tax rate was changed as 22% for 3 years as of 1 January, 2018 the tax rate of 22% was used for the temporary differences expected to be realized/closed within 3 years (within the years of 2018, 2019 and 2020) in the deferred tax calculation as of 31 December, 2017. However, as the applicable corporate tax rate is 20% for the period after 2020, the tax rate of 20% was used for the temporary differences expected to be realized/closed after 2020.

Deferred income tax assets and liabilities are recognized when there is a legally recognized right to offset current tax assets or liabilities in current tax assets or when the related assets and liabilities are related to the income tax collected by the same tax authority or when there is an intention to pay by offsetting the Company's current tax assets and liabilities is deducted.

Deferred tax assets/(liability) as TL

	Accumulated Temporary Differences By Years		Accumulated Deferred Tax Assets/(Liabilities) By Years	
Account Name	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Tangible-intangible fixed assets	9,292,262	16,740,040	(1,858,452)	(3,348,008)
Rediscount for receivables	(1,239,296)	(423,431)	272,645	84,686
Rediscount for payables	1,112,239	503,750	(244,693)	(100,750)
Provision for severance pay	(9,141,465)	(5,727,305)	1,828,293	1,145,461
Provision for vacation	(977,236)	(51,270)	214,992	10,254
Provision for inventories	–	(202,705)	–	40,541
Provision for litigation	(272,452)	(108,900)	54,490	21,780
Accrual of borrowing interest	70,012	112,150	(15,402)	(22,430)
Other	–	(34,950)	–	6,990
Deferred tax assets/(liability) (net)			**251,873**	**(2,161,476)**

Deferred tax assets/(liability) as INR

	Accumulated Temporary Differences By Years		Accumulated Deferred Tax Assets/(Liabilities) By Years	
Account Name	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Tangible-intangible fixed assets	151,087,534	272,184,680	(30,217,500)	(54,436,936)
Rediscount for receivables	(20,150,333)	(6,884,776)	4,433,071	1,376,952
Rediscount for payables	18,084,450	8,190,723	(3,978,586)	(1,638,145)
Provision for severance pay	(148,635,650)	(93,123,116)	29,727,130	18,624,623
Provision for vacation	(15,889,369)	(833,625)	3,495,662	166,725
Provision for inventories	–	(3,295,882)	–	659,176
Provision for litigation	(4,429,933)	(1,770,660)	885,980	354,132
Accrual of borrowing interest	1,138,360	1,823,503	(250,429)	(364,701)
Other	–	(568,270)	–	113,654
Deferred tax assets/(liability) (net)			**4,095,329**	**(35,144,519)**

Deferred tax movement is as follows:

	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
	January 1-December 31, 2017	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Beginning of the period deferred tax assets/(liability)	(35,144,519)	(2,161,476)	(40,055,067)	(2,463,487)
Deferred tax income/(expense)	30,162,202	1,855,051	5,072,574	311,976
Actuarial gain and (loss) effect	9,077,646	558,298	(162,026)	(9,965)
Period end deferred tax assets/(liability) (net)	**4,095,329**	**251,873**	**(35,144,519)**	**(2,161,476)**

Reconciliation of period tax income/(expense) with period profit/(loss) is as follows:

	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
Reconciliation of tax provision:	**January 1-December 31, 2017**	**January 1-December 31, 2017**	**January 1-December 31, 2016**	**January 1-December 31, 2016**
Profit/(loss) before tax	67,863,739	4,173,790	78,831,064	4,848,308
Corporate income tax (20%)	(13,572,748)	(834,758)	(15,766,219)	(969,662)
Tax effects:	**(3,354,546)**	**(206,313)**	**829,430**	**51,012**
Incomes from tax free	8,266,460	508,408	5,050,168	310,598
Exemptions from investment incentive certificate	4,649,046	285,928	–	–
Non-deductible expenses	(5,882,313)	(361,777)	(155,701)	(9,576)
Other	(10,387,739)	(638,872)	(4,065,038)	(250,010)
Period tax income/(expense)	**(16,927,294)**	**(1,041,071)**	**(14,936,790)**	**(918,650)**

36. Earnings/Loss per Share

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average share of the Company shares during the year. The Company's profit/loss calculation per share is as follows:

Account Name	R.S. January 1- December 31, 2017	F.C.(TL) January 1- December 31, 2017	R.S. January 1- December 31, 2016	F.C.(TL) January 1- December 31, 2016
Net profit/(loss) of company shareholders	50,936,445	3,132,719	63,894,274	3,929,658
Weighted average share	24,584,364,000	1,512,000,000	31,380,835,000	1,930,000,000
Earnings per share/(loss)	**0.0021**	**0.0021**	**0.0020**	**0.0020**

37. Related Party Disclosures

The related party transactions are explained below and the transactions are carried out without guarantee.

a) Receivables from or Payables to Related Parties

Receivables from or Payables to Related Parties as TL

	December 31, 2017		December 31, 2016	
Receivables from Related Parties (Short Term)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Erkunt Traktör Sanayi A.Ş.	7,316,298	5,900	196,040	–
Total	**7,316,298**	**5,900**	**196,040**	**–**

	December 31, 2017		December 31, 2016	
Payables to Related Parties (Short Term)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	625,763	–	357,169	–
Erkunt Gayrimenkul A.Ş.	196,224	–	–	–
Debts to Shareholders	–	19,394		
Total	**821,987**	**19,394**	**357,169**	**–**

Receivables from or Payables to Related Parties as INR

	December 31, 2017		December 31, 2016	
Receivables from Related Parties (Short Term)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Erkunt Traktör Sanayi A.Ş.	118,959,347	95,931	3,187,512	–
Total	**118,959,347**	**95,931**	**3,187,512**	**–**

	December 31, 2017		December 31, 2016	
Payables to Related Parties (Short Term)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	10,174,593	–	5,807,389	–
Erkunt Gayrimenkul A.Ş.	3,190,504	–	–	–
Debts to Shareholders	–	315,337		
Total	**13,365,098**	**315,337**	**5,807,389**	**–**

b) Purchases from Related Parties and Sales to Related Parties

Purchases

December 31, 2017

Purchases as TL

	Goods	Rent	Total
Kumsan Döküm ve Malz. San. Ve Ticaret A.Ş.	1,742,006	–	1,742,006
Erkunt Gayrimenkul A.Ş.	–	1,699,194	1,699,194
Total	**1,742,006**	**1,699,194**	**3,441,200**

Purchases as INR

	Goods	Rent	Total
Kumsan Döküm ve Malz. San. Ve Ticaret A.Ş.	28,324,147	–	28,324,147
Erkunt Gayrimenkul A.Ş.	–	27,628,045	27,628,045
Total	**28,324,147**	**27,628,045**	**55,952,191**

December 31, 2016

None.

Sales as TL

December 31, 2017

	Goods	Rent	Other	Total
Erkunt Traktör Sanayi A,Ş,	17,509,051	60,000	778,298	18,347,349
Erkunt Gayrimenkul A,Ş,	–	3,623	–	3,623
Total	**17,509,051**	**63,623**	**778,298**	**18,350,972**

December 31, 2016

	Goods	Rent	Other	Total
Erkunt Traktör Sanayi A.Ş.	14,680,954	849,133	70,800	15,600,887
Kumsan Döküm ve Malz. San. Ve Ticaret A.Ş.	1,258,865	–	–	1,258,865
Erkunt Gayrimenkul A.Ş.	–	2,748	750	3,498
Total	**15,939,819**	**851,881**	**71,550**	**16,863,250**

Sales as INR

December 31, 2017

	Goods	Rent	Other	Total
Erkunt Traktör Sanayi A.Ş.	284,688,415	975,570	12,654,736	298,318,721
Erkunt Gayrimenkul A.Ş.	–	58,908	–	58,908
Total	**284,688,415**	**1,034,478**	**12,654,736**	**298,377,629**

December 31, 2016

	Goods	Service	Rent	Total
Erkunt Traktör Sanayi A.Ş.	238,704,972	13,806,478	1,151,173	253,662,622
Kumsan Döküm ve Malz. San. Ve Ticaret A.Ş.	20,468,515	–	–	20,468,515
Erkunt Gayrimenkul A.Ş.	–	44,681	12,195	56,876
Total	**259,173,487**	**13,851,159**	**1,163,367**	**274,188,013**

c) Benefits and Salaries provided to senior management

The gross benefit provided by the senior management as of December 31, 2017 is 2,808,472 TL (45,664,350 INR) (December 31, 2016: 1,992,680 TL – 32,399,980 INR),

38. Nature and Level of Risks Attributable to Financial Instruments

Financial Risk Management Objectives and Policies

The main financial instruments used by the Company are bank loans. financial leases. cash and short term bank deposits. The main purpose of using these tools is to create financing for the Company's operations. The Company also has financial instruments. such as trade receivables and trade payables. which arise directly from operations.

The risks arising from the instruments used are foreign currency risk. interest risk. credit risk and liquidity risk. The Company management manages these risks as follows. The Company also monitors the market risk that may arise from the use of financial instruments.

Foreign Currency Risk

Foreign currency risk arises from the fact that the Company has liabilities in USD. EURO and GBP.

The Company also has foreign currency risk arising from the transactions it has made. These risks arise from the purchase and sale of goods and services in foreign currencies and the use of foreign currency denominated bank credits. The exposure of the Company to foreign currency risk arises from loans that it has used and from finance lease obligations. To minimize this risk. the company monitors its financial position. cash inflows and outflows with detailed cash flow statements.

The following tables show the Company's net foreign exchange position in balance sheet with changes in exchange rates.

Exchange Rate Sensitivity Analysis Table

Current period (December 31, 2017)

	Profit/loss			
	Appreciation of Foreign currency		Depreciation of Foreign Currency	
In case of a 10% change in the value of USD against TL&INR;				
	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
1- US Dollar Net Asset/Liability	(15,904,165)	(978,146)	15,904,165	978,146
2- The Portion Hedged against USD Dollars (-)	–	–	–	–
3- USD Dollars Net Effect (1+2)	**(15,904,165)**	**(978,146)**	**15,904,165**	**978,146**
In case of a 10% change in the value of Euro against TL&INR;				
	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
4- Euro Net Assets/Liabilities	35,411,386	2,177,889	(35,411,386)	(2,177,889)
5- The Portion Hedged against Euro risk (-)	–	–	–	–
6- Euro Net Effect (4+5)	**35,411,386**	**2,177,889**	**(35,411,386)**	**(2,177,889)**
In case of a 10% change in the value of GBP against INR;				
	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
7- Gbp Net Assets/Liabilities	34,271,416	2,107,778	(34,271,416)	(2,107,778)
8- The Portion Hedged against Gbp risk (-)	–	–	–	–
9- GBP Net Effect (7+8)	**34,271,416**	**2,107,778**	**(34,271,416)**	**(2,107,778)**
TOTAL	**53,778,638**	**3,307,522**	**(53,778,638)**	**(3,307,522)**

Exchange Rate Sensitivity Analysis Table

Previous period (December 31, 2016)

	Profit/loss			
	Appreciation of Foreign currency		Depreciation of Foreign Currency	
In case of a 10% change in the value of USD against TL;				
	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
1- US Dollar Net Asset/Liability	(6,517,848)	(400,864)	6,517,848	400,864
2- The Portion Hedged against USD Dollars (-)	–	–	–	–
3- USD Dollars Net Effect (1+2)	**(6,517,848)**	**(400,864)**	**6,517,848**	**400,864**
In case of a 10% change in the value of Euro against TL;				
	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
4- Euro Net Assets/Liabilities	5,657,769	347,967	(5,657,769)	(347,967)
5- The Portion Hedged against Euro risk (-)	–	–	–	–
6- Euro Net Effect (4+5)	**5,657,769**	**347,967**	**(5,657,769)**	**(347,967)**
In case of a 10% change in the value of GBP against TL;				
	R.S.	**F.C.(TL)**	**R.S.**	**F.C.(TL)**
7- Gbp Net Assets/Liabilities	13,649,720	839,492	(13,649,720)	–839,492
8- The Portion Hedged against Gbp risk (-)	–	–	–	–
9- GBP Net Effect (7+8)	**13,649,720**	**839,492**	**(13,649,720)**	**–839,492**
TOTAL	**12,789,641**	**786,595**	**(12,789,641)**	**–786,595**

The Company's foreign currency position as of December 31, 2017 and 2016 are as follows:

Foreign Exchange Position Table

	Current period (December 31, 2017)					Previous period (December 31, 2016)				
	INR Equivalent	TL Equivalent	Usd	Eur	Gbp	INR Equivalent	TL Equivalent	Usd	Eur	Gbp
1. Trade receivables	733,977,423	45,141,451	51,537	5,590,708	3,878,160	361,848,945	22,254,617	64,574	3,665,251	1,951,805
2a. Monetary Financial Assets	75,444,893	4,640,050	531	696,756	293,653	7,533,075	463,303	15,132	104,204	5,433
2b. Non-Monetary Financial Assets		-	-	-	-		-	-	-	-
4. Current assets Total (1 + 2 + 3)	**809,422,316**	**49,781,501**	**52,068**	**6,287,464**	**4,171,813**	**369,382,020**	**22,717,920**	**79,707**	**3,769,456**	**1,957,237**
5. Trade receivables		-	-	-	-		-	-	-	-
6a. Monetary Financial Assets		-	-	-	-		-	-	-	-
6b. Non-Monetary Financial Assets		-	-	-	-		-	-	-	-
8. Total Fixed Assets (5+6+7)		**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**809,422,316**	**49,781,501**	**52,068**	**6,287,464**	**4,171,813**	**369,382,020**	**22,717,920**	**79,707**	**3,769,456**	**1,957,237**
10. Trade Payables	(271,635,776)	(16,706,281)	(2,645,312)	(1,464,323)	(22,888)	(241,485,460)	(14,851,961)	(1,218,783)	(2,831,513)	(13,474)
11. Financial Liabilities		-	-	-	-		-	-	-	-
12a. Other Monetary Liabilities		-	-	-	-		-	-	-	-
12b. Non-monetary Other Liabilities		-	-	-	-		-	-	-	-
13. Total Short Term Liabilities (10 + 11 + 12)	**(271,635,776)**	**(16,706,281)**	**(2,645,312)**	**(1,464,323)**	**(22,888)**	**(241,485,460)**	**(14,851,961)**	**(1,218,783)**	**(2,831,513)**	**(13,474)**
14. Trade Payables		-	-	-	-		-	-	-	-
15. Financial Liabilities		-	-	-	-		-	-	-	-
16a. Other Monetary Liabilities		-	-	-	-		-	-	-	-
16b. Non-monetary Other Liabilities		-	-	-	-		-	-	-	-
17. Total Long Term Liabilities (14+15+16)		**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**(271,635,776)**	**(16,706,281)**	**(2,645,312)**	**(1,464,323)**	**(22,888)**	**(241,485,460)**	**(14,851,961)**	**(1,218,783)**	**(2,831,513)**	**(13,474)**
19. Derivatives net asset/(liability) position off-balance sheet (19a-19b)		**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**
19a. Hedged Total Assets Amount		-	-	-	-		-	-	-	-
19b. Hedged Total liability Amount		-	-	-	-		-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	**537,786,540**	**33,075,220**	**(2,593,244)**	**4,823,141**	**4,148,925**	**127,896,560**	**7,865,959**	**(1,139,076)**	**937,943**	**1,943,764**
21. Monetary Items Net Foreign Currency Assets/(Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**537,786,540**	**33,075,220**	**(2,593,244)**	**4,823,141**	**4,148,925**	**127,896,560**	**7,865,959**	**(1,139,076)**	**937,943**	**1,943,764**
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedging		-	-	-	-		-	-	-	-
23. Export	3,231,594,177	198,751,141	531,541	33,279,313	12,745,724	2,107,723,651	129,630,287	314,654	30,426,888	6,980,463
24. Import	134,186,255	8,252,791	186,656	1,512,088	279,793	386,421,082	23,765,865	210,749	6,513,776	170,457

Credit risk

The credit risk is the risk of incurring damages financially by one of the parties. which have mutual relationship. as a result of failing to perform the obligation. related with a financial instrument. by the other party. The company endeavors to manage the credit risk by limiting the transactions made with certain parties and continuously evaluating the credibility of the parties with which she has relationships. The total credit risk of the company is indicated in the financial situation statement.

Credit risk intensification is related with the certain companies having activities in the similar business areas and being in the same geographical region or the changes which may take place economically. politically or in the similar other conditions affecting the obligations of these companies arisen from the contract in the framework of similar economic conditions. The intensification of the credit risk indicates the sensitivity of the performance of the company to the developments affecting a certain sector or geographical region.

The company endeavors to manage the credit risk by avoiding unwanted intensification of her sales and service activities on persons or companies in the sector or region in the area of the new subject of activity. The company also gets warranty from the customers when she considers this as necessary.

	Receivables							
	Trade Receivables		Other Receivables					
Current Period (December 31, 2017)	**Related Party**	**Other Party**	**Related**	**Other Party**	**Notes**	**Deposits In Banks**	**Cash**	**Notes**
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	**7,316,298**	**54,221,009**	**5,900**	**1,677,533**	**10-11**	**3,125,292**	**10,106**	**6**
- The portion secured by the maximum guarantee. etc.	–	–	–	–		–	–	
A. Net book value of financial assets that are not past due or not depreciated (2)	7,316,298	54,221,009	5,900	1,677,533	10-11	–	–	6
B. Book value of financial assets that are renegotiated. which would otherwise be past due or impaired	–	–	–	–		–	–	
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–		–	–	
- The part secured by guarantee etc.	–	–	–	–		–	–	
D. Net book value of impaired assets	–	–	–	–		–	–	
- Valley Past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	329,806	–	–	10-11	–	–	6
- The part of the net value secured by guarantee etc.	–	(329,806)	–	–	10-11	–	–	6
- Vortex Not past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	–	–	–		–	–	
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
E. Elements containing risk of off-balance-sheet credit	–	–	–	–		–	–	
Previous Period (December 31, 2016)								
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	**196,040**	**25,022,259**	**–**	**1,075,063**	**10-11**	**10,244,732**	**6,692**	**6**
- The portion secured by the maximum guarantee. etc.	–	–	–	–		–	–	
A. Net book value of financial assets that are not past due or not depreciated (2)	196,040	25,022,259	–	1,075,063	10-11	–	–	6
B. Book value of financial assets that are renegotiated. which would otherwise be past due or impaired	–	–	–	–		–	–	
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–		–	–	
- The part secured by guarantee etc.	–	–	–	–		–	–	
D. Net book value of impaired assets	–	–	–	–		–	–	
- Valley Past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	329,806	–	–	10-11	–	–	6
- The part of the net value secured by guarantee etc.	–	(329,806)	–	–	10-11	–	–	6
- Vortex Not past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	–	–	–		–	–	
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
E. Elements containing risk of off-balance-sheet credit	–	–	–	–		–	–	

	Receivables as INR							
	Trade Receivables		Other Receivables					
Current Period (December 31, 2017)	**Related Party**	**Other Party**	**Related**	**Other Party**	**Notes**	**Deposits In Banks**	**Cash**	**Notes**
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	**118,959,347**	**881,606,496**	**95,931**	**27,275,848**	**10-11**	**50,815,685**	**164,319**	**6**
- The portion secured by the maximum guarantee. etc.	–	–	–	–		–	–	
A. Net book value of financial assets that are not past due or not depreciated (2)	118,959,347	881,606,496	95,931	27,275,848	10-11	–	–	6
B. Book value of financial assets that are renegotiated. which would otherwise be past due or impaired	–	–	–	–		–	–	
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–		–	–	
- The part secured by guarantee etc.	–	–	–	–		–	–	
D. Net book value of impaired assets	–	–	–	–		–	–	
- Valley Past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	5,362,481	–	–	10-11	–	–	6
- The part of the net value secured by guarantee etc.	–	(5,362,481)	–	–	10-11	–	–	6
- Vortex Not past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	–	–	–		–	–	
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
E. Elements containing risk of off-balance-sheet credit	–	–	–	–		–	–	

Previous Period (December 31, 2016)								
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	**3,187,512**	**406,849,420**	**–**	**17,479,987**	**10-11**	**166,574,220**	**108,809**	**6**
- The portion secured by the maximum guarantee. etc.	–	–	–	–		–	–	
A. Net book value of financial assets that are not past due or not depreciated (2)	3,187,512	406,849,420	–	17,479,987	10-11	–	–	6
B. Book value of financial assets that are renegotiated. which would otherwise be past due or impaired	–	–	–	–		–	–	
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–		–	–	
- The part secured by guarantee etc.	–	–	–	–		–	–	
D. Net book value of impaired assets	–	–	–	–		–	–	
- Valley Past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	5,362,481	–	–	10-11	–	–	6
- The part of the net value secured by guarantee etc.	–	(5,362,481)	–	–	10-11	–	–	6
- Vortex Not past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	–	–	–		–	–	
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
E. Elements containing risk of off-balance-sheet credit	–	–	–	–		–	–	

Liquidity Risk

Liquidity risk is the risk that a Company can not meet its funding needs. Prudent liquidity risk management is to provide adequate cash and cash equivalents. to enable funding with the credit limits granted by reliable lenders and to close open positions. The Company provides funding by balancing cash inflows and outflows through the establishment of credit lines in the business environment.

The table below shows the maturity distribution of the Company's non-derivative financial liabilities.

Company's non-derivative financial liabilities as TL

December 31, 2017

	Book Value	Total of Cash Outflow	Less than 3 months	Between 3–12 months	Between 1–5 years
Bank Loans	19,245,870	20,377,997	18,509,569	1,868,428	–
Credit Card Debts	291,253	291,253	291,253	–	–
Trade Payables	45,407,981	46,520,220	46,520,220	–	–
Other Payables	565,600	565,600	565,600	–	–
Total	**65,510,704**	**67,755,070**	**65,886,642**	**1,868,428**	**–**

December 31, 2016

	Book Value	Total of Cash Outflow	Less than 3 months	Between 3–12 months	Between 1–5 years
Bank Loans	8,978,630	9,291,420	4,051,545	5,239,875	–
Credit Card Debts	451,955	451,955	451,955	–	–
Trade Payables	28,641,752	29,145,500	29,145,500	–	–
Other Payables	299,689	299,689	299,689	–	–
Total	**38,372,026**	**39,188,564**	**34,948,689**	**5,239,875**	**–**

Company's non-derivative financial liabilities AS INR

December 31, 2017

	Book Value	Total of Cash Outflow	Less than 3 months	Between 3–12 months	Between 1–5 years
Bank Loans	312,928,223	331,336,042	300,956,337	30,379,705	–
Credit Card Debts	4,735,628	4,735,628	4,735,628	–	–
Trade Payables	738,311,067	756,395,517	756,395,517	–	–
Other Payables	9,196,373	9,196,373	9,196,373	–	–
Total	**1,065,171,292**	**1,101,663,561**	**1,071,283,856**	**30,379,705**	**–**

December 31, 2016

	Book Value	Total of Cash Outflow	Less than 3 months	Between 3–12 months	Between 1–5 years
Bank Loans	145,988,034	151,073,843	65,876,096	85,197,748	–
Credit Card Debts	7,348,562	7,348,562	7,348,562	–	–
Trade Payables	465,700,567	473,891,257	473,891,257	–	–
Other Payables	4,872,793	4,872,793	4,872,793	–	–
Total	**623,909,957**	**637,186,456**	**551,988,709**	**85,197,748**	**–**

Interest Risk

The Company is exposed to an interest rate risk arising from the impact of changes in the interest rates of the underlying assets and liabilities. The risk is managed by natural hedges that balance the assets and liabilities with interest rate sensitivity. The Company carries out studies to ensure that borrowing is done at the most favorable rates to minimize the interest rate risk.

The Company's interest position table as of December 31, 2017 and December 31, 2016 is as follows:

	R.S.	F.C.(TL)	R.S.	F.C.(TL)
Fixed Interest Financial Instruments	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Financial Assets	93,995,991	5,780,989	157,421,243	9,681,801
Financial Liabilities	259,546,691	15,962,772	145,988,034	8,978,630

Variable Interest Financial Instruments	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**	**December 31, 2016**
Financial Assets	–	–	–	–
Financial Liabilities	–	–	–	–

Since the Company does not have any variable rate instruments as of December 31, 2017 and December 31, 2016. there is no interest rate risk.

Price Risk

Price risk is due to exchange rate. interest rate and market risk. The Group manages this risk by receiving foreign currency and balancing its liabilities and interest bearing assets and liabilities. Market risk is closely monitored by the Group's management through current market information and appropriate valuation methods.

Capital Management

In capital management. the Group aims to increase its profit by using the balance of debt and equity most efficiently while trying to maintain the continuity of its activities on the one hand. The Group's capital structure consists of debt. cash and cash equivalents and equity. and equity items including profit reserves.

Risks associated with each capital class together with the cost of capital of the Group are assessed by the Group's senior management. During these reviews. senior management evaluates the risks associated with each class of capital together with the cost of capital and submits to the Board of Directors the ones that are subject to the decision of the Board of Directors.

The Group's general strategy is not different from Previous Period.

Fair Value

Fair value is the amount at which an asset is traded between willing parties in a current transaction.

Financial assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates that approximate the market prices at the balance sheet date.

The following methods and assumptions are used in estimating the fair value of each financial instrument when it is possible to determine the fair value.

Financial Assets

Due to their short-term nature and being subject to insignificant credit risk. it is considered that they are close to the fair values of cash and cash equivalents and the carrying values of accrued interest and other financial assets. Trade receivables are considered to approximate their fair values subsequent to the original provision for doubtful receivables.

Financial Liabilities

Due to their short-term nature. trade payables and other monetary liabilities are considered to approximate their carrying values. Bank loans are stated at discounted cost and transaction costs are added to the initial cost of the loans. It is considered that the fair values of the loans are expressed by the values they bear because the interest rates on them are updated considering the changing market conditions. Due to their short-term nature. it is foreseen that the fair value of trade payables is close to the value they bear.

39. Financial instruments (realistic value explanations and descriptions in the framework of the hedging accounting)

Fair Value of Financial Instruments

The fair value of the financial assets and liabilities is determined as follows:

- Level 1: Financial assets and liabilities are valued at quoted prices traded on the active market for the same assets and liabilities.

- Level 2: Financial assets and liabilities are valued at inputs that are used to determine the price of the asset or liability that is observable directly or indirectly in the market. other than the quoted price at the first level.

- Level 3: Financial assets and liabilities are valued at inputs that are not based on observable inputs in the market for the fair value of an asset or liability.

There are no level classifications of assets and liabilities that are designated with their fair values (December 31, 2016: None).

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. other than a compulsory sale or liquidation. and is best determined by a market price. if any.

The estimated fair values of financial instruments are determined using available market information and appropriate valuation methodologies. However. in the interpretation of market data in the fair value estimation. discretion is used. Consequently. the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

40. Events after the date of the balance sheet

None.

41. The other issues which substantially affect the financial statements or are required to be described in terms of making the financial statements clear. interpretable and understandable

None.

BOARD'S REPORT

To,

The Members of

Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Eighth Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2018.

The performance highlights and summarised financial results of the Company are given below:

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 19% to Rs. 8,573.5 Crores as compared to Rs. 7,200.7 Crores in 2016-17;
- Consolidated income from operations for the year was Rs. 8,533.1 Crores as compared to Rs. 7,146.2 Crores in 2016-17, a growth of 19%;
- Consolidated profit before tax for the year was Rs.1,661.7 Crores as compared to Rs. 837.8 Crores in 2016-17;
- Consolidated profit after tax and minority interest for the year was Rs. 1,023.9 Crores as compared to Rs.511.6 Crores in 2016-17.

FINANCIAL RESULTS

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2018	March 2017	**March 2018**	March 2017
Total Income	**8,573.5**	7,200.7	**7,206.1**	6,237.5
Less : Finance Costs	**3,426.3**	3,186.2	**3,000.4**	2,857.4
Expenditure	**3,481.0**	3,123.0	**2,853.7**	2,714.0
Depreciation/Amortisation	**55.2**	53.7	**44.2**	46.0
Total Expenses	**6,962.5**	6,362.9	**5,898.3**	5,617.4
Profit Before Exceptional Items and Taxes	**1,611.0**	837.8	**1,307.8**	620.1
Exceptional Items (net) - income/(expense)	**50.7**	–	**65.0**	–
Profit Before Tax	**1,661.7**	–	**1,372.8**	–
Less : Provision For Tax				
Current Tax	**676.3**	463.5	**543.1**	363.5
Deferred Tax	**(66.0)**	(155.4)	**(62.2)**	(143.6)
Profit After Tax for the Year before Minority Interest	**1,051.4**	529.7	**891.9**	400.2
Less : Minority Interest	**27.5**	18.1	**–**	–
Profit After Tax for the Year after Minority Interest	**1,023.9**	511.6	**891.9**	400.2
Add : Amount brought forward from Previous Years	**2,850.5**	2,522.4	**2,489.0**	2,240.5
Less: Corporate Dividend and Dividend Distribution Tax	**164.3**	2.8	**161.0**	–
Less: Transitional charge in respect of Mark to Market loss on derivative transactions	**–**	5.1	**–**	5.1
Amount available for Appropriation	**3,710.1**	3,026.1	**3,219.9**	2,635.6
Appropriations				
General Reserve	**88.4**	40.0	**89.2**	40.0
Statutory Reserve	**224.3**	109.1	**178.4**	80.1
Debenture Redemption Reserve	**50.5**	26.5	**50.5**	26.5
Surplus carried to Balance Sheet	**3,346.9**	2,850.5	**2,901.8**	2,489.0

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 89.2 Crores to the General Reserve, Rs.178.4 Crores to the Statutory Reserve and Rs.50.5 Crores to the Debenture Redemption Reserve. An amount of Rs.2,901.8 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4 per Equity Share of the face value of Rs. 2 each payable to those Members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend tax for the Financial Year 2017-18 will absorb a sum of Rs. 293.8 Crores [as against 161.0 Crores on account of dividend of Rs. 2.4 per Equity Share and tax thereon, paid for the previous year].

DIVIDEND DISTRIBUTION POLICY

The Board of Directors at its Meeting held on 25th October, 2016, approved and adopted the Dividend Distribution Policy, containing the requirements prescribed in Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is appended as **Annexure I** and forms part of this Annual Report.

The Dividend Distribution Policy can also be accessed on the Company's website at the web-link **http://www.mahindrafinance.com/policies.aspx.**

During the year, an amount of Rs.3,39,065 being the unclaimed/ unpaid dividend of the Company for the Financial Year ended 31st March, 2010 was transferred in September, 2017 to the Investor Education and Protection Fund Authority.

OPERATIONS

After three years of subdued rural consumption, there were increasing signs of rural growth recovery with catalysts driving the awaited revival in rural demand. While two successive years of normal monsoon portend well for farm output, the combination of Minimum Support Price (MSP) hikes, direct benefit transfers and farm loan waivers contributed to disposable incomes. The rural sentiments turned positive and the Company did see an improvement in its performance, both in sales as well as overall collections.

Being largely engaged in the semi-urban and rural areas of the country, major part of the Company's collection is in cash. Your Company however continues to educate its customers to adopt digital and online modes of repayment including Unified Payments Interface (UPI) and Aadhaar Enabled Payment System (AEPS).

While fulfilling its mission of Financial Inclusion, your Company has also built a deep knowledge of customers with micro-data points ranging from income, payment behaviours, socio-economic status and other indirect data. The Company is successfully mining this data to build powerful analytics models extended through digital platforms for customer acquisition, collections, NPA management, customer engagement, forecasting business trends, etc. Your Company has also successfully integrated India Stack capabilities like eKYC, eSign, etc., and digital payment channels in its platforms to serve customers even in low-connectivity remote locations. Among the early adopters of blockchain technology, your Company has in the year under review, launched a vendor financing platform powered by blockchain. This cloud based application is one of the first such blockchain-enabled projects in South Asia, outside of traditional banking.

Your Company remains a significant financier to its customers in rural and semi-urban geographies by providing a wide range of easy and affordable products and services. Your Company consolidated its position as a leading financier in all Aggregator and Self-drive vehicles segment. Your Company expanded vide its channel connect with leading car dealers, and yet again emerged as a major financier for Maruti vehicles in semi-urban and rural India during this fiscal. Your Company has retained its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other Original Equipment Manufacturers (OEMs) and also continued to be the preferred financier for Hyundai, Renault and Nissan range of vehicles.

Your Company further expanded its geographical presence by reaching out to untapped villages and increased its footprint by opening new branches and making it more accessible to its customers. New financial products and services were introduced during the year, to meet various lifecycle needs of its customers and your Company focused on building additional skill sets and digital capabilities to meet such requirements. Your Company has also enhanced the offerings in-used tractor financing and agri-implements, thereby playing a key role in farm mechanisation across the country.

Your Company strengthened its pan-India presence with a network of 1,284 offices, which is one of the largest amongst Non-Banking Financial Companies. In addition to these offices, your Company has during the year under review, set up over 200 smart branches at dealerships of OEMs and works closely with dealers and customers. Your Company's nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of its customers by identifying and understanding the needs and aspirations of the people.

With its strong presence covering even the most remote areas of the country, your Company is providing flexible financing opportunities to aspiring individuals to realise their dreams and helping them to 'RISE'. Your Company believes that incessantly serving its customers and channel partners and enhancing customer relationship is the starting point of a great successful journey.

Your Company has earned the trust and confidence of its customers with its consistent, transparent and reliable services and as a result, customer satisfaction across its network continues to remain high. Your Company has cumulatively financed the aspirations of over 5.3 million customers since its inception, most of whom had no prior credit history. Your Company's philosophy of helping rural customers by providing easy finance at their doorstep has given a big boost in transforming rural lives.

During the year under review, your Company continued to expand its reach in the Micro Small and Medium Enterprises (MSME) segment. MSME Assets Under Management crossed more than Rs. 4,988.04 Crores during the period under review, covering 3,017 customers.

In the year under review, the effect of demonetisation has substantially come down with improved availability of currency notes. Further with the stabilization of the Goods and Services

Tax (GST) the temporary downward impact witnessed during the roll-out has been adequately addressed.

The overall disbursement registered a growth of 19% at Rs. 37,772.9 Crores as compared to Rs. 31,659.1 Crores in the previous year. Total Income grew by Rs. 968.6 Crores to Rs.7,206.1 Crores for the year ended 31st March, 2018 as compared to Rs.6,237.5 Crores for the previous year. Profit Before Tax (PBT) grew by Rs.752.6 Crores to Rs.1,372.7 Crores as compared to Rs. 620.1 Crores for the previous year. Profit After Tax (PAT) increased by Rs. 491.7 Crores to Rs.891.9 Crores as compared to Rs.400.2 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 55,101 Crores as at 31st March, 2018 as against Rs. 46,776 Crores as at 31st March, 2017, a growth of 18%.

There is no change in the nature of business of the Company during the year under review.

DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 161 branches covering 23 States.

As on 31st March, 2018, the amount of Assets Under Management outstanding through the Company's Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 2,331.40 Crores and the number of clients stood at 59,506.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report.

SHARE CAPITAL

During the year under review, your Company received the approval of its shareholders to issue upto 2.5 Crores Equity Shares by way of Preferential Allotment to its promoter, Mahindra & Mahindra Limited ("Promoter") and upto 2.4 Crores Equity Shares by way of Qualified Institutions Placement ("QIP") and successfully raised a total of Rs. 2,111 Crores through the above issuances made to both its Promoter and a mix of domestic and international Qualified Institutional Buyers.

- **Preferential Allotment**

  The Company made a preferential allotment of 2,50,00,000 Equity Shares on 30th November, 2017, to its holding company, Mahindra & Mahindra Limited at a price of Rs.422 per Equity Share, including a premium of Rs. 420 per Equity Share, raising a sum of Rs.1,055 Crores.

- **Qualified Institutions Placement (QIP)**

  On 7th December, 2017, your Company successfully concluded the QIP issue to Qualified Institutional Buyers aggregating Rs. 1,056 Crores through the issue of 2,40,00,000 Equity Shares of the Face Value of Rs. 2 each at an issue price of Rs. 440 per Equity Share including a premium of Rs. 438 per Equity Share, which is a premium to the price of Rs. 439.63 per share, arrived at as per Regulation 85 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The QIP launched by your Company received an overwhelming response, as seen by the issue being subscribed multiple times and the strong participation from renowned International and Domestic Institutional Investors.

Consequent to the Preferential Allotment and QIP, the issued, subscribed and paid-up Equity Share Capital of the Company stood at Rs.123.55 Crores as at 31st March, 2018, comprising of 61,77,64,960 Equity Shares of the face value of Rs. 2 each, fully paid-up.

With the Promoter maintaining majority shareholding, your Company continues to benefit by leveraging the financial and operational synergies with its Promoter and with the simultaneous QIP issuance, it has been able to diversify its investor base.

Your Company has duly utilised the issue proceeds raised through the Preferential Issue and QIP, to augment its long-term resources for meeting business growth and funding requirements, strengthen its capital adequacy, make investments in its Subsidiaries and Joint Venture, for other general corporate purposes and for payment of Issue expenses. This is in line with the issue purpose mentioned in the Explanatory Statement of the Notice of the Extraordinary General Meeting dated 1st November, 2017 and the Placement Document filed with various Regulatory Authorities. Details of these Issues and the end use of funds were furnished to the Audit Committee.

During the year under review, your Company has neither issued shares with differential rights as to dividend, voting or otherwise, nor has issued sweat equity, other than Employee Stock Options under the Employees' Stock Option Scheme referred to in this Report, during the year under review.

As on 31st March, 2018, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, on the recommendation of the Nomination and Remuneration Committee of your Company, the Trustees of the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust have granted 62,130 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2010 ("2010 Scheme"). No new Options have been granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2005 ("2005 Scheme") [hereinafter collectively referred to as "the

Schemes"]. The Company does not have any scheme to fund its employees to purchase the shares of the Company. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The Schemes of the Company are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there were no material changes made to the said Schemes. Messrs. B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, have certified that the abovementioned Schemes have been implemented in accordance with the SBEB Regulations, and the Resolutions passed by the Members for the 2005 Scheme and the 2010 Scheme. The Certificate would be placed at the Annual General Meeting for inspection by Members.

Voting rights on the Shares issued to employees under the aforesaid Schemes are either exercised by them directly or through their appointed proxy.

The details of the Employees' Stock Options and the Company's Employees' Stock Option Trust as required under the SBEB Regulations read with SEBI Circular CIR/ CFD/ POLICY CELL/2/2015 dated 16th June, 2015 have been uploaded on the Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx.**

ECONOMY

Global

At 3.8 percent, global growth last year was 0.5 percentage point faster than in 2016 and the strongest since 2011. Two-thirds of countries accounting for about three-fourths of global output experienced faster growth in 2017 than in the previous year (the highest share of countries experiencing a year-over-year growth pickup since 2010). The preliminary outcome for global growth in 2017 was 0.2 percentage point stronger than forecast, in the October 2017 World Economic Outlook (WEO), with upside surprises in the second half of 2017 in advanced as well as emerging markets and developing economies.

Resurgent investment spending in advanced economies and an end to the investment decline in some commodity exporting emerging markets and developing economies were important drivers of the uptick in global GDP growth and manufacturing activity. Across advanced economies, the 0.6 percentage point pickup in 2017 growth relative to 2016 is explained almost entirely by investment spending, which remained weak since the 2008–09 global financial crisis and was particularly subdued in 2016. Both stronger gross fixed capital formation and an acceleration in stock building contributed to the pickup in investment, with accommodative monetary policy, stronger balance sheets, and an improved outlook helping release pent-up demand for capital goods.

Global growth is projected to strengthen from 3.8 percent in 2017 to 3.9 percent in 2018 and 2019, driven by a projected pickup in growth in emerging markets and developing economies and resilient growth in advanced economies. The forecast for 2018 and 2019 is stronger than in the October 2017 WEO by 0.2 percentage point for each year, with positive revisions compared with the October 2017 WEO for emerging markets and developing economies and especially for advanced economies. The global effects of US fiscal policy changes account for almost half of the global growth upgrade for 2018–19 compared with October. Beyond 2019, global growth is projected to gradually decline to 3.7 percent by the end of the forecast horizon. The slowdown is entirely because of advanced economies, where growth is projected to moderate in line with their modest potential growth; growth across emerging markets and developing economies is expected to stabilize close to the current level. (Source: IMF)

Domestic

Domestic economic activity shrugged off the loss of speed that had characterised the period Q1:2016-17 to Q1:2017-18 and a turning point appears to have taken hold in Q2-Q3, with lead indicators pointing to further acceleration in Q4. In terms of aggregate demand, the drivers around this inflexion are shifting, with consumption-led growth of the recent past handing over the baton to investment, which had restrained growth since Q3:2016-17. At the same time, the strong impetus from fiscal spending during Q3:2016-17 to Q1:2017-18 appears to be waning and the rapid pace of import growth is sapping net external demand. On the supply side, the pickup in industrial output from Q2:2017-18 and the strengthening of construction activity in the services sector from Q1 are noteworthy. Meanwhile, agriculture and allied activities have turned out to be resilient to temporary weather disruptions in both kharif and rabi sowing seasons and going by recent estimates of foodgrains production, the outlook appears better than before.

Consumer price inflation rose sharply in Q3:2017-18, driven up by a spike in food prices and by the disbursement of enhanced House Rent Allowance (HRA) for central government employees, the latter alone contributing an estimated 35 basis points. It moderated somewhat in Q4 on a delayed seasonal easing of prices of vegetables. Industrial input costs increased through H2:2017-18, tracking movements in international commodity prices. Wage pressures have remained moderate in both the organised and rural sectors. The increase in HRA for central government employees, which became effective from July 2017 and continued to accumulate till December 2017, shaped the path of headline inflation during Q3, with unseasonal hardening of prices of vegetables, accentuating a spike to 4.9 per cent in November. While prices of vegetables did undergo a shallower than usual moderation in December, an unfavourable base effect came into play, pulling up inflation to a peak of 5.2 per cent in December. In Q4, headline inflation moderated with a fall in momentum due to a delayed but steep reversal in prices of vegetables.

A stark feature of India's recent growth experience has been the protracted downturn in investment, however, a turnaround set in during Q2:2017-18. Gross Fixed Capital Formation (GFCF) strengthened further to touch a six-quarter high in Q3. The share of GFCF in GDP, which was trapped in a downturn from a high of 34.3 per cent in 2011-12 to 30.3 per cent in 2015-16, broke free and increased to 31.4 per cent in 2017-18. As alluded to earlier, this pick-up in the investment rate could be signalling a turning point in the cyclical component of growth oscillations in India and if sustained by a determined policy push, it could produce a level shift in the trajectory of the Indian economy. Capital goods production – a key element of investment demand – turned around in August 2017 and clocked a 19-month high in terms of growth rates in January 2018. During 2017-18 so far (up to December), the construction of highway projects is on the rise and is expected to have improved further in Q4.

Going forward, a key risk to the inflation outlook is the risk of fiscal slippages in a scenario of rising aggregate demand. As noted in the MPC resolution of February 2018, apart from the direct impact on inflation, the fiscal risks could also engender a broader weakening of macro-financial conditions. The revised guidelines for arriving at the MSPs for kharif crops proposed in the Union Budget 2018-19, along with proposed increase in customs duty on a number of items, is likely to push-up inflation over the year. In addition, how various state governments implement and disburse HRA increases would have a considerable bearing on CPI housing inflation and consequently on the headline inflation trajectory, albeit statistically, during 2018-19; therefore, the latter should be looked through for monetary policy purposes, other than for their second-round effects. Although the central government's HRA effects on CPI inflation would gradually wane from July 2018, this moderating impact could be more than offset if several state governments simultaneously implement HRA increases in H2:2018-19. (Source: RBI)

Finance

During the current year, the Reserve Bank of India (RBI) held six Bi-monthly Monetary Policy Committee meetings. The Policy Repo rates under the Liquidity Adjustment Facility (LAF) was at 6.25% at the beginning of the year. During the year, the RBI reduced the Policy Repo rates by 0.25% once in its third Bi-monthly Monetary Policy Committee meeting to 6.00% and since then maintained at such levels.

Yields in the government securities (G-Sec) has shown continuous increase through the year since the reduction of policy rates. Yields on the 10 year benchmark paper has increased by around 150 bps from the lows. A sharp reduction in G–Sec yields were seen in the month of March when the government announced its intent to reduce its borrowing in the first half. However the reduced rates were short lived and within a month the yields were higher than pre-announcement. An important element of the yield rising has been the continuous rise in the crude prices (nearing $80/barrel). The depreciation of rupee is not helping either which shall lead to inflationary pressure which together is resulting in rising yields.

- **Private Placement Issues of Non-Convertible Debentures**
  During the year under review, your Company issued secured redeemable non-convertible debentures ("NCDs") aggregating to Rs. 4,497.80 Crores on a private placement basis, in various tranches.

  As specified in the respective offer documents, the funds raised from NCDs were utilised for the purpose of financing, repayment of dues of other financial institutions/ Banks or for long term working capital.

- **Public Issuance of Non-Convertible Debentures**

  Your Company continues to broaden the liability mix by bringing in new instruments as well as diversifying the investor base and profile. During the year under review, your Company successfully raised Rs. 1,150.5 Crores through its second public issuance of 1,15,05,313 Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000 each. With this issuance, approximately 5% of your Company's borrowing is funded through this instrument. The NCDs were allotted on 24th July, 2017 and listed on BSE Limited on 26th July, 2017.

  The net proceeds received from the Public Issue were used for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company, long term working capital requirements, Issue expenses and for general corporate purposes. Details of the Issue and the end use were furnished to the Audit Committee.

The Company has been regular in making payments of principal and interest on the NCDs. There are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

- **Rupee Denominated Medium Term Note (MTN)**

  As a risk management measure diversification of its resources is one of the focus areas of the Company. To this end, your Company has received approval from the Reserve Bank of India for issuance of Masala Bonds. Your Company has also updated its Offering Circular of Rupee Denominated Medium Term Note (MTN) programme, listed on the Singapore Exchange Securities Trading Limited, and subject to market conditions, plans to issue bonds under the MTN programme during the current year.

INVESTOR RELATIONS

Your Company continuously endeavors to improve its engagement with Domestic and International investors/ analysts through multiple mechanisms, including structured conference-calls, individual meetings, Telepresence meetings, participating in investor conferences and undertaking quarterly and annual earnings calls. Your Company attended multiple investor meets organised by reputed Global and Domestic Broking Houses during the year, both in India and abroad, to communicate details of its performance, important regulatory and market developments and exchange of information. These interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. Your Company uploads the transcript of the quarterly earnings call on its website which can be accessed by existing and potential investors and lenders.

Your Company believes in transparent communication and building a relationship of mutual understanding and trust. Your Company further ensures that critical information about the Company is available to all the investors by hosting all such information on the Company's website.

CAPITAL ADEQUACY

Consequent upon the allotment of Equity Shares issued on a Preferential Allotment basis to the Promoter and through a Qualified Institutions Placement to Qualified Institutional Buyers, the paid-up share capital of the Company has increased to Rs.123.6 Crores as on 31st March, 2018 from Rs.113.8 Crores as on 31st March, 2017. The securities premium account has also increased to Rs. 4,113.2 Crores from Rs.2,025.6 Crores.

As a result of the increased net worth, your Company was able to enhance the Capital to Risk Assets Ratio (CRAR) to 21.9 % as on 31st March, 2018, well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India. Out of the above, Tier I capital adequacy ratio stood at 16.0% and Tier II capital adequacy ratio stood at 5.9%, respectively.

RBI GUIDELINES

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI).

As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs. Your Company continues to make a general provision at 0.40% on the standard assets outstanding as mandated by the RBI.

DISCLOSURE PERTAINING TO GOLD LOAN AUCTION(S)

During the fiscal 2016-17, your Company conducted the auction of its Gold Stock and sold the entire stock. With this auction the Company has closed its entire gold loan business.

CREDIT RATING

The credit rating details of the Company as on 31st March, 2018 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme	'IND A1+'	The 'A1+' rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Long-term Debt Instruments and Subordinated Debt Programme	'IND AAA/Stable'	
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	Long-term Debt Instruments and Subordinated Debt Programme	'CARE AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Brickwork Ratings India Private Limited	Long-term Subordinated Debt Programme	'BWR AAA/Stable'	
CRISIL Limited	Fixed Deposit Programme	'CRISIL FAAA/Stable'	
	Long-term Debt Instruments, Subordinated Debt Programme and Bank Facilities	'CRISIL AA+/Stable'	The 'AA+' rating indicates a high degree of safety with regard to timely payment of financial obligations. Such instruments carry very low credit risk.
	Short-term Debt and Bank Loans	'CRISIL A1+'	The 'A1+' rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2017-18. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

ACHIEVEMENTS

Your Company won several awards and accolades during the year under review. Select few awards/recognition are enumerated hereunder:

Corporate Governance

- "India's Most Trusted Companies Awards 2017" as per the Research Report 2017 by Media Research Group, MRG.
- Listed amongst the top 10 companies with a high Corporate Governance score in a study jointly conducted by International Finance Corporation (IFC), BSE Limited (BSE) and Institutional Investor Advisory Services (IiAS).

Business & Marketing:

- Ranked 108th in the "Dun & Bradstreet India's Top 500 Companies 2017" based on Net Profit.
- Adjudged as one of the "Best BFSI Brands 2018" by the Economic Times.
- Award for the 'Most Effective use of Direct Marketing to Rural Consumers' at the Rural Marketing Forum & Awards 2018 for MF SUTRADHAAR initiative.
- Ranked 13th based on Total Income in "Dun & Bradstreet India's Leading BFSI Companies 2018" among NBFCs, Financial Institutions and Financial Services Companies.
- Won the PRCI (Public Relations Council of India) Collateral Awards 2018 in the following categories:
  a. Crystal Award for Corporate Advertising Campaign (SME Ad campaign)
  b. Crystal Award for Radio/Jingle (SME Radio Campaign)
  c. Gold Award for Rural or Development– Communication (MF SUTRADHAAR Program)
  d. Gold Award for Financial Communication (Suvidha Loans Communication Campaign)
  e. Silver Award for Radio Communication (SME Radio Campaign)
  f. Appreciation Award for Diary 2018
  g. Appreciation Award for In-house Digital Newsletter (In-box Select)
  h. Appreciation Award for Annual Report

Human Resources

- Listed in Aon Best Employer List 2017, as Aon Best Employer.
- Certified Top 50 India's Best Companies to Work for – 2017 by Great Place to work.w
- Adjudged Runner-up in the BusinessWorld HR Excellence Award 2017 by BusinessWorld.
- "Best Learning & Development Strategy Award" at World HRD Congress 2017.
- Listed in the Avtar and Working Mothers Best Companies to work for.
- Appeared in Top 100 Record Holders for Excellence in Learning Sessions.
- Attained Level 5 certification for People Capability Maturity Model (PCMM) Level 5.

CSR & Sustainability

- Honoured with IDF CSR Award by Indian Development Foundation (IDF) for excellent participation in Resource Mobilization for Humanitarian Projects.
- Bestowed with the Equal Opportunity Employer Award by Sarthak Educational Trust for ensuring equal employment opportunities and sustainable employment prospects to person with disability.
- Listed in Dow Jones Sustainability Index (DJSI) Emerging Markets category for the 5th consecutive year.
- Included in the "Sustainability Yearbook 2018" released by RobecoSAM, being the only Indian Financial Company in Diversified Financial Services and Capital Markets sector to be selected.

Information & Technology

- "Pride of India Award" for Best Enterprise Learning Platform

FIXED DEPOSITS AND LOANS/ADVANCES

Your Company offers a bouquet of Fixed Deposit schemes to suit the investment needs of various classes of investors. These Deposits carry attractive interest rates with superior service enabled by robust processes and technology. In order to tap rural and semi-urban savings and reach out to the farthest customers, your Company continues to expand its network and make its presence felt in the most remote areas of the country.

During the year, CRISIL has reaffirmed a rating of 'CRISIL FAAA/Stable' for your Company's Fixed Deposits. This rating represents the highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk. Your Company's deposits continue to be a preferred investment amongst the investors.

As on 31st March, 2018, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 3,137.37 Crores, with an investor base of over 1,30,413 investors.

Your Company continues to serve the investors by introducing several customer centric measures on an ongoing basis to further strengthen its processes in sync with the requirements of the Fixed Deposit holders. The Company communicates various intimations via SMS, e-mails, post, etc., to its investors as well as sends reminder emails to clients whose TDS is likely to be deducted before any payout/accrual. Your Company also provides online renewal facility, online generation of TDS certificates from customer/broker portal and Seamless Investment process for employees.

During the year under review, your Company has rolled out several initiatives aimed at offering a superior customer experience. Some key ones are:

- Increased the number of offices from 198 in the previous fiscal to 304 offices in the current fiscal for collection of Fixed Deposits.
- Customer self-profile update on the Fixed Deposit-Customer Portal available on the Company's website.
- Default auto renewal of Fixed Deposits option to facilitate timely renewal of deposits in case the physical request for renewal of Deposits is not received four weeks prior to the maturity date.
- Introduced online Swift Loan(s) against Deposits.
- Convenience of investment made available through mobile phones.

As at 31st March, 2018, 4,662 deposits amounting to Rs. 8.61 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 3,761 deposits amounting to Rs. 6.10 Crores. There has been no default in repayment of deposits or payment of interest during the year.

Your Company being a Non-Banking Financial Company, the disclosures required as per Rule 8 (5) (v) and (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 and 74 of the Companies Act, 2013, are not applicable to it.

The information pursuant to Clause 35(1) of Master Direction DNBR.PD.002/03.10.119/2016-17 dated 25th August, 2016 issued by Reserve Bank of India on Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, regarding unpaid/unclaimed public deposits as on 31st March, 2018, is furnished below:

i. total number of accounts of public deposits of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 4,662.

ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 8,60,67,196.

Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Your Company continues to send intimation letters via registered post every 3 months to all those Fixed Deposit holders whose deposits have matured as well as to those whose deposits remain unclaimed. Where the Deposit remains unclaimed, follow-up action is also initiated through the concerned agent or branch.

Pursuant to section 125(2) (i) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") as amended from time to time, matured Deposits remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) Authority established by the Central Government. The concerned depositor can claim the Deposit from the IEPF Authority by following the procedure laid down in the IEPF Rules.

During the year, an amount of Rs.0.02 Crores has been transferred to the IEPF Authority.

During the year under review, the Company has not given any loans and advances in the nature of loans to its subsidiaries or associate or loans and advances in the nature of loans to firms/ companies in which Directors are interested.

Accordingly, the disclosure of particulars of loans/ advances, etc., as required to be furnished in the Annual Accounts of the Company pursuant to Regulation 34 read with paragraph A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to section 186(11) of the Companies Act, 2013 ("the Act"), the provisions of section 186 (4) of the Act requiring disclosure in the Financial Statements of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report.

Further, pursuant to the provisions of section 186 (4) of the Act, the details of investments made by the Company are given in the Notes to the Financial Statements.

SUSTAINABILITY INITIATIVES

Sustainability has always been a key success factor for the ambit of the Company's businesses. Through its unique business model the Company is making a difference in the lives of many by addressing the essential requirements of people in rural and semi-urban parts of India. Your Company's businesses focus on key necessities of people and enable them to meet their aspirations through a wide-range of financial products and services offered by it. By providing the right set of opportunities in the remote areas and handholding its customers to advance in their lives, your Company continues to make positive contribution to multiple stakeholders. Your Company lays strong emphasis on customer centricity with its customer base spread across more than 3.5 Lakh villages in India with majority of them belonging to the earn and pay segment.

Your Company commenced its journey towards reporting sustainability performance since 2008-09 through Mahindra Group's Sustainability Report and in the year 2012-13 your Company released its first standalone Sustainability Report. In the reporting year, the Company released its fifth Sustainability Report for the Financial Year 2016-17 with the theme 'Towards Value Creation' based on the Global Reporting Initiative's (GRI) G4 Guidelines which highlights its progress and efforts on creating long term benefits and opportunities on social, environmental and economic dimensions for all its stakeholders. This Report is hosted on your Company's website at the web-link: **www.mahindrafinance.com/sustainability.aspx**.

Your Company continued to focus on sustainability awareness for different stakeholders by building on the initiatives of the previous years as also initiating new ones. In the year under review, your Company formulated its Sustainability Policy and developed a new Sustainability Roadmap aligned to the Mahindra Group's Sustainability Framework to ensure mutual initiatives for sustainability across the Group. Interventions on energy efficiency, technology deployment and waste management have been taken throughout the reporting year at different locations. The Company continued its focus on encouraging employees and field staff in adopting Road Safety measures.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the fifth consecutive year. Your Company is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list. To be incorporated in DJSI, companies are assessed and selected based on their long term Environmental, Social and Governance (ESG) management plans. Your Company got selected in 'The Sustainability Yearbook' 2018 being the only Financial Services Sector Company to qualify amongst 9 companies from India. This signifies your Company being amongst the top Sustainability performers in Diversified Financial Services Sector across the world based on Corporate Sustainability Assessment done by RobecoSAM.

In addition to this, your Company continues to report on Carbon Disclosure Project (CDP) since the Financial Year 2011-12. CDP seeks information on management of carbon emissions covering world's largest companies and how they are geared up to mitigate challenges pertaining to climate change and global warming in future. During the reporting year, your Company retained CDP Performance Band - B which affirms that the Company is taking coordinated action on climate change issues. Your Company made proactive efforts to reduce $CO2$ emissions (carbon footprint) through Project 'Mahindra Hariyali', by planting over 1.2 Lakh saplings throughout the country.

Your Company is gearing up to be future ready by making sustainability and climate change an integral part of the risk framework and taking measures to mitigate and manage them. Weather reports are assessed on a regular basis and aligned with business operations to protect the customers and minimise the risk impact. Your Company is well equipped to enable its customers and communities progress through its inclusive and sustainable business model.

BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' (BRR) of your Company for the year 2017-18 forms part of this Annual Report as required under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is appended as **Annexure II**. Your Company is building an inclusive organization by engaging with stakeholders and creating value in the ecosystem it operates in. Your Company's businesses focus on the key necessities of people and enable them to earn their livelihood through its varied portfolio of financial products and services. Through its wide network of branches with locally-recruited employees, strong and lasting relationships with its stakeholders, large customer base, vast experience and market knowledge, your Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of the population, who are aspiring for a better living in the villages.

The BRR can also be accessed on the Company's website at the web-link: **www.mahindrafinance.com/sustainability.aspx**.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

With an objective to empower rural India and transform the rural landscape, your Company during the year, continued to undertake several initiatives in the key thrust areas of Healthcare, Education (including Livelihood) and Environment. It is only through these sustained and consistent efforts that your Company can build and consolidate its CSR initiatives which contribute to nation building.

In the year under review, your Company organised a nationwide blood donation drive, conducted health check-up camps, Swachh Bharat activities, visits to Municipal schools, orphanages, differently-abled homes and old-age homes to re-affirm its pledge to the society.

Your Company also contributed to the environment through planting of over one Lakh trees thus helping restore the diminishing green cover in the country. In the area of public health, your Company sponsored Lifeline Express, a hospital on wheels program, through which medical care and treatment was provided to communities who do not have access to any medical facilities. The Lifeline Express executed in association with Impact India Foundation, catered to the medical needs of 8,010 underprivileged people in Balharshah, in the State of Maharashtra.

In an effort to unleash the potential of the rural population, during the year your Company implemented some of the notable ongoing projects such as providing scholarships to 2,500 undergraduate and 500 graduate students, conducting vocational training for 513 rural youths and Drivers' training for 220 women, setting-up a vocational skill building center with an aim to train 250 People with Disability and a donation of 14 ambulances that have made access to primary healthcare centers easy for 12,000 tribal and rural patients across the nation. Your Company has expanded the Medical Equipment Donation project to contribute equipment to 30 family planning centers and supported the maintenance of two more Thalassemia Day Care Centers apart from the four existing ones in Maharashtra and one in Jharkhand. Additionally, in the area of healthcare, your Company contributed for the launch of a Maternal & Child Health Care project which provides nutritional supplementation to anemic pregnant and lactating women, adolescents and malnourished children in the areas of Singbhum (Jharkhand), Bhubaneswar (Odisha), Palghar and Thane (Maharashtra).

In the year under review, your Company continued to provide assistance to over 9,400 Nanhi Kalis which supports the education of underprivileged girls. Your Company also continued its commitment to projects such as Mahindra Pride Schools, which helped in providing livelihood training to 2,612 youths from socially and economically disadvantaged communities.

During the year under review, your Company has spent Rs. 27.16 Crores on CSR projects/programs. The amount equal to 2% of the average net profit for the past three financial years required to be spent on CSR activities was Rs. 27.07 Crores. Your Company is in compliance with the statutory requirements in this regard.

CSR COMMITTEE

The CSR Committee presently comprises of Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah. The Committee, inter alia, monitors the CSR activities.

CSR POLICY

The CSR Policy of the Company is hosted on the Company's website at the web-link: **http://www.mahindrafinance.com/csr.aspx** and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure III** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2018 forms part of this Report and is appended as **Annexure IV**.

BOARD MEETINGS, ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING

The calendar of the Board/Committee Meetings and the Annual General Meeting is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are convened by giving appropriate notice to address business exigencies. At times certain decisions are taken by the Board/Committee through circular resolutions.

All the decisions and urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board/Committee Meeting.

The Board of Directors met seven times during the year under review, on 25th April, 2017, 24th July, 2017, 6th October, 2017, 25th October, 2017, 1st November, 2017, 24th January, 2018 and 16th March, 2018. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The 27th Annual General Meeting (AGM) of the Company was held on 24th July, 2017.

During the year under review, an Extraordinary General Meeting (EGM) of the Members was held on 29th November, 2017 to approve the issuance of Equity Shares on Qualified Institutions Placement to Qualified Institutional Buyers, approve Related Party transaction for Preferential Issue of Shares to Mahindra & Mahindra Limited (M&M), the holding company and accord consent for issue of Equity Shares to M&M on a Preferential Allotment basis.

Detailed information on the Meetings of the Board, its Committees, the AGM and EGM is included in the Report on Corporate Governance, which forms part of this Annual Report.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under review, on 23rd January, 2018 and 15th March, 2018. The Meetings were conducted in an informal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various Committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Your Company has an adequately qualified and experienced Audit Committee with Mr. C. B. Bhave as the Chairman and Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. Piyush Mankad, Mr. V. S. Parthasarathy and Dr. Anish Shah as Members.

The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

i) Nomination and Remuneration Committee
ii) Stakeholders Relationship Committee
iii) Corporate Social Responsibility Committee
iv) Risk Management Committee
v) Asset Liability Committee
vi) Committee for Strategic Investments
vii) IT Strategy Committee

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

Dr. Anish Shah, Non-Executive Non-Independent Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for reappointment. The detailed profile of Dr. Anish Shah has been included in the Notice convening the ensuing AGM.

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under paragraph

69(1)(iv) of Chapter XI of RBI Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated 1st September, 2016 and that they are not disqualified from being appointed as Directors in terms of section 164(2) of the Companies Act, 2013.

None of the Independent Directors are due for re-appointment.

Key Managerial Personnel

Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwalla, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the KMP during the year under review.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directors' Responsibility Statement

Pursuant to the provisions of section 134(5) of the Companies Act, 2013, ("the Act") your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i. in the preparation of the annual accounts for financial year ended 31st March, 2018, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.

ii. they have in consultation with the Statutory Auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date.

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. they have prepared the annual accounts for financial year ended 31st March, 2018 on a going concern basis.

v. they have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls were operating effectively during the financial year ended 31st March, 2018.

vi. they have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2018.

Performance Evaluation of the Board

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a Policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually (including Independent Directors).

Feedback was sought by way of well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors who were evaluated on several parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders and knowledge acquired with regard to the Company's business/activities.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Directors and Non-Executive Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration

Committee. The Directors have expressed their satisfaction with the evaluation process.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2017-18, in terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company and can be accessed at the web-link: **http://www.mahindrafinance.com/pdf/familiarisation-programme for-IDs.pdf**.

Policies on Appointment of Directors and Remuneration of Directors, Key Managerial Personnel and Employees

In accordance with the provisions of section 134(3) (e) of the Companies Act, 2013 ("the Act") read with section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

Your Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of section 178, and the same are appended as **Annexure V-A and Annexure V-B**, respectively and form part of this Report.

The criteria for determining qualifications, positive attributes and independence of a Director and the Remuneration Policies for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

AUDITORS

Statutory Auditors

Messrs. B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No.101248W/W-100022), were appointed as the Statutory Auditors of the Company to hold office for a period of 5 years, commencing from the conclusion of the 27th Annual General Meeting ("AGM") held on 24th July, 2017 till the conclusion of the 32nd AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM, as may be applicable.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B S R & Co. LLP, Chartered Accountants to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

The Auditors' Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor

The Board of Directors of the Company has appointed Messrs. KSR & Co., Company Secretaries LLP to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2017-18 is appended to this Report as **Annexure VI**.

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis.

During the year under review, your Company had entered into a Material Related Party Transaction, i.e. transaction exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, with Mahindra & Mahindra Limited, the Holding Company. This transaction too was in the Ordinary Course of Business of your Company and was at Arm's Length Basis, details of which, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure VII** and forms part of this Annual Report.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company is uploaded on the website of the Company and same can be accessed on the web-link: **http://www.mahindrafinance.com/policies.aspx**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the closure of the Financial Year 2017-18 till the date of this Report, which would affect the financial position of your Company.

RISK MANAGEMENT POLICY

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The development and implementation of Risk Management Policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter, which forms part of this Annual Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or Convenor of the Corporate Governance Cell.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. Protected disclosures can also be made by sending an email at the designated email id : **mmfsl_whistleblower@mahindra.com**.

The Whistle Blower Policy has been appropriately communicated within the Company and is available on the website of your Company at the web-link: **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

No personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

The Company's subsidiaries and joint venture continue to contribute to the overall growth in revenues and overall performance of your Company.

A Report on the performance and financial position of each of the subsidiaries and the joint venture company included in the Consolidated Financial Statements and their contribution to the overall performance of the Company is provided in Form AOC-1 as **Annexure A** to the Consolidated Financial Statements and forms part of this Annual Report.

The Policy for determining material subsidiaries as approved by the Board is hosted on the Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

SUBSIDIARIES

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited (MIBL), the subsidiary in the business of Direct and Re-insurance Broking, serviced approximately 2.59 million insurance cases, with a total of 20,58,613 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 5,82,949 lives covered with a Sum Assured of Rs. 18,027.6 Crores in the Financial Year 2016-17 to 6,85,264 lives covered with a Sum Assured of Rs. 21,359.2 Crores in the Financial Year 2017-18. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 31% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,567.9 Crores in the Financial Year 2016-17 to Rs. 2,049.1 Crores in the Financial Year 2017-18. The Total Income increased by 41% from Rs. 174.2 Crores in the Financial Year 2016-17 to Rs. 245.1 Crores in the Financial Year 2017-18. The Profit Before Tax (PBT) recorded a marginal degrowth of 0.6% at Rs.81.2 Crores as compared to Rs.81.7 Crores in the same period of the previous year. The Profit After Tax (PAT) recorded a degrowth of 1.5% at Rs.52.2 Crores as against Rs.53.0 Crores in the same period of the previous year.

MIBL has been able to reach the benefit of insurance to over 2,00,000 villages across India.

Sale of 1,28,866 Equity Shares representing 5% of the total share capital of MIBL

During the year, your Company sold 1,28,866 Equity Shares aggregating 5% of the share capital of MIBL in favour of Inclusion Resources Private Limited for an overall consideration of Rs. 65 Crores, resulting in a profit of Rs. 65 Crores on sale of this investment. Post the sale, the shareholding of your Company stands reduced from 85% to 80% of MIBL's share capital.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (MRHFL), the Company's subsidiary in the business of providing loans for purchase, renovation, construction of houses to individuals in the rural and semi-urban areas of the country, registered a total income of Rs. 1,000.0 Crores as compared to Rs. 703.4 Crores for the previous year, registering a growth of 42%. Profit before tax was 77% higher at Rs.224.6 Crores as compared to Rs. 126.9 Crores for the previous year. Profit after tax was 75% higher at Rs.145.5 Crores as compared to Rs. 83.0 Crores for the previous year.

During the year under review, MRHFL disbursed loans aggregating to Rs. 2,789.2 Crores (previous year Rs.2,116.2 Crores) achieving a growth of 32 percent over the previous year.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs.1.9 lakhs. During the year under consideration, MRHFL disbursed home loans to around 2,18,000 households (in addition to around 5,60,000 existing households as on 31st March, 2017). MRHFL has been expanding its geographical presence to provide affordable services for rural households.

During the year under review, operations of MRHFL were strengthened in the States of Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh, Uttarakhand and Bihar.

Mahindra Asset Management Company Private Limited

Mahindra Asset Management Company Private Limited (MAMCPL), a wholly-owned subsidiary of the Company acts as an Investment Manager for the schemes of Mahindra Mutual Fund. As on 31st March, 2018, MAMCPL was acting as the Investment Manager for six schemes.

The Assets under Management in these six schemes were Rs. 3,352 Crores in March 2018 as compared to Rs. 2,050 Crores in March 2017. Of these assets, Rs. 1,173 Crores were in retail schemes in March 2018 as compared to Rs. 319 Crores in March 2017. MAMCPL has empanelled more than 7,500 distributors and opened 1,26,737 investor accounts in these schemes recording a rise of more than 235%.

During the year under review, the total income of MAMCPL was Rs. 23.4 Crores as compared to Rs. 8.8 Crores for the previous year, registering a growth of 165%. The operations for the year have resulted in a loss of Rs. 38.1 Crores as against a loss of Rs. 20.5 Crores during the previous year.

Mahindra Trustee Company Private Limited

Mahindra Trustee Company Private Limited (MTCPL), your Company's wholly-owned subsidiary, acts as the Trustee to Mahindra Mutual Fund.

During the year, MTCPL earned trusteeship fees of Rs.23.87 lakhs and other income of Rs.0.73 lakhs as compared to Rs.3.11 lakhs and Rs.0.06 lakhs respectively, for the previous year. The total expenses for the year were Rs.24.25 lakhs as against Rs. 23.52 lakhs in the previous year. MTCPL recorded a profit of Rs.0.35 lakhs for the year under review as against a loss of Rs. 20.4 lakhs in the previous year.

JOINT VENTURE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 8.34% to USD 828.38 Million for the year ended 31st March, 2018 as compared to USD 764.61 Million for the previous year. Income grew by 27.98% to USD 54.61 Million for the year ended 31st March, 2018 as compared to USD 42.67 Million for the previous year. Profit before tax was 27.34% higher at USD 16.44 Million as compared to USD 12.91 Million for the previous year. Profit after tax grew at a healthy rate of 19.02% to USD 9.70 Million as compared to USD 8.15 Million in the previous year.

Names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year

During the year under review, no company has become or ceased to be a subsidiary, joint venture or associate of your Company.

The Company shall provide the copy of the annual accounts of its subsidiary companies and the related information to the Members of the Company on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any Member at the Registered Office of the Company and also at the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.

The Annual Reports of the subsidiaries will also be available on your Company's website at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**.

Material Subsidiary

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any material subsidiary, during the year under review.

The Policy for determining material subsidiaries as approved by the Board is uploaded on the Company's website and can be accessed at the Web-link: **http://www.mahindrafinance.com/pdf/determining_material_subsidiaries.pdf**

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its four subsidiaries, viz. Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Asset Management Company Private Limited and Mahindra Trustee Company Private Limited prepared in accordance with the Companies Act, 2013 and Accounting Standard AS 21 prescribed by The Institute of Chartered Accountants of India, along with all relevant documents and the Auditors' Report form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and its joint venture viz. Mahindra Finance USA LLC.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Your Company uses Oracle based Systems as a business enabler and also to maintain its Books of Account. The transactional controls built into these systems ensure appropriate segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records. The systems, Standard Operating Procedures and controls are reviewed by Management. These systems and controls are audited by Internal Audit and their findings and recommendations are reviewed by the Audit Committee which ensures the implementation. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented.

Reasonable Financial Controls are operative for all the business activities of the Company and no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Nonetheless your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 AND SECRETARIAL STANDARD - 2

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under:

Sl. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/ KMP	**Designation**	**Ratio of the remuneration of each Director to median remuneration of Employees**
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18.	Mr. Dhananjay Mungale	Chairman (Independent Director)	11.06X
		Mr. M. G. Bhide	Independent Director	9.14X
		Mr. Piyush Mankad	Independent Director	8.78X
		Mr. C. B. Bhave	Independent Director	8.45X
		Ms. Rama Bijapurkar	Independent Director	7.85X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	196.96X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	84.99X
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	19.76X

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

Sl. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	**Designation**	**% increase in Remuneration**
2.	Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2017-18.	Mr. Dhananjay Mungale	Chairman (Independent Director)	1.82
		Mr. M. G. Bhide	Independent Director	4.53
		Mr. Piyush Mankad	Independent Director	6.83
		Mr. C. B. Bhave	Independent Director	2.81
		Ms. Rama Bijapurkar	Independent Director	1.71
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	-11.53
		Mr. V. Ravi	Executive Director & Chief Financial Officer	-13.94
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	-11.16

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

3.	Percentage increase in the median Remuneration of employees in the Financial Year 2017-18.	5.22% considering employees who were in employment for the whole of the Financial Year 2016-17 and Financial Year 2017-18.
4.	Number of Permanent employees on the rolls of the Company as on 31st March, 2018.	18,733

5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2017-18 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2016-17 and Financial Year 2017-18, the average increase is 5.62%. Average decrease for Managerial Personnel is 12.20% **Justification:** The remuneration of the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is decided based on the individual performance, inflation, prevailing industry trends and benchmarks. The remuneration of eligible Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship/Chairpersonship of Committees, etc., were taken into consideration. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparator basket of relevant companies in India.
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.

Notes:

1) The remuneration calculated is as per Section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.
2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2016-17 and Financial Year 2017-18.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer of the Company do not receive any remuneration or commission from its Holding Company. However, Mr. Iyer has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Limited. Mr. Iyer has not exercised ESOPs of the Holding Company, during the year, which were granted in the earlier year(s).

During the year under review, Mr. Ramesh Iyer and Mr. V. Ravi have received a commission of Rs. 76,56,314 and Rs. 19,15,000, respectively, from Mahindra Insurance Brokers Limited, a subsidiary of the Company. Further in the year under review, 1,14,273 stock options have been granted to Mr. Ramesh Iyer and 28,568 stock options have been granted to Mr. V. Ravi under the Employees' Stock Option Scheme of Mahindra Rural Housing Finance Limited, the Company's subsidiary company.

The Company had 14 employees who were in receipt of remuneration of not less than Rs.1,02,00,000 during the year ended 31st March, 2018 or not less than Rs.8,50,000 per month during any part of the year.

Details of employee remuneration as required under provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and 5 (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**. None of these employees is a relative of any Director of the Company.

None of the employees holds either by himself/herself or along with his/her spouse or dependent children, more than two per cent of the Equity Shares of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary and trainees) are covered under this Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. The Company ensures that no employee is disadvantaged by way of gender discrimination.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2017-18, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

(a) Number of complaint(s) of Sexual Harassment received during the year – 1

(b) Number of complaint(s) disposed off during the year – 1

(c) Number of cases pending for more than 90 days – 0

(d) Number of workshops/awareness programme against sexual harassment carried out – 1 workshop was conducted at the Company's Corporate Office. Awareness on sexual harassment was carried out to sensitize employees of the Company at branches pan-India.

(e) Nature of action taken by the employer or District Officer – Warning letter was issued to the alleged employee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3) (m) of section 134 of the Companies Act, 2013 read with Rule (8)(3)of the Companies (Accounts) Rules, 2014 are given as under :

(A) Conservation of Energy

(i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

Select few steps are listed:

a) Replacement of conventional lighting with Light Emitting Diode (LED) lighting :

The Company has installed LED lighting in Regional Offices of the Company during the year under review and the same has been monitored in terms of electrical consumption and expenses.

b) Replacement of old air-conditioning with updated version of machines with R-410A gas, which helps in reducing Ozone depletion.

c) Reduction in water and energy consumption and recycling of waste generation at various locations.

(ii) The steps taken by the Company for utilising alternate sources of energy: Nil.

(iii) The capital investment on energy conservation equipments: Nil.

(B) Technology Absorption

(i) The efforts made towards technology absorption: **Not Applicable.**

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): **Not Applicable**.

(a) Details of Technology Imported;

(b) Year of Import;

(c) Whether the Technology has been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2018

ANNEXURE I TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["the Listing Regulations"] makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company at its meeting held on 25th October, 2016, has approved and adopted the Dividend Distribution Policy of the Company ["the Policy"]. The Policy shall come into force for accounting periods beginning from 1st April, 2016.

OBJECTIVE

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

DEFINITIONS

a. "Act" means the Companies Act, 2013 and Rules made thereunder [including any amendments or re-enactments thereof].

b. "Applicable laws" shall mean to include Companies Act, 2013 and Rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/notifications/circulars issued by the Reserve Bank of India and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.

c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.

d. "Company" shall mean Mahindra & Mahindra Financial Services Limited.

e. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.

f. "Financial year" shall mean the period starting from 1st day of April and ending on the 31st day of March every year.

g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

h. Capital to Risk Assets Ratio (Capital Adequacy Ratio) shall mean the Percentage of Capital Funds to Risk Weighted Assets/Exposures of the Company.

DIVIDEND DISTRIBUTION PHILOSOPHY

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Information on dividend for the last 10 years is furnished in the Annual Report.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

i) Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value of Rs.2 each. Presently, the Authorised Share Capital of the Company is divided into Equity Shares of Rs. 2 each and preference shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises of only Equity Shares of Rs.2 each which rank pari passu with respect to all their rights. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

ii) The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on Equity Shares.

iii) As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

FACTORS FOR RECOMMENDATION/DECLARATION OF DIVIDEND

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend pay-out ratio in the range of 20% to 30% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

Internal Factors (Financial Parameters):

i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:

   a. Previous years; and

   b. Internal budgets,

ii. Cash flow position of the Company,

iii. Accumulated reserves,

iv. Capital to Risk Assets Ratio (Capital Adequacy Ratio),

v. Transfer to Statutory Reserves as per the Reserve Bank of India Act, 1934,

vi. Transfer to Debenture Redemption Reserve,

vii. Earnings stability,

viii. Future cash requirements for organic growth/expansion and/or for inorganic growth,

ix. Brand acquisitions,

x. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,

xi. Deployment of funds in short term marketable investments,

xii. Long term investments,

xiii. Capital expenditure(s), and

xiv. The ratio of debt to equity (at net debt and gross debt level).

External Factors:

i. Business cycles,

ii. Economic environment,

iii. Cost of external financing,

iv. Applicable taxes including tax on dividend,

v. Industry outlook for the future years,

vi. Inflation rate, and

vii. Changes in the Government policies, industry specific rulings and regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.

ii. In the event of higher working capital requirement for business operations or otherwise.

iii. In the event of inadequacy of cash flow available for distribution.

iv. In the event of inadequacy or absence of profits.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

In such event, the Board will provide rationale in the Annual Report.

MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure for working capital,

ii. Organic and/ or inorganic growth,

iii. Investment in new business(es) and/or additional investment in existing business(es),

iv. Declaration of dividend,

v. Capitalisation of shares,

vi. Buy back of shares,

vii. General corporate purposes, including contingencies,

viii. Correcting the capital structure,

ix. Any other permitted usage as per the Companies Act, 2013.

GENERAL

Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

REVIEW

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/Acts/Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

DISCLOSURES

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website of the Company.

The policy will be available on the Company's website and the link to the policy is: **http://www.mahindrafinance.com/policies.aspx**. The Policy will also be disclosed in the Company's annual report.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in the annual report and on its website.

ANNEXURE II TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Business Responsibility Report for the year 2017-18

(Pursuant to Regulation 34(2) (f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	:	L65921MH1991PLC059642			
2.	**Name of the Company**	:	Mahindra & Mahindra Financial Services Limited			
3.	**Registered address**	:	Gateway Building, Apollo Bunder, Mumbai – 400 001, Maharashtra, India.			
4.	**Website**	:	http://www.mahindrafinance.com			
5.	**E-mail**	:	investorhelpline_mmfsl@mahindra.com			
6.	**Financial Year reported**	:	1st April, 2017 to 31st March, 2018			
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise)**	:	**Description of the main products/services**		**NIC code for the product or service**	
			Asset Financing		64990	
8.	**List three key products/services that the Company manufactures/provides (as in balance sheet)**	:	**1)**	**Vehicle/Tractor Financing**		
			2)	**Small and Medium-sized Enterprises (SME) Financing**		
			3)	**Investments and Advisory**		
9.	**Total number of locations where business activity is undertaken by the Company**	:	**i.**	**Number of International Locations (Provide details of major 5)**	**ii.**	**Number of National Locations**
			The Company has presence in India and also operates through its Joint Venture (JV) company Mahindra Finance USA LLC in United States.		1,284 offices as on 31st March, 2018.	
10.	**Markets served by the Company – Local/State/National/ International**	:	The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India.			

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	**Paid up Capital (INR)**	:		12,289.54 Lakhs	
2.	**Total Turnover (INR)**	:		7,20,612.23 Lakhs	
3.	**Total profit after taxes (INR)**	:		89,188.43 Lakhs	
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	:		INR 2,715.79 Lakhs 2.00 % of average Net Profit for last three Financial Years	
5.	**List of activities in which expenditure in 4 above has been incurred**	:	•	**Ambulance Donation:** Promoting access to healthcare for marginalised populations by providing ambulances.	
			•	**Jeevandan:** Organizing Blood Donation Camps with the help of employees across India.	
			•	**Sehat:** Promoting access to healthcare for marginalised populations by:	
				1.	Improving health conditions and medical facilities by providing medical equipment.
				2.	Establishment and maintenance of Day Care Centers for Thalassemia.
				3.	Providing nutritional supplementation to anemic women, adolescents and malnourished children.
				4.	Supporting Lifeline Express to provide on-the-spot diagnostic, surgical and other medical services to poor families in rural areas.
				5.	Conducting various medical camps for general health and providing medical aid.
				6.	Promoting awareness about hygiene and sanitation in the communities.
				7.	Disaster relief work.
				• **Swachh Bharat:** Supporting Prime Minister's clean India campaign by spreading awareness about Swachh Bharat Abhiyan.	

				• **Gyandeep:** Assisting education of under privileged community by providing quality education, uniforms, notebooks, textbooks, laptops, necessary infrastructure and facilities to educational and other institutions, etc.
				• **Hunnar:** Imparting vocational skills such as:
				1. Driving skills training for women to employ them as drivers for the sustainable livelihood.
				2. Vocational Training for unemployed rural youth in financial skills to make them employable.
				3. Multiple sector skills to Persons With Disability to employ them in sectors such as Retail, Hospitality and ITES.
				• **Mahindra Finance Scholarship:** Scholarship for Graduate & Undergraduate needy students from rural areas.
				• **Mahindra Pride School:** Providing 3 months intensive training in ITES, Retail and Hospitality to socially & economically disadvantaged youth thus enabling them to get lucrative jobs.
				• **Nanhi Kali:** Supporting education of marginalised girls.
				• **Samantar:** Providing financial support to maintain old age homes, orphanages, homes for the differently abled and providing educational aid to orphans and differently abled.
				• **Hariyali:** Increasing green cover in the country by planting trees in multiple locations across India and supporting Environmental conservation & restoration projects.
				• **Culture:** Preservation and promotion of fine arts & culture.
				• CSR Administrative Expenses.

SECTION C: OTHER DETAILS

1.	**Does the Company have any Subsidiary Company/ Companies?**	Yes, the Company has four Subsidiary Companies as on 31st March, 2018.	
		1)	Mahindra Insurance Brokers Limited
		2)	Mahindra Rural Housing Finance Limited
		3)	Mahindra Asset Management Company Private Limited
		4)	Mahindra Trustee Company Private Limited
2.	**Do the Subsidiary Company/Companies participate in the Business Responsibility (BR)Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)**		Yes, three Subsidiary Companies viz. Mahindra Insurance Brokers Limited (MIBL), Mahindra Rural Housing Finance Limited (MRHFL) and Mahindra Asset Management Company Private Limited (MAMCPL) participate in the Company's BR initiatives and are also included in the scope of the Mahindra Group - Financial Services Sector's (FSS) next Sustainability Report. The FSS Sustainability Reports of last 5 years are available on the Company's website at: **http://www.mahindrafinance.com/sustainability.aspx**. Also the different sustainability related policies and interventions are deployed and driven across in Financial Services Sector covering all the subsidiary companies during the F.Y. 2017-18.
3.	**Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**		Yes, the Company has developed a long lasting relationship with Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets. As part of these engagement activities with dealers we highlight our business practices and process which are in line with the governing framework and we also align with dealers on our core business focus i.e. enabling people to earn livelihood and creating positive social impact.
			On Supplier's front the Company has service providers and vendors that provide services and products required for business operations. The Company has various sustainability focused programs that expand the reach of environmental and social responsibility to our suppliers. The Company also encourages and appreciates its suppliers which adopt sustainability focused practices and share them.
			Since the business reach is widespread across the country, the number of dealers and suppliers the Company engages and works with, is considerably high. Currently the coverage of the dealers and suppliers covered under the sustainability program is less than 30%. In the new Sustainability Roadmap of the Company, increasing the coverage of dealers and suppliers is taken up as one of the focus areas.

SECTION D: BR INFORMATION

1. DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Director Identification Number (DIN)	Name	Designation
00220759	Mr. Ramesh Iyer	Vice-Chairman & Managing Director, President - Financial Services Sector & Member of the Group Executive Board.

b) Details of the BR Head

S.No.	Particulars	Details
1	DIN (if applicable)	N.A.
2	Name	Mr. Vinay Deshpande
3	Designation	Chief People Officer
4	Telephone Number	+91 22 66526000
5	E-mail id	deshpande.vinay@mahindra.com

2. PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by Board, is in place. This policy is operationalised and supported by various other policies, guidelines and manuals.

The 9 principles outlined in the National Voluntary Guidelines are as follows:

PRINCIPLE 1	PRINCIPLE 2	PRINCIPLE 3
Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Businesses should promote the wellbeing of all employees.

PRINCIPLE 4	PRINCIPLE 5	PRINCIPLE 6
Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Businesses should respect and promote human rights.	Businesses should respect, protect and make efforts to restore the environment.

PRINCIPLE 7	PRINCIPLE 8	PRINCIPLE 9
Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Businesses should support inclusive growth and equitable development.	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

		Ethics, Transparency and Accountability	Product Life Cycle*	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
Sl.No.	**Questions**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national/ international standards? If yes, specify?	Y	N.A.	Y	Y	Y	Y	Y	Y	Y

		Ethics, Transparency and Accountability	Product Life Cycle*	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
Sl.No.	**Questions**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	N.A.	Y	Y	Y	Y	N.A.	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]

*Considering the nature of the Company's business, this principle has limited applicability to our service offering and financial products.

Notes:

Y – Yes, the Company has relevant policies and systems in place with respect to the principles and the related questions as per the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibility of Business.

Y1 – The Company's Business Responsibility Policy, The Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Fair Practices Code, Internal Guidelines on Corporate Governance, Corporate Social Responsibility Policy, Sustainability Policy, Whistle Blower Policy are available on the Company's website at the following links:

- **http://www.mahindrafinance.com/pdf/MMFSL_BusinessResponsibilityPolicy_Signed.pdf**
- **http://www.mahindrafinance.com/pdf/COC_Directors.pdf**
- **http://www.mahindrafinance.com/pdf/Code_for_Independent_Directors.pdf**
- **http://www.mahindrafinance.com/pdf/CorpGov_Mgmt_Emp.pdf**
- **http://www.mahindrafinance.com/fair-practice-code.aspx**
- **http://www.mahindrafinance.com/pdf/Internal_Guidelines_on_CG_MMFSL.PDF**
- **http://www.mahindrafinance.com/pdf/CSR-Policy.pdf**
- **http://www.mahindrafinance.com/pdf/sustainability_policy_financial_service_sector.pdf**
- **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**

Other Policies with respect to the principles of NVGs like Human Rights Policy, Policy for Disposal of IT Assets, Loan Credit Policy, Quality Policy, Policy on Insider Trading, etc., are uploaded on the Company's intranet portal for the information and implementation by internal stakeholders.

Y2 – Communication of Business Responsibility Policy and other Policies with respect to principles of NVGs has been shared and circulated to relevant stakeholders.

Y3 – While the Company has not carried out independent audit of the policies; there is a limited assurance by an independent third party (assurance provider) for the Company's Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

(b) **If answer to the question at serial number 1 (in table of 2.a) against any principle, is 'No', please explain why: (Tick up to 2 options)** : Not Applicable

3. GOVERNANCE RELATED TO BR

1.	**Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**	Within 3 months
2.	**Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**	The Company annually publishes the Sustainability Report based on Global Reporting Initiative's (GRI – G4) Guidelines. In the reporting year, the Company released its 5th Sustainability Report for F.Y. 2016-17 with the theme 'Towards Value Creation' based on the GRI – G4 Guidelines which highlights its endeavours towards creating a better future. The Sustainability Report for F.Y. 2016-17 can be accessed at the web-link – **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   The Company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. Yes, the Code extends to all dealings with suppliers, customers and other business partners. The Board has established two detailed sets of code of conduct, one for Board of Directors and other for senior management and employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   During the reporting year, 26 complaints were received from the Shareholders, all of which were attended to/ resolved till date.

   The Company also received 35 complaints from its Debenture holders and 9 complaints from Fixed Deposit holders and all the complaints stand resolved at the end of the financial year. Your Company is firmly focused in offering the best services to all its stakeholders and constantly endeavours to identify and address any area of concern and redress any grievance/complaint that may arise, on priority.

PRINCIPLE 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Company is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company's business focusses on the key necessities of people and enable them to earn their livelihood through financial products offered by it. The Company also helps people build their homes through MRHFL's home loan services, secure their life and assets by insurance solutions of MIBL and provide investment options by MAMCPL. Sustainability has always been a key success factor for the ambit of company's businesses. Through its wide network of branches with locally trained employees, large customer base, vast experience and market knowledge, the Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of the population, who are aspiring for a better living in the villages.

   The Company's product portfolio covers:

a) **Vehicle loans:** Utility vehicles, tractors, cars, two-wheelers, three-wheelers, commercial vehicles and construction equipment and refinance for used cars.

b) **SME loans:** Equipment Financing, Project Financing and Working Capital Finance.

c) **Investments and Advisory:** The Company helps customers by providing investment advisory services and a wide range of investment products.

   The Company has presence in over 3.5 lakhs villages and undertakes periodic surveys to understand its customers better. These customers are largely ignored by the conventional banking system, or they are located in under-banked locations. The Company's customers come from various walks of life, such as small traders, neo-entrepreneurs, teachers, drivers and farmers. Around 80% of the Company's customers belong to the lower-income category and are at the bottom of the income and social pyramid.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of its business. However, the Company extensively monitors its energy consumption, GHG emissions and waste generation as a part of its sustainability roadmap.

The steps taken on conservation of energy covers use of LED lights in new branches and also retrofication to LED lights in Regional Offices. Also, the Company has taken initiative on use of environment friendly gas in Air Conditioners during the year.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company's major suppliers are small scale vendors and service providers. The Company's nature of business does not present opportunities for sustainable sourcing aspect in a holistic way. However, the Company focuses on engaging with local suppliers and giving them preference which helps them in generating and sustaining their business. Also, the Company encourages its suppliers and vendors to adopt sustainable practices.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

One of the important factors while selecting suppliers of the Company is proximity to locations where it operates. Since the Company has a pan-India presence and operates across various locations in rural India, it is important to build strong partnerships with the local suppliers.

In the last reporting year, 100% of the Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page Nos. 9 & 18 in the Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

As a part of Company's continued engagement with local suppliers and through its emphasis on factors like quality, delivery time, etc., service levels of the suppliers have improved. Also, the Company encourages its suppliers to adopt sustainable practices and also appreciates and recognises the good practices followed by them.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)**

Yes, the Company has mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste (like paper & plastics). The Company disposes the hazardous waste materials (e-waste) through authorised agencies as per the applicable laws pertaining to e-waste. 100% of hazardous waste from all major locations for the previous year was disposed off responsibly.

The Company has introduced a number of initiatives on recycling of stationery waste at its main locations pan–India. More number of locations are practicing recycling of such waste with agencies which can convert them in reusable forms. During the year more than 26 Tons of these materials have been responsibly managed at the Company's Corporate Office in Mumbai.

The Company is collaborating with Record Management Agencies to take up initiatives on waste reduction and approximately 27 Tons of paper was saved in the last financial year by using recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of papers that is generated by old record destruction.

PRINCIPLE 3

1. **Please indicate the Total number of employees**

	No. of employees
Permanent employees	18,733

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis**

	No. of employees
Temporary/Contractual /Casual employees	3,158

3. **Please indicate the number of permanent women employees**

728

4. **Please indicate the number of permanent employees with disabilities**

54

5. **Do you have an employee association that is recognized by management?**

The Company does not have recognized Employee Associations / Labour unions.

6. **What percentage of your permanent employees is members of this recognized employee association?**

This aspect is not applicable as employees in the Company are not members of any recognized association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as at the end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	1	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The Company's talent management team conducts various learning and development programmes each year to nurture talent amongst the employees. The average training hours accounted to 6.34 man-days per person in F.Y. 2017-18.

Percentage of employees covered as a part of different safety & skill up-gradation training in the last year are given below:

• Permanent Employees	85%
• Permanent Women Employees	64%
• Casual/Temporary/Contractual Employees	Company does not measure this metric
• Employees with Disabilities	Company does not measure this metric

PRINCIPLE 4

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its internal and external stakeholders.

Details of the Company's stakeholder engagement process can be referred on Pg. Nos. 10-11 of its last Sustainability Report available at the web-link:**http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes, the Company has identified such stakeholders. The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan considering expectation of different stakeholders including those which need support on multiple fronts. The Company mobilises resources to implement various programs for upliftment of these stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

The Company is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of population, who are aspiring for a better living in the rural and semi-urban parts of India. The Company's business focusses on the key necessities of people and enable them to realise their aspirations through financial products offered by it.

The Company has undertaken a number of CSR initiatives for meeting the expectations of different stakeholders. Various projects are initiated under themes of healthcare, education, livelihood for youth, women and people with disabilities to engage the beneficiaries and stakeholders.

The details of the programs can be found under the CSR section of the Company's Sustainability Report and Annual Report.

Annual Report of the Company can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

Kindly refer the Social Performance Section in the Company's last Sustainability Report on Page Nos. 28 to 33 available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

PRINCIPLE 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Human Rights Policy Statement of the Company applies to all employees and is expected to be reciprocated by other stakeholders including partners, suppliers, vendors and contractors, as Company's commitment to Human Rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

None with respect to Human Rights. Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights is disclosed in Point No. 7 of Principle 3 above.

PRINCIPLE 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs others?

Yes, the Company's policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The E-waste Management Policy which is important to the Company has coverage and applicability to its business partners involved in the process. In addition to this, the Company has also devised its Sustainability Policy and Guidelines in F.Y. 2017-18 which also cover its subsidiary companies and different stakeholders engaged in business process as applicable.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has been reporting environmental performance in terms of absolute and specific GHG emissions. The specific emissions are calculated by dividing the absolute emissions by the number of employees (Full Time Employees – FTE).

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 5th consecutive year. Your Company is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental, Social and Governance (ESG) management plans and actions. Also, the Company was included in "The Sustainability Yearbook 2018" and is the only Financial Services Sector Company to qualify amongst 9 companies from India. This signifies the Company being amongst top Sustainability performers in Diversified Financial Services Sector across the World based on Corporate Sustainability Assessment done by RobecoSAM.

The Company's approach has been to make its environmental disclosures transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India since F.Y. 2011-12. During the reporting year, the Company maintained CDP Performance Band - B and this affirms the Company is taking coordinated action on climate change issues.

The Company under Mahindra Hariyali project planted over 1,22,000 saplings across India in this year. It is an initiative to improve green cover and protect biodiversity in the country.

Also, the Company has undertaken various environmental initiatives that reduce emission of GHG gases in the atmosphere that contribute to the phenomena of global warming and climate change. Details of all the initiatives are available in the 'Towards Climate Resilience and Water Security' section of the Company's Sustainability Report as well as enlisted below. Kindly refer Page Nos. 34-36 of the Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

An indicative list of various projects implemented in this regard is appended below:

On Energy Conservation:

1) Use of LED Lights in place of CFL at offices.
2) Installation of higher efficiency Air Conditioners (3 star and above) and Blade Servers.
3) Quality improvement initiatives with actions focused on energy conservation.

On Water Saving:

1) Watershed management project in communities on pilot scale.
2) Rainwater harvesting in communities on pilot scale.
3) Water Wheels Drive distribution to beneficiaries.
4) Aerators in taps of offices.
5) Re-using water in offices.

On Waste Reduction:

1) Use of technology and digitisation of processes to make them paperless.
2) Re-using and recycling of wastes.

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes, the Company has a mechanism to identify and assess potential environmental risks pertinent to its business operations.

4. **Does the Company have any project related to Clean Development Mechanism (CDM)? If Yes, whether any environmental compliance report is filed?**

   As the nature of the Company's business is service oriented; feasibility of undertaking a CDM project is very limited. The Company has not undertaken any project related to CDM.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes, the Company has taken initiatives on energy efficiency and renewable energy.

   Please refer point 2 above.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The Company, being a financial services sector company does not fall under the purview of CPCB/SPCB. However, the Company monitors various aspects like energy consumption, water consumption, paper consumption, wastes generated and GHG emissions (details available in Sustainability Report at: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf)**. Your Company under various initiatives is constantly in pursuit to reduce its carbon footprint and waste generated.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Not applicable as the operations of your Company do not come under the purview and regulations of these government bodies. Your Company is compliant with all applicable laws pertaining to its business.

PRINCIPLE 7

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with**

   The Company has been a prominent member of Confederation of Indian Industries (CII), Associated Finance Industry Development Council (FIDC) and Bombay Chamber of Commerce and Industry (BCCI).

   Also, the Company has been associated with other industry bodies like - Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI) and Society of Indian Automobile Manufacturers (SIAM).

   In addition to these, the Vice-Chairman and Managing Director - Mr. Ramesh Iyer and Executive Director & Chief Financial Officer - Mr. V. Ravi are part of different committees and forum of various chambers, associations and educational institutes.

Further details regarding the same can be referred to in section 'Public Policy Advocacy' on Page Nos. 14-15 of your Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes, the Company's senior management has suggested improvements in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry associations and forums.

PRINCIPLE 8

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities where it operates. Your Company endeavours to empower the rural communities and help them to unleash their potential. The Company's CSR initiatives focus on three thrust areas of education (including livelihood), healthcare and environment. The Company aims to create transformation in rural India, which is self-sustaining and encourages growth-oriented communities.

   The Company has embarked upon various initiatives under corporate social responsibility to promote inclusive growth and equitable development.

   The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate, monitor, review various policies and programs falling within the purview of the Schedule VII of the Companies Act, 2013, and mobilize resources for adherence with the same.

   Kindly refer the Annual Report on CSR activities in the Company's Annual Report available at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

   Kindly refer the Social Performance Section in the Company's last Sustainability Report on Page Nos. 28-33 available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

   These details can also be accessed on the Company's website:

   - CSR Section - **http://www.mahindrafinance.com/csr.aspx**
   - Sustainability Section - **http://www.mahindrafinance.com/sustainability.aspx**

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The Company has undertaken a wide variety of community based initiatives, through its corporate social responsibility vertical. The implementation of different projects is done by self-implementation & NGO partners. Details on these aspects can be found in the CSR section of the Company's Annual Report and Sustainability Report.

   Please refer Annual Report on CSR activities available at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

   Kindly refer the Social Performance Section in the Company's last Sustainability Report on Page Nos. 28-33 available at the web-link: **http://www.mahindrafinance.com/pdf/MahindraFSS_SR_2017.pdf**

   Also, details can be referred on your Company's website:

   - CSR Section - **http://www.mahindrafinance.com/csr.aspx**
   - Sustainability Section - **http://www.mahindrafinance.com/sustainability.aspx**

3. **Have you done any impact assessment of your initiative?**

   The Company has a process for doing the impact assessment for its key CSR interventions by engaging external partners. The Company follows the process which covers need assessment, project designing, project implementation and endline assessment.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Your Company contributed INR 2,715.79 Lakhs majorly in areas of Education (including livelihood), Health and Environment which are Company's CSR focus areas.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities where it operates. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, afforestation, rural development and community welfare.

i. **Mahindra Finance Scholarship:** Scholarships were provided to 3,000 meritorious graduate and post-graduate students from economically-disadvantaged sections.

ii. **Project Hunnar – Vocational Training:** Through Hire-Train-Deploy (HTD) Model, the Company conducted vocational training programme for 513 rural educated youth to make them employable.

iii. **Project Hunnar – Skill Development Training for People with Disabilities:** The Company established a Divyang Vikas Kendra to train 250 people with disabilities to make them employable.

iv. **Project Hunnar:** Drivers Training for Women: The Company empowered 220 underprivileged women and provided them with an opportunity to become professional and commercial drivers. This program has transformed lives of women to earn a dignified life in their family and community.

v. **Nanhi Kali:** It is an effort to provide educational support to 9,400 underprivileged girls from poor urban and remote rural areas across India.

vi. **Mahindra Pride Schools:** It is a livelihood training programme providing intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged sections. 2,612 youth were trained in F.Y. 2017-18.

vii. **Healthcare Equipment Donation:** The project aims at increasing access to healthcare by offering quality services through a well-equipped facility. Over 1,50,000 urban and rural women are receiving free and affordable preventive care, gynecologic and diagnostic services. 517 Thalassemic children have benefited through day care centres established in rural and urban locations.

viii. **Ambulance Donation**: Above 12,000 patients were able to access primary healthcare services as commute from tribal villages to a nearby hospital was not a challenge anymore with Company sponsored ambulances.

ix. **FSS CSR Day:** The Company celebrated the FSS CSR Day on the occasion of Founder's Day by organizing Blood Donation drives across India. This initiative was conducted on a single day at 866 locations and 7,259 blood units were collected.

x. **Swachh Bharat:** The Company supports Prime Minister's clean India campaign and conducted 16 activities related to sanitation and hygiene in urban and rural areas.

xi. **Mahindra Hariyali:** It is an initiative to improve green cover and protect biodiversity in the country. The Company planted over 1,22,000 saplings across India.

PRINCIPLE 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   Customer complaints are treated very seriously in the organization. Out of the total complaints 14.73% are pending for resolution as at the end of the year. There were 1,599 consumer cases pending as on 31st March, 2018. Your Company has appointed a Grievance Redressal Officer at the Head Office and Nodal Officers at the North, East, West and South Zones, for redressal of customer complaints.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

   Since the Company is not into manufacturing of products, the aspects pertaining to product labelling are not applicable to its service offerings directly. As the Company is a service based organisation, India's linguistic diversity is a challenge. To overcome this barrier the Company employs multilingual teams, comprising of local people. The Company's website is also bilingual and provides information to its audience in Hindi and English. The Company's employees educate customers about the loan products they avail and thus, build deeper partnerships with them. The Company thrusts on engaging and hiring local people as a part of its workforce in order to have a better customer sensitivity and understanding. Creating a local connect in areas in which it operates helps the Company understand the needs and expectations of people based in rural parts of India and enables it to offer better services that meet customer requirements.

   The Company believes that effective communication is vital to avoid any kind of misrepresentation, incorrect statements or misleading impressions. The Company has fully-integrated systems in place and conforms to all laws and standards related to marketing, communication, advertising, promotion and sponsorships. The Company's website contains all requisite information, and along with that, the Company's communication approach to customers and other stakeholders has also transformed with time. Besides this, the Company undertakes a number of initiatives to communicate with customers, knowing that the financial knowledge is lacking in most Indian villages. The Company's customer communication initiatives like 'Sparsh' and 'Shikhar Sammelan' have generated a commendable response.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year? If so, provide the details thereof.**

   No such case has been registered against the Company.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company monitors customer satisfaction through Customer as Promoter (CaP) Survey. Customer feedback and satisfaction with the services are recorded in the form of CaP scores, and this feedback is utilised to create new action plans for the improvement of Company's products and services. Embracing social media marketing is one such change to not just promote its services, but also receive customer feedback on the same. Our CaP score was 67 in the last Financial year. Any Company's score above 50 is considered exceptional based on this methodology.

ANNEXURE III TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR Policy

At Mahindra & Mahindra Financial Services Limited ('MMFSL' or 'the Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with all external stakeholders, MMFSL strives to become an asset in the communities where it operates. As part of our Corporate Social Responsibility (CSR), we actively implement projects and initiatives for the betterment of society, communities, and the environment.

Your Company has identified three key thrust areas namely Healthcare, Education (including Livelihood) and Environment and is engaged in a number of CSR initiatives directed at Community Development, Employability Enhancement and Environment Sustenance.

The CSR Policy and details of the projects undertaken by the Company are available at the web-link: **http://www.mahindrafinance.com/csr.aspx**

2. The Composition of the CSR Committee: Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

3. Average net profit of the Company for last three Financial Years: Rs. 1,35,337.61 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 2,706.75 Lakhs

5. Details of CSR spent during the Financial Year:

(a) Total amount spent for the Financial Year: Rs. 2,715.79 Lakhs

(b) Amount unspent, if any : NIL

(c) Manner in which the amount spent during the Financial Year is detailed below:

Statement of CSR activities and expenditure in Financial Year 2017-18:

Rs. in lakhs

1	2	3	4	5	6		7	8
Sl. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) project or program wise**	**Amount spent on the project or program**		**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
					Direct expenditure on programs or projects	**Overheads**		
1	**Ambulance Donation:** Promoting access to healthcare for marginalised populations by providing ambulances	(i)	Sabarkantha, Patan (Gujarat), Pune (Maharashtra), Gwalior, Satna (Madhya Pradesh), Cooch Behar (West Bengal), Patna, Muzaffarpur (Bihar), Lucknow (Uttar Pradesh), Coimbatore (Tamil Nadu), Anantapur (Andhra Pradesh), Mysore (Karnataka), Pathanamthitta (Kerela), Yamunanagar (Haryana)	97.34	97.34	0.00	97.34	Jivan Jyot Charitable Trust, Anjali Society For Rural Health And Development, Jan Vikas Nyas, Society For Participatory Action And Reflection, St. Mary's Polyclinic, Sri Mahavir Sthan Nyas Samity, Green Dot Trust, Native Medicare Charitable Trust, Sri Sathya Sai Central Trust, Family Planning Association Of India, Indian Red Cross Society Bihar State Branch, Shree Swami Sachidanand Ji Paramhans Dharmik & Parmarthik Nyas, Sabari Sharanasramam and Late Ushatai Lokhande Charitable Trust
2	**Jeevandan:** Organizing Blood Donation Camps with the help of employees across India	(i)	Kurnool, Tirupati, Vijayawada, Vishakapatnam (Andhra Pradesh), Guwahati (Assam), Muzaffarpur, Purnea, Patna (Bihar), Raipur (Chhattisgarh), Baroda, Surat, Ahmedabad, Valsad (Gujarat), Shimla, Manali (Himachal Pradesh), Jammu (Jammu & Kashmir), Ranchi, Dhanbad (Jharkhand), Bengaluru, Gulbarga, Hubli, Mangalore (Karnataka), Calicut, Kannur (Kerala), Bhopal, Gwalior, Indore (Madhya Pradesh), Aurangabad, Mumbai, Nasik, Thane, Nagpur (Maharashtra), Chandigarh (Punjab), Jodhpur, Bikaner, Kota, Udaipur (Rajasthan), Chennai, Vellore, Coimbatore, Salem, Madurai, Trichy (Tamil Nadu), Hyderabad, Karimnagar, Warangal (Telangana), Allahabad, Faizabad, Gorakhpur, Lucknow, Kanpur, Meerut, Agra (Uttar Pradesh), Dehradun (Uttarakhand), Bhubaneswar (Odisha), Bardhaman, Kharagpur, Kolkata (West Bengal) and Delhi	4.04	4.04	0.00	4.04	NGOs, Trusts, Self-implemented

Rs. in lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the project or program		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
3	**Sehat:** Promoting access to healthcare for marginalized populations by 1) Improving health conditions and medical facilities by providing medical equipment 2) Establishment and maintenance of Day Care Centres for Thalassemia 3) Providing nutritional supplementation to anemic women, adolescents and malnourished children 4) Supporting Lifeline Express to provide on-the-spot diagnostic, surgical and other medical services to poor families in rural areas 5) Conducting various medical camps for general health and providing medical aid 6) Promoting awareness about hygiene and sanitation in the communities 7) Disaster relief work	(i)	Balharshah, Chandrapur, Palghar, Bhiwandi, Shahapur, Parbhani, Pune, Solapur, Mumbai, Thane (Maharashtra), Agra, Lucknow, Meerut (Uttar Pradesh), Delhi, Gomia, Singhbhum (Jharkhand), Bhubaneswar (Odisha), Salakuppam, Thiruvannamalai, Coimbatore (Tamil Nadu), Ahmedabad (Gujarat), Bikaner, Jaipur, Udaipur (Rajasthan), Kalchini, Kolkata, Kultali Sundarban, Bhadreswar (West Bengal), Gwalior, Jabalpur, Bhopal (Madhya Pradesh), Bellary, Bengaluru, Vijayapur, Raichur, Belgaum, Mysore, Dharwad, Hubli (Karnataka), Trivandram, Attapady (Kerala), Yamunanagar, Panchkula, Gurgaon (Haryana), Kurnool (Andhra Pradesh), Sitamarhi, Patna (Bihar), Balghar (Himachal Pradesh), Patiala (Punjab), Lakhimpur, Dhemaji (Assam),	439.01	439.01	0.00	439.01	Shree Hariharputra Bhajan Samaj, Genesis Foundation, Rasika Ranjani Sabha, Habitat for Humanity India Trust, Think Foundation, Population First, Family Planning Association of India, IMPACT India Foundation, Indian Cancer Society, Native Medicare Charitable Trust, Self-implemented
4	**Swachh Bharat:** Supporting PM's clean India campaign by Spreading awareness about Swachh Bharat Abhiyan	(i)	Kurnool (Andhra Pradesh), Patna (Bihar), Raipur (Chhattisgarh), Valsad (Gujarat), Karnal (Haryana), Jammu (Jammu & Kashmir), Ranchi (Jharkhand) Kengeri (Karnataka), Cochin (Kerala), Indore (Madhya Pradesh), Jalna, Mumbai (Maharashtra), Nagaur (Rajasthan), Thiruvannamalai (Tamil Nadu), Lucknow, Ghazipur, Gaziabad (Uttar Pradesh), Bhadreswar (West Bengal)	4.58	4.58	0.00	4.58	Self-implemented

Rs. in lakhs

1	2	3	4	5	6		7	8
Sl. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) project or program wise**	**Amount spent on the project or program**		**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
					Direct expenditure on programs or projects	**Overheads**		
5	**Gyandeep:** Assisting education of under privileged community by providing quality education, uniforms, notebooks, textbooks, laptops, necessary infrastructure & facilities to educational and other institutions, etc	(ii)	Aurangabad, Badlapur, Nasik, Jalna, Vikramgadh, Palghar, Mumbai, Vasai, Kalyan, Thane, Dhule, Shahada, Yavatmal (Maharashtra), Mandavi, Baroda (Gujarat), Bhogra (Punjab), Cochin, Kottayam, Calicut (Kerala), Lucknow, Gaziabad (Uttar Pradesh), Coimbatore (Tamil Nadu), Warangal (Telengana), Pithoragarh (Uttarakhand), Hubli (Karnataka), Motihari (Bihar), Ranchi (Jharkhand), Bhopal (Madhya Pradesh), Jarain (Meghalaya), Udaipur, Jaipur (Rajasthan), Bankura, Kharagpur (West Bengal), Delhi	74.46	74.46	0.00	74.46	Mira Road Ayyappa Seva Samithi, Namasankeerthana, United World Colleges Committee, Think Foundation, G.S.B. Seva Mandal, Arpan, K.C. Mahindra Education Trust, Sree Narayana Mandira Samiti, Shukla Education Trust, Tamil Makkal Sangam, Humanitarian Welfare and Research Foundation, Women in Need Given Support Foundation, WINGS, Torpa Mahila Vikas, Young Men's Christian Association, ZP Schools, Saraswatam, R. A. Podar College of Commerce and Economics, Deendayal Bahuuddeshiya Prasarak Mandal, Butterflies Society and Self-implemented
6.	**Hunnar:** Imparting vocational skills such as: 1) Driving skills training for women to employ them as drivers for the sustainable livelihood 2) Vocational Training for unemployed rural youths in financial skills to make them employable 3) Multiple sector skills to Persons With Disability to employ them in sectors such as Retail, Hospitality and ITES	(ii)	Indore, Bhopal (Madhya Pradesh),Kolkata (West Bengal), Ahmedabad (Gujarat), Gurgaon (Haryana), Thane (Maharashtra), Hyderabad (Telengana), Chennai (Tamil Nadu), Bengaluru (Karnataka), Bhubaneswar (Odisha), Raipur, Rajnandgaon, Balod, Mahasamund (Chattisgarh), Meerut, Mathura (Uttar Pradesh), Delhi	286.29	286.29	0.00	286.29	Sarthak Education Trust, Azad Foundation, National Association For The Blind (Employment And Training) Manesar, Mahendra Foundation Trust, Nidan, International Association for Human Values, Imdaad
7	**Mahindra Finance Scholarship:** Scholarship for Graduate & Undergraduate needy students from rural areas	(ii)	Guntur, Kurnool (Andhra Pradesh), Muzaffarpur, Patna (Bihar), Raipur (Chhattisgarh), Delhi, Palanpur (Gujarat), Shimla (Himachal Pradesh), Ranchi (Jharkhand), Bengaluru, Gulbarga, Hubli, Mangalore (Karnataka), Calicut, Cochin (Kerala), Bhopal, Gwalior, Indore, Jabalpur (Madhya Pradesh), Aurangabad, Nasik, Pune (Maharashtra), Khurda, Nachuni (Odisha), Abohar, Mukerian, Basuya, Ferozepur (Punjab), Bikaner, Jaipur, Jodhpur, Kota, Udaipur (Rajasthan), Chennai, Coimbatore, Krishnagiri, Pollachi, Salem, Sivakasi, Trichy, Vellore (Tamil Nadu), Hyderabad, Warangal (Telangana), Allahabad, Faizabad, Ghaziabad, Lucknow, Meerut, Varanasi (Uttar Pradesh), Dehradun, Kotdwar (Uttarakhand), Jorethang, Kolkata, Malda, Siliguri (West Bengal)	375.00	375.00	0.00	375.00	K.C. Mahindra Education Trust

Rs. in lakhs

1	2	3	4	5	6		7	8
Sl. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) project or program wise**	**Amount spent on the project or program**		**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
					Direct expenditure on programs or projects	**Overheads**		
8	**Mahindra Pride School:** Providing 3 months intensive training in ITES, Retail and Hospitality to socially & economically disadvantaged youth thus enabling them to get lucrative jobs	(ii)	Pune (Maharashtra), Chennai (Tamil Nadu), Patna (Bihar)	875.00	875.00	0.00	875.00	K.C. Mahindra Education Trust
9	**Nanhi Kali:** Supporting education of marginalised girls	(ii)	Nashik, Mumbai (Maharashtra), Moga (Punjab), Kolkata (West Bengal), Ratlam (Madhya Pradesh), Varanasi, Barabanki (Uttar Pradesh)	344.98	344.98	0.00	344.98	K. C. Mahindra Education Trust, United Way Of Mumbai
10	**Samantar:** Providing financial support to maintain old age homes, orphanages, homes for the differently abled and providing educational aids to orphans and differently abled	(iii)	Mumbai, Pune, Virar (Maharashtra), Mandi (Himachal Pradesh), Noida, Allahabad, Faizabad (Uttar Pradesh), Jalandhar (Punjab), Jaipur (Rajasthan), Patna (Bihar), Delhi, Rajkot (Gujarat), Karnal (Haryana), Ranchi (Jharkhand), Mysore (Karnataka), Malappuram (Kerala), Jabalpur (Madhya Pradesh), Berhampur (Odisha), Trichy (Tamil Nadu), Hyderabad (Telangana)	25.34	25.34	0.00	25.34	Desire Society, Lions Club of Shivaji Park Charity Fund, Indian Development Foundation, Vision In Social Arena, Sahyog Bal Shravan Viklang Kalyan Samithi, Self-implemented
11	**Hariyali:** Increasing green cover in the country by planting trees in multiple locations across India and Environmental conservation & restoration projects	(iv)	Araku, Kurnool, Tirupati, Vijayawada, Vizag, (Andhra Pradesh) Warangal, Hyderabad, Karimnagar (Telangana), Guwahati (Assam), Patna, Muzaffarpur (Bihar), Delhi, Ahmedabad, Baroda, Surat (Gujarat), Karnal, Rohtak (Haryana), Jammu (Jammu & Kashmir), Shimla (Himachal Pradesh), Ranchi (Jharkhand), Mangalore, Gulbarga, Bengaluru, Hubli (Karnataka), Calicut, Kannur, Kottayam, Trivandrum, Alleppey, Kollam, Cochin, Thrissur, Idukki Palakkad (Kerala), Gwalior, Bhopal, Indore, Ratlam, Raipur, Jabalpur (Madhya Pradesh), Nasik, Pune, Kolhapur, Aurangabad, Jalna, Nanded, Parbhani, Latur, Thane, Nagpur, Mumbai (Maharashtra), Bhubaneswar (Odisha), Chandigarh, Ludhiana (Punjab), Jaipur, Alwar, Kota, Udaipur, Jodhpur, Bikaner, Bhilwara, Sawaimadhopur (Rajasthan), Salem, Coimbatore, Trichy, Madurai, (Tamil Nadu), Lucknow, Kanpur, Varanasi, Allahabad Meerut, Faizabad, Gorakhpur (Uttar Pradesh), Dehradun (Uttarakhand), Siliguri, Kolkata (West Bengal)	128.28	128.28	0.00	128.28	Nandi Foundation, Bhajan Samaj Ghatkopar, Isha Outreach, Beshara Goau Wansh Sewa Samiti, Self-implemented
12	**Culture:** Preservation and promotion of the fine arts & culture	(v)	Chennai (Tamil Nadu), Mumbai (Maharashtra)	5.00	5.00	0.00	5.00	Charsur Arts Foundation, Sri Shanmukhananda Fine Arts and Sangeetha Sabha

Rs. in lakhs

1	2	3	4	5	6		7	8
Sl. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) project or program wise**	**Amount spent on the project or program**		**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
					Direct expenditure on programs or projects	**Overheads**		
13	CSR Administrative Expenses	Overheads	Mumbai (Maharashtra), Bengaluru (Karnataka), Delhi	56.47	0.00	56.47	56.47	---
	Total			**2,715.79**	**2,659.32**	**56.47**	**2,715.79**	

Note: 'Sector in which the Project is covered' in Column No.3, is defined in Schedule VII of the Companies Act, 2013, given hereunder:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swacch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Vice-Chairman & Managing Director

For and on behalf of the Corporate Social Responsibility Committee of Mahindra & Mahindra Financial Services Limited

Piyush Mankad
Chairman
Corporate Social Responsibility Committee

Place : Mumbai
Date : 25th April, 2018

ANNEXURE IV TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharshtra, India. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 Email: investorhelpline_mmfsl@mahindra.com Website: www.mahindrafinance.com
Whether listed company Yes/No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit: Mahindra & Mahindra Financial Services Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032. Email : einward.ris@karvy.com Tel. : 040-6716 2222 Fax : 040-2300 1153 Toll Free No. : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Asset Financing	64990	92.77%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Holding Company	51.19%	Section 2(46)
2.	Mahindra Insurance Brokers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65990MH1987PLC042609	Subsidiary Company	80.00%	Section 2(87)(ii)
3.	Mahindra Rural Housing Finance Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65922MH2007PLC169791	Subsidiary Company	87.50%	Section 2(87)(ii)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4.	Mahindra Asset Management Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65900MH2013PTC244758	Subsidiary Company	100.00%	Section 2(87)(ii)
5.	Mahindra Trustee Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U67100MH2013PTC245464	Subsidiary Company	100.00%	Section 2(87)(ii)
6.	Mahindra Finance USA LLC Corporate Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.	-	Associate Company	49.00%	Section 2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Shareholding

Category of shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29,12,07,660	0	29,12,07,660	51.20	31,62,07,660	0	31,62,07,660	51.19	– 0.01
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (MMFSL ESOP Trust)*	37,23,298*	0	37,23,298	0.65	0	0	0	0.00	– 0.65
Sub-total (A) (1)	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**– 0.66**
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**– 0.66**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	5,35,13,071	0	5,35,13,071	9.41	6,93,44,164	0	6,93,44,164	11.23	1.82
b) Banks / FI	66,85,035	0	66,85,035	1.17	14,48,368	0	14,48,368	0.23	– 0.94
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00

Category of shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	18,55,000	0	18,55,000	0.33	6,82,743	0	6,82,743	0.11	– 0.22
f) Insurance Companies	51,26,423	0	51,26,423	0.90	0	0	0	0.00	– 0.90
g) FIIs	17,28,77,428	0	17,28,77,428	30.40	18,17,15,440	0	18,17,15,440	29.41	– 0.98
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	**24,00,56,957**	**0**	**24,00,56,957**	**42.21**	**25,31,90,715**	**0**	**25,31,90,715**	**40.98**	**– 1.22**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	80,91,439	1,72,490	82,63,929	1.45	2,15,93,088	1,72,490	2,17,65,578	3.52	2.07
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,49,57,736	4,88,233	1,54,45,969	2.72	1,28,70,478	3,13,180	1,31,83,658	2.13	– 0.58
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	61,41,061	2,85,710	64,26,771	1.13	65,18,454	2,85,710	68,04,164	1.10	– 0.03
c) Others (specify)									
Clearing Members	16,25,391	0	16,25,391	0.29	10,79,121	0	10,79,121	0.17	– 0.11
MMFSL ESOP Trust	0	0	0	0.00	32,87,993	0	32,87,993	0.53	0.53
Non Resident Indians	12,11,823	0	12,11,823	0.21	6,36,857	0	6,36,857	0.10	– 0.11
Trusts	8,03,162	0	8,03,162	0.14	15,43,772	0	15,43,772	0.25	0.11
IEPF	0	0	0	0.00	65,442	0	65,442	0.01	0.01
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	**3,28,30,612**	**9,46,433**	**3,37,77,045**	**5.94**	**4,75,95,205**	**7,71,380**	**4,83,66,585**	**7.83**	**1.89**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**27,28,87,569**	**9,46,433**	**27,38,34,002**	**48.15**	**30,07,85,920**	**7,71,380**	**30,15,57,300**	**48.81**	**0.67**
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**56,78,18,527**	**9,46,433**	**56,87,64,960**	**100.00**	**61,69,93,580**	**7,71,380**	**61,77,64,960**	**100.00**	**0.00**

* During the year under review, MMFSL ESOP Trust covered under the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') ceased as 'Promoter group' and was categorised as 'Non-Promoter Non-Public' pursuant to Regulation 3(9) of SBEB Regulations.

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 1st April, 2017)			No. of Shares held at the end of the year (As on 31st March, 2018)			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	29,12,07,660	51.20	0.00	31,62,07,660	51.19	0.00	– 0.01*
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust-Consolidated with other DP	37,23,298	0.65	0.00	0	0.00	0.00	– 0.65**
	Total	**29,49,30,958**	**51.85**	**0.00**	**31,62,07,660**	**51.19**	**0.00**	**– 0.66**

* During the year 2017-18, the Company has allotted 2,50,00,000 Equity Shares to Mahindra & Mahindra Limited ('the Promoter') on a preferential allotment basis aggregating to Rs.1,055 crores. Pursuant to this allotment the percentage shareholding of the Promoter increased from 51.20% to 53.25%. Subsequently, the Company successfully concluded the QIP issue to Qualified Institutional Buyers through the issue of 2,40,00,000 Equity Shares aggregating to Rs. 1,056 crores. Pursuant to this allotment the percentage shareholding of the Promoter reduced from 53.25% to 51.19%.

** During the year under review, MMFSL ESOP Trust covered under the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') ceased as 'Promoter group' and was categorised as 'Non-Promoter Non-Public' pursuant to Regulation 3(9) of SBEB Regulations.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	Mahindra & Mahindra Limited					
	At the beginning of the year	29,12,07,660	51.20			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)			+2,50,00,000 (30-11-2017) [Refer Note No. 1]		
	At the end of the year - (As on 31st March, 2018)				31,62,07,660 [Refer Note No. 1]	51.19
2	Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust-Consolidated with other DP ["MMFSL ESOP Trust"]					
	At the beginning of the year	37,23,298	0.65			

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)			[Refer Note No. 2]		
	At the end of the year - (As on 31st March, 2018)				N.A. [Refer Note No. 2]	

Note:

1) During the year 2017-18, the Company has allotted 2,50,00,000 Equity Shares to Mahindra & Mahindra Limited ('the Promoter') on a preferential allotment basis aggregating to Rs.1,055 crores. Pursuant to this allotment the percentage shareholding of the Promoter increased from 51.20% to 53.25%. Subsequently, the Company successfully concluded the QIP issue to Qualified Institutional Buyers through the issue of 2,40,00,000 Equity Shares aggregating to Rs. 1,056 crores. Pursuant to this allotment the percentage shareholding of the Promoter reduced from 53.25% to 51.19%.

2) During the year under review, MMFSL ESOP Trust covered under the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations') ceased as 'Promoter group' and was categorised as 'Non-Promoter Non-Public' pursuant to Regulation 3(9) of SBEB Regulations.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	SBI Banking & Financial Services Fund#	1,78,68,321	3.14	01-04-2017			1,78,68,321	3.14
				14-04-2017	87,000	Market Sale & Purchase	1,79,55,321	3.16
				14-04-2017	-4,36,000		1,75,19,321	3.08
				28-04-2017	-30,000		1,74,89,321	3.07
				05-05-2017	97,000		1,75,86,321	3.09
				05-05-2017	-9,240		1,75,77,081	3.09
				26-05-2017	2,20,000		1,77,97,081	3.13
				09-06-2017	70,000		1,78,67,081	3.14
				16-06-2017	6,00,000		1,84,67,081	3.25
				16-06-2017	-20,000		1,84,47,081	3.24
				23-06-2017	6,20,000		1,90,67,081	3.35
				23-06-2017	-2,95,003		1,87,72,078	3.30
				30-06-2017	10,29,000		1,98,01,078	3.48
				07-07-2017	80,000		1,98,81,078	3.50
				07-07-2017	-1,36,386		1,97,44,692	3.47
				21-07-2017	14,241		1,97,58,933	3.47
				28-07-2017	-83,400		1,96,75,533	3.46
				04-08-2017	2,70,000		1,99,45,533	3.51
				04-08-2017	-17,00,000		1,82,45,533	3.21

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				11-08-2017	71,000		1,83,16,533	3.22
				11-08-2017	-7,000		1,83,09,533	3.22
				18-08-2017	20,000		1,83,29,533	3.22
				18-08-2017	-4,31,500		1,78,98,033	3.15
				25-08-2017	-13,000		1,78,85,033	3.14
				08-09-2017	60,000		1,79,45,033	3.16
				08-09-2017	-18,901		1,79,26,132	3.15
				15-09-2017	1,38,000		1,80,64,132	3.18
				15-09-2017	-5,47,840		1,75,16,292	3.08
				29-09-2017	1,71,870		1,76,88,162	3.11
				29-09-2017	-2,98,594		1,73,89,568	3.06
				06-10-2017	2,50,000		1,76,39,568	3.10
				13-10-2017	-1,90,000		1,74,49,568	3.07
				27-10-2017	-45,000		1,74,04,568	3.06
				03-11-2017	-51,517		1,73,53,051	3.05
				10-11-2017	-53,003		1,73,00,048	3.04
				17-11-2017	5,38,732		1,78,38,780	3.14
				17-11-2017	-70,000		1,77,68,780	3.12
				24-11-2017	10,000		1,77,78,780	3.13
				24-11-2017	-35,000		1,77,43,780	3.12
				01-12-2017	18,440		1,77,62,220	3.12
				08-12-2017	1,12,651		1,78,74,871	3.01
				15-12-2017	15,90,909		1,94,65,780	3.15
				22-12-2017	-1		1,94,65,779	3.15
				05-01-2018	7		1,94,65,786	3.15
				05-01-2018	-7,87,058		1,86,78,728	3.02
				12-01-2018	-48,000		1,86,30,728	3.02
				19-01-2018	1,15,000		1,87,45,728	3.03
				19-01-2018	-1,17,196		1,86,28,532	3.02
				26-01-2018	-48,000		1,85,80,532	3.01
				02-02-2018	-7,10,371		1,78,70,161	2.89
				09-02-2018	2,39,429		1,81,09,590	2.93
				02-03-2018	60,000		1,81,69,590	2.94
				09-03-2018	-76,652		1,80,92,938	2.93
				16-03-2018	-5,00,000		1,75,92,938	2.85
				30-03-2018	1,01,614		1,76,94,552	2.86
				30-03-2018	-20,000		1,76,74,552	2.86
		1,76,74,552	2.86	31-03-2018			1,76,74,552	2.86
2.	Franklin Templeton Investment Funds	1,72,27,212	3.03	01-04-2017			1,72,27,212	3.03
				14-04-2017	-1,12,650	Market Sale	1,71,14,562	3.01
				21-04-2017	-12,06,000		1,59,08,562	2.80
				28-04-2017	-22,75,000		1,36,33,562	2.40
				12-05-2017	-60,118		1,35,73,444	2.39
				19-05-2017	-5,000		1,35,68,444	2.39
				28-07-2017	-13,57,200		1,22,11,244	2.15
				04-08-2017	-13,69,200		1,08,42,044	1.91

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				11-08-2017	-16,12,200		92,29,844	1.62
				18-08-2017	-3,40,800		88,89,044	1.56
				01-09-2017	-7,64,482		81,24,562	1.43
				27-10-2017	-7,10,054		74,14,508	1.30
				10-11-2017	-3,78,079		70,36,429	1.24
				17-11-2017	-36,429		70,00,000	1.23
				08-12-2017	-5,03,000		64,97,000	1.09
				15-12-2017	-2,15,951		62,81,049	1.02
				09-03-2018	-83,178		61,97,871	1.00
		61,97,871	1.00	31-03-2018			61,97,871	1.00
3.	Amansa Holdings Private Limited	61,92,593	1.09	01.04.2017		Market Sale	61,92,593	1.09
				14-04-2017	-1,92,593		60,00,000	1.05
				21-04-2017	-3,99,920		56,00,080	0.98
				22-09-2017	-6,19,775		49,80,305	0.88
				06-10-2017	-3,76,331		46,03,974	0.81
				13-10-2017	-41,58,094		4,45,880	0.08
				20-10-2017	-2,84,770		1,61,110	0.03
				27-10-2017	-1,61,110		0	0.00
		0	0.00	31-03-2018			0	00.0
4.	UTI Top 100 Fund#	1,50,53,674	2.65	01-04-2017		Market Sale & Purchase	1,50,53,674	2.65
				21-04-2017	-25,000		1,50,28,674	2.64
				28-04-2017	1,80,000		1,52,08,674	2.67
				28-04-2017	-47,333		1,51,61,341	2.67
				19-05-2017	-14,029		1,51,47,312	2.66
				02-06-2017	-30,000		1,51,17,312	2.66
				09-06-2017	3,11,005		1,54,28,317	2.71
				09-06-2017	-1,64,396		1,52,63,921	2.68
				16-06-2017	10,000		1,52,73,921	2.69
				16-06-2017	-1,25,000		1,51,48,921	2.66
				23-06-2017	-1,73,662		1,49,75,259	2.63
				30-06-2017	-2,40,939		1,47,34,320	2.59
				07-07-2017	-3,31,436		1,44,02,884	2.53
				14-07-2017	-1,29,436		1,42,73,448	2.51
				21-07-2017	-29,130		1,42,44,318	2.50
				28-07-2017	-10,140		1,42,34,178	2.50
				04-08-2017	-27,000		1,42,07,178	2.50
				11-08-2017	-45,000		1,41,62,178	2.49
				18-08-2017	-2,70,000		1,38,92,178	2.44
				25-08-2017	-79,074		1,38,13,104	2.43
				01-09-2017	-93,903		1,37,19,201	2.41
				08-09-2017	2,09,891		1,39,29,092	2.45
				08-09-2017	-88,684		1,38,40,408	2.43
				15-09-2017	2,90,439		1,41,30,847	2.48
				29-09-2017	-20,000		1,41,10,847	2.48
				06-10-2017	64,000		1,41,74,847	2.49
				06-10-2017	-70,628		1,41,04,219	2.48

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				13-10-2017	64,000		1,41,68,219	2.49
				13-10-2017	-39,213		1,41,29,006	2.48
				20-10-2017	-45,000		1,40,84,006	2.48
				27-10-2017	90,000		1,41,74,006	2.49
				03-11-2017	27,354		1,42,01,360	2.50
				17-11-2017	-2,16,064		1,39,85,296	2.46
				24-11-2017	37,188		1,40,22,484	2.47
				01-12-2017	49,868		1,40,72,352	2.47
				01-12-2017	-1,33,000		1,39,39,352	2.45
				08-12-2017	5,47,099		1,44,86,451	2.44
				08-12-2017	-18,000		1,44,68,451	2.44
				15-12-2017	15,76,818		1,60,45,269	2.60
				15-12-2017	-9,72,949		1,50,72,320	2.44
				22-12-2017	2,35,000		1,53,07,320	2.48
				22-12-2017	-2,10,000		1,50,97,320	2.44
				05-01-2018	63,931		1,51,61,251	2.45
				05-01-2018	-10,000		1,51,51,251	2.45
				12-01-2018	2,59,495		1,54,10,746	2.49
				12-01-2018	-2,355		1,54,08,391	2.49
				19-01-2018	1,40,267		1,55,48,658	2.52
				26-01-2018	-10,616		1,55,38,042	2.52
				02-02-2018	5,50,004		1,60,88,046	2.60
				02-02-2018	-1,39,660		1,59,48,386	2.58
				09-02-2018	1,65,685		1,61,14,071	2.61
				09-02-2018	-20,000		1,60,94,071	2.61
				16-02-2018	53,466		1,61,47,537	2.61
				23-02-2018	2,02,881		1,63,50,418	2.65
				23-02-2018	-20,942		1,63,29,476	2.64
				02-03-2018	2,14,054		1,65,43,530	2.68
				09-03-2018	6,15,478		1,71,59,008	2.78
				16-03-2018	97,633		1,72,56,641	2.79
				16-03-2018	-10,000		1,72,46,641	2.79
				23-03-2018	-10,000		1,72,36,641	2.79
				30-03-2018	1,61,454		1,73,98,095	2.82
				30-03-2018	-10,000		1,73,88,095	2.81
		1,73,88,095	2.81	31-03-2018			1,73,88,095	2.81
5.	Aranda Investments (Mauritius) PTE Ltd	1,41,59,390	2.49	01.04.2017		Market Sale	1,41,59,390	2.49
				15-09-2017	-7,00,000		1,34,59,390	2.37
				13-10-2017	-5,00,000		1,29,59,390	2.28
				20-10-2017	-9,00,000		1,20,59,390	2.12
				27-10-2017	-1,00,000		1,19,59,390	2.10
				31-10-2017	-25,45,000		94,14,390	1.66
				03-11-2017	-9,00,000		85,14,390	1.50
				24-11-2017	-30,13,394		55,00,996	0.97
				22-12-2017	-7,40,000		47,60,996	0.77
				12-01-2018	-13,45,675		34,15,321	0.55

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				19-01-2018	-50,000		33,65,321	0.54
				26-01-2018	-6,62,200		27,03,121	0.44
				02-02-2018	-6,36,000		20,67,121	0.33
				16-02-2018	-9,06,197		11,60,924	0.19
				23-02-2018	-1,75,743		9,85,181	0.16
				02-03-2018	-3,44,764		6,40,417	0.10
				09-03-2018	-1,30,861		5,09,556	0.08
				16-03-2018	-1,49,536		3,60,020	0.06
				23-03-2018	-3,60,020		0	0.00
		0	0.00	31-03-2018			0	0.00
6.	Life Insurance Corporation of India	60,01,482	1.06	01-04-2017		Market Sale	60,01,482	1.06
				15-09-2017	-3,03,629		56,97,853	1.00
				22-09-2017	-7,89,560		49,08,293	0.86
				06-10-2017	-15,877		48,92,416	0.86
				13-10-2017	-8,25,632		40,66,784	0.72
				20-10-2017	-8,79,000		31,87,784	0.56
				27-10-2017	-7,95,368		23,92,416	0.42
				03-11-2017	-2,38,000		21,54,416	0.38
				10-11-2017	-5,46,757		16,07,659	0.28
				17-11-2017	-8,81,340		7,26,319	0.13
				24-11-2017	-3,33,903		3,92,416	0.07
		3,92,416	0.06	31-03-2018			3,92,416	0.06
7.	Bank Muscat India Fund	53,80,135	0.95	01-04-2017		No Change in the Shareholding during the year	53,80,135	0.95
		53,80,135	0.87	31-03-2018			53,80,135	0.87
8.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund#	0	0.00	01-04-2017		Market Sale & Purchase	0	0.00
				14-04-2017	3,47,014		3,47,014	0.06
				21-04-2017	9,90,000		13,37,014	0.24
				28-04-2017	4,48,000		17,85,014	0.31
				02-06-2017	4,64,000		22,49,014	0.40
				09-06-2017	1,10,000		23,59,014	0.41
				09-06-2017	-1,28,000		22,31,014	0.39
				16-06-2017	-3,20,000		19,11,014	0.34
				21-07-2017	9,45,000		28,56,014	0.50
				21-07-2017	-18,01,014		10,55,000	0.19
				28-07-2017	-67,500		9,87,500	0.17
				11-08-2017	6,75,193		16,62,693	0.29
				11-08-2017	-7,32,500		9,30,193	0.16
				18-08-2017	1,61,000		10,91,193	0.19
				25-08-2017	4,05,000		14,96,193	0.26
				01-09-2017	2,17,000		17,13,193	0.30
				15-09-2017	4,50,000		21,63,193	0.38
				29-09-2017	-80,000		20,83,193	0.37

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				06-10-2017	-3,85,000		16,98,193	0.30
				13-10-2017	2,35,000		19,33,193	0.34
				27-10-2017	2,84,000		22,17,193	0.39
				17-11-2017	6,15,000		28,32,193	0.50
				24-11-2017	3,35,000		31,67,193	0.56
				01-12-2017	2,00,000		33,67,193	0.59
				08-12-2017	2,00,000		35,67,193	0.60
				15-12-2017	9,95,455		45,62,648	0.74
				22-12-2017	4,40,000		50,02,648	0.81
				05-01-2018	40,000		50,42,648	0.82
				05-01-2018	-1,08,183		49,34,465	0.80
				19-01-2018	-50,000		48,84,465	0.79
				26-01-2018	-28,875		48,55,590	0.79
				02-02-2018	18,75,000		67,30,590	1.09
				02-02-2018	-3,80,000		63,50,590	1.03
				09-02-2018	-1,12,500		62,38,090	1.01
				16-02-2018	-77,500		61,60,590	1.00
				23-02-2018	-3,43,750		58,16,840	0.94
				02-03-2018	-12,000		58,04,840	0.94
				09-03-2018	-1,44,000		56,60,840	0.92
				16-03-2018	3,66,702		60,27,542	0.98
				23-03-2018	5,61,561		65,89,103	1.07
				23-03-2018	-1,73,750		64,15,353	1.04
				30-03-2018	-49,589		63,65,764	1.03
		63,65,764	1.03	31-03-2018			63,65,764	1.03
9.	HDFC Standard Life Insurance Company Limited	49,53,401	0.87	01-04-2017		Market Sale & Purchase	49,53,401	0.87
				07-04-2017	4,048		49,57,449	0.87
				07-04-2017	-1,99,600		47,57,849	0.84
				14-04-2017	-2,400		47,55,449	0.84
				21-04-2017	-900		47,54,549	0.84
				05-05-2017	-1,800		47,52,749	0.84
				12-05-2017	-2,450		47,50,299	0.84
				26-05-2017	48,00,299		95,50,598	1.68
				26-05-2017	-47,50,299		48,00,299	0.84
				02-06-2017	50,000		48,50,299	0.85
				16-06-2017	26,000		48,76,299	0.86
				30-06-2017	27,791		49,04,090	0.86
				07-07-2017	1,000		49,05,090	0.86
				21-07-2017	26,203		49,31,293	0.87
				21-07-2017	-1,319		49,29,974	0.87
				28-07-2017	-1,202		49,28,772	0.87
				04-08-2017	-2,350		49,26,422	0.87
				11-08-2017	73,800		50,00,222	0.88
				18-08-2017	2,018		50,02,240	0.88
				25-08-2017	97,782		51,00,022	0.90

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				01-09-2017	47,300		51,47,322	0.90
				08-09-2017	1,00,000		52,47,322	0.92
				22-09-2017	4,194		52,51,516	0.92
				29-09-2017	50,000		53,01,516	0.93
				06-10-2017	1,50,000		54,51,516	0.96
				20-10-2017	9,712		54,61,228	0.96
				10-11-2017	1,24,000		55,85,228	0.98
				17-11-2017	51,499		56,36,727	0.99
				15-12-2017	13,23,275		69,60,002	1.13
				22-12-2017	3,50,873		73,10,875	1.18
				05-01-2018	3,13,742		76,24,617	1.23
				12-01-2018	-5,960		76,18,657	1.23
				19-01-2018	-7,315		76,11,342	1.23
				26-01-2018	-1,05,111		75,06,231	1.22
				02-02-2018	40,868		75,47,099	1.22
				09-02-2018	2,09,132		77,56,231	1.26
				16-02-2018	1,00,279		78,56,510	1.27
				23-02-2018	1,49,172		80,05,682	1.30
				02-03-2018	1,90,794		81,96,476	1.33
				09-03-2018	3,74,551		85,71,027	1.39
				16-03-2018	2,54,282		88,25,309	1.43
				23-03-2018	1,59,833		89,85,142	1.45
				30-03-2018	1,29,200		91,14,342	1.48
		91,14,342	1.48	31-03-2018			91,14,342	1.48
10.	Valiant Mauritius Partners Limited	51,06,241	0.90	01-04-2017		Market Sale & Purchase	51,06,241	0.90
				26-05-2017	3,22,100		54,28,341	0.95
				09-06-2017	-86,549		53,41,792	0.94
				07-07-2017	-6,21,200		47,20,592	0.83
				14-07-2017	-68,172		46,52,420	0.82
				28-07-2017	-30,400		46,22,020	0.81
				04-08-2017	-2,11,500		44,10,520	0.78
				11-08-2017	-2,13,800		41,96,720	0.74
				20-10-2017	-4,04,600		37,92,120	0.67
				03-11-2017	37,92,120		75,84,240	1.33
				03-11-2017	-37,92,120		37,92,120	0.67
				15-12-2017	2,38,636		40,30,756	0.65
				26-01-2018	-1,22,169		39,08,587	0.63
		39,08,587	0.63	31-03-2018	0		39,08,587	0.63
11.	BlackRock Global Funds Asian Dragon Fund #	12,75,748	0.22	01-04-2017		Market Purchase	12,75,748	0.22
				07-04-2017	14,76,239		27,51,987	0.48
				14-04-2017	26,00,723		53,52,710	0.94
				02-06-2017	8,23,309		61,76,019	1.09
				09-06-2017	1,61,617		63,37,636	1.11
				30-06-2017	3,68,414		67,06,050	1.18

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				07-07-2017	1,47,389		68,53,439	1.20
				14-07-2017	29,211		68,82,650	1.21
				21-07-2017	1,25,619		70,08,269	1.23
				11-08-2017	1,56,881		71,65,150	1.26
				20-10-2017	1,37,109		73,02,259	1.28
				01-12-2017	31,97,488		1,04,99,747	1.85
				15-12-2017	8,28,952		1,13,28,699	1.83
				05-01-2018	21,886		1,13,50,585	1.84
				12-01-2018	2,19,074		1,15,69,659	1.87
				26-01-2018	1,38,741		1,17,08,400	1.90
				02-02-2018	1,35,450		1,18,43,850	1.92
				02-03-2018	2,76,351		1,21,20,201	1.96
				23-03-2018	2,54,511		1,23,74,712	2.00
		1,23,74,712	2.00	31-03,2018			1,23,74,712	2.00
12.	Blackrock Global Funds - Asian Growth Leaders Fund #	0	0	01-04-2017		Market Purchase	0	0.00
				02-06-2017	25,63,072		25,63,072	0.45
				09-06-2017	4,46,407		30,09,479	0.53
				30-06-2017	12,09,428		42,18,907	0.74
				07-07-2017	4,83,851		47,02,758	0.83
				14-07-2017	4,01,762		51,04,520	0.90
				11-08-2017	1,00,188		52,04,708	0.92
				25-08-2017	10,20,169		62,24,877	1.09
				01-09-2017	1,95,398		64,20,275	1.13
				08-09-2017	1,100		64,21,375	1.13
				13-10-2017	70,135		64,91,510	1.14
				27-10-2017	1,20,257		66,11,767	1.16
				01-12-2017	40,760		66,52,527	1.17
				08-12-2017	1,76,594		68,29,121	1.15
				15-12-2017	9,92,484		78,21,605	1.27
				05-01-2018	1,97,433		80,19,038	1.30
				26-01-2018	3,27,932		83,46,970	1.35
				02-02-2018	1,44,015		84,90,985	1.37
				09-02-2018	1,53,456		86,44,441	1.40
				23-02-2018	3,85,982		90,30,423	1.46
				02-03-2018	50,099		90,80,522	1.47
		90,80,522	1.47	31-03-2018			90,80,522	1.47
13.	Valiant Mauritius Partners Offshore Limited	67,66,572	1.19	01-04-2017		Market Sale and Purchase	67,66,572	1.19
				26-05-2017	4,43,401		72,09,973	1.27
				09-06-2017	-27,794		71,82,179	1.26
				07-07-2017	-5,28,800		66,53,379	1.17
				14-07-2017	-96,160		65,57,219	1.15
				28-07-2017	-44,600		65,12,619	1.15
				04-08-2017	-2,98,000		62,14,619	1.09

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				11-08-2017	-3,01,200		59,13,419	1.04
				20-10-2017	-5,68,200		53,45,219	0.94
				03-11-2017	53,45,219		1,06,90,438	1.88
				03-11-2017	-53,45,219		53,45,219	0.94
				15-12-2017	3,29,546		56,74,765	0.92
				26-01-2018	1,22,169		57,96,934	0.94
		57,96,934	0.94	31-03-2018			57,96,934	0.94
14.	Kotak Funds- India Midcap Fund #	0	0.00	01-04-2017		Market Purchase	0	0.00
				02-06-2017	1,00,000		1,00,000	0.02
				14-07-2017	13,81,287		14,81,287	0.26
				21-07-2017	9,58,343		24,39,630	0.43
				28-07-2017	2,49,999		26,89,629	0.47
				04-08-2017	9,527		26,99,156	0.47
				11-08-2017	1,72,879		28,72,035	0.50
				18-08-2017	25,000		28,97,035	0.51
				20-10-2017	11,063		29,08,098	0.51
				15-12-2017	6,86,868		35,94,966	0.58
				05-01-2018	33,070		36,28,036	0.59
				19-01-2018	3,09,123		39,37,159	0.64
				26-01-2018	64,193		40,01,352	0.65
				02-02-2018	6,11,202		46,12,554	0.75
				09-02-2018	3,12,410		49,24,964	0.80
				16-02-2018	2,00,000		51,24,964	0.83
				23-02-2018	25,174		51,50,138	0.83
				02-03-2018	2,43,668		53,93,806	0.87
				09-03-2018	2,32,586		56,26,392	0.91
				16-03-2018	2,71,125		58,97,517	0.95
				23-03-2018	1,23,469		60,20,986	0.97
		60,20,986	0.97	31-03-2018			60,20,986	0.97
15.	Vanguard Emerging Markets Stock Index Fund, ASERIE*	49,39,352	0.87	01-04-2017		Market Sale & Purchase	49,39,352	0.87
				07-04-2017	36,748		49,76,100	0.87
				28-04-2017	5,370		49,81,470	0.88
				05-05-2017	42,960		50,24,430	0.88
				12-05-2017	13,425		50,37,855	0.89
				19-05-2017	28,998		50,66,853	0.89
				02-06-2017	11,814		50,78,667	0.89
				07-07-2017	18,795		50,97,462	0.90
				14-07-2017	13,425		51,10,887	0.90
				04-08-2017	11,814		51,22,701	0.90
				11-08-2017	15,573		51,38,274	0.90
				01-09-2017	19,332		51,57,606	0.91
				08-09-2017	27,387		51,84,993	0.91

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				15-09-2017	24,702		52,09,695	0.92
				06-10-2017	16,110		52,25,805	0.92
				13-10-2017	16,647		52,42,452	0.92
				20-10-2017	12,351		52,54,803	0.92
				27-10-2017	11,277		52,66,080	0.93
				22-12-2017	-1,51,362		51,14,718	0.83
				26-01-2018	21,526		51,36,244	0.83
				02-02-2018	19,236		51,55,480	0.83
				23-03-2018	51,55,480		1,03,10,960	1.67
				23-03-2018	-51,55,480		51,55,480	0.83
				30-03-2018	-24,100		51,31,380	0.83
		51,31,380	0.83	31-03-2018			51,31,380	0.83
16.	Merrill Lynch Markets Singapore PTE. Ltd*	48,89,510	0.86	01-04-2017		Market Sale & Purchase	48,89,510	0.86
				07-04-2017	-44,932		48,44,578	0.85
				14-04-2017	-5,31,314		43,13,264	0.76
				21-04-2017	4,60,551		47,73,815	0.84
				28-04-2017	7,340		47,81,155	0.84
				05-05-2017	7,13,601		54,94,756	0.97
				12-05-2017	7,000		55,01,756	0.97
				19-05-2017	9,200		55,10,956	0.97
				26-05-2017	-1,60,000		53,50,956	0.94
				02-06-2017	4,94,949		58,45,905	1.03
				09-06-2017	38,000		58,83,905	1.03
				07-07-2017	3,87,793		62,71,698	1.10
				14-07-2017	-25,102		62,46,596	1.10
				28-07-2017	4,85,400		67,31,996	1.18
				04-08-2017	5,82,526		73,14,522	1.29
				11-08-2017	-10,000		73,04,522	1.28
				18-08-2017	-69,094		72,35,428	1.27
				25-08-2017	-745		72,34,683	1.27
				01-09-2017	-2,72,574		69,62,109	1.22
				08-09-2017	3,655		69,65,764	1.22
				15-09-2017	-1,948		69,63,816	1.22
				22-09-2017	-1,27,588		68,36,228	1.20
				29-09-2017	-1,80,551		66,55,677	1.17
				06-10-2017	-2,870		66,52,807	1.17
				13-10-2017	2,045		66,54,852	1.17
				20-10-2017	7,691		66,62,543	1.17
				27-10-2017	-8,134		66,54,409	1.17
				31-10-2017	7,85,000		74,39,409	1.31
				17-11-2017	-90,400		73,49,009	1.29
				24-11-2017	-1,24,800		72,24,209	1.27
				08-12-2017	-67,500		71,56,709	1.21
				15-12-2017	56,200		72,12,909	1.17

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2017)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				22-12-2017	258		72,13,167	1.17
				19-01-2018	-258		72,12,909	1.17
				09-02-2018	9,202		72,22,111	1.17
				16-02-2018	-11,464		72,10,647	1.17
				02-03-2018	-5,25,700		66,84,947	1.08
				09-03-2018	-1,10,988		65,73,959	1.06
				16-03-2018	-22,01,457		43,72,502	0.71
				23-03-2018	1,49,600		45,22,102	0.73
		45,22,102	0.73	31-03-2018			45,22,102	0.73

@ Based on the beneficiary position as at the end of each week. Top ten Shareholders on basis of PAN numbers have been considered for the above disclosure.

* Ceased to be in the list of Top 10 Shareholders as on 31-03-2018. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2017.

Not in the list of Top 10 Shareholders as on 01-04-2017. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2018.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2017)/ end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A.	**Directors**							
1.	Mr. Dhananjay Mungale Chairman and Independent Director	50,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	50,000	0.01
2.	Mr. Ramesh Iyer Vice-Chairman & Managing Director	7,43,432	0.13	01-04-2017			7,43,432	0.13
				24-11-2017	34,597	ESOP Allotment	7,78,029	0.14
		7,78,029	0.13	31-03-2018			7,78,029	0.13
3.	Mr. M. G. Bhide Independent Director	50,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	50,000	0.01
4.	Mr. Piyush Mankad Independent Director	50,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	50,000	0.01
5.	Mr. C. B. Bhave Independent Director	0	0.00	01-04-2017	0	No Change in the Shareholding during the year	0	0.00
6.	Ms. Rama Bijapurkar Independent Director	30,000	0.01	01-04-2017	0	No Change in the Shareholding during the year	30,000	0.01

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2017)/ end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director	250	0.00	01-04-2017	0	No Change in the Shareholding during the year	250	0.00
8.	Dr. Anish Shah Non-Executive Non-Independent Director	0	0.00	01-04-2017	0	No Change in the Shareholding during the year	0	0.00
9.	Mr. V. Ravi Executive Director & Chief Financial Officer	5,18,933	0.09	01-04-2017	0		5,18,933	0.09
				24-11-2017	12,264	ESOP Allotment	5,31,197	0.09
		5,31,197	0.09	31-03-2018			5,31,197	0.09
B.	**Key Managerial Personnel**							
	Ms. Arnavaz M. Pardiwalla Company Secretary & Compliance Officer	12,633	0.00	01-04-2017	0	No Change in the Shareholding during the year	12,633	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding-accrued but not due for payment

(Amount Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	23,76,485.75	6,39,054.81	4,38,296.14	34,53,836.69
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	83,157.12	13,356.41	32,174.31	1,28,687.84
Total (i+ii+iii)	**24,59,642.86**	**6,52,411.21**	**4,70,470.45**	**35,82,524.53**
Change in Indebtedness during the financial year - Principal Amount				
Addition	25,05,069.72	24,73,740.45	95,982.53	50,74,792.70
Reduction	20,65,720.88	23,02,284.81	2,20,541.53	45,88,547.22
Exchange Difference	1,577.32	0.00	0.00	1,577.32
Net Change	4,40,926.15	17,14,55.65	-1,24,559.01	4,87,822.79
Change in Indebtedness during the financial year - Interest accrued but not due				
Addition	1,91,861.20	28,237.21	32,710.87	2,52,809.29
Reduction	1,58,719.42	21,721.08	43,435.91	2,23,876.42
Net Change	33,141.78	6,516.13	-10,725.04	28,932.87
Indebtedness at the end of the financial year				
i) Principal Amount	28,17,411.90	8,10,510.45	3,13,737.13	39,41,659.48
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,16,298.90	19,872.54	21,449.28	1,57,620.71
Total (i+ii+iii)	**29,33,710.80**	**8,30,382.99**	**3,35,186.41**	**40,99,280.19**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Ramesh Iyer Vice-Chairman & Managing Director	Mr. V. Ravi Executive Director & Chief Financial Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	344.09	158.17	502.26
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.26	3.13	15.29
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option*	142.98	50.69	193.67
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	–	–	–
	- others	97.65	45.68	143.33
5.	Others (Retirals)	22.32	6.85	18.27
	Total (A)	**608.30**	**264.52**	**872.82**
	Ceiling as per the Act			**14,563.99**
		(being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

B. REMUNERATION TO OTHER DIRECTORS:

Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M. G. Bhide	Mr. Dhananjay Mungale	Mr. Piyush Mankad	Mr. C. B. Bhave	Ms. Rama Bijapurkar	
1.	Fee for attending Board/Committee Meetings	10.70	9.50	9.60	8.60	6.30	44.70
2.	Commission	17.00	24.00	17.00	17.00	17.00	92.00
3.	Others	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)		**27.70**	**33.50**	**26.60**	**25.60**	**23.30**	**136.70**

Non-Executive Non-Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. V. S. Parthasarathy	Dr. Anish Shah	
1.	Fee for attending Board / Committee Meetings	Nil	Nil	Nil
2.	Commission	Nil	Nil	Nil
3.	Others	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)			**136.70**

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. V. S. Parthasarathy	**Dr. Anish Shah**	
	Overall Ceiling as per the Act			**1,456.40**
		(being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		
	Total Managerial Remuneration (A+B)			**1,009.52**
	Overall Ceiling as per the Act			**16,020.38**
		(being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/ WHOLE-TIME DIRECTOR

Remuneration to Ms. Arnavaz M. Pardiwalla, Company Secretary

Sl. No.	Particulars of Remuneration	Amount Rs. in Lakhs
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	59.70
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.32
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	0
5.	Others (Retirals)	3.27
	Total	**63.29**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made if any (give Details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2018

Annexure V - A to the Board's Report for the year ended 31st March, 2018

The Policy on Remuneration of Directors

Prelude

The Company is a non-banking financial company registered with the Reserve Bank of India, and is engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, providing personal loans, finance to small and medium enterprises and mutual fund distribution services.

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra & Mahindra Financial Services Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Other Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to the Employees Stock Option Scheme 2005 (ESOS 2005) the Company has granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The vesting and exercise of these Options shall continue to be governed by ESOS 2005 and ESOS 2010 respectively and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, Shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/ approved by the NRC/Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum, based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Option Schemes of the Company from time to time.

Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report and the Company's Annual Report/Website as per statutory requirements laid down in this regard.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2018

ANNEXURE V - B to the Board's Report for the Year ended 31st March, 2018

Remuneration Policy for Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in Section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer;

(v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and

(vi) such other officer as may be prescribed.

Standards

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRAs agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as PF, Gratuity & Superannuation (for certain grades)
- Benefits such as car scheme, medical & dental benefit, loans, insurance, etc., as per grades.

Increments

- Salary increase is given to eligible employees based on position, performance and market dynamics as decided from time to time.

In case the performance of the Company exceeds the budgeted performance, the Company declares an additional ex-gratia bonus or a reward to its employees, at its discretion.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2018

ANNEXURE – VI TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2018

To,
The Members,
Mahindra & Mahindra Financial Services Limited,
Gateway Building, Apollo Bunder,
Mumbai-400 001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra & Mahindra Financial Services Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2018 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under and The Companies Act, 1956 and the Rules made there under, to the extent applicable.

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

(vi) The following laws, regulations, directions, orders applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934.

b. Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

c. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

d. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

e. Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines.

f. Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for equity and debt securities entered into with BSE Limited and Listing Agreement for equity shares entered into with National Stock Exchange of India Limited.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of the Act/Regulations/Directions as mentioned above in respect of:

a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, except for the reporting in respect of the investments made in Mahindra Finance USA LLC, a Joint Venture Company.

b) Delisting of equity shares.

c) Buy-back of securities.

We further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

i. The Members have approved an increase in the Borrowing powers of the Company from Rs.55,000 Crores to Rs. 60,000 Crores, which is over and above the aggregate paid-up share capital and free reserves pursuant to Section 180(1)(c) of the Companies Act, 2013, through a Postal Ballot resolution passed on 15th June, 2017.

ii. The Company made a public issue of Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs") and raised a sum of Rs.1,150,53,13,000 (Rupees One Thousand One Hundred Fifty Crores Fifty-three Lakhs and Thirteen Thousand) resulting in allotment of 1,15,05,313 NCDs having Face Value of Rs.1,000 each.

iii. The Company made a Qualified Institutional Placement (QIP) of 2,40,00,000 Equity Shares at the Issue Price of Rs.440 per Equity Share (including a premium of Rs. 438 per Equity Share), aggregating to Rs.1,056 Crores.

iv. The Company made a preferential allotment of 2,50,00,000 Equity Shares to its holding company, namely Mahindra & Mahindra Limited at a price of Rs.422 per share,(including a premium of Rs. 420 per Equity Share), raising a sum of Rs.1,055 Crores.

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Place: Mumbai
Date: 20th April, 2018

To,
The Members
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further, compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to issue of securities, Corporate governance aspects and filing of forms and returns there under.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Place: Mumbai
Date: 20th April, 2018

ANNEXURE – VII TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis–**

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis–**

   The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018, are as follows:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of Transaction	Transaction Value (Rs. in Crores)	Duration of Transaction	Salient terms of Transaction	Date of approval by the Board	Amount paid in advance (Rs. in Crores)
1	Mahindra & Mahindra Limited (Holding Company)	Preferential Allotment of 2,50,00,000 Equity Shares at a price of Rs. 422 per share, (including a premium of Rs. 420 per share)	1,055.00	29th November, 2017 – 30th November, 2017	The Related Party Transaction (RPT) entered during the period was in the ordinary course of business and on arm's length basis.	1st November, 2017	Nil

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

1. MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED – AN OVERVIEW

Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) is a subsidiary of the Indian conglomerate Mahindra & Mahindra Limited (M&M). It is a leading Non-Banking Financial Company (NBFC) which serves the financing needs of the growing population residing in rural and semi-urban areas of India.

We provide a range of retail products and services, such as financing purchase of new and pre-owned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipments, SME financing and many other financial products.

We also undertake mutual fund distribution, accept fixed deposits and provide customised personal loans to our customers in semi-urban and rural India. Our subsidiary, Mahindra Insurance Brokers Limited, is in the business of distributing life and non-life insurance products through tie-ups with various leading insurance companies. Through Mahindra Rural Housing Finance Limited, another subsidiary, we provide loans for construction, extension, purchase and improvement to homes of customers in rural and semi-urban India. Through Mahindra Mutual Fund, managed by Mahindra Asset Management Company Private Limited, one of our subsidiaries, we offer variety of mutual fund schemes targeting prospective investors in rural and semi-urban India.

2. ECONOMIC REVIEW

2.1 Global Economy

World growth strengthened in 2017 to 3.8%, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. At 3.8%, global growth in 2017 was the fastest since 2011. The US economy grew at 2.3%, accelerating from 1.5% in the preceding year. Labour market conditions improved further with the unemployment rate falling to a low of 4.1%. Industrial production also registered a robust growth driven largely by mining activity. These developments in conjunction with rising consumer confidence and higher disposable incomes due to tax rationalsation are expected to support growth. However, the impact of the tax justification on the fiscal balance and the ramifications of a potential trade war remain major risks to the outlook.

Economic activity in the euro area continued to expand at a solid pace in H2, marking 2017 as one of the best years for the area in over a decade. Consistently falling unemployment rate and elevated consumer confidence continued to point to the underlying strength of the economy. The outlook for the euro area remains upbeat with still accommodative monetary policy and rising global demand, although the strong euro could act as a drag on net exports and growth.

Economic activity also continued to expand in major Emerging Market Economies (EMEs). China's economy grew by 6.9% in 2017, above both the official target of 6.5% and 6.7% recorded in 2016. Notwithstanding financial risks, a government-led economic restructuring is underway, transitioning China from an export-driven path to a more balanced one that is driven by domestic demand. In Brazil, economic activity is gaining momentum, driven by higher commodity prices and improved fiscal outlook. The Russian economy has continued to recover, benefiting from easing of monetary policy, higher oil prices and strong household consumption.

Outlook

With financial conditions still supportive, global growth is expected to rise to 3.9% in 2018 and 2019. Advanced economies (AEs) will grow faster this year and next; euro area economies are set to narrow excess capacity with support from accommodative monetary policy and expansionary fiscal policy will drive the US economy above full employment. Aggregate growth in emerging markets and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance. The recent volatility in financial markets stemming mainly from the uncertainty over the pace of normalisation of monetary policy in AEs could pose a challenge to the EMEs, while fear of rising trade protectionism have clouded the global trade outlook.

GLOBAL GROWTH (%)

Particulars			Projections	
	2016	2017	**2018**	2019
World Output	3.2	3.8	**3.9**	3.9
Advanced Economies	1.7	2.3	**2.5**	2.2
United States	1.5	2.3	**2.9**	2.7
Euro Area	1.8	2.3	**2.4**	2.0
Japan	0.9	1.7	**1.2**	0.9
United Kingdom	1.9	1.6	**1.6**	1.5
Other Advanced Economies *	2.3	2.7	**2.7**	2.6
Emerging Market and Developing Economies	4.4	4.9	**4.9**	5.1
China	6.7	6.6	**6.6**	6.4

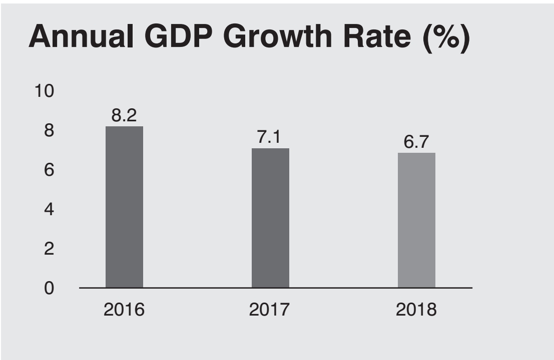
* Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

Source: International Monetary Fund (IMF), RBI

2.2 Indian Economy

According to Central Statistics Office (CSO), the Indian economy posted a growth rate of 7.7% during Q4 – January – March 2018, enabling the country to retain its position as the fastest growing major economy. This was on account of robust performance by manufacturing and service sectors as well as good farm output. India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and noteworthy domestic reforms gradually being implemented by the Government.

The revised fiscal deficit was put at 3.5% of GDP in 2016-17, higher than 3.2% budgeted last year. The fiscal deficit has been projected at 3.3% of GDP for the year 2018-19, higher than the fiscal consolidation target of 3%.



Source: Central Statistics Office (CSO)

Outlook

Going forward, economic activity is expected to gather pace in F.Y. 2018-19, benefitting from a conducive domestic and global environment. Following factors will contribute towards it:

AGGREGATE GROWTH IN EMERGING MARKET AND DEVELOPING ECONOMIES IS PROJECTED TO FIRM FURTHER, WITH CONTINUED STRONG GROWTH IN EMERGING ASIA AND EUROPE AND A MODEST UPSWING IN COMMODITY EXPORTERS AFTER THREE YEARS OF WEAK PERFORMANCE.

- the teething troubles relating to implementation of the GST are receding.
- credit off-take has improved in the recent period and is becoming increasingly broad-based, which portends well for the manufacturing sector and new investment activity.
- large resource mobilisation from the primary market could strengthen investment activity further in the period ahead.
- the process of recapitalisation of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (IBC) may improve the business and investment environment.
- global trade growth has accelerated, which should encourage exports and reduce the drag from net exports.
- the thrust on rural and infrastructure sectors in the Union Budget could rejuvenate rural demand and also crowd in private investment.

DETERMINED GOVERNMENT EFFORTS TO IMPROVE DIGITISED FINANCIAL SERVICES EXPERIENCE HAVE ENABLED ENHANCED SECTOR PENETRATION, ESPECIALLY IN RURAL INDIA.

Goods and Services Tax (GST)

Good and Services Tax (GST) was made effective in the country w.e.f. 1st July, 2017. This required a change in the compliance mechanism as well as the determination of taxability for different states in which the Company operates. Major change for determination of tax was of determining Source and Consumption State for each transaction. To handle the criticalities of GST law, there were several system changes required in the various softwares being used by the Company. There were challenges in respect of filing of various returns on monthly basis for each state where the registration was obtained by the Company. The due dates for filing returns were challenging, however they were always filed within the due dates. We have also purchased an external software for assisting in generation of invoices as required by the GST law and for generation of files for filing various returns.

3. FINANCIAL SERVICES INDUSTRY

India's diversified financial sector is undergoing rapid expansion. The sector comprises of commercial banks, non-banking financial companies, co-operatives, pension funds, insurance companies, mutual funds and other financial entities. A fast-growing economy, rising income levels, higher financial savings, greater propensity to spend and improving life expectancy rates are some of the encouraging factors that are likely to boost growth in the sector in the coming years. Over the past few years, the Reserve Bank of India (the RBI) has been steadily implementing technology to deepen and broaden financial services in India. Innovative steps like introduction of small finance banks and specialised payment banks have been implemented.

- The Financial Services Sector contributes significantly to the Indian growth story and is poised for rapid growth in future.
- Extensive use of technology is stirring the financial services sector with the rise of digital payment options (UPI, wallets, payment banks) and blockchain technology.
- Determined government efforts to improve digitised financial services experience have enabled enhanced sector penetration, especially in rural India.

- Financial inclusion agenda of the government is being realised through Aadhaar-based biometric authentication methods for electronic payments, P2P lending and crowd funding.
- Implementation of the Insolvency and Bankruptcy Code (IBC) is changing the landscape for restructuring of stressed assets.
- The re-capitalisation of PSU banks should improve the credit growth in the lending activity.

Emerging trends in the financial services industry

Simplifying digitalisation - Business is becoming more about the user experience. Automated user interfaces can go a long way in aiding this transformation, and implementing digitalisation is key to making it happen. The upcoming year will be about the simplification of processes and digitalisation.

Banking regulations - 2018 will be a turning point in financial regulation. Alongside General Data Protection Regulation (GDPR) and Markets in Financial Instruments Directive (MiFID II), the requirements for central clearing and the second Payments Services Directive (PSD2) will bring out significant changes to the banking environment, with the visionaries emerging as the winners.

FinTech collaboration - One of the largest technology revolutions in banking in recent years has been the use of advanced data analytics techniques to nail rogue trading activities within banks. In 2018, banks will have to decide whether to service clients in-house or through a third party, to stay competitive.

Rise of robots - Robotic Process Automation (RPA), which uses software robots or 'bots' to mimic human activity, has the latent to expose more value by endorsing employees to focus on value-added work. This in turn will eventually change the way the financial services sector operates.

Reality of blockchain - The use of the distributed ledger technology will no longer just be theoretical. The prospects for financial services that invest in such technology are boundless, from reducing operational costs to improving efficiency.

Digital Transformation

Taking into consideration the above, in December 2016, Mahindra Finance embarked on a digital transformation journey across the Group's Financial Services Sector. The journey encompassed four areas of focus – digitising operations for scale, mobile first interfaces for servicing customers, unified data architecture and analytics for single customer view, leveraging new technologies for new businesses. This was strengthened by new organisational design and talent.

After a year of implementation of the phase-I, the Company is pleased to note the increasing acceptance of this digital transformation both by its employees and customers. Employees are enabled with sales apps for customer acquisition and servicing that give them the ability to operate anytime, anywhere. The Company's customers have been given a new app which has had more than 50,000 downloads with thousands of customers using it to make digital payments. And many thousands are using the Company's website to make online EMI payments too. Your Company has embarked on an ambitious need based, loans program which will soon be digitally run from loan application to disbursement. Mahindra Finance has also launched Blockchain based invoice discounting platform between OEM's, their suppliers and the Company.

Your Company is continuously strengthening its IT and Data infrastructure to be future ready and ahead of industry in innovation.

Budget 2018-19: Financial Services key highlights

- Additional measures to be introduced to strengthen the environment for growth and successful operation of Alternative Investment Funds (AIFs) in India.
- SEBI to consider mandating corporates to meet one-fourth of their financing needs from the bond market.
- Government to reform stamp duty regime on financial securities transactions in consultation with States and amend the Indian Stamp Act.

EXTENSIVE USE OF TECHNOLOGY IS STIRRING THE FINANCIAL SERVICES SECTOR WITH THE RISE OF DIGITAL PAYMENT OPTIONS (UPI, WALLETS, PAYMENT BANKS) AND BLOCKCHAIN TECHNOLOGY.

- A unified authority to be established for regulating all financial services in International Financial Services Centres (IFSC).
- Separate policy to be formulated for hybrid instruments for attracting foreign investments, especially start-ups and venture capital firms.
- Bank recapitalisation programme to pave way for public sector banks to lend additional credit of INR 5 lakh crores.
- A new proposal to allow strong Regional Rural Banks to raise capital from the market to enable them to increase their credit to rural economy is under consideration.
- Measures for effectively addressing NPAs and stressed assets of MSMEs to be announced shortly.
- Refinancing policy and eligibility criteria set by MUDRA to be reviewed for better refinancing of NBFCs.

3.1 NBFC Industry

Non-Banking Financial Companies (NBFC) are an integral part of the Indian Financial system, augmenting competition and diversification in the financial sector and complementing the banking system. The Indian NBFC sector has been providing credit to customers in the underserved and unbanked areas. Their channelling the savings and investments of customers and the subsequent capital formation is necessary for India's economic growth and development. Their ability to innovate products in conformity with the needs of their clients is well established.

Classification of NBFCs based on activities undertaken

Asset Finance Company (NBFC-AFC)	Financing of physical assets supporting productive/economic activity, including automobiles, tractors and generators.
Loan Company	Providing finance by extending loans or otherwise for any activity other than its own but does not include an AFC.
Investment Company	Acquiring securities for the purposes of selling.
Infrastructure Finance Company (NBFC-IFC)	Providing infrastructure loans.
Systemically Important Core Investment Company (CIC-ND-SI)	Acquiring shares and securities for investment in mainly equity shares.
Infrastructure Debt Fund (NBFC-IDF)	For facilitating flow of long-term debt into infrastructure projects.
Micro Finance Institution (NBFC-MFI)	Extending credit to economically disadvantaged groups as well support Micro, Small and Medium Enterprises (MSMEs).
Factor (NBFC-Factor)	Undertaking the business of acquiring receivables of an assignor or extending loans against the security interest of the receivables at a discount.
NBFC–Non-Operative Financial Holding Company (NOFHC)	For permitting promoter groups to set up a new bank.
Mortgage Guarantee Company (MGC)	Undertaking mortgage activities.
Account Aggregator (NBFC-AA)	Collecting and providing the information of customers' financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer.
Non-Banking Financial Company - Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise unsecured finance.

NBFCs operate at higher yields mainly because they cater to underserved markets. Their operating cost as well as bad debt expenditure is lower compared to banks due to:

- Better risk appreciation and management.
- Lower cost due to lean and focused business models.
- Better service through faster response and personalised approach.

According to CRISIL, NBFCs in India are expected to see 18% Compounded Annual Growth Rate (CAGR) for the next two-and-a-half years and raise their share in total credit to 19% by 2020. The home loans segment, the largest business segment for NBFCs, is expected to grow at a steady CAGR of 18% over the next three years as they focus on self-employed customers and lower ticket size.

The NBFCs' market share in the wholesale finance business is expected to increase from 12% in 2014 to 19% in 2020. Home loans, the largest business segment for non-banks, is expected to grow at a steady CAGR of about 18% over the next three fiscals, owing to sharper focus of HFCs on self-employed customer segment and lower ticket sizes. With regulatory guidelines and government policy driving developers to focus on the affordable housing market, there lies huge opportunity for growth by investing and financing these properties. Since the Pradhan Mantri Awas Yojana provides home buyers with a Credit Linked Subsidy Scheme, the effective rate of interest payment falls below rental yields. This, in turn, improves the conditions for buying affordable housing property, empowering Housing Finance Companies (HFCs) and NBFCs to invest more in this segment.

19%

SHARE OF NBFCs IN TOTAL CREDIT BY 2020

Growth Drivers

Improving macro-economic fundamentals

The cross-sectional distribution pattern of the industry is determined by the performance of the economy. The macro-economic vulnerabilities at the domestic front have declined because of improvement in growth outlook, fall in inflation and recovery in industrial production data. With rising investor sentiment and business confidence, industry growth is likely to be fuelled by lending in the future.

Increase in infrastructure projects

Infrastructure development has been identified as a key driver of long-term economic growth in India over the years. Government spending on infrastructure has been constantly increasing to bolster the Country's economy. In Budget 2018-19, budgetary and extra-budgetary expenditure on infrastructure increased to Rs. 5.97 lakh crores for 2018-19 from Rs. 4.94 lakh crores in 2017-18. Urbanisation, rising incomes and younger and smaller family units all point towards a rise in real estate activity.

Strong regulatory initiatives

The RBI has been tightening regulations to manage the risk in the sector and has been proposing higher capital and provisioning requirements. It has also been stressing on higher disclosures to safeguard public money and prevent systemic shocks. In addition, the RBI has taken rapid preventive actions in addressing specific issues to manage systemic risk. It has issued an ombudsman scheme for NBFCs, offering a grievance redressal mechanism for their customers.

SWOT Analysis

Strengths

- Distinguished financial services provider, with local talent catering to local customers.
- Vast distribution network especially in rural areas and small towns, diversified product range and robust collection systems.
- Simplified and prompt loan request appraisal and disbursements.
- Product innovation and superior delivery.
- Ability to meet the expectations of a diverse group of investors and excellent credit ratings.
- Innovative resource mobilisation techniques and prudent fund management practices.

Weakness

- Regulatory restrictions - continuously evolving Government regulations may impact operations.
- Uncertain economic and political environment.

Opportunities

- Demographic changes and under penetration.
- Large untapped rural and urban markets.
- Growth in Commercial Vehicles, Passenger Vehicles and Tractors market.
- Use of digital solutions for business/collections.

Threats

- High cost of funds.
- Rising NPAs.
- Restrictions on deposit taking NBFCs.
- Competition from other NBFCs and banks.

GOVERNMENT POLICIES, COMBINED WITH THE FINANCIAL SERVICES INDUSTRY'S EFFORTS TO LOOK FOR GROWTH, WILL AUGMENT FINANCIAL INCLUSION.

Outlook

NBFCs continue to be an integral part of the country's financial service ecosystem. The expected reforms and drive towards various core sectors will provide more opportunities to the NBFCs to create significant financial inclusion and employment opportunities across the country. In line with the government's vision to achieve inclusive growth, the next key step is to include the unbanked population in the formal financial system. This will empower them and result in a significant increase in the average per capita income. Government policies, combined with the financial services industry's efforts to look for growth, will augment financial inclusion.

4. AUTOMOTIVE INDUSTRY

The Indian auto industry is one of the largest in the world with an annual production of 25.32 million vehicles in 2016-17. Though in 2017-18 the industry witnessed many headwinds – ban on sale of BS-III vehicles from 1st April, 2017, GST implementation as on 1st July, 2017, and rate revisions under GST in September 2017, it has managed to register growth of 11.5% vis-à-vis 6.8% during the same period last year. This year, rural income was supported by a near-normal monsoon, which led to good crop and higher MSPs (Minimum Support Prices) announced by the government. This has resulted in higher disposable incomes in the hands of rural population. Also, demand for commercial vehicles recovered on the back of infrastructure development, with new road and highway projects being undertaken and various projects coming up in smart cities.

During April-March 2018, the automobile industry produced over 29 million vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles, as compared to the 25.3 million vehicles produced during April-March 2017, thus registering production growth of 14.78%.

Domestic volume growth trends across segments – 2017-18

Segment-wise Sales	2017-18	2016-17	Change (%)
Passenger Vehicles	3,287,965	3,047,582	7.9%
Commercial Vehicles	856,453	714,082	19.9%
Two Wheelers	20,192,672	17,589,738	14.8%
Three Wheelers	635,698	511,879	24.2%
Tractors	711,478	582,844	22.1%

Source: Society of Indian Automobile Manufacturers (SIAM)

Passenger Vehicles

The passenger vehicle market saw a growth of 7.89% with sale of 3.28 million vehicles in April-March 2018 majorly led by utility vehicle sales which itself saw a growth of 20.97%. Within the passenger vehicles segment, sale of passenger cars and vans grew by 3.33% and 5.78% respectively, over the last fiscal year.

Commercial Vehicles

Total sales grew by 19.94% during April-March 2018 supported by pent-up demand post GST implementation, stringent execution of overloading norms in select states as well as healthy demand for Heavy Commercial Vehicles (HCVs). Medium & Heavy Commercial Vehicles (M&HCVs) segment saw growth of 12.48%, while Light Commercial Vehicles (LCVs) segment grew by 25.42%, during the same period. On the other hand, the three-wheelers segment saw growth of 24.19% in April- March 2018 over the last year.

Budget 2018-19: Automobile Industry - key highlights

- Increase in customs duty for CKD (Completely Knocked Down) import of motor vehicles, motor cars, motorcycles and key auto ancillary and tyre products.
- Higher allocation towards Infrastructure (From Rs. 4.94 lakh crores to Rs. 5.97 lakh crores).
- Substantial allocation towards creation of livelihood and rural infrastructure (Rs. 14.34 lakh crores), which includes employment generation in rural areas, rural roads development, rural houses and rural electrification.

Growth Drivers

Emerging middle-class

By 2021, India's emerging, and middle-class segments will comprise of nearly 900 million people and the Auto industry in India is expected to benefit greatly from this growth. A middle-class consumption lead growth is also likely to influence the overall economy positively, driving up the demand for 3-Wheelers and commercial vehicles.

Infrastructure development

India has made significant progress in building new roads, highways, expressways and support infrastructure such as airports, ports, railways and power plants. The expansion and transformation of our core infrastructure is also a major driver of growth for the auto industry. While India's remarkable automotive growth has so far been driven by urban consumers, the government's vision for economic growth and development across all strata of the country will pave the way for launch of new products in this segment. The initiatives are expected to help the automotive industry develop new mobility solutions such as intelligent transportation systems, alternative fuel vehicles and smart and connected vehicles targeted at the 'smart cities' of the future.

Rural market

The automobile industry is yet to fully tap into the demand from rural areas. The Indian automobile industry seeks to double its sales on the back of this steady rural led growth over the next decade. It is also expected to grow off relatively untapped segments including demand from youth, women and aspiration for luxury cars.

Export advantage

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-February 2018, overall automobile exports increased by 15.81%.

Outlook

Going forward, improved consumer sentiment after the Seventh Pay Commission by the Centre as well as salary revisions by States are expected to boost demand. The government has also recently (in October 2017) approved one of the biggest highway construction projects in India – 'Bharatmala project', worth Rs. 7 lakh crores to build approximately 83,000 kms of roads by 2022. This is expected to give a fillip to the commercial vehicles segment.

5. TRACTOR INDUSTRY

India has the largest tractor market in the world and hence one of the most important markets for all the leading Indian and global companies having tractor in its farm equipment portfolio, though, when one relates the dominant density of tractors in India to some of the leading economies, one would find it is way below the world average. Hence, there is huge potential for growth in tractor industry and given that agriculture has extensive weight in the overall economy, economic growth will not be possible without growth in agriculture.

The sector saw an impressive 22% growth and many OEMs (Original Equipment Manufacturers) also reported their best ever sales figure. The primary reasons for this growth are two consecutive years of normal monsoon, better crop production, easy availability of credit to farmers and increasing use of tractors in non-agricultural sectors.

Timely execution of Rs. 638 billion (Rs. 63,800 crores) support to the agricultural and allied sectors announced in the Union Budget 2018-19 will lead to a steady increase in demand for tractors and other farm equipments in the medium-term. Demand for tractors from non-agricultural sectors like construction and infrastructure, especially of higher tonnage, is also likely to grow.

Budget 2018-19: Tractor Industry key highlights

- Total allocation for rural, agricultural and allied sectors enhanced by 20.5% to Rs. 14.34 lakh crores.
- Institutional farm credit target increased by 10% to Rs. 11 lakh crores.
- Increase in minimum support prices for kharif and corpus allocated to strengthen agricultural markets.

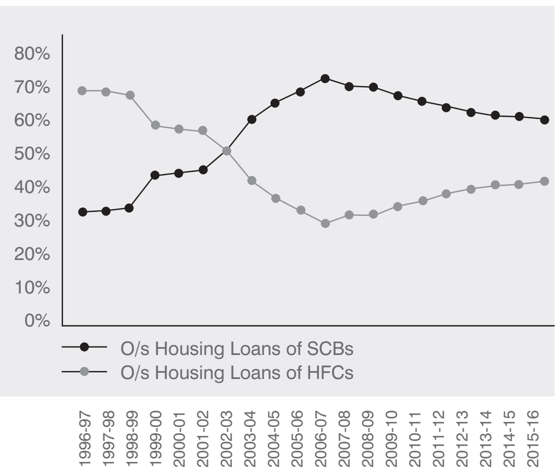
- Allocation under MNREGA increased by 14.6% to Rs. 55,000 crores; allocation of Rs. 5,750 crores to the National Rural Livelihood Mission.
- Increase in allocation for Pradhan Mantri Fasal Bima Yojana by 44% to Rs. 13,000 crores.
- Rural infrastructure development; allocation of Rs. 19,000 crores for Pradhan Mantri Gram Sadak Yojana and Rs. 33,000 crores to Pradhan Mantri Awas Yojana.
- Allocations of i) Rs. 1,400 crores for establishment of specialised agro-processing institutions ii) Rs. 500 crores under 'Operation Green' to promote farmer produce organisations, agri-logistics and processing facilities.
- Export of agri-commodities to be liberalised.

Outlook

Going forward, the tractor industry's 5-year CAGR from 2017-18 to 2021-22 is expected to be 8-10%. The Government's renewed push towards improving the rural economy through measures aimed at doubling farm income by 2022, increasing spend towards irrigation and improving crop productivity by distributing soil health cards, is expected to drive growth in the long-term. The Government has also announced measures such as the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring Centres. With increasing mechanisation on farm fields, this augurs well for structural tractor demand growth.

6. HOUSING FINANCE

Along with the growing population and urbanisation, there is also a rising demand for housing, and access to housing finance needs to keep pace with it. It is therefore important that all stakeholders, regulators, lenders, and other market participants actively undertake initiatives that continue to cater to these needs. While the housing finance market in India is served by both banks and Housing Finance Companies (HFCs), the graph below shows that the market share of HFCs has been growing and HFCs will continue to have a larger share going forward.



Source: RBI and NHB

Key policy announcements

Pradhan Mantri Awas Yojana (PMAY)

Launched by Prime Minister Narendra Modi, the Pradhan Mantri Awas Yojana, a credit linked subsidy scheme, is for the economically weaker sections, low-income groups and middle-income group-I and group-II. Through this scheme, the beneficiary is eligible to avail interest subsidy on the purchase or construction of a house. The scheme is also available for the enhancement of a dwelling unit. Owing to PMAY subsidy scheme and tax benefits, the middle-income affordable housing space is seeing good traction. The operational aspects of the scheme have also smoothened out. People can now receive subsidies within 30 days of submission of claims.

GST and RERA

GST and Real Estate Regulation and Development Act (RERA) brought structural changes in the housing sector in 2017-18, which was positive as the sector becomes formalised. Implementation of GST made housing affordable and RERA offers to bring fair practices that would protect the interests of investors. Besides, RERA looks forward to addressing issues like pricing, the quality of construction, and other changes that will protect homebuyers from unethical players.

Budget 2018-19: Housing Finance key highlights

- Allocation for Pradhan Mantri Awas Yojana (PMAY) at Rs. 27,414 crores for 2018-19 as compared to Rs. 28,951 crores last year.
- Under the Pradhan Mantri Awas Yojana (Gramin), 51 lakh houses to be constructed in 2018-19 in urban areas; assistance has been sanctioned for construction of 37 lakh houses.
- Affordable Housing Fund (AHF) to be set up in the National Housing Bank, funded from priority-sector lending shortfall and fully serviced bonds authorised by the Government.

Growth Drivers

Economic growth

The Indian economy is expected to be the fastest growing economy for the next few decades. The growth will be determined by infrastructure investment and the rising manufacturing sector. The performance of the Indian economy is seen to be amongst the most stable, facilitated by the moderation in inflation, government's fiscal consolidation measures and expenditure incurred towards building infrastructure and other sectors.

Housing shortage

According to business management consultant RNCOS, the shortage of urban housing across the country is expected to increase to an estimated 3.41 crores units by 2022. This is mainly driven by increasing demand supply gap and rising income level of working population in Tier I and Tier II cities. Furthermore, according to the report of Working Group on Rural Housing for Twelfth Five Year

Plan, Ministry of Rural Development (MoRD), 2011 there was expected to be a shortage of around 3.93 crores units between 2012-17 in rural areas.

Outlook

With the growth in demand, the housing finance industry offers tremendous scope for growth. We are among very few housing finance companies with a dominant focus on rural housing. We have also been actively exploring opportunities in the affordable housing space to grow and diversify our customer base and tap onto the emerging opportunities in the sector. In both the rural and affordable housing verticals, we have customised loan products and processes keeping in mind the needs of our customers. We are focused on leveraging digital technologies, data analytics and partnerships to further enhance the customer experience and improve business performance.

7. Infrastructure and Real Estate

Real estate is one of the most dynamic sectors. It is the second largest employer in India after agriculture. The year 2017 has set an unexpected benchmark for the real estate sector of India. In the first quarter of 2017, due to the demonetisation in 2016, the real estate sector also was affected along with other sector, with land sales reaching a point of sluggishness. By the time the markets were ready to recover, GST and RERA were implemented which added pressure on buyers and sellers alike. In anticipation of the final RERA notifications, buyers held back purchases.

Regulatory reforms

The regulatory reforms implemented through frameworks defined under the RERA and GST, to an extent, have led the sector in a certain direction. It is mandatory for all real estate projects to follow the provisions of RERA, which attempts to make sure that projects are delivered on-time and the money paid by buyers for certain projects is not squandered on other purposes. It will be impossible for fly-by-night operators to be in the market and only the most committed players will be able to navigate the roadmap. This will benefit both buyers and sellers in the long term.

GST will have sizable impact on real estate sector. It is expected to bring in transparency and simplicity. While the prices of residential real estate may not come down in the short term, GST will certainly help in improving the perception of the sector on the back of a simplified tax structure and accountability being fixed at every stage.

The affordable housing initiative is aimed at homes with a value of approximately Rs. 20 lakhs. Homes in this range are typically located on the outskirts of metros and Tier-1 cities. They are aimed at first-time homebuyers in the middle-to-lower-income category. The government has also rolled out various incentives to boost affordable housing. To begin with, the Government designated this vital sector as a favoured segment under its 'Housing for All by 2022' initiative.

Budget 2018-19: Infrastructure - key highlights

- Capital outlay towards the infrastructure sector up to Rs. 5.97 lakh crores in 2018-19 (up 20.8% over 2018), with major increase for segments like Railways, Telecommunication and Affordable Housing.
- Railway and Road sectors continue to be the focus areas, contributing to over 45% of the total infrastructure capital outlay. Capital outlay for Railways to increase by 22.1% while that of Roads by 10.2%.
- Outlay for Housing and Urban Development increased substantially by 57% with the increased amount coming from higher expenditure under the Pradhan Mantri Awas Yojana (Urban).
- Allocation for the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) increased by 27.5% to Rs. 9,429 crores. Under this, Rs. 6,000 crores is to be spent on 48 irrigation projects under the Accelerated Irrigation Benefits Programme (AIBP) and command area development.
- The Government, along with the regulators, to promote investments in bonds with credit rating of A and above from the current rating threshold of AA and above.

Outlook

Going ahead, the standpoint for the residential sector in 2018 is extremely ideal. Supply is picking up in the affordable housing segment, which is also where most of the demand is coming from. As the economy ascends, development from rural to urban will accelerate. Thus, there will be a significantly increased demand for houses. Surge is expected in this segment especially after the announcement of PMAY.

8. MUTUAL FUND INDUSTRY

Average Assets Under Management (AAUM) of Indian Mutual Fund Industry as at March 2018 stood at Rs. 22.71 lakh crores.

Assets Under Management (AUM) as at 31st March, 2018, stood at Rs. 21.36 lakh crores.

The AUM of the Indian MF Industry has grown from Rs. 5.05 lakh crores as on 31st March, 2008, to Rs. 21.36 lakh crores as on 31st March, 2018, more than four-fold increase in a span of 10 years and from Rs. 7.01 lakh crores as on 31st March, 2013, to Rs. 21.36 lakh crores as on 31st March, 2018, more than three- fold increase in a span of 5 years.

The Industry's AUM had crossed the milestone of Rs. 10 lakh crores for the first time in May 2014 and in a short span of about three years, the AUM size had increased more than two folds and crossed Rs. 20 lakh crores for the first time in August 2017. The Industry AUM stood at Rs. 21.36 lakh crores as on 31st March, 2018.

The total number of accounts as on 31st March, 2018, has crossed the milestone of 7 crores and stood at 7.13 crores (71.3 million), while the number of folios under Equity, ELSS and Balanced schemes, wherein the maximum investment is from retail segment, stood at 5.94 crores (59.4 million).

Source: Association of Mutual Funds in India (AMFI)

Rs. 22.71 lakh crores

AUM OF MUTUAL FUNDS IN INDIA, AS ON 31ST MARCH, 2018

Outlook

The outlook for the market seems optimistic with portfolio managers remaining positive about their prospects in 2018. The Indian equity markets are expected to perform well backed by positive economic outlook, the Government's continuous focus on structural reforms through the announcement of the re-capitalisation plan for PSU banks and the thrust on infrastructure-related capital expenditure outlays. Any increase in volatility in equity markets due to rising global yields/ increase in trade wars may provide an opportunity to invest in Indian equity markets with long-term perspective.

9. BUSINESS REVIEW

During the year, the Company gained market share in financing on higher growth and penetration of products in rural areas. The asset quality also improved on the back of higher recoveries and lower fresh delinquencies as government spending and infrastructure activity got a boost. The rural market saw marked development in environment and saw optimistic change due to improvement in cash flows from farm produce.

The Company provides financial services through simple processes and procedures in sanction and disbursement of credit as well as timely, friendly, and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast loan appraisal and disbursements make the Company the preferred choice for customers. An established reach and network helps the Company to cater to the remotest of geographies in India.

A STRONG BUSINESS MODEL AND AN INSIGHT INTO THE NEEDS OF ITS CUSTOMERS GIVE THE COMPANY A COMPETITIVE EDGE

The Company has significant business presence in semi-urban and rural areas.

Focus on customer is one of the key factors that has driven the Company's policies. A strong business model and an insight into the needs of its customers give the Company a competitive edge. Better risk management has also contributed the Company achieving commendable growth. The technology deployment has resulted in superior sales productivity, better market coverage, improved channelisation, and customer experience.

Credit Ratings

The credit rating details of the Company as on 31st March, 2018 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme	'IND A1+'	The 'A1+' rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Long-term Debt Instruments and Subordinated Debt Programme	'IND AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	Long-term Debt Instruments and Subordinated Debt Programme	'CARE AAA/Stable'	
Brickwork Ratings India Private Limited	Long-term Subordinated Debt Programme	'BWR AAA/Stable'	

Rating Agency	Type of Instrument	Rating*	Remarks
CRISIL Limited	Fixed Deposit Programme	'CRISIL FAAA/ Stable'	
	Long-term Debt Instruments, Subordinated Debt Programme and Bank Facilities	'CRISIL AA+/Stable'	The 'AA+' rating indicates a high degree of safety with regard to timely payment of financial obligations. Such instruments carry very low credit risk.
	Short-term Debt and Bank Loans	'CRISIL A1+'	The 'A1+' rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2017-18. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

Asset Quality

Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. Gross NPAs as at 31st March, 2018, stood at 7.4% as against 7.7% of the outstanding loans during the previous year. The Company has complied with the prudential guidelines issued by the RBI in respect of Income Recognition and Provision for Non-Performing Assets (NPAs).

10. OPERATIONAL REVIEW

The key operational highlights of 2017-18 are:

- Total income increased to Rs. 7,206 crores in 2017-18 from Rs. 6,238 crores in 2016-17, an increase of 16%.
- Assets Under Management (AUM) raised to Rs. 55,101 crores from Rs. 46,776 crores in 2016-17, an increase of 18%.
- Increased number of offices to 1,284 as on 31st March, 2018, from 1,182 offices as on 31st March, 2017.
- Customer base crossed 5.3 million customers.
- Increased employee base to 18,733 as on 31st March, 2018, as against 17,856 as on 31st March, 2017.
- Opened more branches at the village level to remain close to customers, to understand their cash flows and approach the customer for recovery when he has the money. These branches will seize new opportunities when the economic cycle and farm cycle improve.

11. FINANCIAL REVIEW

The following table presents Company's standalone abridged financials for the financial year 2017-18, including revenues, expenses and profits.

Abridged Statement of Profit and Loss

Rs. in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from operations	7,147.10	6,173.91
Other income	59.02	63.62
Total revenue	7,206.12	6,237.53
Expenses:		
Employee benefits expense	851.76	680.90
Finance costs	3,000.40	2,857.42
Depreciation and amortisation expense	44.19	46.02
Loan provisions and write offs	1,226.59	1,309.13
Other expenses	775.41	724.00
Total expenses	5,898.35	5,617.47
Profit before exceptional items and taxes	1,307.77	620.06
Exceptional items (net) - income / (expense)	64.97	–
Profit before tax	1,372.74	620.06
Tax expense	480.86	219.83
Profit for the year	891.88	400.23

Key Ratios

Key Indicators	2017-18	2016-17
PBT/Total Income	19.9%	9.9%
PBT/Total Assets	2.6%	1.4%
RONW (Avg. Net Worth)	12.4%	6.4%

Key Indicators	2017-18	2016-17
Debt/ Equity	4.25:1	5.37:1
Capital Adequacy	21.9%	17.2%
Tier I Capital	16.0%	12.8%
Tier II Capital	5.9%	4.4%
Book Value (Rs.) (excluding ESOPs)	151.0	114.2
NIM (Gross Spread)	8.7%	8.2%

- Total Income of the Company during 2017-18 increased by 16% over previous year while expenses were contained at 5% leading to a 111% rise in operating profit from Rs. 620.06 crores in 2016-17 to Rs. 1307.77 crores in 2017-18.
- PAT for the year, at Rs. 891.88 crores, clocked a Y-o-Y growth of 123% and PBT for the same period grew by 121% to Rs. 1,372.75 crores.
- NIM (Gross Spread) for the year stood at 8.7% compared to 8.2% in 2016-17, an increase of 50 bps.
- Pre-tax returns on average assets for the year stood at 2.8% whereas post-tax returns stood at 1.9%.
- RoE for the year under review stood at 12.4% against 6.4% in 2016-17. RoA for the year under review improved to 1.9% from 1.0% for the previous year.
- The Company's cost-to-income ratio for the year under review improved to 39.7% compared to 42.9% in 2016-17.

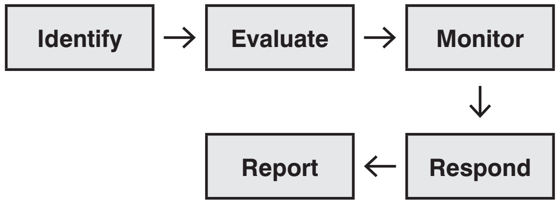
12. RISK MANAGEMENT

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes a team, headed by our Executive Director & Chief Financial Officer that identifies, assesses and monitors all of our principal risks. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk, business risk, regulatory risk and human capital risk. Our Board has also adopted an Interest Rate Risk Management policy.

Risk Management Process

The risk management system includes the following key elements:

- A strategy that is driven by objectives and principles.
- Assignment of responsibilities.
- A framework and reporting cycle to identify, assess, manage, monitor and report the risks that the Company is or may be exposed to.
- A combination of 'top down' and 'bottom up' risk assessment and management process.
- A risk monitoring plan that outlines the review, challenge and oversight activities.
- Reporting procedures which ensure risk information is actively monitored, managed and appropriately communicated at all levels within the Company.
- Embedding a strong risk management culture across all levels of the Company.



The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators. The key risks are: -

Credit Risk

Credit risk is the risk of loss that may occur from the default by the Company's customers under its loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

Interest Rate Risk

The Company is subject to interest rate risk, principally because it lends to customers at fixed interest rates and for periods that may differ from its funding sources, which bear fixed and floating rates and are from banks and issuing debt. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. From time to time the Company enters into interest rate swaps to help manage the risks it may incur from being exposed to liabilities at floating rates.

The Company maintains an Asset Liability Management Policy and Procedures ("ALM Policy"), which has been approved and adopted by the Asset Liability Committee of the Board. Assets and liabilities are categorised into various time buckets based on their maturities and re-pricing options. Efforts are made and action plans are drawn to ensure minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. The Company attempts to minimise this risk through a mix of strategies, including assignment of receivables and short-term funding. The Company also monitors liquidity risk through the Asset Liability Committee of the Board and its Operating Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through the ALM Policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

The Company manages short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks.

Cash Management Risk

Our offices collect and deposit a large amount of cash through a high volume of transactions. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

Asset risk

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

KEEPING IN WITH TRENDS AND PRACTICES IN THE MARKET, WE HAVE DEVELOPED TAILOR-MADE PRODUCTS TO DEEPEN MARKET PENETRATION.

Business Risk

The Company, being an NBFC, is exposed to various external risks which have direct bearing on the sustainability and profitability of the Company. Foremost amongst them are Industry Risk and Competition Risk. The volatile macro-economic conditions and change in sector attitude in various economic segments causes ups and down in the business, and results in loan asset impairment. We have a dedicated team to continuously judge the trends in the economy and various industrial sectors. With increasing competition in the financial markets, the business growth of the Company is now subject to its ability to face competition. Keeping in with trends and practices in the market, we have developed tailor-made products to deepen market penetration. Equipped with an enthusiastic sales force, range of products, continuous efforts to improve TAT, and customer friendly culture, the Company is efficiently withstanding competition.

Regulatory Risk

It is the risk of change in laws and regulations materially impacting the business. All the periodic guidelines issued by the RBI are fully adhered to and complied with by the Company. The Company strictly adheres to the Capital Adequacy, Fair Practices Code, the RBI Reporting, Asset Classification and Provisioning Norms, etc. with a zero-level tolerance on the non-compliance aspect.

Human Capital Risk

Our success depends on our ability to retain and attract qualified personnel. We have a policy of providing excellent working environment for employees across all sections for better work-life balance. The compensation paid by the Company is comparable with other companies of its class and size in the industry.

13. HUMAN RESOURCE

Your Company believes that people perform to the best of their capability in organisations to which they feel truly associated. Your Company focuses on widening organisational capabilities and improving organisational effectiveness by having a competent and engaged workforce. Our people are our partners in progress and employee empowerment has been critical in driving our organisation's growth to the next level.

Each of the Company's business vertical has an explicit performance management model that helps in aligning individual performance with that of the business. Talent Management and Development in that scenario plays a pivotal role to attract and build people capability for their growth and through them for the growth of the organisation. The Company also identifies and adopts best industry practices related to Health, Safety, Security and Environment which outlines the core of its business and ensures in developing a culture where its employees drive them. The Company's HR practices have been certified at People Capability Maturity Model (PCMM) level 5 Maturity Model by the CMMI Institute, which certifies that the Company strives towards continuous improvement in its HR practices.

OUR PEOPLE ARE OUR PARTNERS IN PROGRESS AND EMPLOYEE EMPOWERMENT HAS BEEN CRITICAL IN DRIVING OUR ORGANISATION'S GROWTH TO THE NEXT LEVEL.

14. INFORMATION TECHNOLOGY

This year, the organisation has begun a transformation of the technology landscape. Technology has been enabled to support easier implementation of partnerships for business generation and collections, operational efficiencies, and compliance with statutes. Core business solutions for cross-selling of loan products, collections, SME finance, and Dealer Trade Advance have been implemented. Critical solutions of HRMS and GST compliance have gone on-stream. Enterprise platforms such as business process management, business intelligence and enterprise service bus have been implemented. Information security measures have been fortified through implementation of IPv6, web proxy, network access control and Artificial Intelligence based network traffic analysis tool. To supplement the internal capabilities, your Company has also entered into IT services sourcing arrangements with some of the global leaders of ITES. Digital solutions of customer mobile app, payments and KYC have been rolled-out/enhanced. Various engagements for tapping into nascent technologies, and the fintech ecosystem have been undertaken.

15. INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit which ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened, and corrective actions initiated.

16. CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Your Company is committed to transparency in all its dealings and places high emphasis on business ethics, integrity and diversity to generate long-term value for its stakeholders and retain investor trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholders and societal expectations.

Your Company has an active, experienced and a well-informed Board. Through the governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

Your Company was amongst the top 10 companies with a high Corporate Governance score in a study jointly conducted by International Finance Corporation (IFC), BSE Limited (BSE) and Institutional Investor Advisory Services (IiAS), during the year under review.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["the Listing Regulations"]. A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations is given below:

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations, as amended from time to time.

The Board currently comprises of nine Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including one Woman Independent Director) is more than one-half of the total number of Directors.

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision making process.

Detailed profile of the Directors is available on the Company's website at the web-link: **http://www.mahindrafinance.com/management.aspx**.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are Whole-time Directors of your Company. Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors of your Company are in the whole-time employment of Mahindra & Mahindra Limited (M&M), the holding company, and draw remuneration from it. Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the Non-Executive Directors would be entitled to under the Act, none of these Directors has any other pecuniary relationships or transactions with the Company, its Subsidiaries or Associates, or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. None of the Directors of your Company are inter-se related to each other.

The Management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Vice-Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

NUMBER OF BOARD MEETINGS

The Board of Directors met seven times during the year under review on 25th April, 2017, 24th July, 2017, 6th October, 2017, 25th October, 2017, 1st November, 2017, 24th January, 2018 and 16th March, 2018. The requisite quorum was present for all the Meetings.

The Board met atleast once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days. These Meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of section 165 of the Act none of the Directors of the Company is a Director in more than 10 public limited companies. Further, as mandated by Regulation 25 of the Listing Regulations, none of the Independent Directors of the Company serves as Independent Director in more than seven listed companies or three listed companies in case he/she serves as a Whole-time Director in any listed company. Further, as stipulated in Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are not Independent Directors of any other listed company. Table 1 gives the details.

COMPOSITION OF THE BOARD

As on 31st March, 2018, the Company's Board comprised of nine Members. The Chairman of the Board and four Directors are Independent Directors. The Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer are Executives of the Company while the remaining two Directors are Non-Executive Non-Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 24th July, 2017, as also the number of Directorships and Committee positions held by them in Indian public limited companies are as follows:

Table 1: Composition of Board of Directors as on 31st March, 2018

Name of the Directors	Category	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies#		
			Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+
			Held	Attended				
Mr. Dhananjay Mungale (Chairman)	Independent	00007563	7	7	Yes	8	5	2
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Executive	00220759	7	7	Yes	6	3	0
Mr. Manohar G. Bhide	Independent	00001826	7	7	Yes	4	2	1
Mr. Piyush Mankad	Independent	00005001	7	7	Yes	3	2	1
Mr. C. B. Bhave	Independent	00059856	7	6*	Yes	2	0	2
Ms. Rama Bijapurkar	Independent	00001835	7	5	Yes	4	2	2
Mr. V. S. Parthasarathy	Non-Executive Non-Independent	00125299	7	7	Yes	7	6	1
Mr. V. Ravi (Executive Director & Chief Financial Officer)	Executive	00307328	7	7	Yes	4	4	0
Dr. Anish Shah	Non-Executive Non-Independent	02719429	7	5	Yes	4	2	0

Notes:

Excludes Directorships in private limited companies, foreign companies and companies registered under section 8 of the Act but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in section 165 of the Act.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL.

* Participated in one Meeting through video-conference facility.

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and the Listing Regulations, two Meetings of Independent Directors were held during the year. These Meetings were conducted in an informal manner to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

At these Meetings, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary for the Board to effectively and reasonably perform and discharge their duties. Both these Meetings were well attended by the Independent Directors.

BOARD PROCEDURE

The Company sends a detailed agenda folder to each Director at least seven days before the date of the Board and Committee Meetings. All the agenda items are backed by necessary supporting information, documents and presentations, if any, to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is also hosted on the Board portal to provide web-based solution that functions as a document repository. The Directors are also provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

To enable the Board to discharge its responsibilities effectively, the Vice-Chairman & Managing Director apprises the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario, followed by presentations by the Executive Director & Chief Financial Officer. A detailed Functional Report is also presented at the Board Meeting(s).

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' value are met. The Board also, inter-alia, reviews and considers investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, minutes of Meetings of the Audit and other Committees of the Board, approval and adoption of quarterly/half-yearly/annual results, risk assessment and minimisation procedures, transactions pertaining to purchase/disposal of property(ies), major accounting provisions and write-offs, corporate restructuring, details of any joint venture or collaboration agreement, material default in financial obligations, if any, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature including judgment or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level. In addition to the above, pursuant to Regulation 24 of the Listing Regulations, the minutes of the Board Meetings of your Company's subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board. The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee Meetings.

The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually. The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Board's Report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company – its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company. Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations, the Company has during the year conducted familiarisation programmes for its Independent Directors which included holding an off-site Board Meeting, detailed presentations on long term vision and Strategy of the Company, its business model and operations, digitisation and analytics, review of Strategic Investments of the Company, Industry outlook at the Board Meetings, Strategy/Performance of subsidiary companies, Regulatory updates at Board and Audit Committee Meetings, circulating press releases, disclosures made to Stock Exchanges, news and articles related to the Company to provide updates from time to time, interactions with multiple levels of leaderships in the Company, both formally and informally through networking sessions.

Pursuant to Regulation 46 of the Listing Regulations, the details of familiarisation programmes are available on the website of the Company at the web link: **http://www.mahindrafinance.com/pdf/familiarisation_programme_2017_18.pdf.**

REMUNERATION

Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a director

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ("the NRC") reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of Director:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

Remuneration Policy for Key Managerial Personnel and Employees

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary and other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half-yearly performance pay based on KRAs agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades).
- Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

REMUNERATION PAID TO DIRECTORS

The eligible Non-Executive Directors are paid remuneration in the form of sitting fees and commission within the limits prescribed under the Act. The remuneration payable to eligible Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

The NRC while deciding the basis for determining the remuneration to the eligible Non-Executive Directors, both fixed and variable, takes into consideration various relevant factors, including the overall compensation policies of the Company pertaining to commission, current trends and practices in relevant industries, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company and such other factors as the NRC may deem fit.

Pursuant to the approval granted by the Members of the Company at the Twenty-fifth Annual General Meeting held on 24th July, 2015, the eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company for each financial year, as computed in the manner laid down in section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

A commission of Rs.102 Lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2018 as follows:

Table 2

Name of the Directors	Commission for the year ended 31st March, 2018, provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)
Mr. Dhananjay Mungale	26
Mr. Manohar G. Bhide	19
Mr. Piyush Mankad	19
Mr. C. B. Bhave	19
Ms. Rama Bijapurkar	19
Total	**102**

In addition, the eligible Non-Executive Director(s) are paid a sitting fee of Rs. 50,000 each for every Meeting of the Board, Rs. 40,000 each for every Audit Committee Meeting, Rs. 30,000 each for every Meeting of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Asset Liability Committee and the Risk Management Committee respectively, and Rs. 20,000 each for every Meeting of the Committee for Strategic Investments and IT Strategy Committee, respectively.

The Company has not granted Stock Options to any of its Non-Executive Directors during the year under review.

Remuneration of Executive Directors includes salary, perquisites, allowances, benefits, amenities, retirals viz. superannuation including gratuity and provident fund (fixed component) and commission and stock options (variable component). The remuneration to the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is fixed by the NRC which is subsequently approved by the Board of Directors and Shareholders at a General Meeting/by means of a Postal Ballot voting process.

The NRC while deciding the basis for determining the remuneration of the Executive Directors shall take into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Detailed information of Directors' remuneration for the year 2017-18 is set forth in Table 3.

Table 3: Details of Remuneration paid to Directors for the Financial Year 2017-18 (Rs. in Lakhs)

Name of the Director	Sitting Fees (excluding GST)	Salary	Perquisites	Super-annuation and Provident Fund#	Commission for the year ended 31st March, 2017 paid during the year under review	Total	Employees Stock Option Scheme 2010+ (ESOS-2010)		
							Number of Stock Options granted in February, 2011 Grant 1$	Number of Stock Options granted in October, 2014 Grant 5$	Number of Stock Options granted in October, 2015 Grant 6$
Whole-time Directors									
Mr. Ramesh Iyer*	N.A.	344.09	144.24@	22.32	97.65	608.30	2,00,140	1,62,173	10,812
Mr. V. Ravi**	N.A.	158.17	53.82@@	6.85	45.68	264.52	77,815	61,319	NIL
Non-Executive Directors									
Mr. Dhananjay Mungale	9.50	N.A.	N.A.	N.A.	24.00	33.50	NIL	NIL	NIL
Mr. M. G. Bhide	10.70	N.A.	N.A.	N.A.	17.00	27.70	NIL	NIL	NIL
Mr. Piyush Mankad	9.60	N.A.	N.A.	N.A.	17.00	26.60	NIL	NIL	NIL
Ms. Rama Bijapurkar	6.30	N.A.	N.A.	N.A.	17.00	23.30	NIL	NIL	NIL
Mr. C. B. Bhave	8.60	N.A.	N.A.	N.A.	17.00	25.60	N.A.	N.A.	NIL
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	NIL	NIL
Dr. Anish Shah	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.

Notes:

@ This includes Rs. 142.98 lakhs being perquisite value of ESOPs of the Company exercised during the year.

@@ This includes Rs. 50.69 lakhs being perquisite value of ESOPs of the Company exercised during the year.

Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.

+ Options issued at an Exercise Price of Rs. 2/- being the Face Value of the underlying shares.

$ ESOS – 2010

Grant-1: The Stock Options have been granted on 7th February, 2011. Of this, all the five tranches of 20% each totalling 100% of the total options have vested on 7th February, 2012, 7th February, 2013, 7th February, 2014, 7th February, 2015 and 7th February, 2016 respectively.

Grant-5: The Stock Options have been granted on 21st October, 2014. Of this, 20% of the options have vested on 21st October, 2015, 21st October, 2016, and 21st October, 2017 on expiry of 12 months, 24 months and 36 months respectively, from the grant date, and the balance number of options would vest in two equal tranches of 20% each on 21st October, 2018 and 21st October, 2019 on expiry of 48 months and 60 months, respectively, from the date of grant.

Grant-6: The Stock Options have been granted on 21st October, 2015. Of this, 20% of the options have vested on 21st October, 2016 and 21st October, 2017 on expiry of 12 months, and 24 months respectively, from the grant date and the balance number of options would vest in three equal tranches of 20% each on 21st October, 2018, 21st October, 2019 and 21st October, 2020 on expiry of 36 months, 48 months and 60 months, respectively, from the date of grant.

* The notice period for the Vice-Chairman & Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 30th April, 2016. There is no separate provision for the payment of severance fees.

** The notice period for the Executive Director & Chief Financial Officer is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 25th July, 2015. There is no separate provision for the payment of severance fees.

During 2017-18, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 4 gives details of the shares held by the Non-Executive Directors as on 31st March, 2018.

Table 4: Details of the shares held by the Non-Executive Directors

Name of the Director	Number of Shares held
Mr. Dhananjay Mungale	50,000
Mr. M. G. Bhide	50,000
Mr. Piyush Mankad	50,000
Ms. Rama Bijapurkar	30,000
Mr. C. B. Bhave	Nil
Mr. V. S. Parthasarathy	250
Dr. Anish Shah	Nil

CODES OF CONDUCT

The Board has laid down Codes of Conduct for Board Members and for Senior Management and Employees of the Company ("Codes"). These Codes have been posted on the Company's website at the web-link: **http://www.mahindrafinance.com/corporate-governance.aspx**.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2018.

The said Certificate is attached herewith as 'Annexure A' and forms part of this Report.

RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the Company. The Company has a robust organisational structure for managing and reporting on risks.

The Risk Management structure includes identification of elements of risk, including those which in the opinion of the Board, may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

COMMITTEES OF THE BOARD

Your Company has eight Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee, Committee for Strategic Investments and IT Strategy Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March, 2018, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises of Mr. C. B. Bhave (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Mr. Piyush Mankad and Ms. Rama Bijapurkar, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of section 177 of the Act and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to, inter-alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management; the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval, select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters, approve transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals for related party transactions subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluate internal financial controls and risk management systems, monitor end use of funds raised through public offers, rights issue, preferential issue and related matters, etc.

The Committee is also empowered to inter-alia review the remuneration payable to the Statutory Auditors and Internal Auditors, recommend to the Board the term of appointment and remuneration of the Statutory Auditors and Internal Auditors and recommend a change in the Auditors, if felt necessary. Further, the Committee is also empowered to review Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, etc.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations. Generally all items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations are covered in the terms of reference. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited, the Statutory Auditors, the Senior Vice President-Operations, the Senior Vice-President-Accounts and the Senior Vice-President-Treasury & Corporate Affairs are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. C. B. Bhave, Chairman of the Audit Committee was present at the 27th Annual General Meeting of the Company held on 24th July, 2017.

The Audit Committee met seven times during the year on 25th April, 2017, 24th July, 2017, 11th August 2017, 25th October, 2017, 1st November, 2017, 24th January, 2018 and 15th February, 2018. The gap between two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee Meetings are given in Table 5.

Table 5: Attendance record of Audit Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	7	7*
Mr. Dhananjay Mungale	7	7
Mr. M. G. Bhide	7	6
Mr. Piyush Mankad	7	7
Ms. Rama Bijapurkar	7	5
Mr. V. S. Parthasarathy	7	6
Dr. Anish Shah	7	6

* Participated in one Meeting by video conference facility.

b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of section 178(1) of the Act and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company in line with the appropriate legislations, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, determine overall compensation policies of the Company, and administer the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2005", the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010" and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes. The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

The scope of the Committee further includes review of market practices and to decide on remuneration packages applicable to the Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Functional Heads, etc., set out performance parameters for Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Functional Heads, etc., and review the same. The Committee is also empowered to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

In addition to the above, the Committee is also authorised to formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

The Committee also carries out a separate exercise to evaluate the performance of individual Directors. Feedback is sought by way of well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, and performance evaluation is carried out based on the responses received from the Directors.

Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee *inter-alia*, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behavior and judgment.

The Chairman of the Committee is an Independent Director. As on 31st March, 2018, the Committee comprised five members viz. Mr. Piyush Mankad (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Mr. C. B. Bhave, all Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

During the year under review, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company was inducted as a Member of the Committee with effect from 24th July, 2017.

As per section 178(7) of the Act and Secretarial Standard-2 (SS-2) on General Meetings, issued by the Council of the Institute of Company Secretaries of India, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Mr. Piyush Mankad, Chairman of the Nomination and Remuneration Committee was present at the 27th Annual General Meeting of the Company held on 24th July, 2017.

The Committee met four times during the year under review on 25th April, 2017, 24th July, 2017, 25th October, 2017 and 24th January, 2018. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	4	4
Mr. M. G. Bhide	4	4
Mr. Dhananjay Mungale	4	4
Mr. C. B. Bhave	4	4
Mr. V. S. Parthasarathy*	4	2

* Inducted as a Member with effect from 24th July, 2017 Two Meetings were held during his tenure.

c) Stakeholders Relationship Committee

As on 31st March, 2018, the Stakeholders Relationship Committee comprised four members, viz. Ms. Rama Bijapurkar (Chairperson of the Committee) and Mr. M. G. Bhide, Independent Directors and Mr. Ramesh Iyer and Mr. V. Ravi, Executive Directors of the Company. Ms. Arnavaz M. Pardiwalla, Company Secretary is the Compliance Officer of the Company.

The Committee meets, as and when required, to inter-alia, deal with matters relating to transfer/transmission of shares and debentures, approve requests for issue of duplicate share/debenture certificates, issue of new Share Certificates for transfer to the Investor Education and Protection Fund as per the provisions of the Act and Rules framed thereunder, and monitor redressal of grievances of security holders including shareholders, debentureholders, investors, other security holders, relating to transfer/transmission of shares/debentures, non-receipt of Annual Report, non-receipt of dividends declared, non-receipt of interest on Non-Convertible Debentures/Fixed Deposits issued by the Company, non-receipt of Debenture Certificate(s) etc., in a timely manner.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

As per section 178(7) of the Act and the Secretarial Standards, the Chairperson of the Committee or, in his/her absence, any other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings ofthe Company. Ms. Rama Bijapurkar, Chairperson of the Committee was present at the 27th Annual General Meeting of the Company held on 24th July, 2017.

The Committee met twice during the year on 25th April, 2017 and 25th October, 2017. Both the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 7.

Table 7: Attendance record of Stakeholders Relationship Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Ms. Rama Bijapurkar (Chairperson)	2	2
Mr. M. G. Bhide	2	2
Mr. Ramesh Iyer	2	2
Mr. V. Ravi	2	2

Details of queries and grievances received from Shareholders and attended to by the Company during the year 2017-18 are given in Table 8.

Table 8: Complaints/Letters received and attended to during the Financial Year 2017-18

Nature of Complaints/Letters	Pending as on 1st April, 2017	Received during the year	Answered during the year	Pending as on 31st March, 2018
1. Status of Share Application	0	0	0	0
2. Non-Receipt of Electronic Credit	0	0	0	0
3. Non-Receipt of Dividend	0	23	23	0
4. Duplicate/Revalidation/Correction of Dividend Warrant	0	146	146	0
5. SEBI/ Stock Exchange Complaints	0	3*	3*	0
6. Requests for Annual Report	0	31	31	0
Total	**0**	**203**	**203**	**0**

* Same complaint was received twice from a shareholder.

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Act and Rules made there under, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Act and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: **http://www.mahindrafinance.com/csr.aspx.**

As on 31st March, 2018, the CSR Committee comprised of four members, viz. Mr. Piyush Mankad, Independent Director (Chairman of the Committee), Mr. V. Ravi and Mr. Ramesh Iyer, Executive Directors and Dr. Anish Shah, Non–Executive Non–Independent Director, of the Company.

The Committee held three meetings during the year under review. The Committee met on 25th April, 2017, 11th August, 2017 and 23rd January, 2018. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi	3	3
Dr. Anish Shah	3	3

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Company submits periodic reports to the RBI on the management of the Company's risks and assets and liabilities.

As of 31st March, 2018, the Committee comprised of five members viz. Mr. M. G. Bhide (Chairman of the Committee) and Mr. Dhananjay Mungale, Independent Directors, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer.

The Committee met twice during the year on 25th April, 2017 and 25th October, 2017. The attendance details at Meetings of the Committee are given in Table 10.

Table 10: Attendance record of Asset Liability Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide (Chairman)	2	2
Mr. Dhananjay Mungale	2	2
Mr. Ramesh Iyer	2	2
Mr. V. S. Parthasarathy	2	2
Mr. V. Ravi	2	2

f) Risk Management Committee

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before the erstwhile Clause 49 of the then prevailing Listing Agreement came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company. Mr. V. Ravi, Executive Director & Chief Financial Officer apprises the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

As of 31st March, 2018, the Risk Management Committee comprised of Mr. C. B. Bhave (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar and Mr. Piyush Mankad, all Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

The Committee met on 25th April, 2017, 24th July, 2017, 25th October, 2017 and 24th January, 2018.

The attendance details at Meetings of the Committee are given in Table 11.

Table 11: Attendance record of Risk Management Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	4	4
Mr. Dhananjay Mungale	4	4
Mr. M. G. Bhide	4	4
Mr. Piyush Mankad	4	4
Ms. Rama Bijapurkar	4	4
Mr. V. S. Parthasarathy	4	4

g) Committee for Strategic Investments

The Committee for Strategic Investments was constituted by the Board at its Meeting held on 20th March, 2015 to take up for evaluation and scrutinise significant investments/ funding including but not limited to business acquisitions, reviewing and monitoring existing investments in Subsidiaries and the Joint Venture Company, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

As of 31st March, 2018, the Committee for Strategic Investments comprised of Mr. M. G. Bhide and Mr. Dhananjay Mungale, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

The Committee met once during the year on 31st May, 2017, which was attended by all its Members.

h) IT Strategy Committee

In compliance with Clause 1.1 of Section-A on IT Governance of the Master Direction No. DNBS. PPD. No. 04/66.15.001/2016-17 dated 8th June, 2017, issued by the Reserve Bank of India, specifying the IT framework to be adopted for the NBFC sector, the Company has during the year under review constituted an IT Strategy Committee, comprising of Mr. C. B. Bhave, Independent Director (Chairman of the Committee), Mr. Ramesh Iyer, Vice - Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Mr. Gururaj Rao, Chief Information Officer of the Company.

The scope of the Committee inter-alia includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance.

The Committee met twice during the year on 29th September, 2017 and 23rd January, 2018. The attendance details at Meetings of the Committee are given in Table 12.

Table 12: Attendance record of IT Strategy Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	2	2
Mr. Ramesh Iyer	2	2
Mr. V. Ravi	2	2
Mr. Gururaj Rao	2	2

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of the Listing Regulations defines a “material subsidiary” to mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any “material subsidiary” during the year under review.

The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company’s subsidiaries are placed at the Board Meeting for review by the Board Members. The financial statements of the subsidiary companies are presented to the Audit Committee at every quarterly Meeting.

The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary companies.

DISCLOSURES

Policy for determining Material Subsidiaries

The Company has formulated a policy for determining “material” subsidiaries as defined in Regulation 16(1)(c) of the Listing Regulations. This policy has also been hosted on the website of the Company at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm’s length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2017-18, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in Note Number 45 to Standalone Financial Statements in the Annual Report.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the Listing Regulations, which specify the manner of entering into Related Party Transactions. The Policy on Related Party Transactions is displayed on the website of the Company at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets since the listing of the Company's Equity Shares.

Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited'.

The Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited has been formulated to regulate, monitor and ensure reporting of Trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit Designated Persons and Connected Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders are provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel has been denied access to the Audit Committee. All Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make protected disclosures by sending an email at the designated email id: **mmfsl_whistleblower@mahindra.com**

The Whistle Blower Policy has been hosted on the Company's website at the web-link: **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

SHAREHOLDERS

Re-appointment of Director(s)

The details of Director(s) seeking re-appointment at the forthcoming Annual General Meeting is set forth in Table 13.

Table 13

Name of Director	Dr. Anish Shah
Date of Birth	26th December, 1969
Date of first appointment on the Board	18th March, 2016
Expertise in specific functional areas	Strategy Development and Implementation, Building Capabilities such as Digitisation and Analytics
Qualifications	He holds a PhD from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of corporate governance.
	He has also received a Master's degree from Carnegie Mellon, and post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad.

Table 13

Name of Director	**Dr. Anish Shah**
Directorships in Companies	Mahindra & Mahindra Financial Services Limited Mahindra Trucks and Buses Limited Mahindra Lifespace Developers Limited Mahindra École Centrale Indian National Committee – United World College Orizonte Business Solutions Limited Confederation of Indian Industry (Western Region) PF Holdings B.V. Mahindra Vehicle Sales and Services Inc.
Membership of Committees in Public Limited Companies	
Audit Committee	• Mahindra & Mahindra Financial Services Limited • Mahindra Lifespace Developers Limited
Nomination and Remuneration Committee	• Mahindra Lifespace Developers Limited
Corporate Social Responsibility Committee	• Mahindra & Mahindra Financial Services Limited
Committee for Strategic Investments	• Mahindra & Mahindra Financial Services Limited
Loans & Investment Committee	• Mahindra Lifespace Developers Limited
Rights Issue Committee	• Mahindra Lifespace Developers Limited
Shareholding of the Director in the Company	NIL

Dr. Anish Shah is the Group President (Strategy) for the Mahindra Group. His key focus areas are strategy development and implementation, building capabilities such as digitisation and analytics, driving international growth especially in the US and Africa. The Group Strategy office also leads Risk Management and Performance Review, plus enables synergies across Group companies.

Prior to joining Mahindra & Mahindra in 2014, Dr. Anish Shah was President and CEO of GE Capital India, where he led the transformation of the business, including a turnaround of its SBI Card joint venture. His career at GE spanned 14 years. As Director, Global Mortgage, he worked across more than thirty countries to drive growth and manage risk, and as Senior Vice-President (Marketing and Product Development) at GE Mortgage Insurance, he led various growth initiatives and played a key role in preparing the business for an IPO, as a spinoff from GE. Dr. Anish Shah also received GE's prestigious Lewis Latimer Award for outstanding utilization of Six Sigma in developing a "Digital Cockpit". Before GE, Dr. Anish Shah worked at Bank of America, Bain & Company, and Citibank.

Dr. Shah holds a PhD from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of corporate governance. He also received a Master's degree from Carnegie Mellon, and a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad.

Dr. Anish Shah is not related to any of the Directors or Key Managerial Personnel of the Company.

MEANS OF COMMUNICATION

- The Company, from time to time and as may be required, interacts with its shareholders, debenture holders and investors through multiple channels of communication such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges, reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures, unclaimed Fixed Deposits and/or interest due thereon and subject specific communications.
- The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Sakal (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- The Company also publishes certain key Notices in Business Standard, Sakal, Free Press Journal and Navshakti.
- The half yearly financial results of the Company are communicated to the Debentureholders every six months through a half yearly communiqué.
- The Annual Report of the Company, the quarterly/half-yearly and the annual financial results and official news releases are displayed on the Company's website at **http://www.mahindrafinance.com**.
- The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE

Limited and National Stock Exchange of India Limited respectively, viz. BSE Corporate Compliance and Listing Centre (Listing Centre) and NSE Electronic Application Processing System (NEAPS).

- The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.
- The Company has designated **investorhelpline_mmfsl@mahindra.com** as an e-mail ID for the purpose of registering complaints/queries/requests by investors and displayed the same on the Company's website. The Company has also designated **mfinfd@mahindra.com** as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.
- The Company has provided a dedicated e-mail address under its Vigil Mechanism, viz. **mmfsl_whistleblower@mahindra.com** for reporting concerns by all Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.

The Investor Zone of the Company's website provides Frequently Asked Questions on various topics related to information about the Company, transfer and transmission of shares, dematerialisation of shares, nomination facility, change of address, loss of share certificates, sub-division of shares and payment of dividend. In addition, various downloadable forms such as Share Transfer Form, Nomination Form, Letter of Indemnity in case of issue of duplicate dividend warrant, Shareholders Information Updation Form, etc., required to be executed by the shareholders have also been provided on the website of the Company.

The above information can be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/investorzone-faqs.aspx**.

GENERAL BODY MEETINGS

Table 14: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2014 – 2015	24th July, 2015	3.30 p.m.	Alteration of the Articles of Association of the Company by adoption of a new set of Articles of Association. Approve payment of remuneration by way of commission up to one per cent of the net profits of the Company to the Non-Executive Directors, with effect from 1st April, 2015.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.
2015 – 2016	22nd July, 2016	3.30 p.m.	None.	Textiles Committee Auditorium, Government of India, Ministry of Textiles, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.
2016 – 2017	24th July, 2017	3.30 p.m.	None.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021. Corporate

Details of Extraordinary General Meeting held during the Financial Year

For the Financial Year	Date	Time	Resolutions passed	Venue
2017-18	29th November, 2017	10.30 a.m.	Special Resolution for further Issue of Securities through Qualified Institutions Placement. Ordinary Resolution for approval of Related Party Transaction. Special Resolution for Preferential Allotment of Equity Shares to Mahindra & Mahindra Limited.	Textiles Committee Auditorium, Government of India, Ministry of Textiles, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

POSTAL BALLOT

Details of Resolutions passed through Postal Ballot during the Financial Year 2017-18.

During the year, three resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, or failing him, Ms. Malati Kumar of M/s. S. N. Ananthasubramanian & Co., Company Secretaries, was appointed as the Scrutinizer for overseeing the Postal Ballot voting process.

The details are as follows:

Date of Postal Ballot Notice : 9th May, 2017
Voting period : 17th May, 2017 to 15th June, 2017
Date of approval : 15th June, 2017
Date of Declaration of Results : 17th June, 2017

1) **Special Resolution for Increase in Borrowing limits from Rs. 55,000 Crores to Rs. 60,000 Crores under section 180(1)(c) of the Act and creation of charge on the assets of the Company under section 180(1)(a) of the Act.**

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,49,28,940	29,12,07,660	98.74	29,12,07,660	0	100.00	0
Public Institutional Holders	24,04,97,946	17,05,46,246	70.91	16,75,20,690	30,25,556	98.23	1.77
Public –Non-Institutions**	3,33,38,074	42,98,484	12.89	42,97,697	787	99.98	0.02
Total	**56,87,64,960**	**46,60,52,390**	**81.94**	**46,30,26,047**	**30,26,343**	**99.35**	**0.65**

**Valid votes abstained from voting =21,77,289

2) **Special Resolution for Issue of Secured/Unsecured Redeemable Non-Convertible Debentures including Subordinated Debentures, in one or more Series/tranches, aggregating upto Rs. 29,000 Crores, on a Private Placement basis.**

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,49,28,940	29,12,07,660	98.74	29,12,07,660	0	100.00	0
Public Institutional Holders	24,04,97,946	17,05,46,246	70.91	16,75,20,690	30,25,556	98.23	1.77
Public–Non-Institutions**	3,33,38,074	42,97,899	12.89	42,96,987	912	99.98	0.02
Total	**56,87,64,960**	**46,60,51,805**	**81.94**	**46,30,25,337**	**30,26,468**	**99.35**	**0.65**

**Valid votes abstained from voting =21,77,874

3) Special Resolution for Place of keeping Registers and Index of Members, Debenture holders and copies of Annual Returns, pursuant to the provisions of section 94 of the Act.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,49,28,940	29,12,07,660	98.74	29,12,07,660	0	100.00	0
Public Institutional Holders	24,04,97,946	17,05,46,246	70.91	17,05,46,246	0	100.00	0
Public–Non-Institutions**	3,33,38,074	42,97,899	12.89	42,97,311	588	99.99	0.01
Total	**56,87,64,960**	**46,60,51,805**	**81.94**	**46,60,51,217**	**588**	**100.00**	**0.00**

**Valid votes abstained from voting = 21,77,874

Procedure for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act read with the Rules prescribed; the Company provides remote electronic voting (e-voting) facility to all its members to enable them to cast their votes electronically. The Company engages the services of Karvy Computershare Private Limited, its Registrar and Share Transfer Agents, for the purpose of providing e-voting facility to all its Members.

The Members have the option to vote either by physical ballot or e-voting. The Company dispatches the Postal Ballot Notices and Forms along with postage pre-paid business reply envelopes to its Members whose names appear on the Register of Members/list of Beneficiaries as on the cut-off date. The Postal Ballot Notice is sent to Members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding)/ the Company's Registrar and Share Transfer Agents (in case of physical shareholding). The Company also publishes notice in the newspapers in English and Marathi languages declaring the details of completion of dispatch, and other requirements as mandated under the Act and applicable Rules and Secretarial Standard on General Meetings (SS-2). The Company also voluntarily publishes a notice in respect of declaration of results of the Postal Ballot in the newspapers for the information of its Members. The same are also posted on the website of the Company.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The Scrutinizer submits his Report to the Chairman or any other person of the Company authorised by the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are accordingly declared by the Company within the stipulated time frame. The Results and the Report of the Scrutinizer are hosted on the Company's website **www.mahindrafinance.com** besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents. The Results are also published in at least one English and one vernacular newspaper circulating in Maharashtra. The last date of receipt of the duly completed Postal Ballot Forms or e-voting is deemed to be the date of passing of the resolutions, if approved by the requisite majority.

Resolutions proposed to be passed by way of Postal Ballot

The Company proposes to seek the approval of the Shareholders in respect of the following Special Resolutions by way of Postal Ballot, including e-voting:

1. Increase in Borrowing limits from Rs. 60,000 Crores to Rs. 70,000 Crores under Section 180(1)(c) of the Act and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.
2. Issue of Secured/Unsecured Redeemable Non-Convertible Debentures including Subordinated Debentures, in one or more Series/tranches, aggregating upto Rs. 40,000 Crores, on a Private Placement basis.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Special Resolution by way of Postal Ballot.

MANAGEMENT

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

COMPLIANCE

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Compliance with Non-Mandatory Requirements

The Company has also adopted the following non mandatory requirements to the extent mentioned below:

Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

Separate Posts of Chairman and Managing Director and CEO

The Chairman of the Board is an Independent Director and his position is separate from that of the Vice- Chairman & Managing Director.

GENERAL SHAREHOLDERS INFORMATION

28th Annual General Meeting

Date : 27th July, 2018
Time : 3.30 p.m.
Venue : Rama Watumull Auditorium,
Kishinchand Chellaram College,
Dinshaw Wachha Road, Churchgate,
Mumbai – 400 020.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

- Quarter ending 30th June, 2018 - End July, 2018
- Half-year ending 30th September, 2018 – End October, 2018
- Quarter ending 31st December, 2018 – End January, 2019
- Year ending 31st March, 2019 - End April, 2019

Note: The above dates are indicative.

Book Closure

Book Closure for dividend will be from Saturday, 21st July, 2018 to Friday, 27th July, 2018, inclusive of both days.

Dividend Payment

A dividend of Rs. 4 per Equity Share of Rs. 2 each, will be paid/dispatched after 27th July, 2018 subject to approval by Shareholders at the ensuing Annual General Meeting.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number

L65921MH1991PLC059642

Listing Details

A. Equity Shares

The Company's Shares are listed on :

Name:	BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The requisite listing fees have been paid in full to both these Stock Exchanges.

Table 1	**Stock Exchange Codes**
BSE :	532720
NSE :	M&MFIN
Demat ISIN in NSDL and CDSL for Equity Shares :	INE774D01024

B. Non-Convertible Debentures:

The Non-Convertible Debentures (NCDs) of the Company comprise of privately placed NCDs and public issuances of Unsecured Subordinated Redeemable NCDs (public NCDs). The NCDs are listed on the Debt Segment of BSE, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the requisite listing fees in full.

The Rupee Denominated Medium Term Note programme is duly listed on the Singapore Exchange Securities Trading Limited, 2 Shenton Way, #02-02, SGX Centre 1, Singapore 068804.

Debenture Trustee:

Pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the name and contact details of the Debenture Trustee for the privately placed NCDs and public NCDs are given below:

Axis Trustee Services Limited

Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025.
Phone : 022 – 6226 0074/75
Fax : 022 – 4325 3000
Email : **debenturetrustee@axistrustee.com**

The details are available on the website of the Company at the web-link: **http://www.mahindrafinance.com/investor-zone-contact.aspx.**

Table 2: Monthly High and Low of Company's Shares for the Financial Year 2017 - 18 at BSE and NSE

	BSE Limited		National Stock Exchange of India Limited	
Month	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April 2017	352.10	315.90	352.10	315.60
May 2017	360.80	290.30	360.85	289.95
June 2017	392.30	321.80	392.80	321.65
July 2017	410.50	342.00	410.50	341.65
August 2017	434.85	386.00	435.35	385.90
September 2017	455.80	386.25	455.55	386.10
October 2017	442.00	395.00	439.00	394.15
November 2017	454.40	409.75	454.00	409.75
December 2017	488.90	429.00	488.80	428.15
January 2018	523.80	448.50	512.00	448.25
February 2018	477.95	400.00	478.45	401.00
March 2018	470.00	408.00	468.35	407.65

Chart A
MMFSL's share performance versus S&P BSE Sensex

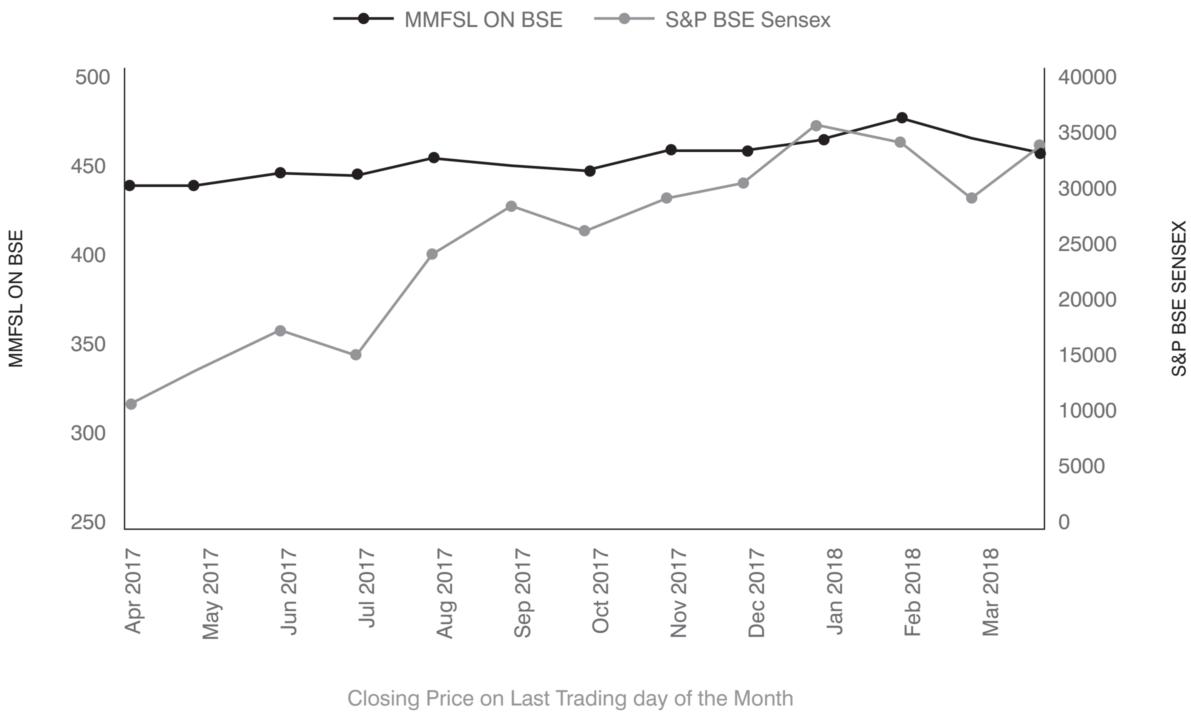
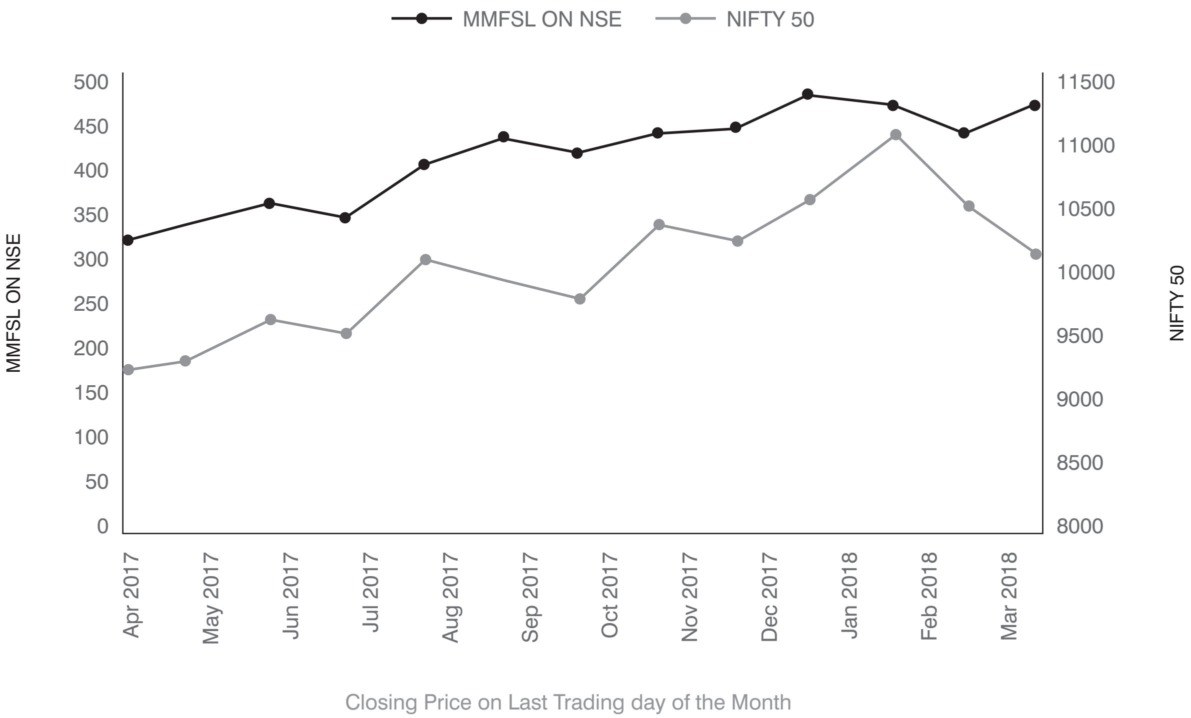


Chart B
MMFSL's share performance versus Nifty 50



Distribution of Shareholding

Table 3 and Table 4 list the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2018.

Table 3: Shareholding pattern by size as on 31st March, 2018

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	48,663	56,31,818	0.91
501-1000	1,795	13,51,060	0.22
1001-5000	1,499	32,96,332	0.53
5001-10000	234	16,96,871	0.28
10001-20000	160	22,96,823	0.37
20001 and above	583	60,34,92,056	97.69
Total	**52,934**	**61,77,64,960**	**100.00**

Table 4: Shareholding pattern by ownership as on 31st March, 2018

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	31,62,07,660	51.19
Non-Promoter Non-Public (shares held by ESOP Trust)	32,87,993	0.53
Mutual Funds	6,88,79,164	11.15
FIIs	18,17,15,440	29.42
Bodies Corporate	2,17,65,578	3.52
Indian Public/HUF	1,99,87,822	3.24
NRIs	6,36,857	0.10
Trusts	15,43,772	0.25
Indian Financial Institutions/Banks	14,48,368	0.23

Category of Shareholders	Number of Shares held	% of Shareholding
Venture Capital Funds	6,82,743	0.11
Clearing Members	10,79,121	0.18
Alternative Investment Fund	4,65,000	0.08
Investor Education and Protection Fund Authority	65,442	0.01
Total	**61,77,64,960**	**100.00**

Dematerialisation of Shares and Liquidity

As on 31st March, 2018, 99.88 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are regularly traded on BSE and NSE.

Compliance with Regulation 34 (3) and Part F of Schedule V of the Listing Regulations

In accordance with the provisions of Regulation 34 (3) and Part F of Schedule V of the Listing Regulations, the Company reports the following details in respect of the unclaimed Equity Shares which have been credited to a demat suspense account opened by your Company with M/s. Karvy Stock Broking Limited:

(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 25 shareholders representing 4,625 Equity Shares of Rs. 2 each.

(ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – Nil*.

(iii) Number of shareholders to whom shares were transferred from suspense account during the year –Nil*.

(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 15 shareholders representing 2,700 Equity Shares of Rs. 2 each.

(v) The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Note:

* During the Financial Year, the Company has transferred 10 cases representing 1,925 Equity Shares to the IEPF Authority as per section 124(5) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March, 2018, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

As per the Company's Risk Management Policy, your Company enters into foreign currency swap/derivative transactions to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallised at a pre-determined rate of exchange on the date of taking the swap.

Your Company follows the Accounting Policy and Disclosure Norms for swap/derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on 31st March, 2018 are disclosed in Note Number 38 to the Standalone Financial Statements in the Annual Report.

Plant Locations

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

Registrar and Transfer Agents

Karvy Computershare Private Limited

Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 23001153
Email: **support@karvy.com;**
einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

Karvy Computershare Private Limited
24-B, Raja Bahadur Mansion,
Ground Floor, 6 Ambalal Doshi Marg,
Behind BSE, Fort,
Mumbai - 400 023.
Tel.: + 91 22 66235412/427

Share Transfer System

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form.

Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfer any two of Mr. Ramesh Iyer, Vice–Chairman & Managing Director, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwalla, Company Secretary & Compliance Officer are authorised jointly to approve transfers of upto 15,000 Equity Shares per transfer, provided the transferee does not hold more than 5,00,000 Equity Shares in your Company. The Stakeholders Relationship Committee meets as and when required to inter alia, consider other requests for transfer/transmission of shares, issue of duplicate share certificates and attend to grievances of the security holders of the Company, etc.

SEBI has decided that securities of listed companies can be transferred only in dematerialised form, from a cut-off date, to be notified.

Secretarial Audit / Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2017- 18. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Address for Correspondence

Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 6716 2222
Fax: +91 40 2300 1153
Email: support@karvy.com;
einward.ris@karvy.com

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the Equity Shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

Non-Convertible Debentures

Karvy Computershare Private Limited also acts as Registrar and Transfer Agents for the Listed Non-Convertible Debentures of the Company. Complaints or queries/requests relating to Public Issuances of Debentures can be forwarded to Mr. Umesh Pandey at the same address as mentioned above. Email Id: einward.ris@karvy.com; Tel : +91 40 6716 1595.

Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Hanumantha Rao Patri, Email Id: einward.ris@karvy.com. Tel. : +91 40 6716 1602.

Debentureholders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

Fixed Deposits

For the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company, the investors are requested to correspond with the Company at the following address:

Mahindra & Mahindra Financial Services Limited,
FD Processing Centre,
New No. 86, Old No. 827,
Dhun Building, 2nd Floor,
Anna Salai,
Chennai - 600 002.
Toll Free No. 1800 233 5678
Email Id: mfinfd@mahindra.com

For all investor related matters, the Executive Director & Chief Financial Officer or the Company Secretary & Compliance Officer can be contacted at:

Mahindra Towers, 4th Floor,
P. K. Kurne Chowk,
Worli,
Mumbai - 400 018.
Tel.: +91 22 66526000
Fax: +91 22 24984170
Email Id: investorhelpline_mmfsl@mahindra.com

Your Company can also be visited at its website: **http://www.mahindrafinance.com**

DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members of
Mahindra & Mahindra Financial Services Limited

I, Ramesh Iyer, Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2018.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place: Mumbai
Date : 25th April, 2018

ANNEXURE A

CEO/CFO Certificate

To,
The Board of Directors
Mahindra & Mahindra Financial Services Limited

We, the undersigned, in our respective capacities as Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer of Mahindra & Mahindra Financial Services Limited ("the Company"), to the best of our knowledge and belief certify that:

a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee that:

   (i) there have been no significant changes in internal control over financial reporting during this year;

   (ii) there have been no significant changes in accounting policies during this year; and

   (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ramesh Iyer	**V. Ravi**
Vice-Chairman & Managing Director	Executive Director & Chief Financial Officer

Place: Mumbai
Date : 25th April, 2018

INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Members of
Mahindra & Mahindra Financial Services Limited

1. This report contains details of compliance of conditions of corporate governance by **Mahindra & Mahindra Financial Services Limited (the 'Company')** for the year ended 31st March 2018, as specified in Regulations 17 to 27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') pursuant to the Listing Agreement of the Company with the stock exchanges.

Management's responsibility

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's responsibility

3. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March 2018.

5. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

Restrictions of use

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai, 25th April 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra & Mahindra Financial Services Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Mahindra & Mahindra Financial Services Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profits and its cash flows for the year ended on that date.

Other matter

The financial statements of the Company for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2017.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 46 to the standalone financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts - Refer Note 44 to the standalone financial statements; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited standalone financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2018

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of providing Non-Banking Financial Services and consequently, does not hold any inventory. Hence para 3(ii) of the Order is not applicable to the company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the provisions of section 185 are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.

v. The Company is a non-banking finance company and consequently is exempt from provisions of section 73, 74, 75 and 76 of the Act. Hence, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except delays noted in depositing the labour welfare fund. Labour welfare fund amounting to Rs. 1.62 Lakhs had remained outstanding as at 31 March 2018 for a period of more than six months from the date it became payable, which has been paid subsequent to 31 March 2018.

(b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	126.80	2003-04	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	59.33	2003-04	Income Tax Appellant Tribunal
Income Tax Act, 1961	Income Tax	698.98	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	523.28	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	781.29	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	72.82	2007-08	Commissioner of Income Tax (Appeals)
Andhra Pradesh Value Added Tax Act	Value Added Tax	123.57	April 2008 to October 2013	Andhra Pradesh High Court
Maharashtra Value Added Tax Act	Value Added Tax	87.32	2010-11	Maharashtra Sales Tax Tribunal
Madhya Pradesh Value Added Tax Act	Value Added Tax	0.56	2013-14	Appellate Authority of Commercial Taxes
Madhya Pradesh Value Added Tax Act	Value Added Tax	1.50	2014-15	Appellate Authority of Commercial Taxes
Finance Act, 1994	Services Tax	3,404.77	2008-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us, the Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 130 cases aggregating Rs. 170.63 Lakhs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given by the management, the Company has complied with provisions of Section 42 of the Companies Act, 2013 in respect of the preferential allotment and private placement of equity shares during the year. According to the information and explanations given by management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2018

Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Mahindra & Mahindra Financial Services Limited (the "Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

BALANCE SHEET AS AT 31 MARCH 2018

Rs. in lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
A. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	3	**12,289.54**	11,300.83
b) Reserves and surplus	4	**9,18,019.18**	6,36,423.59
		9,30,308.72	6,47,724.42
2) Non-current liabilities			
a) Long-term borrowings	5	**23,81,608.15**	21,41,240.07
b) Other long-term liabilities	6	**54,083.09**	42,740.10
c) Long-term provisions	7	**73,043.41**	54,890.35
		25,08,734.65	22,38,870.52
3) Current liabilities			
a) Short-term borrowings	8	**6,08,489.86**	5,79,021.57
b) Trade payables -	9		
(i) Due to micro and small enterprises		**–**	–
(ii) Due to other than micro and small enterprises		**93,444.32**	57,757.08
c) Other current liabilities	10	**11,26,850.61**	8,98,635.08
d) Short-term provisions	11	**1,68,952.39**	1,61,674.92
		19,97,737.18	16,97,088.65
TOTAL EQUITY AND LIABILITIES		**54,36,780.55**	45,83,683.59
B. ASSETS			
1) Non-current assets			
a) Fixed assets	12		
i) Property, Plant and Equipments		**11,242.43**	10,843.54
ii) Intangible assets		**723.97**	307.93
iii) Capital work-in-progress		**–**	49.09
iv) Intangible assets under development		**–**	–
b) Non-current investments	13	**1,45,791.06**	1,31,173.39
c) Deferred tax assets (net)	14	**79,393.23**	73,166.69
d) Long-term loans and advances	15	**27,64,930.51**	22,23,650.53
e) Other non-current assets	16	**5,686.25**	11,978.80
		30,07,767.45	24,51,169.97
2) Current assets			
a) Current investments	17	**41,525.68**	56,133.37
b) Trade receivables	18	**742.86**	582.70
c) Cash and bank balances	19	**41,112.09**	57,806.50
d) Short-term loans and advances	20	**23,35,501.51**	20,11,982.46
e) Other current assets	21	**10,130.96**	6,008.59
		24,29,013.10	21,32,513.62
TOTAL		**54,36,780.55**	45,83,683.59
Summary of significant accounting policies	**2**		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Dhananjay Mungale *Chairman* [DIN: 00007563]
Ramesh Iyer *Vice-Chairman & Managing Director* [DIN: 00220759]
M. G. Bhide *Director* [DIN: 00001826]
Piyush Mankad *Director* [DIN: 00005001]
C.B. Bhave *Director* [DIN: 00059856]
Rama Bijapurkar *Director* [DIN: 00001835]
V. S. Parthasarathy *Director* [DIN: 00125299]
Dr. Anish Shah *Director* [DIN: 02719429]

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lakhs

	Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
1.	Revenue from operations	22	**7,14,710.23**	6,17,391.06
2.	Other income	23	**5,902.00**	6,362.76
3.	**Total Revenue (1+2)**		**7,20,612.23**	6,23,753.82
4.	**Expenses:**			
	Employee benefits expense	24	**85,176.48**	68,089.71
	Finance costs	25	**3,00,039.88**	2,85,742.70
	Depreciation and amortization expenses	26	**4,419.21**	4,602.14
	Loan provisions and write offs	27	**1,22,659.47**	1,30,912.67
	Other expenses	28	**77,539.54**	72,399.77
	Total Expenses		**5,89,834.58**	5,61,746.99
5.	**Profit before exceptional items and taxes (3-4)**		**1,30,777.65**	62,006.83
6.	Exceptional items (net income)	29	**6,497.18**	–
7.	**Profit before tax (5+6)**		**1,37,274.83**	62,006.83
8.	**Tax expense:**			
	Current tax		**54,312.94**	36,350.00
	Deferred tax		**(6,226.54)**	(14,366.66)
			48,086.40	21,983.34
9.	**Profit for the year (7-8)**		**89,188.43**	40,023.49
10.	**Earnings per equity share (Rupees)**	31 (h)		
	(Face value - Rs. 2/- per share)			
	(1) Basic		**15.35**	7.09
	(2) Diluted		**15.33**	7.04
	Summary of significant accounting policies	**2**		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

V. Ravi
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Dhananjay Mungale *Chairman* [DIN: 00007563]
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M. G. Bhide *Director* [DIN: 00001826]
Piyush Mankad *Director* [DIN: 00005001]
C.B. Bhave *Director* [DIN: 00059856]
Rama Bijapurkar *Director* [DIN: 00001835]
V. S. Parthasarathy *Director* [DIN: 00125299]
Dr. Anish Shah *Director* [DIN: 02719429]

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
			Rs. in lakhs
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before exceptional items and taxes		**1,30,777.65**	62,006.83
Add/(Less):			
Non Cash Expenses			
Depreciation and amortisation expense		**4,419.21**	4,602.14
Provision for non-performing assets		**13,697.64**	44,233.45
Bad debts and write offs		**1,05,763.10**	84,500.16
Provision for Standard assets		**3,208.00**	2,180.00
Higher provision & provision for diminution in the fair value of restructured advances		**(9.27)**	(0.94)
Employee compensation expense on account of ESOP Scheme		**755.03**	879.82
		1,27,833.71	1,36,394.63
Less:			
Income considered separately			
Income on investing activities		**(7,516.92)**	(6,686.96)
Profit on sale of assets		**(51.28)**	(15.24)
Profit on sale of current investments		**(59.56)**	(88.48)
Income from Assignment / Securitisation transactions		**(14,199.95)**	(11,936.72)
		(21,827.71)	(18,727.40)
Operating profit before working capital changes	I	**2,36,783.65**	1,79,674.06
Less: Working capital changes			
(Increase)/Decrease in interest accrued - others		**(76.62)**	2,740.80
Increase in Trade receivables		**(160.16)**	(71.46)
Increase in Loans and advances		**(10,28,408.68)**	(6,90,503.93)
		(10,28,645.46)	(6,87,834.59)
Add: Increase in current liabilities		**62,884.18**	60,220.71
	II	**(9,65,761.28)**	(6,27,613.88)
Cash used in operations	(I+II)	**(7,28,977.63)**	(4,47,939.82)
Advance taxes paid		**(55,099.29)**	(42,750.27)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(7,84,076.92)**	(4,90,690.09)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed Assets / software		**(5,246.53)**	(4,546.05)
Proceeds from sale of fixed assets		**133.53**	93.96
Purchase of investments Other than investments in Subsidiaries and Joint Venture		**(6,66,982.93)**	(5,36,755.05)
Investments in Subsidiary Companies		**(15,900.00)**	(14,455.00)
Investments in Joint Venture Company		**(1,662.44)**	(3,111.84)
Maturity proceeds from term deposits with banks		**12,191.81**	12,452.00
Proceeds from sale of investments		**6,84,592.13**	5,14,150.35
Income received from investing activities		**7,501.71**	6,525.24

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
		Rs. in lakhs
Increase in Earmarked balances with banks	**(23.26)**	(0.53)
Proceeds from sale of long-term investments (in equity shares of Mahindra Insurance Brokers Limited)	**6,500.00**	–
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**21,104.02**	(25,646.92)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity shares (net of issue expenses)	**2,09,789.87**	–
Expenses incurred on issuance of Non-convertible debentures	**(1,858.14)**	(1,653.42)
Proceeds from long-term borrowings	**11,31,951.88**	10,46,022.59
Repayment of long-term borrowings	**(5,44,968.50)**	(6,28,104.76)
Proceeds from short-term borrowings	**43,30,648.60**	48,12,018.46
Repayment of short-term borrowings	**(42,67,966.09)**	(46,51,002.97)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**(37,284.09)**	(19,744.55)
Decrease in Fixed deposits (net)	**(1,24,559.01)**	(40,130.21)
Proceeds from Assignment / Securitisation transactions	**69,360.66**	45,708.90
Dividend paid (including tax on dividend)	**(16,097.30)**	(27,126.87)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**7,49,017.88**	5,35,987.17
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(13,955.02)**	19,650.16
Cash and Cash Equivalents at the beginning of the year	**41,145.40**	21,495.24
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 19 (a))	**27,190.38**	41,145.40
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	**904.46**	1,723.81
- Cheques and drafts on hand	**1,264.80**	1,258.49
- Balances with banks in current accounts	**24,996.12**	38,163.10
- Term deposits with original maturity up to 3 months	**25.00**	–
Total	**27,190.38**	41,145.40

Note: The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statements'.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

V. Ravi
Executive Director &
Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Dhananjay Mungale *Chairman* [DIN: 00007563]
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M. G. Bhide *Director* [DIN: 00001826]
Piyush Mankad *Director* [DIN: 00005001]
C.B. Bhave *Director* [DIN: 00059856]
Rama Bijapurkar *Director* [DIN: 00001835]
V. S. Parthasarathy *Director* [DIN: 00125299]
Dr. Anish Shah *Director* [DIN: 02719429]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lakhs

I. CORPORATE OVERVIEW

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated and headquartered in Mumbai, India is a publicly held Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The Company is a subsidiary of Mahindra & Mahindra Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of Act. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. The Company has a policy of making additional provision on a prudential basis (refer note 34).

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.2 Use of estimates:

The preparation of financial statements requires the management to make judgements, estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Revenue recognition:

a) General:

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

Interest income from retail loan transactions is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying the interest rate implicit in such contracts. Interest income on all other assets is recognised on time proportion basis.

Service charges and other fees on loan transactions are recognised at the commencement of the contract.

Income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

Delayed payment charges, fee based income and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Income on assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as non-performing.

b) Commission and brokerage income:

Commission and brokerage income earned for the services rendered are recognised as and when they are due.

c) Subvention income:

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract. The unamortized balance is being disclosed as part of liabilities. For contracts foreclosed / securitised / assigned, balance of subvention income is recognised as income at the time of such foreclosure / securitization / assignment.

2.4 Income from securitization / assignment transactions:

a) Securitisation transactions:

Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

b) Assignment transactions:

Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note 15 and 20).

The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end based on the formula prescribed as per the Circular dated 21 August 2012. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note 6 and 10).

2.5 Income from investments:

- Dividend from investments is accounted for as income when the right to receive dividend is established.
- Interest income is accounted on accrual basis.
- Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

- Profit/ loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.6 Fixed assets, depreciation and amortization:

a) Property, Plant and Equipments (PPE):

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

Assets given on operating lease (new and refurbished vehicles) are shown at the cost of acquisition less accumulated depreciation. These have been grouped under the head ‘Vehicles given on operating lease’ forming part of Company’s PPE in note no. 12.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed as long-term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

b) Depreciation on PPE:

Depreciation on PPE including new assets given on operating lease is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head ‘Vehicles’ forming part of Company’s PPE in note no. 12.
- Used and Refurbished assets given on operating lease are depreciated at the rate of 15% on SLM over the remaining useful life of these assets.
- Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

c) Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management’s estimates of useful life.

2.7 Foreign exchange transactions and translations:

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

d) Forward exchange and other derivative contracts entered into to hedge foreign currency risk of an existing assets/liabilities

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the yearend is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.

Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

As per the risk management policy, the Company has taken currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company’s foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

2.8 Investments:

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more, based on intention of management at the time of purchase, are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments. Non-current investments in structured instruments are carried at cost less principal repayments till reporting date.

Non-current investments are carried at cost comprising of acquisition and incidental expenses less diminution in value. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary, determined separately for each individual non-current investment.

Any premium on acquisition is amortised over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Current investments are carried at lower of cost and net realisable value. The comparison of cost and net realisable value is done separately in respect of each investment.

2.9 Loans against assets:

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

2.10 Employee benefits:

a) Contribution to provident fund and National Pension Scheme -

Company's contribution paid/payable during the year to provident fund and National Pension Scheme is recognised in the Statement of profit and loss.

b) Gratuity -

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

c) Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

d) Leave encashment / compensated absences / sick leave -

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

2.11 Borrowing costs:

Borrowing costs include interest, brokerage on fixed deposits mobilised, discounting charges on commercial papers/zero coupon non-convertible debentures issued and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs are charged to the Statement of profit and loss. Incidental expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

2.12 Commercial papers and zero coupon non-convertible debentures:

Commercial papers and zero coupon non-convertible debentures are recognised at redemption value, net of unamortized discounting charges. The difference between redemption value and issue value is amortised on a time proportion basis and is included under finance costs.

2.13 Taxation - Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

a) Current tax:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

b) Deferred tax:

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

2.14 Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Act.

2.15 Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. The impairment loss is recognized in the statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

2.16 Provisions and contingent liabilities:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.17 Provisioning / Write-off on assets

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

2.18 Employee Stock Compensation Costs:

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

2.19 Leases:

Where the Company is the lessee -

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

Where the Company is the lessor -

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Cost including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct cost are recognised immediately in Statement of profit and loss.

2.20 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3 Share capital

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Authorised capital:		
70,00,00,000 (31 March 2017: 70,00,00,000) Equity shares of Rs. 2/- each	**14,000.00**	14,000.00
50,00,000 (31 March 2017: 50,00,000) Redeemable preference shares of Rs. 100/- each	**5,000.00**	5,000.00
Issued capital:		
61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs. 2/- each (refer notes 3 (a) and 32)	**12,355.30**	11,375.30
Subscribed and paid-up capital:		
61,77,64,960 (31 March 2017: 56,87,64,960) Equity shares of Rs. 2/- each fully paid up	**12,355.30**	11,375.30
Less: Shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (i)) (32,87,993 (31 March 2017: 37,23,298) Equity shares of Rs. 2/- each)	**65.76**	74.47
Total	**12,289.54**	11,300.83

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	**Rs. in lakhs**	No. of shares	Rs. in lakhs
a) Reconciliation of number of equity shares:				
Balance at the beginning of the year	**568,764,960**	**11,375.30**	568,764,960	11,375.30
Add: Fresh allotment of shares:				
– Preferential issue to Mahindra & Mahindra Limited (the Holding Company)	**25,000,000**	**500.00**	–	–
– Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional placement (QIP)	**24,000,000**	**480.00**	–	–
Balance at the end of the year	**617,764,960**	**12,355.30**	568,764,960	11,375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:				
Holding and ultimate holding company: Mahindra & Mahindra Limited	**316,207,660**	**6,324.15**	291,207,660	5,824.15
Percentage of holding (%)	**51.19%**	**51.19%**	51.20%	51.20%
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Limited	**316,207,660**	**6,324.15**	291,207,660	5,824.15
Percentage of holding (%)	**51.19%**	**51.19%**	51.20%	51.20%

d) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Shares issued to ESOS Trust:

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital and Securities premium reserve in respect of outstanding equity shares pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees as per details provided below.

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	**Rs. in lakhs**	No. of shares	Rs. in lakhs
(i) Reduction from Share capital -				
– Employee stock option scheme 2005	**785,275**	**15.71**	785,275	15.71
– Employee stock option scheme 2010#	**2,502,718**	**50.05**	2,938,023	58.76
	32,87,993	**65.76**	**37,23,298**	**74.47**

	As at 31 March 2018 No. of shares	As at 31 March 2018 Rs. in lakhs	As at 31 March 2017 No. of shares	As at 31 March 2017 Rs. in lakhs
(ii) Reduction from Securities premium reserve -				
– Employee stock option scheme 2005	**785,275**	**64.39**	785,275	64.39
– Employee stock option scheme 2010#	**2,502,718**	**–**	2,938,023	–
	3,287,993	**64.39**	3,723,298	64.39

\# Equity shares were allotted at Face value.

4 Reserves and surplus

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Capital redemption reserve:		
Balance as at the beginning of the year	**5,000.00**	5,000.00
Add: Transfers during the year	**–**	–
Less: Deductions during the year	**–**	–
Balance as at the end of the year	**5,000.00**	5,000.00
Securities premium account:		
Balance as at the beginning of the year	**202,627.99**	203,252.40
Add: Additions during the year on account of -		
i) Exercise of employee stock options	**1,156.50**	1,029.01
ii) Fresh issue of equity shares through preferential allotment and QIP (refer note 32)	**210,120.00**	–
Less: Deductions during the year on account of -		
i) Expenses incurred in respect of issue of retail Non-Convertible Debentures (net of taxes) (refer note 33)	**1,215.07**	**1,653.42**
ii) Expenses incurred in respect of issue of equity shares through preferential allotment and QIP (refer note 32)	**1,310.13**	**–**
iii) Premium on shares issued to ESOS Trust but not allotted to employees (refer note 3 (e) (ii))	**64.39**	**64.39**
Balance as at the end of the year	**411,314.90**	202,563.60
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as at the beginning of the year	**119,625.62**	111,620.62
Add: Transfers from Surplus in the Statement of profit and loss	**17,838.00**	8,005.00
Less: Deductions during the year	**–**	–
Balance as at the end of the year	**137,463.62**	119,625.62
General reserve:		
Balance as at the beginning of the year	**55,223.78**	51,220.78
Add: Transfers from Surplus in the Statement of profit and loss	**8,919.00**	4,003.00
Less: Transfers during the period	**–**	–
Balance as at the end of the year	**64,142.78**	55,223.78
Debenture Redemption Reserve (DRR):		
Balance as at the beginning of the year	**2,649.86**	–
Add: Transfers during the year (refer note 33)	**5,053.12**	2,649.86
Less: Deductions during the year	**–**	–
Balance as at the end of the year	**7,702.98**	2,649.86

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Employees stock options outstanding:		
A) Employees stock options outstanding -		
Balance as at the beginning of the year	**4,114.58**	4,435.68
Add: Fresh grant of options	**314.38**	771.99
Less: Transfers/reversals during the year		
i) Transfers to Securities premium reserve on exercise of options	**1,156.50**	1,029.01
ii) Reversals for options lapsed	**35.46**	64.08
Balance as at the end of the year (A)	**3,237.00**	4,114.58
B) Deferred employee compensation:		
Balance as at the beginning of the year	**1,652.76**	1,994.35
Add: Fresh grant of options	**314.38**	771.99
Less: Amortisation during the year		
i) Transfers to employee compensation expenses	**909.66**	1,049.50
ii) Reversals for options lapsed	**35.46**	64.08
Balance as at the end of the year (B)	**1,022.02**	1,652.76
Balance as at the end of the year (A–B)	**2,214.98**	2,461.82
Surplus in Statement of profit and loss:		
Balance as at the beginning of the year	**248,898.91**	224,047.96
Less: Corporate dividend and dividend distribution tax #	**16,097.30**	–
Less: Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at 1 April 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India	**–**	514.68
Add: Profit for the year transferred from the Statement of profit and loss	**89,188.43**	40,023.49
	321,990.04	263,556.77
Less: Appropriations:		
General reserve	**8,919.00**	4,003.00
Statutory reserve as per Section 45-IC of The RBI Act, 1934	**17,838.00**	8,005.00
Debenture redemption reserve (refer note 33)	**5,053.12**	2,649.86
	31,810.12	14,657.86
Balance as at the end of the year	**290,179.92**	248,898.91
Total	**918,019.18**	636,423.59

\# Corporate dividend and dividend distribution tax pertaining to financial year ended 31 March 2017 accounted in financial year ended 31 March 2018 on approval of Shareholders at Annual General Meeting in accordance with revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016.

The Board of Directors have proposed a dividend of 200% at Rs. 4.00 per share on equity share of Rs. 2/- each (31 March 2017: 120% at Rs. 2.40 per equity share of face value of Rs. 2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs. 29378.43 Lakhs (31 March 2017: Rs. 16097.30 Lakhs) including dividend distribution tax.

5 Long-term borrowings:

	As at 31 March 2018	As at 31 March 2017
		Rs. in lakhs
Debentures		
– Secured		
Non-convertible debentures (refer note 48 (i) (a))	**11,16,542.44**	11,73,199.07
– Unsecured		
Subordinate debts (refer note 49 (i) (a))	**3,25,603.13**	2,11,530.00
Term loans		
– Secured		
from banks (refer note 48 (ii) (a))	**7,17,559.52**	4,86,131.28
Foreign currency loans from banks (refer note 48 (iii) (a))	**59,616.55**	**47,460.87**
Deposits		
– Unsecured		
Fixed deposits (refer note no. 49 (iii) (b))	**1,62,286.51**	2,22,918.85
Total (a+b)	**23,81,608.15**	21,41,240.07

All secured loans / debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

6 Other long-term liabilities:

	As at 31 March 2018	As at 31 March 2017
		Rs. in lakhs
Others -		
Deposits / advances received against loan agreements	**5,692.29**	3,932.57
Interest accrued but not due on borrowings	**37,656.58**	33,437.36
Deferred subvention income	**1,982.93**	2,535.73
Unrealised gains on loan transfers under securitisation transactions	**3,013.35**	2,471.88
Cash profit on loan transfers under assignment transactions pending recognition	**1.42**	1.34
Derivative contract payables	**22.97**	361.22
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	**5,713.55**	–
Total	**54,083.09**	42,740.10

7 Long-term provisions:

	As at 31 March 2018	As at 31 March 2017
		Rs. in lakhs
Provisions for employee benefits (refer note 37)		
– Gratuity	**2,161.02**	**555.16**
– Leave encashment	**3,308.45**	**1,868.43**
Others -		
– Provision for non-performing assets (refer note no. 34 (a))	**56,485.94**	43,426.43
– Contingent provisions for standard assets (refer note 34 (b))	**11,088.00**	9,030.00
– Higher provision on restructured standard advances	**–**	7.30
– Provision for diminution in the fair value of restructured advances	**–**	3.03
Total	**73,043.41**	54,890.35

8 Short-term borrowings

	As at 31 March 2018	As at 31 March 2017
		Rs. in lakhs
Loans repayable on demand:		
– Secured		
Cash credit facilities with banks (refer note 50 (i))	**24,805.96**	62,090.05
Loans and advances from related parties:		
– Unsecured		
Inter-corporate deposits (ICDs) (refer note 49 (iii))	**52,025.00**	55,200.00
Deposits:		
– Unsecured		
Fixed deposits (refer note 49 (iii) (a))	**29,756.58**	25,686.71
Other loans and advances:		
– Secured		
Term loans from banks (refer note 50 (i))	**70,000.00**	70,600.00
– Unsecured		
Term loans from banks (refer note 49 (ii))	**10,000.00**	7,400.00
Commercial Papers (CPs) (refer note 50 (ii))	**4,16,902.32**	3,58,044.81
Inter-corporate deposits (ICDs) (refer note 49 (iii))	**5,000.00**	–
Total	**6,08,489.86**	5,79,021.57

All secured loans are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

9 Trade payables

		As at 31 March 2018	As at 31 March 2017
			Rs. in Lakhs
(i)	Due to micro and small enterprises (refer note 47)	**–**	–
(ii)	Due to other than micro and small enterprises	**93,444.32**	57,757.08
	Total	**93,444.32**	57,757.08

10 Other current liabilities:

	As at 31 March 2018	As at 31 March 2017
		Rs. in Lakhs
Current maturities of long-term debt:		
Debentures		
– Secured		
Non-convertible debentures (refer note 48 (i) (b))	**5,03,712.41**	2,41,762.53
– Unsecured		
Subordinate debts (refer note no. 49 (i) (b))	**980.00**	6,880.00
Term loans		
– Secured		
from banks (refer note no. 48 (ii) (b))	**2,77,572.10**	2,43,142.86
Foreign currency loans from banks (refer note no. 48 (iii) (b))	**47,602.92**	52,099.08

Rs. in Lakhs

	As at 31 March 2018	As at 31 March 2017
Deposits:		
– Unsecured		
Fixed deposits (refer note 49 (iii) (c))	**1,21,694.04**	**1,89,690.58**
	9,51,561.47	7,33,575.05
Interest accrued but not due on borrowings	**1,19,964.13**	95,250.48
Unclaimed dividends	**77.24**	52.66
Unclaimed matured deposits and interest accrued thereon	**460.20**	376.37
Unclaimed interest on subordinated debentures (retail issue)	**2.27**	0.05
Other payables:		
Deposits / advances received against loan agreements	**5,817.43**	5,209.69
Credit balances in current accounts with banks as per books	**12,094.64**	23,159.97
Deferred subvention income	**1,919.62**	2,076.62
Unrealised gains on loan transfers under securitisation transactions	**10,583.84**	17,300.26
Cash profit on loan transfers under assignment transactions pending recognition	**1.22**	3.32
Insurance premium payable	**1,665.36**	2,413.93
Payables under assignment / securitisation transactions	**4,391.73**	3,305.85
Statutory dues and withholding taxes payable	**3,632.80**	3,242.27
Payables under derivative contracts	**2,022.28**	259.45
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	**54.74**	2,286.21

Rs. in Lakhs

	As at 31 March 2018	As at 31 March 2017
Provision for Salary, Bonus and performance pay	1,806.45	262.30
Provision for expenses	9,463.11	8,276.63
Others	1,332.08	1,583.97
Total	**11,26,850.61**	8,98,635.08

All secured loans / debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

The funds raised by the Company during the year by issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

11 a) Short-term provisions:

Rs. in Lakhs

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits (refer note no. 37)		
– Leave encashment	**179.09**	**263.85**
– Bonus, incentives and performance pay	**6,834.00**	**4,178.99**
Others –		
– Provision for non-performing assets (refer note no. 34 (a))	**1,50,680.64**	1,50,020.20
– Contingent provisions for standard assets (refer note no.34 (b))	**8,335.00**	7,185.00
– Higher provision on restructured standard advances	**–**	15.01
– Provision for diminution in the fair value of restructured advances	**–**	6.24
Provision for taxation	**2,923.66**	5.63
Total	**1,68,952.39**	1,61,674.92

12 Fixed Assets:

As at 31 March 2018

Rs. in Lakhs

	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
Asset description	**As at 01 April 2017**	**Additions**	**Deductions / adjustments**	**As at 31 March 2018**	**As at 01 April 2017**	**Additions**	**Deductions / adjustments**	**As at 31 March 2018**	**As at 31 March 2018**	**As at 01 April 2017**
i) Property, Plant and Equipments:										
Land	–	81.40	–	**81.40**	**–**	–	–	**–**	**81.40**	–
Buildings	**108.92**	–	–	**108.92**	**23.06**	1.82	–	**24.88**	**84.04**	85.86
Computers	**6,758.89**	1,926.85	372.17	**8,313.57**	**4,809.67**	1,112.87	370.55	**5,551.99**	**2,761.58**	1,949.22
Furniture and fixtures	**7,670.46**	448.37	59.66	**8,059.17**	**4,330.87**	779.86	54.70	**5,056.03**	**3,003.14**	3,339.59
Vehicles	**6,028.62**	1,283.68	661.88	**6,650.42**	**3,622.37**	998.90	596.92	**4,024.35**	**2,626.07**	2,406.25
Office equipments	**8,234.39**	691.55	276.05	**8,649.89**	**5,171.77**	1,133.37	265.34	**6,039.80**	**2,610.09**	3,062.62
Vehicles given on operating lease	–	77.15	–	**77.15**	–	1.04	–	**1.04**	**76.11**	–
Total (i)	**28,801.28**	**4,509.00**	**1,369.76**	**31,940.52**	**17,957.74**	**4,027.86**	**1,287.51**	**20,698.09**	**11,242.43**	**10,843.54**
ii) Intangible assets:										
Computer software	**2,902.07**	807.39	–	**3,709.46**	**2,594.14**	391.35	–	**2,985.49**	**723.97**	307.93
Total (ii)	**2,902.07**	**807.39**	–	**3,709.46**	**2,594.14**	**391.35**	–	**2,985.49**	**723.97**	**307.93**
iii) Capital work-in-progress:										
Capital work-in-progress:	–	–	–	–	**–**	–	–	–	–	**49.09**
Total (iii)	–	–	–	–	**–**	–	–	–	–	**49.09**
Total (i+ii+iii)	**31,703.35**	**5,316.39**	**1,369.76**	**35,649.98**	**20,551.88**	**4,419.21**	**1,287.51**	**23,683.58**	**11,966.40**	**11,200.56**

As at 31 March 2017

Rs. in Lakhs

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 31 March 2017	As at 01 April 2016
i) Property, Plant and Equipments:										
Buildings	**108.92**	–	–	**108.92**	**21.24**	1.82	–	**23.06**	**85.86**	87.68
Computers	**5,548.51**	1,468.63	258.25	**6,758.89**	**4,086.17**	981.22	257.72	**4,809.67**	**1,949.22**	1,462.34
Furniture and fixtures	**7,359.26**	390.12	78.92	**7,670.46**	**3,608.92**	779.35	57.40	**4,330.87**	**3,339.59**	3,750.34
Vehicles	**5,745.17**	995.77	712.32	**6,028.62**	**3,348.47**	936.42	662.52	**3,622.37**	**2,406.25**	2,396.70
Office equipments	**7,318.80**	1,124.35	208.76	**8,234.39**	**4,223.95**	1,149.71	201.89	**5,171.77**	**3,062.62**	3,094.85
Vehicles given on operating lease	–	–	–	–	–	–	–	–	–	–
Total (i)	**26,080.66**	**3,978.87**	**1,258.25**	**28,801.28**	**15,288.75**	**3,848.52**	**1,179.53**	**17,957.74**	**10,843.54**	**10,791.91**
ii) Intangible assets:										
Computer software	**2,395.82**	506.25	–	**2,902.07**	**1,840.52**	753.62	–	**2,594.14**	**307.93**	555.30
Total (ii)	**2,395.82**	**506.25**	–	**2,902.07**	**1,840.52**	**753.62**	–	**2,594.14**	**307.93**	**555.30**
iii) Capital work-in-progress:										
Capital work-in-progress:	–	–	–	–	–	–	–	–	**49.09**	1.85
Total (iii)	–	–	–	–	–	–	–	–	**49.09**	**1.85**
Total (i+ii+iii)	**28,476.48**	**4,485.12**	**1,258.25**	**31,703.35**	**17,129.27**	**4,602.14**	**1,179.53**	**20,551.88**	**11,200.56**	**11,349.06**

13 Non-current investments:

Rs. in Lakhs

	As at 31 March 2018	As at 31 March 2017
A) Quoted (at cost): Trade		
(i) Government securities (refer note 13(i))	**70,251.08**	70,418.03
(ii) Secured redeemable non-convertible debentures (refer note 13(ii)(a))	**6,200.00**	8,975.00
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
Non -Trade:		
– Units of mutual funds	**200.00**	**200.00**
(HDFC Charity fund for Cancer cure - Debt plan, a Close-ended scheme with regular option maturing on May 5, 2020 where 50% of the dividend would be donated to Indian Cancer Society and eligible for claiming deduction under section 80 G of the Income Tax Act, 1961; Market value: Rs. 200.56 Lakhs (31 March 2017: Rs. 200.53 Lakhs))		
Total - A	**76,651.08**	79,593.03
B) Unquoted (at cost): Non-trade		
(a) Equity investment in subsidiary companies:		
(i) Mahindra Insurance Brokers Limited	**45.16**	47.98
20,61,856 (31 March 2017: 21,90,722) equity shares of face value of Rs. 10/- each fully paid up (refer note no. 13(iv))		
(ii) Mahindra Rural Housing Finance Limited	**36,252.22**	23,252.22
9,62,40,655 (31 March 2017: 8,32,40,655) equity shares of Rs.10/- each fully paid up (refer note 13 (iii) (a))		
(iii) Mahindra Asset Management Company Private Ltd.	**12,000.00**	9,100.00
12,00,00,000 (31 March 2017: 9,10,00,000) equity shares of Rs. 10/- each fully paid up (refer note 13 (iii) (b))		
(iv) Mahindra Trustee Company Private Ltd.	**50.00**	50.00
50,00,000 (31 March 2017: 50,00,000) equity shares of Rs.10/- each fully paid up		
	48,347.38	32,450.20
(b) Equity investment in Joint Venture:		
49% Ownership in Mahindra Finance USA, LLC	**20,091.60**	18,429.16
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America) (refer note no. 13 (iii) (c))		
(c) Equity investment in other entities:		
i) New Democratic Electoral Trust	**1.00**	1.00
10,000 (31 March 2017: 10,000) equity shares of Rs. 10/- each fully paid up		
ii) Orizonte Business Solutions Limited	**700.00**	–
35,00,000 (31 March 2017: Nil) equity shares of face value of Rs. 10/- each, at a premium of Rs. 10/- per share, fully paid up (refer note 13 (iii) (e))		

		As at 31 March 2018	Rs. in Lakhs As at 31 March 2017
(d)	**Investment in Bonds/ Debentures:**		
	70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited (Tenure: 5 years and 6 months; Maturity: 28th Sep, 2018)	–	700.00
		20,792.60	19,130.16
Total - B		**69,139.98**	51,580.36
Total		**145,791.06**	131,173.39

Additional Information:

		As at 31 March 2018	Rs. in Lakhs As at 31 March 2017
a)	Aggregate amount of quoted investments and market value -		
	– Aggregate amount	76,651.08	79,593.03
	– Market value #	80,264.86	84,807.78
b)	Aggregate amount of unquoted investments	69,139.98	51,580.36

Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

i) Details of quoted Long-term investments in Government stock:

As at 31 March 2018

	Face value (Rs.)	No. of units	Amount Rs. in lakhs	Market Value Rs. in lakhs
Govt Stock 6.90%-13/07/2019	**100**	**10,00,000**	**947.79**	**1,002.88**
Govt Stock 6.90%-13/07/2019	**100**	**15,00,000**	**1,427.50**	**1,504.33**
Govt Stock 6.90%-13/07/2019	**100**	**10,00,000**	**932.55**	**1,002.88**
Govt Stock 6.35%-02/01/2020	**100**	**10,00,000**	**885.25**	**993.35**
Govt Stock 7.80%-03/05/2020	**100**	**5,00,000**	**488.65**	**509.00**
Govt Stock 10.25%-30/05/2021	**100**	**10,00,000**	**1,043.32**	**1,087.45**
Govt Stock 8.20%-15/02/2022	**100**	**10,00,000**	**1,003.47**	**1,032.20**
Govt Stock 8.20%-15/02/2022	**100**	**10,00,000**	**1,001.01**	**1,032.20**
Govt Stock 8.13%-21/09/2022	**100**	**15,00,000**	**1,504.22**	**1,548.15**
Govt Stock 8.13%-21/09/2022	**100**	**5,00,000**	**490.95**	**516.05**
Govt Stock 8.13%-21/09/2022	**100**	**5,00,000**	**490.71**	**516.05**
Govt Stock 8.13%-21/09/2022	**100**	**10,00,000**	**955.80**	**1,032.10**
Govt Stock 7.16%-20/5/2023	**100**	**10,00,000**	**900.55**	**990.00**
Govt Stock 7.16%-20/5/2023	**100**	**10,00,000**	**904.70**	**990.00**
Govt Stock 8.83%-25/11/2023	**100**	**20,00,000**	**2,022.81**	**2,121.40**
Govt Stock 9.15%-14/11/2024	**100**	**25,00,000**	**2,614.24**	**2,697.04**
Govt Stock 9.15%-14/11/2024	**100**	**10,00,000**	**1,076.78**	**1,078.82**
MP SDL 8.15%-13/11/2025	**100**	**25,00,000**	**2,500.80**	**2,542.08**
MP SDL 8.15%-13/11/2025	**100**	**11,00,000**	**1,163.02**	**1,118.51**
MP SDL 8.15%-13/11/2025	**100**	**12,00,000**	**1,268.75**	**1,220.20**
TN SDL 8.27%-23/12/2025	**100**	**10,00,000**	**1,001.59**	**1,022.96**
Maharashtra SDL 8.26% 23/12/2025	**100**	**20,00,000**	**2,121.55**	**2,044.78**
Rajasthan SDL 8.30% 13/01/2026	**100**	**25,00,000**	**2,694.84**	**2,560.96**
UP SDL 8.39% 27/01/2026	**100**	**5,00,000**	**500.52**	**514.69**
AP SDL 8.39% 27/01/2026	**100**	**10,00,000**	**1,001.05**	**1,029.38**
Govt Stock 8.33%-09/07/2026	**100**	**20,00,000**	**2,050.01**	**2,084.00**
Govt Stock 8.24%-15/02/2027	**100**	**20,00,000**	**1,898.50**	**2,078.00**
Govt Stock 8.24%-15/02/2027	**100**	**10,00,000**	**959.15**	**1,039.00**
Govt Stock 8.24%-15/02/2027	**100**	**10,00,000**	**956.33**	**1,039.00**
Govt Stock 8.24%-15/02/2027	**100**	**10,00,000**	**1,013.67**	**1,039.00**
Govt Stock 8.28%-21/09/2027	**100**	**15,00,000**	**1,380.75**	**1,557.07**
Govt Stock 8.28%-21/09/2027	**100**	**20,00,000**	**1,868.10**	**2,076.09**
Govt Stock 8.28%-21/09/2027	**100**	**20,00,000**	**1,867.90**	**2,076.09**
Govt Stock 8.28%-21/09/2027	**100**	**10,00,000**	**932.65**	**1,038.04**
Govt Stock 8.28%-21/09/2027	**100**	**20,00,000**	**2,001.92**	**2,076.09**
Govt Stock 8.97%-05/12/2030	**100**	**10,00,000**	**1,022.80**	**1,098.62**
Govt Stock 8.97%-05/12/2030	**100**	**10,00,000**	**1,023.88**	**1,098.62**
Govt Stock 8.97%-05/12/2030	**100**	**5,00,000**	**513.37**	**549.31**
Govt Stock 8.97%-05/12/2030	**100**	**10,00,000**	**1,027.07**	**1,098.62**
Govt Stock 8.97%-05/12/2030	**100**	**5,00,000**	**521.49**	**549.31**
Govt Stock 8.97%-05/12/2030	**100**	**10,00,000**	**1,034.63**	**1,098.62**
Govt Stock 8.97%-05/12/2030	**100**	**15,00,000**	**1,581.38**	**1,647.93**
Govt Stock 8.97%-05/12/2030	**100**	**10,00,000**	**1,090.24**	**1,098.62**
Govt Stock 8.97%-05/12/2030	**100**	**10,00,000**	**1,076.08**	**1,098.62**
Govt Stock 8.97%-05/12/2030	**100**	**15,00,000**	**1,450.20**	**1,647.93**
Govt Stock 8.97%-05/12/2030	**100**	**20,00,000**	**2,165.68**	**2,197.25**
Govt Stock 8.28%-15/02/2032	**100**	**25,00,000**	**2,401.50**	**2,618.35**
Govt Stock 8.32%-02/08/2032	**100**	**10,00,000**	**1,009.27**	**1,051.63**
Govt Stock 8.32%-02/08/2032	**100**	**10,00,000**	**1,027.98**	**1,051.63**
Govt Stock 8.24%-10/11/2033	**100**	**10,00,000**	**1,023.52**	**1,048.90**
Govt Stock 8.33%-07/06/2036	**100**	**15,00,000**	**1,544.89**	**1,590.22**
Govt Stock 8.30%-02/07/2040	**100**	**15,00,000**	**1,359.30**	**1,590.28**
Govt Stock 8.83%-12/12/2041	**100**	**10,00,000**	**1,016.09**	**1,120.00**
Govt Stock 8.83%-12/12/2041	**100**	**10,00,000**	**1,020.98**	**1,120.00**
Govt Stock 8.83%-12/12/2041	**100**	**15,00,000**	**1,469.33**	**1,680.00**
Total		**7,03,00,000**	**70,251.08**	**73,864.30**

As at 31 March 2017

Rs. in Lakhs

	Face value (Rs.)	No. of units	Amount Rs. in lakhs	Market Value Rs. in lakhs
Govt Stock 6.90%-13/07/2019	100	10,00,000	947.79	1,009.88
Govt Stock 6.90%-13/07/2019	100	15,00,000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	10,00,000	932.55	1,009.88
Govt Stock 6.35%-02/01/2020	100	10,00,000	885.25	996.12
Govt Stock 7.80%-03/05/2020	100	5,00,000	488.65	515.25
Govt Stock 10.25%-30/05/2021	100	10,00,000	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	10,00,000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	15,00,000	1,505.17	1,586.44
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.95	528.81
Govt Stock 8.13%-21/09/2022	100	5,00,000	490.71	528.81
Govt Stock 8.13%-21/09/2022	100	10,00,000	955.80	1,057.63
Govt Stock 7.16%-20/5/2023	100	10,00,000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	10,00,000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	20,00,000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	25,00,000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	10,00,000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	25,00,000	2,500.91	2,601.97
MP SDL 8.15%-13/11/2025	100	11,00,000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	12,00,000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	10,00,000	1,001.79	1,031.17

Rs. in Lakhs

	Face value (Rs.)	No. of units	Amount Rs. in lakhs	Market Value Rs. in lakhs
Maharashtra SDL 8.26% 23/12/2025	100	20,00,000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	25,00,000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	5,00,000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	10,00,000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	20,00,000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	20,00,000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	10,00,000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	10,00,000	956.33	1,062.60
Govt Stock 8.24%-15/02/2027	100	10,00,000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	15,00,000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	20,00,000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	10,00,000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	20,00,000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	5,00,000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	5,00,000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	10,00,000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	15,00,000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	20,00,000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	25,00,000	2,401.50	2,677.91
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	10,00,000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	10,00,000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	15,00,000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	15,00,000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,016.75	1,136.01
Govt Stock 8.83%-12/12/2041	100	10,00,000	1,021.87	1,136.02
Govt Stock 8.83%-12/12/2041	100	15,00,000	1,469.33	1,704.02
Total		**7,03,00,000**	**70,418.03**	**75,632.25**

Quoted investments of Rs. 70,251.08 Lakhs (31 March 2017: Rs. 70,418.03 Lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust.

ii) Details of investments in Secured redeemable non-convertible debentures:

As at 31 March 2018

Rs. in Lakhs

Sr. No.	Particulars	Total Quantity	Total Face Value	(a) Non Current	(b) Current	Total
1	Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28 June 19 FV Rs. 10Lac	**800**	**8,000.00**	**1,200.00**	**4,400.00**	**5,600.00**
2	Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	**150**	**1,500.00**	**–**	**750.00**	**750.00**
3	Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	**150**	**1,500.00**	**–**	**750.00**	**750.00**
4	Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	**150**	**1,500.00**	**–**	**750.00**	**750.00**
5	Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	**75**	**750.00**	**–**	**375.00**	**375.00**
6	Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	**150**	**1,500.00**	**–**	**750.00**	**750.00**
7	Home Credit India Finance Private Limited Sr-29471-30220 13.12 Ncd 26 Mar 21 FV Rs. 10Lac	**750**	**7,500.00**	**5,000.00**	**2,500.00**	**7,500.00**
	Total			**6,200.00**	**10,275.00**	**16,475.00**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

As at 31 March 2017

Rs. in Lakhs

Sr. No.	Particulars	Total Quantity	Total Face Value	(a) Non Current	(b) Current	Total
1	Intrepid Finance And Leasing Private Limited Sr-F 13 Xirr Ncd 28 Aug 17 FV Rs. 416667	80	800.00	–	166.67	166.67
2	Light Microfinance Private Limited Sr-F 13.6 Xirr Ncd 28 Aug 17 FV Rs. 10Lac	75	750.00	–	156.25	156.25
3	M Power Microfinance Private Limited Sr-F 13.1 Xirr Ncd 28 Aug 17 FV Rs. 10Lac	75	750.00	–	156.25	156.25
4	Saija Finance Private Limited Sr-F 13.1 Xirr Ncd 28 Aug 17 FV Rs. 10Lac	80	800.00	–	166.67	166.67
5	Satin Creditcare Network Limited Sr-F 12.3 Xirr Ncd 28 Aug 17 FV Rs. 10Lac	300	3,000.00	–	625.00	625.00
6	Sv Creditline Pvt. Ltd. Sr-F 12.75 Xirr Ncd 28 Aug 17 FV Rs. 10Lac	200	2,000.00	–	416.67	416.67
7	Annapurna Microfinance Private Limited Sr-F 12.75 Xirr Ncd 28 Aug 17 FV Rs. 2,50,000	150	1,500.00	–	312.50	312.50
8	Utkarsh Microfinance Limited Sr-F 10.50 Xirr Ncd 28 June 19 FV Rs. 10Lac	800	8,000.00	5,600.00	2,400.00	8,000.00
9	Pudhuaaru Financial Serviced Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	150	1,500.00	750.00	750.00	1,500.00
10	Smile Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs.10Lac	150	1,500.00	750.00	750.00	1,500.00
11	Samasta Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	150	1,500.00	750.00	750.00	1,500.00
12	Svasti Microfinance Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	75	750.00	375.00	375.00	750.00
13	Zen Lefin Private Limited Sr-F 11.40 Xirr Ncd 7 Mar 19 FV Rs. 10Lac	150	1,500.00	750.00	750.00	1,500.00
	Total			**8,975.00**	**7,775.01**	**16,750.01**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

iii) During the year, the Company has made following equity investments –

a) Rs. 13000.00 Lakhs (31 March 2017: Rs. 11375.00 Lakhs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,30,00,000 Equity shares of Rs. 10/- each for cash at Rs. 100.00 per share, including premium of Rs. 90.00 per equity share on a rights basis, fully paid up (31 March 2017: 1,69,77,612 Equity shares of Rs. 10/- each for cash at Rs. 57.00 per share, including premium of Rs. 30/- per equity share, fully paid up).

b) Rs. 2,900.00 Lakhs (31 March 2017: Rs. 3,045.00 Lakhs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 2,90,00,000 (31 March 2017: 3,04,50,000) Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

c) Rs. 1,662.44 Lakhs (31 March 2017: Rs. 3,111.84 Lakhs) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

d) During the previous year, the Company had made an additional investment of Rs. 0.95 Lakh in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs. 10/- each at par for cash fully paid up on a rights basis. During the current year, there were no further investment made in New Democratic Electoral Trust.

e) Rs. 700.00 lakhs in Orizonte Business Solution Limited (formerly known as "Mega One Stop Farm Services Limited"), engaged in business of operating a Business to Business (B2B) platform "Smart shift", a online logistic marketplace which connects cargo owners and transporters in India, by subscribing to preferential issue of 35,00,000 equity shares of Rs. 10/- each, for cash, at a premium of Rs. 10/- per share.

f) During the year, the Company has sold 1,28,866 equity shares of face value of Rs. 10/- each representing 5% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs. 5,044.00 per share for a consideration aggregating to Rs. 6,500.00 lakhs. Consequent to the said sale transaction, the shareholding percentage of the Company stands reduced from 85% to 80%. This transaction has resulted in profit of Rs. 6,497.18 lakhs on a standalone basis and the same has been shown as an Exceptional items in the Statement of profit and loss.

14 Deferred tax assets (net)

	As at 31 March 2018	**Rs. in Lakhs** As at 31 March 2017
a) Deferred tax assets		
– Provision for non performing assets / loss & expenses on assignments	**67,667.51**	65,016.56
– Provision for standard assets	**6,787.17**	5,611.69
– Other disallowances	**3,315.93**	1,247.09
– Depreciation on fixed assets	**1,622.62**	1,291.35
Total	**79,393.23**	73,166.69

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1) (vii) (a) of the Income tax Act, 1961.

15 Long-term loans and advances

	As at 31 March 2018	**Rs. in Lakhs** As at 31 March 2017
Loans and advances:		
– Secured, considered good		
Loans against assets	**26,22,699.93**	21,21,101.93
Retained interest in Pass Through Certificates under securitization transactions	**4.25**	40.85
Retained interest under assignment transactions	**145.65**	145.90
– Secured, considered doubtful (non-performing)		
Loans against assets	**1,11,932.65**	79,449.03
– Unsecured, considered good		
Interest Only Strip (I/O Strip) under securitization transactions (refer note 39 (b))	**3,013.35**	2,471.88
Loans and advances	**2,686.72**	450.37
– Unsecured, considered doubtful (non-performing)		
Loans and advances	**216.70**	415.48
Others:		
– Unsecured, considered good		
Capital advances	**–**	20.77
Security Deposits for office premises / others	**2,550.53**	2,221.04
Advance payment of taxes (net of provisions)	**21,680.73**	17,333.28
Total	**27,64,930.51**	22,23,650.53

16 Other non-current assets

	As at 31 March 2018	**Rs. in Lakhs** As at 31 March 2017
Others:		
Term deposits with banks		
– Free	**980.10**	294.00
– Under lien (refer note no. 19)	**814.62**	10,929.88
Derivative contract receivables	**14.86**	–
Exchange gain receivable on forward contract on foreign currency loans	**941.85**	–
Deferred premium on foreign currency loan forward contracts	**2,144.55**	–
Prepaid expenses	**436.66**	296.91
Unamortised placement and arrangement fees paid on borrowing instruments	**353.61**	458.01
Total	**5,686.25**	11,978.80

17 Current investments:

	As at 31 March 2018	**Rs. in Lakhs** As at 31 March 2017
i) Quoted -		
Secured redeemable non-convertible debentures (refer note 13 (ii) (b))	**10,275.00**	7,775.01
Units of mutual funds ((refer note 17 (i))	**500.00**	27,500.00
	10,775.00	35,275.01
ii) Unquoted (at cost):		
70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited	**700.00**	–
Commercial Papers	**30,050.68**	20,858.36
	30,750.68	20,858.36
Total	**41,525.68**	56,133.37

	As at 31 March 2018	Rs. in Lakhs As at 31 March 2017
Additional Information:		
Aggregate amount of quoted investments and market value -		
– Aggregate amount	**10,775.00**	35,275.01
– Market Value#	**10,800.71**	35,283.26
Aggregate amount of unquoted investments	**30,750.68**	22,500.00

Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

i) Details of investment in Mutual fund units –

As at 31 March 2018

Name of the Mutual Fund	Scheme Name	Units	Net Asset Value (Rs.)	Cost (Rs. in Lakhs)	Market Value (Rs. in Lakhs)
Mahindra Mutual Fund	Mahindra low duration– Direct – Growth	**48,617.9660**	**1081.3053**	**500.00**	**525.71**
Total				**500.00**	**525.71**

As at March 31, 2017

Name of the Mutual Fund	Scheme Name	Units	Net Asset Value (Rs.)	Cost (Rs. in Lakhs)	Market Value (Rs. in Lakhs)
Mahindra Mutual Fund	Mahindra Liquid fund – Direct – Growth	23,75,664.60	1052.6354	25,000.00	25,007.09
Mahindra Mutual Fund	Mahindra ALP Samay Bachat Yojana – Direct – Growth	2,47,640.16	1009.9978	2,500.00	2,501.16
Total				**27,500.00**	**27,508.25**

b) Details of unquoted current investment in Commercial Papers:

As at 31 March 2018

Particulars	Face value (Rs.)	Units	Amount Rs. in Lakhs
Fincare Small Finance Bank Limited	500,000.00	500	2,500.00
Neo Growth Credit Pvt Limited	500,000.00	800	4,000.00
Satin Creditcare Network Limited	500,000.00	1,000	5,000.00
Satin Creditcare Network Limited	500,000.00	1,000	5,000.00
Northern Arc Capital Limited	500,000.00	2,000	10,000.00
IKF Finance Limited	500,000.00	1,000	5,000.00
Total at face value		6,300	31,500.00
Less: Unamortised discounting charges			1,449.32
Total redemption value, net of unamortized discounting charges			**30,050.68**

As at March 31, 2017

Particulars	Face value (Rs.)	Units	Amount Rs. in Lakhs
ESAF Microfinance & Investment Private Limited	500,000.00	1,500	7,500.00
Northern Arc Capital Limited	500,000.00	1,500	7,500.00
Five Star Business Finance Limited	500,000.00	500	2,500.00
Satin Creditcare Network Limited	500,000.00	1,000	5,000.00
Total at face value		4,500	22,500.00
Less: Unamortised discounting charges			1,641.64
Total redemption value, net of unamortized discounting charges			**20,858.36**

18 Trade receivables

	As at 31 March 2018	Rs. in Lakhs As at 31 March 2017
Secured, considered good:		
– Lease rental receivable on operating lease transactions	**0.49**	–
(outstanding for a period not exceeding six months from the date they are due for payment)		
Secured, considered doubtful (non-performing):		
– Trade receivable on hire purchase transactions	**373.39**	374.19
(outstanding for a period exceeding six months from the date they are due for payment)		
Unsecured, considered good:		
– Debts outstanding for a period exceeding six months from the date they are due for payment	**–**	**0.47**
– Debts outstanding for a period not exceeding six months from the date they are due for payment	**368.98**	**208.04**
Total	**742.86**	582.70

19 Cash and bank balance

	As at 31 March 2018	Rs. in Lakhs As at 31 March 2017
a) Cash and cash equivalents:		
- Cash on hand	**904.46**	1,723.81
- Cheques and drafts on hand	**1,264.80**	1,258.49
- Balances with banks in current accounts	**24,996.12**	38,163.10
- Term deposits with original maturity up to 3 months	**25.00**	-
	27,190.38	41,145.40
b) Bank balances other than cash and cash equivalents:		
Earmarked balances with banks -		
- Unclaimed dividend accounts	**77.24**	53.98
Term deposits with maturity less than 12 months -		
- Free	**9,844.77**	1,862.00
- Under lien #	**3,999.70**	**14,745.12**
	13,921.71	16,661.10
Total	**41,112.09**	57,806.50

 # Details of Term deposits **Rs. in Lakhs**

	As at March 31, 2018			As at March 31, 2017		
Particulars	**Cash and bank balances**	**Other non-current assets**	**Total**	**Cash and bank balances**	**Other non-current assets**	**Total**
Term deposits for SLR	–	**766.00**	**766.00**	5,563.00	766.00	6,329.00
Collateral deposits for securitization transactions	**3,162.88**	**37.12**	**3,200.00**	8,766.12	10,047.88	18,814.00
Legal deposits	**9.82**	**11.50**	**21.32**	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	**802.00**	–	**802.00**	413.00	99.00	512.00
Collateral deposits with banks for Aadhaar authentication	**25.00**	–	**25.00**	–	–	–
Total	**3,999.70**	**814.62**	**4,814.32**	14,745.12	10,929.88	25,675.00

20 Short-term loans and advances:

	As at 31 March 2018	As at 31 March 2017
		Rs. in Lakhs
Loans and advances:		
– Secured, considered good		
Loans against assets	**18,01,504.49**	15,53,661.97
Retained interest in Pass Through Certificates (PTC) under securitization transactions	**31.90**	110.98
Retained interest under assignment transactions	**1.46**	15.31
– Secured, considered doubtful (non-performing)		
Loans against assets	**2,83,965.44**	2,68,968.36
– Unsecured, considered good		
Loans and advances	**35,056.45**	10,081.94
Bills of exchange	**55,358.64**	38,851.72
Trade Advances	**1,39,955.43**	1,17,787.88
Interest Only Strip (I/O Strip) under securitization transactions (refer note 39 (b))	**10,583.84**	17,300.26
Other short term advances	**1,109.67**	575.37
– Unsecured, considered doubtful (non-performing)		
Loans and advances	**3,853.89**	316.02
Inter corporate deposits to related parties	**100.00**	100.00
Bills of exchange	**16.27**	–
Trade Advances	**3,771.58**	3,791.46
Others:		
– Unsecured, considered good		
Security Deposits for office premises / others	**192.45**	421.19
Total	**23,35,501.51**	20,11,982.46

21 Other current assets:

	As at 31 March 2018	As at 31 March 2017
		Rs. in Lakhs
Interest accrued on -		
– Investments	**1,410.39**	1,395.18
– Others deposits	**1,244.47**	1,167.85
Exchange gain receivable on forward contract on foreign currency loans	**–**	190.40
Deferred premium on foreign currency loan forward contracts	**2,899.09**	504.38
Prepaid expenses	**1,729.67**	1,141.26
Unamortised placement and arrangement fees paid on borrowing instruments	**123.22**	122.51
Insurance advances	**479.44**	178.51
Other receivables	**2,244.68**	1,308.50
Total	**10,130.96**	6,008.59

22 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
		Rs. in Lakhs
a) Interest Income		
Income from loans	**6,55,986.04**	5,65,018.75
Income from hire purchase	**8.36**	15.21
Interest on term deposits/Inter-corporate deposits/Bonds etc	**6,482.82**	6,551.71
Interest on retained interest in PTCs under securitization transactions	**3.43**	12.59
Interest on Government securities – Long term	**5,714.35**	5,345.19
(a)	**6,68,195.00**	5,76,943.45
b) Other financial services		
Service charges and other fees on loan transactions	**27,053.37**	24,331.66
Income from bill discounting	**5,259.22**	4,179.23
Income from lease	**2.69**	–
Income from assignment/securitisation transactions (refer note no. 39)	**14,199.95**	11,936.72
(b)	**46,515.23**	40,447.61
Total (a+b)	**7,14,710.23**	6,17,391.06

23 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
		Rs. in Lakhs
Dividend income on -		
- Current investments in mutual fund units	**170.58**	85.48
- Long-term investments in subsidiary companies	**1,631.99**	1,256.29
Net profit/loss on sale of current investments	**59.56**	88.48
Other non-operating income -		
- Profit on sale / retirement of owned assets (net)	**51.28**	15.24
- Income from shared services	**3,310.83**	4,580.24
- Others	**677.76**	337.03
Total	**5,902.00**	6,362.76

Rs. in Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
24 Employees benefits expense		
Salaries and wages	**75,000.41**	59,818.31
Contribution to provident funds and other funds	**6,782.26**	4,741.09
Expense on employee stock option scheme (refer note no. 31 (f)) #	**755.03**	879.82
Staff welfare expenses	**2,638.78**	2,650.49
Total	**85,176.48**	68,089.71

\# Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 22.66 Lakhs (31 March 2017: Rs. 33.76 Lakhs) and net of recoveries from subsidiary company Rs. 177.29 Lakhs (31 March 2017: Rs. 203.44 Lakhs).

25 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses	**2,97,799.46**	2,83,245.57
Other borrowing costs	**2,240.42**	2,497.13
Total	**3,00,039.88**	2,85,742.70

26 Depreciation and amortization expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on tangible assets	**4,027.86**	3,848.52
Amortization of intangible assets	**391.35**	753.62
Total	**4,419.21**	4,602.14

27 Loan provisions and write offs

	Year ended 31 March 2018	Year ended 31 March 2017
Bad debts and write offs	**1,05,763.10**	84,500.16
Provision for non-performing assets (net) (refer note no. 7,11 and 34 (a))	**13,697.64**	44,233.45
Provision for standard assets (refer note no. 7,11 and 34 (b))	**3,208.00**	2,180.00
Write back of provision for diminution in the fair value of restructured advances	**(9.27)**	(0.94)
Total	**1,22,659.47**	1,30,912.67

28 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Electricity charges	**2,170.24**	2,039.34
Rent	**6,917.84**	6,785.70
Repairs and maintenance -		
- Buildings	**388.28**	436.59
- Others	**231.03**	323.11
Insurance	**1,875.09**	1,650.25
Rates and taxes, excluding taxes on income	**(58.68)**	765.55
Directors' sitting fees and commission	**318.67**	275.72
Commission and brokerage	**23,173.95**	22,222.74
Legal and professional charges	**10,736.26**	9,563.50
Manpower outsourcing cost	**1,590.24**	706.49
Payments to the auditor -		
- Audit fees	**57.61**	46.82
- Taxation matters	**25.08**	18.18
- Other services	**31.44**	32.34
- Reimbursement of expenses	**0.50**	1.51
CSR donations and expenses (refer note no. 42)	**2,703.54**	3,047.53
General and administrative expenses	**27,378.45**	24,484.40
Total	**77,539.54**	72,399.77

Expenditure incurred in foreign currency

	Year ended 31 March 2018	Year ended 31 March 2017
Travelling expenses	**3.00**	–
Legal and professional fees	**163.62**	295.85
Other expenses	**353.32**	27.17

29 Exceptional items

	Year ended 31 March 2018	Year ended 31 March 2017
Profit on sale of investments in shares of subsidiary company (refer note no. 13 (iv))	**6,497.18**	–
Total	**6,497.18**	–

30 Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27)

The Company has interest in the following jointly controlled entity.

	Name of the entity	Country of Incorporation	% Holding
i)	Mahindra Finance USA, LLC	United States of America	49.00%

ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities

(Rs. In Lakhs)

Sr. No.	Particulars	As at 31 March 2018	As at 31 March 2017
I.	**ASSETS**		
	1 Long-term loans and advances	**2,69,341.37**	2,26,440.34
	2 Deferred tax assets	**736.87**	1,028.95
	3 Cash and cash equivalents	**748.64**	577.88
	4 Short-term loans and advances	**68,849.03**	67,937.52
	5 Other current assets	**1,263.15**	1,142.89
II.	**LIABILITIES**		
	1 Long-term borrowings	**1,22,372.58**	1,18,296.56
	2 Other Long-term liabilities	**–**	–
	3 Long term provisions	**989.79**	775.45
	4 Short term borrowings	**1,09,429.15**	80,431.74
	5 Other current liabilities	**75,055.46**	69,333.16
	6 Short term provisions	**252.87**	233.16

		Year ended 31 March 2018	Year ended 31 March 2017
III.	INCOME		
	1 Revenue from operations	**17,274.07**	14,013.55
	2 Other income	**479.11**	809.26
IV.	EXPENSES		
	1 Finance costs	**7,001.47**	5,656.00
	2 Provisions and write-offs	**1,068.00**	912.31
	3 Other expenses	**4,484.43**	4,013.33
	4 Provision for current tax	**1,839.62**	1,884.27
	5 Provision for deferred tax	**291.04**	(319.60)

31 Employee Stock Option Plan

a) The Company had allotted 134,32,750 equity shares (face value of Rs. 2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs. 8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs. 2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,49,89,782 equity shares to employees up to 31 March 2018 (31 March 2017: 1,45,54,477 equity shares), of which 4,35,305 equity shares (31 March 2017: 4,40,284 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under:

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of each vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) During the year, the Company has granted 62,130 (31 March 2017: 2,17,400) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Particulars	Year ended 31 March 2018 Grant dated 24 January 2018	Year ended 31 March 2017 Grant dated 5 January 2017
No. of options granted	**62,130**	217,400
Intrinsic value of shares based on latest available closing market price (Rs.)	**506.00**	355.10
Total amount to be amortized over the vesting period (Rs. in Lakhs)	**314.38**	771.99
Charge to Statement of profit and loss for the year (Rs. in Lakhs)	**35.06**	86.92
Compensation in respect of lapsed cases (Rs. in Lakhs) #	**7.96**	10.70
Unamortized amount carried forward (Rs. in Lakhs)	**271.36**	674.37

pertaining to 1,572 (31 March 2017: 3,014) stock options forfeited/lapsed during the year.

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

Vesting date	Year ended 31 March 2018		Year ended 31 March 2017	
	Grant dated 24 January 2018		Grant dated 5 January 2017	
	Expected Vesting	Fair Value (Rs.) per share	Expected Vesting	Fair Value (Rs.) per share
5 January 2019	**12,473**	**495.92**	43,482	337.36
5 January 2020	**12,473**		43,482	
5 January 2021	**12,473**		43,482	
5 January 2022	**12,473**		43,482	
5 January 2023	**12,238**		43,472	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Year ended 31 March 2018 Grant dated 24 January 2018	Year ended 31 March 2017 Grant dated 5 January 2017
1) Risk free interest rate	**7.16%**	6.67%
2) Expected life	**4.50 years**	4.70 years
3) Expected volatility	**37.61%**	38.28%
4) Dividend yield	**0.47%**	1.12%
5) Price of the underlying share in the market at the time of option grant (Rs.)	**508.00**	357.10

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	14,67,709	2.00	17,14,173	2.00
Options granted during the year	62,130	2.00	2,17,400	2.00
Options forfeited/lapsed during the year	10,547	2.00	23,580	2.00
Options exercised during the year	4,35,305	2.00	4,40,284	2.00

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	**Weighted average exercise price (Rs.)**	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the end of the year	10,83,987	2.00	14,67,709	2.00
Options vested but not exercised at the end of the year	1,89,612	2.00	2,35,038	2.00

d) Information in respect of options outstanding:

Grant date/Exercise price	As at 31 March 2018		As at 31 March 2017	
	No. of stock options	**Weighted average remaining life**	No. of stock options	Weighted average remaining life
Scheme 2010:				
7 February 2011 at Rs. 2.00	**12,305**	**10 months**	35,090	21 months
25 January 2012 at Rs. 2.00	**15,512**	**19 months**	38,580	30 months
22 July 2013 at Rs. 2.00	**9,980**	**37 months**	19,020	44 months
21 October 2013 at Rs. 2.00	**32,203**	**27 months**	39,116	39 months
21 October 2014 at Rs. 2.00	**7,39,245**	**45 months**	10,75,448	52 months
21 October 2015 at Rs. 2.00	**31,519**	**56 months**	46,069	59 months
5 January 2017 at Rs. 2.00	**1,82,665**	**62 months**	2,14,386	70 months
24 January 2018 at Rs. 2.00	**60,558**	**71 months**	–	–
Total	**10,83,987**		14,67,709	

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Year ended 31 March 2018		Year ended 31 March 2017	
Date of Exercise	**Average share price (Rs.)**	Date of Exercise	Average share price (Rs.)
28 April 2017	**334.70**	25 April 2016	293.29
25 May 2017	**301.21**	20 May 2016	297.89
21 June 2017	**349.24**	21 June 2016	323.35
26 July 2017	**396.95**	26 July 2016	318.59
31 August 2017	**428.18**	29 August 2016	344.10
22 September 2017	**416.65**	19 September 2016	343.71
30 October 2017	**426.17**	27 October 2016	365.77
21 November 2017	**433.13**	25 November 2016	285.28
28 December 2017	**469.13**	23 December 2016	254.65
29 January 2018	**483.25**	11 January 2017	282.99
26 February 2018	**446.39**	27 January 2017	282.76
23 March 2018	**424.95**	28 February 2017	291.43
		27 March 2017	321.24

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows:

Grants covered under Scheme 2005:

Variables #	7 December 2005	24 July 2007	25 March 2008	18 September 2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5.00%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

\# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	07 February 2011	25 January 2012	22 July 2013	21 October 2013	21 October 2014	21 October 2015	05 January 2017	24 January 2018
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%	6.67%	7.16%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years	4.70 years	4.50 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%	38.28%	37.61%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%	1.12%	0.47%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15	357.10	508.00

\# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

	Intrinsic Value Method		Fair Value Method *	
Particulars	**As at 31 March 2018**	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
Net profit after tax (Rs. in Lakhs)	**89,188.43**	40,023.49	**89,228.74**	40,069.58
Weighted average number of equity shares of Rs.2/- each – Basic	**58,10,96,549**	56,47,23,582	**58,10,96,549**	56,47,23,582
Weighted Average number of equity shares of Rs.2/- each – Diluted	**58,19,45,789**	56,84,46,880	**58,19,45,789**	56,84,46,880
Basic Earnings Per Share (Rs.)	**15.35**	7.09	**15.36**	7.10
Diluted Earnings Per Share # (Rs.)	**15.33**	7.04	**15.33**	7.05

\# Dilution in Earnings per share is on account of 32,87,993 equity shares (31 March 2017: 37,23,298 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 40.31 Lakhs (31 March 2017: Rs. 46.09 Lakhs).

32. Fresh issue of equity share capital

The Board of Directors of the Company, at its meeting held on 1 November 2017, and special resolution passed by the members at the Extraordinary General Meeting held on 29 November 2017 had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company has raised funds amounting to Rs. 2,11,100.00 lakhs through allotment of fresh equity shares as per details provided below:

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs. 2.00 each, at a price of Rs. 422.00 each, for cash, including a premium of Rs. 420.00 per equity share, aggregating to Rs. 1,05,500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs. 2.00 each, at a price of Rs. 440.00 each, for cash, including a premium of Rs. 438.00 per equity share, aggregating to Rs. 1,05,600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs. 1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 2,10,120.00 lakhs.

33 Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's)

During the year, the Company has raised an amount of Rs. 1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of the face value of Rs. 1,000.00 each. The NCD's were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCD's issue expenses of Rs. 1215.07 lakhs (net of taxes) has been adjusted against securities premium reserve as per the accounting policy. The total amount of NCDs outstanding as at 31 March 2018 were Rs. 2,15,053.13 lakhs, including the amount of fresh issuance during the year.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 5,053.12 Lakhs (31 March 2017: Rs. 2649.86 lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2018, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

34 Loan provisions

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no. DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended 31st March, 2016, upto the financial year ended 31st March, 2018 and these revised guidelines have been followed during the current year while making provisions for NPAs and Standard assets.

The cumulative accelerated provision made by the Company as on 31 March 2018 is Rs. 69,970.22 Lakhs (31 March 2017: Rs. 68,623.98 Lakhs).

The Company, during the year ended 31 March 2017, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs. 8,336.91 Lakhs for the year ended 31 March 2017 with a consequent impact on the profit before tax. However, during the current year, the Company has reviewed the basis of estimating provision for non-performing assets and made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

b) (i) In accordance with the Master direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's, the Company has made Standard assets of provision of Rs. 3208.00 Lakhs (31 March 2017: Rs. 2180.00 Lakhs) during the current year.

(ii) The total amount of provision on Standard assets as at 31 March 2018 stood at Rs. 19,423.00 Lakhs (31 March 2017: Rs. 16,215.00 Lakhs, including additional provision of Rs. 2,034.00 lakhs).

35 The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

36 Leases

In the cases where assets are given on operating lease (as lessor) -

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
i)	**New vehicles to retail customers on operating lease -**		
	Not later than one year	**3.87**	–
	Later than one year but not later than five years	**2.39**	–
	Later than five years	**–**	–
		6.26	**–**
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**		
	Not later than one year	**2.53**	**–**
	Later than one year but not later than five years	**–**	**–**
	Later than five years	**–**	**–**
Total		**2.53**	–

37 Employee benefits

Defined benefit plans -as per actuarial valuation

Rs. in Lakhs

	Particulars	Gratuity (Funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
		As at March 2018	As at March 2017	**As at March 2018**	As at March 2017	**As at March 2018**	As at March 2017
a)	**Expense recognised in the Statement of Profit & Loss Account for the year ended**						
	Current service cost	720.38	363.90	362.37	83.95	606.31	477.14
	Interest cost	201.40	155.60	29.00	22.18	127.94	93.54
	Expected return on plan assets	(160.54)	(166.11)	–	–	–	–

Rs. in Lakhs

Particulars	Gratuity (Funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
	As at March 2018	As at March 2017	**As at March 2018**	As at March 2017	**As at March 2018**	As at March 2017
Actuarial (gains)/losses	1,889.58	675.34	(11.24)	10.63	547.41	266.33
Adjustment due to change in opening balance of Plan assets	(380.05)	(156.76)	–	–	–	–
Net expense	**2,270.77**	**871.97**	**380.13**	**116.76**	**1,281.66**	**837.01**
b) Net asset / (liability) recognised in the Balance Sheet						
Present value of defined benefit obligation	5,177.73	2,736.45	774.13	394.01	2,713.41	1,738.26
Fair value of plan assets	3,016.71	2,181.29	–	–	–	–
Net asset / (liability)	**(2,161.02)**	**(555.16)**	**(774.13)**	**(394.01)**	**(2,713.41)**	**(1,738.26)**
c) Change in fair value of defined benefit obligations during the year ended						
Present value of defined benefit obligation at the beginning of the year	2,736.45	1,944.96	394.01	277.25	1,738.27	1,169.26
Current service cost	720.38	363.90	362.37	83.95	606.31	477.14
Interest cost	201.40	155.60	29.00	22.18	127.94	93.54
Actuarial (gains) / losses	1,729.03	509.22	(11.24)	10.63	547.41	266.33
Benefits paid	(209.53)	(237.23)	–	–	(306.50)	(268.01)
Present value of defined benefit obligation at the year ended	**5,177.73**	**2,736.45**	**774.14**	**394.01**	**2,713.43**	**1,738.26**
d) Change in the fair value of plan assets during the year ended						
Fair value of plan assets at the beginning of the year	2,181.29	1,919.58	–	–	–	–
Expected return on plan assets	160.54	166.11	–	–	–	–
Contributions by employer	664.90	342.19	–	–	–	–
Actuarial (Gains)/Losses	(160.54)	(166.11)	–	–	–	–
Adjustment due to change in opening balance of Plan assets	380.05	156.76	–	–	–	–
Actual Benefits paid	(209.53)	(237.23)	–	–	–	–
Fair value of plan assets at the end of the year	**3,016.71**	**2,181.30**	–	–	–	–

Rs. in Lakhs

Particulars	Gratuity (Funded)		Exigency leave (Non funded)		Earned Leave (Non funded)	
	As at March 2018	As at March 2017	**As at March 2018**	As at March 2017	**As at March 2018**	As at March 2017
e) Major category of plan assets as a percentage of total plan						
Funded with LIC	100%	100%	–	–	–	–
f) Actuarial assumptions						
Discount Rate (p.a.)	7.73%	7.36%	7.73%	7.36%	7.73%	7.36%
Expected rate of return on plan assets (p.a.)	7.36%	8.00%	–	–	–	–
Rate of Salary increase (p.a.)	7.00%	5.00%	7.00%	5.00%	7.00%	5.00%
In-service Mortality	Indian Assured Lives Mortality (2006–08) Ultimate	Indian Assured Lives Mortality (2006–08) Ultimate	Indian Assured Lives Mortality (2006–08) Ultimate	Indian Assured Lives Mortality (2006–08) Ultimate	Indian Assured Lives Mortality (2006–08) Ultimate	Indian Assured Lives Mortality (2006–08) Ultimate

	As at 31 March				
	2018	**2017**	**2016**	**2015**	**2014**
g) Experience Adjustments (Gratuity - funded)					
Defined benefit obligation at end of the period	5,177.73	2,736.45	1,944.96	1,558.68	1,192.46
Plan assets at the end of period	3,016.71	2,181.29	1,919.57	1,583.37	1,111.98
Funded status surplus/ (deficit)	(2,161.02)	(555.16)	(25.38)	24.69	(80.48)
Experience adjustments on plan liabilities (gain)/loss	(458.64)	(338.58)	(211.91)	(154.49)	(77.52)
Experience adjustments on plan assets gain/(loss)	(160.54)	(166.11)	(39.21)	(32.19)	(21.77)

38 Disclosure on derivatives

The Company has outstanding foreign currency non-repatriable loans of US $ 1,648.41 Lakhs (31 March 2017: US $ 1,535.23 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on 31 March 2018.

During the year 2016-17, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from 1 April 2016. Consequently, mark to market loss of Rs. 514.68 Lakhs (net of deferred tax of Rs. 272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at 1 April 2016. Loss of Rs. 2,182.88 lakhs (31 March 2017: Rs. 2,365.54 Lakhs) is charged to Statement of profit and loss for the year ended 31 March 2018.

Exposures in foreign currency:

	As at 31 March 2018				As at 31 March 2017			
	Foreign Currency	**Exchange Rate**	**Amount in Foreign currency (USD Lakhs)**	**Amount in INR (Lakhs)**	Foreign Currency	Exchange Rate	Amount in Foreign currency (USD Lakhs)	Amount in INR (Lakhs)
I. Assets								
Receivables (trade & other)	–	–	–	–	–	–	–	–
Other Monetary assets (e.g. ICDs/ Loans given in FC)	–	–	–	–	–	–	–	–
Total Receivables (A)	–	–	–	–	–	–	–	–
Hedges by derivative contracts (B)	–	–	–	–	–	–	–	–
Unhedged receivables (C = A - B)	–	–	–	–	–	–	–	–

		As at 31 March 2018				As at 31 March 2017			
		Foreign Currency	**Exchange Rate**	**Amount in Foreign currency (USD Lakhs)**	**Amount in INR (Lakhs)**	Foreign Currency	Exchange Rate	Amount in Foreign currency (USD Lakhs)	Amount in INR (Lakhs)
II.	**Liabilities**								
	Payables (trade & other)	**–**	**–**	**–**	**–**	–	–	–	–
	Borrowings (ECB and Others)	**USD**	**65.04**	**1,648.41**	**1,07,219.47**	USD	64.85	1,535.23	99,559.95
	Total Payables (D)	**–**	**–**	**1,648.41**	**1,07,219.47**	–	–	1,535.23	99,559.95
	Hedges by derivative contracts (E)	**–**	**–**	**1,648.41**	**1,07,219.47**	–	–	1,535.23	99,559.95
	Unhedged Payables (F = D - E)	**–**	**–**	**–**	**–**	–	–	–	–

39 Securitisation/assignment transactions

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 22694 contracts (31 March 2017: 11,489 contracts) amounting to Rs. 55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) for a consideration of Rs. 55,160.71 Lakhs (31 March 2017: Rs. 33,772.18 Lakhs) and de-recognised the assets from the books.

b) In terms of the accounting policy stated in 2.4 (a), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

c) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs. 14,032.87 Lakhs (31 March 2017: Rs. 11,500.70 Lakhs).

40 Frauds reported during the year

There were 143 cases (31 March 2017: 176 cases) of frauds amounting to Rs. 230.08 Lakhs (31 March 2017: Rs. 397.06 Lakhs) reported during the year. The Company has recovered an amount of Rs. 77.60 Lakhs (31 March 2017: Rs. 125.98 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

41 The gold loans outstanding as at 31 March 2018 was Rs. 1.67 lakhs (31 March 2017: Rs. 2.17 lakhs) and these were fully provided for.

42 Corporate Social Responsibility (CSR)

During the year, the Company has incurred an expenditure of Rs.2,557.55 Lakhs (31 March 2017: Rs. 2,905.66 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 145.99 Lakhs (31 March 2017: Rs. 141.87 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 28).

Detail of amount spent towards CSR activities:

a) Gross amount required to be spent by the Company during the year is Rs. 2,706.75 lakhs (Previous year: Rs. 3,047.53 lakhs).

b) Amount spent by the Company during the year:

		For the year ended 31 March 2018			For the year ended 31 March 2017		
Particulars		**In cash**	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i)	Construction/ acquisition of any asset	–	–	–	–	–	–
ii)	On purpose other than (i) above	**2,703.54**	–	**2,703.54**	3,047.53	–	3,047.53

In addition to amount spent as per point (b) above, the Company has also spent Rs. 12.25 lakhs as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013 and considering this salary cost, the total amount spent by the Company during the year stood at Rs. 2,715.79 lakhs.

43 During the previous year, the Company had made a contribution of Rs. 160.00 lakhs to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013. However, there were no such contribution made during the current year.

44 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

45 Related party disclosures:

i) As per Accounting Standard (AS) 18 on ‘Related party disclosures’, the related parties of the Company are as follows:

a)	**Holding Company:** (entity by whom control is exercised)	Mahindra & Mahindra Limited
b)	**Subsidiary Companies:** (entities on whom control is exercised)	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Asset Management Co. Pvt. Ltd. Mahindra Trustee Co. Pvt. Ltd.
c)	**Fellow Subsidiaries / Associate Companies:** (entities with whom the Company has transactions)	2 x 2 Logistics Private Limited Mahindra USA, Inc NBS International Limited Mahindra First Choice Wheels Limited Mahindra Defence Systems Ltd. Mahindra Retail Private Limited Mahindra Integrated Business Solutions Ltd. Mahindra Vehicle Manufacturers Limited Mahindra Construction Co. Ltd. Tech Mahindra Limited Bristlecone India Limited Mahindra Heavy Engines Limited Orizonte Business Solutions Limited Gromax Agri Equipment Limited
d)	**Joint Ventures:**	Mahindra Finance USA, Inc
e)	**Key Management Personnel:**	Mr. Ramesh Iyer
f)	**Relatives of Key Management Personnel** (where there are transactions)	Ms. Janaki Iyer Ms. Ramlaxmi Iyer Mr. Risheek Iyer Ms. Girija Subramaniam

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan income												
- 2 x 2 Logistics Private Limited	–	–	–	–	86.34	222.03	–	–	–	–	–	–
- Mahindra Retail Private Limited	–	–	–	–	–	0.46	–	–	–	–	–	–
Subvention / Disposal loss income												
- Mahindra & Mahindra Limited	6,771.00	3,786.03	–	–	–	–	–	–	–	–	–	–
- Gromax Agri Equipment Limited	–	–	–	–	1.51	–	–	–	–	–	–	–
Interest income												
- Mahindra Rural Housing Finance Limited	–	–	77.00	213.44	–	–	–	–	–	–	–	–
- NBS International Limited	–	–	–	–	0.97	3.91	–	–	–	–	–	–
Income from sharing services												
- Mahindra Rural Housing Finance Limited	–	–	740.77	674.83	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	309.08	291.15	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	60.17	29.06	–	–	–	–	–	–	–	–
Dividend Income												
- Mahindra Rural Housing Finance Limited	–	–	1,248.61	927.68	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	383.38	328.61	–	–	–	–	–	–	–	–
Interest expense												
- Mahindra & Mahindra Limited	1,060.53	1,638.56	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	1,025.79	1,462.16	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	1,162.07	190.68	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	4.78	4.85	–	–
- Others	–	–	–	–	–	–	–	–	–	–	14.56	14.39

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Other expenses												
- Mahindra & Mahindra Limited	2,684.84	2,334.64	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	3,212.27	2,826.86	–	–	–	–	–	–	–	–

Particulars	**Holding Company**		**Subsidiary Companies**		**Fellow Subsidiaries / Associate Companies / Associate Joint Ventures**		**Joint Ventures**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
- Mahindra First Choice Wheels Limited	–	–	–	–	980.63	1,056.10	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	–	96.26	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	109.52	79.11	–	–	–	–	–	–
- Mahindra USA, Inc	–	–	–	–	178.38	184.15	–	–	–	–	–	–
- Mahindra Integrated Business Solutions Limited	–	–	–	–	131.63	–	–	–	–	–	–	–
- Others	–	–	–	–	68.45	38.88	–	–	–	–	–	–
Remuneration												
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	596.79	674.59	–	–
Purchase of fixed assets												
- Mahindra & Mahindra Limited	180.61	142.16	–	–	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	63.40	–	–	–	–	–	–	–
- Others	–	–	–	–	6.91	0.48	–	–	–	–	–	–
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	–	–	–	13.98	–	–	–	–	–	–	–	–
- Mahindra & Mahindra Limited	21.14	–	–	–	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	49.55	–	–	–	–	–	–	–
Investments made												
- Mahindra Rural Housing Finance Limited	–	–	13,000.00	11,375.00	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	2,900.00	3,045.00	–	–	–	–	–	–	–	–
- Mahindra Trustee Co. Pvt. Ltd.	–	–	–	35.00	–	–	–	–	–	–	–	–
- Mahindra Finance USA, Inc	–	–	–	–	–	–	1,662.44	3,111.84	–	–	–	–

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
- Orizonte Business Solutions Limited	–	–	–	–	700.00	–	–	–	–	–	–	–
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	–	–	3,650.00	2,925.00	–	–	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	61.48	17.07	–	–
- Others	–	–	–	–	–	–	–	–	–	–	193.61	1.00

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	–	–	8,315.00	4,375.00	–	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	55.01	–	–	–
- Others	–	–	–	–	–	–	–	–	–	–	180.74	–
Dividend paid												
- Mahindra & Mahindra Limited	6,988.98	11,648.31	–	–	–	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	17.84	25.46	–	–
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	40,000.00	50,000.00	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	8,970.00	8,525.00	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	10,000.00	30,000.00	–	–	–	–	–	–
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	25,000.00	55,000.00	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	7,145.00	9,250.00	–	–	–	–	–	–	–	–

Particulars	**Holding Company**		**Subsidiary Companies**		**Fellow Subsidiaries / Associate Companies / Associate Joint Ventures**		**Joint Ventures**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
- Tech Mahindra Limited	–	–	–	–	30,000.00	–	–	–	–	–	–	–
Inter corporate deposits given	–	–	–	–	–	–	–	–	–	–	–	–
Inter corporate deposits refunded												
- Mahindra Rural Housing Finance Limited	–	–	–	4,656.50	–	–	–	–	–	–	–	–
Issue of Share Capital (incl Securities premium)												
- Mahindra & Mahindra Limited	1,05,500.00	–	–	–	–	–	–	–	–	–	–	–
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	1,544.96	–	–	–	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	47.28	95.91	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	4.62	7.18	–	–	–	–	–	–	–	–
- NBS International Limited	–	–	–	–	–	78.07	–	–	–	–	–	–

Particulars	**Holding Company**		**Subsidiary Companies**		**Fellow Subsidiaries / Associate Companies / Associate Joint Ventures**		**Joint Ventures**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Loan given (including interest accrued but not due)												
- 2 x 2 Logistics Private Limited	–	–	–	–	–	2,114.46	–	–	–	–	–	–
- Mahindra Construction Co. Ltd.	–	–	–	–	334.33	334.33	–	–	–	–	–	–
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	–	–	–	–	113.38	113.38	–	–	–	–	–	–

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Investments												
- Mahindra Rural Housing Finance Limited	–	–	36,252.22	23,252.22	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	45.16	47.98	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	12,000.00	9,100.00	–	–	–	–	–	–	–	–
- Mahindra Trustee Co. Pvt. Ltd.	–	–	50.00	50.00	–	–	–	–	–	–	–	–
- Mahindra Finance USA, Inc.	–	–	–	–	–	–	20,091.60	18,429.16	–	–	–	–
- Orizonte Business Solutions Limited	–	–	–	–	700.00	–	–	–	–	–	–	–
Subordinate debt held (including interest accrued but not due)												
- Mahindra Rural Housing Finance Limited	–	–	700.76	700.57	–	–	–	–	–	–	–	–
Payables												
- Mahindra & Mahindra Limited	–	882.92	–	–	–	–	–	–	–	–	–	
- Mahindra Insurance Brokers Limited	–	–	1,483.26	952.54	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	339.52	283.38	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	–	96.26	–	–	–	–	–	–
- Mahindra USA, Inc.	–	–	–	–	192.38	10.60	–	–	–	–	–	–
- Others	–	–	–	–	61.23	10.26	–	–	–	–	–	–
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	40,388.84	25,260.01	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	2,035.25	201.09	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	10,375.48	30,171.61	–	–	–	–	–	–
Fixed deposits (including interest accrued but not due)												
- Mahindra Insurance Brokers Limited	–	–	8,042.61	13,957.65	–	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	63.30	57.72	–	–
- Others	–	–	–	–	–	–	–	–	–	–	201.03	187.87

Key Management Personnel as defined in Accounting Standard 18

iii) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at March 31, 2018

Rs. in Lakhs

	Particulars	Relation	Balance as on 1 April 2017	Advances / investments	Repayments/ sale	Balance as on 31 March 2018
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	–	–	–	–
	Mahindra Retail Pvt. Ltd.	Fellow subsidiary	–	–	–	–
	2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	2,114.46	–	2,114.46	–
			2,114.46	**–**	**2,114.46**	**–**
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
			700.00	**–**	**–**	**700.00**
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	–	2.82	45.16
	Mahindra Rural Housing Finance Ltd.	Subsidiary	23,252.22	13,000.00		36,252.22
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	9,100.00	2,900.00		12,000.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	–	–	50.00
	Mahindra Finance USA, LLC	Joint Venture	18,429.16	1,662.44	–	20,091.60
	Orizonte Business Solutions Limited	Fellow subsidiary	–	700.00	–	700.00
			50,879.36	**18,262.44**	**2.82**	**69,138.98**
	Total		**53,693.82**	**18,262.44**	**2,117.28**	**69,838.98**

Notes:

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year.

As at March 31, 2017

Rs. in Lakhs

	Particulars	Relation	Balance as on 1 April 2016	Advances / investments	Repayments/ sale	Balance as on 31 March 2017
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	4,656.50	–	4,656.50	–
	Mahindra Retail Pvt. Ltd.	Fellow subsidiary	4.90	–	4.90	–
	2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	1,865.14	674.00	424.68	2,114.46
			6,526.54	**674.00**	**5,086.08**	**2,114.46**
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
			700.00	**–**	**–**	**700.00**
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	–	–	47.98
	Mahindra Rural Housing Finance Ltd.	Subsidiary	11,877.22	11,375.00	–	23,252.22
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	6,055.00	3,045.00	–	9,100.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	15.00	35.00	–	50.00
	Mahindra Finance USA, LLC	Joint Venture	15,317.32	3,111.84	–	18,429.16
			33,312.52	**17,566.84**	**–**	**50,879.36**
	Total		**40,539.06**	**18,240.84**	**5,086.08**	**53,693.82**

Notes:

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year

46 Contingent liabilities and commitments (to the extent not provided for)

Rs. in Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
i) Contingent liabilities		
a) Claims against the Company not acknowledged as debts	**14,952.43**	15,803.21
b) Guarantees	**23,249.37**	21,037.84
	38,201.80	36,841.05
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	**791.64**	469.77
Other commitments	**87,026.20**	27,585.74
	87,817.84	28,055.51
Total	**126,019.64**	64,896.56

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

47 Micro and small enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2018.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a) Principal amount due and remaining unpaid to suppliers as at the year end	**–**	–
b) Interest accrued and due to suppliers on the above amount as at the year end	**–**	–
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	**–**	–
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	**–**	–
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	**–**	–
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	**–**	–
g) Interest accrued and remaining unpaid at the year end	**–**	–
h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
	–	–

48 Secured long-term borrowings:

i) Secured non-convertible debentures

Rs. in Lakhs

As at 31 March 2018

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing beyond 5 years	8.70% – 9.00%	1,79,500.00	–	1,79,500.00
Maturing between 3 years to 5 years	7.50% – 8.95%	51,700.00	–	51,700.00
Maturing between 1 year to 3 years	7.29% – 9.45 %	8,91,860.00	–	8,91,860.00
Maturing within 1 year	7.53% – 10.25%	–	5,04,050.00	5,04,050.00
Total at face value		**11,23,060.00**	**5,04,050.00**	**16,27,110.00**
Less: Unamortised discounting charges		6,517.56	337.59	6,855.15
Total redemption value, net of unamortized discounting charges		**11,16,542.44**	**5,03,712.41**	**16,20,254.85**

Rs. in Lakhs

As at 31 March 2017

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing beyond 5 years	8.70% – 9.00%	1,89,200.00	–	1,89,200.00
Maturing between 3 years to 5 years	7.50% – 8.90%	1,32,780.00	–	1,32,780.00
Maturing between 1 year to 3 years	7.43% – 10.25%	8,55,350.00	–	8,55,350.00
Maturing within 1 year	7.38% – 9.45%	–	2,43,380.00	2,43,380.00
Total at face value		**11,77,330.00**	**2,43,380.00**	**14,20,710.00**
Less: Unamortised discounting charges		4,130.93	1,617.47	5,748.40
Total redemption value, net of unamortized discounting charges		**11,73,199.07**	**2,41,762.53**	**14,14,961.60**

ii) Secured term loans from banks

Rs. in Lakhs

As at 31 March 2018

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
1) Repayable on maturity:				
Maturing between 1 year to 3 years	8.25% – 8.35%	64,000.00	–	64,000.00
Maturing within 1 year	8.00% – 8.45%	–	50,000.00	50,000.00
Total for repayable on maturity		**64,000.00**	**50,000.00**	**1,14,000.00**
2) Repayable in installments:				
i) **Monthly -**				
Maturing between 1 year to 3 years	7.85%	10,000.00	–	10,000.00
Total		**10,000.00**	–	**10,000.00**

Rs. in Lakhs

As at 31 March 2018				
From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
ii) Quarterly -				
Maturing between 3 years to 5 years	7.90%–8.30%	51,785.71	–	51,785.71
Maturing between 1 year to 3 years	7.90%–8.35%	1,11,607.14	–	1,11,607.14
Maturing within 1 year	8.10%–8.35%	–	79,404.77	79,404.77
Total		**1,63,392.85**	**79,404.77**	**2,42,797.62**
iii) Half yearly -				
Maturing beyond 3 years to 5 years	8.15%	1,00,000.00	–	1,00,000.00
Maturing between 1 year to 3 years	7.45%–8.35%	2,25,000.00	–	2,25,000.00
Maturing within 1 year	7.45%–8.50%	–	40,000.00	40,000.00
Total		**3,25,000.00**	**40,000.00**	**3,65,000.00**
iv) Yearly				
Maturing between 3 years to 5 years	7.90%–8.20%	40,000.00	–	40,000.00
Maturing between 1 year to 3 years	7.90%–8.75%	1,15,166.67	–	1,15,166.67
Maturing within 1 year	8.05%–8.75%	–	1,08,167.33	1,08,167.33
Total		**1,55,166.67**	**1,08,167.33**	**2,63,334.00**
Total for repayable in installments		**6,53,559.52**	**2,27,572.10**	**8,81,131.62**
Total (1+2)		**7,17,559.52**	**2,77,572.10**	**9,95,131.62**

Rs. in Lakhs

As at 31 March 2017				
From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
1) Repayable on maturity:				
Maturing between 1 year to 3 years	8.05% – 8.55%	74,000.00	–	74,000.00
Maturing within 1 year	8.55% – 9.70%	–	35,000.00	35,000.00
Total for repayable on maturity		**74,000.00**	**35,000.00**	**1,09,000.00**
2) Repayable in installments:				
i) Quarterly -				
Maturing between 3 years to 5 years	8.15%–8.90%	15,000.00	–	15,000.00
Maturing between 1 year to 3 years	8.15%–9.35%	76,130.95	–	76,130.95
Maturing within 1 year	8.15%–9.65%	–	85,476.19	85,476.19
Total		**91,130.95**	**85,476.19**	**1,76,607.14**
ii) Half yearly -				
Maturing beyond 3 years to 5 years	9.05%	25,000.00		25,000.00
Maturing between 1 year to 3 years	8.30%–9.70%	1,17,666.67		1,17,666.67
Maturing within 1 year	8.50%–9.70%	–	74,333.33	74,333.33
Total		**1,42,666.67**	**74,333.33**	**2,17,000.00**
iii) Yearly				
Maturing between 3 years to 5 years	9.30% – 9.70%	36,666.66		36,666.66
Maturing between 1 year to 3 years	8.45% – 9.70%	1,41,667.00		1,41,667.00
Maturing within 1 year	8.45% – 9.70%	–	48,333.34	48,333.34
Total		**1,78,333.66**	**48,333.34**	**2,26,667.00**
Total for repayable in installments		**4,12,131.28**	**2,08,142.86**	**6,20,274.14**
Total (1+2)		**4,86,131.28**	**2,43,142.86**	**7,29,274.14**

iv) Foreign currency loans from banks

Rs. in Lakhs

As at March 31, 2018				
From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing between 1 year to 3 years	LIBOR plus spread 0.86% – 1.92% and fixed rate of 3.31%	59,616.55	–	59,616.55
Maturing within 1 year	LIBOR plus spread 2.00% – 2.20%	–	47,602.92	47,602.92
Total		**59,616.55**	**47,602.92**	**1,07,219.47**

Rs. in Lakhs

As at March 31, 2017				
From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% – 2.20%	47,460.87	–	47,460.87
Maturing within 1 year	LIBOR plus spread 1.07% – 2.20%	–	52,099.08	52,099.08
Total		**47,460.87**	**52,099.08**	**99,559.95**

49 Unsecured borrowings

i) Subordinated debts (long-term)

As at 31 March 2018

A) Issued on private placement basis:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing beyond 5 years	8.90% – 9.70%	51,780.00	–	51,780.00
Maturing between 3 years to 5 years	9.80% – 10.50%	17,050.00	–	17,050.00
Maturing between 1 year to 3 years	9.50% – 10.02%	41,720.00	–	41,720.00
Maturing within 1 year	11.75%	–	980.00	980.00
Sub-total		**1,10,550.00**	**980.00**	**1,11,530.00**

B) Issued to retail investors through public issue:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing beyond 5 years	7.75% – 9.00%	2,09,587.35	–	2,09,587.35
Maturing between 3 years to 5 years	8.34% – 8.70%	5,465.78	–	5,465.78
Sub-total		**2,15,053.13**	**–**	**2,15,053.13**
Total (A+B)		**3,25,603.13**	**980.00**	**3,26,583.13**

As at 31 March 2017

A) Issued on private placement basis:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing beyond 5 years	8.90%–10.15%	58,780.00	–	58,780.00
Maturing between 3 years to 5 years	9.50%–10.50%	37,270.00	–	37,270.00
Maturing between 1 year to 3 years	9.85%–11.75%	15,480.00	–	15,480.00
Maturing within 1 year	10.50%–12.00%	–	6,880.00	6,880.00
Sub-total		**1,11,530.00**	**6,880.00**	**1,18,410.00**

B) Issued to retail investors through public issue:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing beyond 5 years	8.44% – 9.00%	94,534.22	–	94,534.22
Maturing between 3 years to 5 years	8.34% – 8.70%	5,465.78	–	5,465.78
Sub-total		**1,00,000.00**	**–**	**1,00,000.00**
Total (A+B)		**2,11,530.00**	**6,880.00**	**2,18,410.00**

ii) Unsecured term loans from banks

As at 31 March 2018

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity:				
Maturing within 1 year	7.76%	10,000.00	–	10,000.00
Sub-total		**10,000.00**	**–**	**10,000.00**

As at 31 March 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity:				
Maturing within 1 year	7.50% – 8.00%	7,400.00	–	7,400.00
Sub-total		**7,400.00**	**–**	**7,400.00**

iii) Inter-corporate deposits (ICDs)

As at 31 March 2018

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-term	Long-Term (b) Non-current	Long-Term (c) Current Maturities	Total
Repayable on maturity:					
Maturing within 1 year -					
Related parties	6.50% – 8.65%	52,025.00	–	–	52,025.00
Others	6.50% – 8.65%	5,000.00	–	–	5,000.00
Total		**57,025.00**	**–**	**–**	**57,025.00**

As at 31 March 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-term	Long-Term (b) Non-current	Long-Term (c) Current Maturities	Total
Repayable on maturity:					
Maturing within 1 year					
Related parties	6.50% – 7.50%	55,200.00	–	–	55,200.00
Others	–	–	–	–	–
Total		**55,200.00**	**–**	**–**	**55,200.00**

iv) Fixed deposits

As at 31 March 2018

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-term	Long-term (b) Non-current	Long-term (c) Current Maturities	Total
Repayable on maturity:					
Maturing between 3 years to 5 years	7.35% – 8.80%	–	24,058.99	–	24,058.99
Maturing between 1 year to 3 years	7.30% – 10.10%	–	1,38,227.52	–	1,38,227.52
Maturing within 1 year	7.30% – 10.10%	29,756.58	–	1,21,694.04	1,51,450.62
Total		**29,756.58**	**1,62,286.51**	**1,21,694.04**	**3,13,737.13**

As at 31 March 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	Long-term (b) Non-current	Long-term (c) Current Maturities	Total
Repayable on maturity:					
Maturing between 3 years to 5 years	7.35% – 10.10%	–	31,748.40		31,748.40
Maturing between 1 year to 3 years	7.35% – 10.10%	–	1,91,170.45		1,91,170.45
Maturing within 1 year	7.30% – 10.60%	25,686.71	–	1,89,690.58	2,15,377.29
Total		**25,686.71**	**2,22,918.85**	**1,89,690.58**	**4,38,296.14**

50 Short-term borrowings (Secured)

i) Cash credit facilities with banks

As at 31 March 2018

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity:		
Maturing within 1 year	8.05% – 8.30%	24,805.96
Total		**24,805.96**

As at 31 March 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity:		
Maturing within 1 year	7.90% – 12.35%	62,090.05
Total		**62,090.05**

ii) Secured term loans from banks

As at 31 March 2018

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity:		
Maturing within 1 year	7.90% – 8.15%	70,000.00
Total		**70,000.00**

As at 31 March 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity:		
Maturing within 1 year	7.90% - 12.35%	70,600.00
Total		**70,600.00**

iii) Commercial papers

As at 31 March 2018

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity (at face value):		
Maturing within 1 year	7.20% – 7.90%	4,22,500.00
Less: Unamortised discounting charges		5,597.68
Total redemption value, net of unamortized discounting charges		**4,16,902.32**

As at 31 March 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity (at face value):		
Maturing within 1 year	6.65% - 7.31%	3,65,500.00
Less: Unamortised discounting charges		7,455.19
Total redemption value, net of unamortized discounting charges		**3,58,044.81**

51 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Rs. in Lakhs

Sr. No.	Particulars	As at 31 March 2018		As at 31 March 2017	
	Liabilities side	**Amount Outstanding**	**Amount Overdue**	Amount Outstanding	Amount Overdue
1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures: Secured	17,33,174.48	–	14,97,388.91	–
	(b) Deferred Credits	–	–	–	–
	(c) Term Loans	10,78,385.70	–	8,07,909.69	–
	(d Inter-corporate loans and Other Borrowings	57,876.07	–	55,632.72	–
	(e) Commercial Paper	4,16,902.32	–	3,58,044.81	–
	(f) Public Deposits	3,04,074.32	–	4,21,571.95	–
	(g) Fixed Deposits accepted from Corporates	31,112.09	–	48,898.50	–
	(h) FCNR Loans	1,07,260.97	–	99,654.21	–
	(i) Subordinate debt (including NCDs issued through Public issue)	3,45,322.48	–	2,31,130.30	–
	(j) Other Short-Term Loans and credit facilities from banks	24,891.77	–	62,090.05	–
2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures	–	–	–	–
	(b) In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security	–	–	–	–
	(c) Other public deposits	3,04,074.32	–	4,21,571.95	–

Rs. in Lakhs

		As at 31 March 2018	As at 31 March 2017
Asset side:		**Amount Outstanding**	Amount Outstanding
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	183.26	313.04
	(b) Unsecured	2,50,507.08	1,90,182.42
4)	**Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	–	–
	(b) Operating lease	0.49	–
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	–	–
	(b) Repossessed Assets	–	–
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	12,611.07	15,278.93
	(b) Loans other than (a) above	46,08,283.30	38,19,078.69
5)	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	–	–

Rs. in Lakhs

Asset side:	As at 31 March 2018 Amount Outstanding	As at 31 March 2017 Amount Outstanding
(b) Preference	–	–
(ii) Debentures and Bonds	10,275.00	7,775.01
(iii) Units of mutual funds	500.00	27,500.00
(iv) Government Securities	–	–
(v) Investments in Certificate of Deposits with Banks	–	–
2. Unquoted:		
(i) Shares:		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	700.00	–
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Certificate of Deposits with Banks	–	–
(vi) Commercial Papers	30,050.68	20,858.36
Long Term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	6,200.00	8,975.00
(iii) Units of mutual funds	200.00	200.00
(iv) Government Securities	70,251.08	70,418.03
2. Unquoted:		
(i) Shares:		
(a) Equity	69,139.98	50,880.36
(b) Preference	–	–
(ii) Debentures and Bonds	–	700.00
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–

6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	As at 31 March 2018 Amount net of provisions			As at 31 March 2017 Amount net of provisions		
	Secured	**Unsecured**	**Total**	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	–	–	–	–	–	–
(b) Companies in the same group	–	–	–	2,114.46	–	2,114.46
(c) Other related parties	–	–	–	–	–	–
2. Other than related parties	**46,21,078.12**	**2,50,507.08**	**48,71,585.20**	38,32,556.20	1,90,182.42	40,22,738.62
Total	**46,21,078.12**	**2,50,507.08**	**48,71,585.20**	38,34,670.66	1,90,182.42	40,24,853.08

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Rs. in Lakhs

Category	As at 31 March 2018 Market Value/ Break up or fair value or NAV	As at 31 March 2018 Book Value (net of provisions)	As at 31 March 2017 Market Value/ Break up or fair value or NAV	As at 31 March 2017 Book Value (net of provisions)
1. Related Parties				
(a) Subsidiaries	49,047.38	49,047.38	33,150.20	33,150.20
(b) Companies in the same group	20,792.60	20,792.60	18,430.16	18,430.16
(c) Other related parties	–	–	–	–
2. Other than related parties	1,21,109.19	1,17,476.76	1,42,591.04	1,35,726.40
Total	**1,90,949.17**	**1,87,316.74**	**1,94,171.40**	**1,87,306.76**

8) Other information

	As at 31 March 2018 Amount	As at 31 March 2017 Amount
i) Gross Non-Performing Assets:		
(a) Related parties	**348.01**	348.01
(b) Other than related parties	**4,03,881.91**	3,53,066.53
ii) Net Non-Performing Assets:		
(a) Related parties	–	–
(b) Other than related parties	**1,97,063.34**	1,59,967.91
iii) Assets acquired in satisfaction of debt:	–	–

52 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

I) Capital

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
CRAR (%) #	**21.9%**	17.2%
CRAR-Tier I Capital (%)	**16.0%**	12.8%
CRAR-Tier II Capital (%)	**5.9%**	4.4%
Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs)	**1,15,053.13**	1,00,000.00
Amount raised by issue of Perpetual Debt Instruments	–	–

In terms of the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend as liability for the current financial year and corresponding previous financial year. However, the Company has adjusted the amount of proposed dividend amounting to Rs. 29,378.43 Lakhs including dividend distribution tax for the current financial year (31 March 2017: 16,097.30 Lakhs) in determining capital funds for computation of Capital Adequacy ratio as at March 31, 2018.

II) Investments

Rs. in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Value of Investments		
(i) Gross Value of Investments		
(a) In India	**1,67,225.14**	1,68,877.60
(b) Outside India	**20,091.60**	18,429.16
(ii) Provisions for Depreciation		
(a) In India	–	–
(b) Outside India	–	–
(iii) Net Value of Investments		
(a) In India	**1,67,225.14**	1,68,877.60
(b) Outside India	**20,091.60**	18,429.16
Movement of provisions held towards depreciation on investments		
(i) Opening balance	–	–
(ii) Add: Provisions made during the year	–	–

Rs. in Lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
(iii)	Less: Write-off/write-back of excess provisions during the year	–	–
(iv)	Closing balance	–	–

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

		Year ended 31 March 2018	Year ended 31 March 2017
(i)	The notional principal of swap agreements	43,674.70	9,687.50
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	–	–
(iii)	Collateral required by the Company upon entering into swaps	–	–
(iv)	Concentration of credit risk arising from the swaps	N.A.	N.A.
(v)	The fair value of the swap book (Asset / (Liability))	(8.11)	(2.44)

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in Lakhs

Sr. No.	Particulars	As at March 31, 2018 Currency Derivatives	As at March 31, 2018 Interest Rate Derivatives	As at March 31, 2017 Currency Derivatives	As at March 31, 2017 Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	– For hedging	**1,08,674.7**		1,02,592.50	
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	–	**14.86**	–	–
	(b) Liability (-) Estimated loss	**(2,022.28)**	**(22.97)**	(618.23)	(2.44)
(iii)	Credit Exposure [2]	–	–	–	–
(iv)	Unhedged Exposures	–	–	–	–

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no. DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in Lakhs

Sr. No.	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
1)	No of SPVs sponsored by the NBFC for securitisation transactions	**14.00**	17
2)	Total amount of securitised assets as per books of the SPVs sponsored	**75,726.36**	81,804.49
3)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	**22,336.29**	21,037.84
	Others	–	–
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	**3,200.00**	16,958.00
	Others- Retained interest in pass through certificates (excluding accrued interest)	**36.12**	151.77
4)	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	–	–
	Loss	–	–
	Excess Interest Spread	**15,046.45**	21,053.50
	(ii) Exposure to third party securitisations		
	First loss		
	Others	–	–
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Others	–	–
	Cash collateral term deposits with banks	–	1,856.00
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs

Rs. in Lakhs

	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
i)	No. of accounts	–	–
ii)	Aggregate value (net of provisions) of accounts sold	–	–
iii)	Aggregate consideration	–	–
iv)	Additional consideration realized in respect of accounts transferred in earlier years	–	–
v)	Aggregate gain/loss over net book value	–	–

d) Details of non-performing financial assets purchased / sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non -performing financial assets.

ii) Details of Non-performing Financial Assets sold:

During the current year and the previous year the Company has not sold any non -performing financial assets.

V) Exposures

a) Exposure to Real Estate Sector

During the current year and the previous the Company has no Exposure to Real estate sector.

b) Exposure to Capital Market

	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**69,139.98**	50,880.36
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**–**	–
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**–**	–
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	**–**	–
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**–**	–
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**–**	–
(vii)	bridge loans to companies against expected equity flows / issues;	**–**	–
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	**–**	–
	Total Exposure to Capital Market	**69,139.98**	50,880.36

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2017-18, 43% (31 March 2017: 47%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

As at 31 March 2018, the amount of unsecured advances stood at Rs. 2,42,125.35 Lakhs (31 March 2017: Rs. 1,72,370.24 Lakhs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

c) Related Party Transactions

(refer note 45)

d) Rating assigned by credit rating agencies and migration of ratings during the year

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

Credit Rating -

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 2.3 under Summary of Significant Accounting Policies)

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS).

Additional Disclosures:

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

X) Provisions and Contingencies

Particulars		Rs. in Lakhs
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	**Year ended 31 March 2018**	Year ended 31 March 2017
Provisions for depreciation on Investment	–	–
Provision towards non-performing assets	**13,697.64**	44,233.45
Provision made towards Income tax	**54,312.94**	36,350.00
Other Provision and Contingencies (with details)	–	–
Provision for diminution in the fair value of restructured advances	**(9.27)**	(0.94)
Provision for Standard Assets	**3,208.00**	2,180.00

Draw Down from Reserves

Year ended March 31 2018: Nil

Year ended March 31 2017: Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Total Deposits of twenty largest depositors	**35,682.31**	47,232.85
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	**10.6%**	10.0%

b) Concentration of Advances

Rs. in Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Total Advances to twenty largest borrowers	**1,70,572.76**	1,22,204.95
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	**3.4%**	2.9%

c) Concentration of Exposures

Rs. in Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Total Exposure to twenty largest borrowers / customers	**1,70,572.76**	1,22,204.95
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**3.4%**	2.9%

d) Concentration of NPAs

Rs. in Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Total Exposure to top four NPA accounts	**7,798.75**	6,122.71

e) Sector-wise NPAs

		Year ended 31 March 2018	Year ended 31 March 2017
Particulars		**Percentage of NPAs to Total Advances in that sector**	Percentage of NPAs to Total Advances in that sector
i)	Agriculture & allied activities	**12.1%**	11.1%
ii)	Auto loans	**7.9%**	8.5%
iii)	MSME/	**3.0%**	3.0%
iv)	Corporate borrowers	**10.7%**	7.5%
v	Unsecured personal loans	**10.5%**	16.4%
vi	Other personal loans	–	–
vii	Services	–	–

f) Movement of NPAs

Rs. in Lakhs

	Particulars		**Year ended 31 March 2018**	Year ended 31 March 2017
(i)	Net NPAs to Net Advances (%)		**4.1%**	4.0%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	**3,53,414.54**	2,72,724.55
	(b)	Additions during the year	**5,13,649.43**	4,26,426.96
	(c)	Reductions during the year	**4,62,834.05**	3,45,736.96
	(d)	Closing balance	**4,04,229.92**	3,53,414.54
(iii)	Movement of Net NPAs			
	(a)	Opening balance	**1,59,967.91**	1,23,511.37
	(b)	Additions during the year	**3,20,209.10**	2,60,781.39
	(c)	Reductions during the year	**2,83,113.67**	2,24,324.85
	(d)	Closing balance	**1,97,063.34**	1,59,967.91
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	**1,93,446.63**	1,49,213.18
	(b)	Provisions made during the year	**1,93,440.33**	1,65,645.57
	(c)	Write-off/write-back of excess provisions	**1,79,720.38**	1,21,412.12
	(d)	Closing balance	**2,07,166.58**	1,93,446.63

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in Lakhs

			Total Assets	
Name of the Joint Venture/Subsidiary	**Other Partner in the JV**	**Country**	**Year ended 31 March 2018**	Year ended 31 March 2017
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	**3,40,939.06**	2,97,127.58

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored:

Domestic	**Overseas**
N/A	N/A

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2018

Rs. in Lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year months up to 3 years	Over 3 year months up to 5 years	Over 5 years	Total
Deposits	12,796.72	15,669.10	13,312.83	46,707.86	63,328.18	1,38,227.52	24,058.99	–	3,14,101.20
Advances	3,72,496.86	2,07,802.09	1,85,594.57	4,54,028.21	8,09,615.98	21,11,565.64	5,11,158.92	2,02,982.88	48,55,245.15
Reserves and surplus	–	–	–	–	–	–	–	9,18,019.18	9,18,019.18
Investments	5,766.55	2,749.94	6,599.35	7,193.20	19,216.63	11,081.74	6,489.50	1,28,219.83	1,87,316.74
Borrowings	1,02,467.86	2,45,514.47	2,96,396.85	1,34,717.33	4,87,095.32	15,47,642.20	2,66,001.49	4,40,869.62	35,20,705.14
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	23,960.84	–	23,642.08	59,616.55	–	–	1,07,219.47

As at March 31, 2017

Rs. in Lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year months up to 3 years	Over 3 year months up to 5 years	Over 5 years	Total
Deposits	17,433.22	17,319.05	21,467.65	68,664.62	90,771.50	1,91,168.19	31,748.25	–	4,38,572.48
Advances	2,99,238.93	1,70,423.06	1,64,879.04	4,03,218.09	6,75,874.67	17,51,899.76	3,92,398.33	1,336.61	38,59,268.49
Reserves and surplus	–	–	–	–	–	–	–	6,36,423.59	6,36,423.59
Investments	27,700.00	–	–	–	22,500.00	4,193.09	21,001.32	1,13,553.99	1,88,948.40
Borrowings	76,935.02	1,90,000.00	63,187.14	3,01,157.14	3,13,383.57	14,12,984.67	2,52,182.45	3,42,514.78	29,52,344.77
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	4,863.75	14,741.65	4,863.75	–	27,629.93	47,460.87	–	–	99,559.95

XV) Disclosure of complaints

	Customer Complaints	Year ended 31 March 2018	Year ended 31 March 2017
(a)	No. of complaints pending at the beginning of the year	**2**	5
(b)	No. of complaints received during the year	**2,136**	93
(c)	No. of complaints redressed during the year	**1,823**	96
(d)	No. of complaints pending at the end of the year	**315**	2

During the current year, the Company has included customer complaints received online through it's website.

53. The disclosures regarding details of Specified Bank Notes (SBNs) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding disclosure as required under notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been reproduced here below:

Rs. in lakhs

	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	3,336.73	263.81	3,600.54
Add: Permitted Receipts #	10.78	81,369.76	81,380.54
Less: Permitted Payments	–	12.65	12.65
Less: Amount deposited in Banks	3,347.51	79,176.19	82,523.70
Closing cash in hand as on December 30, 2016	–	2,444.73	2,444.73

54. Previous year figures have been regrouped / reclassified, wherever found necessary, to conform to current year classification.

Signatures to significant accounting policies and notes to the financial statements.
As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place: Mumbai
Date: 25 April 2018

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale	Chairman	[DIN: 00007563]
Ramesh Iyer	*Vice-Chairman & Managing Director*	[DIN: 00220759]
M. G. Bhide	*Director*	[DIN: 00001826]
Piyush Mankad	*Director*	[DIN: 00005001]
C.B. Bhave	*Director*	[DIN: 00059856]
Rama Bijapurkar	*Director*	[DIN: 00001835]
V. S. Parthasarathy	*Director*	[DIN: 00125299]
Dr. Anish Shah	*Director*	[DIN: 02719429]

FORM AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Rs. in Lakhs

Sr. No.		1	2	3	4
1	Name of the subsidiary	Mahindra Insurance Brokers Ltd	Mahindra Rural Housing Finance Ltd	Mahindra Asset Management Company Pvt. Ltd	Mahindra Trustee Company Pvt. Ltd.
2	Reporting period for the subsidiary concerned	April 01, 2017 to March 31, 2018	April 01, 2017 to March 31, 2018	April 01, 2017 to March 31, 2018	April 01, 2017 to March 31, 2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA
4	Share Capital	257.73	10,813.22	12,000.00	50.00
5	Reserves & Surplus	31,293.41	62,590.36	(6,308.39)	(27.46)
6	Total Assets	39,675.92	6,35,796.02	6,803.87	24.32
7	Total Liabilities	39,675.92	6,35,796.02	6,803.87	24.32
8	Investments	–	–	5,331.19	13.78
9	Turnover	24,513.39	1,00,001.81	2,336.71	24.60
10	Profit before taxation	8,116.63	22,459.12	(3,809.74)	0.35
11	Provision for taxation	2,899.97	7,913.24	–	–
12	Profit after taxation	5,216.66	14,545.88	(3,809.74)	0.35
13	Proposed dividend & tax thereon	559.28	2,216.19	–	–
14	% of shareholding	80.00	89.00	100.00	100.00

For Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C. B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwalla
Company Secretary

Place: Mumbai
Date: April 25, 2018

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate/Joint Ventures	**Mahindra Finance USA, LLC**
1. Latest audited Balance Sheet Date	March 31, 2018
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	3,41,43,348
Amount of Investment in Associates/Joint Venture (Rs in Lakhs)	20,091.60
Extend of Holding %	49.00
3. Description of how there is significant influence	Power to influence decisions
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs in Lakhs)	32,839.20
6. Profit/Loss for the year	
i. Considered in Consolidation (Rs in Lakhs)	3,068.62
ii. Not Considered in Consolidation (Rs in Lakhs)	3,193.88

For Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C. B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwalla
Company Secretary

Place: Mumbai
Date: April 25, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 31st Annual Report along with the Audited Accounts of your Company for the year ended March 31, 2018.

1. Financial Results

(Amount in Rs. Crores)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Income	**245.13**	174.23
Profit before Interest, Depreciation and Taxation	**85.51**	84.26
Depreciation	**2.34**	1.90
Profit before Taxation	**83.17**	82.36
Provision for Taxation:		
Provision for Current Tax	**31.23**	29.05
Provision for Deferred Tax	**(1.54)**	(0.15)
Excess provisions of earlier years written back	**(0.10)**	0
Provision for Taxation	**29.59**	28.90
Profit after Taxation	**53.58**	53.46
Other Comprehensive Income	**(1.42)**	(0.41)
Total Comprehensive Income for the period	**52.16**	53.05
Balance of Retained Earnings for prior years	**233.72**	185.32
Amount available for appropriation	**287.71**	238.37
Appropriations:		
Dividend on Equity Shares (paid)	**4.51**	3.87
Tax on Dividend (paid)	**0.92**	0.78
Surplus Retained Earnings carried to Balance Sheet	**281.87**	233.72

2. Dividend

Your Directors recommend a dividend of Rs.18 per Equity Share on 25,77,320 Equity Shares of Rs.10 each, aggregating to Rs. 4.63 crores (previous year Rs. 4.51 crores). The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs.5.59 crores (as against Rs. 5.43 crores on account of dividend of Rs. 17.50 per Equity Share, paid for the previous year).

3. Reserves

No amount is proposed to be transferred to General Reserve and an amount of Rs. 282.29 crores is proposed to be retained in the statement of Profit and Loss.

4. Operations

The year ended March 31, 2018 marked the 14th year of successful insurance broking operations of your Company. In this journey of 14 years, your Company has been able to cross a major milestone of servicing over 10 million insurance cases, largely in the rural and semi-urban markets in India. Your Company has been able to reach the benefit of insurance to over 2,00,000 villages across India. Your Company endeavors to further increase insurance penetration in rural India as well as become a significant player in global insurance markets.

During the year under review, your Company serviced approximately 2.59 million insurance cases, with a total of 20,58,613 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 5,82,949 lives covered with a Sum Assured of Rs. 18,027.6 crores in the Financial Year 2016-17 to 6,85,264 lives covered with a Sum Assured of Rs. 21,359.2 crores in the Financial Year 2017-18. A substantial portion of MLS continues to be covered in the rural markets.

Your Company achieved a growth of 31% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,567.9 crores in the Financial Year 2016-17 to Rs. 2,049.1 crores in the Financial Year 2017-18. The Total Income increased by 41% from Rs. 174.2 crores in the Financial Year 2016-17 to Rs. 245.1 crores in the Financial Year 2017-18. The Profit before Tax increased by 1% from Rs. 82.4 crores to Rs. 83.2 crores, and the Profit after Tax increased by 0.2% from Rs. 53.5 crores to Rs. 53.6 crores during the same period. The Networth increased by 17% from Rs. 268.8 crores in the Financial Year 2016-17 to Rs. 315.5 crores in the Financial Year 2017-18.

5. Achievements

Dr. Jaideep Devare, Managing Director, received the Asia Pacific Entrepreneurship Award 2017 (Financial Services Industry) for "Outstanding and Exemplary Achievements in Entrepreneurship" at the 8th Asia Pacific Entrepreneurship Awards 2017 in April 2017.

The Company was awarded with India CSR Award 2017 in May 2017 under the Women Empowerment category for the 'Women-on-Wheels' programme in partnership with the Azad Foundation in Jaipur. 'Women-on-Wheels' programme provides technical, self-empowerment and self-development training, to fully equip women with limited resources to become self-sustaining professional drivers, thus empowering them to gain remunerative livelihoods with dignity.

The Company was also awarded with the Winner's Trophy in the category "Management of Change and Excellence in HRM" in Large Service / Infrastructure / Educational Sector at the First CII National HR Circle Competition held in November 2017.

The Company received the "Strong Commitment to HR Excellence" award at the CII – 8th National HR Excellence Award Confluence 2017-18 in February 2018.

The Company, in the BFSI sector globally, to be rated by CMMI Institute's People Capability Maturity Model® at Maturity Level 5 of the People Capability Maturity Model (People CMM®) in February 2018.

Dr. Jaideep Devare, Managing Director of the Company listed among "50 Most Influential Rural Marketing Professionals of India" at the 5th Edition of Rural Marketing Forum in February 2018.

The Company ranked among India's 15 Best Workplaces in BFSI Sector - 2018 by Great Place to Work® Institute India in March 2018.

6. Significant Events

During the year, LeapFrog Financial Inclusion Fund ("LFIF") which held 15% of the equity share capital in your company through its 100% subsidiary, Inclusion Resources Pte Ltd ("IRPL"), sold its entire stake in IRPL to Fundamental Insurance Investments Limited ("FIIL"), an XL Group Company. IRPL thereby became an XL Group company.

Immediately post such sale of IRPL by LFIF, your Company entered into a Shareholder's Agreement ("SHA") and Share Purchase Agreement ("SPA") with IRPL and Mahindra & Mahindra Financial Services Limited ("MMFSL") on October 16, 2017 pursuant to which MMFSL sold 128,866 equity shares of Mahindra Insurance Brokers Limited to IRPL in accordance with the guidelines stipulated by the Reserve Bank of India, the provisions of the Foreign Exchange Management Act, 1999 and applicable law. Consequent to such sale of 128,866 shares, IRPL now holds 20% of the equity share capital of your company.

7. Share Capital

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued any sweat equity. The Company has not formulated any Employees Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on March 31, 2018, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

8. Directors

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. As on March 31, 2018, the Company has eight directors of which one is Managing Director, one Director is a Nominee of the Investor, four are Non-Executive Non-Independent Directors and two are Independent Directors.

Mr. Derek Nazareth was appointed as a Director of the Company with effect from 27th October, 2017, who represents Inclusion Resources Private Limited, Shareholder of the Company.

The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long term objectives of the enhancing stakeholders' value are met. None of the Board of Directors holds directorships in more than 10 public companies. None of the directors are related to each other. Mr. Rajeev Dubey (DIN: 00104817) and Mr. Ramesh Iyer (DIN: 00220759) retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Nityanath Ghanekar (DIN: 00009725) and Ms. Anjali Raina (DIN: 02327927) were appointed as Independent Directors of the Company for a period of five years with effect from March 30, 2015. These Independent Directors shall hold the office of directorship for a term of five years. None of the Independent Directors are due for reappointment.

9. Key Managerial Personnel

As at the date of this Report, the Key Managerial Personnel of the Company, as envisaged under the provisions of Section 203 of the Companies Act, 2013, are Dr. Jaideep Devare – Managing Director and Ms. Rupa Joshi – Company Secretary.

10. Board Meeting and Annual General Meeting

The Board of Directors met six times in Financial Year 2017-18 viz. April 17, 2017, July 17, 2017, October 16, 2017, January 16, 2018, February 2, 2018 and February 28, 2018. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act,

2013. Necessary quorum was present for all the meetings. The Board of Directors have passed a Circular Resolution on October 27, 2017.

There were three Extra-Ordinary General Meetings held during the year viz. October 16, 2017, October 27, 2017 and January 16, 2018.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2017-18 and at the last Annual General Meeting of the Company held on July 17, 2017 are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during the Financial Year 2017-18		Attendance at the Last Annual General Meeting held on July 17, 2017 (Yes/ No/ N.A.)
		Held	Attended	
Mr. Rajeev Dubey	Non-Executive, Non-Independent	6	6	Yes
Mr. Ramesh Iyer	Non-Executive, Non-Independent	6	5	Yes
Mr. Nityanath Ghanekar	Non-Executive, Independent	6	6	Yes
Mr. V. Ravi	Non-Executive, Non-Independent	6	5	Yes
Ms. Anjali Raina	Non-Executive, Independent	6	6	Yes
Mr. Hemant Sikka	Non-Executive, Non-Independent	6	5	Yes
Dr. Jaideep Devare	Non-Independent, Executive	6	6	Yes
Mr. Derek Nazareth*	Non-Executive, (Investor Director)	3	3	N.A.

* Appointed as a Director with effect from October 27, 2017. Three meetings were held during his tenure.

11. Meeting of Independent Directors

During the year 2017-18, one meeting of the Independent Directors was held on February 28, 2018. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

12. Committees of the Board

The Company has several committees which are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

i) Audit Committee

ii) Nomination and Remuneration Committee

iii) Corporate Social Responsibility Committee

i) Audit Committee

As on March 31, 2018, the Audit Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director. The Committee is comprised of Mr. Nityanath Ghanekar (Chairman) and Ms. Anjali Raina, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Committee met five times during the year on April 17, 2017, July 17, 2017, October 16, 2017, January 16, 2018 and February 28, 2018.

The attendance of the members of the Audit Committee at its meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	Attendance at the Meetings held during the Financial Year 2017-18	
		Held	Attended
Mr. Nityanath Ghanekar	Non-Executive, Independent	5	5
Ms. Anjali Raina	Non-Executive, Independent	5	5
Mr. V. Ravi	Non-Executive, Non-Independent	5	5

The Board has accepted all the recommendations made by the Audit Committee during the year. The Managing Director, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 30th Annual General Meeting of the Company held on July 17, 2017.

ii) Nomination and Remuneration Committee

As on March 31, 2018, the Nomination and Remuneration Committee comprised of two Independent Directors and two Non-Executive Non-Independent Directors.

The Committee comprises of Mr. Nityanath Ghanekar and Ms. Anjali Raina, Independent Directors and Mr. Rajeev Dubey and Mr. Ramesh Iyer, Non-Executive and Non-Independent Directors of the Company.

The Committee met four times during the year on April 17, 2017, July 17, 2017, August 7, 2017 and January 16, 2018.

The Nomination and Remuneration Committee inter alia recommends the appointment and removal of directors and carries out evaluation of performance of every director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration subject to limits approved by the shareholders.

The attendance of the Members of Nomination and Remuneration Committee at its meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	Attendance at the Meetings held during the Financial Year 2017-18	
		Held	Attended
Mr. Rajeev Dubey	Non-Executive, Non-Independent	4	4
Mr. Nityanath Ghanekar	Non-Executive, Independent	4	4
Mr. Ramesh Iyer	Non-Executive, Non-Independent	4	4
Ms. Anjali Raina	Non-Executive, Independent	4	4

iii) Corporate Social Responsibility Committee

As on March 31, 2018, the Corporate Social Responsibility Committee comprised of one Independent Director and four Non-Executive Non-Independent Directors. The Corporate Social Responsibility Committee is comprised of Mr. Rajeev Dubey, Mr. Ramesh Iyer, Mr. V. Ravi, Ms. Anjali Raina and Dr. Jaideep Devare.

The Committee met twice during the year on April 17, 2017, and October 16, 2017.

The details of the meetings attended by the Committee Members are as follows:

Names of Members	Category	Attendance at the meetings held during the Financial Year 2017-18	
		Held	Attended
Mr. Rajeev Dubey (Chairman)	Non-Executive, Non-Independent	2	1
Mr. Ramesh Iyer	Non-Executive, Non-Independent	2	2
Ms. Anjali Raina	Non-Executive, Independent	2	2
Mr. V. Ravi	Non-Executive, Non-Independent	2	2
Dr. Jaideep Devare	Non-Independent, Executive	2	2

Your Company is in compliance with the statutory requirements in this regard. The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2017-18 is appended as Annexure I to this Report.

13. Compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

14. Performance Evaluation of the Board

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Further, Schedule IV of the Companies Act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Well-defined and structured questionnaires are used in the evaluation process. These questionnaires were prepared after taking into consideration inputs received from the Directors and cover various aspects of the board's functioning such as adequacy of the composition of the board and its committees, board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective, etc.

The evaluation process involves self-evaluation by each of the Board Members and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires.

A separate exercise was carried out by the Nomination and Remuneration Committee to evaluate performance of individual Directors. Performance evaluation of Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of Non-Independent Directors and the Board, as a whole, was carried out by Independent Directors. Performance evaluation of the Chairman was carried out by Independent Directors, after taking into account views of Executive and Non-Executive Directors. Directors have expressed satisfaction with the evaluation process.

15. Declaration by Independent Directors

The Company has received declarations from each Independent Director of the Company under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

16. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

(i) In the preparation of the annual accounts for Financial Year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

(ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2018 and of the profit of the Company for the year ended on that date;

(iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) They have prepared the annual accounts for Financial Year ended March 31, 2018 on a 'going concern' basis;

(v) They devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Corporate Social Responsibility

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises of Mr. Rajeev Dubey (Chairman), Mr. Ramesh Iyer, Ms. Anjali Raina, Mr. V. Ravi and Dr. Jaideep Devare.

During the year under review, your Company contributed Rs. 152.79 lakhs towards Corporate Social Responsibility to various institutions for charitable purposes. Your Company is in compliance with the Statutory Provisions in this regard.

The CSR Policy of the Company is hosted on the Company's website https://www.mahindrainsurance.com/Social-Responsibility.aspx and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure I** to this Report.

18. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2018 which forms part of this Report and is appended as **Annexure II**.

19. Company's policy on remuneration of Directors, Key Managerial Personnel and Employees

The Company has adopted the following policies as required under sub-section (3) of section 178 of the Companies Act, 2013:

(i) 'Policy on Remuneration of Directors' and

(ii) 'Remuneration Policy for Key Managerial Personnel (KMPs) and Employees'.

which includes the criteria for determining qualifications, positive attributes and independence of a director.

The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualifications, skills, professional experience, background and knowledge apart from the criteria of independence as prescribed under the Companies Act, 2013. The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as Annexure III to this Report in accordance with the provisions of sub-section (4)of section 178 of the Act. There has been no change in the policy since the last fiscal year. The remuneration paid to the directors is as per the terms laid out in the Remuneration Policy of the Company.

20. Codes of Conduct for Corporate Governance

The Board of Directors of the Company had adopted separate Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has for the year under review, received declarations under the Codes from the Board Members, the Senior Management and Employees of the Company affirming compliance with the respective Codes.

The Company has adopted a Code of Conduct for its Independent Directors as laid down in the Companies Act, 2013. This code is available on the Company's website.

21. Public Deposits

The Company has not accepted any deposits from the public or its employees during the year under review. No amount on account of principal or interest on deposits from public was outstanding as on the date of balance sheet.

22. Particulars of loans, guarantees or investments

The Company has made loans and advances in the nature of loans under Section 186 of the Companies Act, 2013, the details of which are mentioned in the notes to the financial statements and forms part of this Report.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company.

23. Particulars of contracts or arrangements with related parties

All contracts / arrangements / transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. None of the Non-Executive Directors have any pecuniary relationships or transactions vis-à-vis the Company.

The particulars of material related party transactions referred to under section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC -2 as **Annexure V** and the same forms part of this report.

24. Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of this Report.

25. Change in the nature of business

There was no change in nature of business carried on by the Company during the year under review.

26. Risk Management

The Company has a well-defined risk management framework in place. Your Company has established procedures to periodically review risk assessment and steps taken by it to mitigate these risks. The key business risks identified by the Company and its mitigation plans are as under:

i) Competitive Risks

Overall slowdown in economic activity could have an adverse effect on the financial condition and operational results of the Company.

As the overall levels of economic activity increase, the demand for insurance generally rises, and vice-versa. This impacts both, the brokerage as well as fees, generated by the business. Softening of the insurance market i.e. downward trends in the year-over-year insurance premium charged by insurers to offer protection against the same risk, could adversely affect the business as a large portion of the earnings are brokerage which is determined as a percentage of premium charged to the customers.

Significant competitive pressures in each of the business lines

The Company competes with a large number of insurance companies and other insurance intermediaries. Some of the competitors may have or may develop a lower cost structure, adopt or provide services that gain greater market acceptance. Large and well-established competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete hard for skilled professionals, finance acquisitions, fund internal growth and compete for customers. To respond to increased competition, we may have to lower the pricing of the services.

ii) Legal and Regulatory Risks

The Company is subject to professional indemnity claims made against it, as well as other legal proceedings, some of which, if determined against the Company, could have a material adverse effect on the financial condition or results of operations of a particular business line or the Company as a whole.

The Company traditionally has procured, and intends to continue to procure, insurance to cover professional indemnity claims and other insurance to provide protection against certain claims or losses that arise in such matters.

The business is subject to extensive regulation, which could reduce profitability, limit growth, or increase competition

The business is subject to extensive legal and regulatory oversight, including the IRDA (Insurance Brokers) Regulations, 2013 and the rules and regulations promulgated by the Insurance Regulatory and Development Authority of India (IRDAI) and a variety of other laws, rules and regulations. This legal and regulatory oversight could reduce profitability or limit growth by limiting or restricting the products or services the Company sells, by increasing the costs of legal and regulatory compliance, limiting the distribution methods by which it sells products and services, or capping the brokerage it can charge for the services, limiting the amount and form of compensation it can accept from the customers, insurers and third parties, or by subjecting the business to the possibility of legal and regulatory actions or proceedings.

Though the employees of the Company and authorized representatives exercise due care so not to violate these laws and regulations, there can be no assurances as regards the same.

iii) Operational and Commercial Risks

The Company's success depends on its ability to retain and attract experienced and qualified personnel, including the senior management and operating team and other professional personnel.

The business depends, to a large extent, upon the members of the senior management team and senior operating team, who possess extensive knowledge and a deep understanding of the business and strategy. The unexpected loss of services of any of the senior executives could have a disruptive effect, thereby impacting ability to manage the business effectively till such time as an able replacement is in place. The Company is constantly working to retain and attract these professionals through various people development initiatives.

Business performance and growth plans could be affected if the Company is not able to effectively apply technology in driving value for its customers through technology-based solutions or gain internal efficiencies through the effective application of technology and related tools. Conversely, investments in innovative technology-based solutions may fail to yield sufficient return to cover their investments.

The Company's success depends, in part, on its ability to apply and implement technology-based solutions that anticipate and keep pace with rapid and continuing changes in customer preferences. Response to these preferences needs to be timely and cost-effective. This also entails the business to incur considerable investment. In order to acquire and retain customers, the Company continuously strives to offer newer and cost-effective technologies to its customers, ahead of its competitors.

Other factors, outside of the Company's control.

The Company has no control over premium rates. The brokerage rates, too, are capped by the current regulations.

In addition to movements in premium rates, the ability to generate premium-based brokerage revenue may be challenged by:

- the level of compensation, as a percentage of premium, that insurers are willing to compensate brokers for placement activity, which in any case, is capped by the current regulations;
- competition from insurers seeking to sell their products directly to consumers without the involvement of an insurance broker;
- increasing willingness on the part of customers to "self-insure", which would increase competition and put pressure on pricing;
- fluctuation in the need for insurance as the economic downturn continues, as customers prioritize their need and willingness to procure insurance accordingly.

27. Auditors

The Board of Directors at its meeting held on April 14, 2014 had appointed M/s. B. K. Khare and Co., as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on July 14, 2014 till the conclusion of the thirty-second AGM of the Company to be held in the year 2019, subject to the ratification of their appointment by shareholders at every Annual General Meeting, as maybe applicable.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their ratification of appointment, if made, would be in conformity with the criteria specified in the said sections.

Pursuant to the recommendation received from the Audit Committee, the Board has proposed the ratification of the appointment of M/s. B. K. Khare & Co., as Statutory Auditors of the Company, to the Shareholders at the forthcoming Annual General Meeting for a period of one year.

28. Accounting Standards followed by the Company

The financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

29. Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s B. K. Khare & Co., Statutory Auditors, in their report. The Auditors' Report is enclosed with the financial statements in this Annual Report.

30. Human Resources

Your Company took a number of initiatives to strengthen human resources during the year.

In pursuance of your Company's commitment to develop and retain the best available talent, your Company has been sponsoring the employees for training programmes organized by reputed faculties and professional institutions for building capabilities thereby upgrading the skill, knowledge and expertise of the employees in different operational areas.

Your Company continues to focus on building leadership capability and recognizing the team managers who provide a rewarding work environment for their teams.

Your organization also understands its responsibility towards society at large and therefore engages its employees in volunteering and implementing various social initiatives.

Your company is the ***world's first company*** in the Banking, Financial Services and Insurance (BFSI) sector to achieve People-CMM Level 5 certification by CMMI® Institute, USA. Your company has also participated in the CII HR National Excellence Award (Confederation Of Indian Industry) and has been acknowledged with 'Strong Commitment To HR Excellence'. The organization's focus on best practices has been driven by the desire and commitment to deliver a best-in-class service experience to your Company's valued customers. Your Company has participated in survey conducted by Great Places to Work For and has been nominated amongst 15 Best Work Place in the BFSI sector in India. Your company has endeavored to develop people capabilities to match and exceed customer expectations since the customers associated with your Company deserve the best.

Your Company strongly believes in maintaining the dignity of all employees. Discrimination and harassment of any type are strictly prohibited. Your Company has taken the necessary steps to abide by all statutory compliances and enhance awareness w.r.t. provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, there were no cases filed pursuant to the Act and Rules framed thereunder.

MIBL One-Time Milestone Reward Plan

Your Company at its Nomination & Remuneration Committee ("NRC") meeting held on January 16, 2018 had approved the "MIBL One-Time Milestone Reward Plan" ("Reward Plan").

In the aforesaid plan, all the eligible employees and eligible Directors of the Company, received a bullet payment as a one-time reward for their long term association with the Company and contribution to growth of the Company.

31. Subsidiaries

The Company does not have any subsidiary as at March 31, 2018 or during the Financial Year ended on that date.

32. Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure IV**.

33. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operations.

34. Details in respect of adequacy of internal financial controls with reference to the Financial Statements

Your Company has in place adequate system of internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Assessment of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level controls, process level controls and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

35. Reporting of Frauds

There are no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

36. Acknowledgements

Your Directors take this opportunity to express their deep sense of gratitude to the Insurance Regulatory and Development Authority of India (IRDAI) for their continuous support and guidance rendered to the Company. Your Directors would also like to thank Company's employees, customers, vendors and investors for their continuous support. Your Directors truly appreciate and value the contributions made by each and every member of the Company.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 18, 2018

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Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai - 400018
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Tel: +91 22 6642 3800
Fax: +91 22 2491 5894
E-mail: insurance.care@mahindra.com
Website:www.mahindrainsurance.com

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

	Annual CSR Report
1)	**Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**
	The objective of Company's CSR policy is to continuously and consistently generate goodwill in communities where the Company operates or is likely to operate, initiate projects that benefit communities and encourage an increased commitment from employees towards CSR activities and volunteering. The Corporate Social Responsibility Committee ('CSR Committee') is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amou nt to be spent on CSR activities presented by the CSR Council and to monitor the CSR Policy periodically. The CSR Council will be supported by the CSR Secretariat at Head Office, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average profits of the Company made during the three immediately preceding Financial Years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company has identified following CSR Thrust areas for undertaking CSR projects or programs or activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates. Thrust areas: **a) Education** Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. **b) Health** Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water. **c) Environment** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water. **d) Others** Any other activities within the purview of schedule VII of the Act that the CSR Committee of the Company may define from time to time.
	CSR activities of the Company are carried through: • K C Mahindra Education Trust • Collaboration with other Companies undertaking projects/programs in CSR activities. • Contribution / donation made to such other Organizations/ Institutions as may be permitted under the applicable laws from time-to-time. • Directly by the Company for fulfilling its responsibilities towards various stakeholders. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is https://www.mahindrainsurance.com/Social-Responsibility.aspx

2)	Composition of the CSR Committee	1. Mr. Rajeev Dubey (Chairman) 2. Mr. Ramesh Iyer (Non-Executive & Non-Independent Director) 3. Mr. V. Ravi (Non-Executive & Non-Independent Director) 4. Ms. Anjali Raina (Independent Director) 5. Dr. Jaideep Devare (Managing Director)
3)	Average Net Profit of the Company for last 3 Financial Years	Rs.6,808.23 lakhs
4)	Prescribed CSR expenditure (2% of this amount as in item 3 above)	Rs.136.16 lakhs
5)	Details of CSR spent for the Financial Year: 2017-18 a) total amount spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the Financial Year is detailed below	 Rs. 136.75 lakhs Nil The details in which the amount is spent is given in Schedule A below
6)	In case the Company has failed to spend the two per cent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	N.A.
7)	The CSR Committee of the Company confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company	

SCHEDULE A TO ANNEXURE I – CSR ACTIVITIES AT MAHINDRA INSURANCE BROKERS LIMITED

(Rs. in Lakhs)

Sr. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project / program wise	Amount spent on the project / programs sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to the Reporting period	Amount spent direct or through implementing agency
1.	Education and Employment enhancing vocational skills	Education	Maharashtra	77.66	77.66	77.66	KC Mahindra Education Trust(Nanhi Kali)
2.	Dormitories for adults	Gender Equality /Old age & Day care homes	Maharashtra	3.60	3.60	3.60	Association Of Parents Of Mentally Retarded Child
3.	Sponsorship of Samaj Shakti Award	Education	Maharashtra	2.00	2.00	2.00	Shree Hariharaputra Bhajan Samaj
4.	Salaries of Gynecologist & Pediatrician	Health	Maharashtra	30.00	30.00	30.00	Creative Group Shree Mahaganpati Hospital
5.	Financial literacy for business school student	Education	Maharashtra	11.38	11.38	11.38	Mann Deshi Foundation
6.	Driver training to women	Gender Equality	Delhi	20.01	20.01	20.01	Azad Foundation
7.	Blind Folding Sticks & talking watches	Education	Maharashtra	0.24	0.24	0.24	National Society For The Blind
8.	TACTABET to blind child	Education	Maharashtra	0.70	0.70	0.70	Snehankit Helpline
9.	Education of Orphans girls & provision of Medical facilities to old women	Gender Equality/ Old age & Day care homes	Maharashtra	3.00	3.00	3.00	The Hindu Womens Welfare Society
10.	TACTABET to blind child	Education	Maharashtra	0.70	0.70	0.70	The Victoria Memorial School
11.	Setting old age homes\day care centers and similar facilities for senior citizens	Gender Equality/ Old age & Day care homes	Maharashtra	1.50	1.50	1.50	Women & Child Care Society
12.	Economic Assistance to Needy Children	Education	Maharashtra	1.00	1.00	1.00	Gowd Saraswat Brahman Seva Mandal
13.	Medical Expenses of Heart Surgery	Health	Maharashtra	1.00	1.00	1.00	Care Child And Old Age Foundation
			Total	**152.79**	**152.79**	**152.79**	

For Mahindra Insurance Brokers Limited

For and on behalf of the CSR Committee of Mahindra Insurance Brokers Limited

Dr. Jaideep Devare
Managing Director

Rajeev Dubey
Chairman – CSR Committee of Mahindra Insurance Brokers Limited

Mumbai, April 18, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	**CIN**		U65990MH1987PLC042609
ii.	**Registration Date**		18/02/1987
iii.	**Name of the Company**		Mahindra Insurance Brokers Limited
iv.	**Category / Sub-Category of the Company**		Public Limited Company by Shares
v.	**Address of the Registered office and contact details**		Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel: +91 22 66423800; Fax: +91 22 24915894; E-mail: insurance.care@mahindra.com Website: www.mahindrainsurance.com
vi.	**Whether listed company Yes / No**		No
vii.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**		–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Insurance Broking	67200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	80.00%*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai – 400 018.	L65921MH1991PLC059642	Holding Company	80.00%	Section 2(46)

* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	21,90,692	30	21,90,722	85.00	20,61,826	30	20,61,856	80.00	5%
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**21,90,692**	**30**	**21,90,722**	**85.00**	**20,61,826**	**30**	**20,61,856**	**80.00**	**5%**
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**21,90,692**	**30**	**21,90,722**	**85.00**	**20,61,826**	**30**	**20,61,856**	**80.00**	5%
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	3,86,598	–	3,86,598	15.00	5,15,464	–	5,15,464	20.00	5%
Sub-total (B)(1):-	**3,86,598**	**–**	**3,86,598**	**15.00**	**5,15,464**	**–**	**5,15,464**	**20.00**	**5%**
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	**3,86,598**	**–**	**3,86,598**	**15.00**	**5,15,464**	**–**	**5,15,464**	**20.00**	**5%**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**25,77,290**	**30**	**25,77,320**	**100.00**	**25,77,290**	**30**	**25,77,320**	**100.00**	–

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change In shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	21,90,692	85.00	Nil	20,61,826	80.00	Nil	5%
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	5	–	Nil	5	–	Nil	–
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajeev Dubey	5	–	Nil	5	–	Nil	–
4.	Mahindra & Mahindra Financial Services Limited Jointly with Dr. Jaideep Devare	5	–	Nil	5	–	Nil	–
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. S. Durgashankar	5	–	Nil	5	–	Nil	–
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	5	–	Nil	5	–	Nil	–
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan	5	–	Nil	5	–	Nil	–
	Total	**21,90,722**	**85.00**	**NIL**	**20,61,856**	**80.00**	**NIL**	**5%**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1.	Mahindra & Mahindra Financial Services Limited along with joint holders					
	At the beginning of the year (As at April 1, 2017)	21,90,722	85.00			
	Decrease- Transfer (October 27, 2017)			-128866	20,61,856	80.00
	At the end of the year(As at March 31, 2018)				**20,61,856**	**80.00**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares of the Company	Increase/ Decrease in No. of shares	Cumulative shareholding during the year: No. of shares	Cumulative shareholding during the year: % of total shares of the Company
1.	Inclusion Resources Private Limited					
	At the beginning of the year (As at April 1, 2017)	3,86,598	15.00			
	Increase- Transfer (October 27, 2017)			+128866	5,15,464	20.00
	At the end of the year(As at March 31, 2018)				**5,15,464**	**20.00**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares of the Company	Cumulative Shareholding during the year: No. of shares	Cumulative Shareholding during the year: % of total shares of the Company
1.	Mr. Ramesh Iyer (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As at April 1, 2017)	5	–	5	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	5	–	5	–
2.	Mr. V. Ravi (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As at April 1, 2017)	5	–	5	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	5	–	5	–
3.	Mr. Rajeev Dubey (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As at April 1, 2017)	5	–	5	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	5	–	5	–
4.	Dr. Jaideep Devare (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As at April 1, 2017)	5	–	5	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	5	–	5	–
5.	Mr. Hemant Sikka				
	At the beginning of the year (As at April 1, 2017)	Nil	–	Nil	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	Nil	–	Nil	–
6.	Mr. Nityanath Ghanekar				
	At the beginning of the year (As at April 1, 2017)	Nil	–	Nil	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	Nil	–	Nil	–
7.	Ms. Anjali Raina				
	At the beginning of the year (As at April 1, 2017)	Nil	–	Nil	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	Nil	–	Nil	–
8.	Mr. Derek Nazareth				
	At the beginning of the year (As at April 1, 2017)	Nil	–	Nil	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	Nil	–	Nil	–
9.	Ms. Rupa Joshi -Company Secretary				
	At the beginning of the year (As at April 1, 2017)	Nil	–	Nil	–
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2018)	Nil	–	Nil	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the Financial Year				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director Dr Jaideep Devare	Whole time Director	Manager	
1.	Gross salary			–	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	378.46*	–	–	378.46
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961@	38.60	–	–	38.60
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – as % of profit – others	–	–	–	–
5.	Others	–	–	–	–
	Total (A)	**417.06**	–	–	**417.06**
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 438.93 lakhs with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.			

@ *Includes Perquisite Value of Stock Options of Mahindra & Mahindra Financial Services Limited for 8336 Equity Shares of Rs. 2 each exercised during the Financial Year 2017-18.*

* *Includes a one-time payment of Rs. 2,49,83,262 under MIBL One-Time Milestone Reward Plan.*

B. Remuneration to other directors: (Rs. in Lakhs)

Particulars of Remuneration							**Total Amount**
1. Independent Directors	Mr. Nityanath Ghanekar	Ms. Anjali Raina					
• Fee for attending board/committee meetings	4.00	3.60					7.60
• Commission	6.00	6.00					12.00
• Others	0	0					0
Total (1)	**10.00**	**9.60**	**0.00**	**0.00**	**0.00**	**0.00**	**19.60**
2. Other Non-Executive Directors			Mr. Rajeev Dubey	Mr. Ramesh Iyer	Mr. V. Ravi	Mr. Hemant Sikka	
• Fee for attending board/committee meetings			0	0	0	0	0
• Commission			19.15	76.56	19.15	19.15	134.01
• Others			0	0	0	0	0
Total (2)	0.00	0.00	19.15	76.56	19.15	19.15	134.01
Total (B)=(1+2)	**10.00**	**9.60**	**19.15**	**76.56**	**19.15**	**19.15**	**153.61**
Total Managerial Remuneration (A+B)							**570.67**
Overall Ceiling as per the Act	11% of the Net profits together with the Managing Director equivalent to Rs. 965.65 Lakhs with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.						

Note: Mr. Derek Nazareth was appointed as a Non-Executive Director (Investor Director) w.e.f October 27, 2017 and he did not receive fees for attending Board Meetings and Commission.

C. Remuneration to Key Managerial Personnel other than MD / Manager/ WTD: (Rs. in Lakhs)

Sr. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		CEO	**Company Secretary@ (Ms. Rupa Joshi)**	**CFO**	**Total**
1.	Gross salary	–	7.04	–	7.04
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	–	–	–	–
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others	– – –	– – –	– – –	– – –
5.	Others	–	–	–	–
	Total	–	**7.04**	–	**7.04**

@ *Secretarial function covered under cost sharing arrangement.*

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/Punishment/ Compounding fees imposed**	**Authority (RD/NCLT/COURT)**	**Appeal made, if any (give details)**
A. COMPANY	None				
Penalty					
Punishment					
Compounding					
B. DIRECTORS	None				
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	None				
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 18, 2018

ANNEXURE III-A TO THE DIRECTORS' REPORT

POLICY ON REMUNERATION OF DIRECTORS

Prelude

Mahindra Insurance Brokers Limited ("Company") is a composite insurance broking company registered with the Insurance Regulatory and Development Authority of India ('IRDAI'), and is engaged in providing direct insurance broking for Corporate and Retail customers and offers a range of products for the Non-Life and Life segments. The company is also engaged in the business of reinsurance broking wherein it caters to insurance requirements of insurance companies.

This Policy shall be effective from the Financial Year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of the Company is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Chairman and Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non-Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, Shareholders, Central Government and other Statutory Authorities as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the NRC/ Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

ANNEXURE III-B TO THE DIRECTORS' REPORT

REMUNERATION POLICY FOR KMP'S AND EMPLOYEES

This Policy shall be effective from the Financial Year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;
(ii) the Company Secretary;
(iii) the Whole-time Director;
(iv) the Chief Financial Officer; and
(v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances / flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual / half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option scheme, car scheme, medical & dental benefit, loans, insurance, telephone reimbursements, etc., as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 18, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) Conservation of energy-

i. **the steps taken or impact on conservation of energy;**

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

ii. **the steps taken by the company for utilising alternate sources of energy** – Nil

iii. **the capital investment on energy conservation equipments** – Not Applicable

(B) Technology absorption-

i **the efforts made towards technology absorption** – None.

ii **the benefits derived like product improvement, cost reduction, product development or import substitution** – Not applicable.

iii **in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)**

a)	the details of technology imported	*: None*
b)	the year of import;	*: Not applicable*
c)	whether the technology been fully absorbed;	*: Not applicable*
d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	*: Not applicable*

iv **the expenditure incurred on Research and Development** – Nil.

(C) Foreign exchange earnings and Outgo

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 18, 2018

ANNEXURE V TO THE DIRECTORS REPORT

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at Arm's length basis- Nil**

2. **Details of Material contracts or arrangements or transactions at Arm's length basis:**

Sr. No.	Name (s) of the related party	Nature of relationship	Nature of Contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Amount	Date of approval by the Board
1	Mahindra & Mahindra Financial Services Limited (MMFSL)	Holding Company	Income-Handling charges	Handling charges towards insurance related services provided to MMFSL on the vehicles financed and hypothecated in favour of MMFSL	26,29,97,350	–

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 18, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Insurance Brokers Limited**

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Insurance Brokers Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its profits, total comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting

Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Mumbai, April 18, 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone Ind AS financial statements of **Mahindra Insurance Brokers Limited** for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2. The Company is in the business of providing insurance broking services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c)of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

   (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income-Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Value Added Tax and Cess which have not been deposited on account of any dispute.

7. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.

8. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

9. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

10. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

11. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

12. The Company has entered into transactions with related parties in compliance with the provisions of Sections 187 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

13. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

14. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

15. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number. 030168

Mumbai, April 18, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Insurance Brokers Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

H. P. Mahajani
Partner
Membership No. 030168

Mumbai, April 18, 2018

BALANCE SHEET AS AT 31 MARCH 2018

₹ in Lakhs

		Note No.	As at 31 March 2018	As at 31 March 2017
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	1	**503.76**	403.14
	(b) Other Intangible Assets	2	**124.01**	23.54
	(c) Intangible Assets Under Development		**45.60**	58.21
	(d) Financial Assets			
	(i) Investments	3	**1,550.00**	3,625.00
	(ii) Loans	4	**1.01**	1.06
	(iii) Other Financial Assets	5	**371.45**	1,046.66
	(e) Deferred Tax Assets (net)	6	**326.18**	113.75
	(f) Other Non-current Assets	7	**178.84**	73.19
	Total Non-Current Assets		**3,100.85**	5,344.55
2	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Investments	3	**5,725.00**	8,315.00
	(ii) Trade Receivables	8	**6,585.23**	2,669.28
	(iii) Cash and Cash Equivalents	9	**1,095.10**	374.06
	(iv) Loans	4	**21,757.93**	10,870.51
	(v) Other Financial Assets	5	**1,193.87**	1,465.84
	(b) Other Current Assets	7	**217.94**	26.52
	Total Current Assets		**36,575.07**	23,721.21
	TOTAL ASSETS		**39,675.92**	29,065.76
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	10	**257.73**	257.73
	(b) Other Equity	11	**31,293.41**	26,619.58
	Total Equity		**31,551.14**	26,877.31
	LIABILITIES			
1	**NON-CURRENT LIABILITIES**			
	(a) Provisions	12	**520.63**	184.77
	Total Non-Current Liabilities		**520.63**	184.77
2	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	13	**4,596.78**	660.79
	(ii) Other Financial Liabilities	14	**20.55**	34.36
	(b) Provisions	12	**1,911.18**	1,142.30
	(c) Other Current Liabilities	15	**1,075.64**	166.23
	Total Current Liabilities		**7,604.15**	2,003.68
	TOTAL EQUITY AND LIABILITIES		**39,675.92**	29,065.76

The accompanying statement of accounting policies and notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

Place: Mumbai
Date: April 18, 2018

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka	Nityanath Ghanekar
Chairman	**Director**	**Director**	**Director**	**Director**
Anjali Raina	Derek Nazareth	Dr Jaideep Devare	Rupa Joshi	
Director	**Director**	**Managing Director**	**Company Secretary**	

Place: Mumbai
Date: April 18, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

₹ in Lakhs

	Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	16	**22,244.98**	15,363.24
II	Other Income	17	**2,268.41**	2,060.23
III	**Total Revenue (I + II)**		**24,513.39**	17,423.47
IV	**EXPENSES**			
	(a) Employee benefit expense	18	**9,316.17**	6,262.09
	(b) Depreciation and amortisation expense	1, 2	**234.16**	189.82
	(c) Other expenses	19	**6,645.82**	2,735.74
	Total Expenses [(a) + (b) + (c)]		**16,196.15**	9,187.65
V	**Profit/(loss) before tax (III - IV)**		**8,317.24**	8,235.82
VI	**Tax Expense**			
	(1) Current tax	6	**3,123.00**	2,905.00
	(2) Deferred tax	6	**(154.01)**	(15.36)
	(3) Excess provisions of earlier years written back	6	**(10.60)**	–
	Total tax expense [(1) + (2) + (3)]		**2,958.39**	2,889.64
VII	**Profit/(loss) for the period (V - VI)**		**5,358.85**	5,346.18
VIII	**Other comprehensive income**		**(142.19)**	(41.36)
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(a) Remeasurements of the defined benefit liabilities/(asset)		**(200.61)**	(63.25)
	B Income tax relating to items that will not be reclassified to profit or loss		**58.42**	21.89
IX	**Total comprehensive income for the period (VII + VIII)**		**5,216.66**	5,304.82
X	**Earnings per equity share:**			
	(1) Basic	20	**202.41**	205.83
	(2) Diluted	20	**202.41**	205.83

The accompanying statement of accounting policies and notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

Place: Mumbai
Date: April 18, 2018

For and on behalf of the Board of Directors

Rajeev Dubey **Chairman**	Ramesh Iyer **Director**	V Ravi **Director**	Hemant Sikka **Director**	Nityanath Ghanekar **Director**
Anjali Raina **Director**	Derek Nazareth **Director**	Dr Jaideep Devare **Managing Director**	Rupa Joshi **Company Secretary**	

Place: Mumbai
Date: April 18, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

₹ in Lakhs

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities			
Profit before tax for the year	PL	**8,317.24**	8,235.82
Adjustments for:			
Investment income recognised in profit or loss		**(2,246.40)**	(2,060.23)
Gain on disposal of property, plant and equipment	19	**(0.48)**	4.23
Impairment loss recognised on trade receivables	8	**(15.09)**	4.57
Depreciation and amortisation of non-current assets	1 & 2	**234.16**	189.82
		6,289.43	6,374.21
Movements in working capital:			
Increase in trade and other receivables		**(3,900.86)**	(461.09)
(Increase)/decrease in other assets		**(421.21)**	(168.75)
Decrease in trade and other payables		**3,956.54**	109.99
Increase/(decrease) in provisions		**287.50**	255.92
(Decrease)/increase in other liabilities		**875.06**	52.94
		797.03	(210.99)
Cash generated from operations		**7,086.46**	6,163.22
Income taxes paid		**(2,404.23)**	(3,106.19)
Net cash generated by operating activities		**4,682.23**	3,057.03
Cash flows from investing activities			
Interest received	5	**3,188.81**	1,625.56
Amounts advanced to related parties		**(24,195.00)**	(5,425.00)
Repayments by related parties		**18,010.00**	1,450.00
Payments for property, plant and equipment		**(318.30)**	(155.55)
Proceeds from disposal of property, plant and equipment	1	**12.72**	13.84
Payments for intangible assets under development		**(116.59)**	(29.64)
Net cash (used in)/generated by investing activities		**(3,418.36)**	(2,520.79)
Cash flows from financing activities			
Dividends paid to owners of the Company		**(542.83)**	(465.30)
Net cash used in financing activities		**(542.83)**	(465.30)
Net increase in cash and cash equivalents		**721.04**	70.94
Cash and cash equivalents at the beginning of the year		**374.06**	303.12
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		**1,095.10**	374.06

Note:
The above cash flow statement has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind AS 7)- Statement of Cash Flows

The accompanying statement of accounting policies and notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached. For and on behalf of the Board of Directors

For B K Khare & Co
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

Place: Mumbai
Date: April 18, 2018

Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka	Nityanath Ghanekar
Chairman	**Director**	**Director**	**Director**	**Director**
Anjali Raina	Derek Nazareth	Dr Jaideep Devare	Rupa Joshi	
Director	**Director**	**Managing Director**	**Company Secretary**	

Place: Mumbai
Date: April 18, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

A. Equity Share Capital

	₹ in Lakhs
As at 1 April 2017	257.73
Changes in equity share capital during the year	–
As at 31 March 2017	257.73
Changes in equity share capital during the year	–
As at 31 March 2018	**257.73**

b. Other Equity

₹ in Lakhs

	Reserves & Surplus			Items of other comprehensive income	Total
	Securities Premium Reserve	General Reserve	Retained earnings	Remeasurement loss (net) on defined benefit plans	
As at 1st April, 2016	**1,589.50**	**1,658.43**	**18,496.47**	**35.66**	**21,780.06**
Profit/(Loss) for the period	–	–	5,346.18	–	5,346.18
Other Comprehensive Income/(Loss)	–	–	–	(41.36)	(41.36)
Total Comprehensive Income for the year	–	–	5,346.18	(41.36)	5,304.82
Dividend paid on Equity Shares	–	–	(386.60)	–	(386.60)
Dividend Distribution Tax	–	–	(78.70)		(78.70)
Transfers to Reserves	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–
As at 31st March, 2017	1,589.50	1,658.43	23,377.35	(5.70)	26,619.58
Profit/(Loss) for the period	–	–	5,358.85	–	5,358.85
Other Comprehensive Income/(Loss)	–	–	–	(142.19)	(142.19)
Total Comprehensive Income for the year	–	–	5,358.85	(142.19)	5,216.66
Dividend paid on Equity Shares	–	–	(451.02)	–	(451.02)
Dividend Distribution Tax	–	–	(91.81)	–	(91.81)
As at 31st March, 2018	**1,589.50**	**1,658.43**	**28,193.37**	**(147.89)**	**31,293.41**

The accompanying statement of accounting policies and notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For B K Khare & Co
Chartered Accountants
Firm Regn No. 105102W

Rajeev Dubey — **Chairman**
Ramesh Iyer — **Director**
V Ravi — **Director**
Hemant Sikka — **Director**
Nityanath Ghanekar — **Director**

H.P. Mahajani
Partner
Membership No. 30168

Anjali Raina — **Director**
Derek Nazareth — **Director**
Dr Jaideep Devare — **Managing Director**
Rupa Joshi — **Company Secretary**

Place: Mumbai
Date: April 18, 2018

Place: Mumbai
Date: April 18, 2018

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018.

1 Company overview

Mahindra Insurance Brokers Limited is a Public Limited Company incorporated and domiciled in India. The Company's registered office is at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. The Company is primarily involved in the business of rendering insurance broking services.

The immediate parent Company is Mahindra & Mahindra Financial Services Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India.

2 Basis of preparation

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the schedule III of the Act. Based on nature of services and the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabiities.

The financial statements of the Company for the year ended March 31, 2018 were authorised for issue by the Company's Board of Directors on April 18, 2018.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	**Measurement basis**
– Certain financial assets and liabilities which are generally derivative instruments	Fair value
– Liabilities for cash-settled share-based payment arrangements	Fair value
– Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

d. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has established policies and procedures with respect to the measurement of fair values. The Financial Controller and person entrusted has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, including assessments that these valuations meet the requirements of Ind AS. Significant valuation issues are reported to audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.

– Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Following are areas that involved a higher degree of judgement or complexity in determining the carrying amount of some assets and liabilities. Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment in the year ending March 31, 2018 is included in relevant notes.

– Estimation of current tax expense and payable

– Estimated useful life of property, plant and equipments

– Estimated useful life of intangible assets

– Estimation of defined benefit obligation

– Impairment of trade receivables

– Recognition of revenue under perecentage completion method

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 Significant accounting policies

a. Property, plant and equipment:

Recognition and measurement

All the items classified under property plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located.

When significant parts of an item of property, plant and equipment have different useful lives, they are depreciated for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other expenses in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives as specified in the Schedule II of the Act or estimated by the management using straight-line method and is generally recognised in the statement of profit or loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018.

Class of asset	Year ended 31 March 2018	Year ended 31 March 2017
Plant and equipment (including Computers)	**2-6 years**	2-6 years
Office equipments	**5 years**	5 years
Furniture and fixtures	**10 years**	10 years
Vehicles	**4 years**	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis

b. **Intangible Assets:**

Intangible Assets are initially recognised at cost.

Amortisation

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less accumalated amortisation and accumaltated impairement, if any. Amortisation of intangible assets with finite useful lives is calculated on cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the statement of profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Class of asset	Year ended 31 March 2018	Year ended 31 March 2017
Computer software	**3 years**	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

Intangible assets under development

The Company capitalizes intangible asset under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

c. **Impairment of assets other than financial assets:**

Impairment of tangible and intangible assets other than goodwill

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d. **Foreign currency:**

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

e. **Financial instruments:**

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt investment;
- FVOCI - equity investment;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocable elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI - equity investment). This election is made on investment-by-investment basis.

All financial asset not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Interest income is recognised in profit or loss and is included in the "Other income" line item

Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL) Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above). Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL. A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost are susequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss derecognition is recognised in profit or loss.

Debt investment at FVOCI are susequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investment at FVOCI are susequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial assets at FVTPL are susequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The dividends on mandatorily redeemable preference shares are recognised in profit or loss as interest expense. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018.

Compound financial instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

Conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/other equity]. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to [retained profits/other equity]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment of financial instruments

The Company recognises a loss allowance for expected credit losses (ECL) on:

- Financial assets measured at amortised cost;
- Financial assets measured at FVOCI - debt investments;

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

f. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are exclusive of service tax/ GST and net of revenue on policy cancellations and endorsements.

Rendering of services

Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of service tax/GST amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

The Company recognises revenue from rendering of consultancy services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018.

Dividend and interest income

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income is recognised using effective interest method when it is probable that the economic benefits associated with the interest will flow to the Company, and the amount of the interest can be measured reliably. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

g. Employee benefits:

Superannuation Fund, ESIC and Labour Welfare Fund

The Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in profit or loss.

Provident Fund

Contributions to Provident Fund are charged to profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to the members at the rate declared by the Government of India.

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Compensated Absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitllement that has accumulated at the balance sheet date. Expense on non accumulating compensated absences is recognised in the period in which the absences occur.

h. Taxation:

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is entended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

i. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j. Leasing:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

k. Segment Reporting

Operating Segments are reported consistently with the internal reporting provided to the Managing Director. The highest decision making executive is responsible for allocating resources to and assessing the performance of the operating segments. The highest decision making body is Managing Director.

l. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 1 - Property, Plant and Equipment

₹ in Lakhs

	Description of Assets	Plant and Equipment (including computers)	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**					
	Balance as at 1 April 2017	402.93	70.24	62.81	377.80	913.78
	Additions during the year	138.76	16.14	30.73	132.67	318.30
	Disposals during the year	–	1.60	13.34	43.52	58.46
	Balance as at 31 March 2018	**541.69**	**84.78**	**80.20**	**466.95**	**1,173.62**
II.	**Accumulated depreciation and impairment**					
	Balance as at 1 April 2017	258.56	39.18	16.52	196.39	510.65
	Depreciation expense for the year	90.27	13.27	7.82	94.07	205.43
	Eliminated on disposal of assets	–	1.60	2.28	42.34	46.22
	Balance as at 31 March 2018	**348.83**	**50.85**	**22.06**	**248.12**	**669.86**
III.	**Net carrying amount (I-II)**	**192.86**	**33.93**	**58.14**	**218.83**	**503.76**

₹ in Lakhs

	Description of Assets	Plant and Equipment (including computers)	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**					
	Balance as at 1 April 2016	392.38	59.95	40.66	334.52	827.51
	Additions during the year	12.12	10.29	22.15	85.34	129.90
	Disposals during the year	1.56	–	–	42.06	43.62
	Balance as at 31 March 2017	402.94	70.24	62.81	377.80	913.79
II.	**Accumulated depreciation and impairment**					
	Balance as at 1 April 2016	173.97	27.59	11.26	135.67	348.49
	Depreciation expense for the year	85.46	11.59	5.26	85.40	187.71
	Eliminated on disposal of assets	0.87	–	–	24.68	25.55
	Balance as at 31 March 2017	258.56	39.18	16.52	196.39	510.65
III.	**Net carrying amount (I-II)**	144.38	31.06	46.29	181.41	403.14

Note No. 2 - Other Intangible Assets

₹ in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at 1 April 2017	25.65	25.65
	Additions during the year	**129.20**	**129.20**
	Balance as at 31 March 2018	**154.85**	**154.85**
II.	**Accumulated depreciation and impairment**		
	Balance as at 1 April 2017	2.11	2.11
	Amortisation expenses for the year	**28.73**	**28.73**
	Balance as at 31 March 2018	**30.84**	**30.84**
III.	**Net carrying amount (I-II)**	124.01	124.01

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at 1 April 2016	–	–
	Additions during the year	25.65	25.65
	Balance as at 31 March, 2017	**25.65**	**25.65**
II.	**Accumulated depreciation and impairment**		
	Balance as at 1 April 2016	–	–
	Amortisation expenses for the year	2.11	2.11
	Balance as at 31 March, 2017	**2.11**	**2.11**
III.	**Net carrying amount (I-II)**	23.54	23.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 3 - Investments

₹ in Lakhs

Particular	As at 31 March 2018 Amounts Current	As at 31 March 2018 Amounts Non Current	As at 31 March 2017 Amounts Current	As at 31 March 2017 Amounts Non Current
Investments Carried at Amortised Cost				
Investment in Fixed Deposits with Mahindra & Mahindra Financial Services Limited	**5,725.00**	**1,550.00**	8,315.00	3,625.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST	**5,725.00**	**1,550.00**	8,315.00	3,625.00
TOTAL INVESTMENTS	**5,725.00**	**1,550.00**	8,315.00	3,625.00

Note No. 4 - Loans

₹ in Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
a) **Loans to related parties (Refer Note below)**				
– Unsecured, considered good	**21,400.00**	**–**	10,550.00	–
TOTAL (a)	**21,400.00**	**–**	10,550.00	–
b) **Other Loans**				
– Unsecured, considered good	**357.93**	**1.01**	320.51	1.06
TOTAL (b)	**357.93**	**1.01**	320.51	1.06
TOTAL LOANS	**21,757.93**	**1.01**	10,870.51	1.06

Note

1. Above loans comprising Intercorporate Deposits have been given for general business purpose of the recipient.

Note No. 5 - Other financial assets

₹ in Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Financial assets at amortised cost				
Interest Accrued but not due	**1,193.87**	**219.58**	1,465.84	890.05
Security Deposits	**–**	**91.87**	–	96.61
Bank Deposit with more than 12 months maturity*	**–**	**60.00**	–	60.00
	1,193.87	**371.45**	1,465.84	1,046.66

* The Bank Deposit with more than 12 months maturity is under lien to the IRDAI as per the IRDAI (Insurance Brokers) Regulations 2013.

Note No. 6 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:		
In respect of current year	**3,123.00**	2,905.00
In respect of prior years	**(10.60)**	–
	3,112.40	2,905.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(154.01)**	(15.36)
	(154.01)	(15.36)
Total income tax expense on continuing operations	**2,958.39**	2,889.64

(b) Income tax recognised in other Comprehensive income

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax		
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(58.42)**	(21.89)
Total	**(58.42)**	(21.89)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(58.42)**	(21.89)
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**(58.42)**	(21.89)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**8,317.24**	8,235.82
Income tax expense calculated at 34.608% (2017: 34.608%)	**2,878.43**	2,850.25
Effect of expenses that is non-deductible in determining taxable profit	**345.56**	173.46
Effect of tax incentives and concessions (research and development and other allowances)	**(100.99)**	(118.71)
	3,123.00	2,905.00
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**3,123.00**	2,905.00

There is no change in the tax rate from that in the previous year.

(d) Movement in deferred tax balances

₹ in Lakhs

	For the Year ended 31 March 2018			
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
Derivatives	–	–	–	–
Other Temporary Differences	–	–	–	–
	–	–	–	–
Tax effect of items constituting deferred tax assets				
Employee Benefits	**75.86**	**59.91**	**58.42**	**194.19**
Property, Plant and Equipment	**22.81**	**17.89**	–	**40.70**
Provisions	**15.08**	**76.21**	–	**91.29**
	113.75	**154.01**	**58.42**	**326.18**
Net Tax Asset (Liabilities)	**113.75**	**154.01**	**58.42**	**326.18**

₹ in Lakhs

	For the Year ended 31 March 2017			
Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities	–	–	–	–
	–	–	–	–
Tax effect of items constituting deferred tax assets				
Employee Benefits	49.79	4.18	21.89	75.86
Property, Plant and Equipment	13.21	9.60	–	22.81
Provisions	13.50	1.58	–	15.08
	76.50	15.36	21.89	113.75
Net Tax Asset (Liabilities)	76.50	15.36	21.89	113.75

Note No. 7 - Other assets

₹ in Lakhs

Particulars	**As at 31 March 2018**		As at 31 March 2017	
	Current	**Non-Current**	Current	Non- Current
(a) Advances other than capital advances				
(i) Earnest Money Deposit	**0.10**	–	0.10	–
(ii) Other assets	**217.84**	–	26.42	–
(iii) Gratuity Plan Assets	–	–	–	3.45
	217.94	–	26.52	3.45
(b) Advance payment of tax (net of provisions)	–	**178.84**	–	69.74
Total Other Assets	**217.94**	**178.84**	26.52	73.19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 8 - Trade receivables

₹ in Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
(a) Unsecured, considered good	**6,585.23**	**–**	2,669.28	–
(d) Doubtful	**28.50**	**–**	43.59	–
Less: Allowance for Credit Losses	**28.50**	**–**	43.59	–
Total	**6,585.23**	**–**	2,669.28	–
Of the above, trade receivables from:				
– Related Parties	**1,740.66**	**–**	1,084.68	–
– Others	**4,844.57**	**–**	1,584.60	–
Total	**6,585.23**	**–**	2,669.28	–

Refer Note 21 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 9 - Cash and Bank Balances

₹ in Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**1,093.04**	372.07
(b) Cash on hand	**2.06**	1.99
Total Cash and cash equivalent	**1,095.10**	374.06

Note No. 10 - Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of shares	**₹ in Lakhs**	No. of shares	₹ in Lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**35,00,000**	**350.00**	35,00,000	350.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**25,77,320**	**257.73**	25,77,320	257.73
Total	**25,77,320**	**257.73**	25,77,320	257.73

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

₹ in Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Period Ended 31 March 2018						
No. of Shares	25,77,320	–	–	–	–	25,77,320
Amount	257.73	–	–	–	–	257.73
Period Ended 31 March 2017						
No. of Shares	25,77,320	–	–	–	–	25,77,320
Amount	257.73	–	–	–	–	257.73

*** Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**No. of Shares**		
	Equity Shares with Voting rights	**Equity Shares with Differential Voting rights**	**Others**
As at 31 March 2018			
Mahindra and Mahindra Financial Services Limited, the Holding Company	20,61,856	–	–
As at 31 March 2017			
Mahindra and Mahindra Financial Services Limited, the Holding Company	21,90,722	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31 March 2018**		As at 31 March 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
<u>Equity shares with voting rights</u>				
Mahindra and Mahindra Financial Services Limited	**20,61,856**	**80%**	21,90,722	85%
Inclusion Resource Pte Limited	**5,15,464**	**20%**	3,86,598	15%

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date:

Particulars	**Aggregate number of shares**	
	As at 31 March 2018	As at 31 March 2017
<u>Equity shares with voting rights</u>		
a. Fully paid up pursuant to contract(s) without payment being received in cash	**–**	–
b. Fully paid up by way of bonus shares	**–**	–
c. Shares bought back	**–**	–

(v) Issue/Transfer of shares

As per revised pricing guidlines stipulated by Reserve Bank of India in A.P. (DIR Series) Circular no. 4 dated July 15, 2014, for Foreign Direct Investment on Issue/ Transfer of shares or Convertible Debentures, following are the details with respect to valuation of shares.

Sr No.	Pricing Methodology adopted	Company Valuation (In Lakhs)	Value per share
A	Fair Market Value as per Discounted Cash Flow Method	104,168	4,042
B	Fair Market Value as per Precedent Transaction/ Transaction Multiples Method	152,081	5,901
C=(A+b)/2	Fair Market Value Per Share	128,125	4,972

The above valuation has been certified by Batliwala & Karani Securities India Private Limited

Note No. 11 - Other Equity

Description of the Nature and Purpose of Other Equity

Securities Premium Account: The securities premium is created on issue of shares at a premium.

General Reserve: The general reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/ utilized by the Company in accordance with the Companies Act, 2013.

For movement in Other Equity, please refer the "Statement of Changes in Equity for the year ended 31 March 2018

Details of dividend paid/proposed

		₹ in Lakhs
Particulars	**31-Mar-18**	31-Mar-17
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 Mar 2017: Rs 17.5 per share (31 March 2016: Rs 15 per share)	**451.03**	386.60
Dividend Distribution Tax on final dividend	**91.82**	78.70
Interim dividend for the year ended on 31 March 2017: Rs 0 per share (31 March 2016: Rs 0 per share)	**–**	–
	542.85	465.30
Proposed dividends on Equity shares		
Final dividend for the year ended on 31 March 2018: Rs.18.00 per share (31 March 2017: Rs. 17.50 per share)	**463.92**	451.03
Dividend Distribution Tax on proposed dividend	**95.36**	91.82
	559.28	542.85

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31 March.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 12 - Provisions

₹ in Lakhs

Particulars		As at 31 March 2018		As at 31 March 2017	
		Current	**Non- Current**	Current	Non- Current
(a)	Provision for employee benefits	**1,037.02**	**520.63**	1,085.38	184.77
(b)	Other Provisions				
	– Provision for tax (net of advance tax paid)	**874.16**	**–**	56.92	–
Total Provisions		**1,911.18**	**520.63**	1,142.30	184.77

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**4,596.78**	**–**	660.79	–
Total trade payables	**4,596.78**	**–**	660.79	–

Note No. 14 - Other Financial Liabilities

₹ in Lakhs

Particulars			**As at 31 March 2018**	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost				
(i)	Other liabilities			
	(1)	Others	**20.55**	34.36
	(2)	Creditors for capital supplies/services	**–**	–
Total other financial liabilities			**20.55**	34.36

Note No. 15 - Other Liabilities

₹ in Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Statutory dues				
– Taxes payable (other than income taxes)	**736.68**	**–**	63.25	–
– Employee Recoveries and Employer Contributions	**338.96**	**–**	102.98	–
Total Other Liabilities	**1,075.64**	**–**	166.23	–

Note No. 16 - Revenue from Operations

₹ in Lakhs

Particulars		**Year ended 31 March 2018**	Year ended 31 March 2017
Revenue from rendering of services			
(a)	Brokerage	**13,799.49**	7,666.08
(b)	Broker retainer fees	**5,704.46**	5,065.52
(c)	Handling charges	**2,730.07**	2,629.97
(d)	Consultancy fees	**10.96**	1.67
Total Revenue from Operations		**22,244.98**	15,363.24

Note No. 17 - Other Income

₹ in Lakhs

Particulars		**Year ended 31 March 2018**	Year ended 31 March 2017
(a)	Interest Income		
	– On Financial Assets at Amortised Cost	**2,251.44**	2,060.23
(b)	Provision for debtors written back	**15.09**	–
(c)	Excess provisions of earlier years written back (wealth tax and fringe benefit tax)	**1.40**	–
(d)	Profit on sale of property, plant & equipments	**0.48**	–
Total Other Income		**2,268.41**	2,060.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 18 - Employee Benefits Expense

₹ in Lakhs

Particulars		Year Ended 31 March 2018	Year Ended 31 March 2017
(a)	Salaries and wages, including bonus**	**8,617.82**	5,669.36
(b)	Contribution to provident and other funds	**340.23**	263.15
(c)	Gratuity Expenses	**75.61**	49.77
(d)	Share based payment transactions expenses		
	(1) Cash-settled share-based payments	**99.07**	118.58
(e)	Staff welfare expenses	**183.44**	161.23
Total Employee Benefit Expense		**9,316.17**	6,262.09

** Includes one time reward of Rs. 2,139.37 lakhs given to employees.

Cash-settled share-based payments

In respect of the Cash-settled share-based payments, Employee Stock Options (ESOS) of the ultimate holding company Mahindra & Mahindra Limited and the holding company Mahindra & Mahindra Financial Services Limited (MMFSL) are issued to eligible employees of the Company. The Company makes the necessary payment to the respective Ultimate holding company and holding company.

Note No. 19 - Other Expenses

₹ in Lakhs

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
(a)	Distribution Fees*	**3,352.15**	–
(b)	Power & Fuel	**49.66**	56.02
(c)	Rent including lease rentals	**406.57**	334.68
(d)	Rates and taxes	**17.42**	6.92
(e)	Insurance	**251.75**	220.23
(f)	Postage, Telephone and Communication	**197.10**	195.10
(g)	Software Charges	**3.85**	6.63
(h)	Repairs and maintenance - Others	**22.31**	22.41
(i)	Administration Support Charges	**165.62**	149.08
(j)	Manpower Contracting Charges	**232.97**	197.56
(k)	Advertisement	**–**	0.45
(l)	Miscellaneous expenses	**720.40**	622.90
(m)	Sales promotion expenses	**92.18**	82.86
(n)	Travelling and Conveyance Expenses	**542.51**	559.89
(o)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**152.79**	136.75
(p)	Doubtful trade and other receivables, loans written off	**105.78**	4.57
(q)	Auditors remuneration and out-of-pocket expenses	**15.06**	11.91
	(i) As Auditors	**7.50**	7.54
	(ii) For Taxation matters	**2.50**	2.51
	(iii) For Other services	**4.85**	1.56
	(iv) For reimbursement of expenses	**0.21**	0.30
(r)	Directors' Commission#	**146.01**	10.00
(s)	Directors' Sitting Fees	**7.74**	6.81
(t)	Legal and other professional costs	**163.95**	106.74
(u)	Loss on sale of property, plant and equipments	**–**	4.23
Total Other Expenses		**6,645.82**	2,735.74

* Distribution fees are the payments made to Motor Insurance Service Providers (Automotive Dealers) as per the Guidelines issued under section 34 of the Insurance Act, 1938 and section 14 of the IRDA Act, 1999 on Motor Insurance Service Provider with effect from 1st November 2017.

Directors' Commission includes one time reward of Rs. 134.01 lakhs given to directors.

Note No. 20 - Earnings per Share

Particulars	For the year ended 31 March 2018 ₹ Per Share	For the year ended 31 March 2017 ₹ Per Share
Basic earnings per share	**202.41**	205.83
Diluted earnings per share	**202.41**	205.83

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in Lakhs

	For the year ended 31 March 2018	For the year ended 31 March, 2017
Profit/(loss) for the year attributable to owners of the Company	**5,216.66**	5,304.82
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share	**5,216.66**	5,304.82
Weighted average number of equity shares (nos)	**25,77,320**	25,77,320
Earnings per share - Basic (₹)	**202.41**	205.83

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods, if any.

₹ in Lakhs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit/(loss) for the year used in the calculation of basic earnings per share	**5,216.66**	5,304.82
Add: Adjustments, if any	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**5,216.66**	5,304.82
Profits used in the calculation of diluted earnings per share	**5,216.66**	5,304.82

	For the year ended 31 March 2018	For the year ended 31 March 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**25,77,320**	25,77,320
Add: Effect of Warrants, if any	**–**	–
ESOPs, if any	**–**	–
Convertible bonds, if any	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**25,77,320**	25,77,320

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 21 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. The Company is subject to minimum capital requirements as stipulated by the IRDAI (Insurance Brokers) Regulations, 2013.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

₹ in Lakhs

	31-Mar-18	31-Mar-17
Equity	**31,551.14**	26,877.31
Less: Cash and cash equivalents	**(1,095.10)**	(374.06)
	30,456.04	26,503.25

Categories of financial assets and financial liabilities

₹ in Lakhs

As at 31 March 2018	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**1,550.00**			**1,550.00**
Loans	**1.01**			**1.01**
Other Financial Assets				
– Non Derivative Financial Assets	**371.45**			**371.45**
Current Assets				
Investments	**5,725.00**			**5,725.00**
Trade Receivables	**6,585.23**			**6,585.23**
Other Bank Balances	**1,095.10**			**1,095.10**
Loans	**21,757.93**			**21,757.93**
Other Financial Assets				
– Non Derivative Financial Assets	**1,193.87**			**1,193.87**
– Derivative Financial Assets	**–**			**–**
Current Liabilities				
Trade Payables	**4,596.78**			**4,596.78**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**20.55**			**20.55**

₹ in Lakhs

As at 31 March 2017	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	3,625.00			3,625.00
Loans	1.06			1.06
Other Financial Assets				
– Non Derivative Financial Assets	1,046.66			1,046.66
Current Assets				
Investments	8,315.00			8,315.00
Trade Receivables	2,669.28			2,669.28
Other Bank Balances	374.06			374.06
Loans	10,870.51			10,870.51
Other Financial Assets				
– Non Derivative Financial Assets	1,465.84			1,465.84
Current Liabilities				
Trade Payables	660.79			660.79
Other Financial Liabilities				
– Non Derivative Financial Liabilities	34.36			34.36

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

Trade receivables consist of institutional customers, largely insurance companies. The Company deals only with those insurance companies who have obtained an acceptable level of credit rating. The Company does not have significant credit risk exposure to any single external counterparty. Out of total outstanding 41% of the debtors are pertaining to group companies.

The credit risk on liquid funds invested in Fixed Deposits with companies and Intercorporate Deposits is limited because the counterparties are group companies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

As at 31 March 2018	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate		**0.5%**	**70.0%**	
Gross carrying amount		**6,585.23**	**28.50**	**6,613.73**
Loss allowance provision	**0.00**	**32.27**	**19.95**	**52.22**

As at 31 March 2017	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate		**0.5%**	**70.0%**	
Gross carrying amount		**2,669.28**	**43.59**	**2,712.87**
Loss allowance provision	**0.00**	**14.12**	**30.51**	**44.63**

Reconciliation of loss allowance provision for Trade Receivables

₹ in Lakhs

Particulars	**31-Mar-18**	31-Mar-17
Balance as at beginning of the year	**43.59**	39.02
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**(15.09)**	4.57
Impairment losses recognised in the year based on 12 month expected credit losses		
– On receivables originated in the year		
Balance at end of the year	**28.50**	43.59

The loss allowance provision has changed during the period due to delays in recovery of brokerage on insurance contracts brokered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	20.55	–	–	–
Total	**20.55**	**–**	**–**	**–**
31-Mar-17				
Non-interest bearing	34.36	–	–	–
Total	**34.36**	**–**	**–**	**–**

(iii) Financing arrangements

The Company does not feel the need to have any borrowing facilities at this stage

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	1,193.87	311.45	–	–
Fixed interest rate instruments	–	60.00	–	–
Total	**1,193.87**	**371.45**	**–**	**–**
31-Mar-17				
Non-interest bearing	1,465.84	986.66	–	–
Fixed interest rate instruments	–	60.00	–	–
Total	**1,465.84**	**1,046.66**	**–**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments taking into account the current liquidity requirements. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities in reinsurance broking when transactions are denominated in a different currency from the Company's functional currency.

The Company mitigates its foreign currency risk by entering into reinsurance contracts wherein the risk is to the account of the cedant insurers or the reinsurers.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	–	–
	EUR	–	–
	GBP	–	–
Trade Payables	USD	–	–
	EUR	–	–
	GBP	–	–

Foreign Currency Sensitivity

In management's opinion, any sensitivity analysis is not representative of the inherent foreign exchange risk because the exposure is to the account of the cedant insurer or reinsurer.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by having a balanced portfolio of long-term as well as short-term fixed deposits with companies as well as intercorporate deposits.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans given and investments in fixed deposits effected. With all other variables held constant, the Company's profit before tax is affected through the impact on fixed rate investments and interest bearing loans as follows:

₹ in Lakhs

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+50**	**128.98**
	INR	**-50**	**(128.98)**
31-Mar-17	INR	+50	73.36
	INR	-50	(73.36)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 22 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

₹ in Lakhs

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	**21,400.00**	**21,400.00**	10,550.00	10,550.00
– Trade and other receivables	**6,585.23**	**6,585.23**	2,669.28	2,669.28
– Loans/lease receivables	**358.94**	**358.94**	321.57	321.57
– Other financial assets	**1,565.32**	**1,565.32**	2,512.50	2,512.50
– Fixed Deposits with Companies	**7,275.00**	**7,275.00**	11,940.00	11,940.00
Total	**37,184.49**	**37,184.49**	27,993.35	27,993.35
Financial liabilities				
Financial liabilities held at amortised cost				
– Trade and other payables	**4,596.78**	**4,596.78**	660.79	660.79
Total	**4,596.78**	**4,596.78**	660.79	660.79

Fair value hierarchy as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	–	**21,400.00**	–	**21,400.00**
– Trade and other receivables	–	**6,585.23**	–	**6,585.23**
– Loans/lease receivables	–	**358.94**	–	**358.94**
– Other financial assets	–	**1,565.32**	–	**1,565.32**
– Fixed Deposits with companies	–	**7,275.00**	–	**7,275.00**
Total	–	**37,184.49**	–	**37,184.49**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	–	**4,596.78**	–	**4,596.78**
Total	–	**4,596.78**	–	**4,596.78**

Fair value hierarchy as at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– Loans to related parties	–	**10,550.00**	–	**10,550.00**
– Trade and other receivables	–	**2,669.28**	–	**2,669.28**
– Other financial assets	–	**2,512.50**	–	**2,512.50**
– Fixed Deposits with companies	–	**11,940.00**	–	**11,940.00**
Total	–	**27,993.35**	–	**27,993.35**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	–	**660.79**	–	**660.79**
Total	–	**660.79**	–	**660.79**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. In the opinion of the management, the difference between the carrying value of the above stated financial assets and liabilities is not materially different from their fair value. Accordingly, the fair value and carrying amount are the same.

Note No. 23 - Leases

₹ in Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Details of leasing arrangements		
As Lessee		
Operating Lease		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 2 to 5 years and may be renewed for a further period of 3 to 5 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 15 % every 2.5 to 3 years.		
Future Non-Cancellable minimum lease commitments		
not later than one year	**75.19**	120.74
later than one year and not later than five years	**30.28**	105.46
later than five years	**–**	–
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**406.57**	334.68

Note No. 24 - Segment information

The Company has determined the operating segment based of structure of reports reviewed by the Strategic Management Council. For management purposes, the Company is organised into a single business unit and has only one reportable segment namely "Insurance Broking services". The geographical segment is based on the location of client, whether in India or outside India. The Strategic Management Council of the Company monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment

₹ in Lakhs

Geographic information	**For the Year Ended 31 March 2018**	**For the Year Ended 31 March 2017**
Revenue from external customers		
India	**22,080.98**	15,286.08
Outside India	**164.00**	77.16
Total revenue per statement of profit or loss	**22,244.98**	**15,363.24**

All Non-current operating assets comprising property, plant and equipment, investment properties and intangible assets, if any are located in India.

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

₹ in Lakhs

	For the Year Ended 31 March 2018	**For the Year Ended 31 March 2017**
Insurance Broking and auxillary activities	**22,244.98**	15,363.24
Total	**22,244.98**	15,363.24

Revenues from transactions with a single external customer amounts to 10% or more of the entity's revenues.

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 287.87 lakhs (F-2017 : Rs.234.48 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31-Mar-18	**31-Mar-17**	**1-Apr-16**
Discount rate(s)	**7.46%**	7.36%	8.00%
Expected rate(s) of salary increase	**7%**	5%	5%
Attrition Rate	**Attrition rate of 23% up to the age of 35, 11% up to age of 45 and 10% thereafter**	Attrition rate of 13% up to the age of 35, 8% up to age of 45 and 6% thereafter	Attrition rate of 1% up to the age of 30 Years

Defined benefit plans – as per actuarial valuation on 31st March, 2018

₹ in Lakhs

Particulars	Funded Plan Gratuity	
	2018	2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**75.87**	46.12
Past service cost and (gains)/losses from settlements	**200.61**	63.25
Net interest expense	**(0.25)**	(0.58)
Components of defined benefit costs recognised in profit or loss	**276.23**	108.79
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**–**	–
Actuarial gains and loss arising form changes in financial assumptions	**–**	–
Actuarial gains and loss arising form experience adjustments	**200.61**	63.25
Others	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**200.61**	63.25
Total	**–**	–
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**563.39**	292.76
2. Fair value of plan assets as at 31st March	**343.42**	296.21
3. Surplus/(Deficit)	**219.97**	(3.45)
4. Current portion of the above	**77.27**	50.55
5. Non current portion of the above	**486.12**	242.21

₹ in Lakhs

Particulars	Funded Plan Gratuity	
	2018	2017
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**292.76**	190.82
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**75.87**	46.12
– Past Service Cost	**–**	–
– Interest Expense (Income)	**21.55**	15.27
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**178.81**	51.63
iii. Experience Adjustments	**–**	–
5. Benefit payments	**(5.60)**	(11.08)
6. Others (Specify)	**–**	–
7. Present value of defined benefit obligation at the end of the year	**563.39**	292.76
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**296.21**	198.07
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**21.80**	15.85
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(21.80)**	(11.62)
– Others	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**52.80**	104.99
6. Benefit payments	**(5.60)**	(11.08)
7. Fair value of plan assets at the end of the year	**343.41**	296.21
IV. The Major categories of plan assets		
– Insurer managed funds	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**7.46%**	7.36%
2. Expected rate of return on plan assets	**7.36%**	8.00%
3. Attrition rate	**Attrition rate of 23% up to the age of 35, 11% up to age of 45 and 10% thereafter**	Attrition rate of 13% up to the age of 35, 8% up to age of 45 and 6% thereafter

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1%**	**(7.21)**	**7.33**
	2017	1%	(3.41)	3.47
Salary growth rate	**2018**	**1%**	**6.9**	**(6.8)**
	2017	1%	2.53	(2.55)
Life expectancy	**2018**	**+/- 1 year**	**Negligible**	**Negligible**
	2017	+/- 1 year	Negligible	Negligible

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 150 lakhs to the gratuity trusts during the next financial year of 2019.

Maturity profile of defined benefit obligation:

	2018	₹ in Lakhs 2017
Within 1 year	**110.67**	24.40
1 - 2 year	**155.92**	30.30
2 - 3 year	**163.48**	36.73
3 - 4 year	**160.75**	43.73
4 - 5 year	**198.45**	51.84
5 - 10 years		

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

	Period Ended				
VIII. Experience Adjustments:	**2018**	**2017**	**2016**	**2015**	**2014**
	Gratuity				
1. Defined Benefit Obligation	**563.39**	292.76	190.82	121.18	84.19
2. Fair value of plan assets	**343.41**	296.21	198.07	137.05	96.01
3. Surplus/(Deficit)	**219.98**	(3.45)	(7.25)	(15.87)	(11.82)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	178.81	51.64	(51.67)	(44.44)	(45.30)
5. Experience adjustment on plan assets [Gain/(Loss)]	(21.80)	(15.85)	2.85	(10.16)	(2.17)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 26 - Related Party Transactions

Name of the parent Company	**: Mahindra & Mahindra Financial Services Limited**
Name of the Ultimate parent Company	**: Mahindra & Mahindra Limited**
Name of the Fellow subsidiaries	**: Mahindra Rural Housing Finance Limited**
	: Mahindra Integrated Business Solutions Limited
	: Mahindra Agri Solutions Limited
	: NBS International Limited
	: Mahindra First Choice Wheels Limited
Key Management Personnel	**: Dr Jaideep Devare, Managing Director**
	: Rupa Joshi, Company Secretary

Details of transaction between the Company and its related parties are disclosed below:

₹ in Lakhs

Particulars	For the year ended	Parent Company and Ultimate Parent company	KMP of the Company	Fellow subsidiaries
Nature of transactions with Related Parties				
Purchase of property and other assets	**31-Mar-18**	**10.43**	**–**	**13.80**
including intangibles	31-Mar-17	10.48	–	10.50
Rendering of services	**31-Mar-18**	**2,730.07**	**–**	**–**
	31-Mar-17	2,629.97	–	–
Receiving of services	**31-Mar-18**	**269.86**	**396.24**	**215.84**
	31-Mar-17	274.21	127.09	120.86
Interest Income	**31-Mar-18**	**1,025.79**	**–**	**1,214.61**
	31-Mar-17	1,462.15	–	589.78
Loans given (including Fixed Deposits &	**31-Mar-18**	**15,460.00**	**–**	**10,350.00**
Intercorporate Deposits placed during the year)	31-Mar-17	11,450.00	–	8,350.00
Loans taken (incl Fixed Deposits matured &	**31-Mar-18**	**12,620.00**	**–**	**19,375.00**
Intercorporate Deposits withdrawn during the year)	31-Mar-17	13,625.00	–	2,200.00
Dividend Paid	**31-Mar-18**	**383.38**	**–**	**–**
	31-Mar-17	328.61	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

₹ in Lakhs

Nature of Balances with Related Parties	Balance as on	Parent Company and Ultimate Parent company	KMP of the Company	Other related parties
Trade payables	**31-Mar-18**	**157.45**	**–**	**3.63**
	31-Mar-17	56.93	–	11.03
Loans & advances given (incl. Fixed Deposits and	**31-Mar-18**	**9,300.00**	**–**	**19,375.00**
Intercorporate Deposits placed)	31-Mar-17	12,140.00	–	10,350.00
Other balances (including Trade Receivables and	**31-Mar-18**	**2,503.98**	**–**	**646.85**
Interest Accrued)	31-Mar-17	3,018.11	–	341.68

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	**396.24**	127.09
Post-employment benefits[1]	**–**	–
Other long-term benefits[1]	**–**	–
Termination benefits	**–**	–
Share-based payment[2]	**–**	–

1 Figures not available separately for gratuity and leave encashment.

2 Included in the Stock Option Charge paid to parent company for its Stock Options granted to Key Managerial Personnel.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note No. 27 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for) **₹ in Lakhs**

	As at 31 March 2018	As at 31 March 2017
Contingent liabilities	**–**	–

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:	**–**	–
Commitments for the acquisition of intangible assets	**14.41**	43.95

Note No. 28 - Additional Information to the Financial Statements

Dividend

In respect of the current year, the directors propose that a dividend of Rs.18.00 per share be paid on equity shares on 18 April 2018. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on June 16, 2018. The total estimated equity dividend to be paid is Rs.463.92 lakhs. The payment of this dividend is estimated to result in payment of dividend tax of Rs.95.36 lakhs @ 20.555% on the amount of dividends grossed up for the related dividend distribution tax.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ in Lakhs

Particulars	31-Mar-18	31-Mar-17
(i) Principal amount remaining unpaid to MSME suppliers as on	**–**	–
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**–**	–
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v) The amount of interest accrued and remaining unpaid as on	**–**	–
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

₹ in Lakhs

Expenditure in foreign currency on account of#:	For the year ended 31 March 2018	For the year ended 31 March 2017
Professional and consultation fees	**0.00**	0.86
Other matters	**61.65**	40.96

₹ in Lakhs

Earnings in foreign exchange	For the year ended 31 March 2018	For the year ended 31 March 2017
Other income - Reinsurance brokerage and Consultancy Fees Income	**164.00**	77.16

₹ in Lakhs

Amounts remitted in foreign currency during the year on account of dividend	For the year ended 31 March 2018	For the year ended 31 March 2017
Amount of dividend remitted in foreign currency	**67.65**	57.99
Total number of non-resident shareholders to whom the dividends were remitted in foreign currency	**1**	1
Total number of shares held by them on which dividend was due	**386598**	386598
Year to which the dividend relates	**FY 2016-17**	FY 2015-16

The financial statements of Mahindra Insurance Brokers Limited were approved by the Board of Directors and authorised for issue on April 18, 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 29 - Previous year figures

– Previous year figures have been regrouped /reclassified wherever found necessary.

Note No. 30 - Recent Accounting Pronouncements

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 *Construction Contracts* and Ind AS 18 *Revenue*. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

BOARD'S REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Eleventh Report together with the audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL RESULTS **Amount in Rs. Lakhs**

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**100,001.81**	70,336.89
Less: Expenses		
Employee Benefits Expense	**19,161.45**	12,847.83
Finance Costs	**38,328.23**	29,794.38
Depreciation and Amortization	**783.95**	528.04
Other Expenses	**19,269.06**	14,476.38
Total Expenses	**77,542.69**	57,646.63
Profit Before Tax	**22,459.12**	12,690.26
Less: Tax Expenses		
(1) Current Tax	**8,330.00**	5,260.00
(2) Deferred Tax	**(453.76)**	(824.50)
(3) (Excess)/Short Provision for Income Tax – earlier years	**37.00**	(45.79)
Profit after tax for the year	**14,545.88**	8,300.55
Profit brought forward from previous year	**11,541.33**	7,841.82
Amount available for Appropriation	**26,087.21**	16,142.37
Appropriations		
Special Reserve	**4,975.00**	3,300.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	**25.00**	25.00
Dividend on Equity Shares	***1,426.98**	1,060.21
Income-tax on dividend	***290.53**	215.83
Balance as at the end of the year	**19,369.70**	11,541.33

* Provision for the dividend on Equity Shares and Income-tax on proposed dividend for F.Y. 2017-18 will be made upon the approval of the dividend by Shareholders at the forthcoming Annual General Meeting. This is in compliance with the Companies (Accounting Standards) Amendment Rules, 2016, issued by the Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30th March, 2016. The dividend and tax on dividend in appropriations above pertains to F.Y. 2016-17, paid during the year under consideration.

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the Financial Year 2017-18 and the date of this Report.

OPERATIONS

In line with your company's philosophy of "Doing well by doing good", since inception the company has been delivering good results while helping the underserved customers through appropriate home financing solutions. This year is no exception, your company concluded the Financial Year 2017-18 on a high note:

- The total income was Rs. 1000.02 crores as against Rs. 703.37 crores for the Financial Year 2016-17, registering a growth of 42 percent over the previous year.
- Profit before tax was Rs. 224.59 crores as compared to Rs. 126.90 crores for the previous year, registering a growth of 77 percent.
- Profit after tax was Rs. 145.46 crores as compared to Rs. 83.01 crores for the previous year, registering a growth of 75 percent.

Your company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.90 lakhs. Expansion into new geographies a relentless focus on implementing new initiatives, and on improving the existing practices have resulted in:

- Adding a customer base of 2,18,000 during the year under consideration to the existing customer base of 5,60,000.
- Disbursement of loans aggregating to Rs. 2,789.22 crores (previous year Rs. 2,116.21 crores) achieving a growth of 32 percent over the previous year.
- Outstanding loan portfolio aggregating to Rs. 6,247.63 crores as on 31st March, 2018.

Maintaining its stronghold in the rural areas of India, your company had created a second vertical 'Affordable Housing' in addition to the existing 'Rural' vertical to capitalize on the Government's thrust on affordable housing.

During the year under consideration, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh, Uttarakhand, and Bihar.

CORPORATE GOVERNANCE

The Company has in place 'fit & proper policy' for Directors and internal guidelines for Corporate Governance in pursuance of the provisions of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, issued by the National Housing Bank vide Notification no. NHB. HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017. As required under the provisions of the said directions, internal guidelines on Corporate Governance framed by the Board are available on the web site of the Company at the following link:

http://www.mahindrahomefinance.com/src/assets/downloads/MRHFL%20Corporate%20Governance.pdf

Pursuant to aforesaid directions, declarations in the prescribed format have been received from all Directors. A Deed of Covenants, as prescribed under the said directions, has been signed by all directors and the Company.

A management discussion and analysis, as required under the aforesaid directions of the National Housing Bank, is given below.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and developments

A report published by KPMG ("Decoding Housing for All by 2022"), pegs the 2012 shortage of Housing units in India at 5.9 crore units, and projects it to increase to 11 crore units by 2022. Of this, the shortage in rural areas is 4 crore units (projected to increase to 6.4 crore units by 2022) while the shortage in urban areas is placed at 1.9 crore units (projected to increase to 4.6 crore units by 2022).

Moreover, 95 percent of the housing shortage in urban areas is within the Economically Weaker Sections (EWS) / Lower Income Group (LIG) segments defined as households at the Bottom of the Economic Pyramid with annual household incomes of less than Rs. 3 lakhs (EWS) or Rs. 6 lakhs (LIG).

Recognizing this issue, the Government of India has set up an ambitious goal of "Housing For All by 2022", supported by schemes like Pradhan Mantri Awas Yojana (Urban) [PMAY-U] and the Pradhan Mantri Awas Yojana (Gramin) [PMAY-G], which offer incentive and subsidies to eligible beneficiaries from these underserved segments of the society. Since the large unmet demand for housing is unlikely to be met without adequate housing finance assistance, all such subsidies are being routed through formal financial institutions like Banks and Housing Finance Companies.

Your Company is uniquely positioned to help in addressing this crying social need because of the reach and more importantly, the knowledge your Company has acquired about the customer segment the Company serves. Your Company will continue to focus on serving the underserved rural customers and grow the business. In addition, your Company will now begin focusing on the affordable housing segment in smaller towns and cities as well, given the large market opportunity and its experience in serving customers with incomplete income documentation and no credit history. The Government's focus on this segment and the large unmet demand would combine to make this initiative develop into another growth engine for the Company.

b) Opportunities and Threats

Opportunities

- Large untapped market.
- Govt. thrust on housing.
- Improving rural infrastructure and budgetary support.
- Rising Consumer aspirations.

Threats

- Technology disruption.
- Competition/new entrants.

c) Segment-wise or product-wise performance

The Company does not have segments and operates only in one segment. The performance of the Company is covered above in the paragraph 'operations'.

d) Outlook

With the thrust of the Government on affordable housing and the ambitious target of 'housing for all by 2022', the outlook for the industry is buoyant. With the innate business strengths of the Company like Brand Image, Strong Balance Sheet, Reach, Customer base, trained and dedicated work force and insight of the market it serves, the Company is in a position to capitalize on favourable conditions and drive growth.

e) Risks and concerns

- Agriculture/Weather Cycle dependent.
- No or limited banking habits of customers.

f) Internal control systems and their adequacy

In addition to an adequate internal control system safeguarding all assets and ensuring operational excellence, the Company has a team of internal auditors who conduct internal audits. The internal audit reports are discussed with the management and reviewed by the Audit Committee of the Board of Directors. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Independent audit firms ensure that all transactions are correctly authorized and reported. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

g) Discussion on financial performance with respect to operational performance

The financial and operational performance is elaborated above in the paragraphs 'Financial Results' and 'Operations'.

h) Material developments in Human Resources / Industrial Relations front, including number of people employed

There were no material developments in Human Resource/Industrial Relations front during the year under consideration. The Company had 8,843 employees as at 31st March, 2018.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 50.00 crores to the Statutory Reserves. No amount is proposed to be transferred to General Reserve.

DIVIDEND

Your Directors recommend a dividend of Re. 1.70 per Equity Share on 10,81,32,166 Equity Shares of the face value of Rs. 10 each, aggregating to Rs. 2,216.19 lakhs (including Dividend Distribution Tax).

The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose.

The dividend, including Dividend Distribution Tax, surcharge and education cess, will absorb a sum of Rs. 22.16 crores [as against Rs. 17.18 crores (including tax) on account of dividend of Re. 1.50 per Equity Share, paid for the previous year].

FINANCE

During the year under consideration, your Company was sanctioned Term Loans amounting to Rs. 1,145 crores from banks for tenures of two to five years.

As on 31st March, 2018, outstanding borrowings from Banks stood at Rs. 2,837.06 crores (of Long Term Loans) and outstanding borrowings from National Housing Bank amounted to Rs. 76.51 crores.

During the year under consideration, your Company has raised an amount of Rs. 95.00 crores by issue of 950 Unsecured Subordinated Redeemable Non-Convertible Debentures (Sub-debt) of Rs. 10,00,000 each on a private placement basis, in one or more series/ tranches.

During the year under consideration, your Company has raised an amount of Rs. 755.00 crores by issue of 7550 Secured Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each on a private placement basis, in one or more series/ tranches.

The Company has been regular in repayment of its borrowings and payment of interest due thereon. There were no NCDs/Sub-debt which have not been claimed by the investors or not paid by the Company after the date on which the NCDs/sub-debt became due for redemption.

LISTING

Your Company's NCDs/Sub-debt are listed on the BSE Limited and the Company has paid the requisite listing fees in full.

CREDIT RATING

During the year under consideration, India Ratings & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the Commercial Paper Issued by the Company.

CARE Ratings Limited (Formerly known as 'Credit Analysis and Research Limited') has reaffirmed the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook.

CRISIL Limited has assigned 'CRISIL AA+/Stable' outlook to the Company's Non-Convertible Debentures and Subordinated Debt and assigned 'CRISIL A1+' rating to the Company's Commercial Paper.

ACHIEVEMENTS

Your Company achieved People Capability Maturity Model (PCMM) Level 3 rating during the year under consideration. The PCMM framework assesses the management and development of human assets of the organization through a detailed audit of 22 processes across 5 maturity levels. Widely used in the IT services and BPO industry, your Company has adopted this framework given the manpower intensity and maturity of it's business model. This has been achieved in the very first assessment year.

During the year under consideration, your Company has been recognized by Great Place to Work Institute India as amongst India's 15 best workplaces in BFSI – 2018.

SHARE CAPITAL

During the year under consideration, the Authorised Share Capital of your Company was increased from Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of Rs.10 (Rupees Ten) each to Rs. 150,00,00,000 (Rupees One Hundred and Fifty crores) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 10 (Rupees Ten) each. The increase in the Authorised Share Capital was pursuant to the approval of the Members granted at the Extraordinary General Meeting held on 16th January, 2018.

During the year under consideration, 1,30,00,000 Equity Shares of the face value of Rs. 10 each were allotted upon issue/offer on a Rights basis for cash at a premium of Rs. 90 per Equity Share aggregating to Rs. 130,00,00,000. The issue proceeds will be utilised to augment Company's capital base, meet its capital requirements, and for other general corporate purposes.

Post allotment of Equity Shares as aforesaid, the issued, subscribed, and paid-up Share Capital of the Company stands at Rs. 108,13,21,660 comprising of 10,81,32,166 Equity Shares of Rs. 10 each fully paid-up.

During the year under consideration, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity.

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31st March, 2018, none of the Directors of the Company held instruments convertible into Equity Shares of the Company. The details of Stock Options granted are given hereinafter.

STOCK OPTIONS

The Members at their Extraordinary General Meeting held on 31st August, 2017, approved the MRHFL Employee Stock Option Scheme – 2017 (MRHFL ESOS – 2017) and also approved grant, from time to time, of up to 37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine only) Employee Stock Options in one or more tranches to the permanent employees, existing and future, including the Directors (but excluding the Independent Directors) of the Company, as may be decided solely by the Board (which includes any authorized committee of the Board) under the Scheme, exercisable into not more than 37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine only) fully paid-up Equity Shares of the Company of the face value of Rs. 10 each.

The Members at their Extraordinary General Meeting held on 16th January, 2018, further approved grant, from time to time, of Employee Stock Options in one or more tranches to the permanent employees, existing and future, of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as 'MMFSL'), the Holding Company, as may be decided solely by the Board under the MRHFL ESOS-2017, each option being exercisable into not more than one fully paid-up Equity Share of the Company of the face value of Rs. 10 each. The grant, inter alia, is subject to the condition that the Stock Options granted to the employees of MMFSL together with the Stock Options granted to the eligible employees and eligible Directors of the Company together, at any time, shall not exceed the limit of 37,86,459 (Thirty Seven Lackhs Eighty Six Thousand Four Hundred Fifty Nine only), as approved by the Shareholders at their Extraordinary General Meeting held on 31st August, 2017.

The Nomination and Remuneration Committee granted following Stock Options during the year under consideration, in pursuance of the approval of the Members, as stated above.

Sr. No.	Category of persons to whom Stock Options are granted	No. of Stock Options granted	Date of grant
1	Employees of the Company	16,14,783	7th October, 2017
2	Non-Executive Non-Independent Directors of the Company	1,71,409	8th December, 2017
3	Employees of MMFSL	1,49,000	16th January, 2018
	Total Stock Options granted	**19,35,192**	

The Stock Options, in terms of the MRHFL ESOS – 2017, will vest in four tranches of 25 percent each of the Stock Options granted, starting from the first anniversary of the grant and ending with 4th anniversary of the grant.

The details of the Stock Option Scheme required to be disclosed under Rule 9 of The Companies (Share Capital and Debentures) Rules, 2014, are given below:

(a)	Options granted	:	19,35,192		
(b)	Options vested	:	Not Applicable		
(c)	Options exercised	:	Not Applicable		
(d)	The total number of shares arising as a result of exercise of option	:	Not Applicable		
(e)	Options lapsed	:	Not Applicable		
(f)	The exercise price	:	Not Applicable		
(g)	Variations of terms of options	:	Not Applicable		
(h)	Money realized by exercise of optons	:	Not Applicable		
(i)	Total number of options in force	:	19,35,192		
(j)	Employee wise details of options granted to:				
	(i) Key Managerial Personnel	:	**Name**	**Designation**	**No. of options granted**
			Mr. Anuj Mehra	Managing Director	3,61,100
			Mr. Dharmesh Vakharia	Chief Financial Officer	1,32,344
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	:	**Name**	**Designation**	**No. of options granted**
			Mr. Shantanu Rege	Chief Operating Officer	1,06,269
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	Not Applicable		

DEPOSITORY SYSTEM

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited. As on 31st March, 2018, all the Equity Shares of your Company were held in dematerialised form except 12 shares held in physical form by Mahindra & Mahindra Financial Services Limited, the Holding Company, with its nominees.

CAPITAL ADEQUACY

Consequent upon the allotment of Equity Shares on a Rights basis, the paid-up Share Capital of the Company has increased to Rs. 108.13 crores as on 31st March, 2018, from Rs. 95.13 crores as on 31st March, 2017. The securities premium account has also been credited with Rs. 117.00 crores.

As a result of the increased Net Worth, the Capital to Risk Assets Ratio (CRAR) of your Company enhanced to 32.80 percent as on 31st March, 2018, which is well above the 12 percent CRAR prescribed by the National Housing Bank.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs) issued by the National Housing Bank under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. Your Company has made adequate provision for the assets on which instalments are overdue for more than 90 days and on other assets, as required.

INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the year under consideration, Inspection report for the financial position as on 31st March, 2016, carried out by NHB was receieved. The report was reviewed by the Audit committee and the Board of Directors and management compliance reply on action taken/proposed to be taken was submitted to NHB.

INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited, HDFC Standard Life Insurance Company Limited, and Cholamandalam MS General Insurance Company Limited for insurance of its housing loan products alongwith life insurance called 'Sampoorna Suraksha Plan' which covers the borrowers of the Company.

DIRECTORS

Pursuant to the provisions of section 152 of the Companies Act, 2013, Mr. V. Ravi (DIN: 00307328), Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

None of the Independent Directors are due for re-appointment.

KEY MANAGERIAL PERSONNEL

Mr. Anuj Mehra, Managing Director, Mr. Dharmesh Vakharia, Chief Financial Officer, and Mr. Navin Joshi, Company Secretary are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Chairman, a Managing Director, three Non-Executive Non-Independent Directors (including a Nominee Director appointed by National Housing Bank), and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Board Meetings and Annual General Meeting

During the Financial Year 2017-18, the Board of Directors met six times on 17th April, 2017, 17th July, 2017, 17th October, 2017, 8th December, 2017, 16th January, 2018, and 13th March, 2018.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2017-18, and at the last Annual General Meeting (AGM) of the Company held on 17th July, 2017, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2017-18		Attendance at the last Annual General Meeting held on 17th July, 2017 (Yes / No)
		Held	Attended	
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	6	6	Yes
Mr. Anuj Mehra (Managing Director)	Executive Director	6	6	Yes
Mr. V. Ravi	Non-Executive Non-Independent Director	6	6	Yes
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	6	5	Yes
Mr. K. Chakarvarthy (Nominee of National Housing Bank)	Non-Executive Non-Independent Director	6	6	No
Mr. Nityanath Ghanekar	Independent Director	6	6	Yes
Mrs. Anjali Raina	Independent Director	6	6	Yes
Dr. Narendra Mairpady	Independent Director	6	6	Yes

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under consideration on 13th March, 2018. The Meeting was conducted without the presence of the Chairman, the Managing Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

COMMITTEES OF THE BOARD

(a) AUDIT COMMITTEE

Your Company has an adequately qualified and experienced Audit Committee. As on 31st March, 2018, the Audit Committee comprised of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors, and Mr. V. Ravi, Non-Executive Non-Independent Director.

The terms of reference of the Audit Committee are as follows:

a) To recommend appointment, remuneration and terms of appointment of auditors and internal auditors of the Company;

b) To review and monitor the auditor's independence and performance, and effectiveness of audit process;

c) To examine the quarterly and annual financial statements and the auditor's report thereon;

d) To approve or subsequently modify transactions of the Company with Related Parties;

e) To scrutinize inter-corporate loans and investments;

f) To undertake valuation of undertakings or assets of the Company, wherever it is necessary;

g) To evaluate Internal Financial Controls and risk management systems;

h) To monitor the end use of funds raised through public offers and related matters;

i) To formulate the scope, functioning, periodicity, and methodology for conducting the internal audit, in consultation with the Internal Auditor; and

j) To discharge from time to time such other acts, duties and, functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Audit Committee met seven times during the year under consideration on 17th April, 2017, 4th May, 2017, 17th July, 2017, 31st August, 2017, 17th October, 2017, 16th January, 2018 and, 13th March, 2018.

The attendance of the Members of the Audit Committee at its Meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	Audit Committee Meetings	
		Held	Attended
Mr. Nityanath Ghanekar (Chairman)	Independent Director	7	7
Mrs. Anjali Raina	Independent Director	7	7
Dr. Narendra Mairpady	Independent Director	7	7
Mr. V. Ravi	Non-Executive Non-Independent Director	7	7

The Board has accepted all the recommendations made by the Audit Committee during the year under consideration. The Chairman of the Board, Managing Director, Chief Financial Officer, Internal Auditor, and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 10th Annual General Meeting of the Company held on 17th July, 2017.

(b) NOMINATION AND REMUNERATION COMMITTEE

As on 31st March, 2018, the Nomination and Remuneration Committee of the Board of Directors comprised of four members viz. Mr. Ramesh Iyer and Mr. K. Chandrasekar, Non-Executive Non-Independent Directors, and Mr. Nityanath Ghanekar and Mrs. Anjali Raina, Independent Directors. The Committee met five times during the year under consideration on 17th April, 2017, 7th August, 2017, 7th October, 2017, 8th December, 2017, and 16th January, 2018. The Nomination and Remuneration Committee, inter alia, recommends the appointment and removal of Directors and carries out evaluation of performance of every Director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration, subject to limits approved by the Shareholders, and formulate and administer the Employee Stock Option Plan.

The attendance of the Members of Nomination and Remuneration Committee at its Meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	Nomination and Remuneration Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	5	5
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	5	5
Mr. Nityanath Ghanekar	Independent Director	5	5
Mrs. Anjali Raina	Independent Director	5	5

(c) ASSET LIABILITY COMMITTEE

As on 31st March, 2018, the Asset Liability Committee (ALCO) of the Board of Directors comprised of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar, and Mr. V. Ravi, Non-Executive Non-Independent Directors. During the year under consideration, the ALCO Committee met twice, on 13th April, 2017, and 16th October, 2017. The Committee oversees the Asset Liability Management system of the Company.

The attendance of the Members of ALCO Committee at its Meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	ALCO Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	2	2
Mr. V. Ravi	Non-Executive Non-Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	2	2

(d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee, inter alia, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitors the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: http://www.mahindrahomefinance.com/src/assets/downloads/CSR%20Policy.pdf.

As on 31st March, 2018, the CSR Committee comprised of Mr. Ramesh Iyer, Chairman and Non-Executive Non-Independent Director who is also the Chairman of the Committee, Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors, Mr. Anuj Mehra, Managing Director, and Mrs. Anjali Raina, Independent Director. During the year under consideration, the CSR Committee met twice, on 17th April, 2017, and 16th October, 2017.

The attendance of the Members of CSR Committee at its Meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	CSR Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	2	2
Mr. V. Ravi	Non-Executive Non-Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	2	2
Mrs. Anjali Raina	Independent Director	2	2
Mr. Anuj Mehra	Managing Director	2	2

During the year under consideration, your Company spent Rs. 271.63 Lakhs towards CSR activities pertaining to eradicating hunger and poverty and promoting education for the girl child and financial literacy amongst children and women.

Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2017-18 is appended as **Annexure I** to this Report.

(e) RISK MANAGEMENT COMMITTEE

The Company has in place a Risk Management Committee formed pursuant to the provisions of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, vide which the National Housing Bank notified Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

As on 31st March, 2018, the Risk Management Committee comprised of four Non-Executive Directors, of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina, and Dr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The terms of reference of the Committee are as follows:

a) The Risk Management Committee shall manage the integrated risk, inform the Board about the progress made in implementing a risk management system, and review periodically the Risk Management Policy and strategy followed by the Company.

b) The Chief Financial Officer of the Company shall apprise the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures, and the current controls being exercised to mitigate these risks.

c) The Risk Management Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines, and NHB Directions.

The Risk Management Committee met four times during the year under consideration on 17th April, 2017, 17th July, 2017, 8th December, 2017, and 13th March, 2018.

The attendance of the Members of the Risk Management Committee at its Meetings held during the Financial Year 2017-18 is given below:

Names of Members	Category	Risk Management Committee Meetings	
		Held	Attended
Mr. Nityanath Ghanekar (Chairman)	Independent Director	4	4
Mrs. Anjali Raina	Independent Director	4	4
Dr. Narendra Mairpady	Independent Director	4	4
Mr. V. Ravi	Non-Executive Non-Independent Director	4	4

Besides the above Statutory Committees, the Board of Directors also has following Committees:

a) Loans & Investment Committee.

b) Committee of Directors for allotment of Debentures.

PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual evaluation of its own performance and that of its Committees as well as performance of Directors individually.

Well-defined and structured questionnaires were used in the evaluation process, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective. Evaluation was carried out based on feedback received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee to evaluate performance of individual Directors. Performance evaluation of Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of Non-Independent Directors and the Board, as a whole, was carried out by Independent Directors. Performance evaluation of the Chairman was carried out by Independent Directors. Directors have expressed satisfaction with the evaluation process.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors confirming that they fulfil the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013.

COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has adopted following policies, as required under sub-section (3) of section 178 of the Companies Act, 2013:

(i) Policy to determine qualifications, positive attributes and independence of Directors, and evaluation of the Board, Committees and individual Directors;

(ii) Policy on Remuneration of Directors; and

(iii) Remuneration Policy for Key Managerial Personnel (KMPs) and Employees.

The Nomination and Remuneration Committee while recommending appointment of Directors, considers desirable qualifications which may, amongst other things, include professional qualifications, skills, professional experience, background, and knowledge, apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as **Annexure II** to this Report in accordance with the provisions of sub-section (4) of section 178 of the Companies Act, 2013.

PARTICULARS OF REMUNERATION

Disclosures pursuant to section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under:

1 **The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2017-18:**

Name of the Director	Category	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	8.62X
Mrs. Anjali Raina	Independent Director	8.90X
Dr. Narendra Mairpady	Independent Director	7.93X
Mr. K. Chakravarthy	Non-Executive Non-Independent Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	147.88X

* Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar, and Mr. K. Chakravarthy, do not receive any remuneration from the Company.

2 **The percentage increase in remuneration of each Director, Chief Financial Officer, and Company Secretary during the Financial Year 2017-18:**

Name of the Director /KMP	Category	Percentage increase in Remuneration
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	NIL[(1)]

Name of the Director /KMP	Category	Percentage increase in Remuneration
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL(1)
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL(1)
Mr. Nityanath Ghanekar	Independent Director	64.47
Mrs. Anjali Raina	Independent Director	48.28
Dr. Narendra Mairpady	Independent Director	53.33
Mr. K. Chakravarthy	Non-Executive Non-Independent Director (Nominee of National Housing Bank)	NIL(1)
Mr. Anuj Mehra	Managing Director	11.68
Mr. Dharmesh Vakharia	Chief Financial Officer	31.48
Mr. Navin Joshi	Company Secretary & Compliance Officer	64.97(2)

(1) Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar, and Mr. K. Chakravarthy do not receive any remuneration from the Company.

(2) Secretarial function is covered under the cost sharing arrangement with the Holding Company.

3 **The percentage increase in the median remuneration of employees in the Financial Year:**

10.48 percent considering employees who were in employment for the whole of the Financial Year 2016-17 and 2017-18.

4 **The number of Permanent employees on the rolls of Company as on 31st March, 2018:**

As on 31st March, 2018, there were 8,843 permanent employees on the rolls of the Company.

5 **Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2017-18 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2016-17 and 2017-18, the average increase is 11.37 percent. The managerial remuneration has increased by 11.68 percent. The increase in the remuneration of non-managerial personnel is in accordance with the performance appraisal based on the Key Result Areas (KRAs) and the overall performance of the Company. The remuneration of the Key Managerial Personnel and Directors is based on the approved Remuneration Policy. There were no exceptional circumstances for increase in the managerial remuneration.

6 **Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees, adopted by the Company.

Mr. Anuj Mehra, Managing Director of the Company, does not receive any remuneration or commission from the Holding Company. However, the Managing Director has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited, and has exercised the stock options during the year under consideration, which were granted in earlier year(s).

Details of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013, read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. The details are also available on your Company's website and can be accessed at the Web-link:

http://www.mahindrahomefinance.com/wp-content/uploads/2018/04/MRHFL-Remuneration.pdf

None of the employees is a relative of any Director of the Company.

None of the employees holds, either by himself or along with his spouse or dependent children, more than two percent of the Equity Shares of the Company.

HUMAN RESOURCES AND TRAINING

The initiatives taken by the Company towards strengthening human resources during F.Y. 2017-18 have been multifarious. The focal points of its endeavors was developing and retaining the best available talent. Employees were therefore sponsored for training programmes organized by reputed faculties and professional institutions, that are designed to enhance the capabilities, skills, and knowledge of the employees with reference to various operational areas. Apart from offering the required training, endeavours are being made constantly towards providing opportunities for professional growth and recognition to the employees.

Several surveys have also been conducted to gauge the engagement levels across the workforce. Various policies have been devised through them as well, to boost employee morale and engagement levels among the 8,843 employees in the company (as of 31st March, 2018).

Maintaining the dignity of all its employees irrespective of their gender or seniority is something that your Company strongly believes in. Discrimination and harassment of any kind are strictly prohibited. The Company has also taken necessary steps to enhance awareness amongst its employees with respect to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules framed thereunder. The

Internal Complaints Committee (ICC) was institutionalized to redress complaints and an appropriate policy to prevent sexual harassment covering all employees of the Company was put in place. Furthermore, all the employees have been sensitized about this prevalent policy.

During F.Y. 2017-18, the Company has not received any complaint of sexual harassment.

CODES OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and, would always be, an integral part of the Company's ethos.

The Company has, for the year under consideration, received declarations under the Codes from Directors, Senior Management and Employees of the Company affirming compliance with the respective Codes.

AUDITORS

Statutory Auditors

Messrs. B S R & Co. LLP [ICAI Firm Registration No. 101248W/W-100022], hold the office of the Statutory Auditors of the Company for a period of 5 years from the conclusion of the 10th Annual General Meeting (AGM) held on 17th July, 2017 till the conclusion of the 15th AGM of the Company to be held in the year 2022. The appointment is subject to the ratification by shareholders at every Annual General Meeting.

Messrs. B S R & Co. LLP have conveyed that their appointment as the Statutory Auditors, if ratified by shareholders, would be in conformity of the criteria specified in relevant provisions of the Companies Act, 2013, and Rules made thereunder.

Pursuant to the recommendation of the Audit Committee, the Board of Directors recommend to shareholders ratification of the appointment of Messrs. B S R & Co. LLP as the Statutory Auditors of the Company from the forthcoming 11th AGM till the conclusion of the 12th AGM of the Company to be held in the year 2019.

During the year under consideration, there were no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

The Auditor's Report is unmodified and does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Messrs. KSR & Co Company Secretaries LLP are the Secretarial Auditors of the Company and conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2017-18 furnished by the Secretarial Auditor is appended to this Report as **Annexure III**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under consideration, the Statutory Auditors and Secretarial Auditor have not reported to the Audit Committee, any instances of frauds committed in the Company by its Officers or Employees, under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Act and the Guidelines issued by National Housing Bank.

EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2018, is appended to this Report as **Annexure IV**.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a Vigil Mechanism for Directors and Employees to report their genuine concerns.

As per the Whistle Blower Policy of the Company, Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, to the Chairman of the Audit Committee of the Board of Directors or Chairman of the Company or the Corporate Governance Cell.

Under the Whistle Blower Policy, confidentiality of those reporting violation(s) is protected and they are not subjected to any discriminatory practices. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy of the Company is available on the website of the Company at the Web-link: http://www.mahindrahomefinance.com/src/assets/downloads/Whistle%20Blower%20Policy.pdf.

INTERNAL CONTROL SYSTEM

Your Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorised and reported. The Internal Audit reports are discussed with the Management and reviewed by the Audit Committee of the Board of Directors. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

INTERNAL FINANCIAL CONTROL SYSTEM

Your Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and nature of its operations.

During the year under consideration, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Company has adopted a comprehensive Risk Management Policy and has a well-defined risk management framework to identify, assess and monitor risks, and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimization procedures and steps taken to mitigate risks.

The Risk Management Program involves risk identification, risk assessment and risk mitigation planning for business, strategic, operational, financial, and compliance related risks. The process is governed by corporate risk office.

Your Company has in place a Risk Management Council comprising of the Managing Director and other Senior Executives of the Company to manage the integrated risk and inform the Risk Management Committee from time to time the progress made in putting in place a progressive risk management system followed by the Company.

The key business risks identified by the Company and its mitigation plans are as under:

1. **Credit Risk**: Credit Risk is inherent to any lending business and the Company also faces this risk. To mitigate this, the Company has put in place stringent lending norms, has developed metrics to evaluate customer's income and insists on a thorough field investigation to check the viability of lending to a customer.
2. **People Risk**: The Company's business model is highly people centric and the Company's employees are its biggest strength. Retention of employees is hence a key focus area. Extensive training, team building and employee engagement initiatives have been adopted to mitigate this risk. The Company follows a policy of hiring locally. This ensures employees appreciate local conditions which in turn ensures superior productivity while taking credit decisions and also while servicing customers.
3. **Environmental Risk**: Cash flows of a large number of the Company's customers depend on agriculture. Environmental factors affecting crops (yields and/or prices) impact the customer's ability to repay. The Company mitigates this risk through a policy of geographical hedging. The Company engages with its customers through regular follow-up and close monitoring.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

i. In the preparation of the annual accounts for Financial Year ended 31st March, 2018, applicable accounting standards have been followed and there are no material departures in adoption of these standards.

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018, and of the profit of the Company for the year ended on that date.

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the annual accounts for the Financial Year ended 31st March, 2018, on a 'going concern' basis.

v. The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and have been operating effectively.

vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE WITH PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Sub-section (4) of Section 186 of the Companies Act, 2013 stipulates that companies shall disclose in the financial statement, full particulars of loans made and guarantees given or securities provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security. However, sub-section (11) of the said section 186 exempts Housing Finance Companies from making such disclosure in the financial statements for the loans granted and /or guarantees /securities provided by such Housing Finance companies in the ordinary course of business. An investment of Rs. 7.26 crores was made on 8th June, 2017 for a day, in Mahindra Liquid Fund – DDR.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered into by the Company with Related Parties during the Financial Year 2017-18 were in the ordinary course of business and on an arm's length basis. Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Policy on Related Party Transactions, as approved by the Audit Committee and the Board of Directors of the Company, is appended to this Report as **Annexure VI**. The same is also uploaded on the website of the Company and can be accessed at the following web-link:

http://www.mahindrahomefinance.com/src/assets/downloads/MRHFL%20Related%20Party%20Transaction%20Policy.pdf.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are provided in **Annexure V**, appended to this Report.

SUBSIDIARIES

The Company did not have any subsidiary as on 31st March, 2018, or during the Financial Year ended on that date.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business carried on by the Company during the year under consideration.

PUBLIC DEPOSITS AND LOANS/ADVANCES

The Company has not accepted deposits from the public or its employees during the year under consideration. There were no unclaimed Deposits or interest thereon or unpaid dividend due for transfer to Investor Education and Protection Fund, during the year under consideration.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 53 (f) read with paragraph A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed by the Regulators/Courts/ Tribunals which would impact the going concern status and Company's operations in future.

GENERAL INFORMATION

The half yearly Financial Results of the Company are furnished to BSE Limited in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and are published in Business Standard in English and also communicated to the Debenture holders every six months through a half yearly communiqué. Official news releases, including the half-yearly results, are also disseminated on the Company's website.

As prescribed under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the Debenture Trustees are given below :

Axis Trustee Services Limited
Ground Floor,
Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 025.
Telephone : +9122 6226 0054/6226 0050
Fax : (022) 4325 3000
E-mail : debenturetrustee@axistrustee.com

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere appreciation for the support received from National Housing Bank, Company's customers, Bankers, Investors, and Shareholders during the year under consideration. Your Directors also acknowledge the hard work, dedication, and commitment of employees.

For and on behalf of the Board

Ramesh Iyer
Chairman

Registered Office:
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018.
CIN: U65922MH2007PLC169791
Tel.: 91 22 6652 3500; Fax: 91 22 2497 2741
E-mail: customercare.mrhfl@mahfin.com
Website: www.mahindrahomefinance.com

18th April, 2018

ANNEXURE I TO THE BOARD'S REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. **A brief outline of the Company's CSR policy, including overview of projects or programs undertaken/proposed to be undertaken and a reference to the web-link to the CSR policy:**

   With a vision of transforming the lives of youth from socially and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances. Your Company believes in the transformation of Indian villages into socially stimulating, self-sustaining & growth-oriented communities. To achieve this transformation, it is necessary to empower these communities in all possible aspects. Empowering them is key, not only for the well-being of individuals, families and rural communities, but also for the overall economic growth of the country.

   The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013, to assist the Board and the Company in fulfilling its corporate social responsibility objectives.

   As a part of its commitment to Corporate Social Responsibility, during the year, your Company has implemented projects like Digital & Financial Literacy, the Shabaash Scholarship Program, and the Sanitation & Hygiene Project. The Company also continued to support Nanhi Kali, the flagship program of the K.C. Mahindra Education Trust (KCMET), which supports education for the disadvantaged girl child.

   The detailed CSR Policy is hosted on the Company's website at the following link:
   http://www.mahindrahomefinance.com/src/assets/downloads/CSR%20Policy.pdf.

2. **The Composition of the CSR Committee:** Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra, and Mrs. Anjali Raina.
3. **Average net profit of the Company for last three financial years:** Rs. 13,572.66 Lakhs
4. **Prescribed CSR Expenditure (two per cent of the amount on item 3):** Rs. 271.45 Lakhs
5. **Details of the CSR amount spent during the Financial Year 2017-18.**
   - (a) **Total amount spent during the Financial Year:** Rs. 271.63 Lakhs
   - (b) **Amount unspent, if any:** NIL
   - (c) **Manner in which the amount was spent during the Financial Year:** As detailed below.

Amount in Rs. Lakhs

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered (Notes)**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) projects or programs wise**	**Amount spent on the project or programs (1) Direct & (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
1	Supporting education of underprivileged girls through project 'Nanhi Kali'	(ii)	Delhi, Ratlam (Madhya Pradesh), Mumbai, Nashik (Maharashtra), Varanasi (Uttar Pradesh)	135.73	Direct	135.73	K.C. Mahindra Education Trust
2	Supporting the PM's "Clean India Campaign" by building toilets & creating awareness about Sanitation, cleanliness & Hygiene	(i)	Maharashtra, Gujarat	51.40	Direct	51.58	Habitat for Humanity, Self-implemented
3	Digital and Financial Literacy through Mobile Vans	(ii)	Maharashtra, Bihar	24.25	Direct	24.25	CSC Academy

Amount in Rs. Lakhs

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered (Notes)**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) projects or programs wise**	**Amount spent on the project or programs (1) Direct & (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
4	Providing educational support to children from underprivileged & financially disadvantaged backgrounds	(ii)	Maharashtra	5.00	Direct	5.00	Shree Harihar Putra Bhajan Samaj, Shree Aniruddha Aadesh Pathak, GSB Sevamandal
5	Shabaash scholarship program for financially disadvantaged students of class 12	(ii)	Maharashtra, Tamil Nadu, Andhra Pradesh, Gujarat	52.84	Direct	52.84	K.C. Mahindra Education Trust, Self-implemented
6	Encouraging and supporting community development through play area and garden renovation	(iv)	Maharashtra	1.00	Direct	1.00	Bhajan Samaj, Ghatkopar East
7	Providing medical facilities & preventive medication to cattle	(iv)	Tamil Nadu	0.96	Direct	0.96	Self-implemented
8	Project Samantar: Contributing to the well-being of orphans	(iii)	Maharashtra	0.27	Direct	0.27	The Vatsalya foundation

Notes:

(i) Eradicating hunger, poverty and malnutrition; promoting health care, hygiene and sanitation by contributing to the Swachh Bharat Abhiyaan set-up by the Central Government.

(ii) Promoting education through scholarships, employment enhancing vocation skills and livelihood enhancement projects especially among children, women, elderly, and the differently abled.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: N.A.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For Mahindra Rural Housing Finance Limited

For and on behalf of the Corporate Social Responsibility Committee of Mahindra Rural Housing Finance Limited

Anuj Mehra
Managing Director

Ramesh Iyer
Chairman of the
Corporate Social Responsibility Committee

ANNEXURE II TO THE BOARD'S REPORT
POLICY ON REMUNERATION OF DIRECTORS

Prelude

The Company is a housing finance company registered with the National Housing Bank, and is engaged in providing Home Loans primarily in rural and semi-urban areas for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

This Policy shall be effective from the financial year 2014 – 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Rural Housing Finance Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meetings of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non-Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of the Companies Act, 2013.

The NRC while determining the remuneration shall ensure the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013, from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the NRC/ Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013, as may be recommended by the NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Director is entitled to customary non-monetary benefits such as company car, health care benefits, leave travel, communication facilities etc., as per the policies of the Company. The Managing Director/Executive Director is entitled to grant of Stock Options as per the approved Stock Options Scheme(s) of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Director and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 – 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"**Key Managerial Personnel**" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances / flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual / half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 18th April, 2018

ANNEXURE III TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2018

To,

The Members,
Mahindra Rural Housing Finance Limited,
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2018 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under.

(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.

(vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable to debt listed securities).

(vii) The National Housing Bank Act, 1987.

(viii) The Housing Finance Companies (NHB) Directions, 2010.

(ix) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014.

We have also examined compliance with the applicable clauses of the following:

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

a) During the year under consideration, the Authorised Share Capital of the Company was increased from increased from Rs. 100.00 crores to Rs. 150.00 crores pursuant to the approval of Members granted at their Extraordinary General Meeting held on 16th January, 2018.

b) During the year under consideration, the Company has raised an amount of Rs. 95 crores by issue of 950 Unsecured Subordinated Redeemable Non-Convertible Debentures (Sub-debt) of Rs. 10,00,000 each for cash at par on a Private Placement basis. The Company has also raised an amount of Rs. 755 crores by issue of 7550 Secured Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis.

c) During the year under consideration, the Company has issued and allotted 1,30,00,000 Equity Shares of Rs.10 each for cash at a premium of Rs. 90 per Equity Share on a rights basis, aggregating to Rs. 130,00,00,000.

d) During the year under consideration, the Members, at their Extraordinary General Meeting held on 31st August, 2017, approved the MRHFL Employees Stock Option Scheme – 2017 and also approved the grant of not exceeding 37,86,459 Stock Options under the said Scheme to the permanent employees, existing and future, including the Directors (but excluding the Independent Directors) of the Company.

e) Pursuant to the approval of Members, as mentioned at d) above, during the year under consideration, 16,14,783 Stock Options were granted to the employees of the Company and 1,71,409 Stock Options were granted to the Non-Executive Non-Independent Directors of the Company.

f) the Members, at their Extraordinary General Meeting held on 16th January, 2018, approved the grant of Stock Options to the permanent employees, existing and future, of Mahindra & Mahindra Financial Services Limited (MMFSL), the Holding Company so however that the Stock Options granted to the employees of MMFSL together with the Stock Options granted to the eligible employees and eligible Directors of the Company, at any time, shall not exceed the limit of 37,86,459 (Thirty Seven Lackhs Eighty Six Thousand Four Hundred Fifty Nine only) as approved by the Members at their Extraordinary General Meeting held on 31st August, 2017.

g) Pursuant to the approval of Members, as mentioned at f) above, during the year under consideration, 1,49,000 Stock Options were granted to employees of MMFSL.

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner
(FCS: 5367
CP: 4408)

Date: 17th April, 2018
Place: Coimbatore

KSR/CBE/M179/056/2018-19

To

The Members,
Mahindra Rural Housing Finance Limited,
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai- 400 018.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further compliance of provisions of The National Housing Bank Act, 1987, The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014, The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014 is limited to issue of securities and filing of forms and returns thereunder.

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner
(FCS: 5367
CP: 4408)

Date: 17th April, 2018
Place: Coimbatore

ANNEXURE IV TO THE BOARD'S REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on 31st March, 2018
[Pursuant to section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65922MH2007PLC169791
ii.	Registration Date	9th April, 2007
iii.	Name of the Company	Mahindra Rural Housing Finance Limited
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 Email: customercare.mrhfl@mahfin.com Website: www.mahindrahomefinance.com
vi.	Whether listed company Yes/No	Yes. As per Section 2 (52) of the Companies Act, 2013, the Company is considered a listed Company as its Non-Convertible Debentures (NCDs) are listed on the BSE Limited.
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032. Email : einward.ris@karvy.com Tel. No.: 040 67162222 Toll Free No.: 1800-345-4001 Fax No. : 040 23001153.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Housing Finance	65923	100.0

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	89.00*	2(46)
ii.	Mahindra & Mahindra Financial Services Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65921MH1991PLC059642	Holding Company	89.00	2(46)

* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	8,32,40,643	12	8,32,40,655	87.50	9,62,40,643	12	9,62,40,655	89.00	1.50
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**8,32,40,643**	**12**	**8,32,40,655**	**87.50**	**9,62,40,643**	**12**	**9,62,40,655**	**89.00**	**1.50**
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**8,32,40,643**	**12**	**8,32,40,655**	**87.50**	**9,62,40,643**	**12**	**9,62,40,655**	**89.00**	**1.50**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	1,18,91,511	–	1,18,91,511	12.50	1,18,91,511	-	1,18,91,511	11.00	(1.50)
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others - Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**1,18,91,511**	**–**	**1,18,91,511**	**12.50**	**1,18,91,511**	**–**	**1,18,91,511**	**11.00**	**(1.50)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	**1,18,91,511**	**–**	**1,18,91,511**	**12.50**	**1,18,91,511**	**–**	**1,18,91,511**	**11.00**	**(1.50)**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**9,51,32,154**	**12**	**9,51,32,166**	**100.00**	**10,81,32,154**	**12**	**10,81,32,166**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	8,32,40,643	87.50	Nil	9,62,40,643	89.00	Nil	1.50
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	2	0.00	Nil	2	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	2	0.00	Nil	2	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ravi Kulkarni	2	0.00	Nil	2	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Anuj Mehra	2	0.00	Nil	2	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan	2	0.00	Nil	2	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Dinesh Prajapati	2	0.00	Nil	2	0.00	Nil	0.00
	TOTAL	**8,32,40,655**	**87.50**	**Nil**	**9,62,40,655**	**89.00**	**Nil**	**1.50**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year (from 1st April, 2017 to 31st March, 2018)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
Mahindra & Mahindra Financial Services Limited alongwith joint holders				
At the beginning of the year	8,32,40,655	87.50	8,32,40,655	87.50
Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	On 27th March, 2018, 1,30,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 90 per Equity Share were allotted on a Rights basis to Mahindra & Mahindra Financial Services Limited, Holding Company. Increase in shareholding of Promoters is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (as on 31st March, 2018)	9,62,40,655	89.00	9,62,40,655	89.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year (from 1st April, 2017 to 31st March, 2018)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
National Housing Bank				
At the beginning of the year (as on 1st April, 2017)	1,18, 91,511	12.50	1,18, 91,511	12.50
Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	NOT APPLICABLE			
At the end of the year (as on 31st March, 2018)	1,18, 91,511	11.00	1,18, 91,511	11.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year (from 1st April, 2017 to 31st March, 2018)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Ramesh Iyer - Chairman (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1st April, 2017)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	2	0.00	2	0.00
2.	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year(as on 1st April, 2017)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	2	0.00	2	0.00
3.	Mr. K. Chandrasekar – Director				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00
4.	Mr. K. Chakravarthy – Director (Nominee of National Housing Bank)				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00
5.	Mr. Nityanath Ghanekar – Director				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00
6.	Mrs. Anjali Raina – Director				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year (from 1st April, 2017 to 31st March, 2018)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7.	Mr. Anuj Mehra – Managing Director, Key Managerial Personnel (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year(as on 1st April, 2017)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	2	0.00	2	0.00
8.	Dr. Narendra Mairpady – Director				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00
9.	Mr. Dharmesh Vakharia – Chief Financial Officer, Key Managerial Personnel				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00
10.	Mr. Navin Joshi– Company Secretary, Key Managerial Personnel				
	At the beginning of the year(as on 1st April, 2017)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2018)	Nil	0.00	Nil	0.00

V. INDEBTEDNESS –

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Amount in Rs. Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	3,18,423.44	59,207.11	NIL	3,77,630.55
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,944.74	1,614.41	NIL	3,559.15
Total (i+ii+iii)	**3,20,368.18**	**60,821.52**	**NIL**	**3,81,189.70**
Change in Indebtedness during the Financial Year				
Addition	3,94,104.49	2,42,160.01	NIL	6,36,264.50
Reduction	2,78,914.64	2,07,064.41	NIL	4,85,979.05
Net Change	**1,15,189.85**	**35,095.60**	**NIL**	**1,50,285.45**
Indebtedness at the end of the Financial Year				
i) Principal Amount	4,30,481.89	93,339.11	NIL	5,23,821.00
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	5,076.15	2,578.00	NIL	7,654.15
Total (i+ii+iii)	**4,35,558.03**	**95,917.12**	**NIL**	**5,31,475.15**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in Rs. Lakhs

Sl. No.	**Particulars of Remuneration**	**Name of MD/WTD/Manager**
		Mr. Anuj Mehra, Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	166.11
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	48.16*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission – as % of profit	Nil
	– others	Nil
5.	Others (medical reimbursement)	0.15
	Total (A)	**214.42**
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 1486.61 Lakhs with respect to the ceiling for the Company applicable for the financial year covered by this Report.

* Includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

B. REMUNERATION TO OTHER DIRECTORS:

Amount in Rs. Lakhs

Sl. No.	**Particulars of Remuneration**		**Names of Directors**			**Total Amount**
1.	**Independent Directors**		**Mr. Nityanath Ghanekar**	**Mrs. Anjali Raina**	**Dr. Narendra Mairpady**	
	Fee for attending Board/Committee Meetings		5.00	5.40	4.00	14.40
	Commission		7.50	7.50	7.50	22.50
	Other		Nil	NIL	NIL	NIL
	Total (1)		**12.50**	**12.90**	**11.50**	**36.90**
2.	**Other Non-Executive Directors**	**Mr. Ramesh Iyer**	**Mr. K. Chandrasekar**	**Mr. K. Chakravarthy**	**Mr. V. Ravi**	**Total Amount**
	Fee for attending Board/Committee Meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**12.50**	**12.90**	**11.50**	**36.90**
	Overall Ceiling as per the Act (%)	1 % of the Net Profits equivalent to Rs. 297.32 Lakhs with respect to the ceiling for the Company applicable for the financial year covered by this Report.				
	Total Managerial Remuneration (A+B)					**251.32**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER / WTD:

Amount in Rs. Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96.71	10.29	107.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	15.59(1)	NIL	15.59(1)
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission – as % of profit	NIL	NIL	NIL
	– others	NIL	NIL	NIL
5.	Others (medical reimbursement)	0.15	NIL	0.15
	Total	**112.46**	**10.29(2)**	**122.75**

(1) Includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

(2) Secretarial function covered under cost sharing agreement with Mahindra & Mahindra Financial Services Limited (Holding Company).

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY	None				
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 18th April, 2018

ANNEXURE V TO THE BOARD'S REPORT

The particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

(A) Conservation of Energy

(i) The steps taken or impact on conservation of energy :

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

The operations of your Company are not energy intensive.

(iii) The capital investment on energy conservation equipments: Nil

(B) Technology Absorption

(i) **The efforts made towards technology absorption :** Not Applicable

(ii) **The benefits derived like product improvement, cost reduction, product development or import substitution :** Not Applicable

(iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):** Not Applicable

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the Technology been fully absorbed

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

(iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on Foreign Exchange Outgo is furnished in the Notes to Accounts. There were no Foreign Exchange Earnings during the year under consideration.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 18th April, 2018

ANNEXURE VI TO THE BOARD'S REPORT

Policy on Related Party Transactions

1. Prelude

Mahindra Rural Housing Finance Limited (MRHFL) is a Housing Finance company registered with the National Housing Bank, and is engaged in providing home loans primarily in rural and semi-urban areas. As part of its business activities, the Company deals with entities which are related parties.

The Companies Act, 2013 ("the Act") places a lot of emphasis on Related Party Transactions. Provisions of the Act along with the relevant Rules governing Related Party Transactions have come into effect from April 1, 2014.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not on an Arms' length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by ordinary resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified related party transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

As per the requirements of Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

2. Intent of the Policy

The Objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Applicability and Legal Framework

This Policy on Related Party Transactions shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of NHB in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

(i) "**Arm's Length basis**" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].

(ii) "**Associate Company**" shall be as defined in the Act and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

(iii) "**Audit Committee**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act.

(iv) "**Board of Directors**" or "Board" means the Board of Directors of MRHFL, as constituted from time to time.

(v) "**Company**" or "MRHFL" means Mahindra Rural Housing Finance Limited.

(vi) "**Control**" shall have the same meaning as defined in the Act.

(vii) "**Key Managerial Personnel**" in relation to the Company, shall be as defined in the Act.

(viii) "**Ordinary course of business**" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum and Articles of Association.

(ix) "**Related Party**", for the purpose of this Policy, with reference to the Company, shall mean a Related Party as defined in Section 2(76) of the Act.

(x) "**Related Party Transaction**" means specified transaction mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act.

(xi) "**Relatives**" with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Clause 4 of The Companies (Specification of Definition details) Rules, 2014 from time to time.

(xii) A "**transaction**" with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, the Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. Policy on Related Party Transactions

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

5.1 Identification of potential related parties and transactions

Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each director and Key Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

It will be the responsibility of the Directors and KMPs to keep the Company updated immediately if there is a change in any of the declarations provided at the beginning of the year.

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Related Party Transactions of the Company, as prescribed under the Act, shall require prior approval of Audit Committee, whether at a meeting or by way of a Resolution by circulation.

The approval of the Audit Committee will be sought in the following manner:

a) All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and / or at arm's length or not.

b) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms etc., the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b) The criteria for making the omnibus approval shall include the following which shall be approved by the Board:-

   i. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.

   ii. The maximum value per transaction which can be allowed.

   iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.

   iv. Review, at such interval as the Audit Committee may deem fit, of the related party transaction entered into by the Company pursuant to each of the omnibus approval made.

   v. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

   The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

   a. Repetitiveness of the transactions (in past or in future)

   b. Justification for the need of omnibus approval.

c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;

d) Such omnibus approval shall specify (i) the name/s of the related party/ies (ii) nature and duration of transaction /period of transaction (iii) maximum amount of transaction that can be entered into (iv) the indicative base price/ current contracted price and the formula for variation in the price if any and (v) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. one crore per transaction.

The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

Such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will not remain present at the Meeting when such Related Party Transaction is considered.

prior approval of the Audit Committee and Approval of the Shareholders for all Related Party Transactions shall not be applicable for transactions entered into between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5.2.2. Prior approval of Board of Directors under the Act

Transactions with the related parties within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arm's Length basis or both shall require prior approval of the Board of Directors.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3 Shareholders' approval requirements:

If the following transactions are likely to exceed the thresholds prescribed under the Act, the same will require prior approval of the Board of Directors and the Shareholders:

a) Not in the ordinary course of business but at arm's length; or

c) Not in the ordinary course of business and not at arm's length basis.

c) Not in the ordinary course of business and not at arm's length basis.

No member of the Company shall vote on Ordinary Resolution if such a member is a related party in the context of the contract or arrangement which is being considered under the Act.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by an Ordinary Resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it (Section 188).

Approval of the shareholders in case of the transactions of which the value crosses the threshold limits prescribed under the Act, shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6. Disclosures

a) This policy shall be hosted on the Company's website at www.mahindrahomefinance.com and also disclosed in the Annual Report.

b) The Annual Report shall contain details of all transactions with related parties.

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Rural Housing Finance Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Mahindra Rural Housing Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profits and its cash flows for the year ended on that date.

Other matter

The comparative financial information of the Company for the year ended 31 March 2017 as included in these standalone financial statements have been audited by the predecessor auditor who had audited the standalone financial statements for the year ended 31 March 2017. The report of the predecessor auditor on the comparative financial information dated 17 April 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts - Refer Note 29.17 to the financial statements; and

iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. - Refer Note 29.18 to the financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai,
18 April 2018

Annexure "A" to the Independent Auditor's Report - 31 March 2018

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of providing Housing Finance Services and consequently, does not hold any inventory. Hence para 3(ii) of the Order is not applicable to the company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the company.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Hence para 3(iv) of the Order is not applicable to the company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3 (v) of the order is not applicable to the company.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities except delays noted in depositing the labour welfare fund. Labour welfare fund amounting to Rs. 1,57,768 had remained outstanding as at 31 March 2018 for a period of more than six months from the date it became payable, which have been paid subsequent to 31 March 2018.

(b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of any disputes.

Name of the Statute	Nature of dues	Amount (In Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3,775,670	2011-12	Commissioner of Income Tax (A)
Income Tax Act, 1961	Income Tax	541,770	2012-13	Commissioner of Income Tax (A)
Income Tax Act, 1961	Income Tax	2,254,930	2013-14	Commissioner of Income Tax (A)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, government or debenture holder during the year.

ix. According to the information and explanations given to us and based on our examination of records of the Company, the term loans taken by the Company have been applied for the purpose for which they were raised. During the year, there were no money raised by way of initial public offer or further public offer.

x. According to the information and explanations given to us and based on our examination of the records of the Company, except for 67 cases of frauds by the employee aggregating Rs.55.66 lakhs, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai,
18 April 2018

Annexure "B" to the Independent Auditor's Report 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Mahindra Rural Housing Finance Limited (the "Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai,
18 April 2018

BALANCE SHEET AS AT 31 MARCH 2018

	Particulars	Note No.	(Rs. in Lakhs) As at March 2018 (Audited)	(Rs. in Lakhs) As at March 2017 (Audited)
A.	**EQUITY & LIABILITIES**			
1)	**Shareholders' funds**			
	a) Share capital	1	**10,813.22**	9,513.22
	b) Reserves and surplus	2	**62,590.36**	38,074.99
			73,403.58	47,588.21
2)	**Non-current liabilities**			
	a) Long-term borrowings	3	**3,91,766.78**	2,40,767.41
	b) Long-term provisions	4	**8,404.30**	6,279.52
			4,00,171.08	2,47,046.93
3)	**Current liabilities**			
	a) Short-term borrowings	5	**84,318.23**	62,486.41
	b) Trade payables	6		
	i) Micro & small enterprises		**–**	–
	ii) Other than micro and small enterprises		**4,337.15**	3,185.22
	c) Other current liabilities	7	**58,750.07**	1,18,960.83
	d) Short-term provisions	8	**14,815.91**	8,695.82
			1,62,221.36	1,93,328.28
	TOTAL EQUITY & LIABILITIES		**6,35,796.02**	4,87,963.42
B.	**ASSETS**			
1)	**Non-current assets**			
	a) Property, plant & equipment	9		
	i) Tangible assets		**1,797.87**	1,526.36
	ii) Intangible assets		**45.79**	32.53
	iii) Capital work-in-progress		–	6.58
	b) Deferred tax assets (net)	10	**1,862.15**	1,408.39
	c) Long-term loans and advances	11	**4,54,244.17**	3,62,707.04
	d) Other non-current assets	12	**136.38**	85.48
			4,58,086.36	3,65,766.38
2)	**Current assets**			
	a) Cash and cash equivalents	13	**5,577.07**	1,622.45
	b) Short-term loans and advances	14	**1,71,516.48**	1,20,237.83
	c) Other current assets	15	**616.11**	336.76
			1,77,709.66	1,22,197.04
	TOTAL ASSETS		**6,35,796.02**	4,87,963.42
	The significant accounting policies and notes to the financial statements referred to above form an integral part of the financial statements. As per our report of even date attached.	**II & III**		

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
18 April 2018

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer *Chairman*	**Nityanath Ghanekar** *Director*	**V. Ravi** *Director*
K. Chakravarthy *Director*	**K. Chandrasekar** *Director*	**Anuj Mehra** *Managing Director*
M. Narendra *Director*	**Dharmesh Vakharia** *Chief Financial Officer*	**Navin Joshi** *Company Secretary*

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Particulars	Note No.	(Rs. in Lakhs) Year ended March 2018	(Rs. in Lakhs) Year ended March 2017
1.	Revenue from operations	17	**99,995.49**	70,333.57
2.	Other income	18	**6.32**	3.32
3.	**Total revenue (I + II)**		**1,00,001.81**	70,336.89
4.	**Expenses:**			
	a) Employee benefits expense	19	**19,161.45**	12,847.83
	b) Finance costs	20	**38,328.23**	29,794.38
	c) Depreciation and amortization	21	**783.95**	528.04
	d) Loan provisions and write offs	22	**8,916.93**	7,125.55
	e) Other expenses	23	**10,352.13**	7,350.83
	Total expenses		**77,542.69**	57,646.63
5.	**Profit before tax (3-4)**		**22,459.12**	12,690.26
6.	**Tax expense:**			
	(1) Current tax		**8,330.00**	5,260.00
	(2) Deferred tax		**(453.76)**	(824.50)
	(3) (Excess)/short provision for income tax - earlier years		**37.00**	(45.79)
			7,913.24	4,389.71
7.	**Profit after tax for the year (5-6)**		**14,545.88**	8,300.55
8.	**Earnings per equity share (rupees):**			
	(Face value - Rs. 10/- per share)			
	(1) Basic		**15.26**	10.84
	(2) Diluted		**15.26**	10.84
	The significant accounting policies and notes to the financial statements referred to above form an integral part of the financial statements. As per our report of even date attached.	**II & III**		

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Particulars	(Rs. in Lakhs) Year ended March 2018	(Rs. in Lakhs) Year ended March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	**22,459.12**	12,690.26
Add/(Less): Adjustment for:		
Depreciation and amortisation expenses	**783.95**	528.04
Bad debts and write offs	**1,895.66**	1,042.26
Loss/(profit) on sale of fixed assets	**0.41**	1.25
Provision for non performing assets	**6,729.08**	5,537.93
General provision for standard assets	**292.19**	545.36
Dividend (income)	**(0.09)**	–
Operating profit before working capital changes	**32,160.32**	20,345.10
Less: (increase)/decrease in loans and advances	**(1,44,698.96)**	(1,56,771.31)
Add: increase in current liabilities	**(31,060.52)**	20,789.75
Cash generated from/(used in) operations	**(1,43,599.16)**	(1,15,636.46)
Advance taxes paid	**(8,672.01)**	(5,222.33)
Net cash generated from/(used in) operating activities (A)	**(1,52,271.17)**	(1,20,858.79)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/Software	**(1,255.29)**	(1,330.77)
Sale of fixed assets	**21.05**	10.81
Dividends received	**0.09**	–
Net cash generated from/(used in) investing activities (B)	**(1,234.15)**	(1,319.96)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares (net of issue expenses)	**12,987.00**	12,987.00
Proceeds from long-term borrowings	**2,09,578.35**	1,12,517.66
Repayment of long-term borrowings	**(81,069.72)**	(27,391.60)
Proceeds from short-term borrowings	**4,19,032.00**	6,20,880.15
Repayment of short-term borrowings	**(3,89,850.00)**	(6,09,928.03)
Increase/(decrease) in cash credit facilities	**(11,500.18)**	14,884.85
Dividend paid on equity shares	**(1,426.98)**	(1,060.21)
Tax on equity dividend paid	**(290.53)**	(215.83)
Net cash generated from/(used in) financing activities (C)	**1,57,459.94**	1,22,673.99
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**3,954.62**	495.24
Cash and cash equivalents at the beginning of the year	**1,622.45**	1,127.21
Cash and cash equivalents at the end of the year (Refer Note no. 13)	**5,577.07**	1,622.45

Note: The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 'Cash Flow Statement'

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
18 April 2018

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M. Narendra *Director*	**Dharmesh Vakharia** *Chief Financial Officer*	**Navin Joshi** *Company Secretary*

Notes to the Financial Statements for the year ended 31 March 2018

I. Company overview

Mahindra Rural Housing Finance Limited (the 'Company') is a Housing Finance Company registered with the National Housing Bank (the 'NHB'), and is engaged in providing home loans primarily in rural and semi-urban areas.

II. Significant accounting policies

1.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis unless otherwise stated and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and noncurrent classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as well as contingency provision for Standard Assets as prescribed by The National Housing Bank for Housing Finance Companies.

1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 Revenue recognition

The Company follows the accrual method of accounting for its income and expenditure.

a. Interest on loans

i. Interest income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

ii. Interest income on loans is recognized on accrual basis except in case of non-performing assets where interest is recognized upon realization as per NHB Guidelines.

ii. Unrealized interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

b. Fees & other charges

i. Service charges, documentation charges and other fees on loan transactions are recognized at the commencement of the contract.

ii. Other charges such as cheque bounce charges, delayed payment charges are recognized when there is no significant uncertainty as to determination and realization.

c. Income from investments

i. Dividend from investments is accounted for as income when the right to receive dividend is established.

ii. Interest income is accounted on accrual basis.

d. Other income

i. In other cases, income is recognized following accrual principles when there is no significant uncertainty as to determination and realization.

1.4 Fixed assets, depreciation and amortization

a. Tangible assets

Tangible assets are stated at cost of acquisition, less accumulated depreciation. The cost of tangible assets comprise of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

b. Depreciation on tangible assets

Depreciation on fixed assets is charged using straight line method based on the useful life of the assets as specified in Schedule II to The Companies Act, 2013 except for:

i. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.

ii. Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d. Amortization of intangible assets

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

1.5 Foreign exchange transactions and translations

a. Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

b. Conversion

i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

i. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

1.6 Investments

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments or in accordance with the norms prescribed by National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

1.7 Loans & advances: classification & provisioning

i. Loan against assets are stated at agreement value net of installments received less unmatured finance charges.

ii. Loans and other credit facilities are classified as per the National Housing Bank (NHB) guidelines, into performing and non performing assets. Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions are made against specific non-performing assets over and above stated in NHB guidelines, if in the opinion of the management, increased provisions are necessary.

iii. The provision on standard assets is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended.

1.8 Share issue expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

1.9 Employee stock compensation costs

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities & Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock option using the Intrinsic value method (i.e excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion

1.10 Lease

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

1.11 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.12 Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

1.13 Employee benefits

a. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees are recognized during the year when the employees render the service.

These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employees renders the related service.

b. Post-employment benefits

Defined contribution plan

Contributions to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to such benefits.

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefits plan

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

1.14 Borrowings

Borrowings from Commercial Paper / Zero Coupon Bond are recognised at redemption value, net of unamortised discounting charges.

1.15 Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

The difference between the discounted amount mobilized and redemption value of Commercial Papers / Zero Coupon Bond / NCD is apportioned on time basis over the life of instrument and charged as interest expense in the statement of Profit and Loss.

1.16 Impairment of assets

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

1.17 Cash and cash equivalent

Cash comprises cash on hand and demand deposits with bank. The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

1.18 Provisions and contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

Notes to the Financial Statements as at 31 March 2018

III. Notes to the Financial Statements

1. Share capital:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Authorised capital:		
150,000,000 Equity shares of Rs.10/- each	**15,000.00**	10,000.00
(Previous Year 100,000,000 Equity shares of Rs.10/- each)		
Issued capital:		
108,132,166 Equity shares of Rs.10/- each	**10,813.22**	9,513.22
(Previous Year 95,132,166 Equity shares of Rs.10/- each fully paid up)		
Subscribed and paid-up capital:		
108,132,166 Equity shares of Rs.10/- each fully paid up	**10,813.22**	9,513.22
(Previous Year 95,132,166 Equity shares of Rs.10/- each fully paid up)		
Total	**10,813.22**	9,513.22

Other Quantitative Information:

a) Reconciliation of number of Equity Shares:		
Balance at the beginning of the year	**95,132,166**	75,729,181
Issue of Shares	**13,000,000**	19,402,985
Balance at the end of the year	**108,132,166**	95,132,166
b) Reconciliation of Equity Shares - in value		
Balance at the beginning of the year	**9,513.22**	7,572.92
Add:- Issue of Shares (Equity Share 13,000,000 @ Rs. 10/- Each)	**1,300.00**	1,940.30
(In previous year Equity Share 19,402,985 @ Rs. 10/- Each)		
Balance at the end of the year	**10,813.22**	9,513.22
c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -		
Holding Company: Mahindra & Mahindra Financial Services Limited	**96,240,655**	83,240,655
(including 12 shares held jointly with nominees)		
Percentage of Holding (%)	**89.00%**	87.50%
d) Shareholders holding more than 5% shares:		
Mahindra & Mahindra Financial Services Limited	**96,240,655**	83,240,655
Percentage of holding (%)	**89.00%**	87.50%
National Housing Bank	**11,891,511**	11,891,511
Percentage of holding (%)	**11.00%**	12.50%

e) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be the entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2. Reserves and surplus:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Securities premium account:		
Balance as at the beginning of the period	**17,038.73**	5,992.03
Add: Received during the year on account of fully paid up shares	**11,700.00**	11,059.70
Less: Deduction during the year in respect of shares issue expenses	**13.00**	13.00
Net balance as at the end of the year	**28,725.73**	17,038.73
Special reserve		
(As per Section 29C of the National Housing Bank Act, 1987){refer note no 24 and note 29.1}		
Balance as at the beginning of the year	**9,204.93**	5,879.93
Add: Transfer from surplus in the Statement of Profit and Loss	**5,000.00**	3,325.00
Balances as at the end of the year	**14,204.93**	9,204.93
General reserve:		
Balance as at the beginning of the year	**290.00**	290.00
Balances as at the end of the year	**290.00**	290.00
Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	**11,541.33**	7,841.82
Dividend on Equity Shares	**1,426.98**	1,060.21
Corporate Dividend tax on Equity Shares	**290.53**	215.83
Add: Profit for the current year transferred from Statement of Profit and Loss	**14,545.88**	8,300.55
	24,369.70	14,866.33
Less: Appropriations:		
Special reserve	**4,975.00**	3,300.00
Additional special reserve	**25.00**	25.00
	5,000.00	3,325.00
Balances as at the end of the year	**19,369.70**	11,541.33
Total	**62,590.36**	38,074.99

3. Long-Term Borrowings:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Bonds/debentures		
- Non Convertible Debentures (Secured) {refer note no. 25 (i)}	**112,146.02**	43,067.66
- Bonds (Subordinate Debt) (Unsecured) {refer note no. 25 (ii)}	**27,700.00**	18,900.00
Term Loans (Secured)		
- From banks { refer note no. 26 (i)}	**247,905.56**	170,205.56
- From financial institutions { refer note no. 26 (ii)}	**4,015.20**	8,394.19
Loans and advances from related parties (Inter Corporate Deposits) (Unsecured) {refer note no. 27}	**–**	200.00
Total	**391,766.78**	240,767.41

4. Long-term provisions:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Provision for employee benefits	**284.08**	189.25
Others -		
- Provision for non performing assets	**6,568.62**	4,725.29
- Provision for standard assets	**1,551.60**	1,364.98
Total	**8,404.30**	6,279.52

5. Short-term borrowings:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Loans repayble on demand (Secured) {refer note no. 28 (i)}		
- Loans from banks	**15,000.00**	10,450.00
- Cash credit facilities with banks	**4,479.12**	15,979.30
Loans and advances from related parties (Inter Corporate Deposits) (Unsecured) {refer note no. 27}	**24,375.00**	16,300.00
Other loans and advances (Unsecured)		
- Commercial paper (CPs) {refer note no. 28 (ii)}	**40,464.11**	19,757.11
Total	**84,318.23**	62,486.41

6. Trade payables:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Micro & small enterprises	**–**	–
Other than micro & small enterprises	**4,337.15**	3,185.22
Total	**4,337.15**	3,185.22

7. Other current liabilities:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Current maturities of long-term debt		
- Non Convertible Debentures (Secured) {refer note no. 25 (i)}	**7,500.00**	–
- Bonds (Subordinate Debt) (Unsecured) {refer note no. 25 (ii)}	**700.00**	–
Term Loans (Secured)		
- From banks {refer note no. 26 (i)}	**35,800.00**	65,014.92
- From financial institutions {refer note no. 26 (ii)}	3,635.99	5,311.81
Loans and advances from related parties (ICDs) {refer note no. 27}	**100.00**	4,050.00
	47,735.99	74,376.73
Interest accrued but not due on borrowings	**7,654.15**	3,559.15
Other payables		
Credit balances in current accounts with banks	–	38,673.76
Insurance premium payable	**2,289.35**	1,682.91
Statutory liabilities	**472.23**	327.28
Other liabilities	**598.35**	341.00
Total	**58,750.07**	118,960.83

8. Short-term provisions:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Provision for employee benefits	**2,718.15**	1,455.40
Others		
Provision for non performing assets	**11,597.41**	6,711.66
Provision for standard assets	**500.35**	394.78
Provision for tax (net of advance tax)	–	133.98
Total	**14,815.91**	8,695.82

9. Property, plant & equipment

As at 31 March 2018

(Rs. in Lakhs)

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1 April, 2017	Additions	Disposals/ adjustments	As at 31 March, 2018	As at 1 April, 2017	Additions	Disposals/ adjustments	As at 31 March, 2018	As at 31 March, 2018	As at 1 April, 2017
i) Tangible Assets:										
Buildings	23.12	–	–	**23.12**	0.52	0.38	–	**0.90**	**22.22**	22.60
Furniture and Fixtures	413.69	236.15	4.91	**644.93**	215.54	128.12	4.35	**339.31**	**305.62**	198.15
Vehicles	616.65	194.57	75.45	**735.77**	232.09	120.98	55.26	**297.81**	**437.96**	384.56
Office Equipment	1,038.75	276.87	2.16	**1,313.46**	453.60	296.86	1.76	**748.70**	**564.76**	585.15
Computers	805.25	347.69	2.25	**1,150.69**	469.35	215.96	1.93	**683.38**	**467.31**	335.90
Total (i)	**2,897.46**	**1,055.28**	**84.77**	**3,867.97**	**1,371.10**	**762.30**	**63.30**	**2,070.10**	**1,797.87**	**1,526.36**

(Rs. in Lakhs)

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1 April, 2017	Additions	Disposals/ adjustments	As at 31 March, 2018	As at 1 April, 2017	Additions	Disposals/ adjustments	As at 31 March, 2018	As at 31 March, 2018	As at 1 April, 2017
ii) Intangibe Assets:										
Computer software	33.46	34.91	–	68.37	0.93	21.65	–	22.58	45.79	32.53
Total (ii)	33.46	34.91	–	68.37	0.93	21.65	–	22.58	45.79	32.53
iii) Capital Work in progress	6.58									6.58
Total (i+ii+iii)	2,937.50	1,090.19	84.77	3,936.34	1,372.03	783.95	63.30	2,092.68	1,843.66	1,565.47

As at 31 March 2017

(Rs. in Lakhs)

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1 April, 2016	Additions	Disposals/ adjustments	As at 31 March, 2017	As at 1 April, 2016	Additions	Disposals/ adjustments	As at 31 March, 2017	As at 31 March, 2017	As at 1 April, 2016
i) Tangible Assets:										
Buildings	23.12	–	–	23.12	0.13	0.39	–	0.52	22.60	22.99
Furniture and Fixtures	243.56	170.46	0.33	413.69	120.52	95.35	0.33	215.54	198.15	123.04
Vehicles	402.44	241.27	27.06	616.65	155.84	92.55	16.30	232.09	384.56	246.60
Office Equipment	724.03	334.89	20.17	1,038.75	292.90	179.57	18.87	453.60	585.15	431.13
Computers	536.58	272.86	4.19	805.25	314.28	159.26	4.19	469.35	335.90	222.30
Total (i)	1,929.73	1,019.48	51.75	2,897.46	883.67	527.12	39.69	1,371.10	1,526.36	1,046.06
ii) Intangibe Assets:										
Computer software	–	33.46	–	33.46	–	0.93	–	0.93	32.53	–
Total (ii)	–	33.46	–	33.46	–	0.93	–	0.93	32.53	–
iii) Capital Work in progress	–	–	–	6.58	–	–	–	–	6.58	–
Total (i+ii+iii)	1,929.73	1,052.94	51.75	2,937.50	883.67	528.05	39.69	1,372.03	1,565.47	1,046.06

10. Deferred tax assets (net):

Particulars		(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
a) Deferred tax assets			
Provision for non performing assets		5,622.61	3,680.18
Provision on standard assets		717.03	609.02
Depreciation		190.73	93.30
Other disallowances		222.46	156.08
	(a)	6,752.83	4,538.58
b) Deferred tax liabilities			
Special reserve		4,890.68	3,130.19
	(b)	4,890.68	3,130.19
Deferred tax assets (Net)		1,862.15	1,408.39

11. Long-term loans and advances:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Unsecured, considered good unless otherwise stated:		
Capital advances (Unsecured)	537.13	365.45
Deposits for office premises / others (Unsecured)	198.60	132.96
Other loans and advances		
Secured considered good		
- Loans against assets - housing loans	422,656.69	338,017.72
- Loans against assets - others	1,529.41	1,000.34
Non performing assets		
- Loans against assets - housing loans	29,132.12	23,182.95
- Loans against assets - others	15.42	5.15
Unsecured		
- Employee loans & advances	3.78	2.47
Advance payment of tax (net of provisions)	171.02	–
Total	454,244.17	362,707.04

12. Other non-current assets:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Other loans and advances		
- Prepaid expenses	136.38	85.48
Total	136.38	85.48

13. Cash and cash equivalents:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Balance with banks in current accounts	4,728.96	922.22
Cash on hand	848.11	700.23
Total	5,577.07	1,622.45

14. Short-term loans and advances:

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Other loans and advances		
Secured considered good		
- Loans against assets - housing loans	134,003.25	95,966.30
- Loans against assets - others	779.81	311.68

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Unsecured considered good		
- Personal loans	–	425.32
Non performing assets		
- Loans against assets - housing loans	**36,600.71**	23,424.56
- Loans against assets - others	**16.79**	17.43
- Personal loans	**28.51**	3.15
Other loans and advances		
- Employee loans & advances	**58.38**	61.28
- Other short-term advances	–	3.42
- Deposits for office premises/others	**29.03**	24.69
Total	**171,516.48**	120,237.83

15. Other current assets

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Prepaid expenses	**616.11**	336.76
Total	**616.11**	336.76

16. Contingent liabilities and commitments (to the extent not provided for)

	Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
I	**Contingent liabilities (to the extent not provided for):**		
	(a) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the company	**67.30**	4.64
	(b) Demand against the company not acknowledged as debts - Income Tax	**60.98**	60.98
	Total	**128.28**	65.62
II	**Commitments:**		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**150.23**	243.22
	(b) Amount on account of loan sanctioned but not disbursed	**115,097.21**	43,152.23
	Total	**115,247.44**	43,395.45

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

17. Revenue from operations:

Particulars	(Rs. in Lakhs) Year ended March 2018	(Rs. in Lakhs) Year ended March 2017
a) **Interest income**		
Income from loans	**91,871.08**	64,277.18
	91,871.08	64,277.18
b) **Other financial services**		
Service charges and other fees on loan transactions	**8,124.41**	6,056.39
	8,124.41	6,056.39
Total (a + b)	**99,995.49**	70,333.57

18. Other income:

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Dividend received from investments in mutual fund units	**0.09**	–
Other non-operating income	**6.23**	3.32
Total	**6.32**	3.32

19. Employee benefit expenses:

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Salary, bonus and incentives	**17,376.64**	11,458.09
Contribution to provident funds and other funds	**1,224.49**	972.05
Employee stock compensation costs	**90.68**	88.88
Staff welfare expenses	**469.64**	328.81
Total	**19,161.45**	12,847.83

20. Finance cost:

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Interest expense	**37,975.56**	29,545.20
Other borrowing costs	**352.67**	249.18
Total	**38,328.23**	29,794.38

21. Depreciation and amortization expense:

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Depreciation on tangible assets	**762.30**	527.11
Amortization of intangibe assets	**21.65**	0.93
Total	**783.95**	528.04

22. Loan provisions and write Offs:

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Provision for non performing assets	**6,729.08**	5,537.93
General provision on standard assets	**292.19**	545.36
Bad debts and write offs	**1,895.66**	1,042.26
Total	**8,916.93**	7,125.55

23. Other expenses:

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Electricity charges	**111.59**	65.11
Rent	**438.05**	291.21

Particulars	(Rs. in Lakhs) March 2018	(Rs. in Lakhs) March 2017
Repairs & maintenance:-		
- Buildings	**297.21**	165.50
- Others	**12.01**	12.28
Insurance	**514.91**	351.97
Rates & taxes, excluding taxes on income	**67.42**	44.06
Directors' sitting fees and commission	**37.85**	23.80
Commission & brokerage	**127.01**	38.93
Legal & professional charges	**1,535.46**	788.90
Travelling and conveyance expenses	**3,439.46**	2,392.89
Administration support charges	**557.25**	511.41
Loss on sale/disposal of owned assets	**0.41**	1.25
Payments to the auditor -		
- Audit fees	**13.04**	10.73
- Taxation matters	**1.50**	1.61
- Other services	**8.89**	4.93
- Reimbursement of expenses	**0.81**	0.34
CSR expenditure	**271.63**	178.29
General and administrative expenses	**2,917.63**	2,467.62
Total	**10,352.13**	7,350.83

24. Movement of statutory reserve:

(As per Section 29C of the National Housing Bank Act, 1987)
(In compliance with NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016)

Particulars	(Rs. in Lakhs) As at March 2018	(Rs. in Lakhs) As at March 2017
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	**85.00**	60.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	**9,119.93**	5,819.93
Total	**9,204.93**	5,879.93
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount Transferred u/s 29C of the NHB Act, 1987	**25.00**	25.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	**4,975.00**	3,300.00
Less: a) Amount appropriated from the statutory reserve u/s 29C of the NHB Act, 1987	**–**	–
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	**–**	–
Balance at the end of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	**110.00**	85.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	**14,094.93**	9,119.93
Total	**14,204.93**	9,204.93

25(i) Secured Non-convertible debentures#

(Secured by pari passu charges on office premise and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured debentures)

As at 31 March 2018 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable on maturity:				
a) Maturity beyond 5 years	8.27%-8.30%	7,000.00	–	7,000.00
b) Maturing between 3 year to 5 years	7.82%-8.90%	33,000.00	–	33,000.00
c) Maturing between 1 year to 3 years	7.73%-8.74%	72,146.02	–	72,146.02
d) Maturing within 1 year	7.90%-8.00%	–	7,500.00	7,500.00
Total		**112,146.02**	**7,500.00**	**119,646.02**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable on maturity:				
a) Maturity beyond 5 years	8.30%	1,000.00	–	1,000.00
b) Maturing between 3 year to 5 years	8.10%-8.90%	18,067.66	–	18,067.66
c) Maturing between 1 year to 3 years	7.90% - 8.74%	24,000.00	–	24,000.00
d) Maturing within 1 year	–	–	–	–
Total		**43,067.66**	–	**43,067.66**

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing , to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

25 (ii) Unsecured borrowings

Subordinated debts (Long-term) ##

As at 31 March 2018 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable on maturity:				
a) Maturity beyond 5 years	8.40% - 9.50%	27,700.00	–	27,700.00
b) Maturing between 3 year to 5 years	–	–	–	–
c) Maturing between 1 year to 3 years	–	–	–	–
d) Maturing within 1 year	11.00%	–	700.00	700.00
Total repayable on maturity		**27,700.00**	**700.00**	**28,400.00**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable on maturity:				
a) Maturity beyond 5 years	8.40% - 9.50%	18,200.00	–	18,200.00
b) Maturing between 3 year to 5 years	–	–	–	–
c) Maturing between 1 year to 3 years	11.00%	700.00	–	700.00
d) Maturing within 1 year	–	–	–	–
Total repayable on maturity		**18,900.00**	–	**18,900.00**

The funds raised by the Company during the year by issue of Unsecured Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing , to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

26 (i) Secured term loan from banks

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As at 31 March 2018 **(Rs. in Lakhs)**

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable on maturity:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	7.90% - 8.75%	40,000.00	–	40,000.00
c) Maturing between 1 year to 3 years	7.85% -8.75%	53,500.00	–	53,500.00
d) Maturing within 1 year	–	–	–	–
Total repayable on maturity		**93,500.00**	–	**93,500.00**
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.10%-8.35%	4,166.67	–	4,166.67
c) Maturing between 1 year to 3 years	8.10%-8.35%	10,555.56	–	10,555.56
d) Maturing within 1 year	8.10%-8.35%	–	6,666.67	6,666.67
Total		**14,722.23**	**6,666.67**	**21,388.90**
ii) Half-Yearly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.25%-8.45%	18,333.33	–	18,333.33
c) Maturing between 1 year to 3 years	8.45%	10,000.00	–	10,000.00
d) Maturing within 1 year	8.45%	–	3,333.33	3,333.33
Total		**28,333.33**	**3,333.33**	**31,666.66**
iii) Yearly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.00% - 8.45%	39,650.00	–	39,650.00
c) Maturing between 1 year to 3 years	8.00% - 9.34%	71,700.00	–	71,700.00
d) Maturing within 1 year	8.20% - 9.34%	–	25,800.00	25,800.00
Total		**111,350.00**	**25,800.00**	**137,150.00**
Total repayable on installments (i+ii+iii)		**154,405.56**	**35,800.00**	**190,205.56**
Total (1+2)		**247,905.56**	**35,800.00**	**283,705.56**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable on maturity:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.40% - 8.75%	25,000.00	–	25,000.00
c) Maturing between 1 year to 3 years	8.75% -9.70%	30,000.00	–	30,000.00
d) Maturing within 1 year	8.65% -9.70%	–	45,000.00	45,000.00
Total repayable on maturity		55,000.00	45,000.00	100,000.00
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.15%	3,055.56	–	3,055.56
c) Maturing between 1 year to 3 years	8.15%	8,333.33	–	8,333.33
d) Maturing within 1 year	8.15%	–	4,298.25	4,298.25
Total		11,388.89	4,298.25	15,687.14
ii) Half-Yearly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.75%	6,666.67	–	6,666.67
c) Maturing between 1 year to 3 years	8.75%	10,000.00	–	10,000.00
d) Maturing within 1 year	8.75%	–	6,666.67	6,666.67
Total		16,666.67	6,666.67	23,333.34
iii) Yearly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.20% - 9.30%	31,300.00	–	31,300.00
c) Maturing between 1 year to 3 years	8.20% - 9.63%	55,850.00	–	55,850.00
d) Maturing within 1 year	9.25% - 9.63%	–	9,050.00	9,050.00
Total		87,150.00	9,050.00	96,200.00
Total repayable on installments (i+ii+iii)		115,205.56	20,014.92	135,220.48
Total (1+2)		170,205.56	65,014.92	235,220.48

26 (ii) Secured term loans from NHB

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As at 31 March 2018 **(Rs. in Lakhs)**

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	8.80%	378.00	–	378.00
c) Maturing between 1 year to 3 years	7.95%-9.05%	3,637.20	–	3,637.20
d) Maturing within 1 year	7.95%-9.05%	–	3,635.99	3,635.99
Total		**4,015.20**	**3,635.99**	**7,651.19**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Current Maturities of long term debt	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 5 years	–	–	–	–
b) Maturing between 3 year to 5 years	7.65%-9.30%	2,054.80	–	2,054.80
c) Maturing between 1 year to 3 years	7.65%-9.05%	6,339.39	–	6,339.39
d) Maturing within 1 year	7.65%-9.70%	–	5,311.81	5,311.81
Total		8,394.19	5,311.81	13,706.00

27 Inter-corporate deposits (ICD):

As at 31 March 2018 **(Rs. in Lakhs)**

Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities of long term debt	Total
1) Repayable on maturity:					
a) Maturity beyond 5 years	–	–	–	–	–
b) Maturing between 3 year to 5 years	–	–	–	–	–
c) Maturing between 1 year to 3 years	–	–	–	–	–
d) Maturing within 1 year	7.20% - 8.55%	–	24,375.00	100.00	24,475.00
Total repayable on maturity		–	**24,375.00**	**100.00**	**24,475.00**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities of long term debt	Total
1) Repayable on maturity:					
a) Maturity beyond 5 years	–	–	–	–	–
b) Maturing between 3 year to 5 years	–	–	–	–	–
c) Maturing between 1 year to 3 years	9.80%	200.00	–	–	200.00
d) Maturing within 1 year	7.60% - 9.80%	–	16,300.00	4,050.00	20,350.00
Total repayable on maturity		200.00	16,300.00	4,050.00	20,550.00

28 (i) Short-term borrowings:
Secured short-term loans / cash credit from banks

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As at 31 March 2018 **(Rs. in Lakhs)**

Particulars	**Rate Range**	**(a) Long Term**	**(b) Short Term**	**Total**
1) Repayable on maturity:				
a) Maturing within 1 year	7.90% - 10.25%	–	19,479.12	19,479.12
Total		–	**19,479.12**	**19,479.12**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	7.90% - 10.50%	–	26,429.30	26,429.30
Total		–	26,429.30	26,429.30

28 (ii) Commercial paper borrowings:

As at 31 March 2018 **(Rs. in Lakhs)**

Particulars	**Rate Range**	**(a) Long Term**	**(b) Short Term**	**Total**
1) Repayable on maturity:				
a) Maturing within 1 year	7.45% - 7.80%	–	40,464.11	40,464.11
Total		–	**40,464.11**	**40,464.11**

As at 31 March 2017 (Rs. in Lakhs)

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	7.30% - 7.60%	–	19,757.11	19,757.11
Total		–	19,757.11	19,757.11

29. General disclosures:

29.1 As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company transfers an amount to Special Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987, as amended, at year end. The Company does not anticipate any withdrawal from Special Reserve in foreseeable future.

29.2 The Company has considered an amount of 5% of its computed total income, as per Section 36(1)(viia) as an eligible deduction. A deferred tax liability has been created on the said deduction.

29.3 The Company is not required to make provision for diminution in value of investments, as the Company does not hold any investment.

29.4 The Company has not granted any loans or advances against collateral of gold jewellery.

29.5 During the year, the Company has incurred an expenditure of Rs. 271.63 Lakhs (31 March 2017: Rs. 178.09 Lakhs) towards CSR activities which includes contribution made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act.

Detail of amount spent towards CSR activities:

a) Gross amount required to be spent by the Company during the year is Rs. 271.45 lakhs (Previous year: Rs. 176.55 lakhs).

b) Amount spent by the Company during the year -

(Rs. in Lakhs)

	For the year ended 31 March 2018			For the year ended 31 March 2017		
Particulars	**In cash**	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i) Construction/ acquisition of any asset	–	–	–	–	–	–
ii) On purpose other than (i) above	**271.63**	–	**271.63**	178.09	–	178.09

29.6 Bad debts and write offs includes loss on termination of Rs. 130.55 Lakhs (March 2017 - Rs. 94.15 Lakhs) which mainly represents shortfall on settlement of certain contracts. There is a bad debts recovery of Rs. 41.65 Lakhs (March 2017 - Rs. 9.37 Lakhs) in current year.

29.7 In the opinion of the Board, current assets, loans and advances are of the values stated, if realized, in the ordinary course of business.

29.8 Employee benefits:

Defined benefit plans

(Rs. in Lakhs)

		Gratuity (Funded)		**Exigency leave (Non-funded) (Sick leave for Previous year)**		**Privilege leave (Non-funded)**	
		March-18	**March-17**	**March-18**	**March-17**	**March-18**	**March-17**
I.	**Expense recognised in the Statement of Profit & Loss Account for the year ending 31st Mar 2018**						
1	Current service cost	101.71	67.88	104.05	17.17	145.01	110.46
2	Interest cost	18.96	10.53	3.33	1.87	18.11	8.93
3	Actual return on plan assets	(12.07)	(8.66)	–	–	–	–
4	Actuarial (Gains)/ Losses	12.22	57.96	(41.39)	2.88	(24.88)	26.55
5	Adjustment due to change in opening balance of Plan assets	(18.98)	17.19	–	–	–	–
6	**Total expenses**	**101.84**	**144.90**	**65.99**	**21.92**	**138.24**	**145.94**
II.	**Net asset/(liability) recognised in the Balance Sheet as at 31st Mar 2018**						
1	Present Value of Defined Benefit obligation as at 31st Mar	374.56	257.66	111.29	45.30	362.44	246.04
2	Fair value of plan assets as at 31st Mar	263.82	144.97	–	–	–	–
3	Funded status (surplus/(deficit))	(110.74)	(112.69)	(111.29)	(45.30)	(362.44)	(246.04)
4	**Net asset/(liability) as at 31st Mar**	**(110.74)**	**(112.69)**	**(111.29)**	**(45.30)**	**(362.44)**	**(246.04)**
III.	**Change in the obligations during the year ending 31st Mar 2018**						
1	Present Value of Defined Benefit obligation at the beginning of the year	257.66	131.66	45.30	23.38	246.04	111.66
2	Current service cost	101.71	67.88	104.05	17.17	145.01	110.46

(Rs. in Lakhs)

		Gratuity (Funded)		Exigency leave (Non-funded) (Sick leave for Previous year)		Privilege leave (Non-funded)	
		March-18	March-17	March-18	March-17	March-18	March-17
3	Interest cost	18.96	10.53	3.33	1.87	18.11	8.93
4	Actuarial (Gains)/Losses	12.22	57.96	(41.39)	2.88	(24.88)	26.55
5	Benefits paid	(15.99)	(10.37)	–	–	(21.84)	(11.56)
6	**Present Value of Defined Benefit obligation at the end of the year**	**374.56**	**257.66**	**111.29**	**45.30**	**362.44**	**246.04**
IV.	**Change in the fair value of plan assets during the year ending 31st Mar 2018**						
1	Fair value of plan assets at the beginning of the year	144.97	125.44	–	–	–	–
2	Expected return on plan assets	12.07	8.66	–	–	–	–
3	Contributions by employer	103.79	38.43	–	–	–	–
4	Actuarial (Gains)/ Losses	–	–	–	–	–	–
5	Actual Benefits paid	(15.99)	(10.37)	–	–	–	–
6	Adjustment due to change in opening balance of Plan assets	18.98	(17.19)	–	–	–	–
7	**Fair value of plan assets at the end of the year**	**263.82**	**144.97**	–	–	–	–
V.	**Major category of plan assets as a percentage of total plan** Funded with LIC	100%	100%	–	–	–	–
VI.	**Actuarial Assumptions**						
1	Discount Rate	7.81% p.a.	7.36% p.a.	7.81% p.a.	7.36% p.a.	7.81% p.a.	7.36% p.a.
2	Expected Rate of return on plan assets	7.36% p.a.	8.00% p.a.	–	–	–	–
3	Rate of Salary increase	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
4	In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate				

Experience Adjustments:

(Rs. in Lakhs)

		Year Ending				
		March-18	March-17	March-16	March-15	March-14
1	Defined Benefit obligation at end of the year	**374.56**	257.66	131.66	91.92	60.14
2	Plan assets at the end of year	**263.82**	144.97	125.44	90.86	48.93
3	Funded Status Surplus/ (Deficit)	**(110.74)**	(112.69)	(6.22)	(1.06)	(11.21)
4	Experience adjustments on plan liabilities (gain)/loss	**(19.06)**	21.08	(30.71)	(20.08)	(10.35)
5	Experience adjustments on plan assets gain/(loss)	–	–	–	–	–

29.9 The Company's main business is to provide loans for purchase or construction of residential houses. All the other activities of the Company revolve around the main business. As such, there are no separate reportable segments as per the Accounting Standard on Segment Reporting (AS-17).

29.10 Earnings per share as required by Accounting Standard-20 (AS-20) read with the Guidance note on " Accounting for employee share based payments" is as follows:

Particulars	March-18	March-17
Net Profit after tax (Rs. In Lakhs)	**14,545.88**	8,300.55
Weighted Average Number of Equity Shares of Rs. 10/- each – Basic	**95,310,248**	76,579,723
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted	**95,310,248**	76,579,723
Basic Earnings Per Share (in Rs.)	**15.26**	10.84
Diluted Earnings Per Share (in Rs.)	**15.26**	10.84

29.11 Employee Stock Option Scheme:

The Company has used intrinsic value method to account for the compensation cost of stock options. Intrinsic value is the amount by which the market price of the underlying share exceeds the exercise price of the option.

Description of ESOP Scheme:

Particulars	ESOP
Vesting requirements	Stock Options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on relevant date of vesting.
Vesting Conditions	25% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant
	25% on expiry of 36 months from the date of grant
	25% on expiry of 48 months from the date of grant
Maximum term of options granted	7.28 Years
Method of Settlement	Equity settled

The Fair value of options, based on the valuation of the independent valuer as on the date of grant are:

Vesting Date	Expected Vesting	Fair Value (Rs.) per share
Grant Dated 7 October 2017 (A)		
7 October 2018	403,696	**23.01**
7 October 2019	403,696	
7 October 2020	403,696	
7 October 2021	403,695	
Sub Total (A)	**1,614,783**	
Grant Dated 8 December 2017 (B)		
8 December 2018	42,852	**23.08**
8 December 2019	42,852	
8 December 2020	42,852	
8 December 2021	42,853	
Sub Total (B)	**171,409**	
Grant Dated 16 January 2018 (C)		
16 January 2019	37,250	**23.24**
16 January 2020	37,250	
16 January 2021	37,250	
16 January 2022	37,250	
Sub Total (C)	**149,000**	
Grand Total of Grants (A+B+C)	**1,935,192**	

The Key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

Variables#	Grant dated 7 October 2017	Grant dated 8 December 2017	Grant dated 16 January 2018
1) Risk free interest rate	6.56%	6.78%	7.16%
2) Expected life	4 years	4 years	4 years
3) Expected volatility	41.25%	40.95%	40.54%
4) Dividend yield	2.24%	2.24%	2.24%
5) Price of the underlying share at the time of option grant (Rs.)	67.00	67.00	67.00

the value mentioned against each of the variables are based on the weighted average percentage of vesting.

Number and weighted average exercise price of options

Sr. No	Particulars	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	0	0
2	Granted during the year	1,935,192	Rs. 67.00
3	Forfeited during the year	0	0
4	Exercised during the year	0	0
5	Expired during the year	0	0
6	Outstanding at the end of the year	1,935,192	Rs. 67.00
7	Exercisable at the end of the year	0	0

Range of exercise price and weighted average remaining contractual life of outstanding options:

Grant date	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)
7 October 2017	1,614,783	6.53	Rs. 67.00
8 December 2017	171,409	6.70	Rs. 67.00
16 January 2018	149,000	6.80	Rs. 67.00

Earnings Per Share Adjusted for Employee Stock Options Scheme:

(Rs. in Lakhs)

Computation of EPS	March-18
Intrinsic Value Compensation Cost	**–**
Fair Value Compensation Cost	**102.79**

(Rs. in Lakhs)

Computation of EPS	March-18
Profit after tax for the year	**14,545.88**
Adjusted Profit after tax for the year	**14,443.09**
Number of shares outstanding	**95,310,248**
Dilutive Number of Options	**–**
Total Number of shares for dilutive workings	**95,310,248**
Basic EPS as reported (in Rs.)	**15.26**
Basic EPS as adjusted (in Rs.)	**15.15**
Diluted EPS as reported (in Rs.)	**15.26**
Diluted EPS as adjusted (in Rs.)	**15.15**

29.12 The Company has incurred a cost of Rs. 89.52 Lakhs (March 17 Rs. 86.82 Lakhs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL) and Rs. 1.16 Lakhs (March 17 Rs. 2.06 Lakhs) towards ESOP granted to its employees by Mahindra & Mahindra Limited.

29.13 The Board of Directors have recommended a dividend of Rs. 1.70 per share for the financial year 2017-18.

29.14 The Company has incurred an expenditure in Foreign Currency towards:

- Foreign Travel Expenses — Rs. 0.66 Lakhs (March 17 Rs. 2.25 Lakhs)
- Bank Processing and Other Expenses — Rs. 6.63 Lakhs (March 17 Rs. NIL)

29.15 Related Party Disclosure as per Accounting Standard 18 and in compliance with NHB Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated, February 9th, 2017:

List of the related parties:

Ultimate holding company	Mahindra and Mahindra Limited
Holding company	Mahindra and Mahindra Financial Services Limited
Fellow subsidiary companies:	Mahindra Insurance Brokers Limited
	Mahindra First Choice Services Limited
	NBS International Limited
	Mahindra Asset Management Company Private Limited
	Mahindra Integrated Business Solutions Private Limited
Key management personnel:	Mr. Anuj Mehra (Managing Director)

Related Party transactions:

(Rs. in Lakhs)

Sr. No.	Nature of transactions	Name of Related Party	Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
1	**Expenses**				
	Interest	Mahindra & Mahindra Ltd	213.04	–	–
			–	–	–
		Mahindra & Mahindra Financial Services Limited	77.00	–	–
			(213.44)	–	–
		Mahindra Insurance Brokers Limited	–	1,214.61	–
			–	(589.78)	–

(Rs. in Lakhs)

Sr. No.	Nature of transactions	Name of Related Party	Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
		Mahindra Asset Management Company Private Limited	–	420.62	–
			–	(310.25)	–
	Other expenses	Mahindra & Mahindra Ltd	126.86	–	–
			(209.26)	–	–
		Mahindra & Mahindra Financial Services Limited	648.14	–	–
			(588.01)	–	–
		Mahindra First Choice Services Ltd	–	–	–
			–	(1.28)	–
		NBS International Ltd	–	7.65	–
			–	(0.15)	–
		Mahindra Integrated Business Solutions Private Limited	–	114.08	–
			–	(102.55)	–
	Employee remuneration	Mahindra & Mahindra Ltd	1.19	–	–
			(2.06)	–	–
		Mahindra & Mahindra Financial Services Limited	92.64	–	–
			(86.82)	–	–
		Mr. Anuj Mehra	–	–	214.42
			–	–	(191.99)
2	**Equity shares (including premium)**	Mahindra & Mahindra Financial Services Limited	13,000.00	–	–
			(11,375.00)	–	–
3	**Purchase of fixed assets (including CWIP & capital advance)**	Mahindra & Mahindra Ltd	103.10	–	–
			(111.92)	–	–
		Mahindra & Mahindra Financial Services Limited	–	–	–
			(13.98)	–	–
		NBS International Limited	–	–	–
			–	(3.27)	–
4	**Dividend**				
	Dividend paid – for previous year (FY16-17)	Mahindra & Mahindra Financial Services Limited	1,248.61	–	–
			(927.68)	–	–
5	**Finance**				
	Inter corporate deposits taken	Mahindra & Mahindra Ltd	5,000.00	–	–
			–	–	–
		Mahindra Insurance Brokers Limited	–	19,375.00	–
			–	(8,350.00)	–
		Mahindra Asset Management Company Private Limited	–	–	–
			–	(200.00)	–
	Inter corporate deposits repaid	Mahindra & Mahindra Financial Services Limited	–	–	–
			(4,656.50)	–	–
		Mahindra Insurance Brokers Limited	–	10,350.00	–
			–	(2,200.00)	–
		Mahindra Asset Management Company Private Limited	–	100.00	–
			–	(55.00)	–
6	**Balances at the end of the Year**				
	Unsecured subordinate debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.76	–	–
			(700.57)	–	–

(Rs. in Lakhs)

Sr. No.	Nature of transactions	Name of Related Party	Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
		Mahindra Asset Management Company Private Limited	–	4,856.88	–
			–	(4,856.15)	–
	Inter corporate deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra Ltd	5,191.74	–	–
			–	–	–
		Mahindra Insurance Brokers Limited	–	20,007.30	–
			–	(10,674.66)	–
		Mahindra Asset Management Company Private Limited	–	107.27	–
			–	(214.55)	–
	Payables	Mahindra & Mahindra Ltd	46.91	–	–
			(180.79)	–	–
		Mahindra & Mahindra Financial Services Limited	47.28	–	–
			(95.91)	–	–
		Mahindra Insurance Brokers Limited	–	14.54	–
			–	(17.01)	–
		Mahindra Integrated Business Solutions Private Limited	–	9.78	–
			–	(5.80)	–

Note:

i) Figures in bracket represent corresponding figures of previous year.

29.16 Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at March 31st, 2018.

The relevant particulars as at the year end as required under the MSMED Act are furnished here below:

(Rs. in Lakhs)

Particulars		March-18	March-17
a)	Principal amount due and remaining unpaid to suppliers as at the year end	**–**	–
b)	Interest accrued and due to suppliers on the above amount as at the year end	**–**	–
c)	Interest paid to suppliers in terms of Section 16 of the MSMED Act	**–**	–
d)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	**–**	–
e)	Interest paid to suppliers (other than Section 16 of the MSMED Act)	**–**	–
f)	Interest due and payable to suppliers for payments already made (for the year of delay, if any)	**–**	–
g)	Interest accrued and remaining unpaid at the year end	**–**	–
h)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–

29.17 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

29.18 The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 has not been made since it does not pertain to financial year ended 31 March 2018.

30 Additional Disclosures as prescribed by National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.1 Capital

(Rs. in Lakhs)

Particulars		March-18	March-17
(i)	CRAR (%)	**32.8%**	30.5%
(ii)	CRAR – Tier I Capital (%)	**23.2%**	21.3%
(iii)	CRAR – Tier II Capital (%)	**9.6%**	9.3%
(iv)	Amount of subordinated debt raised as Tier – II Capital	**28,400**	18,900
(v)	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

30.2 Investments

During the year, the Company has made the following investment:

Scheme Name	Investment Date	Investment Amount (in Rs.)	No. of Days
Mahindra Liquid Fund-DDR	08.06.17	72,500,000	**1**

30.3 Derivatives

The Company has not entered into any derivatives during the current year or previous year and accordingly no disclosure is made pursuant to the provisions of point no. 3.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.4 Securitization

The Company has not entered into any transactions of securitization / assignment during the current year or previous year and accordingly no disclosure is made pursuant to the provisions of point no. 3.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.5 Assets Liability Management

(Rs. In Lakhs)

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from bank	1,494	–	16,389	16,848	19,705	153,872	102,528	–	–	–	310,836
Market borrowing	2,825	13,451	30,813	6,425	19,625	72,146	33,000	7,000	27,700	–	212,985
Foreign currency liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	14,476	10,257	9,752	33,114	65,329	208,455	159,321	66,907	19,949	38,953	626,513
Investments	–	–	–	–	–	–	–	–	–	–	–
Foreign currency assets	–	–	–	–	–	–	–	–	–	–	–

30.6 Exposure

30.6.1 Exposure to real estate sector

(Rs. In Lakhs)

		Category	March-18	March-17
a)	Direct exposure			
	(i)	Residential mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	**624,734**	481,926
		Of the above Individual housing loan upto Rs.15 lakh	**614,242**	472,623
	(ii)	Commercial real estate -		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**Nil**	Nil
	(iii)	Investments in mortgage backed securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial real estate	**Nil**	Nil
b)	Indirect Exposure			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

30.6.2 The Company does not have any exposure towards capital market and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.2, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.6.3 The Company has not financed any parent Company products and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.6.4 The Company has not exceeded the prudential exposure limits w.r.t. Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.6.5 The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.7 Miscellaneous

30.7.1 The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

30.7.2 No Penalty has been imposed on the Company by National Housing Bank.

30.7.3 Related Party Policy:

All Contracts / arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of The Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The policy on Related Party Transactions is approved by the Audit Committee and the Board of Directors of the Company.

30.7.4 Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under consideration, India Rating & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the Commercial Paper Issued by the Company.

Credit Analysis & Research Limited has reaffirmed the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook

CRISIL has assigned 'CRISIL AA+/Stable' outlook to the Company's Non-Convertible Debentures and Subordinated Debt and assigned 'CRISIL A1+' rating to the Company's Commercial Paper.

30.7.5 Remuneration of Independent Directors

(Rs. In Lakhs)

Particulars of Remuneration	Names of Directors			
Independent Directors	Mr. Nityanath Ghanekar	Mrs. Anjali Raina	Mr. Narendra Mairpady	Total
Fee for attending board/ committee meetings	5.00	5.40	4.00	14.40
	(2.60)	(3.70)	(2.50)	(8.80)
Commission	7.50	7.50	7.50	22.50
	(5.00)	(5.00)	(5.00)	(15.00)
Total	**12.50**	**12.90**	**11.50**	**36.90**
	(7.60)	**(8.70)**	**(7.50)**	**(23.80)**

Notes:

Figures in bracket represent corresponding figures of previous year.

30.7.6 During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

30.8 Other Disclosures

30.8.1 Provisions and contingencies

(Rs. In Lakhs)

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	March-18	March-17
1. Provisions for depreciation on Investment	**–**	–
2. Provision made towards Income Tax	**7,913.24**	4,389.71
3. Provision towards NPA	**6,729.08**	5,537.93
4. Provision for Standard Assets	**292.19**	545.36
5. Other Provision and contingencies	**–**	–

The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing non-performing assets in preparation of accounts.

(Rs. In Lakhs)

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	March-18	March-17	March-18	March-17
Standard Assets				
a) Total outstanding amount	**556,659.95**	433,984.02	**6,091.29**	5,909.62
b) Provisions made	**2,027.02**	1,736.05	**24.93**	23.71
Sub-standard assets				
a) Total outstanding amount	**30,317.06**	28,442.88	**22.45**	22.35
b) Provisions made	**5,479.57**	4,891.47	**4.04**	3.70
Doubtful assets - category - I				
a) Total outstanding amount	**21,083.68**	10,887.42	**9.47**	0.23
b) Provisions made	**6,010.96**	3,161.04	**2.86**	0.06
Doubtful assets - ccategory - II				
a) Total outstanding amount	**13,269.09**	6,863.88	**0.28**	–
b) Provisions made	**5,576.99**	2,964.21	**0.11**	–
Doubtful assets - category - III				
a) Total outstanding amount	**917.22**	296.11	**28.51**	3.15
b) Provisions made	**917.22**	296.11	**28.51**	3.15
Loss assets				
a) Total outstanding amount	**145.77**	117.22	**–**	–
b) Provisions made	**145.77**	117.22	**–**	–
TOTAL				
a) Total outstanding Amount	**622,392.77**	480,591.53	**6,152.00**	5,935.35
b) Provisions made	**20,157.53**	13,166.10	**60.45**	30.62

Loan receivable includes Rs. 15,693.77 Lakhs outstanding towards financing of insurance as of March 31st 2018 and Rs. 11,097.45 Lakhs as of March 31st 2017.

The Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31st March 2018 is Rs. 1851.89 Lakhs (March 2017 is Rs. 1216.22 Lakhs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 & Notification No. NHB.HFC.DIR.18/MD&CEO/2017 (effective date 02 August, 2017) issued by National Housing Bank, the Company has made a provision 0.40 % and 0.25 % respectively on outstanding Standard Assets.

Standard Assets includes Rs. 2739.87 Lakhs (March 2017 Rs. 3525.23 Lakhs) towards prepaid expenses on account of unamortised discounting charges netted of from commercial paper and zero coupon bond borrowings of respective years.

In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the year ending March 31st 2018:

(Rs. In Lakhs)

Movement of provisions for NPAs (excluding provisions on standard assets)	March-18	March-17
a) Opening balance	**11,436.95**	5,899.02
b) Provisions made during the year	**15,491.21**	10,162.67
c) Write-off of short provision/write-back of excess provisions	**(8,762.13)**	(4,624.74)
d) Closing balance	**18,166.03**	11,436.95

(Rs. In Lakhs)

Movement of provisions for standard assets	March-18	March-17
a) Opening balance	**1,759.76**	1,214.40
b) Provisions made during the year	**292.19**	545.36
c) Closing balance	**2,051.95**	1,759.76

30.8.2 Draw Down from Reserves

The Company has not withdrawn any amount from any reserve in the current year or in the previous year.

30.8.3 Concentration of public deposits, advances, exposures and NPAs

30.8.3.1 The Company is non deposit accepting Housing Finance Company, hence there are no public deposits and accordingly no disclosure is made pursuant to the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.8.3.2 Concentration of loans & advances

(Rs. In Lakhs)

Particulars	March-18	March-17
Total loans & advances to twenty largest borrowers	**622.37**	591.44
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	**0.10%**	0.12%

30.8.3.3 Concentration of all exposure (Including off-balance sheet exposure)

(Rs. In Lakhs)

Particulars	March-18	March-17
Total exposure to twenty largest borrowers / customers	**690.42**	633.50
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	**0.09%**	0.12%

30.8.3.4 Concentration of NPAs

(Rs. In Lakhs)

Particulars	March-18	March-17
Total Exposure to top ten NPA accounts	**238.35**	222.96

30.8.3.5 Sector – wise NPAs

Sr. No.	Sector	Percentage of NPAs to total advances in that sector
A.	**Housing Loans:**	
1	Individuals	10.56%
2	Builders/project loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil
B.	**Non-Housing Loans:**	
1	Individuals	2.56%
2	Builders/project loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

30.8.4 Movement of NPAs

(Rs. in Lakhs)

Particulars	March-18	March-17
(I) Net NPAs to net advances (%)	**7.85%**	7.47%
(II) Movement of NPAs (Gross)		
a) Opening balance	**46,633.25**	23,685.97
b) Additions during the year	**64,225.82**	48,310.15
c) Reductions during the year	**(45,065.53)**	(25,362.87)
d) Closing balance	**65,793.54**	46,633.25
(III) Movement of net NPAs		
a) Opening balance	**35,196.30**	17,786.95
b) Additions during the year	**48,734.61**	38,147.48
c) Reductions during the year	**(36,303.40)**	(20,738.13)
d) Closing balance	**47,627.51**	35,196.30
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**11,436.95**	5,899.02
b) Provisions made during the year	**15,491.21**	10,162.67
c) Write-off of short provision/write-back of excess provisions	**(8,762.13)**	(4,624.74)
d) Closing balance	**18,166.03**	11,436.95

30.8.5 Overseas assets

The Company does not own any overseas asset and accordingly no disclosure is made pursuant to the provisions of point no. 5.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.8.6 The Company does not have any off balance sheet SPVs sponsored and accordingly no disclosure is made pursuant to the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

30.9 Disclosure of complaints

30.9.1 Customers complaints

Particulars		March-18	March-17
a)	No. of complaints pending at the beginning of the year	**Nil**	Nil
b)	No. of complaints received during the period	**31**	9
c)	No. of complaints redressed during the period	**31**	9
d)	No. of complaints pending at the end of the period	**Nil**	Nil

30.10 Previous year figures have been regrouped/ reclassified wherever necessary, to conform to current year classification.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
18 April 2018

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer *Chairman*	**Nityanath Ghanekar** *Director*	**V. Ravi** *Director*
K. Chakravarthy *Director*	**K. Chandrasekar** *Director*	**Anuj Mehra** *Managing Director*
M. Narendra *Director*	**Dharmesh Vakharia** *Chief Financial Officer*	**Navin Joshi** *Company Secretary*

BOARD'S REPORT

To,

The Members of
Mahindra Asset Management Company Private Limited

Your Directors are pleased to present their Fifth Report together with the Financial Statements of your Company for the Financial Year ended 31st March, 2018.

FINANCIAL RESULTS

Amount in Rs. Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Total Revenue	**2,336.71**	881.14
Less: Employee benefits expense	**1,859.42**	1,401.08
Depreciation and Amortisation expense	**83.83**	52.32
Other expenses	**4,203.20**	1,475.09
Total Expenses	**6,146.44**	2,928.50
Profit/(Loss) Before Tax	**(3,809.74)**	(2,047.36)
Less: Tax expense		
(1) Current Tax	**0.00**	0.00
(2) Deferred Tax	**0.00**	0.00
Profit/(Loss) for the year	**(3,809.74)**	(2,047.36)
Profit/(Loss) brought forward from previous years	**(2,498.65)**	(451.29)
Transfer to Reserves	**–**	–

DIVIDEND

In view of the losses incurred by the Company, your Directors do not recommend any dividend for the year under consideration.

TRANSFER TO RESERVES

In view of the losses incurred by the Company for the year under consideration, no amount has been transferred to reserves.

OPERATIONS

Your Company was incorporated with an objective to act as investment managers, consultants, advisors for mutual funds, unit trusts, venture capital funds, etc. On 4th February, 2016, your Company received license from the Securities and Exchange Board of India (SEBI) to act as an Investment Manager for the schemes of Mahindra Mutual Fund. During the financial year 2017-18, your Company launched the following two schemes in the market:

1. Mahindra Mutual Fund Badhat Yojana, Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks, launched on 20th April, 2017; and
2. Mahindra Unnati Emerging Business Yojana, Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks, launched on 8th January, 2018.

In addition, your Company also launched Mahindra Mutual Fund Bal Vikaas Yojana on 20th April, 2017. The Company was unable to collect the minimum amount of subscription in this scheme and hence the scheme was withdrawn. As on 31st March, 2018, your Company acted as the investment manager for six schemes. The Assets under Management in these six schemes were Rs. 3,352 crores in March 2018 as compared to Rs. 2,050 crores in the month of March 2017. Of these assets, Rs. 1,173 crores were in retail schemes in March, 2018 as compared to Rs 319 crores in March 2017. Your Company has empanelled more than 7,500 distributors and opened 1,26,737 investor accounts in these schemes showing a rise of more than 335 percent. During the next year, your Company will continue to expand its product range as well as increase its engagement activities with the distributors and customers via new offices and employees across the country.

Your Directors would like to present the overview of the Economy and Financial Markets in general and the Mutual Fund Industry in particular.

Indian Economy

The year 2017-18 witnessed two key events. The Goods and Services Tax ('GST') regime was implemented from 1st July, 2017 thus paving the way towards a `One Nation, One Tax' system. Further, a new Insolvency and Bankruptcy Code was notified which is expected to resolve the issues related to non-performing assets of the Banking system.

The second advance estimate of Gross Domestic Product (GDP) released by the Central Statistics Office in February 2018 estimated the real GDP growth at 6.60 percent (constant 2011-12 prices) in 2017-18 (7.10 percent in 2016-17). While the GDP growth was lower than last year, partly because of adjustments to the GST regime, there were silver linings on the horizon. Credit Growth started accelerating and after several quarters, investment activity showed some green shoots and the Gross Capital Formation (GCF) to GDP ratio inched up to 31.40 percent. Global economic activity has continued to strengthen and is becoming synchronized gradually.

Inflation measured by Consumer Price Index (CPI) remained benign, averaging around 3.50 percent during the year and the exchange rate measured against the US Dollar was broadly stable through the year.

The year also marked an upward movement in crude prices. Such movements, if they continue, could possibly endanger both inflation and growth expectations for the next financial year.

Equity Markets

The S&P BSE Sensex ended the year with gains of more than 11 percent to close at 32,968 while the NIFTY 50 closed with gains of more than 10 percent to close at 10,113. The S&P BSE mid cap index after rallying ahead of frontline indices for major part of the year closed at a commensurate gain of more than 12 percent during the year. Globally, majority of the equity indices did well.

The rally was led by infusion of liquidity by Domestic Institutional Investors (~USD 22bn) due to strong retail participation despite Foreign Institutional Investors being net sellers (~USD 1.4 bn). Majority of the sectors participated in the rally in the indices barring the pharmaceutical sector.

The year 2018-19 may see higher volatility in global equity markets due to rising global interest rates. India, despite its strong long term macro fundamentals, may also see volatility due to the upcoming elections.

Fixed Income Markets

The interest rate environment, which was benign in 2016-17, saw a sharp upward movement in rates. The benchmark sovereign 10-year rates, moved up by around 70 basis points to close at 7.35 percent. The year was marked by volatility as the bench mark saw a low of around 6.40 percent in the first half of the year and moved up to a high of around 7.80 percent during the later part of the fiscal year. What contributed to the upward bias was a combination of increase in fiscal deficit and rising crude and commodity prices resulted in increased inflationary expectations. The US Fed act of increasing the Fed rates and shrinking its balance sheet acted as headwinds to the interest rate environment.

Overview of the Mutual Fund Industry

The Mutual Fund Industry had another good year. The Assets under Management (AUM) as on 31st March, 2018, were Rs. 21.36 lakh crores compared to Rs. 17.54 lakh crores as on 31st March, 2018. Assets grew by 21.7 percent during the year.

Net flows into mutual funds during the year were Rs. 2.72 lakh crores showing a decline in net inflows over the previous year. However, the decline was mainly due to sharp reduction in inflows into debt and liquid schemes. Both these scheme classes actually witnessed a net outflow in assets. There was a surge in inflows in equity schemes. Equity schemes saw net inflows of Rs. 1.57 lakh crores which was more than 2.6 times of the inflows in the previous year. The popularity of balanced schemes continued with inflows growing more than 2.4 times last year and touching Rs 89,757 crores. Inflows into ELSS schemes also increased by 43 percent.

The top ten players increased their market share during this year. Their combined share of total assets increased to 81 percent from 74 percent last year.

During the year, SEBI issued the product classification guidelines, and requested all Asset Management Companies to review their product portfolio in accordance with these guidelines, and submit their rationalization proposal to SEBI. This circular had a minimal impact on your Company's products. Going forward, this will provide clarity to AMCs, distributors and customers and will allow them to have a better understanding of the different schemes offered by Mutual Funds.

The Mutual Fund Industry has been showing robust growth over the last five years. In spite of this growth, mutual fund penetration continues to remain low in terms of number of unique household accounts. Therefore, the potential for future growth is quite high and the industry will continue to attract new households from the smaller towns and cities as well as urban centres. Your Company aims to reach customers in the smaller towns by leveraging the Mahindra brand as well as distribution reach of its parent, Mahindra & Mahindra Financial Services Limited. Your Company will also leverage the traditional distributors of mutual fund products viz banks, national distributors as well as individual distributors to welcome new customers to the Mahindra family.

SHARE CAPITAL

During the year under consideration, the Authorised Share Capital of your Company was increased from Rs.110,00,00,000 (Rupees One Hundred and Ten Crores) divided into 11,00,00,000 (Eleven Crores) Equity Shares of Rs.10 (Rupees Ten) each to Rs 150,00,00,000 (Rupees One Hundred and Fifty crores) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 10 (Ten) each. The increase in the Authorised Share Capital was pursuant to the approval of the Members granted at the Extraordinary General Meeting held on 5th December, 2017.

During the year under consideration, 2,90,00,000 (Two Crore Ninety Lakhs) Equity Shares of Rs. 10 each aggregating to Rs. 29,00,00,000 (Rupees Twenty Nine Crores) were issued and allotted for cash at par on a Rights basis to the existing Shareholders of the Company. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 1,20,00,00,000 (Rupees

One Hundred And Twenty Crores) comprising of 12,00,00,000 (Twelve Crores) Equity Shares of Rs. 10 each, fully paid-up.

During the year under consideration, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise nor has issued any sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under consideration. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31st March, 2018, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

DIRECTORS

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. V. Ravi (DIN:00307328), Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting, Scheduled to be held on 17th July, 2018, and being eligible, offers himself for re-appointment.

Mr. Gautam Divan was appointed by the Board of Directors as an Independent Director with effect from 17th July, 2013 and his tenure as an Independent Director will end on 16th July, 2018.

The Board of Directors, at its Meeting held on 28th March, 2018, upon the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Chitra Andrade as an Additional Director (Independent and Non-Executive) of the Company. The Company has received from one of its Shareholders, Notice of Candidature of Mrs. Chitra Andrade as an Independent Director of the Company under section 160 of the Companies Act, 2013. The appointment of Mrs. Chitra Andrade as an Independent Director of the Company is proposed for the approval of the Members at their forthcoming 5th Annual General Meeting.

KEY MANAGERIAL PERSONNEL

Mr. Basavraj Loni resigned as the Company Secretary with effect from 31st October, 2017.

Mr. Ravi Dayma was appointed as the Company Secretary with effect from 28th March, 2018.

Mr. Ashutosh Bishnoi, Managing Director & Chief Executive Officer; Mr. Sanjay Parikh, Chief Financial Officer and Mr. Ravi Dayma, Company Secretary are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Non-Independent Chairman, a Managing Director and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

The appointment of Mrs. Chitra Andrade as an independent Director for a period of five years with effect from 28th March, 2018 (the date of appointment by the Board) is proposed for the approval of shareholders at thier forthcoming 5th Annual General Meeting.

None of the Directors hold directorships in more than 10 public companies. None of the Directors are related to each other.

Board Meetings and Annual General Meeting

During the Financial Year 2017-18, the Board of Directors met seven times: on 15th April, 2017, 22nd June, 2017, 14th July, 2017, 13th October, 2017, 5th December, 2017, 17th January, 2018 and 28th March, 2018.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2017-18 and at the last Annual General Meeting (AGM) of the Company held on 14th July, 2017, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2017-18		Attendance at the last Annual General Meeting held on 14th July, 2017 (Yes/No/N.A.)
		Held	Attended	
Mr. V. Ravi (Chairman)	Non-Executive Non-Independent Director	7	7	Yes
Mr. Ashutosh Bishnoi (Managing Director & Chief Executive Officer)	Executive Director	7	7	Yes
Mr. Gautam Divan	Independent Director	7	7	Yes
Mr. Sethu Gururajan	Independent Director	7	7	Yes
*Mrs. Chitra Andrade	Additional Director	7	1	N.A.

* Mrs. Chitra Andrade was appointed by the Board as an Additional Director at its Meeting held on 28th March, 2018.

COMMITTEES OF THE BOARD

a) Audit Committee

As on 31st March, 2018, the Audit Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director. The Committee is comprised of Mr. Gautam Divan (Chairman) and Mr. Sethu Gururajan, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Audit Committee met five times during the year under consideration: on 15th April, 2017, 22ndJune, 2017, 14th July, 2017, 13th October, 2017 and 17th January, 2018. All the members of the Committee were present at the said Meetings of the Audit Committee. All the recommendations made by the Audit Committee have been accepted by the Board.

The terms of reference of the Audit Committee are as follows:

(i) To recommend the appointment, remuneration and terms of appointment of auditors of the company;

(ii) To review and monitor the auditor's independence, performance and effectiveness of audit process;

(iii) To meet the Internal Auditors and the Statutory Auditors periodically and to discuss the scope of audit, observations of the Auditors and other related matters;

(iv) To have discussion with the Internal Auditors periodically about internal control systems and to ensure compliance of internal control systems;

(v) Examination of the financial statement and the auditor's report thereon;

(vi) Approval or any subsequent modification of transactions of the Company with related parties;

(vii) Scrutiny of inter-corporate loans and investments;

(viii) Valuation of undertakings or assets of the Company, wherever it is necessary;

(ix) Evaluation of internal financial controls and risk management systems; and

(x) Monitoring the end use of funds raised through public offers and related matters, wherever it is necessary.

b) Nomination and Remuneration Committee

As on 31st March, 2018, the Nomination and Remuneration Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director.

The Committee comprises of Mr. Sethu Gururajan (Chairman) and Mr. Gautam Divan, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Nomination and Remuneration Committee met twice during the year under consideration on 15th April, 2017, and 13th October, 2017. All the members of the Committee were present at the said Meetings of the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are as follows:

a) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal;

b) To carry out evaluation of every director's performance;

c) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the policy, the Committee shall ensure that—

   i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

d) To govern, administer, control and manage from time to time the schemes for rewarding employees by way of stock options, stock appreciation rights or in such other manner as may be determined by the appropriate authority from time to time; and

e) To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Company has adopted the Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors; the 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' as required under sub-section (3) of Section 178 of the Companies Act, 2013. The 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' of the Company are appended as **Annexure I** to this Report in accordance with the provisions of sub-section (4) of Section 178 of the Companies Act, 2013.

Besides the aforesaid Board Committees, the Company also has an Investment Committee, a Valuation Committee, an Anti-money Laundering Committee and a Risk Management Committee. These are the committees of management formed in compliance of SEBI Regulations applicable to the Asset Management Companies.

PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013, the Board has adopted the Evaluation Framework and carried out an annual performance evaluation of its own performance, the performance of directors individually as well as the evaluation of the working of Committees of the Board.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspectives etc.

The evaluation process involves self-evaluation by the Board members and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires. In general, the Directors have expressed their satisfaction with the evaluation process.

DECLARATIONS BY INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors confirming that they fulfil the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under consideration. The meetings were conducted in an informal manner without the presence of the Managing Director, the Non-Executive Non-Independent Director and any of the Key Managerial Personnel.

PARTICULARS OF REMUNERATION

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 are not applicable to your Company.

EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2018, forms part of this Report and is appended as **Annexure II**.

HUMAN RESOURCES

Your Company strongly believes in maintaining the dignity of all its employees irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has not received any complaints of sexual harassment.

As on 31st March, 2018, the Company had 141 permanent employees as compared to 91 employees as on 31st March, 2017.

CODE OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. The Codes enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always, be an integral part of the Company's ethos.

Declarations have been received from the Directors towards the compliance with the provisions of the Code of Conduct for Directors, for the financial year 2017-18.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants [ICAI Firm Registration No. 105102W], hold the office of the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on 7th August, 2014 till the conclusion of the Sixth AGM of the Company to be held in the year 2019. The appointment is subject to the ratification by shareholders at every Annual General Meeting.

Messrs. B. K. Khare & Co., Chartered Accountants, have issued a certificate to the effect that their appointment as the Statutory Auditors, if ratified by shareholders, would be in conformity of the criteria specified in the said Sections.

Pursuant to the recommendation of the Audit Committee, the Board of Directors recommend to shareholders ratification of the appointment of Messrs. B. K. Khare & Co., Chartered Accountants as the Statutory Auditors of the Company from the forthcoming Annual General Meeting (fifth AGM) till the conclusion of the next Annual General Meeting (sixth AGM) of the Company.

The Report of Statutory Auditors forms part of this Annual Report.

During the year under consideration, there were no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

Secretarial Auditor

The Board of Directors of the Company, at their Meeting held on 28th March, 2018, appointed M. Siroya & Company, Company Secretaries (CP No. 4157), to conduct the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2017-18 furnished by the Secretarial Auditor is appended to this Report as **Annexure III**.

Observation by the Auditors towards excess managerial remuneration paid

The Statutory Auditors in the statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act, 2013, annexed to the Independent Auditor's Report on the Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2018, and the Secretarial Auditor in his report issued pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have observed payment of excess managerial remuneration to Mr. Ashutosh Bishnoi, Managing Director and Chief Executive Officer (the MD & CEO) for the Financial Year ended on 31st March, 2018.

In this regard the Board would like to explain that, the remuneration payable to the MD & CEO was revised by the Members, at their Extraordinary General Meeting held on 17th October, 2016, upon the recommendation by the Nomination and Remuneration Committee and the approval of Board of Directors, as a “managerial person functioning in professional capacity” under the provisions of clause (B) of section II of part II of schedule V of the Companies Act, 2013 as the MD & CEO satisfied all the conditions mentioned therein for the managerial person functioning in professional capacity. However, in February, 2018, the MD & CEO acquired small number of shares of Mahindra & Mahindra Financial Services Limited (the Holding Company), acquiring interest in the Holding Company, and thus ceasing to comply with one of the conditions mentioned in the said clause (B). Due to this, remuneration paid to the MD & CEO during the Financial Year ended on 31st March, 2018, over and above the remuneration allowed under clause (A) of the said schedule V, is treated as excess managerial remuneration paid. The Board of Directors at their Meeting held on 17th April, 2018, upon the recommendation of the Nomination and Remuneration Committee, and subject to the approval of Members and Central Government, approved the waiver of excess managerial remuneration paid to the MD & CEO. An Extraordinary General Meeting of Members is being convened for considering the waiver of excess managerial remuneration paid to the MD & CEO and for making application to the Central Government in this regard. The Companies Amendment Act, 2017 has amended section 197 of the Companies Act, 2013, granting the power to waive the excess managerial remuneration paid to the shareholders and thus doing away with the approval of Central Government in this regard. However, the said amendment is pending notification in the official gazette. The MD & CEO shall hold the excess managerial remuneration paid in trust till the disposal of application by the Central Government or waiver of the same by the Shareholders under the provisions of section 197 of the Companies Act, 2013, as amended by the Companies Amendment Act, 2017 as and when notified, whichever is earlier.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

INTERNAL FINANCIAL CONTROL SYSTEM

Your Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and nature of its operations.

The Management is responsible for establishing and maintaining internal controls for financial reporting. The effectiveness of the internal control systems of the Company pertaining to financial reporting is reviewed by the Statutory Auditors and the Audit Committee to ensure that Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

INTERNAL AUDITORS

M/s. Haribhakti & CO. LLP, Chartered Accountants are the Internal Auditors of the Company in compliance with the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014. The report(s) of the Internal Auditors are reviewed by the Audit Committee and wherever required, the systems are strengthened and corrective actions taken.

PARTICULARS OF LOANS, GUARANTEES, SECURITIES, INVESTMENTS

The Company has not made any loan / advance in the nature of loan which is otherwise required to be disclosed in the annual accounts of the Company, the Holding Company (Mahindra & Mahindra Financial Services Limited) or the ultimate Holding Company (Mahindra & Mahindra Limited), pursuant to the provisions of Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with schedule V annexed to the said Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

i. In the preparation of the annual accounts for the Financial Year ended 31st March, 2018, the applicable accounting standards have been followed and there are no material departures in the adoption of these standards.

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended on that date.

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the annual accounts for Financial Year ended 31st March, 2018 on a ‘going concern' basis.

v. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

Pursuant to provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the related party transactions have been disclosed in the relevant notes to the Accounts.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of this Report.

COMPLIANCE WITH PROVISIONS OF APPLICABLE SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in Annexure IV.

RISK MANAGEMENT POLICY

A Risk Management Policy for the Asset Management Business is approved by the Board of Directors and is in place. The Risk Management Committee has implemented a risk management framework and will ensure its ongoing implementation.

SUBSIDIARIES

The Company did not have any subsidiary as on 31st March, 2018, nor during the Financial Year ended on that date.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public or its employees during the year under consideration. The Company did not have any deposits falling under Rule 2(i)(c) of the Companies (Acceptance of Deposits) Rules, 2014, during the year under consideration. There were no deposits which were not in compliance with the requirements of Chapter V of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as, during the year under consideration, there were no transactions/events pertaining to these items and/or they were not applicable:

- Change in the nature of business carried out by the Company during the year under consideration.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from its Holding Company or from any of its subsidiaries.
- Details about the policy developed and implemented by the Company on Corporate Social Responsibility initiative taken during the year.

For and on behalf of the Board

V. Ravi
Chairman

Registered Office:
4th Floor, A – Wing,
Mahindra Towers, Dr. G M Bhosale Marg,
P. K. Kurne Chowk, Worli
Mumbai – 400018.
CIN : U65900MH2013PTC244758
Tel. : 91 22 6652 6000
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Mumbai, April 17, 2018

ANNEXURE I TO THE BOARD'S REPORT

Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company

POLICY ON REMUNERATION OF DIRECTORS

Prelude

The Company is engaged as an investment manager to Mahindra Mutual Fund.

This Policy shall be effective from the Financial Year 2015 - 16.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Asset Management Company Private Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider, amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

Directors

The Managing Director /Executive Director is an executive of the Company and draws remuneration from the Company. The Non-Executive and Independent Directors may receive sitting fees for attending the meetings of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions.

The Non-Executive and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Payment of Remuneration to Nominee Directors, if any, shall be governed by the agreement with the Financial Institution/ Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director /Executive Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and Shareholders of the Company subject to such other approvals as may be required.

Non-Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of the Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the persons to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Director

The term of office and remuneration of Managing Director/ Executive Director are subject to the approval of the Board of Directors, Shareholders and the Central Government, as may be required, and the limits laid down under the Companies Act, 2013, from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director /Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Director reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Director, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013, to remunerate them fairly and reasonably.

The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the Shareholders' approval, the Commission may be paid to Managing Director/Executive Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Director is entitled to customary non-monetary benefits such as company car, health care benefits, leave travel, communication facilities, etc., as per the policies of the Company. The Managing Director / Executive Director is entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director /Executive Director and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the Financial Year 2015 - 16.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

i) the Chief Executive Officer or the Managing Director or Manager;

ii) the Company Secretary;

iii) the Whole-time Director;

iv) the Chief Financial Officer; and

v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual / half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc., as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

ANNEXURE II TO THE BOARD'S REPORT

FORM NO. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018
[Pursuant to section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65900MH2013PTC244758
ii.	Registration Date	20th June, 2013
iii.	Name of the Company	Mahindra Asset Management Company Private Limited
iv.	Category/Sub-Category of the Company	Public Limited Company (being a subsidiary of a Public Limited Company)
v.	Address of the Registered office and contact details	4th Floor, A – Wing, Mahindra Towers, Dr. G M Bhosale Marg, P. K. Kurne Chowk, Worli Mumbai – 400018. Tel. : 91 22 6652 6000 Fax: 91 22 2498 4170
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 percent or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	Percentage to total turnover of the Company
1.	Investment Management	66301	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65921MH1991PLC059642	Holding Company	100	Section 2(46)

* There is no direct Shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, Subsidiary of Mahindra & Mahindra Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/HUF	–	–	–	–	–	–	–	–	–
b)	Central Govt	–	–	–	–	–	–	–	–	–
c)	State Govt(s)	–	–	–	–	–	–	–	–	–
d)	Bodies Corporate	–	9,10,00,000	9,10,00,000	100	–	12,00,00,000	12,00,00,000	100	–
e)	Banks/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	–	9,10,00,000	9,10,00,000	100	–	12,00,00,000	12,00,00,000	100	–
(2) Foreign									
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**9,10,00,000**	**9,10,00,000**	**100**	–	**12,00,00,000**	**12,00,00,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**9,10,00,000**	**9,10,00,000**	**100**	**–**	**12,00,00,000**	**12,00,00,000**	**100**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	9,09,99,998	100	–	11,99,99,998	100	–	–
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. V. Ravi	1	–	–	1	–	–	–
	Total	**9,10,00,000**	**100**	–	**12,00,00,000**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mahindra & Mahindra Financial Services Limited. along with joint holders				
	At the beginning of the year	9,10,00,000	100	9,10,00,000	100
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	**Reason for increase/decrease**	**Date**	**No. of shares**	**% increase/ decrease**
		Allotment on a Rights basis	30.06.2017	1,00,00,000	Nil
		Allotment on a Rights basis	08.11.2017	90,00,000	Nil
		Allotment on a Rights basis	16.02.2018	1,00,00,000	
		Total	–	**2,90,00,000**	**Nil**
	At the end of the year	12,00,00,000	100	12,00,00,000	100

(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)*

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Ltd.)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	1	–	1	–
2	Mr. Ashutosh Bishnoi – Managing Director & Chief Executive Officer				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
3	Mr. Gautam Divan – Director				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
4	Mr. Sethu Gururajan – Director				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
5	(1)Mrs. Chitra Andrade – Additional Director				
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL			
	At the End of the year	–	–	–	–
6	(2)Mr. Basavraj Loni – Company Secretary				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	N.A.	N.A.	N.A.	N.A.
7	Mr. Sanjay Parikh– Chief Financial Officer				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
8	(3)Mr. Ravi Dayma – Company Secretary				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–

Notes :

(1) Appointed as an Additional Director with effect from 28th March, 2018.

(2) Resigned as the Company Secretary with effect from 31st October, 2017.

(3) Appointed as the Company Secretary with effect from 28th March, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in Rs. Lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director – Mr. Ashutosh Bishnoi (Managing Director & Chief Executive Officer)	Whole time Director	Manager	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	123.80*	NA	NA	123.80
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	0.32	NA	NA	0.32
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	0.00	NA	NA	0.00
2.	Stock Option	0.00	NA	NA	0.00
3.	Sweat Equity	0.00	NA	NA	0.00
4.	Commission	0.00	NA	NA	0.00
	– as % of profit				
	– others, specify...				
5.	Others, please specify	0.00	NA	NA	0.00
	Total (A)	**124.12**	**NA**	**NA**	**124.12**
	Ceiling as per the Act [Please see note (a)]				120.00

* Includes provident fund which is to be excluded from the ceiling on managerial remuneration

B. Remuneration to other directors:

Amount in Rs. Lakhs

Sr. No.	Particulars of Remuneration	Names of Directors			Total Amount
1.	**Independent Directors**	**Mr. Gautam Divan**	**Mr. Sethu Gururajan**	**Mrs. Chitra Andrade**	
	(b)Fee for attending board/committee meetings	7.00	7.00	0.90	14.90
	Commission	0.00	0.00	0.00	0.00
	Others	0.00	0.00	0.00	0.00
	Total (1)	7.00	7.00	0.90	**14.90**

Amount in Rs. Lakhs

Sr. No.	Particulars of Remuneration	Names of Directors			Total Amount
2.	**Other Non-Executive Directors**	**Mr. V. Ravi**			
	Fee for attending board/committee meetings	0.00	0.00	0.00	0.00
	Commission	0.00	0.00	0.00	0.00
	Others	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00
	Total (B)=(1+2)				**14.90**
	Total Managerial Remuneration [(A) + (B)]				**139.04**
	Overall Ceiling as per the Act [Please see note]				–

Notes:

(a) The excess managerial remuneration paid to the MD & CEO during the FY 2017-18 is held in trust by him and is considered as receivable from him pending approval of waiver by the shareholders and the Central Government, as may be required and hence not included above.

(b) Pursuant to the provisions of Section 197 (2) of the Companies Act, 2013, the overall ceiling on the remuneration to directors is exclusive of sitting fee paid to directors for attending the meetings of the Board or committees thereof. The sitting fees paid to directors is within the limit prescribed therefor under Section 197(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

C. *Remuneration to Key Managerial Personnel other than MD/Manager/WTD*

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary	–	0.42	93.7	94.12
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	–	0.00	0.40	0.40
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.	–	0.00	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961.	–	0.00	0.00	0.00
2.	Stock Option	–	0.00	0.00	0.00
3.	Sweat Equity	–	0.00	0.00	0.00
4.	Commission – as % of profit – others	–	0.00	0.00	0.00
5.	Others	–	–	–	–
	Total	–	**0.42**	**94.10**	**94.52**

Notes :

1) The remuneration details for Mr. Ashutosh Bishnoi who is the Managing Director & Chief Executive Officer (MD & CEO) are disclosed at A. above and hence not repeated in the column for CEO in C. above

2) The remuneration for the Company Secretary is for three days i.e. from 28th March, 2018 to 31st March, 2018 (both days inclusive) and was paid to Mr. Ravi Dayma, who was appointed as the Company Secretary with effect from 28th March, 2018. Amount paid to the Holding Company under the cost sharing arrangement which also covers secretarial function is not included in the above.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			NONE		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board

V. Ravi
Chairman

Mumbai, April 17, 2018

ANNEXURE III TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Asset Management Company Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Asset Management Company Private Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.

Based on the representation made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and processes in place for compliance under the following law applicable specifically to the Company:

- SEBI (Mutual Funds) Regulations, 1996

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observation:

During the financial year 2017-18, the Company has, pursuant to the requisite approval of members, paid managerial remuneration to Mr. Ashutosh Bishnoi,Managing Director & CEO (MD),under the provisions of Clause (B) of Section II of Part II of Schedule V read with other applicable provisions of the Companies Act, 2013.However, on February 20, 2018, the MD purchased equity shares of the holding company of the Company,thereby ceasing to comply with one of the conditions stipulated in Clause B. This has resulted in payment of excess remuneration of Rs. 144.94 lakhs to the MD during the financial year. The Company is in the process of making requisite application to the Central Government for waiver of the recovery of the excess payment. The MD has undertaken to hold the said amount in trust pending approval of the waiver

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Labour Welfare Act; and
5. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. During the period under review, the Board of Directors of the Company at its Meeting held on 28th March, 2018, appointed Mrs. Chitra Andrade as an Additional Independent Director.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at these meetings.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following significant & material corporate events/ actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

(i) The Board of Directors at their Meeting held on June 22, 2017, inter-alia, approved to offer/issue/allot, 1,00,00,000 Equity Shares of Rs.10 each for cash at par aggregating to Rs. 10,00,00,000, on a Rights basis to the existing Members of the Company, in proportion to the Equity Shares held by them in the Company;

(ii) The Allotment Committee of the Directors at their meeting held on June 30, 2017 approved to allot 1,00,00,000 Equity Shares of Rs.10 each for cash at par aggregating to Rs. 10,00,00,000, on a Rights basis;

(iii) The Board of Directors at their Meeting held on October 13, 2017, inter-alia, approved to offer/issue/allot, 90,00,000 Equity Shares of Rs.10 each for cash at par aggregating to Rs. 9,00,00,000, on a Rights basis to the existing Members of the Company;

(iv) The Allotment Committee of the Directors at their meeting held on November 8, 2017, approved to allot 90,00,000 Equity Shares of Rs.10 each for cash at par aggregating to Rs. 9,00,00,000, on a Rights basis;

(v) The Board of Directors at their Meeting held on December 5, 2017, inter-alia, noted the resignation by Mr. Basavraj Loni, Company Secretary w.e.f October 31, 2017;

(vi) The Board of Directors at their Meeting held on January 17, 2018, inter-alia, approved issue of 1,00,00,000 (One Crore) Equity Shares of Rs. 10 each for cash at par aggregating to Rs. 10,00,00,000, on a Rights basis to the existing Members of the Company;

(vii) The Allotment Committee of the Directors at their meeting held on 16th February, 2018, approved to allot 1,00,00,000 Equity Shares of Rs.10 each for cash at par aggregating to Rs. 10,00,00,000, on a Rights basis ;

(viii) The Board of Directors at their Meeting held on March 28, 2018, inter-alia approved:

a) Upon the recommendation of the Nomination and Remuneraiton Committee, the appointment of Mr. Ravi Dayma as Company Secretary and Key Managerial Personnel of the Company w.e.f. 28th March, 2018;

b) Upon the recommendation of the Nomination and Remuneration Committee the appointment of Mrs. Chitra Andrade as an Additional Director of the Company;

c) M/s. M Siroya and Company, Company Secretaries, (CP No. 4157), as the Secretarial Auditor for conducting the Secretarial Audit of the Company for the financial year ending 31st March, 2018; and

d) To offer/issue/allot, 1,00,00,000 Equity Shares of Rs.10 each for cash at par aggregating to Rs. 10,00,00,000, on a Rights basis to the existing Members of the Company;

(ix) Members at their Extra-Ordinary General Meeting held on December 5, 2017 approved:

a) The increase in the Authorised Share Capital from Rs. 110 crores to Rs. 150 crores; and

b) The alteration in the Memorandum of Association of the Company consequent upon the increase in the Authorised Share Capital.

(x) During the year under review, the Company launched following Schemes of Mahindra Mutual Fund, in the market:

(a) Mahindra Mutual Fund Badhat Yojana, Multi Cap Fund – An open ended scheme investing across large cap, mid cap, small cap stocks, launched on April 20, 2017;

(b) Mahindra Unnati Emerging Business Yojana, Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks, launched on January 8, 2018.

The Company also launched Mahindra Mutual Fund Bal Vikaas Yojana which was withdrawn.

For M Siroya and Company
Company Secretaries

Sd/-
Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 17, 2018
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra Asset Management Company Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.

   The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 17, 2018
Place: Mumbai

ANNEXURE IV TO THE BOARD'S REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.

(A) Conservation of energy –

	i	the steps taken or impact on conservation of energy.	:	The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.
	ii	the steps taken by the company for utilising alternate sources of energy.	:	The operations of your company are not energy intensive.
	iii	the capital investment on energy conservation equipments.	:	Nil

(B) Technology absorption –

	i	the efforts made towards technology absorption.	:	None
	ii	the benefits derived like product improvement, cost reduction, product development or import substitution.	:	Not applicable
	iii	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -		
		a) the details of the technology imported	:	None
		b) the year of import	:	Not applicable
		c) whether the technology has been fully absorbed	:	Not applicable
		d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	:	Not applicable
	iv	the expenditure incurred on Research and Development.	:	Nil

(C) Foreign exchange earnings and Outgo –

		The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	:	The information on Foreign Exchange outgo is furnished in the Notes to Accounts. There were no Foreign Exchange Earnings during the year under consideration.

For and on behalf of the Board

V. Ravi
Chairman

Mumbai, April 17, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Asset Management Company Private Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra Asset Management Company Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss and cash flow for the period from April 1, 2017 to March 31, 2018, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss and its cash flows for the period from April 1, 2017 to March 31, 2018.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 2018 taken on record by the

Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. The Company has been in existence for a period less than seven years and hence there is no requirement to transfer any amounts to the Investor Education and Protection Fund.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 17, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra Asset Management Company Private Limited** for the year ended March 31, 2018

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company

II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

IV. As detailed in Note No 21 B (i) the excess remuneration paid to the Managing Director & CEO has been held in trust by him as permitted under Section 197 (9) which in the opinion of the management does not constitute a loan or an advance. Other than this aforementioned amount held in trust, in our opinion and according to the information and explanations given to us there are no loans or advances given to parties covered under Section 185 of the Companies Act 2013.

In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 186 of the Companies Act, 2013.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax,, Excise Duty, Service Tax, Goods and Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Goods and Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution, Government or bank or debenture holders as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. The remuneration of Managing Director & CEO (MD) of the Company was revised with effect from September 12, 2016 as a managerial person functioning in a professional capacity under the provisions of Clause (B) of Section II of Part II of Schedule V of the Companies Act, 2013. The MD acquired, by way of purchase of equity shares of the Holding Company on February 20, 2018, an interest in the capital of the Holding Company and thus ceasing to comply with one of the conditions under the said (B). This has resulted in payment of an excess remuneration of Rs. 144.94 lakhs to him. The Company is in the process of making an application to the Central Government for the waiver of the recovery of this excess payment. Pending approval, MD will hold in trust the excess amount paid as permitted under Section 197(9) of the Act.

XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 17, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Asset Management Company Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2017 to March 31, 2018.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 17, 2018

BALANCE SHEET AS AT MARCH 31, 2018

In Rupees

Particulars	Note No.	March 31, 2018	March 31, 2017
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	1	**1,200,000,000**	910,000,000
b) Reserves and Surplus	2	**(630,838,404)**	(249,864,624)
		569,161,596	660,135,376
2) Non-current liabilities			
a) Long term provisions	3	**7,718,878**	4,203,872
		7,718,878	4,203,872
3) Current liabilities			
a) Trade payables	4		
i) Micro and Small Enterprises		**–**	–
ii) Other Trade Payables		**71,173,180**	23,663,932
b) Other current liabilities	5	**11,119,917**	4,392,742
c) Short term provisions	6	**21,213,117**	25,443,856
		103,506,214	53,500,530
TOTAL EQUITY AND LIABILITIES		**680,386,688**	717,839,778
II. ASSETS			
1) Non-current assets			
a) Fixed Assets	7		
i) Tangible assets		**19,552,645**	15,832,553
ii) Intangible assets		**3,216,793**	3,975,950
b) Non-current investments	8	**500,960,000**	490,000,000
c) Long term loans and advances	9	**30,843,198**	10,735,028
		554,572,636	520,543,531
2) Current assets			
a) Current investments	10	**32,159,295**	144,778,130
b) Trade Receivable	11	**30,008,975**	1,603,700
c) Cash and bank balance	12	**340,531**	411,496
d) Short-term loans and advances	13	**13,408,041**	21,788,554
e) Other current assets	14	**49,897,210**	28,714,367
		125,814,052	197,296,247
TOTAL ASSETS		**680,386,688**	717,839,778
Summary of significant accounting policies and notes to the financial statements	I & II		

The accompanying statement of significant accounting policies and notes referred to above are an integral part of the Balance Sheet.

This is the Balance Sheet referred in our report of even date.

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : April 17, 2018

For and on behalf of the Board

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Gautam Divan
Director

Sethu Gururajan
Director

Chitra Andrade
Director

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Particulars	Note No.	Year Ended March 31, 2018	March 31, 2017
I.	Revenue from operations	15	**186,203,492**	35,103,155
II.	Other income	16	**47,467,186**	53,011,061
III.	**Total Revenue (I + II)**		**233,670,678**	88,114,216
IV.	**Expenses:**			
	Employee benefits expense	17	**185,942,113**	140,108,341
	Depreciation and amortisation expense	7	**8,382,721**	5,232,270
	Other expenses	18	**420,319,624**	147,509,252
	Total expenses		**614,644,458**	292,849,863
V.	**Loss before tax (III- IV)**		**(380,973,780)**	(204,735,648)
VI.	**Tax expense:**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
VII.	**Loss for the year (V - VI)**		**(380,973,780)**	(204,735,648)
VIII.	**Earnings per equity share (Rupees):**	19		
	(1) Basic		**(3.69)**	(2.91)
	(2) Diluted		**(3.69)**	(2.91)
	Summary of significant accounting policies and notes to the financial statements	I & II		

The accompanying statement of significant accounting policies and notes referred to above are an integral part of the Statement of Profit & Loss.

This is the Statement of Profit & Loss referred in our report of even date.

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : April 17, 2018

For and on behalf of the Board

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Gautam Divan
Director

Sethu Gururajan
Director

Chitra Andrade
Director

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

			March 31, 2018	March 31, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Loss before taxes and contingencies		**(380,973,780)**	(204,735,648)
	Add/(Less):			
	Non Cash Expenses:			
	Depreciation/Amortisation		**8,382,721**	5,232,270
			8,382,721	5,232,270
	Add: Items considered separately:			
	Income on investing activities		**(42,062,216)**	(31,025,241)
	(Profit)/Loss on sale of assets		**25,386**	–
	(Profit)/Loss on sale of Investment		**(5,404,970)**	(21,980,765)
			(47,441,800)	(53,006,006)
	Operating loss before working capital changes	(I)	**(420,032,859)**	(252,509,383)
	Add/Less:			
	(Increase)/Decrease in interest accrued others		**654,189**	(16,818,007)
	(Increase)/Decrease in Loans & Advances		**(11,727,657)**	(21,430,506)
	(Increase)/Decrease in Current Assets		**(50,242,307)**	(13,019,477)
			(61,315,774)	(51,267,989)
	Add: Increase in Current Liabilities & Provisions		**53,520,690**	45,743,043
		(II)	**(7,795,084)**	(5,524,947)
	Cash used in operations	(I+II)	**(427,827,944)**	(258,034,330)
	Advance taxes paid		**–**	–
	NET CASH USED IN OPERATING ACTIVITIES (A)		**(427,827,944)**	(258,034,330)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(11,369,043)**	(22,144,769)
	Purchase of Investments		**(493,660,000)**	(1,028,600,000)
	Sale of Investments		**600,723,806**	972,768,991
	Income received on investments		**42,062,216**	31,025,241
	NET CASH USED IN INVESTING ACTIVITIES (B)		**137,756,979**	(46,950,537)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Issue of Equity Shares		**290,000,000**	304,500,000
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**290,000,000**	304,500,000
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		**(70,965)**	(484,867)
	CASH AND CASH EQUIVALENTS AS AT:			
	Beginning of the year		**411,496**	896,363
	End of the year		**340,531**	411,496

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3) 'Cash Flow Statements'.

For B. K. KHARE & CO.

Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai
Date : April 17, 2018

For and on behalf of the Board

V. Ravi
Chairman

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Managing Director & CEO

Gautam Divan
Director

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Director

Chitra Andrade
Director

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CORPORATE INFORMATION

The Company, Mahindra Asset Management Company Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as an Investment Manager to "Mahindra Mutual Fund". The Company has received a license from SEBI on February 4, 2016. The Company earns fees from investment management activities of the schemes of Mahindra Mutual Fund. As on March 31, 2018, the Company was managing six schemes of Mahindra Mutual Fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of accounts

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on an accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Company's (Accounts) Rules 2014 and other accounting principles generally accepted in India to the extent applicable.

2. Current and Non-current classification

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3. Use of estimates

The preparation of financial statements in conformity with (IGAAP) requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in future years.

4. Investments

Investments held as Long –Term Investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than Long Term investments are classified as Current Investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

5. Segment Reporting

The Company has a single reporting segment viz investment management/advisory services. Accordingly, for the purpose of Accounting Standard 17 on segment reporting, the financial statements of the Company show the results of the Company for this single segment only.

6. Revenue Recognition

Investment Management Fees are recognised on an accrual basis and are billed to each mutual fund scheme in accordance with the terms of the Scheme Information Document of each Scheme managed by the Company.

Portfolio Management Fees and Fees for Advisory Services will be recognised on an accrual basis when the services are rendered and an enforceable right to receive the fees has arisen in accordance with the terms of the Agreement between the Company and its clients.

Dividend from investments is accounted as income when the right to receive dividend is established.

Interest income is accounted on an accrual basis.

The difference between the cost of investments and the redemption/ sale proceeds (net of expenses) is recognised in the statement of Profit and Loss. For calculation of profit/loss on investment, cost is calculated on weighted average basis.

7. Share issue expenses

Expenses incurred in connection with fresh issue of share capital is charged to Profit and Loss account in the year in which they are incurred.

8. Fixed Assets

Fixed assets are stated at cost of acquisition (including incidental expenses) less depreciation.

9. Depreciation

Depreciation on fixed assets is calculated by the straight line method at rates determined with reference to the useful life of fixed assets and in the manner provided for in Schedule II to the Companies Act, 2013 except:

a) Motor vehicles where useful life is estimated at four years as against eight years as per Schedule II since the employees to whom these vehicles have been allotted in accordance with their terms of employment are entitled to change their vehicles every four years, and

b) Fixed assets having value individually less than Rs 5,000 are fully depreciated in the year of purchase.

Further, residual value for all assets is considered as zero due to the difficulty in estimating the same and in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Employee vehicles	–	4 Years
Computer	–	3 Years
Furniture	–	10 Years
Office Equipment	–	5 Years
Assets costing less than Rs 5,000		< 1 year

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets comprise of computer software which is amortised over its estimated useful life. The maximum period for such amortisation is 36 months.

10. Employee benefits

Retirement Benefits in respect of gratuity at retirement/resignation are provided for based on valuations, as on the Balance Sheet date, made by independent actuaries.

a) Defined Contribution Plans –

The Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund, etc are recognised in the Statement of Profit and Loss.

b) Defined Benefit Plan –

The Company's liabilities towards gratuity and leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation. Benefits in respect of gratuity, a defined benefit scheme as applicable to the employees of the Company is annually funded with Life Insurance Corporation of India.

11. Scheme related expenses

Expenses of schemes of Mahindra Mutual Fund in excess of the limits provided by the Securities and Exchange Board of India Mutual Fund Regulations, 1996 are borne by the Company and are recognised in the Statement of Profit and Loss.

12. Impairment of Assets

The carrying value of assets/cash generating units at each Balance Sheet date is reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount.

13. Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

14. Provisions and Contingent Liabilities

a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.

b) Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

15. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc that have changed the number of outstanding equity shares, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

16. Foreign Exchange Transactions and Translations

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction dates.

b) Conversion

i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

ii. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

i. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year – end exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss

17. Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings

18. Lease

Lease rentals in respect of assets taken on operating lease arrangements are recognised as per the terms of the lease.

19. New Fund Offer ('NFO')

Expenses pertaining to NFO are charged to the statement of profit and loss in the year in which these expenses are incurred which is in compliance with SEBI (Mutual Fund) Regulations 1996, as amended from time to time.

II. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Share Capital:

In Rupees

Particulars	**March 2018**	March 2017
Authorised Capital :		
150,000,000 Equity Shares of Rs.10 each	**1,500,000,000**	1,100,000,000
(March 2017 : 110,000,000 shares)		
Issued Capital :		
120,000,000 Equity Shares of Rs.10 each	**1,200,000,000**	910,000,000
(March 2017 : 91,000,000 shares)		
Subscribed and Paid-up Capital :		
120,000,000 Equity Shares of Rs.10 each	**1,200,000,000**	910,000,000
(March 2017 : 91,000,000 shares)		
Total	**1,200,000,000**	910,000,000

	Particulars	**March 2018**		**March 2017**	
		Number of Shares	**Rupees**	**Number of Shares**	**Rupees**
a)	**Reconciliation of the number of shares -**				
	Number of equity shares outstanding at the beginning of the year	91,000,000	910,000,000	60,550,000	605,500,000
	Add : Fresh allotment of shares during the year:	29,000,000	290,000,000	30,450,000	304,500,000

Particulars	March 2018		March 2017	
	Number of Shares	Rupees	Number of Shares	Rupees
Less : Shares bought back during the year	–	–	–	–
Number of equity shares outstanding	120,000,000	1,200,000,000	91,000,000	910,000,000

b) **Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates**

Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	120,000,000	1,200,000,000	91,000,000	910,000,000
Percentage of holding (%)	100	100	100	100

c) **Shareholders holding more than 5 percent shares :**

Mahindra & Mahindra Financial Services Limited	120,000,000	1,200,000,000	91,000,000	910,000,000

2. Reserves & Surplus:

In Rupees

Particulars	March 2018	March 2017
Surplus :		
Balance Loss as per last Balance Sheet	**(249,864,624)**	(45,128,976)
Add : Loss for the current period transferred from Statement of Profit & Loss	**(380,973,780)**	(204,735,648)
Balance Loss carried to Balance Sheet	**(630,838,404)**	(249,864,624)
Less : Allocations & Appropriations :	**–**	**–**
Balance Loss as at the end of the period	**(630,838,404)**	(249,864,624)

3. Long term Provisions:

In Rupees

Particulars	March 2018	March 2017
Provision for compensated absences	**6,954,657**	2,840,646
Provision for gratuity	**764,221**	1,363,226
Total	**7,718,878**	**4,203,872**

4. Trade Payables:

In Rupees

Particulars	March 2018	March 2017
Trade payables for expenses		
Micro and Small Enterprises (Refer Note No 24)	**–**	–
Other than Micro and Small Enterprises	**71,173,180**	23,663,932
Total	**71,173,180**	**23,663,932**

5. Other current liabilities (Unsecured):

In Rupees

Particulars	March 2018	March 2017
TDS Payable	**38,30,767**	3,490,068
Profession Tax Payable	**101,203**	42,518
Contribution to Provident Fund & Other Funds Payable	**1,067,617**	799,349
Service Tax Payable	**–**	4,116
Goods and Services Tax Payable	**5,579,421**	–
Other Current Liabilities	**540,909**	56,691
Total	**11,119,917**	**4,392,742**

6. Short Term Provisions:

In Rupees

Particulars	March 2018	March 2017
Provision for employee benefits	**20,851,633**	25,373,957
Provision for gratuity	**129,705**	–
Provision for compensated absences	**231,779**	69,899
Total	**21,213,117**	**2,54,43,856**

Note/Schedule: 7

Fixed Assets: In Rupees

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	Balance as at April 1, 2017	Additions for purchase/ transfer	Deductions for Sale/ transfer	Balance as at March 31, 2018	Balance as at April 1, 2017	For the year	Deductions for Sale/ transfer	Balance as at March 31, 2018	Balance as at April 1, 2017	Balance as at March 31, 2018
i) Tangible Assets:										
Computers	5,798,747	2,346,798	31,588	**8,113,957**	873,505	2,330,734	6,202	**3,198,037**	4,925,242	4,915,920
	143,824	*5,654,923*	–	***5,798,747***	*23,787*	*849,718*	–	***873,505***	–	*4,925,242*
Furniture and Fixtures	1,700,612	1,145,021	–	**2,845,633**	125,222	253,544	–	**378,766**	1,575,390	2,466,867
	98,291	*1,602,321*	–	***1,700,612***	*1,772*	*123,450*	–	***125,222***	–	*1,575,390*
Vehicles	10,881,278	5,927,237	–	**16,808,515**	2,863,328	3,556,184	–	**6,419,512**	8,017,950	10,389,003
	2,801,569	*8,079,709*	–	***10,881,278***	*315,998*	*2,547,330*	–	***2,863,328***	–	*8,017,950*
Office Equipment	1,557,414	869,910	–	**2,427,324**	243,443	403,025	–	**646,468**	1,313,971	1,780,856
	209,838	*1,347,576*	–	***1,557,414***	*15,961*	*227,482*	–	***243,443***	–	*1,313,971*
Total (i)	19,938,051	10,288,966	31,588	**30,195,429**	4,105,498	6,543,487	6,202	**10,642,783**	15,832,553	19,552,645
As on 31-3-2017	3,253,522	16,684,529	–	**19,938,051**	357,518	3,747,980	–	**4,105,498**	–	15,832,553
ii) Intangible Assets:										
Computer software	5,460,240	1,080,077	–	**6,540,317**	1,484,290	1,839,234	–	**3,323,524**	3,975,950	3,216,793
	–	*5,460,240*	–	***5,460,240***		*1,484,290*	–	***1,484,290***	–	*3,975,950*
Total (ii)	5,460,240	1,080,077	–	**6,540,317**	1,484,290	1,839,234	–	**3,323,524**	3,975,950	3,216,793
As on 31-3-2017	–	*5,460,240*	–	***5,460,240***	–	*1,484,290*	–	***1,484,290***	–	*3,975,950*
Total (i+ii)	25,398,291	11,369,043	31,588	**36,735,746**	5,589,788	8,382,721	6,202	**13,966,307**	19,808,503	22,769,439
As on 31-3-2017	*3,253,522*	*22,144,769*	–	***25,398,291***	*357,518*	*5,232,270*	–	***5,589,788***	–	*19,808,503*

Previous year figures are in italics.

8. Non-Current Investments:

In Rupees

Particulars	March 2018	March 2017
Quoted (at cost) – Non-traded		
Debentures :		
8.9% NCD Mahindra Rural Housing Finance Ltd.	**300,000,000**	300,000,000
8.4% NCD Mahindra Rural Housing Finance Ltd.	**170,000,000**	170,000,000
Equity Investment		
MF Utilities India Pvt Ltd	**960,000**	–
Mutual Fund Investments (Unquoted):		
Mahindra Kar Bachat Yojana – Direct Growth	**5,000,000**	5,000,000
Mahindra Liquid Fund – Direct Growth	**5,000,000**	5,000,000
Mahindra Dhan Sanchay Yojana - Direct Growth	**5,000,000**	5,000,000
Mahindra Low Duration Bachat Yojana - Direct Growth	**5,000,000**	5,000,000
Mahindra Badhat Yojana - Direct Growth	**5,000,000**	–
Mahindra Unnati Emerging Business Yojana – Direct Growth	**5,000,000**	–
Total	**500,960,000**	490,000,000
Aggregate amount of quoted investments	**470,000,000**	470,000,000
Market value of quoted investments	**470,000,000**	470,000,000
Aggregate amount of unquoted investments	**30,960,000**	20,000,000
Net Asset Value of Mutual Fund Units	**32,635,254**	21,027,816

9. Long-term loans and advances:

In Rupees

Particulars	March 2018	March 2017
(Unsecured, Considered good unless otherwise stated)		
Capital Advance	**–**	8,72,003
Deposits for office premises	**6,118,406**	3,587,316
Deposit – Others	**39,441**	29,941
Prepaid Expenses	**2,236,126**	2,537,625
TDS Receivable	**22,449,225**	3,708,143
Total	**30,843,198**	10,735,028

10. Current Investments :

In Rupees

Particulars	March 2018	March 2017
Unquoted (at cost)		
Investment in Schemes of Mutual Fund		
Mahindra Low Duration Bachat Yojana - Direct Growth	**25,071,262**	94,000,000
Mahindra Liquid Fund - Direct Growth	**7,088,033**	50,778,130
Total	**32,159,295**	144,778,130
Net Asset Value of Mutual Fund Units	**33,129,873**	145,555,628

11. Trade Receivable:

In Rupees

Particulars	March 2018	March 2017
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months	**–**	–
Others	**30,008,975**	1,603,700
Total	**30,008,975**	1,603,700

12. Cash and Bank Balance:

In Rupees

Particulars	March 2018	March 2017
Balance with Scheduled Banks in Current Accounts	**296,889**	4,11,496
Branch Petty Cash	**43,642**	–
Total	**340,531**	411,496

13. Short-term loans and advances :

In Rupees

Particulars	March 2018	March 2017
Inter corporate deposits (Mahindra Rural Housing Finance Ltd)*	**10,000,000**	20,000,000
Prepaid expenses	**3,408,041**	1,788,554
Total	**13,408,041**	21,788,554

* Above loans comprising Inter-Corporate Deposits have been given for general business purpose of the recipient.

14. Other Current Assets:

In Rupees

Particulars	March 2018	March 2017
Interest accrued on:		
– Non-convertible debentures (Not due)	**15,687,779**	15,614,631
– Inter corporate deposits (Not due)	**727,336**	1,454,673
Service Tax Input Credit	**–**	4,644,721
GST Input Credit	**18,391,852**	–
Receivable from Managing Director & CEO (Refer Note 21 B (i))	**14,494,158**	–
Other Current Assets	**596,085**	7,000,342
Total	**49,897,210**	28,714,367

15. Revenue from Operations:

In Rupees

Particulars	March 2018	March 2017
Investment Management Fees from Management of Mutual Fund Schemes (Gross)	**218,881,782**	40,368,628
Less: Taxes	**32,678,290**	5,265,473
Investment Management Fees from Management of Mutual Fund Schemes (Net)	**186,203,492**	3,51,03,155
Total	**186,203,492**	35,103,155

16. Other Income:

In Rupees

Particulars	March 2018	March 2017
Interest Income		
– Interest on Inter corporate deposits	**1,082,219**	1,804,584
– Interest on Non Convertible debentures	**40,979,997**	29,220,657
– Interest on Income tax refund	**–**	5,055
Profit on Sale/Redemption of Current Investment in Mutual Funds	**5,404,970**	21,980,765
Total	**47,467,186**	53,011,061

17. Employee Benefit Expense:

		In Rupees
Particulars	**March 2018**	March 2017
Salary, Bonus & Incentives	**175,546,261**	133,622,990
Company's Contribution to Provident Fund & other funds	**9,552,563**	6,034,649
Staff Welfare	**843,289**	450,702
Total	**185,942,113**	140,108,341

18. Other Expenses:

		In Rupees
Particulars	**March 2018**	March 2017
Electricity Charges	**1,213,202**	1,104,557
Rent for Office Premises	**12,492,963**	7,694,601
Repairs and Maintenance Expenses	**1,961,967**	453,937
Insurance	**2,951,127**	1,201,225
Rates and Taxes	**4,214,711**	168,259
Legal and Professional Charges	**9,076,498**	1,804,569
Directors' Sitting Fees	**1,492,100**	1,147,800
Travelling and Conveyance Expenses	**15,682,696**	8,243,860
Advertisement and Publicity	**51,337,299**	7,406,199
Marketing Expenses	**20,869,367**	31,585,705
Payment to Auditor-		
– For Audit	**300,000**	301,500
– Tax Audit	**25,000**	25,125
– Taxation Matters	**25,000**	-
– Other Services	**90,000**	-
– Out of pocket expenses	**24,017**	-
Distributor Related Expenses (Refer Note No 24)	**228,373,347**	47,508,092
General and Administrative Expenses	**70,190,330**	38,863,823
Total	**420,319,624**	147,509,252

19. In Accordance with the Accounting Standard 20 on "Earning Per Share" (EPS) issued by the Institute of Chartered Accountants of India, the EPS is as follows:

		In Rupees
Particulars	**FY 2017-17**	FY 2015-16
Net Profit/(Loss) attributable to Equity Share Holders	**(380,973,780)**	(204,735,648)
Weighted Average Numbers of Shares	**103,290,411**	70,394,110
EPS – (Basic)	**(3.69)**	(2.91)
EPS – (Diluted)	**(3.69)**	(2.91)

20. Contingent Liabilities and Commitments (to the extent not provided for)

		In Rupees
Particulars	**March 2018**	March 2017
i. Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	**–**	3,72,750
Total	**–**	3,72,750

21. Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which have transactions with the Company during the year:

Ultimate Holding Company	Mahindra & Mahindra Ltd
Holding Company	Mahindra & Mahindra Financial Services Limited
Fellow Subsidiary Companies	Mahindra Rural Housing Finance Limited
	Mahindra Holidays and Resorts India Ltd
	Mahindra Retail Pvt Ltd
	Mahindra Integrated Business Solutions Pvt Ltd
Key Management Personnel (KMP)	Mr Ashutosh Bishnoi

B) Related party transactions are as under:

₹ in Lakhs

Sr No	Nature of Transactions	Name of Related Party	Ultimate/ Holding Companies	Fellow Subsidiary/ Group Companies	KMP
1	**Income**				
	Interest Income on Inter Corporate Deposits given (Gross)	Mahindra Rural Housing Finance Ltd		10.82 (18.05)	
	Interest Income on Non-convertible Debentures (Gross)			409.80 (292.21)	
2	**Expenses**				
	Conference Expenses	Mahindra Holidays and Resorts India Ltd		6.73 (6.69)	
	Purchase of electronic items	Mahindra Retail Pvt Ltd		8.06 (-)	
	Call Centre Services	Mahindra Integrated Business Solutions Pvt Ltd		3.61 (-)	
	Administration Support Charges	Mahindra and Mahindra Financial Services Ltd	20.04 (17.10)		
	Distributor Commission		40.13 (8.29)		
	Staff Training	Mahindra and Mahindra Ltd	15.20 (13.70)		
	Event expenses		2.98 (1.14)		
	Mahindra Group Conference		4.58 (-)		
	IT Support Charges		1.67 (0.80)		
	HR Employee Survey		0.03 (-)		
	Insurance		0.01 (0.19)		
	Remuneration to Key Managerial Personnel	Managing Director & Chief Executive Officer			124.12 (177.25)

₹ in Lakhs

Sr No	Nature of Transactions	Name of Related Party	Ultimate/ Holding Companies	Fellow Subsidiary/ Group Companies	KMP
3	**Purchase of Fixed Assets**	Mahindra and Mahindra Ltd	18.95 (12.40)		
4	**Issue of Equity Shares**	Mahindra and Mahindra Financial Services Ltd	2900 (3045)		
5	**Balances at the end of the period**				
	Mutual Fund Distributor Commission payable	Mahindra and Mahindra Financial Services Ltd	– (2.69)		
	Administration Support Charges payable	Mahindra and Mahindra Financial Services Ltd	4.62 (4.49)		
	Call Centre Services Charges payable	Mahindra Integrated Business Solutions Pvt Ltd		0.36 (-)	
	Receivable from Key Managerial Personnel	Managing Director & Chief Executive Officer			144.94 (-)
	Staff Training Expense Payable		0.06 (7.19)		
	Mahindra Group Conference		4.20 (-)		
	Event Expenses	Mahindra and Mahindra Ltd	2.72 (-)		
	Insurance		0.01 (-)		
	IT Support Charges payable		0.44 (0.84)		
	Inter Corporate Deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Ltd		107.27 (214.55)	
	Investment in Non-convertible debentures (including interest accrued but not due)			4856.88 (4856.15)	

Notes:

i. The Managing Director's Remuneration was revised with effect from 12th September, 2016 in accordance with the provisions of Clause (B) of Section II of Part II of Schedule V of the Companies Act, 2013 (`Act'). The Managing Director acquired, by way of purchase of equity shares of the Holding Company on 20th February, 2018, an interest in the capital of the Holding Company, making him ineligible for the remuneration approved under the said Clause (B). This has resulted in payment of an excess remuneration of Rs. 144.94 lakhs to the Managing Director. The Company is in the process of making an application to the Central Government for the waiver of the recovery of this excess payment. The Managing Director will hold in trust the excess amount paid as permitted under Section 197(9) of the Act.

ii. Figures in bracket represent corresponding figures of previous year.

22. Employee Benefits

Defined Benefit Plans - As per Actuarial valuation

	Gratuity (Funded)		Exigency Leave (Non-Funded)		Earned Leave (Non-Funded)	
	Mar-18	**Mar-17**	**Mar-18**	**Mar-17**	**Mar-18**	**Mar-17**
I. Change in Obligation during the year ended March 31						
1. Present value of obligation (PBO) as at the beginning of the year	13.81	1.98	3.96	0.58	25.14	3.69
2. Interest cost	1.04	0.16	0.30	0.05	1.90	0.30
3. Current Service Cost	18.87	9.68	6.65	2.70	29.02	17.54
4. Actuarial (Gains)/Losses	7.18	2.00	1.87	0.64	3.02	3.61
5. Benefits paid	–	–	–	–	–	–
6. Present Value of Defined Benefit obligation at the end of the year	40.90	13.81	12.78	3.96	59.08	25.14
II. Change in the Assets during the period ending 31st March						
1. Fair value of plan assets at the beginning of the year	6.50	6.50	–	–	–	–
2. Expected Return on Plan assets	0.49	0.52	–	–	–	–
3. Adjust due to opening balance	0.74	–	–	–	–	–
4. Contributions by employer	24.72	–	–	–	–	–
5. Actuarial (Gains)/Losses	(0.49)	(0.52)	–	–	–	–
6. Actual Benefits paid	–	–	–	–	–	–
7. Fair value of plan assets at the end of the period	31.96	6.50	–	–	–	–
III. Net asset/(liability) recognised in the Balance Sheet as at 31st March						
1. Present Value of Defined Benefit obligation as 31st March	40.90	13.81	12.78	3.96	59.08	25.14
2. Fair value of plan assets as at 31st March	31.96	6.50	–	–	–	–
3. Funded status (surplus/(deficit))	(8.94)	(7.31)	(12.78)	(3.96)	(59.08)	(25.14)
4. Net asset/(liability) as at 31st March	(8.94)	(7.31)	(12.78)	(3.96)	(59.08)	(25.14)
IV. Expenses recognised in the Statement of Profit and Loss Account for the year ending 31st March						
1. Current Service Cost	18.87	9.68	6.65	2.70	29.02	17.54
2. Interest Cost	1.04	0.16	0.30	0.05	1.90	0.30
3. Expected Return on Plan assets	(0.49)	(0.52)	–	–	–	–
4. Adjustment	(0.74)	–	–	–	–	–
5. Actuarial (Gains)/Losses	7.67	2.52	1.87	0.64	3.02	3.62
6. Total Expenses	26.35	11.83	8.82	3.39	33.94	21.46
V. Major category of plan assets as a percentage of total plan						
1. Funded with LIC	100%	100%	–	–	–	–
VI. Actuarial Assumptions						
1. Discount Rate	7.84%	7.55%	7.84%	7.55%	7.84%	7.55%
2. Expected Rate of return on plan assets	7.55%	8%	–	–	–	–
3. Rate of Salary increase	7%	5%	7%	5%	7%	5%

	Gratuity (Funded)		Exigency Leave (Non-Funded)		Earned Leave (Non-Funded)	
	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
4. In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	–	–	–	–	–

Experience Adjustments: (₹ in Lakhs)

	Year Ended 31st March	
	2018	2017
1. Defined benefit obligations at end of the period	**40.90**	13.81
2. Plan assets at the end of period	**31.96**	6.50
3. Funded Status Surplus/ (Deficit)	**(8.94)**	(7.31)
4. Experience adjustments on plan liabilities (gain)/loss	**6.23**	0.89
5. Experience adjustments on plan assets gain/(loss)	**(0.49)**	(0.52)

23. Expenditure in foreign currency

In Rupees

Particulars	FY 2017-18	FY 2016-17
Foreign travel expenses	714,161	–
Employee training expenses	516,978	–
Total	**1,231,139**	–

24. The Company runs a Loyalty program for its distributors. Points are awarded to partners on the assets mobilized by them in specific schemes. These are redeemed by the Company after the end of the year. A provision for the estimated expenses for such redemption is made in the books at the end of the year. The said provision is included in distributor related expenses. The movement in such provisions during this year is as under:

In Rupees

Particulars	FY 2017-18	FY 2016-17
Opening balance as on 1st April 2017	**–**	–
Provision during the year	**44,200,350**	–
Closing balance as on 31st March 2018	**44,200,350**	–

25. None of the suppliers have submitted their confirmation towards Micro, Small and Medium Enterprises, thus there is no principal or interest dues thereon outstanding to any such supplier at the end of accounting year.

26. Previous year's figures have been regrouped/ reclassified wherever found necessary. The revenues from business operations of the Company started from July 2016, after the launch of the first scheme of Mahindra Mutual Fund. Since then, the Company has launched four equity schemes and one debt scheme at different times. Accordingly, the Company's revenues and expenses have correspondingly increased in the current year compared to the previous year.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For **B. K. KHARE & CO.** For and on behalf of the Board
Chartered Accountants

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Padmini Khare Kaicker
Partner
Membership No. 44784

Gautam Divan
Director

Sethu Gururajan
Director

Chitra Andrade
Director

Place : Mumbai
Date : April 17, 2018

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Fifth Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2018.

1. Financial Results

Amount in Rs. Lakhs

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Income	**24.60**	3.17
Less : Expenditure	**(24.25)**	(23.52)
Total Expenses	**(24.25)**	(23.52)
Profit Before Tax	**0.35**	(20.35)
Less : Provision for Tax		
Current Tax	**0**	0
Deferred Tax	**0**	0
Profit/(Loss) for the year	**0.35**	(20.35)
Profit/(Loss) brought forward from previous year	**(27.80)**	(7.45)
Transfer to Reserves	**0**	0

2. Dividend

Your Directors do not recommend any dividend for the year under review.

3. Transfer to Reserves

The Company did not transfer any amount to reserves during the year under review.

4. Operations

Your Company is engaged as a Trustee to Mahindra Mutual Fund and has appointed Mahindra Asset Management Company Private Limited as the Investment Manager for the schemes of Mahindra Mutual Fund.

During the financial year 2017-18, the AMC launched the following two schemes in the market:

1. Mahindra Mutual Fund Badhat Yojana, Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks, launched on April 20, 2017;
2. Mahindra Unnati Emerging Business Yojana, Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks, launched on January 8, 2018.

   In addition, the AMC also launched Mahindra Mutual Fund Bal Vikaas Yojana on April 20, 2017. The AMC was unable to collect the minimum amount of subscription in this scheme and hence the scheme was withdrawn. As on March 31, 2018, the AMC is acting as the investment manager for six schemes. The Assets under Management in these six schemes were Rs. 3,352 crores in March 2018 as compared to Rs 2,050 crores in the month of March 2017. Of these assets, Rs. 1,173 crores were in retail schemes in March 2018 as compared to Rs 319 crores in March 2017. The AMC has empanelled more than 7,500 distributors and opened 1,26,737 investor accounts in these schemes showing a rise of more than 235%. During the next year, the AMC will continue to expand its product range as well as increase its engagement activities with the distributors and customers via new offices and employees across the country. With the increase in assets under management of Mahindra Mutual Fund, your Company's trusteeship fees will also increase.

Your Directors would like to present the overview of the Economy and Financial Markets in general and the Mutual Fund Industry in particular.

Indian Economy

The year 2017-18 witnessed two key events. The Goods and Services Tax ('GST') was implemented from July 1, 2017 thus paving the way towards a 'One Nation, One Tax' system. Further, a new Insolvency and Bankruptcy Code was notified which is expected to resolve the issues related to non-performing assets of the Banking system.

The second advance estimate of Gross Domestic Product (GDP) released by the Central Statistics Office in February 2018 estimated the real GDP growth at 6.60 percent (constant 2011-12 prices) in 2017-18 (7.10 percent in 2016-17). While the GDP growth was lower than last year, partly because of adjustments to the GST regime, there were silver linings on the horizon. Credit Growth started accelerating and after several quarters, investment activity showed some green shoots and the Gross Capital Formation (GCF) to GDP ratio inched up to 31.40%. Global economic activity has continued to strengthen and is becoming synchronized gradually.

Inflation measured by Consumer Price Index (CPI) remained benign, averaging around 3.50% during the year and the exchange rate measured against the US Dollar was broadly stable through the year.

The year also marked an upward movement in crude prices. Such movements, if they continue, could possibly endanger both inflation and growth expectations for the next financial year.

Equity Markets

The S&P BSE Sensex ended the year with gains of more than 11% to close at 32,968 while the NIFTY 50 closed with gains of more than 10% to close at 10,113. The S&P BSE mid cap index after rallying ahead of frontline indices for major part of the year closed at a commensurate gain of more than 12% during the year. Globally majority of the equity indices did well.

The rally was led by infusion of liquidity by Domestic Institutional Investors (~USD 22bn) due to strong retail participation despite Foreign Institutional Investors being net sellers (~USD 1.4bn). Majority of the sectors participated in the rally in the indices barring the pharmaceutical sector.

The year 2018-19 may see higher volatility in global equity markets due to rising global interest rates. India, despite its strong long term macro fundamentals, may also see high volatility due to the upcoming elections.

Fixed Income Markets

The interest rate environment, which was benign in 2016-17, saw a sharp upward movement in rates. The benchmark sovereign 10-year rates, moved up by around 70 basis points to close at 7.35%. The year was marked by volatility as the bench mark saw a low of around 6.40% in the first half of the year and moved up to a high of around 7.80% during the latter part of the fiscal year. What contributed to the upward bias was a combination of increase in fiscal deficit and rising crude and commodity prices resulted in increased inflationary expectations. The US Fed act of increasing the Fed rates and shrinking its balance sheet acted as headwinds to the interest rate environment.

Overview of the Mutual Fund Industry

The Mutual Fund Industry had another good year. The Assets under Management (AUM) as on March 31, 2018 were Rs. 21.36 lakh crores compared to Rs. 17.54 lakh crores as on March 31, 2017. Assets grew by 21.7 percent during the year.

Net inflows into mutual funds during the year were Rs. 2.72 lakh crores showing a decline over net inflows over the previous year. However, the decline was mainly due to sharp reduction in inflows into debt and liquid schemes. Both these scheme classes actually witnessed a net outflow in assets. There was a surge in inflows in equity schemes. Equity schemes saw net inflows of Rs 1.57 lakh crores which was more than 2.6 times of the inflows in the previous year. The popularity of balanced schemes continued with inflows growing more than 2.4 times last year and touching Rs 89,757 crores. Inflows into ELSS schemes also increased by 43%.

The top ten players increased their market share during this year. Their combined share of total assets increased to 81% from 74% last year.

During the year, SEBI issued the product classification guidelines and requested all Asset Management Companies to review their product portfolio in accordance with these guidelines and submit their rationalization proposal to SEBI. This circular had a minimal impact on your Company's products. Going forward, this provides clarity to AMCs, distributors and customers and allows them to have a better understanding of the different schemes offered by Mutual Funds.

The Mutual Fund Industry has been showing robust growth over the last five years. In spite of this growth, mutual fund penetration continues to remain low in terms of number of unique household accounts. Therefore, the potential for future growth is quite high and the industry will continue to attract new households from the smaller towns and cities as well as urban centres. Your Company aims to reach customers in the smaller towns by leveraging the Mahindra brand as well as distribution reach of its parent, Mahindra & Mahindra Financial Services Limited. Your Company will also leverage the traditional distributors of mutual fund products viz banks, national distributors as well as individual distributors to welcome new customers to the Mahindra family.

5. Share Capital

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise nor has issued any sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

As on March 31, 2018, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

6. Directors

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time and as per SEBI (Mutual Fund) Regulations, 1996, as amended from time to time. As on March 31, 2018, the Company has four directors. Mr. Gautam Parekh (DIN: 00365417), Dr. Narendra Mairpady (DIN: 00536905) and Mr. Debabrata Bandyopadhyay (DIN: 06972463) were appointed as Independent Directors of the Company for a period of five years with effect from September 21, 2015. These Independent Directors shall hold the office of directorship for a term of five years and none of the Independent Directors are eligible for re-appointment.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. M. G. Bhide (DIN:00001826), Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on July 17, 2018 and being eligible, offers himself for re-appointment.

The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long term objectives of the enhancing stakeholders' value are met.

None of the Board of Directors holds directorships in more than 10 public companies. None of the directors are related to each other.

7. Key Managerial Personnel

Mr. Ravi Dayma, Company Secretary who was appointed as a Key Managerial Personnel under the provisions of Section 203 of the Companies Act, 2013 resigned as a Company Secretary of the Company with effect from March 1, 2018.

8. Number of Meetings of the Board

The Board met six times in Financial Year viz. April 15, 2017, June 22, 2017, July 14, 2017, October 17, 2017, December 5, 2017 and January 17, 2018. The Board of Directors have passed eight Circular Resolutions on May 24, 2017, June 10, 2017, September 9, 2017, November 4, 2017, November 15, 2017, December 9, 2017, March 22, 2018 and March 28, 2018.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2017-18 and at the last Annual General Meeting of the Company held on July 14, 2017 are as follows:

Name	Category	Number of Meetings during the Financial Year 2017-18		Attendance at the last AGM held on July 14, 2017
		Held	Attended	(Yes/No/N.A)
Mr. M. G. Bhide	Non-Executive, Non-Independent	6	6	Yes
Dr. Narendra Mairpady	Non-Executive, Independent	6	6@	Yes
Mr. Debabrata Bandyopadhyay	Non-Executive, Independent	6	6	Yes
Mr. Gautam Parekh	Non-Executive, Independent	6	6	Yes

@ Dr. Narendra Mairpady attended the Board Meeting held on December 5, 2017 by means of Video Conference.

9. Declaration by Independent Directors

The Company has received declarations from each Independent Director of the Company under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

10. Meeting of Independent Directors

The Independent Directors met once during the year under review. The meeting was conducted in an informal manner without the presence of the Non-Executive Non-Independent Director and any of the Key Managerial Personnel.

11. Committee of the Board

The Board of Directors of the Company at its meeting held on January 12, 2016, constituted an Audit Committee and approved the terms of reference and the role of the said Committee. This Committee was formed in order to comply with the requirements prescribed under SEBI (Mutual Fund Regulations), 1996 and circulars issued thereunder.

The Audit Committee comprises of Mr. Gautam Parekh, Dr. Narendra Mairpady and Mr. Debabrata Bandyopadhyay, Independent Directors of the Company. The Committee met four times during the year viz. April 15, 2017, June 22, 2017, October 17, 2017, and January 17, 2018. The meetings were well attended by all the Members of the Committee.

12. Compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

13. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

i. In the preparation of the annual accounts for Financial Year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2018 and of the profit of the Company for the year ended on that date;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors have prepared the annual accounts for year ended March 31, 2018 on a 'going concern' basis;

v. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2018 forms part of this Report and is appended as **Annexure I**.

15. Public Deposits

The Company has not accepted any deposits from the public or its employees during the year under review. No amount on account of principal or interest on deposits from the public was outstanding as on the date of balance sheet.

16. Auditors

Messrs. B. K. Khare & Co., Chartered Accountants [ICAI Firm Registration No. 105102W], Statutory Auditors of the Company hold the office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the 8th AGM.

As required under the provisions of Sections 139(1) read with Section 141 of the Companies Act, 2013, the Company has received a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment, and a Certificate to the effect that their re-appointment, if made, would be in accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. B. K. Khare & Co., Statutory Auditors, in their report.

17. Accounting Standards followed by the Company

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

18. Reporting of Frauds

There are no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

19. Code of Conduct

The Board of Directors of the Company had adopted Code of Conduct at its meeting held on June 14, 2016, for Corporate Governance ("the Code") for its Directors. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has for the year under review, received declarations under the Code from the Board Members, affirming compliance with the Code.

20. Particulars of Loans, Guarantees or Investments under Section 186

The Company has not advanced any loans, provided any guarantees or made investments under Section 186 of the Companies Act, 2013 during the year under review.

The Company has not made any loans/advances and investments which are required to be disclosed in the annual accounts of the Company, pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with schedule V applicable to the parent company.

21. Particulars of contracts or arrangements with Related Parties referred to in Section 188(1)

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

22. Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the Report.

23. Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in **Annexure II**.

24. Risk Management Policy

The main business of the Company is to act as a Trustee to the schemes of Mahindra Mutual Fund.

The Trustee Company has appointed Mahindra Asset Management Company Private Limited (AMC) to manage the schemes of the Trust such as launching of new schemes, marketing and collection of funds, investment management of the funds, settlement and valuation of securities, risk management, etc. Accordingly, the Trustee Company supervises the management of the schemes by requesting MIS, Management Reports and Internal Audit reports from the AMC. The AMC has put in place a risk management policy in order to effectively manage the schemes of the Trust. The Trustee Company regularly reviews the risk management processes of the AMC and gets reports on the same from the internal auditor.

25. Internal Financial Control System

The Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. A firm of experienced Chartered Accountants had carried Internal Audit throughout the year. Whenever it is required, the systems and procedures are upgraded. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

26. Subsidiaries

The Company does not have any subsidiary as on March 31, 2018 or during the Financial Year ended on that date.

27. Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

28. General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- There are no employees in the Company and hence during the year under review the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Change in the nature of business carried out by the Company during the year under review.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from any of its subsidiaries.
- Details about the policy developed and implemented by the Company on Corporate Social Responsibility initiative taken during the year.

For and on behalf of the Board

M. G. BHIDE
Chairman

Mumbai, April 17, 2018

Registered Office:
"A" Wing, 4th Floor
Mahindra Towers, 570 P B Marg
P. K. Kurne Chowk, Worli,
Mumbai - 400018.
CIN: U67100MH2013PTC245464
Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return for the year ended on March 31, 2018
[Pursuant to section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U67100MH2013PTC245464
ii.	Registration Date	July 10, 2013
iii.	Name of the Company	Mahindra Trustee Company Private Limited
iv.	Category/Sub-Category of the Company	Public Limited Company by shares (being a subsidiary of a Public Limited Company)
v.	Address of the Registered office and contact details	4th Floor, Mahindra Towers, A Wing, P. B. Marg, Worli, Mumbai - 400018. Tel.: 91 22 6652 6000 Fax: 91 22 24984170 Email: mfinvestors@mahindra.com Website: www.mahindramutualfund.com
vi.	Whether listed company Yes / No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Trusteeship	74	98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400001.	L65990MH1945PLC004558	Ultimate Holding Company	100%*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.	L65921MH1991PLC059642	Holding Company	100%	Section 2(46)

* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	–	5,00,000	5,00,000	100	–	5,00,000	5,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	5,00,000	5,00,000	100	–	5,00,000	5,00,000	100	–
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**5,00,000**	**5,00,000**	**100**	–	**5,00,000**	**5,00,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**5,00,000**	**5,00,000**	**100**	–	**5,00,000**	**5,00,000**	**100**	–

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	4,99,998	100	–	4,99,998	100	–	–
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	1	–	–	1	–	–	–
	Total	**5,00,000**	**100**	–	**5,00,000**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**At the beginning of the year**				
(i)	Mahindra & Mahindra Financial Services Limited (MMFSL)	4,99,998	100	4,99,998	100
(ii)	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	1	–	1	–
(iii)	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	1	–	1	–
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No Change			
2	**At the end of the year**	**5,00,000**	**100**	**5,00,000**	**100**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Not Applicable			
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	Not Applicable			
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. M.G. Bhide (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on April 1, 2017)	1	0.00	1	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	No Change			
	At the End of the year (As on March 31, 2018)	1	0.00	1	0.00
2.	Mr. Gautam Parekh				
	At the beginning of the year (As on April 1, 2017)	Nil	0.00	Nil	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	No Change			
	At the End of the year (As on March 31, 2018)	Nil	0.00	Nil	0.00
3.	Dr. Narendra Mairpady				
	At the beginning of the year (As on April 1, 2017)	Nil	0.00	Nil	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	No Change			
	At the End of the year (As on March 31, 2018)	Nil	0.00	Nil	0.00
4.	Mr. Debabrata Bandyopadhyay				
	At the beginning of the year (As on April 1, 2017)	Nil	0.00	Nil	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	No Change			
	At the End of the year (As on March 31, 2018)	Nil	0.00	Nil	0.00
5.	Mr. Ravi Dayma				
	At the beginning of the year (As on April 1, 2017)@	Nil	0.00	Nil	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc.)	No Change			
	At the End of the year (As on March 31, 2018)	Nil	0.00	Nil	0.00

@ Mr. Ravi Dayma resigned as a Company Secretary of the Company with effect from March 1, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others	 – –	 – –	 – –	 – –
5.	Others	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration to other directors:

Particulars of Remuneration				Total Amount
1. Independent Directors	Mr. Gautam Parekh	Dr. Narendra Mairpady	Mr. Debabrata Bandyopadhyay	
• Fee for attending board / committee meetings	5,80,000	5,80,000	5,80,000	17,40,000
• Commission	–	–	–	–
• Others	–	–	–	–
Total (1)	**5,80,000**	**5,80,000**	**5,80,000**	**17,40,000**
2. Other Non-Executive Directors	Mr. M. G. Bhide			
• Fee for attending board/committee meetings	5,40,000	–	–	5,40,000
• Commission	–	–	–	–
• Others	–	–	–	–
Total (2)	**5,40,000**	–	–	**5,40,000**
Total (B)=(1+2)				**22,80,000**
Total Managerial Remuneration				**22,80,000**
Overall Ceiling as per the Act (please see Note below)				

Note: Pursuant to the provisions of Section 197(2) of the Companies Act, 2013, the overall ceiling on Remuneration to directors is exclusive of sitting fees paid to directors for attending the meetings of the Board or Committee thereof. The sitting fees paid to director is within the limit prescribed therefore under Section 197(5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others	 – –	 – –	 – –	 – –
5.	Others	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

M. G. Bhide
Chairman

Mumbai, April 17, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) Conservation of energy-

i. the steps taken or impact on conservation of energy;
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

ii. the steps taken by the company for utilising alternate sources of energy – The operations of your Company are not energy intensive

iii. the capital investment on energy conservation equipments – Nil

(B) Technology absorption-

i. the efforts made towards technology absorption – *None.*

ii. the benefits derived like product improvement, cost reduction, product development or import substitution – *Not applicable.*

iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a) the details of technology imported : *None*

b) the year of import; : *Not applicable*

c) whether the technology been fully absorbed; : *Not applicable*

d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : *Not applicable*

iv the expenditure incurred on Research and Development – *Nil*.

(C) Foreign exchange earnings and Outgo

There were no foreign exchange earnings or outgo during the year.

For and on behalf of the Board

M. G. Bhide
Chairman

Mumbai, April 17, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra Trustee Company Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss and cash flow for the period from April 1, 2017 to March 31, 2018, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the period from April 1, 2017 to March 31, 2018.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has no pending litigation.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. The Company has been in existence for a period less than seven years and hence there is no requirement to transfer any amounts to the Investor Education and Protection Fund.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 17, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra Trustee Company Private Limited** for the year ended March 31, 2018.

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) and (b) The Company does not have any fixed assets of its own and hence para 3(I)(a) and 3(I)(b) are not applicable to the Company.

(c) The Company has no immovable properties and hence para 3(i)(c) is not applicable to the Company

II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, clause 3(iv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Services Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Services Tax Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) According to the records of the company and information and explanations given to us there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution, Government or bank or debenture holders as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the managerial remuneration is not payable to any managerial person, therefore, clause 3(xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR B. K. KHARE & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 17, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Trustee Company Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2017 to March 31, 2018.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

FOR B. K. KHARE & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 17, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(In ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	1	**50,00,000**	50,00,000
b) Reserves and Surplus	2	**(27,45,072)**	(27,80,060)
		22,54,928	22,19,940
2) Non-current liabilities			
a) Other Long-term liabilities	3	**1,00,000**	1,00,000
		1,00,000	1,00,000
3) Current liabilities			
a) Trade payables	4		
i) Micro and Small Enterprises			
ii) Other Trade Payables		**23,490**	55,784
b) Other current liabilities	5	**53,731**	2,070
		77,221	57,854
TOTAL EQUITY AND LIABILITIES		**24,32,149**	23,77,794
B ASSETS			
1) Current assets			
a) Current investments	6	**13,77,885**	17,06,406
b) Trade Receivable	7	**3,08,925**	69,246
c) Cash and bank balance	8	**1,48,300**	2,54,818
d) Other current assets	9	**5,97,039**	3,47,324
		24,32,149	23,77,794
TOTAL ASSETS		**24,32,149**	23,77,794
Summary of significant accounting policies and notes to the financial statements	I & II		

The accompanying Significant Accounting Policies and notes referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred in our report of even date

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board
M. G. Bhide
Chairman

Padmini Khare Kaicker
Partner
Membership No. 044784

Narendra Mairpady
Director

Gautam Parekh
Director

Debabrata Bandyopadhyay
Director

Place: Mumbai
Date: April 17, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(In ₹)

Particulars	Note No.	For the Year Ended March 31, 2018	March 31, 2017
1) Revenue from operations	10	**23,86,903**	3,10,928
2) Other income	11	**73,027**	6,406
3) Total Revenue (1 + 2)		**24,59,930**	3,17,334
4) Expenses:			
Other expenses	12	**24,24,942**	23,52,172
5) Total expenses		**24,24,942**	23,52,172
6) Profit/(Loss) before tax (3 - 5)		**34,988**	(20,34,838)
7) Tax expense:			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
8) Profit/(Loss) for the year (6 - 7)		**34,988**	(20,34,838)
9) Earnings per equity share (Rupees):	13		
(1) Basic		**0.07**	(6.62)
(2) Diluted		**0.07**	(6.62)
Summary of significant accounting policies and notes to the financial statements	I & II		

The accompanying Significant Accounting Policies and notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

For and on behalf of the Board
M. G. Bhide
Chairman

Narendra Mairpady
Director

Gautam Parekh
Director

Debabrata Bandyopadhyay
Director

Place: Mumbai
Date: April 17, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

			(In ₹)
		For the Year Ended	
Particulars		**March 31, 2018**	March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxes and contingencies		**34,988**	(20,34,838)
Add: Items considered separately:			
(Profit)/Loss on sale of Investment		**(71,479)**	(6,406)
		(71,479)	(6,406)
Operating Loss before working capital changes	**(I)**	**(36,491)**	(20,41,244)
Add/Less:			
(Increase)/Decrease in Trade Receivable		**(2,39,679)**	(69,246)
(Increase)/Decrease in Other Current Assets		**(2,49,715)**	(2,85,403)
		(4,89,394)	(3,54,649)
Add: Increase in Current Liabilities & Provisions		**19,366**	8,494
	(II)	**(4,70,028)**	(3,46,155)
Cash used in operations	**(I+II)**	**(5,06,519)**	(23,87,399)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(5,06,519)**	(23,87,399)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments		**(14,95,000)**	(27,00,000)
Sale of Investments		**18,95,000**	10,00,000
NET CASH USED IN INVESTING ACTIVITIES (B)		**4,00,000**	(17,00,000)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares		**–**	35,00,000
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**–**	35,00,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(1,06,519)**	(5,87,399)
CASH AND CASH EQUIVALENTS AS AT:			
Beginning of the year		**2,54,818**	8,42,217
End of the year		**1,48,299**	2,54,818

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements"

As per report of even date attached

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784
Place: Mumbai
Date: April 17, 2018

For and on behalf of the Board

M. G. Bhide
Chairman

Narendra Mairpady
Director

Gautam Parekh
Director

Debabrata Bandyopadhyay
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CORPORATE INFORMATION

Mahindra Trustee Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on July 10, 2013. The Company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as a Trustee to Mahindra Mutual Fund and has been granted a license by SEBI to act as a Trustee. The Company has entered into an Investment Management Agreement with Mahindra Asset Management Company Private Limited ('Investment Manager') for managing the schemes of Mahindra Mutual Fund.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

1. **Basis of preparation of financial statements**

   The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on an accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Company's (Accounts) Rules 2014 and other accounting principles generally accepted in India to the extent applicable.

2. **Current and Non-current classification**

   All assets and liabilities have been classified as current and non–current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose.

3. **Use of estimates**

   The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in future years.

4. **Segment reporting**

   The Company has a single reporting segment viz income from trustee services provided to the schemes of Mahindra Mutual Fund. Accordingly, for the purpose of Accounting Standard 17 on segment reporting, the financial statements of the Company show the results of the Company for this single segment only.

5. **Investments**

   Investments held as Long –Term Investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than Long Term investments are classified as current Investments and valued at cost or fair value, whichever is less.

   Provision for diminution in value of investments is made if management perceives that there is permanent diminution in the value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

6. **Revenue recognition**

   Trustee Fees are recognised as revenue when the trustee services are performed for the schemes of Mahindra Mutual Fund.

   Dividend from investments is accounted as income when the right to receive dividend is established. Interest income is accounted on an accrual basis. The difference between the cost of investments and the redemption/sale proceeds (net of expenses) is recognised in the statement of Profit and Loss. For calculation of profit/loss on investment, cost is calculated on weighted average basis.

7. **Share issue expenses**

   Expenses incurred in connection with fresh issue of share capital is charged to Profit and Loss account in the year in which they are incurred.

8. **Taxes on income**

   Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

9. **Provisions and contingent liabilities**

   a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.

   b) Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

10. **Earnings per share**

    Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

II) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Share Capital

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Capital :		
10,00,000 Equity shares of Rs.10/- each	**1,00,00,000**	1,00,00,000
(March 2017 : 10,00,000 shares)		
Issued Capital :		
5,00,000 Equity shares of Rs.10/- each	**50,00,000**	50,00,000
(March 2017 : 5,00,000 shares)		
Subscribed and Paid-up Capital :		
5,00,000 Equity shares of Rs.10/- each	**50,00,000**	50,00,000
(March 2017: 5,00,000 shares)		
Total	**50,00,000**	50,00,000

	Particulars	As at March 31, 2018 Number of Shares	Rupees	As at March 31, 2017 Number of Shares	Rupees
a)	**Reconciliation of the number of shares -**				
	Number of equity shares outstanding at the beginning of the year	**500,000**	**50,00,000**	1,50,000	15,00,000
	Add:Fresh allotment of shares during the year	–	–	3,50,000	35,00,000
	Less: Shares bought back during the year	–	–	–	–
	Number of equity shares outstanding at the end of the year	**5,00,000**	**50,00,000**	5,00,000	50,00,000
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates -**				
	Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	**5,00,000**	**50,00,000**	5,00,000	50,00,000
	Percentage of holding (%)	**100**	**100**	100	100
c)	**Shareholders holding more than 5 percent shares :**				
	Mahindra & Mahindra Financial Services Limited	**5,00,000**	**50,00,000**	5,00,000	50,00,000

2. Reserves & Surplus

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Surplus:		
Balance Profit as per last Balance Sheet	**(2,780,060)**	(7,45,222)
Add : Profit/(Loss) for the current year transferred from Statement of Profit & Loss	**34,988**	(20,34,838)
Balance Profit carried to Balance Sheet	**(27,45,072)**	(27,80,060)
Less: Allocations & Appropriations:	**–**	–
Balance as at the end of the period	**(27,45,072)**	(27,80,060)
Total	**(27,45,072)**	(27,80,060)

3. Other Long Term Liabilities (Unsecured)

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Initial Corpus of Mahindra Mutual Fund (*)	**1,00,000**	1,00,000
Total	**1,00,000**	1,00,000

(*) The initial Corpus is contributed by Mahindra & Mahindra Financial Services Ltd to Mahindra Trustee Co Pvt Ltd towards corpus of Mahindra Mutual Fund.

4. Trade Payables

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables for expenses		
Micro and Small Enterprises (Refer Note No 15)	**–**	–
Other than Micro and Small Enterprises	**23,490**	55,784
Total	**23,490**	55,784

5. Other Current Liabilities

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues payable		
TDS Payable	**2,243**	2,000
Service Tax Payable	**–**	70
GST Payable	**51,488**	–
Total	**53,731**	2,070

6. Current Investments

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Unquoted (at cost)		
Investment in Schemes of Mutual Fund		
Mahindra Liquid Fund – Direct Growth	**1,127,885**	17,06,406
Mahindra Low Duration Bachat Yojana – Direct Growth	**2,50,000**	–
Total	**1,377,885**	17,06,406
Net Asset Value of mutual fund units	**1,426,477**	17,46,324

7. Trade Receivable

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless otherwise stated		
– Outstanding for a period exceeding six months	**–**	–
– Others	**3,08,925**	69,246
Total	**3,08,925**	69,246

8. Cash and Cash Equivalents

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with Scheduled Banks in Current Accounts	**148,300**	2,54,818
Total	**148,300**	2,54,818

9. Other Current Assets

In Rupees

Particulars	As at March 31, 2018	As at March 31, 2017
TDS Receivable	**2,38,701**	31,092
Service tax credit	**–**	3,16,233
GST Input Credit	**358,338**	–
Total	**5,97,039**	3,47,325

10. Revenue from operations

In Rupees

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Trusteeship fees (Gross)	**28,08,081**	3,57,567
Less: Taxes	**4,21,178**	46,639
Trusteeship fees (Net)	**23,86,903**	3,10,928
Total	**23,86,903**	3,10,928

11. Other Income

In Rupees

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit on redemption of current investment	**71,479**	6,406
Interest on income tax refund	**1,548**	–
Total	**73,027**	6,406

12. Other Expenses

In Rupees

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rates and Taxes	**11,035**	17,500
Directors sitting fees	**2,283,900**	20,29,700
Legal and Professional Fees	**57,680**	56,777
Audit Fees (Net)		
– Audit	**20,075**	20,100
– Other Services	**10,000**	–
Share Issue Expenses	**–**	1,57,000
Travelling expenses	**40,252**	60,893
Other Expenses	**2,000**	10,202
Total	**24,24,942**	23,52,172

13. In Accordance with the Accounting Standard on "Earning Per Share" (AS 20) Issued by the Institute of Chartered Accountants of India, the EPS is as follows:

In Rupees

Particulars	FY 2017-18	FY 2016-17
Net Profit/ (Loss) attributable to Equity Share Holders	**34,988**	(20,34,838)
Weighted Average Numbers of Shares	**500,000**	3,07,397
EPS – (Basic)	**0.07**	(6.62)
EPS – (Diluted)	**0.07**	(6.62)

14. Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which have transactions with our Company during the year:

Holding Company	Mahindra & Mahindra Financial Services Limited

B) Related party transactions are as under:

Rs in Lakhs

Sr No.	Nature of transactions		Holding Companies
1	Issue of Equity Shares	Mahindra and Mahindra Financial Services Ltd	NIL (35)

Note: Figures in bracket represent corresponding figure of previous year.

15. None of the suppliers have submitted their confirmation towards Micro, Small and Medium Enterprises, thus there is no principal or interest dues thereon outstanding to any such supplier at the end of accounting year.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. KHARE & CO.
Chartered Accountants
(FRN:105102W)

M. G. Bhide
Chairman

Padmini Khare Kaicker
Partner
Membership No. 44784

Narendra Mairpady
Director

Debabrata Bandyopadhyay
Director

Gautam Parekh
Director

Mumbai, April 17, 2018

BOARDS' REPORT

Board's Report to the Members

Your Directors present their nineteenth report together with the audited financial statement of your Company for the year ended on 31st March, 2018.

FINANCIAL HIGHLIGHTS (STANDALONE)

(₹ in lakh)

	Financial Year 2018	Financial Year 2017
Income from Operations	**47,500**	68,055
Other Income	**8,222**	7,265
Total Income	**55,722**	75,320
Profit Before Depreciation, Finance cost and Taxation	**11,830**	10,686
Less : Depreciation	**396**	434
Profit Before Finance cost and Taxation	**11,434**	10,252
Less : Finance Cost	**3,541**	3,197
Profit Before Taxation	**7,893**	7,055
Less : Provision for Taxation		
• Current Tax	**2,566**	2,349
• Deferred Tax (including MAT Credit)	**15**	(188)
Profit After Tax	**5,312**	4,894
Add: Balance of Retained earnings of earlier years	**53,216**	50,187
Add: Transfers from other reserves	**–**	1,030
Retained earnings available for appropriation	**58,528**	56,111
Add: Other Comprehensive Income / (Loss)*	**(15)**	68
Less: Dividend paid on Equity Shares**	**3,079**	2,462
Less: Income-tax on Dividend paid**	**416**	501
Retained earnings carried forward	**55,018**	53,216

* Re-measurement of (loss)/gain (net) on defined benefit plans, recognised as part of retained earnings.

**Pursuant to applicable provisions of Indian Accounting Standards, the amount of dividend paid and income tax thereon mentioned in the columns for 2018 and 2017 represents the dividend amount paid and tax paid thereon for the financial years 2017 and 2016, respectively.

DIVIDEND

For the Financial Year 2017-18, your Directors have recommended a dividend of ₹ 6 per equity share of the face value of ₹ 10 each of the Company, i.e. 60 percent, payable to those shareholders whose names appear in the Register of Member as on the Book Closure Date.

The equity dividend outgo for the proposed dividend on equity shares for the financial year 2017-18, inclusive of tax on distributed profits and net of tax on distributed profits on dividend proposed from the subsidiaries during the current financial year, amounts to ₹ 3,283.06 lakh. The dividend shall be paid out of the profits for the financial year 2017-18.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), the Board of Directors of the Company at its meeting held on 27th October, 2016 has formulated and adopted 'Dividend Distribution Policy'. The Dividend Distribution Policy is attached herewith and marked as **Annexure 1** and is also available on the Company's website at https://www.mahindralifespaces.com/media/1315/dividend-distribution-policy.pdf.

RESERVES

Out of the profits available for appropriation, no amount has been transferred to any reserves for the year under review.

OPERATIONS / STATE OF THE COMPANY'S AFFAIRS

India witnessed a marginal decline in macro-economic performance in 2017-18. According to estimates released by the Central Statistics Office (CSO), India's GDP growth is estimated at 6.6 percent in 2017-18, down from 7.1 percent in 2016-17. The deceleration was broad-based with a decline in both industrial and agricultural growth. More recently, quarterly growth has shown an upward trajectory and there has been a rebound in private consumption. As a result, the growth outlook for the Indian economy for 2018-19 has also turned positive with the

RBI projecting the GDP growth to strengthen to 7.4 percent in 2018-19.

The Company sold 1,357 residential units aggregating to 1.16 million square feet of saleable area in 2017-18 compared to 863 units aggregating to 0.91 million square feet in the previous year. The sales growth of 57 percent and 27 percent by area sold was achieved inspite of the Company having to defer the launch of three of its projects in Mumbai due to High Court related restrictions and two of its projects, one each in Pune and Chennai, due to pending approvals. The launch of its third affordable housing projects, Happinest, Palghar met with a tremendous response with over 389 units sold in 45 days of launch.

The focus on execution continued during the year with the completion of construction aggregating to 0.68 million square feet and the handover of 1,592 units to customers.

In the affordable housing segment, where efficiencies are a critical component of the business plan, the two Happinest projects in Avadi and Boisar saw around 75 percent of the total launched phases being completed and around 1,155 units have already been handed over to the customers since construction commenced in 2015-16.

The Company is currently developing 3.97 million square feet with another 4.44 million square feet available in the form of forthcoming projects, new phases of ongoing projects and new projects that are in various stages of planning, for launch in the future.

In the Integrated cities and industrial clusters segment, around 62 acres of land leases were concluded during the year across the two operational World Cities in Jaipur and Chennai. In 2018-19, the Company expects to benefit from the ability to market to a wider customer base at Jaipur with the conversion of the sector-specific SEZs into a multi-product SEZ in April, 2018. During the year, the Company also launched its new brand for mid-sized acres industrial clusters called **'ORIGINS by Mahindra World City'**. The first two of these clusters, near Chennai and Ahmedabad, are in various stages of planning and development.

A more detailed account of the Company's operations is provided in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

The standalone and consolidated financial statements for financial year 2017-18 have been prepared in accordance with applicable Indian Accounting Standards (INDAS).

The consolidated total income of your Company stood at ₹ 64,413 lakh in 2017-18 as compared to ₹ 83,102 lakh in 2016-17. The consolidated Profit before tax (PBT) stood at ₹ 13,454 lakh in 2017-18 as compared to ₹ 13,890 lakh in 2016-17, whereas the consolidated profit after tax (PAT) and minority interest was ₹ 10,100 lakh in 2017-18 as compared to ₹ 10,224 lakh in 2016-17.

Total income of your Company as a standalone entity was ₹ 55,722 lakh as compared to ₹ 75,320 lakh in 2016-17. PBT was ₹ 7,893 lakh as compared to ₹ 7,055 lakh in 2016-17, whereas PAT was ₹ 5,297 lakh as compared to ₹ 4,962 lakh in 2016-17. Total income in 2017-18 includes dividend income of ₹ 666 lakh from Mahindra World City (Jaipur) Limited and ₹ 370 lakh from Mahindra Integrated Township Limited, subsidiaries of the Company. In 2016-17, the Company had received dividend income of ₹ 824 lakh from Mahindra World City (Jaipur) Limited, a subsidiary of the Company.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

AWARDS AND RECOGNITION

Your Company and its subsidiaries received several awards and recognitions during the financial year 2017-18. Some of the prestigious awards are:

- Mahindra Lifespace Developers Ltd was ranked 29th in the list of Great Places to Work in India, in the 'Mid-sized Companies' category.
- Mahindra Lifespace Developers Ltd was the only real estate company to receive 'Golden Peacock Environment Management Award 2017'.
- Mahindra World City, Jaipur received the award for 'Best Public Private Partnership Model' by Business World Smart Cities Conclave & Awards 2017.
- Mahindra World City, Chennai received awards for:
  - 'Best Environment Friendly Project' by Golden Globe Tigers Awards 2017.
  - 'CSR Excellence in Waste Management' by Bureaucracy Today.
  - 'Highest Exports in SEZ Developer Category (2015-16)' and was adjudged runner up for 'Highest Employment in SEZ Developer Category (2014-15)' by Madras Export Processing Zone.
- Mahindra Lifespace Developers Ltd received "Social Media Campaign of the year" at CMO Asia 2018 for 'IAMGREENARMY' campaign.
- L'Artista by Mahindra Lifespace Developers Ltd received the 'Best Residential Project under Ultra Luxury Segment' award at the CNBC-AWAAZ Real Estate Awards 2017-18.
- Bloomdale by Mahindra Lifespace Developers Ltd received the 'Best Residential Project under Affordable Segment' award at the CNBC-AWAAZ Real Estate Awards 2017-18.
- Nova in Mahindra World City, Chennai received 'Low Cost Housing Apartment Project' at the 5th NDTV Property Awards.
- Two projects by Mahindra Lifespace Developers Ltd — Vivante in Andheri, Mumbai and Happinest in Boisar, Maharashtra were conferred with the 2nd and 3rd prize respectively for Vishwakarma award for Health, Safety and Environment by the Construction Industry Development Council.

SHARE CAPITAL

During the year, the Company has allotted 11,200 equity shares of ₹ 10 each at an exercise price of ₹ 10 per share to the eligible grantees pursuant to exercise of stock options granted under Employee Stock Option Scheme-2012 (ESOS-2012). No Stock Options were exercised under Employee Stock Option Scheme–2006 (ESOS–2006).

The Company also allotted 10,263,388 equity shares with a face value of ₹ 10 each for cash at a price of ₹ 292 per equity share including a premium of ₹ 282 per equity share in the ratio of 1 (one) Right Equity Share for every 4 (four) fully paid-up equity shares of the Company held by the Equity Shareholders on the Record Date i.e. 31st March, 2017. The proceeds from the Rights Issue have been fully utilized for the objects of the Rights Issue as mentioned in the Letter of Offer filed with the Securities and Exchange Board of India.

Consequently, during the year, the issued equity share capital has increased from ₹ 4,109.44 lakh to ₹ 5,137.92 lakh and the subscribed and paid-up equity share capital of the Company has increased from ₹ 4,105.36 lakh to ₹ 5,132.81 lakh.

In April 2018, the Company has allotted 5,600 equity shares of ₹ 10 each at an exercise price of ₹ 10 per share to the eligible grantees pursuant to exercise of stock options granted under ESOS-2012. Consequently, the issued equity share capital has increased from ₹ 5,137.92 lakh to ₹ 5,138.48 lakh and the subscribed and paid-up equity share capital of the Company has increased from ₹ 5,132.81 lakh to ₹ 5,133.37 lakh.

The allotment of 51,063 equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (now corresponding to Section 126 of the Companies Act, 2013), till such time the title of the bonafide owners of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of offenses relating to transactions in Securities).

During the year, Company has not issued any equity shares with differential rights or any sweat equity shares.

NON-CONVERTIBLE DEBENTURES

On 4th April, 2013, the Company had issued and allotted 5,000 – Secured Listed Rated Redeemable 10.78 percent YTM, Non-Convertible Debentures (NCDs) with a face value of ₹ 10 lakh each for cash at par, aggregating ₹ 50,000 lakh (Rupees Fifty Thousand Lakh Only) vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue were fully utilized for the purposes of the issue.

Series I, II and III of Secured Listed Rated Redeemable 10.78 percent YTM, comprising of 1,250, 1,750 and 2,000 Non-Convertible Debentures (NCDs) with a face value of ₹ 10 lakh each aggregating ₹ 50,000 lakh (Rupees Fifty Thousand Lakh Only) were redeemed in accordance with the terms of NCDs on 4th April, 2016, 3rd April, 2017 and 4th April, 2018, respectively along with redemption premium and interest thereon.

EMPLOYEE STOCK OPTIONS SCHEME

During the year, in accordance with the ESOS–2012, the Nomination and Remuneration Committee had on 25th July, 2017 and 30th January, 2018, approved grant of total 21,000 Stock Options to the eligible employees, at an exercise price of ₹ 10 each which is equal to the face value of the equity share of the Company. During the year, no Stock Options have been granted under ESOS – 2006.

There is no scheme as envisaged under section 67 of the Companies Act, 2013 in respect of shares on which voting rights are not directly exercised by the employees.

There are no material changes made to the existing schemes i.e. ESOS–2006 and ESOS–2012. The existing schemes are implemented in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable Regulations and Circulars in force from time to time.

The Information that the Company is required to disclose in relation to ESOS-2006 and ESOS-2012 under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is uploaded on the website of the Company at https://www.mahindralifespaces.com/investors/disclosures-under-sebi

HOLDING COMPANY

At the beginning of the Financial Year 2017-18, the Promoter and the Holding Company i.e. Mahindra and Mahindra Limited (M&M) was holding 2,08,46,126 equity shares representing 50.78 percent of the total paid-up equity capital of the Company. Consequent to the allotment of equity shares in the Rights Issue of the Company, M&M, holds 2,64,39,850 equity shares of the total paid-up equity capital of the Company. Consequent to the allotment of equity shares in the Rights Issue and the exercise of stock options during this year the percentage holding of M&M, at the end of the year has changed to 51.51 percent of the paid-up equity capital of the Company.

The Company continues to be a Subsidiary Company of M&M. All subsidiary companies of the Company are consequently subsidiary companies of M&M.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES AS PER COMPANIES ACT, 2013

A report highlighting performance of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013, and their contribution to the overall performance of the Company is provided in the Consolidated Financial Statement at Note no. 44.

The policy for determining material subsidiaries is available on the Company's website at https://www.mahindralifespaces.com/media/1323/policy-for-determining-material-subsidiaries.pdf

SUBSIDIARY COMPANIES

Mahindra World City (MWC), Chennai, is implemented by **Mahindra World City Developers Limited (MWCDL)**, currently an 89:11 joint venture between the Company and the Tamil Nadu Industrial Development Corporation Limited (TIDCO), respectively. It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC. Mahindra World City, Chennai, was launched in September 2002, and currently has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel and

Fashion Accessories, and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social zone. At the end of 2017-18, the project had a total area of 1,524 acres. With greater stabilization in the business zone, the focus is now on developing the residential and social infrastructure.

Mahindra World City, Jaipur, is being implemented by **Mahindra World City (Jaipur) Limited (MWCJL)**, a 74:26 joint venture between the Company and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise, respectively. Mahindra World City, Jaipur is being developed as a Multi-Product Special Economic Zone and a Domestic Tariff Area for which 2,913 acres have already been acquired. Currently, the project has five SEZ zones (2 in IT / ITES, 1 each in Handicrafts, Engineering & Related Industries, Gems & Jewellery), a Domestic Tariff Area and a Residential and Social zone. The Ministry of Commerce and Industry (Department of Commerce) Government of India vide its notification dated 17th April, 2018 has approved consolidation of the sector specific Special Economic Zones (SEZs) into a multi-product SEZ and has re-notified the areas of these SEZs as a Multi-Product SEZ. The recognition as a Multi-Product SEZ will enable diverse sectors including those earlier notified, to establish their export units in the Multi-Product SEZ which may see increased exports and job opportunities from the export units set up in the Multi-Product SEZ. The focus is currently on lease of industrial land in the project as well as on developing the blueprint for the launch of the Residential and Social zone.

Mahindra Integrated Township Limited (MITL) is engaged as a co-developer in developing the residential township area at Mahindra World City, Chennai. Its current developments include ‘Iris Court’ and ‘Nova’. Additionally, MITL is in the process of obtaining approvals for its next project at MWC, Chennai. After excluding the area under the above projects, MITL still has approximately 122 acres to be developed in phases for offering products in different formats and segments. MITL is 96.30 percent owned by the Company.

Mahindra Residential Developers Limited (MRDL), which is a wholly owned subsidiary of Mahindra Integrated Township Limited (MITL), and a co-developer is developing a gated residential community in approximately 55 acres within Mahindra World City, Chennai, under the name ‘Aqualily’.

Mahindra Bebanco Developers Limited (MBDL) is a 70:30 joint venture between the Company and B.E. Billimoria & Co. Limited (BEBL), respectively. MBDL is developing a gated residential community ‘Bloomdale’ across approximately 25.2 acres at Multi-modal International Hub Airport at Nagpur (MIHAN). During 2016-17, certain disputes arose between the main contractor of Bloomdale BEBL and MBDL under the Construction Contract, which remained sub-judice on the date of this report. During the year, certain disputes arose under Shareholders Agreement (SHA) between the Company and BEBL. The Company has exercised its Call Option under the SHA and has called upon BEBL to tender its entire shareholding of 30%, in MBDL, for transfer to the Company. The disputes amongst BEBL, the Company and MBDL remained sub-judice on the date of this report and the Company and MBDL, in consultation with lawyers, have taken necessary steps to protect the interests of customers of Bloomdale and of the Company and MBDL.

Mahindra Homes Private Limited (MHPL), is a 74.98 : 25.02 joint venture between the Company and SCM Real Estate (Singapore) Private Limited (SCM), respectively and is developing in collaboration with a developer and land owning companies, a group housing project “Luminare” at NCR on approximately 6.80 acres and a residential project “Windchimes” at Bengaluru on approximately 5.90 acres. The Company is exploring the possibility of undertaking additional projects in the mid-premium residential segment in India.

Mahindra Happinest Developers Limited (MHDL) incorporated on 6th September, 2017, is a 51:49 joint venture between MLDL and HDFC Capital Affordable Real Estate Fund – I, respectively. Thus, MHDL is a Subsidiary of the Company and cosequently, a subsidiary of the ultimate holding Company M&M. MHDL launched its first affordable housing project in Palghar, Maharashtra, on approximately 8.35 acres, under the brand ‘Happinest’.

Mahindra Industrial Park Chennai Limited (MIPCL), is a 60:40 joint venture between MWCDL and Sumitomo Corporation, Japan, respectively. Accordingly, MIPCL is a subsidiary of MWCDL and consequently, a subsidiary of the Company. MIPCL is setting up an industrial cluster in North Chennai (the NH-16 corridor) on approximately 264 acres under the brand ‘Origins by Mahindra World City’.

Industrial Cluster Private Limited (ICPL) a wholly owned subsidiary of the Company has acquired approximately 268 acres of contiguous land at Jansali near Ahmedabad for setting up an industrial cluster. During the year, the Company partnered with International Finance Corporation (IFC), a member of the World Bank Group and received funding from IFC for the upcoming project at Jansali. The project will be marketed under the brand ‘Origins by Mahindra World City’.

Mahindra Infrastructure Developers Limited (MIDL), a wholly owned subsidiary of the Company, is an equity participant in the project company namely, New Tirupur Area Development Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project.

Mahindra World City (Maharashtra) Limited (MWCML), is a wholly owned subsidiary of the Company, which was set up to undertake large format development. The Company is looking out for an appropriate business opportunity to take up projects in real estate development. During the year, consequent to the order of the Hon’ble National Company Law Tribunal pursuant to the scheme of arrangements, Raigad Industrial and Business Park Limited, a wholly owned subsidiary of the Company and Kismat Developers Private Limited, Topical Builders Private Limited, associate companies of the Company merged with Mahindra World City Maharashtra Limited (MWCML). As a result, Deep Mangal Developers Private Limited, which was a subsidiary of Topical Builders Private Limited became a subsidiary of MWCML and consequently a subsidiary of the Company and of the ultimate holding company. Deep Mangal Developers Private Limited is exploring the possibility of undertaking a large format development on the southern coast of Maharashtra where it already owns land. Also as a result of the merger, Mahindra Construction Company Limited and Moonshine Construction Private Limited became subsidiary companies of the Company. The merger process was initiated with the purpose of reducing non-operative entities and compliance costs thereby eliminating overheads. In the current year, the Company will continue the process of identifying other non-operating entities for merger to streamline the numbers of entities and eliminate overheads of such entities.

Knowledge Township Limited (KTL), a wholly owned subsidiary of the Company will be developing an industrial park in Maharashtra under the brand 'Origins by Mahindra World City' for which the company is in the process of procuring the required land area.

Industrial Township (Maharashtra) Limited (ITML), a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development.

Anthurium Developers Limited (ADL) a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development projects.

Mahindra Water Utilities Limited (MWUL) is engaged in the business of operation and maintenance service for water and sewerage facilities at Tirupur, India and is a 98.99 percent subsidiary of Mahindra Infrastructure Developers Limited and consequently, a subsidiary of the Company.

JOINT VENTURE COMPANIES

There is no direct joint venture company of the Company, except, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Homes Private Limited, Mahindra Bebanco Developers Limited and Mahindra Happinest Developers Limited which are all joint venture subsidiary companies and have been covered in the section on Subsidiary Companies.

ASSOCIATE COMPANIES

Mahindra Knowledge Park (Mohali) Limited is an associate company of the Company.

CONSOLIDATED FINANCIAL STATEMENT

The audited consolidated financial statement of the Company prepared in accordance with the applicable Accounting Standards along with all relevant documents and the Auditors' Report forms part of this Annual Report.

The financial statements of Subsidiary companies under the Companies Act, 2013 are not attached along with the financial statements of the Company. Separate audited financial statement of each of the subsidiaries is placed on the website of the Company at web link: https://www.mahindralifespaces.com/investors/financial-information

The Company will provide the financial statements of subsidiaries upon receipt of a written request from any member of the Company interested in obtaining the same. The financial statement of subsidiaries will also be available for inspection at the Registered Office of your Company during working hours up to the date of the Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company's operations forms part of this Annual Report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance with the conditions of Corporate Governance as stipulated under Para E of Schedule V of the SEBI LODR forms part of this Annual Report.

SUSTAINABLE DEVELOPMENT AND BUSINESS RESPONSIBILITY REPORT

Your Company has been at the forefront of the real estate industry in India to achieve mission of 'Transforming urban landscapes by creating sustainable communities'. Sustainability is thus a core agenda for the Company. The details of the Company's approach to sustainability are covered in the Business Responsibility Report.

Presently, the requirement of publishing Business Responsibility Report (BRR) under Regulation 34(2)(f) of SEBI LODR is not applicable to the Company. However, the Company has voluntarily provided the BRR for the financial year 2017-18 which forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. The Company, in every financial year, in line with the new Companies Act, 2013, pledges to spend, two percent, of the average net profits made during the three immediately preceding financial years towards CSR initiatives.

The Company has constituted a Corporate Social Responsibility Committee comprising Mr. Arun Nanda — Non-Executive Non-Independent Director, Mr. Shailesh Haribhakti — Non-Executive Independent Director and Ms. Anita Arjundas — Managing Director. The role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's web link at https://www.mahindralifespaces.com/media/1050/corporate-social-responsibility-csr-policy.pdf

The Company's CSR activities have traditionally focused on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives;
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders;
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called Employee Social Options.

The Company's commitment to CSR will be manifested by investing resources in any of the areas stipulated in Schedule VII to the Companies Act, 2013. The Company gives preference to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

Of the total committed CSR expenditure of ₹ 389.09 lakh for financial year 2017-18 (including ₹ 39.11 lakh being unspent amount of the previous year), the Company has spent ₹ 291.89 lakh as per the approved CSR plan for financial year 2017-18. During the year, the Company had committed CSR expenditure of ₹ 157.20 lakh for the establishment of the "Centre of Excellence for sustainable habitats" and for research work therein by TERI, of which an amount of ₹ 60 lakh has been spent during the year and a balance amount of ₹ 97.20 lakh shall be paid, based on milestones to be achieved by TERI, during Financial Year 2019.

In view of the above, the Board has approved that an amount of ₹ 97.20 lakh be carried forward to the next year and the carried forward amount shall be over and above the next year's CSR allocation equivalent to at least 2 percent of the average net profit of the Company of the immediately preceding three years.

The annual report on the CSR activities in the prescribed format is at **Annexure 2** to this Report.

DIRECTORS

Pursuant to Section 152 of the Companies Act, 2013 and Article 116 of the Articles of Association of the Company, Dr. Anish Shah (DIN: 02719429) Non-Executive Non-Independent Director retires by rotation at the 19th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Pursuant to Section 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Ameet Hariani (DIN: 00087866), a Non-Executive Independent Director who was appointed as an Additional Director with effect from 4th September, 2017, shall hold office as per the provisions of Section 161 of the Companies Act, 2013, till the date of the ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Ameet Hariani is proposed at the ensuing Annual General Meeting as Non-Executive Independent Director for a term of 5 year with effect from 4th September, 2017.

Brief resume of Dr. Anish Shah and Mr. Ameet Hariani, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board, Committees and shareholding in the Comany as stipulated under Regulation 36(3) of SEBI LODR, are provided in the Corporate Governance Report forming part of the Annual Report. None of the Directors of the Company are inter-se related to each other. Both Directors i.e. Dr. Anish Shah and Mr. Ameet Hariani are not disqualified from being re-appointed / appointed as Directors by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, two Independent Directors of the Company, Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Independent Directors effective 30th July, 2017 on expiry of their second term of office. The Board of Directors appreciated their dedicated efforts and thanked them for their immense contribution to the Company during their tenure.

Pursuant to the provisions of the Companies Act, 2013 and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. The performance evaluation of the Chairman of the Company was also carried out by Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. Structured questionnaires were prepared in accordance with the SEBI Guidelines on Board Evaluation covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. All Directors unanimously expressed that the evaluation outcome reflect the overall engagement of the Board and its Committees with the Company and its management and they are fully satisfied with the same.

The Company has received declarations from each of the Independent Directors confirming that they meet the criteria of independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI LODR.

The details of familiarization programme for Independent Directors have been disclosed on website of the Company and is available at the link https://www.mahindralifespaces.com/media/4810/familiarisation-programme-for-independent-directors.pdf

The following policies of the Company are attached herewith and marked as **Annexure 3**, **Annexure 4** and **Annexure 5**:

1. Policy on appointment of Directors and Senior Management **(Annexure 3)**
2. Policy on Remuneration of Directors **(Annexure 4)** and
3. Policy on Remuneration of Key Managerial Personnel and Employees **(Annexure 5)**

The Managing Director draws remuneration only from the Company and does not receive any remuneration or commission from any of its subsidiary companies/holding company.

KEY MANAGERIAL PERSONNEL (KMP)

The Company has following persons as Key Managerial Personnel under the Companies Act, 2013:

Sr. No.	Name of the Person	Designation
1	Ms. Anita Arjundas	Managing Director (Managing Director & Chief Executive Officer upto 31st March, 2018)
2	Ms. Sangeeta Prasad	Chief Executive Officer (with effect from 1st April, 2018)
3	Mr. Suhas Kulkarni	Company Secretary
4	Mr. Jayant Manmadkar	Chief Financial Officer

The Board at its meeting held on 30th January, 2018 re-designated, Ms. Sangeeta Prasad, CEO - Integrated Cities and Industrial Clusters, as the Chief Executive Officer (CEO) of the Company effective 1st April, 2018.

Ms. Sangeeta Prasad, aged 50 years is an Engineer from Jadavpur University, Kolkata and a post graduate from Indian Institute of Management, Lucknow and has over 25 years of experience which includes a long stint in the steel industry prior to her joining as the COO of Mahindra World City Developers Limited in 2008. In 2013, she was promoted as CEO – Integrated cities and Industrial clusters at Mahindra Lifespace Developers Limited. A Chevening scholar, Ms. Sangeeta Prasad was recognised as one of the Top 30 emerging Women Leaders in India by Business Today Magazine in the year 2010. Ms. Sangeeta Prasad is a member of the Board of Governors of Indian Institute of Management, Lucknow and on the Board of various companies.

MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, seven Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, the revised Secretarial Standards – 1 (SS-1) issued by the Institute of Company Secretaries of India and SEBI LODR.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis;

(e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the Financial Statements. The Audit Committee of the Board reviews the internal control systems, the adequacy of internal audit function and significant internal audit findings with the management, Internal Auditors and Statutory Auditors.

AUDIT COMMITTEE

The Audit Committee of the Company as on 31st March, 2018 comprised of two Independent Directors, namely Mr. Shailesh Haribhakti, Mr. Bharat Shah, and one Non-Executive Non-Independent Director, Dr. Anish Shah. Mr. Shailesh Haribhakti is the Chairman of the Committee. At the close of the meeting of the Audit Committee held on 27th April, 2018, Mr. Shailesh Haribhakti resigned as the Chairman of the Audit Committee. Mr. Shailesh Haribhakti continues to be a member of the Audit Committee. The Board at its meeting held on 27th April, 2018, has appointed Mr. Ameet Hariani, Independent Director as a member of the Audit Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company, the Managing Director, Chief Executive Officer, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports to the Chairman of the Audit Committee. The significant audit observations and corrective actions as may be required and taken by the management are presented to the Audit Committee. The Board has accepted all recommendations made by the Audit Committee from time to time.

VIGIL MECHANISM/WHISTLE BLOWER MECHANISM

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for stakeholders including directors and employees of the Company and their representative bodies to report genuine concerns in the prescribed manner to freely communicate their concerns / grievances about illegal or unethical practices in the Company, actual or suspected, fraud or violation of the Company's Code or Policies. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of stakeholders who use such mechanism. It provides a mechanism for stakeholders to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell consisting of Head

- Legal & Secretarial, Chief Financial Officer and Chief Ethics Officer (Head-Human Resources). During the year, no person was denied access to the Chairman of the Audit Committee or to the Chairman of the Company or to the Corporate Governance Cell. The Whistle Blower Policy of the Company is available at web link https://www.mahindralifespaces.com/media/1318/whistle-blower-policy.pdf

RISK MANAGEMENT

The Company has in place a process to inform the Board about the risk assessment and minimisation procedures. It has an appropriate risk management system in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, Regulation 21 of the SEBI LODR with respect to Risk Management Committee is not applicable to your Company. However, the Company has constituted a "Risk Management Committee" consisting of Mr. Shailesh Haribhakti, Non-Executive Independent Director, Ms. Anita Arjundas, Managing Director of the Company, and the Chief Financial Officer of the Company, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board reviews implementation and monitoring of the risk management plan for the Company including identification of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

AUDITORS

The Shareholders of the Company at the 18th Annual General Meeting of the Company held on 25th July, 2017, had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number -117366W/W-100018), as Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting until the conclusion of the 23rd Annual General Meeting to be held in the calendar year 2022 (Subject to ratification of their appointment at every Annual General Meeting) to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

Accordingly, the members are requested to ratify the appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of Company.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every Annual General Meeting. The clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 18th Annual General Meeting held on 25th July, 2017 provides for ratification of the appointment of Statutory Auditor at every Annual General Meeting, after notification of clause 40 of the Amendment Act, such ratification will not be necessary.

The notes of the financial statements referred to in the Auditors' Report issued by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai for the financial year ended on 31st March, 2018 are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

The Board of Directors, on recommendation of the Audit Committee, has appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, as Cost Auditor of the Company to conduct audit of the cost records maintained by the Company for the financial year 2017-18. CMA Vaibhav Prabhakar Joshi has confirmed that his appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and has also certified that he is free from any disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Shareholders in a General Meeting for their ratification. Accordingly, a resolution seeking Shareholders' ratification for the remuneration payable to CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant is included in the Notice convening the Annual General Meeting.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct the secretarial audit of the Company for the financial year(s) commencing on and from 1st April, 2014. The Secretarial Audit report for the financial year ended 31st March, 2018, is annexed herewith and marked as **Annexure 6** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

As the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the same are provided in the standalone financial statement at Note no. 8.

Particulars of investment made under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement at Note no.7.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. In view of the above, the requirement of giving particulars of contracts/arrangements/transactions made with related parties, in Form AOC-2 are not applicable for the year under review.

The Policy on materiality of related party transactions and on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link https://www.mahindralifespaces.com/media/1322/policy-on materiality-of-and-dealing-with-related-party-transactions.pdf

The Directors draw attention of the members to Note no. 36 to the standalone financial statement which sets out related party disclosures.

DEPOSITS, LOANS AND ADVANCES

The Company has not accepted any deposits from the public or its employees during the year under review. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI LODR are provided in the standalone financial statement at Note no. 41.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the **Annexure 7** to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 8** to this Report.

Details of employee remuneration as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours up to the date of the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website at: https://www.mahindralifespaces.com/investors/disclosures-under-sebi

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 9** and forms part of this Report.

GENERAL

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- No fraud has been reported during the audit conducted by the Statutory Auditors, Secretarial Auditors and Cost Auditors of the Company.
- During the year under review, no revision was made in the previous financial statement of the Company.
- During the year ended on 31st March, 2018, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

DISCLAIMER

The Company shall be registering its forthcoming projects at an appropriate time in the applicable jurisdictions / States under the Real Estate (Regulation and Development) Act, 2016 (RERA) and Rules thereunder. Till such time, the forthcoming projects are registered under RERA, none of the images, material, projections, details, descriptions and other information that are mentioned in the Annual Report for the year 2017-18, should be deemed to be or constitute advertisements, solicitations, marketing, offer for sale, invitation to offer, or invitation to acquire within the purview of the RERA. The Company uses carpet areas as per RERA in its customer communication. However, the data in saleable area terms has been presented in the Annual Report for the year 2017-18 to enable continuity of information to investors and shall not be construed to be of any relevance to home buyers/customers.

ACKNOWLEDGMENT

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by employees of the Company.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

ANNEXURE 1

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as to enable the Company strike a balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st April, 2016.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value of ₹ 10 each. The Company currently has not issued any other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, out of the profits of the Company for current year or out of profits of the Company for any previous financial years or out of both, as may be permitted under the Companies Act, 2013 ("the Act").

In the event of inadequacy or absence of profits in any year, the Board may recommend to declare dividend out of the accumulated profits earned by the Company in any previous financial years and transferred to free reserves, provided such declaration of dividend shall be in accordance with the provisions of the Act and Rules framed thereunder.

The Board may also declare interim dividend as may be permitted by the Act.

The Company has a consistent dividend policy that balances the objectives of appropriately rewarding shareholders through dividends and to support the future growth.

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out (including dividend distribution tax) ratio in the range of 20% to 35% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- Internal Factors:
  1. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
     a. Previous years and
     b. Internal budgets.
  2. Cash flow position of the Company,
  3. Accumulated reserves,
  4. Earnings stability,
  5. Future cash requirements for organic growth/ expansion and/or for inorganic growth,
  6. Brand acquisitions,
  7. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  8. Deployment of funds in short term marketable investments,
  9. Long term investments,
  10. Capital expenditure(s), and
  11. The ratio of debt to equity (at net debt and gross debt level).
- External Factors:
  1. Business cycles,
  2. Economic environment,
  3. Cost of external financing,
  4. Applicable taxes including tax on dividend,
  5. Industry outlook for the future years,
  6. Inflation rate, and
  7. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such an event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital,
2. Organic and/or inorganic growth,
3. Investment in new business(es) and/or additional investment in existing business(es),
4. Declaration of dividend,
5. Capitalisation of shares,
6. Buy back of shares,
7. General corporate purposes, including contingencies,
8. Correcting the capital structure,
9. Any other permitted usage as per the Companies Act, 2013.

Information on dividends paid in the last 10 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website at https://www.mahindralifespaces.com/media/1315/dividend-distribution-policy.pdf

The policy will also be disclosed in the Company's annual report.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

ANNEXURE 2

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
   a) Mahindra Lifespaces is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus, enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.
   b) The company has adopted a CSR policy which is available on https://www.mahindralifespaces.com/media/1050/corporate-social-responsibility-csr-policy.pdf
2. The composition of the CSR Committee of the Board of Directors as on 31st March, 2018:

Mr. Arun Nanda	Chairman
Ms. Anita Arjundas	Member
Mr. Shailesh Haribhakti	Member

3. Average net profit of the company for last three financial years: ₹ 17,499.16 lakh
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 349.98 lakh
5. Details of CSR spent during the financial year.
   (a) Total amount to be spent for the financial year: ₹ 389.09 lakh (including carried forward from previous year ₹ 39.11 lakh)
   (b) Amount unspent, if any: ₹ 97.20 lakh
   (c) Manner in which the amount spent during the financial year is detailed below:

(₹ In lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise)**	**Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1	Nanhi Kali - Provides educational support (material & academic) to underprivileged girls in India.	Education	Pan India where MLDL has existing projects	175.50	(1) Direct expenditure: 175.50	175.50	Through: KC Mahindra Education Trust
2	Gyandeep –Providing educational support (material & academic) to underprivileged children of nearby community around construction site.	Education	Boisar	2.48	(1) Direct expenditure: 2.48	2.48	Through Rotary Club Bombay, Kandivali
3	Project Haryali – Plantation of Trees	Environment	NCR, Pune, Bengaluru, Chennai, Nagpur and Jaipur	3.00	(1) Direct expenditure: 3.00	3.00	Through Rotary Club Bombay, Kandivali

(₹ In lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise)**	**Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
4	Green Army – Creating sustainability awareness covered 8000 school children from 40 schools to inculcate sustainable living habits	Environment	Mumbai, Boisar and Pune	16.24	(1) Direct expenditure: 16.24	16.24	Through: Parishar Asha
5	Centre of Excellence for Sustainable Habitats	Environment	Delhi	157.20*	(1) Direct expenditure: 60.00	60.00	The Energy and Research Institute (TERI)
6	Swachh Bharat – Cleanliness Drive	Sanitation	Mumbai, Pune, Delhi, Bengaluru	2.20	(1) Direct expenditure: 2.20	2.20	Through Rotary Club Bombay, Kandivali
7	Medical camps and Health Check up camps	Health	Mumbai, Pune, Delhi, Bengaluru	23.75	(1) Direct expenditure: 23.75	23.75	Through Rotary Club Bombay, Kandivali
8	Gram Vikas – Local infrastructure in nearby villages	Rural Development	Palghar, Pune	6.72	(1) Direct expenditure: 6.72	6.72	Through Rotary Club Bombay, Kandivali
9	Skill Development – Enhancing vocation skills	Women empowerment	Mumbai	2.00	(1) Direct expenditure: 2.00	2.00	Through Rotary Club Bombay, Kandivali
	Total			**389.09***	**291.89**	**291.89**	

* Includes an unspent amount of ₹ 39.11 lakh brought forward from the CSR budget of FY 2016-17 allocated to Center of Excellence for Sustainable Habitats through TERI.

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

   As on 31st March, 2018, out of the amounts committed for the establishment of the COE and research work therein, an amount of ₹ 60 lakh has been paid during the year and a balance amount of ₹ 97.20 lakh shall be paid, based on milestones to be achieved by TERI, during FY2019.

7. The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Anita Arjundas
(Managing Director)
DIN : 00243215
Mumbai, 27th April, 2018

Arun Nanda
(Chairman – CSR Committee)
DIN : 00010029
Mumbai, 27th April, 2018

ANNEXURE 3

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means Mahindra Lifespace Developers Limited.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR’ means the Human Resource department of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team / Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director (ID) is to be appointed:
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director & CEO will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

II. REMOVAL OF DIRECTORS

- If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of the Director subject to the compliance of the applicable statutory provisions.

III. SENIOR MANAGEMENT PERSONNEL

- The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.
- Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai

Date: 27th April, 2018

ANNEXURE 4

POLICY FOR REMUNERATION OF THE DIRECTORS

PURPOSE

This Policy sets out the approach to Compensation of Directors in Mahindra Lifespace Developers Limited.

POLICY STATEMENT

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy guides us to focus on enhancing the value of the Company by attracting and retaining Directors for achieving objectives of the Company.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and Part D of Schedule II of the SEBI LODR with Stock Exchanges and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER (MD & CEO) AND EXECUTIVE DIRECTORS

Remuneration of the MD & CEO and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the MD & CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment which is also subject to annual review based on performance and responsibilities and the variable compensation will be determined annually by the NRC based on the performance of MD & CEO.

The term of office and remuneration of MD & CEO is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its MD & CEO in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a MD & CEO draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sum to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for MD & CEO is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him / her fairly and responsibly. The remuneration to the MD & CEO comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the Nomination and Remuneration Committee / Board. The MD & CEO is entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

DIRECTORS

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof and meeting of Independent Directors, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

DISCLOSURES

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report / website as per statutory requirements in this regard.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

ANNEXURE 5

Policy on Remuneration of Key Managerial Personnel and Employees

OBJECTIVE

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

STANDARDS

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both BSC and KRA are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:

  a. The increment that needs to be paid for different performance ratings as well as grades;

  b. The increment for promotions and the total maximum increment;

  c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

ANNEXURE 6

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel [Rules, 2014]

To,

The Members,

Mahindra Lifespace Developers Limited

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Lifespace Developers Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on our verification of the Mahindra Lifespace Developers Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Mahindra Lifespace Developers Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:
    1. The Companies Act, 2013 (the Act) as amended and the rules made thereunder;
    2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
    3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
    4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
    5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
        a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
        b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
        c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
        d. Securities and Exchange Board of India (Share Based Employee Benefit) Regulation, 2014;
        e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
        f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.**
        g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review and**
        h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as the Company has not bought back any of its securities during the financial year under review.**
4. We have also examined the compliances of the provisions of the following other laws applicable specifically to the Company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
    a. The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996.
    b. Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations
    c. The Special Economic Zone Act, 2005 and Rules thereunder
    d. The Ownership Flats & Apartment Ownership Act as applicable at various locations
    e. The Co-operative Societies Act, as applicable at various locations
    f. The Environment Protection Act, 1986
    g. The Real Estate (Regulations & Development) Act, 2016
    h. The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986
5. We have also examined compliance with the applicable clauses of the following:
    a. Secretarial Standards issued by The Institute of Company Secretaries of India.

b. The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

7. We further report that:

   1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review:

      a. Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Independent Directors effective 30th July, 2017 on expiry of their second term of office.

      b. Mr. Ameet Hariani (DIN: 00087866) was appointed as an Additional Director (Non-Executive, Independent Director) by the Board of Directors pursuant to the provisions of Section 161 w.e.f 04th September, 2017.

   2. The Board of Directors in their Meeting held on 22nd April, 2017 has approved for making offer or invitation to subscribe to Non-Convertible Debentures including but not limited to Bonds, and/or other Debt Securities on Private Placement basis in one or more tranches to such person(s)/Financial Institution/ Bank(s)/Mutual Fund(s)/ Body Corporate(s)/Company (ies)/ any other entities on such terms and conditions during a period of one year upto an aggregate of ₹ 750,00,00,000 (Rupees Seven Hundred Fifty Crores only)

   3. The Board of Directors on 5th May, 2017 has passed a resolution by circulation for allotment of 10,263,388 equity shares with a face value of ₹ 10 each for cash at a price of ₹ 292 per equity share including a premium of ₹ 282 per equity share, amounting to ₹ 299,69,09,296/- (Two Hundred Ninety Nine Crores Sixty Nine Lakhs Nine Thousand Two Hundred Ninety Six only).

   4. The Board of Directors has issued and allotted 11,200 new Equity Shares to eligible employees under ESOS-2012.

   5. The Company has invested ₹ 10.035 crore in Mahindra Happinest Developers Limited by subscribing to equity, optionally convertible preference shares and optionally convertible debenture.

   6. The Company has invested ₹ 3.70 crore in Industrial Cluster Private Limited by subscribing to optionally convertible redeemable debentures.

8. Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Shorter Consent of the Board of Directors was obtained in cases where Meetings were scheduled by giving notice of less than seven days.

9. Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

10. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

11. We further report that during the audit period the Company has taken approval of shareholders in the 18th AGM of the Company held on 25th July, 2017:

    a. for Appointment of Mr. Bharat Shah as Independent Director.

    b. for private placement of Non-Convertible Debentures and/or other Debt Securities upto an aggregate amount of ₹ 750,00,00,000/- (Rupees Seven Hundred Fifty Crore only).

    c. for ratification of remuneration of Cost Auditor for the financial year ended on 31st March, 2017.

    d. for Material Related Party Transactions with the proposed SPV Company to be identified/incorporated in Joint Venture with SCM Real Estate (Singapore) Private Limited.

For Martinho Ferrao & Associates
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Dated: 27th April, 2018

ANNEXURE 7

A. CONSERVATION OF ENERGY:

(i)	The steps taken or impact on conservation of energy	:	As a part of sustainable development, adequate measures have been initiated to reduce energy consumption. With an intent to provide an Energy Efficient final product to its customers, the Company is developing Green Buildings. Green buildings increases resource efficiency (energy, water, and materials), while reducing the impact on human health and the environment, through better selection of sites, design, construction, operation, maintenance, i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelopes for walls and roofs including Low E glass in selective projects 2. Heat Reflective paints/reflective surfaces for the roofs 3. Artificial lighting control via daylight sensor in selective projects 4. Adoption of high efficiency pumps, and motors 5. Group control mechanism for lifts 6. LED lamps for common areas & pathways and solar street lights for the landscape areas 7. Solar Water heating systems and Solar photovoltaic system for selective projects
(ii)	The steps taken by the company for utilising alternate sources of energy;		Solar thermal water heaters for hot water generation and solar photovoltaic for common area lighting in selective projects.
(iii)	The capital investment on energy conservation equipments	:	Mahindra Lifespaces develops all its projects as green building projects. The Company does not capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. Use of energy efficient building envelopes (walls and roofs) 2. Fenestration like low E glass, 3. Heat reflective paints, 4. Low flow fixtures, 5. Sewage treatment plants, 6. Rain water harvesting system, 7. Solar street lights or LED lights, 8. Organic waste converter, 9. Energy efficient equipments such as pumps and motors, etc. 10. Solar Water heating systems 11. Solar photovoltaic system

B. TECHNOLOGY ABSORPTION:

(i)	The efforts made towards technology absorption	:	The Company had evaluated various technologies during design phases of the product in order to improve quality and project completion timeline. A Cross Functional Team (CFT) studies alternate material, methods and technologies along with the architect and consultants during the design phases to maximize the value engineering potential. During the year, three special projects have been completed by CFT. These include pre-hung doors, use of tile adhesives and single stack systems for drainage works. Pre-hung Doors are manufactured through state-of-the-art global technology using composite/engineered woods. These doors are brought to the site pre-fabricated & pre-polished. During the year, the Company also evaluated and implemented innovative technologies like Grillage foundation for building construction, tile adhesive to ensure no wet-work at floors, hot- dipped galvanised window frames and RCC door frames. Ready to fit elements and modular components were specially designed and fabricated for building construction.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	:	These initiatives improve the quality of the product and reduce construction timelines for projects. Construction technologies like Grillage Foundation help in Building construction in different soil conditions. The use of Single stack systems for drainage works ensure better management of soil and waste with zero leakages.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	a) The details of technology imported – RMD Shuttering (Airodeck slab formwork, Kwikstage propping etc) b) The year of import – FY 16-17 c) Whether the technology been fully absorbed – Yes d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – NA.
(iv)	The expenditure incurred on Research and Development	:	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, details of Foreign Exchange earnings is ₹ 33.06 lakh and the Foreign Exchange outgo in terms of actual outflows is ₹ 312.07 lakh.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

ANNEXURE 8

The details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18:

Name	Designation	Ratio
Mr. Arun Nanda	Non-executive Non-Independent Chairman	4.34
Mr. Shailesh Haribhakti	Non-executive Independent Director	0.91
Mr. Bharat Shah	Non-executive Independent Director	0.91
Mr. Ameet Hariani[1]	Non-executive Independent Director	0.53
Dr. Anish Shah	Non-executive Non-Independent Director	
Mr. Sanjiv Kapoor[2]	Non-executive Independent Director	0.30
Dr. Prakash Hebalkar[2]	Non-executive Independent Director	0.30
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	25.87

[1] Mr. Ameet Hariani was appointed as an Additional Director in the category of Non-Executive Independent Director effective 04th September, 2017.

[2] Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Non-Executive Independent Directors effective 30th July, 2017 on expiry of their second term of office.

For this purpose, sitting fees and reimbursement of out of pocket expenses incurred in attending the meetings of the Board and Committees and meetings of Independent Directors paid to the Directors have not been considered as remuneration. In respect of Non-Executive Chairman and Independent Directors only remuneration paid by way of Commission was considered.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18:

The percentage increase in remuneration is as follows:

Name of the Person	Designation	% Increase/(decrease) in FY 2017-18 over the FY 2016-17 (annualised basis)
Mr. Arun Nanda	Non-executive Non-Independent Chairman	13
Mr. Shailesh Haribhakti	Non-executive Independent Director	11
Mr. Bharat Shah[1]	Non-executive Independent Director	11
Mr. Ameet Hariani[2]	Non-executive Independent Director	NA
Dr. Anish Shah	Non-executive Non-Independent Director	NA
Mr. Sanjiv Kapoor[3]	Non-executive Independent Director	11
Dr. Prakash Hebalkar[3]	Non-executive Independent Director	11
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	5
Mr. Jayant Manmadkar	Chief Financial Officer	13
Mr. Suhas Kulkarni	Company Secretary	5

[1] Mr. Bharat Shah was appointed as an Additional Director in the category of Non-Executive Independent Director effective 01st August, 2016.

[2] Mr. Ameet Hariani was appointed as an Additional Director in the category of Non-Executive Independent Director effective 04th September, 2017.

[3] Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Non-Executive Independent Directors effective 30th July, 2017 on expiry of their second term of office.

3. The Percentage increase in the median remuneration of employees in the financial year 2017-18:

   The percentage increase in the median remuneration of the employees in the financial year 2017-18 was 12.15 percent. The percentage increase in Median Remuneration of employees is calculated after excluding those employees who were not eligible for increment.

4. The Number of permanent Employees on the rolls of the Company is 303, as on 31st March, 2018.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration, if any:

   The average percentage increase made in the salaries of total eligible employees other than the Key Managerial Personnel for FY 2018 is 9 percent, while the average increase in the remuneration of the Key Managerial Personnel is 6 percent. This increment is in line with the factors more particularly described in the Policy for Remuneration of the Directors and the Policy on remuneration of Key Managerial Personnel and Employees which are at Annexure 4 and 5 of this Report.

6. Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

ANNEXURE 9

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	L45200MH1999PLC118949
2.	**Registration Date**	16.03.1999
3.	**Name of the Company**	Mahindra Lifespace Developers Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares / Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Worli, Mumbai 400 018. Contact: 022-67478600/8601 Fax: 022-24975084
6.	**Whether listed Company (Yes/No)**	Yes
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	**Karvy Computershare Private Limited,** Corporate Office: Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Tel: 91 40-67162222 Fax: 91 40-23420814 Email Id: einward.ris@karvy.com Website: www.karvycomputershare.com Investor relation centre: 24 B, Rajabahadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai - 400 023

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 percent or more of the total turnover of the Company shall be stated: -

Sr. No.	Name and Description of Main Product/ Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	75.62

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation

on the basis of Gross Turnover (Total Income)

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate / Joint Venture	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Add: Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding	51.51	2(46)
2.	Mahindra World City Developers Limited Add: Ground floor, Mahindra Towers, 17/18, Patulous Road, Chennai 600002 – Tamil Nadu	U92490TN1997PLC037551	Subsidiary	89.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate / Joint Venture	% of shares held	Applicable Section
3.	Mahindra World City (Jaipur) Limited Add: 4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur – 302001, Rajasthan.	U45209RJ2005PLC021207	Subsidiary	74.00	2(87)(ii)
4.	Mahindra Integrated Township Limited Add: Mahindra World City, Administrative Block, Chengelpet Taluk, Kancheepuram 603002, Tamil Nadu	U74140TN1996PLC068288	Subsidiary	96.30*	2(87)(ii)
5.	Mahindra Residential Developers Limited Add: Mahindra World City, Administrative Block, Chengelpet Taluk, Kancheepuram 603002, Tamil Nadu	U45200TN2008PLC066292	Subsidiary	96.30 ^	2(87)(ii)
6.	Mahindra Industrial Park Chennai Limited Add: Ground floor, Mahindra Towers, 17/18, Patulous Road, Chennai 600002 – Tamil Nadu	U45209TN2014PLC098543	Subsidiary	53.40 ^	2(87)(ii)
7.	Mahindra Bebanco Developers Limited@	U45203MH2008PLC183107	Subsidiary	70.00	2(87)(ii)
8.	Mahindra Homes Private Limited@	U70102MH2010PTC203618	Subsidiary	74.98	2(87)(ii)
9.	Mahindra Happinest Developers Limited@	U70100MH2017PTC299424	Subsidiary	51.00	2(87)(ii)
10.	Mahindra Infrastructure Developers Limited@	U45201MH2001PLC131942	Subsidiary	100.00	2(87)(ii)
11.	Mahindra World City (Maharashtra) Limited@	U45309MH2005PLC156225	Subsidiary	100.00	2(87)(ii)
12.	Knowledge Township Limited@	U72900MH2007PLC173137	Subsidiary	100.00	2(87)(ii)
13.	Industrial Township (Maharashtra) Limited@	U45203MH2008PLC184190	Subsidiary	100.00	2(87)(ii)
14.	Anthurium Developers Limited@	U70109MH2010PLC203619	Subsidiary	100.00	2(87)(ii)
15.	Industrial Cluster Private Limited@	U70102MH2013PTC241512	Subsidiary	100.00	2(87)(ii)
16.	Mahindra Water Utilities Limited	U45205MH1999PLC121235	Subsidiary	98.99 ^	2(87)(ii)
17.	Moonshine Construction Private Limited@#	U45200MH1996PTC099607	Subsidiary	100.00*	2(87)(ii)
18.	Deep Mangal Developers Private Limited@#	U70102MH1989PTC051878	Subsidiary	100.00*	2(87)(ii)
19.	Mahindra Construction Company Limited@#	U45200MH1992PLC068846	Subsidiary	54.17 ^	2(87)(ii)
20.	Mahindra Knowledge Park (Mohali) Limited Add: Fortis Heart Institute Sector 62 Mohali Chandigarh, Punjab - 160062	U00000PB2000PLC024091	Associate	46.15	2(6)

* Includes direct and indirect holding through subsidiary company.

^ Indirect shareholding through subsidiary company.

Subsidiary with effect from 28th December, 2017.

@ Add: Mahindra Towers, 5th Floor, Worli, Mumbai – 400018.

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year 2017-18				No. of Shares held at the end of the year 2017-18				% Change during the year
	Demat	Physical	Total	% of total subscribed and paid up share capital	Demat	Physical	Total	% of total subscribed and paid up share capital	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	20,846,126	–	20,846,126	50.78	26,439,850	–	26,439,850	51.51	0.73
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	20,846,126	–	20,846,126	50.78	26,439,850	–	26,439,850	51.51	0.73
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**20,846,126**	**–**	**20,846,126**	**50.78**	**26,439,850**	**–**	**26,439,850**	**51.51**	**0.73**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	9,10,267	1,638	9,11,905	2.23	15,93,174	40	15,93,214	3.10	0.88
b) Banks / FI	13,317	330	13,647	0.03	17,102	250	17,352	0.03	0.00
c) Central Govt	–	–	–	–					
d) State Govt(s)	–	–	–	–					
e) Venture Capital Funds	–	–	–	–					
f) Insurance Companies	194	56	250	0.00	194	53	247	0.00	0.00
g) FIIs	99,42,249	2,257	99,44,506	24.22	1,16,11,737	736	1,16,12,473	22.62	–1.60
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**1,08,66,027**	**4,281**	**1,08,70,308**	**26.48**	**1,32,22,207**	**1,079**	**1,32,23,286**	**25.75**	**–0.72**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	27,85,494	14,966	28,00,460	6.82	32,11,315	5,524	32,16,839	6.27	–0.55
ii) Overseas	11	276	287	0.00	11	–	11	0.00	0.00
b) Individuals									

Category of Shareholder	No. of Shares held at the beginning of the year 2017-18				No. of Shares held at the end of the year 2017-18				% Change during the year
	Demat	Physical	Total	% of total subscribed and paid up share capital	Demat	Physical	Total	% of total subscribed and paid up share capital	
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	34,73,967	5,58,416	40,32,383	9.82	39,46,527	4,68,200	44,14,727	8.61	–1.22
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16,18,352	–	16,18,352	3.94	27,38,057	–	27,38,057	5.33	1.39
c) Others (Non-Resident Individuals)	3,27,342	2,206	3,29,548	0.80	3,87,510	1,738	3,89,248	0.76	0.04
d) Others Trust, HUF, IEPF, Clearing Members, etc	5,11,316	–	5,11,316	1.25	8,61,350	0	8,61,350	1.68	0.43
Sub-total (B)(2):-	**87,16,482**	**5,75,864**	**92,92,346**	**22.63**	**1,11,44,770**	**4,75,462**	**1,16,20,232**	**22.65**	**0.02**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**1,95,82,509**	**5,80,145**	**2,01,62,654**	**49.11**	**2,43,66,977**	**4,76,541**	**2,48,43,518**	**48.40**	**–0.70**
C. Shares held by Custodian for GDRs & ADRs	44,540	230	44,770	0.11	44,540	230	44,770	0.09	–0.02
Grand Total (A+B+C)	**4,04,73,175**	**5,80,375**	**4,10,53,550**	**100.00**	**5,08,51,367**	**4,76,771**	**5,13,28,138**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Name of Shareholder	No. of Shares held at the beginning of the year 2017-18			No. of Shares held at the end of the year 2017-18			% Change during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Body Corporate - Mahindra & Mahindra Limited	20,846,126	50.78	0.00	26,439,850	51.51	0.00	0.73

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year 2017-18	2,08,46,126	50.78		
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	55,93,724 (Allotted under Rights Issue on 5th May, 2017)		2,64,39,850	51.51
	At the end of the year 2017-18	2,64,39,850	51.51		

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning 01.04.2017 and end of the year 31.03.2018	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Smallcap World Fund, Inc	21,57,380	5.26	01.04.2017				
				05.05.2017	5,39,345	Allotment ^	26,96,725	5.25
		26,96,725	5.25	31.03.2018				
2	ICICI Prudential Life Insurance Company Ltd	18,58,258	4.53	01.04.2017				
				05.05.2017	4,98,634	Allotment ^	23,56,892	4.59
				12.05.2017	(1,822)	Sale	23,55,070	4.59
				19.05.2017	(4,189)	Sale	23,50,881	4.58
				09.06.2017	134	Purchase	23,51,015	4.58
				16.06.2017	(24,535)	Sale	23,26,480	4.53
				23.06.2017	536	Purchase	23,27,016	4.53
				30.06.2017	6,314	Purchase	23,33,330	4.55
				07.07.2017	(59,300)	Sale	22,74,030	4.43
				14.07.2017	(26,512)	Sale	22,47,518	4.38
				21.07.2017	4,121	Purchase	22,51,639	4.39
				28.07.2017	3,469	Purchase	22,55,108	4.39
				04.08.2017	8,926	Purchase	22,64,034	4.41
				11.08.2017	13,548	Purchase	22,77,582	4.44
				18.08.2017	3,430	Purchase	22,81,012	4.44
				25.08.2017	3,634	Purchase	22,84,646	4.45
				01.09.2017	(1,09,701)	Sale	21,74,945	4.24
				08.09.2017	(9,517)	Sale	21,65,428	4.22
				15.09.2017	(8,55,65)	Sale	20,79,863	4.05
				22.09.2017	(17,994)	Sale	20,61,869	4.02
				29.09.2017	3,879	Purchase	20,65,748	4.03
				06.10.2017	11,886	Purchase	20,77,634	4.05

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning 01.04.2017 and end of the year 31.03.2018	% of total shares of the Company				No. of shares	% of total shares of the Company
				13.10.2017	4,223	Purchase	20,81,857	4.06
				27.10.2017	2,436	Purchase	20,84,293	4.06
				31.10.2017	1,734	Purchase	20,86,027	4.06
				03.11.2017	1,966	Purchase	20,87,993	4.07
				10.11.2017	3,624	Purchase	20,91,617	4.08
				17.11.2017	3,418	Purchase	20,95,035	4.08
				24.11.2017	2,075	Purchase	20,97,110	4.09
				01.12.2017	826	Purchase	20,97,936	4.09
				08.12.2017	(107)	Sale	20,97,829	4.09
				15.12.2017	3,700	Purchase	21,01,529	4.09
				22.12.2017	9,842	Purchase	21,11,371	4.11
				29.12.2017	1,638	Purchase	21,13,009	4.12
				05.01.2018	7,253	Purchase	21,20,262	4.13
				12.01.2018	(42,603)	Sale	20,77,659	4.05
				19.01.2018	85,816	Purchase	21,63,475	4.22
				26.01.2018	1,904	Purchase	21,65,379	4.22
				02.02.2018	4,566	Purchase	21,69,945	4.23
				09.02.2018	5,766	Purchase	21,75,711	4.24
				16.02.2018	1,470	Purchase	21,77,181	4.24
				23.02.2018	3,053	Purchase	21,80,234	4.25
				09.03.2018	8,899	Purchase	21,89,133	4.26
				16.03.2018	898	Purchase	21,90,031	4.27
				23.03.2018	7,313	Purchase	21,97,344	4.28
				30.03.2018	38,007	Purchase	22,35,351	4.36
		22,35,351	4.36	31.03.2018				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning 01.04.2017 and end of the year 31.03.2018	% of total shares of the Company				No. of shares	% of total shares of the Company
3	First State Investments ICVC-Stewart Investors Asia Pacific Fund	9,90,125	2.41	01.04.2017				
				05.05.2017	2,47,531	Allotment^	12,37,656	2.41
				06.10.2017	(27,954)	Sale	12,09,702	2.36
				13.10.2017	(48,356)	Sale	11,61,346	2.26
				20.10.2017	(50,339)	Sale	11,11,007	2.16
				27.10.2017	(1,24,401)	Sale	9,86,606	1.92
				31.10.2017	(46,968)	Sale	9,39,638	1.83
				03.11.2017	(12,417)	Sale	9,27,221	1.81
				10.11.2017	(52,930)	Sale	8,74,291	1.70
				24.11.2017	(61,330)	Sale	8,12,961	1.58
				01.12.2017	(2,57,370)	Sale	5,55,591	1.08
				08.12.2017	(1,44,265)	Sale	4,11,326	0.80
				15.12.2017	(1,57,651)	Sale	2,53,675	0.49
				22.12.2017	(89,943)	Sale	1,63,732	0.32
				29.12.2017	(26,687)	Sale	1,37,045	0.27
				05.01.2018	(52,421)	Sale	84,624	0.16
				12.01.2018	(84,624)	Sale	0	0.00
		0	0	31.03.2018				
4	First State Indian Subcontinent Fund	8,97,620	2.19	01.04.2017				
				07.04.2017	17,213	Purchase	9,14,833	2.23
				05.05.2017	(66,121)	Sale	8,48,712	2.07
				05.05.2017	1,73,377	Allotment^	10,22,089	2.07
				12.05.2017	47,608	Purchase	10,69,697	2.08
				21.07.2017	12,394	Purchase	10,82,091	2.11
				18.08.2017	49,344	Purchase	11,31,435	2.20
				01.09.2017	6,918	Purchase	11,38,353	2.22
		11,38,353	2.22	31.03.2018				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning 01.04.2017 and end of the year 31.03.2018	% of total shares of the Company				No. of shares	% of total shares of the Company
5	American Funds Insurance Series Global Small Capitalization Fund	8,55,356	2.08	01.04.2017				
				05.05.2017	2,13,839	Allotment^	10,69,195	2.08
		10,69,195	2.08	31.03.2018				
6	The Scottish Oriental Smaller Companies Trust PLC	8,18,520	1.99	01.04.2017				
				05.05.2017	(28,287)	Sale	7,90,233	1.92
				05.05.2017	2,19,637	Allotment^	10,09,870	1.98
				12.05.2017	(8,779)	Sale	10,01,091	1.95
				21.07.2017	12,493	Purchase	10,13,584	1.98
				18.08.2017	49,739	Purchase	10,63,323	2.07
				01.09.2017	6,974	Purchase	10,70,297	2.09
		10,70,297	2.09	31.03.2018				
7	First State Investments ICVC-Stewart Investors Global Emerging Markets Fund	8,14,343	1.98	01.04.2017				
				05.05.2017	2,03,585	Allotment^	10,17,928	1.98
				09.06.2017	(63,179)	Sale	9,54,749	1.86
				16.06.2017	(11,767)	Sale	9,42,982	1.84
		9,42,982	1.84	31.03.2018				
8	First State Investments ICVC-Stewart Investors Indian Sub-continent Fund	6,93,511	1.69	01.04.2017				
				05.05.2017	1,73,377	Allotment^	8,66,888	1.69
		8,66,888	1.69	31.03.2018				
9	Caisse DE Depot ET Placement DU Quebec-First State Investments International Limited*	3,97,750	0.97	01.04.2017				
				07.04.2017	7,787	Purchase	4,05,537	0.99
				05.05.2017	(34,743)	Sale	3,70,794	0.90
				05.05.2017	1,06,730	Allotment^	4,77,524	0.91
				12.05.2017	(10,388)	Sale	4,67,136	0.91
				21.07.2017	5,113	Purchase	4,72,249	0.92
				18.08.2017	20,357	Purchase	4,92,606	0.96
				01.09.2017	2,854	Purchase	4,95,460	0.97
		4,95,460	0.97	31.03.2018				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning 01.04.2017 and end of the year 31.03.2018	% of total shares of the Company				No. of shares	% of total shares of the Company
10	UTI- Balance Fund	4,81,589	1.17	01.04.2017				
				14.04.2017	15,000	Purchase	4,96,589	1.21
				05.05.2017	1,29,228	Allotment ^	6,25,817	1.22
				21.07.2017	70,274	Purchase	6,96,091	1.36
				04.08.2017	15,000	Purchase	7,11,091	1.39
				11.08.2017	69,881	Purchase	7,80,972	1.52
				18.08.2017	31,285	Purchase	8,12,257	1.58
				15.09.2017	45,478	Purchase	8,57,735	1.67
				22.09.2017	26,074	Purchase	8,83,809	1.72
				03.11.2017	20,000	Purchase	9,03,809	1.76
				10.11.2017	1,01,031	Purchase	10,04,840	1.96
				01.12.2017	35,000	Purchase	10,39,840	2.03
				09.02.2018	38,077	Purchase	10,77,917	2.10
				23.02.2018	4,193	Purchase	10,82,110	2.11
				16.03.2018	6,962	Purchase	10,89,072	2.12
				23.03.2018	30,000	Purchase	11,19,072	2.18
				30.03.2018	25,000	Purchase	11,44,072	2.23
		11,44,072	2.23	31.03.2018				
11	First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund#	4,15,498	1.01	01.04.2017				
				05.05.2017	1,03,874	Allotment ^	5,19,372	1.01
				30.03.2018	(26,203)	Sale	4,93,169	0.96
		4,93,169	0.96	31.03.2018				

* The Shareholder was not in Top 10 category as on 01.04.2017 but in the Top 10 category as on 31.03.2018.
# The Shareholder was in Top 10 category as on 01.04.2017 but not in the Top 10 category as on 31.03.2018.
^ Equity shares allotted under Rights Issue.

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning 01.04.2017 & end of the year 31.03.2018		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company	Date of transaction	Increase / (Decrease) in shareholding	Reason	No. of shares	% of total shares of the Company
1.	Arun Nanda	1,31,064	0.32	01.04.2017	35,148	Allotment of Shares under Rights Issue	1,66,212	0.32
				05.05.2017				
		1,66,212	0.32	31.03.2018				
	Note: Out of the total 1,66,212 shares, 142 shares are held jointly by Mr. Arun Nanda as first holder and Ms. Neerja Nanda (Wife) as second holder. 750 shares are jointly held by Ms. Neerja Nanda (Wife) as first holder and Mr. Arun Nanda as second holder and 437 shares are jointly held by Mr. Uday Nanda (Son) as first holder, Ms. Neerja Nanda (Wife) as second holder and Mr. Arun Nanda as third holder. Shareholding of Mr Nanda jointly with Ms. Neerja Nanda (Wife) as first holder has increased from 600 to 750 due to allotment of shares pursuant to Rights Issue. Similarly, shareholding of Mr. Nanda jointly with Mr. Uday Nanda (Son) as first holder and Ms. Neerja Nanda (Wife) as second holder has increased from 350 to 437 due to allotment of shares pursuant to Rights Issue.							

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning 01.04.2017 & end of the year 31.03.2018		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company	Date of transaction	Increase / (Decrease) in shareholding	Reason	No. of shares	% of total shares of the Company
2	Anish Shah	0	0.00	01.04.2017	NO CHANGE		0	0.00
		0	0.00	31.03.2018				
3	Anita Arjundas	8,000	0.02	01.04.2017	2,000	Allotment of Shares under Rights Issue	10,000	0.02
				05.05.2017				
		10,000	0.02	31.03.2018				
4	Bharat Shah	0	0.00	01.08.2017	NO CHANGE		0	0.00
		0	0.00	31.03.2018				
5	Shailesh Haribhakti	5,000	0.01	01.04.2017	1,342	Allotment of Shares under Rights Issue	6,342	0.01
				05.05.2017				
		6,342	0.01	31.03.2018				
6	Ameet Hariani*	0	0.00	01.04.2017	NO CHANGE		0	0.00
		0	0.00	31.03.2018				
*Appointed as an Additional Director w.e.f. 4th September, 2017								
7	Prakash Hebalkar*	5,000	0.01	01.04.2017	1,250	Allotment of Shares under Rights Issue	6,250	0.01
				05.05.2017				
		6,250	0.01	30.07.2017				
*Ceased to be Director w.e.f. 30th July, 2017								
8	Sanjiv Kapoor*	0	0.00	01.04.2017	NO CHANGE		0.00	0
		0	0.00	30.07.2017				
*Ceased to be Director w.e.f. 30th July, 2017								
9	Suhas Kulkarni	4,000	0.01	01.04.2017	1,073	Allotment of Shares under Rights Issue	5,073	0.01
				05.05.2017				
		5,073	0.01	31.03.2018				
10	Jayant Manmadkar	1,600	0.00	01.04.2017	429	Allotment of Shares under Rights Issue	2029	0.00
				05.05.2017				
		2,029	0.00	31.03.2018				

5. INDEBTEDNESS

Indebtedness of the Company including Interest outstanding/accrued but not due for payment

(₹ in lakh)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	46,503.14	9,874.03	–	56,377.17
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3,012.08	22.60	–	3,034.68
Total (i+ii+iii)	**49,515.22**	**9,896.63**	**–**	**59,411.85**
Change in Indebtedness during the financial year				
• Addition	–	5,824.12	–	5,824.12
• Reduction	(26,797.88)	–	–	(26,797.88)
Net Change	**(26,797.88)**	**5,824.12**	**–**	**(20,973.76)**

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	21,126.11	15,678.88	–	36,804.99
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1,591.23	41.87	–	1,633.1
Total (i+ii+iii)	**22,717.34**	**15,720.75**	**–**	**38,438.09**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager

(₹ in lakh)

Sr. No	Particulars of Remuneration	Name of MD / WTD / MANAGER	Total Amount
		Anita Arjundas	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	250.14	250.14
	(b) Value of perquisites u/s 17(2)Income-tax Act, 1961	18.67	18.67
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option Related Perquisites		
3.	Sweat Equity	--	
4.	Commission		
	• as percent of profit	--	--
	• others, specify…	--	--
5.	Others, please specify		
	• Provident Fund and Employee Pension Scheme	12.59	12.59
	• Superannuation Fund	1.50	1.50
	Total (A)	**282.90**	**282.90**
	Ceiling as per the Act	**398.83**	**398.83**

B. Remuneration of other Directors

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	**Independent Directors**	**Mr. Shailesh Haribhakti**	**Mr. Bharat Shah**	**Mr. Ameet Hariani ** **	**Dr. Prakash Hebalkar ***	**Mr. Sanjiv Kapoor ***	
	• Fee for attending board / committee meetings / meetings of the Independent Directors	12.50	10.40	5.00	2.60	4.50	35.00
	• Commission	10.00	10.00	5.83	3.33	3.33	32.49
	• Others, please specify	–	–	–	–	–	–
	Total (1)	**22.50**	**20.40**	**10.83**	**5.93**	**7.83**	**67.49**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
2.	Other Non-Executive Directors	**Mr. Arun Nanda**	**Dr. Anish Shah**	
	• Fee for attending board / committee meetings	9.15	-	9.15
	• Commission	47.50	-	47.50
	• Others, please specify	-	-	-
	Total (2)	**56.65**	**-**	**56.65**
	Total (B)=(1+2)			**124.14**
	Total (A)			**282.90**
	Total Managerial Remuneration#			407.04
	Overall Ceiling for commission to Directors as per the Act ^ (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			80.57

* Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Independent Directors of the Company with effect from 30th July, 2017 on expiry of their 2nd term of office.

** Mr. Ameet Hariani was appointed as an Additional Director in the category of Non-Executive Independent Director with effect from 4th September, 2017.

Total remuneration to Managing Director, Whole-Time Director and other Directors (being the total of A and B).

^ Overall ceiling for commission to directors for financial year 2017-18 is ₹ 80.57 lakh, and the overall commission paid to directors is ₹ 79.99 lakh.

C. Remuneration to Key Managerial Personnel Other Than Managing Director / Manager / Whole time director

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	**CFO**	**Total**
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	115.30	93.66	208.96
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.66	0.29	5.95
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–
2.	Stock Option related perquisites	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	• as percent of profit	–	–	–
	• others, specify…	–	–	–
5.	Others, please specify	–	–	–
	Total	**120.96**	**93.95**	**214.91**

7. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
A. Company					
Penalty			None		
Punishment					
Compounding					
B. Directors					
Penalty			None		
Punishment					
Compounding					
C. Other Officers In Default					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 27th April, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Mahindra Lifespace Developers Limited ('Mahindra Lifespaces', 'MLDL' or 'the Company') is one of the leading real estate development companies in India. Over the years, the Company has created a reputation for itself by delivering an array of highly successful projects and establishing industry benchmarks in sustainable development.

Mahindra Lifespaces, along with its subsidiary companies, joint ventures (JVs) and associates, is engaged in the development of residential projects in the mid-premium and affordable housing segments, and integrated cities and industrial clusters. This chapter presents an overview of the performance of the Company during 2017-18 and its strategy for future growth.

Performance Highlights

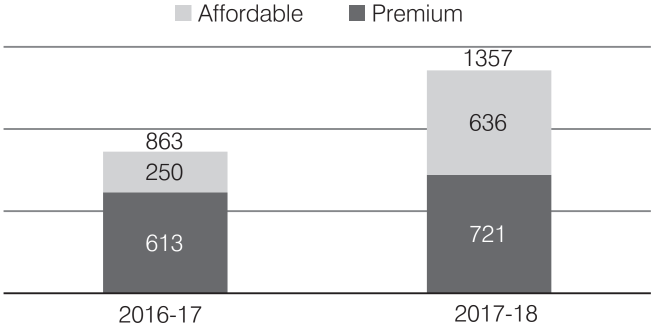
2017-18 was a significant year for the real estate industry from a regulatory standpoint with the establishment of state authorities and rules under the Real Estate (Regulation and Development) Act (RERA) and the implementation of Goods and Services Tax Act (GST).

These policy initiatives are aimed at making the sector more efficient and organised, as well as in increasing customer confidence through greater transparency and protection for home buyers. Despite the uncertainty and ambiguity in the short-term, Mahindra Lifespaces, with its transparent policies and preparedness, has smoothly transitioned to the new policy regime — which reflects through its credible performance across business segments during the year.

Strong Sales Performance in Residential

The Company sold[1] 1,357 residential units aggregating to 1.16 million square feet of saleable area in 2017-18 compared to 863 units aggregating to 0.91 million square feet in the previous year. As shown in Chart A, this improvement in sales performance was driven by a successful launch of its third affordable housing project – Happinest, Palghar in the Mumbai Metropolitan Region (MMR) and improved sales performance in its ongoing projects across the mid-premium and affordable housing segments. The Company recorded a 57 percent growth in sales volume and a 27 percent growth in area sold vis-a-vis the previous year.

Chart A: Sales (Units): Premium and Affordable Segments

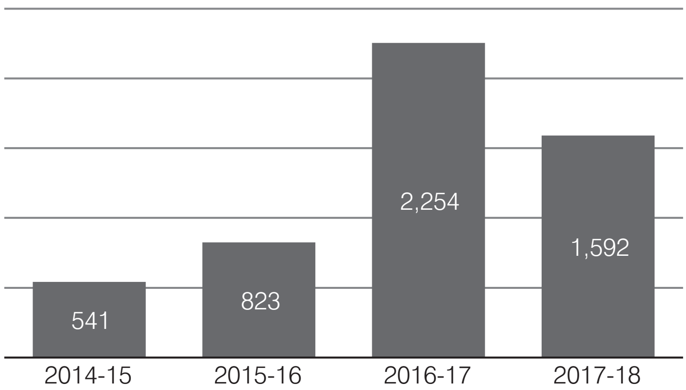


The planned launch of three new projects in the premium segment[2] had to be deferred due to high court orders banning new construction in Mumbai[3]. In addition, the launch of two projects, one each at Pune and Chennai were delayed pending approvals. The Company launched new phases in five of its existing projects – Windchimes (Bangalore), Antheia (Pune), Bloomdale (Nagpur), Happinest Avadi (Chennai) and Happinest Boisar (MMR). Sales in ongoing projects remained strong during the year with consistent efforts in the area of customer acquisition. These are discussed in greater detail in the section on 'Strategic Priorities'.

Continued Focus on Execution

The Company's focus on execution was strongly reflected through the handover of 1,592 units to customers during 2017-18 — taking the total number of units handed over in the last two years to over 3,800. This marked a significant uptick from the achievement in previous years, which can be seen in Chart B.

Chart B: Number of Units Handed Over



The Company continues to focus on reduction in cycle time of its projects. This is especially critical in the affordable housing segment, where construction efficiencies are critical to a positive project profitability and returns. **The Company's affordable housing projects in Avadi and Boisar have seen a handover of around 1,155 units to customers since the commencement of construction in 2014-15.**

Improvements in the pace of project execution and handovers have been a result of the Company's capabilities in scalable processes, customer relations and its focus on quality and safety. These have been discussed in greater detail in the respective sections of this report.

Significant Contribution from World Cities

The integrated cities and industrial clusters recorded **62 acres of land leases during the year, compared to 74 acres in the previous year. The two operational World Cities at Jaipur and Chennai contributed significantly to the Company's profits in 2017-18.** Mahindra World City (MWC) Jaipur, which improved its inventory mix during the previous year with the launch of its second DTA, has further enhanced its ability to reach a wider customer base with the amalgamation approval for its sector specific SEZs into a Multi-Product SEZ towards the end of 2017-18, that was followed by the final notification in April 2018.

[1] Sales includes the Company's share, partners' share in joint developments and sales by its subsidiaries and JVs. Sales includes commercial/retail units that are a part of its residential projects.

[2] The premium segment includes all residential projects of the Company, barring the three affordable housing projects in Avadi, Boisar and Palghar marketed as Happinest.

[3] The Bombay High Court placed restrictions on: (a) granting permissions for new construction due to solid waste management issue in Mumbai, and (b) granting building height approvals in the funnel area of the airport in Mumbai. These restrictions have affected upcoming projects of all developers, including Mahindra Lifespaces.

During the year, the Company launched its industrial clusters brand – 'ORIGINS by Mahindra World City'. The first two clusters, located near Chennai and Ahmedabad, are in various stages of planning and development. These smaller industrial clusters will have a relatively shorter project lifecycle than the existing large-format integrated cities in Chennai and Jaipur. Further details on the product offering are presented in the section on 'Opportunities and Strategy'; and details of the development activity in the first two clusters are discussed in 'Operations'.

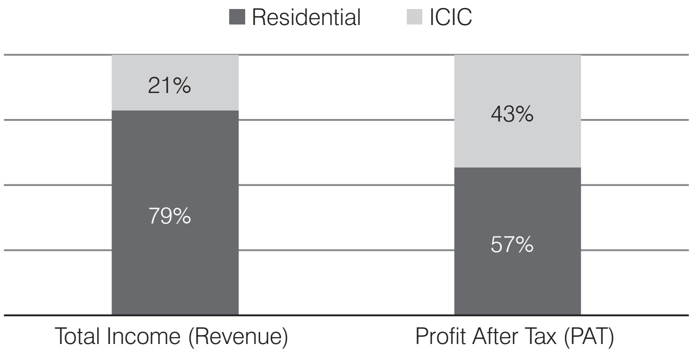
Creditable Financial Performance

2017-18 was a difficult year for the real estate industry due to a challenging macroeconomic and regulatory environment. In addition, the Company had to defer its planned launches due to regulatory issues. Despite these headwinds, Mahindra Lifespaces registered a creditable performance.

- Consolidated[4] revenue reduced from ₹ 831 crore in 2016-17 to ₹ 644 crore in 2017-18; however, operating profits (PBDIT) increased by 13.6 percent from ₹ 119 crore in 2016-17 to ₹ 135 crore in 2017-18. Operating margins improved from 14.3 percent in 2016-17 to 21 percent in 2017-18.
- Profit after taxes (PAT) of the standalone entity increased by 8.5 percent from ₹ 48.9 crore in 2016-17 to ₹ 53.1 crore in 2017-18. Consolidated profit after taxes (PAT) after non-controlling interest (NCI), stood at ₹ 101 crore in 2017-18 compared to ₹ 102 crore in 2016-17.
- Diluted EPS was ₹ 19.88 for the consolidated entity.

The indicative share of operating entities[5] engaged in the Residential and Integrated Cities & Industrial Clusters (ICIC) businesses in the revenues and profits of 2017-18 is provided in Chart C. Further, details of financial performance of all operating entities are provided in the 'Financials' section.

Chart C: Share of Businesses in Revenue & Profit



In the remainder of the report, we will present the operational and financial performance of the Company, followed by a discussion on risks and concerns and conclude with future outlook. We begin with an overview of the opportunities in the current environment, and the Company's growth strategy.

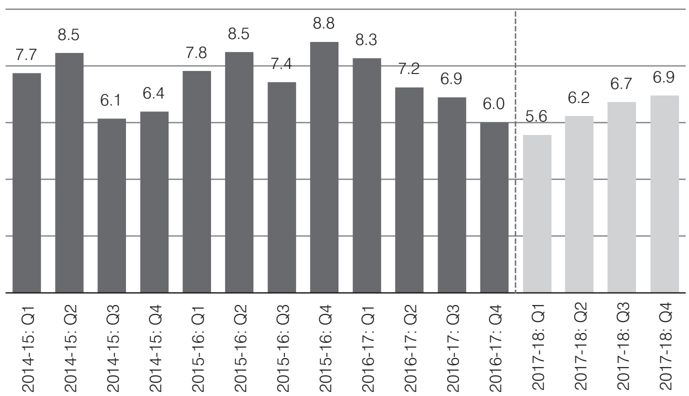
Opportunities and Growth Strategy

Turnaround in global economic performance that started in mid-2016 gathered momentum, became stronger and more broad-based in 2017. **According to the IMF, global growth is projected to increase from 3.2 percent in 2016 to 3.8 percent in 2017 — the steepest since 2011.** Growth in emerging markets and developing economies is likely to firm up, along with a modest turnaround for commodity exporters. With advanced economies continuing to perform well and being host to an environment of supportive financial conditions, the IMF expects global growth to further improve to 3.9 percent in 2018 and 2019.

India witnessed a marginal decline in macroeconomic performance in 2017-18. **According to the second advance estimates released by the Central Statistics Office (CSO) on 28th February, 2018, growth in India's Gross Value Added (GVA) for 2017-18 is estimated at 6.4 percent, compared to 7.1 percent in the previous year.** This deceleration was attributed to a decline in industrial and agricultural growth, even as the services industry grew from 7.5 percent in 2016-17 to 8.3 percent in 2017-18.

In a positive development, from the real estate industry perspective, the construction sector that accounts for around 8 percent of the GDP grew at a marginally higher 4.3 percent in 2017-18 after a lacklustre 3.7 percent and 1.3 percent in 2015-16 and 2016-17 respectively.

Chart D: Growth in Gross Value Added at Basic Prices (YoY, %)



The quarterly growth data of GVA as shown in Chart D, also depicts an upward trend in 2017-18. The Reserve Bank of India, in its first monetary policy statement released on 5th April, 2018, also assessed that demand strengthened in Q4, 2017-18 — with a strong rebound in private consumption and growth in sales of tractors and two-wheelers. This suggests that the transient negative impact of demonetisation and implementation of the Goods and Services Tax Act (GST) is over.

The manufacturing Purchasing Managers' Index (PMI) continues to be in an expansionary mode and the business sentiment measured by the RBI's Industrial Outlook Survey also improved

[4] Following the adoption of Indian Accounting Standards (IND AS) by the Company, classification of subsidiary is now based on control and not just shareholding. As a result, four entities including the two operating integrated cities in Chennai and Jaipur, which were formerly being consolidated as subsidiaries, are now treated as JVs. As per IND AS, for all JVs, equity method of accounting is applicable, whereby MLDL's share of profit in joint ventures is directly credited to profit and loss account instead of proportional line-by-line consolidation. List of these entities is provided in the section on 'Financials'.

[5] Share is computed based on the sum of standalone Income and PAT of the operating entities engaged in the two businesses. The list of these entities along with the figures on Income and PAT are provided in Table 4, in the section on 'Financials'.

in Q4, 2017-18. The investment outlook has also turned positive with sustained expansion in capital goods production and buoyancy in imports. Besides, global demand and investments have gathered steam and are likely to grow in the next couple of years.

The growth outlook for the Indian economy for 2018-19 is positive — with the RBI projecting a GDP growth of 7.4 percent in 2018-19. This has to be tempered by rising crude oil prices and their effect on the current account of India's balance of payments; plus a growth in 'core' inflation (excluding food and fuel) over the last few months, which may lead to the RBI opting for one or two rate hikes of 25 basis points each in the course of 2018-19. Despite these pitfalls, the upswing in GDP/ GVA growth is expected to continue, which will augur well for the real estate industry.

Residential Developments

The residential segment continued to have high inventory levels in key markets despite a sharp drop in new launches due to implementation of RERA. Demand remained subdued, especially in the earlier part of 2017-18, with a gradual pick-up towards the fourth quarter, as the uncertainty around GST and its impact on prices dissipated.

Delhi-NCR, one of the geographies that Mahindra Lifespaces operates in, continued to be the most affected market. In comparison, the situation was better in Mumbai, Pune, Hyderabad and Bangalore, where prices remained stable despite muted end-user demand. The Company has identified the western and southern regions as growth corridors for its residential business. It currently has projects in the Mumbai Metropolitan Region (MMR), Pune and Chennai which are in advanced stages of planning or approvals. **The Company seeks to grow its presence significantly in Mumbai, Pune and Bangalore and add to its presence in Hyderabad and NCR before exploring any other geographies.**

The luxury segment, among the various product segments, was the most affected with dismal absorption levels. The situation was relatively better for projects in the premium to mid segment range. **The Company will continue to focus its growth strategy on the mid- premium segment where it has a strong connect and equity with the target customer.**

The affordable housing segment saw maximum traction during the year, with forward strides in government policies such as 'Housing for All' and the 'Pradhan Mantri Awas Yojana', which have further improved the viability and outlook for the segment. The Company, which launched its brand 'Happinest' in this segment, in 2014-15, has three operational projects with around 1,850 homes sold. **Based on the learnings and success of its ongoing projects at Avadi and Boisar, and the recently launched project in Palghar, the Company is confident of scaling up its presence in this space as a part of its future growth strategy.**

Integrated Cities & Industrial Clusters (ICIC)

The Company is a pioneer in integrated cities space, and currently has two operational integrated cities: Mahindra World City, Chennai and Jaipur, which have been developed in a public-private partnership model with the respective State Governments. During 2017-18, there was a moderate revival in the demand for industrial land and built-to-suit solutions from companies targeting the Indian market. Demand from export-oriented manufacturing units was subdued in comparison. Besides, longer decision cycles of companies looking to lease land have resulted in fewer deals, despite growth in interest and enquiries. **The Company will focus on increasing its deal pipeline and closures in the balance inventory of industrial land in Chennai and in leveraging the enhanced product-mix at Jaipur to add more customers in its DTA and multi-product SEZ.**

As a part of its growth strategy for this business, the Company has also decided to build a network of smaller industrial clusters, branded as 'ORIGINS by Mahindra World City'. Further details on the characteristics of these projects and the brand proposition are provided in Box 1.

Box 1: 'ORIGINS by Mahindra World City'

Vision: Accelerated economic growth by creating world-class industrial ecosystems that attract investment in manufacturing and promote 'Make in India'. Address the growing need for sustainable industrial infrastructure and provide impetus to India's rising prowess as a global manufacturing and investment hub.

Product: Industrial clusters spanning 250-600 acres meeting global standards located in high growth corridors across India. Allow faster go-to-market with clear land titles, plug-and-play infrastructure, in-house expertise in operations and security along with a range of business support services such as warehousing, logistics and banking. In addition, provide value-added services such as fulfilment centres, industrial kitchens and industrial waste management.

Business Case: Shorter turnaround time increases the capital efficiency and pre-aggregated approach to land acquisition reduces the risk profile. This also improves the attractiveness of such projects to strategic and financial investors, allowing the Company to raise capital through collaborations and equity participation. Smaller projects also enable focused offerings for specific industrial segments in the clusters that they operate.

Sustainable Urbanisation: Support development beyond current urban centres by making available a holistic environment conducive to accelerated business growth. Focus on sustainability principles and incorporate environment-friendly solutions in areas such as energy efficiency, water and waste management.

The Company has identified upcoming industrial destinations and corridors in the western and southern regions to start with. **It has initiated planning / development on two projects: one, near Chennai (Tamil Nadu) in a joint venture with Sumitomo Corporation, Japan, and the other near Ahmedabad (Gujarat) with International Finance Corporation as a strategic partner.**

Operations – Projects Update

Residential Developments

2017-18 witnessed continued focus on execution, with a sustained momentum in construction completion and a major step-up in the number of handovers by the Company. Table 1 provides a snapshot of the Company's project portfolio across different markets. **As of 31st March, 2018, the Company along with its subsidiaries has completed projects covering 14.55 million square feet[6] in the residential segment, including 0.68 million square feet completed during the year.**

Table 1: Projects Snapshot as on 31st March, 2018 (million square feet#)

Location	Completed Development	Current Development	Future Development
MMR*	3.23	0.58	1.59
Pune	2.58	0.41	0.63
Hyderabad	1.08		
Chennai	3.81 ^	0.41	1.63
Nagpur	0.41	0.92	0.22
NCR**	3.04	0.77	0.36
Bengaluru		0.87	
Jaipur	0.40 ^		
Total	**14.55**	**3.97**	**4.43**

Estimated saleable area.

* MMR includes Mumbai, Boisar, Palghar, Thane and Alibaug.

** NCR includes Delhi, Gurgaon and Faridabad.

^ Includes residential and commercial developments inside MWC Chennai and Jaipur.

During 2017-18, the Company launched Happinest Palghar, its third affordable housing project, which received a tremendous response. Additionally, it launched fresh inventory in five of its existing projects. **It is currently developing 3.97 million square feet with another 4.44 million square feet available in the form of forthcoming projects - new phases of ongoing projects and new projects that are in various stages of planning, for launch in the future.**

Table 2 provides project-wise status of sales and construction completion of the Company's ongoing projects as well as information on forthcoming projects for which design development or approvals are underway. In addition to this, the Company has a landbank with a development potential aggregating around 10.44 million square feet[7], 91 percent of which is within Mahindra World City, Chennai.

Table 2: Project-wise Status as on 31st March, 2018

Market	Project	Estimated Area (million square feet)		(Percent of Launched)	
		Total	Launched	Sales#	Completed@
Chennai	Aqualily ^	1.58	1.51	76%	91%
NCR	Luminare ^	1.14	0.77	57%	64%
Nagpur	Bloomdale ^	1.55	1.33	77%	70%
Pune	Antheia	1.63	1.34	89%	96%
Pune	L'Artista	0.09	0.09	33%	100%
Hyderabad	Ashvita	1.08	1.08	92%	100%
MMR	Vivante	0.16	0.16	100%	84%
MMR	The Serenes	0.16	0.06	33%	72%
Bangalore	Windchimes ^	0.87	0.87	52%	80%
MMR	Happinest Boisar	0.53	0.53	77%	91%
MMR	Happinest Palghar 1 ^	0.41	0.30	50%	28%
Chennai	Happinest Avadi	0.73	0.48	88%	92%
	Total	**9.93**	**8.52**	**76%**	**84%**

[6] Does not include selected projects that were completed by GESCO.

[7] Estimated saleable area of 0.59 million square feet at Thane has an impediment. The matter has been taken up with concerned authorities for removal of the impediment.

Forthcoming Projects (New Projects) $	Estimated Area (million square feet)	
	Total	Launched
Kandivili, Mumbai	0.14	–
Sakinaka, Mumbai)	0.34	–
Happinest Palghar	0.64	–
Andheri, Mumbai	0.26	–
Pimpri, Pune	0.33	–
MWC, Chennai P17	0.90	–
MWC, Chennai P21	0.41	–
Total	**3.02**	**–**

Sales (%) based on MLDL's share in launched area

@ Completed area is with respect to Total Estimated Project Cost which includes land costs and construction related costs

^ Projects implemented by subsidiaries and JV companies

$ The areas of the forthcoming projects are estimated areas and are subject to change basis final approvals.

Integrated Cities & Industrial Clusters

2017-18 was host to new customer acquisition as well as expansion by existing customers in the two operational Mahindra World Cities at Chennai and Jaipur. **Combined exports by companies at the two World Cities was ₹ 12,739 crore and their direct employment stood at around 50,000 persons. Mahindra World City, Jaipur was conferred the "Best PPP (Public-Private Partnership) Model" at the 'Business World Smart Cities Conclave & Awards, 2017'.**

Mahindra World City, Chennai, leased 17.6 acres during the year, adding three new customers, while two existing customers took up additional land for expansion. As a result, the total number of industrial customers increased to 66 (26 in the SEZ and 40 in the DTA). Of these, 54 companies were operational as of 31st March, 2018.

The four operational residential projects at Mahindra World City, Chennai, saw an increase in occupancy from around 1,100 families in the previous year to 1,850 families in 2017-18. Details of the residential projects in Mahindra World City, Chennai have already been provided in the section on residential developments.

On the social infrastructure front, considerable progress was made during the year with the on boarding of a new school and the expansion of the Mahindra World School and JSP Hospitals. Additionally, Mahindra World City, Chennai divested its stake in 'Canopy' — the city's retail and commercial centre — in line with the strategy to focus on its core business.

Mahindra World City, Jaipur leased 44 acres during the year, adding eight new customers, while five existing customers took up additional space. At the end of the year, the Company had 81 industrial customers — 47 in the Special Economic Zones (SEZs) and 34 in the Domestic Tariff Area (DTA). Of these, 49 companies are operational and another 10 are expected to start operations in 2018-19. The Company is currently in the process of finalising the master plan for its residential and social infrastructure area.

In an important development since the close of 2017-18, MWC Jaipur received the notification, constituting the final approval from the government, to establish a multi-product SEZ. As a result, the existing sector-specific SEZs — IT/ITeS, Engineering and Related Industries, Handicrafts, Gems & Jewellery — will be amalgamated into a composite multi-product SEZ, which will further widen the target customer base and improve the project outlook.

Origins, Chennai, is the Company's first venture in the industrial clusters space. It is a 264 acre project in North Chennai, which is being developed through its subsidiary in a JV with Sumitomo Corporation. All approvals for the project are in place and development work started in 2017-18.

Origins, Jansali, is the Company's second industrial cluster near Ahmedabad, Gujarat, with an area of 268 acres. It will be developed through its subsidiary, with International Finance Corporation as a strategic partner. The Company is in the process of securing necessary approvals for the project.

Operations – Strategic Priorities

The strategic priorities of the Company have been focused on building brand equity and shareholder value through differentiation and scale.

Customer Acquisition and Engagement

2017-18 was a tough year for the real estate sector, with sluggish demand and ambiguity due to implementation of GST and RERA. Additionally, the Company had to defer most of its new launches due to regulatory holdups. In this environment, the Company's focus was on driving sales in existing projects. Some of the key initiatives are discussed below.

Significant efforts were made during the year to improve lead quality, with increased focus on digital and referral sources. A rigorous process of enquiry tracking, aided by technology, helped increase actionable leads. This was supported by a customer-focused, upgraded contact centre, that significantly enabled direct integration with the sales function. Typical response time to enquiries came down from around 24 hours to less than 10 minutes. The Company also leveraged community events, during project milestones such as handovers, launch of club house and during festivals, to engage with the customers and generate referrals. Additionally, it also engaged pro-actively with its 700-odd channel partners during the year.

In January 2017, the Company launched 'Joyful Homecomings' as its brand proposition — the cornerstone of its communication strategy. 2017-18 saw significant activity, with all the campaigns and messaging consistent with the strategy. Social media was extensively leveraged to build the brand identity around four themes: spreading joy, transparency, environment and quality of life.

Several of the Company's campaigns saw success and social media engagement levels increased significantly during the year. These campaigns generated over 180 million Facebook and Twitter impressions and over 8 million video views during the year. **The Company's #IamGreenArmy digital campaign received the "Best Social Media Campaign of the Year" at the CMO Asia, Global Youth Marketing Forum Awards.** The campaign also received the Gold award for "Digital Marketing, Effectiveness" at Asian Customer Engagement Forum and Awards (ACEF).

Execution Excellence

Robust project execution skills are an important enabler of scale. The Company during the previous year, initiated a large scale business process re-engineering exercise – Project Udaan. During the year Udaan focused on defining the road-map for reducing cycle time of projects in the product development and construction stages. Additionally, the intervention helped define the blue print for standardisation, the decision framework for building internal capabilities vs. outsourcing and the use of technology to enable better data management and faster decision cycles. The Company implemented the standardisation framework for segment-wise product specifications by segment, for materials like pre hung doors, windows, tiles, tile fixing and water-proofing during 2017-18.

The Company's strong quality management system has been instrumental in improving the quality of its products and processes. In the previous year's annual report, we had mentioned how the Company's focus on delivering a 'Zero-Snag Product' received a major boost with the implementation of a mobile application 'Q SCAN', which automates the entire home inspection process prior to handover. This was extended to all projects in 2017-18. Post-handover feedback mechanisms were also institutionalised to enable accurate analysis and corrective action.

Mahindra Lifespaces has an established 'Safety Policy' which underscores its commitment to prevent accidental injuries and improve the occupational health of its associates. Its flagship safety initiative "Safe Methods and Risk Reduction Techniques" (SMARRT) implements international best practices and aims to eliminate unsafe acts by proactive reporting of such incidents.

The Company had no fatal accidents in the last three years and zero reportable accidents in two of the three years. It furthered its journey in safety from monitoring accidents to monitoring near misses and reducing first-aid cases. It also carried out extensive safety training workshops to improve processes, sensitise workers and promote safe practices. **In recognition of its efforts, Mahindra Lifespaces received the 'CIDC Vishwakarma Award' for 'Health Safety & Environment' for two of its projects: Vivante in Mumbai and Happinest, Boisar. These awards are given by Construction Industry Development Council (CIDC), established by the Planning Commission (now Niti Aayog) and the Construction Industry.** There was one reportable accident during 2017-18.

Customer Relations

The Customer Relations (CR) function at Mahindra Lifespaces endeavours to service its customers during the entire lifecycle, from booking to post-handover facilitation. **The Company has significantly invested in systems and process to achieve differentiation and enhance its ability to handle scale. These efforts have enabled the Company to efficiently handover a total of over 3,800 residential units in 2016-17 and 2017-18.**

In the previous year, the Company had initiated implementation of a tech-based CRM solution aimed at enabling a single view of the customer, right from the prospecting stage to post-handover. Considerable progress was made on this front during 2017-18, which enabled the roll-out of two significant initiatives to strengthen customer experience:

- "Customer Assist" — a single contact number for the customer from sales to post-handover that logs and tracks all queries until they are successfully resolved.
- "M-Life" — a mobile application for customers. Apart from enabling the complete set of transactions and enquiries during the customer's journey with the Company, it also allows them to avail value added services and connect with other homeowners in a project.

During the year, the Company also upgraded its website and to improve navigation and information content. New features such as grievance redressal, testimonials and blog were introduced and the website was enabled for e-commerce transactions, with online bookings taking place for projects in Boisar and Palghar.

With the significant increase in handovers, post-handover services and facility management (FM) have been other key areas of focus. During the year, the Company expanded its post-possession value added services that had been piloted in 2016-17 — both, in terms of number of projects and types of services. These now encompass complete interior solutions, electrical fittings, lighting solutions and modular kitchens. Going forward, the Company shall further increase the bouquet of value added services available to customers.

Land and Financial Capital

The Company is focused on adding significantly to its current portfolio of projects to meet its growth objectives. The Company sees an opportunity arising out of RERA and market conditions, to pursue asset light acquisitions through the joint-development, joint-venture and development management routes with land owners. To this end, it is enhancing its reach, access and team strength in business development to increase deal pipeline and closures. It is prioritising acquisitions in its focus markets of Mumbai, Pune and Bengaluru followed by Hyderabad and NCR.

Mahindra Lifespaces has seen increasing success in its ability to raise risk capital and scale up its presence through asset light models with credible partnerships. **During the year, the Company entered into two such partnerships. The first partnership is with International Finance Corporation (IFC), a member of the World Bank Group, for the development of multiple industrial parks across Gujarat, Rajasthan and Maharashtra.** This entails an investment commitment of USD 50 million, with the first investment in Origins, Jansali — the 268-acre industrial cluster near Ahmedabad. **The second partnership is with a fund managed by HDFC Capital Advisors Limited for projects in the affordable housing space, with** joint

commitment of ₹ 500 crore that can deliver development footprint of 5-10 million square feet. Happinest, Palghar (I & II), in the Mumbai Metropolitan Region, which has an estimated saleable area of 1.05 million square feet, is the first project to be implemented under this partnership.

The Company already has a partnership with Standard Chartered Real Estate (Singapore) Private Ltd for residential projects in the mid-premium segment. The JV company has completed investments accounting for close to 65 percent of the total joint investment commitment of ₹ 1000 crore.

During the year, the Company also focused on reducing its cost of capital by re-negotiating interest rates on existing loans and prudently using alternatives like commercial paper. **The average cost of consolidated debt reduced from 9.86 percent in 2016-17 to 9.49 percent in 2017-18.**

Human Capital

Mahindra Lifespaces recognises that its people are key to the success of the organisation and in accelerating its growth trajectory. During the year, the Company continued its efforts to strengthen its HR policies and processes to attract and retain the best talent in the industry. It enjoys relationships with specialised institutions in the construction industry such as National Institute of Construction Management and Research and RICS School of Built Environment for entry level positions in project management and sales.

The Company is focused on catering to the learning and development needs of its associates, for which it regularly carries out structured training initiatives in functional areas such as sales, marketing, customer service, and project management. During the year, it extended its e-learning platform with a programme covering product design for its sales associates. It also carried out extensive programmes on RERA and GST across the country to familiarise its people with these developments. Overall, each associate of Mahindra Lifespaces received an average of 24 manhours of training in 2017-18.

Mahindra Lifespaces endeavours to keep its workplaces safe, transparent and friendly for people to work in. It also has a policy which is aligned to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has a 'Diversity Council' with the objective of creating an inclusive environment in the workplace. As of 31st March, 2018, the percentage of women as full-time associates stood at 18 percent. During the year, it introduced a mentorship programme for women associates. Moreover, three of its associates graduated from an 18-month Women Leadership Programme instituted by the Mahindra Group's a Centre for Leadership Development. **During the year, Mahindra Lifespaces was selected by Working Mother and AVTAR as one of the "100 Best Companies for Women in India".**

As of 31st March, 2018, the Company together with its subsidiaries had 362 associates on its rolls. In addition, the Company had more than 4,000 workmen, across all its sites, employed by its contractors. Associate relations remained cordial during the year.

Financials

Table 3 presents the abridged profit and loss statement of Mahindra Lifespace Developers Limited.

Table 3: Abridged Profit and Loss Statement

(₹ crore)

	Standalone		Consolidated	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Operating Income	475.0	680.6	566.2	762.1
Other Income	82.2	72.7	77.9	68.9
Total Revenue	**557.2**	**753.3**	**644.1**	**831.0**
Project and Operating Expenses	344.7	546.7	393.5	588.5
Employee and Other Expenses	94.2	99.7	115.2	123.3
Financial Expenses	35.4	32.0	41.3	20.2
Depreciation	4.0	4.3	4.3	4.6
Total Expenditure	**478.3**	**682.7**	**554.3**	**736.6**
Share in Net Profit/Loss of Associates	–	–	44.7	44.5
PBT	78.9	70.6	134.5	138.9
Tax	25.8	21.7	31.1	33.0
Profit After Taxes (PAT)	**53.1**	**48.9**	**103.4**	**105.9**
Non Controlling Interest (NCI)			-2.4	-3.7
PAT (After NCI)	**53.1**	**48.9**	**101.0**	**102.2**
Other Comprehensive Income ^	-0.1	0.7	-0.1	0.6
Total Comprehensive Income (After NCI)	**53.0**	**49.6**	**100.9**	**102.8**
Diluted EPS (₹)	**10.46**	**10.96**	**19.88**	**23.03**

^ Other Comprehensive Income figures are after Non-Controlling Interest and net of Tax.

Despite a challenging macroeconomic and regulatory environment for the real estate industry, Mahindra Lifespaces registered a creditable financial performance during 2017-18.

Consolidated[8] total revenue reduced from ₹ 831 crore in 2016-17 to ₹ 644 crore in 2017-18, primarily due to decline in project activity during the year and a one time revenue of ₹ 176.71 crore through sale of land in the previous year. Even so, operating profits (PBDIT) increased by 13.6 percent from ₹ 119 crore in 2016-17 to ₹ 135 crore in 2017-18. Increase in efficiencies and ability to contain costs also resulted in an improvement in operating margins — from 14.3 percent in 2016-17 to 21 percent in 2017-18.

Share of profit from JVs and associates remained stable during the year. However, with a significant increase in financial expenses (consolidated) from ₹ 20.2 crore in 2016-17 to ₹ 41.3 crore in 2017-18, net profits of the consolidated entity were marginally lower than the previous year. Profit before taxes (PBT) of the consolidated entity, after including share in profit from JV entities and associates, stood at ₹ 134.5 crore in 2017-18 as compared to ₹ 138.9 crore in 2016-17. After accounting for non-controlling interest (NCI), the consolidated PAT of the Company was ₹ 101 crore in 2017-18, compared to ₹ 102.2 crore in the previous year.

In contrast, net profits of the standalone entity grew at a fair pace. Standalone PBT increased by 11.9 percent from ₹ 70.6 crore in 2016-17 to ₹ 78.9 crore in 2017-18, and PAT grew by 8.5 percent from ₹ 48.9 crore in 2016-17 to ₹ 53.1 crore in 2017-18.

Under IND AS, line-by-line consolidation is not followed for some of the operating entities. Table 4 provides a summary of the financial performance of legal entities operating in the two key businesses. These are drawn from standalone financial statements of these entities. Also, intercompany transactions have not been eliminated and a simple aggregation of numbers is shown as “Total” for entities engaged in the Residential and Industrial businesses. Accordingly, the “Total” of Revenues and PAT for the two businesses are indicative in nature.

Table 4: Summary of Financial Performance of Operating Entities in 2017-18 (₹ Crore)

Legal/Operating Entity	MLDL’s Economic Interest (in Percent)	Total Income (Revenues)	Profit / Loss After Tax (PAT)
Residential			
MLDL	100.0%	557.2	53.1
MHPL ^	50.0%	248.3	17.4
MBDL ^	70.0%	3.3	–14.2
MITL	96.3%	50.0	4.9
MRDL	96.3%	36.5	3.5
MHDL ^	25.0%	–	–2.5
Total Residential		**895.3**	**62.2**
Industrial Cities & Clusters			
MWCDL ^	89.0%	113.1	13.0
MWCJL ^	74.0%	129.3	37.1
MIPCL ^	53.4%	–	–2.7
ICPL	50.0%	0.5	–
Total Industrial Cities & Clusters		**242.9**	**47.4**
Share (percent)			
Residential	–	78.7%	56.8%
Industrial Cities & Clusters	–	21.3%	43.2%
Total		**100.0%**	**100.0%**

^ JVs and Associates not considered for consolidation.

As of 31st March, 2018, Mahindra Lifespaces’ standalone debt equity ratio was at 0.20:1 and consolidated debt equity ratio was at 0.22:1. The liquidity situation during the year remained comfortable. Surplus funds available from time to time have been invested in credit worthy instruments, including money market instruments, mutual funds and deposits with banks.

Threats, Risks and Concerns

Mahindra Lifespaces has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. It has a Risk Management Committee consisting of two Directors and the Chief Financial Officer, for timely monitoring and review of the risk assessment, mitigation and risk management plan. The Board reviews implementation and monitoring of the Company's risk management plan.

Economic Risks

GDP growth decelerated marginally during the year. Although there are signs of a turnaround, there are still downside risks. Lending rates for business and home loans continue to be high and there are risks associated with increase in policy rates if inflation rises. These can have a direct impact on the performance of the real estate sector and the Company. Besides, even as global economic growth witnessed a significant revival, investment outlays in Indian businesses, especially those in export-oriented industries, is yet to benefit from these emerging trends.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, the Company's focus on both the residential and industrial sectors has been a significant source of comfort during periods of slow economic performance. Similarly scaling up of presence in affordable housing space has mitigated risks associated with a seemingly poor outlook in the luxury housing segment. Prudent financial management has also kept the Company relatively insulated from the economic downturn. It has successfully raised risk capital through equity participation and strategic partnerships across segments, and is well placed to raise capital at competitive rates.

Operational Risks

Key operational risks include longer gestation period for land procurement, more time taken for approvals, inability to sell the project as per plan, inability to complete and deliver projects according to the schedule leading to additional cost of construction and maintenance, erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, poor customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations.

The Company addresses these risks through a well-structured framework which identifies desired controls and assigns ownership to monitor and mitigate the risks. It has invested significant resources in transparent customer friendly processes and an enabling IT infrastructure, which are expected to effectively address some of these risks. It also has a Code of Conduct for all its associates. The Company's corporate governance policies ensure transparency in operations, timely disclosures and adherence to regulatory compliances.

Policy and Regulatory Risks

The real estate industry is easily affected by changes in government policies and regulations. There are considerable procedural delays with respect to approvals related to acquisition and use of land. Unfavourable changes in the government policies and the regulatory environment may adversely impact the performance of the Company. Inability to launch projects in MMR due to a ban in new construction by the High Court during 2016-17 and 2017-18 is one such instance.

The Company attempts to mitigate these risks through its approach towards acquisition of land based on thorough due diligence and its transparent processes in developing the projects. Besides, its focus on environment friendly and sustainable practices also help in mitigating risks associated with environmental regulations.

Internal Controls

The Company has adequate internal control systems, commensurate with the size and nature of its business. Well documented policies, guidelines and procedures to monitor business and operational performance are supported by IT systems, all of which are aimed at ensuring business integrity and promoting operational efficiency.

An independent internal audit and assurance firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with laws and regulations. Their scope of work includes internal controls on accounting, efficiency and economy of operations. The internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are regularly reviewed at the Audit Committee meetings. The Audit Committee of the Board also reviews the adequacy and effectiveness of the internal control systems and suggests improvements, when so required.

Outlook

Global economic performance strengthened and became more broad-based in 2017. The outlook for the world economy, including trade and investments, for the next couple of years remains positive. The performance of the Indian economy also picked-up as the year progressed, and this trend is expected to continue in 2018-19, and perhaps improve further with the stabilising of major reform initiatives of the government such as the GST and tailwinds from a buoyant global economy.

As far as the real estate industry is concerned, policy breakthroughs such as Real Estate (Regulation and Development) Act (RERA) have created of level playing field and will make the sector more efficient and organised in the long run. The housing cycle has also started showing positive signs in the form of improvement in cement demand, progress in the government's affordable housing scheme, step-up in execution under the Pradhan Mantri Awas Yojana scheme and large infrastructure development projects.

Mahindra Lifespace has a proven track-record in both residential and industrial developments. In the last few years, it has expanded its presence in the residential segment with a superior delivery model and a successful foray into affordable housing. Its recent creation of smaller industrial clusters is a part of a similar strategy of widening the playing field in the industrial space. The Company has been successful in securing risk capital in its residential and industrial projects, enabling it to grow in a capital-intensive sector while maintaining a strong balance sheet.

Today, therefore, the Company is favourably placed to raise capital at competitive terms to finance its growth. At the same time, it has built strong systems and processes that enable it to scale-up execution and delivery. Mahindra Lifespaces believes that it is well-positioned to benefit from the emerging opportunities in the real estate sector in India.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Disclaimer

The Company shall be registering its forthcoming projects at an appropriate time in the applicable jurisdictions / States under the Real Estate (Regulation and Development) Act, 2016 (RERA) and Rules thereunder. Till such time, the forthcoming projects are registered under RERA, none of the images, material, projections, details, descriptions and other information that are mentioned in the Annual Report for the year 2017-18, should be deemed to be or constitute advertisements, solicitations, marketing, offer for sale, invitation to offer, or invitation to acquire within the purview of the RERA. The Company uses carpet areas as per RERA in its customer communication. However, the data in saleable area terms has been presented in the Annual Report for the year 2017-18 to enable continuity of information to investors and shall not be construed to be of any relevance to home buyers / customers.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

Mahindra Lifespaces is committed to good corporate governance and endeavors to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company on corporate governance is to ensure transparency in all its operations, make disclosures, and enhance stakeholder value without compromising in any way on compliance with the laws and regulations. The Company believes that good governance brings about sustained corporate growth and long-term benefits for all its stakeholders.

In India, corporate governance standards for listed companies are regulated by Securities and Exchange Board of India (SEBI) through Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and also by the Ministry of Corporate affairs through the Companies Act, 2013 ("the Act"). As a Company which believes in implementing corporate governance practices in letter and in spirit, the Company has adopted practices mandated by the Act and SEBI LODR and has established procedures and systems to remain compliant with it. This report provides the Company's compliance with these provisions as on 31st March, 2018.

1. BOARD OF DIRECTORS

The Company has a Non-Executive Chairman and half of the total number of Directors comprises of Independent Directors. The Management of the Company is entrusted in the hands of the Senior Management Personnel of the Company who are members of the Executive Council of the Company headed by the Managing Director, who operates under the overall guidance, supervision and control of the Board. The Board reviews and approves strategy of the Company and oversees the actions and results of the Management to ensure that the long-term objective of enhancing value of the stakeholders is met. The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meetings of the Board, the Committees (except Corporate Social Responsibility Committee) thereof and meetings of Independent Directors and would also be entitled to commission under the Act. Mr. Arun Nanda, Non-Executive Chairman, who is also on the Board of Mahindra World City Developers Limited (MWCDL), receives sitting fees for attending meetings of the Board and the Committees (except Corporate Social Responsibility Committee) of MWCDL and would be entitled to commission under the Act, as may be approved by MWCDL. Mr. Ameet Hariani, Independent Director who is also on the Board of Mahindra World City (Jaipur) Limited, receives sitting fees for attending meetings of the Board and the Committees of the Company and would be entitled to commission under the Act, as may be approved by the Company. Dr. Anish Shah, Non-Executive Non-Independent Director is the Group President - Strategy at Mahindra and Mahindra Limited (M&M) and receives remuneration from M&M. Dr. Anish Shah does not receive any sitting fees or remuneration from the Company. Apart from the above and the reimbursement of expenses incurred in discharge of their duties, none of the Non-Executive Directors have any pecuniary relationship or transaction with the Company, its Holding company, Subsidiaries and Associate companies, their Promoters or Directors or its senior management, which in their judgment would affect their independence. The Directors of the Company are not inter-se related to each other. The Board has adopted a Policy on appointment of Directors and Senior Management and Succession Planning for orderly succession to the Board and the Senior Management. The Senior Management has made disclosures to the Board confirming that there is no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

a) Composition, Status, Attendance at the Board Meetings and at the last Annual General Meeting

As on 31st March, 2018, the Company's Board comprised of six members. The Chairman of the Board is a Non-Executive Non-Independent Director. The Managing Director & Chief Executive Officer is an Executive of the Company. One member of the Board is a Non-Executive Non-Independent Director and remaining three members are Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting are given below:

Name of Directors	DIN	Category	Number of Board Meetings		Attendance at the last AGM
			Held	Attended	
Mr. Arun Nanda, Chairman	00010029	Non-Executive Non-Independent	7	7	Yes
Mr. Sanjiv Kapoor*	00004005	Non-Executive Independent	7	3	Yes
Mr. Shailesh Haribhakti	00007347	Non-Executive Independent	7	7	Yes
Dr. Prakash Hebalkar*	00370499	Non-Executive Independent	7	2	No
Mr. Bharat Shah	00136969	Non-Executive Independent	7	7	Yes
Mr. Ameet Hariani**	00087866	Non-Executive Independent	7	4	Not Applicable
Dr. Anish Shah	02719429	Non-Executive Non-Independent	7	7	Yes
Ms. Anita Arjundas, Managing Director and Chief Executive Officer (Managing Director w.e.f. 1st April, 2018)	00243215	Executive	7	7	Yes

* Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Independent Directors of the Company with effect from 30th July, 2017 on expiry of their 2nd term of office.

** Mr. Ameet Hariani was appointed as an Additional Director in the category of Non-Executive Independent Director with effect from 4th September, 2017.

Further, the Board at its meeting held on 30th January, 2018, has appointed Ms. Sangeeta Prasad as Chief Executive Officer and Key Managerial Personnel (KMP) of the Company effective from 1st April, 2018.

b) Details of Directorships/Committee Memberships as of 31st March, 2018

As mandated by the Act, none of the Directors is a director in more than ten Public Limited Companies. In terms of Regulation 25 of SEBI LODR, none of the Independent Directors of the Company is serving as an independent director in more than seven listed entities or serving as a whole-time director in any listed entities. Further, in terms of Regulation 26 of SEBI LODR, none of the Directors is a member of more than ten committees or acting as a chairman of more than five committees across all listed entities in which they are Directors. The number of directorships and committee positions held by them in Public Companies are given below:

Name of the Director	Category	Directorship of Public Companies*	Membership in Committees of Public limited companies, whether listed or not**	Chairmanship in Committees of Public limited companies, whether listed or not**
Mr. Arun Nanda, Chairman	Non-Executive Non-Independent	7	1	2
Mr. Shailesh Haribhakti	Non-Executive Independent	10	5	5
Mr. Bharat Shah	Non-Executive Independent	9	8	1
Mr. Ameet Hariani***	Non-Executive Independent	6	3	1
Dr. Anish Shah	Non-Executive Non-Independent	3	2	Nil
Ms. Anita Arjundas, Managing Director and Chief Executive Officer	Executive	8	1	1

* Includes Directorship in Mahindra Lifespace Developers Limited as of 31st March, 2018 and includes Public companies whether listed or not and Private companies which are either holding or subsidiaries of Public companies. Listed entity means an entity which has any of its securities listed on a recognized stock exchange(s).

** In terms of SEBI LODR, Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Mahindra Lifespace Developers Limited. Committee Membership(s) and Chairmanship are counted separately.

*** Mr. Ameet Hariani was appointed as an Additional Director in the category of Non-Executive Independent Director with effect from 4th September, 2017.

c) Number of Board Meetings

Seven Board meetings were held during the year i.e. from 1st April, 2017 to 31st March, 2018, on the following dates: 22nd April, 2017; 16th May, 2017; 25th July, 2017; 4th September, 2017; 30th October, 2017; 30th January, 2018 and 23rd March, 2018. The maximum gap between any two meetings did not exceed one hundred and twenty days.

d) Meeting of Independent Directors

The Independent Directors of the Company meet without the presence of the Chairman, Managing Director/Chief Executive Officer, other Non-Independent Director, Chief Financial Officer and any other Management Personnel. This Meeting is conducted to enable the Independent Directors to, inter-alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform its duties.

During the year, one Meeting of Independent Directors was held on 9th March, 2018, and this meeting was attended by all Independent Directors.

e) Board Procedure

A detailed agenda is sent to each Director in advance of the meetings of Board and Committees. To enable the Board to discharge its responsibility effectively, the Managing Director & Chief Executive Officer of the Company briefs the Board at every meeting on the overall performance of the Company. A detailed report on operations is also presented at the quarterly Meetings of the Board. The Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of Non-Executive Directors, compliance with Statutory/ Regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investors' grievances, borrowings and investments, issue of securities, use of capital issue proceeds, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee and other Committees of the Board, sustainability plans and its performance, and Corporate Social Responsibility (CSR) spends, plan and its review, etc. The Board reviews the compliance certificate issued by the Managing Director & Chief Executive Officer regarding compliance with the requirements of various Statutes, Regulations and Rules applicable to the business of the Company.

2. DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

Pursuant to Section 152 of the Companies Act, 2013 ("the Act"), Dr. Anish Shah retires by rotation at the forthcoming Annual General Meeting of the Company and has offered himself for re-appointment for the office of the Director. Dr. Anish Shah is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board of Directors at its meeting held on 4th September, 2017, had appointed Mr. Ameet Hariani as an Additional Director in the category of Non-Executive Independent Director with effect from 4th September, 2017. Pursuant to Section 161 of the Act and Article 128 of the Articles of Association of the Company, he holds office upto the date of forthcoming Annual General Meeting. Further, in terms of Section 149 and Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed that Mr. Ameet Hariani who meets the criteria of Independence, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 4th September, 2017.

The Board is of the view that Mr. Ameet Hariani's knowledge and experience will be of benefit and value to the Company. Mr. Ameet Hariani is not related to any of the Directors or Key Managerial Personnel of the Company. Pursuant to Section 160 of the Act, the Company has received notice proposing candidature of Mr. Ameet Hariani as a Director of the Company. Accordingly, the resolution relating to appointment of Mr. Ameet Hariani at Item No. 5 of the Notice as an Ordinary Resolution is recommended for approval of the Members.

Both the Directors are not disqualified from being appointed/re-appointed as Directors by virtue of the provisions of Section 164 of the Act.

Brief resumes of Directors seeking appointment/ reappointment are given below:

Dr. Anish Shah

Dr. Anish Shah aged 48 years is the Group President (Strategy) for the Mahindra Group. His key focus areas are strategy development and implementation, building capabilities such as digitization and analytics, and driving international growth especially in the US and Africa. He also leads the Risk Management and Performance Review and enables synergy across Group Companies. The Group Strategy Office also plays a key role in developing talent for leadership roles across the Group.

He joined Mahindra Group from General Electric where he was the President and Chief Executive Officer for GE Capital India from 2009-14. In this role, he led the transformation of the business, including a turnaround of the SBI Card joint venture.

Dr. Shah's career at GE spanned 14 years, during which he held several leadership positions at GE Capital's US and global units. As Director, Global Mortgage, he worked across 30+ countries to drive growth and manage risk. As SVP (Marketing & Product Development) at GE Mortgage Insurance, he led various growth initiatives and played a key role in preparing the business for an IPO, as a spinoff from GE. He has also received GE's Lewis Latimer Award for outstanding utilization of Six Sigma in developing a "Digital Cockpit." Before GE, he worked at Bank of America, Bain & Company and Citibank.

Dr. Shah holds a PhD from Carnegie Mellon's Tepper School of Business, where his doctoral thesis was on corporate governance. He has also received a Masters degree from Carnegie Mellon and has a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad. He completed his Bachelor of Commerce degree from the University of Mumbai.

Dr. Anish Shah does not hold any Equity Share in the Company and is not related to any Director of the Company. As on 31st March, 2018, Dr. Anish Shah holds Directorships and Committee positions in the following companies and other entities:

Name of Company	Designation	Name of Committee	Position held
Mahindra & Mahindra Financial Services Limited	Non-executive Non-Independent Director	Audit Committee	Member
		Corporate Social Responsibility Committee	Member
		Strategic Investment Committee	Member
Mahindra Trucks & Buses Limited	Non-executive Non-Independent Director	–	–
Mahindra Lifespace Developers Limited	Non-executive Non-Independent Director	Audit Committee	Member
		Loans and Investment Committee	Member
		Nomination & Remuneration Committee	Member
Mahindra Ecole Centrale	Director	–	–
Indian National Committee – United World College	Member of Board of Governors	–	–
Orizonte Business Solutions	Non-executive Non-Independent Director	–	–
Confederation of Indian Industry (Western Region)	Chairman International Trade & Investment (sub-committee)	–	–
PF Holdings B. V.	Director	–	–

Mr. Ameet Hariani

Mr. Ameet Hariani, aged 57 years, is an Advocate and Solicitor. He has handled prominent arbitrations and litigations, including the first hostile takeover in India, prior to formation of SEBI. In the real estate sector, his list of clients include some of the major players of the real estate sector in India. He has over 30 years of experience advising clients on matters of corporate strategy and governance.

He has been practicing as a Solicitor since 1986. He was a partner at M/s. Ambubhai and Diwanji, Mumbai and Andersen Legal India, Mumbai. He is the Founder and Managing Partner of M/s. Hariani & Co. since 1991.

He obtained his law degree from Government Law College, Mumbai and has obtained his Masters in law degree from the University of Mumbai. He enrolled as an advocate with the Bar Council of Maharashtra and Goa in 1984 and he is also a member of the Bombay Incorporated Law Society, the Law Society of England & Wales, the Law Society of Singapore, the Bar Council of Maharashtra and the Bombay Bar Association.

He has also authored a Book on Real Estate Laws (1st & 2nd editions) published by Bombay Chartered Accountants Society and Godrej Properties Ltd. and has written several articles in various publications on real estate.

The tenure of appointment of Mr. Ameet Hariani will be for a period of 5 (five) consecutive years with effect from 4th September, 2017. He will be entitled to sitting fees for attending the meetings of the Board, the Committees (except Corporate Social Responsibility Committee) thereof and meetings of Independent Directors and would also be entitled to the commission under the Act. Details of sitting fees and commission paid/payable to Mr. Ameet Hariani for the period from 4th September, 2017 to 31st March, 2018 are provided in clause 6.iii of this report.

Mr. Ameet Hariani does not hold any Equity Share in the Company and is not related to any Director or Key Managerial Personnel of the Company. As on 31st March, 2018, he holds Directorships and Committee positions in the following companies and other entities:

Name of Company	Designation	Name of Committee	Position Held
Mahindra Lifespace Developers Limited	Non-Executive Independent Director	Stakeholders' Relationship Committee	Member
		Loans & Investment Committee	Member
Batliboi Limited	Non-Executive Independent Director	Audit Committee	Member
		Stakeholders Relationship Committee	Chairman
Ras Resorts & Apart Hotels Limited	Non-Executive Independent Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
Capricon Realty Limited	Non-Executive Independent Director	Remuneration Committee	Member
Mahindra Homes Private Limited	Non-Executive Independent Director	–	–
Mahindra World City (Jaipur) Limited	Non-Executive Independent Director	–	–
Envision Computer Consultancy LLP	Designated Partner	–	–
Radicle Informatics LLP	Designated Partner	–	–
Hariani & Co.	Managing Partner	–	–

3. FAMILIARISATION OF INDEPENDENT DIRECTORS

The details of familiarisation program for Independent Directors have been uploaded on website of the Company and is available at the link : https://www.mahindralifespaces.com/media/4810/familiarisation-programme-for-independent-directors.pdf

4. CODES OF CONDUCT AND POLICIES

The Board of Directors of the Company has laid down two separate Codes of Conduct – one for Directors and another for Senior Management and Employees. It has also adopted Code for Independent Directors as per Schedule IV of the Act.

These codes are posted on the Company's website: https://www.mahindralifespaces.com/investors/disclosures-under-sebi

All Board Members including Independent Directors and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the year under review. A declaration signed by Managing Director & Chief Executive Officer to this effect is annexed to this report.

In accordance with the requirement of SEBI LODR, the Company has formulated and adopted policy for determining material subsidiaries, policy on materiality of and dealing with related party transactions, policy for determining materiality for disclosures. These policies are posted on the Company's website at: http://www.mahindralifespaces.com/investors/disclosures-sebi

5. CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of SEBI LODR, the Managing Director & Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended on 31st March, 2018.

6. REMUNERATION PAID TO DIRECTORS

Remuneration Policy

The objective of the Remuneration Policy of the Company for Directors and Senior Management is to focus on enhancing the value of the Company by attracting and retaining Directors and Senior Management for achieving objectives of the Company and to place the Company in leading position. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

While reviewing the Company's remuneration policies and deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee (NRC) considers performance of the Company, current trends in the industry, qualifications of the appointee(s), their experience, past performance, responsibilities shouldered by them, the Statutory provisions and other relevant factors.

The Non-Executive Chairman and Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board, Committee meetings and meeting of Independent Directors. The Directors have voluntarily waived sitting fees for attending meetings of Corporate Social Responsibility Committee. The Board determines the remuneration, if any, of Non-Executive Directors, subject to requisite approvals, if any. At the 16th Annual General Meeting of the Company held on 31st July, 2015, the shareholders had approved the payment of commission, at a rate not exceeding one percent (1%) per annum or such percentage as may be specified by the Act from time to time in this regard, of annual net profit of the Company computed in accordance with the provisions of the Act or Rules framed thereunder from time to time, to such Directors of the Company (other than the Managing Director and/or Whole-time Director, Executive Directors and such of the remainder as may not desire to participate) but subject to such ceiling, if any, per annum, as the Board of Directors may, from time to time, fix in this behalf and the same to be divided amongst them in such manner as the Board may, from time to time, determine for each of the financial years commencing from 1st April, 2015. Accordingly, the Board of Directors at its meeting held on 27th April, 2018 has approved payment of commission for the financial year ended on 31st March, 2018.

Performance Evaluation

Pursuant to the provisions of the Act and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committees thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process and the outcome of evaluation which reflects high level of engagement of the Board of Directors amongst its members and with the management.

Criteria for making payments to Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder:

i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board, Committee of the Board (except Corporate Social Responsibility Committee) and meeting of Independent Directors attended by him of such sum as may be approved by the Board of Directors, within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii. A Non-Executive Director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board within the limits approved by the shareholders in accordance with statutory provisions in this regard. The total commission payable to the Directors shall not exceed one percent (1%) of the net profit of the Company calculated in the prescribed manner. The Board in determining the quantum of commission payable to the Directors, takes into consideration the remuneration policy of the Company. The Board may approve a higher commission for the Chairman of the Board of Directors taking into consideration his overall responsibility. The Commission shall be payable on pro-rata basis to Directors who occupy office for part of the year and;

iii. As per provisions of the Act, the Independent Directors are not entitled to fresh grant of any Stock Options.

Detailed information of Directors' remuneration for the year 2017-18 is set forth below:

(₹ In lakhs)

Name of the Director	Status	Sitting Fees (Note a)	Commission (Note g)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation, Provident and Pension Fund	Total
Mr. Arun Nanda, Chairman	Non-Executive Non- Independent	9.15	47.50	Nil	Nil	56.65
Mr. Sanjiv Kapoor*	Non- Executive Independent	4.50	3.33	Nil	Nil	7.83
Mr. Shailesh Haribhakti	Non- Executive Independent	12.50	10.00	Nil	Nil	22.50
Dr. Prakash Hebalkar*	Non- Executive Independent	2.60	3.33	Nil	Nil	5.93
Mr. Bharat Shah	Non- Executive Independent	10.40	10.00	Nil	Nil	20.40

Name of the Director	Status	Sitting Fees (Note a)	Commission (Note g)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation, Provident and Pension Fund	Total
Mr. Ameet Hariani **	Non- Executive Independent	5.00	5.83	Nil	Nil	10.83
Dr. Anish Shah	Non- Executive Non-Independent	NA	NA	NA	NA	NA
Ms. Anita Arjundas, (Note b)	Executive (Managing Director and Chief Executive Officer)	NA	NA	268.81	14.09	282.90

* Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar ceased to be Independent Directors of the Company with effect from 30th July, 2017 on expiry of their 2nd term of office.

** Mr. Ameet Hariani was appointed as an Additional Director in the category of Non-Executive Independent Director w.e.f. 4th September, 2017.

Notes:

a. Non-Executive Non-Independent Chairman and Non-Executive Independent Directors were paid sitting fees for attending meetings of Board, various committees and meeting of Independent Directors as under:

Meeting	Sitting Fees per meeting (in ₹)
Board	100,000
Independent Directors Meeting	100,000
Share Transfer & Allotment Committee	5,000
Corporate Social Responsibility (CSR) Committee*	Nil
All other Committees	30,000

* The members of the CSR Committee have voluntarily waived their entitlement to sitting fees for attending meetings of the said Committee.

The Managing Director & CEO and Non-Executive Non-Independent Director (not being the Chairman) do not receive sitting fees for attending meetings of the Board/ Committees of the Board of Directors of the Company.

b. (i) Ms. Anita Arjundas, prior to her appointment as Managing Director & CEO in the Company, in her capacity as an employee of the Company, is in receipt of 50,000 Stock Options under Employee Stock Options Scheme-2006 (ESOS-2006) granted to her on 25th April, 2008, of which she has exercised 1,000 options and balance 49,000 Stock Options lapsed on 24th April, 2017. In her capacity as Managing Director & CEO, she is in receipt of 10,000 Stock Options under Employee Stock Options Scheme-2012 (ESOS-2012) granted on 4th August, 2012, of which she has exercised 7,000 options and will continue to hold balance options in terms of the Grant. She shall be eligible for additional Stock Options/Grants, as and when the event happens.

(ii) The nature of employment of Managing Director & CEO with the Company is contractual and can be terminated by giving three months' notice from either party. The contract does not provide for any severance fee.

c. The Company has not advanced any loan to any Director.

d. **ESOS-2006:** Except as stated below, all the Options granted under ESOS-2006 but not exercised have lapsed on 24th April, 2017. During the year, none of the Stock Options granted under ESOS-2006 were exercised. The details of Stock Options granted under ESOS-2006, which have not lapsed, are as follows:

Name of the Director	No. of Stock Options Granted on 4th August, 2012. (Exercise Price ₹ 325/- per Stock Option)	No. of Stock Options Granted on 4th August, 2012 which are vested but to be exercised on or before 3rd August, 2021. (Exercise Price ₹ 325/- per Stock Option)	No. of Stock Options Exercised as on 31st March, 2018
Dr. Prakash Hebalkar*	10,000	5,000	5,000
Total	**10,000**	**5,000**	**5,000**

* Dr. Prakash Hebalkar ceased to be a director in the category of Non – Executive Independent Director w.e.f. 30th July, 2017.

e. **ESOS-2012:** As of 31st March, 2018, a total of 75,850 Stock Options have been exercised by the grantees at an exercise price of ` 10 per Stock Option, out of which 7,000 Stock Options have been exercised by Ms. Anita Arjundas, Managing Director & CEO and 68,850 Stock Options have been exercised by other grantees under ESOS-2012.

Details of Vesting period is as below:

Year	Entitlement	Vesting Schedule
1	20%	12 months from the date of grant
2	20%	24 months from the date of grant
3	30%	36 months from the date of grant
4	30%	48 months from the date of grant

The Options are to be exercised within a period of five years from the respective dates of vesting.

f. Besides Stock Options, in case of Managing Director & CEO, the performance pay in accordance with 'The Policy for Remuneration of the Directors' is the only component which is performance linked and variable. All other components are fixed.

g. In case of other Directors, Employee Stock Option and Commission are the only components of Remuneration that are performance linked and variable.

h. As per provisions of the Act and SEBI LODR, the Independent Directors are not entitled to fresh grant of any Stock Options.

Shares and Convertible Instruments held by Non-Executive Directors:

The details of the Stock Options granted to the Directors are given under Note (b)(i), (d) and (e) of the previous section on Remuneration Policy.

As on 31st March, 2018, the details of equity shares held by the Directors are as follows:

- Mr. Arun Nanda holds 1,66,212* equity shares in the Company.

  *Out of 1,66,212 Equity Shares, 142 Equity Shares are held jointly with Ms. Neerja Nanda (wife) with Mr. Nanda being the first holder, 750 Equity Shares are held jointly with Ms. Neerja Nanda, Mr. Nanda being the second holder and 437 Equity Shares are held jointly with Mr. Uday Nanda (son) and Ms. Neerja Nanda, Mr. Nanda being the third holder;
- Mr. Shailesh Haribhakti holds 6,342 equity shares in the Company;
- Mr. Bharat Shah, Dr. Anish Shah and Mr. Ameet Hariani do not hold any equity shares in the Company, either on their own or for any other person on a beneficial basis.

7. COMMITTEES OF THE BOARD

Audit Committee

As on 31st March, 2018, the Audit Committee of the Company comprises of two Independent Directors, namely Mr. Shailesh Haribhakti and Mr. Bharat Shah and one Non-Executive Non-Independent Director, Dr. Anish Shah. Consequent to the cessation of Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar, as Independent Directors and as members of the Committee w.e.f. 30th July, 2017, the Committee was re-constituted by the Board vide circular resolution dated 22nd August, 2017 which is effective from 24th August, 2017 by appointing Mr. Bharat Shah in the Audit Committee effective from 24th August, 2017.

At the close of the meeting of the Audit Committee held on 27th April, 2018, Mr. Shailesh Haribhakti resigned as the Chairman of the Audit Committee. Mr. Shailesh Haribhakti continues to be a member of the Audit Committee. The Board at its meeting held on 27th April, 2018, has appointed Mr. Ameet Hariani, Independent Director as a member of the Audit Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management.

The terms of reference of the Committee pursuant to Section 177 of the Act, inter-alia, includes:

- Review and Monitor the auditor's independence, performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The terms of reference of the Committee are also in accordance with the requirements of Regulation 18(3) read with Part C of Schedule II of SEBI LODR which, inter-alia, includes:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of their fees. Approval of payment of fees to statutory auditors for any other services rendered by the Statutory Auditors;
- Evaluation of the internal control systems and risk management system with the management, Internal Auditors and Statutory Auditors;
- Review with the management, the annual financial statements and auditors report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance and other legal requirements concerning financial statements;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Review of Management Discussion and Analysis of financial condition and results of the operations;
- Management letters/letters of internal control weakness issued by Statutory Auditors;
- Review of material Individual Transactions with related parties not in normal course of business or which are not on arm's length basis;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- Review of financial statements and investment of unlisted subsidiary companies.

During the year under review, 1st April, 2017 to 31st March, 2018, eight meetings of the committee were held on the following dates: 22nd April, 2017; 16th May, 2017, 25th July, 2017; 4th September, 2017; 30th October, 2017; 30th January, 2018; 9th March, 2018 and 23rd March, 2018. The maximum gap between any two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee meetings held during the year are as under:

Name of the Director	Status	No. of Audit Committee Meetings	
		Held	Attended
Mr. Sanjiv Kapoor*	Non-Executive Independent	8	3
Mr. Shailesh Haribhakti	Non-Executive Independent	8	8
Dr. Prakash Hebalkar*	Non-Executive Independent	8	2
Mr. Bharat Shah	Non-Executive Independent	8	5
Dr. Anish Shah	Non-Executive Non-Independent	8	8

* ceased to be Independent Director of the Company with from 30th July, 2017 on expiry of their 2nd term of office.

Mr. Sanjiv Kapoor, then Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 25th July, 2017.The Chairman of the Company, the Managing Director & CEO, Chief Financial Officer, the Internal Auditors and Statutory Auditors are invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Stakeholders including Directors and employees and their representative bodies to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of stakeholders including employees and Directors and their representative bodies. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Boards' Report also provides details on the Whistle Blower Policy of the Company and the Policy is available at web link: https://www.mahindralifespaces.com/media/1318/whistle-blower-policy.pdf.

Stakeholders Relationship Committee

As on 31st March, 2018, the Stakeholders Relationship Committee of the Company comprises of Non-Executive Non-Independent Director, Mr. Arun Nanda and Non-Executive Independent Director, Mr. Ameet Hariani. Consequent to the cessation of Dr. Prakash Hebalkar, as Independent Director and as member of the Committee w.e.f. 30th July, 2017, the Committee was re-constituted by the Board at its meeting held on 30th October, 2017 by appointing Mr. Ameet Hariani effective from 30th October, 2017. Mr. Arun Nanda is the Chairman of the Committee. Mr. Suhas Kulkarni, Senior Vice President – Legal & Company Secretary, is the Compliance Officer for the Committee. The Committee's objective is to attend to investors' complaints pertaining to transfers/transmission of shares, non-receipt of dividend/interest, and any other related matter. Mr. Arun Nanda attended the Annual General Meeting of the Company held on 25th July, 2017.

Status of Investors Complaints received during the period 1st April, 2017 to 31st March, 2018:

1	Number of complaints received from the investors comprising non-receipt of dividend, non-receipt of shares lodged for transfer, non-receipt of Annual Report, etc.	60
2	Number of complaints resolved	59
3	Complaints pending as at 31st March, 2018	1*

* The pending complaint was resolved on 19th April, 2018.

Nomination and Remuneration Committee

As on 31st March, 2018, the Nomination and Remuneration Committee of the Company comprises two Independent Directors, Mr. Bharat Shah and Mr. Shailesh Haribhakti and two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah. Mr. Bharat Shah is the Chairman of the Committee. Consequent to the cessation of Mr. Sanjiv Kapoor, as Independent Director w.e.f. 30th July, 2017, the Committee was re-constituted by the Board vide circular resolution dated 22nd August, 2017 effective from 24th August, 2017 by appointing Mr. Bharat Shah effective from 24th August, 2017. During the year under review, the Committee met five times on the following dates: 22nd April, 2017; 25th July, 2017; 4th September, 2017, 30th January, 2018 and 9th March, 2018. All members of the Committee attended all meetings. Mr. Sanjiv Kapoor, then Chairman of the Nomination and Remuneration Committee, was present at the Annual General Meeting of the Company held on 25th July, 2017.

The role of the Nomination and Remuneration Committee, inter-alia, includes:

- To consider appointment, re-appointment, determination of the fixation of the remuneration, revision in the remuneration payable to the Managing Director/Whole-Time Director of the Company from time to time;
- To formulate and administer the Employee Stock Option Scheme ("the Scheme");
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director

and recommending to the Board, a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board, their appointment and removal;
- To attend to such other matters and functions as may be prescribed from time to time;
- Devising a policy on Board Diversity.

Corporate Social Responsibility Committee

As on 31st March, 2018, the Committee comprises of Non-Executive Non-Independent Director Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. Mr. Arun Nanda is the Chairman of the Committee.

During the year under review, the Committee met twice on the following dates: 22nd April, 2017 and 25th July, 2017. All members attended both meetings.

Loans & Investment Committee

As on 31st March, 2018, the Loans & Investment Committee of the Board of the Company comprises of two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah and Non-Executive Independent Director, Mr. Ameet Hariani. Consequent to the cessation of Dr. Prakash Hebalkar, as an Independent Director and as member of the Committee w.e.f. 30th July, 2017, the Committee was re-constituted effective 30th October, 2017 by the Board by appointing Mr. Ameet Hariani, Non-Executive Independent Director on the Committee.

The Committee's objective is to finalise within the parameters set by the Board, the terms on which the borrowings/ investments would be made by the Company from time to time.

Mr. Arun Nanda is the Chairman of the Committee.

Share Transfer and Allotment Committee (earlier known as Share Allotment Committee)

The Board at its meeting held on 31st July, 2014, changed the nomenclature of the existing "Share Allotment Committee" to "Share Transfer and Allotment Committee". The role of the Committee covers the following:

- to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond;
- to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond without insisting on an advertisement or notification being published in the newspaper/ Maharashtra Government Gazette, if the face value of shares involved is not more than ₹ 10,000 and the market value is not more than ₹ 5,00,000;
- to approve in physical mode transfers in excess of 5,000 equity shares per transfer;
- to approve transmission in physical mode of equity shares of a market value exceeding ₹ 5,00,000;
- to allot equity shares arising out of exercise of Stock Options pursuant to the Employee Stock Option Scheme - 2006 (ESOS- 2006) and Employee Stock Option Scheme - 2012 (ESOS - 2012), or any other Employee Stock Option Scheme that may be in vogue from time to time, and allot equity shares/preference shares/securities/convertible instruments as per the terms of any other issue of shares/securities/ convertible instruments as may be approved by the Board/shareholders from time to time.

As on 31st March, 2018, the Committee comprises of two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah and the Managing Director & CEO, Ms. Anita Arjundas.

During the year, the Committee has approved issue of duplicate share certificates cum transfer/transmission of shares through circular resolutions and the Committee has also met once on 24th November, 2017.

Committee for Residential Joint Ventures/Large Format Developments

The Board at its meeting held on 30th October, 2017: a) changed the nomenclature of the Committee for Residential Projects in Joint Venture to **"Committee for investment in residential Joint Ventures/Large Format Developments"**, b) revised the terms of reference of the Committee to include evaluation of investment/ divestment proposals in Large Format Developments, and c) disbanded the Committee for Large Format Developments.

As on 31st March, 2018, the Committee for Residential Joint Ventures/Large Format Developments comprises of Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in Residential projects to be undertaken in Joint Venture and in large format development.

During the year, the Committee met twice on 16th May, 2017 and 23rd March, 2018.

Qualified Institutional Placement (QIP) Committee and Rights Issue Committee - The Board at its meeting held on 30th October, 2017 disbanded both the committees.

Risk Management Committee

The Company already has in place a procedure to inform the Board about the risk assessment and minimization procedures. Presently, in terms of Regulation 21 of the SEBI LODR, the requirement of Risk Management

Committee is not applicable to the Company. However, the Board has constituted Risk Management Committee comprising Directors and Chief Financial Officer of the Company.

As on 31st March, 2018, the Committee comprises of Mr. Shailesh Haribhakti, Independent Director, Ms. Anita Arjundas, Managing Director & CEO and Mr. Jayantt Manmadkar, Chief Financial Officer of the Company. Mr. Shailesh Haribhakti is the Chairman of the Committee. The role of the Committee is to monitor and review the risk assessment, mitigation and risk management plan for the Company from time to time.

8. GENERAL SHAREHOLDER INFORMATION

Nineteenth Annual General Meeting – financial year 2017-18

Day/Date: Monday, 30th July, 2018

Time: 3:00 p.m.

Venue: Y.B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.

Details of Annual/Extra-ordinary General Meetings held during past three years

Year	Date	Time	Venue	Special Resolutions passed
2015	16th AGM, 31st July, 2015	3:00 p.m.	Walchand Hirachand Hall, 4th Floor, Indian Merchant Chamber Building, IMC Marg, Churchgate, Mumbai – 400020	• Appointment of Mr. Shailesh Haribhakti as an Independent Director
				• Appointment of Mr. Sanjiv Kapoor as an Independent Director
				• Appointment of Dr. Prakash Hebalkar as an Independent Director
				• Private placement of Non-Convertible Debentures and/or other Debt Securities upto aggregate of ₹ 750 crore.
				• Commission to Non-Executive Directors
				• Adoption of new set of Articles of Association
				• Material Related Party Transaction
2016	17th AGM, 28th July, 2016	3:00 p.m.	Y. B. Chavan Centre, General Jagannath Bhosle Marg, next to Sachivalaya Gymkhana, Mumbai 400 021	• Private Placement of Non-Convertible Debentures and/or other Debt Securities upto aggregate of ₹ 750 crore;
				• Maintenance of the Register of Members and Related Books at a Place other than the Registered Office of the Company;
				• Alteration of Articles of Association of the Company;
2017	18th AGM, 25th July, 2017	3:00 p.m.	Y. B. Chavan Centre, General Jagannath Bhosle Marg, next to Sachivalaya Gymkhana, Mumbai 400 021	• Private Placement of Non-Convertible Debentures and/or other Debt Securities upto aggregate of ` 750 crore

No Extra-Ordinary General Meeting (EGM) was held during last three years and no special resolution was passed in the previous year through Postal Ballot.

Dates of Book Closure

Saturday, 21st July, 2018 to Monday, 30th July, 2018 (both days inclusive)

Final Dividend Payment Date

Final Dividend, if declared, will be credited/dispatched between 31st July, 2018 to 3rd August, 2018.

Financial Year

The financial year covers the period from 1st April to 31st March.

Financial reporting for 2018-19 (Tentative)

For Quarter ending – 30th June, 2018	By end of July, 2018
For Half Year ending – 30th September, 2018	By end of October, 2018
For Quarter ending – 31st December, 2018	By end of January, 2019
For year ending – 31st March, 2019	By end of April, 2019

9. LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. Series I, II and III of Secured Listed Rated Redeemable 10.78 percent YTM, comprising of 1,250, 1,750 and 2,000 Non-Convertible Debentures (NCDs) with a face value of ₹ 10 lakh each aggregating ₹ 500 crore (Rupees Five hundred crore Only) listed on BSE Limited were redeemed in accordance with the terms of NCDs on 4th April, 2016, 3rd April, 2017 and 4th April, 2018, respectively, along with redemption premium and interest thereon. Listing fees have been paid to the Stock Exchanges for the period up to 31st March, 2019.

The Company's Stock Exchange Codes and address:

Name and Address of the Stock Exchanges	Type of Security/Scrip Code	International Security Identification Number (ISIN)
BSE Limited Piroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	Equity Shares: Scrip Code – 532313	INE813A01018
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	Equity Shares: Scrip Code – MAHLIFE	INE813A01018
BSE Limited Piroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	Non-Convertible Debentures: *Series III - Scrip Code: 949080 Scrip ID: 8MLDL2018C	Non-Convertible Debentures: *Series III – INE813A07031

* Fully redeemed on 4th April, 2018

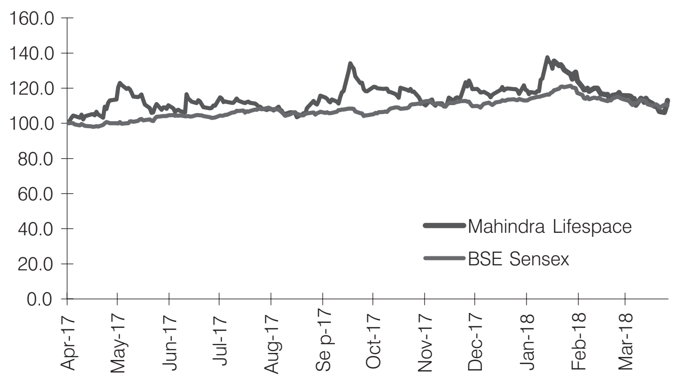
BSE and NSE – Monthly High/Low and Volumes

Year	Month	BSE			NSE		
		High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
2017	April	454.00	388.75	2,77,206	454.20	383.15	17,57,092
2017	May	493.00	410.00	2,84,719	492.80	408.05	14,47,605
2017	June	465.50	412.55	98,850	464.00	411.10	7,82,142
2017	July	452.00	419.50	1,08,851	452.00	419.00	8,37,203
2017	August	446.00	382.30	60,294	445.05	396.55	7,55,047
2017	September	528.10	432.60	1,73,302	530.00	432.00	16,59,086
2017	October	480.00	427.00	77,191	482.00	433.05	7,84,295
2017	November	495.00	415.50	1,35,368	494.25	426.60	13,32,366
2017	December	482.25	445.10	39,504	487.70	445.05	7,74,624
2018	January	563.00	451.10	3,12,023	563.15	451.50	27,03,892
2018	February	512.00	440.50	60,059	512.50	439.55	5,50,177
2018	March	472.00	392.30	65,110	472.65	398.00	5,94,744

Performance in comparison to BSE – Sensex, NSE Nifty, BSE 500 Index and BSE Realty Index

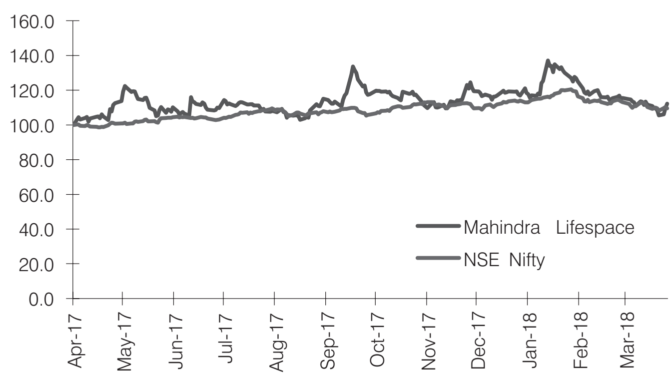
Year	Month	Closing Price on Last Trading Day of the Month				
		MLDL at BSE (₹)	BSE Sensex	NSE Nifty	BSE 500	BSE Realty
2017	April	441.95	29,918.40	9,304.05	12,979.24	1,923.92
2017	May	426.50	31,145.80	9,621.25	13,199.15	1,931.11
2017	June	430.55	30,921.61	9,520.90	13,178.45	2,043.23
2017	July	420.80	32,514.94	10,077.10	13,897.23	2,186.28
2017	August	441.05	31,730.49	9,917.90	13,762.13	2,137.67
2017	September	462.45	31,283.72	9,788.60	13,610.70	2,065.41
2017	October	441.80	33,213.13	10,335.30	14,485.57	2,301.28
2017	November	478.60	33,149.35	10,226.55	14,493.58	2,445.67
2017	December	456.40	34,056.83	10,477.90	15,002.73	2,608.25
2018	January	502.15	35,965.02	11,027.70	15,347.19	2,609.09
2018	February	452.75	34,184.04	10,492.85	14,670.49	2,468.34
2018	March	442.35	32,968.68	10,113.70	14,125.53	2,229.92

Chart A: Mahindra Lifespaces' Share Performance versus BSE Sensex



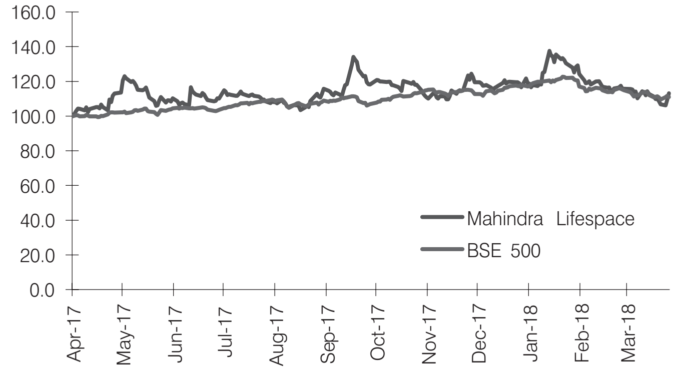
Note: Share price of Mahindra Lifespaces and BSE Sensex have been indexed to 100 on 3rd April, 2017

Chart B: Mahindra Lifespaces' Share Performance versus NSE NIFTY



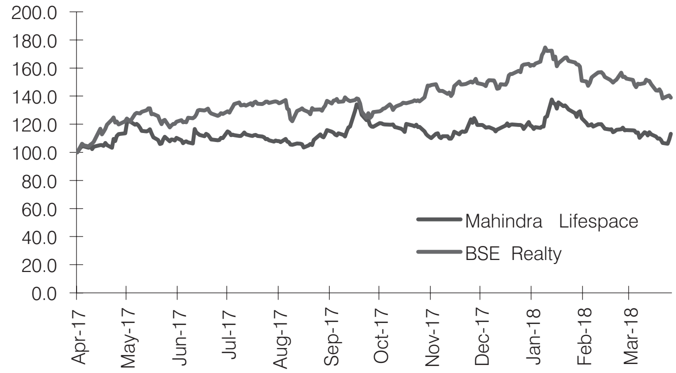
Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 3rd April 2017

Chart C: Mahindra Lifespaces' Share Performance versus BSE 500



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 3rd April, 2017

Chart D: Mahindra Lifespaces' Share Performance versus BSE Realty



Note: Share price of Mahindra Lifespaces and BSE Realty have been indexed to 100 on 3rd April, 2017

Registrar and Share Transfer Agents

Karvy Computershare Private Limited

Corporate Office:

Karvy Selenium, Tower B, Plot Nos. 31-32,

Gachibowli, Financial District,

Nanakramguda, Hyderabad 500 032.

Tel: 91 40-67162222

Email Id: einward.ris@karvy.com

Website: www.karvycomputershare.com

Investor Relation Centre:

Karvy Computershare Private Limited

24 B, Rajabahadur Mansion Ground Floor,

Ambalal Doshi Marg Fort, Mumbai – 400 023

Tel: 022-66235454/412/427

***Debenture Trustees:**

Axis Trustees Services Limited

Ground Floor Axis House, Wadia International Centre

Pandurang Budhkar Marg, Worli Mumbai – 400 025

Phone no. 022 6226 0050/54; Fax:022-43253000

Email: debenturetrustee@axistrustee.com

* All Debentures are fully redeemed by the Company as on 4th April, 2018

Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of documents, provided the documents are valid and complete in all respect. With a view to expedite the process of share transfers, certain officials of the Company have been severally authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer, provided that, the transferee does not hold 1,00,000 or more equity shares. As of date of this Report, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2018

No. of Equity Shares	No. of Share-holders	% of Share-holders	No. of Shares Held	% of Share-holding
1-100	51,882	86.72	12,02,020	2.34
101-200	3,747	6.26	5,47,266	1.07
201-300	1,246	2.08	3,15,995	0.62
301-400	627	1.05	2,23,176	0.43
401-500	499	0.83	2,35,327	0.46
501-1000	926	1.55	6,75,436	1.32
1001-2000	426	0.71	6,00,283	1.17
2001-3000	141	0.24	3,53,050	0.69
3001-4000	73	0.12	2,57,373	0.50
4001-5000	42	0.07	1,95,835	0.38
5001-10000	92	0.15	6,54,346	1.27
10001 & above	124	0.21	4,60,68,031	89.75
Total	**59,825**	**100.00**	**5,13,28,138**	**100.00**

Shareholding Pattern

Category	As on 31st March, 2018		As on 31st March, 2017	
	No. of Equity Shares Held	% of Share-holding	No. of Equity Shares Held	% of Share-holding
Promoter's and Promoter Group	2,64,39,850	51.51	2,08,46,126	50.78
Insurance Companies, Banks and Financial Institutions	17,349	0.03	13,567	0.03
UTI and Mutual Funds	15,93,464	3.10	912,235	2.22
FIIs	1,16,12,473	22.62	9,944,506	24.22

Category	As on 31st March, 2018		As on 31st March, 2017	
	No. of Equity Shares Held	% of Share-holding	No. of Equity Shares Held	% of Share-holding
NRIs/OCB	3,89,259	0.76	329,835	0.80
Bank of New York Mellon (for GDR Holders)	44,770	0.09	44,770	0.11
Domestic Companies	32,16,839	6.27	2,800,460	6.82
Trust	10,713	0.02	9,663	0.02
Resident Individuals	71,52,784	13.94	5,650,735	13.76
Others – Clearing members	75,698	0.15	59,139	0.14
Others HUF	6,42,780	1.25	442,514	1.08
Others - IEPF	1,32,159	0.26	–	–
Total	**513,28,138**	**100**	**41,053,550**	**100.00**

Dematerialisation of Shares

As of 31st March, 2018, 5,08,51,367 shares (99.07% of total paid-up equity capital) were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. Requests for dematerialisation of shares are generally processed and confirmed within 7 days.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

As of 31st March, 2018, outstanding GDR's represent 44,770 equity shares. Since the underlying equity shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the equity share capital of the Company.

Mahindra Lifespace Developers Limited - Unclaimed

Suspense Account

The unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. The Company had sent three reminder letters to such shareholders whose share certificates returned undelivered and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details, etc. registered with the Company to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company has in March, 2014 transferred 49,854 of such unclaimed shares to the "Mahindra Lifespace Developers Limited – Unclaimed Suspense Account". Any corporate benefits in terms of securities accruing on such shares viz. bonus shares, split, etc., are being and will be credited to such Demat Suspense Account. The Suspense Account is held by the Company on behalf of the allottees who are entitled to the shares and the shares held in such Suspense Account shall not be transferred in any manner whatsoever except for the purpose of allotting/delivering the shares as and when the shareholders approach the Company. The voting rights on such shares shall remain frozen till the rightful owner claims the shares. As and when the allottee approaches the Company, the Company credits the shares lying in the Suspense Account to the demat account of the allottee to the extent of the allottee's entitlement, after proper verification of the identity of the allottee.

Details as of 31st March, 2018:

1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (Shares being credited to the Suspense Account)	Number of shareholders: 3,135 Outstanding shares: 49,091
2	Pursuant to the Rights issue of the Company, shares allotted under the issue which could not be credited due to mismatch in shareholder details and lying in Rights pool A/c were transferred to the suspense account. Number of shareholders and the corresponding shares transferred during the year in the suspense account	Number of transfers to the account :123 No. of shares: 11,879
3	Number of shareholders who approached the issuer for transfer of shares from suspense account during the year	No. of requests : 88[1] No. of shares : 11,651
4	Number of shareholders to whom shares were transferred from suspense account during the year	No. of transfers from the account : 81[2] No. of shares : 11,511
5	Number of shares and the corresponding no. of shareholders whose shares were transferred from the suspense account to Investor Education and Protection Fund in terms of Investor Education & Protection fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	No. of transfers from the account: 2,494 No. of shares : 34,579
6	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	Number of shareholders: 683 Outstanding shares: 14,880

[1] Out of total 88 requests representing 11,651 shares, 84 requests representing 11,593 shares pertains to Rights Pool A/C.

[2] Out of total 81 transfers representing 11,511 shares, 79 transfers representing 11,451 shares pertains to Rights Pool A/C.

Address for Correspondence

Registered Office & Corporate Office

Mahindra Lifespace Developers Limited

CIN: L45200MH1999PLC118949

5th Floor, Mahindra Towers, Worli, Mumbai 400 018

Tel: 022- 67478600/67478601

Shareholders may correspond with the Company at its Registered Office and /or with the Registrars and Share Transfer Agent, **Karvy Computershare Private Limited** at 24 B, Rajabahadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai 400 023. Tel: 022-66235454/412/427 Email Id: einward.ris@karvy.com.

Compliance Officer

Mr. Suhas Kulkarni, Company Secretary

Mahindra Lifespace Developers Limited

5th Floor, Mahindra Towers,

Worli, Mumbai 400 018

Tel: 022-67478600/67478601

Fax: 022-24975084

E-mail: kulkarni.suhas2@mahindra.com

Company's investor email ID

investor.mldl@mahindra.com

Company's website

www.mahindralifespaces.com

10. DISCLOSURE OF ACCOUNTING TREATMENT

The standalone and consolidated financial statements for 2017-18 have been prepared in accordance with applicable Indian Accounting Standards (INDAS) issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013 and the Rules framed thereunder.

11. RELATED PARTY TRANSACTIONS

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy has been uploaded on the website of the Company and is available at the link: https://www.mahindralifespaces.com/media/1322/policy-on-materiality-of-and-dealing-with-related-party-transactions.pdf

All related party transactions are entered with prior approval of the Audit Committee. During 2017-18, there were no materially significant related party transactions entered between the Company and its Promoters, Directors or Key Managerial Personnel, Senior Management, or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 36 to Annual Accounts.

12. COMPLIANCE WITH MANDATORY REQUIREMENTS

As of 31st March, 2018, the Company was fully compliant with all applicable mandatory requirements of the provisions of SEBI LODR.

13. NON-MANDATORY REQUIREMENTS

The status of compliance with non-mandatory recommendations of Part E of Schedule II of SEBI LODR is provided below:

- Non-Executive Chairman's Office: The Company at its expense partially maintains office of the Non-Executive Chairman of the Company and reimburses expenses incurred in performance of his duties.
- Shareholders' Rights: As the quarterly and half yearly, financial performance and summary of significant events in last six-months are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
- Audit Qualifications: The Company's financial statement for 2017-18 does not contain any audit qualification.
- Separate posts of Chairman and CEO: The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report (MDA) has been attached to the Board's Report and forms part of this Annual Report.

15. OTHER DISCLOSURES

Details of Non-compliance relating to Capital Markets during the past 3 years:

The Company has complied with all requirements of Regulatory Authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market since the listing of the Company's equity shares. The Company has also complied with the requirements of Corporate Governance Report of sub paras (2) to (10) mentioned in Para C of Schedule V of SEBI LODR and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI LODR at the respective places in this report.

Code for Prevention of Insider Trading Practices

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, on 30th April, 2014 approved the "Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons" and "Code for Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" ("these Codes") which are effective from 15th May, 2015. The Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons was further modified to align with the amendments/clarifications to the Regulations. These Codes lays down guidelines and procedures to be followed and disclosures to be made while dealing with shares of the Company and caution about the consequences of violations. These Codes have been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional roles in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable.

Risk Assessment and Minimization

The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, in terms of Regulation 21 of SEBI LODR, the requirement of Risk Management Committee is not applicable to the Company. However, the Board has constituted Risk Management Committee comprising of two Directors and the Chief Financial Officer, for monitoring and reviewing risk assessment, mitigation and risk management plan from time to time. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

In compliance with the Reserve Bank of India guidelines, the Company proactively manages foreign exchange risk to protect value of exposures, if any, with an objective to manage financial statement volatility. Currently, the Company is only an importer and has in place appropriate risk hedging strategy. Foreign exchange exposures are periodically reviewed and if necessary, hedged while avoiding trading and speculative positions. The Board periodically reviews foreign exchange exposure, if any, and hedges undertaken by the Company.

Material Non-Listed Subsidiary Company

The Company has formulated a "Policy for determining Material Subsidiaries" and such policy is uploaded on the Company's website and a web link for the same is: https://www.mahindralifespaces.com/media/1323/policy-for-determining-material-subsidiaries.pdf

Till 31st March, 2018, Mahindra World City Developers Limited and Mahindra Homes Private Limited were material non-listed subsidiary companies under Regulation 16(c) of SEBI LODR read with the Company's 'Policy for determining material subsidiaries'. Effective 1st April, 2018, Mahindra World City (Jaipur) Limited and Mahindra Homes Private Limited are the only 'material non-listed subsidiary companies' in terms of Regulation 16(c) of SEBI LODR read with the Company's 'Policy for determining material subsidiaries'

The Audit Committee of the Company periodically reviews the financial statements of subsidiary companies and in particular, the investments made by the unlisted subsidiary company. The management periodically brings to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any, entered into by the unlisted subsidiary company.

Means of Communication

During the financial year 2017-18, the quarterly, half-yearly and yearly results were published in the Economics Times (English newspaper) and Maharashtra Times (Marathi newspaper) within prescribed timelines. The Company also informs stock exchanges in a prompt manner, about all price sensitive information or such other matters which in its opinion, are material and relevant to the shareholders and subsequently issues a press release on the said matters.

Further, the Company has also been complying with the listing requirement for filing of its financial results with BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company's results, earnings call transcripts, corporate and investor presentations, news and press releases are displayed on the Company's website www.mahindralifespaces.com

Declaration on Codes of Conduct

As required by Regulation 34(3) read with Schedule V(D) of SEBI LODR, the Declaration on Codes of Conduct is given below:

To,

The Members

Mahindra Lifespace Developers Limited

I, Anita Arjundas, Managing Director & Chief Executive Officer (Managing Director w.e.f. 1st April, 2018) of the Company declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Codes of Conduct of Board of Directors and Senior Management for the year ended 31st March, 2018.

For and on behalf of the Board,
For **Mahindra Lifespace Developers Limited**

Anita Arjundas
Managing Director
(DIN: 00243215)

Mumbai, 27th April, 2018

Auditor's Certificate on Corporate Governance

REF: KGV/2018-19/012

To the members of
Mahindra Lifespace Developers Limited
Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter reference no. KGV/2017-18/36 dated 11 September, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Mahindra Lifespace Developers Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2018.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Mumbai, 27th April, 2018

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L45200MH1999PLC118949
2. Name of the Company : Mahindra Lifespace Developers Ltd.
3. Registered address : Mahindra Towers, 5th floor,

   Worli, Mumbai - 400018
4. Website : www.mahindralifespaces.com
5. E-mail id : investor.mldl@mahindra.com
6. Financial Year reported : 1st April 2017 - 31st March 2018
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Description	Industrial Activity Code		
	Group	Class	Sub-class
Construction of Buildings	410	4100	41001

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
   1. Residential Projects (including affordable housing)
   2. Integrated Cities (including industrial clusters)
9. Total number of locations where business activity is undertaken by the Company:
   i. Number of International Locations: NIL. However, the Company has a representative office in Dubai.

   ii. Number of National Locations:

   Manufacturing Locations - Nil

   Corporate Offices: 1

   Area Offices (including branch and project offices of Mahindra Lifespace Developers Limited and its subsidiaries): 18 -MMR (5), Pune, Nagpur, Delhi, Gurgaon, Bengaluru, Hyderabad, Chennai (5) and Jaipur (2)
10. Markets served by the Company - Local/State/National

   i. Residential Projects (including affordable housing): MMR, Pune, Nagpur, Gurgaon, Bengaluru, Hyderabad, Chennai

   ii. Integrated Cities (including Industrial clusters): Chennai, Jaipur and Ahmedabad

Section B: Financial Details of the Company

1. Paid-up Capital (₹) : 5,133 Lakh*
2. Total Turnover (₹) : 55,722 Lakh*
3. Total profit after taxes (₹) : 5,312 Lakh*

* standalone financial statement as per Indian Accounting Standards (INDAS) as of 31st March 2018

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): ₹ 291.89 lakh i.e. 5.5 percent of the current year net profit. The CSR spend by the Company together with those of its subsidiaries and JV companies works out to ₹ 504 lakh. The details of the CSR expenditure dealt with subsequently in this report includes the activities done and the expenditure incurred by the Company, its subsidiaries and JV companies.
5. List of activities in which expenditure in 4 above has been incurred: Expenditure has been incurred in the following categories:

   a. Environment - Mahindra TERI Centre of Excellence (CoE) for sustainable habitats, 'Hariyali' Tree plantation, 'Green Army' school activation programme on adoption of sustainable lifestyles;

   b. Health - Health check-up camps, cleanliness drives;

   c. Education - 'Nanhi Kali' girl child education by K. C. Mahindra Trust, 'Gyandeep' school for children of construction workers / neighbouring village children, school infrastructure upgradation in village communities and;

   d. Community development - Local infrastructure projects such as provision of street lights, toilets, construction of community centre, development of roads in the neighbourhood areas.

   (The details are covered in Principle 8)

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes. The Company has 18 subsidiary companies as on 31st March 2018 (as per Companies Act)

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s):**

   Yes. The operations and initiatives of Mahindra Lifespaces, including relevant subsidiaries, have been included in the annual Mahindra Group Sustainability Report since 2007-

2008. In addition, every year the Company releases a stand-alone Sustainability Report in accordance with the GRI framework which is externally assured. The scope of this report is defined each year. The report explores how the Company fulfils stakeholder and environment responsibilities through a combination of long-term strategy, robust processes and motivated people. For the fiscal year 2017-2018, 7 subsidiaries have been included in the scope of the Sustainability Report viz. Mahindra Bebanco Developers Ltd., Mahindra Homes Private Ltd., Mahindra Residential Developers Ltd., Mahindra Integrated Township Ltd., Mahindra Water Utilities Limited, Mahindra World City Developers Ltd. and Mahindra World City (Jaipur) Ltd. These 7 companies, together with Mahindra Lifespaces represent a major part of the Company's operations and profits.

3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company has a long-standing relationship with its contractors and suppliers. It engages a major supplier base (around 30 percent) through Annual Suppliers Meet by conducting awareness sessions on sustainability, which in turn helps in creating a sustainable supply chain. Extending the green procurement strategies to its 1st and 2nd tier suppliers and vendors, the Company has developed a Green Supply Chain Management Policy (GSCM), broadly covering the following aspects:

1. Preference is given to service providers who ensure compliance to applicable legal and other requirements which have a significant impact on health, safety and environment;
2. Preference is given to Locally-based suppliers;
3. Preference is given to purchases from sources which are low-polluting and/or use clean technology and;
4. Preference for vendors who take the waste or scrap materials from project sites and recycle them to manufacture new life products.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a. Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number : 00243215
- Name : Ms. Anita Arjundas
- Designation : Managing Director & CEO (as on 31st March, 2018)

b. Details of the BR Head

Sr. No.	Particulars	Details
1	DIN Number (If applicable)	Not Applicable
2	Name	Mr. Suhas Kulkarni
3	Designation	Senior Vice President - Legal & Company Secretary
4	Telephone Number	+91 22 6747 8600
5	e-mail ID	Kulkarni.suhas2@mahindra.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The Business Responsibility Policy (BR Policy) addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by the Board, is in place. This policy is operationalised and supported by various other policies, guidelines and manuals:

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3: Businesses should promote the well-being of all employees

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5: Businesses should respect and promote human rights

P6: Business should respect, protect and make efforts to restore the environment

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8: Businesses should support inclusive growth and equitable development

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of Compliances:

Sr. No.	Questions	P1: Ethics and Transparency	P2: Product Responsibility	P3: Wellbeing of Employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public Policy Advocacy	P8: Support Inclusive Growth	P9: Engagement with Customers
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y Note 1
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	N Note 2	Y Note 1
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y Note 1
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/ CEO/appropriate Board Director?	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	NA	Y Note 3	Y Note 1
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y Note 1
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	NA	Y	Y Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y Note 1
8	Does the Company have an in-house structure to implement the policy/policies?	Y Note 4	Y	Y	Y	Y	Y	NA	Y	Y Note 1
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	N Note 5	Y	NA	Y	Y Note 1
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N Note 6	Y	Y	N Note 6	Y	Y	N Note 6	N Note 6	Y Note 1

- Note 1 - The Company does not have a separate policy for engagements with customers, however, it has standard operating procedures (SOPs) in place for customer engagements.
- Note 2 - While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period by taking inputs and feedbacks from relevant stakeholders from time to time.
- Note 3 - These policies have been signed by President of the Real Estate Sector, Ms. Anita Arjundas who is also the Managing Director & CEO of the Company. The Code of Conduct for Directors, Senior Management and Employees is approved by the Board.

- Note 4 - It has been the Company's practice to upload all policies on its intranet for the information of and the implementation by all internal stakeholders. The Code of Conduct for Directors and the Code of Conduct for senior management and employees (referred to as Associates at MLDL) is also available online on the Company's website http://www.mahindralifespaces.com
- Note 5 - There is no specific grievance redressal mechanism for Human Rights, however, the Code of Conduct and Human Resources Policies currently address the Human Rights aspects.
- Note 6 - While the Company has not carried out an independent audit of the policies; there is a limited assurance by an external agency for the Sustainability report (GRI G4 guidelines). The execution of the policies is through processes and systems, which are internally audited. Additionally, the Company has Integrated Management System ISO 9001, ISO 14001 and OHSAS 18001 certifications.

3. **Governance Related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 Year:**

  The CSR and the sustainability performance of the Company gets presented to the board every 6 months. The Executive Council (EC) meeting that takes place every quarter, also assesses the performance of the Company. The Managing Director & CEO is part of both the reviews.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?**

  Mahindra Lifespace Developers Limited's sustainability report is published annually in accordance with the GRI framework. Sustainability reports of financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 are accessible through the Company website https://www.mahindralifespaces.com/about/sustainable-urbanisation/business-responsibility

  Mahindra Group Sustainability Report (of which Mahindra Lifespaces is also a part of) is published annually as per the GRI framework. All Sustainability Reports from 2007-08 till 2016-17 are accessible on Mahindra & Mahindra website http://www.mahindra.com/about-us/sustainability

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Ethics, transparency and accountability are the three pillars that build a successful and sustainable business. The Company has put in place comprehensive governance structures based on its core values to ensure that all associates observe the highest standards of ethical conduct and integrity.

Code of Conduct

The Company has defined the Code of Conduct for Directors as well as the Code of Conduct for senior management and associates of the Company that covers issues related to ethics, bribery, etc. The Code of Conduct for senior management and associates also covers all dealings with suppliers, customers and other business partners including joint venture partners and other stakeholders.

Stakeholder Complaints

10,481 customer complaints were received during the reporting year; of which around 75 percent were minor in nature. Ninety - nine percent of the complaints were resolved and closed during the year.

During the reporting year, 60 investor complaints were received from the shareholders, of which 59 were resolved as on 31st March, 2018 and 1 was resolved on 19th April, 2018.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Customer delight is every company's desire, but good companies also strive for the safety and sustainability of their products and services. Mahindra Lifespaces ensures that its product portfolio not only serves customer aspirations but is also aligned with community goals and environmental objectives. The focus of its operations is on:

- Residential Projects (Mahindra Lifespaces and Happinest)
- Integrated Cities and Industrial Clusters (Mahindra World City and Origins)

Residential projects

At Mahindra Lifespaces, the Company has institutionalised an integrated systemic approach that straddles all three stages of a building's life cycle to yield maximum resource savings.

Design stage	Construction stage	Occupancy stage
• Creating blueprints that encourage green living and manage the complex cause and effect relationships in resource efficiency • Selection of resource efficient materials as part of the structure, fixtures and fittings as well as in site infrastructure	• Use of resource efficient equipment and procedures in the construction stage • Reuse of construction waste to minimize waste management and fresh consumption	• Creating awareness among customers on the use of green buildings • Generating savings for customers through energy and water efficiency

The Company continued building quality residential spaces, by flagging off new phases in the existing projects like Antheia, Happinest-Boisar, Aqualily, Windchimes, etc. and designing / launching new projects with green features like:

Health-friendly indoors | Energy-efficient lighting | Water-efficient plumbing fixtures |Alternative building materials | Sustainable location | Rainwater harvesting | Water recycling and re-use | Organic waste treatment | Energy-efficient building envelope | Efficient daylighting and ventilation

Integrated Cities and Industrial Clusters*

Operational energy efficiency for utilities (horizontal infrastructure includes Water Supply, Sewage Treatment Plant and Street Lighting) is also an important component of the energy impact reduction strategy. The following energy efficient strategies have been implemented in these developments:

- Energy efficient pumps and motors (including Class 1 motors, implementation of vertical in-line pumps and hydro-pneumatic water distribution systems).
- Dedicated use of LED energy efficient lamps for all street lighting. Street lighting fixtures have been fitted with timer based automatic control systems.
- Water supply and treatment pumping system provided with variable speed drive to conserve energy at part load.
- Ground water recharge mechanism through rain water harvesting is an effective tool to counter the rapid decline in ground water levels, and improve water supply and quality, for neighbouring communities
- An in-house Sewage Treatment Plant (STP) and a Tertiary Treatment Plant (TTP), ensuring that the waste water generated within the project is internally recycled and treated. The treated water is used to meet the requirements of flushing, cooling, irrigation (on-site landscaping) and other non-potable uses within the site.
- Ensuring effective waste segregation on site and conversion of biodegradable waste into biofuel and compost.

* these strategies have been planned for the industrial clusters as well and will be executed as per the stages of its development.

Performance

The performance during construction is appended below, which is as reported in the Mahindra Lifespaces Sustainability Report for FY 2016-17 and FY 2017-18 (will be released shortly):

Resource Use	Division	Unit of Measurement	2016-17	2017-18
Specific Energy Consumption	Mahindra Lifespaces	GJ/square feet area developed	0.025	0.016
	Mahindra World Cities	GJ/acre of land developed/maintained	15.998	15.457
Greenhouse Gas Emissions	Mahindra Lifespaces	tCO_2e/square feet of area developed	0.001	0.0009
(Scope I)	Mahindra World Cities	tCO_2e/acre of land developed/ maintained	0.117	0.114
Greenhouse Gas Emissions	Mahindra Lifespaces	tCO_2e/square feet of area developed	0.001	0.001
(Scope II)	Mahindra World Cities	tCO_2e/acre of land developed/ maintained	3.284	3.17
Specific Water Consumption	Mahindra Lifespaces	m^3/square feet of area developed	0.248	0.15
	Mahindra World Cities	m^3/acre of land developed/maintained	857.388	889.709

Sustainable Sourcing (including transportation)

We involve our suppliers and vendors on a consistent basis through supplier meets, to actualise the commitment to sustainable sourcing. A Green Supply Chain Management Policy is in place.

Green Supply Chain Management (GSCM) Policy: The policy has been shared with suppliers to improve their awareness about legal compliances, enhance environmental efficiencies and ensure health & safety initiatives by the suppliers.

Local sourcing: The Company procures goods and services from producers through the GSCM policy, and encourage those suppliers who:

- ensure compliance to applicable legal and other requirements which have a significant impact on health, safety and environment;
- are locally-based suppliers to minimise environmental impact;
- are low on pollution and/or use clean technology and;
- take the waste or scrap materials from project sites and recycle them to manufacture new life products

50 percent of the total building materials (by cost) procured by the Company is within a 400 km radius. This data is captured for every project and the percentage varies as per the green rating (for e.g., the total building materials procured within a 400km radius goes up to 75 percent in the case of platinum rated buildings).

During the reporting year, the company conducted Suppliers and Contractors Meet in the western region engaging its key stakeholders. Over 80 companies participated in the meet with the objective of building sustainable supply chains based on the Environment, Social and Governance (ESG) framework.

Reduction in Pollution…reduction of DG Emissions

Background: Threat of air pollution is a real and grave issue:

- 4th leading cause of death globally
- 88 percent of these deaths occur in developing nations
- Every third child in New Delhi has reduced lung function

  PM (Particulate Matter) 10, PM 2.5 are the key culprits of ambient air pollution and are responsible for major health scares
- Respiratory diseases including Asthma and Chronic Obstructive Pulmonary Disease
- Cardiovascular diseases including Stroke and Ischemic Heart Disease
- Cancer - PM 2.5 is a Class I carcinogen (WHO)
- Pre-term births - 18 percent higher likelihood

The global warming potential of PM is ~ 460 times that of CO_2

Diesel Generators that are used for power backup are a major contributor to PM2.5 in metropolitan cities - ~9 percent of PM2.5 in Chennai is from Diesel Generators.

The team brainstormed and evaluated various alternatives and came across "Chakr shield" which is a retrofit on the existing DGs to capture emissions without adverse impact. Chakr's technology met the Company's sustainability objectives and the same was installed in its DG system as a Pilot.

Methodology

Step 1: Cools the exhaust in an optimal manner to cause rapid agglomeration of soot particles

Step 2: Captures the soot particles by slowly passing the exhaust gases through contours and meshes while interacting with a solution

Step 3: Continuously cleans the meshes and contours in real time, collecting soot at the bottom in a collection bin which can be reused as branding ink

Impact on Business

Before installing Chakr Shield – PM was at 68.7

Sr. No.	Parameters	Method	Units	Results	TNPCB Limits
1	Particulate Matters (PM)	IS 11255 PART 1 1985	mg/ Nm^3	68.7	150

After installing Chakr Shield – PM is at 9.3

Sr. No.	Parameters	Method	Units	Results	TNPCB Limits
1	Particulate Matters (PM)	IS 11255 PART 1 1985	mg/ Nm^3	9.3	150

Adoption of the technology saw an 86 percent reduction in the PM. It is proposed to deploy the same across all DGs in a phased manner during 2018 - 19.

Principle 3: Businesses should promote the well-being of all employees

Employees who feel truly cared for are the key to a sustainable business. We believe they are our first customers. Our associates (that's what we call our employees) are encouraged to think independently, develop leadership skills and explore innovative ideas. We strive to foster a diverse workplace in which a wide range of individual perspectives makes us better as a whole.

Although, there are no employee associations recognised by the management, a comprehensive HR policy covers all facets of talent management. Based on the feedback received from associates, the HR policy evolves consistently.

Equal opportunity employer

Merit is the only condition to work and grow at Mahindra Lifespaces and the Company does not discriminate on the basis of caste, gender, race, religion or any other classification.

Details of Complaints:

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

Safety

Safety doesn't happen by accident. The Company continuously provides safety training to all its associates including contractual associates and considers safety as one of its topmost priorities.

- Permanent Associates: 100 percent (Safety induction training given to all associates*)
- Contract/ Casual/ Temporary Associates: 100 percent (Safety induction training given to all associates*)

* Associates includes male, female and differently abled

Skill upgradation

In order to keep abreast with rapid technological changes, associates need to keep learning throughout their careers. The Company invests in staying ahead on the learning curve with knowledge enablement and capability development. Some of the key elements of learning and development includes self-development platforms, high value learning programmes and digital learning platforms.

- Permanent Associates: An average of 24 hours per person of job specific and skill upgradation training has been imparted to associates
- Contract/Casual/Temporary Associates: 124 workmen were certified by National Skill Development Council (NSDC) based on Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 2.0 framework, under the Company's skill upgradation initiative 'Parivartan'.

Employee data

- Total number of Permanent Associates: As of 31st March 2018, the Company together with its subsidiaries and JV companies had 436 associates on rolls. (includes Fixed Term Contract + Third Party Contract associates)
- Total number of Contractual/Casual/Temporary associates: 4,168 workmen were employed across sites by contractors (Contractual labourers on site hired by contractor)
- Number of permanent women associates: 78 associates on rolls (includes Fixed Term Contract+Third Party Contract associates)
- Number of permanent employees with disabilities: 1

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

All stakeholders, major or minor, affect or are affected by the decisions of a Company. At Mahindra Lifespaces, the Company informs, consults and involves stakeholders so that the Company is better planned and has responsible policies, projects, programmes and services.

The Company has mapped its internal as well as external stakeholders through materiality mapping, including the disadvantaged, vulnerable and marginalised stakeholders. Engaging with its stakeholders on a consistent basis leads to better understanding of its priorities. Hence, the Company conducts the materiality mapping once every two years to help validate its prioritisation and alignment with the Company's sustainability agenda and roadmap. The Company also conducted a few years back, a social impact assessment on a pilot basis for its integrated cities business to understand and map its footprint impact on various segments of stakeholders including villagers and the neighbouring community so as to develop and use the same as a blueprint for its CSR initiatives in the short and long term.

In addition, the Company has also undertaken community development initiatives, the details of which are given in answers under Principle 8.

Principle 5: Businesses should respect and promote human rights

Human rights form the foundation of a fair society. Fundamental in nature and applicable universally, they require the rule of law as well as the empathy to understand the dignity of every human being. The Company adheres to this principle regardless of the status of any person, be it nation, location, language, religion, ethnic origin or any other form of classification.

Testimony to the Company's commitment are the policies and processes which are in place to implement and uphold human rights - Code of Conduct, CSR Policy, Prevention of Sexual Harassment Policy and Business Responsibility Policy, which covers all facets of human rights.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

With a burgeoning population and scarcity of natural resources, it has become imperative to use natural resources carefully, minimise damage to the environment, and ensure that these resources are available for the future generations. At Mahindra Lifespaces, environmental responsibility encompasses the entire gamut of our operations.

The Company's endeavour is to leverage urbanisation to accelerate progress, to trigger and cascade inclusive growth, and to ensure that both are done with minimal impact on the environment. In this regard, the Company has taken several steps to address environmental issues such as resource depletion, waste management, climate change, etc.

Responsible Urbanisation - Urboonisation

Urboonisation has helped the Company understand and cater to the needs of not just the affluent or large corporates, but also those of the aspiring middle and lower income segments. The Company continues to spearhead Urboonisation as an act of business responsibility as well as environmental stewardship.

Sustainability roadmap 2020

The Company has delineated a sustainability roadmap 2020, which is aligned with the National Action Plan on Climate Change (NAPCC). It includes all facets of environmental stewardship. For more details, please refer the link https://www.mahindralifespaces.com/about/sustainable-urbanisation

Green Design

Green architecture or green design is Mahindra Lifespaces' approach to development that minimises harmful effects on human health and the environment. With this aim in mind, we attempt to safeguard air, water and earth by choosing eco-friendly building materials and construction practices. We are committed to design and construct buildings, which are green across their lifecycle - from construction to use to end-of-life.

Some of the features of green design include:

- Energy-efficient lighting
- Water-efficient plumbing fixtures
- Alternative building materials
- Sustainable location
- Rainwater harvesting
- Water recycling and reuse
- Organic waste treatment
- Energy-efficient building envelope
- Efficient daylighting and ventilation

Mahindra TERI Centre of Excellence (COE)

With a view to improve energy efficiency in India's residential buildings sector, Mahindra Lifespaces and The Energy and Resources Institute (TERI) announced the creation of a Centre of Excellence (CoE). **The 'Mahindra TERI CoE for Sustainable Habitats' will evaluate both traditional and innovative technologies and alternative materials customized for the Indian buildings sector and climate zones to create viable, scalable, market-ready and affordable solutions.**

The Centre will bring much needed, validated knowledge about better performing materials and processes to mainstream green buildings in the country. The key focus areas of the CoE include energy and water efficiency and use of low cost green materials. Another important intended outcome of the research efforts of the CoE is to address the existing gap in available statistical datasets relevant to the Indian residential buildings sector. The research output from the CoE will be disseminated to multiple stakeholder communities via conferences, workshops, academic courses, reports, journal archives and webinars, amongst other mediums. Wider industry participation and contribution will be sought to increase capacity and reach. The CoE is located at TERI's Gual Pahari campus near Gurgaon, with research initiatives split into modules based on priority and scale.

During the year, the CoE's vision and objectives were set out, and research areas were identified. Work on the physical location of the CoE and on two modules of research activity were also initiated during the year.

Sustainable Housing Leadership Consortium (SHLC)

Mahindra Lifespaces became one of the five founding members of SHLC - a new consortium established in 2016-17 as a CEO-led think tank. Convened by International Finance Corporation (IFC), it aims to develop a low carbon roadmap for the housing industry which would also contribute towards the achievement of India's climate change goals. The key motivation is to mainstream sustainability in India's urban housing sector and support the transition to a low-carbon economy.

The objectives set for the consortium are:

- To make 100 percent of own housing portfolio sustainable by 2022 as evidenced by appropriate green building certification(s)
- To achieve 20 percent reduction in incremental variable costs for sustainable housing construction to further improve the business case for green buildings
- To provide leadership and advocacy for broader industry and government policy actions that aim to make 20 percent of India's new multi-family housing construction sustainable by 2022

During the year, SHLC identified and worked on the following four levers to enable the objectives:

Policy lever: to conduct a review of the policy landscape in India as well as globally, draw from best practices, and propose two-three key policy approaches to the government for incentivising the delivery of sustainable housing in India.

Technology lever: a comprehensive list of technologies has been identified (market ready, scalable, viable and sustainable) to help further enhance the business case for sustainable housing. The analysis of the shortlisted technologies that could be scaled up for reducing the incremental cost of building green will be completed in the next reporting year.

Consumer awareness: conducted a first-of-its-kind post occupancy evaluation (POE) of housing projects to understand the performance of green-certified projects and occupant perception. A nationwide multi-media consumer awareness campaign has also been designed to educate the Indian homebuyer about the benefits of buying green, which will be released in the next reporting year.

In addition to its approaches and initiatives, Mahindra Lifespaces also participated in the annual Clean Energy Ministerial (CEM8) in Beijing, China, and the Roundtable on 'Leveraging City-Scale Building Efficiency Action'.

The emissions/waste generated by the Company are within the permissible limits given by Central Pollution Control Board (CPCB)/ State Pollution Control Board (SPCB) for the financial year being reported. No show cause or legal notices were received from CPCB/SPCB, or that were pending as on 31st March 2018.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Regulations and policies affects the way a Company conducts its business. As pioneers of green design and healthy living, the Company engages with other like-minded organisations to espouse the philosophy of sustainable urbanisation. The Company also learns from and share its expertise with various bodies to improve the quality of urban living. The Company engages with many industry bodies, some of which include:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Maharashtra Chamber of Housing Industry (MCHI)
- Indian Green Building Council (IGBC)
- India Business and Biodiversity Initiative (IBBI)

The Company undertakes need-based advocacy on issues pertaining to the industry, for the advancement of public good through its membership in relevant industry bodies.

Principle 8: Businesses should support inclusive growth and equitable development

Sustainable growth is accomplished by a combination of economic and equitable development, where economic progress lifts communities, which in turn feeds the economy. Mahindra Lifespaces, focusses on developing ecosystems that create a positive impact on the communities around its developments and drive interventions that positively influence society at large.

A total commitment/contribution of ₹ 601.17 lakh* was made in FY 2017-18 by the Company, its subsidiaries and JV companies towards CSR initiatives. This included community programmes and social interventions addressing key focus areas:

- Education: ₹ 299.67 lakh
- Environment: ₹ 213 lakh*
- Health: ₹ 67.90 lakh
- Community Development: ₹ 12.31 lakh
- Skill Development: ₹ 8.29 lakh

* Includes ₹ 97.20 Lakh earmarked for 'Mahindra TERI Centre of Excellence' that was not spent during the year and is to be utilised in 2018-19.

A snapshot of the Company's community based CSR initiatives under various focus areas is provided below:

- Education
  - o Vocational skill training, Mahindra World City, Jaipur (MWCJ): Till date **1,468 Students** have been trained, of which **300 Students** have been trained in 2017-18. Around 45 percent of the trained youth have been placed in MWCJ and in the campuses of clients at MWCJ.
  - o Self Help Group, Mahindra World City, Jaipur (MWCJ): Till date **1,276 women** have been trained, of which **152 women** have been trained in 2017-18.
- Health
  - o Health check-up camps: 1,750 people from communities around the Company's project sites have undergone health check-up camps including eye, dental and general check-up.
  - o Health and hygiene, Mahindra World City Chennai (MWCC): The project aims to address the health needs as well as encourage a healthy lifestyle and behaviour in the target communities of two gram panchayats near MWCC. It also aims to improve the infrastructure facilities in the Primary Health Centre at one of these villages. A baseline survey was conducted with 300 mothers who had children under the age of 5 yrs. Community-led sessions on sanitation and hygiene were conducted in 10 target communities, and 30 households in the village have been identified for partial support in individual toilet construction.
- Environment
  - o Green Army: Through the Green Army programme, the Company sensitises school children about the environment and how a more sustainable lifestyle can be led. During the year, the Company reached out to 60 schools covering more than 10,000 students and 30,000 citizens (including students' families). Till date, over 160 schools in MMR and Pune district have been covered, touching over 30,000 students and 120,000 citizens.
  - o Mahindra Hariyali: 6,200 saplings were planted during the year across locations (Delhi, Bengaluru, Chennai, Pune, Nagpur and Jaipur).
- Community Development
  - o Blackboards in local schools: With an aim to provide better quality infrastructure within the education space, the Company took the initiative to support a local tribal school in Palghar district, which is currently deprived of basic amenities like benches and blackboards. Multiple schools were visited to do a need assessment and understand the requirements of the tribal schools in the area. This initiative helped open up 12 class rooms that were closed for over 5 years due to lack of infrastructure.

    In addition to investing in resources and expertise, the Company also mobilises employee volunteers known within the Mahindra Group as Esops (Employee Social Opportunities) Volunteers. The Esops Volunteers passionately take part in, as well as lead CSR initiatives. The Company undertakes Impact Assessment Surveys to gauge the impact of its major initiatives.

    The detailed information about the Company's social initiatives will be a part of the Sustainability Report 2017-18. The report will be released shortly on the Company's website.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

All policies and processes finally transform into products for the customer. Mahindra Lifespaces delivers innovative customer-focussed solutions that are rooted in a legacy of trust and transparency. A pioneer of the green homes movement in India, we have been ranked 4th in Asia in our category, in the '2017 GRESB Real Estate ESG (Environmental, Social and Governance) Assessment'. Our customer-centric approach includes being accessible to our customers at all times, through multiple channels of communication and using customer feedback and inputs to improve on our products and services.

Customer satisfaction surveys are also carried out by external agencies, like the 'Customer Satisfaction Study' conducted through IMRB International. Quick resolution of customer complaints is given top priority. The percentage of customer complaints and consumer cases pending as of 31st March 2018 is 1% and 86.96% respectively.

Being in the real estate business, product labels are not applicable to the Company. However, the detailing in its project brochures are in compliance with applicable laws.

There is no case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending, as on 31st March 2018.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA LIFESPACE DEVELOPERS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Mahindra Lifespace Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
    e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Dated: 27th April, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Lifespace Developers Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Dated: 27th April, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property, Plant and Equipment) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets (Property, Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of land that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. According to the information and explanation given to us, the Company does not have any leasehold Land and leased/freehold Building other than administrative block and project facilities, temporarily constructed at the project sites and capitalised as Building.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of sections 73 to 76 of the Act are not applicable and hence reporting under clause 3 (v) of the Order is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Employees' State Insurance and Excise Duty are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Goods & Service Tax which have not been deposited as on 31st March, 2018 on account of disputes except as given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in lakh)
Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	FY 2006-2007	392.56
			FY 2003-2004	20.88
Finance Act, 1994	Service Tax	Appellate Authority- upto Commissioners/ Revisional authorities level	FY 2005 to 2010	77.54

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in lakh)
Sales Tax and Value Added Tax Laws	Sales Tax	Appellate Authority- upto Commissioners/ Revisional authorities level	FY 2009 to 2012	63.33
		High Court	FY 2006 to 2010	276.59

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and debenture holders. The Company has not taken any loans or borrowings from financial institutions and government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer. The money raised by way of further public offer (through rights issue of equity shares) and the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Dated: 27th April, 2018

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH, 2018

(₹ in lakh)

		Note No.	**As at 31st March, 2018**	As at 31st March, 2017
I	**ASSETS**			
	1 Non-Current Assets			
	(a) Property, Plant and Equipment	4	**598.30**	827.39
	(b) Capital Work-in-Progress		**914.72**	846.99
	(c) Investment Property	5	**2,186.87**	2,345.23
	(d) Intangible Assets	6	**46.54**	60.09
	(e) Financial Assets			
	(i) Investments	7	**64,000.17**	65,829.17
	(ii) Loans	8	**–**	1,764.62
	(iii) Other Financial Assets	9	**–**	20.52
	(f) Other Non Current Assets	13	**4,757.95**	5,799.47
	SUB-TOTAL		**72,504.55**	77,493.48
	2 Current Assets			
	(a) Inventories	10	**73,876.40**	87,925.27
	(b) Financial Assets			
	(i) Investments	7	**21,091.65**	14,563.37
	(ii) Trade Receivables	11	**11,848.09**	5,929.69
	(iii) Cash and Cash Equivalents	12	**3,597.36**	4,616.91
	(iv) Bank balances other than (iii) above	12	**4,931.11**	652.98
	(v) Loans	8	**18,672.85**	11,892.15
	(vi) Other Financial Assets	9	**16,702.91**	12,315.73
	(c) Other Current Assets	13	**27,202.87**	27,498.90
	SUB-TOTAL		**177,923.24**	165,395.00
	TOTAL ASSETS (1+2)		**250,427.79**	242,888.48
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	14	**5,132.81**	4,105.36
	(b) Other Equity	15	**175,430.70**	145,174.53
	SUB-TOTAL		**180,563.51**	149,279.89
	LIABILITIES			
	2 Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	**–**	19,981.01
	(ii) Other Financial Liabilities	17	**–**	5,097.56
	(b) Provisions	18	**367.12**	324.41
	(c) Deferred Tax Liabilities (Net)	19	**176.81**	169.49
	SUB-TOTAL		**543.93**	25,572.47
	3 Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	20	**16,804.99**	18,896.16
	(ii) Trade Payables	21	**16,737.49**	16,978.50
	(iii) Other Financial Liabilities	17	**27,386.72**	22,903.02
	(b) Other Current Liabilities	22	**2,676.49**	3,679.02
	(c) Provisions	18	**819.93**	787.00
	(d) Current Tax Liabilities (Net)		**4,894.73**	4,792.42
	SUB-TOTAL		**69,320.35**	68,036.12
	TOTAL EQUITY AND LIABILITIES (1+2+3)		**250,427.79**	242,888.48

Summary of Significant Accounting Policies — 2

The accompanying notes 1 to 46 are an integral part of these financial statements

In terms of our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai : 27th April, 2018

Suhas Kulkarni
Company Secretary

Jayantt Manmadkar
Chief Financial Officer

Mumbai : 27th April, 2018

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director - DIN 00243215

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakh)

		Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
I	**INCOME**			
	(a) Revenue from Operations	23	**47,500.14**	68,055.38
	(b) Other Income	24	**8,221.85**	7,264.83
	TOTAL INCOME (a + b)		**55,721.99**	75,320.21
II	**EXPENSES**			
	(a) Cost of Sales			
	- Cost of Projects	25	**32,441.65**	52,343.58
	- Operating Expenses	25	**2,026.49**	2,323.35
	(b) Employee Benefits Expense	26	**5,957.68**	6,223.90
	(c) Finance Costs	27	**3,540.51**	3,196.93
	(d) Depreciation and Amortisation Expense	4,5,6	**395.71**	434.32
	(e) Other Expenses	28	**3,466.46**	3,742.92
	TOTAL EXPENSES (a+b+c+d+e)		**47,828.50**	68,265.00
III	**PROFIT BEFORE TAX (I - II)**		**7,893.49**	7,055.21
IV	**TAX EXPENSE**			
	(a) Current tax	29 (a)	**2,565.67**	2,349.39
	(b) Deferred tax	29 (a)	**15.43**	(187.83)
	TOTAL TAX EXPENSE (a+b)		**2,581.10**	2,161.56
V	**PROFIT AFTER TAX (III - IV)**		**5,312.39**	4,893.65
VI	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**(23.42)**	103.75
	(b) Income tax relating to Items that will not be reclassified to profit or loss	29 (b)	**8.11**	(35.90)
	TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (a+b)		**(15.31)**	67.85
VII	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (V + VI)**		**5,297.08**	4,961.50
VIII	**EARNINGS PER EQUITY SHARE (face value of ₹ 10/- each) (₹)**			
	(a) Basic	30	**10.48**	10.99
	(b) Diluted	30	**10.46**	10.96

Summary of Significant Accounting Policies — 2

The accompanying notes 1 to 46 are an integral part of these financial statements

In terms of our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai : 27th April, 2018

Suhas Kulkarni
Company Secretary

Jayantt Manmadkar
Chief Financial Officer

Mumbai : 27th April, 2018

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director - DIN 00243215

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakh)

		For the year ended 31st March, 2018	For the year ended 31st March, 2017
A.	**Cash flows from operating activities:**		
	Profit before tax	**7,893.49**	7,055.21
	Adjustments for:		
	Finance costs	**3,540.51**	3,196.93
	Interest Income	**(5,981.30)**	(5,988.52)
	Dividend Income	**(1,369.55)**	(761.57)
	Gain on disposal of property, plant and equipment and Investment Property	**(239.46)**	(7.30)
	Gain on sale of current investment	**(112.34)**	(105.68)
	Depreciation and Amortisation Expense	**395.71**	434.32
	Reversal of Provision for expected credit loss	**(235.00)**	–
	Net gain arising on financial assets measured at fair value through profit or loss	**(25.85)**	–
	Expense recognised in respect of equity-settled share-based payments	**138.30**	124.37
	Operating Profit before working capital changes	**4,004.51**	3,947.76
	Changes in:		
	(Increase) in trade and other receivables	**(8,441.28)**	(18,736.67)
	Decrease in inventories	**14,048.87**	21,680.24
	Increase in trade and other payables	**2,102.47**	8,491.26
	Cash generated from operations	**11,714.57**	15,382.59
	Income taxes paid	**(1,137.63)**	(1,155.63)
	Net cash generated by operating activities	**10,576.94**	14,226.96
B.	**Cash flows from investing activities**		
	Payment to acquire financial assets	**(123,762.59)**	(100,803.98)
	Proceeds from sale of financial assets	**117,372.44**	106,355.37
	Interest received	**1,594.12**	1,375.12
	Dividends received from Joint Ventures/Subsidiaries	**1,036.00**	333.00
	Other dividends received	**333.55**	428.57
	Inter-corporate Deposit Given	**(13,285.90)**	–
	Inter-corporate Deposit Realised	**7,065.95**	2,124.62
	Payment to acquire Property, Plant and Equipment and Intangible Assets	**(481.04)**	(1,199.91)
	Proceeds from disposal of Property, Plant and Equipment and Investment Property	**418.00**	20.20
	Purchase of Investments in Subsidiaries and Joint Ventures	**(1,008.98)**	(12,023.03)
	Proceeds from sale of Investments in Subsidiaries and Joint Ventures	**2,838.00**	3,700.00
	Net cash (used in)/generated by investing activities	**(7,880.45)**	309.96
C.	**Cash flows from financing activities**		
	Proceeds from issue of Equity Shares of the Company	**29,390.43**	66.27
	Proceeds from borrowings	**5,697.90**	(211.67)
	Repayment of borrowings	**(25,270.08)**	(12,500.00)
	Dividends paid (including tax thereon)	**(3,495.07)**	(2,835.15)
	Interest paid	**(10,039.22)**	(8,234.95)
	Net cash (used in) financing activities	**(3,716.04)**	(23,715.50)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(₹ in lakh)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Net (decrease) in cash and cash equivalents	**(1,019.55)**	(9,178.58)
Cash and cash equivalents at the beginning of the year	**4,616.91**	13,795.49
Cash and cash equivalents at the end of the year	**3,597.36**	4,616.91

Summary of significant accounting policies (Refer Note 2)

The accompanying notes 1 to 46 are an integral part of these financial statements

Change in Liability arising from financing activities

(₹ in lakh)

Particulars	As at 01st April, 2017	Cash Flow	**As at 31st March, 2018**
Non Current Borrowings (Refer Note 16)	19,981.01	(19,981.01)	**–**
Current Borrowings (Refer Note 20)	18,896.16	(2,091.17)	**16,804.99**
Current maturities of Long term debt (Refer Note 17)	17,500.00	2,500.00	**20,000.00**
Total	56,377.17	(19,572.18)	**36,804.99**

Notes:

(a) The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.

(b) Also refer note no. 12 - Cash and Bank Balances

In terms of our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai : 27th April, 2018

Suhas Kulkarni
Company Secretary

Jayantt Manmadkar
Chief Financial Officer

Mumbai : 27th April, 2018

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director - DIN 00243215

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

(₹ in lakh)

Particulars	Note No.	**As at 31st March, 2018**	As at 31st March, 2017
Balance at the Beginning of the year		**4,105.36**	4,103.32
Add: Rights Issue during the year	14	**1,026.33**	–
Add: Stock options exercised during the year	14	**1.12**	2.04
Balance at the end of the year		**5,132.81**	4,105.36

B. Other Equity

(₹ in lakh)

	Share Application money pending allotment	Securities Premium Reserve	General Reserve	Other Reserve#	Retained Earnings	Total
As at 31st March, 2016	–	68,431.09	7,299.49	17,133.93	50,186.84	143,051.35
Profit / (Loss) for the year	–	–	–	–	4,893.65	4,893.65
Other Comprehensive Income / (Loss) net of taxes*	–	–	–	–	67.85	67.85
Total Comprehensive Income for the year	–	–	–	–	4,961.50	4,961.50
Dividend paid on Equity Shares	–	–	–	–	(2,461.99)	(2,461.99)
Dividend Distribution Tax	–	–	–	–	(501.21)	(501.21)
Transfers to retained earnings	–	–	–	(1,031.25)	–	(1,031.25)
Transfers from other reserves	–	–	–	–	1,031.25	1,031.25
Premium on shares issued during the year	–	64.16	–	–	–	64.16
Exercise of employee stock options	0.08	–	–	–	–	0.08
Arising on share based payment	–	–	–	60.64	–	60.64
As at 31st March, 2017	0.08	68,495.25	7,299.49	16,163.32	53,216.39	145,174.53
Profit / (Loss) for the year	–	–	–	–	5,312.39	5,312.39
Other Comprehensive Income / (Loss) net of taxes*	–	–	–	–	(15.32)	(15.32)
Total Comprehensive Income for the year	–	–	–	–	5,297.07	5,297.07
Dividend paid on Equity Shares	–	–	–	–	(3,079.14)	(3,079.14)
Dividend Distribution Tax	–	–	–	–	(415.93)	(415.93)
Allotment of Shares to Employees	(0.08)	–	–	–	–	(0.08)
Transfers from retained earnings	–	–	–	–	–	–
Premium on shares issued during the year	–	28,942.83	–	–	–	28,942.83
Exercise of employee stock options	0.53	47.11	–	(47.11)	–	0.53
Arising on share based payment	–	–	–	138.30	–	138.30
Share issue expenses on rights issue	–	(627.41)	–	–	–	(627.41)
As at 31st March, 2018	0.53	96,857.78	7,299.49	16,254.51	55,018.39	175,430.70

* Remeasurement gains/ (losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.
# Other Reserves

B. Other Equity (Cont…)

Particulars	31st March, 2018	31st March, 2017
(I) Debenture Redemption Reserve :		
Balance as at the beginning of the year	**8,375.00**	9,406.25
Add :		
Transfer from Surplus in Statement of Profit and Loss	**–**	–
Less :		
Transfer to Surplus in Statement of Profit and Loss	**–**	(1,031.25)
Balance as at the end of the year	**8,375.00**	8,375.00
(II) Capital Redemption Reserve :		
Balance as at the beginning of the year	**7,353.58**	7,353.58
Less :		
Transfer to Surplus in Statement of Profit and Loss	**–**	–
Balance as at the end of the year	**7,353.58**	7,353.58
(III) Share Options Outstanding Account		
Balance as at the beginning of the year	**434.74**	374.10
Add:		
Arising on share based payment	**91.19**	60.64
Balance as at the end of the year	**525.93**	434.74
Total	**16,254.51**	16,163.32

In terms of our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai : 27th April, 2018

Suhas Kulkarni
Company Secretary

Mumbai : 27th April, 2018

Jayantt Manmadkar
Chief Financial Officer

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director - DIN 00243215

Notes to the Standalone Financial Statement as at and for the year ended 31st March, 2018

1. General Information

Mahindra Lifespaces Developers Limited ('the Company') is a limited company incorporated in India. The equity shares of the Company is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and its debentures are listed on BSE. Its parent and ultimate holding company is Mahindra & Mahindra Limited.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company along with its subsidiary companies is engaged in the development of residential projects and large formats developments such as integrated cities and industrial clusters.

2. Significant Accounting Policies

2.1 Statement of compliance and basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 27th April, 2018.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 : Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Income from Projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables, whereas amount not billed for work performed are included as unbilled revenue under other current assets.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and;

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and;

iii. when at least 10% of the sales consideration is realised and;

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.4.2 Income from Sale of land and other rights

Revenue from sale of land and other rights are considered upon transfer of all significant risks and rewards of ownership of such real estate/property as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts/agreements.

2.4.3 Income from Project Management

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.6.1 The Company as a Lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.6.2 The Company as a Lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.7 Foreign exchange transactions and translation

Transactions in foreign currencies i.e. other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.8 Employee Benefits

2.8.1 Superannuation Fund

The Company's contribution paid/payable during the year to Superannuation Fund is recognised in profit or loss.

2.8.2 Long term Compensated Absences & Gratuity

Company's liability towards long term compensated absences are determined by independent actuaries, using the projected unit credit method.

Company's liability towards gratuity are determined by independent actuaries, using the projected unit credit method. Past services are recognised at the earlier of the plan amendment/curtailment and the recognition of related restructuring costs/termination benefits.

The obligation on long term compensated absences and defined benefit plans are measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the obligation.

2.8.3 Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss.

2.8.4 Employee Stock Option Scheme

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.9 Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.10 Earnings per share

Basic earnings per share is computed by dividing the profit/(Loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue and bonus element in a right issue to existing shareholders, share split and reverse share split.

Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for arriving the basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Share based payment transaction of the Company

1. Equity-settled share-based payment to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2. At the end of each reporting period the Company revises its estimate of the No. of equity instruments expected to vest. The impact of revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with the corresponding adjustments to the equity settled.

2.13 Income Taxes

Income Tax expense represents the sum of tax currently payable and deferred tax

2.13.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

2.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture & Fixtures and Office equipment's are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/ show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

Fixed Assets held for disposal are valued at estimated net realizable value.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

2.15 Intangible Assets

2.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company has elected to continue with the carrying value of its Intangible assets as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

2.15.2 Derecognition of Intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2.15.3 Useful lives of Intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer Software	5 years

2.16 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

Investment property includes freehold/leasehold land and building. Depreciation on investment property has been provided on pro-rata basis, on the straight-line method as per the useful life of such property. Buildings are depreciated over the period of 60 years considering this period as the useful life for the Company.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The Company has elected to continue with the carrying value of its Investment property as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

2.17 Impairment of tangible and intangible asset other than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.18 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.19 Provisions, contingent liabilities and contingent assets

2.19.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.19.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.19.3 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.19.4 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.20 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.20.1 Classification and subsequent measurement

2.20.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

– Amortised cost; or

– Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

– Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

– Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.20.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.20.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.20.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.20.4 Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4 - Property, Plant and Equipment

(₹ in lakh)

Description of Assets	Building	Leasehold Improvements	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount/Deemed Cost							
Balance as at 1st April, 2017	332.44	452.09	204.44	340.44	502.47	623.81	2,455.69
Additions duing the year	–	73.00	4.90	9.94	11.08	29.28	128.20
Deductions/Adjustments during the year*	143.00	17.18	10.92	(245.15)	(44.82)	(13.17)	(132.04)
Balance as at 31st March, 2018	**475.44**	**542.27**	**220.26**	**105.23**	**468.73**	**639.92**	**2,451.85**
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2017	240.00	229.14	179.97	173.60	293.99	511.60	1,628.30
Depreciation expense for the year	10.15	30.61	14.83	97.39	82.96	63.77	299.71
Deductions/Adjustments during the year*	129.99	51.43	(1.70)	(207.46)	(37.49)	(9.23)	(74.46)
Balance as at 31st March, 2018	**380.14**	**311.18**	**193.10**	**63.53**	**339.46**	**566.14**	**1,853.55**
III. Net carrying amount (I-II)	**95.30**	**231.09**	**27.16**	**41.70**	**129.27**	**73.78**	**598.30**

Description of Assets	Building	Leasehold Improvements	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount/Deemed Cost							
Balance as at 1st April, 2016	305.84	452.09	196.15	264.80	452.00	557.59	2,228.47
Additions duing the year	26.60	–	8.29	75.64	95.43	76.51	282.47
Deductions/Adjustments during the year*	–	–	–	–	(44.96)	(10.29)	(55.25)
Balance as at 31st March, 2017	**332.44**	**452.09**	**204.44**	**340.44**	**502.47**	**623.81**	**2,455.69**
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2016	133.18	217.16	167.74	81.85	235.01	452.13	1,287.07
Depreciation expense for the year	106.82	11.98	12.23	91.75	103.94	68.67	395.39
Deductions/Adjustments during the year*	–	–	–	–	(44.96)	(9.20)	(54.16)
Balance as at 31st March, 2017	**240.00**	**229.14**	**179.97**	**173.60**	**293.99**	**511.60**	**1,628.30**
III. Net carrying amount (I-II)	**92.44**	**222.95**	**24.47**	**166.84**	**208.48**	**112.21**	**827.39**

*Deduction/Adjustments during the year includes transfer within block of assets.

5 - Investment Property

(₹ in lakh)

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount/ Deemed Cost			
Balance as at 1st April, 2017	1,810.44	1,236.77	3,047.21
Deductions during the year	(44.27)	(47.76)	(92.03)
Balance as at 31st March, 2018	**1,766.17**	**1,189.01**	**2,955.18**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2017	–	701.98	701.98
Depreciation expense for the year	–	81.73	81.73
Eliminated on disposal of assets	–	(15.40)	(15.40)
Balance as at 31st March, 2018	**–**	**768.31**	**768.31**
III. Net carrying amount (I-II)	**1,766.17**	**420.70**	**2,186.87**

(₹ in lakh)

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount/ Deemed Cost			
Balance as at 1st April, 2016	1,810.44	1,236.77	3,047.21
Additions duing the year	–	–	–
Deductions during the year	–	–	–
Balance as at 31st March, 2017	**1,810.44**	**1,236.77**	**3,047.21**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2016	–	673.70	673.70
Depreciation expense for the year	–	28.28	28.28
Eliminated on disposal of assets	–	–	–
Balance as at 31st March, 2017	**–**	**701.98**	**701.98**
III. Net carrying amount (I-II)	**1,810.44**	**534.79**	**2,345.23**

Fair value disclosure on Company's investment properties

The Company's investment property consist of a commercial property constructed on land taken on perpetual lease in India, Mahindra Towers at Delhi. Management determined that the investment properties consist of two classes of assets – office and retail – based on the nature, characteristics and risks of each property.

Details of the investment properties and information about the fair value hierarchy:

Particulars	Mahindra Towers, Delhi #			GE Plaza, Pune *		
	Land	Buildings	Total	Land	Buildings	Total
Opening balance as at 1st April, 2016	**12,492.45**	**1,354.90**	**13,847.35**	**106.02**	**185.68**	**291.70**
Fair value difference	543.15	(101.62)	441.53	–	4.44	4.44
Opening balance as at 1st April, 2017	**13,035.60**	**1,253.28**	**14,288.88**	**106.02**	**190.12**	**296.14**
Fair value difference	1,103.57	(119.46)	984.11	–	–	–
Closing balance as at 31st March, 2018	**14,139.17**	**1,133.82**	**15,272.99**	**–**	**–**	**–**

The fair values of the Mahindra Tower at Delhi have been arrived at on the basis of a valuation carried out as on 31st March, 2018 by Jones Lang Lasalle Property Consultant (India) Pvt. Ltd. and as on 31st March 2017 by Gandhi & Associates, independent valuer not related to the Company. Jones Lang Lasalle Property Consultant (India) Pvt. Ltd. and Gandhi & Associates are registered with the authority which governs the valuers in India and they have appropriate qualifications and experience in the valuation of properties in the relevant locations. The Fair value was determined using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

* During the year current year ended 31st March, 2018, the Company has sold its investment property GE Plaza at Pune. As at 31st March, 2017, the fair values of the GE Plaza at Pune have been arrived at on the basis of a valuation carried out by Dixit Valuers & Engineers, independent valuer not related to the Company. Dixit Valuers & Engineers are registered with the authority which governs the valuers in India and they have appropriate qualifications and experience in the valuation of properties in the relevant locations. The Fair value was determined using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

Information regarding income and expenditure of Investment property:

(₹ in lakh)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Rental income derived from investment properties (included in 'Revenue from Operations')	**1,820.63**	2,018.71
Direct operating expenses (including repairs and maintenance) that generate rental income	**255.85**	16.94

6 - Intangible Assets

(₹ in lakh)

Description of Assets	**Computer Software**
I. Gross Carrying Amount/Deemed Cost	
Balance as at 1st April, 2017	360.28
Additions during the year	0.72
Balance as at 31st March, 2018	**361.00**
II. Accumulated depreciation and impairment	
Balance as at 1st April, 2017	300.19
Amortisation expense for the year	14.27
Balance as at 31st March, 2018	**314.46**
III. Net carrying amount (I-II)	**46.54**

Intangible Assets

Description of Assets	**Computer Software**
I. Gross Carrying Amount/Deemed Cost	
Balance as at 1st April, 2016	289.52
Additions during the year	70.76
Balance as at 31st March, 2017	**360.28**
II. Accumulated depreciation and impairment	
Balance as at 1st April, 2016	289.52
Amortisation expense for the year	10.67
Balance as at 31st March, 2017	**300.19**
III. Net carrying amount (I-II)	**60.09**

7 - Investments

(₹ in lakh)

Particular	**As at 31st March, 2018**				As at 31st March, 2017			
	Face Value	**QTY (Nos)**	**Amounts* Current**	**Amounts* Non Current**	Face Value	QTY (Nos)	Amounts* Current	Amounts* Non Current
A. COST								
Unquoted Investments (all fully paid)								
Investments in Equity Instruments - of Subsidiaries								
Mahindra Infrastructure Developers Limited	**10**	**18,000,000**	**–**	**1,800.00**	10	18,000,000	–	1,800.00
Mahindra World City (Maharashtra) Limited	**10**	**1,170,400**	**–**	**117.04**	10	1,170,400	–	117.04
Mahindra Integrated Township Limited	**10**	**37,000,000**	**–**	**3,700.00**	10	37,000,000	–	3,700.00
Knowledge Township Limited	**10**	**21,000,000**	**–**	**2,372.94**	10	21,000,000	–	2,372.94
Industrial Township (Maharashtra) Limited	**10**	**5,000,000**	**–**	**500.00**	10	5,000,000	–	500.00
Industrial Cluster Private Limited	**–**	**–**	**–**	**–**	10	50,000	–	5.00
Raigad Business and Industrial Park limited	**–**	**–**	**–**	**–**	10	110,000	–	11.00
Anthurium Developers Limited	**10**	**50,000**	**–**	**5.00**	10	50,000	–	5.00
Topical Builders Private Limited	**–**	**–**	**–**	**–**	10	175	–	0.02

7 - Investments

(₹ in lakh)

Particular	As at 31st March, 2018				As at 31st March, 2017			
	Face Value	QTY (Nos)	Amounts* Current	Amounts* Non Current	Face Value	QTY (Nos)	Amounts* Current	Amounts* Non Current
Kismat Developers Private Limited	–	–	–	–	10	15	–	0.00
Deepmangal Developers Private Limited	10	177	–	284.61	10	177	–	284.61
- of Joint Ventures								
Mahindra World City (Jaipur) Limited	10	111,000,000	–	11,115.43	10	111,000,000	–	11,115.43
Mahindra Happinest Developers Limited	10	51,000	–	5.10	–	–	–	–
Industrial Cluster Private Limited	10	50,000	–	5.00	–	–	–	–
Mahindra World City Developers Limited	10	17,799,999	–	3,889.43	10	17,799,999	–	3,889.43
Mahindra Bebanco Developers Limited	10	35,000	–	3.50	10	35,000	–	3.50
Mahindra Homes Private Limited								
Class A Equity Shares	10	616,879	–	61.69	10	616,879	–	61.69
Class C Equity Shares	10	389	–	0.04	10	389	–	0.04
TOTAL INVESTMENTS CARRIED AT COST [A]			–	23,859.78			–	23,865.70
B. AMORTISED COST								
Unquoted Investments Carried at Amortised Cost								
Investments in Preference Shares								
- of Subsidiaries								
Topical Builders Private Limited (8.50% Non-cumulative Redeemable Preference Shares)	–	–	–	–	10	4,825	–	0.48
Kismat Developers Private Limited (8.50% Non-cumulative Redeemable Preference Shares)	–	–	–	–	10	4,985	–	0.50
Moonshine Construction Pvt Limited (7.00% Non-Cumulative Redeemable Participating Preference Shares)	10	5,000	–	0.50	10	5,000	–	0.50
Mahindra World City Maharashtra (8.50% Non convertible Preference Shares)	10	175,000	–	17.50	–	–	–	–
- of joint ventures								
Mahindra Homes Private Limited (Series A 0.01% Optionally Convertible Redeemable Preference Shares)	10	1	–	0.00	10	1	–	0.00
Investments in Debentures								
- of subsidiaries								
Knowledge Township Limited (11.00% Optionally Convertible Debentures)	100,000	2,637	–	2,637.00	100,000	2,637	–	2,637.00
Industrial Cluster Private Limited (11.00% Optionally Convertible Debentures)	–	–	–	–	100,000	9,220	–	9,220.00
- of joint ventures								
Mahindra Homes Private Limited (14.00% Optionally Convertible Debentures)	100	32,017,000	–	32,017.00	100	32,017,000	–	32,017.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]			–	34,672.00			–	43,875.48
C. Designated at Fair Value Through Profit and Loss								
Unquoted Investments (all fully paid)								
Investments in Mutual Funds			21,091.65	–			14,563.37	–
Investments in Preference Shares								
- of joint ventures								
Mahindra Happinest Developers Limited (0.01% Non Convertible Redeemable Preference Shares)	100	308,400	–	308.40		–	–	–
Investments in Debentures								
- of joint ventures								
Industrial Cluster Private Limited (11.00% Optionally Convertible Debentures)	100,000	6,382	–	6,382.00	–	–	–	–
Mahindra Happinest Developers Limited (15.00% Optionally Convertible Redeemable Debentures)	10	6,900,000	–	690.00		–	–	–
Investments in Equity Instruments								
- of other entities								
New Tirupur Area Development Corporation Limited	10	500,000	–	0.00	10	500,000	–	0.00
Mahindra Knowledge Park (Mohali) Limited	10	6	–	0.00	10	6	–	0.00
Total Aggregate Unquoted Investments			–	7,380.40			–	0.00

7 - Investments

(₹ in lakh)

Particular	As at 31st March, 2018				As at 31st March, 2017			
	Face Value	QTY (Nos)	Amounts* Current	Amounts* Non Current	Face Value	QTY (Nos)	Amounts* Current	Amounts* Non Current
TOTAL INVESTMENTS CARRIED AT FVTPL [C]			**21,091.65**	**7,380.40**			14,563.37	0.00
TOTAL INVESTMENTS (A) + (B)+ (C)			**21,091.65**	**65,912.18**			14,563.37	67,741.18
Total Impairment value for investment carried at cost (D)			**–**	**(1,912.01)**			–	(1,912.01)
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C) + (D)			**21,091.65**	**64,000.17**			14,563.37	65,829.17
Other disclosures								
Aggregate carrying value of unquoted investments			**21,091.65**	**65,912.18**			14,563.37	67,741.18
Aggregate amount of impairement in value of unquoted investments			**–**	**(1,912.01)**			–	(1,912.01)

₹ 0.00 lakh denotes amount less than ₹ 500/-

8 - Loans

(₹ in lakh)

Particulars	**As at 31st March, 2018**		As at 31st March, 2017	
	Current	**Non–Current**	Current	Non–Current
a) Security Deposits				
– Unsecured, considered good	**4,054.81**	**–**	3,447.19	–
Total	**4,054.81**	**–**	3,447.19	–
b) Loans to related parties (refer note 36)				
– Unsecured, considered good	**8,230.94**	**–**	246.37	1,764.62
Total	**8,230.94**	**–**	246.37	1,764.62
c) Other Loans and Advances #				
– Unsecured, considered good	**6,387.10**	**–**	8,198.59	–
Total	**6,387.10**	**–**	8,198.59	–
Total (a+b+c)	**18,672.85**	**–**	11,892.15	1,764.62

Other Loans and Advances mainly includes Loans to Employees and Project Advances given to vendors.

9 - Other financial assets

(₹ in lakh)

Particulars	**As at 31st March, 2018**		As at 31st March, 2017	
	Current	**Non–Current**	Current	Non–Current
Financial assets at amortised cost				
a) Bank Deposit with maturity more than 12 months	**–**	**–**	–	20.52
b) Interest Accrued	**16,702.91**	**–**	12,315.73	–
Total	**16,702.91**	**–**	12,315.73	20.52

10 - Inventories (at lower of cost and net realisable value)

(₹ in lakh)

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
(a) Raw materials	**2,197.52**	2,162.81
(b) Construction Work-in-progress*	**60,307.94**	79,289.42
(c) Stock in Trade	**11,370.94**	6,473.04
Total	**73,876.40**	87,925.27

* Construction Work-in-Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

a) The amount of inventories recognised as an expense ₹ 32,441.65 lakh (31st March, 2017: ₹ 52,343.58 lakh) include ₹ 1,190.14 lakh (31st March, 2017: ₹ Nil) in respect of write down of inventory to net realisable value.

b) The Company has availed cash credit facilities, short term loans and borrowed through Non-Convertible Debentures, which are secured by hypothecation of inventories.

11 - Trade receivables

(₹ in lakh)

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Trade receivables		
(a) Unsecured, considered good	**11,848.09**	5,929.69
(b) Doubtful	**360.15**	595.15
Less: Allowance for expected credit loss	**(360.15)**	(595.15)
Total	**11,848.09**	5,929.69

11 a - Movement in the allowance for expected credit loss

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at beginning of the year	**595.15**	595.15
Reversal during the year	**(235.00)**	–
Balance at end of the year	**360.15**	595.15

Refer Note 31 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

12 - Cash and Bank Balances

(₹ in lakh)

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(a) Cash on hand	**0.34**	1.06
(b) Cheques on hand	**119.07**	–
(c) Balance with Banks:		
- On current accounts	**2,428.52**	1,512.08
- Fixed Deposit with orignal maturity Less than 3 months	**1,049.43**	3,103.77
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**3,597.36**	4,616.91
Bank Balances other than Cash and cash equivalents		
(a) Balances with Banks:		
(i) Earmarked balances	**1,313.29**	125.45
(ii) On Margin Accounts	**485.74**	469.66
(iii) Fixed Deposits with original maturity greater than 3 months	**3,132.08**	57.87
Total Other Bank balances	**4,931.11**	652.98

13 - Other Assets

(₹ in lakh)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Non Current	Current	Non Current	Current
(a) Capital Advances	**284.22**	**–**	–	–
(b) Advances other than capital advances				
(i) Advances to related parties *	**–**	**2,000.00**	–	2,000.00
(ii) Balances with government authorities (other than income taxes)	**–**	**1,922.32**	–	2,212.47
(iii) Prepaid Expense	**–**	**349.82**	–	379.53
(iv) Unbilled Revenues	**–**	**22,930.73**	–	22,906.90
(v) Income Tax Assets (Net)	**4,473.73**	**–**	5,799.47	–
Total	**4,757.95**	**27,202.87**	5,799.47	27,498.90

* The Company had entered into an agreement to acquire a parcel of land near Thane, Maharashtra, at a consideration of ₹ 2,000.00 lakh. While full consideration was paid, the land was not conveyed pending completion of certain formalities. The amount currently standing in the books as a current assets is ₹ 2,879 lakh. Tahsildar (Thane) has issued an order against the registered owner alleging non-adherence of certain conditions pertaining to Bombay Tenancy and Agricultural Lands Act, 1948 and changed the land records to reflect Government of Maharashtra as the holder of the land. The Company has been legally advised that the said order and the demand thereunder is grossly erroneous and not tenable.

14 - Equity Share Capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	Amount ₹ in lakh	No. of shares	Amount ₹ in lakh
Authorised:				
Equity shares of ₹ 10 each with voting rights	**115,000,000**	**11,500.00**	115,000,000	11,500.00
Unclassified shares of ₹ 10 each	**6,000,000**	**600.00**	6,000,000	600.00
Issued:				
Equity shares of ₹ 10 each with voting rights	**51,379,201**	**5,137.92**	41,094,401	4,109.44
Subscribed and Fully Paid up:				
Equity shares of ₹ 10 each with voting rights	**51,328,138**	**5,132.81**	41,053,550	4,105.36
Total	**51,328,138**	**5,132.81**	41,053,550	4,105.36

(i) Reconciliation of the number of shares and outstanding amount

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	**Amount ₹ in lakh**	No. of Shares	Amount ₹ in lakh
Balance at the Beginning of the year	**41,053,550**	**4,105.36**	41,033,150	4,103.32
Add: Rights Issue during the year	**10,263,388**	**1,026.33**	–	–
Add: Stock options exercised during the year	**11,200**	**1.12**	20,400	2.04
Balance at the end of the year	**51,328,138**	**5,132.81**	41,053,550	4,105.36

Terms/ rights attached to equity shares with voting rights

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company and its subsidiaries:

(₹ in lakh)

Particulars	**Equity Shares with Voting rights**
As at 31st March, 2018	
Mahindra & Mahindra Ltd. the Holding Company	26,439,850
As at 31st March, 2017	
Mahindra & Mahindra Ltd. the Holding Company	20,846,126

Other than the above shares, no shares are held by any subsidiaries or associates of the holding company

(iii) Details of shares held by each shareholder holding more than 5% shares

Class of shares / Name of share-holder	**As at 31st March, 2018**		As at 31st March, 2017	
	Number of shares held	**% holding**	Number of shares held	% holding
Equity shares with voting rights				
Mahindra & Mahindra Limited	**26,439,850**	**51.51%**	20,846,126	50.78%
Small Cap World Fund, INC	**2,696,725**	**5.25%**	2,157,380	5.26%

iv) Shares reserved for issue under options

The Company has 1,17,000 (Previous Year 5,53,430) equity shares of ₹ 10/- each reserved for issue under options [Refer Note 26].

v) The allotment of 51,063* (Previous Year 40,851) equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (Section 126 of the Companies Act 2013), till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities). *51,063 equity shares, includes 10,212 Rights Equity Shares which were issued during the year, pursuant to the Rights entitlement on 40,851 Equity Shares the allotment of which has been kept in abeyance as explained above.

vi) The Board of Directors had at its meeting held on 27th October, 2016, approved Rights Issue upto an amount of ₹ 30,000 lakh. During the year ended 31st March, 2018, the Company completed the Rights Issue by allotting on 5th May, 2017, 10,263,388 equity shares at a price of ₹ 292 (including face value of ₹ 10 each) per equity share aggregating ₹ 29,969 lakh in the ratio of 1 (one) Right Equity Share for every 4 (four) fully paid-up equity shares of the Company held by the Equity Shareholders on the Record Date i.e. 31st March, 2017. The Rights Issue was subscribed 129.18 percent of the Issue size in terms of number of equity shares applied. Consequently, the paid up equity share capital of the Company has increased to ₹ 5,132 lakh divided into 5,13,18,988 equity shares of ₹ 10 each. The Securities Premium account has increased to ₹ 97,438 lakh. The Rights Issue proceeds have been fully utilised for the purpose of the Issue.

15 - Other equity

(₹ in lakh)

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
General reserve	**7,299.49**	7,299.49
Securities premium account	**96,857.78**	68,495.25
Share options outstanding account	**525.93**	434.74
Retained earnings	**55,018.39**	53,216.39
Capital redemption reserve	**7,353.58**	7,353.58
Debenture redemption reserve	**8,375.00**	8,375.00
Share Application money pending allotment	**0.53**	0.08
	175,430.70	145,174.53

Description of the nature and purpose of Other Equity:

General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the P&L.

Securities Premium Account: The Securities Premium is created on issue of shares at a premium.

Share Option Outstanding Account: It is a part of the Shareholders equity and is transferred to Share Capital, Share Premium or General Reserves over the vesting period.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Debenture Redemption Reserve: A debenture redemption reserve is a provision created against issue of debentures to protect investors against the possibility of default by the company.

Share Application Money Pending allotment- This represents share application money received from the elegible employees upon excercise of employee stock option. The same will be transferred to equity share capital account after the allotment of shares to the applicants. The share application money pending allotment of ₹ 0.08 lakh pertaining to previous year has been transferred to equity share capital during the year upon allotment of shares.

Details of Dividends Proposed:

(₹ in lakh)

Particulars	**For the year 31st March, 2018**	For the year 31st March, 2017
Dividend per Equity Share (₹)	**6.00**	6.00
Dividend on Equity Shares	**3,079.69**	2,463.26
Dividend Distribution Tax	**633.04**	365.97
Total Dividend including Dividend Distribution Tax	**3,712.73**	2,829.23

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31st March 2018 and 31st March 2017.

16 - Non-Current Borrowings

Details of Long term Borrowings of the Company

(₹ in lakh)

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows (%)	Repayment Bullet (or) Installment	Number of Installments	**As at 31st March 2018**	As at 31st March 2017
Secured (Carried at Amortised Cost)						
Fully Redeemable						
-Non Convertible Debentures (Series III)	₹	12.04%	Installment	1	**–**	19,981.01
-Non Convertible Debentures (Series II)	₹	11.86%	Installment	1	**–**	–
Total					**–**	19,981.01

Note: Current maturities in respect of long term borrowings - fully redeemable Non-Convertible debentures have been included in Note 17.

Non Convertible Debentures

The terms and conditions of the Secured Non-Convertible Debentures issued by the Company are summarized below:-

Series	**Series III**	**Series II**
Face Value of Debentures (₹ in lakh)	20,000.00	17,500.00
Total Redemption Premium Amount (₹ in lakh)	3,455.65	2,290.30
Rate of Interest Payable Annually	8.00%	8.00%
Maturity Date	4th April, 2018	4th April, 2017

The above debentures are secured by an exclusive charge over Land owned by the Company which is accounted as a part of Construction Work in Progress and Investment Property and land owned by its Subsidiary Mahindra Integrated Township Limited.

17 - Other Financial Liabilities

(₹ in lakh)

Particulars		**As at 31st March, 2018**		As at 31st March, 2017	
		Current	**Non Current**	Current	Non Current
Carried at Amortised Cost					
(a)	Other long term liabilities*	**–**	**–**	–	5,097.56
(b)	Current maturities of long-term debt	**20,000.00**	**–**	17,500.00	–
(d)	Interest accrued	**1,633.10**	**–**	3,034.68	–
(c)	Unclaimed dividends	**140.23**	**–**	125.45	–
(e)	Other liabilities #	**5,613.39**	**–**	2,242.89	–
Total		**27,386.72**	**–**	22,903.02	5,097.56

* Other long term liabilities include provision for redemption premium payable on Non-Convertible Debentures (Series III).

Other liabilities include Trade Deposits, Society Maintenance deposits and provision for redemption premium payable on Non-Convertible Debentures (Series II and Series III).

18 - Provisions

(₹ in lakh)

Particulars		**As at 31st March, 2018**		As at 31st March, 2017	
		Current	**Non Current**	Current	Non Current
(a)	**Provision for employee benefits**				
	-Gratuity	**97.96**	**80.43**	4.23	257.27
	-Leave Encashment	**168.74**	**286.69**	138.47	67.14
(b)	**Other Provisions**				
	-Defect Liabilities	**553.23**	**–**	644.30	–
Total Provisions		**819.93**	**367.12**	787.00	324.41

Details of movement in provisions for Defect Liabilities are as follows:

Particulars	Defect Liability Provisions
Balance at 31st March, 2017	644.30
Additional provisions recognised	153.93
Unused amounts reversed during the year	(250.00)
Balance at 31st March, 2018	553.23

Defect Liability Provisions:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under the defect liability period limited to 5 year from the date of handover of residential units.

19 - Deferred Tax liabilities (Net)

(₹ in lakh)

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Deferred Tax Liabilities	**788.63**	724.83
Deferred Tax Assets	**(611.82)**	(555.34)
Total	**176.81**	169.49

Deferred Tax (assets)/liabilities in relation to:

Particulars	Opening Balance as at 1st April, 2017	Recognised in P&L	Recognised in Other Comprehensive Income	**Closing Balance as at 31st March, 2018**
Fiscal allowance on Property, Plant and Equipment, Investment Property and Other Intangible Assets	501.91	71.80	–	**573.71**
Disallowance u/s 43(B) of the Income tax Act, 1961	(429.22)	9.27	–	**(419.95)**
Provision for Employee Benefits	(126.12)	(57.64)	(8.11)	**(191.87)**
Other Temporary differences	**222.92**	**(8.00)**	**–**	**214.92**
Total	**169.49**	**15.43**	**(8.11)**	**176.81**

20 - Current Borrowings

(₹ in lakh)

	Particulars	**As at 31st March, 2018**	As at 31st March, 2017
A.	**Secured Borrowings at amortised cost**		
(a)	Loans on cash credit account from Banks	**1,126.11**	1,522.13
(b)	Other loans from Banks	**–**	7,500.00
Total		**1,126.11**	9,022.13
B.	**Unsecured Borrowings at amortised cost**		
(a)	Loans on cash credit account from Banks	**764.80**	–
(b)	Loans from related parties	**2,500.00**	2,500.00
(c)	Other Loans from banks	**7,500.00**	–
(d)	Loans from other parties	**4,914.08**	7,374.03
Total		**15,678.88**	9,874.03
Total (A+B)		**16,804.99**	18,896.16

Secured Borrowing

(a) The cash credit facility carrying interest rate in the range of 8.70% p.a. to 8.85% p.a. is secured by first charge on all existing and future current assets excluding land and immovable properties.

(b) Other loan from banks include short term loans carrying interest rate in the range of 8.90% p.a. to 9.50% p.a. is secured by first charge on all existing and future current assets excluding land and immovable properties.

Unsecured Borrowings

(a) The cash credit facility is carrying interest rate of 8.20% p.a.

(b) Loans from related parties include inter company borrowings obtained at 7.50% p.a.

(c) Other loans from banks include short term loan carrying interest rate in the range of 7.90% p.a. to 8.50% p.a.

(d) Loans from other parties include commercial papers issued for working capital purposes carrying interest rate of 7.35% p.a.

21 - Trade Payables

(₹ in lakh)

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Trade payable - Micro and small enterprises	**–**	–
Trade payable - Other than micro and small enterprises	**16,737.49**	16,978.50
Total	**16,737.49**	16,978.50

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Based on the information available with the Company there are no dues outstanding in respect to Micro, Small and Medium Enterprises as of Balance Sheet Date.

22 - Other Current Liabilities

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Advances received from customers	**2,396.84**	3,163.17
b. Statutory dues payable	**279.65**	515.85
Total	**2,676.49**	3,679.02

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

23 - Revenue from Operations

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Income from Projects	**42,137.98**	63,985.59
(b) Project Management Fees	**3,541.53**	2,051.08
(c) Income from Operation of Commercial Complexes	**1,820.63**	2,018.71
Total	**47,500.14**	68,055.38

24 - Other Income

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Interest Income		
(1) Inter Corporate Deposits	**889.13**	396.86
(2) Bank Deposits	**300.64**	294.04
(3) Optionally Convertible Debentures	**4,755.11**	4,482.38
(4) Others	**36.42**	815.24
(b) Dividend Income		
(1) Joint Ventures and Subsidiaries	**1,036.00**	333.00
(2) Current investment - Non Trade	**333.55**	428.57
(c) Gain on sale of current investments	**112.34**	105.68
(d) Gain on disposal of Property, Plant and Equipment and Investment Property	**239.46**	7.30
(e) Net Gain arising on Financial Assets mandatorily measured at Fair Value through Profit and Loss	**25.85**	–
(f) Miscellaneous Income	**493.35**	401.76
Total	**8,221.85**	7,264.83

25 - Cost of Sales

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A. Cost of Project		
Opening Stock:		
Work-in-progress	**79,289.42**	98,568.34
Raw Material	**2,162.81**	2,156.66
Stock in trade	**6,473.04**	8,880.50
Sub-Total (a)	**87,925.27**	109,605.50
Add: Expenses incurred during the year		
Land Cost	**0.40**	5,836.61
Architect Fees	**172.06**	298.09
Civil Electricals, Contracting, etc.	**13,597.35**	15,828.38
Interest	**554.42**	2,723.05
Overheads Allocated	**1,356.94**	1,258.17
Payment to Local Agencies	**1,757.16**	4,002.60
Insurance	**8.54**	37.78
Legal & Professional Fees	**945.91**	678.67
Sub-Total (b)	**18,392.78**	30,663.35
Less: Closing Stock:		
Work in progress	**60,307.94**	79,289.42
Raw Material	**2,197.52**	2,162.81
Stock in trade	**11,370.94**	6,473.04
Sub-Total (c)	**73,876.40**	87,925.27
Total A (a+b-c)	**32,441.65**	52,343.58
B. Operating Expenses		
Rent, Rates & Taxes	**83.97**	82.22
Insurance	**2.20**	2.92
Repairs & Maintenance - Commercial Properties	**145.11**	128.57
Professional Fees	**81.18**	62.73
Brokerage	**199.16**	232.70
Advertisement, Marketing & Business Development	**1,200.28**	1,117.64
Electricity	**53.91**	88.05
Other Operating Expenses	**260.68**	608.52
Total B.	**2,026.49**	2,323.35
Total (A+B)	**34,468.14**	54,666.93

26 - Employee Benefits Expense

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Salaries and wages, including bonus	**6,421.53**	6,602.21
(b) Contribution to provident and other funds	**422.56**	398.11
(c) Share based payment expenses	**138.30**	124.37
(d) Staff welfare expenses	**332.23**	357.38
Less : Allocated to projects	**(1,356.94)**	(1,258.17)
Total	**5,957.68**	6,223.90

Share based payment

The Company has granted options to its eligible employees under the Employee Stock Options Scheme 2006 ("ESOS 2006") and the Employee Stock Options Scheme 2012 ("ESOS 2012"). The options granted under both the schemes are equity settled. The other details of the schemes are summarised below:

Details about Vesting Conditions:

Particulars		Number of Options	Grant Date	Expiry Date	Exercise Price	Fair value per Option at Grant Date (₹)
	ESOS 2006					
1	Series 1 Granted on 25th April 2008	678,359	25-Apr-08	25-Apr-17	₹ 428 per share	443.79
2	Series 2 Granted on 4th August 2012	10,000	4-Aug-12	4-Aug-21	₹ 325 per share	294.06
	ESOS 2012					
1	Series 3 Granted on 4th August 2012	101,000	4-Aug-12	4-Aug-21	₹ 10 per share	294.06
2	Series 4 Granted on 24th July 2013	26,500	24-Jul-13	24-Jul-22	₹ 10 per share	409.27
3	Series 5 Granted on 17th October 2014	27,000	17-Oct-14	17-Oct-23	₹ 10 per share	461.87
4	Series 6 Granted on 30th April 2015	3,000	30-Apr-15	30-Apr-24	₹ 10 per share	402.60
5	Series 7 Granted on 28th January 2016	31,000	28-Jan-16	28-Jan-25	₹ 10 per share	417.10
6	Series 8 Granted on 28th July 2016	30,000	28-Jul-16	28-Jul-25	₹ 10 per share	420.53
7	Series 9 Granted on 25th July 2017	18,500	25-Jul-17	25-Jul-26	₹ 10 per share	393.45
8	Series 10 Granted on 30th Jan 2018	2,500	30-Jan-18	30-Jan-27	₹ 10 per share	453.81

Movement in Share Options

	Particulars	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
		Number of Options	**Weighted average exercise price (₹)**	Number of Options	Weighted average exercise price (₹)
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	**553,430**	**339.68**	558,380	336.76
2	Granted during the year	**21,000**	**10.00**	30,000	10.00
3	Forfeited during the year	**411,922**	**428.00**	–	–
4	Exercised during the year	**11,200**	**10.00**	20,400	10.00
5	Expired during the year	**34,308**	**10.00**	14,550	10.00
6	Outstanding at the end of the year	**117,000**	**23.46**	553,430	339.68
7	Exercisable at the end of the year	**62,500**	**35.20**	486,780	338.48

Share Options Exercised during the Year

	Particulars	Number of Options Exercised	Exercise Date	Price per Share at Exercise Date (₹)
	Equity Settled			
1	Series 3 Granted on 4th August 2012	750	14-Jul-17	444.35
2	Series 4 Granted on 24th July 2013	450	14-Apr-17	407.05
3	Series 4 Granted on 24th July 2013	450	23-Jul-17	436.60
4	Series 4 Granted on 24th July 2013	750	27-Jul-17	428.15
5	Series 4 Granted on 24th July 2013	1,200	14-Dec-17	458.55
6	Series 4 Granted on 24th July 2013	600	4-Jan-18	459.83
7	Series 5 Granted on 17th October 2014	500	19-May-17	439.85
8	Series 5 Granted on 17th October 2014	600	18-Jul-17	439.93
9	Series 5 Granted on 17th October 2014	450	17-Oct-17	453.08
10	Series 5 Granted on 17th October 2014	1,200	31-Oct-17	445.13
11	Series 5 Granted on 17th October 2014	750	26-Dec-17	469.75
12	Series 7 Granted on 28th January 2016	500	18-Jun-17	440.35
13	Series 7 Granted on 28th January 2016	300	30-Jun-17	429.25
14	Series 7 Granted on 28th January 2016	300	10-Nov-17	431.08
15	Series 8 Granted on 28th July 2016	300	28-Jul-17	426.60
16	Series 8 Granted on 28th July 2016	500	21-Dec-17	467.85
17	Series 7 Granted on 28th January 2016	800	7-Feb-17	354.75
18	Series 7 Granted on 28th January 2016	500	22-Feb-17	348.00
19	Series 7 Granted on 28th January 2016	300	1-Mar-17	345.48
		11,200		

Share Options outstanding at the end of the year

The share options outstanding at the end of the year had a range of exercise prices of ₹ 10 - ₹ 325 (as at March 31, 2017: ₹ 10 - ₹ 428), and weighted average remaining contractual life of 2115 days (as at March 31, 2017: 433 days).

The Fair value has been calculated using the Black Scholes option pricing model and the significant inputs used for the valuation are as follows

Particulars	25th April 2008	4th August 2012	4th August 2012	24th July 2013	17th October 2014	30th April 2015	28th January 2016	28th July 2016	25th July 2017	30th January 2018
Share price per Option at grant date (₹)	443.79	324.14	324.14	454.09	516.08	467.60	482.25	450.60	393.45	453.81
Exercise price per Option (₹)	428.00	325.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Expected volatility	66.76% – 70.65%	44.15% – 59.61%	44.15% – 59.61%	47.63%	26.68% – 43.74%	26.11% – 37.68%	27.17% – 30.20%	26.98% – 28.17%	27.24% – 28.90%	27.77% – 28.98%
Expected life / Option Life......................	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	6 – 9 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years
Expected dividends yield.......................	0.33%	1.38%	1.38%	1.31%	2.28%	2.57%	2.49%	1.31%	1.39%	1.22%
Risk-free interest rate	7.79% – 8.15%	8.06% – 8.20%	8.06% – 8.20%	8.31% – 8.39%	8.49% – 8.52%	7.69% – 7.74%	7.43% – 7.73%	6.88% – 7.14%	6.37%- 6.66%	7.11% – 7.56%

27 - Finance Costs

(₹ in lakh)

	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a)	Interest costs :		
	Interest expense for financial liablities at amortised cost	**3,822.46**	5,473.83
	Less: Allocated to projects	**(554.42)**	(2,723.05)
(b)	Other borrowing costs*	**272.47**	446.15
Total	....	**3,540.51**	3,196.93

* Other borrowing costs include guarantee charges and ancilliary costs incurred in connection with borrowings.

28 - Other Expenses

(₹ in lakh)

	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a)	Power & Fuel	**48.11**	48.58
(b)	Rent, Rates & Taxes	**645.50**	636.45
(c)	Insurance	**10.92**	23.82
(d)	Repairs and maintenance - Buildings........	**0.29**	0.41
(e)	Repairs and maintenance - Others	**147.77**	120.11
(f)	Advertisement, Marketing & Business Development..	**380.38**	381.88
(g)	Travelling and Conveyance Expenses.......	**377.60**	508.38
(h)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013	**291.89**	481.48
(i)	Donations and Contributions *	**–**	10.00
(j)	Payment to Auditors #	**39.30**	34.22
(k)	Legal and other professional costs	**978.12**	767.13
(l)	Printing & Stationery	**36.06**	71.32
(m)	Communication...	**239.66**	138.21
(n)	Others...	**270.86**	520.93
Total	....	**3,466.46**	3,742.92

* Donations and Contribution to New Democratic Electoral trust (Incorporated as a section 8 Company under the Companies Act, 2013) Regd Office: 3rd Floor, Cecil Court, Plot 24/26, Mahakavi Bhushan Road, Regal Cinema, Colaba, Mumbai 400001 CIN:- U74120MH2014NPL258367

 # Payments to Auditors

(₹ in lakh)

	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(i)	**To Statutory auditors**		
	For Audit..	**30.50**	21.21
	For Taxation Matters..................................	**2.50**	2.25
	For Other Services	**3.50**	6.24
	Reimbursement of Expenses.....................	**0.96**	2.68
(ii)	To Cost auditors for cost audit	**1.84**	1.84
Total	....	**39.30**	34.22

29 - Income Taxes

(a) Income Tax recognised in profit or loss (₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Current Tax:		
In respect of current year	**2,565.67**	2,349.39
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**15.43**	(187.83)
Total	**2,581.10**	2,161.56

(b) Income tax recognised in Other Comprehensive income

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit plans	**8.11**	(35.90)
Total	**8.11**	(35.90)

(c) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit before tax	**7,893.49**	7,055.21
Income tax expense calculated at 34.608% (2017: 34.608%)	**2,731.78**	2,441.67
Effect of income that is exempt from taxation	**(473.97)**	(433.64)
Effect of expenses that is non deductible in determining taxable profit	**309.29**	422.24
Effect of tax incentives and concessions (research and development and other allowances)	**(36.34)**	(86.52)
Deduction under Chapter VI A	**(39.42)**	(42.79)
Changes in recognised deductible temporary differences	**74.33**	48.43
Current tax expense recognised In profit or loss	**2,565.67**	2,349.39

30 - Earnings per Share

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	₹	₹
Basic Earnings per share	**10.48**	10.99
Diluted Earnings per share	**10.46**	10.96

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ in lakh)

Particulars	For the year ended 31st March 2018	For the year ended 31st March, 2017
Profit/(loss) for the year	**5,312.39**	4,893.65
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share	**5,312.39**	4,893.65
Weighted average number of equity shares	**50,692,093**	44,536,633
Basic earnings per share (₹)	**10.48**	10.99

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

(₹ in lakh)

Particulars	For the year ended 31st March 2018	For the year ended 31st March, 2017
Profit / (loss) for the year used in the calculation of basic earnings per share	**5,312.39**	4,893.65
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**5,312.39**	4,893.65

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**50,692,093**	44,536,633
Add: Options outstanding under Employee Stock Option Plan	**109,768**	103,625
Weighted average number of equity shares used in the calculation of Diluted EPS	**50,801,861**	44,640,258

31 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

	As at 31st March, 2018	As at 31st March, 2017
Debt	**36,804.99**	56,377.17
Cash and bank balances	**(8,528.47)**	(5,269.89)
Net Debt (A)	**28,276.52**	**51,107.29**
Equity (B)	**180,563.51**	**149,279.89**
Net Debt to Equity Ratio (A/B)	**0.16**	0.34

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

As at 31st March, 2018

Particulars (₹ in lakh)

	Amortised Costs	FVTPL	Total
Non-current Assets			
Investments	**56,619.77**	**7,380.40**	**64,000.17**
Loans	–	–	–
Other Financial Assets			
- Non Derivative Financial Assets	–	–	–
Current Assets			
Investments	–	**21,091.65**	**21,091.65**
Trade Receivables	**11,848.09**	–	**11,848.09**
Cash and Bank Balances	**8,528.47**	–	**8,528.47**
Loans	**18,672.85**	–	**18,672.85**
Other Financial Assets			
- Non Derivative Financial Assets	**16,702.91**	–	**16,702.91**
Current Liabilities			
Borrowings	**16,804.99**	–	**16,804.99**
Trade Payables	**16,737.49**	–	**16,737.49**
Other Financial Liabilities			
- Non Derivative Financial Liabilities	**27,386.72**	–	**27,386.72**

As at 31st March, 2017

(₹ in lakh)

	Amortised Costs	FVTPL	Total
Non-current Assets			
Investments	65,829.17	–	65,829.17
Loans	1,764.62	–	1,764.62
Other Financial Assets			
- Non Derivative Financial Assets	20.52	–	20.52
Current Assets			
Investments	–	14,563.37	14,563.37
Trade Receivables	5,929.69	–	5,929.69
Cash and Bank Balances	5,269.89	–	5,269.89
Loans	11,892.15	–	11,892.15
Other Financial Assets			
- Non Derivative Financial Assets	12,315.73	–	12,315.73

(₹ in lakh)

	Amortised Costs	FVTPL	Total
Non-current Liabilities			
Borrowings	19,981.01	–	19,981.01
Other Financial Liabilities			
- Non Derivative Financial Liabilities	5,097.56	–	5,097.56
Current Liabilities			
Borrowings	18,896.16	–	18,896.16
Trade Payables	16,978.50	–	16,978.50
Other Financial Liabilities			
- Non Derivative Financial Liabilities	22,903.02	–	22,903.02

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents, mutual Funds & other financial assets.

Trade Receivables:

The Company's trade receivables include receivables on sale of residential flats and rent receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables.

Cash and Cash Equivalents, Mutual Funds & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

The Company holds mutual funds with financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its mutual funds have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years
Non-derivative financial liabilities			
As at 31st March 2018			
Non Current			
Borrowings	**–**	**–**	**–**
Other Financial Liabilities	**–**	**–**	**–**
Total Non Current (A)	**–**	**–**	**–**
Current			
Borrowings	**16,804.99**	**–**	**–**
Trade Payables	**16,737.49**	**–**	**–**
Other Financial Liabilities	**27,386.72**	**–**	**–**
Total Current (B)	**60,929.20**	**–**	**–**
Total (A+B)	**60,929.20**	**–**	**–**
As at 31st March 2017			
Non Current			
Borrowings	–	19,981.01	–
Other Financial Liabilities	–	5,097.56	–
Total Non Current (A)	–	25,078.57	–
Current			
Borrowings	18,896.16	–	–
Trade Payables	16,978.50	–	–
Other Financial Liabilities	22,903.02	–	–
Total Current (B)	58,777.68	–	–
Total (A+B)	58,777.68	25,078.57	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to carry out the construction activities. The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax (₹ in lakh)
As at March 31, 2018	₹	**+100**	**93.91**
	₹	**–100**	**(93.91)**
As at March 31, 2017	₹	+100	(1.16)
	₹	–100	1.16

32) Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

(₹ in lakh)

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31st March, 2018	31st March, 2017	Fair value hierarchy	Valuation Technique(s)	Applicable for Level 2 and Level 3 hierarchy Key input(s)
Financial assets					
Investments					
1) Mutual fund investments	**21,091.65**	14,563.37	Level 1	Unquoted Market Price	Not applicable as Level 1 hierarchy
2) Investment in Preference Share - unquoted	**308.40**	–	Level 2	Price of Recent Transaction	Value of underlying assets of the Investee
3) Investment in Optionally Convertible Debentures	**7,072.00**	–	Level 2	Price of Recent Transaction	Value of underlying assets of the Investee
Total financial assets	**28,472.05**	14,563.37			

Financial Instrument not measured using Fair Value i.e. measured using amortized cost

(₹ in lakh)

Particulars	As at 31st March, 2018 Carrying amount	Fair value
Financial assets		
Financial assets carried at Amortised Cost		
– Investment in Debentures	**32,017.00**	**31,898.00**
Total	**32,017.00**	**31,898.00**
Financial liabilities		
Financial liabilities held at amortised cost		
– Current maturities of long-tem debt along with the redemption premium	**23,455.65**	**23,448.42**
Total	**23,455.65**	**23,448.42**

Except for the above, carrying value of Other financial assets/liabilities represent reasonable estimate of fair value.

There were no transfers between Level 1 and Level 2 during the year.

33 - Leases

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Details of leasing arrangements		
The company's significant leasing arrangement are in respect of operating leases for Commercial & Residential premises.		
As Lessor		
Operating Lease		
The Company has entered into operating lease arrangements for Mahindra Towers, Delhi and GE Plaza, Pune. The lease is non-cancellable for a period of 1 to 10 years and may be renewed based on mutual agreement between the parties.		
Non-cancellable operating lease receivables		
not later than one year	**0.66**	5.64
later than one year and not later than five years	**–**	–
later than five years	**–**	–
As Lessee		
Operating Lease		
The Company has entered into operating lease arrangements for Worli Office. The lease is non-cancellable for a period of 1 to 5 years and may be renewed based on mutual agreement between the parties.		
Future Non-Cancellable minimum lease commitments		
not later than one year	**41.86**	166.25
later than one year and not later than five years	**–**	37.32
later than five years	**–**	–
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**581.07**	531.84

34 - Segment information

"The reportable segments of the Company are 'Projects, Project Management and Development' and 'Operating of Commercial Complexes'. The segments are largely organised and managed separately according to the organisation structure that is designed based on the nature of business. Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director regarded as the Chief Operating Decision Maker ("CODM").

Description of each of the reportable segments for all periods presented, is as under:

i) Projects, Project Management & Development: This Segment of the business includes income from sale of residential units across projects, project management and development in India.

ii) Operating of Commercial Complexes: This Segment of the business includes rental income from commercial properties at Gurgaon and Pune.

The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the financial statements. Segment profit represents the profit before interest and tax. Information regarding the Company's reportable segments is presented below:

(₹ in lakh)

Particulars	31st March, 2018			31st March, 2017		
	Projects, Project Management & Development	Operating of Commercial Complexes	Total	Projects, Project Management & Development	Operating of Commercial Complexes	Total
Revenue						
External customers	**45,679.51**	**1,820.63**	**47,500.14**	66,036.67	2,018.71	68,055.38
Inter-segment	**–**	**–**	**–**	–	–	–
Total revenue	**45,679.51**	**1,820.63**	**47,500.14**	66,036.67	2,018.71	68,055.38
Results						
Segment Results	**11,737.01**	**1,516.96**	**13,253.97**	11,350.83	1,951.46	13,302.29

(₹ in lakh)

Particulars	31st March, 2018			31st March, 2017		
	Projects, Project Management & Development	**Operating of Commercial Complexes**	**Total**	Projects, Project Management & Development	Operating of Commercial Complexes	Total
Less						
Unallocated Interest (Finance Cost)	**–**	**–**	**3,540.51**	–	–	3,196.93
Unallocated corporate expense net of unallocated income	**–**	**–**	**1,819.97**	–	–	3,050.15
Profit before tax	**–**	**–**	**7,893.49**	–	–	7,055.21
Income Tax	**–**	**–**	**2,581.10**	–	–	2,161.56
Profit after tax	**–**	**–**	**5,312.39**	–	–	4,893.65
Segment Assets & Liabilities						
Segment Assets	**182,387.87**	**2,201.31**	**184,589.18**	188,902.95	2,282.49	191,185.44
Unallocated corporate assets			**65,838.61**			51,703.04
Total Assets			**250,427.79**			242,888.48
Segment Liabilities	**53,280.25**	**555.03**	**53,835.28**	75,897.16	556.34	76,453.50
Unallocated corporate liabilities			**16,029.00**			17,155.09
Total Liabilities			**69,864.28**			93,608.59
Other Information						
Depreciation and Amortisation Expense	**109.12**	**81.73**	**190.85**	106.95	50.31	157.26
Capital Expenditure	**140.72**	**–**	**140.72**	827.07	–	827.07

Revenue from type of products and services

The operating segments are primarily based on nature of products and services and hence the Revenue from external customers of each segment is representative of revenue based on products and services.

Geographical Information

The Company operates in one reportable geographical segment i.e. "Within India". Hence, no separate geographical segment wise disclosure is applicable as per the requirements of Ind AS 108 Operating Segments.

Information about major customers

During the year ended 31st March, 2018 and 2017 respectively, revenues from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from external customers.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year as well as previous year.

35 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ` 304.63 lakh (31st March, 2017 : ` 347.56 lakh) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As at	
	31-Mar-18	31-Mar-17
Discount rate(s)	**7.42%**	6.68%
Expected rate(s) of salary increase	**6.00%**	6.00%
Attrition Rate	**0 to 5: 5%**	0 to 5: 5%
	5 to 42: 19.3%	5 to 42: 0%
Mortality	**IALM (2006-08) ULT.**	IALM (2006-08) ULT.

Retirement age of the employees is assumed to be 60 years.

Defined benefit plans – as per actuarial valuation on 31st March, 2018

(₹ in lakh)

		Funded Plan Gratuity	
Particulars		**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:			
Service Cost			
Current Service Cost		**56.89**	72.05
Past service cost and (gains)/losses from settlements		**53.37**	–
Net interest expense		**6.12**	8.51
Components of defined benefit costs recognised in profit or loss		**116.38**	80.56
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amount included in net interest expense)		**(1.39)**	(1.02)
Actuarial (gains)/loss arising from demographic assumptions		**58.66**	–
Actuarial (gains)/loss arising from changes in financial assumptions		**(11.05)**	28.74
Actuarial (gains)/loss arising from experience adjustments		**(22.80)**	(131.47)
Components of defined benefit costs recognised in other comprehensive income		**23.42**	(103.75)
Total		**139.80**	(23.20)
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2018**		
	1. Present value of defined benefit obligation as at 31st March, 2018	**361.01**	261.50
	2. Fair value of plan assets as at 31st March, 2018	**182.61**	170.67
	3. Surplus/(Deficit)	**(178.40)**	(90.83)
	4. Current portion of the above	**(97.96)**	(4.23)
	5. Non current portion of the above	**(80.44)**	(86.60)
II.	**Movements in the present value of the defined benefit obligation are as follows.**		
	1. Present value of defined benefit obligation at the beginning of the year	**261.50**	271.91
	2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
	3. Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**56.89**	72.05
	– Past Service Cost	**53.37**	–
	– Interest Cost	**17.47**	20.28
	4. Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	**58.66**	–
	ii. Financial Assumptions	**(11.05)**	28.73
	iii. Experience Adjustments	**(22.80)**	(131.47)
	5. Benefit payments	**(53.03)**	–
	6. Present value of defined benefit obligation at the end of the year	**361.01**	261.50
III.	**Movements in the fair value of the plan assets are as follows.**		
	1. Fair value of plan assets at the beginning of the year	**170.67**	157.88
	2. Interest Income - Actual Return on Plan Assets	**11.94**	12.79
	3. Fair value of plan assets at the end of the year	**182.61**	170.67
IV.	**The fair value of the plan assets at the end of the reporting period for each category, are as follows:**		
	– Issuer Managed funds (Non quoted value)	**182.61**	170.67

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		**Changes in assumption (%)**	**Impact on defined benefit obligation** Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1.00%**	**347.13**	**376.11**
	2017	1.00%	225.44	305.72
Salary growth rate	**2018**	**1.00%**	**372.62**	**349.80**
	2017	1.00%	291.80	234.25

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

The Company expects to contribute ₹ 97.96 lakh (31st March, 2017 ₹ 4.23 Lakh) to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	31st March, 2018	31st March, 2017
Within 1 year	**97.96**	4.23
1 - 2 year	**86.96**	19.23
2 - 3 year	**72.51**	19.93
3 - 4 year	**72.69**	11.68
4 - 5 year	**72.81**	13.57
5 - 10 years	**405.23**	113.06

Major Category of plan assets for Gratuity Fund is as follows:

	31st March, 2018	31st March, 2017
Asset category:		
Deposits with Insurance companies	**100%**	100%
	100%	100%

The weighted average duration of the defined benefit obligation as at 31st March 2018 is 35.96 years (31st March, 2017: 35.39 years)

36 - Related Party Disclosures

(a) Related Parties where control exists

(i) Holding Company

Mahindra & Mahindra Limited

(ii) Subsidiaries

Mahindra Infrastructure Developers Limited	Industrial Township (Maharashtra) Limited
Mahindra Residential Developers Limited	Anthurium Developers Limited
Mahindra World City (Maharashtra) Limited	Deepmangal Developers Private Limited
Mahindra Integrated Township Limited	Kismat Developers Private Limited *
Raigad Industrial & Business Park Limited *	Topical Builders Private Limited *
Knowledge Township Limited	Mahindra Water Utilities Limited
Rathna Bhoomi Enterprises Private Limited	Moonshine Construction Private Limited

* These companies have been merged with Mahindra World City (Maharashtra) Limited during the year and ceased to be subsidiaries effective from 28th December, 2017

(b) Other Parties with whom Transactions have taken place during the year

(i) Joint Ventures

Mahindra World City Developers Limited	Mahindra Industrial Park Chennai Limited
Mahindra Bebanco Developers Limited	Mahindra World City (Jaipur) Limited
Mahindra Inframan Water Utilities Limited	Industrial Cluster Private Limited
Mahindra Homes Private Limited	
Mahindra Happinest Developers Limited (incorporated on 06 September, 2017)	

(ii) Fellow Subsidiaries

Mahindra Consulting Engineers Limited

Bristlecone India Limited

EPC Industries Limited

Mahindra Integrated Business Solutions Private Limited

Mahindra & Mahindra Contech Limited

Mahindra Holidays & Resorts India Limited

NBS International Limited

Mahindra First Choice Wheels Limited

Mahindra Intertrade Limited

(iii) Associate of Holding Company

Tech Mahindra Limited

(iv) Key Management Personnel

Ms Anita Arjundas - Managing Director & CEO

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Rendering of Services/Sale of Goods										
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**4,718.00**	–	**–**	–	**–**	–
Rendering of services										
Mahindra & Mahindra Limited	**1,790.88**	1,967.51	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Infrastructure Developers Limited	**–**	–	**0.97**	0.69	**–**	–	**–**	–	**–**	–
Mahindra Residential Developers Limited	**–**	–	**211.07**	273.59	**–**	–	**–**	–	**–**	–
Knowledge Township Limited	**–**	–	**0.90**	0.80	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**503.21**	561.77	**–**	–	**–**	–	**–**	–
Industrial Township (Maharashtra) Limited	**–**	–	**0.30**	1.22	**–**	–	**–**	–	**–**	–
Mahindra World City (Maharashtra) Limited	**–**	–	**–**	0.04	**–**	–	**–**	–	**–**	–
Anthurium Developers Limited	**–**	–	**–**	2.17	**–**	–	**–**	–	**–**	–
Raigad Industrial & Business Park Limited*	**–**	–	**–**	1.00	**–**	–	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**1,286.65**	1,274.08	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**1,407.77**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	–	**206.00**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**9.93**	1.67	**–**	–	**–**	–
Mahindra Bebanco Developers Limited	**–**	–	**–**	–	**–**	1.00	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**4.80**	–	**–**	–	**–**	–
Receiving of Services										
Mahindra & Mahindra Limited	**805.61**	717.22	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**261.91**	436.66	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**–**	0.39	**–**	–	**–**	–	**–**	–
Topical Builders Private Limited *	**–**	–	**–**	1.14	**–**	–	**–**	–	**–**	–
Bristlecone India Limited	**–**	–	**–**	–	**–**	–	**–**	–	**11.24**	18.87
EPC Industries Limited	**–**	–	**–**	–	**–**	–	**–**	–	**33.84**	49.73
Mahindra Intertrade Limited	**–**	–	**–**	–	**–**	–	**–**	–	**2.47**	–
Mahindra Integrated Business Solutions Private Limited	**–**	–	**–**	–	**–**	–	**–**	–	**51.36**	39.03

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Mahindra Holidays & Resorts India Limited	**–**	–	**–**	–	**–**	–	**–**	–	**12.24**	7.42
Mahindra & Mahindra Contech Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	4.84
Mahindra First Choice Wheels Limited	**–**	–	**–**	–	**–**	–	**–**	–	**2.49**	0.40
Reimbursement made to parties										
Mahindra & Mahindra Limited	**145.90**	154.78	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**2.02**	2.02	**–**	–	**–**	–	**–**	–
Mahindra Residential Developers Limited	**–**	–	**–**	1.52	**–**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	4.07	**–**	–	**–**	–	**–**	–
Mahindra Water Utilities Limited	**–**	–	**2.10**	–	**–**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**7.36**	0.54	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**7.88**	0.32	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	–	**5.93**	–	**–**	–	**–**	–
Mahindra Holidays & Resorts India Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	3.44
Mahindra & Mahindra Contech Limited	**–**	–	**–**	–	**–**	–	**–**	–	**5.41**	–
Reimbursement received from parties										
Industrial Cluster Private Limited	**–**	–	**–**	–	**1.26**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**–**	0.68	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**–**	8.88	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**–**	3.52	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**236.20**	–	**–**	–	**–**	–
Inter-corporate Deposit Given										
Mahindra World City (Maharashtra) Limited	**–**	–	**418.00**	–	**–**	–	**–**	–	**–**	–
Moonshine Construction Private Limited	**–**	–	**1.00**	–	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**1.00**	0.50	**–**	–	**–**	–	**–**	–
Kismat Developers Private Limited	**–**	–	**–**	0.50	**–**	–	**–**	–	**–**	–
Knowledge Township Limited	**–**	–	**–**	700.00	**–**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	9,200.00	**–**	–	**–**	–	**–**	–

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**15.00**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**700.90**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**12,150.00**	–	**–**	–	**–**	–
Inter-corporate Deposit Realised	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**15.00**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**700.90**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**6,350.05**	–	**–**	–	**–**	–
Loan Taken										
Mahindra & Mahindra Limited	**15,000.00**	–	**–**	–	**–**	–	**–**	–	**–**	–
Tech Mahindra Limited	**–**	–	**–**	–	**–**	–	**–**	–	**8,000.00**	2,500.00
Loan Repaid										
Mahindra & Mahindra Limited	**15,000.00**	–	**–**	–	**–**	–	**–**	–	**–**	–
Tech Mahindra Limited	**–**	–	**–**	–	**–**	–	**–**	–	**8,000.00**	–
Investment Made										
Mahindra Homes Private Limited	**–**	–	**–**	–	**–**	41.13	**–**	–	**–**	–
Mahindra World City (Maharashtra) Limited	**–**	–	**17.50**	–	**–**	–	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**1,003.50**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	–	**370.00**	–	**–**	–	**–**	–
Investment sold/redeemed										
Raigad Industrial & Business Park Limited *	**–**	–	**11.00**	–	**–**	–	**–**	–	**–**	–
Kismat Developers Private Limited *	**–**	–	**0.50**	–	**–**	–	**–**	–	**–**	–
Topical Builders Private Limited *	**–**	–	**0.50**	–	**–**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	–	**3,208.02**	–	**–**	–	**–**	–
Interest Income										
Mahindra World City (Maharashtra) Limited	**–**	–	**43.82**	–	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**3.52**	3.49	**–**	–	**–**	–	**–**	–

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Raigad Industrial & Business Park Limited *	**–**	–	**0.12**	–	**–**	–	**–**	–	**–**	–
Moonshine Construction Private Limited	**–**	–	**0.14**	–	**–**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	22.24	**–**	–	**–**	–	**–**	–
Kismat Developers Private Limited *	**–**	–	**–**	0.05	**–**	–	**–**	–	**–**	–
Topical Builders Private Limited *	**–**	–	**–**	21.13	**–**	–	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**4,022.31**	4,482.38	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**0.21**	–	**–**	–	**–**	–
Industrial Cluster Private Limited	**–**	–	**–**	–	**732.81**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**11.17**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**605.16**	–	**–**	–	**–**	–
Mahindra Bebanco Developers Limited	**–**	–	**–**	–	**224.98**	224.98	**–**	–	**–**	–
Interest Paid										
Mahindra & Mahindra Limited	**114.66**	–	**–**	–	**–**	–	**–**	–	**–**	–
Tech Mahindra Limited	**–**	–	**–**	–	**–**	–	**–**	–	**248.14**	115.58
Dividend Paid										
Mahindra & Mahindra Limited	**1,586.39**	1,250.77	**–**	–	**–**	–	**–**	–	**–**	–
Dividend Received										
Mahindra Integrated Township Limited	**–**	–	**370.00**	–	**–**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**666.00**	824.44	**–**	–	**–**	–
Rights Issue of Shares (Including Securites Premium Received)										
Mahindra & Mahindra Limited	**16,333.67**	–	**–**	–	**–**	–	**–**	–	**–**	–
Purchase of FA										
NBS International Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	21.65
Managerial Remuneration										
Ms Anita Arjun Das	**–**	–	**–**	–	**–**	–	**282.90**	270.05	**–**	–

Outstanding Balances as at year end date

The following table provides the outstanding balances with related parties as on the relevant date

(₹ in lakh)

Particulars	Balance as at	Parent Company	Subsidiaries	Joint ventures	Key Management Personnel	Other related parties
Inter-corporate Deposit Given	**31-Mar-18**	**–**	**666.38**	**7,564.56**	**–**	**–**
	31-Mar-17	–	*246.37*	*1,764.62*	–	–
Inter-corporate Loans Taken	**31-Mar-18**	**–**	**–**	**–**	**–**	**2,500.00**
	31-Mar-17	–	–	–	–	*2,500.00*
Security Deposit Received	**31-Mar-18**	**540.08**	**–**	**–**	**–**	**–**
	31-Mar-17	*540.08*	–	–	–	–
Interest Income Receivable	**31-Mar-18**	**–**	**585.45**	**15,306.29**	**–**	**–**
	31-Mar-17	–	*576.84*	*11,030.86*	–	–
Interest Expense Payable	**31-Mar-18**	**–**	**–**	**–**	**–**	**104.95**
	31-Mar-17	–	–	–	–	*22.60*
Receivables	**31-Mar-18**	**2,822.30**	**3,100.74**	**858.37**	**–**	**5.04**
	31-Mar-17	*2,833.12*	*637.49*	*761.40*	–	*4.32*
Payables	**31-Mar-18**	**1,018.73**	**–**	**–**	**–**	**54.44**
	31-Mar-17	*174.59*	–	–	–	*15.87*
Provision for Doubtful debts	**31-Mar-18**	**–**	**73.99**	**–**	**–**	**–**
	31-Mar-17	–	*73.99*	–	–	–

Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel is not ascertained separately, and therefore, not included above.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

The remuneration of key management personnel includes remuneration paid to Ms. Anita Arjundas as below:

(₹ in lakh)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salary including perquisites	**254.56**	243.06
Other contribution to funds	**28.34**	26.99
Total	**282.90**	270.05

37 - Contingent liabilities

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
(i) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court	**93.89**	93.89
(ii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company	**123.99**	123.99
(iii) Demand from a local authority for energy dues disputed by the Company.	**2,164.04**	2,164.04
(iv) Claim from welfare association in connection with project work, disputed by the Company	**4,500.00**	4,500.00
(b) Income Tax Matter under appeal		
In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the appropriate appellate authorities	**413.44**	421.57
(c) Indirect Tax Matters under appeal		
VAT, Service Tax and Entry Tax claims disputed by the Company relating to issues of applicability and interest on demand. Company is pursuing the matter with the appropriate Appellate Authorities.	448.49	–

38 - Additional disclosure as per Guidance note on accounting for Real Estate Transactions

(₹ in lakh)

Particulars	As at 31st March 2018	As at 31st March 2017
Contracts in Progress at the end of reporting Period		
Construction costs incurred plus profits recognised less losses recognised to date	**37,878.07**	35,755.00

(₹ in lakh)

Particulars	As at 31st March 2018	As at 31st March 2017
Advances received from customers	**456.02**	639.18
Work in progress and inventories	**62,505.46**	53,290.51
Excess of revenue recognised over actual bills raised (unbilled revenue)	**20,271.26**	18,316.68

39 - Capital Commitments

(₹ in lakh)

Particulars	As at 31st March 2018	As at 31st March 2017
Capital Commitment: Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**30.57**	5.77

40 - In respect of real estate projects under long term contracts, determination of profits/losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects/activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

41 - Additional Information to the Financial Statements

Dividend

In respect of the current year, the directors proposed dividend of ₹ 6 per share be paid on equity shares on 27th April, 2018. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to those shareholders whose names appear on Register of Members as on the book closure date. The total estimated equity dividend to be paid is ₹ 3,079.69 lakh. The payment of this dividend is estimated to result in payment of dividend distribution tax of ₹ 633.04 lakh @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

Disclosure as per Regulation 34(3) read with Para A of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

Loans and advances in the nature of loans given to subsidiaries, joint ventures, firms/companies in which directors are interested:

(₹ in lakh)

Name of the party	Relationship	Amount outstanding as at 31st March, 2018	Maximum balance outstanding during the period	Amount outstanding as at 31st March, 2017	Maximum balance outstanding during the year
Kismat Developers Private Limited*	Subsidiary	–	–	0.78	0.78
Deepmangal Developers Private Limited	Subsidiary	**36.31**	36.31	35.31	35.31
Topical Builders Private Limited*	Subsidiary	–	–	208.53	208.53
Moonshine Construction Private Limited	Subsidiary	**1.50**	1.50	0.50	0.50
Rathna Bhoomi Enterprises Private Limited	Subsidiary	**1.25**	1.25	1.25	1.25
Mahindra World City (Maharashtra) Limited	Subsidiary	**627.31**	627.31	–	–
Mahindra World City (Jaipur) Limited	Joint Venture	**5,800.00**	12,150.00	–	–
Mahindra Happinest Developers Limited	Joint Venture	–	15.00	–	–
Mahindra World City Developers Limited	Joint Venture	–	700.00	–	–
Mahindra Bebanco Developers Limited	Joint Venture	**1,764.56**	1,764.56	1,764.56	1,764.56

* These companies have been merged with Mahindra World City (Maharashtra) Limited during the year and ceased to be subsidiaries effective from 28th December, 2017

42 - Recent accounting pronouncement

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers'. This standard is effective from 1st April, 2018, and establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

43 - Input Tax Credit (ITC) benefits to the customers

Revenue from operations for the year ended 31st March, 2018 is net of ₹ 1,119 Lakh (31st March, 2017 -NIL) towards input tax credit benefits passed on to the customers as per the provisions of section 171 on Anti-Profiteering of CGST Act, 2017. The treatment is as per the prevailing Indian Accounting Standards.

44 - The comparative financial statements of the company for the previous year ended 31st March, 2017 were audited by the predecessor auditor B.K. Khare & Co.

45 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

46 - Previous Year Figures

The figures for previous year have been regrouped/reclassified wherever necessary to confirm to current year's grouping/classification.

In terms of our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai : 27th April, 2018

Suhas Kulkarni
Company Secretary

Jayantt Manmadkar
Chief Financial Officer

Mumbai : 27th April, 2018

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director - DIN 00243215

Form AOC 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014.

Statement containing salient features of financial statements of Subsidiary / Associates / Joint Ventures.

Part"A" Subsidiaries

Rs. in lakhs

Sl. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Name of Subsidiary	Mahindra Infrastructure Developers Limited	Mahindra World City Developers Limited	Mahindra World City (Jaipur) Limited	Mahindra World City (Maharashtra) Limited	Mahindra Integrated Township Limited	Knowledge Township Limited	Mahindra Residential Developers Limited	Mahindra Bebanco Developers Limited	Industrial Township (Maharashtra) Limited	Anthurium Developers Limited	Industrial Cluster Private Limited	Mahindra Industrial Park Chennai Limited	Mahindra Water Utilities Limited	Mahindra Homes Private Limited	Mahindra Construction Company Limited	Deep Mangal Developers Limited	Moonshine Construction Private Limited	Mahindra Happinest Developers Limited
The date since when subsidiary acquired	14-Dec-01	22-Sep-04	26-Aug-05	21-Sep-05	04-May-06	16-Aug-07	01-Feb-08	03-Jun-08	02-Jul-08	02-Jun-10	29-Mar-13	22-Dec-14	27-Jul-15	30-Mar-17	28-Dec-17	28-Dec-17	28-Dec-17	27-Sep-17
Reporting period of the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Share capital	1,800.00	2,000.00	15,000.00	117.04	5,043.50	2,100.00	25.00	5.00	500.00	5.00	5.00	17,000.00	10.00	82.33	240.05	1.01	0.00	10.00
Reserves & surplus	(1,618.25)	11,524.31	13,636.26	(889.19)	4,143.72	248.65	9,337.36	102.75	(16.71)	14.73	(6.60)	282.57	6,157.69	2,605.03	(2,482.52)	(16.77)	(30.00)	(253.18)
Total assets	314.14	53,814.03	67,055.07	1,210.95	19,096.92	6,283.14	12,224.01	13,226.66	536.53	234.53	13,369.66	26,474.61	6,536.32	129,128.86	59.69	215.65	1.91	7,169.76
Total Liabilities	132.38	40,289.72	38,418.81	1,983.10	9,909.70	3,934.49	2,861.65	13,118.91	53.24	214.80	13,371.27	9,192.04	368.63	126,441.51	2,302.16	231.42	31.90	7,412.94
Investments	10.29	11,500.00	500.54	1,191.06	6,629.48	–	–	–	–	–	1,497.70	–	3.10	–	–	0.05	0.25	–
Turnover	11.13	9,802.26	12,784.02	–	4,309.92	–	3,613.75	319.89	–	–	–	–	1,919.96	24,431.09	–	–	–	–
Profit/(Loss) before taxation	5.27	1,204.84	4,263.30	(82.40)	606.86	24.91	441.58	(2,036.58)	(0.61)	6.97	(4.30)	(460.13)	1,135.52	2,793.46	(15.92)	(3.59)	(0.39)	(253.18)
Provision for taxation	1.36	(93.37)	553.54	–	120.48	7.54	90.04	(612.34)	–	1.80	–	(185.81)	315.12	1,053.82	–	–	–	–
Profit/(Loss) after taxation	3.91	1,298.21	3,709.76	(82.40)	486.38	17.37	351.54	(1,424.23)	(0.61)	5.18	(4.30)	(274.32)	820.40	1,739.64	(15.92)	(3.59)	(0.39)	(253.18)
Proposed Dividend	–		2,250.00	–	580.00	–	–	–	–	–	–	–	–	–	–	–	–	–
% of shareholding	100.00%	89.00%	74.00%	100.00%	96.30%	100.00%	96.30%	70.00%	100.00%	100.00%	100.00%	53.40%	98.99%	75.00%	54.17%	100.00%	100.00%	51.00%

Notes:
1. No subsidiaries which are yet to commence operations.
2. No subsidiaries which have been liquidated or sold during the year.
3. Rs. 0.00 lakhs denotes amount less than Rs. 500/-

Part "B"Associates/Joint Ventures

	ASSOCIATES	JOINT VENTURES
Name of Associates/Joint Ventures	**Mahindra Knowledge Park Mohali Limited**	**Mahindra Inframan Water Utilities Private Limited $**
Latest Audited Balance Sheet Date	31-Mar-18	31-Mar-18
The date on which the Associate or Joint Venture was associated or acquired	11-Dec-12	19-Jan-04
Shares of Associate/Joint Venture held by the Company on the year end:		
No. of Equity shares held	6	24,999
Extent of Holding (%)	46.15%	50.00%
Amount of investment in Associates/Joint Venture	0.00	2.50
Description of how there is significant influence	#	#
Reason why the Associate/joint venture is not consolidated	*	-
Networth attributable to Shareholding as per latest audited Balance sheet	(56.10)	1.20
Profit/(Loss) for the year:		
i) Considered in Consolidation	-	(0.98)
i) Not Considered in Consolidation	(0.24)	(0.98)

Notes:
1. No Associates/Joint Venture which are yet to commence operations.
2. No Associates/Joint Venture which have been liquidated or sold during the year.
3. Rs. 0.00 lakhs denotes amount less than Rs. 500/-

Significant influence due to % of share holding.
* No control based on control assessment
$ Shareholding is through a subsidiary, Mahindra Infrastructure Developers Limited

In terms of our Report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Mumbai : 27th April, 2018

Suhas Kulkarni
Company Secretary

Mumbai : 27th April, 2018

Jayantt Manmadkar
Chief Financial Officer

For and on behalf of the Board of Directors of Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director - DIN 00243215

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventeenth Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Amount in Rs.)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income	**11,13,015**	3,08,441
Profit before Depreciation and Taxation	**5,26,588**	(4,78,349)
Less: Depreciation	**–**	–
Profit before Taxation	**5,26,588**	(4,78,349)
Less: Provision for Taxation	**–**	–
Current Tax	**1,35,596**	–
(Excess) provision for tax relating to prior years	**–**	–
Deferred Tax	**–**	(624)
Profit after Taxation	**3,90,992**	(4,77,725)
(Loss) brought forward from previous year	**(16,22,15,541)**	(16,17,37,816)
Balance carried to Balance Sheet	**(16,18,24,549)**	(16,22,15,541)
Net Worth	**1,81,75,451**	1,77,84,459

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, your Company's income has increased to Rs.11,13,015 as compared to Rs. 3,08,441 in the previous year.

Your Company is looking out for other lines of business opportunities in future.

DIVIDEND

In order to conserve the resources of the Company, your Directors do not recommend any dividend for the year under review.

RESERVES

The Company does not propose to transfer any amount to reserves.

SHARE CAPITAL

During the year under review, the authorised Share Capital of your Company stood at Rs. 20,00,00,000 divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10 each. The paid up Equity Share Capital as on 31st March, 2018 was Rs. 18,00,00,000 (Rupees Eighteen Crores Only) divided into 1,80,00,000 (One Crore Eighty Lakhs) Equity Shares of Rs.10 each. During the year under review the Company has not issued any shares or any convertible instruments.

HOLDING COMPANY

Your Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited.

PERFORMANCE AND FINANCIAL POSITION OF THE JOINT VENTURE/ ASSOCIATE/ SUBSIDIARY COMPANY

Your Company holds 99% of the Equity Share Capital of Mahindra Water Utilities Limited, the Subsidiary Company of your Company. Rathna Bhoomi Enterprises Private Limited is the Associate Company and Mahindra Inframan Water Utilities Private Limited is the Joint Venture Company as on 31st March, 2018.

A report on the performance and financial position of the Subsidiary, Associate and Joint Venture Companies and their contribution to the overall performance of the Company, is provided in Form AOC-1 which is attached to the financial statements and forms part of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R 742(E) dated 27th July, 2016 exempted a wholly owned subsidiary Company from preparation and presentation of Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared Consolidated Financial Statements since it has met all requirements mentioned in the aforesaid notification.

BOARD OF DIRECTORS

Presently the Board comprises of the following Directors:

Sr. No.	Name of Director	DIN	Designation	Executive/Non-Executive Director	Independent/Non Independent Director
1.	Mr. Jayantt Manmadkar	03044559	Director	Non-Executive Director	Non Independent Director
2.	Mr. Suhas Kulkarni	00003936	Additional Director	Non-Executive Director	Non Independent Director
3.	Mr. Vijay Khetan	00465161	Director	Non-Executive Director	Independent Director
4.	Mr. Sanjay Jain	06446899	Director	Non-Executive Director	Independent Director

Mr. Jayantt Manmadkar (DIN: 03044559) retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Vijay Khetan (DIN: 00465161) and Mr. Sanjay Jain (DIN: 06446899), Independent Directors of your Company have furnished declarations that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

The Company has received declarations from all the Directors in Form DIR-8 as prescribed under Section 164 of the Companies Act, 2013 read with the Rule 14(1) of Companies (Appointment and Qualifications of Directors) Rules, 2014 that they are not disqualified from being appointed as Directors of the Company pursuant to Section 164 of the Companies Act, 2013.

Ms. Anita Arjundas (DIN: 00243215), resigned from the Board with effect from 23rd October, 2017. The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Ms. Anita Arjundas during her stint as a Director of the Company.

Mr. Suhas Kulkarni (DIN: 00003936) was appointed as an Additional Director of the Company with effect from 23rd October, 2017. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 proposing candidature of Mr. Suhas Kulkarni for his appointment as Director at the ensuing Annual General Meeting. The Board recommends to the Shareholders the above appointment.

BOARD MEETINGS

The Board of Directors met four times during the year under review viz. on 20th April, 2017, 24th July, 2017, 23rd October, 2017 and 24th January, 2018. The gap between two consecutive Board meetings did not exceed 120 days.

The attendance of the Directors at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended
Ms. Anita Arjundas*	2
Mr. Vijay Khetan	4
Mr. Jayantt Manmadkar	4
Mr. Sanjay Jain	4
Mr. Suhas Kulkarni#	2

* Resigned with effect from 23rd October, 2017

\# Appointed with effect from 23rd October, 2017

GENERAL MEETINGS

The 16th Annual General Meeting of the Company was held on 24th July, 2017. No Extra Ordinary General Meeting was held during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the financial year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts have been prepared on a going concern basis; and

(e) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

EVALUATION OF PERFORMANCE OF DIRECTORS

The Board of Directors of the Company carried out an annual evaluation of overall performance of the Independent Directors.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once during the year on 23rd October, 2017 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") was re-constituted with effect from 23rd October, 2017.

The Nomination and Remuneration Committee consisted of the following Directors:

Name of the Member	Designation
Mr. Vijay Khetan	Chairman (Independent Director)
Mr. Sanjay Jain	Independent Director
Mr. Suhas Kulkarni*	Director

*Appointed as Member of the Committee w.e.f. 23rd October, 2017

The Committee met twice during the year under review viz. on 20th April, 2017 and 23rd October, 2017.

The attendance at the meetings of Nomination and Remuneration Committee was as follows:

Name of the Member	Number of Meetings Attended
Mr. Vijay Khetan	2
Mr. Sanjay Jain	2
Ms. Anita Arjundas#	2
Mr. Suhas Kulkarni*	–

*Appointed as Member of the Committee w.e.f. 23rd October, 2017
Resigned with effect from 23rd October, 2017

The Ministry of Corporate Affairs ("MCA") vide its notifications dated 05th July, 2017 and 13th July, 2017, has inter alia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from constituting NRC.

Your Company being an unlisted public company and WOS of Mahindra Lifespace Developers Limited was entitled to the said exemption.

Pursuant to the aforesaid notifications, NRC Committee was dissolved with effect from 1st April, 2018 and its role was subsumed by the Board of Directors.

AUDIT COMMITTEE

The Audit Committee consisted of the following Directors:

Name of the Member	Designation
Mr. Jayantt Manmadkar	Director
Mr. Vijay Khetan	Independent Director
Mr. Sanjay Jain	Independent Director

The Audit Committee met twice during the year under review viz., on 20th April, 2017 and 24th January, 2018.

The attendance at the meetings of the Audit Committee was as follows:

Name of Director	Number of Meetings Attended
Mr. Jayantt Manmadkar	2
Mr. Sanjay Jain	2
Mr. Vijay Khetan	2

The Board has accepted all recommendations of the Audit Committee made during the year.

Pursuant to Ministry of Corporate Affairs ("MCA") vide its notifications dated 05th July, 2017 and 13th July, 2017, has inter - alia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from constituting Audit Committee.

Your Company being an unlisted public company and WOS of Mahindra Lifespace Developers Limited was entitled to the said exemption.

The Audit Committee was dissolved with effect from 1st April, 2018 and its role was subsumed by the Board of Directors.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company and helps in managing the risks associated with the business of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness within the oragnization and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provision relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Consequent to the dissolution of Nomination and Remuneration Committee, the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said policies. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company is not required to have a CSR policy.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of your Company consists of Mr. Santosh Gupta as Chief Executive Officer, Ms. Simly Venu as Chief Financial Officer and Ms. Kinjal Vyas as Company Secretary.

STATUTORY AUDITORS AND AUDIT REPORT

M/s. R. Jaitlia & Company, Chartered Accountants, (ICAI Firm Registration No. 117246W) were appointed as the Statutory Auditors of the Company at the 16th (Sixteenth) Annual General Meeting of the Company held on 24th July, 2017 to hold office up to the date of the 21st (Twenty First) Annual General Meeting of the Company, subject to ratification by the Shareholders of the Company at each Annual General Meeting ("AGM").

As required under the provisions of Section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013 details of which needs to be mentioned in this report.

SECRETARIAL AUDITOR, INTERNAL AUDITOR AND COST AUDITOR

The requirements of having Secretarial Auditor, Internal Auditor and Cost Auditor are not applicable to your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure I** and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, within the meaning of Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding company Mahindra and Mahindra Limited.

Your Company has not, whether directly or indirectly, given loans, made investments and/or provided guarantees/ securities which are required to be reported under section 186 of the Companies Act, 2013, during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transactions with Related Parties during the year under review were in the Ordinary Course of Business and on Arm's Length basis.

Particulars of material contracts or arrangements or transactions with related parties referred to under Sub-Section (1) of Section 188 of the Companies Act, 2013 are furnished in Form AOC 2 as **Annexure II** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as **Annexure III** and the same forms part of this Report.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced by giving adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank all the stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Jayantt Manmadkar — Director

Suhas Kulkarni — Dicetor

Mumbai, 23rd April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been taken to reduce energy consumption.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not Applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo:

(i) The Foreign Exchange earned in terms of actual inflows during the year: Nil

(ii) The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

Jayantt Manmadkar
Director

Suhas Kulkarni
Diector

Mumbai, 23rd April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Transaction Value	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any.	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited- Ultimate Holding Company	Availment of Services	Rs.1,54,310/-	For one year	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arms length basis	Not applicable	Nil

Note: The above referred transaction is at arm's length and in the ordinary course of business. Accordingly Board approval is not required as per proviso to sub-section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board

Jayantt Manmadkar
Director

Suhas Kulkarni
Dictor

Mumbai, 23rd April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U45201MH2001PLC131942
ii)	Registration Date	10/05/2001
iii)	Name of the Company	MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited By Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, P.K. Kurne Chowk, Worli Mumbai - 400 018, Maharashtra, India Tel: +91 22-24905633 Fax: +91 22-24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Lifespace Developers Limited. Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018.	L45200MH1999PLC118949	Holding Company	100%	2(46)
2	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3	Mahindra Water Utilities Limited. Gateway Building, Apollo Bunder, Mumbai 400 001	U45205MH1999PLC121235	Subsidiary	99%	2(87)
4	Mahindra Inframan Water Utilities Private Limited. Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018.	U90000MH2004PTC144079	Joint Venture Company	50%	2(6)
5	Rathna Bhoomi Enterprises Private Limited Mahindra Towers, A Wing, 5th Floor, Dr. G. M. Bhosale Marg, Worli Mumbai 400018	U67120MH1997PTC291256	Associate	50%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category-wise Share Holding	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF*	0	6	6	–	0	6	6	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	0	1,79,99,994	1,79,99,994	100	0	1,79,99,994	1,79,99,994	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**0**	**1,80,00,000**	**1,80,00,000**	**100**	**0**	**1,80,00,000**	**1,80,00,000**	**100**	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**1,80,00,000**	**1,80,00,000**	**100**	**0**	**1,80,00,000**	**1,80,00,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–

Category-wise Share Holding	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**0**	**1,80,00,000**	**1,80,00,000**	**100**	**0**	**1,80,00,000**	**1,80,00,000**	**100**	–

* 6 shares held by Mahindra Lifespace Developers Limited jointly with individuals to comply with the statutory provisions of Companies Act with regard to minimum number of members

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% of change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	1,79,99,994	100	–	1,79,99,994	100	–	0
2.	Mahindra Lifespace Developers Limited jointly with Mr. Roshan Gandhi**	1	0.00	–	1	0.00	–	0
3.	Mahindra Lifespace Developers Limited jointly with Mr. Ulhas Bhosale**	1	0.00	–	1	0.00	–	0
4.	Mahindra Lifespace Developers Limited jointly with Mr. Suhas Kulkarni**	1	0.00	–	1	0.00	–	0
5.	Mahindra Lifespace Developers Limited jointly with Mr. Basant Jain**	1	0.00	–	1	0.00	–	0
6.	Mahindra Lifespace Developers Limited jointly with Ms. Anita Arjundas**	1	0.00	–	1	0.00	–	0
7.	Mahindra Lifespace Developers Limited jointly with Mr. Narayan Shankar**	1	0.00	–	1	0.00	–	0
	Total	**1,80,00,000**	**100**	–	**1,80,00,000**	**100**	–	**0**

** shares held by Mahindra Lifespace Developers Limited jointly with individuals to comply with the statutory provisions of Companies Act with regard to minimum number of members

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Mahindra Lifespace Developers Limited##				
	At the beginning of the year (01.04.2017)	1,80,00,000	100	1,80,00,000	100
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	No Change	–	No Change	–
	At the end of the year (31.03.2018)	1,80,00,000	100	1,80,00,000	100

Includes 6 shares held by Mahindra Lifespace Developers Limited jointly with individuals.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Not Applicable	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Ms. Anita Arjundas ***#				
	At the beginning of the year (01.04.2017)	1	0	1	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):	No Change			
	At the end of the year (31.03.2018)	–	–	1	0
2	Mr. Suhas Kulkarni***##				
	At the beginning of the year (01.04.2018)	1	0	1	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	No Change			
	At the end of the year (31.03.2018)	–	–	1	0

*** shares held by Mahindra Lifespace Developers Limited jointly with individuals to comply with the statutory provisions of Companies Act with regard to minimum number of members.

Resigned w.e.f. 23rd October, 2017

Appointed w.e.f. 23rd October, 2017

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: NOT APPLICABLE

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	Gross Salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	- As % of Profit	Nil	Nil
	- Others, specify…	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	**Nil**	**Nil**
	Ceiling as per the Act	–	–

B. REMUNERATION OF OTHER DIRECTORS:

(Amount in Rs.)

	Particulars of Remuneration	Name of Directors				Total
		Mr. Suhas Kulkarni (Non-Independent)	Mr. Jayantt Manmadkar (Non-Independent)	Mr. Sanjay Jain (Independent)	Mr. Vijay Khetan (Independent)	
1.	Independent Directors					
	• Fee for attending Board/Committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2.	Other Non-Executive Directors					
	• Fee for attending Board/Committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total B = (1+2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total Managerial Remuneration (A+B)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Ceiling as per the Act	–				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Chief Executive Officer	Company Secretary	Chief Financial Officer	
		Mr. Santosh Gupta	Ms. Kinjal Vyas	Ms. Simly Venu	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	- As % of Profit	–	–	–	–
	- Others, specify…	–	–	–	–
5.	Others, please specify	**48,493** (Deputation charges)	**3,00,000** (Professional fees towards Secretarial Services)	**48,493** (Deputation charges)	**3,96,986**
	Total	**48,493**	**3,00,000**	**48,493**	**3,96,986**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Not Applicable

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

For and on behalf of the Board

Jayantt Manmadkar
Director

Suhas Kulkarni
Diector

Mumbai, 23rd April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Infrastructure Developers Limited("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of theseInd AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company'spreparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of theaccounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its Profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818

Place: Mumbai
Date: 23rd April 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Infrastructure Developers Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R. Jaitlia and Co.**
Chartered Accountants
Firm Registration No. : 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818

Place: Mumbai
Date: 23rd April 2018

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

	Note No.	As at 31st March, 2018	As at 31st March, 2017
I ASSETS			
Non-current assets			
(a) Financial assets			
(i) Investments	4	**1,028,989**	1,028,989
(b) Other non-current assets	5	**2,600,627**	2,489,325
Total Non-current assets (I)		**3,629,616**	3,518,314
Current assets			
(a) Financial assets			
(i) Trade receivables	6	**200,161**	200,161
(ii) Cash and cash equivalents	7(a)	**2,411,578**	22,830,600
(iii) Bank balances other than (ii) above	7(b)	**23,282,299**	3,146,709
(iv) Others	8	**1,059,844**	152,480
(b) Other current assets	5	**830,030**	788,818
Total current assets (II)		**27,783,912**	27,118,768
Total assets [(I)+(II)]		**31,413,528**	30,637,082
II EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	9	**180,000,000**	180,000,000
(b) Other equity	10	**(161,824,549)**	(162,215,541)
Total equity (III)		**18,175,451**	17,784,459
Liabilities			
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	11		
– total outstanding dues of micro enterprises and small enterprises		**–**	–
– total outstanding dues of trade payables other than micro enterprises and small enterprises		**12,366,013**	12,082,963
(b) Other current liabilities	12	**872,063**	769,660
Total current liabilities (IV)		**13,238,076**	12,852,623
Total equity and liabilities [(III)+(IV)]		**31,413,528**	30,637,082

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 23rd April 2018

For and on behalf of the Board of Directors

Santosh Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Jayantt Manmadkar
Director (DIN: 03044559)

Kinjal Vyas
Company Secretary
ACS: 35527

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 23rd April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

	Particulars	Note No.	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
I	Revenue from operations		**–**	–
II	Other income	13	**1,113,015**	308,441
III	**Total income (I+II)**		**1,113,015**	308,441
IV	**Expenses**			
	(a) Employee benefit expense	14	**96,986**	79,350
	(b) Other expenses	15	**489,441**	707,440
	Total Expenses (IV)		**586,427**	786,790
V	**Profit/(Loss) before tax (III-IV)**		**526,588**	(478,349)
VI	**Tax Expense**			
	(1) Current tax		**135,596**	–
	(2) Deferred tax	16	**–**	(624)
	Total tax expense		**135,596**	(624)
VII	**Profit/(Loss) for the year (V-VI)**		**390,992**	(477,725)
	Other comprehensive income		**–**	–
	(1) Items that will not be reclassified to profit or loss		**–**	–
	(2) Items that may be reclassified to profit or loss		**–**	–
VIII	**Total other comprehensive income (1)+(2)**		**–**	–
IX	**Total comprehensive income for the year (VII+VIII)**		**390,992**	(477,725)
X	**Earnings per equity share**			
	Basic/Diluted	18	**0.02**	(0.03)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 23rd April 2018

Santosh Gupta
Chief Executive Officer

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Jayantt Manmadkar
Director (DIN: 03044559)

Kinjal Vyas
Company Secretary
ACS: 35527

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 23rd April 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Adjustments for:		
Income tax expense recognised in the statement of profit and loss	**(135,596)**	(624)
Interest income recognised in profit or loss	**(1,113,015)**	(308,441)
Depreciation expenses	**–**	–
Impairment of property, plant and equipment	**–**	2,031
	(722,023)	(784,759)
Movements in working capital:		
Decrease in inventories	**–**	–
Decrease in trade receivables	**–**	21,913,260
Increase in other financial assets	**(948,576)**	(16,890)
Decrease in other current assets	**(111,302)**	15,398
Increase in trade payables	**283,050**	7,130
Increase/(decrease) in other current liabilities	**102,403**	31,517
Income taxes paid	**–**	(30,844)
Net cash generated by/(used in) operating activities	**(1,396,447)**	21,134,812
Cash flows from investing activities		
Purchase of investment - subsidiary (refer Note No.30)	**–**	(230,000)
Interest received	**1,113,015**	262,729
Bank balances not considered as cash and cash equivalents		
– Placed	**(20,135,590)**	(1,531,530)
– Matured	**–**	2,909,497
Net cash generated by investing activities	**(19,022,575)**	1,410,696
Net cash generated by financing activities	**–**	–
Net increase in cash and cash equivalents	**(20,419,022)**	22,545,508
Cash and cash equivalents at the beginning of the year	**22,830,600**	285,092
Cash and cash equivalents at the end of the year	**2,411,578**	22,830,600

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 23rd April 2018

Santosh Gupta
Chief Executive Officer

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Jayantt Manmadkar
Director (DIN: 03044559)

Kinjal Vyas
Company Secretary
ACS: 35527

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 23rd April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital	**(Amount in ₹)**
Balance as at 31st March, 2017	**180,000,000**
Changes in equity share capital during the period	–
Balance as at 31st December, 2018	**180,000,000**

B. Other Equity	**Retained earnings (Amount in ₹)**
Balance as 31st March, 2016	**(161,737,816)**
Profit/(Loss) for the year	(477,725)
Other comprehensive income	–
Total comprehensive income	(477,725)
Balance as at 31st March, 2017	**(162,215,541)**
Profit/(Loss) for the year	**390,992**
Other comprehensive income	**–**
Total comprehensive income	**390,992**
Balance as at 31st March, 2018	**(161,824,549)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 23rd April 2018

Santosh Gupta
Chief Executive Officer

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Jayantt Manmadkar
Director (DIN: 03044559)

Kinjal Vyas
Company Secretary
ACS: 35527

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 23rd April 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10 May, 2001 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of infrastructure projects and infrastructure related services.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant accounting policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 23rd April, 2018.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 – Investments

Particulars		Face Value (Rs.)	As at 31st March, 2018 Nos.	As at 31st March, 2018 Amount in Rs.	As at 31st March, 2017 Nos.	As at 31st March, 2017 Amount in Rs.
A.	**Investments carried at cost or deemed cost**					
I.	**Unquoted Investments (all fully paid) Investments in Equity Instruments**					
	– of subsidiaries					
	Mahindra Water Utilities Private Limited	10	**98,999**	**778,999**	98,999	778,999
	(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture) (Refer Note No. 30)					
	– of joint ventures					
	Mahindra Inframan Water Utilities Private Limited	10	**24,999**	**249,990**	24,999	249,990
	Mahindra Water Utilities Private Limited (joint venture upto 26 July 2015, subsequently it has become subsidiary)		–	–	–	–
	– of associate					
	Ratna Bhoomi Enterprise Private Limited	10	**500**	–	500	–
	Investments in Preference shares					
	– of associate					
	10% Non-cumulative redeemable participating optionally convertible preference shares in Ratna Bhoomi Enterprise Private Limited (Refer Notes below)	10	**119,250**	–	119,250	–
	Total (A)	–	–	**1,028,989**		1,028,989
B.	**Investment carried at fair value through other comprehensive income**					
	Unquoted Investments (all fully paid)					
	Investments in Equity Instruments					
	New Tirupur Area Development Corporation Limited	10	**15,000,000**	–	15,000,000	–
	Total (B)	–	–	–	–	–
	Total Investments (A)+(B)	–	–	**1,028,989**		1,028,989

Notes:

1. The shares will be redeemed at par at the option of the associate, any time after five years but before twenty years from the date of allotment i.e 9 December, 2002. The shares at the option of the Company will be convertible into fully paid equity shares of the face value of Rs. 10 each anytime after 36 months from the date of allotment of the shares.

2. The Company has right to participate in surplus profit when in any financial year, after declaring and paying a divided of 10% to non-cumulative redeemable participating convertible preference shareholders and 10% to equity shareholders by the associate, there is any balance of surplus profits proposed to be distributed to shareholders, the same shall be applied in paying a dividend to both the classes of shareholders, viz., equity and 10% non-cumulative redeemable participating optionally convertible preference shares treated as one class. In the event of the winding up of the associate, if there is still a surplus after making a complete refund to all the shareholders, such surplus shall be distributed amongst both the classes of shareholders, viz equity and 10% non-cumulative redeemable participating optionally convertible preference shares treated as one class.

Note No. 5 – Other assets

Particulars		As at 31st March, 2018 Non-current	As at 31st March, 2018 Current	As at 31st March, 2017 Non-current	As at 31st March, 2017 Current
(a)	Income tax assets (net)	**2,474,427**	–	2,363,125	–
(b)	Balances with government authorities (other than income taxes)				
	GST receivables	–	**41,212**	–	–
	Service tax credit receivables	–	**788,818**	–	788,818
(c)	Security deposit				
	Unsecured, considered good	**126,200**	–	126,200	–
Total other assets		**2,600,627**	**830,030**	2,489,325	788,818

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 6 – Trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
– Unsecured, considered good	**200,161**	22,113,421
Total trade receivables	**200,161**	22,113,421

Notes:

(i) The average credit period for sales of services ranges between 150 to 180 days.

(ii) At 31st March, 2018, the Company has only one customer (As at 31st March, 2016 and 1 April, 2015: two customers) accounting for the entire trade receivables.

Note No. 7

(a) Cash and cash equivalents

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Balance with bank	**2,411,578**	22,830,600
Total cash and cash equivalents	**2,411,578**	22,830,600

(b) Other bank balances

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) In deposit accounts	**23,282,299**	3,146,709
Total other bank balances	**23,282,299**	3,146,709

Note No. 8 – Other financial assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Financial assets at amortised cost Interest accrued but not due on deposits	**1,001,713**	135,590
(b) Advance to related party (Refer Note No. 21)	**58,131**	16,890
Total other financial assets	**1,059,844**	152,480

Note No. 9 – Equity share capital

Particulars	As at 31st March, 2018 Number of shares	₹	As at 31st March, 2017 Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	**20,000,000**	**200,000,000**	20,000,000	200,000,000
	20,000,000	**200,000,000**	20,000,000	200,000,000
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	**18,000,000**	**180,000,000**	18,000,000	180,000,000
	18,000,000	**180,000,000**	18,000,000	180,000,000

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2018 Number of shares	₹	As at 31st March, 2017 Number of shares	₹
Opening balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000
Add: Issued during the year	–	–	–	–
Closing balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominees	**18,000,000**	18,000,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2018 Number of shares	% holding	As at 31st March, 2017 Number of shares	% holding
Mahindra Lifespace Developers Limited the holding company, including 6 shares jointly held with its nominees.	**18,000,000**	**100%**	18,000,000	100%

Note No. 10 – Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance as at 31 March, 2016	**(161,737,816)**	**(161,737,816)**
Profit/(Loss) for the year	(477,725)	**(477,725)**
Other comprehensive income	–	–
Total comprehensive income	(477,725)	**(477,725)**
Balance at 31 March, 2017	**(162,215,541)**	**(162,215,541)**
Profit/(Loss) for the year	390,992	**390,992**
Other comprehensive income	–	–
Total comprehensive income	390,992	390,992
Balance at 31 March, 2018	**(161,824,549)**	**(161,824,549)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 11 – Trade payables

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payables for goods and services	**12,366,013**	12,082,963
Total trade payables	**12,366,013**	12,082,963

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note No. 12 – Other current liabilities

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Others		
Statutory remittances (withholding taxes, service tax, etc.)	**872,063**	769,660
Total other current liabilities	**872,063**	769,660

Note No. 13 – Other Income

(Amount in ₹)

Particulars	As at 31st March, 2018	For the year ended 31st March, 2017
(a) Interest Income on bank deposits	**1,113,015**	308,441
Total other Income	**1,113,015**	308,441

Note No. 14 – Employee benefits expense

(Amount in ₹)

Particulars	As at 31st March, 2018	For the year ended 31st March, 2017
Salary and wages (including deputation charges)	**96,986**	79,350
Total employee benefit expenses	**96,986**	79,350

Note No. 15 – Other Expenses

(Amount in ₹)

Particulars	As at 31st March, 2018	For the year ended 31st March, 2017
(a) Professional charges	**452,806**	582,952
(b) Stamp & Filing Fees	**7,200**	7,800
(c) Payments to auditors (including GST/Service Tax):		
(i) For audit	**15,340**	86,250
(d) Impairment of property, plant and equipment	–	2,031
(e) Insurance premium	–	28,006
(f) Miscellaneous expenses	**14,096**	401
Total other expenses	**489,441**	707,440

Note No. 16 – Deferred tax liabilities

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Defered tax liabilities	–	–
Deferred tax liabilities	–	–

(i) Movement in deferred tax balances

(Amount in ₹)

Particulars	Opening Balance	Recognised in profit and Loss	Reclassified from equity to profit and loss
	For the Year ended 31st March, 2018		
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment	–	–	–
Net tax liabilities	–	–	–

(Amount in ₹)

Particulars	Opening Balance	Recognised in profit and Loss	Reclassified from equity to profit and loss
	For the Year ended 31st March 2018		
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment	–	–	–
Net tax liabilities	–	–	–

Note No. 17 – Contingent liabilities and commitments

(Amount in ₹)

Contingent liabilities (to the extent not provided for)	As at 31st March, 2018	As at 31st March, 2017
Contingent liabilities		
(a) Guarantee		
For Subsidiary Company/Joint Venture - Mahindra Water Utilities Limited		
(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)		
– Amount of Gurantee outstanding	**180,000,000**	180,000,000
– Maximum liablity of the Company	**180,000,000**	180,000,000*

* During the year ended 31 March, 2016, the Company had aquired 48,999 shares of Mahindra Water Utilities Limited from United Utilities International Limited @ Rs.1/- per share vide Share Purchase Agreement dated 29 April, 2015. Consequently, as per the share purchase agreement, the Company and New Tirupur Area Development Corporation Limited entered a new performance gurantee agreement. The peroformance gurantee has been increased from Rs. 90,000,000 to Rs. 180,000,000 in the previous year.

Note No. 18 – Earnings per share

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a)	Profit/(loss) for the year (₹)	**390,992**	(477,725)
(b)	Weighted average number of equity shares (No.)	**18,000,000**	18,000,000
(c)	Basic/Diluted earning per share (₹)	**0.022**	(0.03)
(d)	Nominal value per share (₹)	**10**	10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 19 – Segment Reporting

The company has a single reportable segment namely development of infrastructure projects and infrastructure related services in India for the purpose of Ind As 108 on segment reporting.

Note No. 20 – Project status with Tirumala Tirupati Devasthanams (TTD)

Solid Waste Treatment Agreement ("the Agreement") executed on 17 January, 2003 with Tirumala Tirupati Devasthanams (TTD) for operating a solid waste treatment plant ("the project") at Tirumala, has been terminated by the Company with effect from 19 June, 2009. Discussions are on with TTD for resolving all the pending issues post termination in accordance with the terms of the Agreement. The project has not been operating since the termination date. The Company has a right to claim the written down value of the fixed assets as of the termination date and an appropriate compensation from TTD in terms of the Agreement. Accordingly, no depreciation on the fixed assets of the project was provided after the date of termination and prior to impairment of fixed asset made during the year ended 31st March, 2015. The particulars of the project as on the date of termination to be transferred to TTD on acceptance of the termination by them are given below:

(Amount in ₹)

Description of assets	Written down value of the assets
Building	2,844,632
Plant & Machinery and Office equipment	16,881,474
Computer	4,782
Furniture and fixtures	10,256
Vehicles	47,629
Total	**19,788,773**

The Company passed a Board resolution dated 25th April 2016 & shareholder's resolution dated 26th April, 2016 approving transfer of the plant and other assets and liabilities for the benefit of TTD. Post that for a brief period Sustech Trust tried to operate the plant for the benefit of TTD, however the same was not as per the expectation of TTD, hence on 4th May, the Company has written letter to TTD granting it no objection certificate to TTD itself to operate the said plant. As of date, there is no formal transfer deed between the Company and TTD executed.

Note No. 21 – Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Subsidiary

1	Mahindra Water Utilities Limited (subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)

Fellow Subsidiary

1	Mahindra Consulting Engineers Limited

Associate of Holding Company

1	Mahindra Knwoledge Park (Mohali) Limited

Particulars	For the year ended	Ultimate Holding Company	Holding Company	Joint venture (MWUL)	Fellow subsidiary	Subsidiary	Associate
Nature of transactions with Related Parties							
Professional charges	31-Mar-18	154,310		–	–	–	–
	31-Mar-17	230,352					
Insurance premium	31-Mar-18	–	–	–	–	–	–
	31-Mar-17	12,608	–	–	–	–	–
Deputation charges	31-Mar-18	–	–	–	–	–	–
(including service tax)	31-Mar-17	–	96,986	–	–	–	–
Payment made on behalf of related party	31-Mar-18	–	–	–	–	–	41,241
	31-Mar-17	–	–	–	–	–	16,890

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company	Joint venture (MWUL)	Fellow subsidiariy	Subsidiariy	Associate
Maximum liablity to the Company in respect of gurantee outstanding	31-Mar-18	–	–	–	–	180,000,000	–
	31-Mar-17	–	–	–	–	180,000,000	–
	31-Mar-18	–	–	–	–	–	58,131
Receivable	31-Mar-17	–	–	–	–	–	16,890
	31-Mar-18	1,729,015	8,517,865	–	–	–	–
Payables	31-Mar-17	1,589,799	8,413,121	–	–	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 22 – As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the period ended 31 March, 2018 have been prepared on the basis of going concern.

Note No. 23 – Financial Instruments

(I) Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(II) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Trade receivables

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31 March, 2018						
Trade Payable	368,960	11,997,053	–	–	12,366,013	12,366,013
Total	**368,960**	**11,997,053**	**–**	**–**	**12,366,013**	**12,366,013**
31 March, 2017						
Trade Payable	12,082,963	–	–	–	12,082,963	12,082,963
Total	**12,082,963**	**–**	**–**	**–**	**12,082,963**	**12,082,963**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
31 March 2018						
Non interest rate bearing	2,669,870	–	–	–	2,669,870	2,669,870
Fixed interest rate bearing	23,282,299	–	–	–	23,282,299	3,146,709
Total	**25,952,169**	**–**	**–**	**–**	**25,952,169**	**5,816,579**
31 March 2017						
Non interest bearing	23,047,651	–	–	–	23,047,651	23,047,651
Fixed interest rate instruments	3,408,152	–	–	–	3,408,152	3,282,299
Total	**26,455,803**	**–**	**–**	**–**	**26,455,803**	**26,329,950**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 24 – Fair Value Measurement

Financial assets measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-18	31-Mar-17				
Financial assets						
Investments in equity instruments						
– New Tirupur Area Development Corporation Limited (NTADCL) (15,000,000 equity shares of ₹ 10 each)	–	–	Level 3		On the basis of NTADCL's own data, taking into account all information about market participant that is reasonably available.	NA
Total financial liabilities	–	–				

Note No. 25 – Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 23rd April 2018

Santosh Gupta
Chief Executive Officer

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Jayantt Manmadkar
Director (DIN: 03044559)

Kinjal Vyas
Company Secretary
ACS: 35527

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 23rd April 2018

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Water Utilities Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	–
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	–
4.	Share capital	1,000,000
5.	Reserves & surplus	615,768,750
6.	Total assets	653,632,144
7.	Total Liabilities	36,863,394
8.	Investments	310,042
9.	Turnover	237,233,310
10.	Profit before taxation	113,544,196
11.	Provision for taxation	31,510,192
12.	Profit after taxation	82,034,004
13.	Proposed Dividend	NIL
14.	% of shareholding	98.99%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Joint Venture	Associate
Name of associates/Joint Ventures	Mahindra Inframan Water Utilities Pvt Ltd.	Rathna Bhoomi Enterprises Pvt Ltd.
1. Latest audited Balance Sheet Date	31.03.2018	31.03.2018
2. Shares of Associate/Joint Ventures held by the company on the year end	50%	50%
Nos.	24,999	500
Amount of Investment in Joint Venture / Associates	249,990	5000
Extend of Holding%	50%	50%
3. Description of how there is significant influence	Note A	Note A
4. Reason why the associate/joint venture is not consolidated		
5. Net worth attributable to shareholding as per latest audited Balance Sheet	119,775	(278,762)
6. Profit/Loss for the year		
i. Considered in Consolidation	–	–
ii. Not Considered in Consolidation	(196,819)	(29,000)

Note A: There is significant influence due to percentage (%) of Share Capital

1. Names of Joint ventures or associates which are yet to commence operations.

2. Names of Joint ventures or associates which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance sheet is to be certified.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 23rd April 2018

Santosh Gupta
Chief Executive Officer

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Jayantt Manmadkar
Director (DIN: 03044559)

Kinjal Vyas
Company Secretary
ACS: 35527

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 23rd April 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Thirteenth report together with the audited financial statement for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**0.12**	0.24
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**(21.60)**	(9.39)
Less: Depreciation	–	–
Profit/(Loss) Before Finance Cost and Taxation	**(21.60)**	(9.39)
Less: Finance Cost	**60.80**	20.82
Profit/(Loss) Before Taxation	**(82.40)**	(30.20)
Less: Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation	**(82.40)**	(30.20)
Add: Balance of Profit/(Loss) for earlier years	**(144.38)**	(114.18)
Add: Losses of KDPL, RIBPL and TBPL on Scheme of Amalgamation with MWCML	**(662.41)**	–
Balance carried forward to the Balance Sheet	**(889.19)**	(144.38)

Dividend

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2017-18.

Reserves

In view of loss for the year, no amount has been transferred to reserves.

Operations/State of the Company's affairs

The Company is evaluating suitable opportunities to undertake large format developments/residential developments.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

Amalgamation

The Board of Directors at its meeting held on 10th October, 2016 approved the proposal, decided to amalgamate Kismat Developers Private Limited (KDPL), Topical Builders Private Limited (TBPL) and Raigad Industrial & Business Park Limited (RIBPL) with the Company by approving a Scheme of Amalgamation envisaging the terms of amalgamation and accordingly, the Company Summons for Directions and Company Scheme Petition for approving the amalgamation were filed with the National Company Law Tribunal (NCLT), Mumbai Bench (NCLT). NCLT vide its order dated 27th September, 2017 sanctioned the scheme of amalgamation (the "Scheme"). The Scheme became effective from 28th December, 2017 i.e. the date of filing of the sanctioned Scheme with the Registrar of Companies, Mumbai. Accordingly, all the assets, investments and liabilities of KDPL, RIBPL and TBPL were merged with the Company effective 28th December, 2017 and the Company issued and allotted 8.5% Non-cumulative Redeemable Preference Shares to the Shareholders of KDPL, RIBPL and TBPL, as part of consideration towards amalgamation.

In furtherance, Deep Mangal Developers Ltd. and Mahindra Construction Company Ltd. became subsidiary of the Company and consequently, a subsidiary of Mahindra Lifespace Developers Ltd, the holding company and of the ultimate holding company, Mahindra and Mahindra Ltd. Moonshine Construction Private Ltd and Rathna Bhoomi Enterprises Private Limited became associate companies of the Company.

Share Capital

During the year, pursuant to Scheme of Amalgamation, the authorised share capital of the Company was increased from ₹ 1,50,00,000 to ₹ 9,51,00,000 with authorised equity share capital comprising of ₹ 9,25,03,500 and authorised 8.5% Non-cumulative Redeemable Preference Share capital comprising of ₹ 25,96,500.

During the year, pursuant to Scheme of Amalgamation, the Company issued and allotted 1,77,500 8.5% Non-cumulative Redeemable Preference Shares (Preference Shares) of face value of ₹ 10 each to the Shareholders of KDPL, RIBPL and TBPL i.e. Mahindra Lifespace Developers Ltd, the holding company and Moonshine Construction Private Ltd (MCPL). MLDL was issued and allotted 1,75,000 Preference Shares, whereas MCPL was issued and allotted 2,500 Preference Shares.

As at 31st March, 2018, the paid-up share capital is as under:

Shareholders	Equity Share Capital	8.5% Non-cumulative Redeemable Preference Share capital	Total
Mahindra Lifespace Developers Ltd.	1,17,04,000	17,50,000	1,34,54,000
Moonshine Construction Private Ltd.	–	25,000	25,000
Total			**1,34,79,000**

Apart from above, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, Deep Mangal Developers Private Ltd. became subsidiary of the Company and consequently, a subsidiary of Mahindra Lifespace Developers Ltd., the holding company and of the ultimate holding company, Mahindra and Mahindra Ltd.

Apart from above, no company became/ceased to be subsidiary or associate or joint venture company of the Company.

Pursuant to notification dated 27th July, 2016 issued by the Ministry of Corporate Affairs, the Company, after seeking consent of the Shareholders in writing, availed exemption for consolidation of the accounts of the subsidiary, Deep Mangal Developers Private Ltd. Therefore, the requirements of consolidated financial statement are not applicable to the Company

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Vijay Paradkar	00149410	Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (02791944) a Non-executive and Non-Independent Director retires by rotation at the 13th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet the criteria prescribed under Section 203 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committees of the Board

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Nomination and Remuneration Committee

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were held. The previous Annual General Meeting of the Company was held on 20th July, 2017. In addition to AGM, a Court Convened Meeting for approval of the Scheme of Amalgamation was held on 16th May, 2017.

Code of Conduct

The Company has adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes

Directors’ Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 (“the Act”), the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

c. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they had prepared the annual accounts on a going concern basis; and

e. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Board periodically reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter of appointment of the Auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 13th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in 2019.

As required under the provisions of Sections 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the auditors, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirement of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013.

During the year, the Company has not entered into any transaction of making loans, giving guarantees, providing securities, acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate stipulated under Section 186 Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loan and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review, are given in the prescribed format in the **Annexure 1** to this report

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies

Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors

Acknowledgment

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year

For and on behalf of the Board,

Sangeeta Prasad

Chairperson

DIN: 02791944

Mumbai, 17th April, 2018

ANNEXURE 1

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy;	:	The Company is evaluating suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving foreign exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 2

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U45309MH2005PLC156225
2.	**Registration Date**	21/09/2005
3.	**Name of the Company**	Mahindra World City (Maharashtra) Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares/ Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation

#The Company is evaluating suitable Business opportunities for large format development and residential developments.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai – 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)
3.	Deep Mangal Developers Private Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai – 400 018	U70102MH1989PTC051878	Subsidiary	82.42	2(87)
4.	Mahindra Construction Company Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai – 400 018	U45200MH1992PLC068846	Subsidiary	51.97*	2(87)
5.	Moonshine Construction Private Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai – 400 018	U45200MH1996PTC099607	Associate	49.13*	2(6)
6.	Rathna Bhoomi Enterprises Private Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai – 400 018	U67120MH1997PTC291256	Associate	50.00	2(6)

* Includes direct and indirect holding.

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	1,170,400	1,170,400	100	–	1,170,400	1,170,400	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	1,170,400	1,170,400	100	–	1,170,400	1,170,400	100	–
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	1,170,400	1,170,400	100	–	1,170,400	1,170,400	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**1,170,400**	**1,170,400**	**100**	**–**	**1,170,400**	**1,170,400**	**100**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	11,70,340	100	–	11,70,340	100	–	–
2.	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3.	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4.	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	10	0.00	–	10	0.00	–	–
5.	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6.	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7.	Mahindra Lifespace Developers Limited & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the equity shareholding of Promoter.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Ms. Sangeeta Prasad - Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the end of the year	10	0.00	10	0.00
Mr. Suhas Kulkarni – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/ bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

**** Jointly with Mahindra Lifespace Developers Limited (first holder).***

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	360.00	–	360.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	18.73	–	18.73
Total (i+ii+iii)	–	378.73	–	378.73
Change in Indebtedness during the financial year				
• Addition	–	1,401.33	–	1,401.33
• Reduction	–	394.02	–	394.02
Net Change	–	**1,007.31**	–	**1,007.31**
Indebtedness at the end of the financial year				
i) Principal Amount	–	1,386.04	–	1,386.04
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	395.41	–	395.41
Total (i+ii+iii)	–	**1,781.45**	–	**1,781.45**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other directors:** Not Applicable

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/ Whole Time Director:** NIL

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791 944

Mumbai, 17th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying financial statements of Mahindra World City (Maharashtra) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A,a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors

is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 17th April 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra World City (Maharashtra) Limited for the year ended March 31, 2018

1) Since the Company does not have fixed assets, the provisions of para 3(i) of the Order are not applicable to the Company.

2) Since the Company does not have any inventory, the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company is has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2018, for a period of more than 6 months from the date they become payable.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.

8) The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(viii) of the Order are not applicable to the Company.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place: Mumbai
Date: 17th April 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra World City (Maharashtra) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 17th April 2018

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

		Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	4	**119,105,594**	35,000,000
	SUB-TOTAL		**119,105,594**	35,000,000
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	5	**465,153**	393,706
	(b) Other Current Assets	6	**1,524,330**	36,757
	SUB-TOTAL		**1,989,483**	430,463
	TOTAL ASSETS		**121,095,076**	35,430,463
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	7	**11,704,000**	11,704,000
	(b) Other Equity	8	**(88,918,920)**	(14,437,897)
	SUB-TOTAL		**(77,214,920)**	(2,733,897)
	LIABILITIES			
	NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	9	**138,604,000**	36,000,000
	(b) Provisions	10	**18,376,484**	–
	SUB-TOTAL		**156,980,484**	36,000,000
	CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	11	**1,351,275**	82,771
	(ii) Other Financial Liabilities	12	**39,540,632**	1,873,430
	(b) Other Current Liabilities	13	**437,605**	208,159
	SUB-TOTAL		**41,329,512**	2,164,360
	TOTAL		**121,095,076**	35,430,463

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 17th April, 2018

For and on behalf of the Board of Directors

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 17th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
Continuining Operations			
I Other Income	14	**12,083**	23,791
II **Total Revenue (I)**		**12,083**	23,791
III **EXPENSES**			
(a) Finance costs	15	**6,080,083**	2,081,589
(b) Other expenses	16	**2,171,845**	962,444
Total Expenses (III)		**8,251,928**	3,044,033
IV **Profit/(loss) before tax (II - III)**		**(8,239,845)**	(3,020,242)
V **Profit/(loss) for the period**		**(8,239,845)**	(3,020,242)
VI **Earnings per equity share (for continuing operation):**			
(1) Basic/Diluted	17	**(7.04)**	(2.58)

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 17th April, 2018

For and on behalf of the Board of Directors

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 17th April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flows from operating activities		
Profit before tax for the year	**(8,239,845)**	(3,020,242)
Adjustments for:		
Retained earning on Amalgamation	**(66,241,177)**	–
Finance costs recognised in profit or loss	**(12,083)**	(23,791)
Investment income recognised in profit or loss	**(74,493,105)**	(3,044,033)
Movements in working capital:		
(Increase)/decrease in other assets	**(1,487,573)**	29,325
Decrease in trade and other payables	**1,268,504**	–
Increase/(decrease) in provisions	**18,376,484**	–
(Decrease)/increase in other liabilities	**140,500,648**	2,065,610
Net cash generated by operating activities	**84,164,958**	(949,098)
Cash flows from investing activities		
Payments to acquire Shares		**(35,000,000)**
Investment come due to amalgamation	**(84,105,594)**	–
Interest received	**12,083**	23,791
Net cash (used in)/generated by investing activities	**(84,093,511)**	(34,976,209)
Cash flows from financing activities		
Proceeds from borrowings	**–**	36,000,000
Net cash used in financing activities	**–**	36,000,000
Net increase in cash and cash equivalents	**71,448**	74,694
Cash and cash equivalents at the beginning of the year	**393,706**	319,012
Effects of exchange rate changes on the balance of cash held in foreign currencies	**465,153**	**393,706**
Cash and cash equivalents at the end of the year	**465,153**	393,706

Change in Liability arising from financing activities

(Amount in ₹)

Particulars	As at 01st April, 2017	Non Cash	Cash Flow	**As at 31st March, 2018**
Non Current Borrowings	–	–	–	**–**
Current Borrowings (Refer Note 9)	36,000,000.00	97,104,000.00	5,500,000.00	**138,604,000.00**
Current maturities of Long term debt	–	–	–	**–**
Total	36,000,000.00	97,104,000.00	5,500,000.00	**138,604,000.00**

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 17th April, 2018

For and on behalf of the Board of Directors

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 17th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

A. Equity share capital	
As at 31st March, 2017	11,704,000
Changes in equity share capital during the year	–
As at 31st March, 2018	**11,704,000**

a. Equity share capital

	Equity share capital (no. of Shares)
Balance at 31st March 2017	**1,170,400**
Changes in equity share capital during the year	
Issue of equity shares	**–**
Balance at 31st March 2018	**1,170,400**

B. Other Equity	**Retained earnings**
	(Amount in ₹)
Balance as 31st March, 2016	**(11,417,655)**
Profit/(Loss) for the year	(3,020,242)
Other comprehensive income	–
Total comprehensive income	(3,020,242)
Balance as at 31st March, 2017	**(14,437,897)**
Profit/(Loss) for the year	(8,239,845)
Carried forward losses of KDPL, RIBPL and TBPL on Scheme of Amalgamation with MWCML	(66,241,178)
Other comprehensive income	–
Total comprehensive income	(74,481,023)
Balance as at 31st March, 2018	**(88,918,920)**

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 17th April, 2018

For and on behalf of the Board of Directors

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 17th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Corporate information

Mahindra World City (Maharashtra) Limited("the Company") is a public company incorporated in 2005 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G.M.Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of Multi product SEZ in Maharashtra as a joint venture with Maharashtra Industrial Development Corporation (MIDC).

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant accounting policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 17th April, 2018.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Financial assets and Liabilities

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.4.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.4.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.5 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.5.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.5.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.5.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.6 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.7.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.8 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.9 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March, 2018 Nos.	Amount in (₹)	As at 31st March, 2017 Nos.	Amount in (₹)
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Equity Instruments					
– of Subsidaries/associates					
Deep Mangal Developers Private Limited	10	**830**	**117,833,100**	350	35,000,000
Mahindra Construction Company Limited	10	**3000**	**30,000**	–	–
Moonshine Construction Private Limited	10	**10**	**100**	–	–
Mahindra Ugine Steel Limited	1	**1**	**1**	–	–
Moonshine Construction Private Limited	10	**10**	**100**	–	–
Rathna Bhoomi Enterprises Private Limited	10	**500**	**5,000**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Face Value (₹)	As at 31st March, 2018 Nos.	Amount in (₹)	As at 31st March, 2017 Nos.	Amount in (₹)
Investments in Preference shares					
– of Subsidaries/associates					
7% Non-cumulative redeemable participating optionally convertible preference shares in Moonshine Construction Private Limited	10	**4479**	**44,790**	–	–
Rathna Bhoomi Enterprises Private Limited	10	**119250**	**1,192,500**	–	–
Prudential Management & Services Private Limited	1	**2**	**2**	–	–
MCCL	**1**	**1**	**1**	–	–
			119,105,594		35,000,000

Note No. 5 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(a) Balances with banks	**463,604**	392,157
(b) Cash on hand	**1,549**	1,549
Total Cash and cash equivalent	**465,153**	393,706

Note No. 6 - Other assets

Particulars	As at 31st March, 2018 Current	Non-Current	As at 31st March, 2017 Current	Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**1,084,320**	–	36,757	–
(ii) Other advances	**440,010**	–	–	–
	1,524,330	–	36,757	–

Note No. 7 - Equity Share Capital

Particulars	As at 31st March, 2018 No. of shares	Amt ₹	As at 31st March, 2017 No. of shares	Amt ₹
Authorised:				
Equity shares of ₹ 10 each with voting rights	**1,500,000**	**15,000,000**	1,500,000	15,000,000
Equity shares of ₹ 10 each with differential voting rights	**–**	**–**	–	–
Issued, Subscribed and Fully Paid:				
Equity shares of ₹10 each with voting rights	**1,170,400**	**11,704,000**	1,170,400	11,704,000
Equity shares of ₹10 each with differential voting rights	**–**	**–**	–	–
Total	**1,170,400**	**11,704,000**	1,170,400	11,704,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes (give details)	Closing Balance
Year Ended 31st March, 2018				
No. of Shares	**1,170,400**	–	–	**1,170,400**
Amount	**11,704,000**	–	–	**11,704,000**
Year Ended 31st March, 2017				
No. of Shares	1,170,400	–	–	1,170,400
Amount	11,704,000	–	–	11,704,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2018			
Mahindra Lifespace Developers Ltd.	1,170,400	**–**	–
As at 31st March 2017			
Mahindra Lifespace Developers Ltd.	1,170,400	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**1,170,400**	**100.00%**	1,170,400	100.00%

Note No. 8 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance as at 31 March, 2016	**(11,417,655)**	**(11,417,655)**
Profit/(Loss) for the year	(3,020,242)	(3,020,242)
Other comprehensive income	–	–
Total comprehensive income	(3,020,242)	(3,020,242)
Balance at 31 March, 2017	**(14,437,897)**	**(14,437,897)**
Profit/(Loss) for the year	(8,239,845)	(8,239,845)
Carried forward losses of KDPL, TBPL and RIBPL on Scheme of Amalgamation with MWCML	(66,241,178)	(66,241,178)
Other comprehensive income	–	–
Total comprehensive income	(74,481,023)	(74,481,023)
Balance at 31 March, 2018	**(88,918,920)**	**(88,918,920)**

Note No. 9 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2018 Amount	As at 31st March, 2017 Amount
Measured at amortised cost		
A. Secured Borrowings:	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings - at amortised Cost		
(a) Deposits	**–**	36,000,000
(b) Loans from related parties*	**62,614,000**	–
(c) Other Loans	**74,215,000**	
(d) Other Loans		
Redeemable preference share capital	**1,775,000**	–
Total Unsecured Borrowings	**138,604,000**	36,000,000
Total Borrowings	**138,604,000**	36,000,000

* The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @9.95% p.a.

Note No. 10 - Provisions

(Amount in ₹)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Other Provisions				
1 Other Provisions	**–**	**18,376,484**	–	**–**
Total Provisions	**–**	**18,376,484**	–	–

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro ans small enterprises	**1,351,275**	–	82,771	**–**
Total Trade Payables	**1,351,275**	–	82,771	–

Note No. 12 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Interest accrued	**39,540,632**	1,873,430
Total other financial liabilities	**39,540,632**	1,873,430

Note No. 13 - Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Statutory dues				
– taxes payable (other than income taxes)	**437,605**	**–**	208,159	**–**
Total Other Liabilities	**437,605**	**–**	208,159	–

Note No. 14 - Other Income

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Interest Income		
on bank deposits	**12,083**	23,791
Total Other Income	**12,083**	23,791

Note No. 15 - Finance Cost

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Interest expense	**6,080,083**	2,081,589
Total finance costs	**6,080,083**	2,081,589

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 16 - Other Expenses

Particulars		As at 31st March, 2018	As at 31st March, 2017
(a)	Rates and taxes	**–**	87,500
(b)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**60,601**	28,750
(c)	Other expenses		
	(i) Legal and other professional costs	**2,071,457**	843,124
	(ii) Miscellaneous expenses	**39,787**	3,070
Total Other Expenses		**2,171,845**	962,444

Note No. 17 - Earnings per Share

Particulars	For the year ended 31st March, 2018 Per Share	For the year ended 31st March, 2017 Per Share
Basic Earnings per share		
From continuing operations	**(7.04)**	(2.58)
From discontinuing operations	**–**	–
Total basic earnings per share	**(7.04)**	(2.58)
Diluted Earnings per share	**(7.04)**	(2.58)
From continuing operations	**–**	–
From discontinuing operations	**–**	–
Total diluted earnings per share	**(7.04)**	(2.58)

	For the period ended 31st March, 2018	For the period ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	**(8,239,845)**	(3,020,242)
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(8,239,845)**	(3,020,242)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(8,239,845)**	(3,020,242)
Weighted average number of equity shares	**1170400**	1170400
Earnings per share from continuing operations - Basic	**(7.04)**	(2.58)

Note No. 18 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

<u>**Enterprises Controlling the Company**</u>

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	**For the year ended**	**Ultimate Holding Company**	**Holding Company**
Nature of transactions with Related Parties			
Inter Corporate Deposits received	31-Mar-18	–	41,800,000
	31-Mar-17	–	–

Nature of Balances with Related Parties	**Balances as on**	**Ultimate Holding Company**	**Holding Company**
Payables	31-Mar-18	–	69,479,696
	31-Mar-17	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 19 The accounts of the Company for the year ended 31 March, 2018 have been prepared on the basis of going concern.

Note No. 20 - Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	**As at 31st March, 2018**	As at 31st March, 2017
Debt (A)	**138,604,000**	36,000,000
Equity (B)	**(77,214,920)**	(2,733,897)
Debt Ratio (A/B)	**(1.80)**	(13.17)

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

			As at 31st March, 2018	
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**119,105,594**			**119,105,594**
Current Assets				
Investments	–			–
Trade Receivables	–			–
Other Bank Balances	**465,153**			**465,153**
Non-current Liabilities				
Borrowings	**138,604,000**			**138,604,000**
Current Liabilities				
Borrowings	–			–
Trade Payables	**1,351,275**			**1,351,275**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**39,540,632**			**39,540,632**

			As at 31st March, 2017	
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	35,000,000			35,000,000
Current Assets				
Other Bank Balances	393,706			393,706
Non-current Liabilities				
Borrowings	36,000,000			36,000,000
Current Liabilities				
Trade Payables	82,771			82,771
Other Financial Liabilities				
- Non Derivative Financial Liabilities	1,873,430			1,873,430

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**
Non-derivative financial liabilities			
31-Mar-18			
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	138,604,000
Non-derivative financial liabilities			
31-Mar-17			
Long Term Borrowing			
Long Term Borrowing - Principal	36,000,000	–	–

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchange fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

Note No. 21 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value of financial assets and financial liabilities that are not measured at fair value

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents	**465,153**	–	393,706	–
	465,153	–	393,706	–
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from other entities	**138,604,000**	–	36,000,000	
– other financial liabilities	**39,540,632**	–	1,873,430	–
Total	**178,144,632**	–	37,873,430	–

(Amount in ₹)

Financial assets/ financial liabilities	Fair value hierarchy as at 31st March, 2018 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	–	–	–
(i) Cash and cash equivalents	–	**465,153**	–	465,153
(iii) Other bank balances	–	–	–	–
(iv) Other financial assets	–	–	–	–
Total	–	**465,153**	–	465,153
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		**138,604,000**		138,604,000
(ii) Other financial liabilities	–	**39,540,632**	–	39,540,632
Total	–	**178,144,632**	–	178,144,632

(Amount in ₹)

Financial assets/ financial liabilities	Fair value hierarchy as at 31st March, 2017 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	393,706	–	393,706
Total	–	393,706	–	393,706
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan	–	36,000,000	–	36,000,000
(ii) Other financial liabilities	–	1,873,430	–	1,873,430
Total	–	37,873,430	–	37,873,430

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable.

22. Scheme of Amalgamation

In the current year, the National Company Law Tribunal, Mumbai Bench ("NCLT") approved Scheme of Amalgamation of Kismat Developers Private Ltd (KDPL), Topical Builders Private Ltd (TBPL), Associate companies of the Company and Raigad Industrial and Business Park Ltd (RIBPL), a wholly owned subsidiary of the Company into Mahindra World City (Maharashtra) Ltd, a wholly owned subsidiary of the Company. The Scheme of Amalgamation became effective from 28th December, 2017. Consequently KDPL, TBPL and RIBPL ceased to exist.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 17th April, 2018

For and on behalf of the Board of Directors

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 17th April, 2018

Form AOC-I

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014.
Statement containing salient features of financial statements of Subsidiary/Associates/Joint Ventures.

Part "A" Subsidiaries

(Amount in Rs.)

Sr. No.	**1**	**2**
Name of Subsidiary	**Deep Mangal Developers Limited**	**Mahindra Construction Private Limited**
The date since when subsidiary acquired	28-Dec-17	28-Dec-17
Reporting period of the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
Share capital	100,700	24,005,000
Reserves & surplus	(1,677,077)	(248,252,000)
Total assets	21,565,153	5,969,000
Total Liabilities	23,141,530	230,216,000
Investments	5,010	–
Turnover	–	124,000
Profit/(Loss) before taxation	(358,940)	(1,592,000)
Provision for taxation	–	–
Profit/(Loss) after taxation	(358,940)	(1,592,000)
Proposed Dividend	–	–
% of shareholding	82.42%	51.97%

Notes:
1. No subsidiaries which are yet to commence operations.
2. No subsidiaries which have been liquidated or sold during the year.

Part “B”Associates/Joint Ventures

(Amount in Rs.)

	ASSOCIATES	
Name of Associates/Joint Ventures	**Moonshine Construction Private Limited**	**Rathna Bhoomi Enterprises Private Limited**
Latest Audited Balance Sheet Date	31-Mar-18	31-Mar-18
The date on which the Associate or Joint Venture was associated or acquired	28-Dec-17	28-Dec-17
Shares of Associate/Joint Venture held by the Company on the year end:		
No. of Equity shares held	20	500
Extent of Holding (%)	95.24%	50.00%
Amount of investment in Associates	100	5,000
Description of how there is significant influence	#	#
Reason why the Associate/joint venture is not consolidated	*	*
Networth attributable to Shareholding as per latest audited Balance sheet	(2,999,528)	(285,000)
Profit/(Loss) for the year:		
i) Considered in Consolidation	–	–
i) Not Considered in Consolidation	(39,499)	(29,000)

Notes:
1. No Associates/Joint Venture which are yet to commence operations.
2. No Associates/Joint Venture which have been liquidated or sold during the year.
3. Pursuant to notification dated 27th July, 2016 issued by the Ministry of Corporate Affairs, the Company, after seeking consent of the Shareholders in writing, availed exemption for consolidation of the accounts

Significant influence due of % of share holding.
* No control based on control assessment

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 17th April, 2018

For and on behalf of the Board of Directors

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 17th April, 2018

BOARD'S REPORT TO THE MEMBERS

Your Directors present their Twenty Second report together with the audited financial statement of your Company for the financial year ended 31st March, 2018.

Financial Highlights

(Rs. in Lakh)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**4999.33**	6558.04
Profit/(Loss) Before Depreciation, Finance Costs and Taxation	**1461.92**	2325.87
Less: Depreciation	**17.90**	17.39
Profit/(Loss) Before Finance Cost and Taxation	**1444.02**	2308.48
Less: Finance Cost	**837.16**	787.10
Profit/(Loss) Before Taxation	**606.86**	1521.38
Less: Provision for Taxation	**120.48**	151.12
Profit/(Loss) for the year after Taxation	**486.38**	1370.26
Add: Balance of Profit/(Loss) for earlier years	**2654.22**	2404.52
Less: Debenture Redemption Reserve	**489.58**	489.58
Amount available for appropriation	**2651.02**	3285.20
Balance carried forward	**2651.02**	3285.20
Proposed Final Dividend on Equity Shares (including tax on distributed profits)	**698.18**	607.02

Dividend

For the Financial Year 2017-18, your Directors have recommended a dividend of Rs. 1.15 per equity share of the face value of Rs. 10 each of the Company, i.e. 11.5% payable to those shareholders whose names appear in the Register of Member as on the Record Date.

The equity dividend outgo (including tax on distributed profits) for the Financial Year 2017-18 aggregates Rs. 698.18 lakh (Rs.580 lakh + Rs.118.18 lakh). The dividend shall be paid out of the profits of the Financial Year 2017-18.

Reserves

The Company has transferred Rs. 489.58 lakhs to Debenture Redemption Reserve account.

Operations

The Company is engaged as a co-developer in developing a residential township at Mahindra World City, Chennai (MWC). The company has completed two projects i.e Iris Court and Nova and handed over 1406 of 1428 units as of March, 2018 to the Resident Welfare Associations. A new project of 747 units is planned to be launched early in the next financial year on receipt of the regulatory approvals.

After excluding the area under the above projects, the Company still has approximately 120 acres to be developed in phases for offering products in different formats and segments in Mahindra World City, Chennai.

'Iris Court' is spread over 18 acres with saleable area of 0.86 million square feet. 100 percent of the saleable area has been sold as of March 2018. Total handovers stood at 700 out of 702 units sold as of the year end.

'Nova', is spread over 7 acres with saleable area of 0.54 million square feet. 100 percent of the saleable area has been sold as of March, 2018. Total handovers stood at 706 units out of 726 units sold.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared based on going concern status of the Company.

Share Capital

Authorised share capital of your Company is Rs. 6000 lakh and Paid-up share capital of the Company is Rs. 5043.5 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity shares) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

On 31st August, 2015, the Company had issued and allotted 750 – Secured Unlisted Rated Redeemable 9.6 per cent

YTM, Non-Convertible Debentures (NCDs) with a face value of Rs. 10 lakh (Rupees Ten Lakh only) each for cash at par, aggregating Rs. 7500 lakh (Rupees Seven Thousand Five Hundred lakh) vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue have been fully utilised for the purposes of the issue.

Holding Company

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

Subsidiary Company, Joint Venture and Associate

Mahindra Residential Developers Limited (MRDL) continues to be a wholly owned subsidiary of the Company and consequently a subsidiary company of, Mahindra Lifespace Developers Limited and of the ultimate holding company Mahindra & Mahindra Limited. During the year, no company has become/ceased to be subsidiary/associate or joint venture of the Company.

MRDL project 'Aqualily' is a premium residential development within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments with an estimated saleable area of 1.57 million square feet of which 1.50 million square feet has been launched. MRDL has completed the construction of Villas and 3 Phases of apartments taking the total completed area under the project to 1.23 million square feet.

85% of the total launched area in Aqualily has been sold as of 31st March 2018. A total of 575 units have been sold from a total of 853 Units. Total handovers stood at 482 units. 196 units consisting of studio apartments and 1BHKs are in advance stage of construction and planned to be handed over during the next financial year.

Consolidated Financial Statements

During the year, the Board of Directors reviewed the affairs of Mahindra Residential Developers Limited, subsidiary of the company.

Pursuant to notification dated 27th July, 2016 issued by the Ministry of Corporate Affairs, the Company, after seeking consent of the Shareholders in writing, availed exemption for consolidation of the accounts of the subsidiary, Mahindra Residential Developers Limited.

A report highlighting performance of Mahindra Residential Developers Limited, Subsidiary of the Company and its contribution to the overall performance of the Company is provided in Annexure A to the Financial Statement.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. R. Santhanam	000237740	Independent Director
Mr. M. S. Jagan	02002827	Independent Director
Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215), a Non-Executive and Non-Independent Director retires by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered herself for re-appointment.

Pursuant to Section 149(7) of the Act, declarations from all the Independent Directors have been received affirming their independence in accordance with the provision of Section 149(6) of the Act.

Key Managerial Personnel

As at 31st March, 2018, the Key Managerial Personnel of the Company comprise of following:

Sr. No	Key Managerial Personnel	Designation
1.	Mr. P. Vijayan Janardhanan	Manager
2.	Mr. Ankit Shah	Company Secretary
3.	Mr. Sivaranjan Kumar Tulluri	Chief Financial Officer

During the year, Mr. Chaitanya Cherukuri resigned from the position of Chief Financial Officer of the Company with effect from 20th October 2017 and Mr. Jayant Manmadkar resigned from the position of Manager of the Company with effect from 22nd January 2018. The Board places on record its sincere appreciation of their association with the Company.

Consequent to the resignation, Mr. Sivaranjan Kumar Tulluri was appointed as a Chief Financial Officer of the Company and Mr. P. Vijayan Janardhanan was appointed as a Manager of the Company with effect from 22nd January 2018.

Committees of the Board

Audit Committee

The Audit Committee comprises of two independent Directors, namely Mr. M. S. Jagan, Mr. R. Santhanam and one Non-Executive Non-Independent Director, Ms. Anita Arjundas. Mr. M. S. Jagan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of one Independent Director, Mr. M. S. Jagan and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Ms. Sangeeta Prasad. Ms Anita Arjundas is the Chairperson of the Committee.

During the year, your company contributed Rs. 42.69 lakh towards Corporate Social Responsibility. The annual report on the CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprise of two Independent Directors, namely Mr. R. Santhanam, Mr. M. S. Jagan and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Ms. Sangeeta Prasad. Mr. R. Santhanam is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management **(Annexure 2)**
2. Policy on remuneration of Directors **(Annexure 3)**
3. Policy on remuneration of Key Managerial Personnel and Employees **(Annexure 4)**

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non- Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meetings

The number of meetings held during the year are as follows:

Sr. No.	Type of meeting	No. of meetings held
1	Board Meeting	4
2	Audit Committee	4
3	Nomination & Remuneration Committee	2
4	Corporate Social Responsibility Committee	3

The previous Annual General Meeting of the Company was held on 21st July, 2017.

Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2017-18, received declarations from the Board members and Independent Directors of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures during the year;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

Vigil mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairperson of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 5**.

Risk Management

The Company has appropriate risk management systems and procedures in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

At the 21st Annual General Meeting held on 21st July 2017, M/s. B.K. Khare & Co., Chartered Accountants (ICAI Registration No: 105102W), were appointed as Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the 21st Annual General Meeting till the conclusion of the 26th Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every Annual General Meeting.

The Company has received written consent and a certificate from M/s. B.K. Khare & Co., Chartered Accountants (ICAI Registration No: 105102W), to the effect that their appointment if ratified, would be in accordance with the provision of Section 139 and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rule 10 of the Companies (Audit and Auditors) Rules, 2014.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every AGM. The Clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 21st Annual General Meeting held on 21st July, 2017 provides for ratification of the appointment of Statutory Auditor at every Annual General Meeting, after notification of Clause 40 of the Amendment Act, such ratification will not be necessary.

The Auditor's Report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having cost auditor are presently not applicable to your Company.

Secretarial Auditor

The Board has appointed M/s M.K. Surana & Co, Practising Company Secretary, to conduct the secretarial audit for the financial year 2017-18. The Secretarial Audit report for the financial year ended March 31, 2018 is annexed herewith and marked as **Annexure 6** to this Report.

The Secretarial audit report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. Further, during the year, no loans or guarantees or security were given by the Company attracting the provisions of the Companies Act, 2013.

Particulars of investments made under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement at Note no.5 & 6.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of the Companies act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicble to the holding Company, Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 7** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 8** and forms part of this Report.

Safety, Health and Environmental Performance

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor and Secretarial Auditor of the Company.

Cautionary statement:

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgement

The Directors are thankful to all shareholders, consultants, employees and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Chennai, 20th April, 2018

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   The Company has the mission of: 'Transforming Urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. In addition to the past investments in CSR initiatives which are mostly in the areas of education, public health and environment, which also include sustainability initiatives to reduce energy and resource use. This is reflected in Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". We undertake to endeavour for inclusive development at all our project locations to help the communities that live around these projects prosper in all walks of life.

2. **The composition of the CSR Committee**

   The CSR Committee of the Company comprise of Ms. Anita Arjundas (Chairperson of the Committee), Mr. M. S. Jagan, Independent Director and Ms. Sangeeta Prasad, Non-Executive Non-Indpendent Director of the Company.

3. **Average net profit of the company for last three financial years.**

   The average net profit of the Company for the last three financials years- Rs. 2,135 Lakh

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   Prescribed CSR Spend (2% of above amount) – Rs. 42.69 Lakh.

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: Rs. 42.69 Lakh

   b. Amount unspent, if any: Nil

   c. Manner in which the amount spent during the financial year is detailed below,

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Nanhi Kali	Education	Krishnagiri, Tamil Nadu	21.34	Direct expenditure- 21.34	21.34	Implementing Agency: KC Mahindra Education Trust
2.	Support Schools	Education	Kanchipuram, Tamil Nadu	8.00	Direct expenditure- 8.00	8.00	World Vision
3.	Support PHC & Water	Health	Kanchipuram, Tamil Nadu	8.00	Direct expenditure- 8.00	8.00	World Vision
4.	Tree Plantation & Public Park	Environment	Kanchipuram, Tamil Nadu	5.35	Direct expenditure- 5.35	5.35	World Vision
			Total	**42.69**		**42.69**	

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

   The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company**

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Anita Arjundas
(Chairperson of Board and CSR Committee)
Chennai, 20th April, 2018

Sangeeta Prasad
(Member of CSR Committee)
Chennai, 20th April, 2018

ANNEXURE 2

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

I. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Integrated Township Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are / will be members of its Core Management Team / Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

II. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed :

   a. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

   b. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.

   c. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

2. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

III. REMOVAL OF DIRECTORS

1. If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

IV. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 20th April, 2018

ANNEXURE 3

POLICY FOR REMUNERATION OF THE DIRECTORS

I. Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Integrated Township Limited.

II. Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

III. Non-executive including independent directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

IV. Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually / half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 20th April, 2018

ANNEXURE 4

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy is effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a. The increment that needs to be paid for different performance ratings as well as grades.
  b. The increment for promotions and the total maximum increment.
  c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 20th April, 2018

ANNEXURE 5

WHISTLE BLOWER POLICY

1. **The Whistle Blower Policy is effective from 1st April 2014.**

2. **Preface**

   Mahindra Integrated Township Limited (MITL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

   Further, as per the provisions of sub-section 9 of section 177 of Companies Act. 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Policies.

   Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

3. **Definitions**

   The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

   a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.

   b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.

   c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

   d. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

   e. "Investigators" means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.

   f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

   g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

   h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. **Scope**

   a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

   b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.

   c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

5. **Eligibility**

   All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. **Procedure**

   a. All Protected Disclosures should be addressed to the Audit Committee.

   b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.

   c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

   d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.

b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.

d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.

e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.

c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:

   i. the alleged act constitutes an improper or unethical activity or conduct; and

   ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 20th April, 2018

ANNEXURE 6

Form MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Integrated Township Limited
Administrative Block, Central Avenue, Mahindra World City,
NathamSub(PO); Chengelpet,
Kancheepuram – 603 002, Tamilnadu

We have conducted the Secretarial Audit of compliance of the applicable statutory provisions and the adherence to good corporate practices by Mahindra Integrated Township Limited (CIN: U74140TN1996PLC068288) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra Integrated Township Limited's books, papers, minutes books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2018, adequately complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Mahindra Integrated Township Limited ("the Company") for the financial year ended on 31st March 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and Rules made thereunder;

ii. The Laws as are applicable specifically to the Company are as under:

   a) Transfer of Property Act, 1882,
   b) Indian Easements Act, 1882,
   c) Registration Act, 1908,
   d) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and
   e) The Land Acquisition Act, 1894
   f) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations
   g) The Ownership Flats & Apartment Ownership Act as applicable at various locations
   h) The Environment Protection Act, 1986
   i) The Special Economic Zone Act, 2005 and rules thereunder
   j) The Child and Adolescent Labour (Prohibition &Regulation) Act, 1986
   k) The Income Tax Act, 1961
   l) The Central Goods and Services Tax Act, 2017
   m) The State Goods and Services Tax Act, 2017
   n) The IntegratedGoods and Services Tax Act, 2017
   o) Real Estate (Regulation and Development) Act 2016 and other related Real Estate Acts

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Mahindra Integrated Township Limited for the financial year ended on 31.03.2018, according to the provisions of the Companies Act, 2013 (the Act) and the rules made thereunder and we report that the Company has generally complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company.

We have also examined compliance with the applicable clauses of Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that -

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. As on 31.03.2018, the Board of Directors consists of Ms. Anita Arjundas, Chairperson and Ms. Sangeeta Prasad, are Non-Executive Non-Independent Directors and Mr. M. S. Jagan and Mr. R. Santhanam are Independent Directors.

(ii) As on 31.03.2018, the Key Managerial Personnel of the Company comprises of Mr. Ankit Shah as Company Secretary, Mr. Sivaranjan Kumar Tulluri as the Chief Finance Office and Mr. Porvankara Vijayan Janardhan as Manager.

(iii) Adequate notices were given to all directors for the Board Meetings. Agenda and detailed notes on agenda were sent in advance by the company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iv) As per the minutes of the meetings duly recorded and signed by the Chairperson, the decisions of the Board were unanimous and no dissenting views have been recorded.

(v) We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(vi) We further report that during the audit period, the following events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above have taken place –

1. The Board of Directors approved the Financial Statements (Balance sheet of the company as at 31.03.2017 and the Profit & Loss Account for the year ended 31.03.2017) at the Board Meeting held on 15.04.2017 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014 and necessary e-Form MGT-14 was filed on 11.05.2017 with ROC.

2. During the Financial year under audit, following events have taken place –

    - There has been Four Board Meetings dated 15.04.2017, 21.07.2017, 14.10.2017 and 22.01.2018.
    - There has been Four Audit Committee Meetings dated 15.04.2017, 21.07.2017, 14.10.2017 and 22.01.2018.
    - There has been Two Nomination and Remuneration Committee Meetings dated 15.04.2017 and 22.01.2018.
    - There has been Three CSR Committee Meetings dated 15.04.2017, 21.07.2017 and 14.10.2017.

3. The Board of Directors approved the Board's Report along with the other reports, annexure and relevant attachments for the financial year ended 31st March 2017 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014. The necessary Form MGT-14 was filed with ROC on 11.05.2017.

4. The Company has prepared its Financial Statements in accordance with Companies (Indian Accounting Standards) Rules, 2015 for the financial year 2016-17. As per the MCA circular, extension had been granted to file e-Form AOC-4 (XBRL) for IND AS till 30.04.2018 without any additional fees. The Company has filed the e-form AOC-4 (XBRL) with ROC on 30.04.2018.

5. Pursuant to Section 179 and 203 of the Companies Act, 2013, Mr. Chaitanya Cherukuri was appointed as the Chief Financial Officer (CFO) and as Key Managerial Personnel of the Company with effect from 15.04.2017 at the Board meeting held on 15.04.2017 and necessary e-form MGT-14 was filed on 11.05.2017 and e-form DIR-12 was filed on 11.05.2017 with ROC.

6. Pursuant to Section 139, 141 and 142 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, M/s. B.K. Khare & Co., Chartered Accountants, Mumbai were appointed as the Auditors of the Company at the Annual General Meeting of the Company held on 21.07.2017, for a term of five consecutive years from the conclusion of the 21st Annual General Meeting, until the conclusion of the 26th Annual General meeting of the Company and relevant e- form ADT-1 was filed on 04.08.2017 and e-form MGT-14 was filed on 18.08.2017 with ROC.

7. Pursuant to Section 179, 186 of the Companies Act, 2013, at the Board Meeting held on 21st July 2017, the Board of Directors approved to invest temporary Surplus fund of the Company and the necessary e-form MGT-14 was filed on 19.08.2017 with the ROC.

8. The Board of Directors at its Board Meeting held on 14.07.2015 made appointment of M/s. Ernst & Young (E&Y), Chartered Accountants, Mumbai as the Internal Auditors of the Company pursuant to Section 138 of the Companies Act 2013, with effect from 01.04.2015 and necessary e- form MGT-14 was filed on 19.08.2017 with ROC.

9. The Board of Directors at its Board Meeting held on 21.07.2017 appointed of M.K. Surana & Co, Practicing Company Secretaries as the Secretarial Auditor of the Company for conducting Secretarial Audit for the Financial Year 2017-2018 pursuant to Section 179(3) and Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The necessary e-Form MGT-14 was filed on 19th August 2017 with ROC.

10. Pursuant to Section 77 of the Companies Act, 2013, as decided and approved in the Board Meeting held on 21st July 2017, e-form CHG-1 was filed on 19.08.2017 for modification of the Charge with ROC being release of property situated at Paranur and Rajakulipettai village to the extent of 56.74 mortgaged with Axis Trustees Services Limited.

11. The Company had filed Annual Return for the year 2016-2017 by way of e-Form MGT-7 along with Certificate in Form MGT- 8 pursuant to Section 92(2) of the Companies Act, 2013 and Rule 11(2) of Companies (Management and Administration) Rules, 2014 on 18.09.2017.
12. Pursuant to Section 179 and 203 of the Companies Act, 2013, Mr. Chaitanya Cherukuri resigned from the position of Chief Financial Officer of the Company with effect from 20.10.2017 and necessary e-form DIR-12 was filed on 08.11.2017 with ROC.
13. Pursuant to Section 179, 186 of the Companies Act, 2013, at the Board Meeting held on 22nd January 2018, the Board of Directors approved to invest temporary Surplus fund of the Company and necessary e-form MGT-14 was filed on 15.02.2018 with the ROC.
14. Pursuant to Section 179 and 203 of the Companies Act, 2013, in the Board meeting held on 22.01.2018, Mr. Porvankara Vijayan Janardhanan was appointed as Manager of the Company with effect from 22.01.2018 and necessary e- form MR-1 was filed on 15.02.2018, e-form MGT-14 was filed on 15.02.2018 and e-form DIR-12 was filed on 16.02.2018 with ROC.
15. Pursuant to Section 179 and 203 of the Companies Act, 2013, in the Board meeting held on 22.01.2018, Mr. Sivaranjan Kumar Tulluri was appointed as the Chief Financial Officer of the Company with effect from 22.01.2018 who shall not draw remuneration from the company (remuneration to be drawn from holding company only) and necessary e- form MGT-14 was filed on 15.02.2018 and e-form DIR-12 was filed on 16.02.2018 with ROC.
16. Pursuant to Section 179 and 203 of the Companies Act, 2013, in the Board meeting held on 22.01.2018, Mr. Jayant Manmadkar resigned from the position of the manager of the company with effect from 22.01.2018 and necessary e- form DIR-12 was filed on 16.02.2018 with ROC.
17. Wherever the company has filed the ROC forms beyond the time prescribed under the Act, necessary additional fees had been paid by the company.
18. The company is a co-developer approved under SEZ, 2015, engaged in the development of township including residential infrastructure in Mahindra World city SEZ and giving it on perpetual lease. So, the company is entitle to 100% deduction of its income under IT, Act, 1961 upto Assessment Year 2019-2020. It is also pertinent to note that the Segment Reporting is not applicable to the company
19. The Company has been generally compliant in paying the statutory dues to Income Tax Department and also generally deducts TDS on all applicable employees as required under Income Tax Act, 1961.
20. The Company has been generally compliant in making payments as prescribed in The Employees' Provident Funds and Miscellaneous Provision Act, 1952.
21. The Company has been generally compliant in paying the statutory dues to Goods and Services Tax departments and filing necessary returns as required under Goods and Services Tax Act.
22. The audit on other laws as may be applicable specifically to the Company is carried out based on the respective reports provided to us by the Company.
23. Based on the information, explanations, books, documents, relevant reports and Management Representation Letter provided to us, the Company has got all critical approvals for commencement of the project and has generally complied with other applicable Acts & Laws applicable to the company.

for M. K. Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No.5269

Place: Chennai
Date: 20th April 2018

ANNEXURE A

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To,
The Members,
Mahindra Integrated Township Limited
Administrative Block, Central Avenue, Mahindra World City,
NathamSub(PO); Chengelpet,
Kancheepuram – 603 002, Tamilnadu

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for M. K. Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No.5269

Place: Chennai
Date: 20th April 2018

ANNEXURE 7

1. Conservation of energy:

(i)	the steps taken or impact on conservation of energy;	:	As a part of Sustainable development adequate measures have been implemented to reduce energy consumption. With respect to providing an Energy Efficient final product to our Customers, the Company had developed Green Buildings. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and demolition i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelops for walls and roofs 2. Heat Reflective paint 3. Adoption of highly efficient pumps, motors 4. Group control mechanism for lifts 5. LED lamps for common areas, landscape areas & pathways.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	–
(iii)	the capital investment on energy conservation equipment's	:	We are committed to sustainable and low carbon development for all our projects. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for: 1. Use of energy efficient building envelops & fenestration 2. Heat reflective paint, 3. Low flow fixtures, 4. Rain water harvesting system, 5. Energy efficient equipment's such as pumps and motors, etc. 6. Energy efficient lighting fixtures such as LED's

2. Technology Absorption

(i)	the efforts made towards technology absorption	:	The Company had adopted various alternate materials, methods like use of Gypsum putty and use of light weight aggregate 'Cinder' for sunk filling and introduced automation in few activities for process improvement like adoption of Boom lifts for carrying out external painting activity.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Process improvement, Product Improvement
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

3. Foreign exchange Earnings and Outgo

During the year, there are no foreign exchange earnings and the Foreign Exchange outgo in terms of actual outflows is Rs. 10.98 lakh.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 20th April, 2018

ANNEXURE 8

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN		U74140TN1996PLC068288
2.	Registration Date		24.06.1996
3.	Name of the Company		Mahindra Integrated Township Limited
4.	Category/Sub-Category of the Company		Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details		Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002. Tel: +91 44 67455001
6.	Whether listed Company (Yes/No)		No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any		All equity shares of the Company are held in physical mode. For Non-Convertible Debentures, the Company has appointed M/s. Karvy Computer Share Private Limited, as the Registrar and Transfer Agent of the Company having its office at Karvy Selnium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad -500 032.

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of Main Product/ Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

 # on the basis of Gross Turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	73.36	2(46)
2.	Mahindra & Mahindra Limited, Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3.	Mahindra Residential Developers Limited Address: Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002.	U45200TN2008PLC066292	Subsidiary Company	100	2(87)(ii)

4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	5,00,00,000	5,00,00,000	99.14	–	5,00,00,000	5,00,00,000	99.14	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	5,00,00,000	5,00,00,000	99.14	–	5,00,00,000	5,00,00,000	99.14	–
(2) **Foreign**									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	5,00,00,000	5,00,00,000	99.14	–	5,00,00,000	5,00,00,000	99.14	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh		60,000	60,000	0.12	–	60,000	60,000	0.12	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	3,75,000	3,75,000	0.74	–	3,75,000	3,75,000	0.74	0
c. Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d. Others–Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	4,35,000	4,35,000	0.86	–	4,35,000	4,35,000	0.86	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	4,35,000	4,35,000	0.86	–	4,35,000	4,35,000	0.86	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	5,04,35,000	5,04,35,000	100	–	5,04,35,000	5,04,35,000	100	–

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Ltd	3,69,99,994	73.36	0.00	3,69,99,994	73.36	0.00	0.00
2.	Mahindra Lifespace Developers Ltd & Mr. Arun K Nanda	1	0.00	0.00	1	0.00	0.00	0.00
3.	Mahindra Lifespace Developers Ltd & Mr. Mario Nazareth	1	0.00	0.00	1	0.00	0.00	0.00
4.	Mahindra Lifespace Developers Ltd & Mr. Roshan Gandhi	1	0.00	0.00	1	0.00	0.00	0.00
5.	Mahindra Lifespace Developers Ltd & Ms. Sangeeta Prasad	1	0.00	0.00	1	0.00	0.00	0.00
6.	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	1	0.00	0.00	1	0.00	0.00	0.00
7.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	1	0.00	0.00	1	0.00	0.00	0.00
8.	Mahindra World City Developers Limited	1,30,00,000	25.78	0.00	1,30,00,000	25.78	0.00	0.00
	Total	**5,00,00,000**	**99.14**	**0.00**	**5,00,00,000**	**99.14**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	**Ms. Anita Arjundas – Director*** At the beginning of the year	1,00,001	0.20	1,00,001	0.20
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1,00,001	0.20	1,00,001	0.20
2.	**Ms. Sangeeta Prasad#** At the beginning of the year	1	–	1	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1	–	1	–

Note:

* *Out of total 1,00,001 shares, 1 share is jointly held with Mahindra Lifespace Developers Limited (first shareholder) and balance in individual capacity.*

\# *1 share is jointly held with Mahindra Lifespace Developers Limited (first shareholder)*

None of the Key Managerial Personnel holds any shares in the Company.

5. INDEBTEDNESS

Indebtness of the company including outstanding/accrued but not due for payment

(Rs. in Lakh)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8081.60	355.00	Nil	8436.60
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	623.48	Nil	Nil	623.48
Total (i+ii+iii)	**8705.08**	**355.00**	**Nil**	**9060.08**
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	(594.35)	(355.00)	Nil	(949.35)
Net Change	**(594.35)**	**(355.00)**	**Nil**	**(949.35)**
Indebtedness at the end of the financial year				
i) Principal Amount	7492.32	Nil	Nil	7492.32
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	849.06	Nil	Nil	849.06
Total (i+ii+iii)	**8341.38**	**Nil**	**Nil**	**9060.08**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONAL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil

B. Remuneration of other directors:

(Rs. in Lakh)

Sr. no.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	**R. Santhanam**	**M. S. Jagan**	
	• Fees for attending board/committee meetings	1.40	1.10	2.50
	• Commission	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil
	Total (1)	**1.40**	**1.10**	**2.50**
2.	Other Non-Executive Directors	Nil	Nil	Nil
	• Fees for attending board/committee meetings	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**1.40**	**1.10**	**2.50**
	Total (A)	**1.40**	**1.10**	**2.50**
	Total Managerial Remuneration	Nil	Nil	Nil
	Overall Ceiling as per the Act	**NA**	**NA**	**NA**

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager/ Whole Time Director: Nil

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty			NONE		
Punishment					
Compounding					
B. Directors					
Penalty			NONE		
Punishment					
Compounding					
C. Other Officers In Default					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 20th April, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA INTEGRATED TOWNSHIP LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **MAHINDRA INTEGRATED TOWNSHIP LIMITED**("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as " Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act,read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

       i. The Company does not have any pending litigations which would impact its financial position.

       ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

       iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 20, 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Mahindra Integrated Township Limited for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2. i) The management has conducted physical verification of inventory at reasonable intervals during the year.

   ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c)of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Sales Tax,, Excise Duty, Service Tax, Customs Duty, value added tax, Cess, GST and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax, Cess & GST that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax, cess& GST which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11. In Our opinion & according to the information and explanation given to us, the company has not paid / provided any managerial remuneration.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: April 20, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA INTEGRATED TOWNSHIP LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: April 20, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I. ASSETS			
1. Non-Current Assets			
a. Property, Plant and Equipment	3	**48.25**	65.76
b. Financial Assets			
(i) Investments	5	**6,629.48**	6,629.48
(ii) Other Financial Assets	6	**76.80**	76.80
c. Tax Assets-MAT Credit	4	**592.89**	585.29
d. Other Non-current Assets	7	**283.89**	215.19
Total Non-Current Assets		**7,631.31**	7,572.52
2. Current Assets			
a. Inventories	8	**7,067.03**	9,338.83
b. Financial Assets			
(i) Trade Receivables	9	**375.21**	553.13
(ii) Cash and Cash Equivalents	10	**50.15**	247.81
(iii) Other Financial Assets	6	**3,478.38**	1,291.61
c. Other Current Assets	7	**494.84**	2,750.96
Total Current Assets		**11,465.61**	14,182.34
Total Assets		**19,096.92**	21,754.86
II. EQUITY AND LIABILITIES			
1. Equity			
a. Equity Share Capital	11	**5,043.50**	5,043.50
b. Other Equity	12	**4,143.72**	4,264.36
Total Equity		**9,187.22**	9,307.86
Liabilities			
2. Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	13	**4,993.10**	7,487.25
(ii) Other Financial Liabilities	14	**362.58**	318.55
Total Non-Current Liabilities		**5,355.68**	7,805.80
3. Current Liabilities			
a. Financial Liabilities			
(i) Borrowings	15	**2,499.22**	949.35
(ii) Trade Payables	16	**778.49**	2,038.32
(iii) Other Financial Liabilities	14	**754.61**	1,051.03
b. Provisions	17	**44.16**	43.11
c. Other Current Liabilities	18	**477.54**	559.39
Total Current Liabilities		**4,554.02**	4,641.20
Total Liabilities		**9,909.70**	12,447.00
Total Equity & Liabilities		**19,096.92**	21,754.86

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.,**
Chartered Accountants

Padmini Khare Kaicker
Partner

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 20th April, 2018

For and on behalf of the board of directors of
Mahindra Integrated Township Limited

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
M S Jagan	Independent Director	(DIN: 02002827)
Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Chennai
Date: 20th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
REVENUE			
Revenue from operations	19	4,309.92	6,056.72
Other Income	20	689.41	501.32
Total Income		4,999.33	6,558.04
EXPENSES			
Operating Expenses-Cost of Sales	21	2,598.67	3,398.19
Finance costs	22	837.16	787.10
Depreciation and amortisation expense	3	17.90	17.39
Other expenses	23	938.74	833.98
Total Expenses		4,392.47	5,036.66
Profit before tax		606.86	1,521.38
Tax Expense			
Current tax	4	128.08	324.69
Minimum alternate tax Credit	4	(7.60)	(173.57)
Total tax expense		120.48	151.12
Profit after tax		486.38	1,370.27
Earnings per equity share (not annualised)			
Basic/Diluted in Rs.	25	0.96	2.72

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.,**
Chartered Accountants

Padmini Khare Kaicker
Partner

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 20th April, 2018

For and on behalf of the board of directors of
Mahindra Integrated Township Limited

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
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Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Chennai
Date: 20th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flow from operating activities		
Profit before tax for the year	**606.86**	1,521.38
Adjustments for:		
Finance costs recognised in profit or loss	**836.25**	872.98
Investment income recognised in profit or loss	**(124.40)**	(18.44)
Depreciation and amortisation of non-current assets	**17.90**	17.39
Movements in working capital:		
Increase in trade and other receivables	**177.92**	117.34
(Increase)/decrease in amounts due from customers under construction	**2,241.89**	594.24
(Increase)/decrease in inventories	**2,271.80**	959.36
(Increase)/decrease in other assets	**14.23**	161.55
(Increase)/decrease in other Non-Current Financial Assets	**–**	10.38
(Increase)/decrease in other Financial Assets	**(3,186.77)**	(66.03)
Decrease in trade and other payables	**(1,259.83)**	(1,276.73)
Increase/(decrease) in amounts due to customers under construction contracts	**(113.26)**	264.30
Increase/(decrease) in Other Financial Liabilities	**(296.43)**	385.39
Increase/(decrease) in provisions	**1.05**	(74.80)
(Decrease)/increase in deferred revenue	**–**	(225.76)
(Decrease)/increase in other liabilities	**31.41**	(32.62)
Cash generated/(used in) from operations	**1,218.63**	3,209.93
Income taxes paid	**(196.78)**	(251.45)
Net cash generate/(used in) by operating activities	**1,021.85**	2,958.48
Cash flows from investing activities		
Payments for property, plant and equipment	**(0.39)**	(8.90)
Proceeds from sale Preference shares	**–**	1.00
Inter–Corporate deposits given		
– Given		(2,000.00)
– Received back	**1,000.00**	1,000.00
Interest received	**124.40**	18.44
Net cash (used in)/generated by investing activities	**1,124.01**	(989.46)
Cash flows from financing activities		
Cash Credit–Secured	**(594.35)**	(481.98)
Equity Dividend Paid	**(607.02)**	–
Proceeds from borrowings	**(0.00)**	(0.00)
Repayment of Long term borrowings to Related parties	**–**	–
Repayment of ICD's to Related parties	**(355.00)**	(745.00)
Interest paid	**(787.15)**	(667.53)
Net cash generated from/(used in) financing activities	**(2,343.52)**	(1,894.51)
Net increase/(decrease) in cash and cash equivalents	**(197.66)**	74.51
Cash and cash equivalents at the beginning of the year	**247.81**	173.30
Cash and cash equivalents at the end of the year	**50.15**	247.81
Less: Bank balances not considered as Cash and Cash Equivalents (Earmarked balances)	**–**	–
Total cash and cash equivalents (note 10)	**50.15**	247.81

Changes in Liability arising from financing activities

Particulars	1.04.2017	Cash Flow	Reclassification	EIR Adjustment	31.03.2018
Borrowing - Non Current (Refer note no 13)	**7,487.25**	–	(2,499.22)	5.07	4,993.10
Borrowing - Current (Refer note no 15)	**949.35**	(949.35)	2,499.22	–	2,499.22
	8,436.60	**(949.35)**	**–**	**5.07**	**7,492.32**

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.,**
Chartered Accountants

Padmini Khare Kaicker
Partner

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 20th April, 2018

For and on behalf of the board of directors of
Mahindra Integrated Township Limited

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Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Chennai
Date: 20th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Statement of Changes in Equity

Particulars	Share Capital	Reserves and Surplus			
	Equity Share Capital	IND AS Transition Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance at the end of the reporting period - 1 April, 2017	**5,043.50**	23.96	979.16	3,261.24	9,307.86
Profit for the year				486.38	486.38
Additions during the year	**–**	–	489.58		489.58
Dividends				(607.02)	(607.02)
Transfer to Debenture Redemption Reserve				(489.58)	(489.58)
Balance at the end of the reporting period - 31 March, 2018	**5,043.50**	**23.96**	**1,468.74**	**2,651.02**	**9,187.22**

Particulars	Share Capital	Reserves and Surplus			
	Equity Share Capital	IND AS Transition Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance at the end of the reporting period - 1 April, 2016	**5,043.50**	23.96	489.58	2,380.56	7,937.60
Profit for the year				1,370.26	1,370.26
Additions during the year	**–**	–	489.58		489.58
Dividends					–
Transfer to Debenture Redemption Reserve				(489.58)	(489.58)
Balance at the end of the reporting period - 31 March, 2017	**5043.5**	**23.96**	**979.16**	**3,261.24**	**9,307.86**

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.,**
Chartered Accountants

Padmini Khare Kaicker
Partner

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary
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Place: Chennai
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For and on behalf of the board of directors of
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Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Chennai
Date: 20th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. General Information

The Company was incorporated on June 26, 1996.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. Accordingly the Company is entitled to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.3.1 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.3.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.3.3 Sale of goods

Revenue from the sale of goods (i.e. residential units sold and entire consideration after the receipt of completion certificate or similar document from the concerned local authority) is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity’s functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted by the end of the reporting period.

2.6.2 Deferred tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.12.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.12.5

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 3.24.5

All other financial assets are subsequently measured at fair value.

2.12.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.12.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.12.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.12.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.12.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.12.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.12.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.13 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.13.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.13.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.13.1.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.13.1.3 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.13.1.4 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.13.1.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 3 - Property, Plant and Equipment

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2017	18.91	71.07	2.06	10.10	102.14
Additions	0.39	–	–	–	0.39
Balance as at 31st March, 2018	**19.30**	**71.07**	**2.06**	**10.10**	**102.53**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2017	6.81	25.57	2.06	1.94	36.38
Depreciation expense for the period	–	–	–	–	–
Balance as at 31st March, 2018	**6.81**	**25.57**	**2.06**	**1.94**	**36.38**
III. Net carrying amount (I-II)	**12.49**	**45.50**	**–**	**8.16**	**66.15**

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2016	10.01	71.07	2.06	10.10	93.24
Additions	8.90	–	–	–	8.90
Balance as at 31st March, 2017	18.91	71.07	2.06	10.10	102.14
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2016	3.73	12.27	2.06	0.93	18.99
Depreciation expense for the year	3.08	13.30	–	1.01	17.39
Balance as at 31st March, 2017	6.81	25.57	2.06	1.94	36.38
III. Net carrying amount (I-II)	**12.10**	**45.50**	**–**	**8.16**	**65.76**

Refer note 2 for company's policy on Recognition and measurement of Property, Plan and Equipment and Depreciation methods used.

Note No. 4 a - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax:		
In respect of current year	**128.08**	324.69
Deferred Tax:	**(7.60)**	(173.57)
Total income tax expense on continuing operations	**120.48**	151.12

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit before tax from continuing operations	**606.86**	1,521.38
Income tax expense calculated at 33.06% (2016: 34.61%)#	**128.08**	324.69
Effect of income that is exempt from taxation	**(7.60)**	(173.57)
MAT Credit Availment		
Income tax expense recognised In profit or loss from continuing operations	**120.48**	151.12

#The tax rate used for the 31st March, 2018 and 31st March, 2017 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 4 b - Current Tax and Deferred Tax/MAT Credit

Movement in deferred tax balances-NIL

Particulars	Opening Balance	For the Year ended 31st March, 2018 Recognised in profit and Loss	Closing Balance
Tax effect of items constituting MAT			
Minimum Alternate Tax Credit	**585.29**	**7.60**	**592.89**
Net Tax Asset	**585.29**	**7.60**	**592.89**

Particulars	Opening Balance	For the Year ended 31st March, 2017 Recognised in profit and Loss	Closing Balance
Tax effect of items constituting MAT			
Minimum Alternate Tax Credit	411.72	173.57	585.29
Net Tax Asset	411.72	173.57	585.29

Note No. 5 - Investments

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non Current
A. Cost				
Unquoted investments (all fully paid)				
Investments in Equity Instruments				
- Of subsidiaries				
- Mahindra Residential Developers Limited -2,50,000 Equity Shares Face value of Rs.10/-each	–	**6,629.48**	–	6,629.48
Investments carried at cost	–	**6,629.48**	–	6,629.48
B. Amortised cost				
Unquoted				
Investments In Preference shares				
- Of subsidiaries				
Mahindra Residential Developers Limited-10,000 Equity Shares Face value of Rs.10/-each	–	–	–	–
Total investments carried at amortised cost	–	–	–	–
Total investments carrying value	–	**6,629.48**	–	6,629.48
Other disclosures				
Aggregate amount of unquoted investments	–	**6,629.48**	–	6,629.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 6 - Other Financial Assets

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
a) Security Deposits				
- Unsecured, considered good	–	**76.80**	156.11	76.80
TOTAL (a)	–	**76.80**	156.11	76.80
b) Loans To related parties				
- Unsecured, considered good	–	–	1,000.00	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL (b)	–	–	1,000.00	–
c) Other Bank Balances				
Restricted Cash and bank balances				
- Fixed Deposit with scheduled banks ...	**780.00**			
- Fixed Deposit with other than scheduled banks	**2,529.59**			
- Earmarked Deposit account with scheduled banks #	**168.79**	–	135.50	–
TOTAL (a)	**3,478.38**	–	135.50	–
Less: Allowance For Credit Losses	–	–		
GRAND TOTAL	**3,478.38**	**76.80**	1,291.61	76.80

Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

Note No. 7 - Other assets

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)................................	**431.78**		351.85	
(ii) Other advances (Mobilisation & Material Advances to Contractors) ...	**63.06**		157.22	
(b) Advance income tax - Unsecured, considered good..........................		**283.89**		215.19
	494.84	**283.89**	509.07	215.19
(c) Contract Assets	**0.00**	–	2,241.89	
	0.00	–	2,241.89	–
	494.84	**283.89**	2,750.96	215.19

Note No. 7a - Contract Assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Contracts in Progress at the end of reporting Period		
Construction costs incurred plus profits recognised less losses recognised	–	–
Less: Progress Billings	–	–
Balance at end of the year - 31st March, 2018/2017..	–	–

Particulars	As at 31st March, 2018	As at 31st March, 2017
Recognised and Included in Financial Statements as amounts due:		
(i) Amounts due from Customers under construction contracts	**0.00**	2,241.89
(ii) Amounts due to Customers under construction contracts	–	–
	0.00	2,241.89
Retentions held by customer	–	–
Advances received from customers	**423.11**	536.37

Note No. 8 - Inventories

Particulars	As at 31st March, 2018	As at 31st March, 2017
Construction Materials	**50.20**	50.57
Work-in-progress	**7,016.83**	6,866.53
Finished goods	–	2,421.73
Total Inventories (at lower of cost and net realisable value)..	**7,067.03**	9,338.83

The borrowing cost capitalized during the year ended 31st March, 2018 is Rs. NIL (31st March, 2017: Rs. 92.97). The capitalised borrowing cost is shown as part of Construction work-in-progress (CWIP).

Construction Materials majorly includes Steel, Cement, Chrome plated & Sanitary Fixtures and UPVC windows which are used for construction activities.

The cost of inventories recognised as an expense during the year in respect of continuing operations was 2598.67 (31st March, 2017: 3,398.19).

The carrying amount of inventories pledged as security for Cash Credit limit taken from HDFC and Secured Debentures is 1185.41 (31st March, 2017: 2824.18).

The land with carrying value of 2322.13 (31st March, 2017: 4,991.19) shown as part of Work in Progress has been given as collateral security for loan availed by Mahindra Lifespace Developers Ltd.

Note No. 9 - Trade Receivables

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Other Trade receivables				
- Unsecured, considered good.................	**375.21**	–	553.13	–
TOTAL	**375.21**	–	553.13	–
Of the above, trade receivables from:				
- Related Parties	**43.73**	–	–	–
- Others...	**331.48**	–	553.13	–
TOTAL	**375.21**	–	553.13	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 10 - Cash and Bank Balances

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with banks		
In Current Accounts	**50.09**	247.78
Deposits with original maturity of less than three months	**–**	–
Cash on hand	**0.06**	0.03
Total Cash and cash equivalents	**50.15**	247.81

Note No. 11 - Equity Share Capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**6,00,00,000**	**6,000.00**	6,00,00,000	6,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**5,04,35,000**	**5,043.50**	5,04,35,000	5,043.50
Total	**5,04,35,000**	**5,043.50**	5,04,35,000	5,043.50

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes	Closing Balance
Equity Shares with Voting rights*					
Year Ended 31st March, 2018					
No. of Shares	**5,04,35,000**	**–**	**–**	**–**	**5,04,35,000**
Amount in lakhs	**5,043.50**	**–**	**–**	**–**	**5,043.50**
Year Ended 31st March, 2017					
No. of Shares	5,04,35,000	–	–	–	5,04,35,000
Amount in lakhs	5,043.50	–	–	–	5,043.50

***Terms/ rights attached to equity shares:** The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2018 No.	% holding in the class	As at 31st March, 2017 No.	% holding in the class
Equity shares with voting rights:				
Mahindra Lifespace Developers Limited, Holding Company	**3,70,00,000**	**73.36%**	3,70,00,000	73.36%
Mahindra World City Developers Limited, Fellow subsidiary	**1,30,00,000**	**25.78%**	1,30,00,000	25.78%

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2018			
Mahindra Lifespace Developers Limited, the Holding Company	**3,70,00,000**	–	–
Associates of the holding company- Mahindra Worldcity Developers Ltd	**1,30,00,000**	**–**	**–**
As at 31st March, 2017			
Mahindra Lifespace Developers Limited, the Holding Company	3,70,00,000	–	–
Associates of the holding company- Mahindra Worldcity Developers Ltd	1,30,00,000		

Note No. 12 -Other equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
Retained Earnings	**2,651.02**	3,278.62
Debenture Redemption Reserve	**1,468.74**	979.16
IND AS Transition Reserve	**23.96**	23.96
Total Other Equity	**4,143.72**	4,281.74

Note No. 13 - Non-Current Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
Measured at amortised cost		
A. Secured Borrowings:		
Non Convertible Debentures (refer to sub note(ii) below)	**4,993.10**	**7,487.25**
Total Secured Borrowings	**4,993.10**	**7,487.25**
B. Unsecured Borrowings - at amortised Cost		
Loans from related parties (refer to sub note(iii) below)	**–**	**–**
Total Unsecured Borrowings	**–**	**–**
Total Borrowings	**4,993.10**	**7,487.25**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

i) Details of Long term Borrowings of the Company:

Description of the instrument	Effective Interest Rate used for Discounting Cashflows	Date of Redemption	Amortised cost as at 31st March, 2018	Amortised cost as at 31st March, 2017
Fully Redeemable (All loans taken in INR)				
1. Non Convertible Debentures	9.6816%	31/08/18	**2,499.22**	2,497.41
2. Non Convertible Debentures	9.6764%	31/08/19	**2,497.50**	2,495.87
3. Non Convertible Debentures	9.6834%	31/08/20	**2,495.60**	2,493.97
Loans from related Party	12.50%	31/03/19	**–**	–
			7,492.32	7,487.25

ii) Non Convertible Debentures (Secured)

The Terms and conditions of the Secured Non Convertible Debentures issued by the Company are summarised below

Series	I	II	III
Face Value of the Debentures (Rs in lakhs)	**2,500.00**	2,500.00	2,500.00
Total Redemption Premium (Rs in lakhs)	**214.32**	299.64	393.68
Rate of Interest Payable Annually	**7%**	**7%**	**7%**
Maturity Date (one time repayment in full including Redemption Premium)	**31-Aug-2018**	**31-Aug-2019**	**31-Aug-2020**

The above Debentures are secured by first ranking pari passu mortgage and charge on specific lands of the Company. These specific Lands carrying value is Rs.1185.41 Lakhs and is shown as part of "work in Progress" in Inventories Schedule. Refer note No.8

Note No. 14 - Other Financial Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current		
Interest Accrued and due on borrowings (Redemption Premium)	**362.58**	318.55
	362.58	318.55
Current		
Interest accrued		
Interest Accrued and due on borrowings	**–**	–
Interest Accrued and Not due on borrowings	**304.93**	304.93
Interest Accrued and due on borrowings (Redemption Premium)	**181.55**	
Other liabilities		
Deposits from customers*	**268.13**	746.10
Total other financial liabilities	**754.61**	1,051.03

*refers to amount collected from customers towards "Advance maintenance and Corpus fund". Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 6)

Note No. 15 - Current Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Secured Borrowings		
Current portion of Non Convertible Debentures (Refer Note 13(i))	**2,499.22**	
From Banks- Cash Credit Facility	**–**	594.35
Total Secured Borrowings	**2,499.22**	594.35
B. Unsecured Borrowings		
Loans from related parties	**–**	355.00
Total Unsecured Borrowings	**–**	355.00
Total Current Borrowings	**2,499.22**	949.35

Company has obtained Secured Cash Credit Limit from HDFC Bank Ltd for Rs. 25 crs @ Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts and Work in progress.

Note No. 16 - Trade Payables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current		
Trade payable - Micro and small enterprises (Refer Note 31 (i))	**–**	180.36
Other Trade payables	**485.58**	1,430.62
Retention Amounts payable	**292.91**	427.34
Total trade payables	**778.49**	2,038.32

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 17 - Provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current Provisions		
Defect Liability Provision	**44.16**	43.11
Total Current Provisions	**44.16**	43.11

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2017	43.11
Additional provisions recognised	7.93
Amounts used during the period	(7.79)
Unused amounts reversed during the period	–
Unwinding of discount and effect of changes in the discount rate	0.91
Balance at 31st March, 2018	**44.16**
Balance at 1st April, 2016	117.91
Additional provisions recognised	32.22
Amounts used during the period	(35.08)
Unused amounts reversed during the period	(79.03)
Unwinding of discount and effect of changes in the discount rate	7.09
Balance at 31st March, 2017	**43.11**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction, upon lease of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a defect liability period limited to 1 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years after the reporting date.

Note No. 18 - Other Current Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Advances received from customers-Under Construction Contracts	**423.11**	536.37
b. Deferred Revenue		
– Other Deferred Revenues	**–**	–
c. Statutory dues		
– taxes payable (other than income taxes)	**54.43**	23.02
– Other credit balances		
Total Other Liabilities	**477.54**	559.39

Note No. 19 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Revenue from rendering of services-Contract Revenue	**4,309.92**	6,056.72
Total Revenue from Operations	**4,309.92**	6,056.72

Note No. 20 - Other Income

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest Income	**127.71**	26.42
On Financial Assets at Amortised Cost	**124.40**	–
On Financial Assets at FVTPL	**–**	18.44
From Customers	**3.31**	7.98
Guarantee Commission	**261.37**	436.65
Cancellation/Transfer income	**13.21**	38.25
Others Income	**287.12**	
Total Other Income	**689.41**	501.32

Note No. 21- Operating Expenses

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
<u>Inventories at the beginning of the year:</u>		
Finished goods	**2,421.73**	1,232.56
Work-in-progress	**6,866.53**	8,860.35
Stock-in-trade	**50.57**	205.28
<u>Add: Expenses Incurred during the year</u>		
Land and Construction Costs	**158.01**	**1,865.16**
Architect & Consultant Fees	**28.19**	**123.74**
Project Management Fees	**120.67**	**317.83**
Other Expenses	**20.00**	**39.13**
Interest Cost	**–**	**92.97**
<u>Inventories at the end of the year:</u>		
Finished goods		**(2,421.73)**
Work-in-progress	**(7,016.83)**	**(6,866.53)**
Stock-in-trade	**(50.20)**	**(50.57)**
Net (increase)/decrease	**2,598.67**	3,398.19

Note No. 22 - Finance Cost

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest expense	**836.25**	872.98
Less: Borrowing costs inventorised*	**–**	(92.97)
Other borrowing cost	**0.91**	7.09
Total finance costs	**837.16**	787.10

*Borrowing cost inventorised refers to interest on Borrowings in Note 13 considered at the rate of 9.68%

Analysis of Interest Expenses by Category

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest Expenses		
On Financial Liability at Amortised Cost	**836.25**	872.98
On Financial Liabilities at FVTPL	**0.91**	7.09

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 23 - Other Expenses

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Rent including lease rentals	**6.46**	9.29
Repairs and maintenance - Others	**271.15**	286.42
Advertisement	**195.12**	193.00
Commission on sales/contracts (net)	**38.56**	32.61
Expenditure on Corporate Social Responsibility*	**42.69**	28.86
Defect Liability	**7.93**	(46.81)
Staff Deputation Costs	**275.27**	218.09
Auditors remuneration and out-of-pocket expenses	**13.26**	11.08
As Auditors	**10.49**	7.75
For Other services	**2.60**	3.30
For reimbursement of expenses	**0.17**	0.03
Legal and other professional costs	**36.26**	34.45
Other General Expenses	**52.04**	66.99
Total Other Expenses	**938.74**	833.98

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Help self Group	**–**	1.00
Education/Health	**16.00**	9.46
Tree Plantation	**5.35**	1.00
Swachh Bharat Initiative	**–**	2.99
Contribution to approved NGO (Nanhi Kali foundation)	**21.34**	14.41
Total CSR Expense	**42.69**	28.86

Note No. 24 - Segment information

Business segments

The Company operates in only one business segment, i.e. 'Residential Projects & Development Activities' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

Geographical segments

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note No. 25- Earnings per Share

Particulars	Year Ended 31st March, 2018 Per Share	Year Ended 31st March, 2017 Per Share
Basic/Diluted Earnings per share	**0.96**	2.72
From discontinuing operations (Rs.) per share	**–**	–
Total basic/diluted earnings per share	**0.96**	2.72

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit for the year attributable to owners of the Company	**486.38**	1,370.27
Less: Preference dividend and tax thereon		–
Profit for the year used in the calculation of basic earnings per share	**486.38**	1,370.27
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**486.38**	1,370.27
Weighted average number of equity shares	**5,04,35,000**	5,04,35,000
Earnings per share from continuing operations - Basic	**0.96**	2.72

Note No. 26 - Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiary at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company 31-Mar-2018	31-Mar-2017	Quoted (Y/N)
Mahindra Residential Developers Limited	Development of Residential Unit	Chennai	100%	100%	No

(b) Summarised financial information in respect of Company's subsidiary. The summarised financial information below represents amounts before intragroup eliminations.

Particulars	Mahindra Residential Developers Limited 31-Mar-2018	31-Mar-2017
Current Assets	**11,569.03**	11,103.72
Non Current Assets	**654.98**	602.86
Current Liabilities	**2,861.65**	2,695.75
Non Current Liabilities	**–**	–
Equity Interest Attributable to the owners	**9,362.36**	9,010.83
Revenue	**3,651.58**	1,315.20
Expenses	**3,210.00**	1,589.38

Particulars	Mahindra Residential Developers Limited 31-Mar-2018	31-Mar-2017
Profit/(Loss) before tax for the year	**441.58**	(274.18)
Profit/(Loss) after tax attributable to the owners of the Company	**441.58**	(274.18)
Profit/(Loss) after tax attributable to the non controlling interest	**–**	–
Net Cash Flow from operating activities	**449.75**	(780.62)
Net Cash Flow from investing activities	**101.72**	952.66
Net Cash Flow from financing activities	**(142.19)**	94.52
Net Cash inflow (outflow)	**409.28**	266.56

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 27 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2018, 31st March, 2017 is as follows:

	31-Mar-2018	31-Mar-2017
Debt (A)	**7,492.32**	8,436.60
Equity (B)	**9,187.22**	9,307.86
Debt Equity Ratio (A/B)	**0.82**	0.91

Categories of financial assets and financial liabilities

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at 31st March, 2018
Non-current Assets				
Investments	**6,629.48**	–	–	**6,629.48**
Other Financial Assets	**76.80**	–	–	**76.80**
Current Assets				
Trade Receivables	**375.21**	–	–	**375.21**
Cash and Cash equivalents	**50.15**	–	–	**50.15**
Other Financial Assets	**3,478.38**	–	–	**3,478.38**
	10,610.02	–	–	**10,610.02**
Non-current Liabilities				
Borrowings	**4,993.10**	–	–	**4,993.10**
Other Financial Liabilities	**362.58**	–	–	**362.58**
Current Liabilities				
Borrowings	**2,499.22**	–	–	**2,499.22**
Trade Payables	**778.49**	–	–	**778.49**
Other Financial Liabilities				–
- Non Derivative Financial Liabilities	**754.61**	–	–	**754.61**
	9,388.00	–	–	**9,388.00**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at 31st March, 2017
Non-current Assets				
Investments	6,629.48	–	–	6,629.48
Other Financial Assets	76.80	–	–	76.80
Current Assets				
Trade Receivables	553.13	–	–	553.13
Cash and Cash equivalents	247.81	–	–	247.81
Other Financial Assets	1,291.61	–	–	1,291.61
	8,798.83	–	–	8,798.83
Non-current Liabilities				
Borrowings	7,487.25	–	–	7,487.25
Other Financial Liabilities	318.55	–	–	318.55
Current Liabilities				
Borrowings	949.35	–	–	949.35
Trade Payables	2,038.32	–	–	2,038.32
Other Financial Liabilities	1,051.03	–	–	1,051.03
	11,844.50	–	–	11,844.50

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

The amount of trade receivable of residential business as appearing in the balance sheet of the company shows the amount due from the customers to whom the flat has not yet been handed over to him. As per the company's flat handover policy, a flat to a customer is handed over to him only upon clearing of entire dues payable by him and not before that, since the flat is in the custody of the company and as per the terms of the agreement with the customer's, he/she can claim the right on the property only upon clearing of all the dues and proper handover of flat to him, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has handed over any unit to a customer with any dues pending from him and has exposed to a credit risk. In light of the above fact the company is not making any provision for expected credit loss.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-2018				
Non-interest bearing				
Trade Payable	**778.49**	–	–	–
Other Current Financial Liabilities	**268.13**	–	–	–
Interest Accrued but not due	**486.48**	**362.58**		
Variable interest rate instruments				
Short term Borrowing-Principal	**2,500.00**	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	**2,500.00**	**2,500.00**	
Total	**4,033.10**	**2,862.58**	**2,500.00**	–
31-Mar-2017				
Non-interest bearing				
Trade Payable	2,038.32	–	–	–
Other Current Financial Liabilities	746.75	–	–	–
Interest Accrued but not due	304.93	318.55		
Variable interest rate instruments				
Short term Borrowing - Principal	949.35	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	5,000.00	2,500.00	
Total	**4,039.35**	**5,318.55**	**2,500.00**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31-Mar-2018	31-Mar-2017
Secured Bank Overdraft facility		
- Expiring within one year	**2,500.00**	1,905.65
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
- Expiring within one year	**50.00**	50.00
Secured Letter of Credit (sub limit of CC Credit facility)		
- Expiring within one year	**50.00**	50.00
	2,500.00	1,905.65

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-2018				
Non-interest bearing				
Non Current Investment	–	–	–	**6,629.48**
Trade Receivable	**375.21**	–	–	–
Cash and Cash equivalents	**50.15**	–	–	–
Other Non Current Financial Assets	–	–	–	**76.80**
Other Current Financial Assets	**3,478.38**	–	–	–
Fixed interest rate instruments				
Short term loans	–	–	–	–
Total	**3,903.74**	–	–	**6,706.28**
31-Mar-2017				
Non-interest bearing				
Non Current Investment	–	–	–	6,629.48
Trade Receivable	553.13	–	–	–
Cash and Cash equivalents	247.81	–	–	–
Other Non Current Financial Assets	–	–	–	76.80
Other Current Financial Assets	1,291.61	–	–	–
Total	2092.55	–	–	6706.28

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep between 80% and 60% of its borrowings at fixed rates of interest, excluding borrowings that relate to discontinued operations. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2018, after taking into account the effect of interest rate swaps, approximately 100% of the Company's borrowings are at a fixed rate of interest (31 March 2017: 93%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+100**	**–**
	INR	**–100**	**–**
31-Mar-17	INR	+100	(5.94)
	INR	–100	5.94

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

28. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

a) Names of related parties and nature of relationship where control exists:	Mahindra & Mahindra Limited (Ultimate Holding Company) Mahindra Lifespace Developers Limited (Holding Company) Mahindra Residential Developers Limited(Wholly owned Subsidiary Company)
b) Fellow Subsidiaries with whom transactions have been entered during the Year	Mahindra World City Developers Limited (MWCDL) Mahindra Integrated Business Solutions Private Limited (MIBS)

c) Key Managerial Personnel		
Designation	**Name**	**Tenure**
Manager under the Companies Act	Jayantt Manmadkar *	21.01.2015 to 22.01.2018
Manager under the Companies Act	P Vijayan Janardhanan	22.01.2018
Company Secretary	Ankit Shah	16.10.2015
Chief Financial Officer	Chaitanya Cherukuri #	15.04.2017 to 20.10.2017
Chief Financial Officer	T Sivaranjan Kumar	22.01.2018

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Associate-MWCDL	MIBS-Fellow Subsidiary	Subsidiary
Inter Corporate Deposit repaid	–	–	–	–	355.00
					(745.00)
Inter Corporate Deposit Given					
	–	–	(2,000.00)	–	–
Inter Corporate Deposit refunded	–	–	1,000.00	–	–
			(1,000.00)		
Guarantee commission income	–	261.37	–	–	–
		(436.65)			
Interest expense	–	–	–	–	19.36
					(89.59)
Interest Income	–	–	55.75	–	–
			(18.44)		
Administration expenses billed	–	22.73	–	–	31.28
		(29.77)			(30.11)
Consultancy charges(Information Technology & Manpower Deputation Charges)	16.78	460.24			
	(12.99)	(532.00)	–	–	–
Purchase of Materials and Services	–	–		2.66	
	–	–	(4.73)	–	–
Reimbursement of expense-Received	–	(2.01)	–	–	–
Rent, EB & Maintenance charges			294.32		
	–	–	(286.90)	–	–
Marketing expenses		20.96			
	–	–	–	–	(26.20)

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Associate-MWCDL	MLL-Fellow Subsidiary	Subsidiary
Deposits made (Rent & Maintenance)			76.05		
	–	–	(76.05)	–	–
Inter–corporate deposits payable					
	–	–	–	–	(355.00)
Inter–corporate deposits Receivable					
	–	–	(1,000.00)	–	–
Other Payables	2.70	29.73	–		
	(25.52)	(321.94)	(4.92)	–	–
Other Receivables					43.73
	–	–	–	–	(11.70)
Interest payable on Inter Corporate Deposits	–	–	–	–	–
	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Note No. 29 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-2018 Carrying amount	31-Mar-2018 Fair value	31-Mar-2017 Carrying amount	31-Mar-2017 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	**6,629.48**	**6,629.48**	6,629.48	6,629.48
– Loans to related parties	–	–	–	–
– Trade and other receivables	**375.21**	**375.21**	553.13	553.13
– Loans/lease receivables	**168.79**	**168.79**	135.50	135.50
– Deposits and similar assets	**76.80**	**76.80**	232.91	232.91
Total	**7,250.28**	**7,250.28**	7,551.02	7,551.02
Financial liabilities				
Financial liabilities held at amortised cost				
– Debentures	**7,492.32**	**7,492.32**	7,487.25	7,487.25
– Loans from related parties	–	–	355.00	355.00
– Borrowings from bank	–	–	594.35	594.35
– Trade and other payables	**1,895.68**	**1,895.68**	3,407.90	3,407.90
Total	**9,388.00**	**9,388.00**	11,844.50	11,844.50

	Fair value hierarchy as at 31st March, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	–	**6,629.48**	–	**6,629.48**
– Loans to related parties	–	–	–	–
– Trade and other receivables	–	**375.21**	–	**375.21**
– Loans/lease receivables	–	**168.79**	–	**168.79**
– Deposits and similar assets	–	**76.80**	–	**76.80**
Total	–	**7,250.28**	–	**7,250.28**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	**7,492.32**	–	**7,492.32**
– Loans from related parties	–	–	–	–
– Borrowings from bank	–	–	–	–
– Trade and other payables	–	**1,895.68**	–	**1,895.68**
Total	–	**9,388.00**	–	**9,388.00**

	Fair value hierarchy as at 31st March, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	6,629.48	–	6,629.48
– Loans to related parties	–	–	–	–
– Trade and other receivables	–	553.13	–	553.13
– Loans/lease receivables	–	135.50	–	135.50
– Deposits and similar assets	–	232.91	–	232.91
Total	–	7,551.02	–	7,551.02
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	7,487.25	–	7,487.25
– Loans from related parties	–	355.00	–	355.00
– Borrowings from bank	–	594.35	–	594.35
– Trade and other payables	–	3,407.90	–	3,407.90
Total	–	11,844.50	–	11,844.50

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 30 - Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

ii) Dividend

In respect of current year, the Board in its meeting held on 20th April, 2018 has recommended a dividend of Rs. 1.15 per share on equity shares of Rs. 10 each subject to approval by share holders at the Annual General Meeting. The same has not been included as liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March, 2018. The total estimated equity dividend to be paid is Rs. 580 lakh. The payment of this dividend is estimated to result in dividend tax of Rs. 118.18 lakh @ 20.37% on the amount of dividends grossed up for the related dividend distribution tax.

Note No. 31 - Other Notes

i. The Company did not have any pending litigation which would impact its financial position;

ii. The Company did not have any material foreseeable losses on long term contracts; the company has not entered into any derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Note No. 32 - Approval

The financial statements were approved for issue by the board of directors on 20th April, 2018.

Form AOC-I

Salient features of Financial Statements of Subsidiary as per Companies Act, 2013

Name of Subsidiary	Mahindra Residential Developers Limited
The date since when subsidiary was acquired	01st February, 2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share Capital	25.00
Reserves & Surplus	9,337.36
Total Assets	12,224.01
Total Liabilities	2,861.65
Investments	–
Turnover	3,613.75
Profit before taxation	441.58
Provision for taxation	90.04
Profit after taxation	351.54
Proposed Dividend	698.18
Extent of shareholding (in percentage)	**100%**

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B. K. Khare & Co.,**
Chartered Accountants

Padmini Khare Kaicker
Partner

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 20th April, 2018

For and on behalf of the board of directors of
Mahindra Integrated Township Limited

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
M S Jagan	Independent Director	(DIN: 02002827)
Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Chennai
Date: 20th April, 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Eleventh report together with the audited financial statement for the financial year ended on 31st March, 2018.

Financial Highlights

(₹ in Lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income from Operations	–	–
Other Income	28.34	4.63
Total Income	28.34	4.63
Profit Before Depreciation, Finance Cost and Taxation	25.04	2.93
Less: Depreciation	(0.13)	(0.05)
Profit before Finance Cost and Taxation	24.91	2.88
Less: Finance Cost	–	–
Profit before Taxation	24.91	2.88
Less: Provision for Taxation		
Current Tax	(4.45)	–
Deffered Tax	(2.47)	–
Short provision for Tax	(0.62)	–
Profit after Taxation	17.37	2.88
Add: Balance of Profit /(Loss) for earlier years	1,341.10	668.16
Add: Deemed Capital Contribution	–	670.05
Less: Reinstatement of Optionally convertible redeemable debentures	(1,109.82)	–
Balance carried forward	248.65	1341.10

Dividend

With a view to conserve resources of the Company, no dividend has been recommended by the Directors for the financial year 2017-18.

Reserves

Profit for the year has been carried forward to Profit and Loss account and no amount has been transferred to Reserves.

Operations / State of the Company's affairs

The Company will be developing an industrial park in Maharashtra for which the Company is in the process of procuring the required land area. Due to procedural difficulties related to various approvals required for acquisition of land, which are being sorted out, the progress in land acquisition has been slow.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

Share Capital

Authorised Equity Share Capital of the Company is ₹ 50 Crore and Paid-up Equity Share Capital of the Company is Rs. 21 Crore.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Optionally Convertible Redeemable Debentures (OCRDs)

During the year, in terms of the provision of the Companies Act, 2013 ("the Act") read with the Rules made thereunder, the Company has issued 771 Unsecured Optionally Convertible Redeemable Debentures (OCRDs) of face value of ₹ 1 lakh each aggregating ₹ 7.71crore on 25th August, 2017 to Industrial Cluster Private Limited (ICPL). Total OCRDs issued and allotted by the Company aggregates to ₹ 34.08 crore.

Holding Company

The Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra and Mahindra Limited.

During the year, no company has become/ceased to be subsidiary, associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprises of the following:

Name	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Raghunath Murti	00082761	Independent Director
Mr. Vijay Khetan	00465161	Independent Director
Mr. Siddharth Bafna	07383837	Non-Executive Non-Independent Director

During the year, Ms. Anita Arjundas resigned from the office of Director w.e.f.16th October, 2017 due to pre-occupation. The Board places on record its appreciation of the contribution made by Ms. Anita Arjund as during her tenure as a Director of the Company.

Pursuant to Section 160 and 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Siddharth Bafna, was appointed by the Board of Directors at its meeting held on 16th October, 2017, as an Additional Director in the category of Non-Executive Non-Independent Director with effect from even date. In accordance with Section 161(1) of the Companies Act, 2013, he holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Bafna is proposed at the ensuing Annual General Meeting as Non-Executive Non-Independent Director. Mr. Siddharth Bafna is not disqualified from being appointed/re-appointed as Director by the virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad, a Non-executive Non-independent Director retires by rotation at the 11th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declarations from all Independent Directors have been received affirming their independence in accordance with the provision of Section 149(6) of the Act.

Key Managerial Personnel

As at 31st March, 2018, the Key Managerial Personnel (KMP) of the Company comprised of the following:

Sr. No.	Name	Designation
1	Mr. Suhas Kulkarni	Manager
2	Mr. Jasmin Suchak	Chief Financial Officer
3	Ms. Arti Shinde	Company Secretary

Mr. Jasmin Suchak, CFO and Ms. Arti Shinde, Company Secretary have tendered their resignation to the Board and the same will be effective from 30th April, 2018 and 14th May, 2018, respectively. The Board places on record its sincere appreciation of the contribution made by them in the Company.

None of the KMP draws any remuneration from the Company. All of them draw remuneration from the holding company, Mahindra Lifespace Developers Limited. The Company pays to the holding company proportionate employee cost for all the KMPs being employees of the holding company, in relation to the work of the Company.

Commitees of the Board

Audit Committee

The Audit Committee comprises of two independent Directors, namely Mr. Vijay Khetan and Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Ms. Sangeeta Prasad. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions with respect to CSR are currently not applicable to the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of two Independent Directors, Mr. Vijay Khetan and Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Ms. Sangeeta Prasad. Mr. Raghunath Murti is the Chairman of the Committee. During the year, Ms. Anita Arjundas ceased to be member of the Committee w.e.f. 16th October, 2017 due to her resignation from the Board of the Company.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 are attached herewith and marked as **Annexure 1, Annexure 2 and Annexure 3**, respectively to this report:

1. Policy on Appointment of Directors and Senior Management
2. Policy on Remuneration of Directors
3. Policy on Remuneration of Key Managerial Personnel and Employees

Meetings of Independent Directors

The Independent Directors of the Company met once on 11th April, 2017 without the presence of the Non- Independent Directors or Chief Financial Officer or any other Management Personnel which was attended by both the Independent Directors. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to, inter-alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company (taking into account the views of non-executive Directors), assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Meetings

The number of meetings held during the year are as follows:

Sr. no.	Type of meeting	No. of meetings held
1.	Board Meeting	4
2	Audit Committee	4
3	Nomination & Remuneration Committee	2

The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013 and the revised Secretarial Standards – 1 (SS-1) issued by the Institute of Company Secretaries of India.

The previous Annual General Meeting (AGM) of the Company was held on 18th July, 2017 and two Extra-Ordinary General Meetings were held on 16th October, 2017 and 18th January, 2018.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non- Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and the Commitees thereof, with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members including Independent Directors of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"),the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standard shave been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis and;

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism is currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in the year 2021 subject to ratification of their appointment at every AGM.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

Accordingly, the members are requested to ratify the appointment of M/s. B. K. Khare & Co. as Statutory Auditors of Company.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides, vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every AGM. The clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 10th AGM held on 18th July, 2017 provides for ratification of the appointment of Statutory Auditor at every AGM, after notification of clause 40 of the Amendment Act, such ratification will not be necessary.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comment.

The requirement of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of making loans, giving guarantees, providing securities, acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate stipulated under Section 186 Companies Act, 2013 ("the Act").

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, during the year, are given in the prescribed format in the **Annexure 4** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 are included in this Report as Annexure 5 and forms part of this Report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai,17th April, 2018

ANNEXURE 1

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

I. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Knowledge Township Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

II. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

   a) All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

   b) Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.

   c) Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

2. Based on recommendation of NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

III. REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of the Director subject to the compliance of the applicable statutory provisions.

IV. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Board/Chairperson based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai,17th April, 2018

ANNEXURE 2

POLICY FOR REMUNERATION OF THE DIRECTORS

I. Purpose

This Policy sets out the approach to Compensation of Directors in Knowledge Township Limited.

II. Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

III. Non-Executive including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation.

The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholder's resolution.

IV. Executive Directors

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholder's resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually / half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai,17th April, 2018

ANNEXURE 3

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July, i.e., after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a) The increment that needs to be paid for different performance ratings as well as grades.
  b) The increment for promotions and the total maximum increment.
  c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai,17th April, 2018

ANNEXURE 4

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy	:	The operations of the Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time.
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai,17th April, 2018

ANNEXURE 5

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

(Pursuant to Section 92(3) of Companies Act, 2013 and Rule 12(1) of Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	CIN	U72900MH2007PLC173137
2.	Registration Date	16/08/2007
3.	Name of the Company	Knowledge Township Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai-400 018 Tel: (022) 67478600 / 8601
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintainance service activities	813	Nil

* As per National Industrial Classification-Ministry of Statistics and Programme Implementation

\# During the year under review, the Company had no turnover. Presently, the Company is in process of acquiring land for its project. Business activities will commence after the targeted land area for the project is acquired.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	100	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**21,000,000**	**21,000,000**	**100**	–	**21,000,000**	**21,000,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	20,999,940	100.00	–	20,999,940	100.00	–	–
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Ltd & Mr. Narayan Shankar	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters andHolders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Ms. Anita Arjundas – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
Mr. Suhas Kulkarni – Manager* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

* ***Jointly with Mahindra Lifespace Developers Limited***

5. INDEBTNESS

Indebtness of the Company including outstanding/accrued but not due for payment

(₹ in Lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	2,637	–	2,637
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	2,637	–	2,637
Change in Indebtedness during the financial year				
• Addition	–	771	–	771
• Reduction	–	–	–	–
Net change	–	771	–	771
Indebtedness at the end of the financial year				
i) Principal Amount	–	3,408	–	3,408
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	3,408	–	3,408

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Nil

B. **Remuneration of other directors:** Nil

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director:** None of the Key Managerial Personnel draw any remuneration from the Company.

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai,17th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Knowledge Township Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)prescribed under Section 133 of the Act,read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
       i. The Company does not have any pending litigations which would impact its financial position.
       ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.
       iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Dated: April 17, 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Knowledge Township Limited for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) The Company does not have immovable property as on March 31, 2018. Hence provision of para 3(i)(c) of the Order are not applicable.

2. The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores & spares. Hence para 3(ii)of the Order is not applicable.

3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. The Company has complied with the requirements of section 185 and 186 of the Companies Act, 2013 in respect of Investment made by the Company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. We have been informed that the Central Government has not prescribed maintenance of cost records by the under section 148(1) of the Companies Act, 2013.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax and other statutory dues applicable to it with the concerned authorities. The provisions of Excise Duty are not applicable to the operations of the Company. The Company did not have any employees and hence the provision of Provident Fund, Employee State Insurance are not applicable.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax and Goods and Service Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax,Cess, and Goods and Service Tax which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, there were no dues to debenture holders during the year. The Company neither have any loans or borrowings from financial institution or banks or Government during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11. No managerial remuneration has been paid or provided during the year as per the provisions of section 197 rad with Schedule V to the Companies Act, 2013.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended).

14. Based on the records examined by us and according to the information and explanations given to us, the requirement of section 42 of the Companies Act, 2013 have been complied with in respect of debenture issued during the year and the amount raised have been used for the purpose for which the funds were raised by the Company. The Company has not made any preferential allotment or private placement of shares during the year under review.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Dated: April 17, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Knowledge Township Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Dated: April 17, 2018

BALANCE SHEET AS AT 31 MAR 2018

(₹ in Lakh)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	3	**0.15**	0.28
SUB-TOTAL		**0.15**	0.28
CURRENT ASSETS			
(a) Inventories	4	**2,519.74**	2,519.74
(b) Financial Assets			
(i) Investments in Mutual Fund (Liquid)	5	**613.11**	–
(ii) Cash and Cash Equivalents	6	**63.33**	493.42
(iii) Loans & Advances	7	**12.76**	12.82
(d) Other Current Assets	8	**3,074.04**	2,461.86
SUB-TOTAL		**6,282.98**	5,487.84
TOTAL ASSETS		**6,283.14**	5,488.12
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	9	**2,100.00**	2,100.00
(b) Other Equity	10	**248.65**	1,341.10
SUB-TOTAL		**2,348.65**	3,441.10
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	**2,637.00**	1,527.18
(b) Deferred Tax Liabilities (Net)		**2.47**	
SUB-TOTAL		**2,639.47**	1,527.18
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	12	**771.00**	–
(ii) Trade Payables	13	**2.99**	1.59
(iii) Other Financial Liabilities	14	**518.25**	518.25
(b) Current Tax Liabilities (Net)		**2.78**	–
SUB-TOTAL		**1,295.02**	519.84
TOTAL		**6,283.14**	5,488.12
Significant Accounting Policies	2		

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No 44784

Place: Mumbai
Date: 17th Apr, 2018

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Sangeeta Prasad (DIN-02791944)
Raghunath Murti (DIN: 00082761)
Vijay Khetan (DIN: 00465161)

Place: Mumbai
Date: 17th Apr, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakh)

	Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
	Continuining Operations			
I	Revenue from operations		–	–
II	Other Income	15	28.34	4.63
III	**Total Revenue (I + II)**		28.34	4.63
IV	**EXPENSES**			
	(a) Depreciation and amortisation expense	3	0.13	0.05
	(b) Other expenses	16	3.30	1.70
V	**Total Expenses (V)**		3.43	1.75
	Profit/(loss) before exceptional items and tax (I – IV)		24.91	2.88
	Exceptional Items			
VI	**Share of profit/(loss) of joint ventures and associates**		–	–
			24.91	2.88
VII	**Profit/(loss) before tax (VII – VIII)**		24.91	2.88
VIII	**Tax Expense**			
	(1) Current tax		4.45	–
	(2) Deferred tax		2.47	–
	(3) Short Provision for Tax		0.62	
	Total tax expense		7.54	–
IX	**Profit/(loss) after tax from continuing operations (IX – X)**		17.37	2.88
X	**Profit/(loss) after tax from discontinued operations (XII + XIII)**		–	–
XI	**Profit/(loss) for the period (XI + XIV)**		17.37	2.88
XII	**Profit/(Loss) from continuing operations for the period attributable to:**			
	Owners of the Company		17.37	2.88
	Non controlling interests			
			17.37	2.88
XIII	**Other comprehensive income**		–	–
XIV	**Total comprehensive income for the period (XV + XVIII)**		17.37	2.88
XV	**Earnings per equity share (for continuing operation):**			
	(1) Basic ₹ Per share	17	0.08	0.01
	(2) Diluted ₹ Per share	17	0.08	0.01
	Significant Accounting Policies	2		

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No 44784

Place: Mumbai
Date: 17th Apr, 2018

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Sangeeta Prasad (DIN-02791944)
Raghunath Murti (DIN: 00082761)
Vijay Khetan (DIN: 00465161)

Place: Mumbai
Date: 17th Apr, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakh)

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities			
Profit before tax for the year	PL	**24.91**	2.88
Adjustments for:			
Income tax expense recognised in profit or loss		**(6.92)**	
Depreciation and amortisation of non-current assets	3	**0.13**	0.05
Movements in working capital:		**18.11**	(2.94)
Increase in trade and other receivables		**–**	–
(Increase)/decrease in short term loans and advances		**(612.12)**	(227.91)
(Increase)/decrease in inventories		**–**	(125.18)
(Decrease)/increase in other liabilities		**6.65**	(3.38)
		(605.47)	(356.47)
Cash generated from operations		**(587.35)**	(353.54)
Income taxes paid		**(0.61)**	–
Net cash generated by operating activities		**(587.96)**	(353.54)
Cash flows from investing activities			
Change in Investment (Liquid)		**(613.11)**	–
Net cash (used in)/generated by investing activities		**(613.11)**	–
Cash flows from financing activities			
Proceeds from borrowings		**771.00**	844.91
Repayment of borrowings			
Interest paid			
		771.00	844.91
Net cash used in financing activities			
Net increase in cash and cash equivalents		**(430.08)**	491.37
Cash and cash equivalents at the beginning of the year		**493.42**	2.06
Cash and cash equivalents at the end of the year		**63.33**	493.42

Change in Liability arising from Financing activity	1st April 17	Non cash	Cash	31st March 18
Borrowing-Non-Current (Refer Note 11)	1,527.18	1,109.82		2,637.00
Borrowing-Current (Refer Note 12)			771.00	771.00

In terms of our report attached.

For B. K. Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No 44784

Place: Mumbai
Date: 17th Apr, 2018

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Sangeeta Prasad (DIN-02791944)
Raghunath Murti (DIN: 00082761)
Vijay Khetan (DIN: 00465161)

Place: Mumbai
Date: 17th Apr, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. General Information

The company was incorporated on August 16, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra. Its parent and ultimate holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Companytakes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.4.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.9.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.11.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

1.28 First-time adoption – mandatory exceptions, optional exemptions, and

2.11.2 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.11.3 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.11.4 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.11.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.11.6 Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

2.11.7 Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

2.11.8 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 3 - Property, Plant and Equipment

(₹ in Lakh)

Description of Assets	Office Equipment	Furniture and Fixtures	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	0.52	0.63	1.14
Additions			–
Disposals			–
Balance as at 31 March 2018	**0.52**	**0.63**	**1.14**
II. Accumulated depreciation and impairment			–
Balance as at 1 April 2017	0.52	0.35	0.86
Depreciation expense for the year		0.13	0.13
Eliminated on disposal of assets			–
Balance as at 31 March 2018	**0.52**	**0.47**	**0.99**
III. Net carrying amount (I-II)	–	0.15	0.15

(₹ in Lakh)

Description of Assets	Office Equipment	Furniture and Fixtures	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	0.52	0.63	1.14
Additions			–
Disposals			–
Balance as at 31 March 2018	**0.52**	**0.63**	**1.14**
II. Accumulated depreciation and impairment			–
Balance as at 1 April 2017	0.52	0.30	0.81
Depreciation expense for the year		0.05	0.05
Eliminated on disposal of assets			–
Balance as at 31 March 2018	**0.52**	**0.35**	**0.86**
III. Net carrying amount (I-II)	**–**	**0.28**	**0.28**

Assets pledged as security and restriction on titles

As on reporting date Company had not pledged any item of PPE as security and there is no restriction on title

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE

Method of Depreciations:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Note No. 4 - Inventories

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
(b) Work-in-progress	**2,519.74**	2,519.74
Total Inventories (at lower of cost and net realisable value)	**2,519.74**	2,519.74

Note: Inventory mainly represents land and other related expenses

Note No. 5 - Investments

Fair value of financial assets and financial liabilities that are not measured at fair value

	As at 31 Mar 2018 QTY	Amounts* Current	Amounts* Non Current
D Designated as Fair Value Through Profit and Loss			
I. Quoted Investments (specify whether fully paid or partly paid)			
Investments in Mutual Funds		**613**	
Total Aggregate Quoted Investments	–	613	
INVESTMENTS CARRIED AT FVTPL [D]		**613**	
TOTAL INVESTMENTS CARRIED AT FAIR VALUE [C+D]		**613**	
Other disclosures			
Aggregate amount of quoted investments		**613**	
Aggregate amount of Market value of investments		**613**	

Note No. 6 - Cash and Bank Balances

(₹ in Lakh)

Particulars	As at 31 Mar 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**63.33**	493.36
(b) Cash on hand	–	0.06
Total Cash and cash equivalent	**63.33**	493.42

Notes: Balances in banks represents Bank balance and Fixed deposit with Maturity from 7 to 15 days.

Note No. 7 - Loans & Advances

(₹ in Lakh)

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
a) Other Loans				
- Unsecured, considered good	**12.76**	–	12.82	–
Less: Allowance for Credit Losses				
TOTAL (A)	**12.76**	–	12.82	–
GRAND TOTAL	**12.76**	–	12.82	–

Note No. 8 - Other assets

(₹ in Lakh)

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Advances other than capital advances				
(i) Other advances for purchase of Land		**3,068.23**		2,456.05

(₹ in Lakh)

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(Mainly represents advances given to Land Aggregator)				
(ii) Others		**5.81**		5.81
	–	**3,074.04**	–	2,461.86
TOTAL	**–**	**3,074.04**	–	2,461.86

Note No. 9 - Equity Share Capital

(₹ in Lakh)

Particulars	As at 31 March 2018 No. of shares	As at 31 March 2018 Amount	As at 31 March 2017 No. of shares	As at 31 March 2017 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights.................................	**5,00,00,000**	**5,000**	5,00,00,000	5,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights......................	**2,10,00,000**	**2,100**	2,10,00,000	2,100
	2,10,00,000	**2,100**	2,10,00,000	2100

Note No. 10 - Other Equity

b. Other Equity

Particulars	Reserves and Surplus Retained Earnings	Total
As at 1 April 2016	668.2	**668.16**
Profit/(Loss) for the period..	2.9	**2.88**
Deemed Capital Contribution...	670.0	**670.05**
As at 1 April 2017	1,341.10	**1,341.10**
Profit/(Loss) for the period..	17.37	**17.37**
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	1,358.46	**1,358.46**
Reinstatement of Optional convertible redeemable debentures (refer note 11)	(1,109.8)	**(1,109.82)**
As at 31 Mar 2018	248.65	**248.65**

Note No. 11 - Non- Current Borrowings

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
A. Unsecured Long Borrowings		
(a) Loans repayable on demand		
(1) From Banks..	–	–
(2) Optionally Convertible Redeemable Debentures from Related Parties-MLDL	**2,637.00**	1,527.18
Total Current Borrowings..	**2,637.00**	1,527.18

Company had issued optionally convertible Debentures of ₹ 2637 lacs which were bought to its present value of ₹ 1527.18 lacs as per Ind AS in previous years.

During the year, the company restated above OCRD to ₹ 2637 lacs since intention of the buyer is to convert the same into equity shares. An amount of ₹ 1109.82 lacs is reduced from other equity on account of above adjustnent.

Note No. 12 - Current Borrowings

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
A. Unsecured Short Term Borrowings		
(a) Loans repayable on demand.......................................		
(1) From Banks..	–	–
(2) Optionally Convertible Redeemable Debentures from Related Parties- ICPL...............................	**771.00**	–
Total Current Borrowings..	**771.00**	–

Note No. 13 - Trade Payables

Rs. In crores

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade payable - Micro ans small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**2.99**	–	1.59	–
Total trade payables...........................	**2.99**	–	1.59	–

Note No. 14 - Other Financial Liabilities

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(e) Other liabilities		
(1) *Interest Accrued but not due on loan (from related party repayable on demand)*	**518.25**	518.25
Total other financial liabilities	**518.25**	518.25

Note No. 15 - Other Income

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
(b) Fixed Deposits interest Income	**15.23**	4.63
Sale of Current Investments - MF-Realised	**3.23**	–
Sale of Current Investments - MF-Unrealised	**9.89**	–
Total Other Income	**28.34**	4.63

Note No. 16- Other Expenses

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Auditors remuneration and out-of-pocket expenses	**0.25**	0.53
(i) As Auditors	**0.25**	0.29
(ii) For Taxation matters	–	–
(iii) For Company Law matters	–	–
(iv) For Other services	–	0.24

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
(b) Other expenses		
(1) Provision for diminution of Investments	–	–
(2) Provision for losses of subsidiaries	–	–
(3) Legal and other professional costs	**2.99**	1.17
(4) Miscellaneous Expenses	**0.06**	–
Total Other Income	**3.30**	1.70

Note No. 17 - Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ in Lakh)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit/(loss) for the year attributable to owners of the Company	**17,36,850**	2,88,432
Weighted average number of equity shares	**2,10,00,000**	2,10,00,000
Earnings per share from continuing operations - Basic	**0.08**	0.01

Note No. 18 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Debt-to-equity ratio as of 31 March 2018, 31 March 2017 is as follows:

(₹ in Lakh)

Particulars	31-Mar-18	31-Mar-17
Debt (A)	**2,637.00**	1,527.18
Equity (B)	**2,100.00**	2,100.00
Debt Ratio (A/B)	**1.26**	0.73

Categories of financial assets and financial liabilities

	As at 31 March 2018		
	Amortised Costs	FVTPL	Total
Current Assets			
Investments	–	**613.11**	**613.11**
Trade Receivables	–	–	–
Other Bank Balances	–	–	–
Loans	**12.76**	–	**12.76**
Non-current Liabilities			
Borrowings	**2,637.00**	–	**2,637.00**
Current Liabilities			
Trade Payables	**2.99**	–	**2.99**
Other Financial Liabilities	–	–	–
– Non Derivative Financial Liabilities	**518.25**	–	**518.25**

	As at 31 March 2017		
	Amortised Costs	FVTPL	Total
Current Assets			
Loans	12.82	–	12.82
Non-current Liabilities			
Borrowings	1,527.18	–	1,527.18
Current Liabilities			
Borrowings	–	–	–
Trade Payables	1.59	–	1.59
Other Financial Liabilities	–	–	–
- Non Derivative Financial Liabilities	518.25	–	518.25

Note No. 19 - Equity Share Capital

A. Equity share capital

(₹ in Lakh)

As at 31 March 2017	**2100**
Changes in equity share capital during the year	–
As at 31 March 2018	**2,100**

Note No. 20 - Related Party Transactions

Discription of Relationship	Name of Related Party
Ultimate Holding Company	Mahindra & Mahindra Limited
Parent Company	Mahindra Lifespace Developers Limited
Fellow Subsidiary	Industrial Cluster Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company
Nature of transactions with Related Parties		
Unsecured Optionally Convertible Redeemable Debentures (OCRDs) from Industrial Clusted Private Limited	31-Mar-18	771
	31-Mar-17	–

Nature of Balances with Related Parties	Balance as on	Parent Company
Interest Accrued on Inter Corporate Deposits from Mahindra Life Space Developers Ltd	31-Mar-18	518.25
	31-Mar-17	518.25
Unsecured Optionally Convertible Redeemable Debentures (OCRDs) from Mahindra Life Space Developers Ltd	31-Mar-18	2,637
	31-Mar-17	1,527
Unsecured Optionally Convertible Redeemable Debentures (OCRDs)- III- from Industrial Cluster Pvt Ltd	31-Mar-18	771
	31-Mar-17	–

Note - 21 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the "Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars		31-Mar-18	31-Mar-17
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	– Principal amount due to micro and small enterprises	–	–
	– Interest due on above	–	–
(ii)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 22- Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 23- Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.

For B. K. Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No 44784

Place: Mumbai
Date: 17th Apr, 2018

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Sangeeta Prasad (DIN-02791944)
Raghunath Murti (DIN: 00082761)
Vijay Khetan (DIN: 00465161)

Place: Mumbai
Date: 17th Apr, 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Eleventh report together with the audited financial statement of your Company for the year ended 31st March, 2018.

Financial Highlights

(₹ in Lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**3,651.58**	1,315.20
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**456.54**	(242.47)
Less : Depreciation	**–**	–
Profit/(Loss) Before Finance Cost and Taxation	**456.54**	(242.47)
Less :Finance Cost	**14.96**	31.71
Profit/(Loss) Before Taxation	**441.58**	(274.18)
Less : Provision for Taxation	**90.04**	–
Profit/(Loss) for the year after Taxation	**351.54**	(274.18)
Add : Balance of Profit/(Loss) for earlier years	**3,549.49**	3,824.67
Transfer to Preference Share Redemption Reserve	**–**	1.00
Balance carried forward	**3,901.03**	3,549.49

Dividend

For the Financial Year 2017-18, your Directors have recommended a dividend of ₹ 232 per equity share of the face value of ₹ 10 each of the Company, i.e. 2320% payable to those shareholders whose names appear in the Register of Member as on the Record Date.

The equity dividend outgo (including tax on distributed profits) for the Financial Year 2017-18 aggregates ₹ 698.18 lakh (₹ 580 lakh + ₹ 118.18 lakh). The dividend shall be paid out of the profits of the Financial Year 2017-18

Reserves

Profit for the year has been carried forward to P & L account and ₹ 351.54 Lakh amount has been transferred to Capital Redemption Reserves from retained earnings of earlier years.

Operations

The Company's project 'Aqualily' is a premium residential development within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments with an estimated saleable area of 1.57 million square feet of which 1.50 million square feet has been launched. The Company has completed the construction of Villas and 3 Phases of apartments taking the total completed area under the project to 1.23 million square feet.

85% of the total launched area in Aqualily has been sold as of 31st March 2018. A total of 575 units have been sold from a total of 853 Units. Total handovers stood at 482 units. 196 units consisting of studio apartments and 1BHKs are in advance stage of construction and planned to be handed over during the next financial year.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared based on going concern status of the Company.

Share Capital

The Authorised share capital of the Company is ₹ 50 lakh consisting of equity share capital of ₹ 45 lakhs and preference share capital of ₹ 5 lakh. The paid up equity capital is ₹ 25 lakh. The entire paid up equity share capital of the Company is held by Mahindra Integrated Township Limited.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity shares) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, Company has not issued / allotted any non-convertible debentures.

Holding Company

The Company is a Wholly Owned Subsidiary of Mahindra Integrated Township Limited and consequently a subsidiary company of the Mahindra Lifespace Developers Limited and of the ultimate holding company, Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Name of Director	Designation
Ms. Sangeeta Prasad (DIN: 02791944)	Chairperson, Non-Executive Non-Independent Director
Mr. Raghunath Murti (DIN: 00082761)	Independent Director
Mr. Sanjay Jain (DIN: 06446899)	Independent Director
Mr. Jayant Manmadkar (DIN: 03044559)	Non-Executive Non-Independent Director

During the year, Mr. Sanjiv Kapoor (DIN:00004005) resigned from the Directorship with effect from 2nd August 2017 consequent to cessation as an Independent Director of Mahindra Lifespace Developers Limited, the holding Company. The Board places on record its sincere appreciation of his association with the Company.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayant Manmadkar (DIN: 03044559), a Non-Executive and Non-Independent Director retires by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Further, he is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to section 149(7) of the Act, declaration from all the Independent Directors have been received affirming their independence in accordance with the provision of Section 149(6) of the Act.

Key Managerial Personnel

As the Company, does not meet the criteria prescribed under Section 203 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committees of the Board

- **Audit Committee**

  The Audit Committee comprises of two Independent Directors, namely Mr.Sanjay Jain, Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Mr. Jayant Manmadkar. Mr. Sanjay Jain is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

- **Corporate Social Responsibility (CSR) Committee**

  The CSR Committee comprises of one Independent Director, Mr. Raghunath Murti and two Non-Exeucitve Non-Independent Directors, Ms. Sangeeta Prasad and Mr. Jayant Manmadkar. Ms. Sangeeta Prasad is the Chairperson of the Committee.

  During the year, the Company contributed ₹ 13.58 Lakh towards Corporate Social Responsibility. The annual report on the CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

- **Nomination and Remuneration Committee**

  The Nomination and Remuneration Committee comprise of two Independent Directors, namely Mr. Raghunath Murti and Mr. Sanjay Jain and two Non-Executive Non-Independent Directors, Ms. Sangeeta Prasad and Mr. Jayant Manmadkar. Mr. Raghunath Murti is the Chairman of the Committee.

  The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2, Annexure 3 and Annexure 4**, respectively to this report:

  1. Policy on appointment of Directors and Senior Management **(Annexure 2)**
  2. Policy on remuneration of Directors **(Annexure 3)**
  3. Policy on remuneration of Key Managerial Personnel and Employees **(Annexure 4)**

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meetings

The number of meetings held during the year are as follows:

Sr. No.	Type of meeting	No. of meetings held
1	Board Meeting	4
2	Audit Committee	4
3	Nomination & Remuneration Committee	1
4	Corporate Social Responsibility Committee	3

The previous Annual General Meeting of the Company was held on 21st July, 2017.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the Financial year 2017-18, received declarations from the Board members and Independent Directors of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company is available attached herewith as **Annexure 5**.

Risk Management

The Company has appropriate risk management systems and procedures in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

The members of the Company at the 10th Annual General Meeting held on 21st July 2017 had approved the appointment of M/s. B.K. Khare & Co., Chartered Accountants (ICAI Registration No: 105102W), as Statutory Auditors of the Company to fill in casual vacancy due to the resignation of M/s B.K. Khare & Co, Chartered Accountants, to hold office from the conclusion of the 10th Annual General Meeting till the conclusion of the 11th Annual General Meeting to be held in the calendar year 2018.

The Board of Directors has recommended to the shareholders for the re-appointment of M/s. B. K. Khare & Co., Chartered Accountants (ICAI Registration Number- 105102W) as the Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the ensuing 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting to be held in the calendar year 2023 (subject to ratification of their appointment at every Annual General Meeting).

The Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants (ICAI Registration Number- 105102W) to the effect that their appointment, if made, would be in accordance with the provision of section 139 and that they satisfy the criteria provided in section 141 of the Companies Act,2013 read with Rule 10 of the Companies (Audit and Auditors) Rules, 2014.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide Clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every Annual General Meeting. The Clause 40 of the Amendment Act is yet to be notified. Upon notification of Clause 40, such notification will not be necessary.

The Auditor's Report for the financial year 2017-18 does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

The requirements of having secretarial auditor and cost auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As the Company is engaged in the business of developing residential units, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. Further, during the year, no loans or guarantees or security were given by the Company attracting the provisions of the Companies Act, 2013.

During the year, there were no investment made by the Company attracting the provisions of the Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, there were no materially significant related party transactions entered between the Company and its Promoters, Directors or Key Managerial Personnel, Senior Management, or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 25 to Annual Accounts. Details of material related party transaction on arm's length basis are disclosed in Form AOC-2 marked as **Annexure 6** to the Board's Report.

Deposits, Loan and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company, Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 7** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 8** and forms part of this Report.

Safety, Health and Environmental Performance

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgement

The Directors are thankful to all shareholders, consultants, employees and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   The company has the mission of: 'Transforming Urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. In addition to the past investments in CSR initiatives which are mostly in the areas of education, public health and environment, which also include sustainability initiatives to reduce energy and resource use. This is reflected in Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". We undertake to endeavour for inclusive development at all our project locations to help the communities that live around these projects prosper in all walks of life.

2. **The composition of the CSR Committee**

   The CSR Committee of the Company comprise of Ms. Sangeeta Prasad (Chairperson), Mr. Raghunath Murti, Independent Director and Mr. Jayant Manmadkar, Non-executive Non-Independent Director.

3. **Average net profit of the company for last three financial years.**

   The average net profit of the Company for the last three financials years- ₹ 679 Lakh

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   Prescribed CSR Spend (2% of above amount) – ₹ 13,58,000

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: ₹ 13,58,000

   b. Amount unspent, if any: Nil

   c. Manner in which the amount spent during the financial year is detailed below,

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Nanhi Kali	Education	Krishnagiri, Tamil Nadu	6,79,000	Direct expenditure - 6,79,000	6,79,000	Implementing Agency: KC Mahindra Education Trust
2.	Skill Development	Others	Kancheepuram, Tamil Nadu	6,79,000	Direct expenditure - 6,79,000	6,79,000	World Vision
			Total	**13,58,000**		**13,58,000**	

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

   The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company**

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Sangeeta Prasad (Chairperson of Board and CSR Committee) Mumbai, 17th April, 2018	**Jayant Manmadkar** (Member of CSR Committee) Mumbai, 17th April, 2018

ANNEXURE 2

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

A. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means Mahindra Residential Developers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

B. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

   a. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

   b. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

   c. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

2. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

C. REMOVAL OF DIRECTORS

1. If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

D. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 3

POLICY FOR REMUNERATION OF THE DIRECTORS

A. PURPOSE

This Policy sets out the approach to Compensation of Directors in Mahindra Residential Developers Limited.

B. POLICY STATEMENT

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

C. NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation.

The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

D. EXECUTIVE DIRECTORS:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 4

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy is effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a. The increment that needs to be paid for different performance ratings as well as grades.
  b. The increment for promotions and the total maximum increment.
  c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 5

WHISTLE BLOWER POLICY

1. **The Whistle Blower Policy is effective from 1st April 2014.**

2. **Preface**

Mahindra Residential Developers Limited (MRDL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act. 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

3. **Definitions**

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.

b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.

c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

d. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

e. "Investigators" means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.

f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. **Scope**

a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.

c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

5. **Eligibility**

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. **Procedure**

a. All Protected Disclosures should be addressed to the Audit Committee.

b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.

c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.

b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.

d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.

e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.

c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:

   i. the alleged act constitutes an improper or unethical activity or conduct; and

   ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17^{th} April, 2018

ANNEXURE 6

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Mahindra Lifespace Developers Limited (MLDL), Intermediate Holding Company
Nature of contracts/ arrangements/ transactions	Project Management Consultancy Services
Duration of the contracts/ arrangements/ transactions	The agreement is valid unless terminated by the Company and MLDL in terms of the agreement.
Salient terms of the contracts or arrangements or transactions including the value, if any	The Company has availed Project Management Consultancy Services for its project 'Aqualily'. The services availed, inter alia, includes managing design & development, construction cost, marketing sales, customer relations and handover for project 'Aqualily'. During financial year 2017-18, the Company has paid ₹ 192 lakh to MLDL for the services availed.
Date(s) of approval by the Board, if any	The Board of Directors at their meeting held on 12th July 2013 had noted the Project Management Consultancy Services agreement dated 1st July 2013 by the Company with MLDL.
Amount paid as advances, if any	Nil

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 7

1. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	As a part of sustainable development adequate measures are being implemented to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and demolition i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelops for walls and roofs 2. Heat Reflective paint 3. Adoption of solar street lighting for landscape areas 4. Adoption of high efficient pumps, motors 5. Group control mechanism for lifts 6. LED lamps for common areas & pathways
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	–
(iii)	the capital investment on energy conservation equipments	:	It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for: 1. Use of energy efficient building envelops & fenestration 2. Heat reflective paint, 3. Low flow fixtures, 4. Sewage treatment plant, 5. Rain water harvesting system, 6. Organic waste converter, 7. Energy efficient equipments such as pumps and motors, etc. 8. Energy efficient lighting fixtures such as LED's

2. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has adopted various alternate materials, methods during the year which includes use of Ground Granulated Blast furnace Slag (GGBS) in concrete, Self-curing External Plaster, Gypsum plaster for Internal walls, Pre-cut and pre-polished door shutters.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Process improvement, Product Improvement
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

3. Foreign exchange Outgo

During the year, details of Foreign Exchange earnings is Nil and the Foreign Exchange outgo in terms of actual outflows is ₹ 0.71 lakh.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

ANNEXURE 8

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018
(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	CIN	U45200TN2008PLC066292
2.	Registration Date	01.02.2008
3.	Name of the Company	Mahindra Residential Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002. Tel: +91 44 67455001
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	–

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

*** As per National Industrial Classification- Ministry of Statistics and Programme Implementation**

 # on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Integrated Township Limited Address: Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002.	U74140TN1996PLC068288	Holding	100	2(46)
2	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Intermediate Holding	–	2(46)
3	Mahindra and Mahindra Limited Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total isuued shares	Demat	Physical	Total	% total isuued shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total isuued shares	Demat	Physical	Total	% total isuued shares	
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	250,000	250,000	100	–	250,000	250,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	250,000	250,000	100	–	250,000	250,000	100	–
(2) **Foreign**									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**250,000**	**250,000**	**100**	–	**250,000**	**250,000**	**100**	–
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total isuued shares	Demat	Physical	Total	% total isuued shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**250,000**	**250,000**	**100**	–	**250,000**	**250,000**	**100**	–

(ii) Shareholding of Promoters (Equity)

Sl. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1.	Mahindra Integrated Township Limited	2,49,930	100	–	2,49,930	100	–	–
2.	Mahindra Integrated Township Limited and Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
3.	Mahindra Integrated Township Limited and Mr. Vivek Sharma	10	0.00	–	–	–	–	–
4.	Mahindra Integrated Township Limited and Mr. P. Vijayan Janardhanan	–	–	–	10	0.00	–	–
5.	Mahindra Integrated Township Limited and Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–
6.	Mahindra Integrated Township Limited and Mr.R. Eswaran	10	0.00	–	10	0.00	–	–
7.	Mahindra Integrated Township Limited and Mr. K. Shyam Sundar	10	0.00	–	10	0.00	–	–
8.	Mahindra Integrated Township Limited and Ms. Sangeeta Prasad	10	0.00	–	10	0.00	–	–
9.	Mahindra Integrated Township Limited and Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
	Total	**2,50,000**	**100**	–	**2,50,000**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoters. However, during the year, 10 shares held by Mahindra Integrated Township Limited (MITL) jointly with Mr. Vivek Sharma were transferred to MITL jointly with Mr. P. Vijayan Janardhanan.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sangeeta Prasad – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the End of the year	10	0.00	10	0.00
Mr. Jayant Manmadkar – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the End of the year	10	0.00	10	0.00

* *Jointly held with Mahindra Integrated Township Limited (first holder).*

5. INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment **(₹ in Lakh)**

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	127.23	NIL	NIL	127.23
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	127.23	NIL	NIL	127.23
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	127.23	NIL	NIL	127.23
Net Change	(127.23)	NIL	NIL	(127.23)
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors:

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	**Raghunath Murti**	**Sanjay Jain**	**Sanjiv Kapoor***	
	• Fee for attending board/committee meetings	1.00	1.30	0.20	2.50
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (1)	**1.00**	**1.30**	**0.20**	**2.50**
2.	Other Non-Executive Directors	Nil	Nil	Nil	Nil
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**1.00**	**1.30**	**0.20**	**2.50**
	Total (A)	N.A.	N.A.	N.A.	N.A.
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.

* Mr. Sanjiv Kapoor resigned with effect from 2nd August 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/WHOLE TIME DIRECTOR: Not Applicable

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 17th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **MAHINDRA RESIDENTIAL DEVELOPERS LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act,read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
       i. The Company does not have any pending litigations which would impact its financial position.
       ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.
       iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 17th April 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Mahindra Residential Developers Limited for the year ended March 31, 2018

1. According to the information and explanation given to us, no immovable property is held by the Company in its own name.
2. i) The management has conducted physical verification of inventory at reasonable intervals during the year.
   ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   iii The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c)of the Order are not applicable to the Company.
4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.
6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, value added tax, Cess, GST and other statutory dues applicable to it with the concerned authorities.
   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, value added tax, Cess&GST that were outstanding, at the year-end for a period of more than six months from the date they became payable.
   (iii) The details of dues of Income Tax which have not been deposited as on March 31, 2018 on account of disputes are given below

Name of the Statue	Nature of dues	Forum where dispute is pending	Period to which Amount relates	Amount involved	Amount unpaid
Income Tax Act 1961	Income Tax	Income Tax Appellate	AY 2012 -13	393.42	66.19
		Commissioner of Income Tax Appeals	AY 2013 - 14	368.44	47.61
			AY 2014 -15	1810.72	809.17

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.
9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
11. In Our opinion & according to the information and explanation given to us, the company has not paid / provided any managerial remuneration.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 17th April 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MAHINDRA RESIDENTIAL DEVELOPERS LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 17th April 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note	As at 31st March, 2018 ₹ in lakh	As at 31st March, 2017 ₹ in lakh
I ASSETS			
NON-CURRENT ASSETS			
(a) Financial Assets			
(i) Other Financial Assets	3	**23.84**	23.84
(b) Other Non-current Assets	4	**631.14**	579.02
Total Non-Current Assets		**654.98**	602.86
CURRENT ASSETS			
(a) Inventories	5	**7,495.73**	8,386.07
(b) Financial Assets			
(i) Trade Receivables	6	**1,091.62**	226.10
(ii) Cash and Cash Equivalents	7	**748.82**	339.54
(iii) Other Financial Assets	3	**494.32**	539.75
(c) Other Current Assets	4	**1,738.54**	1,612.26
Total Current Assets		**11,569.03**	11,103.72
Total Assets		**12,224.01**	11,706.58
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	8	**25.00**	25.00
(b) Other Equity	9	**9,337.36**	8,985.82
Total Equity		**9,362.36**	9,010.82
LIABILITIES			
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**–**	127.23
(ii) Trade Payables	11	**2,105.01**	1,832.42
(iii) Other Financial Liabilities	12	**430.79**	397.04
(b) Provisions	13	**51.59**	110.09
(c) Other Current Liabilities	14	**274.26**	228.98
Total Current Liabilities		**2,861.65**	2,695.76
Total Liabilities		**2,861.65**	2,695.76
Total Equity & Liabilities		**12,224.01**	11,706.58

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN: 02791944)

Raghunath Murti Independent Director (DIN: 00082761)
Sanjay Jain Independent Director (DIN: 06446899)

Jayantt Manmadkar Non-Executive, Non-Independent Director (DIN: 03044559)

Place: Mumbai
Date: 17th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note	**Year ended 31st March, 2018 ₹ in lakh**	Year ended 31st March, 2017 ₹ in lakh
INCOME			
Revenue from operations	15	**3,613.75**	1,217.52
Other income	16	**37.83**	97.68
Total Income		**3,651.58**	1,315.20
EXPENSES			
Operating Expenses- Cost of Sales	17	**2,603.37**	904.36
Finance costs	18	**14.96**	31.71
Other expenses	19	**591.67**	653.31
Total Expenses		**3,210.00**	1,589.38
Profit/(Loss) before tax		**441.58**	(274.18)
Tax expense			
Current tax	20	**90.04**	–
Deferred tax		**–**	–
Total tax expense		**90.04**	–
Profit/(Loss) after tax for the Period		**351.54**	(274.18)
Earnings per equity share (of face value ₹ 10/-each):			
Basic/Diluted (in ₹)	22	**140.62**	(109.67)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
Sanjay Jain	Independent Director	(DIN: 06446899)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 17th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	**Year ended 31st March, 2018 ₹ in lakh**	Year ended 31st March, 2017 ₹ in lakh
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**441.58**	(274.18)
Adjustments for:		
Finance costs recognised in profit or loss	**14.96**	31.71
Investment income recognised in statement of profit or loss	**(21.03)**	(90.37)
Movements in working capital:		
Increase in trade and other receivables	**(865.52)**	85.36
Decrease/(Increase) in amounts due from customers under construction contracts	**319.99**	329.61
Decrease/(Increase) in inventories	**890.34**	574.72
Decrease/(Increase) in other assets	**(446.27)**	334.44
Decrease/(Increase) in other Financial Assets	**(35.26)**	15.91
(Decrease)/increase in trade and other payables	**272.59**	(1,814.97)
(Decrease)/increase in other liabilities	**3.86**	192.21
(Decrease)/increase in deferred revenue	**75.17**	84.85
(Decrease)/increase) in provisions	**(58.50)**	(57.01)
Cash generated from/(used in) operations	**591.91**	(587.72)
Income taxes paid	**(142.16)**	(192.90)
Net cash generated from/(used in) operating activities	**449.75**	(780.62)
Cash flows from investing activities		
Interest received	**11.29**	93.40
Other dividends received	**–**	–
Bank balances not considered as Cash and Cash Equivalents	**(264.57)**	114.26
Repayment of Inter-corporate deposits by related parties	**355.00**	745.00
Net cash generated by investing activities	**101.72**	952.66
Cash flows from financing activities		
Repayment of borrowings	**–**	(1.00)
Short term Borrowings taken	**(127.23)**	127.23
Interest paid	**(14.96)**	(31.71)
Net cash generated from/(used in) investing activities	**(142.19)**	94.52
Net increase/(decrease) in cash and cash equivalents	**409.28**	266.56
Cash and cash equivalents at the beginning of the year	**339.54**	72.99
Cash and cash equivalents at the end of the year	**748.82**	339.55
Reconciliation of Cash and Cash Equivalents with the Balance Sheet	**748.82**	339.54
Less: Bank balances not considered as Cash and Cash Equivalents (Earmarked balances)	**(445.00)**	–
Total Cash and Cash Equivalents (Note no. 7)	**303.82**	339.54

Changes in Liability arising from financing activities

Particulars	**1.04.2017**	**Cash Flow**	**31.03.2018**
Borrowing - Non Current	–	–	–
Borrowing - Current (Refer note no 10)	127.23	(127.23)	–
	127.23	(127.23)	–

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
Sanjay Jain	Independent Director	(DIN: 06446899)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 17th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Reserves and Surplus				
	Equity Share Capital	Securities Premium Reserve	Capital Redemption Reserves	Ind AS Transition Reserve	Retained Earnings	Total
Balance at the end of the reporting period - April 1, 2017	25.00	5,435.33	1.00	36.55	3,512.94	9,010.82
Profit for the year	–	–	–	–	351.54	351.54
Additions during the year	–	–	–	–	–	–
Dividends	–	–	–	–	–	–
Transfer to Capital Redemption Reserve	–	–	–	–	–	–
Balance at the end of the reporting period - Mar 31, 2018	25.00	5,435.33	1.00	36.55	3,864.48	9,362.36

	Share Capital	Reserves and Surplus				
	Equity Share Capital	Securities Premium Reserve	Capital Redemption Reserves	Ind AS Transition Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period - April 1, 2016	25.00	5,435.33	–	36.55	3,788.12	9,285.00
Profit for the year	–	–	–	–	(274.18)	(274.18)
Additions during the year	–	–	1.00	–	–	1.00
Dividends	–	–	–	–	–	–
Transfer to Capital Redemption Reserve	–	–	–	–	(1.00)	(1.00)
Balance at the end of the reporting period - March 31, 2017	25.00	5,435.33	1.00	36.55	3,512.94	9,010.82

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors

Sangeeta Prasad — Chairperson (DIN: 02791944)

Raghunath Murti — Independent Director (DIN: 00082761)
Sanjay Jain — Independent Director (DIN: 06446899)

Jayantt Manmadkar — Non-Executive, Non-Independent Director (DIN: 03044559)

Place: Mumbai
Date: 17th April, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. General Information

The Company was incorporated on February 1, 2008.

The Company is a Co-developer approved under Special Economic Zone Act, 2005, engaged in development of residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. Accordingly the Company is entitled to a 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.4.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.4.3 Sale of goods

Revenue from the sale of goods (i.e. residential units sold and entire consideration after the receipt of completion certificate or similar document from the concerned local authority) is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.18 below for hedging accounting policies)

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.12.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.12.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 2.12.3

All other financial assets are subsequently measured at fair value.

2.12.2 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 3.24.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.12.3 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.12.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.12.5 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.13 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.13.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.13.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.13.1.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.13.1.3 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.13.1.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

3. Other Financial Assets

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
A) Security Deposits				
– Unsecured, considered good	**30.89**	**23.84**	30.89	23.84
Less: Allowance for Credit Losses	–	–	–	–
TOTAL (A)	**30.89**	**23.84**	30.89	23.84
B) Loans to related parties*				
– Unsecured, considered good	–	–	355.00	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL (B)	–	–	355.00	–
C) Interest Receivable				
(i) Interest accrued on deposits, loans and advances	–	–	–	–
TOTAL (C)	–	–	–	–
D) Other Bank Balances				
(i) Restricted Cash and bank balances				
– Fixed Deposit with scheduled banks	**45.00**	–	–	–
– Earmarked Deposit account with scheduled banks #	**418.43**	–	153.86	–
TOTAL (D)	**463.43**	–	153.86	–
GRAND TOTAL	**494.32**	**23.84**	539.75	23.84

* The Loan was given to M/s Mahindra Integrated Township Limited to meet working capital requirement at an interes rate of 11% pa. The loan is unsecured and repayable on demand.

Earmarked balances with banks refers to FD's with bank created out of Corpus and Advance maintenance Charges collected from customers.

4. Other assets

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
A) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**823.01**	–	553.56	–
(ii) Other advances (Mobilisation and Material Advances)	**240.07**	–	74.72	–
B) Advance income tax – Unsecured, considered good	–	**631.14**	–	579.02
C) Prepaid Expenses	**11.47**	–	–	–
	1,074.55	**631.14**	628.28	579.02
D) Contract Assets	**663.99**	–	983.98	–
	663.99	–	983.98	–
	1,738.54	**631.14**	1,612.26	579.02

5. Inventories

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Construction Materials	**399.37**	316.96
(b) Work-in-Progress	**4,140.42**	3,000.42
(c) Finished Goods-Stock in trade	**2,955.94**	5,068.69
Total Inventories (at lower of cost and net realisable value)	**7,495.73**	8,386.07

Construction materials majorly include Steel, Cement, Chrome Plated & Sanitary Fixtures and UPVC windows.

The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 807.93 lakhs (2016-2017: 904.36)

The carrying amount of inventories pledged as security for CC obtained from HDFC bank is ₹ 7495.73 (2016-2017: 8,386.07)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

6. Trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Current	Current
Trade receivables		
Unsecured, considered good	**1,091.62**	226.10
Total	**1,091.62**	226.10
Of the above, trade receivables from:		
– Related Parties	–	–
– Others	**1,091.62**	226.10
Total	**1,091.62**	226.10

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

7. Cash and cash equivalents

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Balances with banks		
– in Current Accounts	**273.22**	96.35
– in Current Accounts - earmarked *	**445.00**	
– in earmarked account balances #	**12.36**	243.18
– in Cash Credit account	**18.12**	–
Cash on hand	**0.12**	0.01
Total Cash and cash equivalents	**748.82**	339.54

* Includes an amount of ₹ 445 lakhs required to be set aside and kept in separate bank account under TN RERA Act.

\# Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

8. Equity Share Capital

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**4,50,000**	**45.00**	4,50,000	45.00
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**2,50,000**	**25.00**	2,50,000	25.00
TOTAL	**2,50,000**	**25.00**	2,50,000	25.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*					
Year Ended 31st March, 2018					
No. of Shares	**2,50,000**	**–**	**–**	**–**	**2,50,000**
Amount in lakh	**25.00**	**–**	**–**	**–**	**25.00**
Year Ended 31st March, 2017					
No. of Shares	2,50,000	–	–	–	2,50,000
Amount in lakh	25.00	–	–	–	25.00

* **Terms/rights attached to equity shares:** The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2018 No.	As at 31st March, 2018 % holding in the class	As at 31st March, 2017 No.	As at 31st March, 2017 % holding in the class
Equity shares with voting rights:-				
Mahindra Integrated Township Limited, Holding Company	**2,50,000**	**100.00%**	2,50,000	100.00%

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2018			
Mahindra Integrated Township Limited, Holding Company	**2,50,000**	–	–
As at 31st March, 2017			
Mahindra Integrated Township Limited, Holding Company	2,50,000	–	–

9. Other equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities premium reserve	**5,435.33**	5,435.33
Capital Redemption Reserve	**1.00**	1.00
Retained earnings	**3,864.48**	3,512.94
IND AS Transition Reserve	**36.55**	36.55
	9,337.36	8,985.82

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

10. Current Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured Borrowings		
From Banks-Cash Credit Facility	–	127.23
Total Current Borrowings	–	127.23

Company has obtained Secured Cash Credit Limit from HDFC Bank Ltd for ₹ 2500 Lakh @ Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts and Inventories.

11. Trade Payables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payable - Micro and small enterprises (Refer Note 27 (i))	–	57.34
Trade payable - Other than micro ans small enterprises	**1,680.89**	1,310.58
Retention Payable	**424.12**	464.50
Total Trade Payables	**2,105.01**	1,832.42

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade Payables include ₹ 539.53 Lakhs payable towards Gannon Dunkerley & Co Ltd, who have sought arbitration against the termination of their contract due to non performance. The arbitration is currently in process.

12. Other Financial Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current		
Deposits from Customers*	**430.79**	397.04
Total Other Financial Liabilities	**430.79**	397.04

* Refers to amount collected from customers towards "Advance maintenance and Corpus fund". Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 3)

13. Provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current		
Defect Liability Provision	**51.59**	110.09
Total Provisions	**51.59**	110.09

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2017	110.09
Additional provisions recognised	31.51
Amounts used during the period	(46.09)
Unused amounts reversed during the period	(50.00)
Unwinding of discount and effect of changes in the discount rate	6.08
Balance at 31st March, 2018	51.59
Balance at 1st April, 2016	167.10
Additional provisions recognised	4.43
Amounts used during the period	(52.69)
Unused amounts reversed during the period	(20.28)
Unwinding of discount and effect of changes in the discount rate	11.53
Balance at 31st March, 2017	**110.09**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 1 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years from the reporting date.

14. Other Current Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Advances received from customers (under Construction Contracts)	**96.55**	140.70
b. Deferred Revenue		
– Other Deferred Revenues	**160.02**	84.85
c. Statutory dues		
– taxes payable (other than income taxes)	**17.69**	3.43
Total Trade Payables	**274.26**	228.98

15. Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Revenue from projects	**3,613.75**	1,217.52
Total Revenue from Operations	**3,613.75**	1,217.52

16. Other Income

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest Income on Financial assets that are not designated as Fair Value through Profit or Loss	**21.03**	91.87
On Financial Assets at Amortised Cost	**19.36**	89.59
From Fixed deposits with Banks	**1.67**	0.78
From Customers	–	1.50
Dividend Income	–	–
Others	–	–
Scrap Income	**2.23**	0.04
Cancellation/Transfer income	**14.57**	5.77
Total Other Income	**37.83**	97.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

17. Operating Expenses

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Inventories at the beginning of the year:		
Finished goods	**5,068.69**	5,739.13
Work-in-progress	**3,000.42**	2,606.00
Construction Materials	**316.96**	615.66
Add: Expenses incurred during the year		
Land and Construction Costs	**1,443.34**	54.83
Architect & Consultant Fees	**4.37**	43.74
Project Management Fees	**128.80**	143.72
Other Expenses	**136.52**	87.35
Inventories at the end of the year:		
Finished goods	**(2,955.94)**	(5,068.69)
Work-in-progress	**(4,140.42)**	(3,000.42)
Construction Materials	**(399.37)**	(316.96)
Operating Expenses	**2,603.37**	904.36

18. Finance Cost

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest Expense	**8.49**	18.71
Other borrowing cost	**6.47**	13.00
Total Finance Costs	**14.96**	31.71

Analysis of Interest Expenses by Category

19. Other Expenses

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Rent including lease rentals	**1.24**	1.79
Rates and taxes	**0.13**	0.56
Repairs and maintenance - Others	**88.99**	28.55
Advertisement	**287.51**	340.16
Commission on sales/contracts (net)	**31.99**	22.93
Travelling and Conveyance Expenses	**12.94**	15.87
Defect liability provision (net)	**(18.48)**	(15.85)
Expenditure on corporate social responsibility*	**13.58**	43.00
Staff Deputation Costs	**66.12**	111.00
Director Sitting Fee	**2.50**	3.20
Auditors remuneration and out-of-pocket expenses	**5.76**	7.74
As Auditors	**3.25**	5.25
For Other services (FY 16-17 Net of ₹ 1.50 Lakh reimbursed by parent company)	**2.50**	2.40
For reimbursement of expenses	**0.01**	0.09
Other expenses	**99.39**	94.36
Legal and other professional costs	**42.47**	28.63
Other General Expenses	**56.92**	65.73
Total Other Expenses	**591.67**	653.31

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Education	**6.79**	6.00
PHC & Health Camps	–	5.40
Centre for Excellence	–	7.00
Tree Plantation	–	3.00
Contribution to approved NGO (Nanhi Kali foundation)	**6.79**	21.60
Total CSR Expense	**13.58**	43.00

20. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Current Tax:		
In respect of current year	**90.04**	–
Total income tax expense on continuing operations	**90.04**	–

Company being SEZ Developer is exempted from paying tax on income under Income tax Act,1961.

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit before tax from continuing operations	**441.58**	(274.18)
Income tax expense calculated at 34.61% (2016: 34.61%)#	**152.83**	–
Effect of income that is exempt from taxation	**(152.83)**	–
Unrecognised MAT Credit	**90.04**	–
Income tax expense recognised In profit or loss from continuing operations	**90.04**	–

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unused tax credits -MAT (with year of expiry of the MAT credit)		
– MAT Credit of FY 2012-13 (Expiry-2022-23)	**202.90**	202.90
– MAT Credit of FY 2013-14 (Expiry-2023-24)	**870.18**	870.18
– MAT Credit of FY 2014-15 (Expiry-2024-25)	**325.90**	325.90
– MAT Credit of FY 2015-16 (Expiry-2025-26)	**32.94**	32.94
– MAT Credit of FY 2017-18 (Expiry-2027-28)	**90.04**	–
Total	**1,521.96**	1,431.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

21. Segment Reporting

Business segments

The Company operates in only one business segment, i.e. 'Residential Projects & Development Activities' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

Geographical segments

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

22. Earnings per Share

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Basic/Diluted Earnings per share		
From continuing operations (₹) per share	**140.62**	(109.67)
From discontinuing operations (₹) per share	–	–
Total basic/diluted earnings per share	**140.62**	(109.67)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	**351.54**	(274.18)
Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**351.54**	(274.18)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	**351.54**	(274.18)
Weighted average number of equity shares	**2,50,000**	2,50,000
Earnings per share from continuing operations – Basic (₹)	**140.62**	(109.67)

23. Contingent liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Contingent liabilities (to the extent not provided for)		
Income tax demand Notices (to the extent not recognised in the books)		
FY 2011-12 (Assessment Year 2012-13)	**121.05**	121.05
FY 2012-13 (Assessment Year 2013-14)	**148.98**	148.98
FY 2014-15 (Assessment Year 2013-14)	**940.56**	940.56
Total	**1,210.59**	1,210.59

All Income tax demands appealed or in the process filing appeal with appropriate tax authority.

24. Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt to equity ratio as a capital management index and calculates the ratio as total debt divided by total equity based on the amounts stated in the financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March, 2018, 31st March, 2017 is as follows:

	31st March, 2018	31st March, 2017
Debt (A)	–	127.23
Equity (B)	**9,362.36**	9,010.82
Debt Equity Ratio (A/B)	**0.00%**	1.41%

Categories of financial assets and financial liabilities

Particulars	Amortised Costs	FVTPL	FVOCI	Total
	As at 31st March, 2018			
Non-current Assets				
Financial Assets Measured at Amortised Cost	**23.84**	–	–	**23.84**
Current Assets				
Trade Receivables	**1,091.62**	–	–	**1,091.62**
Cash and Cash equivalents	**748.82**	–	–	**748.82**
Loans & Other Financial Assets	**494.32**	–	–	**494.32**
	2,358.60	–	–	**2,358.60**
Current Liabilities				
Current Borrowings	–	–	–	–
Trade Payables	**2,105.01**	–	–	**2,105.01**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**430.79**	–	–	**430.79**
	2,535.80	–	–	**2,535.80**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
	As at 31st March, 2017			
Non-current Assets				
Financial Assets Measured at Amortised Cost	**23.84**	–	–	**23.84**
Current Assets				
Trade Receivables	**226.10**	–	–	**226.10**
Cash and Cash equivalents	**339.54**	–	–	**339.54**
Loans & Other Financial Assets	**539.75**	–	–	**539.75**
	1,129.23	–	–	**1,129.23**
Non-current Liabilities				
Borrowings	–	–	–	–
Current Liabilities				
Borrowings				
Trade Payables	**1,832.42**	–	–	**1,832.42**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**397.04**	–	–	**397.04**
	2,229.46	–	–	**2,229.46**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

The amount of trade receivable of residential business as appearing in the balance sheet of the company shows the amount due from the customers to whom the flat has not yet been handed over to him. As per the company's flat handover policy, a flat to a customer is handed over to him only upon clearing of entire dues payable by him and not before that, since the flat is in the custody of the company and as per the terms of the agreement with the customer's, he/she can claim the right on the property only upon clearing of all the dues and proper handover of flat to him, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has handed over any unit to a customer with any dues pending from him and has exposed to a credit risk. In light of the above fact the company is not making any provision for expected credit loss.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-2018				
Non Interest Bearing				
Trade Payable	**2,105.01**	–	–	–
Deposits from Customers	**430.79**	–	–	–
Floating Interest Payable Instruments				
Short term borrowing borrowing	–	–	–	–
Total	**2,535.80**	–	–	–

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31-Mar-2017				
Non Interest Bearing				
Trade Payable	**1,834.27**	–	–	–
Short term Deposits	**397.04**	–	–	–
Fixed Interest Payable Instruments				
Redeemable Preference shares	–	–	–	–
Total	**2,231.31**	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31st March, 2018	31st March, 2017
Secured Bank Cash Credit facility		
– Expiring within one year	**2,500.00**	2,372.77
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
– Expiring within one year	**50.00**	50.00
Secured Letter of Credit (sub limit of CC Credit facility)		
– Expiring within one year	**50.00**	50.00
	2,500.00	2,372.77

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-2018				
Non-interest bearing				
Trade Receivables	**1,091.62**	–	–	–
Security Deposits	**30.89**	–	**23.84**	–
Interest receivables	–	–	–	–
Cash and Cash Equivalents	**748.82**	–	–	–
Fixed interest rate instruments				
Loans to Related Parties	–	–	–	–
Deposits made with banks (refer note no. 3)	**418.43**	–	–	–
Total	**2,289.76**	–	**23.84**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31-Mar-2017				
Non-interest bearing				
Trade Receivables	226.10	–	–	–
Security Deposits	30.89	–	23.84	–
Interest receivables........	–	–	–	–
Cash and Cash Equivalents	339.54	–	–	–
Fixed interest rate instruments				
Loans to Related Parties .	355.00	–	–	–
Deposits made with banks (refer note no. 3).	153.86	–	–	–
Total	1,105.39	–	23.84	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+100**	–
	INR	**–100**	–
31-Mar-17	INR	+100	(1.27)
	INR	–100	1.27

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

25. Related Party Transactions

Name of the parent Company **Mahindra Integrated Township Limited**

a) Names of related parties and nature of relationship where control exists:

Ultimate Parent Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra Integrated Township Limited

Fellow Subsidiary and Associates (including Sub-subsidiaries) with whom transactions have been entered during the year

- Mahindra World City Developers Limited (MWCDL)
- Mahindra Intertrade Limited (MIL)
- EPC Mahindra Industries Limited (EPCMIL)
- Mahindra Integrated Business Solutions Private Limited (MIBS)

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Associates
Nature of transactions with Related Parties						
Interest Income	31-Mar-18	–	–	19.36	–	–
	31-Mar-17	–	–	89.59	–	–
Marketing Expenses-sharing expenses	31-Mar-18	–	10.40	14.62	–	–
	31-Mar-17	–	–	26.2	–	–
Purchase of Materials and Services	31-Mar-18	12.94	–	–	1.85	–
	31-Mar-17	9.73	–	–	10.72	0.87
Manpower Deputation Charges- Expense	31-Mar-18	–	192.31	–	–	–
	31-Mar-17	–	245	–	–	–
Office Establishment Expenses-Expense	31-Mar-18	–	8.36	16.66	–	–
	31-Mar-17	–	28.59	30.11	–	–
Maintenance Charges- Expense	31-Mar-18	–	–	–	–	65.75
	31-Mar-17	–	–	–	–	56.41
Reimbursement of Expenses-Received	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	1.51	–	–	–
Inter Corporate Deposit (ICD) repayment received	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	–	745.00	–	–
Loan term Loans repayment received	31-Mar-18	–	–	355.00	–	–
	31-Mar-17	–	–	–	–	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent of Holding Company	Holding company	Subsidiary	Associates
Nature of transactions with Related Parties						
Deposits	31-Mar-18	–	–	–	–	23.07
	31-Mar-17	–	–	–	–	23.07
Other Payables (Marketing Expenses sharing)	31-Mar-18	–	11.23	–	–	–
	31-Mar-17	–	–	–	–	–
Interest on ICD receivable	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	–	–	–	–
Inter corporate deposit given	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	–	355.00	–	–
Other Payables	31-Mar-18	1.67	165.74	43.73	0.42	17.91
	31-Mar-17	8.41	39.41	11.70	0.40	5.85

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

26. Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2018 Carrying amount	31st March, 2018 Fair value	31st March, 2017 Carrying amount	31st March, 2017 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	–	–	355.00	355.00
– Trade and other receivables	**1,510.05**	**1,510.05**	379.96	379.96
– Cash and cash equivalents	**748.82**	**748.82**	339.54	339.54
– Other Receivables	–	–	3.03	3.03
– Deposits and similar assets	**54.73**	**54.73**	54.73	54.73
Total	**2,313.60**	**2,313.60**	1,132.26	1,132.26
Financial liabilities				
Financial liabilities held at amortised cost				
– Other financial Liabilities	**430.79**	**430.79**	397.04	397.04
– Trade and other payables	**2,105.01**	**2,105.01**	1,832.42	1,832.42
Financial lease payables				
Total	**2,535.80**	**2,535.80**	2,229.46	2,229.46

Fair value hierarchy as at 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	–	–	–	–
– Trade and other receivables	–	**1,510.05**	–	**1,510.05**
– Cash and cash equivalents	–	**748.82**	–	**748.82**
– Other Receivables	–	–	–	–
– Deposits and similar assets	–	**54.73**	–	**54.73**
Total	–	**2,313.60**	–	**2,313.60**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	**430.79**	–	**430.79**
– Trade and other payables	–	**2,105.01**	–	**2,105.01**
TOTAL	–	**2,535.80**	–	**2,535.80**

Fair value hierarchy as at 31st March, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	–	355.00	–	355.00
– Trade and other receivables	–	379.96	–	379.96
– Cash and cash equivalents	–	339.54	–	339.54
– Other Receivables	–	3.03	–	3.03
– Deposits and similar assets	–	54.73	–	54.73
Total	–	1,132.26	–	1,132.26
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	397.04	–	397.04
– trade and other payables	–	1,832.42	–	1,832.42
Total	–	2,229.46	–	2,229.46

For recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in lakh unless otherwise stated

27. Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

ii) Dividend

In respect of current year, the Board in its meeting held on 17th April, 2018 has recommended a dividend of ₹ 232 per share on equity shares of ₹ 10 each subject to approval by share holders at the Annual General Meeting. The same has not been included as liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March, 2018. The total estimated equity dividend to be paid is ₹ 580 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ₹ 118.18 lakh @ 20.37% on the amount of dividends grossed up for the related dividend distribution tax.

28. Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position this Ind AS financial statements (Refer Note 23 to the Ind AS financial statements);

ii. The Company did not have any material foreseeable losses on long term contracts; the company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

29. Approval

The financial statements were approved for issue by the board of directors on 17th April, 2018.

See accompanying notes forming part of the financial statements

In terms of our report attached	For and on behalf of the Board of Directors		
For **B K Khare & Co** Chartered Accountants	**Sangeeta Prasad**	Chairperson	(DIN: 02791944)
	Raghunath Murti **Sanjay Jain**	Independent Director	(DIN: 00082761) (DIN: 06446899)
Padmini Khare Kaicker Partner	**Jayantt Manmadkar**	Non-Executive, Non-Independent Director	(DIN: 03044559)
Place: Mumbai Date: 17th April, 2018	Place: Mumbai Date: 17th April, 2018		

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Tenth report together with the audited financial statement for the financial year ended on 31st March, 2018.

Financial Highlights

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**Nil**	Nil
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**(0.61)**	(1.64)
Less: Depreciation	**Nil**	Nil
Profit/(Loss) Before Finance Cost and Taxation	**(0.61)**	(1.64)
Less: Finance Cost	**Nil**	Nil
Profit/(Loss) Before Taxation	**(0.61)**	(1.64)
Less: Provision for Taxation	**Nil**	Nil
Profit/(Loss) for the year after Taxation	**(0.61)**	(1.64)
Add: Balance of Profit/(Loss) for earlier years	**(16.10)**	(14.46)
Balance carried forward	**(16.71)**	(16.10)

Dividend

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2017-18.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations/State of the Company's affairs

The Company had identified a land parcel in Maharashtra for the development of an industrial park. As no progress on land acquisition in the target area was happening for more than 2 years, the Company cancelled its proposed project at Roha, Maharashtra. Out of a total of 91.56 acres acquired by the Company, the Company, in compliance with the conditions of the approval obtained by it, re-conveyed 64.74 acres to the land owners from whom the Company had acquired the land. The Company is in the process of completing re-conveyance of the balance 26.82 acres.

The Company is also exploring other suitable opportunities for large format developments/residential developments.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

Share Capital

Authorised Equity Share Capital of the Company is ₹ 1,000 lakh and Paid-up Equity Share Capital of the Company is ₹ 500 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Holding Company

The Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement is not applicable to the Company.

Board of Directors

As at 31st March, 2018 the Board of Directors comprises of following:

Name of Director	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Mr. Jayant Manmadkar	03044559	Non-Executive Non-Independent Director

Ms. Sangeeta Prasad resigned from the office of Director with effect from 14th May, 2018 due to pre-occupation. The Board places on record its appreciation of the contribution made by Ms. Sangeeta Prasad during her tenure as a Director of the Company.

Pursuant to Sections 160, 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Siddharth Bafna (DIN: 07383837) was appointed by the Board of Directors at its meeting held on 14th May, 2018 as an Additional Non-Executive Non-Independent Director with effect from even date. In accordance with Section 161(1) of the Companies Act, 2013, Mr. Bafna holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Bafna is proposed at the ensuing Annual General Meeting as Non-Executive Non-Independent Director. Mr. Siddharth Bafna is not disqualified from being appointed/re-appointed as Director by the virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayant Manmadkar (DIN: 03044559) a Non-Executive and Non-Independent Director retires by rotation at the 10th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Further, he is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

During the year, there are no changes in the position of Key Managerial Personnel (KMP). Ms. Dhara Modi is the Company Secretary and Key Managerial Personnel under the Companies Act, 2013. Ms. Modi does not draw any remuneration from the Company. She receives remuneration from the holding company, Mahindra Lifespace Developers Limited. The Company pays to the holding company proportionate employee cost for the KMP who is an employee of the holding company, in relation to the work of the Company.

Committees of the Board

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Corporate Social Responsibility (CSR)

As the Company, does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Nomination & Remuneration Committee

As the Company, does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were held. The previous Annual General Meeting of the Company was held on 18th July, 2017.

Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"), the Directors, based on the representations received from the operating personnel and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board periodically reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism is currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 6th Annual General Meeting till the conclusion of the 11th Annual General Meeting to be held in the year 2019 subject to ratification of their appointment at every Annual General Meeting.

However, Section 139(1) of the Companies Act, 2013 is amended by the Companies Amendment Act, 2017 with effect from 8th May, 2018, thereby deleting the 1st proviso to the said sub-section which provides for annual ratification of the appointment of Auditors. Accordingly, the appointment of Statutory Auditors is not required to be ratified at every AGM.

As required under the provisions of Sections 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the auditors, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of making loans, giving guarantees, providing securities, acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate stipulated under Section 186 Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review, are given in the prescribed format in Annexure 1 to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 are included in this Report as Annexure 2 and forms part of this Report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN: 03044559

Mumbai, 14th May, 2018

ANNEXURE 1

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	:	The Company is evaluating suitable opportunity in large format development/residential development and adequate energy conservation measures will be taken at an appropriate time.
(ii)	the steps taken by the company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflow.

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN: 03044559

Mumbai, 14th May, 2018

ANNEXURE 2

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U45203MH2008PLC184190
2.	**Registration Date**	02/07/2008
3.	**Name of the Company**	Industrial Township (Maharashtra) Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares/Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/ Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation

#The Company is looking out for suitable business opportunity for large format development and residential development.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	5,000,000	5,000,000	100	–	5,000,000	5,000,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	5,000,000	5,000,000	100	–	5,000,000	5,000,000	100	–
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**5,000,000**	**5,000,000**	**100**	–	**5,000,000**	**5,000,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**5,000,000**	**5,000,000**	**100**	–	**5,000,000**	**5,000,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	
1	Mahindra Lifespace Developers Limited	4,999,940	100.00	0.00	4,999,940	100.00	0.00	0.00
2	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.00	0.00	10	0.00	0.00	0.00
3	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.00	0.00	10	0.00	0.00	0.00
4	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	10	0.00	0.00	10	0.00	0.00	0.00
5	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0.00	0.00	10	0.00	0.00	0.00
6	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.00	0.00	10	0.00	0.00	0.00
7	Mahindra Lifespace Developers Limited & Mr. Jayant Manmadkar	10	0.00	0.00	10	0.00	0.00	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Suhas Kulkarni - Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Jayant Manmadkar – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
Sangeeta Prasad – Director*#				
At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

**** Shares are held jointly with Mahindra Lifespace Developers Limited (first holder).***

#Ms. Sangeeta Prasad resigned from the Directorship of the Company with effect from 14th May, 2018.

5. INDEBTEDNESS

Indebtedness of the Company including outstanding/accrued but not due for payment

(₹ in Lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

6. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

   A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

   B. **Remuneration of other directors:** Not Applicable

   C. **Remuneration to Key Managerial Personnel other than MD/Manager/WTD –** None of the Key Managerial Personnel draw any remuneration from the Company.

7. **PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment			None		
Compounding					

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN: 03044559

Mumbai, 14th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Industrial Township (Maharashtra) Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Industrial Township (Maharashtra) Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
       i. The Company does not have any pending litigations which would impact its financial position.
       ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.
       iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Dated: April 17 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Industrial Township (Maharashtra) Limited for the year ended March 31, 2018

1. The Company did not have any fixed assets during the year. Hence the provision of the para 3(i) of the Order are not applicable.
2. The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores & spares. Hence para 3(ii)of the Order is not applicable.
3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and section 186 of the Companies Act, 2013. Therefore the provisions of Clause 3(iv) of the Order are not applicable to the company.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.
6. We have been informed that the Central Government has not prescribed maintenance of cost records by the under section 148(1) of the Companies Act, 2013.
7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax and other statutory dues applicable to it with the concerned authorities. The provisions of Excise Duty are not applicable to the operations of the Company. The Company did not have any employees and hence the provision of Provident Fund, Employee State Insurance are not applicable.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax that and Goods and Service Tax were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax, Cess, and Goods and Service Tax which have not been deposited on account of any dispute.
8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or Government or debenture holders during the year under audit.
9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
11. No managerial remuneration has been paid or provided during the year as per the provisions of section 197 rad with Schedule V to the Companies Act, 2013.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. Based on the records examined by us and according to the information and explanations given to us, the transactions with related party are in compliance with section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Company is not required to have an audit committee and hence the provision of section 177 of the Companies Act, 2013 are not applicable to the Company.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare& Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Dated: April 24 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL TOWNSHIP (MAHARSHTRA) LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Industrial Township (Maharashtra) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Dated: April 17, 2018

BALANCE SHEET AS AT 31 MARCH 2018

₹ in Lakhs

	Note No.	As at 31 March 2018	As at 31 March 2017
I ASSETS			
CURRENT ASSETS			
(a) Inventories	2	**489.89**	489.89
(b) Financial Assets			
(i) Cash and Cash Equivalents	3	**43.90**	24.56
(c) Current Tax Assets (Net)		**2.75**	2.75
SUB-TOTAL		**536.53**	517.20
TOTAL ASSETS		**536.53**	517.20
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	4	**500.00**	500.00
(b) Other Equity	5	**(16.71)**	(16.10)
SUB-TOTAL		**483.29**	483.90
LIABILITIES			
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	6	**2.23**	2.20
(ii) Other Financial Liabilities	7	**51.01**	31.01
(b) Other Current Liabilities	8	**–**	0.08
SUB-TOTAL		**53.24**	33.29
TOTAL		**536.53**	517.20

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 17th April, 2018

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni (DIN-00003936)
Jayantt Manmadkar (DIN-03044559)
Sangeeta Prasad (DIN-02791944)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

₹ in Lakhs

	Particulars	Note No.	For Year ended 31 March 2018"	For Year ended 31 March 2017
	Continuining Operations			
I	Revenue from operations		–	–
II	Other Income		–	–
III	**Total Revenue (I + II)**		–	–
IV	**EXPENSES**			
	(a) Other expenses	9	0.61	1.64
	Total Expenses (V)		0.61	1.64
	Profit/(loss) before exceptional items and tax (I - IV)		(0.61)	(1.64)
	Exceptional Items		–	–
V	**Profit/(loss) before tax (VII - VIII)**		(0.61)	(1.64)
VII	**Profit/(loss) for the period (XI + XIV)**		(0.61)	(1.64)
			–	–
VIII	**Other comprehensive income**		–	–
IX	**Total comprehensive income for the period (XV + XVIII)**		(0.61)	(1.64)
X	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		(0.61)	(1.64)
	Non controlling interests		–	–
XI	**Earnings per equity share (for continuing operation):**			
	(1) Basic	10	(0.01)	(0.03)
	(2) Diluted	10	(0.01)	(0.03)

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 17th April, 2018

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni (DIN-00003936)
Jayantt Manmadkar (DIN-03044559)
Sangeeta Prasad (DIN-02791944)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

₹ in Lakhs

Particulars	Note No.	For Year ended 31 March 2018	For Year ended 31 March 2017
Cash flows from operating activities			
Profit before tax for the year	**PL**	**(0.61)**	(1.64)
Movements in working capital:			
(Decrease)/increase in other liabilities		**19.95**	1.97
Cash generated from operations		**19.33**	0.34
Income taxes paid			
Net cash generated by operating activities		**19.33**	0.34
Cash flows from investing activities			
Net cash (used in)/generated by investing activities		–	
Cash flows from financing activities			
Net increase in cash and cash equivalents		**19.33**	0.34
Cash and cash equivalents at the beginning of the year		**24.56**	24.23
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		**43.90**	24.56

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 17th April, 2018

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni (DIN-00003936)
Jayantt Manmadkar (DIN-03044559)
Sangeeta Prasad (DIN-02791944)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. General Information

The company was incorporated on August 16, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra. Its parent and holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.4.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.9.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.12 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.13. First-time adoption – mandatory exceptions, optional exemptions, and

2.13.1. Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.13.2. Derecognition of financial assets and financial

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.13.3. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.13.4. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.13.5. Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

2.13.6. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 2 - Inventories

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
(a) *Work-in-progress*	**489.89**	489.89
Total Inventories (at lower of cost and net realisable value)	**489.89**	489.89

Note: Work in Progress includes Land and its related expenses

Note No. 3 - Cash and Bank Balances

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**43.90**	24.36
(b) Cash on hand	**–**	0.20
Total Cash and cash equivalent	**43.90**	24.56
Total Other Bank balances	**–**	–

Note No. 4 - Equity Share Capital

₹ in Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**1,00,00,000**	**1,000**	1,00,00,000	500
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**50,00,000**	**500**	50,00,000	500
Total	**50,00,000**	**500**	50,00,000	500

Statement of Changes In Equity for the year ended 31 March 2018

₹ in Lakhs

A. Equity share capital	
As at 31 March 2018	**500**
Changes in equity share capital during the year	**–**
As at 31 March 2018	**500**
Changes in equity share capital during the year	**–**
As at 31 March 2018	**500**

Note No. 5 - Other Equity

₹ in Lakhs

	Reserves and Surplus	
	Retained Earnings	Total
As at 31 March 2016	(14.46)	(14.46)
Profit/(Loss) for the period	(1.64)	(1.64)
Other Comprehensive Income/(Loss)		–
Total Comprehensive Income for the year	(1.64)	(1.64)
As at 31 March 2017	(16.10)	(16.10)
Profit/(Loss) for the period	(0.61)	(0.61)
Other Comprehensive Income/(Loss)		
Total Comprehensive Income for the year	(0.61)	(0.61)
Any other changes (to be specified)		
As at 31 March 2018	**(16.71)**	**(16.71)**

Note No. 6 - Trade Payables

₹ in Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises				
Trade payable - Other than micro and small enterprises	**2.23**		2.20	
Total trade payables	**2.23**	**–**	2.20	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 7 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(A) Other liabilities		
(1) Received from Land Aggregator	**51.01**	31.01
Total other financial liabilities	**51.01**	31.01

Note No. 8 - Other Liabilities

₹ in Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
a. Advances received from customers				
b. Statutory dues				
– taxes payable (other than income taxes)	**–**		0.08	
– Employee Recoveries and Employer Contributions				
TOTAL OTHER LIABILITIES	**–**		0.08	

Note No. 9 - Other Expenses

₹ in Lakhs

Particulars	For year ended 31 March 2018	For year ended 31 March 2017
(a) Auditors remuneration and out-of-pocket expenses	**0.25**	0.58
(i) As Auditors	**0.25**	0.29
(ii) For Taxation matters		
(iii) For Company Law matters		
(iv) For Rates & Taxes		0.29
(v) For reimbursement of expenses		
(b) Other expenses		
(1) Provision for diminution of Investments		
(2) Provision for losses of subsidiaries		
(3) Legal and other professional costs	**0.36**	1.06
Total Other Expenses	**0.61**	1.64

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 10 - Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Note	Particulars	**For the year ended 31 March 2018** ₹	For the year ended 31 March 2017 ₹
	Profit/(loss) for the year attributable to owners of the Company	**(61,489)**	(1,63,519)
	Weighted average number of equity shares	**50,00,000**	50,00,000
	Earnings per share from continuing operations - Basic	**(0.01)**	(0.03)

Note No. 11 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006"

	Particulars	**As at 31-03-2018**	**As at 31-03-2017**
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	– Principal amount due to micro and small enterprises	–	–
	– Interest due on above	–	–
(ii)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 12 - Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)- "Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 13 - Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 17th April, 2018

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

Place: Mumbai
Date: 17th April, 2018

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni (DIN-00003936)
Jayantt Manmadkar (DIN-03044559)
Sangeeta Prasad (DIN-02791944)

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Eighth report together with the audited financial statement for the financial year ended 31st March, 2018.

Financial Highlights

(Amount in ₹)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**752,400**	752,400
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**697,495**	687,288
Less: Depreciation	**–**	–
Profit/(Loss) Before Finance Cost and Taxation	**697,495**	687,288
Less: Finance Cost	**–**	–
Profit/(Loss) Before Taxation	**697,495**	687,288
Less: Provision for Taxation	**179,605**	212,372
Profit/(Loss) for the year after Taxation	**517,890**	474,916
Add: Balance of Profit/(Loss) for earlier years	**955,576**	480,660
Balance carried forward	**1,473,466**	955,576

Dividend

With a view to conserve the resources of the Company, no dividend has been recommended by the Directors for the financial year 2017-18.

Reserves

Profit for the year has been carried forward to Profit and Loss account and no amount has been transferred to Reserves.

Operations/State of the Company's affairs

The Company is evaluating suitable opportunities for residential development.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

Share Capital

Authorised Equity Share Capital of the Company is ₹ 10 lakh and Paid-up equity share capital of the Company is ₹ 5 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Holding Company

The Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company has become/ceased to be subsdiary / associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprises of the following:

Name of Director	DIN	Designation
Mr. Jayant Manmadkar	03044559	Chairman, Non-Executive Non-Independent Director
Mr. Ramesh Ranganathan	03118598	Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Suhas Kulkarni (DIN : 00003936), a Non-Executive and Non-Independent Director retires by rotation at the 8th Annual General Meeting ofthe Company and being eligible has offered himself for re-appointment. Mr. Suhas Kulkarni is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of Section 203 of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committees of the Board

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Corporate Social Responsibility Committee (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Nomination & Remuneration Committee

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were held. The previous Annual General Meeting (AGM) of the Company was held on 20th July, 2017.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"), the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they had prepared the annual accounts on a going concern basis; and

e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board periodically reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration No: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of the 4th Annual General Meeting till the conclusion of the 9th Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter of appointment of the Auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 8th Annual General Meeting till the conclusion of 9th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirement of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of making loans, giving guarantees, providing securities, acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate stipulated under Section 186 Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract / arrangement / transaction with related parties which could be considered material are given in **Annexure 1** in the form AOC-2. The Directors draw attention to Note no. 19 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, during the year under review, are given in the prescribed format in the **Annexure 2** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 3** and forms part of this Report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants, and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN: 03044559

Mumbai, 24th April, 2018

ANNEXURE 1

FORM NO. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3)of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:
   a) Name(s) of the related party and nature of relationship: - Mahindra Homes Private Limited, fellow subsidiary and Mr. Ramesh Ranganathan a common Director on the Board of the Company and Mahindra Homes Private Limited.
   b) Nature of contracts/arrangements/transactions: - Leave and Licence Agreement.
   c) Duration of the contracts/arrangements/transactions and salient terms of the contracts or arrangements or transactions including the value, if any: The arrangement is for use of vacant plot of land for five terms of eleven months each for a monthly consideration of ₹ 62,700 /-.
   d) Date(s) of approval by the Board, if any: 13th October 2014.
   e) Amount received as advances, if any (at the time of entering into contract): ₹ 34,72,310/-

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN : 03044559

Mumbai, 24th April, 2018

ANNEXURE 2

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	The Company is looking out for a suitable opportunity in the Real Estate Development and adequate Energy Conservation measures will be undertaken at an appropriate time.
(ii)	the steps taken by the Company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN : 03044559

Mumbai, 24th April, 2018

ANNEXURE 3

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. **REGISTRATION AND OTHER DETAILS:**

1.	CIN	U70109MH2010PLC203619
2.	Registration Date	02/06/2010
3.	Name of the Company	Anthurium Developers Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018 Tel: (022) 67478600/8601
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

During the year under review, the Company had no turnover. During the year, the Company reviewed various proposals to undertake residential developments. The Company is evaluating suitable opportunities in this area.

3. **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr. G.M. Bhosale Marg, Worli, Mumbai - 400 018	L45200MH1999PLC118949	Holding Company	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

4. **SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp	–	50,000	50,000	100	–	50,000	50,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	50,000	50,000	100	–	50,000	50,000	100	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**50,000**	**50,000**	**100**	**–**	**50,000**	**50,000**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,940	100.00	–	49,940	100.00	–	–
2	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Limited & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters andHolders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Suhas Kulkarni – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
Mr. Jayant Manmadkar – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

Shares are held jointly with Mahindra Lifespace Developers Limited (first holder)

5. INDEBTNESS:

Indebtness of the Company including outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,000,000	–	–	20,000,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	20,000,000	–	–	20,000,000
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	20,000,000	–	–	20,000,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	20,000,000	–	–	20,000,000

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other Directors:** Nil

C. **Remuneration to Key Managerial Personnel other than Managing Director / Manager/ Whole Time Director:** Not Applicable

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment	**None**				
Compounding					
B. Directors					
Penalty					
Punishment	**None**				
Compounding					
C. Other Officers in Default					
Penalty					
Punishment	**None**				
Compounding					

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN : 03044559

Mumbai, 24th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ANTHURIUM DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Anthurium Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

10. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:

    i. The Company does not have any pending litigations which would impact its financial position.

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

Place: Mumbai
Dated: April 24, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Anthurium Developers Limited for the year ended March 31, 2018

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company is has been generally regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2018, for a period of more than 6 months from the date they become payable.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.

8) The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(viii) of the Order are not applicable to the Company.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). Term loans were applied for the purposes for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

Place: Mumbai
Dated: April 24, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ANTHURIUM DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Anthurium Developers Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Dated: April 24, 2018

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

		Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
	CURRENT ASSETS			
	(a) Inventories	4	**20,000,000**	20,000,000
	(b) Financial Assets			
	(i) Trade Receivables			
	(ii) Cash and Cash Equivalents	5	**3,138,946**	3,285,654
	(c) Other Current Assets	6	**314,260**	389,219
	SUB-TOTAL		**23,453,206**	23,674,873
	TOTAL ASSETS		**23,453,206**	23,674,873
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	7	**500,000**	500,000
	(b) Other Equity	8	**1,473,466**	955,576
	SUB-TOTAL		**1,973,466**	1,455,576
	LIABILITIES			
	CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	9	**20,000,000**	20,000,000
	(ii) Trade Payables	10	**70,025**	39,415
	(b) Other Current Liabilities	11	**1,409,715**	2,179,882
	SUB-TOTAL		**21,479,740**	22,219,297
	TOTAL		**23,453,206**	23,674,873

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 24th April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

		Note No.	**As at 31st March, 2018**	As at 31st March, 2017
Continuining Operations				
I	**Other Income**	**12**	**752,400**	752,400
II	**Total Revenue (I)**		**752,400**	752,400
III	**EXPENSES**			
	(i) Other expenses	**13**	**54,905**	65,113
	Total Expenses (III)		**54,905**	65,113
IV	**Profit/(loss) before tax (II-III)**		**697,495**	687,288
V	**Tax Expense**			
	(i) Current tax	**14**	**179,605**	212,372
	Total tax expense		**179,605**	212,372
VI	**Profit/(loss) for the period (IV-V)**		**517,890**	474,916
VII	**Total comprehensive income for the period**		**517,890**	474,916
VIII	**Earnings per equity share (for continuing operation):**			
	(i) Basic/Diluted	**15**	**10.36**	9.50

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 24th April 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

	Note No.	**Period ended 31st March 2018**	Year ended 31st March 2017
Cash flow from operating activities			
Profit before tax for the year	**PL**	**697,495**	687,288
Adjustments for:			
		697,495	687,288
Movements in working capital:			
(Increase)/decrease in other assets		**74,959**	75,240
Decrease in trade and other payables		**30,610**	(10,323)
(Decrease)/increase in other liabilities		**(770,167)**	(721,678)
Cash generated from operations			
Income taxes paid		**(179,605)**	(212,372)
Net cash generated by operating activities		**(146,708)**	(181,846)
Cash flows from investing activities			
Net cash (used in)/generated by investing activities		**–**	–
Net cash used in financing activities		**–**	–
Net increase in cash and cash equivalents		**(146,708)**	(181,846)
Cash and cash equivalents at the beginning of the year		**3,285,654**	3,467,499
Effects of exchange rate changes on the balance of cash held in foreign currencies		**3,138,946**	3,285,654
Cash and cash equivalents at the end of the year		**3,138,946**	3,285,654

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 24th April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

	(Amount in ₹)
A. Equity share capital	
As at 1 April, 2016	500,000
Changes in equity share capital during the year	–
As at 31 March, 2017	500,000
Changes in equity share capital during the year	–
As at 31 March, 2018	500,000

B. Other Equity	**Retained earnings** (Amount in ₹)
Balance as at 1 April, 2016 (A)	**480,660**
Profit/(Loss) for the year (B)	474,916
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	474,916
Balance as 31 March, 2017 (E) = [(A)+ (D)]	**955,576**
Profit/(Loss) for the year (F)	517,890
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	517,890
Balance as at 31 March, 2018 (I) = [(E)+(H)]	**1,473,466**

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 24th April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. Corporate information

Anthurium Developers Limited ("the Company") is a public company incorporated in India on 02 June, 2010 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is engaged in the business of development of Residential complexes Ireo -Gurgaon. The Company is in the process of identifying lands for acquisition for its projects.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant accounting policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 24th April, 2018.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.7 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Inventories

Particulars	**As at 31 March, 2018**	As at 31 March 2017
(a) Others (Land)................	**20,000,000**	20,000,000
Total Inventories (at lower of cost and net realisable value).......	**20,000,000**	20,000,000

Note No. 5 - Cash and Bank Balances

(Amount in ₹)

Particulars	**As at 31 March, 2018**	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**3,138,946**	3,285,654
Total Cash and cash equivalent..................	**3,138,946**	3,285,654

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 6 - Other assets

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) **Advances other than capital advances**				
(i) Other advances	**314,260**	–	389,219	–
Total	**314,260**	–	389,219	–

Note No. 7 - Equity Share Capital

Particulars	As at 31 March, 2018 No. of shares		As at 31 March 2017 No. of shares	
Authorised:				
Equity shares of ₹ 10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000
Equity shares of ₹ 10 each with differential voting rights				
Preference shares of ₹ 10 each				
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Equity shares of ₹ 10 each with differential voting rights				
Preference shares of ₹ 10 each				
Issued, Subscribed and Partly Paid:				
Equity shares of ₹ 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Equity shares of ₹ 10 each with differential voting rights				
Preference shares of ₹ 10 each				
Total	**50,000**	**500,000**	50,000	500,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights					
Year Ended 31st March 2017					
No. of Shares	50,000	–	–	–	50,000
Amount	500,000	–	–	–	500,000
Year Ended 31st March 2018					
No. of Shares	**50,000**	–	–	–	**50,000**
Amount	**500,000**	–	–	–	**500,000**

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares Equity Shares with Voting rights
As at 31 March 2018	
Mahindra Lifespace Developers Ltd. the Holding Company	**50000**
As at 31 March 2017	
Mahindra Lifespace Developers Ltd. the Holding Company	50000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2018 Number of shares held	As at 31 March 2018 % holding in that class of shares	As at 31 March 2017 Number of shares held	As at 31 March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%

Note No. 8 - Other equity

Particulars	Retained earnings	Total
Balance as at 31st March, 2016	**480,660**	**480,660**
Profit/(Loss) for the year	474,916	**474,916**
Other comprehensive income	–	–
Total comprehensive income	474,916	**474,916**
Balance at 31st March, 2017	**955,576**	**955,576**
Profit/(Loss) for the year	517,890	517,890
Other comprehensive income	–	–
Total comprehensive income	517,890	517,890
Balance at 31st March, 2018	**1,473,466**	**1,473,466**

Note No. 9 - Current Borrowings

(Amount in ₹)

Particulars	As at 31 March, 2018	As at 31 March 2017
A. Secured Borrowings		
(a) Other Loans	**20,000,000**	20,000,000
Total Current Borrowings	**20,000,000**	20,000,000

Note No. 10 - Trade Payables

(Amount in ₹)

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade payable - Other than micro ans small enterprises	**70,025**	–	39,415	–
Total trade payables	**70,025**	–	39,415	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 11 - Other Liabilities

(Amount in ₹)

	Particulars	As at 31 March, 2018		As at 31 March 2017	
		Current	**Non-Current**	Current	Non-Current
a.	Advances received from customers	**1,215,110**	–	1,967,510	–
b.	Provision for expenses	**15,000**	–	–	–
c.	Statutory dues				
	– taxes payable	**179,605**	–	212,372	–
TOTAL OTHER LIABILITIES		**1,409,715**	–	2,179,882	–

Note No. 12 - Other Income

Particulars	As at 31 March, 2018	As at 31 March 2017
(a) Rental income from Investment property	**752,400**	752,400
Total Other Income	**752,400**	752,400

Note No. 13 - Other Expenses

Particulars	As at 31 March, 2018	As at 31 March 2017
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**29,626**	28,624
(b) Other expenses		
(i) Legal and other professional costs	**15,575**	20,872
(ii) Others	**9,704**	15,617
Total Other Expenses	**54,905**	65,113

Note No. 14 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Amount in ₹)

Particulars	As at 31 March, 2018	As at 31 March 2017
Current Tax:		
In respect of current year	**179,605**	212,372
Total income tax expense on continuing operations	**179,605**	212,372

Note No. 15 - Earnings per Share

Note	Particulars	For the year ended 31 March 2018 Per Share	For the year ended 31 March 2017 Per Share
	Basic Earnings per share		
	From continuing operations	**10.36**	9.50
	From discontinuing operations	–	–
	Total basic earnings per share	**10.36**	9.50
	Diluted Earnings per share		
	From continuing operations	**10.36**	9.50
	From discontinuing operations	–	–
	Total diluted earnings per share	**10.36**	9.50

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit/(loss) for the year attributable to owners of the Company	**517,890**	474,916
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**517,890**	474,916
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations	**517,890**	474,916
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations – Basic	**10.36**	9.50

Note No. 16 - As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the year ended 31st March, 2018 have been prepared on the basis of going concern.

Note No. 17 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	As at 31st March, 2018	As at 31st March, 2017
Debt (A)	**20,000,000**	20,000,000
Equity (B)	**1,973,466**	1,455,576
Debt Ratio (A / B)	**10.13**	13.74

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

				As at 31st March, 2018
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Other Bank Balances	**3,138,946**			**3,138,946**
Current Liabilities				
Borrowings	**20,000,000**			**20,000,000**
Trade Payables	**70,025**			**70,025**

				As at 31st March, 2017
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	3,285,654			3,285,654
Current Liabilities				
Borrowings	20,000,000			20,000,000
Trade Payables	39,415			39,415

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**
Non-derivative financial liabilities			
31-Mar-18			
Non-interest bearing			
Trade Payable	70,025	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	20,000,000
Non-derivative financial liabilities			

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**
31-Mar-17			
Non-interest bearing			
Trade Payable	39,415	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	20,000,000

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

Note No. 18 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents	**3,138,946**	–	3,285,654	–
– Other Current Assets	**314,260**	–	389,219	–
	3,453,206	–	3,674,873	–
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties	**20,000,000**		20,000,000	
– trade and other payables	**70,025**	–	39,415	–
Total	**20,070,025**	–	20,039,415	–

(Amount in ₹)

Fair value hierarchy as at 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) cash & cash equivalents	–	**3,138,946**	–	**3,138,946**
Total	–	**3,138,946**	–	**3,138,946**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other loans		**20,000,000**		**20,000,000**
(ii) Trade Payable	–	**70,025**	–	**70,025**
Total	–	**20,070,025**	–	**20,070,025**

(Amount in ₹)

Fair value hierarchy as at 31 March, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash & cash equivalents	–	3,285,654	–	3,285,654
Total	–	3,285,654	–	3,285,654
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other loans		20,000,000		20,000,000
(ii) Trade Payable	–	39,415	–	39,415
Total	–	20,070,025	–	20,070,025

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

19. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding Company	Mahindra Lifespace Developers Limited

Related parties with whom transactions have taken place during the year

Joint venture of a Holding company	Mahindra Homes Private Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

		(Amounts in INR Lakhs)
Nature of transactions with Related Parties	**For the year ended**	**Mahindra Homes Private Limited**
Lease Rentals Revenue - Land	31-Mar-18	7.52
	31-Mar-17	7.52

The following table provides the balances with related parties as on the relevant date:

Nature of Balances with Related Parties	**Balance as on**	**Mahindra Homes Private Limited**
Prepaid Rent	**31-Mar-18**	**12.15**
	31-Mar-17	19.68
Advance / Deposits	**31-Mar-18**	**200.00**
	31-Mar-17	200.00

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 24th April 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their 5th report together with the audited financial statement for the year ended on 31st March, 2018.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income from Operations	**–**	–
Other Income	**49,48,553**	–
Total Income	**49,48,553**	–
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**53,77,569**	(64,682)
Less : Depreciation	**1,226**	–
Profit/(Loss) before Finance Cost and Taxation	**(4,30,242)**	(64,682)
Less : Finance Cost	**–**	–
Profit/(Loss) Before Taxation	**(4,30,242)**	(64,682)
Less : Provision for Taxation	**–**	–
Profit/(Loss) for the year after Taxation	**(4,30,242)**	(64,682)
Add : Balance of (Loss) for earlier years	**(2,30,245)**	(1,65,563)
Balance carried forward	**(6,60,488)**	(2,30,245)

Dividend

In view of the carried forward lossess, no dividend has been recommended by the Directors for the financial year 2017-18.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations/State of Company's affairs

The Company has been established for the development of an industrial cluster in Gujarat. During the year, the Company has completed concept master planning for the project, which has been submitted to relevant authorities for approval. The company has also initiated the process of obtaining other approvals from relevant Government departments/authorities to commence development and operations of the project. Mahindra Lifespace Developers Limited, Holding Company, also launched a new brand of industrial clusters called 'ORIGINS by Mahindra World City'. Industrial cluster of the Company in Gujarat is being developed under the said brand.

During the year, the Company received funding from International Finance Corporation (IFC) as a part of the strategic partnership between the Company's parent company, Mahindra Lifespace Developers Ltd. (MLDL) and IFC, a member of the World Bank Group. The partnership envisages investment across MLDL's existing and upcoming industrial park projects in India.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

Change in the name of the Company

The Board at its meeting held on 18th July, 2017 had consented to change the name of the Company and accordingly, an application was made to the Ministry of Corporate Affairs in this regard. Ministry of Corporate Affairs, vide its letter dated 6th April, 2018 has informed that the proposed name "**Mahindra Industrial Park Private Limited**" is available for adoption. The Board at its meeting held on 23rd April, 2018 has proposed 5th Extra- Ordinary General Meeting (EGM) to seek approval of the Shareholders of the Company for name change and alteration of Memorandum of Association and Articles of Association of the Company. Upon approval of the Shareholders at the EGM, the name of the Company will be changed to **Mahindra Industrial Park Private Limited** and the Memorandum and Articles of Association of the Company will be altered to reflect the new name of the Company.

Share Capital

Authorised equity share capital of the Company is ₹ 10,00,000 and paid-up equity share capital of the Company is ₹ 5,00,000.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Debentures

During the year, Company has allotted following debentures:

Sr. No	Particulars	Name of Allottee	Face Value	Issue Price	Total Amount (in ₹)
1.	370 Unsecured Optionally Convertible Redeemable Debentures in series I, II and III	Mahindra Lifespace Developers Limited	1,00,000	1,00,000	3,70,00,000
2.	2,227 Series 1A Non-Convertible Debentures	International Finance Corporation (IFC)	1,00,000	90,000	20,04,30,000
3.	4,155 Series 1B Non-Convertible Debentures	International Finance Corporation (IFC)	1,00,000	90,000	37,39,50,000
4.	638 Series B Non-Convertible Debentures	International Finance Corporation (IFC)	1,00,000	1,00,000	6,38,00,000

The Company has also redeemed 3,208 series VI Unsecured Optionally Convertible Redeemable Debentures (OCRDs) of the face value of ₹ 1,00,000 issued to Mahindra Lifespace Developers Limited, holding company. Accordingly, total OCRDs issued and allotted by the Company to Mahindra Lifespace Developers Limited which are outstanding as on 31st March, 2018 aggregates to ₹ 63,82,00,000

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate/joint venture company of the Company. Therefore, the requirement of consolidated financial statement is not applicable to the Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Name of Directors	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Jayantt Manmadkar	03044559	Non-Executive Non-Independent Director
Mr. Siddharth Bafna	07383837	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Siddharth Bafna (DIN: 07383837) a Non-executive Non-Independent Director retires by rotation at the 5th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Mr. Siddharth Bafna is not disqualified from being appointed/ re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Meetings

Five meetings of the Board of Directors were held during the year.

The previous Annual General Meeting of the Company was held on 18th July, 2017 and two extra ordinary general meetings were held on 31st August, 2017 and 17th October, 2017.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the financial year 2017-2018, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors’ Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board periodically reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company, does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedures in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of the 1st Annual General Meeting till the conclusion of the 6th Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 5th Annual General Meeting till the conclusion of the 6th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of making loans, giving guarantees and providing securities, stipulated under Section 186 of the Companies Act, 2013.

Particulars of investment made under Section 186 of the Companies Act, 2013 are provided in the financial statement of the Company.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies (Acceptance of Deposits) Rules, 2014.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the extract of the annual return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this report as **Annexure 2** and forms part of this report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the year by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 23rd April, 2018

ANNEXURE 1

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy;	:	The Company has initiated the process of obtaining approvals from relevant Government departments/ authorities to commence development and operations at Jansali. Accordingly, adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving foreign exchange earnings in terms of actual inflows and the foreign exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 23rd April, 2018

ANNEXURE 2

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U70102MH2013PTC241512
2.	**Registration Date**	29/03/2013
3.	**Name of the Company**	Industrial Cluster Private Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares/Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintainance service activities	813	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

\# During the year under review, the Company had no turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Categoryof Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–

Categoryof Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp	–	50,000	50,000	100	–	50,000	50,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	50,000	50,000	100	–	50,000	50,000	100	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**50,000**	**50,000**	**100**	**–**	**50,000**	**50,000**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**50,000**	**50,000**	**100**	**–**	**50,000**	**50,000**	**100**	**–**

(ii) Shareholding of Promoters

	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	49,990	99.98	–	49,990	99.98	–	–
2.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of the Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel: Nil

5. INDEBTEDNESS

Indebtedness of the Company including outstanding/accrued but not due for payment **(Amount in ₹)**

PARTICULARS	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	**92,20,00,000**	–	**92,20,00,000**
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**92,20,00,000**	–	**92,20,00,000**
Change in Indebtedness during the financial year				
• Addition	–	72,10,22,186	–	72,10,22,186
i) Principal Amount	–	67,51,80,000	–	67,51,80,000
ii) Interest due but not paid	–	4,58,42,186	–	4,58,42,186
iii) Interest accrued but not due	–	–	–	–
• Reduction	–	32,08,00,000	–	32,08,00,000
Net Change	–	**40,02,22,186**	–	**40,02,22,186**
Indebtedness at the end of the financial year				
i) Principal Amount	–	1,27,63,80,000		1,27,63,80,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	4,58,42,186	–	4,58,42,186
Total (i+ii+iii)	–	**13,22,222,186**	–	**13,22,222,186**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other directors:** Not Applicable

C. **Remuneration to Key Managerial personnel other than MD/Manager/WTD -** Not Applicable

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NONE				
Punishment					
Compounding					
B. Directors					
Penalty	NONE				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	NONE				
Punishment					
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 23rd April, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Industrial Cluster Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Industrial Cluster Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

10. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

Mumbai, April 23, 2018

ANNEXURE “A” TO THE AUDITOR’S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Cluster Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   ii) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were found in the same.

   iii) The title deeds of immovable properties are held in the name of the Company.

2) The Company’s inventory comprises of construction work in progress which represents cost of land and related expenditure.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source, Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2018, for a period of more than 6 months from the date they become payable.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, excise duty, service tax, wealth tax and cess.

8) The Company has issued debentures during the year and has not defaulted in repayment of dues to debenture holders.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). Term loans were applied for the purposes for which those were raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) All transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

Mumbai, April 23, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL CLUSTER PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Industrial Cluster Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, April 23, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in ₹)

	Note No.	As at 31st March, 2018	As at 31st March, 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**11,573**	–
(b) Financial Assets			
(i) Loans to related parties		**77,100,000**	
SUB-TOTAL		**77,111,573**	–
CURRENT ASSETS			
(a) Inventories	5	**1,078,258,335**	866,193,533
(b) Financial Assets			
(i) Cash and Cash Equivalents	6a	**1,896,312**	56,457,192
(ii) Bank balances other than (i) above	6b	**21,000,000**	–
(iii) Investments	6c	**149,769,738**	
(c) Other Current Assets	7	**8,930,345**	397,948
SUB-TOTAL		**1,259,854,730**	923,048,673
TOTAL ASSETS		**1,336,966,303**	923,048,673
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	8	**500,000**	500,000
(b) Other Equity	9	**(660,488)**	(230,245)
SUB-TOTAL		**(160,488)**	269,755
LIABILITIES			
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**1,276,380,000**	920,000,000
(ii) Trade Payables	11	**13,596,305**	2,526,629
(iii) Other Financial Liabilities	13	**45,842,186**	–
(b) Other Current Liabilities	12	**1,308,300**	252,290
SUB-TOTAL		**1,337,126,791**	922,778,919
TOTAL		**1,336,966,303**	923,048,673

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No: 44784
Place : Mumbai
Date: 23rd April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Siddharth Bafna (DIN-07383837)

Place : Mumbai
Date: 23rd April 2018

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2018

(Amount in ₹)

Particulars		Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations			
II	Other Income		**4,948,553**	–
III	**Total Revenue (I + II)**		**4,948,553**	–
IV	**EXPENSES**			
	(a) Depreciation and amortisation expense	4	**1,226**	–
	(b) Other expenses	14	**5,377,569**	64,682
	Total Expenses (IV)		**5,378,795**	64,682
	Profit/(loss) before exceptional items and tax		**(430,242)**	(64,682)
V	**Profit/(loss) for the period**		**(430,242)**	(64,682)
VI	**Total comprehensive income for the period (III)**		**(430,242)**	(64,682)
VII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	15	**(8.60)**	(1.29)
	(2) Diluted	15	**(8.60)**	(1.29)

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No: 44784
Place : Mumbai
Date: 23rd April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Siddharth Bafna (DIN-07383837)

Place : Mumbai
Date: 23rd April 2018

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018

(Amount in ₹)

Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flows from operating activities			
Profit before tax for the year	PL	**(430,242)**	(64,682)
Adjustments for:			
Net (gain)/loss arising on financial assets mandatorily measured at market value through profit or loss		**(3,769,738)**	
Depreciation and amortisation of non-current assets		**1,226**	–
		(4,198,754)	(64,682)
Movements in working capital:			
(Increase)/decrease in inventories		**(212,064,802)**	(866,193,533)
(Increase)/decrease in other assets		**(8,532,397)**	(397,948)
Decrease in trade and other payables		**11,069,676**	
Increase/(decrease) in provisions		**1,056,010**	
(Decrease)/increase in other liabilities		**45,842,186**	2,747,284
Net cash generated by operating activities		**(166,828,081)**	(863,908,879)
Cash flows from investing activities			
Payments to acquire financial assets		**(170,769,738)**	
Profit on Sale of Mumtual Fund		**3,769,738**	
Payments for property, plant and equipment		**(12,799)**	
Payments for investment in OCRD of Associate		**(77,100,000)**	
Net cash (used in)/generated by investing activities		**(244,112,799)**	–
Cash flows from financing activities			
Proceeds from issue of Unsecured optionally convertibale redeemable debentures		**–**	920,000,000
Proceeds from issue of Non-convertibale debentures		**356,380,000**	–
Interest paid to MLDL-ICD		**–**	–
Net cash used in financing activities		**356,380,000**	920,000,000
Net increase in cash and cash equivalents		**(54,560,880)**	56,091,121
Cash and cash equivalents at the beginning of the year		**56,457,193**	366,071
Effects of exchange rate changes on the balance of cash held in foreign currencies		**1,896,312**	56,457,192
Cash and cash equivalents at the end of the year		**1,896,313**	56,457,193

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place : Mumbai
Date: 23rd April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Siddharth Bafna (DIN-07383837)

Place : Mumbai
Date: 23rd April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH, 2018

(Amount in ₹)

A. Equity share capital	
As at 1st April, 2017	500,000
Changes in equity share capital during the year	–
As at 31st March, 2017	500,000
Changes in equity share capital during the year	–
As at 31 March, 2018	**500,000**

a. Equity share capital	**Equity share capital (no. of shares)**
Issued and Paid up Capital at January 1, 2015	50,000
Less: Treasury Shares if any	–
Balance at April 1, 2016	**50,000**
Changes in equity share capital during the year	–
Balance at March 31, 2017	**50,000**
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at December 31, 2017	
	50,000

B. Other Equity	**Retained earnings (Amount in ₹)**
Balance as at 1 April, 2015 (A)	**(119,962)**
Profit/(Loss) for the year (B)	(45,601)
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	(45,601)
Balance as 31 March, 2016 (C) = [(A)+ (D)]	**(165,563)**
Profit/(Loss) for the year (F)	(64,682)
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	(64,682)
Balance as at 31 March, 2017 (I) = [(F)+(H)]	**(230,245)**
Profit/(Loss) for the period (J)	(430,242)
Other comprehensive income (K)	–
Total comprehensive income (L) = [(J)+(K)]	(430,242)
Balance as at 30 March, 2018 (M) = [(J)+(L)]	**(660,488)**

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place : Mumbai
Date: 23rd April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Siddharth Bafna (DIN-07383837)

Place : Mumbai
Date: 23rd April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

1. Corporate information

Industrial Cluster Private Limited ("the Company") is a public company incorporated in India on 29th March, 2013 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of establishing, acquiring, developing and maintaining Industrial Parks, Technology Parks, Bio-tech Parks, Software Parks, Special Economic zones, Export Processing Zones, Industrial Areas, Industrial estates, Integrated Townships, Residential and/or Commercial Complexes, Housing Facility in India and outside India.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31st March, 2018

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 23rd April, 2018.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Property, Plant and Equipment

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2017	–	–	–	–	–
Additions	–	–	12,799	–	12,799
Balance as at 31st March, 2018	**–**	**–**	**12,799**	**–**	**12,799**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2017	–	–	–	–	–
Depreciation expense for the year	–	–	1,226	–	1,226
Balance as at 31st March, 2018	**–**	**–**	**1,226**	**–**	**1,226**
III. Net carrying amount (I-II)	–	–	**11,573**	**–**	**11,573**

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2016	–	–	–	–	–
Additions	–	–	–	–	–
Balance as at 31st March, 2017	**–**	**–**	**–**	**–**	**–**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2016	–	–	–	–	–
Depreciation expense for the year	–	–	–	–	–
Balance as at 31st March, 2017	**–**	**–**	**–**	**–**	**–**
III. Net carrying amount (I-II)	–	–	–	–	–

Note No. 5 - Inventories

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Work in Progress (Representing cost of land and related expenditure)	**1,078,258,335**	866,193,533
Total Inventories (at lower of cost and net realisable value)	**1,078,258,335**	866,193,533

Note No. 6 - Cash and Bank Balances

(a) Cash and cash equivalents

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Balances with banks	**1,896,312**	56,457,192
Total Cash and cash equivalent	**1,896,312**	56,457,192

(b) Other bank balances

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) In deposit accounts	**21,000,000**	–
Total other bank balances	**21,000,000**	–

(c) Investments

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Quoted Investments (Specify whether fully paid or Partly Paid)	**149,769,738**	–
(i) Investment in Mutual Fund		
Total other bank balances	**149,769,738**	–

Note No. 7 - Other assets

(Amount in ₹)

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non- Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non- Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**7,552,069**		397,948	
(ii) Other advances	**177,398**		–	
(iii) Interest accrued but not due on term deposit accounts	**686,818**		–	
(iv) Advance Payment Of Income Tax	**514,060**			
	8,930,345	**–**	397,948	–

Note No. 8 - Equity Share Capital

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 (Amount in ₹)	As at 31st March, 2017 No. of shares	As at 31st March, 2017 (Amount in ₹)
Authorised:				
Equity shares of ₹ 10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Issued, Subscribed and Partly Paid:				
Equity shares of ₹ 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000

Note No. 8a - Equity Share Capital

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Period Ended 31st March 2018						
No. of Shares	50,000					50,000
Amount	500,000					500,000
Year Ended 31st March 2017						
No. of Shares	50,000					50,000
Amount	500,000					500,000
Year Ended 31st March 2016						
No. of Shares	50,000					50,000
Amount	500,000					500,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares: Equity Shares with Voting rights	No. of Shares: Equity Shares with Differential Voting rights	Others
As at 31st March 2018			
Mahindra Lifespace Developers Ltd.	50,000		
As at 31st March 2017			
Mahindra Lifespace Developers Ltd.	50,000		
As at 31st March 2016			
Mahindra Lifespace Developers Ltd.	50,000		

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018 Number of shares held	As at 31st March, 2018 % holding in that class of shares	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%

Note No. 9 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance as at 31st March, 2016	(165,563)	(165,563)
Profit/(Loss) for the year	**(64,682)**	(64,682)
Other comprehensive income	–	–
Total comprehensive income	**(64,682)**	**(64,682)**
Balance at 31st March, 2017	**(230,245)**	(230,245)
Profit/(Loss) for the year	(430,242)	(430,242)
Other comprehensive income	–	–
Total comprehensive income	**(430,242)**	**(430,242)**
Balance at 31st March, 2018	**(660,488)**	(660,488)
Balance as at 1st April, 2015	(119,962)	(119,962)
Profit/(Loss) for the year	(45,601)	(45,601)
Other comprehensive income	–	–
Total Comprehensive income	(45,601)	(45,601)
Balance as at 31st March, 2016	(165,563)	(165,563)

Note No. 10 - Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Secured Borrowings		
Total Secured Borrowings		–
B. Unsecured Borrowings		
(a) Loans from related parties	**638,200,000**	920,000,000
(d) Other Loans	**638,180,000**	
Total Unsecured Borrowings	**1,276,380,000**	920,000,000
Total Current Borrowings	**1,276,380,000**	920,000,000

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non- Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non- Current
Trade payable - Micro and small enterprises	–		–	
Trade payable - Other than micro ans small enterprises	**13,596,305**		2,526,629	–
Total trade payables	**13,596,305**		2,526,629	–

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note No. 12 - Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non- Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non- Current
a. Advances received	–		–	
b. Statutory dues				
- taxes payable (other than income taxes)	1,308,300		252,290	–
c. Interest Payable	–			
TOTAL OTHER LIABILITIES	**1,308,300**		252,290	–

Note No. 13 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current		
(a) Interest accrued	**45,842,186**	–
	45,842,186	–

Note No. 14 - Other Expenses

(Amount in ₹)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Business Promotion Expenses	**559,114**	–
(b) Payments to auditors (including service tax):		
(i) For audit	**225,000**	28,750
(c) Other expenses		
(i) Professional Fees	**1,473,225**	19,149
(ii) Manpower Cost	**2,379,748**	–
(iii) Relocation & Joining Exp	**262,217**	–
(iii) Travelling & Conveyance	**276,962**	–
(iv) Miscellaneous expenses	**39,365**	16,783
(v) Bank Charges	**6,166**	–
(vi) ESOP Charges	**126,159**	–
(vii) Int on late payment of service tax	**29,614**	–
Total Other Expenses	**5,377,569**	64,682

Note No. 15 - Earnings per Share

Particulars	For the period ended 31st March, 2018 Per Share	For the year ended 31st March, 2017 Per Share
Basic Earnings per share		
From continuing operations	**(8.60)**	(1.29)
From discontinuing operations	**–**	–
Total basic earnings per share	**(8.60)**	(1.29)
Diluted Earnings per share		
From continuing operations	**(8.60)**	(1.29)
From discontinuing operations		
Total diluted earnings per share	**(8.60)**	(1.29)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the period ended 31st March, 2018	For the year ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	**(430,242)**	(64,682)
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(430,242)**	(64,682)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(430,242)**	(64,682)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations - Basic	**(8.60)**	(1.29)

Note No. 16 - Related Party Transactions

Related party disclosures as required by Ind As 24 “Related Party Disclosures” are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company
1	Knowledge Township Limited	Associate Company

(Amount in ₹)

Particulars	**For the period ended**	**Ultimate Holding Company**	**Holding Company**	**Joint venture**	**Fellow subsidiary**	**Subsidiary**	**Associate**
Nature of transactions with Related Parties							
Deposit Received	31-Mar-18	–	–	–	–	–	–
	31-Mar-17	–	922,000,000	–	–	–	–
OCRD Issued	31-Mar-18	–	638,200,000	–	–	–	–
	31-Mar-17	–	–	–	–	–	–
Invested in OCRD	31-Mar-18	–	–	–	–	–	77,100,000
	31-Mar-17	–	–	–	–	–	–
Interest on ICD paid	31-Mar-18	–	73,280,495	–	–	–	–
	31-Mar-17	–	2,029	–	–	–	–
OCRD Redeemed	31-Mar-18	–	320,800,000	–	–	–	–
	31-Mar-17	–	–	–	–	–	–
ESOP Expenses accounted	31-Mar-18	–	148,868	–	–	–	–
	31-Mar-17	–	–	–	–	–	–
Professional charges -DM Fees accounted	31-Mar-18	–	24,308,000	–	–	–	–
	31-Mar-17	–	–	–	–	–	–
Payment made towards DM Fees	31-Mar-18	–	11,124,000	–	–	–	–
	31-Mar-17	–	–	–	–	–	–
Reimbursement of expenses accounted	31-Mar-18	–	576,498	–	–	–	3,688
	31-Mar-17	–	–	–	–	–	–
Payment made on behalf of related party	31-Mar-18	–	–	–	–	–	–
	31-Mar-17	–	407,245	–	–	–	–

(Amount in ₹)

Nature of Balances with Related Parties	**Balances as on**	**Ultimate Holding Company**	**Holding Company**	**Joint venture**	**Fellow subsidiariy**	**Subsidiariy**	**Associate**
Nature of transactions with Related Parties							
Payables	31-Mar-18	–	650,049,366	–	–	–	–
	31-Mar-17	–	922,409,274				–
	31-Mar-16	–	–	–	–	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 17 - Financial Instruments

Capital management

The company’s capital management objectives are:

- to ensure the company’s ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Amount in ₹)

	31-Mar-18	31-Mar-17	31-Mar-16
Equity	(160,488)	269,755	334,437
Less: Cash and cash equivalents	1,896,312	56,457,192	366,071
	(2,056,800)	(56,187,438)	(31,634)

Categories of financial assets and financial liabilities

As at 31st March, 2018

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Current Assets				
Other Bank Balances	1,896,312			
Non-current Liabilities				
Current Liabilities				
Borrowings	1,276,380,000			
Trade Payables	13,596,305			

As at 31st March, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Current Assets				
Other Bank Balances	56,457,192			
Non-current Liabilities				
Current Liabilities				
Borrowings	920,000,000			
Trade Payables	2,526,629			

As at 31st March, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Current Assets				
Other Bank Balances	366,071			
Current Liabilities				
Trade Payables	31,634			

Note No. 18 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value

	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-18	31-Mar-17	31-Mar-16				
Financial assets							
Investments							
1) Mutual fund investments	149,769,738						
Other Financial Assets							
1) Cash and Cash Equivalents	1,896,312	56,457,192	366,071				
Total financial assets	1,896,312	56,457,192	366,071				
Financial liabilities							
Other Financial Liabilities							
1) Trade Payables	13,596,305	2,526,629	31,634				
Total financial liabilities	13,596,305	2,526,629	31,634				

Fair value of financial assets and financial liabilities that are not measured at fair value

	31-Mar-18		31-Mar-17		31-Mar-16	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets						
Financial assets carried at Amortised Cost						
– investments in debt instruments	149,769,738	149,769,738				
– loans to related parties	77,100,000	77,100,000				
– cash & cash equivalents	1,896,312	1,896,312	56,457,192	56,457,192	366,071	366,071
	1,896,312	**1,896,312**	**56,457,192**	**56,457,192**	**366,071**	**366,071**
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	13,596,305	13,596,305	2,526,629	2,526,629	31,634	31,634
Total	**13,596,305**	**13,596,305**	**2,526,628.50**	**2,526,628.50**	**31,634**	**31,634**

Fair value hierarchy as at 31st March, 2018

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents		1,896,313		
– Others		–		
Total		**1,896,313**		
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties		1,276,380,000		
– trade and other payables		13,596,305		
Total		**1,289,976,305**		

Fair value hierarchy as at 31st March, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents		56,457,192		
Total		**56,457,192**		
Financial liabilities				
– loans from related parties		920,000,000		
– trade and other payables		2,526,629		
Financial lease payables				
Total		**2,526,629**		

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents		366,071		
Total		**366,071**		
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		31,634		
Total		**31,634**		

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place : Mumbai
Date: 23rd April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Siddharth Bafna (DIN-07383837)

Place : Mumbai
Date: 23rd April 2018

DIRECTORS' REPORT

Your Directors present their 19th Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS:

(Amount in ₹)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**23,72,33,310**	17,59,14,545
Profit before Depreciation, Finance Cost and Taxation	**11,47,70,507**	5,82,09,960
Less: Depreciation & Amortization	**12,03,628**	10,36,450
Profit before Finance Cost & Taxation	**11,35,66,879**	5,71,73,510
Less: Finance Costs	**14,461**	6,445
Profit before Tax	**11,35,52,418**	5,71,67,065
Less: Taxation		
Current Tax	**2,28,50,000**	2,01,48,244
Deferred Tax	**86,62,457**	30,03,511
Profit after tax	**8,20,39,961**	3,40,15,310
Other Comprehensive Income Items that will not be reclassified to profit or loss		
Re-measurements of the defined benefit liabilities/(asset)	**(8,222)**	(14,36,853)
Tax relating to items that will not be reclassified to profit or loss	**2,265**	3,83,525
Total comprehensive income for the year	**8,20,34,004**	3,29,61,982
Balance of profit for earlier years	**53,37,34,746**	50,07,72,764
Less: Transfer to/(from) Reserve	**–**	–
Less: Depreciation on transition to Schedule II of the Companies Act, 2013	**–**	–
Profit available for appropriation	**61,57,68,750**	53,37,34,746
Balance of profit carried forward	**61,57,68,750**	53,37,34,746
Net Worth	**61,67,68,750**	53,47,34,746

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, your Company has rendered operation and maintenance services for the plant and facilities of New Tirupur Area Development Corporation Limited (NTADCL) at Tirupur under the operations and maintenance agreement. Your Company has consistently met its contracted performance targets both related to Water and Sewage Operations.

Your Company has recorded an income of Rs. 2372.33 Lakhs as against Rs. 1759.15 Lakhs in the previous year and the Profit after Tax has gone up to Rs.820.40 Lakhs from Rs. 340.15 Lakhs.

Your Company does not have Subsidiaries, Joint Ventures or Associates.

DIVIDEND

Your Directors recommend a dividend on its 1,00,000 fully paid-up equity shares of Rs. 10 each, @ Rs. 1000 per equity share, aggregating Rs. 1000 Lakhs.

If approved by the shareholders at the ensuing Annual General Meeting, the above dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. 28th June, 2018, the date of the Annual General Meeting of the Company. The dividend for the year together with income tax thereon, will result in cash outflow Rs. 1205.55 Lakhs.

Your Directors have not paid any interim Dividend during the year. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 was Rs. 10 Lakhs, divided into 1,00,000 Equity Shares of Rs. 10/- each.

The paid up Equity Share Capital as on 31st March, 2018 was Rs. 10 Lakhs, divided into 1,00,000 Equity Shares of Rs. 10/- each. During the year under review, your Company has not issued any shares or any convertible instruments.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following Directors:

Sr. No.	Name of Director and DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Mr. S. Venkatraman (DIN: 00077193)	Director	Non-Executive	Non-Independent
2.	Mr. Narayan Shankar (DIN: 00109111)	Director	Non-Executive	Non-Independent
3.	Mr. Srinath R. (DIN: 07063293)	Director	Non-Executive	Non-Independent

Mr. Narayan Shankar (DIN: 00109111) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 19th Annual General Meeting of the Company.

All Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors.

There has been no change in Directors during the year under review.

During the year under review your Company was not required to appointment Independent Directors and constitute Audit Committee and Nomination and Remuneration Committee of the Board.

Provisions relating to Annual Evaluation of Board, Committees and individual Directors were not applicable to your Company for the year under review.

BOARD MEETINGS AND ANNUAL GENERAL MEETING:

The Board of Directors met four times during the year under review viz., on 17th April, 2017, 24th July, 2017, 23rd October, 2017, and 10th January, 2018. The gap between two consecutive Board meetings did not exceed 120 days. The 18th Annual General Meeting of your Company was held on 24th July, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:

Name of the Director	No. of Meetings attended
Mr. S. Venkatraman	4
Mr. Narayan Shankar	2
Mr. Srinath R.	4

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no departures;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

(v) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2018 and have found them to be adequate.

(vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for its Directors, Senior Management Personnel and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board of Directors of your Company presently comprises of Mr. S. Venkatraman, Mr. Narayan Shankar and Mr. Srinath R.

The Corporate Social Responsibility Committee met once during the year under review viz., on 17th April, 2017 which was attended by Mr. S. Venkatraman and Mr. Srinath R.

KEY MANAGERIAL PERSONNEL

During the year under review, your Company had appointed Mr. T. Govindarajan as the Chief Financial Officer (CFO), Head Admin, Procurement & HRD of the Company w.e.f. 1st August, 2017, who is the Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

The objective of this policy is to promote an unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

The Annual Report on the CSR activities of the Company is furnished in **Annexure I** and forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks which may impact the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year under review, such controls were tested and no reportable material weaknesses in the design or operations were observed.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Policy on Prevention of Sexual Harassment of Women. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

STATUTORY AUDITORS

The Members of the Company at their 15th Annual General Meeting (AGM) held on 30th September, 2014 had appointed, M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda (ICAI Registration Number 117364W), as the Statutory Auditors of the Company, to hold office from the conclusion of the 15th AGM until the conclusion of the fifth consecutive AGM of the Company to be held in the year 2019 (subject to ratification of the appointment by the members at every AGM held after this AGM).

Pursuant to the first proviso to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members are requested to ratify the appointment of Statutory Auditors at the ensuing 19th AGM of the Company and fix their remuneration.

Your Company has obtained a certificate from the Auditor, confirming that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and that they satisfy the criteria provided in section 141.

The Auditors' Report for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143 (12) of the Companies Act 2013, details of which need to be mentioned in this report.

SECRETARIAL AUDITOR, COST AUDITOR AND INTERNAL AUDITOR

During the year under review, the provisions relating to Secretarial Auditor, Cost Auditor and Internal Auditor were not applicable to your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in **Annexure II** and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public or its employees.

Your Company has not obtained any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate Parent Company Mahindra and Mahindra Limited.

Particulars of loans given, investments made, guarantees and securities provided, are given under the notes to the audited financial statements and the same forms part of the annual report.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

During the year under review, there were no transactions referred to in section 188(1) of the Companies Act, 2013 with related parties of the Company which are required to be disclosed in this Report. Hence, Form AOC-2 is not required to be annexed to this report.

Details of transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form MGT-9 is provided as **Annexure III** which forms part of this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any ESOP Scheme etc.
3. Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013.

No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board
Mahindra Water Utilities Limited

S. Venkatraman	**Srinath R.**
Director	Director

Mumbai, 23rd April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

(1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The objectives of your Company's CSR policy are to –

- Promote an unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

During the year under review, your Company has contributed to CSR through one Implementation Agency viz;

- K C Mahindra Education Trust: Providing education support to 365 girl children.

A reference to the web-link to the CSR Policy and projects or programs: Not Applicable.

(2) The Composition of the CSR Committee:

Mr. S. Venkatraman

Mr. Narayan Shankar

Mr. Srinath R.

(3) Average net profit of the company for last three financial years: Rs. 560.39 Lakhs

(4) Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 11.21 Lakhs

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year– Rs. 11.21 Lakhs

(b) Amount unspent, if any- NIL

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars		Amount in Rs.
(1)	CSR project or activity identified:	Contribution to K.C. Mahindra Education Trust	–
(2)	Sector in which the project is covered:	Education of the girl child	–
(3)	Projects or programme (1) Local area or other: (2) Specify the state and district where projects or programs were undertaken:	Other Barabanki, UP	–
(4)	Amount outlay (budget project or programme wise	Central CSR Sector CSR	5,61,000 8,12,400
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads		13,73,400 –
(6)	Cumulative expenditure up to the reporting period		13,73,400
(7)	Amount Spent direct or through implementing agency:	Paid to *implementing Agency – K.C. Mahindra Education Trust	–

* Details of implementing agency: K C Mahindra Education Trust: Providing education support to girl child.

(6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : **Not applicable**

Your Company's CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board
Mahindra Water Utilities Limited

S. Venkatraman Director

Srinath R. Director

Mumbai, 23rd April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

(i) The steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

(ii) The steps taken by the company for utilizing alternate sources of energy: Not Applicable

(iii) The capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) The efforts made towards technology absorption: None

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a) The details of technology imported: Nil

b) The year of import : Nil

c) Whether the technology been fully absorbed: Nil

d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: Nil

(iv) The expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board
Mahindra Water Utilities Limited

S. Venkatraman
Director

Srinath R.
Director

Mumbai, 23rd April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	Corporate Identification Number (CIN)	U45205MH1999PLC121235
2.	Registration Date	10/08/1999
3.	Name of the Company	MAHINDRA WATER UTILITIES LIMITED
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Water Utilities Limited Gateway Building, Apollo Bunder, Mumbai- 400001, Maharashtra. Tel: +9122 22895500 | Fax: +9122 22875485
6.	Whether listed Company	No
7.	Name, Address and contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main Product/Services	NIC Code of the Product/Service	% to total turnover of the company
1.	Operation & Maintenance of water collection, treatment & distribution	**36000**	**100%**
2.	Operation & Maintenance of Sewerage	**37000**	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate holding Company	99.00*	2(46)
2.	Mahindra Lifespace Developers Limited 5th floor, Mahindra Towers, Worli, Mumbai-400018.	L45200MH1999PLC118949	Intermediate holding Company	99.00*	2(46)
3.	Mahindra Infrastructure Developers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018.	U45201MH2001PLC131942	Holding Company	99.00	2(46)

* Through Mahindra Infrastructure Developers Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	98999*	98999*	99	–	98999*	98999*	99	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	**98999***	**98999***	**99**	–	**98999***	**98999***	**99**	–
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total A (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	–	**98999***	**98999***	**99**	–	**98999***	**98999***	**99**	–
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
(2) Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas	–	1001	1001	1	–	1001	1001	1	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	**1001**	**1001**	**1**	–	**1001**	**1001**	**1**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**1001**	**1001**	**1**	–	**1001**	**1001**	**1**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**1,00,000**	**1,00,000**	**100**	–	**1,00,000**	**1,00,000**	**100**	–

* Includes 6 shares held by nominees of Mahindra Infrastructure Developers Limited jointly with Mahindra Infrastructure Developers Limited.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Infrastructure Developers Limited	98,993	99.00	–	98993	99.00	–	–
2.	Mahindra Infrastructure Developers Limited jointly with Mr. M. A. Nazareth**	1	0.00	–	1	0.00	–	–
3.	Mahindra Infrastructure Developers Limited jointly with Mr. S. Venkatraman**	1	0.00	–	1	0.00	–	–
4.	Mahindra Infrastructure Developers Limited jointly with Mr. A. K. Nanda**	1	0.00	–	1	0.00	–	–
5.	Mahindra Infrastructure Developers Limited jointly with Mr. Narayan Shankar**	1	0.00	–	1	0.00	–	–
6.	Mahindra Infrastructure Developers Limited jointly with Mr. Suhas Kulkarni**	1	0.00	–	1	0.00	–	–
7.	Mahindra Infrastructure Developers Limited jointly with Mr. Roshan Gandhi**	1	0.00	–	1	0.00	–	–
	Total	**98,999**	**99.00**	**–**	**98,999**	**99.00**	–	–

** Jointly held with Mahindra Infrastructure Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change) – No change in Promoters Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mahindra Infrastructure Developers Limited				
	At the beginning of the year - 01.04.2017	98,993	99	98,993	99
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**98,993**	**99**
2	Mahindra Infrastructure Developers Limited jointly with Mr. M. A. Nazareth**				
	At the beginning of the year - 01.04.2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	**0.00**

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
3	Mahindra Infrastructure Developers Limited jointly with Mr. S. Venkatraman**				
	At the beginning of the year - 01.04.2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	**0.00**
4	Mahindra Infrastructure Developers Limited jointly with Mr. A. K. Nanda**				
	At the beginning of the year - 01.04.2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	**0.00**
5	Mahindra Infrastructure Developers Limited jointly with Mr. Narayan Shankar**				
	At the beginning of the year - 01.04.2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	**0.00**
6	Mahindra Infrastructure Developers Limited jointly with Mr. Suhas Kulkarni**				
	At the beginning of the year - 01.04.2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	**0.00**
7	Mahindra Infrastructure Developers Limited jointly with Mr. Roshan Gandhi**				
	At the beginning of the year - 01.04.2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	**0.00**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	**United Utilities International Limited**				
	At the beginning of the year –	1001	1.00	1001	1.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1001**	**1.00**

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	**Mahindra Infrastructure Developers Limited jointly with Mr. S. Venkatraman****				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year - 31.03.2018	–	–	**1**	–
2.	**Mahindra Infrastructure Developers Limited jointly with Mr. Narayan Shankar****				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year - 31.03.2018	–	–	**1**	–

** Jointly held with Mahindra Infrastructure Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
• Addition	Nil	1,06,270	Nil	1,06,270
• Reduction	Nil	49,401	Nil	49,401
Net change	**Nil**	**56,869**	**Nil**	**56,869**
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	56,869	Nil	56,869
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**56,869**	**Nil**	**56,869**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (in Rs.)
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites under Section 17(2) of Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (in Rs.)
4.	Commission - as % of Profit - others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act		–

B. Remuneration of other Directors

(Amount in ₹)

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. S. Venkatraman	Mr. Narayan Shankar	Mr. Srinath R.	
1. Independent Directors • Fee for attending Board/Committee meetings	–	–	–	–
• Commission	–	–	–	–
• Others, please specify	–	–	–	–
Total B(1)	–	–	–	–
2. Other Non-Executive Directors • Fee for attending Board/Committee meetings	90,000	–	–	90,000
• Commission	–	–	–	–
• Others, please specify	–	–	–	–
Total B(2)	**90,000**	–	–	**90,000**
Total B = (1+2)	**90,000**	–	–	**90,000**
# Total Managerial Remuneration (A+B)	**90,000**	–	–	**90,000**
Overall Ceiling as per the Act		–		

Total remuneration to Manager and other Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CS	CFO	
				#Mr. T. Govindarajan	
1.	Gross Salary				
	(a) Salary as per provisions contained under Section 17(1) of the Income Tax Act, 1961			19,11,173	19,11,173
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961			40,000	40,000
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961			–	–
2.	Stock Option			–	–
3.	Sweat Equity			–	–
4.	Commission – as % of profit Others, specify			– –	– –
5.	Others, please specify			–	–
	Total			**19,51,173**	**19,51,173**

Appointed w.e.f. 1st August, 2017

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board
Mahindra Water Utilities Limited

S. Venkatraman
Director

Srinath R.
Director

Mumbai, 23rd April, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA WATER UTILITIES LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Water Utilities Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act,we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company,so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
    e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459

Mumbai, 23rd April, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Water Utilities Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459

Mumbai, 23rd April, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Water Utilities Limited on the Ind AS financial statements for the year ended March 31, 2018)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 or 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. We have been informed that the provisions of Customs Duty, Excise Duty, Sales Tax, Value Added Tax and Cess are not applicable to the Company for the year.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Services Tax and other material statutory dues in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable. We have been informed that the provisions of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company for the year.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹	Amount Unpaid ₹
Income Tax Act, 1961	Income tax and interest, penalties	Appellate Authority – Bombay High Court	FY 2006 – 07	2,471,948	1,615,031
		Appellate Authority – Bombay High Court	FY 2007 – 08	2,654,400	2,654,400
		Appellate Authority – Commissioner (Appeals)	FY 2008 – 09	5,764,820	5,764,820
		Appellate Authority – Asst. Commissioner (CPC)	FY 2009 – 10	2,099,010	2,099,010
		Appellate Authority – Asst. Commissioner (CPC)	FY 2011 – 12	87,260	87,260
		Appellate Authority – Asst. Commissioner (CPC)	FY 2012 – 13	598,430	598,430
		Appellate Authority – Assessing Officer	FY 2013 – 14	48,040	48,040

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government nor has issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid / provided any managerial remuneration as per the provisions of Section 197 read with Schedule V to the Act and hence, reporting under clause (xi) of the Order is not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459

Mumbai, 23rd April, 2018

BALANCE SHEET AS AT MARCH 31, 2018

	Particulars	Note No.	As at March 31, 2018 ₹	As at March 31, 2017 ₹
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	4	**4,982,892**	5,173,607
	(b) Financial Assets			
	Trade receivables	5	**110,063,517**	220,047,774
	Other Financial assets	6	**893,050**	19,000
	(c) Deferred tax assets (net)	24	**10,710,580**	19,370,772
	(d) Other non-current assets	7	**19,147,900**	15,263,792
	Total Non-Current Assets		**145,797,939**	259,874,945
	2 Current assets			
	(a) Financials Assets			
	(i) Investments	8	**310,042**	297,289
	(ii) Trade receivables	5	**165,038,134**	140,145,893
	(iii) Cash and cash equivalents	9	**85,746,590**	94,879,166
	(iv) Bank Balances other than (iii) above	9	**100,444,211**	69,664,450
	(v) Loans	10	**150,000,000**	-
	(vi) Other financial assets	6	**6,295,228**	5,203,395
	(b) Other Current Assets	7	**-**	1,413,109
	Total Current Assets		**507,834,205**	311,603,302
	Total Assets		**653,632,144**	571,478,247
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	11	**1,000,000**	1,000,000
	(b) Other Equity	12	**615,768,750**	533,734,746
	Total equity		**616,768,750**	534,734,746
	LIABILITIES			
	2 Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables	13	**5,623,699**	4,515,871
	(ii) Other financial liabilities	14	**9,759,872**	10,786,771
	(b) Other current liabilities	15	**3,309,445**	1,646,027
	(c) Provisions	16	**6,651,528**	8,266,961
	(d) Current Tax liabilities (net)	17	**11,518,850**	11,527,871
	Total Current Liabilities		**36,863,394**	36,743,501
	Total Equity and Liabilities		**653,632,144**	571,478,247
	See accompanying notes to the financial statements	1-37		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T Govindarajan Chief Financial Officer, Head-Admin, Procurement & HRD

Place: Mumbai
Date : April 23, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Particulars	Note No.	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
I.	Revenue from operations	18	**191,996,084**	166,214,774
II.	Other Income	19	**45,237,226**	9,699,771
III.	**Total Revenue (I + II)**		**237,233,310**	175,914,545
IV.	**EXPENSES**			
	(a) Employee benefit expense	20	**64,542,416**	58,887,271
	(b) Finance costs	21	**14,461**	6,445
	(c) Depreciation and amortisation expense	4	**1,203,628**	1,036,450
	(d) Other expenses	22	**57,920,387**	58,817,314
	Total expenses (IV)		**123,680,892**	118,747,480
V.	**Profit before tax (III – IV)**		**113,552,418**	57,167,065
VI.	**Tax expense**			
	(i) Current tax	24	**22,850,000**	20,148,244
	(ii) Deferred tax expense		**8,662,457**	3,003,511
	Total tax expense		**31,512,457**	23,151,755
VII.	**Profit after tax attributable to Owners of the Company (V - VI)**		**82,039,961**	34,015,310
VIII.	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit liabilities/(asset)		**(8,222)**	(1,436,853)
	Tax relating to items that will not be reclassified to profit or loss		**2,265**	383,525
			(5,957)	(1,053,328)
IX.	**Total comprehensive income for the year (VII + VIII)**		**82,034,004**	32,961,982
X.	**Earnings per equity share:**	25		
	(i) Basic		**820.40**	340.15
	(ii) Diluted		**820.40**	340.15
	See accompanying notes to the financial statements	1-37		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T Govindarajan Chief Financial Officer, Head-Admin, Procurement & HRD

Place: Mumbai
Date : April 23, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars		**For the year ended March 31, 2018**		For the year ended March 31, 2017
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax		**113,552,418**		57,167,065
Adjustments for:				
Depreciation and amortisation expense	**1,203,628**		1,036,450	
Gain on disposal of property, plant and equipment	**(158,000)**		(212,128)	
Finance Cost	**14,461**		6,445	
Provision for doubtful trade receivables written off / (written back)	**(28,825,697)**		2,372,493	
Service tax receivable written off	**–**		2,535,171	
Dividend Income	**(12,752)**		(16,327)	
Interest Income from loan to related party	**(3,649,315)**		–	
Interest Income from Bank	**(12,570,594)**	**(43,998,269)**	(9,468,316)	(3,746,212)
Operating Profit before Working Capital changes		**69,554,149**		53,420,853
Movements in working capital				
Decrease in Trade receivables	**113,917,713**		68,399,298	
(Increase)/Decrease in Loan and advances, Other Financial assets and Other assets	**106,934**		104,434	
Increase/(Decrease) Trade payables, Provisions, Other financial liabilities and other liabilities	**120,692**	**114,145,339**	(22,500,086)	46,003,646
Cash generated from operations		**183,699,488**		99,424,499
Income-tax paid (net of refunds)		**(26,111,004)**		(23,783,998)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**157,588,484**		75,640,501
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	**(1,012,913)**		(3,138,369)	
Proceeds from sale of property, plant and equipment	**158,000**		236,300	
Interest received - Fixed Deposits at Bank	**11,449,821**		8,194,570	
Interest received - Loan to related party	**3,478,254**		–	
(Increase) / decrease in short term loan to related party	**(150,000,000)**		–	
Increase in other bank balances	**(30,779,761)**		(60,813,615)	
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		**(166,706,599)**		(55,521,114)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

Particulars		**For the year ended March 31, 2018**		For the year ended March 31, 2017
	₹	₹	₹	₹
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Finance costs paid	**(14,461)**		(6,445)	
NET CASH USED IN FINANCING ACTIVITIES		**(14,461)**		(6,445)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(9,132,576)**		20,112,942
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**94,879,166**		74,766,224
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**85,746,590**		94,879,166

Note:

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (IND AS) 7 'Cash Flow Statement'.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T Govindarajan Chief Financial Officer, Head-Admin, Procurement & HRD

Place: Mumbai
Date : April 23, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity share capital

	₹
As at March 31, 2016	1,000,000
Changes in equity share capital during the year	–
As at March 31, 2017	1,000,000
Changes in equity share capital during the year	–
As at March 31, 2018	1,000,000

B. Other Equity

Particulars	Reserves and Surplus		
	Retained earnings	**Items of other comprehensive income - Remeasurements of the defined benefit liabilities/ (asset)**	**Total**
	₹	₹	₹
Balance as at March 31, 2016	500,923,045	(150,281)	500,772,764
Profit for the year	34,015,310	–	34,015,310
Other Comprehensive Income/(Loss) for the year (net of tax)	–	(1,053,328)	(1,053,328)
Total Comprehensive Income for the year	34,015,310	(1,053,328)	32,961,982
Balance at March 31, 2017	534,938,355	(1,203,609)	533,734,746
Profit for the year	82,039,961	–	82,039,961
Other Comprehensive Income/(Loss) for the year (net of tax)	–	(5,957)	(5,957)
Total Comprehensive Income for the year	82,039,961	(5,957)	82,034,004
Balance as at March 31, 2018	**616,978,316**	**(1,209,566)**	**615,768,750**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T Govindarajan Chief Financial Officer, Head-Admin, Procurement & HRD

Place : Mumbai
Date : April 23, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 1. Corporate information:

Mahindra Water Utilities Limited (the Company) is a public company incorporated in India on August 10, 1999 under the provisions of Companies Act, 1956. The Company is engaged in operation & maintenance of water and sewage system for M/s. New Tirupur Area Development Corporation Limited, Tirupur. The Company is a subsidiary of Mahindra Infrastructure Developers Limited and the ultimate holding company is Mahindra and Mahindra Limited.

Note 2. Significant accounting policies:

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis for preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Property, Plant and Equipment:

Property, Plant and Equipment held for use in supply of services or for administrative purposes, are stated in the Balance Sheet at cost less depreciation and accumulated impairment losses, if any. Costs comprise purchase price and attributable costs, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives as determined by the Management, using the straight-line method. Estimated useful life as determined by the Management is in line with that prescribed in Schedule II to the Companies Act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing individually less than Rs. 5,000 is fully depreciated in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Impairment of tangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.4 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable.

i) Income for services is accounted for as and when services are rendered as per terms of the agreement at the contractual rate and there exists no significant uncertainty as to ultimate realisation.

ii) Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

iii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease.Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the Statement of Profit and Loss except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax are also recognised in Other Comprehensive Income.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Investments in units of Mutual Funds are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Note 3 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

At the end of the reporting period, there were no key assumptions concerning the future period that may have had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 4. Property, Plant and Equipment

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
	₹	₹	₹	₹	₹
I. Gross carrying amount					
Balance as at March 31, 2016	**1,313,579**	**82,770**	**435,926**	**1,955,562**	**3,787,837**
Additions during the year ended March 31, 2017	1,441,672	293,590	29,607	1,373,500	3,138,369
Disposals of Assets during the year ended March 31, 2017	76,928	–	57,616	–	134,544
Balance as at March 31, 2017	**2,678,323**	**376,360**	**407,917**	**3,329,062**	**6,791,662**
Additions during the year ended March 31, 2018	45,942	22,900	84,347	859,724	1,012,913
Disposals of Assets during the year ended March 31, 2018	25,625	–	–	603,530	629,155
Balance as at March 31, 2018	**2,698,640**	**399,260**	**492,264**	**3,585,256**	**7,175,420**
II. Accumulated depreciation					
Balance as at March 31, 2016	**83,633**	**40,149**	**142,214**	**425,981**	**691,977**
Depreciation / amortisation expense for the year	463,632	74,521	157,101	341,196	1,036,450
Eliminated on disposal of assets	52,756	–	57,616	–	110,372
Balance as at March 31, 2017	**494,509**	**114,670**	**241,699**	**767,177**	**1,618,055**
Depreciation / amortisation expense for the year	612,170	81,825	111,467	398,166	1,203,628
Eliminated on disposal of assets	25,625	–	–	603,530	629,155
Balance as at March 31, 2018	**1,081,054**	**196,495**	**353,166**	**561,813**	**2,192,528**
Net carrying amount (I-II)					
Balance as at March 31, 2018	**1,617,586**	**202,765**	**139,098**	**3,023,443**	**4,982,892**
Balance as at March 31, 2017	2,183,814	261,690	166,218	2,561,885	5,173,607

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 5. Trade receivables

	Particulars	As at March 31, 2018		As at March 31, 2017	
		Current	**Non Current**	Current	Non Current
		₹	₹	₹	₹
(a)	Unsecured, considered good	**165,038,134**	**110,063,517**	140,145,893	220,047,774
(b)	Doubtful	**–**	**31,418,315**	–	60,244,012
	Less: Allowance for Expected Credit Losses	**–**	**(31,418,315)**	–	(60,244,012)
	Total	**165,038,134**	**110,063,517**	140,145,893	220,047,774

Trade receivables

The entire trade receivables balance as at March 31, 2018 and March 31, 2017 is due from M/s. New Tirupur Area Development Corporation Ltd., the sole client of the Company.

The average credit period on invoice for services is 30 days. No interest is charged on trade receivables.

The concentration of credit risk is high, since the entire trade receivables are due from only one client, M/s. New Tirupur Area Development Corporation Ltd.

The Company has been providing operations & maintenance services to the client on a long term contract basis. As per the operation and maintenance agreement with NTADCL, the Company has been raising invoices on NTADCL for the services rendered to them.

During the year ended March 31, 2017, the Company and NTADCL had formalised the settlement of dues and the revenue terms for future period. Per the arrangement, the dues upto March 31,2017 will be settled in quarterly installments over a period of 3 years beginning from April 1, 2017 and invoices raised from the year ended March 31, 2018 will be settled as per the normal credit period. In view of this, no loss on account of shortfall in cash is expected by the Company. As the dues are expected to be settled over a period of time, the Company has derived the expected credit loss allowance towards the time value of money for fixed fee services. The provision carried in books is adequate to meet this loss.

The Company has provided Nil in current year (Previous Year Rs. 2,372,493 /-) towards Other Re-imbursements due from NTADCL.

The Company has incurred expenses towards certain specified categories of maintenance of plant and facilities. As per the terms of the aforementioned agreement with NTADCL, the Company is entitled to reimbursement of the aforesaid expenses, which the Company has also claimed from NTADCL. The Company had received a confirmation on the payment due for such reimbursable services. However, as a matter of abundant caution, as well as pending receipt of such payments, the Company had expensed off such amounts in the previous year ended March 31, 2017 aggregating to Rs.2,403,607/- to the Statement of Profit and Loss.

Based on further negotiations/ discussions with NTADCL, the company is confident of receiving these payments and hence no further provision has been done in the current year.

Reconciliation of loss allowance provision for Trade Receivables

	As at March 31, 2018	As at March 31, 2017
Particulars	₹	₹
Balance as at beginning of the year	**60,244,012**	57,871,519
Impairment losses recognised in the year based on 12 month expected credit losses		
On receivables originated in the year	**–**	–
Other receivables	**(28,825,697)**	2,372,493
Balance at end of the year	**31,418,315**	60,244,012

Note 6. Other Financial Assets

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	**Non Current**	Current	Non Current
	₹	₹	₹	₹
Financial assets at amortised cost				
(a) Interest accrued on deposits with bank	**5,904,167**	**–**	4,783,395	–
(b) Interest accrued on Loan to Related Party	**171,061**	**–**	–	–
(c) Balance with bank held as margin money	**–**	**874,050**	–	–
(d) Security deposits	**220,000**	**19,000**	220,000	19,000
(e) Advance to related party	**–**	**–**	200,000	–
Total	**6,295,228**	**893,050**	5,203,395	19,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 7. Other assets

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Current	**Non Current**	Current	Non Current
	₹	₹	₹	₹
Advance income tax including fringe benefit tax	**–**	**18,458,758**	–	15,206,775
Others				
(a) Gratuity Assets (Net of provision)	**–**	**689,142**	–	57,017
(b) Balance with government authorities				
– Service tax receivables	**–**	**–**	1,413,109	–
Total	**–**	**19,147,900**	1,413,109	15,263,792

Note 8. Investment

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	No. of units	**₹**	No. of units	₹
Investments Carried at: Fair Value Through Profit and Loss				
Unquoted Investments				
Investments in Mutual Funds				
HDFC Cash Management Fund of ₹ 10/-each fully paid up	**30,567.602**	**310,042**	29,310.263	297,289
Total	**30,567.602**	**310,042**	29,310.263	297,289

Note 9. Cash and Bank Balances

Particulars	**As at March 31, 2018**	As at March 31, 2017
	₹	₹
(a) Balance with Banks		
(i) In Current Account	**3,866,590**	6,079,166
(ii) In Deposit Account	**81,880,000**	88,800,000
	85,746,590	94,879,166
(b) Other bank Balances		
Balance with Banks		
(i) On Margin Accounts	**–**	874,050
(ii) Fixed Deposits with maturity greater than 3 months	**100,444,211**	68,790,400
	100,444,211	69,664,450
Total	**186,190,801**	164,543,616

Note 10. Loans

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Current	**Non Current**	Current	Non Current
	₹	₹	₹	₹
Unsecured, considered good				
(a) Loan to related party	**150,000,000**	**–**	–	–
Total	**150,000,000**	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 11. Equity Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos	**₹**	Nos	₹
Authorised shares:				
Equity Shares of Rs. 10 each	**100,000**	**1,000,000**	100,000	1,000,000
	100,000	**1,000,000**	100,000	1,000,000
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs. 10 each	**100,000**	**1,000,000**	100,000	1,000,000
	100,000	**1,000,000**	100,000	1,000,000

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity:	As at March 31, 2018		As at March 31, 2017	
	Nos	**₹**	Nos	₹
Opening Balance	**100,000**	**1,000,000**	100,000	1,000,000
Closing Balance	**100,000**	**1,000,000**	100,000	1,000,000

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shares held by the holding company:

Particulars	As at March 31, 2018	As at March 31, 2017
	Number of shares	Number of shares
Mahindra Infrastructure Developers Limited, the holding company	**98,999**	98,999

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	**% holding**	Number of shares	% holding
Mahindra Infrastructure Developers Limited	**98,999**	**99%**	98,999	99%

Note 12. Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Retaining Earnings		
Opening Balance	**533,734,746**	500,772,764
Add: Profit for the year	**82,039,961**	34,015,310
Other Comprehensive Income / (Loss) for the year (net of tax)	**(5,957)**	(1,053,328)
Closing Balance	**615,768,750**	533,734,746
Balance at March 31, 2018	**615,768,750**	533,734,746

Retained Earnings represents the cumulative profits of the Company and the effects of remesurement of defined benefit obligations. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 13. Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Trade Payable - Micro and Small enterprises	–	–
Trade payable other than micro and small enterprises	5,623,699	4,515,871
Total	**5,623,699**	4,515,871

Note:

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

There are no dues to any enterprise under the Micro, Small and Medium Enterprises Development Act 2006. Average credit period on purchase of certain goods from suppliers is one month. No interest is charged on the outstanding balance.

Note 14. Other financial Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Measured at Amortised cost		
(a) Payable to employees	9,504,872	10,531,771
(b) Deposits received from Service providers	255,000	255,000
Total	**9,759,872**	10,786,771

Note:

Payable to employees represents amounts payable towards Salary, performance pay and bonus.

Deposits received from Service providers are security deposits received from the service providers as a security towards non-performance of their contract obligations if any.

Note 15. Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
(a) Statutory Dues - Taxes payable (other than income taxes)	3,300,592	1,646,027
(b) Interest payable U/s 234B of the Income Tax Act	8,853	–
Total	**3,309,445**	1,646,027

Note 16. Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
(a) Provision for employee benefits		
Compensated absences	6,651,528	8,266,961
Total	**6,651,528**	8,266,961

Note 17 Current Tax Liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Provision for tax (net of advance tax)	11,518,850	11,527,871
Total	**11,518,850**	11,527,871

Note 18. Revenue from Operations

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	₹	₹
(a) Revenue from rendering of services	186,300,000	162,000,000
(b) Revenue from ancillary services	5,696,084	4,214,774
Total	**191,996,084**	166,214,774

Note 19. Other Income

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	₹	₹
(a) Interest Income on financial assets carried at amortised cost - bank deposits		
(i) Bank deposits	12,570,594	9,468,316
(ii) Loan to related party	3,649,315	–
(b) Dividend Income	12,752	16,327
(c) Provision for doubtful debts written back	28,825,697	–
(d) Gain on Sale of Property, plant and equipment	158,000	212,128
(e) Miscellaneous Income	20,868	3,000
Total	**45,237,226**	9,699,771

Note 20. Employee Benefits Expenses

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	₹	₹
(a) Salaries and wages	59,461,961	54,049,132
(b) Contribution to provident and other funds (See below Note)	2,863,123	2,674,273
(c) Staff welfare expenses	2,217,332	2,163,866
Total	**64,542,416**	58,887,271

Note:

Salaries and wages include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

Contribution to provident fund and other funds include contributions to Provident Fund, ESI, Labour Welfare Fund and gratuity fund with LIC.

Note 21. Finance Cost

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	₹	₹
Interest expense - interest on delayed/deferred payment of income tax/service tax.	14,461	6,445
Total	**14,461**	6,445

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 22. Other expenses:

Particulars		**For the Year ended 31st March, 2018 ₹**	For the Year ended 31st March, 2017 ₹
(a)	Rent including lease rentals	**306,774**	300,000
(b)	Rates and taxes	**184,300**	543,921
(c)	Insurance	**1,250,564**	1,180,990
(d)	Repairs and maintenance - Machinery	**1,181,558**	1,082,846
(e)	Repairs and maintenance - Others	**1,523,095**	1,573,086
(f)	Legal and professional charges	**1,099,756**	754,305
(g)	Travelling and Conveyance Expenses	**830,332**	686,216
(h)	Printing & Stationery	**635,075**	730,830
(i)	Postage and telephone	**914,652**	926,094
(j)	Subcontracting, Hire and Service Charges	**37,275,781**	34,260,677
(k)	Provision for doubtful trade receivables	**–**	2,372,493
(l)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**1,373,400**	1,255,200
(m)	Service tax receivable written off	**–**	2,535,171
(n)	Vehicle running expenses	**7,837,742**	7,169,658
(o)	Payment to auditors (refer Note (i) below)	**1,200,000**	1,356,245
(p)	Directors Fee	**90,000**	100,000
(q)	Miscellaneous Expenses	**2,217,358**	1,989,582
Total		**57,920,387**	58,817,314

Note (i)

Payment to auditors:	**For the Year ended 31st March, 2018 ₹**	For the Year ended 31st March, 2017 ₹
Payment to auditors (net of service tax input credit)		
For Statutory audit	**870,000**	870,000
For Certification and other services	**330,000**	480,000
For Out of pocket expenses	**–**	6,245
Total	**1,200,000**	1,356,245

Note 23. Contingent liabilities, Contingent Assets and commitments

Contingent liabilities (to the extent not provided for)

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Contingent liabilities		
Claims against the Company not acknowledged as debt		
Items in respect of which the Company has succeeded in appeal, but the Service Tax Department is pursuing an appeal	**–**	8,939,479
Income tax demands disputed for various assessment years, on account of disallowance of certain expenses, where the Company has preferred appeal with the higher authorities	**10,925,698**	10,891,168
	10,925,698	19,830,647

In respect of items mentioned above the timing of outflow of economic benefits cannot be ascertained.

There are no Contingent Assets and Commitments at the end of each reporting periods

Note 24. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	**Year ended 31st March, 2018 ₹**	Year ended 31st March, 2017 ₹
Current Tax:		
In respect of current year	**22,850,000**	20,148,244
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**8,662,457**	(661,283)
Adjustments due to changes in tax rates	**–**	3,664,794
	8,662,457	3,003,511
Total income tax expense	**31,512,457**	23,151,755

(b) Income tax recognised in other Comprehensive income

Particulars	**Year ended 31st March, 2018 ₹**	Year ended 31st March, 2017 ₹
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit Liabilities/(assets)	**(2,265)**	(383,525)
Total	**(2,265)**	(383,525)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(2,265)**	(383,525)
Total	**(2,265)**	(383,525)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	**Year ended 31st March, 2018 ₹**	Year ended 31st March, 2017 ₹
Profit before tax	**113,552,418**	57,167,065
Income tax expense calculated at 27.553% (2017: 33.063%)#	**31,287,098**	18,901,147
Reduction in tax rate	**–**	3,664,794
Effect of income that is exempt from taxation	**(3,514)**	(5,398)
Effect of expenses that is non-deductible in determining taxable profit	**228,873**	591,212
Effect of rounding off	**31,512,457**	23,151,755
Income tax expense recognised In profit or loss	**31,512,457**	23,151,755

The tax rate used for the March 31, 2018 and March 31, 2017 in reconciliations above is the corporate tax rate of 27.553% for FY 2017-18 and 33.063% for FY 2016-17 (including surcharge and cess) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(d) Movement of Deferred Tax

	For the Year ended 31 March, 2018			
Particulars	**Opening Balance** ₹	**Recognised in profit and Loss** ₹	**Recognised in Other comprehensive income** ₹	**Closing Balance** ₹
Tax effect of items constituting deferred tax liabilities				
Gratutity Assets	**15,709**	**176,435**	**(2,265)**	**189,879**
[A]	**15,709**	**176,435**	**(2,265)**	**189,879**
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**392,039**	**(91,925)**	–	**300,114**
Employee Benefits	**117,613**	**(6,653)**	–	**110,960**
Expenses allowable on actual payment	**2,277,796**	**(445,100)**	–	**1,832,696**
Provisions	**16,599,033**	**(7,942,344)**	–	**8,656,689**
[B]	**19,386,481**	**(8,486,022)**	–	**10,900,459**
Net Tax Asset (Liabilities) [B-A]	**19,370,772**	**(8,662,457)**	**2,265**	**10,710,580**

	For the Year ended 31 March, 2017			
Particulars	**Opening Balance** ₹	**Recognised in profit and Loss** ₹	**Recognised in Other comprehensive income** ₹	**Closing Balance** ₹
Tax effect of items constituting deferred tax liabilities				
Gratutity Assets	234,616	164,618	(383,525)	15,709
	234,616	164,618	(383,525)	15,709
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	711,610	(319,571)	–	392,039
Employee Benefits	72,741	44,872	–	117,613
Expenses allowable on actual payment	2,306,963	(29,167)	–	2,277,796
Provisions	19,134,060	(2,535,027)	–	16,599,033
	22,225,374	(2,838,893)	–	19,386,481
Net Tax Asset (Liabilities)	21,990,758	(3,003,511)	383,525	19,370,772

Note 25. Earnings per Share

Particulars	**For the Year ended 31st March, 2018** ₹	For the Year ended 31st March, 2017 ₹
	Per Share	Per Share
Basic Earnings per share	**820.40**	340.15
Diluted Earnings per share	**820.40**	340.15
	820.40	340.15

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	**For the Year ended 31st March, 2018** ₹	For the Year ended 31st March, 2017 ₹
Profit for the year attributable to owners of the Company	**82,039,961**	34,015,310
Earning used in the calculation of basic and diluted earnings per share	**82,039,961**	34,015,310
Weighted average number of equity shares for the purposes of basic and earnings per share (Face value per share Rs. 10)	**100,000**	100,000
Earnings per share - Basic & Diluted	**820.40**	340.15

Note 26. Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-18 ₹	31-Mar-17 ₹
Equity	**616,768,750**	534,734,746
Less: Cash and Bank Balances	**(186,190,801)**	(164,543,616)
	430,577,949	370,191,130

Categories of financial assets and financial liabilities

	As at March 31, 2018			
	Amortised Costs** ₹	**FVTPL** ₹	**FVOCI** ₹	**Total** ₹
Non-current Assets				
Trade Receivables	**110,063,517**	–	–	**110,063,517**
Loans and advances	**893,050**	–	–	**893,050**
Current Assets				
Investments	–	**310,042**	–	**310,042**
Trade Receivables	**165,038,134**	–	–	**165,038,134**
Cash and Cash Equivalents	**85,746,590**	–	–	**85,746,590**
Other Bank Balances	**100,444,211**	–	–	**100,444,211**
Loans and advances	**150,000,000**	–	–	**150,000,000**
Other Financial Assets				
– Non Derivative Financial Assets	**6,295,228**	–	–	**6,295,228**
Current Liabilities				
Trade Payables	**5,623,699**	–	–	**5,623,699**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**9,759,872**	–	–	**9,759,872**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	As at March 31, 2017			
	Amortised Costs** ₹	FVTPL ₹	FVOCI ₹	Total ₹
Non-current Assets				
Trade Receivables	220,047,774	–	–	220,047,774
Loans and advances	19,000	–	–	19,000
Current Assets				
Investments	–	297,289	–	297,289
Trade Receivables	140,145,893	–	–	140,145,893
Cash and Cash Equivalents	94,879,166	–	–	94,879,166
Other Bank Balances	69,664,450	–	–	69,664,450
Loans and advances	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	5,203,395	–	–	5,203,395
Current Liabilities				
Trade Payables	4,515,871	–	–	4,515,871
Other Financial Liabilities				
– Non Derivative Financial Liabilities	10,786,771	–	–	10,786,771

** The Company considers that the carrying amount of these financial instruments recognised in the financials statements approximate their fair values.

Fair value of investments

Investments represent investment by the Company in units of HDFC Cash Management Fund. The closing value at the end of each accounting period represents NAV as per HDFC Cash Management Fund and hence no separate fair valuation.

Financial Risk Management Framework

The Company's activities expose it to financial risks - credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The company has only one client for whom the operation and maintenance services are rendered. The Company has reached a settlement with its customers and has a approved payment schedule in place and also revenue terms for the future period.

(ii) The Company has invested in units of HDFC Cash Management Fund which has the NAV of Rs.310,042 as at the end of the reporting period(Previous year Rs.297,289). HDFC has been regular in dividend payments and the credit risk on the investment is minimal.

The Company is not subject to any externally imposed capital requirements.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year ₹	1-3 Years ₹	3 Years to 5 Years ₹	5 years and above ₹
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**15,383,571**	–	–	–
Total	**15,383,571**	–	–	–
31-Mar-17				
Non-interest bearing	15,302,642	–	–	–
Total	15,302,642	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year ₹	1-3 Years ₹	3 Years to 5 Years ₹	5 years and above ₹
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**507,834,205**	**110,063,517**	–	**893,050**
Total	**507,834,205**	**110,063,517**	–	**893,050**
31-Mar-17				
Non-interest bearing	310,190,193	220,047,774	–	19,000
Total	310,190,193	220,047,774	–	19,000

Note - 27 Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

	Fair value as at			
	March 31, 2018	March 31, 2017	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets/ financial liabilities measured at Fair value	₹	₹		
Financial assets				
Investments				
Mutual fund investments	**310,042**	297,289	Level -1	Net asset value published by HDFC Mutual Fund
Total financial assets	**310,042**	297,289		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 28. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 1,782,192 /- (2017 : Rs.1,874,922 /-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-18	31-Mar-17
Discount rate(s)	**7.85%**	7.30%
Expected rate(s) of salary increase	**8.00%**	7.00%
Expected rate of return on plan assets	**7.85%**	7.30%
Attrition rate		
Age (Years)		
21 – 30	**10.00%**	10.00%
31 – 40	**5.00%**	5.00%
41 – 50	**3.00%**	3.00%
51 – 59	**1.00%**	1.00%

Defined benefit plans – as per actuarial valuation on March 31, 2018

Particulars	Funded Plan Gratuity	
	2018 ₹	2017 ₹
Amounts recognised in the Statement of Profit and Loss are as follows:		
1. Current service cost	**651,125**	556,773
2. Past Service Credit	**–**	–
3. Interest on net defined benefit liability/ (asset)	**(4,163)**	(54,285)
Components of defined benefit costs recognised in profit or loss	**646,962**	502,488
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(109,471)**	43,622
Actuarial (gains) and losses arising from changes in financial assumptions	**329,582**	219,087
Actuarial (gains) and losses arising from experience adjustments	**(213,107)**	1,197,367
Change in asset ceiling, excluding amounts included in interest expenses	**1,218**	(23,223)
Components of defined benefit costs recognised in other comprehensive income	**8,222**	1,436,853
I. Net Asset/(Liability) recognised in the Balance Sheet as at March 31,		
1. Present value of defined benefit obligation as at March 31,	**6,684,418**	5,574,480
2. Fair value of plan assets as at March 31,	**7,374,778**	5,631,497
3. Surplus/(Deficit)	**690,360**	57,017
4. Amount not recognised due to asset limit	**(1,218)**	–
5. Current portion of the above	**–**	–
6. Non current portion of the above	**689,142**	57,017
II. Change in the obligation during the year ended March 31,		
1. Present value of defined benefit obligation at the beginning of the year	**5,574,480**	5,292,339
2. Add/(Less) on account of scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**651,125**	556,773
- Past Service Cost	**–**	–
- Interest Expense (Income)	**398,588**	359,068

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	Particulars	Funded Plan Gratuity 2018 ₹	2017 ₹
4.	Recognised in Other Comprehensive Income		
	Remeasurement (gains) / losses		
	- Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	**–**	–
	ii. Financial Assumptions	**329,582**	219,087
	iii. Experience Adjustments	**(213,107)**	1,197,367
5.	Benefit payments	**(56,250)**	(2,050,154)
6.	Others (Specify)	**–**	–
7.	**Present value of defined benefit obligation at the end of the year**	**6,684,418**	5,574,480
III.	**Change in fair value of plan assets during the year ended March 31,**		
1.	Fair value of plan assets at the beginning of the year	**5,631,497**	6,023,517
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3.	Expenses Recognised in Profit and Loss Account		
	– Expected return on plan assets	**402,751**	415,003
4.	Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	**109,471**	(43,622)
5.	Contributions by employer (including benefit payments)	**1,287,309**	1,286,753
6.	Benefit payments	**(56,250)**	(2,050,154)
7.	**Fair value of plan assets at the end of the year**	**7,374,778**	5,631,497
IV.	The Major categories of plan assets		
	– Insurer managed funds (Non Quoted Value)	**7,374,778**	5,631,497

Notes:

The current service cost and net interest expenses for the year is included in the "Employee benefits expenses" line item in the statement of profit and loss.

The remeasurernent of the net defined benefit liability is included in other comprehensive income.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		**Impact on defined benefit obligation** Increase in assumption	Decrease in assumption
Discount rate	2018	5,988,048	7,508,185
	2017	4,956,828	6,247,877

Principal assumption		**Impact on defined benefit obligation** Increase in assumption	Decrease in assumption
Salary growth rate	2018	7,498,733	5,982,960
	2017	6,242,762	4,952,368

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI. Maturity profile of defined benefit obligation:

	2018	2017
Expected benefits for year 1	**264,559**	228,728
Expected benefits for year 2	**690,960**	238,065
Expected benefits for year 3	**258,924**	620,590
Expected benefits for year 4	**253,082**	226,001
Expected benefits for year 5	**496,729**	217,173
Expected benefits for year 6	**452,155**	439,488
Expected benefits for year 7	**806,709**	397,933
Expected benefits for year 8	**330,960**	664,574
Expected benefits for year 9	**510,671**	280,851
Expected benefits for year 10	**16,088,236**	12,359,855

VII. Plan Assets

The fair value of Company's pension plan asset as of March 31, 2018 and 2017 category are as follows:

	2018	2017
Asset category:		
Cash and cash equivalents	**–**	–
Debt instruments (quoted)	**–**	–
Debt instruments (unquoted)	**–**	–
Equity instruments (quoted)	**–**	–
Deposits with Insurance companies	**7,374,778**	5,631,497
	7,374,778	5,631,497

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 11.31 years (2017: 11.57 years)

VIII. Experience Adjustments:

	2018	**2017**	**Year ended 2016**	**2015**	**2014**	**2013**
			Gratuity			
1. Defined Benefit Obligation	6,684,418	5,574,480	–	4,331,427	3,473,492	3,195,772
2. Fair value of plan assets	7,374,778	5,631,497	–	5,216,027	4,029,884	3,685,244
3. Surplus/(Deficit)	690,360	57,017	–	884,600	556,392	489,472
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(213,107)	1,197,367	–	(213,265)	92,472	222,262
5. Experience adjustment on plan assets [Gain/(Loss)]	(109,471)	43,622	(26,012)	63,205	90,390	28,276

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note 29. Related Party Transactions

Name of the related party	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Parent of the Holding Company
Mahindra Infrastructure Developers Limited	Holding Company

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

List of other related parties & relationships

Name of the related party	Relationship
Mahindra Retail Private Limited	Fellow subsidiary

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	Mahindra & Mahindra Limited ₹	Mahindra Infrastucture Developers Limited ₹	Mahindra Retail Private Limited ₹	Total ₹
Loan to related party	– (–)	– (–)	150,000,000 (–)	150,000,000 (–)
Interest on loan to related party	– (–)	– (–)	3,649,315 (–)	3,649,315 (–)
Purchase of property and other assets	– (46,843)	– (–)	– (–)	– (46,843)
Insurance	1,264 (18,912)	– (–)	– (–)	1,264 (18,912)
Travelling Expenses	28,000 (75,400)	– (–)	– (–)	28,000 (75,400)
Professional Charges	203,639 (159,501)	– (–)	– (–)	203,639 (159,501)
Printing	– (–)	– (–)	49,909 (–)	49,909 (–)
Safety Consumbles	– (–)	– (–)	37,320 (–)	37,320 (–)
Book & Peroidcals	– (–)	– (–)	4,400 (–)	4,400 (–)
Training Fee	33,288 (18,180)	– (–)	– (–)	33,288 (18,180)

Nature of Balances with Related Parties	Mahindra & Mahindra Limited ₹	Mahindra Infrastructure Developers Limited ₹	Mahindra Retail Private Limited ₹	Total ₹
Trade payables	16,073 (–)	– (–)	57,329 (–)	73,402 (–)
Loan to related party	– (–)	– (–)	150,000,000 (–)	150,000,000 (–)
Interest Accrued on Loan to related party	– (–)	– (–)	171,061 (–)	171,061 (–)
Other Recoverables	– (–)	– (–)	– (–)	– (–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note:
Previous year's figures are in brackets.
Trade payables to related parties represent dues on account of services rendered and do not contain guarantee transactions.

Note - 30 Disclosure under Section 186(4) of the Companies Act, 2013:

Name	Nature	Given during the year (Rs.)	Closing Balance (Rs.)	Period	Rate of Interest	Purpose
Mahindra Retail Private Limited	Loan	2017-18	150,000,000	"27.03.2018 to 26.09.2018"	9.25%	Business

Note - 31

The Company's business activity is that of an Operations and Maintenance (O&M) Contractor. All activities of the company revolve around its main business. The company operates only in India. There is a single operating segment as defined by Indian Accounting Standard 108 "Operating Segments.

Note - 32

The Company has entered into operating lease arrangements for warehouse. The lease is cancellable and for a period of 11 months, renewable by mutual consent. Lease payments recognised in the Statement of Profit and loss is Rs. 306,774/- (Previous year 300,000 /-)

Note - 33

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Note - 34

Accounting Standards Issued but not effective.

In March, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - Revenue from Contracts with Customers (which is based on IFRS 15, Revenue from Contracts with Customers). The new standard is effective for accounting periods beginning on or after 1 April 2018. The Company is evaluating the requirements of the new standard and the effect on the financial statements is being evaluated.

Note - 35

In respect of the current year, the Board at its meeting held on 23rd April, 2018 has recommended a dividend of Rs.1000 per share on equity shares of Rs.10 each subject to approval by shareholders at the Annual General Meeting. The same has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March, 2018. The total estimated equity dividend to be paid is Rs.100,000,000. The payment of this dividend is estimated to result in payment of dividend tax of Rs. 20,555,294 @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

Note - 36

No other material events have occurred after the balance sheet date and up to the approval of the financial statements.

Note - 37

The financial statements were approved for issue by the Board of Directors on April 23, 2018.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twenty first report together with the audited financial statements of your Company for the year ended 31st March, 2018.

Financial Highlights

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**11,312.86**	6,093.47
Profit/(Loss) Before Depreciation, Finance Costs and Taxation	**4,046.32**	2,557.08
Less: Depreciation	**457.45**	464.67
Profit/(Loss) Before Finance Cost and Taxation	**3,588.87**	2,092.41
Less: Finance Cost	**2,384.03**	2,565.42
Profit/(Loss) Before Taxation	**1,204.84**	(473.01)
Less: Provision for Taxation	**(93.37)**	(158.59)
Profit/(Loss) for the year after Taxation	**1,298.21**	(314.42)
Add: Other Comprehensive income	**1.01**	7.95
Total Profit/(Loss) for the year	**1,299.22**	(306.47)
Add: Balance of Profit /(Loss) for earlier years	**3,380.10**	3,686.57
Balance carried forward to the Balance Sheet	**4,679.32**	3,380.10

Dividend

The Company has earned Profit during the year. However, with a view to conserve the resources of the Company for its growth plan, your Directors have not recommended dividend for financial year 2017-18.

Reserves

Profit for the year after appropriation has been carried forward to P & L account and no amount has been transferred to Reserves.

OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

The Company is a joint venture between Mahindra Lifespace Developers Limited (MLDL) and the Tamil Nadu Industrial Development Corporation Limited (TIDCO). Mahindra World City, Chennai (MWCC) established in 2002, is India's first integrated business city and India's first IGBC Gold (Stage 1) certified Green Township.

Mahindra World City has pioneered the concept of Sustainable Urban Communities by creating self- fulfilling environments that nurture Livelihood, Living and Life. These Cities are economic nerve-centers and attract the best corporates with their emphasis on economic development and employment generation by creating infrastructure of global standards. In addition, the creation of Residential and Social Infrastructure catalyzes a self-fulfilling ecosystem.

MWCC has three sector specific Special Economic Zones (SEZs)—IT (services and manufacturing), Apparel & Fashion Accessories, and Auto Ancillaries and a Domestic Tariff Area (DTA).

In FY18, MWCC signed 2 customers; (Nexteer Automotive (US) and Magna Closures (Canada)) in the industrial zone and 1 customer (Chrysalis High School) in the social infrastructure zone. In addition, 2 existing customers took up space for expansion, 1 in the industrial zone (NCR Corporation) and 1 in the social infrastructure area (Jeevan Hospitals). The total area leased during the year is 17.58 acres. MWCC also divested the Commercial Center "The Canopy" to an Investor.

At the end of FY18, MWCC has a total of 66 industrial customers, (SEZ – 26 Customers, DTA – 40 Customers) and 54 companies are currently operational. Direct employment from the operational companies is around 39,500 persons. Total Exports from the companies was at Rs. 8,099 crores till Q3, FY18 as against Rs. 10,202 crores in FY17.

The total occupancy in the residential zone is over 1850 units with 750 units being occupied in FY18.

Community Building Initiatives are undertaken to make the city more vibrant through conduct of annual events. 'MWC Marathon 2017 had over 3800 runners, 'MWC Anniversary Celebrations, 'Champions Trophy' and 'Mindquest' saw an enthusiastic participation from the community and citizens from Chennai and the events were well received by both participants and residents.

In the journey towards creating a sustainable environment, MWCC introduced PEDL bicycles from Zoomcar with over 200 cycles across the park for an easy and eco-friendly commute.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared based on going concern basis.

Share Capital

Authorised share capital of your company is Rs. 9,500 lakh and Paid-up share capital of the company is Rs. 2,000 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity shares) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Holding Company

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited.

Subsidiaries, Joint Ventures and Associate companies

Mahindra Industrial Park Chennai Limited (MIPCL), a subsidiary of the Company has entered into Joint Venture with Sumitomo Corporation, Japan (SC), in the ratio of 60:40 between MWCDL and SC. MIPCL is developing an industrial cluster with a project area of 264 acres in North Chennai on the NH-16 (Chennai–Kolkata highway) corridor.

On the development front, MIPCL has obtained key approvals for commencement of construction and Infrastructure development work is in progress.

The Company also holds 25.78% of paid-up share capital of Mahindra Integrated Township Limited (MITL), which is an Associate Company.

No other company became or ceased to be a Subsidiary/ Associate/Joint Venture company of the Company during the year.

Consolidated Financial Statement

During the year, the Board of Directors reviewed the affairs of Mahindra Industrial Park Chennai Limited, Subsidiary of your company.

Pursuant to notification dated 27th July, 2016 issued by the Ministry of Corporate Affairs, the Company, after seeking consent of the Shareholders in writing, availed exemption for consolidation of the accounts of the subsidiary, Mahindra Industrial Park Chennai Limited.

A report highlighting performance of Mahindra Industrial Park Chennai Limited, subsidiary of the Company, and its contribution to the overall performance of the Company is provided in Annexure A to the Financial Statement.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Mr. N Vaghul	00002014	Chairman and Independent Director
Mr. Arun Kumar Nanda	00010029	Non-Executive Non-Independent Director
Mr. V Balaraman	00267829	Independent Director
Ms. Anita Arjundas	00243215	Non-Executive Non-Independent Director
Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director
Mr. Ramesh Chand Meena	08009394	Non-Executive Non-Independent Director

During the year, Mr. Sanjiv Kapoor (DIN:00004005) resigned from the Directorship with effect from 2nd August 2017consequent to cessation as an Independent Director of Mahindra Lifespace Developers Limited, the holding Company. Mr. V. Balaraman (DIN:00267829) resigned from the Directorship with effect from 20th April 2018 due to personal commitments. The Board placed on record its sincere appreciation of their association with the Company.

Pursuant to Sections 160, 161 and all other applicable provisions of the Companies Act, 2013 and Article 27(b) of the Articles of Association of the Company, Mr. Ramesh Chand Meena (DIN: 08009394) was appointed by the Board of Directors at its meeting held on 22nd January 2018 as an Additional Non-Executive Non-Independent Director with effect from even date. In accordance with Section 161(1) of the Companies Act, 2013, Mr. Ramesh Chand Meena holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company.

The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Ramesh Chand Meena is proposed at the ensuing Annual General Meeting as Non-Executive Non-Independent Director. Mr. Ramesh Chand Meena is not disqualified from being appointed/re-appointed as Director by the virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215), a Non-Executive and Non-Independent Director retires by rotation at the 21st Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Anita Arjundas is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declaration from all the Independent Directors is received affirming their independence in accordance with the Section 149(6) of the Act.

Key Managerial Personnel

As at 31st March 2018, the Key Managerial Personnel under the Companies Act, 2013 are the following:

Sr. No.	Name of the person	Date of Appointment	Designation
1.	Mr. Jayant Manmadkar	1st February, 2018	Chief Executive Officer
2.	Ms. K. Bharathy	14th October, 2017	Chief Financial Officer
3.	Mr. A. Muthukumaran	14th October, 2016	Company Secretary

During the year, Mr. Lakshmipathy Nataraj resigned from the position of Chief Financial Officer with effect from 23rd June, 2017. Mr. Vivek Sharma resigned from the position of Chief Executive Officer designated as Business Head with effect from 31st August 2017.

Consequent to above, Ms. K. Bharathy was appointed as Chief Financial Officer of the Company with effect from 14th October, 2017 and Mr. Jayant Manmadkar was appointed as Chief Executive Officer of the Company with effect from 1st February 2018.

Committees of the Board

Audit Committee

As at 31st March 2018, the Audit Committee comprise of following:

Name of Director	Designation
Mr. V. Balaraman	Chairman
Mr. N. Vaghul	Independent Director
Ms. Anita Arjundas	Non-Executive Non-Independent Director

During the year, Mr. Sanjiv Kapoor (DIN:00004005) resigned as a Director and Chairman of the Audit Committee with effect from 2nd August 2017.The Audit Committee was reconstituted with effect from 29th September 2017 comprising of two independent Directors, namely Mr. V. Balaraman, Mr. N. Vaghul and Non-Independent Director, Ms. Anita Arjundas.Mr. V. Balaraman, the Chairman of the Committee resigned as a Director and Chairman of the Committee with effect from 20th April 2018. The Chief Financial Officer, Internal Auditor and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of Mr. V. Balaraman-Independent Director, Ms. Anita Arjundas-Non Independent director and Ms. Sangeeta Prasad-Non Independent director. Mr. V Balaraman, the Chairman of the Committee, resigned as a Director and Chaiman of the Committee with effect from 20th April 2018.

During the year, the Company has spent the entire amount as against the required CSR expenditure of Rs. 17.20 Lakh calculated in the manner prescribed in the Companies Act, 2013. The annual report on the CSR activities in the prescribed format is at **Annexure 1** to this Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of two independent directors, namely Mr. N Vaghul and Mr. V Balaraman and one Non-Executive Non-Independent Director, Ms. Anita Arjundas. Mr. V Balaraman, the Chairman of the Committee resigned as a Director and Chairman of the Committee with effect from 20th April 2018.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company has been carried out by Independent Directors. Evaluation of Independent Directors has been carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meetings

The number of meetings held during the year are as follows:

Sr. No.	Type of meeting	No. of meetings held
1.	Board Meeting	4
2.	Audit Committee	4
3.	Nomination & Remuneration Committee	4
4.	Corporate Social Responsibility Committee	3

The previous Annual General Meeting of the Company was held on 21st July, 2017.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the Financial year 2017-2018 , received declarations from the Board members, Independent Directors of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2018 and of the Profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is placed on the website of the company at www.mahindraworldcity.com

Risk Management

The Company has appropriate risk management systems and procedures in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

At the 20th Annual General Meeting held on 21st July 2017,M/s. B.K. Khare & Co., Chartered Accountants (Reg No: 105102W), were appointed as Statutory Auditors of theCompany for a term of 5 consecutive years from the conclusionof the 20th Annual General Meeting till the conclusion of the 25th Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every Annual General Meeting).

As required under the provisions of Sections 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide Clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every Annual General Meeting. The Clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 20th Annual General Meeting held on 21st July, 2017 provides for ratification of the appointment of Statutory Auditor at every Annual General Meeting, after notification of Clause 40 of the Amendment Act, such ratification will not be necessary.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

Secretarial Auditor

The requirement of having secretarial auditor is presently not applicable to the Company.

Particulars of loans, guarantees or investments under section 186 of the Companies Act, 2013

As the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. Further, during the year, no loans or guarantees or security were given by the Company attracting the provisions of the Companies Act, 2013.

During the year, there were no investment made by the Company attracting the provisions of the Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, there were no materially significant related party transactions entered between the Company and its Promoters, Directors or Key Managerial Personnel, Senior Management, or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 31 to Annual Accounts. Details of material related party transaction on arm's length basis are disclosed in Form AOC-2 marked as **Annexure 5** to the Board's Report.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the Holding Company, Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoas per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 7** and forms part of this Report.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed /reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the year by the Statutory Auditor and Cost Auditor of the Company.

Cautionary statement:

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgement

The Directors are thankful to all shareholders, consultants, employees and associates, customers, of the Company for the support received from them during the year.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN: 00002014

Chennai, 20th April, 2018

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   a) The Company's CSR initiatives are focussed in the areas of education, public health and environment. This is in line with the Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". The Company endeavours to enable inclusive development at all its project locations so as to help the communities around these projects to prosper in all walks of life.

   b) The Company has formed a CSR policy which is available on the website of the company.

   c) The Company has planned the following projects in the identified areas:

   - Sponsoring girl child education – Nanhi Kali – Education
   - Supporting Education- Improving Infrastructures for schools in surrounding areas of Mahindra World City, Chennai
   - Public Park& Tree Plantation - Environment
   - Cleanliness drive – Swachh Bharat - Public health& Sanitation

2. The composition of the CSR Committee of the Board of Directors is as under:

   Mr. V. Balaraman – Independent Director

   Ms. Anita Arjundas – Non Executive Non-Independent Director

   Ms. Sangeeta Prasad – Non Executive Non- Independent Director

3. Average net profit of the Company for the last three financial years: Rs. 859.33 Lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 17.20 Lakh

5. Details of CSR spent during the financial year

   a. Total amount to be spent for the financial year: Rs.17.20 Lakh

   b. Amount unspent (if any): Nil

   c. Manner in which the amount spent during the financial year was utilised is detailed below

(Rs. in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken**	**Amount outlay (budget) project or programme wise (₹)**	**Amount spent on the project/ programme Subheads (1) Direct expenditure on project (2) Overheads (₹)**	**Cumulative spend up to the reporting period (₹)**	**Amount spent: Direct or through implementing agency**
1.	Nanhi Kali	Education	Krishnagiri, Tamil Nadu	8.60	Direct Expenditure - 8.59	8.60	Implementing Agency: K. C. Mahindra Education Trust

(Rs. in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken**	**Amount outlay (budget) project or programme wise (₹)**	**Amount spent on the project/ programme Subheads (1) Direct expenditure on project (2) Overheads (₹)**	**Cumulative spend up to the reporting period (₹)**	**Amount spent: Direct or through implementing agency**
2.	Support Schools	Education	Kancheepuram, Tamil Nadu	2.20	Direct Expenditure- 2.00	2.20	NGO: World Vision
3.	Tree Plantation & Public Park	Environment	Kancheepuram, Tamil Nadu	4.60	Direct Expenditure- 4.60	4.60	NGO: World Vision
4.	Swachh Bharat Initiative	Environment	Kancheepuram, Tamil Nadu	1.80	Direct Expenditure- 2.00	1.80	NGO: World Vision
			Total	17.20		17.20	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Not Applicable, as the Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company**

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

V Balaraman	**Sangeeta Prasad**
Director	**Director**
DIN: 00267829	**DIN: 02791944**
Chennai, 20th April, 2018	Chennai, 20th April, 2018

ANNEXURE 2

Policy on appointment of Directors and Senior Management

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra World City Developers Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**' means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN: 00002014

Chennai, 20th April, 2018

ANNEXURE 3

Policy on remuneration of Directors

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra World city Developers Limited

Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Manager

Remuneration of the Manager reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Manager, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of Manager.

The term of office and remuneration of Manager is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for Manager is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the Manager comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P. F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the Remuneration Committee / Board.

Directors

The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Manager and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN:00002014

Chennai, 20th April, 2018

ANNEXURE 4

Policy on Remuneration of Key Managerial Personnel and Employees

This Policy is effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a) The increment that needs to be paid for different performance ratings as well as grades.
  b) The increment for promotions and the total maximum increment.
  c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it in tune with the market.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN: 00002014

Chennai, 20th April, 2018

ANNEXURE 5

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Mahindra Industrial Park Chennai Limited (MIPCL), Subsidiary Company
Nature of contracts/ arrangements/ transactions	Conveyance of 32 acre of land to MIPCL.
Duration of the contracts/ arrangements/ transactions	Sale Deed executed on 28.12.2015 and payment as envisaged under the sale deed was received on 28.3.2018
Salient terms of the contracts or arrangements or transactions including the value, if any	The Board of Directors at their meeting held on 14th July 2015 had approved conveyance deed dated 28th May 2015 ("Original Deed") for the sale of 264.03 acres of land by the Company to Mahindra Industrial Park Chennai Limited (MIPCL) at a consideration of Rs. 231.13 crore for the development of industrial park in NH5 in collaboration with Sumitomo Corporation(SC), Japan. However, payment for 32 acre was not received as the land was subject to litigation. As per the supplemented deed to the Original Deed dated 28th December 2015, it was agreed to receive the consideration from MIPCL on or before 31st March 2018, subject to closure of litigation. The Company and MIPCL vide addendum dated 27th March 2018 to the aforesaid supplemental deed decided to pay for the said lands at a consideration of Rs.32.26 crore (principal amount of Rs. 25.86 crores plus interest of Rs. 6.40 crore) to the Company.
Date(s) of approval by the Board, if any	Original Deed was approved by the Board of Directors on 14th July 2015 and the terms of Supplemental Deed to be signed with SC was approved by the Board of Directors on 18th December 2015.
Amount paid as advances, if any	The consideration received Rs. 32.26 crores (principal amount of Rs. 25.86 crore plus interest of Rs. 6.4 crores) to the Company on 28th March 2018.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN: 00002014

Chennai, 20th April, 2018

ANNEXURE 6

(A) CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	The operations of the Company are not energy intensive. However, as a part of sustainable development adequate measures have been initiated to reduce energy consumption like retrofit of street lights. (MHSV to Induction lights – 405 lights replaced during FY-18)
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	The first off-grid solar power plant in the state of Tamil Nadu was set up at Mahindra World City, Chennai in FY 11-12. Installed over 800 sq. mt. and equipped with a remote monitoring system, the 75 kW rooftop solar plant is expected to generate approximately 116,000 units (kWh) of clean electrical energy annually. Other initiatives to reduce energy consumption at Mahindra World City include use of energy efficient LED/Induction lighting. These LED/ Induction lights, come with dimmable controllers which have a significant impact in maximising overall energy efficiency of the area. As an extension of technology, Mahindra & Mahindra (M&M) Group is in the process of developing alternate fuel technologies for rural and urban India for quite long time. A biogas plant in Mahindra World City, which uses the food waste & others collected from various companies inside Mahindra World City and produce Bio CNG for Shuttles & collection tractors and energy generating through Bio CNG DG sets (20 KW – 2Nos) from April 2016.Total energy saved is 72581 kwhr (Rs 8.49 lakhs)
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	Induction of cycle sharing platform as last mile connectivity in February, 2018
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not applicable
(iv)	the expenditure incurred on Research and Development	:	Not applicable

C. (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, details of Foreign Exchange earnings is Nil and the Foreign Exchange outgo in terms of actual outflows is Rs. 1.20 lakh.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN: 00002014

Chennai, 20th April, 2018

ANNEXURE 7

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U92490TN1997PLC037551
2.	Registration Date	19th February, 1997
3.	Name of the Company	Mahindra World City Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No.17/18 Patullos Road, Chennai 600 002 Tel. No.:044-64522294 Fax No. 044-28584713
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

2. PRINCIPAL BUSINESS ACT IVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Other Specialised construction activities [Development, operation and Maintenance of special Economic Zone (SEZ) and Domestic Tariff Area (DTA)].	439	97

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

\# on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding Company	89.00	2(46)
2	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding company	Nil	2(46)
3	Mahindra Industrial Park Chennai Limited	U45209TN2014PLC098543	Subsidiary Company	60.00	2(87)(ii)
4	Mahindra Integrated Township Limited	U45200TN2008PLC066292	Associate/Joint Venture	25.78	2(6)

4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
A. Promoters	–	–	–	–	–	–	–	–	–
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	–
(2) **Foreign**									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)= (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	–

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
Body Corporate – Mahindra Lifespace Developers Ltd	17,799,999	89	–	17,799,999	89	–	–
Body corporate – Tamilnadu Industrial Development Corporation Ltd	22,00,000	11	–	22,00,000	11	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Promoters hold 100% of the share capital of the company.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Ms. Sangeeta Prasad* Director					
1.	At the beginning of the year	1	0.00	1	0.00
2.	Date wise Increase/Decrease in Shareholding during the years specifying the reasons for increase/decrease (e.g. Allotment/ transfer/bonus/sweat equity, etc):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year	1	0.00	1	0.00

*Note: * Shares jointly held with Mahindra Lifespace Developers Limited*

5. INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment

(₹ in lakh)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	32,489	7,321	–	39,810
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	32,489	7,321	–	39,810
Change in Indebtedness during the financial year				
• Addition	–	3,655	–	3,655
• Reduction	6,761	1,000	–	7,761
Net Change - Increase/(Decrease)	(6,761)	2,655	–	(4,106)
Indebtedness at the end of the financial year				
i) Principal Amount	25,728	9,976	–	35,704
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	25,728	9,976	–	35,704

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager – NIL

B. Remuneration of other directors:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**N. Vaghul**	**V. Balaraman**	**Sanjiv Kapoor***	
	• Fee for attending board/committee meetings	1.60	1.60	0.60	3.80
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	**1.60**	**1.60**	**0.60**	**3.80**
2.	**Other Non-Executive Directors**	**A. K. Nanda**	–	–	–
	• Fee for attending board/committee meetings	0.40	–	–	0.40
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	**0.40**	–	–	**0.40**
	Total (B)=(1+2)	2.00	1.60	0.60	4.20
	Total (A)	–	–	–	–
	Total Managerial Remuneration	–	–	–	–
	Overall Ceiling as per the Act (read with section III (d) of schedule V)	–	–	–	–

* Mr. Sanjiv Kapoor resigned with effect from 2nd August 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

						(₹ in lakh)
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**				
		Business Head	**Company Secretary**	**Chief Financial Officer**		**Total**
				L. Nataraj	**K. Bharathy**	
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43.05	11.66	16.57	24.50	95.78
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–
	c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission					
	- as % of profit	–	–	–	–	–
	- others, specify	–	–	–	–	–
5.	Others, please Specify	–	–	–	–	–
	Total	**43.05**	**11.66**	**16.57**	**24.50**	**95.78**

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority [RD/ NCLT/COURT]**	**Appeal made, if any (give Details)**
Penalty					
Punishment			NONE		
Compounding					

OTHER OFFICERS IN DEFAULT

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority [RD/ NCLT/COURT]**	**Appeal made, if any (give Details)**
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board,

N. Vaghul
Chairman
DIN: 00002014

Chennai, 20th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **MAHINDRA WORLD CITY DEVELOPERS LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as " Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
       i. The Company does not have any pending litigations which would impact its financial position.
       ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.
       iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

Padmini Khare Kaicker
Partner
(Membership Number: 044784)

Place: Mumbai
Date: April 20, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA WORLD CITY DEVELOPERS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
(Membership No. 044784)

Place: Mumbai
Data: April 20, 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of MAHINDRA WORLD CITY DEVELOPERS LIMITED for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2. i) The management has conducted physical verification of inventory at reasonable intervals during the year.

   ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c)of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax,, Excise Duty, Service Tax, Customs Duty, value added tax, Cess, GST and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax, Cess & GST that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) The details of dues of Income Tax and Service Tax which have not been deposited as on March 31, 2018 on account of dispute are given below:

Name of Statue	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount involved (₹ in Lacs)	Amount Unpaid (₹ in Lacs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax – Appeals	AY 2014-15	532.25	201.42
			AY 2009-10	174.91	174.91
Finance Act, 1994	Service Tax	CESTAT	1st August 2004-21st June 2012	359.96	359.96

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11. In our opinion and according to the information and explanations given to us, the managerial remuneration paid/ provided by the company is in accordance with Section 197 read with the above Schedule V of the Companies Act, 2013.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **B. K. Khare& Co**
Chartered Accountants
(Firm Registration No. 105102W)

Padmini Khare Kaicker
Partner
(Membership No. 044784)

Place: Mumbai
Date: April 20, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amounts in INR)

Particulars	Note No.	As at 31 Mar 2018	As at 31 Mar 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	**36,61,33,136**	49,59,49,531
(b) Capital Work in Progress	3	**99,68,995**	–
(c) Intangible assets	3	**–**	1,18,741
(d) Financial Assets			
(i) Investments			
(a) Investment in Associates	4	**13,00,00,000**	13,00,00,000
(b) Investment in Joint Venture	4	**1,02,00,00,000**	1,02,00,00,000
(ii) Other Financial Assets	5	**56,02,660**	52,77,660
(e) Other Non-current Assets	6	**20,76,53,785**	21,27,21,866
		1,73,93,58,576	1,86,40,67,798
Current assets			
(a) Inventories	7	**3,09,36,91,925**	3,09,95,74,653
(b) Financial assets			
(i) Trade Receivables	8	**4,27,50,123**	2,15,47,217
(ii) Cash and Cash Equivalents	9	**15,15,56,946**	4,28,82,047
(iii) Other Financial Assets	5	**30,14,98,171**	34,46,34,905
(c) Other current assets	6	**5,25,47,555**	31,60,26,697
		3,64,20,44,720	3,82,46,65,519
Total Assets		**5,38,14,03,296**	5,68,87,33,317
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	**20,00,00,000**	20,00,00,000
(b) Other Equity	11	**1,15,24,31,469**	1,02,25,09,106
Total Equity		**1,35,24,31,469**	1,22,25,09,106
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12A	**1,06,67,66,667**	2,40,73,05,791
(ii) Other Financial Liabilities	13	**32,85,591**	17,43,824
(b) Other Liability	14	**14,28,77,517**	14,77,67,241
(c) Deferred Tax Liability (Net)	15	**18,91,13,772**	22,38,43,898
(d) Provisions	16	**18,26,066**	14,03,319
		1,40,38,69,613	2,78,20,64,073
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12B	**99,76,11,764**	73,20,63,636
(ii) Trade Payable			
Total outstanding dues of micro enterprises and small enterprises	17	**24,19,859**	22,71,414
Total outstanding dues of creditors other than micro enterprises and small enterprises	17	**9,05,59,670**	7,94,61,910
(iii) Other Financial Liabilities	13	**1,51,84,44,544**	85,68,94,904
(b) Other Liabilities	14	**1,55,80,767**	1,31,54,994
(c) Provisions	16	**4,85,610**	3,13,280
Total Liabilities		**2,62,51,02,214**	1,68,41,60,138
Total Equity and Liabilities		**5,38,14,03,296**	5,68,87,33,317

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants

Partner
Place: Chennai
Date: 20th April, 2018

For and on behalf of the Board of Directors of
Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Jayantt Manmadkar
Business Head (CEO)

Bharathy K
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR)

Particulars	Note No.	For the Year ended 31 Mar'18	For the year ended 31 Mar'17
Income			
I. Revenue from operations	18	**98,02,26,121**	58,58,16,350
II. Other income	19	**15,10,60,300**	2,35,31,106
III. Total income (I + II)		**1,13,12,86,421**	60,93,47,456
Expenses			
(a) Construction Expenditure incurred		**42,47,81,149**	18,92,22,029
(b) Decrease/ (Increase) in inventories of finished goods, work-in-progress and stock-in-trade	20	**58,82,728**	(13,72,84,402)
(c) Employee Benefit Expense	21	**2,69,03,899**	4,05,92,049
(d) Depreciation/Amortisation Expense	3	**4,57,45,037**	4,64,67,304
(e) Finance Cost	22	**23,84,03,397**	25,65,42,089
(f) Other expenses	23	**26,90,86,185**	26,11,09,834
IV. Total Expenses		**1,01,08,02,395**	65,66,48,903
V. Profit/(Loss) before tax (III) - (IV)		**12,04,84,026**	(4,73,01,447)
Tax expenses			
Current tax	15	**2,53,93,095**	–
Deferred tax	15	**(3,47,30,126)**	(1,58,59,472)
VI. Total tax expense		**(93,37,031)**	(1,58,59,472)
VII. Profit/(Loss) for the year (V - VI)		**12,98,21,057**	(3,14,41,975)
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods		**1,01,306**	7,94,518
VIII. Other Comprehensive Income for the year		**1,01,306**	7,94,518
Total Comprehensive Income for the year (VII - VIII)		**12,99,22,363**	(3,06,47,457)
Earnings per equity share	27		
Basic & Diluted		**6.49**	(1.57)

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants

Partner
Place: Chennai
Date: 20th April, 2018

For and on behalf of the Board of Directors of
Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Jayantt Manmadkar
Business Head (CEO)

Bharathy K
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR)

Particulars	For the period ended 31 March, 2018	For the period ended 31 March, 2017
Cash flow from operating activities		
Profit / (Loss) Before Tax	**12,04,84,026**	(4,73,01,447)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	**4,57,45,037**	4,64,67,304
Loss on sale of fixed assets	**–**	19,334
Profit on sale of fixed assets	**(6,81,46,146)**	–
Finance Costs	**39,08,21,800**	43,40,72,697
Interest Income	**(6,39,99,025)**	–
Dividend Income	**(1,30,00,000)**	(3,12,065)
Provision towards expected credit losses	**(55,00,000)**	–
Bad debts written off	**–**	–
Operating Profit/(Losses) before working capital changes	**40,64,05,692**	43,29,45,823
Working Capital changes and other adjustments:		
(Increase)/ Decrease in Inventories	**(56,02,645)**	(13,72,84,402)
(Increase)/ Decrease in Trade Receivables	**(1,57,02,906)**	(51,27,382)
Increase/Decrease in Financial Assets	**4,28,11,734**	(1,14,81,797)
(Increase)/ Decrease in Other Assets	**26,34,79,142**	2,79,41,254
(Decrease)/Increase in Trade payables	**1,12,46,205**	3,97,46,807
(Decrease)/Increase in Financial Liabilities	**14,48,945**	(23,58,147)
(Increase)/ Decrease in Other Liabilities	**(24,63,951)**	(6,21,50,155)
(Increase)/ Decrease in Provisions	**6,96,383**	(31,66,572)
Cash generated from operations	**70,23,18,599**	27,90,65,429
Direct taxes paid (net of refunds)	**(2,03,25,014)**	(1,95,20,534)
Net cash flow from/(used in) Operating activities (A)	**68,19,93,585**	25,95,44,895
Cash flows from Investing activities		
Purchase of property, plant and equipment	**(1,33,48,129)**	(20,90,325)
Proceeds from sale of fixed assets	**15,30,00,011**	17,34,802
Interest received	**–**	–
Mahindra Industrial Park Chennai Limited	**6,39,99,025**	–
Others	**–**	–
Dividend Received	**1,30,00,000**	3,12,065

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (Cont'd)

(Amounts in INR)

Particulars	For the period ended 31 March, 2018	For the period ended 31 March, 2017
Net cash flow from/(used in) Investing activities (B)	**21,66,50,907**	(43,458)
Cash flows from Financing activities		
Proceeds from Short term borrowings (nett)	**36,55,48,128**	73,20,63,636
Repayment of short term borrowings from related party	**(10,00,00,000)**	–
Proceeds from long term borrowings	**–**	5,25,00,000
Repayment of current maturities of long term borrowings	**(67,61,81,294)**	(63,12,50,001)
Interest Paid	**(37,93,36,427)**	(41,10,54,570)
Dividend distribution tax paid	**–**	–
Net cash flow used in Financing activities (C)	**(78,99,69,593)**	(25,77,40,935)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**10,86,74,899**	17,60,502
Cash and cash equivalents at the beginning of the year	**4,28,82,047**	4,11,21,545
Cash and cash equivalents at the end of the year	**15,15,56,946**	4,28,82,047
Components of cash and cash equivalents		
Cash on hand	**20,340**	2,07,515
Cheques on hand	**15,15,00,011**	–
With banks		
– on current account	**36,595**	4,26,74,532
– on deposit account	**–**	–
Total cash and cash equivalents (note 9)	**15,15,56,946**	4,28,82,047

Change in Liability arising from financing activities

Particulars	As at 01st April, 2017	Cash Flow	As at 31st March, 2018
Non Current Borrowings (Refer Note 12A)	2,40,73,05,791	(1,34,05,39,124)	1,06,67,66,667
Current Borrowings (Refer Note 12B)	73,20,63,636	26,55,48,128	99,76,11,764
Current maturities of Long term debt (Refer Note 13)	84,16,66,668	66,43,57,830	1,50,60,24,498
Total	**3,98,10,36,095**	**(41,06,33,166)**	**3,57,04,02,929**

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants

For and on behalf of the Board of Directors of
Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Partner
Place: Chennai
Date: 20th April, 2018

Jayantt Manmadkar
Business Head (CEO)

Bharathy K
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Equity Shares of ₹ 10 each issues, subscribed and fully paid		
As at 1 April 2016	2,00,00,000	20,00,00,000
Changes in share capital	–	–
As At 31 March 2017	2,00,00,000	20,00,00,000
Changes in share capital	–	–
As At 31 March 2018	**2,00,00,000**	**20,00,00,000**

B. Other Equity

(Amounts in INR)

Particulars	Reserves and Surplus				Total
	General Reserve (Note 11)	Capital Redemption Reserve (Note 11)	IND AS Transition Reserve	Retained earnings (Note 11)	
As at 1 April 2016	3,45,00,000	65,00,00,000	17,97,000	36,68,59,563	1,05,31,56,563
Profit / (Loss) for the period	–	–	–	(3,14,41,975)	(3,14,41,975)
Other Comprehensive Income / (Loss)	–	–	–	7,94,518	7,94,518
As at 31 March 2017	3,45,00,000	65,00,00,000	17,97,000	33,62,12,106	1,02,25,09,106
Profit / (Loss) for the period	–	–	–	12,98,21,057	12,98,21,057
Other Comprehensive Income / (Loss)	–	–	–	1,01,306	1,01,306
As at 31 March 2018	**3,45,00,000**	**65,00,00,000**	**17,97,000**	**46,61,34,469**	**1,15,24,31,469**

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants

Partner
Place: Chennai
Date: 20th April, 2018

For and on behalf of the Board of Directors of
Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Jayantt Manmadkar
Business Head (CEO)

Bharathy K
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. General Information

Mahindra World City Developers Limited ("the Company") was incorporated on February 19, 1997. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees. The Company has developed and operates an integrated business city "Mahindra World City" at Chengalpattu taluk near Chennai.

Promoted in a Public Private Partnership by the Mahindra Group and TIDCO (A Govt. of Tamil Nadu Undertaking), Mahindra World City surpasses the conventional definition of a business space - it is a business eco-system, carefully linked and integrated to function with efficiency. Mahindra World City, Chennai is India's first integrated City and Corporate India's first operational SEZ.

Etching its name on India's business map, Mahindra World City Chennai, has attracted corporate giants such as BMW, B.Braun, Capgemini, Holiday Inn Express, Infosys, BASF, Lincoln Electric, Parker Hannifin, Renault-Nissan, Tesa SE, Federal Mogul, Fujitec, NTN Corporation, Timken, TVS Group of Companies and Wipro among others.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company prepared its financial statements up to the year ended 31st March 2016 in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The Company has prepared its financial statements for the current financial year as per the requirement Ind AS. The date of transition to Ind AS is 1 April 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favor of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from properties

Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight line basis over the non cancellable lease period.

2.3.3 Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4. Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3.5 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.6 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.8.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.9 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.10 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets / liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain / loss arising out of such translation is adjusted to the profit and loss account.

2.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.11.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.11.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.11.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.11.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.11.5 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.12 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.12.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.12.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.12.1.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.12.1.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.13 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.14. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. Property, Plant and Equipment

(Amounts in INR)

Description of Assets	Land - Freehold	Buildings - (Own use)	Buildings - (Given under operating lease)	Plant and Equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount									
Balance as at 1 April 2017	2,08,38,405	24,74,69,960	11,69,77,826	26,80,14,186	1,24,21,557	5,09,79,672	52,20,222	48,95,077	72,68,16,905
Additions	–	–	–	–	79,650	37,289	–	5,46,833	6,63,772
Disposals	(13,31,659)	–	(11,69,77,826)	(1,88,18,106)	–	(7,87,500)	–	–	(13,79,15,091)
Balance as at 31st Mar 2018	**1,95,06,746**	**24,74,69,960**	**–**	**24,91,96,080**	**1,25,01,207**	**5,02,29,461**	**52,20,222**	**54,41,910**	**58,95,65,586**
II. Accumulated depreciation and impairment									
Balance as at 1 April 2017	–	5,10,36,271	3,64,77,859	11,64,12,627	56,10,930	1,36,48,744	45,11,122	31,69,821	23,08,67,374
Depreciation expense for the year	–	1,08,69,769	37,02,501	2,13,58,069	24,60,149	57,50,829	6,55,982	8,28,996	4,56,26,296
Eliminated on disposal of assets	–	–	(4,01,80,360)	(1,20,93,360)	–	(7,87,499)	–	–	(5,30,61,219)
Balance as at 31st Mar 2018	**–**	**6,19,06,040**	**–**	**12,56,77,336**	**80,71,079**	**1,86,12,075**	**51,67,104**	**39,98,817**	**22,34,32,450**
III. Net carrying amount (I–II)									
Balance as at 31 March 2018	**1,95,06,746**	**18,55,63,920**	**–**	**12,35,18,744**	**44,30,128**	**3,16,17,386**	**53,118**	**14,43,093**	**36,61,33,136**
Balance as at 31 March 2017	**2,08,38,405**	**19,64,33,689**	**8,04,99,967**	**15,16,01,559**	**68,10,627**	**3,73,30,928**	**7,09,100**	**17,25,256**	**49,59,49,531**
I. Gross Carrying Amount									
Balance as at 1 April 2016	2,08,38,405	24,40,33,062	11,69,77,826	26,64,02,753	95,88,594	5,06,40,322	83,28,485	45,39,140	72,13,48,587
Additions	–	34,36,898	–	16,11,433	28,32,963	3,39,350	–	3,55,937	85,76,581
Disposals	–	–	–	–	–	–	(31,08,263)	–	(31,08,263)
Balance as at 31 March 2017	**2,08,38,405**	**24,74,69,960**	**11,69,77,826**	**26,80,14,186**	**1,24,21,557**	**5,09,79,672**	**52,20,222**	**48,95,077**	**72,68,16,905**
II. Accumulated depreciation and impairment									
Balance as at 1 April 2016	–	4,00,87,171	3,25,70,710	9,44,90,150	35,84,500	78,49,589	48,50,209	24,40,935	18,58,73,264
Depreciation expense for the year	–	1,09,49,100	39,07,149	2,19,22,477	20,26,430	57,99,155	10,15,040	7,28,886	4,63,48,237
Eliminated on disposal of assets	–	–	–	–	–	–	(13,54,127)	–	(13,54,127)
Balance as at 31 March 2017	**–**	**5,10,36,271**	**3,64,77,859**	**11,64,12,627**	**56,10,930**	**1,36,48,744**	**45,11,122**	**31,69,821**	**23,08,67,374**
III. Net carrying amount (I–II)									
Balance as at 31 March 2017	**2,08,38,405**	**19,64,33,689**	**8,04,99,967**	**15,16,01,559**	**68,10,627**	**3,73,30,928**	**7,09,100**	**17,25,256**	**49,59,49,531**
Balance as at 31 March 2016	**2,08,38,405**	**20,39,45,891**	**8,44,07,116**	**17,19,12,603**	**60,04,094**	**4,27,90,733**	**34,78,276**	**20,98,205**	**53,54,75,323**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Intangible Assets

(Amounts in INR)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	59,15,924	59,15,924
Additions	–	–
Disposals	–	–
Balance as at 31st Mar 2018	**59,15,924**	**59,15,924**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2017	57,97,183	57,97,183
Depreciation expense for the year	1,18,741	1,18,741
Eliminated on disposal of assets	–	–
Balance as at 31st Mar 2018	**59,15,924**	**59,15,924**
III. Net carrying amount (I–II)		
As At 31 March 2018	–	–
As At 31 March 2017	**1,18,741**	**1,18,741**

(Amounts in INR)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	59,15,924	59,15,924
Additions	–	–
Disposals	–	–
Balance as at 31 March 2017	**59,15,924**	**59,15,924**

(Amounts in INR)

Description of Assets	Computer Software	Total
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	56,78,116	56,78,116
Depreciation expense for the year	1,19,067	1,19,067
Eliminated on disposal of assets	–	–
Balance as at 31 March 2017	**57,97,183**	**57,97,183**
III. Net carrying amount (I-II)		
Balance as at 31 March 2017	**1,18,741**	**1,18,741**
Balance as at 01 April 2016	**2,37,808**	**2,37,808**

Refer note for Company's policy on recognition and measurement of Property Plant, Equipment and Depreciation Methods Used.

Movement of Capital Work in Progress

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Opening Balance	–	64,86,256
Additions	**99,68,995**	
Subtotal	**99,68,995**	64,86,256
Capitalised during the year		64,86,256
Closing Balance	**99,68,995**	–

4. **Investments**

Particulars	March 31, 2018	March 31, 2017
Investment in Associates	**13,00,00,000**	13,00,00,000
Mahindra Industrial Township Limited		
13000000 Shares @ INR 10 Per Share		
Investment in Joint Ventures	**1,02,00,00,000**	1,02,00,00,000
Mahindra Industrial Park chennai Limited		
102000000 Shares @ INR 10 Per Share		
Total Investments	**1,15,00,00,000**	1,15,00,00,000

5. **Other Financial assets**

(Amounts in INR)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Advances for purchase of land - secured	–	**29,18,43,171**	–	32,87,54,905
Advances for purchase of land - unsecured	–	**34,05,000**	–	34,05,000
Unsecured, considered good unless stated otherwise				
Interest accrued on fixed deposits	–	–	–	–
Security Deposits	**56,02,660**	**3,50,000**	52,77,660	6,75,000
Recoverable Expense*	–	**59,00,000**	–	1,18,00,000
Total Other assets	**56,02,660**	**30,14,98,171**	52,77,660	34,46,34,905

* Recoverable Expenses represents cost of repairs incurred in the industrial park consequent to damages during Vardah cyclone in December-2016. The company has submitted necessary claims with the insurance company and expects claim settlement during first quarter of FY 19. Shortfall, if any, is recoverable from lessees as per the operation and maintenance agreement.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

6. Other assets

(Amounts in INR)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Non–current	Current	Non–current	Current
Capital advances				
Unsecured, considered good	–	–	–	–
	–	–	–	–
Advances				
Advances to employees	–	**2,901**	–	49,035
Advances for purchase of land - secured	–	–	–	–
Advances for purchase of land - unsecured	–	–	–	–
Advances to suppliers Unsecured considered good	–	–	–	25,86,74,943
	–	**2,901**	–	25,87,23,978
Others				
Advance income-tax (Net of Provision for Taxation)	**20,76,53,785**	–	21,27,21,866	–
Interest accrued on advance for purchase of land	–	**4,28,60,603**	–	4,28,60,603
Gratuity Advance with LIC		–		34,662
Prepaid Expenses	–	**15,10,315**	–	48,35,952
Balances with statutory / government authorities	–	**81,73,736**	–	95,71,502
	20,76,53,785	**5,25,44,654**	21,27,21,866	5,73,02,719
Total Other Assets	**20,76,53,785**	**5,25,47,555**	21,27,21,866	31,60,26,697

7. Inventories

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Work in progress (representing cost of land and related expenditure)	**3,09,20,74,151**	3,09,84,72,232
Club Inventory	**16,17,775**	11,02,421
Total Inventories	**3,09,36,91,925**	3,09,95,74,653

(i) The Cost of inventory recognised as expenses during the year in respect of continuing operations was INR 4306.64 Lakh (31st March 2017 was INR 519.38 Lakh)

(ii) The Carrying amount of inventories pledged as security for liabilities - Refer note 12 A Non Current Borrowings

(iii) Mode of Valuation of Inventories is Cost of Net Realisable Value whichever is lesser.

(iv) Borrowing cost inventorised relates to interest on borrowings referred in Note 12 A &and Note 12 B considered in the ratio of land inventory pending to be developed to the total inventory.

8. Trade Receivables

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Trade Receivables:		
Unsecured Considered Good	**4,27,50,123**	2,15,47,217
Considered Doubtful	**58,02,254**	7,32,407
Less: Provision for expected credit losses	**(58,02,254)**	(7,32,407)
Total Trade Receivables	**4,27,50,123**	2,15,47,217

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are dues in respect of services rendered in the normal course of business.

Trade receivables are non-interest bearing and the average credit period on service rendered is as per the terms of the service agreement with clients..Refer Note no.30 for Credit Risk Management on Receivables.

9. Cash and Cash Equivalents

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks:		
– On current accounts	**36,595**	4,26,74,532
– Cheques on hand*	**15,15,00,011**	–
Cash on hand	**20,340**	2,07,515
Total Cash and cash equivalents	**15,15,56,946**	4,28,82,047

* Consideration towards perpetual lease of commercial complex (The Canopy) received on 31st March 2018, amount credited to bank account on 04th April, 2018.

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**15,15,56,946**	4,28,82,047
Total Cash and Cash Equivalents as per Statement of Cashflow	**15,15,56,946**	4,28,82,047

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

10. Equity

(Amounts in INR)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Authorized shares		
2,50,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**25,00,00,000**	25,00,00,000
50,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**5,00,00,000**	5,00,00,000
65,00,000 Cumulative Redeemable preference shares of Rs. 100 each	**65,00,00,000**	65,00,00,000
	95,00,00,000	95,00,00,000
Issued, subscribed and fully paid-up shares		
2,00,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**20,00,00,000**	20,00,00,000
Total issued, subscribed and fully paid-up share capital	**20,00,00,000**	20,00,00,000

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Changes during the year	Closing Balance
Ordinary Equity Shares			
Year Ended 31 March 2018			
No. of Shares	**2,00,00,000**	–	2,00,00,000
Amount	**20,00,00,000**	–	20,00,00,000
Year Ended 31 March 2017			
No. of Shares	**2,00,00,000**	–	2,00,00,000
Amount	**20,00,00,000**	–	20,00,00,000

(a) Terms/rights attached to equity shares

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

(Amounts in INR)

Name of the shareholder	As at 31 March 2018		As at 31 March 2017	
	No.	% holding in the class	No.	% holding in the class
Equity shares with voting rights				
– Mahindra Lifespace Developers Limited	**1,77,99,999**	**89%**	1,77,99,999	89%
– Tamilnadu Industrial Development Corporation Limited	**22,00,000**	**11%**	22,00,000	11%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

11. Other Equity

(Amounts in INR)

Particulars	Reserves and Surplus				
	General Reserve	Capital Redemption Reserve	IND AS Transition Reserve	Retained earnings	Total
Balance as at 1 April 2016	3,45,00,000	65,00,00,000	17,97,000	36,68,59,563	1,05,31,56,563
Profit / (Loss) for the period	–	–	–	(3,14,41,975)	(3,14,41,975)
Other Comprehensive Income / (Loss)	–	–	–	7,94,518	7,94,518
Balance as at 31 March 2017	3,45,00,000	65,00,00,000	17,97,000	33,62,12,106	1,02,25,09,106
Profit / (Loss) for the period	–	–		12,98,21,057	12,98,21,057
Other Comprehensive Income / (Loss)	–	–		1,01,306	1,01,306
Balance as at 31 March 2018	**3,45,00,000**	**65,00,00,000**	**17,97,000**	**46,61,34,469**	**1,15,24,31,469**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12A. Non current borrowings

Details of Long term Borrowings of the Company: (Amounts in INR)

Description of the instrument	Currency of Loan	Coupon Rate	Repayment Bullet (or) Installment	Number of Installments	Date of earliest Redemption (or) Conversion	Amortised cost as at 31 Mar 2018	Amortised cost as at 31 March 2017
A. Secured Borrowings:							
a) Term Loans							
(i) From Financial Institution							
HDFC Limited – Term Loan 1	INR	9.50%	Repayment linked to proceeds of Land lease premium. 75% of every sale proceed to be used to repay term Loan. Entire term loan to repaid by Jan–19	NA	As per latest estimate, entire term loan to be repaid by Jan–19	–	81,94,20,185
HDFC Limited – Term Loan 2	INR	9.50% to 10.50%	Instalment	12	Mar–21	**1,06,67,66,667**	1,58,78,85,606
Total Secured Borrowings						**1,06,67,66,667**	2,40,73,05,791
Total non current borrowings						**1,06,67,66,667**	2,40,73,05,791

Term Loan from Financial Institution - Secured Borrowings

Term Loan -1 - Sactioned amount INR 252.50 crs From HDFC Ltd INR carries an interest of 9.50%. Principal repayment linked to Land Lease proceeds. 75% of any amount received from Land Lease proceeds shall be used to be repay term Loan through escrow mechanism.

Term Loan- 2 - Sanctioned amount INR 160 Crs From HDFC Ltd carries an interest of HDFC CPLR - 770 points. Principal to be repaid in 12 equal quarterly instalments, commencing from Jun 2018, after a moratorium of 24 months. Current prevailing rate of interest is 10.15%.

Both term loans are secured by equitable Mortgage by deposit of title deeds of 91.598 acres of land at Mahindra World City, Chengalpattu with carrying value of INR 53.59 Crores, and 264 acres of land in NH 16 near Ponneri with a carrying value of INR 184.28 crores.

There are no defaults in case of either interest or principal with respect to payments for the above borrowings.

Terms of Repayment of terms loans are as under

As at March 31 2018

(Amounts in INR)

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited Term Loan 1 (Secured)	**1,10,61,24,498**	Principal repayment linked to Sales proceeds. 75% of any amount received towards land lease premium shall be used to be repay term Loan through escrow mechanism.	9.50%
HDFC Limited Term Loan 2 (Secured)	**1,46,66,66,667**	24 months moratorium 12 quarterly instalments from June 2018. INR 13.33 crs prepaid during the month of March 2018	10.15%
Total	**2,57,27,91,165**		

As at March 31, 2017

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited	**1,68,33,33,332**	36 months moratorium 12 quarterly instalments from April 2016	9.85%
HDFC Limited	**1,60,00,00,000**	24 months moratorium 12 quarterly instalments from June 2018	10.37% upto 30th Nov 16, 9.95% from 1st Dec 16. (HDFC CPLR less 770 basis points)
Total	**3,28,33,33,332**		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12B. Current borrowings

Details of Current Borrowings of the Company:

(Amounts in INR)

Description of the instrument	Currency of Loan	Amortised cost as at 31 Mar 2018	Amortised cost as at 31 March 2017
A. Un-Secured Borrowings:			
From Financial Institutions			
HDFC Bank Limited Unsecured Overdraft of INR 50 Crores	INR	**49,80,90,785**	63,20,63,636
Axis Bank Unsecured Overdraft of INR 50 Crores	INR	**49,95,20,979**	
Mahindra Integrated Township Limited Unsecured ICD Loan 11% repayable within a year	INR	–	10,00,00,000
Total Un-Secured Borrowings		**99,76,11,764**	73,20,63,636
Total Current borrowings		**99,76,11,764**	73,20,63,636

Terms of Repayment of Current Borrowings are as under

Particulars	Amount Outstanding INR	Terms of Repayment	Rate of Interest
HDFC Bank Limited Unsecured Overdraft of INR 50 Crores	**49,80,90,785**	On Demand 1 year	8.75%
Axis Bank Unsecured Overdraft of INR 50 Crores	**49,95,20,979**	On Demand 1 year	8.60%
	99,76,11,764		

13. Other Financial Liabilities

(Amounts in INR)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non–current	Current	Non–current	Current
Deposits				
Security deposits received from lessees	**32,85,591**	–	17,43,824	–
	32,85,591	–	17,43,824	–
Others				
Current maturity of long-term borrowings	–	**1,50,60,24,498**	–	84,16,66,668
Payable on purchase of fixed assets	–	**20,50,346**	–	47,65,714
Interest accrued but not due	–	–	–	–
Advances Received from Customers	–	–	–	–
Earnest money deposit	–	**2,80,000**	–	2,50,000
Rental / Other deposit from customer	–	**1,00,89,700**	–	1,02,12,522
	–	**1,51,84,44,544**	–	85,68,94,904
Total Other Financial Liability	**32,85,591**	**1,51,84,44,544**	17,43,824	85,68,94,904

14. Other liabilities

(Amounts in INR)

Particulars	As at March 31, 2018		As at 31 March 2017	
	Non–current	Current	Non–current	Current
Advance from customers	–	**42,50,519**	–	21,73,745
Advance towards club membership	–	–	–	–
Other Payables	–	–	–	–
Statutory dues payable	–	**20,26,766**	–	33,66,168
Deferred Income	**10,85,51,326**	**93,03,481**	11,30,51,224	76,15,081
Un-earned Income	**3,43,26,191**	–	3,47,16,017	–
Total Other Liabilities	**14,28,77,517**	**1,55,80,767**	14,77,67,241	1,31,54,994

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

15. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Current Tax:		
In respect of current year	**2,53,93,095**	–
Unrecognised tax loss used to reduce current tax expense	–	–
Deferred Tax:	**(3,47,30,126)**	(1,58,59,472)
Total income tax expense on income from operations	**(93,37,031)**	(1,58,59,472)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Profit/(Loss) before tax	**12,04,84,026**	(4,73,01,447)
Income tax expense calculated at statutory rate of 34.608%***	**4,16,97,112**	(1,63,70,085)
Disallowance u/s 14A for expense incurred on investment	**39,79,920**	–
Dividend income exempt from tax	**(44,99,040)**	(1,08,000)
Deduction u/s 80-IAB	–	–
Changes based on return of income filed for the year	–	–
Profit on sale asset taxable at effective tax rate of 23.07%	**(71,11,970)**	–
Changes in Deferred tax asset/Liability due to Effective rate changes	**(3,56,00,000)**	–
Others- Provision for Doubtful debts, Provisions	**(78,03,053)**	6,18,613
	(93,37,031)	(1,58,59,472)
Income tax expense recognised In profit or loss	**(93,37,031)**	(1,58,59,472)

*** The Tax Rate used for 31st March 2018 and 31st March 2017 reconciliations above is the corporate tax rate of 34.61% payable by Corporate Entities in India on taxable profits under Indian Income Tax Act laws.

(c) Movement in deferred tax balances

(Amounts in INR)

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
	For the Year ended 31 March 2018			
Tax effect of items constituting deferred tax Liability				
Property, Plant and Equipment	**5,44,10,196**	**(69,06,690)**	–	**4,75,03,506**
Interest Inventorised	**19,45,32,011**	**(3,08,48,118)**	–	**16,36,83,893**
IND AS Adjustment	**9,27,000**	**82,83,160**	–	**92,10,160**
Total Deferred Tax Liability	**24,98,69,207**	**(2,94,71,648)**	–	**22,03,97,559**
Tax effect of items constituting deferred tax assets				
Section 43B disallowance	**1,08,420**	**22,75,347**	–	**23,83,767**
Carry Forward of Losses	**1,58,59,472**	**(1,58,59,472)**	–	–
Interest Rate capitalisation-ICDS	–	**2,72,10,404**	–	**2,72,10,404**
Provision for doubtful debts	**21,417**	**16,68,199**	–	**16,89,616**
MAT Credit	–	–	–	–
IND AS Adjustment	**1,00,36,000**	**(1,00,36,000)**	–	–
Total Deferred Tax Asset	**2,60,25,309**	**52,58,478**	–	**3,12,83,787**
Net Deferred Tax Liability	**22,38,43,898**	**(3,47,30,126)**	–	**18,91,13,772**

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
	For the Year ended 31 March 2017			
Tax effect of items constituting deferred tax Liability				
Property, Plant and Equipment	5,62,23,798	(18,13,602)	–	5,44,10,196
Interest Inventorised	19,45,32,011	–	–	19,45,32,011
IND AS Adjustment	9,27,000	–	–	9,27,000
Total Deferred Tax Liability	25,16,82,809	(18,13,602)	–	24,98,69,207
Tax effect of items constituting deferred tax assets				
Section 43B disallowance	16,89,968	(15,81,548)	–	1,08,420
Carry Forward of Losses	–	1,58,59,472	–	1,58,59,472
Provision for doubtful debts	2,53,471	(2,32,054)	–	21,417
MAT Credit	–	–	–	–
IND AS Adjustment	1,00,36,000	–	–	1,00,36,000
Total Deferred Tax Asset	1,19,79,439	1,40,45,870	–	2,60,25,309
Net Deferred Tax Liability	23,97,03,370	(1,58,59,472)	–	22,38,43,898

16. Provisions

(Amounts in INR)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Non-current	**Current**	Non-current	Current
Gratuity	**3,50,358**	**3,00,216**	–	–
Leave Encashment	**14,75,708**	**1,85,394**	14,03,319	3,13,280
Total Other Liabilities	**18,26,066**	**4,85,610**	14,03,319	3,13,280

17. Trade Payables

(Amounts in INR)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Trade payable - Micro and small enterprises*	**24,19,859**	22,71,414
Trade payable - Other than micro and small enterprises	**9,05,59,670**	7,94,61,910
	9,29,79,529	8,17,33,324

(i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(ii) Refer Note 33 for Micro and Small Enterprises

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Breakup of financial liabilities carried at amortised cost (Amounts in INR)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Borrowings (non-current) (note 12A)	**1,06,67,66,667**	2,40,73,05,791
Borrowings (current) (note 12B)	**99,76,11,764**	73,20,63,636
Trade payable - Micro and small enterprises.	**24,19,859**	22,71,414
Trade payable - Other than micro and small enterprises	**9,05,59,670**	7,94,61,910
Total financial liabilities carried at amortised cost	**2,15,73,57,960**	3,22,11,02,751

18. Revenue from Operations

The following is an analysis of the company's revenue from Continuing Operations:

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Land Lease Premium	**42,33,75,000**	30,07,32,000
Sale of land	**25,85,81,920**	36,80,000
Rental income	**2,65,38,050**	2,30,72,859
Operation and maintenance income	**23,97,32,670**	22,47,13,978
Club membership fees	**69,56,697**	68,83,327
Club Annual subscription fees	**41,73,887**	37,39,262
Club operating income	**1,46,35,292**	1,31,89,201
Project Management Fees	**62,32,604**	98,05,723
Total Revenue from operations	**98,02,26,121**	58,58,16,350

19. Other Income

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Other non operating income		
Transfer Fees	**24,46,107**	1,81,83,607
Dividend Income	**1,30,00,000**	3,12,065
Provision no longer required written back	–	45,85,431
Profit on perpetual lease of assets	**6,81,46,146**	–
Interest Income	**6,39,99,025**	–
Miscellaneous Income	**34,69,023**	4,50,002
Total Other Income	**15,10,60,300**	2,35,31,106

20. Changes in inventories

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Inventories at the end of the year		
Work-in-progress	**3,09,20,74,151**	3,09,84,72,232
Inventory - Club	**16,17,774**	11,02,421
	3,09,36,91,925	3,09,95,74,653
Inventories at the beginning of the year		
Work-in-progress	**3,09,84,72,232**	2,96,13,28,029
Inventory - Club	**11,02,421**	9,62,222
	3,09,95,74,653	2,96,22,90,251
Total (Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**58,82,728**	(13,72,84,402)

21. Employee Benefit Expense

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Salaries and wages	**2,38,27,748**	3,59,78,401
Contributions to provident and other funds	**11,83,719**	17,18,860
Staff welfare expenses	**18,92,432**	28,94,788
Total Other expenses	**2,69,03,899**	4,05,92,049

22. Finance Costs

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
(a) Interest expense on:		
(i) Term loan from HDFC Limited	**29,67,64,027**	38,73,01,594
(ii) Loan from Related parties	**66,92,277**	18,44,384
(iii) Commercial Papers	–	–
(iv) Cash Credit Limited	**8,73,65,496**	2,18,02,566
(v) Other Interest	–	1,06,026
Less: Interest inventorised	**(15,24,18,403)**	(15,45,12,481)
Net Finance Cost	**23,84,03,397**	25,65,42,089

Analysis of Interest Expenses by Category

Particulars	March 31, 2018	March 31, 2017
Interest Expenses		
On Financial Liability at Amortised Cost	**39,08,21,800**	41,10,54,570

23. Other expenses

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Power and fuel	**3,90,21,322**	3,72,88,831
Rent including lease rentals	**9,86,969**	8,80,198
Repairs and maintenance	**37,13,739**	46,46,813
Insurance	**26,13,743**	25,57,073
Rates and taxes	**77,15,677**	63,10,501
Communication	**40,15,025**	36,83,952
Travelling and conveyance	**56,65,675**	57,51,814
Printing and stationery	**7,45,104**	7,92,483
Business promotion	**2,23,30,568**	1,16,91,890
Operation and Maintenance Expenses	**13,62,47,824**	13,84,36,400
Legal and professional	**1,30,90,500**	2,38,56,181
Payments to auditors*	**10,60,000**	12,25,000
Directors sitting fees	**4,20,000**	4,10,680
Director Commission**	**6,00,000**	–
Donations	**24,00,000**	–
Loss on Sale of Fixed Assets	–	19,334
Services outsourced	**1,03,51,347**	1,00,38,548
Allowances for expected credit losses	**55,00,000**	–
Bad debts	–	–
Corporate Social Responsibility (CSR) activities	**17,20,000**	26,39,000
Club expenses	**99,82,700**	99,29,622
Miscellaneous expenses	**9,05,992**	9,51,514
Total Other expenses	**26,90,86,185**	26,11,09,834

* Payment to auditor (excluding taxes)	March 31, 2018	March 31, 2017
Statutory Audit	**7,50,000**	7,75,000
Certification and Other Services	**3,10,000**	4,50,000
Out of Pocket Expenses	–	–
	10,60,000	12,25,000

** The Board at it's meeting held on 20th April, 2018 has subject to requisite approval from shareholders at the ensuing annual general meeting and within the limit prescribed under the Companies Act, 2013, approved the payment of comission to non-executive directors.

24. Expense on Corporate Social Responsibility

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Sponsorship to Nanhi Kali	**8,60,000**	13,11,000
Providing lighting facility to Children's Park	–	4,18,000
Support to School for Enhancing Quality of Education	**2,20,000**	3,00,000
Supporting Primary Health Center	–	3,50,000
Tree Plantation	**4,60,000**	–
Swachh Bharat Initiative	**1,80,000**	1,60,000
Skill development	–	1,00,000
	17,20,000	26,39,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

25. Leases

The Company leasing arrangements are in respect of its Commercial Premises being leased out to various customers under Operating Lease. Lease Income from operating leases are recognised on a straight line basis over the period of lease. During the year the above premises including land is given on perpertual lease and the entire profit has been recognised under head other income. The particulars of premises as given below:

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Gross Carrying Amount of Premises..............	–	11,69,77,826
Accumulated Depreciation..............................	–	3,64,77,859
Depreciation for the year...............................	37,02,501	39,07,149

26. Segment information

Business segments

The Company operates in only one business segment namely lease of land and properties constructed thereon. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

Geographical segments

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

27. Earnings per Share

Particulars	March 31, 2018 INR Per Share	March 31, 2017 INR Per Share
Basic/Diluted Earnings per share		
From continuing operations (₹) per share	**6.49**	(1.57)
From discontinuing operations (₹) per share....	–	–
Total basic/diluted earnings per share...........	**6.49**	(1.57)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Profit/(Loss) for the year attributable to owners of the Company..................................	12,98,21,057	(3,14,41,975)
Less: Preference dividend and tax thereon	–	–
Profit/for the year used in the calculation of basic earnings per share.................................	12,98,21,057	(3,14,41,975)
Profits used in the calculation of basic earnings per share..	12,98,21,057	(3,14,41,975)
Weighted average number of equity shares......	2,00,00,000	2,00,00,000
Earnings per share from continuing operations - Basic..	6.49	(1.57)

28. Contingent liabilities & Capital Commitments

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Contingent liabilities (to the extent not provided for)		
Tax on Borrowing costs disallowed		
Income Tax Notice received for FY 2010-11, 2011-12, 2012-13 and 2013-14 Tax on borrowing costs inventorised in books but claimed as expenditure under Income Tax and disputed by the department - ₹ 321,579,855/- (for the years ended March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 is ₹ 97,481,235/-, ₹ 88,748,075/-, ₹ 75,743,139/- and ₹ 59,607,406/- respectively). However even if this liability crystallizes, there would be future tax benefits available on account of timing difference except for interest.	**74,03,291**	74,03,291
Other Matters disputed in the above years......		
The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.		
Service tax demands received	**4,67,24,150**	3,59,96,529
Total Contingent Liabilities	**5,41,27,441**	4,33,99,820
Bank Guarantees		
Bank Guarantee to Tamil Nadu Pollution control board for Consent to Operate Renewal............	–	20,00,000
Capital Commitments		
Estimated amount of contracts remaining to be executed/taken decision to enter into contract on capital account and not provided for-Tangible Assets..	**56,94,777**	1,50,00,000
	(Contracts value to be entered into)	

All Income & Service tax demands are/were appealed or in the process filing appeal with appropriate tax authority.

29. Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized Rs. 1183 (000s) (PY Rs. 1719 (000s)) for Provident fund contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note Employee benefits expense. The company has funded the gratuity Liability through LIC Scheme. The details of actuarial valuation are given below:

(Amounts in INR)

		Gratuity (Funded)	
		2017-18	2016-17
a.	**Net Asset/(Liability) recognized in the balance sheet**		
	Present Value of Defined Benefit Obligation..................	**28,64,437**	24,01,551
	Fair Value of Plan assets..	**22,13,863**	24,36,213
	Liability (Asset) recognised in the balance sheet......	**6,50,574**	(34,662)
b.	**Expense recognized in the Statement of Profit & Loss**		
	Past service cost..	**7,27,087**	2,46,329
	Current Service cost...	**3,35,582**	3,40,408
	Interest cost...	**1,49,388**	–
	Expected return on plan assets...................................	**(1,01,306)**	(2,11,384)
	Actuarial (gains) / Losses..	**(4,05,425)**	(11,60,893)
	Total expenses..	**7,05,326**	(7,85,540)
c.	**Change in present value of Defined Benefit obligation**		
	Present Value of the obligation at the beginning of the year	**24,01,551**	36,98,537
	Past service cost..	**1,49,388**	2,46,329
	Current Service cost	**3,35,582**	3,40,408
	Interest Cost	**7,27,087**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR)

		Gratuity (Funded)	
		2017-18	2016-17
	Actuarial (Gains) /Losses	**(4,05,425)**	(11,60,893)
	Benefits Paid	**(3,43,746)**	(7,22,830)
	Present value of the obligation as at the end of the year	**28,64,437**	24,01,551
d.	**Change in fair value of plan assets**		
	Present value of plan assets as the beginning of the year	**24,36,213**	31,98,303
	Expected return on plan assets	**1,52,384**	2,11,382
	Contributions made	**20,091**	1,15,733
	Benefits paid	**(3,43,746)**	(11,60,893)
	Actuarial Gains / (Losses)	**(51,078)**	71,688
	Present value of plan assets at the end of the year	**22,13,864**	24,36,213
e.	**Principal actuarial assumptions**		
	Discount Rate	**7.55%**	6.70%
	Expected return on plan assets	**7.55%**	6.70%
	Mortality	LIC (2006-08) Ultimate mortality table	
f.	**Estimate of amount of contribution in the immediate next year**	**2,71,000**	19,000

g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

h. Basis used to determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.

i.	**Experience adjustment as provided by actuary:**	**for the years**				
		2017-18	**2016-17**	**2015-16**	**2014-15**	**2013-14**
	Present value of DBO	**24,01,551**	36,98,537	35,97,239	35,97,239	32,17,102
	Fair value of plan assets	**22,13,863**	24,36,213	31,98,303	24,11,237	22,30,192
	Funded status [Surplus/ (Deficit)]					
	Experience gain/(loss) adjustments on plan liabilities	**(1,01,306)**	(2,11,384)	(2,12,424)	4,49,140	(29,123)
	Experience gain/(loss) adjustments on plan assets	**(51,078)**	71,688	86,523	1,64,969	84,623

Particulars	**For the year ended 31 March, 2018**	For the year ended 31 March, 2017
Actuarial assumptions for long-term compensated absences		
Discount rate	**7.55%**	6.70%
Expected return on plan assets	**7.55%**	6.70%
Salary escalation	**10.00%**	10.00%
Attrition	**10.00%**	18.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

30. Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2018 and 31st March, 2017 is as follows:

	31-Mar-18	**31-Mar-17**
Debt (A)	**3,57,04,02,929**	3,98,10,36,095
Equity (B)	**1,35,24,31,469**	1,22,25,09,106
Debt Equity Ratio (A/B)	**2.64**	3.26

Categories of financial assets and financial liabilities

As at 31st March, 2018

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investment in Associates	**13,00,00,000**	–	–	**13,00,00,000**
Investment in Joint Ventures	**1,02,00,00,000**	–	–	**1,02,00,00,000**
Other Financial Assets	**56,02,660**	–	–	**56,02,660**
Current Assets				
Trade Receivables	**4,27,50,123**	–	–	**4,27,50,123**
Cash and Cash equivalents	**15,15,56,946**	–	–	**15,15,56,946**
Other Financial Assets	**30,14,98,171**	–	–	**30,14,98,171**
	1,65,14,07,900	–	–	**1,65,14,07,900**
Non-current Liabilities				
Borrowings	**1,06,67,66,667**	–	–	**1,06,67,66,667**
Other Financial Liabilities	**32,85,591**	–	–	**32,85,591**
Current Liabilities				
Borrowings	**99,76,11,764**	–	–	**99,76,11,764**
Trade Payables	**9,29,79,529**	–	–	**9,29,79,529**
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	**1,51,84,44,544**	–	–	**1,51,84,44,544**
	3,67,90,88,095	–	–	**3,67,90,88,095**

As at 31st March, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment in Associates	13,00,00,000	–	–	13,00,00,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	Amortised Costs	FVTPL	FVOCI	Total
Investment in Joint Ventures	1,02,00,00,000	–	–	1,02,00,00,000
Other Financial Assets	52,77,660	–	–	52,77,660
Current Assets				
Trade Receivables	2,15,47,217	–	–	2,15,47,217
Cash and Cash equivalents	4,28,82,047	–	–	4,28,82,047
Other Financial Assets	34,46,34,905	–	–	34,46,34,905
	1,56,43,41,829	–	–	1,56,43,41,829
Non-current Liabilities				
Borrowings	2,40,73,05,791	–	–	2,40,73,05,791
Other Financial Liabilities	17,43,824	–	–	17,43,824
Current Liabilities				
Borrowings	73,20,63,636	–	–	73,20,63,636
Trade Payables	8,17,33,324	–	–	8,17,33,324
Other Financial Liabilities				–
- Non Derivative Financial Liabilities	85,68,94,904	–	–	85,68,94,904
	4,07,97,41,479	–	–	4,07,97,41,479

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

The amount of trade receivable from Land leasing, Industrial park maintenance service and property leasing activities as appearing in the balance sheet of the company shows the amount due from the customers to whom the Industrial park Maintenance charges, water charges and property Lease services are provided. Company executes Land leasing agreement with customers only entire lease premium is paid by customers and hence no risk of credit loss in dues relating to Land leasing premium. Further, As per the company's policy, every customer has to deposit 3 to 6 months of Maintenance charges and/or monthly lease rentals with the company and as per the terms of the agreement with the customer's, company is entitled to adjust the pending dues against the deposits taken from customer and hence, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has written off any significant any dues pending and is not exposed to a credit risk. During the year to the extent where recoverability of debt is doubtful the company has made provision for expected credit loss.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR)

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31-Mar-2018				
Non-interest bearing				
Trade Payable	**9,29,79,529**	–	–	–
Other Financial Liabilities	**1,03,69,700**	–	–	**32,85,591**
Variable interest rate instruments				
Short term Borrowing – Principal	**99,76,11,764**	–	–	–
Loan term Borrowing – Principal	**1,50,60,24,498**	**1,06,67,66,667**	–	–
Total	**2,60,69,85,491**	**1,06,67,66,667**	–	**32,85,591**
31-Mar-2017				
Non-interest bearing				
Trade Payable	8,17,33,324	–	–	–
Other Financial Liabilities	1,04,62,522	–	–	17,43,824
Variable interest rate instruments				
Short term Borrowing - Principal	73,20,63,636	–	–	–
Loan term Borrowing - Principal	84,16,66,668	1,90,83,33,328	49,89,72,463	–
Total	1,66,59,26,150	1,90,83,33,328	49,89,72,463	17,43,824

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31–Mar–2018	31–Mar–2017
Secured Bank Overdraft facility		
– Expiring within one year	**3,88,236**	26,59,36,364
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
– Expiring within one year	**20,00,000**	1,80,00,000
Secured Letter of Credit (sub limit of CC Credit facility)		
– Expiring within one year	–	2,00,00,000
	3,88,236	26,59,36,364

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amounts in INR)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-2018				
Non-interest bearing				
Non Current Investment	–	–	–	**1,15,00,00,000**
Security Deposits	**3,50,000**	–	–	**56,02,660**
Trade Receivable	**4,27,50,123**	–		
Cash and Cash equivalents	**15,15,56,946**	–	–	–
Other Current Financial Assets	**30,11,48,171**	–	–	–
Total	**49,58,05,240**	–	–	**1,15,56,02,660**
31-Mar-2017				
Non-interest bearing				
Non Current Investment	–	–	–	1,15,00,00,000
Security Deposits	6,75,000	–	–	52,77,660
Trade Receivable	2,15,47,217			
Cash and Cash equivalents	4,28,82,047			
Other Current Financial Assets	34,39,59,905	–	–	–
Total	40,90,64,169	–	–	1,15,52,77,660

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Year	Currency	Increase/ decrease in basis points	Effect on financials
31-Mar-2018	INR	+100	3,57,04,029
	INR	-100	(3,57,04,029)
31-Mar-2017	INR	+100	3,98,10,361
	INR	-100	(3,98,10,361)

31. Related Party Transactions

Details of related parties:

Description of relationship	
Holding Company	Mahindra Lifespaces Developers Limited (MLDL)
Joint Venture	Mahindra Industrial Park Chennai Ltd (MIPCL)
Associate	Mahindra Integrated Township Limited (MITL)
Key Management Personnel (KMP)	
Manager under the companies Act, 2013	Mr. Chandru (till 30th June 2016)-Manager and Chief Operating Officer
Business Head	Mr. Vivek Sharma (Business Head With Effect From 15th July 2016 to 31st Aug 2017)
Chief Financial Officer	"Mr. L Nataraj (With Effect From 15th April 2016 to 23th June 2017) Ms. Bharathy K (14th October 2017)"
Company Secretary	Ms. Iyer Shoba Narayanan (15th July 2016 to 15th September 2016)
Company Secretary	Mr. A. Muthukumaran (with Effect From 14th October 2016)

Note: Related parties have been identified by the Management and relied upon by the auditors.

Details of related party transactions during the year ended 31st March, 2018 and balances outstanding as at 31st March, 2018:

(Amounts in INR)

Transactions during the year	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	KMP
Sale of Land Rs.2,104,667,000 net of Amount derecognised Rs.258,581,920/-	–	25,85,81,920	–	–
	–	–	–	–
Operation and maintenance Income	–	–	2,31,69,596	–
	–	–	(2,23,04,574)	–
Water charges	–	–	46,94,223	–
	–	–	(49,50,456)	–
Club income	–	–	2,57,803	–
	–	–	(4,27,351)	–
Professional charges rendered	–	62,32,604	–	–
	–	(96,07,915)	–	–
Professional charges received	4,80,333	–	–	–
	–	–	–	–
Interest received	–	6,39,99,025	–	–
	–	–	–	–
Dividend Received	–	–	1,30,00,000	–
	–	–	–	–
Rent received	–	–	15,67,936	–
	–	–	(14,37,050)	–
Reimbursement of expenses		1,12,05,363	–	–
	–	(40,92,410)	–	–
ESOP	2,51,288	–	–	–
	(69,976)	–	–	–
Interest Paid	11,16,932	–	55,75,345	–
	–	–	(18,44,383)	–
Sale of Fixed Asset (incl Taxes)	–	–	–	–
	–	(11,28,750)	–	–
Inter Corporate Deposit received	7,00,00,000	–	–	–
	–	–	(20,00,00,000)	–
Intercorporate Deposit / Term loan repaid	7,00,00,000	–	(10,00,00,000)	–
	–	–	(10,00,00,000)	–
Investment in share capital	–	–	–	–
	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR)

Transactions during the year	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	KMP
Managerial Remuneration*				
Manager and Chief Operating Officer	–	–	–	–
	–	–	–	(66,11,059)
Business Head	–	–	–	43,05,003
	–	–	–	(67,11,145)
Chief Financial Officer	–	–	–	41,07,171
	–	–	–	(37,52,280)
Company Secretary	–	–	–	11,66,000
	–	–	–	(6,68,128)
Dividend Paid on Equity & Preference Shares	–	–	–	–
	–	–	–	–
Balance Outstanding as at the year end				
Inter–Corporate deposits payable	–	–	–	–
	–	–	10,00,00,000	–
Security Deposits taken	–	–	76,05,375	–
	–	–	(76,05,375)	–
Receivables	–	5,61,086	4,93,052	–
	–	(26,20,42,467)	(4,93,052)	–
Payables	8,60,127	–	–	–
	(69,976)	–	–	–

Note: Figures in bracket relates to the previous year

* Remuneration payable to Manager, Business Head, Company Secretary & CFO is approved by Nomination & Remuneration committee

32. Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

(Amounts in INR)

Particulars	31–Mar–18		31–Mar–17	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	–	–	–
– trade and other receivables	**4,27,50,123**	**4,27,50,123**	2,15,47,217	2,15,47,217
– deposits and similar assets	**30,71,00,831**	**30,71,00,831**	34,99,12,565	34,99,12,565
Total	**34,98,50,954**	**34,98,50,954**	37,14,59,782	37,14,59,782
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from Bank	**99,76,11,764**	–	73,20,63,636	–
– loans from related parties	–	–	–	–
– trade and other payables	**9,05,59,670**	**9,05,59,670**	7,94,61,910	7,94,61,910
Total	**1,08,81,71,434**	**9,05,59,670**	81,15,25,546	7,94,61,910

Fair value hierarchy as at 31st March, 2018

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	–	–	–
– trade and other receivables	–	**4,27,50,123**	–	**4,27,50,123**
– deposits and similar assets	–	**30,71,00,831**	–	**30,71,00,831**
Total	–	**34,98,50,954**	–	**34,98,50,954**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans Bank	–	**99,76,11,764**	–	**99,76,11,764**
– loans from related parties	–	–	–	–
– trade and other payables	–	**9,05,59,670**	–	**9,05,59,670**
Total	–	**1,08,81,71,434**	–	**1,08,81,71,434**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	–	–	–
– trade and other receivables	–	2,15,47,217	–	2,15,47,217
– deposits and similar assets	–	34,99,12,565	–	34,99,12,565
Total	–	37,14,59,782	–	37,14,59,782
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank Loans	–	–	–	–
– loans from related parties	–	–	–	–
– trade and other payables	–	7,94,61,910	–	7,94,61,910
Total	–	7,94,61,910	–	7,94,61,910

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

33. Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(i) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management and this has been relied upon by the auditors.

(ii) There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

34. Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position in this Ind AS financial statements (Refer Note 28 to the Ind AS financial statements). The company did not have any pending litigations which would impact its financial position.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The company did not have any material foreseeable losses on long term contracts. The company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. In respect of the current year, the Board at its meeting held on 20th April, 2018 has subject to requisite approval from shareholders at the ensuing Annual General Meeting and within the limit prescribed under the Companies Act, 2013, approved the payment of commission of Rs. 6 Lakhs to non-executive directors. The same has been included as a liability in these financial statements.

35 Regrouping and Reclassification

Previous period/year figures have been regrouped/reclassified where necessary, to conform to current period/year classification.

36 Approval

The financial statements were approved for issue by the board of directors on 20th April, 2018.

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants

For and on behalf of the Board of Directors of
Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Partner
Place: Chennai
Date: 20th April, 2018

Jayantt Manmadkar
Business Head (CEO)

Bharathy K
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

Annexure A

Form AOC-I

Salient features of Financial Statements of Subsidiary as per Companies Act, 2013

Nature	**ASSOCIATES**	**JOINT VENTURES**
Name of Subsidiary	**Mahindra Integrated Township Limited**	**Mahindra Industrial park chennai Limited**
The date since when subsidiary was acquired	04th May, 2006	22nd Dec, 2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
Share Capital	5,043.50	17,000.00
Reserves & Surplus	4,143.72	556.89
Total Assets	19,096.92	24,155.51
Total Liabilities	9,909.70	6,598.62
Investments	–	–
Turnover	4,999.33	–
Profit/(Loss) before taxation	606.86	(460.13)
Provision for taxation	120.48	(185.81)
Profit/(Loss) after taxation	486.38	(274.32)
Proposed Dividend	580.00	–
Extent of shareholding (in percentage)	25.77%	60.00%

ANNUAL REPORT 2017-18

BOARD'S REPORT

The Directors present their Thirteenth Report together with the audited financial statement of the Company for the financial year ended on 31st March, 2018.

Financial Highlights

(₹ in Lakh)

	2017-18	2016-17
Income from Operations	**12,784.02**	17,168.61
Other Income	**148.88**	359.25
Total Income	**12,932.90**	17,527.86
Profit Before Depreciation, Finance cost and Taxation	**7,397.83**	10,438.36
Less : Depreciation	**763.97**	767.99
Profit Before Finance cost and Taxation	**6,633.86**	9,670.37
Less : Finance Cost	**2,370.56**	2,695.51
Profit Before Taxation	**4,263.30**	6,974.86
Less : Provision for Taxation		
• Current Tax	**808.28**	2,355.48
• Deferred Tax (including MAT Credit)	**(254.74)**	113.89
Profit After Tax	**3,709.76**	4,505.49
Add : Balance of Profit for earlier years	**1,372.10**	845.57
Profits available for appropriation	**5,081.86**	5,351.06
Add: Other Comprehensive Income/(Loss)*	**0.12**	(8.18)
Less/(Add): Transfer to/(from) Debenture Redemption Reserve	**(2,762.50)**	(1,570.83)
Less: Transfer to Capital Redemption Reserve	**–**	5,000.00
Less: Dividend paid on Equity Shares including tax**	**1,083.22**	541.61
Balance carried forward	**6,761.26**	1,372.10

* Re-measurement of (loss)/gain (net) on defined benefit plans, recognised as part of retained earnings.

** Pursuant to applicable provisions of Indian Accounting Standards, the amount of dividend paid and income tax thereon mentioned in the columns for 2018 and 2017 represents the dividend amount paid and tax paid thereon for the financial years 2017 and 2016, respectively.

Dividend

The Directors have recommended equity dividend of ₹ 1.50 per share i.e. 15% per cent of the face value of ₹10 on 150,000,000 equity shares of the Company for the financial year 2017-18.

The equity dividend outgo for the proposed dividend on equity shares for the financial year 2017-18 including dividend distribution tax amounts to ₹ 2,712.49 Lakh.

Reserve

The Company has transferred ₹ 687.50 Lakh to Debenture Redemption Reserve Account and ₹ 3,450 Lakh has been transferred to Profit & Loss Account from Debenture Redemption Reserve consequent to redemption of Debentures during the year.

Operations/State of the Company's affairs

The Company is a 74:26 Joint Venture between Mahindra Lifespace Developers Limited and Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO), a Government of Rajasthan undertaking, respectively. The Company is developing an integrated business city in Jaipur. The project is spread over 2913 acres and offers dedicated Special Economic Zone (SEZs) for IT/ITeS, Engineering and Related Industries and Handicrafts along with a Domestic Tariff Area (DTA) and Social & Residential Infrastructure. The Company has recently received notification with respect to the amalgamation of all its SEZs into a single, multi-product SEZ from the Government of India.

During the year, the Company added 8 new customers (5 in SEZ and 3 in DTA), taking the total number of customers in Mahindra World City, Jaipur (MWCJ) to 81. Apart from these, 5 existing customers also increased their footprint during the year both in the horizontal and vertical space. The total land leased during the year was 43.99 acres and includes companies across diverse industry segments. Some of the companies to whom land was leased during the year are Global Stones, Topline Laminations, SSS & Associates, ATCS, Shanti Gold, TrenDesign, Yasen Lighting, KnitPro International, RUJCT & Vikas Steels.

During the year, 1 new customers became operational taking the total number of operational customers to 49. During the current year, 10 customers were engaged in developmental activities and are expected to become operational in the next financial year. E-Volve, the IT park within Mahindra World City, Jaipur, currently has 4 completed buildings comprising a leasable area of 0.43 million square feet. Out of the total area of 0.43 Million square feet, an area of 0.39 Million square feet has been leased. The customers at eVolve include DBOI Global Services Pvt Ltd, Metlife, EXL Services SEZ BPO Solution Private Limited, Metacube, Metlife Global Operations Support Centre Private Limited, SmartStream technologies and Appirio India Cloud Solutions Private Limited.

Direct employment created by the companies at Mahindra World City, Jaipur was around 10,230 persons as of 31st March, 2018. Exports by the Company's clients grew by 5.29% to reach ₹ 1,310.56 Crore in 2017-18 compared to ₹ 1,244.72 Crore in 2016-17. The Company and its customers based at MWCJ have together invested ₹ 3,648 Crore in the project till 31st March, 2018.

The Company currently has a multi-product SEZ amalgamating 5 sector Specific Special Economic Zones (SEZs), viz. 2 in IT/ITeS, and 1 each in Handicrafts, Engineering & Related Industries and Gems & Jewellery. The project also comprises a Domestic Tariff Area and Social & Residential Infrastructure zone. The area currently notified, under the SEZs, is 1,472.84 acres and the DTA comprises 1,000 acres. Out of this, DTA – Phase 1 comprises an area of 500 Acres which has been fully developed and 100% of saleable industrial area is already leased out to clients. The DTA – Phase 2 comprises of another 500 Acres, where 187.44 acres are currently under development and marketing. The Company has already signed 5 clients in DTA Phase -2.

During the year, 4 editions of the customer engagement platform, Coalesce have been conducted to discuss operational matters in the project and collaborate on new initiatives and infrastructure requirements. This initiative has been received well by the customers.

The Company stays committed to sustainable development. Some of the new initiatives include, launch of e-rickshaw facilities that are being used by customers of Mahindra World City (Jaipur) and distribution of 1200 LED lights in Nevta Village and surrounding areas during the year.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statements of the Company.

Update on Demand Notice received from Jaipur Development Authority

The Company has received a Demand Notice dated 27th January, 2016 on the very next day i.e. 28th January, 2016, from Jaipur Development Authority (JDA) regarding payment of lease/Shahri Jamabandi charges along with interest thereon for the period 27th September, 2006 to 31st March, 2016, on the land leased by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) to the Company in Mahindra World City, Jaipur. The demand notice is for an amount of ₹ 3,21,79,38,890/- (Rupees Three Hundred Twenty-One Crores Seventy-Nine Lakhs Thirty-Eight Thousand Eight Hundred and Ninety Only).

The Company has paid in various tranches an aggregate amount of ₹ 4,50,87,109/- (Rupees Four Crores Fifty Lakhs Eighty-Seven Thousand One Hundred and Nine Only) for the period from March 2011 to January 2016, towards the aforesaid lease/Shahri Jamabandi charges calculated in accordance with the relevant provisions, statutes and representations on the subject. This has been further validated by a legal opinion.

Share Capital

The Authorized share capital of the Company is ₹ 200 crore consisting of 15 crore equity shares of ₹ 10/- each aggregating to ₹ 150 crore and 5 crore 8% Redeemable Cumulative Preference shares of ₹ 10/- each aggregating to ₹ 50 crore. The Paid- up share capital of the Company is ₹ 150 crore which is held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

As on 13th July, 2012, the Company had issued and allotted 2500 – Secured Unlisted Rated Redeemable Non-Convertible Debentures (NCDs) at 10.00% Coupon rate with a face value of ₹ 1,000,000 (Rupees Ten Lakhs only) each for cash at par, aggregating to ₹250 crores (Rupees Two Hundred Fifty Crores only) vide Series A, Series B, and Series C on Private Placement basis.

The Company had also issued and allotted 650- Secured Unlisted Rated Redeemable Non-Convertible Debentures (NCDs) as on 19th December, 2014 at 10.90% Coupon rate with a face value of ₹ 1,000,000 (Rupees Ten Lakhs only) each for cash at par, aggregating to ₹65 crores (Rupees Sixty-Five Crores only) vide Series I, Series II, and Series II on Private Placement basis.

The Company had also issued and allotted 1500 Secured Unlisted Rated Non-Convertible Debentures (NCDs) of 9.48 % coupon rate with a face value of ₹ 10,00,000 (Rupees Ten lakh only) each aggregating to ₹150 crore (Rupees One Hundred Fifty Crore Only) vide series I, series II and series III on private placement basis.

Series C of Secured Unlisted Rated Redeemable 1,000 Non-Convertible Debentures (NCDs) of 10.00% coupon rate with a face value of ₹ 10,00,000 (Rupees Ten lakh only) each aggregating to ₹ 100 crore (Rupees One Hundred Crore Only) were redeemed on 13th July, 2017 along with redemption premium.

Series I of Secured Unlisted Rated Redeemable 200 Non-Convertible Debentures (NCDs) of 10.90% coupon rate with a face value of ₹ 10,00,000 (Rupees Ten lakh only) each aggregating to ₹ 20 crore (Rupees Twenty Crore Only) were redeemed on 19th December, 2017 along with redemption premium.

Series III of Secured Unlisted Rated Redeemable 900 Non-Convertible Debentures (NCDs) of 9.48% coupon rate with a face value of ₹ 10,00,000 (Rupees Ten lakh only) each aggregating to ₹ 90 crore (Rupees Ninety Crore Only) were redeemed on 14th December, 2017 along with redemption premium.

Holding Company

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no Company has become/ceased to be subsidiary/associate or joint venture Company of the Company. Therefore, the requirement of consolidated financial statements does not apply to the Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Sr. No.	Name of Directors	DIN	Designation
1.	Mr. Rajeeva Swarup	01142865	Chairman, Non-Executive Non-Independent Director
2.	Mr. Maheswar Sahu	00034051	Non-Executive Independent Director
3.	Mr. Vaibhav Galriya	03422896	Non-Executive Non-Independent Director
4.	Mr. Salil Singhal	00006629	Non-Executive Independent Director
5.	Mr. Mukesh Sharma	02087671	Non-Executive Non-Independent Director
6.	Mr. Arun Kumar Nanda	00010029	Non-Executive Non-Independent Director
7.	Ms. Anita Arjundas	00243215	Non-Executive Non-Independent Director
8.	Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

During the year, the Company received a letter dated 15th May, 2017 from RIICO intimating the withdrawal of nomination of Mr. Umesh Kumar as a Director and Chairman of the Company and nominating Mr. Rajeeva Swarup as the Director and the Chairman of the Board. Accordingly, Mr. Umesh Kumar ceased to be a Director with effect from 19th July, 2017 and Mr. Rajeeva Swarup was appointed as an Additional Director in the category of Non-Executive Non-Independent Director on 19th July, 2017. The Board places on record its deep appreciation of the valuable services rendered by Mr. Umesh Kumar during his tenure as a Director of the Company.

Further, during the year, the Company also received a letter dated 13th December, 2017 from RIICO intimating withdrawal of nomination of Ms. Mugdha Sinha as a Non-Executive Non-Independent Director of the Company with immediate effect. Accordingly, Ms. Mugdha Sinha resigned as Non-Executive Non-Independent Director of the Company with effect from 13th December, 2017. The Board places on record its deep appreciation of the valuable services rendered by Ms. Mugdha Sinha during her tenure as a Director of the Company.

As on 31st March, 2017, the Company has become a material subsidiary of Mahindra Lifespace Developers Ltd. as per Regulation 16(1)(c) of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). In terms of SEBI LODR, it is mandatory to appoint Independent Director of the Holding Company on the Board of material subsidiary. Accordingly, Mr. Ameet Hariani who is an Independent Director of Mahindra Lifespace Developers Ltd., the Holding Company, pursuant to Sections 160, 161 and all other applicable provisions of the Companies Act, 2013, was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company for a period of 5 years with effect from 28th March, 2018. In accordance with Section 161(1) of the Companies Act, 2013, Mr. Ameet Hariani holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Ameet Hariani is proposed at the ensuing Annual General Meeting as Non-Executive Independent Directors for a period of 5 years with effect from 28th March, 2018.

Pursuant to Section 152 of the Companies Act, 2013 and provisions of Articles of Association, Non-Executive Non-Independent Directors Mr. Vaibhav Galriya (DIN: 03422896) and Mr. Mukesh Sharma (DIN: 02087671), retire by rotation at the ensuing Annual General Meeting of the Company. Both the Directors being eligible have offered themselves for reappointment.

Further, all the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Companies Act, 2013, declaration from all the Independent Directors were received affirming their independence in accordance with the Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

As at 31st March, 2018, the Key Managerial Personnel of the Company comprise of following:

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Sanjay Srivastava	Chief Executive Officer
2.	Mr. Girish Agrawal	Chief Financial Officer
3.	Mr. Pratik Desai	Company Secretary

Mr. Pratik Desai has resigned from the position of Company Secretary with effect from 3rd April, 2018.

Committees of the Board:

Audit Committee

As at 31st March, 2018, the Audit Committee comprise of following:

Sr. No.	Name of Directors	Designation
1.	Mr. Rajeeva Swarup	Non-Executive Non-Independent Director
2.	Mr. Maheswar Sahu	Non-Executive Independent Director
3.	Mr. Salil Singhal	Non-Executive Independent Director

Consequent to resignation of Ms. Mugdha Sinha as Non-Executive Non-Independent Director and member of the Audit Committee with effect from 13th December, 2017, the Board of Directors at their meeting held on 19th January, 2018 reconstituted the Audit Committee of the Company by appointing Mr. Rajeeva Swarup as member of the Audit Committee. Mr. Maheswar Sahu is the Chairman of the Audit Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility Committee (CSR)

As at 31st March, 2018, the CSR Committee comprise of following:

Sr. No.	Name of Directors	Designation
1.	Mr. Rajeeva Swarup	Non-Executive Non-Independent Director
2.	Mr. Maheswar Sahu	Non-Executive Independent Director
3.	Ms. Sangeeta Prasad	Non-Executive Non-Independent Director

Consequent to resignation of Ms. Mugdha Sinha as Non-Executive Non-Independent Director and member of the CSR Committee with effect from 13th December, 2017, the Board of Directors at their meeting held on 19th January, 2018 reconstituted the CSR Committee of the Company by appointing Mr. Rajeeva Swarup as member of the CSR Committee. Mr. Rajeeva Swarup is the Chairman of the CSR Committee.

During the year, the Company contributed ₹ 97.62 Lakh towards Corporate Social Responsibility. The Annual Report on CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report

Nomination and Remuneration Committee (NRC)

As at 31st March, 2018, the NRC comprise of following:

Sr. No.	Name of Directors	Designation
1.	Mr. Rajeeva Swarup	Non-Executive Non-Independent Director
2.	Mr. Maheswar Sahu	Non-Executive Independent Director
3.	Mr. Salil Singhal	Non-Executive Independent Director
4.	Ms. Anita Arjundas	Non-Executive Non-Independent Director

Consequent to resignation of Ms. Mugdha Sinha as Non-Executive Non-Independent Director and member of the NRC with effect from 13th December, 2017, the Board of Directors at their meeting held on 19th January, 2018 reconstituted the NRC by appointing Mr. Rajeeva Swarup as member of the CSR Committee. Mr. Maheswar Sahu is the Chairman of the Committee.

The following policies of the Company as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3 and Annexure 4**, respectively to this report:

1. Policy on appointment of Directors & Senior Management;
2. Policy on remuneration of Directors;
3. Policy on remuneration of Key Managerial Personnel and Employees

Other Committees

Contract Committee

The Contract Committee of the Company comprises of three members, namely Mr. Vaibhav Galriya, Non-Executive Non-Independent Director, Ms. Sangeeta Prasad, Non-Executive Non-Independent Director and Mr. Sanjay Srivastava, Chief Executive Officer.

Capital Issue Committee

As at 31st March, 2018, the Capital Issue Committee of the Company comprises of two members, namely Mr. Arun

Kumar Nanda, Non-Executive Non-Independent Director and Ms. Sangeeta Prasad, Non-Executive Non-Independent Director. The Board of Directors at their meeting held on 18th April, 2018 reconstituted the Committee by appointing Mr. Rajeeva Swarup as member of the Committee.

Land Lease Committee

The Land Lease Committee comprises of two members, namely Mr. Mukesh Kumar Sharma, Non-Executive Non-Independent Director, and Ms. Anita Arjundas, Non-Executive Non-Independent Director.

Loans & Investments Committee

The Loans & Investment Committee of the Company comprises of two members, namely Mr. Arun Kumar Nanda, Non-Executive Non-Independent Director and Ms. Sangeeta Prasad, Non-Executive Non-Independent Director.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meetings

During the year, following number of the meetings of the Board and Committees were convened and held:

Meetings	Number of Meetings
Board Meeting	4
Audit Committee	2
Corporate Social Responsibility Committee	3
Nomination and Remuneration Committee	2

During the year, one meeting was separately conducted on 19th February, 2018 for the Independent Directors. The previous Annual General Meeting of the Company was held on 28th August, 2017.

Codes of Conduct

The Company has adopted Codes of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2017-18, received declarations under the Codes from the Board Members, Independent Directors, Senior Management and employees affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

Vigil mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional Non-compliance with the Company's policies and procedures and any other questionable accounting/ operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company has been posted on the website of the Company and is available at the link http://www.mahindraworldcity.com/about-us/our-policies.aspx.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

At the 12th Annual General Meeting (AGM) held on 28th August 2017, M/s. B. K. Khare & Co, Chartered Accountants, Mumbai (ICAI Reg. No: 105102W), were appointed as Auditors for a term of 5 consecutive years from the conclusion of the 12th Annual General Meeting till the conclusion of the 17th Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM).

Pursuant to Section 139(2) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. Accordingly, the members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 13th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B. K. Khare & Co, Chartered Accountants, Mumbai, stating that their eligible to continue as Auditors of the Company.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every AGM. The clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 12th AGM held on 28th August 2017 provides for ratification of the appointment of Statutory Auditor at every AGM, after notification of clause 40 of the Amendment Act, such ratification will not be necessary.

The Auditor's Report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

Cost Auditors

The provisions related to applicability of Cost Audit is not applicable to the company for the financial year 2017-18.

Secretarial Auditors

The Board has appointed M/s. JPS & Associates, practicing Company Secretaries, to conduct the secretarial audit for the financial year 2017-18. The Secretarial Audit report for the financial year ended 31st March, 2018 is annexed herewith and marked as **Annexure 5** to this Report.

The Secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer and therefore does not call for any further comments.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, company has not given any loans and guarantees attracting the provision of Section 186 of the Companies Act, 2013 ("the Act"). Further, as the Company is engaged in the business of Infrastructural activities, the provision of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 during the year.

Contracts or Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 with related parties which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies

Act, 2013 is included in this Report as **Annexure - 7** and forms part of this Report.

Safety, Health and Environmental Performance:

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability:

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance. Mahindra World City Jaipur is the first and largest project in Asia to receive Stage 2 Climate Positive Development certification from C40 Cities Climate Leadership Group.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year ended 31st March, 2018, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor and Secretarial Auditor of the Company.

Cautionary statement

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgement

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner, Noida Special Economic Zone, Development Commissioner SEZs, Government of Rajasthan, and all the agencies and Departments of the State Government, Bankers – State Bank of India, HDFC Bank, Kotak Mahindra Bank, Axis Trustee, our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

The Directors also express their sincere thanks to the shareholders for the continued support and trust they have shown in the Management.

For and on behalf of the Board,

Ms. Anita Arjundas	**Ms. Sangeeta Prasad**
Director (DIN 00243215)	***Director (DIN 02791944)***

Jaipur, 18th April, 2018

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company CSR Policy, including overview of projects or programs proposed to be taken and a reference to the Web link to the CSR Policy and projects or programs.**

   CSR forms an integral part of the Company. The Company believes that its initiatives and high ethical standards will encourage a positive impact on everyone involved in the project directly or indirectly. With a view to achieve inclusive social development, the Company has taken initiatives of organizing various training programs for school dropouts/ unemployed youth and Women Empowerment, who are part of the local community around the project area through a well-recognized NGO - Technology Business Incubator.

   - Vocational Skill Development Training – Since its inception a total of 1468 candidates have been trained as on 31st March 2018. **In FY 17-18, the training was given to 300 candidates.**
   - Formation of Women SHG's – Since its inception 95 SHG's have been formed with 1087 women as on 31st March 2018. **In FY 17-18**, 10 new SHG's were formed with 102 women, and **50 women** were given basic primary education.
   - The Company also provides Mid-Day meals to Govt. School Children through Akshay Patra. In FY 17-18, this initiative catered to **605 children across 5 Schools**, around the project office of the Company.
   - The Company also conducted **three** medical camps in the neighboring villages including Eye Camps for **1500 Children** in 7 Govt. Schools, around the project office of the Company.
   - The Company also planted **5500 trees** in government approved forest area and the neighboring villages around the project office of the Company.
   - One of the main objectives of Swachh Bharat Abhiyan includes eliminating open defecation through the construction of household-owned and community-owned toilets. Under this Campaign and based on Multiple requests received from Govt. Schools around MWCJ campus, we got 14 toilets constructed in 3 Villages in schools and Public Places. The Company took the initiative to **clean three** Govt. Schools in the neighboring villages.
   - The Company has also contributed ₹ 25 lakh for the Rajasthan State Govt. CSR project – MukhyaMantri Jal Swavalamban Abhiyan for making villages self-sufficient in Drinking Water and conserving water resources. A total of **15 villages** have been identified around the project office of the Company.
   - The Company also contributed ₹ 20 lakh for Seva Mandir, Udaipur.

   A detailed report of all activities is attached for reference. We are happy to inform that 100% of the CSR budget has been consumed for FY 17-18.

2. **The Composition of the CSR Committee.**

   The Corporate Social Responsibility (CSR) Committee of the Company comprises of Mr. Maheswar Sahu, Independent Director and two Non-Executive Non-Independent Directors, Mr. Rajeeva Swarup and Ms. Sangeeta Prasad.

3. **Average net profit of the company for the last three financial years (Before tax).**

   The average net profit of the Company for the last three financial years- ₹ **3,789.50** Lakh.

4. **Prescribed CSR Expenditure (two percent of the amount as in item no. 3 above).**

   Prescribed CSR spend (2% of above amount) - ₹ 97.62 Lakh

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: ₹ 97.62 Lakh

   b. Amount unspent, if any: NIL

   c. Manner in which the amount spent during the financial year is detailed below:

Amount in ₹

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency***
1	Education of under privileged Children	Education	Udaipur/Rajasthan	20,00,000	20,00,000	20,00,000	Seva Mandir through K.C Mahindra Education Trust

Amount in ₹

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency***
2	Vocational Skill Development Program & Women Empowerment	Education	Jaipur/Rajasthan	17,00,000	17,00,000	37,00,000	Technology Business Incubator
3	Digital India Campaign	Education	Jaipur/Rajasthan	9,62,000	9,62,000	46,62,000	Direct
4	MukhyaMantri Jal Swavalamban Abhiyan	Health	Jaipur/Rajasthan	25,00,000	25,00,000	71,62,000	Govt. of Rajasthan
5	Mid-Day meals for Govt. School children	Health	Jaipur/Rajasthan	5,75,000	5,75,000	77,37,000	Akshay Patra
6	Medical Camps	Health	Jaipur/Rajasthan	2,50,000	2,50,000	79,87,000	Direct
7	LED Tube Lights Installation	Environment	Jaipur/Rajasthan	4,49,000	4,49,000	83,36,000	Direct
8	Tree Plantation	Environment	Jaipur/Rajasthan	2,23,000	2,23,000	86,59,000	Direct
9	Clean India Campaigns	Environment	Jaipur/Rajasthan	11,03,000	11,03,000	97,62,000	Direct
	Total			**97,62,000**	**97,62,000**	**97,62,000**	

*** Give Details of implementing agency**

TECHNOLOGY BUSINESS INCUBATOR-KIET is jointly promoted by Department of Science & Technology, Govt. of India & Krishna Institute of Engineering & Technology, Ghaziabad. TBI-KIET is registered under Society Registration Act 1860 initiated by DST support to demonstrate a model of creating knowledge based enterprise & creation of job opportunities through innovation & entrepreneurship and also market oriented skilled trained rural personnel to meet out the requirement of industries thereby uplifting the economics status & livelihood of the people.

The **K. C. MAHINDRA EDUCATION TRUST** was established in the year 1953, with an objective of promoting literacy and higher learning in the country. It is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950. Over the years, the Trust has undertaken a number of education initiatives, which make a difference in the lives of deserving and needy students. The trust has provided more than ₹ 440.34 million (8.81 million $) in the form of grants, scholarships and loans. These funds are derived from the trust's investment portfolio, the main donor of which is the Mahindra group of companies. Since its inception, the trust has promoted education mainly by way of scholarships and grants to deserving and needy students.

AKSHAY PATRA is a not-for-profit organization headquartered in Bangalore, India. The organization strives to fight issues like hunger and malnutrition in India by implementing the Mid-Day Meal Scheme in the Government schools and Government aided schools. It aims to fight not only hunger but also to bring children to school and there by provide food for education.

MukhyaMantri Jal Swavalamban Abhiyan is an initiative of Government of Rajasthan, to create a water sustainable Rajasthan and make villages self-reliant even during drought periods, to make villages self-sufficient by providing a permanent solution to the demand of drinking water and to increase the Irrigated area through water harvesting & conservation. We have identified 15 villages under 3 Panchayats around the MWCJ campus for contribution towards this initiative.

6. **In case the company has failed to spend the two percent of average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.**

   The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the company.**

   The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Mr. Maheswar Sahu	**Mr. Sanjay Srivastava**
Chairman of the CSR Committee (DIN 00034051)	***Chief Executive Officer***

Jaipur, 18th April, 2018

ANNEXURE- 2

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra World City (Jaipur) Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**" means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed :

  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Ms. Anita Arjundas	**Ms. Sangeeta Prasad**
Director (DIN 00243215)	***Director (DIN 02791944)***

Jaipur, 18th April, 2018

ANNEXURE 3

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra World City (Jaipur) Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non-Executive including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Directors

The Chief Operating Officer is an executive of the Company and draws remuneration from the Company. Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Chief Operating Officer and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

For and on behalf of the Board,

Ms. Anita Arjundas	**Ms. Sangeeta Prasad**
Director (DIN 00243215)	***Director (DIN 02791944)***

Jaipur, 18th April, 2018

ANNEXURE-4

REMUNERATION POLICY FOR KMPS AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
    - o The increment that needs to be paid for different performance ratings as well as grades.
    - o The increment for promotions and the total maximum increment.
    - o The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.
- There are no mid-term compensation increments.

For and on behalf of the Board,

Ms. Anita Arjundas	**Ms. Sangeeta Prasad**
Director (DIN 00243215)	***Director (DIN 02791944)***

Jaipur, 18th April, 2018

ANNEXURE 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2017-18

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra World City (Jaipur) Limited,
4th Floor, 411, Neelkanth Tower,
Bhawani Singh Road, C-Scheme,
Jaipur – 302001.

(I) We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Mahindra World City (Jaipur) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

(II) Based on our verification of the Company's statutory registers and records, minutes books, forms and returns filed with various authorities and other records maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with various provisions of statutory enactments listed hereunder at clause (III) and that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner and subject to the reporting made hereinafter.

(III) We have examined the Statutory Registers, Minutes books of the General Meetings, Board Meetings and Committee Meetings, Forms and Returns filed with various Authorities and other records maintained by the Company for the financial year ended on March 31, 2018, according to the provisions of:

1. The Companies Act, 2013 and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The Indian Stamp Act, 1899
5. Service Tax Laws;
6. The Central Sales Tax Act, 1956;
7. The Rajasthan Value Added Tax Act, 2003
8. Goods and Service Tax Laws;
9. The Special Economic Zones Act, 2005;
10. Employees Provident Fund and Miscellaneous Provisions Act, 1952;
11. Employers Liability Act, 1938;
12. The Payment of Gratuity Act, 1972;
13. The Payment of Bonus Act,1965;
14. The Contract Labour (Regulation and Abolition) Act, 1970;
15. The Environment (Protection) Act, 1986;
16. The Water (Prevention and Control of Pollution) Act, 1974;
17. The Air (Prevention and Control of Pollution) Act, 1974.

(IV) As observed and as per the information and explanations given to us, since the company did not receive any Foreign Direct Investment and/or External Commercial Borrowings and did not make any Overseas Direct Investment, the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under relating thereto were not applicable to the company during the year under review.

(V) Since the company is an unlisted company, the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Rules, Regulations and guidelines made there under are not applicable to the company during the year under review.

(VI) We have also examined the compliance with applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

(VII) Based on our above mentioned examination and verification of records and information and explanation provided to us by the management, officers, employees and staff of the company, we report that during the financial year under review the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.

(VIII) We further report that having regard to the size and nature of the company the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors.

(IX) We further report that keeping in view the size and nature of the company, in our opinion adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(X) We further report that decisions were observed to be carried out by majority; however, we do not come across or explained with any instance of dissenting members, whose views need to be separately recorded in the minutes books as such.

(XI) We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(XII) We further report that during the financial year under review the Company has redeemed Non Convertible debentures and complied with necessary provisions of the Act in this regard.

(XIII) We further report that during the audit period, there were no instances of:

(i) Public/Rights/Preferential issue of shares/sweat equity;

(ii) Buy-back of securities;

(iii) Merger/amalgamation/reconstruction etc.;

(iv) Foreign technical collaborations.

Our above report is subject to the following:

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our audit;

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion;

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company;

4. Wherever required, we have obtained the Management Representation, in writing as well as verbal, about the compliance of laws, rules and regulations and happening of events etc.;

5. The Compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis;

6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or the effectiveness with which the management has conducted the affairs of the Company.

7. The compilation of the Secretarial Audit Report and the above mentioned contents are without any bias and/or prejudice.

For JPS & Associates
Company Secretaries

Jai Prakash Sharma
Partner
C. P. No.: 5161

Jaipur, 18th April, 2018

ANNEXURE – 6

A. CONSERVATION OF ENERGY

(i)	The steps taken or impact on conservation of energy	:	The Company is regularly pursuing the initiatives taken for energy conservation which include introduction of LED lighting, use of re-cycled water, plantation etc. The LED project was for propagation for efficient lighting for energy saving and neutralizing carbon footprint.
(ii)	The steps taken by the company for utilising alternate sources of energy	:	The Company has taken another GREEN step towards sustainability by combining the use of Solar Panels in the proposed parking area at Project office, instead of a traditional parking shed. Parking shed (19 Ft X 40Ft) with solar top will generate approximately 1000 units per month and will reduce our site office electrical expenses by approximately 20% per year.
(iii)	The capital investment on energy conservation equipments	:	

B. TECHNOLOGY ABSORPTION

(i)	The efforts made towards technology absorption	:	The Company has not carried out any specific R&D activities during the year.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	:	Nil
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Nil
(iv)	The expenditure incurred on Research and Development	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no foreign exchange earnings and outgo.

For and on behalf of the Board,

Ms. Anita Arjundas
Director (DIN 00243215)

Ms. Sangeeta Prasad
Director (DIN 02791944)

Jaipur, 18th April, 2018

ANNEXURE 7

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS

1.	CIN	:	U45209RJ2005PLC021207
2.	Registration Date	:	26/08/2005
3.	Name of the Company	:	MAHINDRA WORLD CITY (JAIPUR) LIMITED
4.	Category/Sub-category of the Company	:	Category: Company Limited by Shares Sub Category: Indian Non Government Company
5.	Address of the Registered office & contact details	:	4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur, Rajasthan- 302001 Tel. No. 91-141-3003461 Fax No. 91-141-2243060
6.	Whether listed company	:	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	:	Not Applicable for equity shares. For Non-Convertible Debentures: Karvy Computershare Private Limited Karvy Selenium, Tower- B, Plot No 31 & 32., Financial district, Nanakramguda, Hyderabad - 500032 Telephone: +91 40 67162222 Email id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service*	% to total turnover of the company#
1	Real estate activities with own or leased property [Development, Operation and Maintenance of Special Economic zone (SEZ) and Domestic Tariff Area (DTA) and lease rentals]	681	98.85%

***As per National Industrial Classification- Ministry of Statistics and Programme Implementation.**

 # on the basis of Gross Turnover including other income.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of company	CIN/GLN	Holding/ Subsidiary/ Associate	% holding	Applicable Section
1	Mahindra Lifespace Developers Limited Address- Mahindra Towers, 5th Floor, Worli, Mumbai- 400 018	L45200MH1999PLC118949	Holding	74%	2(46)
2	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

a) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	15,00,00,000	15,00,00,000	100	–	15,00,00,000	15,00,00,000	100	0.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)	–	15,00,00,000	15,00,00,000	100	–	15,00,00,000	15,00,00,000	100	0.00
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	15,00,00,000	15,00,00,000	100%	–	15,00,00,000	15,00,00,000	100%	0.00

b) **Shareholding of Promoter**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Ltd.	11,09,99,940	74.00	–	11,09,99,940	74.00	–	0.00
2	Mahindra Lifespace Developers Ltd.& Mr. Narayan Shankar	10	0.00	–	10	0.00	–	0.00
3	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	0.00
4	Rajasthan State Industrial Development & Investment Corporation Ltd.(RIICO)	3,90,00,000	26.00	–	3,90,00,000	26.00	–	0.00
5	Mahindra Lifespace Developers Ltd. & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	0.00
6	Mahindra Lifespace Developers Ltd. & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	0.00
7	Mahindra Lifespace Developers Ltd.& Ms. Sangeeta Prasad	10	0.00	–	10	0.00	–	0.00
8	Mahindra Lifespace Developers Ltd & Mr. Sanjay Srivastava	10	0.00	–	10	0.00	–	0.00
	Total	**15,00,00,000**	**100.00**	–	**15,00,00,000**	**100.00**	–	**0.00**

c) **Change in Promoters' Shareholding (please specify, if there is no change): No Change**

d) **Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil**

e) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**At the beginning of the year**				
	Mahindra Lifespace Developers Ltd. And Mr. Arun Nanda	10	0.00	10	0.00
	Mahindra Lifespace Developers Ltd. And Ms. Anita Arjundas	10	0.00	10	0.00
	Mahindra Lifespace Developers Ltd. And Ms. Sangeeta Prasad	10	0.00	10	0.00
	Mahindra Lifespace Developers Ltd. And Mr. Sanjay Srivastava	10	0.00	10	0.00
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.):	–	–	–	–
3.	**At the end of the year**				
	Mahindra Lifespace Developers Ltd. And Mr. Arun Nanda	10	0.00	10	0.00
	Mahindra Lifespace Developers Ltd. And Ms. Anita Arjundas	10	0.00	10	0.00
	Mahindra Lifespace Developers Ltd. And Ms. Sangeeta Prasad	10	0.00	10	0.00
	Mahindra Lifespace Developers Ltd. And Mr. Sanjay Srivastava	10	0.00	10	0.00

f) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31,430.00	0.00	0.00	31,430.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,544.19	0.00	0.00	1,544.19
Total (i+ii+iii)	**32,974.19**	**0.00**	**0.00**	**32,974.19**
Change in Indebtedness during the financial year				
• Addition	0.00	17,150.00	0.00	17,150.00
• Reduction	22,349.64	11,350.00	0.00	33,699.64
Net Change	**(22,349.64)**	**5,800.00**	**0.00**	**(16,549.64)**
Indebtedness at the end of the financial year				
i) Principal Amount	10,486.13	5,800.00	0.00	16,286.13
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	138.42	0.00	0.00	138.42
Total (i+ii+iii)	**10,624.55**	**5,800.00**	**0.00**	**16,424.55**

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **NIL**

B. Remuneration to other directors:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Maheswar Sahu	Mr. Salil Singhal	
1	Independent Directors			
	Fee for attending board committee meetings	1.50	0.40	1.90
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	1.50	0.40	1.90
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	1.50	0.40	1.90
	Total Managerial Remuneration (A+B)	1.50	0.40	1.90
	Overall Ceiling as per the Act			Not Applicable

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO Mr. Sanjay Srivastava	CS	CFO Mr. Girish Agrawal	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	129.71	–	18.64	148.35
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	–	–	0.32
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2	Stock Option related perquisites	–	–	–	–
3	Sweat Equity	–	–	–	–

		(₹ in lakh)			
Sr. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		CEO Mr. Sanjay Srivastava	**CS**	**CFO Mr. Girish Agrawal**	**Total**
4	Commission				
	- as % of profit	–	–	–	–
	others, specify...	–	–	–	–
5	Others, please specify	–	–	–	–
	Total	**130.03**	**–**	**18.64**	**148.67**

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There was no penalties/punishments/compounding of offences for the year ending 31.03.2018

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority [RD/ NCLT/COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty	NONE				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NONE				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NONE				
Punishment					
Compounding					

For and on behalf of the Board,

Ms. Anita Arjundas
Director
DIN: 00243215

Ms. Sangeeta Prasad
Director
DIN: 02791944

Jaipur, 18th April, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (JAIPUR) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M**ahindra World City (Jaipur) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit on the separate financial statements, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer note 32 to the financial statements).

   (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. The company has not entered into any derivative contracts.

   (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, April 18, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra World City (Jaipur) Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
(Membership No. 044784)

Mumbai, April 18, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Fixed Assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) With respect to the leasehold land on which the properties are constructed by the company, based on examination of the registered lease deeds provided to us, we report that the lease agreements are in the name of the Company as at the balance sheet date where the company is the lessee in the agreement.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013, and are 'of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' Stale Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) The details of dues of Income Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount involved (₹ In Lacs)	Amount unpald (₹ In Lacs)
Jaipur Development Authority Act 1982	Urban assessment/ Shahri Jamabandi	Jaipur Development Authority	2006-16	32,179	31,729

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-1 of the Reserve Bank of India Act, 1934.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
(Membership No. 044784)

Mumbai, April 18, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
			₹ in Lakh
I **ASSETS**			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	3	**6,707.57**	6,554.85
(b) Capital Work-in-Progress		**255.05**	436.74
(c) Investment Property	4	**8,815.51**	9,134.92
(d) Other Intangible Assets	5	**–**	–
(e) Financial Assets			
(i) Loans	6	**111.31**	107.88
(ii) Other Financial Assets	7	**156.30**	–
(f) Deferred Tax Assets (Net)		**–**	–
(g) Other Non-current Assets	8	**1,279.22**	923.29
SUB-TOTAL		**17,324.96**	17,157.68
CURRENT ASSETS			
(a) Inventories	9	**46,750.54**	45,077.83
(b) Financial Assets			
(i) Investments	10	**500.54**	4,224.22
(ii) Trade Receivables	11	**1,490.45**	616.99
(iii) Cash and Cash Equivalents	12	**443.80**	2,415.89
(iv) Other Bank Balances	12	**12.33**	11.56
(v) Other Financial Assets	7	**13.44**	160.00
(c) Other Current Assets	8	**519.01**	406.79
SUB-TOTAL		**49,730.11**	**52,913.28**
TOTAL ASSETS		**67,055.07**	**70,070.96**
II **EQUITY AND LIABILITIES**			
1 **EQUITY**			
(a) Equity Share Capital	13	**15,000.00**	15,000.00
(b) Other Equity	14	**13,636.26**	11,009.60
SUB-TOTAL		**28,636.26**	26,009.60
LIABILITIES			
2 **NON-CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Borrowings	15	**8,487.69**	19,431.25
(ii) Other Financial Liabilities	16	**123.72**	56.58
(b) Provisions	17	**1,175.77**	528.59
(c) Deferred Tax Liabilities (Net)	18	**1,812.00**	2,066.73
(d) Other Non-current Liabilities	19	**516.45**	617.81
SUB-TOTAL		**12,115.63**	22,700.96
3 **CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Borrowings	20	**15,800.00**	–
(ii) Trade Payables	21	**1,683.91**	805.47
(iii) Other Financial Liabilities	16	**3,855.58**	15,161.29
(b) Provisions	17	**3,350.51**	3,578.18
(d) Other Current Liabilities	19	**1,613.18**	1,815.46
TOTAL LIABILITIES		**26,303.18**	21,360.40
TOTAL EQUITY AND LIABILITIES		**67,055.07**	70,070.96

See accompanying notes to the financial statements
In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2018

For and on behalf of the Board of Directors

Ameet Pratap Sinh Hariani Director (DIN: 00087866)
Sangeeta Prasad Director (DIN: 02791944)

Director Director

Place : Jaipur
Date : April 18, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ in Lakh

	Particulars	Note No.	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
I	Revenue from operations	22	12,784.02	17,168.61
II	Other income	23	148.88	359.25
III	**Total Revenue (I + II)**		12,932.90	17,527.86
IV	**EXPENSES**			
	(a) Cost of land and Project development		4,451.82	3,204.91
	(b) (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,672.71)	1,315.37
	(c) Operation & Maintenance expenses	25	1,603.02	1,501.13
	(d) Employee benefit expense	26	439.44	377.33
	(e) Finance costs	27	2,370.56	2,695.51
	(f) Depreciation and amortisation expense		763.97	767.99
	(g) Other expenses	28	713.50	690.76
	Total Expenses- (IV)		8,669.60	10,553.00
V	**Profit/(loss) before tax (III - IV)**		4,263.30	6,974.86
VI	**Tax Expense**			
	(1) Current tax	29	808.28	2,355.48
	(2) Deferred tax	29	(254.74)	113.89
	Total tax expense- (VI)		553.54	2,469.37
VII	**Profit/(loss) after tax (V - VI)**		3,709.76	4,505.49
VIII	**Other comprehensive income**		0.12	(8.18)
	A (i) Items that will not be recycled to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		0.12	(8.18)
IX	**Total comprehensive income for the period (VII + VIII)**		3,709.88	4,497.31
X	**Earnings per share**			
	(1) Basic/ Diluted Earnings per share (₹)	30	2.47	3.00

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2018

For and on behalf of the Board of Directors

Ameet Pratap Sinh Hariani Director (DIN: 00087866)
Sangeeta Prasad Director (DIN: 02791944)

Director Director

Place : Jaipur
Date : April 18, 2018

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018

₹ in Lakh

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Cash flows from operating activities		
Profit before tax for the year	**4,263.30**	6,974.86
Non-cash adjustment to reconcile profit before tax to net cash flows		
Finance costs recognised in profit or loss	**3,410.52**	3,941.93
Interest Income	**(44.41)**	(102.22)
Investment income recognised in profit or loss	**(100.22)**	(245.45)
Loss/(Gain) on disposal of property, plant and equipment	**5.32**	15.19
Gain/(Loss) on Actuarial Valuation Adjustment in OCI	**0.12**	(8.18)
Depreciation and amortisation of non-current assets	**763.97**	767.99
Operating Profit/(Losses) before working capital changes	**8,298.60**	11,344.12
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(873.46)**	203.67
(Increase)/Decrease in inventories	**(1,672.71)**	1,315.37
(Increase)/Decrease other Non Current and current assets	**(124.79)**	93.21
(Increase)/Decrease Financial Assets – Loans	**(3.43)**	(19.74)
Increase/(Decrease) in trade and other payables	**878.44**	(77.84)
Increase/(Decrease) in financial liabilities	**(1,086.96)**	889.45
Increase/(Decrease) in other liabilities	**(303.64)**	525.47
Increase/(Decrease) in Provision	**1,170.93**	2,158.57
Cash generated from operations	**6,282.97**	16,432.28
Income taxes paid	**(1,177.91)**	(1,660.95)
Net cash generated by operating activities	**5,105.06**	14,771.33
Cash flows from investing activities		
Payments for property, plant and equipment	**(659.94)**	(361.33)
Purchase of current investments	**(5,641.15)**	(30,351.78)
Redemption of current investments	**9,465.60**	26,798.21
Interest Income received	**34.67**	125.37
Investment in fixed deposit for more than 3 months	**0.00**	(62.29)
Payments for investment property	**113.47**	0.00
(Investment)/Redemption of Earmarked Fixed Deposits	**(0.77)**	155.20
Net cash (used in)/generated by investing activities	**3,311.88**	**(3,696.62)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31ST, 2018

₹ in Lakh

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Cash flow from financing activities		
Proceeds from borrowings	**27,150.00**	15,000.00
Repayment of borrowings	**(32,350.00)**	(17,500.00)
Dividend Paid	**(1,083.22)**	(541.61)
Interest Paid	**(4,105.81)**	(6,247.05)
Net cash used in financing activities	**(10,389.03)**	(9,288.66)
Net increase in cash and cash equivalents	**(1,972.09)**	1,786.05
Cash and cash equivalents at the beginning of the year	**2,415.89**	629.84
Cash and cash equivalents at the end of the year	**443.80**	2,415.89
Components of cash and cash equivalents		
Cash on hand	**0.19**	0.53
With banks	**–**	–
– on current account	**443.61**	2,415.36
– on deposit account	**0.00**	0.00
Total cash and cash equivalents (Note 12)	**443.80**	**2,415.89**

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2018

For and on behalf of the Board of Directors

Ameet Pratap Sinh Hariani Director (DIN: 00087866)
Sangeeta Prasad Director (DIN: 02791944)

Director Director

Place : Jaipur
Date : April 18, 2018

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2018

₹ in Lakhs

Particulars	Share Capital	Reserves and Surplus			Other Comprehensive Income	
	Equity Share Capital	**Debenture Redemption reserve**	**Capital Redemption Reserve**	**Retained Earnings**	**Acturial Gain/Loss**	**Total**
Balance at the beginning of the reporting period – April 1, 2017	15,000.00	4,637.50	5,000.00	1,387.28	(15.18)	26,009.60
Profit for the year				3,709.76		3,709.76
OCI component of actuarial gains/ losses					0.12	0.12
Dividends and tax thereon				(1,083.22)		(1,083.22)
Transfer to Debenture Redemption Reserve		687.50		(687.50)		–
Transfer to Retained Earnings		(3,450.00)		3,450.00		–
Balance at the end of the reporting period – March 31, 2018	**15,000.00**	**1,875.00**	**5,000.00**	**6,776.32**	**(15.06)**	**28,636.26**

Particulars	Share Capital	Reserves and Surplus			Other Comprehensive Income	
	Equity Share Capital	**Debenture Redemption reserve**	**Capital Redemption Reserve**	**Retained Earnings**	**Acturial Gain/Loss**	**Total**
Balance at the beginning of the reporting period – April 1, 2016	15,000.00	6,208.33	–	852.57	(7.00)	22,053.90
Profit for the year				4,505.49		4,505.49
Additions during the year		1,554.17	5,000.00	–		6,554.17
OCI component of actuarial gains/losses					(8.18)	(8.18)
Dividends and tax thereon				(541.61)		(541.61)
Transfer to Debenture Redemption Reserve				(1,554.17)		(1,554.17)
Transfer to Capital Redemption Reserve				(5,000.00)		(5,000.00)
Transfer to Retained Earnings		(3,125.00)		3,125.00		–
Balance at the end of the reporting period – March 31, 2017	15,000.00	4,637.50	5,000.00	1,387.28	(15.18)	26,009.60

See accompanying notes to the financial statements
In terms of our report attached

For and on behalf of the Board of Directors

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Ameet Pratap Sinh Hariani Director (DIN: 00087866)
Sangeeta Prasad Director (DIN: 02791944)

Padmini Khare Kaicker
Partner
Membership No. : 44784

Director Director

Place : Mumbai
Date : April 18, 2018

Place : Jaipur
Date : April 18, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. General Information

The Company is engaged in the business of development of an Industrial park with Special Economic Zone (SEZ) and Domestic Tariff Area (DTA). The Company acquires land under lease, incurs expenditure on its development and related infrastructure facilities and gives them on a long-term lease for industrial, commercial and residential use. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company prepared its financial statements up to the year ended 31st March 2016 in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The Company has prepared its financial statements for the current financial year as per the requirement Ind AS. The date of transition to Ind AS is 1 April 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from properties

Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight-line basis over the non-cancellable lease period.

2.3.3 Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4 Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3.5 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

2.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.7 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.8 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties used in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.9 Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment properties are measured in accordance with IND AS 16's requirements.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated at the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also, allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle, a provision is expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.12.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.13 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets / liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain / loss arising out of such translation is adjusted to the profit and loss account.

2.15 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.15.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.15.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.15.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument by- instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments
- that the Company manages together and has a recent actual pattern of short term
- profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or
- a financial guarantee.

2.15.4 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.15.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.15.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency, denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.16 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.16.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.16.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.16.1.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16.1.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 Earnings per Share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.18 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.19 Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.20 Service/Goods and Services tax input credit:

Service tax/Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No.3 - Property, Plant and Equipment

₹ in Lakh

	As at 31st March, 2018	As at 31st March, 2017
Land - Lease hold	**19.64**	19.65
Buildings - Freehold	**5,077.54**	4,765.01
Plant & Equipment-Freehold	**1,482.97**	1,490.56
Office Equipment	**17.48**	22.17
Furniture and Fixtures	**104.14**	231.35
Vehicles	**2.22**	22.03
Computers	**3.58**	4.08
Total	**6,707.57**	**6,554.85**

Description of Assets	**Land - Leasehold**	**Buildings - Freehold**	**Plant and Equipment - Freehold**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Computer**	**Total**
I. Gross Carrying Amount								
Balance as at 1st April 2017	20.55	5,373.42	2,653.17	46.98	1,485.60	56.76	56.89	**9,693.37**
Additions	–	390.94	249.85	2.46	4.53	–	5.15	**652.93**
Disposals	–	–	–	–	–	14.28	–	**14.28**
Re-grouping Adjustment	–	–	–	–	–	–	–	**–**
Balance as at 31st March 2018	**20.55**	**5,764.36**	**2,903.02**	**49.44**	**1,490.13**	**42.48**	**62.04**	**10,332.02**
II. Accumulated depreciation and impairment								
Balance as at 1st April 2017	0.90	608.41	1,162.61	24.81	1,254.25	34.73	52.81	**3,138.52**
Depreciation expense for the year	0.23	144.04	258.25	6.21	132.99	10.66	5.65	**558.03**
Eliminated on disposal of assets	–	–	–	–	–	5.13	–	**5.13**
Re-grouping Adjustment	(0.22)	(65.63)	(0.81)	0.94	(1.25)	–	–	**(66.97)**
Balance as at 31st March 2018	**0.91**	**686.82**	**1,420.05**	**31.96**	**1,385.99**	**40.26**	**58.46**	**3,624.45**
III. Net carrying amount (I-II)	**19.64**	**5,077.54**	**1,482.97**	**17.48**	**104.14**	**2.22**	**3.58**	**6,707.57**

Description of Assets	**Land - Leasehold**	**Buildings - Freehold**	**Plant and Equipment - Freehold**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Computer**	**Total**
I. Gross Carrying Amount								
Balance as at 1st April, 2016	20.55	5,301.37	2,653.17	49.23	1,485.21	51.37	60.84	**9,621.74**
Additions	–	90.65	1.93	1.39	0.87	12.10	1.01	**107.95**
Disposals	–	18.60	1.93	3.64	0.48	6.71	4.96	**36.32**
Balance as at 31st March 2017	20.55	5,373.42	2,653.17	46.98	1,485.60	56.76	56.89	**9,693.37**
II. Accumulated depreciation and impairment								
Balance as at 1st April 2016	0.32	413.41	915.11	21.11	1,094.32	34.91	52.95	**2,532.13**
Depreciation expense for the year	0.58	197.79	249.43	7.34	160.41	6.53	4.82	**626.90**
Eliminated on disposal of assets	–	2.79	1.93	3.64	0.48	6.71	4.96	**20.51**
Balance as at 31st March 2017	0.90	608.41	1,162.61	24.81	1,254.25	34.73	52.81	**3,138.52**
III. Net carrying amount (I-II)	**19.65**	**4,765.01**	**1,490.56**	**22.17**	**231.35**	**22.03**	**4.08**	**6,554.85**

Note:

The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer note 1 and 2

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No.4 - Investment Property

	31st March, 2018	31st March, 2017
Completed Investment Properties (Net Value)	**8,815.51**	9,134.92

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	422.53	10,052.34	10,474.87
Addition	–	–	–
Disposals	–	–	–
Converted to Inventory	(52.49)	–	(52.49)
Balance as at 31 March 2018	**370.04**	**10,052.34**	**10,422.38**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2017	44.03	1,295.92	1,339.95
Addition	4.21	201.73	205.94
Re-grouping Adjustment	0.35	66.62	66.97
Disposals	–	–	–
Converted to Inventory	(5.99)	–	(5.99)
Balance as at 31 March 2018	**42.60**	**1,564.27**	**1,606.87**
III. Net carrying amount (I-II)	**327.44**	**8,488.07**	**8,815.51**

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1 April 2016	422.53	10,052.34	10,474.87
Transferred from Inventories and Property, Plant and Equipment	–	–	–
Balance as at 31 March 2017	**422.53**	**10,052.34**	**10,474.87**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2016	40.18	1,158.68	1,198.86
Additions	3.85	137.24	141.09
Balance as at 31 March 2017	**44.03**	**1,295.92**	**1,339.95**
III. Net carrying amount (I-II)	**378.50**	**8,756.42**	**9,134.92**

Fair value disclosure on Company's investment properties

(i) The Company's investment properties consist of land and building with current rentable area of 4.30 Lakhs sq. ft. Management determined that the investment properties consist of two classes of assets – Land and Biulding – based on the nature, characteristics and risks of each property.

(ii) As at 31 March 2018 and 31 March 2017, the fair values of the properties are ₹ 177.46 Crores and ₹ 177.22 Crs respectively (Level 3). These valuations are based on valuations performed by Purshotam Khandelwal, an accredited independent valuer. Purshotam Khandelwal is a specialist in valuing these types of investment properties.

(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique – Income Approach Method

₹ in Lakh

	Range (weighted average)	
Significant unobservable Inputs	**As at 31st March, 2018**	As at 31st March, 2017
Annual Rental...	**1,994.24**	1,994.24
Less: Repairs & Maintenance & Mgmt Exp, Insurace Etc. 15%	**299.14**	299.14
Net Annual Rental..................................	**1,695.10**	1,695.10
Capitalized Net Yield	**10.00%**	10.00%
Net Annual Income................................	**16,951.03**	16,951.03
Total Built Up area (Sq Ft area)	**430,672**	430,672
Rented Built Up Area............................	**415,240**	415,240
Area under Possession MWCJ	**15,432**	15,432
Market Rate /Sq ft ₹ 5150 yr 2017-18 ₹ 5000 Yr 2016-17	**794.73**	771.58
Total Market Value	**17,745.76**	**17,722.61**
Realisable Value 75%	**13,309.32**	13,291.96
Realisable Value (in CR)........................	**133.09**	132.92
Distress Sale Value 50%........................	**8,872.88**	8,861.31
Distress Sale Value (In CR)	**88.73**	88.61

Basis of Valuation Method:- Valuation is carried out by income approach method (also called Yield Method) is adopted in which appropriate rate of return is capitalised to reach the market value of the property of the portion rent out and sales comparable method use for the portion under owner Possession.

Note No.5 - Other Intangible Assets

₹ in Lakh

	As at 31st March, 2018	As at 31st March, 2017
Other Intangible Assets	**–**	**–**

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	52.03	52.03
Balance as at 31 March 2018	**52.03**	**52.03**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2017	52.03	52.03
Balance as at 31 March 2018	**52.03**	**52.03**
III. Net carrying amount (I-II)	**–**	**–**

Description of Assets	Computer Software	Total
Intangible Assets		
I. Gross Carrying Amount		
Balance as at 1 April 2016	52.03	52.03
Balance as at 31 March, 2017	52.03	52.03
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	52.03	52.03
Balance as at 31 March, 2017	52.03	52.03
III. Net carrying amount (I-II)	**–**	**–**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 6 - Loans

₹ in Lakh

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Security Deposits				
– Unsecured, considered good	**–**	**111.31**	–	107.88
GRAND TOTAL	**–**	**111.31**	–	107.88

Note No. 7 - Other financial assets

₹ in Lakh

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Financial assets at amortised cost				
a) Interest Accrued	**13.44**	**–**	3.69	–
b) Fixed Deposits	**–**	**156.30**	156.31	–
Total	**13.44**	**156.30**	160.00	–

Note No. 7 - The fixed deposits are renewed for 3 years. Refer note 12

Note No. 8 - Other assets

₹ in Lakh

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
(a) Capital advances				
(i) For Capital work in progress	**–**	**–**	–	26.27
(b) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**64.15**	**82.91**	49.75	82.91
(ii) Income Tax	**–**	**763.66**	–	394.03
(iii) Taxes paid under Protest	**–**	**406.88**	–	406.88
(iv) Prepaid Expenses	**42.45**	**25.77**	71.60	13.20
(v) Others	**412.41**	**–**	285.44	–
Total	**519.01**	**1,279.22**	406.79	923.29

Note No. 9 - Inventories

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Work-in-progress (Representing cost of land and related expenditure)	**46,750.54**	45,077.83
Total Inventories (at lower of cost and net realisable value)	**46,750.54**	45,077.83
Included in above:		
Land Cost	**21,021.26**	21,731.41
Development Cost	**25,729.28**	23,346.42
Total	**46,750.54**	**45,077.83**

(i) The cost of inventories recognised as an expense during the year was ₹ 2,779.11 Lakhs (31 March 2017: ₹ 4,520.28 Lakhs)

(ii) The carrying amount of inventories is pledged as security for liabilities. Refer Note No. 15 - Non-Current Borrowings.

(iii) Mode of valuation of inventories is cost or net realisable value, whichever is less.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 10 - Investments

₹ in Lakh

Particulars	As at 31st March, 2018 Amounts Current	As at 31st March, 2018 Amounts Non-Current	As at 31st March, 2017 Amounts Current	As at 31st March, 2017 Amounts Non-Current
I. Unquoted Investments (all fully paid)				
Investments in Mutual Funds	**500.54**	**–**	4,224.22	–
Total Unquoted Investments	**500.54**	**–**	4,224.22	–
INVESTMENTS CARRIED AT FVTPL	**500.54**	**–**	4,224.22	–
Other disclosures				
Aggregate amount of Market value of investments	**500.54**	**–**	4,224.22	–

Refer Note 37 for disclosure of Measurement Requirements as per IND AS 107, 109, 113.

Note No. 11 - Trade receivables

₹ in Lakh

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Trade receivables				
(a) Unsecured, considered good	**1,396.81**	–	616.99	–
(b) Doubtful	**93.64**	–	–	–
TOTAL	**1,490.45**	**–**	**616.99**	**–**

(i) Trade receivables are dues in respect of services rendered in the normal course of business.
(ii) The average credit period on service rendered is as per the terms of the service agreement with clients.

Note No. 12 - Cash and cash equivalents

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(a) Balances with banks	**443.61**	2,415.36
(b) Cash on hand	**0.19**	0.53
Total Cash and cash equivalent	**443.80**	**2,415.89**
Other Bank Balances		
(a) Earmarked balances with banks	**12.33**	11.56
Total Other Bank balances	**12.33**	11.56
Grand Total	**456.13**	**2,427.45**

Note 12 a. Fixed deposit is earmarked for availing overdraft facility of ₹ 9.00 Lakhs with State Bank of India. The overdraft facility is un- utilised as on 31.03.2018 (Previous year- Nil).

Note No. 13 - Equity Share Capital

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity Share Capital	**15,000.00**	**15,000.00**

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised Share Capital:		
150,000,000 fully paid equity shares of ₹ 10 each	**15,000.00**	15,000.00
Issued, Subscribed and Fully Paid:		
150,000,000 Equity shares of 10 each	**15,000.00**	15,000.00
Total	**15,000.00**	**15,000.00**

(a) Terms/rights attached to equity shares:

(i) The Company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share and carry right to dividends.

(ii) The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors has been approved by the shareholders at the Annual General Meeting. The amount of dividend approved and distributed to equity shareholders is ₹ 90,000,000/- (₹ 0.60 per share) (Previous Year ₹ 45,000,000/- (₹ 0.30 per share))

(iii) Repayment of capital will be in proportion to the number of equity shares held.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	Opening Balance	Other Changes	Closing Balance
Equity Shares with Voting rights*			
Year Ended 31 March 2018			
No. of Shares	150,000,000	–	150,000,000
Amount	15,000	–	15,000
Year Ended 31 March, 2017			
No. of Shares	150,000,000	–	150,000,000
Amount	15,000	–	15,000

* Terms/rights attached to equity shares are mentioned in note 13 (a).

(c) Details of shares held by each shareholder holding more than 5% shares:

₹ in Lakh

Class of shares/Name of shareholder	**As at 31st March, 2018**		As at 31st March, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
– Mahindra Lifespace Developers Limited	**111,000,000**	**74%**	111,000,000	74%
– Rajasthan State Industrial Development and Investment Corporation Limited	**39,000,000**	**26%**	39,000,000	26%

Note No. 14 (a) - Other Equity

₹ in Lakh

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Retained earnings	**6,761.26**	1,372.10
Capital redemption reserve	**5,000.00**	5,000.00
Debenture redemption reserve	**1,875.00**	**4,637.50**
Total	**13,636.26**	**11,009.60**

Note No. 14 (b) - Other Equity

Particulars	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
As at 31 March, 2017	**5,000.00**	**4,637.50**	**1,372.10**	**11,009.60**
Profit/(Loss) for the period			3,709.76	3,709.76
Other Comprehensive Income/(Loss)			0.12	0.12
Total Comprehensive Income for the year	**5,000.00**	**4,637.50**	**5,081.98**	**14,719.48**
Dividend paid on Equity Shares			(900.00)	(900.00)
Dividend Distribution Tax			(183.22)	(183.22)
Transfers to Debenture Redemption Reserve		687.50	(687.50)	–
Transfers to retained earnings		(3,450.00)	3,450.00	–
As at 31 March, 2018	**5,000.00**	**1,875.00**	**6,761.26**	**13,636.26**

Note No. 15 - Non-Current Borrowings

₹ in Lakh

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Measured at amortised cost		
Secured Borrowings:		
(a) Bonds/Debentures – Refer note 15 (a) to 15 (b)	**8,487.69**	19,431.25
Total Secured Borrowings	**8,487.69**	**19,431.25**

Summary of Borrowing Arrangements:

15 a. 10.90% Redeemable Non Convertible Debentures

Company has issued, on 19th December' 2015 10.90%- 650 Redeemable Secured Non Convertible Debentures, on 19th December'15 of ₹ 10 Lakhs each aggregating to ₹ 65 Crores repayable in 3, 4 and 5 years in the ratio of 31:31:38 respectively as below:-

Particulars	Series I*	Series II	Series III
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	200	200	250
Total Value (₹)	200,000,000	200,000,000	250,000,000
Maturity Date	19-Dec-17	19-Dec-18	19-Dec-19

* Series I of the issue has been duly repaid on the maturity date.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

These Debentures are secured by way of first pari passu charge along with the debenture holders of ₹ 100 Crore (Out of 250 Crores issued in July'12) on the assets of the project (excluding specified assets) by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.

The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 X at all times during the currency of debentures.

15 b. 9.48% Redeemable Non Convertible Debentures

Company has issued, on 7th July' 2016, 150 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 150 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:90 respectively as below:-

Particulars	Series I	Series II	Series III**
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	300	300	900
Total Value (₹)	300,000,000	300,000,000	900,000,000
Coupon Rate (%)	N.A.	N.A.	9.48%
Interest Repayment	N.A.	N.A.	Annual
Redemption Premium (₹)	93,469,500	131,090,300	N.A.
Maturity Date	8-Jul-19	7-Jul-20	7-Jul-21

– First ranking pari passu charge on the specified Mortgaged Assets of the Company along with the NCD holder of ₹ 100 Cr (Out of ₹ 250 Crore issued in July'16) and ₹ 65 Crore by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.

– The Company shall ensure that the requisite security cover of 1.25x to the Secured Obligations shall be maintained throughout the tenor of the Debentures and this Deed.

** Series III of ₹ 90 Cr. is pre- paid on 14th December' 2017 with redemption premium charges of ₹ 232 Lakhs.

Non-Current Borrowings Oustanding Summary

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
10.90% Redeemable Non Convertible Debentures	**2,494.02**	4,477.65
9.48% Redeemable Non Convertible Debentures	**5,993.67**	14,953.60
Total	**8,487.69**	**19,431.25**

Note No. 16 - Other Financial Liabilities

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(a) Security Deposits	**123.72**	56.58
Total Non Current Other financial liabilities measured at amortised cost	**123.72**	56.58
Current		
(a) Current maturities of long-term debt	**1,998.44**	11,998.75
(b) Interest Accrued but not due	**138.42**	1,544.19
(b) Other liabilities		
(1) Capital Creditors	**219.22**	370.52
(2) Security Deposits from lessees	**1,456.39**	1,217.05
(3) Others	**43.11**	30.78
Total Current Other financial liabilities measured at amortised cost	**3,855.58**	15,161.29
Total other financial liabilities	**3,979.30**	15,217.87

16 a. Refer Note No. 15 - Non-Current Borrowings, for current maturities of long- term debt.

Current Borrowings Outstanding Summary

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
10.00% Redeemable Non Convertible Debentures	–	9,999.04
10.90% Redeemable Non Convertible Debentures	**1,998.44**	1,999.71
Total	**1,998.44**	11,998.75

16 b. 10.90% Redeemable Non Convertible Debentures

Please refer note 15 a.

16 c. 10.00% Redeemable Non Convertible Debentures

Company has issued 2,500 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 250 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:40 respectively along with redemption premium as below:-

Particulars	Series I***	Series II***	Series III***
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	750	750	1,000
Total Value (₹)	750,000,000	750,000,000	1,000,000,000
Redemption Premium (₹)	77,835	110,794	147,421
Maturity Date	13-Jul-15	13-Jul-16	13-Jul-17

*** Series I, II and II are duly repaid on the their effective due dates.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 17 - Provisions

₹ in Lakh

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Provision for employee benefits				
– Long-term Employee Benefits	**46.94**	**66.48**	46.94	58.12
(b) Other Provisions				
(1) Premium payable of redemption of Non-convertible Debentures (refer note 15 b)	**–**	**1,109.29**	1,390.24	470.47
(2) Provision for cost of sale	**3,303.57**	**–**	2,141.00	–
Total Provisions	**3350.51**	**1,175.77**	**3,578.18**	**528.59**

Note- 17 a. Long term employee benefit expense provision includes provision for leave encashment and gratuity.

Note- 17 b. The Other Provisions are not subject to discounting.

Note No. 18: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

For the Year ended 31st March, 2018

Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**2,067.89**	**(216.89)**	**1,851.00**
Others – (Deferred tax on Security Deposits)	**0.52**	**(0.52)**	**–**
FVTPL financial asset	**27.92**	**(27.92)**	**–**
NCDs EIR	**6.40**	**(6.40)**	**–**
Others- (please specify)	**–**	**–**	**–**
A	**2,102.73**	**(251.73)**	**1,851.00**
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	**36.00**	**(3.00)**	**33.00**
Other Items (Unbilled Debtors)	**–**	**6.00**	**6.00**
B	**36.00**	**3.00**	**39.00**
Net Tax Asset (Liabilities) (A - B)	**2,066.73**	**(254.73)**	**1,812.00**

For the Year ended 31st March, 2017

Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,951.84	116.05	2,067.89
Others – (Deferred tax on Security Deposits)	2.35	(1.83)	0.52
FVTPL financial asset	1.09	26.83	27.92
NCDs EIR	36.84	(30.44)	6.40
	1,992.12	110.61	2,102.73
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	30.27	5.73	36.00
Other Items (Unbilled Debtors)	5.74	(5.74)	–
Other Temporary Differences (Preliminary Expenses Written off)	3.26	(3.26)	–
	39.27	(3.27)	36.00
Net Tax Asset (Liabilities)	**(1,952.85)**	**(113.88)**	**(2,066.73)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 19 - Other Current Liabilities

₹ in Lakh

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
a. Advances received from customers	**1,551.45**		1,559.08	
b. Statutory dues				
– taxes payable (other than income taxes)	**61.73**		256.38	
c. Others		**516.45**		617.81
TOTAL OTHER LIABILITIES	**1,613.18**	**516.45**	**1,815.46**	**617.81**

19 (a) Others represent the rent free deposits received from customers treated as Advance income.

Note No. 20 - Short Term Borrowings

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured Borrowings		
(1) Inter Corporate Deposits from Holding Company	**5,800.00**	–
(2) Inter Corporate Deposits from Others	**10,000.00**	–
TOTAL SHORT TERM BORROWINGS	**15,800.00**	**–**

Note No. 20 Unsecured Borrowings

1. The Unsecured Inter corporate deposits taken from Mahindra Lifespace Developers Limited (MLDL). Key terms are as below:
   a. The Inter corporate deposit is repayable on demand.
   b. The Company has an option to pre- pay the said amount along interest with 2 days notice.
   c. The coupon rate is 9.10% p.a. with monthly repayment.
2. The key terms for Unsecured Inter corporate deposits taken from Others i.e., Housing Development Corporation Limited. Key terms are as below:
   a. The Inter corporate deposit is repayable on demand with 90 days tenure.
   b. The Company has an option to pre-pay the said amount along interest with 2 days notice.
   c. The coupon rate is 8.30% p.a. with monthly repayment. 0.25% processing fee is charged with taxes for the issue. The effective interest rate is 9.63%.

Note No. 21 - Trade Payables

₹ in Lakh

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Trade payable - Micro and small enterprises	**151.27**	**–**	49.54	–
Trade payable - Other than micro and small enterprises	**1,532.64**	**–**	755.93	–
Total trade payables	**1,683.91**	**–**	805.47	–

– Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

– The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note No. 22 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Revenue from rendering of services		
(i) Land Lease Premium	**8,682.18**	13,331.42
(ii) Property Rentals- eVolve	**2,037.57**	1,996.02
(iii) Income from Operation and Maintenance	**2,064.27**	1,841.17
Total Revenue from Operations	**12,784.02**	**17,168.61**

Note No. 23 - Other Income

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Interest Income		
(1) Interest on Bank Deposits	**44.41**	45.29
(2) Others	**–**	56.93
(b) Net gain/(loss) arising on financial assets designated as at FVTPL	**100.22**	245.45
(c) Miscellaneous Income	**4.25**	11.58
Total Other Income	**148.88**	**359.25**

23 (a)- Interest on others represent the interest received on income tax refund of ₹ 51.34 Lakhs in FY' 2016-17.

Note No. 24 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
Inventories at the end of the year:		
Finished goods	**–**	–
Work-in-progress	**46,750.54**	45,077.83
Stock-in-trade	**–**	–
	46,750.54	45,077.83
Inventories at the beginning of the year:		
Finished goods	**–**	–
Work-in-progress	**45,077.83**	46,393.20
Stock-in-trade	**–**	–
	45,077.83	46,393.20
Net (increase)/decrease	**(1,672.71)**	**1,315.37**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 25 - Operation & Maintenance expenses

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Site Electricity & Diesel Expenses	**218.49**	329.29
(b) Repairs & Maintenance Expenses	**458.15**	276.30
(c) Security Charges	**204.78**	206.22
(d) Landscaping/Hardscape Charges	**95.91**	114.70
(e) Cleaning/Housekeeping Charges	**220.99**	217.61
(f) Site Water Charges and Networks Expenses	**309.88**	269.56
(g) Organization Expenses	**45.68**	45.29
(h) Insurance Expenses	**16.17**	10.15
(i) Legal & Professional Fees	**0.62**	0.28
(j) Rates & Taxes	**10.15**	7.47
(k) Other Miscellaneous Expenses	**22.20**	24.26
Total Operation and Maintenance Expense	**1,603.02**	1,501.13

Note No. 26 - Employee Benefits Expense

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Salaries and wages, including bonus	**607.75**	535.01
(b) Contribution to provident and other funds	**36.38**	36.11
(c) Share based payment transactions expenses		
(1) Equity-settled share-based payments towards ESOP of Holding Co.	**6.69**	8.88
(d) Staff welfare expenses	**18.33**	16.74
(e) Other Comprehensive income reclassification	**(0.12)**	(8.18)
Total Employee Benefit Expense	**669.03**	588.56
Less : Allocated to projects	**(229.59)**	(211.23)
Total Net Employee Benefit Expense	**439.44**	377.33

Note No. 27 - Finance Cost

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Interest expense	**3,290.13**	3,516.30
(b) Other borrowing cost	**42.14**	329.00
(c) Other interest costs	**78.25**	96.63
Total finance costs	**3,410.52**	3,941.93
Less : Allocated to projects	**(1,039.96)**	(1,246.42)
Total finance costs	**2,370.56**	2,695.51

27 a. The interest is inventorised on borrowings referred to in Note 15 a. and on Series III of borrowings referred to in Note 15 b. in the ratio of undeveloped inventory to the total inventory.

27 b. The other borrowing cost includes interest on CC Limit utilisation of ₹ 45.83 Lakhs for the year ended March 31, 2018- Nil (Previous year- Nil)

Note No. 28 - Other Expenses

₹ in Lakh

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Rent including lease rentals	**15.35**	12.75
(b) Rates and taxes	**1.30**	0.01
(c) Insurance	**16.07**	15.49
(d) Repairs and Maintenance	**27.50**	67.73
(e) Electricity Charges	**3.90**	0.80
(f) Travelling & Conveyance	**65.36**	69.95
(g) Legal & Professional Fees	**62.28**	83.28
(h) Printing & Stationery	**5.36**	1.44
(i) Communication	**8.68**	9.92
(j) Advertisement, Marketing & Business Development	**279.69**	300.31
(k) Auditors Remuneration	**15.27**	15.80
(l) Loss on sale or discard of Fixed assets	**5.32**	15.19
(m) Expenditure on Corporate Social Responsibility	**97.62**	75.79
(n) Provision for Doubtful Debts	**93.64**	–
(o) Miscellaneous Expenses	**17.99**	26.99
Total Gross Other Expenses	**715.33**	695.45
Less : Allocated to projects/ Capitalised	**(1.83)**	(4.69)
Total Net Other Expenses	**713.50**	690.76

Note No. 29 - Current Tax and Deferred Tax

Income Tax recognised in profit or loss

₹ in Lakh

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax:		
In respect of current year	**808.28**	2,355.48
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(254.74)**	113.89
Total income tax expense on continuing operations	**553.54**	2,469.37

The total Income tax computation to be reconciled with your book profit.

₹ in Lakh

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit before Tax	**4,263.30**	6,974.86
Income Tax @ 34.608% for the year	**1,475.44**	2,413.86
Effect of expenses that is non-deductible in determining taxable profit		
CSR Expense (net of deduction u/s 80G allowed)	**25.00**	21.56
Preference Share dividend	**–**	110.01
Deduction u/s 80IAB	**(597.00)**	(79.39)
Effect of change in future tax rate on temporary differences originated in previous year	**(322.24)**	–
Effect of change in future tax rate on temporary differences originated in current year	**(19.16)**	–
Interest on income tax leading to permanent difference	**4.75**	–
Others	**(13.25)**	3.33
Total	**553.54**	2,469.37
Income tax expense recognised In profit or loss statement	**553.54**	**2,469.37**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 30 - Earnings per Share

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Rs. Per Share	Rs. Per Share
Basic Earnings per share	2.47	3.00
Total basic earnings per share	**2.47**	**3.00**

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs.

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	3,709.76	4,505.49
Profit/(loss) for the year used in the calculation of basic earnings per share	3,709.76	4,505.49
Weighted average number of equity shares	150,000,000	150,000,000
Basic Earnings per share (In rupees per share) of Face Value- ₹ 10 Per Share	**2.47**	**3.00**

Note No. 31 - Segment information

The Company operates in only one business segment, i.e. 'lease of land and properties constructed thereon' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note No. 32 - Contingent liabilities and commitments

Rs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Contingent liabilities (to the extent not provided for)		
(a) Other Matters disputed		
Shahri Jamabandi (Urban Assessment/Ground rent demanded by Jaipur Development Authority, Government of Rajasthan)	32,179.39	32,179.39
Note: The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.		
(b) Other money for which the Company is contingently liable (Income Tax Matter under appeal)	204.15	204.15
(c) Rajasthan Entry Tax	16.06	28.05
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	148.27	498.94

Note - 33 - Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Rs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Principal amount remaining unpaid to MSME suppliers	151.27	211.55

(i) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

(ii) There are no overdue amounts any time during the year and hence no interest amount is due or paid during the year.

Note No. 34 - Leases

Details of Operating leasing arrangements As Lessor

The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 2 to 3 years for the building and 9 yrs and 5 months for interiors from 2008 to 2020 and may be renewed for a further period of 2 terms of 5 years each based on mutual agreement of the parties.

Rs.

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Future minimum lease payments		
Not later than one year	480.69	455.05
Later than one year and not later than five years	492.81	764.76
Later than five years	–	–

Note No. 35 - Employee benefits

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Rs.

Particulars	Valuation as at	
	As at 31st March, 2018	As at 1st April, 2017
Discount rate(s)	7.52%	6.69%
Expected rate(s) of salary increase	9.00%	10.00%
Average Longevity	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Defined benefit plans – As per Actuarial Valuation

₹ in Lakh

Particulars	Defined Benefit Plan Gratuity As at 31st March, 2018	As at 1st April, 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost	**42.58**	40.98
Current Service Cost	**12.73**	11.08
Past service cost and (gains)/losses from settlements	**(10.08)**	(10.99)
Net interest expense	**2.51**	2.66
Components of defined benefit costs recognised in profit or loss	**47.74**	**43.73**
Actuarial (Gain)/Loss on obligation	**7.12**	(1.15)
Components of defined benefit costs recognised in other comprehensive income	**7.12**	**(1.15)**
Total	**54.86**	**42.58**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March	**–**	–
1. Present value of defined benefit obligation as at 31st March	**54.86**	42.58
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(54.86)**	(42.58)
4. Current portion of the above	**4.35**	4.81
5. Non current portion of the above	**50.51**	37.77
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**42.58**	40.98
2. Add/(Less) on account of Scheme of Arrangement/ Business		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**12.73**	11.08
– Past Service Cost	**–**	0.29
– Interest Expense (Income)	**2.51**	2.66
4. Recognised in Other Comprehensive Income		

₹ in Lakh

Particulars	Defined Benefit Plan Gratuity As at 31st March, 2018	As at 1st April, 2017
Remeasurement gains/(losses)		
– Actuarial Gain/(Loss) arising from:		
i. Demographic Assumptions	**2.37**	(2.97)
ii. Financial Assumptions	**(13.64)**	3.49
iii. Experience Adjustments	**18.40**	(1.67)
5. Benefit payments	**(10.08)**	(11.28)
7. Present value of defined benefit obligation at the end of the year	**54.86**	**42.58**
III. Change in fair value of assets during the year ended 31st March		
1. Contributions by employer (including benefit payments recoverable)	**10.08**	11.28
2. Benefit payments	**(10.08)**	(11.28)
3. Fair value of plan assets at the end of the year	**–**	**–**
IV. Actuarial assumptions		
1. Discount rate	**7.52%**	6.69%
2. Expected rate of return on plan assets	**N.A.**	N.A.
3. Attrition rate	**12.00%**	20.69%

The actuarial valuation is done by M/s G. N. Agarwal, 5th Floor, North West, 29 Senapati Bapat Marg Dadar-West, Mumbai – 400 028

Note 36. Related Party Transactions

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited
Entities having joint control/ significant influence over Company	Rajasthan State Industrial Development and Investment Corporation Limited
Key Management Personnel (KMP)	Mr. Sanjay Srivastava - Chief Executive Officer
Fellow Subsidiaries/ Associates	– Mahindra World City Developers Limited – Mahindra Integrated Business Solutions Private Limited – Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited) – Mahindra Consulting Engineers Limited – Mahindra Holidays & Resorts India Limited – Tech Mahindra Limited – Mahindra Defence Systems Limited – Integrated Clusters Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Mahindra Consulting Engineers Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Integrated Clusters Private Limited	Mr. Sanjay Srivastava
Rendering of services	31-Mar-18	40.72	–	–	–	0.12	–	0.12	0.12	–	–	–
	31-Mar-17	38.10	–	–	–	0.12	–	0.05	0.05	–	–	–
Receiving of services	31-Mar-18	14.13	–	–	1.08	–	55.00	–	–	0.51	–	–
	31-Mar-17	8.26	–	11.86	1.09	–	45.00	–	–	1.18	–	–
Finance arrangements:*												
Inter Corporate Deposits	31-Mar-18	5,000.00	12,150.00	–	–	–	–	–	–	–	–	–
	31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Interest on Inter Corporate Deposits	31-Mar-18	125.75	605.16	–	–	–	–	–	–	–	–	–
	31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made for ESOP by	31-Mar-18	–	6.69	–	–	–	–	–	–	–	–	–
Holding Company	31-Mar-17	–	8.88	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	31-Mar-18	9.59	13.80	–	–	–	–	–	–	–	0.04	–
	31-Mar-17	25.21	–	–	–	–	–	–	–	–		–
Remuneration	31-Mar-18	–	–	–	–	–	–	–	–	–		139.70
	31-Mar-17	–	–	–	–	–	–	–	–	–		132.46
Preference shares Dividend Paid	31-Mar-18	–	–	–	–	–	–	–	–	–		–
	31-Mar-17	–	491.44	172.67	–	–	–	–	–	–		–
Equity Shares Dividend Paid	31-Mar-18	–	666.00	234.00	–	–	–	–	–	–		–
	31-Mar-17	–	333.00	117.00	–	–	–	–	–	–		–

Particulars	Balance as on	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Mahindra Consulting Engineers Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Integrated Clusters Private Limited	Mr. Sanjay Srivastava
Trade payables	31-Mar-18	19.03	32.45	–	0.21	–	–	–	–	–	–	–
	31-Mar-17	8.24	8.88	–	0.10	–	–	–	–	–	–	–
Loans & advances taken (MOU Advance)	31-Mar-18	–	–	–	–	–	–	570.00	–	–	–	–
	31-Mar-17	–	–	–	–	–	–	570.00	–	–	–	–
Trade Receivable	31-Mar-18	7.36				0.14	–	0.20	0.04	–	–	–
	31-Mar-17	2.96	–	–	–	0.06	–	0.06	0.06	–	–	–
Deposits Payables	31-Mar-18	8.40	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	8.40	–	–	–	–	–	–	–	–	–	–
Advance/Deposit to Vendor	31-Mar-18	–	–	254.86	–	–	–	–	–	–	–	–
	31-Mar-17	–	–	254.86	–	–	–	–	–	–	–	–
Inter-Corporate Deposits	31-Mar-18	–	5,800.00	–	–	–	–	–	–	–	–	–
	31-Mar-17	–	–	–	–	–	–	–	–	–	–	–

* Including loans and equity contributions in cash or in kind.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 37 - Fair Value Measurement

₹ in Lakh

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Relationship of unobservable inputs to fair value and sensitivity
	As at 31st March, 2018	As at 31st March, 2017				
Financial assets						
Investments						
(1) Mutual fund investments	**500.54**	4,224.22	**Level 1**	**500.54**		**Market quoted NAVs**
Total financial assets	**500.54**	**4,224.22**				
Financial liabilities						
Other Financial Liabilities						
(1) Long term Borrowings	**8,487.69**	19,431.25	**Level 2**		**8,487.69**	**EIR Method**
Total financial liabilities	**8,487.69**	**19,431.25**				

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value

₹ in Lakh

Particulars	31st March, 2018		31st March, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Investments	**500.54**	**500.54**	4,224.22	4,224.22
– Trade Receivables	**1,490.45**	**1,490.45**	616.99	616.99
– Cash and Cash Equivalents	**443.80**	**443.80**	2,415.89	2,415.89
– Other Bank Balances	**12.33**	**12.33**	11.56	11.56
– Loans	**111.31**	**111.31**	107.88	107.88
– Other Financial Assets	**13.44**	**13.44**	160.00	160.00
Total financial assets	**2,571.87**	**2,571.87**	**7,536.54**	**7,536.54**
Financial liabilities				
Financial liabilities held at amortised cost				
– Borrowings	**24,287.69**	**24,287.69**	19,431.25	19,431.25
– Trade Payables	**1,683.91**	**1,683.91**	805.47	805.47
– Other Financial Liabilities	**3,979.30**	**3,979.30**	15,217.87	15,217.87
Total	**29,950.90**	**29,950.90**	**35,454.59**	**35,454.59**

Note No. 38 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Debt-to-equity ratio as of 31 March 2018, 31 March 2017 is as follows:

₹ in Lakh

	31st March, 2018	31st March, 2017
Debt (A)	**26,286.13**	31,430.00
Equity (B)	**28,636.26**	26,009.60
Debt Equity Ratio (A/B)	**0.92**	**1.21**

Categories of financial assets and financial liabilities
As at 31st March, 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	111.31			111.31
Current Assets				
Investments	–	500.54	–	500.54
Trade Receivables	1,490.45			1,490.45
Cash and Cash Equivalents	443.80			443.80
Other Bank Balances	12.33			12.33
Other Financial Assets				
– Non Derivative Financial Assets	13.44			13.44
Non-current Liabilities				
Borrowings	8,487.69			8,487.69
Other Financial Liabilities				
– Non Derivative Financial Liabilities	123.72			123.72
Current Liabilities				
Borrowings	15,800.00			15,800.00
Trade Payables	1,683.91			1,683.91
Other Financial Liabilities				
– Non Derivative Financial Liabilities	3,855.58			3,855.58

As at 31st March, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	107.88			107.88
Current Assets				
Investments		4,224.22		4,224.22
Trade Receivables	616.99			616.99
Cash and Cash Equivalents	2,415.89			2,415.89
Other Bank Balances	11.56			11.56
Loans				
– Non Derivative Financial Assets	160.00			160.00
Non-current Liabilities				
Borrowings	19,431.25			19,431.25
Trade Payables	–			–
Other Financial Liabilities				
– Non Derivative Financial Liabilities	56.58			56.58
Current Liabilities				
Trade Payables	805.47			805.47
Other Financial Liabilities				
– Non Derivative Financial Liabilities	15,161.29			15,161.29

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counter party defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enteres into an agreement with each customer. The agreement has a termination clause by which the Company can terminate the agreement and secure the receivable. The trade redeivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers. Being a Develper, a unit needs certain NOC and permission in respect of commencement and operation of the business and as per the agreement signed with customer, the developer gives the equired NOC and permission after clearing the outstanding dues alongwith interest.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Customer credibility is researched before leasing the land to ensure only credit worthiness of the clients.

The credit risk on liquid funds is limited because the counterparties are banks and debt mutual funds with high credit-ratings assigned.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
Non-derivative financial liabilities			
31-Mar-18			
Non-interest bearing	123.72	–	–
Trade payable	1,683.91	–	–
Fixed interest rate instruments			
10.90% Redeemable Non Convertible Debentures	2,000.00	2,500.00	–
9.48% Redeemable Non Convertible Debentures	–	6,000.00	–
Total	**3,807.63**	**8,500.00**	**–**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
31-Mar-17			
Non-interest bearing	56.58	–	–
Trade payable	800.28	5.19	–
Fixed interest rate instruments			
10.00% Redeemable Non Convertible Debentures	10,000.00	–	–
10.90% Redeemable Non Convertible Debentures	2,000.00	4,500.00	–
9.48% Redeemable Non Convertible Debentures	–	3,000.00	12,000.00
Total	**12,856.86**	**7,505.19**	**12,000.00**

Note No. 39 - Additional Information to the consolidated Financial Statements

Dividend

In respect of the current year, the Board at its meeting held on 18th April, 2018 has recommended a dividend of ₹ 1.50 per share on equity shares of ₹ 10 each subject to approval by shareholders at the Annual General Meeting. The same has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March, 2018. The total estimated equity dividend to be paid is ₹ 2,250 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ₹ 462.49 lakh @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : April 18, 2018

For and on behalf of the Board of Directors

Ameet Pratap Singh Hariani Director (DIN: 00087866)
Sangeeta Prasad Director (DIN: 02791944)

Director Director

Place : Jaipur
Date : April 18, 2018

BOARD'S REPORT

Your Directors present their Tenth report together with the audited financial statement for the financial year ended on 31st March, 2018.

Financial Highlights

(₹ in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Revenue from Operations	**319.89**	4,898.32
Other Income	**7.82**	53.95
Total Income	**327.71**	4,952.27
Profit /(Loss) Before Depreciation, Finance Cost and Taxation	**(1,864.91)**	1,130.43
Less : Depreciation	**61.46**	64.75
Profit / (Loss) Before Finance Cost and Taxation	**(1,926.37)**	1,065.68
Less : Finance Cost	**110.21**	–
Profit / (Loss) Before Taxation	**(2,036.58)**	1,065.68
Less : Provision for Taxation	**0**	374.38
Tax for earlier years	**39.87**	–
Deferred Tax	**572.47**	20.68
Profit / (Loss) for the year after Taxation	**(1,424.23)**	670.62
Add : Balance of Profit /(Loss) for earlier years	**1,524.15**	228.53
Add: Transfer from Debenture Redemption Reserve	**0**	625.00
Balance carried forward	**99.92**	1,524.15

Dividend

In view of the loss incurred for the year under review, the Directors do not recommend any dividend for the financial year 2017–18.

RESERVES

Loss for the year has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations / State of the Company's affairs

The Company's project 'Bloomdale', located at Nagpur, Maharashtra is conceived as a gated community spanning around 25.2 acres and offering a choice of midrise apartments, row houses and duplex homes. During the year, the Company launched Building 6, a new phase of the project, taking the total saleable area launched to 1.30 million square feet. 80 per cent of the total saleable area of units launched in this project have been sold till March 2018. During the year, 1,09,536 sq. ft. of building 4 was completed and handover to customers have since commenced. The project was awarded the best Real Estate project in West zone - affordable segment by CNBC Awaaz.

The dispute between the Company and the Construction Contractor M/s. B. E. Billimoria & Company Limited ("BEBL"), caused enormous delay in a few buildings and resulted in escalation in the construction cost and cost of compensation to the customers. The dispute between the Company and BEBL was pending in the Hon'ble Bombay High Court. There was also a dispute between the shareholders of the Company, BEBL and Mahindra Lifespace Developers Limited ("MLDL"), inter-alia, pertaining to the call option exercised by MLDL under the Shareholder's Agreement which was pending in the hon'ble National Company Law Tribunal (NCLT). Pursuant to the agreement arrived at between the parties, the Company, BEBL and MLDL executed a Consent Terms on 11th May, 2018 and settled all disputes and claims against each other. As per Consent Terms, the parties withdrew the respective applications / petitions filed by them in the Hon'ble Bombay High Court and NCLT. Also, BEBL transferred its 15,000 equity shares (30% stake) held by it in the Company to MLDL. The Board, at its meeting held on 28th May, 2018, approved the said transfer of shares in favour of MLDL. Accordingly, the Company has ceased to be a Joint Venture between MLDL and BEBL and has become a wholly owned subsidiary of MLDL effective 28th May, 2018.

Effective 11th May, 2018, Mr. Digant Kapadia and Mr. Jeet Kapadia, both nominated by BEBL resigned from the Board of the Company. The Company has appointed a new contractor to expedite the construction activity at Bloomdale.

Except as stated herein, no material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made with respect to previous financial statement of the Company.

Share Capital

The Authorised and Paid-up equity share capital of the Company is ₹ 5 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity shares) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company had not issued any debentures.

Holding Company

As on 31st March, 2018, the Company was a subsidiary and joint venture Company of Mahindra Lifespace Developers Limited. Pursuant to the transfer of 15,000 Equity Shares from BEBL to MLDL, the Company has become a wholly owned subsidiary of MLDL and ceases to be a Joint Venture company. The Company continues to be a subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became / ceased to be subsidiary / associate or joint venture company of the Company. Therefore, the requirement of consolidated financial statement is not applicable to the Company.

Board of Directors

As of 31st March, 2018, the Board of Directors comprise of the following:

Name of the Director	DIN	Category of the Director
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive, Non Independent Director
Mr. Vijay Khetan	00465161	Independent Director
Mr. Raghunath Murti	00082761	Independent Director
Mr. Digant Kapadia*	00021310	Non-Executive, Non- Independent Director
Mr. Jeet Kapadia*	02633453	Non-Executive, Non- Independent Director
Mr. Jayant Manmadkar	03044559	Non-Executive, Non- Independent Director
Mr. Ramesh Ranganathan	03118598	Non-Executive, Non- Independent Director

* Mr. Digant Kapadia and Mr. Jeet Kapadia, ceased to be Directors of the Company w.e.f. 11th May, 2018.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayant Manmadkar, Non-Executive Non-Independent Director, retires by rotation at the 10th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Further, he is not disqualified from being re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 160 and 161 and all other applicable provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Sangeeta Prasad was appointed by the Board at its meeting held on 28th May, 2018 as an Additional Director in the category of non-executive non-independent Director with effect from even date. In accordance with Section 161(1) of the Companies Act, 2013, she holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing her candidature for the office of Director. Accordingly, appointment of Ms. Sangeeta Prasad is proposed at the ensuing Annual General Meeting as a Non-Executive Non-Independent Director. Ms. Sangeeta Prasad is not disqualified from being appointed / re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declarations from all the Independent Directors have been received affirming their independence in accordance with the provision of Section 149(6) of the Act.

Key Managerial Personnel

As the Company does not meet threshold limit of the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committees of the Board

Audit Committee

The Audit Committee comprises of two Independent Directors, namely Mr. Raghunath Murti and Mr. Vijay Khetan and one Non-Executive Non-Independent Director, Mr. Jayant Manmadkar. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee comprises of two Non-Executive Non-Independent Directors Mr. Jayant Manmadkar and Mr. Ramesh Ranganathan and one

Independent Director Mr. Vijay Khetan. Mr. Jayant Manmadkar is the Chairman of the Committee. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. The Company has spent required CSR expenditure of ₹ 17.97 lakhs during the financial year 2017–18.

The annual report on the CSR activities in the prescribed format is at **Annexure 1** to this Report.

Nomination and Remuneration Committee

As at 31st March, 2018, the Nomination and Remuneration Committee comprised of two Independent Directors, namely Mr. Raghunath Murti and Mr. Vijay Khetan and two Non-Executive Non-Independent Directors, Mr. Ramesh Ranganathan and Mr. Digant Kapadia. Mr. Raghunath Murti is the Chairman of the Committee. Consequent to the resignation of Mr. Digant Kapadia from the Board of the Company, he ceased to be a member of the Committee w.e.f. 11th May, 2018.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management
2. Policy on remuneration of Directors
3. Policy on Remuneration of Key Managerial Personnel and Employees

Meetings of Independent Directors

The Independent Directors of the Company met once during the year on 11th April, 2017 without the presence of the Non-Independent Directors or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non- Independent Directors and the Board as a whole, assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Meetings

The number of meetings held during the year are as follows:

Sr. No.	Type of meeting	No. of meetings held
1	Board Meeting	5
2	Audit Committee	4
3	Nomination & Remuneration Committee	1
4	Corporate Social Responsibility Committee	2

The previous Annual General Meeting of the Company was held on 28th December, 2017.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the financial year 2017-18, received declarations from Board members and Independent Directors of the Company affirming compliance with the respective Codes.

Directors’ Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism is currently not applicable to the Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration No: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 6th Annual general meeting till the conclusion of the 11th Annual General Meeting to be held in the calendar year 2019 subject to ratification of their appointment at every Annual General Meeting.

However, Section 139(1) of the Companies Act, 2013 is amended by the Companies Amendment Act, 2017 with effect from 8th May, 2018, thereby deleting the 1st proviso to the said sub-section which provides for annual ratification of the appointment of Auditors. Accordingly, the appointment of Statutory Auditors is not required to be ratified at every AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors, to the effect that their appointment continues to be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and therefore does not call for any further comments.

The requirement of having internal auditor, cost auditor and secretarial auditor is presently not applicable to the Company. However, the Company has voluntarily appointed M/s. Ernst and Young LLP as Internal Auditors to carry out Internal Audit for the financial year 2017–18.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

In terms of Section 186(11) of the Companies Act, 2013 ("the Act") read with Schedule VI to the Act, as the Company is engaged in the business of Real Estate Development, the provision of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. The said provisions are also not applicable to acquisition of shares if allotted in pursuance of Section 62(1)(a) of the Act.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the year under review.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract / arrangement / transaction with related parties which could be considered material are given in **Annexure 5** in the form AOC-2. The Directors draw attention to Note no. 31 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

During the year under review, the Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies (Acceptance of Deposits) Rules, 2014.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review are given in the prescribed format in **Annexure 6** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 7** and forms part of this Report.

Safety, Health and Environmental Performance

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measures to reduce energy consumption.

Sustainability

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed / reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Ramesh Ranganathan	**Jayant Manmadkar**
Director	Director
DIN: 03118598	DIN: 03044559

Mumbai, 28th May, 2018

ANNEXURE 1

ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The Company is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.

2. **The composition of the CSR Committee.**

   As at 31st March, 2018, the CSR committee comprised of the following:

Name of the Member	Designation
Mr. Jayant Manmadkar	Chairman
Mr. Ramesh Ranganathan	Member
Mr. Vijay Khetan	Member

3. **Average net profit of the company for last three financial years.**

   The average net profit of the Company for last three financial years was ₹ 897.85 lakh

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   The prescribed CSR expenditure was ₹ 17.97 Lakh*

   * Includes unspent amount of ₹ 1,300 from CSR Budget of FY 2016-17.

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year: ₹ 17.97 lakh

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ in lakh)**	**Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead (₹ In lakh)**	**Cumulative expenditure upto the reporting period (₹ In lakh)**	**Amount spent: Direct or through implementing agency***
1	Nanhi Kali –girl child education	Education	Nagpur, Maharashtra	8.98	Direct expenditure: 8.98	8.98	Implementing Agency : KC Mahindra Education Trust
2	Gyandeep – Running of Gyandeep for Workmen children and children in Neighbourhood	Education	Nagpur, Maharashtra	0.83	Direct expenditure: 0.83	0.83	NGO: Sahyadri Gramin Vikas

3	Project Haryali – Tree Plantation	Environment	Nagpur, Maharashtra	2.50	Direct expenditure: 2.50	2.50	NGO: Yashodhara Bahuddeshiya Sangh
4	Pond for Irrigation - Creating pond for Irrigation in extreme summer at Villages	Environment	Nagpur, Maharashtra	2.50	Direct expenditure: 2.50	2.50	NGO: Yashodhara Bahuddeshiya Sangh
5	Solar Lab - Automated Solar street light installation in village Khapri	Environment	Nagpur, Maharashtra	1.00	Direct expenditure: 1.00	1.00	NGO: Yashodhara Bahuddeshiya Sangh
6	Wellness Drive - Health check-up camps	Health	Nagpur, Maharashtra	0.70	Direct expenditure: 0.70	0.70	NGO: Sahyadri Gramin Vikas
7	Skill development-Tailoring/ Carpentry/ Beautician Training programs	Skill development	Nagpur, Maharashtra	1.46	Direct expenditure: 1.46	1.46	NGO: Yashodhara Bahuddeshiya Sangh
	Total			**17.97**	**17.97**	**17.97**	

* provide details of implementing agency

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

The implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

Jayant Manmadkar
Chairman of the CSR Committee
Mumbai, 24th April, 2018

Ramesh Ranganathan
Director
Mumbai, 24th April, 2018

ANNEXURE 2

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

I. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Bebanco Developers Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**' means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are / will be members of its Core Management Team / Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

II. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of Director when Independent Director is to be appointed:
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

III. REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

IV. SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Ramesh Ranganathan	**Jayant Manmadkar**
Director	Director
DIN: 03118598	DIN: 03044559

Mumbai, 28th May, 2018

ANNEXURE 3

POLICY FOR REMUNERATION OF THE DIRECTORS

I. Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Bebanco Developers Limited.

II. Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

III. Non-Executive Including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

IV. Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually / half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Ramesh Ranganathan	**Jayant Manmadkar**
Director	Director
DIN: 03118598	DIN: 03044559

Mumbai, 28th May, 2018

ANNEXURE 4

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014–15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July, i.e., after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a) The increment that needs to be paid for different performance ratings as well as grades.
  b) The increment for promotions and the total maximum increment.
  c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it in tune with the market.

For and on behalf of the Board,

Ramesh Ranganathan	**Jayant Manmadkar**
Director	Director
DIN: 03118598	DIN: 03044559

Mumbai, 28th May, 2018

ANNEXURE 5

FORM NO. AOC. 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

   NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

   (a) Name(s) of the related party and nature of relationship: - B.E. Billimoria & Co Ltd – as on 31st March, 2018, Mr. Digant Kapadia and Mr. Jeet Kapadia were common Directors on the Boards of the Company and of B.E. Billimoria & Co Ltd and they hold more than 2% of paid-up share capital of B.E. Billimoria & Co Ltd

   (b) Nature of contracts/arrangements/transactions: - Principal Construction Contractor for Company's Residential Development project at MIHAN, Nagpur.

   (c) Duration of the contracts/arrangements/transactions and Salient terms of the contracts or arrangements or transactions including the value, if any: - The commencement date for the construction work was 18th October, 2011 and the contract expired by efflux of time on 10th January 2017. As per the Construction contract agreement, the total cost of contract was ₹ 242 crore and the estimated salable area of the contract was 15,31,478 sq ft.

   (d) Date(s) of approval by the Board, if any: - 17th October, 2011

   (f) Amount paid as advances, if any:

		₹ in Lakhs
Total advance given in FY 17–18	**Total advance deducted in FY 17–18**	**Total advance outstanding as on 31/03/2018**
256.89	0	256.89

For and on behalf of the Board,

Ramesh Ranganathan	**Jayant Manmadkar**
Director	Director
DIN: 03118598	DIN: 03044559

Mumbai, 28th May, 2018

ANNEXURE 6

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle Steps taken for energy conservation: 1. Energy efficient building envelopes for walls and roofs 2. Energy efficient lighting system for common areas 3. Heat Reflective paint for roofs 4. Energy efficient pumps and motors 5. Group control mechanism for lifts 6. LED lamps for common areas, landscape areas & pathways
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	None
(iii)	the capital investment on energy conservation equipments	:	It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelopes 2. heat reflective paint, 3. low flow fixtures, 4. sewage treatment plant, 5. rain water harvesting system, 6. organic waste converter, energy efficient equipments such as pumps and motors, etc.

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	a) The Company evaluated various technologies during the design and construction phases of the Project Bloomdale with a view to improve quality and project completion timeline. A Cross Functional Team (CFT) was instituted to study alternate material, method and technologies to maximize the value engineering potential. Basis the CFT recommendations, technology adoption was executed for Flooring Tiles, Pre-Hung Doors, Outdoor sports. Pre-Hung Door is manufactured using state of art global technology using composite / engineered woods. These doors are brought to the site pre-fabricated & pre-polished. For Flooring tiles, Nano technology is used by applying mechanized nano coating over the tiles. For Outdoor sports application 19mm thick Poly Propylene tile is used which is a technological advancement in terms of material & fixing details. b) alternate, upgraded and more water-resistant Window system installed by the Company. c) Sustainable initiative using technology - Ducted air cooling method used for optimal Indoor Air quality in Clubhouse over luxuriant HVAC system. d) Technology absorption for Project Operational part is done through practising SFDC by Sales, CRM & FM teams e) Technology absorption for Project Control is implemented through A-site in co-ordination with PMC Synergy.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	These initiatives improve the quality of the product and enhance productivity. The benefits derived are elaborated below: **Pre-Hung door benefits -** 1. Better Aesthetical appearance 2. Better system quality 3. Reduced interdependency of site activities 4. Time savings **Benefits of Nano technology for Flooring tiles -** 1. Stain proof 2. Better resistance to abrasion and scratch 3. Better aesthetical appearance **Benefits of Poly Propylene tile for Outdoor sports -** 1. Better functionality over conventional acrylic flooring 2. Better warranty and product quality 3. Resistant to surface cracks 4. Better system for surface drain off 5. Minimal repairs required than acrylic surface

			Benefits of Air cooling system 1. Better cooling in Nagpur climate 2. Better indoor air quality within construction budget 3. Low on operational cost – energy efficient 4. Lower maintenance cost **Benefits of SFDC** 1. Reduction of manual work for maintaining data 2. Easy to operate. View Company financial performance / view customer profile 3. Autogenerates the demand to customers 4. ease in generating reports **Benefits of A-site** 1. Better Drawing and document control 2. Latest information available on one platform to all concerned
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	a) The details of technology imported – Poly Propylene tile for Outdoor sports application b) The year of import – FY 17-18 c) Whether the technology been fully absorbed – Yes d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – NA.
(iv)	the expenditure incurred on Research and Development	:	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Ramesh Ranganathan	**Jayant Manmadkar**
Director	Director
DIN: 03118598	DIN: 03044559

Mumbai, 28th May, 2018

ANNEXURE 7

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U45203MH2008PLC183107
2.	**Registration Date**	03/06/2008
3.	**Name of the Company**	Mahindra Bebanco Developers Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares/ Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Dr G. M. Bhosale Marg, Worli, Mumbai 400 018. Tel.: 022 67478600
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Construction of Buildings	410	100%

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Tower, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400 018 Tel: 022 67478600	L45200MH1999PLC118949	Holding	70%	2(46)
2.	Mahindra & Mahindra Limited, Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

The Company does not have any Subsidiary Company.

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
e) Banks / FI	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	34,950	69.90	–	34,940	69.88	–	–0.02
2	B.E. Billimoria & Co.Ltd.	15,000	30	–	15,000	30	–	–
3	Mahindra Lifespace Developers Ltd & Mr.Arun Nanda	10	0.02	–	10	0.02	–	–
4	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.02	–	10	0.02	–	–
6	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.02	–	10	0.02	–	–
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.02	–	10	0.02	–	–
8	Mahindra Lifespace Developers Ltd & Mr. Siddharth Bafna	–	–	–	10	0.02	–	0.02

(ii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group. During the year, 10 shares held by Mahindra Lifespace Developers Limited were transferred to Mahindra Lifespace Developers Limited (first holder) jointly with Mr. Siddharth Bafna.

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(iv) Shareholding of Directors and Key Managerial Personnel: Nil except as provided in Clause 4.ii above.

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	3,521.42	0	3,521.42
ii) Interest due but not paid	0	0	0	0

(₹ in Lakhs)

Particulars	**Secured Loans Excluding Deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
iii) Interest accrued but not due	0	1,282.35	0	1,282.35
Total (i+ii+iii)	**0**	**4,803.77**	**0**	**4,803.77**
Change in Indebtedness during the financial year				
• Addition	1,890.91	0	0	1,890.91
• Reduction	0	1,000	0	1,000
Net Change	**1,890.91**	**1,000**	**0**	**890.91**
Indebtedness at the end of the financial year				
i) Principal Amount	1,890.91	2,521.42	0	4,412.33
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	376.87	1,194.82	0	1,571.69
Total (i+ii+iii)	**2,266.88**	**3,716.24**	**0**	**5,983.12**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. Remuneration of other directors:

									(₹ in lakhs)
Sr. no	**Particulars of Remuneration**	**Name of Directors**							**Total Amt**
		Mr. Ramesh Ranganathan	**Mr. Jeet Kapadia**	**Mr. Jayant Manmadkar**	**Mr. Raghunath Murti**	**Ms. Anita Arjundas**	**Mr. Vijay Khetan**	**Mr. Digant Kapadia**	
1.	**Independent Directors**								
	• Fee for attending board/committee meetings *	–	–	–	0.70	–	1.00	–	1.70
	• Commission	–	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–	–
	Total (1)	–	–	–	–	–	1.00	–	1.70
2.	**Other Non-Executive Directors**								
	• Fee for attending board/committee meetings	–	–	–	–	–	–	–	–
	• Commission	–	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	0.70	–	1.00	–	1.70
	Total (A)	–	–	–	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	0.70	–	1.00	–	1.70
	Overall Ceiling as per the Act	–	–	–	–	–	–	–	–

* The Board at its meeting held on 16th April, 2015 had approved payment of sitting fees only to Independent Directors for every Board and Committee Meeting except for meetings of Corporate Social Responsibility Committee

C. **Remuneration to Key Managerial Personnel other than MD/Manager/WTD:** Not Applicable

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
Company					
Penalty	None				
Punishment					
Compounding					
Directors					
Penalty	None				
Punishment					
Compounding					
Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Ramesh Ranganathan
Director
DIN: 03118598

Jayant Manmadkar
Director
DIN: 03044559

Mumbai, 28th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Bebanco Developers Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Mahindra Bebanco Developers Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, May 28 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Mahindra Bebanco Developers Limited for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) The title deeds of immovable properties are held in the name of the Company.

2. (i) The management has conducted physical verification of inventory at reasonable intervals during the year.

   (ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and section 186 of the Companies Act, 2013. Therefore the provisions of Clause 3(iv) of the Order are not applicable to the company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods & Service Tax and other statutory dues applicable to it with the concerned authorities. The provisions of Excise Duty are not applicable to the operations of the Company.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax and Goods & Service Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax, Goods & Service and Cess Tax which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or Government or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11. No managerial remuneration has been paid or provided during the year as per the provisions of section 197 rad with Schedule V to the Companies Act, 2013.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, May 28 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA BEBANCO DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Bebanco Developers Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, May 28, 2018

BALANCE SHEET AS AT 31 MARCH 2018

Rupees in Lakhs

	Note No.	As at 31 March 2018	As at 31 March 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**82.69**	142.33
(b) Financial Assets			
(i) Loans	7	**239.13**	239.13
(c) Deferred Tax Assets (Net)	6	**561.34**	–
(c) Non- Current Tax Assets (Net)		**25.28**	–
SUB-TOTAL		**908.44**	381.46
CURRENT ASSETS			
(a) Inventories	10	**6,907.37**	6,470.36
(b) Financial Assets			
(i) Trade Receivables	11	**798.37**	206.43
(ii) Cash and Cash Equivalents	12	**1,366.25**	338.82
(iii) Bank Balances other than (ii) above	12	**39.55**	39.55
(iv) Loans	7	**1,259.68**	1,002.79
(v) Other Financial Assets	8	**121.16**	131.01
(c) Other Current Assets	9	**1,825.83**	1,955.23
SUB-TOTAL		**12,318.22**	10,144.19
TOTAL ASSETS		**13,226.66**	10,525.65
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	**5.00**	5.00
(b) Other Equity		**102.75**	1,524.15
SUB-TOTAL		**107.75**	1,529.15
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
Borrowings	14	**2,521.42**	2,521.42
(b) Provisions	15	**12.40**	14.35
(c) Deferred Tax Liabilities (Net)	6	**–**	9.91
SUB-TOTAL		**2,533.82**	2,545.68
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	**1,890.91**	1,000.00
(ii) Trade Payables	16	**4,980.56**	3,596.57
(iii) Other Financial Liabilities	17	**1,694.37**	1,431.00
(b) Provisions	15	**94.39**	94.44
(c) Current Tax Liabilities (Net)	6	**–**	69.41
(d) Other Current Liabilities	19	**1,924.86**	259.40
SUB-TOTAL		**10,585.09**	6,450.82
TOTAL		**13,226.66**	10,525.65
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : 28 May 2018

For and on behalf of the Board of Directors of Mahindra Bebanco Developers Ltd.

Anita Arjundas
Director
DIN: 00243215
Place : Mumbai
Date : 28 May 2018

Jayant Manmadkar
Director
DIN: 03044559
Place : Mumbai
Date : 28 May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rupees in Lakhs

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Continuing Operations			
Revenue from operations	**20**	**319.89**	4,898.32
Other Income	**21**	**7.82**	53.95
Total Revenue		**327.71**	4,952.27
EXPENSES			
(a) Operating Expenses	**22**	**1,119.31**	3,258.33
(b) Employee benefit expense	**23**	**114.42**	92.89
(c) Finance Cost	**24**	**110.21**	–
(d) Depreciation and amortisation expense	**4**	**61.46**	64.75
(e) Other expenses	**25**	**958.89**	470.62
Total Expenses		**2,364.29**	3,886.59
Profit/(loss) before exceptional items and tax		**(2,036.58)**	1,065.68
Tax Expense			
(1) Current tax		**–**	374.38
(2) Deferred tax	**6**	**(572.47)**	20.68
(3) Earlier year Tax		**(39.87)**	–
Total tax expense		**(612.34)**	395.06
Profit/(loss) after tax from continuing operations		**(1,424.23)**	670.62
Profit/(loss) for the period		**(1,424.23)**	670.62
Other Comprehensive Income		**–**	–
A (i) Items that will not be recycled to profit or loss		**–**	–
(a) Remeasurements of the defined benefit liabilities / (asset) (Net of taxes)		**(2.84)**	
Total Comprehensive Income for the period		**(1,421.40)**	670.62
Earnings per equity share			
(1) Basic and diluted	**26**	**(2,848.47)**	1,341.25
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : 28 May 2018

For and on behalf of the Board of Directors of Mahindra Bebanco Developers Ltd.

Anita Arjundas
Director
DIN: 00243215
Place : Mumbai
Date : 28 May 2018

Jayant Manmadkar
Director
DIN: 03044559
Place : Mumbai
Date : 28 May 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

Rupees in Lakhs

Particulars	**Note No.**	**Year ended 31 March 2018**	Year ended 31 March 2017
Cash flows from operating activities			
Profit before tax for the year	PL	**(2,036.58)**	1,065.68
Adjustments for:			
Finance costs recognised in profit or loss		**110.21**	–
Depreciation and amortisation of non-current assets		**61.46**	64.75
Movements in working capital:			
Increase in trade and other receivables		**(591.95)**	211.33
(Increase)/decrease in inventories		**(437.00)**	595.96
(Increase)/decrease in other assets		**(117.65)**	3,106.67
Decrease in trade and other payables		**3,314.87**	(3,564.19)
Cash generated from operations		**303.37**	1,480.20
Income taxes paid		**(54.83)**	(304.97)
Net cash generated by operating activities		**248.54**	1,175.23
Cash flows from investing activities			
Payments for property, plant and equipment		**(1.82)**	(13.04)
Proceeds from maturity of bank deposits			375.00
Net cash (used in)/generated by investing activities		**(1.82)**	361.96
Cash flows from financing activities			
Repayment of borrowings		**890.91**	(1,331.52)
Finance costs		**(110.21)**	–
Net cash used in financing activities		**780.70**	(1,331.52)
Net increase in cash and cash equivalents		**1,027.42**	205.67
Cash and cash equivalents at the beginning of the year		**338.82**	133.15
Cash and cash equivalents at the end of the year		**1,366.25**	338.82
Summary of significant accounting policies	2		

Changes in Liability arising from financing activities

Particulars	**1st April 2017**	**Cash Flow**	**31st March 2018**
Borrowing-Non Current	2,521.42	–	**2,521.42**
Borrowing-Current	1,000.00	890.91	**1,890.91**

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For and on behalf of the Board of Directors of Mahindra Bebanco Developers Ltd.

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : 28 May 2018

Anita Arjundas
Director
DIN: 00243215
Place : Mumbai
Date : 28 May 2018

Jayant Manmadkar
Director
DIN: 03044559
Place : Mumbai
Date : 28 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. Equity share capital

Particulars	Rs. In Lakhs Total
As at 1 April 2016	5.00
Changes in equity share capital during the year	–
As at 31 March 2017	5.00
Changes in equity share capital during the year	–
As at 31 March 2018	5.00

B. Other Equity

Rs. In Lakhs

Particulars	Debenture redemption Reserve	Retained Earnings	Other Comprehensive Income-Acturial Gain / Loss	Total
As at 31st March, 2016	**625.00**	**228.53**		**853.53**
Profit / (Loss) for the period		670.62		670.62
Other Comprehensive Income / (Loss)				
Transfers to Reserves		625.00		625.00
Transfers from retained earnings	(625.00)			(625.00)
As at 31 March, 2017	–	1,524.15		**1,524.15**
Profit / (Loss) for the period		(1,424.23)		(1,424.23)
Other Comprehensive Income / (Loss)			2.84	2.84
As at 31 March, 2018	**–**	**99.92**	**2.84**	**102.75**

Note (a)- Debenture Redemption Reserve has been created to the extent of 25% of NCD issued. Same has been redeemed on 09th Sept 2016 and hence the Debenture Redemption Reserve amount has been transferred to Free reserves in FY 2016–17.

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : 28 May 2018

For and on behalf of the Board of Directors of Mahindra Bebanco Developers Ltd.

Anita Arjundas
Director
DIN: 00243215
Place : Mumbai
Date : 28 May 2018

Jayant Manmadkar
Director
DIN: 03044559
Place : Mumbai
Date : 28 May 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. General Information

Mahindra Bebanco Developers Limited,a joint venture company between Mahindra Lifespace Developers Ltd. and B. E. Billimoria & Co Ltd incorporated in India.

The principal activity of the Company is development of residential complexes in MIHAN Nagpur.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Companyconsiders the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in thesefinancial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.4.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.4.3 Sale of goods

Revenue from the sale of goods (i.e. residential units sold and entire consideration after the receipt of completion certificate or similar document from the concerned local authority) is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair valuethrough profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate,on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fairvalue through profit or loss are recognised immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of ‘Reserve for debt instruments through other comprehensive income’. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.13.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Companyneither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If theCompany retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.14.2.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2.14.2.3 Financial Liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.6 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.14.2.7 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTE NO. 4 - PROPERTY, PLANT AND EQUIPMENT

Rs. In Lakhs

Description of Assets	Buildings – Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April 2017	255.23	18.25	40.58	35.33	349.39
Additions	–	0.40	0.30	1.12	1.82
Disposals	–	–	–	–	–
Balance as at 31st Mar 2018	**255.23**	**18.66**	**40.88**	**36.45**	**351.21**
II. Accumulated depreciation and impairment					
Balance as at 1 April 2017	156.65	13.03	14.11	23.27	207.06
Depreciation expense for the year	49.96	2.01	4.05	5.45	61.46
Balance as at 31st Mar 2018	**206.61**	**15.04**	**18.15**	**28.72**	**268.53**
III. Net carrying amount (I–II)	**48.62**	**3.62**	**22.73**	**7.72**	**82.69**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Rs. In Lakhs

Description of Assets	Buildings – Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April 2016	255.23	16.98	37.79	26.35	336.35
Additions	–	1.27	2.79	8.99	13.04
Disposals	–	–	–	–	–
Balance as at 31 March 2017	**255.23**	**18.25**	**40.58**	**35.33**	**349.39**
II. Accumulated depreciation and impairment					
Balance as at 1 April 2016	106.69	9.32	10.36	15.94	142.31
Depreciation expense for the year	49.96	3.72	3.75	7.33	64.75
Balance as at 31 March 2017	**156.65**	**13.03**	**14.11**	**23.27**	**207.06**
III. Net carrying amount (I-II)	**98.57**	**5.22**	**26.47**	**12.06**	**142.33**

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE

Method of Depreciation:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower. Sales office & the sample flat/show unit (Leasehold Building) cost, its furniture and office equipments are amortised over a period of 5 years.

NOTE NO. 5 - INCOME TAXES

(a) Income Tax recognised in profit or loss

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current Tax:		
In respect of current year	**–**	374.38
In respect of prior years	**(39.87)**	–
Deferred Tax:		
Charge for the year	**(572.47)**	20.68
Total income tax expense on continuing operations	**(612.34)**	395.06

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before tax from continuing operations	**(2,036.58)**	1,065.68
Income tax expense calculated at 29.12% (2017: 34.608%)#	**(593.05)**	368.81
Effect of expenses that is non-deductible in determining taxable profit	**8.88**	–
Others	**11.59**	26.25
	(572.58)	395.06
Adjustments recognised in the current year in relation to the current tax of prior years	**(39.87)**	–
Income tax expense recognised In profit or loss from continuing operations	**(612.45)**	**395.06**

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 25% and 30% respectively payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

NOTE NO. 6: DEFERRED TAX (NET)

(i) Movement in deferred tax balances

Rs. In Lakhs

For the Year ended 31 March 2018

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**39.34**	**(4.34)**	**–**	**35.00**
Carryforward Tax Loss	**–**	**571.56**		**571.56**
Employee Benefits	**44.27**	**(40.27)**	**(1.22)**	**2.78**
	83.61	**526.95**	**(1.22)**	**609.34**
Tax effect of items constituting deferred tax liabilities	**(93.52)**	**45.52**	**–**	**(48.00)**
Other Items	**(93.52)**	**45.52**	**–**	**(48.00)**
Net Tax Asset (Liabilities)	**(9.91)**	**572.47**	**(1.22)**	**561.34**

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	19.57	19.77		39.34
Employee Benefits	3.79	40.48		44.27
Other Temporary Differences (please specify)				
	23.35	60.26	–	83.61
Tax effect of items constituting deferred tax liabilities				
Other Items	(12.59)	(80.93)		(93.52)
Net Tax Asset (Liabilities)	**10.76**	**(20.68)**	**–**	**(9.91)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 7 - Financial Assets

Rs. In Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Loans				
Unsecured, considered good				
(i) Security Deposits	–	239.13	–	239.13
(ii) Advances to related parties	1,259.68	–	1,002.79	–
Total	1,259.68	239.13	1,002.79	239.13

Note -(a) The Company has entered into a contract dated 28th September, 2011 with M/s B. E. Billimoria & Co (BEBL) as a Contractor for its construction project at MIHAN Nagpur. In terms of Clause 3.2, 12.3 and 12.6 of the said contract, BEBL had provided the company with Bank gurantees as follows:-

a) Advance BG of ₹ 227 Lakhs

b) Performance BG of ₹ 932 Lakhs

c) Retention BG of ₹ 251 Lakhs

Note (b)- The Company was constrained to invoke the Bank Guarantees Given by BEBL. On Invocation, an amount of ₹ 227 Lakhs are adjusted against mobilisation advance, ₹ 932 Lakhs and ₹ 251 Lakhs are adjusted against other advances recoverable from BEBL.

Note No. 8 - Other Financial Assets

Rs. In Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Financial assets at amortised cost				
(i) Interest Accrued on Fixed Deposits	8.99	–	6.38	–
(ii) Other advances	112.17	–	124.63	–
Total	121.16	–	131.01	–

Note No. 9 - Other Current Assets

Rs. In Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Advance to vendors	8.68	–	–	–
Advance to Employees for expenses	1.49	–	–	–
Balances with government authorities (other than income taxes)	83.11	–	130.95	–
Unbilled Revenue	1,732.55	–	1,824.28	–
Total	1,825.83		1,955.23	

Note No. 10 - Inventories

Rs. In Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Construction work-in-progress	6,907.36	6,470.36
Total Inventories (at lower of cost and net realisable value)	6,907.36	6,470.36

Note-(a) Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Note-(b) The unsold inventories as on Balance Sheet date having charge with Kotak Mahindra Bank against the CC limit of Rs 30 Cr. Sanctioned for Bloomdale Project

Note No. 11 - Trade receivables

Rs. In Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade receivables				
(a) Secured, considered good	–	–		–
(b) Unsecured, considered good	798.37	–	206.43	–
(c) Doubtful	–	–	–	–
Less: Allowance For Credit Losses	–	–	–	–
Total	798.37	–	206.43	–
Of the above, trade receivables from:				
- Related Parties	–	–	–	–
- Others	798.37	–	206.43	–
Total	798.37	–	206.43	–

Note (a)- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note (b) Trade receivables are non interest bearing and are generally on the terms of 21 to 60 days.

Note No. 12 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks	1,366.25	83.11
Cash on hand	–	0.26
Total Cash and cash equivalent	1,366.25	83.37
Other Bank Balances		
Balances with Banks:		
(i) On Margin Accounts	39.55	39.55
(i) Fixed Deposits with maturity greater than 3 months	–	255.45
Total Other Bank balances	39.55	295.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 13 - Equity Share Capital

Rs. In Lakhs

Particulars	As at 31 March 2018 No. of shares	As at 31 March 2018 Amount	As at 31 March 2017 No. of shares	As at 31 March 2017 Amount
Authorised:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5.00**	50,000	5.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5.00**	50,000	5.00
Total	**50,000.00**	**5.00**	50,000.00	5.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. In Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	Closing Balance
Equity Shares with Voting rights				
Year Ended 31 March 2018				
No. of Shares	50,000	–	–	50,000
Amount	5.00	–	–	5.00
Year Ended 31 March 2017				
No. of Shares	50,000	–	–	50,000
Amount	5.00	–	–	5.00

(ii) Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights
As at 31 March 2018	
Mahindra Lifespaces Developers Limited, the Holding Company	35,000
As at 31 March 2017	
Mahindra Lifespaces Developers Limited, the Holding Company	35,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Rs. In Lakhs

Class of shares / Name of shareholder	As at 31 March 2018 Number of shares held	As at 31 March 2018 % Value of Shares	As at 31 March 2018 Value of Shares	As at 31 March 2017 Number of shares held	As at 31 March 2017 % Value of Shares	As at 31 March 2017 Value of Shares
Equity shares with voting rights:						
Mahindra Lifespace Developers Limited	**35,000**	**70%**	**3.50**	35,000	70%	3.50
B E Billimoria & Co Limited	**15,000**	**30%**	**1.50**	15,000	30%	1.50

Note No. 14 - Non-Current Borrowings

Rs. In Lakhs

Particulars	Rate of Interest	As at 31 March 2018	As at 31 March 2017
A. Unsecured Borrowings - at amortised Cost			
(a) Loans from related parties	12.75%	**2,521.42**	2,521.42
Total Unsecured Borrowings		**2,521.42**	2,521.42

Note No. 15 - Provisions

Rs. In Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Provision for employee benefits	**1.39**	**12.40**	1.44	14.35
(b) Other Provisions				
(i) Defect Liability provision	**93.00**		93.00	
Total	**94.39**	**12.40**	94.44	14.35

Note (a)- Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required for rectification of defects, if any, in respect of residential units sold or given under perpetual lease. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under the defect liability period limited to 1 - 3 years from the date of handover of residential units. It is estimated that most of these costs are likely to be incurred within two years after the reporting date

Note No. 16 - Current Borrowings

Rs. In Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
A. Secured Borrowings		
(i) From Banks- Cash Credit	**1,890.91**	–
	1,890.91	–
B. Unsecured Borrowings		
(i) From Banks- Commerical Papers	**–**	1,000.00
	–	1,000.00
Total	**1,890.91**	1,000.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note (a)- The cash credit facility from bank is secured by First pari passu charge by way of mortgage on the Propery / Project and second charge over escrow of receivables from Project Rate of interest is base rate plus 0.70%.

Note No. 17 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Current		
Interest accrued on borrowings	**1,571.69**	1,282.35
Society Maintainence deposits (Net)	**78.23**	144.82
Retention Money	**44.45**	3.83
Total	**1,694.37**	1,431.00

Note No. 18 - Trade Payables

Rs. In Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro ans small enterprises	4,980.56	–	3,596.57	–
	4,980.56	–	3,596.57	–

(a) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(b) Based on the information available with the Company there are no outstandings in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

Note No. 19 - Other Liabilities

Rs. In Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non-Current	Current	Non-Current
a. Advances received from customers	**1,886.36**	–	215.41	–
b. Employee related payables	17.94		18.78	
c. Statutory dues				
Tax Deducted at sources	19.97	–	19.84	–
Vat Payable	–	–	4.21	–
Provident Fund Payable	0.56	–	1.12	–
Professional Tax Payable	0.03	–	0.05	–
	1,924.86	–	259.40	–

Note No. 20 - Revenue from Operations

Rs. In Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(a) Income from Projects	**319.89**	4,898.32
Total	**319.89**	4,898.32

Note No. 21 - Other Income

Rs. In Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(a) Interest Income		
(i) On Bank Deposits	**2.81**	–
(ii) On Income Tax Refund	**2.10**	–
(iii) On Others	–	48.47
(b) Miscellaneous Income	**2.91**	5.48
Total	**7.82**	53.95

Note No. 22 Cost of materials consumed

Rs. In Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cost of materials consumed	**1,676.87**	2,793.32

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs. In Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the end of the year:		
Work-in-progress	**6,926.53**	6,470.36
	6,926.53	6,470.36
Inventories at the beginning of the year:		
Work-in-progress	**6,470.36**	7,066.32
	6,470.36	7,066.32
Net (increase) / decrease	**(456.17)**	595.96
Total	**1,220.70**	3,389.27

Note No. 23 - Employee Benefits Expense

Rs. In Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages, including bonus	**178.05**	206.40
Contribution to provident and other funds	**6.41**	7.40
Staff welfare expenses	**11.82**	8.99
Less : Allocated to projects	**(81.87)**	(129.90)
Total	**114.42**	92.89

Note No. 24 - Finance Cost

Rs. In Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest on Income Tax	**12.28**	–
Interest -Others	**7.93**	–
Interest on Loan from related parties	**321.48**	321.48
Interest on Debentures	–	124.10
Interest on Borrowings	**46.95**	164.51
Interest on Cash Credit	**72.39**	56.60
Less: Allocated to Projects	**(350.82)**	(666.70)
Total	**110.21**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 25 - Other Expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
		Rs. In Lakhs
Repairs and Maintenance		
Others	**28.63**	39.78
Legal and Professional Fee	**39.12**	37.20
Advertisement and Marketing Expenses	**329.63**	233.45
Compensation to customers	**466.64**	34.81
Brokerage	**21.64**	74.13
Remuneration to auditors:		
For Statutory Audit Fees	**5.00**	5.03
For Tax Audit Fees	**0.75**	0.75
For Other Services	**2.50**	0.75
Corporate Social Responsibility Expenditure	**18.22**	13.61
Miscellaneous Expenses	**46.75**	31.11
Total	**958.89**	470.62

Note No. 26 - Earnings per Share

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March, 2017
Profit / (loss) for the year attributable to owners of the Company	**(1,424.23)**	670.62
Weighted average number of equity shares	**50,000**	50,000
Earnings per share - Basic and Diluted	**(2,848.47)**	1,341.25

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March, 2017
Opening No. of Shares	**50,000**	50,000
Additions	**–**	–
Closing No. of Shares	**50,000**	50,000
Weighted average number of equity shares used in the calculation of Basic and diluted EPS	**50,000**	**50,000**

Note No. 27 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Debt (A)	**4,412.33**	3,521.42
Equity (B)	**107.75**	1,529.15
Debt Ratio (A / B)	**40.95**	**2.30**

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

				As at 31st March, 2018
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Loans	239.13			239.13
Current Assets				
Trade Receivables	798.37			798.37
Other Bank Balances	39.55			39.55
Loans	1,259.68			1,259.68
Other Financial Assets				
- Non Derivative Financial Assets	121.16			121.16
Non-current Liabilities				
Borrowings	2,521.42			2,521.42
Current Liabilities				
Borrowings	1,890.91			1,890.91
Trade Payables	4,980.56			4,980.56
Other Financial Liabilities				
- Non Derivative Financial Liabilities	1,694.37			1,694.37

				As at 31st March, 2017
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Loans	239.13			239.13
Current Assets				
Trade Receivables	206.43			206.43
Other Bank Balances	39.55			39.55
Loans	1,002.79			1,002.79
Other Financial Assets				
- Non Derivative Financial Assets	131.01			131.01
Non-current Liabilities				
Borrowings	2,521.42			2,521.42
Current Liabilities				
Borrowings	1,000.00			1,000.00
Trade Payables	3,596.57			3,596.57
Other Financial Liabilities				
- Non Derivative Financial Liabilities	1,431.00			1,431.00

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31-Mar-18			
Non-current Liabilities			
Borrowings		2,521.42	
Current Liabilities			
Borrowings	1,890.91		
Trade Payables	4,940.83		
Other Financial Liabilities			
- Non Derivative Financial Liabilities	1,694.37		
Total	**8,526.11**	**2,521.42**	**–**
31-Mar-17			
Non-current Liabilities			
Borrowings		2,521.42	
Current Liabilities			
Borrowings	1,000.00		
Trade Payables	3,596.57		
Other Financial Liabilities			
- Non Derivative Financial Liabilities	1,431.00		
Total	**6,027.57**	**2,521.42**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured Cash Credit facility		
- Expiring within one year	**1,109.09**	–
	1,109.09	–

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31 March 2018			
Non-current Assets			
Loans		239.13	
Current Assets			
Trade Receivables	798.37		
Other Bank Balances	39.55		
Loans	1,259.68		
Other Financial Assets	121.16		
- Non Derivative Financial Assets			
Total	**2,218.77**	**239.13**	**–**
31 March 2017			
Non-current Assets			
Loans		239.13	
Current Assets			
Trade Receivables	206.43		
Other Bank Balances	39.55		
Loans	1,002.79		
Other Financial Assets	131.01		
- Non Derivative Financial Assets			
Total	**1,379.77**	**239.13**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 28 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
- Trade Receivables	**798.37**	**798.37**	206.43	206.43
- Cash and Cash Equivalents	**1,366.25**	**1,366.25**	338.82	338.82
- Other Bank Balances	**39.55**	**39.55**	39.55	39.55
- Other Financial Assets	**121.16**	**121.16**	131.01	131.01
- Loans	**1,259.68**	**1,259.68**	1,002.79	1,002.79
Total	**3,585.02**	**3,585.02**	1,718.59	1,718.59
Financial liabilities				
Financial liabilities held at amortised cost				
- Non- Current Borrowings	**2,521.42**	**2,521.42**	2,521.42	2,521.42
- Borrowings	**1,890.91**	**1,890.91**	1,000.00	1,000.00
- Trade Payables	**4,980.56**	**4,980.56**	3,596.57	3,596.57
- Other Financial Liabilities	**1,694.37**	**1,694.37**	1,431.00	1,431.00
Total	**11,087.26**	**11,087.26**	8,548.99	8,548.99

Fair value hierarchy as at 31st March, 2018

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
- Trade Receivables	–	798.37	–
- Cash and Cash Equivalents	–	1,366.25	–
- Other Bank Balances	–	39.55	–
- Other Financial Assets	–	17.98	–
- Loans	–	1,259.68	–
Total	**–**	**3,481.83**	**–**
Financial liabilities			
Financial liabilities held at amortised cost			
- Non-Current Borrowings	–	2,521.42	–
- Borrowings	–	1,890.91	–
- Trade Payables	–	4,940.83	–
- Other Financial Liabilities	–	1,694.37	–
Total	–	11,047.53	–

Fair value hierarchy as at 31st March, 2017

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
- Trade Receivables	–		–
- Cash and Cash Equivalents	–	206.43	–
- Other Bank Balances	–	338.82	–
- Other Financial Assets	–	39.55	–
- Loans	–	1,955.29	–
		1,002.79	
Total	**–**	**3,542.87**	**–**
Financial liabilities			
Financial liabilities held at amortised cost			
- Non-Current Borrowings	–	2,521.42	–
- Borrowings	–	1,000.00	–
- Trade Payables	–	3,596.57	–
- Other Financial Liabilities	–	1,431.00	–
Total	**–**	**8,548.99**	**–**

29 Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 6.41 lakhs (2017 : Rs.7.40 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Principal Actuarial Assumptions

Particulars	Year ended 31st March 2018 Rs	Year ended 31 March 2017 Rs
Discount rate	**7.80%**	7.20%
Retirement age	**60 years**	60 years
Average Mortality	**IALM (2006-08) Ultimate**	IALM (2006-08) Ultimate
Salary escalation	**10.00%**	**10.00%**

Reconciliation of Benefit Obligation

Change in defined benefit obligations (DBO)	As at 31 March 2018	As at 31 March 2017
Present value of DBO at beginning of the year	**7.76**	10.37
Current service cost	**3.68**	2.66
Interest cost	**0.51**	0.81
Actuarial (gains) / losses	**(4.05)**	(6.08)
Past Service Cost	**0.02**	–
Benefits paid	**(1.18)**	–
Present value of DBO at the end of the year	**6.73**	7.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Expenses recognised in the statement of profit and loss

Components of employee benefit expenses	**Year ended 31 March 2018**	Year ended 31 March 2017
Current service cost	**3.68**	2.66
Past Service Cost	**0.02**	–
Interest cost	**0.51**	0.81
Total expense recognised in the statement of profit and loss	**4.21**	**3.47**

Components of other comprehensive income	**Year ended 31 March 2018**	Year ended 31 March 2017
Actuarial (Gain)/Loss on obligation	**(3.71)**	–
Components of defined benefit costs recognised in other comprehensive income	**(3.71)**	**–**

Net Asset/(Liability) recognised in the Balance Sheet	**Year ended 31 March 2018**	Year ended 31 March 2017
Present value of defined benefit obligation as at 31st March	**7.76**	10.37
Fair value of plan assets as at 31st March	**–**	–
Surplus/(Deficit)	**(7.76)**	(10.37)
Current portion of the above	**0.35**	0.40
Non current portion of the above	**7.42**	6.34

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption			**Impact on defined benefit obligation**	
		Changes in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	2018	1.00%	6.22	7.32
	2017	1.00%	7.49	8.63
Salary growth rate	2018	1.00%	7.24	6.29
	2017	1.00%	8.53	7.56

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

Note - 30 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars	**31-Mar-18**	**31-Mar-17**
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	**–**	–
- Interest due on above	**–**	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**–**	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	**–**	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	**–**	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**–**	–

Note No. 31- Related Party Disclosures

Description of relationship	**Names of related parties**
Holding company of enterprise having joint control over the Company	Mahindra & Mahindra Limited
Enterprise having joint control over the Company	Mahindra Lifespaces Developers Limited
Enterprise having joint control over the Company	B.E. Billimoria & Co. Ltd

Note: Related parties have been identified by the Management.

Details of related party transactions and balances outstanding as at 31 March, 2018:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Rs in Lakhs

Nature of transactions	Holding company of enterprise having joint control over the Company (Mahindra & Mahindra Ltd)		Enterprise having joint control over the Company (Mahindra Lifespace Developers Ltd)		Enterprise having joint control over the Company (B.E. Billimoria & Co Ltd)	
	Year Ended 31st Mar 2018	Year Ended 31st Mar 2017	Year Ended 31st Mar 2018	Year Ended 31st Mar 2017	Year Ended 31st Mar 2018	Year Ended 31st Mar 2017
<u>**Transactions during FY 17-18**</u>						
(Income)/Expenses						
Purchase of services	6.89	3.74	–	–	–	1,646.95
Interest on ICD			224.98	224.98	96.50	96.50
<u>**Outstandings as on Balance Sheet date**</u>						
Liabilty/(Asset)						
Payable Towards Mark Up			582.90	582.90		–
Payable Towards ICD Interest			1,099.96	897.48	471.72	384.87
Other Advances Recoverable					(1,000.35)	(743.46)
Mobilisation Advance Recoverable					(259.33)	(259.33)
Payable Towards ICD			1,764.56	1,764.56	756.86	756.86
Net Payable	**6.89**	**–**	**3,447.42**	**3,042.46**	**(31.10)**	**(1,028.24)**

Note No. 32 - Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 33 - Ind AS 115 – Revenue from Contracts with Customers

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures':

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's standalone financial statements.

Amendment to Ind AS 40 – 'Investment Property':

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company. Consolidated Financial Statements.

Note No. 34- Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For and on behalf of the Board of Directors of Mahindra Bebanco Developers Ltd.

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : 28 May 2018

Anita Arjundas
Director
DIN: 00243215
Place : Mumbai
Date : 28 May 2018

Jayant Manmadkar
Director
DIN: 03044559
Place : Mumbai
Date : 28 May 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Fourth Report together with the audited financial statements of your Company for the year ended on 31st March, 2018.

FINANCIAL HIGHLIGHTS (₹ in lakh)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Income	–	–
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**646.11**	**174.85**
Less: Depreciation	**7.32**	**0.45**
Profit/(Loss) Before Finance Cost and Taxation	**638.79**	**174.40**
Less: Finance Cost	**1,098.92**	**383.39**
Profit/(Loss) Before Taxation	**(460.13)**	**(208.99)**
Less: Provision for Taxation	**(185.81)**	**–**
Profit/(Loss) for the year after Taxation	**(274.32)**	**(208.99)**
Add: Balance of Profit/(Loss) for earlier years	**(343.11)**	**(134.12)**
Balance carried forward to the Balance Sheet	**(617.43)**	**(343.11)**

Dividend

Your Directors have not recommended any dividend as the company is yet to start its commercial operations.

Reserves

Loss for the year has been carried forward and no amount has been transferred to Reserves as the company has not made any profits during the year.

Operations/State of the company's affairs

The Company was incorporated as a subsidiary of Mahindra World City Developers Limited (MWCDL) in FY 2015. Subsequently, MWCDL signed a Joint Venture agreement with Sumitomo Corporation, Japan (SC), thereby making MIPCL a 60:40 joint venture company between MWCDL and SC. MIPCL is developing an Industrial Park with a project area of 264 acres in North Chennai on the NH-16 (Chennai–Kolkata highway) corridor.

On the development front, the Company has obtained key approvals for commencement of construction and infrastructure development work is in progress.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared based on going concern status of the Company.

Share Capital

As at 31st March 2018, authorised equity share capital of the company was ₹ 17,000 Lakh and Paid-up equity share capital of the company was ₹ 17,000 Lakh.

Presently, the 60% (₹ 10,200 Lakh) of the paid-up share capital of your Company is held by Mahindra World City Developers Limited and 40% (₹ 6,800 Lakh) is held by Sumitomo Corporation, Japan.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity shares) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, Company has not issued / allotted any non-convertible debentures.

Holding Company

The Company is a subsidiary of Mahindra World City Developers Ltd (MWCDL) and consequently is a subsidiary of Mahindra Lifespace Developers Limited and a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

Subsidiaries, Joint Ventures and Associate companies

No company became or ceased to be a Subsidiary/ Associate/ Joint Venture company of the Company during the year.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Director
Ms.Sangeeta Prasad	02791944	Non-Executive Director
Mr. Akito Shiraishi	07418849	Non-Executive Director
Mr. Shigeo Fukuda	07575473	Non-Executive Director

Name of Director	DIN	Designation
Mr. Ajay Sethi	00212958	Independent Director
Mr. R. Santhanam	00237740	Independent Director
Mr. C V Krishnan	01606522	Independent Director

Mr. Akito Shiraishi (DIN:07418849) resigned from the Directorship with effect from 20th April 2018 due to personal commitments. The Board placed on record its sincere appreciation of his association with the Company.

Pursuant to Sections 160, 161 and all other applicable provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Eisuke Nakanishi (DIN: 07410922) was appointed by the Board of Directors at its meeting held on 20th April 2018 as an Additional Director in the category of Non-Executive Non-Independent Director with effect from even date. In accordance with Section 161(1) of the Companies Act, 2013, Mr. Eisuke Nakanishi holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company.

The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Eisuke Nakanishi is proposed at the ensuing Annual General Meeting as Non-Executive Non-Independent Director. Mr. Eisuke Nakanishi is not disqualified from being appointed / re-appointed as Director by the virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (DIN : 02791944) Non-Executive and Non-Independent Director retire by rotation at the Fourth Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as Director, by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declaration from all Independent Directors is received affirming their independence in accordance with the Section 149(6) of the Act.

Key Managerial Personnel

As at 31st March 2018, the key managerial personnel of the Company under the Companies Act, 2013 are the following:

Sr. No.	Name of the person	Date of Appointment	Designation
1	Mr. Shyamsundar Kalyanasundaram	13th April, 2016	Chief Executive Officer designated as Business Head
2	Mr. Aman Jayesh Desai	19th January 2017	Company Secretary

During the year, Mr. Deepak Bihari Ray was appointed as Chief Financial Officer of the Company with effect from 21st July 2017 who resigned with effect from 8th February 2018. Consequent to the resignation, Mr. Chaitanya Cherukuri was appointed as Chief Financial Officer of the Company with effect from 20th April 2018.

Committees of the Board

Audit Committee

As at 31st March 2018, the Audit Committee comprise of following:

Name of Director	Designation
Mr. C.V. Krishnan	Chairman
Ms. Anita Arjundas	Non-Executive Director
Mr. Akito Shiraishi	Non-Executive Director
Mr. R. Santhanan	Non-Executive Independent Director
Mr. Ajay Sethi	Non-Executive Independent Director

Mr. C V Krishnan is the Chairman of the Audit Committee. Mr. Akito Shiraishi, the member of the Committee resigned as a Director and Member of the Committee with effect from 20th April 2018.

Accordingly, the Audit Committee was reconstituted with effect from 20th April 2018 comprising of three Independent Directors, namely Mr. C V Krishnan, Mr. R. Santhanam, Mr. Ajay Sethi and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Mr. Eisuke Nakanishi. Mr. C V Krishnan is the Chairman of the Audit Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprising of two Independent Directors, namely Mr. R. Santhanam, Mr. Ajay Sethi and two Non-Executive Non-Independent Directors, Ms. Sangeeta Prasad and Mr. Akito Shiraishi. Ms. Sangeeta Prasad is the Chairperson of the Committee. Mr. Akito Shiraishi, the member of the Committee resigned as a Director and Member of the Committee with effect from 20th April 2018.

Accordingly, the Nomination and Remuneration Committee was reconstituted with effect from 20th April 2018 comprising of two Independent Directors, namely Mr. R. Santhanam, Mr. Ajay Sethi and two Non-Executive Non-Independent Directors, Ms. Sangeeta Prasad and Mr. Eisuke Nakanishi. Ms. Sangeeta Prasad is the Chairperson of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 1, Annexure 2 and Annexure 3**, respectively to this report:

1. Policy on appointment of Directors and Senior Management **(Annexure 1)**
2. Policy on remuneration of Directors **(Annexure 2)**
3. Policy on remuneration of Key Managerial Personnel and Employees **(Annexure 3)**

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non- Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions with respect to CSR are currently not applicable to the Company.

Meetings

The number of meetings held during the year are as follows:

Sr. No.	Type of meeting	No. of meetings held
1	Board Meeting	4
2	Audit Committee	4
3	Nomination & Remuneration Committee	2

The previous Annual General Meeting of the Company was held on 21st July, 2017.

Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2017-18, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013,the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit committee of the Board reviews the internal control systems with the management and auditors.

Risk Management

The Company has appropriate risk management systems and procedures in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

At the 2nd Annual General Meeting held on 21st July 2016 M/s. Deloitte Haskins and Sells LLP., Chartered Accountants, Chennai (ICAI Registration No: 117366W/W-100018), were appointed as Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the 2nd Annual General Meeting till the conclusion of the 7th Annual General Meeting to be held in the calendar year 2021 (subject to ratification at every Annual General Meeting).

As required under the provisions of Sections 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to beratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

Accordingly, the members are requested to ratify the appointment of M/s. Deloitte Haskins and Sells LLP., Chartered Accountants as Statutory Auditors of Company.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide Clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every Annual General Meeting. The Clause 40 of the Amendment Act is yet to be notified.

Although, the ordinary resolution passed by the Shareholders at the 3rd Annual General Meeting held on 21st July, 2017 provides for ratification of the appointment of Statutory Auditor at every Annual General Meeting, after notification of Clause 40 of the Amendment Act, such ratification will not be necessary.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having cost auditor is presently not applicable to your Company.

Secretarial Auditor

The Board has appointed Ms. M. Kavitha Surana of M/s. M.K.Surana & Co. Practising Company Secretary, to conduct the secretarial audit for the financial year 2017-18. The Secretarial Audit report for the financial year ended 31st March, 2018 is annexed herewith and marked as Annexure 4 to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

Vigil Mechanism

The provisions with respect to establishment of Vigil Mechanism are not applicable to the Company. However, as good corporate governance, the Audit Committee and the Board of Directors at its meeting held on 13th April, 2016 has established Vigil Mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairperson of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairperson of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 5**.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. Further, during the year, no loans or guarantees or security were given by the Company attracting the provisions of the Companies Act, 2013.

During the year, there were no investment made by the Company attracting the provisions of the Companies Act, 2013.

Contracts and Arrangements with Related Partis

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, there were no materially significant related party transactions entered between the Company and its Promoters, Directors or Key Managerial Personnel, Senior Management, or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 21 to Annual Accounts. Details of material related party transaction on arm's length basis are disclosed in Form AOC-2 marked as **Annexure 6** to the Board's Report.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited .

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 7** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 8** and forms part of this Report.

Safety, Health and Environmental Performance

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed / reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor and Secretarial Auditor of the Company.

Cautionary statement:

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors would like to thank the Holding company Mahindra World City Developers Ltd,Sumitomo Corporation and bankers and all stakeholders for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

ANNEXURE 1

Policy on appointment of Directors and Senior Management

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Industrial Park Chennai Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**' means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team / Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:
    1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.
    3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai

Date: 20th April, 2018

ANNEXURE 2

Policy on remuneration of Directors

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra Industrial Park Chennai Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format , to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Manager

Remuneration of the Manager reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Manager, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of Manager.

The term of office and remuneration of Manager is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for Manager is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him / her fairly and responsibly. The remuneration to the Manager comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the Remuneration Committee / Board.

Directors

The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Manager and KMP/ Senior management personnel may be disclosed in the Board's report and the Company's annual report as per statutory requirements in this regard.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

ANNEXURE 3

Policy on Remuneration of Key Managerial Personnel and Employees

This Policy is effective from the financial year 2016-17.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  - a) The increment that needs to be paid for different performance ratings as well as grades.
  - b) The increment for promotions and the total maximum increment.
  - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

ANNEXURE 4

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Mahindra Industrial Park Chennai Limited

Ground Floor, "Mahindra Towers",

17/18, Patulous Road,

Chennai – 600002

We have conducted the Secretarial Audit of compliance of the applicable statutory provisions and the adherence to good corporate practices by **Mahindra Industrial Park Chennai Limited (CIN: U45209TN2014PLC098543)** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra Industrial Park Chennai Limited's books, papers, minutes books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2018, (01.04.2017 to 31.03.2018) adequately complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Mahindra Industrial Park Chennai Limited ("the Company") for the financial year ended on 31st March 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and Rules made thereunder;

ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

iii. The Laws as are applicable specifically to the Company are as under:

   a) Transfer of Property Act, 1882,

   b) Indian Easements Act, 1882,

   c) Registration Act, 1908,

   d) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and

   e) The Land Acquisition Act, 1894

   f) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations

   g) The Ownership Flats & Apartment Ownership Act as applicable at various locations

   h) Tamil Nadu Housing Board Act

   i) The Environment Protection Act, 1986

   j) The Special Economic Zone Act, 2005 and rules thereunder

   k) The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986

   l) The Income Tax Act, 1961

   m) The Central Goods and Services Tax Act, 2017

   n) The State Goods and Services Tax Act, 2017

   o) The Integrated Goods and Services Tax Act, 2017

   p) Real Estate (Regulation and Development) Act, 2016 and other related Real Estate Acts.

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Mahindra Industrial Park Chennai Limited for the financial year ended on 31.03.2018, according to the provisions of The Companies Act, 2013 (the Act) and the rules made thereunder and we report that the Company has generally complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company.

Compliance by the company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same is subject to review by statutory financial audit and other designated professionals.

We have also examined compliance with the applicable clauses of Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. As on 31.03.2018, the Board consists of Ms. Anita Arjundas, Ms. Sangeeta Prasad, Mr. Akito Shiraishi and Mr. Shigeo Fukuda as Directors and Mr. Ajay Sethi, Mr. Rajagapolan Santhanam, and Mr. C V Krishnan as Independent Directors of the Company.

(ii) As on 31.03.2018, the Key Managerial Personnel of the Company comprises of Mr. Aman Jayesh Desai as Company Secretary and Mr. Kalyanasundaram Shyam Sundar as CEO of the Company.

(iii) Adequate notices were given to all directors for the Board Meetings. Agenda and detailed notes on agenda were also sent in advance by the company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iv) We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above have taken place –

1. The Board of Directors approved the Financial Statements (Balance sheet of the company as at 31st March 2017 and the Profit & Loss Account for the year ended 31.03.2017) pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014 in the meeting held on 15.04.2017.The necessary e-Form MGT-14 was filed with ROC on 11.05.2017.

2. During the Financial year under audit, following events have taken place –

   - There has been Four Board Meetings dated 15.04.2017, 21.07.2017, 14.10.2017 and 22.01.2018.
   - There has been Four Audit Committee Meetings dated 15.04.2017, 21.07.2017, 14.10.2017 and 22.01.2018.
   - There has been Two Nomination and Remuneration Committee Meetings dated 15.04.2017 and 21.07.2017.
   - There is no requirement to hold any CSR meetings by the company.

3. The Board of Directors in their meeting held on 15.04.2017 approved the Board's Report along with the other reports, annexure and attachments for the financial year ended 31st March 2017 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014. The necessary e-Form MGT-14 was filed with ROC on 11.05.2017.

4. The Company has prepared its Financial Statements in accordance with Companies (Indian Accounting Standards) Rules, 2015 for the financial year 2016-2017. As per the MCA circular, extension has been granted to file Form AOC-4(XBRL) for IND AS till 30.04.2018 without any additional fees. The Company has filed the e-form AOC-4(XBRL) with ROC on 28.04.2018.

5. Mr. Sethuraman Chandru resigned from the Board of Directors from his Directorship with effect from 14.04.2017 (Board meeting held on 15.04.2017) and both e-form DIR-11 and DIR-12 were filed with ROC on 11.05.2017 within the prescribed time as per Companies Act, 2013.

6. The Company had filed Annual Return for the year 2016-17 by way of e-form MGT-7 along with certificate in Form MGT-8 pursuant to Section 92 of the Companies Act, 2013 and Rule 11(2) of Companies (Management and Administration) Rules, 2014 on 15.09.2017.

7. The Board of Directors at its Board Meeting held on 21.07.2017 made appointment of M/s. Ernst & Young (E&Y), Chartered Accountants, Mumbai as the Internal Auditors of the Company for the Financial year 2017-2018 pursuant to Section 179(3) and 138 of the Companies Act, 2013 and necessary e-form MGT-14 was filed on 18.08.2017 with ROC.

8. The Board of Directors at its Board Meeting held on 21.07.2017 appointed M/s. M. K. Surana & Co., Practicing Company Secretaries as the Secretarial Auditor of the Company for conducting Secretarial Audit for the Financial Year 2017-2018 pursuant to Section 179(3) and Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The e-form MGT-14 was filed with ROC on 18.08.2017.

9. Pursuant to the provisions of Section 178,179 and 203 of the Companies Act, 2013, the Board of Directors at its Board Meeting held on 21.07.2017 appointed Mr. Deepak Bihari Ray as Chief Financial Officer (KMP) of the Company and the necessary e-form DIR-12 and Form MGT-14 were filed with ROC on 18.08.2017 within prescribed time.

10. The remuneration payable to the CFO and to the Company Secretary is approved by Nomination and Remuneration Committee.

11. Mr. Deepak Bihari Ray resigned from the post of Chief Financial Officer (KMP) of the company with effect from 08.02.2018 and the necessary e-form DIR-12 was filed with ROC on 16.02.2018. Pursuant to Section 203 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the vacancy of the post of Chief Financial Officer should be filled up by the Board at a meeting of the Board within a period of six months from the date of vacancy.

12. Pursuant to the provisions of Section 179(3)(d) of the Companies Act, 2013, the Board of Directors at its Board Meeting held on 21.07.2017 passed a resolution for the Approval of borrowings from Banks/Financial Institutions/ NBFC or any other lender not exceeding ₹ 200 Crores for the purpose of Financial Projects of the Company and the necessary e-form MGT-14 was filed with ROC on 18.08.2017 within the prescribed time limit.

13. Pursuant to the provisions of Section 179(3)(d) of the Companies Act, 2013, the Board of Directors at its Board meeting held on 21.07.2017 passed a resolution for the Approval of borrowings by way of Cash Credit/Overdraft/ BankGuarantee/Letter of Credit/Commercial Paper/ Construction Finance/Inter-Corporate Deposit or any of the above combination thereof not exceeding ₹ 50 Crores for the purpose of Working Capital requirements of the Company and the necessary e-form MGT-14 was filed with ROC on 18.08.2017 within the prescribed time limit.

14. Reporting of segment information is not applicable for the Company as it has only one business reporting segment and it operates only in India.

15. The Company has been generally compliant in paying the statutory dues to Income Tax Department and also generally deducts TDS on all applicable employees as required under Income Tax Act, 1961.

16. The Company has been generally compliant in making payments as prescribed in The Employees' Provident Funds and Miscellaneous Provision Act, 1952.
17. Pursuant to the provisions of RBI Guidelines, Foreign Exchange Management Act (as amended), FDI Guidelines issued by the Government of India and provisions relating to automatic route there under (collectively, the "Act") the company had allotted 68,000,000 Equity Shares of ₹ 10/- each at a premium to Sumitomo Corporation, Japan and the necessary e-Form PAS-3 was filed with ROC. Required Annexure – 6 was also filed manually with the AD Bank and e-Form FC- GPR was also filed with RBI in compliance with FEMA. The UIN Number has been allotted by RBI during the Financial Year under review.
18. The Company has been generally compliant in paying the statutory dues to Goods and Services Tax departments and filing necessary returns as required under Goods and Services Tax Act.
19. The audit on other laws as may be applicable specifically to the Company is carried out based on the respective reports provided to us by the Company.
20. The Company operates in a single segment, namely business of acquiring, development and maintenance of Industrial parks.
21. We report that the Company has generally complied with the provisions of those Acts that are applicable to the Company as mentioned above in this Report. Based on the information, explanations, books, documents and Management Representation Letter provided to us, the Company has generally complied with other applicable Acts & Laws as mentioned above in this Report.

for M. K. Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No. 5269

Place: Chennai
Date: 20.04.2018

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,

The Members
Mahindra Industrial Park Chennai Limited
Ground Floor, 'Mahindra Towers',
17/18, Patulous Road,
Chennai – 600 002

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to expression opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for M. K. Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No.5269

Place: Chennai
Date: 20.04.2018

ANNEXURE 5

WHISTLE BLOWER POLICY

1. The Whistle Blower Policy is effective from 13th April 2016.

2. Preface

Mahindra Industrial Park Chennai Limited (MIPCL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act. 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

3. Definitions

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.

b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.

c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

d. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

e. "Investigators" means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.

f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. Scope

a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.

c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

5. Eligibility

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. Procedure

a. All Protected Disclosures should be addressed to the Audit Committee.

b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.

c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.

b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.

d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.

e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.

c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:

i. the alleged act constitutes an improper or unethical activity or conduct; and

ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

ANNEXURE 6

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Mahindra World City Developers Limited (MWCDL), Holding Company
Nature of contracts/ arrangements/ transactions	Conveyance of 32 acres of land by MWCDL.
Duration of the contracts/ arrangements/ transactions	Sale Deed executed by MWCDL on 28.12.2015 and payment as envisaged under the sale deed was paid on 28.3.2018
Salient terms of the contracts or arrangements or transactions including the value, if any	The Board of Directors at their meeting held on 14th July 2015 had noted the conveyance deed dated 28th May 2015 ("Original Deed") for the purchase of 264.03 acres of land by the Company from Mahindra World City Developers Limited (MWCDL) at a consideration of ₹ 231.13 crore for the development of industrial park in NH5 in collaboration with Sumitomo Corporation(SC), Japan. However, payment for 32 acre was not paid as the land was subject to litigation. As per the supplemented deed to the Original Deed dated 28th December 2015, it was agreed to pay the consideration to MWCDL on or before 31st March 2018, subject to closure of litigation. The Company and MWCDL vide addendum dated 27th March 2018 to the aforesaid supplemental deed decided to pay for the said lands at a consideration of ₹ 32.26 crore (principal amount of ₹ 25.86 crores plus interest of ₹ 6.40 crore) to MWCDL.
Date(s) of approval by the Board, if any	Original Deed was approved by the Board of Directors on 14th July 2015 and the terms of Supplemental Deed to be signed with SC was approved by the Board of Directors on 7th December 2015.
Amount paid as advances, if any	The consideration paid ₹ 32.26 crore (principal amount of ₹ 25.86 crore plus interest of ₹ 6.4 crore) to MWCDL on 28th March 2018.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

ANNEXURE 7

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	Operational energy efficiency for utilities (horizontal infrastructure include Water Supply, Sewage Treatment Plant and Street Lighting) is also an important component of the energy impact reduction strategy. The following energy efficient strategies will be implemented to the developments: • Energy efficient pumps and motors (including Class 1 motors, implementation of vertical in-line pumps, and hydro-pneumatic water distribution systems). • Dedicated use of LED energy efficient lamps for all street lighting. All the street lighting fixtures have been fitted with timer based automatic control systems. • Water supply and treatment pumping system provided with variable speed drive to conserve energy at part load. • An in-house Sewage Treatment Plant (STP) and a Tertiary Treatment Plant (TTP), ensuring that the waste water generated within the project is internally recycled and treated. The treated water is used to meet the requirements of flushing, cooling, irrigation (on-site landscaping) and other non-potable uses within the site. • Ensuring effective waste segregation on site. Collection/Treatment of Segregated Waste. Collect biodegradable waste for treatment in biogas plant (off-site) and composting
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	We are committed to sustainable and low carbon development for all our projects. We don't capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study, these expenses are considered in the project budget itself.

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has adopted various alternate materials, methods during the year which includes Reducing cement consumption by Using Ground-granulated blast-furnace slag (GGBS), Reducing cement consumption by Using Fly ash, Top soil preservation (Road), Creating Rain Water Harvesting ponds on reserved greenery
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	tin case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, these are no foreign exchange earnings and the foreign exchange outgo in terms of actual outflow is ₹ 2.31 Lakh.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

ANNEXURE 8

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31ST March, 2018

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. **REGISTRATION AND OTHER DETAILS:**

1.	CIN	U45209TN2014PLC098543
2.	Registration Date	22nd December, 2014
3.	Name of the Company	Mahindra Industrial Park Chennai Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No.17/18 Patullos Road, Chennai 600 002 Tel. No.: 044-64522294 Fax No.: 044-28584713
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

2. **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Other specified construction activities	439	The company is in the process of obtaining approvals for commencing its commercial operations.

***As per National Industrial Classification- Ministry of Statistics and Programme Implementation**

 # on the basis of Gross Turnover

3. **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associate of the Company	% of shares held	Applicable Section
1.	Mahindra World City Developers Limited	U92490TN1997PLC037551	Holding Company	60	2(46)
2.	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Intermediate Holding Company	NIL	2(46)
3.	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	NIL	2(46)

4. **SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp*	–	102,000,000	102,000,000	60	–	102,000,000	102,000,000	60	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub–total (A)(1):–	–	102,000,000	102,000,000	60	–	102,000,000	102,000,000	60	–
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub–total (A)(2):–	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)*	–	102,000,000	102,000,000	60	–	102,000,000	102,000,000	60	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):–	–	–	–	–	–	–	–	–	–
2. Non–Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	68,000,000	68,000,000	40	–	68,000,000	68,000,000	40	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):–	–	68,000,000	68,000,000	40	–	68,000,000	68,000,000	40	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	170,000,000	170,000,000	100	–	170,000,000	170,000,000	100	–

*Note: * Including Nominees*

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
Body Corporate – Mahindra World City Developers Limited	102,000,000	60	Nil	102,000,000	60	Nil	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding and promoter group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SR	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31st March, 2017		Cumulative Shareholding during the year 31st March, 2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	68,000,000	40	68,000,000	40
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
	At the end of the year	68,000,000	40	68,000,000	40

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
Ms. Anita Arjundas – Director* At the beginning of the year	1	0.00	1	0.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/ sweat equity etc):	–	–	–	–
At the end of the year	1	0.00	1	0.00
Ms. Sangeeta Prasad – Director* At the beginning of the year	1	0.00	1	0.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/ sweat equity etc):	–	–	–	–
At the end of the year	1	0.00	1	0.00

Note: *Held as nominee of the holding company Mahindra World City Developers Ltd as on 31st March,2018

5. INDEBTEDNESS

(₹ in lakh)

Particulars	**Secured Loans Excluding Deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,939	–	–	3,939
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3,939	–	–	3,939
Change in Indebtedness during the financial year				
• Addition	4,733	–	–	4,733
• Reduction	–	–	–	–
Net Change	4,733	–	–	4,733
Indebtedness at the end of the financial year				
i) Principal Amount	8,672	–	–	8,672
ii) Interest due but not paid	49	–	–	49
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	8,721	–	–	8,721

6) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil

B. Remuneration of other directors:

					(₹ In lakh)
Sr. no	**Particulars of Remuneration**	**Name of Directors**			**Total Amount**
		C.V. Krishnan	**Ajay Sethi**	**R. Santhanam**	
1.	**Independent Directors**				
	• Fee for attending board/committee meetings	0.90	1.00	1.40	3.30
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	0.90	1.00	1.40	3.30
2.	**Other Non-Executive Directors**				
	• Fee for attending board / committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	0.00	0.00	0.00	0.00
	Total (B)=(1+2)	0.90	1.00	1.40	3.30
	Total (A)				
	Total Managerial Remuneration	0.90	1.00	1.40	3.30

C. Remuneration to Key Managerial Personnel (KMP) other than MD/ Manager/ WTD:

					(₹ In lakh)
Sr. no.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		CEO	**CFO**	**Company Secretary**	**Total**
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	65.52	21.84	3.50	86.86
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.39		–	0.39
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–		–	–
2.	Stock Option	–		–	–
3.	Sweat Equity	–		–	–
4.	Commission	–		–	–
	– as % of profit	–			–
	– others, specify…	–		–	–
5.	Others, please Specify	–		–	–
	Total	61.91	21.84	3.50	87.25

7) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 20th April, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Industrial Park Chennai Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Industrial Park Chennai Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Companyin accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and

the operating effectiveness of such controls, refer to our separate Report in "Annexure A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position (Refer Note 29 to the financial statements)

   ii. The Company did not have any long-term contracts for which there were any material foreseeable losses. The company has not entered into any derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 20, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Industrial Park Chennai Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reportingestablished by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 20, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative detail and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management and there were no discrepancies identified during such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds provided to us, we report that the title deeds, comprising all the immovable properties of land and building which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventories, physical verification of materials and verification of title deeds and measurement of land under development are at reasonable intervals and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no deposits outstanding at any time during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Goods and Service tax, Service Tax, Income Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Goods and Service tax, Service Tax, Income Tax, cessand other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax, Service Tax and Goods and Services tax as at March 31, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not issued any debentures. The Company has not taken loans or borrowings from banks and government.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the managerial remuneration paid/provided by the Company is in accordance with Section 197 read with the above Schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 20, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amounts in INR)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4a	**8,88,49,849**	10,83,483
(b) Capital Work in Progress	4b	**3,17,763**	–
(c) Deferred Tax Asset	5	**1,85,80,797**	–
		10,77,48,409	10,83,483
Current assets			
(a) Inventories	6	**2,50,35,02,703**	2,39,63,94,225
(b) Financial assets			
(i) Cash and Cash Equivalents	7	**37,78,423**	89,13,042
(c) Other current assets	8	**3,24,31,627**	91,60,080
		2,53,97,12,753	2,41,44,67,347
Total Assets		**2,64,74,61,162**	2,41,55,50,830
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	**1,70,00,00,000**	1,70,00,00,000
(b) Other Equity			
(i) Securities Premium	10	**9,00,00,000**	9,00,00,000
(ii) Retained Earnings	10	**(6,17,42,874)**	(3,43,10,651)
Total Equity		**1,72,82,57,126**	1,75,56,89,349
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	11	**86,71,88,589**	39,38,96,496
(b) Provisions	12	**25,94,087**	–
		86,97,82,676	39,38,96,496
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payable			
Total outstanding dues of micro enterprises and small enterprises	13	**1,39,188**	6,317
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	**3,60,59,196**	26,22,99,144
(ii) Other Financial Liabilities	14	**49,11,953**	11,28,750
(b) Other Current Liabilities	15	**79,55,626**	9,16,976
(c) Provisions	12	**3,55,397**	16,13,798
Total Liabilities		**4,94,21,360**	26,59,64,985
Total Equity and Liabilities		**2,64,74,61,162**	2,41,55,50,830

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 20, 2018

For and on behalf of the board of directors of Mahindra Industrial Park Chennai Limited

Ajay Sethi
Director
(DIN: 00212598)

Sangeeta Prasad
Director
(DIN: 02791944)

Shyam K
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR)

Particulars	**Note No.**	**For the year ended 31 Mar, 2018**	For the year ended 31 Mar, 2017
Income			
Other income		**–**	–
Total income		**–**	–
Expenses			
Project Development expenses		**8,69,27,021**	2,20,41,144
(Increase)/Decrease in inventories of work-in-progress and materials in stock	16a	**(10,71,08,478)**	(5,96,69,138)
Employee Benefits Expense	17	**2,88,16,760**	1,21,70,695
Depreciation Expenses	4	**7,32,302**	45,267
Finance Cost	18	**10,98,92,214**	3,83,38,768
Other expenses	19	**1,30,38,962**	79,72,392
		13,22,98,781	2,08,99,128
Less: Capitalised	16b	**(8,62,85,761)**	–
Total Expenses		**4,60,13,020**	2,08,99,128
Profit/(Loss) before tax		**(4,60,13,020)**	(2,08,99,128)
Tax expenses			
Current tax expense	5	**–**	–
Deferred tax expense (credit)	5	**(1,85,80,797)**	–
Total tax expense		**(1,85,80,797)**	–
Profit/(Loss) for the year (A)		**(2,74,32,223)**	(2,08,99,128)
Other Comprehensive Income		**–**	–
Other Comprehensive Income for the year (B)		**–**	–
Total Comprehensive Income for the year (A+B)		**(2,74,32,223)**	(2,08,99,128)
Earnings per equity share	20		
Basic & Diluted			
Equity Shares [nominal value of share ₹ 10/-]		**(0.16)**	(0.12)

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the board of directors of Mahindra Industrial Park Chennai Limited

Ajay Sethi
Director
(DIN: 00212598)

Sangeeta Prasad
Director
(DIN: 02791944)

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 20, 2018

Shyam K
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Cash flow from operating activities		
Loss for the year	**(4,60,13,020)**	(2,08,99,128)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	**7,32,302**	45,267
Interest Expense	**10,98,92,214**	3,83,38,768
Operating Profit/(Losses) before working capital changes	**6,46,11,496**	1,74,84,907
Working Capital changes and other adjustments:		
(Decrease)/Increase in Trade payables	**(22,61,07,077)**	47,68,354
(Decrease)/Increase in Other Current Liabilities	**85,03,987**	(10,36,512)
(Decrease)/Increase in Provision	**(12,58,401)**	16,13,798
(Increase)/ Decrease Inventories	**(19,33,94,239)**	(5,96,69,138)
(Increase)/ Decrease Other Current Assets	**(2,32,71,547)**	(57,54,131)
Cash generated from /(used in) operations	**(37,09,15,781)**	(4,25,92,722)
Net cash from/(used in) Operating activities (A)	**(37,09,15,781)**	(4,25,92,722)
Cash flows from Investing activities		
Purchase of property, plant and equipment	**(25,30,670)**	–
Net cash flow from/(used in) Investing activities (B)	**(25,30,670)**	–
Cash flows from Financing activities		
Proceeds from Borrowings	**48,30,00,000**	8,50,00,000
Interest Paid	**(11,46,88,168)**	(3,83,38,768)
Net cash from/(used in) in Financing activities (C)	**36,83,11,832**	4,66,61,232
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(51,34,619)**	40,68,510
Cash and cash equivalents at the beginning of the period	**89,13,042**	48,44,532
Cash and cash equivalents at the end of the period	**37,78,423**	89,13,042
Components of cash and cash equivalents		
Cash on hand	**–**	–
With banks		
– on current account	**27,71,642**	89,13,042
– Deposit with original maturity of less than three months	**10,06,781**	–
Total cash and cash equivalents	**37,78,423**	89,13,042

Change in Liability arising from financing activities

Particulars	As at 01st April, 2017"	Cash Flow	EIR Adjustment	As at 31st March, 2018
Non Current Borrowings (Refer Note 11)	39,38,96,496	48,30,00,000	(97,07,906)	86,71,88,589

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 20, 2018

For and on behalf of the board of directors of Mahindra Industrial Park Chennai Limited

Ajay Sethi
Director
(DIN: 00212598)

Sangeeta Prasad
Director
(DIN: 02791944)

Shyam K
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Equity Shares of ₹ 10 each issued, subscribed and fully paid		
As at 1 April 2016	17,00,00,000	1,70,00,00,000
Issued during the year	–	–
As at 31 March 2017	**17,00,00,000**	**1,70,00,00,000**
Issued during the year	–	–
As at 31 March 2018	**17,00,00,000**	**1,70,00,00,000**

B. Other Equity

Amounts in INR

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained earnings	Total
As at 1 April 2016	9,00,00,000	(1,34,11,523)	7,65,88,477
Profit/(Loss) for the year	–	(2,08,99,128)	(2,08,99,128)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2017	**9,00,00,000**	**(3,43,10,651)**	**5,56,89,349**
Profit/(Loss) for the year	–	(2,74,32,223)	(2,74,32,223)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2018	**9,00,00,000**	**(6,17,42,874)**	**2,82,57,126**

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 20, 2018

For and on behalf of the board of directors of Mahindra Industrial Park Chennai Limited

Ajay Sethi
Director
(DIN: 00212598)

Sangeeta Prasad
Director
(DIN: 02791944)

Shyam K
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. **General information**

Mahindra Industrial Park Chennai Limited ("the Company") was incorporated on December 22, 2014. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company is developing a 260-acre Industrial Park in North Chennai on NH 15.

The Company is a joint venture between Mahindra World City Developers Limited and Sumitomo Corporation SC of Japan.

2. **Significant accounting policies**

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rules, 2015 to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and applicable). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from sale of land

Revenue from sale is recognized upon transfer of title to the acquirer.

2.3.3 Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates applicable for the financial year.

2.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Goods and Services Tax (GST)

GST credit on materials purchased/services availed for construction /Input services are taken into account at the time of purchase. GST input credit is accounted for in the books in the period in which the underlying service / goods received is accounted and when there is no uncertainty in availing/ utilising the credits. GST credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The GST credits so taken are utilised for payment of GST on sale of land. The unutilised GST credit is carried forward in the books.

2.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.9 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain/loss arising out of such translation is adjusted to the Statement of profit and loss.

2.14 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset

2.14.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.14.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.14.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.14.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14.5 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.15.1.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.15.1.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in the other comprehensive income is reflected immediately in the retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4 a. Property, Plant and Equipment

(Amounts in INR)

Description of Assets	Land*	Vehicles	Plant & Machinery	Electronic Equipment	Furniture & Fixtures	Computers	Total
I. Gross Carrying Amount							
Balance as at 1 April 2017	–	11,28,750	–	–	–	–	11,28,750
Additions	8,62,85,761	–	6,59,165	4,60,988	5,57,952	5,34,802	8,84,98,668
Balance as at 1 April 2018	**8,62,85,761**	**11,28,750**	**6,59,165**	**4,60,988**	**5,57,952**	**5,34,802**	**8,96,27,418**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2017	–	45,267	–	–	–	–	45,267
Depreciation expense for the year	–	5,64,375	50,021	34,982	42,340	40,584	7,32,302
Balance as at 31 March 2018	**–**	**6,09,642**	**50,021**	**34,982**	**42,340**	**40,584**	**7,77,569**
III. Net carrying amount (I-II)							
As at 31 March 2018	**8,62,85,761**	**5,19,108**	**6,09,144**	**4,26,006**	**5,15,612**	**4,94,218**	**8,88,49,849**

* Refer note no. 16b

(Amounts in INR)

Description of Assets	Land	Vehicles	Plant & Machinery	Electronic Equipment	Furniture & Fixtures	Computers	Total
I. Gross Carrying Amount							
Balance as at 1 April 2016	–	–	–	–	–	–	–
Additions	–	11,28,750	–	–	–	–	11,28,750
Disposals	–	–	–	–	–	–	–
Balance as at 31 March 2017	**–**	**11,28,750**	**–**	**–**	**–**	**–**	**11,28,750**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2016	–	–	–	–	–	–	–
Depreciation expense for the year	–	45,267	–	–	–		45,267
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31 March 2017	**–**	**45,267**	**–**	**–**	**–**	**–**	**45,267**
III. Net carrying amount (I-II)							
As at 31 March 2017	**–**	**10,83,483**	**–**	**–**	**–**	**–**	**10,83,483**

Refer notes on accounts for Company's policy on recognition and measurement of Property Plant, Equipment and Depreciation Methods used.

4 b. Capital work in progress

Movement of Capital Work in Progress

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Opening Balance as 1st April 2017	–	–
Additions	3,17,763	
Subtotal	**3,17,763**	–
Capitalised during the year	–	–
Closing Balance as at 31st March 2018	**3,17,763**	–

5. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Current Tax:		
In respect of current year	–	–
Unrecognised tax loss used to reduce current tax expense	–	–
Deferred Tax:	**(1,85,80,797)**	–
Total income tax expense on income from operations	**(1,85,80,797)**	–

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Amounts in INR)

Particulars	March 31, 2018	March 31, 2017
Profit/(Loss) before tax	**(4,60,13,020)**	(2,08,99,128)
Income tax expense calculated at statutory rate of 27.55%** (31 Mar 2017 - 33.06%)	**(1,26,77,737)**	(69,09,879)
Deferred tax asset recognised on brought forward losses @ 29.12%	**(51,81,806)**	–
Unrecognised Income tax credit on carry forward lossess	–	69,09,879
Rate difference between current tax and deferred tax (1.57%)	**(7,21,254)**	–
	(1,85,80,797)	–
Income tax expense recognised In profit or loss	**(1,85,80,797)**	–

*** The Tax Rate used for 31st March 2018 and 31st March 2017 reconciliations above is the corporate tax rate of 27.55% and 33.06% respectively payable by Corporate entities in India on taxable profits under Indian Income Tax laws.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Current Tax and Deferred Tax (Contd…)

(c) Movement in deferred tax balances

(Amounts in INR)

Particulars	For the Year ended 31 March 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax Liability	–	–	–	–
Total Deferred Tax Liability	–	–	–	–
Tax effect of items constituting deferred tax assets				
On expenses allowed on payment basis	–	**7,55,398**	–	**7,55,398**
Carry Forward of Losses	–	**1,75,02,955**	–	**1,75,02,955**
Interest rate capitalisation-ICDS	–	**1,96,620**	–	**1,96,620**
Property, Plant and Equipment	–	**1,25,824**	–	**1,25,824**
Total Deferred Tax Asset	–	**1,85,80,797**	–	**1,85,80,797**
Net Deferred Tax Asset	–	**1,85,80,797**	–	**1,85,80,797**

Particulars	For the Year ended 31 March 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Total Deferred Tax Liability	–	–	–	–
Total Deferred Tax Asset	–	–	–	–
Net Deferred Tax Asset	–	–	–	–

As per IND AS -12 , Taxes on Income, Deferred tax assets shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Management expects with reasonable probability to generate adequate taxable profits to set off the carry forward losses in the near future.

6. Inventories

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Work in progress		
(representing cost of land and development expenditure including borrowing costs)	**2,49,25,20,414**	2,39,63,94,225
Materials in stock	**1,09,82,289**	–
Total Inventories	**2,50,35,02,703**	2,39,63,94,225

The Cost of inventory recognised as expenses/(income) during the year in respect of continuing operations was INR NIL (31st March 2017 was (INR NIL)

Refer note 11 - Non Current Borrowings for the carrying amount of inventories pledged as security.

Mode of Valuation of Inventories is Cost of Net Realisable Value whichever is lesser.

7. Cash and bank balances

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks:		
- On current account	**27,71,642**	89,13,042
- Deposits with original maturity of less than three months*	**10,06,781**	–
Cash on hand	–	–
Total Cash and cash equivalents	**37,78,423**	89,13,042

* This Fixed deposit (FD) was placed as a margin for a Letter of credit (LC) facility from HDFC Limited . The LC was closed on March 12, 2018 but the Company's request to remove lien on the FD is pending to be given effect by HDFC Limited as at March 31, 2018. Since the LC was closed, the same is grouped in cash and cash equivalents.

8. Other current assets

(Amounts in INR)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Advances to suppliers				
Unsecured, considered good	–	**1,38,85,862**	–	25,12,692
	–	**1,38,85,862**	–	25,12,692
Others				
Prepaid expenses	–	**6,77,366**	–	–
Balances with statutory/government authorities	–	**1,78,68,399**	–	66,47,388
	–	**1,85,45,765**	–	66,47,388
Total Other current assets	–	**3,24,31,627**	–	91,60,080

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

9. Share capital

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorized shares		
17,00,00,000 Ordinary Equity Shares of ₹ 10 each	**1,70,00,00,000**	1,70,00,00,000
	1,70,00,00,000	1,70,00,00,000
Issued, subscribed and fully paid-up shares		
17,00,00,000 Ordinary Equity Shares of ₹ 10 each	**1,70,00,00,000**	1,70,00,00,000
Total issued, subscribed and fully paid-up share capital	**1,70,00,00,000**	1,70,00,00,000

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in INR)

Particulars	Opening Balance	Changes during the year	Closing Balance
Equity Shares			
Year Ended 31 March 2018			
No. of Shares	17,00,00,000	–	17,00,00,000
Amount	1,70,00,00,000	–	1,70,00,00,000
Year Ended 31 March 2017			
No. of Shares	17,00,00,000	–	17,00,00,000
Amount	1,70,00,00,000	–	1,70,00,00,000

(a) Terms/rights attached to equity shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The dividends if any proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

(Amounts in INR)

Name of the shareholder	As at 31 March 2018 No.	As at 31 March 2018 % holding in the class	As at 31 March 2017 No.	As at 31 March 2017 % holding in the class
Equity shares with voting rights				
Mahindra World City Developers Limited -	**10,20,00,000**	**60%**	10,20,00,000	60%
Sumitomo Corporation, Japan	**6,80,00,000**	**40%**	6,80,00,000	40%
(The above enterprises have joint control over the Company)				

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

10. Other Equity

(Amounts in INR)

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained earnings	Total
As at 1 April 2016	9,00,00,000	(1,34,11,523)	7,65,88,477
Profit/(Loss) for the year	–	(2,08,99,128)	(2,08,99,128)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2017	9,00,00,000	(3,43,10,651)	5,56,89,349
Profit/(Loss) for the year	–	(2,74,32,223)	(2,74,32,223)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2018	**9,00,00,000**	**(6,17,42,874)**	**2,82,57,126**

11. Non current borrowings

Details of Long term Borrowings of the Company:

(Amounts in INR)

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
A. Secured Borrowings:							
a) Term Loans							
(i) From HDFC Limited	INR	10.73%	9.7% - 10.45%	Quarterly Instalment	16	**40,33,44,452**	39,38,96,496
(ii) From HDFC Limited	INR	9.25%	9.00% - 10.00%	Quarterly Instalment	16	**46,38,44,137**	–
Total Secured Borrowings						**86,71,88,589**	39,38,96,496
Total non current borrowings						**86,71,88,589**	39,38,96,496

Term Loan from HDFC Limited

(i) Term Loan 1: Term Loan carried an interest of HDFC CPLR - 740 points. Principal to be repaid in 16 equal quarterly instalments, commencing from February 2022, after a moratorium of 72 months. Current rate of interest is 10.45% payable at every month end.

(ii) Term Loan 2: Term Loan carried an interest of HDFC CPLR - 825 points. Principal to be repaid in 16 equal quarterly instalments, commencing from June 2023, after a moratorium of 72 months. Current rate of interest is 9.60% payable annually at the end of September.

(iii) Term loans are secured by equitable Mortgage by deposit of title deeds of 230.655 acres of land in Gummidipoondi Taluk with carrying value on INR 210.11 Crores.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12. Provisions

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Non Current		
Provision for Gratuity	14,21,952	–
Provision for Compensated Absences	**11,72,135**	–
Total Non Current Provisions	**25,94,087**	–
Current		
Provision for Gratuity	2,12,728	6,36,320
Provision for Compensated Absences	1,42,669	9,77,478
Total Current Provisions	**3,55,397**	16,13,798

13. Trade Payables

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to Micro and small enterprises	1,39,188	6,317
Dues to Others (other than acceptances)	**3,60,59,196**	26,22,99,144
	3,61,98,384	26,23,05,461

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as at the balance sheet or any time during the year. Accordingly there is no interest paid or payable. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

14. Other Financial liabilities

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Current		
Capital Creditors	–	11,28,750
Interest accrued but not due - HDFC Limited - Refer Note 11(ii)	**49,11,953**	–
Total Other Financial Liabilities	**49,11,953**	11,28,750

15. Other Current Liabilities

(Amounts in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues payable	79,55,626	9,16,976
Total Other Current Liabilities	**79,55,626**	9,16,976

16 a. (Increase)/Decrease in inventories of work-in-progress and materials in stock

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Opening Stock		
Work-in-progress*	**2,39,63,94,225**	2,33,67,25,087
Materials in stock	–	–
Total Opening Stock	**2,39,63,94,225**	2,33,67,25,087
Closing Stock		
Work-in-progress*	**2,49,25,20,414**	2,39,63,94,225
Materials in stock	**1,09,82,289**	–
Total Closing Stock	**2,50,35,02,703**	2,39,63,94,225
Total (Increase)/Decrease in inventories of work-in-progress and materials	**(10,71,08,478)**	(5,96,69,138)

Work-in-progress includes cost of land, development expenditure and borrowing costs inventorised.

16 b. Transferred from Inventory to Property, Plant and Equipment

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Land cost including interest cost capitalised*	**8,62,85,761**	–
Total amount transferred from Inventory to PPE	**8,62,85,761**	–

* Cost pertaining to land area planned to be utilised for setting up facilities like Sewage Treatment Plant, Water Treatment Plant, Solid Waste Plant etc. to provide maintenance services to the Industrial Park as a whole, is transferred to Property, Plant and equipment (PPE) from Inventory during the year, upon identification of the land area in the current year.

17. Employee Benefits Expense

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Salaries & Wages	**2,77,49,850**	1,17,65,460
Contribution to provident and other funds	**4,81,171**	2,52,739
Staff welfare expenses	**5,85,739**	1,52,496
Total Revenue from operations	**2,88,16,760**	1,21,70,695

18. Finance Costs

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Interest on Term Loan from HDFC Limited*	**4,58,99,970**	3,83,38,768
Interest to related parties (refer Note 21)*	**6,39,92,244**	–
Total	**10,98,92,214**	3,83,38,768
* Of the above interest cost - added to inventory	**10,62,99,291**	3,76,27,468

Analysis of Interest Expenses by Category

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Interest Expenses		
On Financial Liability at Amortised Cost	**10,98,92,214**	3,83,38,768

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

19. Other expenses

(Amounts in INR)

Particulars	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Rent	**1,92,000**	–
Insurance expenses	**3,26,362**	12,608
Legal and professional fees	**34,88,125**	52,05,518
Payment to auditor (Refer details below)	**6,00,000**	6,00,000
Advertisement, Marketing & Business Development	**17,09,844**	–
Travelling & Conveyance	**20,72,263**	12,99,609
Directors Sitting fees	**3,30,350**	3,00,975
Printing & Stationery	**84,784**	1,74,580
Rates & Taxes incl. ROC filing fees	**90,234**	1,69,073
Repairs & Maintenance	**5,11,939**	1,27,902
Communication	**3,45,377**	32,925
Software expenses	**31,68,280**	–
Bank Charges	**24,154**	2,385
Miscellaneous Expenses	**95,249**	46,817
Total Other expenses	**1,30,38,962**	79,72,392

(Amounts in INR)

Payment to auditor (excluding taxes)	For the year ended 31 Mar, 2018	For the year ended 31 Mar, 2017
Audit Fees	**6,00,000**	6,00,000
Certification and Other Services	–	–
Out of Pocket Expenses	–	–
	6,00,000	6,00,000

20. Earnings per share (EPS)

(Amounts in INR)

Particulars	March 31, 2018 Per Share	March 31, 2017 Per Share
Basic/Diluted Earnings per share		
From continuing operations (₹) per share	**(0.16)**	(0.12)
Total basic/diluted earnings per share	**(0.16)**	(0.12)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amounts in INR)

Particulars	March 31, 2018 Per Share	March 31, 2017 Per Share
Loss for the year attributable to owners of the Company	**(2,74,32,223)**	(2,08,99,128)
Weighted average number of equity shares	**17,00,00,000**	17,00,00,000
Earnings per share from continuing operations - Basic	**(0.16)**	(0.12)

21. Related party disclosures

Names of related parties and related party relationship

Enterprises having joint control over the Company	Mahindra World City Developers Limited Sumitomo Corporation, Japan
Key managerial persons	
Chief Financial Officer	Mr. Deepak Ray - (with Effect from 21st July 2017 to 08th Feb 2018)
Company Secretary	Mr. Aman Desai
Business Head	Mr Shyam Kalyanasundaram

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions with Related Parties	For the year ended	Mahindra World City Developers Limited	Sumitomo Corporation, Japan	KMP
Professional charges Paid	31-Mar-18	62,32,604	–	–
	31-Mar-17	96,07,915	–	–
Interest Paid	31-Mar-18	6,39,92,244	–	–
	31-Mar-17	–	–	–
Reimbursement of Expenses	31-Mar-18	1,12,05,363	–	–
	31-Mar-17	40,92,410	–	–
Purchase of Fixed Asset (Car)	31-Mar-18	–	–	–
	31-Mar-17	11,28,750	–	–
Managerial remuneration				
- Business Head	31-Mar-18	–	–	61,52,321
	31-Mar-17	–	–	35,98,900
- Company Secretary	31-Mar-18	–	–	3,50,000
	31-Mar-17	–	–	52,500
- CFO	31-Mar-18	–	–	21,84,329
	31-Mar-17	–	–	–

The following table provides the balances with related parties as on the relevant date:

Nature of Balances with Related Parties	Balance as on	Mahindra World City Developers Limited	Sumitomo Corporation, Japan
Equity Share Capital	31-Mar-18	1,02,00,00,000	68,00,00,000
	31-Mar-17	1,02,00,00,000	68,00,00,000
Payable	31-Mar-18	5,61,086	–
	31-Mar-17	26,20,42,467	–

* Remuneration payable to Business Head, Company Secretary & CFO is approved by Nomination & Remuneration committee

22 - Fair Values

The following tables show the carrying amount and fair values of financial assets and financial liabilities by categories:

Particulars	Carrying Value 31-Mar-18	Carrying Value 31-Mar-17	Fair value as at 31-Mar-18	Fair value as at 31-Mar-17
Financial assets				
Cash and Cash Equivalents	**37,78,423**	89,13,042	**37,78,423**	89,13,042
Total financial assets	**37,78,423**	89,13,042	**37,78,423**	89,13,042
Financial liabilities				
Borrowings	**86,71,88,589**	39,38,96,496	**86,71,88,589**	39,38,96,496
Trade Payables	**3,61,98,384**	26,23,05,461	**3,61,98,384**	26,23,05,461
Other Financial Liabilties	**49,11,953**	11,28,750	**49,11,953**	11,28,750
Total financial liabilities	90,82,98,926	65,73,30,707	**90,82,98,926**	65,73,30,707

The management assessed that the fair value of cash and cash equivalents and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the Company's interest-bearing borrowings are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

23 - Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

		Fair value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Total		–	–	–	–
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings - Term Loan	31-Mar-18	**–**	**86,71,88,589**	**–**	**86,71,88,589**
Total		**–**	**86,71,88,589**	**–**	**86,71,88,589**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

		Fair value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Total		–	–	–	–
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings - Term Loan	31-Mar-17	–	39,38,96,496	–	39,38,96,496
Total		–	39,38,96,496	–	39,38,96,496

The fair values of the financial assets and financial liabilities included in the level 2 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2018.

24 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

Estimates

Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

25 - Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's objective when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders and
- Maintain an optimal capital structure to reduce the weighted cost of capital.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

In order to maintain or adjust the capital structure , the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

The Company is not subject to any externally imposed capital requirements.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

(Amounts in INR)

	31-Mar-2018	31-Mar-2017
Debt (A)	**86,71,88,589**	39,38,96,496
Equity (B)	**1,72,82,57,126**	1,75,56,89,349
Debt Equity Ratio (A /B)	**0.50**	0.22

Categories of financial assets and financial liabilities

As at 31st March, 2018	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash equivalents	**37,78,423**	–	–	**37,78,423**
	37,78,423	–	–	**37,78,423**
Non-current Liabilities				
Borrowings	**86,97,82,676**	–	–	**86,97,82,676**
Current Liabilities				
Trade Payables	**3,61,98,384**	–	–	**3,61,98,384**
	90,59,81,060	–	–	**90,59,81,060**

As at 31st March, 2017	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash equivalents	89,13,042	–	–	89,13,042
	89,13,042	–	–	89,13,042
Non-current Liabilities				
Borrowings	39,38,96,496	–	–	39,38,96,496
Current Liabilities				
Trade Payables	26,23,05,461	–	–	26,23,05,461
	65,62,01,957	–	–	65,62,01,957

26 - Financial Risk Management Framework

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that are directly derived out of equity.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. The Company has not created any Investments of surplus funds in any other instruments as of date and hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-18				
Trade and other payables	**3,60,59,196**	–	–	–
Variable interest rate instruments	–	–	**12,81,25,000**	**75,48,75,000**
Total	**3,60,59,196**	–	**12,81,25,000**	**75,48,75,000**
31-Mar-17				
Trade and other payables	**26,22,99,144**	–	–	–
Variable interest rate instruments	–	–	**32,50,00,000**	**7,50,00,000**
Total	**26,22,99,144**	–	**32,50,00,000**	**7,50,00,000**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Currency Risk

The Company's exposure to foreign currency changes is ₹ Nil (Previous Year - ₹ Nil)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

As at 31st March 2018 and 31st Mar 2017 100% of borrowings are at Variable rate.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amounts in INR)

	Increase/ decrease in basis points	Effect on financial statements* (Increase)/ Decrease
31-Mar-18		
INR	**+50**	(44,15,000)
INR	**-50**	44,15,000
31-Mar-17		
INR	**+50**	(20,00,000)
INR	**-50**	20,00,000

* Since the finance cost of the company is being capitalised to qualifying assets, the majority of the impact as above will be included to the carrying value of inventory and gets charged to Statement of profit & loss only in the period of sale/lease.

27. Capital & other Commitments

At March 31, 2018, the company does not have any capital commitments.

28. Segment information

Based on the internal reporting provided to the Chief Operating Decision Maker (CODM) , business of acquiring, development and maintenance of industrial parks is the only reportable segment of the Company. Accordingly, the amounts appearing in these financial statements relate to this operating segment. Further the company does not have any separate geographic segment other than India.

29 - Other Notes

i. The Company does not have any pending litigations which will impact its financial position as at March 31, 2018.

ii. The Company does not have any long-term contracts requiring provision for any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has not made any donations to Political parties during the year

v. Section 135 of Companies Act, 2013 on corporate social responsibility is not applicable to the Company in the current year.

vi. The Company does not have any foreign currency exposures as on March 31, 2018.

30 - Approval of financial statements

The financial statements were approved for issue by the Board of directors on April 20, 2018.

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the board of directors of Mahindra Industrial Park Chennai Limited

Ajay Sethi
Director
(DIN: 00212598)

Sangeeta Prasad
Director
(DIN: 02791944)

Geetha Suryanarayanan
Partner

Shyam K
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

Place: Chennai
Date: April 20, 2018

ANNUAL REPORT 2017-2018
BOARD'S REPORT

Your Directors present their Eighth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2018.

Financial Highlights

(₹ in Lakh)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**24,826.14**	20,419.56
Profit/(Loss) Before Depreciation, Interest and Taxation	**3,602.04**	2,914.86
Less: Depreciation	**207.44**	215.71
Profit/(Loss) Before Interest and Taxation	**3,394.60**	2,699.15
Less :Interest	**601.14**	229.13
Profit/(Loss) Before Taxation	**2,793.46**	2,470.02
Less: Provision for Taxation	**1,053.82**	871.85
Profit/(Loss) for the year after including OCI	**1,739.64**	1,598.18
Add: Other comprehensive income (OCI) for the year	**–**	7.37
Profit/(Loss) for the year after Taxation	**1,739.64**	1,605.54
Add: Balance of Profit / (Loss) for earlier years	**670.43**	(927.74)

Dividend

With a view to conserve the resources of the Company, no dividend has been recommended by your Directors for the financial year 2017-18.

RESERVES

During the year, an amount of ₹ 812.50 Lakh has been transferred to the Debenture Redemption Reserve on issue of Non-Convertible Debentures issued during the year. Profit for the year has been carried forward to Profit and Loss account after the above transfer to the reserves.

Operations

The Company is currently developing two residental projects and is a 74.98:25.02 joint venture between Mahindra Lifespace Developers Limited and SCM Real Estate (Singapore) Private Limited.

'**Luminare**' is the Company's first project in the luxury homes segment in the National Capital Region located on the Golf Course extension road in Gurugram, Haryana. The project is being implemented in collaboration with the land owners and a developer and spread across 6.8 acres, with a total saleable area of 1.14 million square feet. The project will offer luxury features including private lift lobbies and wrap around balconies. Two phases of the project comprising 240 units have been launched so far, of which the Company's share is 180 units. The Company's share of units of 84% in Phase 1 units and of 34% in Phase 2 units have been sold as of March 2018.

'**Windchimes**' is the first residential development of the Company in Bangalore, located at Bannerghatta Road. The project is spread across 5.90 acres with a total saleable area of 0.87 million square feet. The first phase of the project comprising of 204 units of the project was launched in June 2015 and the second phase of the project comprising 199 units was launched in September 2017. 72% of Phase 1 units and 32% of the Phase 2 units have been sold as of March 2018.

The Company is exploring the possibility of undertaking some more residential development projects in India.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised share capital of your Company is ₹ 20,000,000 and Paid-up share capital (including ordinary equity shares and different series of equity shares with differential voting rights and preference shares) of the Company is ₹ 8,232,870. As of 31st March, 2018, the total paid-up equity and preference share capital of your Company is held by Mahindra Lifespace Developers Limited (MLDL), the Promoter and SCM Real Estate (Singapore) Private Limited (SCM), the Investor in the following ratio:

PAID-UP EQUITY AND PREFERENCE SHARE CAPITAL

Name of Shareholder	Type of Shares	No. of Shares	Face Value (₹)	Percentage of Shareholding
Mahindra Lifespace Developers Limited	Series A Equity Shares	616,879	10	74.99%
SCM Real Estate (Singapore) Private Limited	Series A Equity Shares	205,628	10	25.01%
TOTAL		**822,507**		**100%**
SCM Real Estate (Singapore) Private Limited	Series B Equity Shares	389	10	100%
TOTAL		**389**		**100%**
Mahindra Lifespace Developers Limited	Series C Equity Shares	389	10	100%
TOTAL		**389**		**100%**
SCM Real Estate (Singapore) Private Limited	0.01% Compulsory Convertible Preference Shares(CCPS)	1	10	100%
TOTAL		**1**		**100%**
Mahindra Lifespace Developers Limited	Series A 0.01% Optionally Convertible Redeemable Preference Shares(OCRPS)	1	10	100%
TOTAL		**1**		**100%**

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company issued and allotted Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures (NCDs), amounting to ₹ 90 Crore on private placement basis to ICICI Prudential Asset Management Company as under:

- Series I 300 Non-Convertible Debentures with a face value of ₹ 10,00,000 (Rupees Ten Lakh Only) each at par,
- Series II 300 Non-Convertible Debentures with a face value of ₹ 10,00,000 (Rupees Ten Lakh Only) each at par and
- Series III 300 Non-Convertible Debentures with a face value of ₹ 10,00,000 (Rupees Ten Lakh Only) each at par.

The proceeds of the NCDs have been utilised as per the terms of issue of NCDs.

Holding, Subsidiary, Associate or Joint Venture Company

The Company is a subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company has become/ceased to be subsdiary or associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

As of 31st March, 2018, the Board of Directors comprised of the following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. Ashish Singh	02311126	Non-Executive Non-Independent Director
Mr. Ramesh Ranganathan	03118598	Non-Executive Non-Independent Director
Mr. Ameet Hariani	00087866	Non-Executive Independent Director

During the year, Mr. Brian Chinnapi (DIN:06669399) resigned from the Directorship with effect from 18th July, 2017 due to pre-occupation. The Board placed on record its sincere appreciation of his association with the Company.

As on 31st March, 2017, the Company has become a material subsidiary of Mahindra Lifespace Developers Limited as per Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). As per Regulation 24(1) of SEBI LODR, it is mandatory to appoint an Independent Director of the Holding Company on the Board of an unlisted material subsidiary, incorporated in India. Accordingly, Mr. Ameet Hariani who is an Independent Director of the Holding Company was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company for a period of 5 years with effect from 6th March, 2018. Pursuant to Sections 160, 161 and all other applicable provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Ameet Hariani holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Ameet Hariani is proposed at the ensuing Annual General Meeting as Non-Executive Independent Director for a period of 5 years with effect from 6th March, 2018.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Ashish Singh (DIN: 02311126) a Non-Executive Non-Independent Director, retires by rotation at the 8th Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Further, none of the above directors are disqualified from being appointed / re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Companies Act, 2013, declaration from Mr. Ameet Hariani, Independent Director is received affirming his independence in accordance with the Section 149(6) of the Act.

Key Managerial Personnel

As the Company does not meet the criteria prescribed under Section 203 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committees of the Board

Audit Committee

The Company being a Joint Venture Company, the provision with respect to constitution of Audit Committee under Section 177 of the Companies Act, 2013 and Rules made thereunder are currently not applicable to the Company.

Corporate Social Responsibility (CSR) Committee

The Board of Directors at its meeting held on 18th April, 2016, constituted Corporate Social Responsibility Committee comprising of Mr. Ramesh Ranganathan - Chairman of the Committee, and Mr. Ashish Singh and Ms. Anita Arjundas as members.

The role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

During the year, the Company contributed ₹ 9.23 Lakh towards Corporate Social Responsibility as against the commited budget ₹ 8.73 Lakh approved by the Board of Directors at their meeting held on 18th July, 2017. The Annual Report on CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

Nomination & Remuneration Committee

The Company being a Joint Venture Company, the provision with respect to constitution of Nomination & Remuneration Committee under Section 178 of the Companies Act, 2013 and Rules made thereunder are currently not applicable to the Company.

Meetings

During the year, seven (7) Board Meetings were held. The previous Annual General Meeting (AGM) of the Company was held on 16th June, 2017 and one Extra-Ordinary General Meeting (EGM) was held on 30th November, 2017.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the financial year 2017-18, received declarations from Board members and Independent Directors of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"), the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Finacial Controls

The Company has in place adequate internal financial controls with reference to the financial statement, the Board reviews the internal control systems with the auditors.

Vigil Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Chairperson and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/ operational process followed. It provides a mechanism for employees to approach the Chairperson of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairperson of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 2**.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring. The Company reviews implementation and monitoring of the risk management plan.

Auditors

The Members of the Company at the 7th Annual General Meeting of the Company held on 16th June, 2017, had approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number -117366W/W-100018), as Statutory Auditors of the Company, to fill in casual vacancy due to the resignation of M/s. SRBC & Co. LLP, Chartered Accountants, (Registration No. 324982E), to hold office from the conclusion of 7th Annual General Meeting till the conclusion of the 8th Annual General Meeting to be held in the calendar year 2018.

The Board of Directors has recommended to the Shareholders for approval of appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the ensuing 8th Annual General Meeting till the conclusion of the 13th Annual General Meeting to be held in the calendar year 2023 (subject to ratification of their appointment at every AGM).

The Company has received written consent and a certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants to the effect that their appointment if made, would be in accordance with the provision of Section 139 and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 10 of the Companies (Audit and Auditors) Rules, 2014.

The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the 3rd January, 2018, inter alia, provides vide Clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every AGM. The Clause 40 of the Amendment Act is yet to be notified. Upon notification of Clause 40, such ratification will not be necessary.

The Auditor's Report for the financial year 2017-18 does not contain any qualification, reservation or adverse remark and therefore does not call for any further comment.

Cost Auditors

The Board of Directors had appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, (M-15797 & FRN 101329) as Cost Auditor of the Company to conduct audit of the cost records maintained by the Company for the financial year 2017-18. CMA Vaibhav Prabhakar Joshi has confirmed that his appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and has also certified that he is free from any disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant is included in the Notice convening the Annual General Meeting.

Secretarial Auditor

The requirements of having a Secretarial Auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of making loans, giving guarantees, providing securities, acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate stipulated under Section 186 of the Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and

Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 3** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 4** and forms part of this Report.

Safety, Health and Environmental Performance

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants, employees and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 24th April, 2018

ANNEXURE 1

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   The Company is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus, enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.

2. The composition of the CSR Committee of the Board of Directors as on 31st March, 2018:

   a. Mr Ramesh Ranganathan Chairman

   b. Ms. Anita Arjundas Member

   c. Mr Ashish Singh Member

3. Average net profit of the company for last three financial years : ₹ 436.50 lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 8.73 lakh

5. Details of CSR spent during the financial year.

   a. Total amount to be spent for the financial year : ₹ 8.73 lakh

   b. Amount unspent, if any: Nil

   c. Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency***
1	Tree Planatation	Environment	Gurgaon & Bengaluru	2,00,000	1,06,336	1,06,336	Rotary Club of Mumbai Kandivali
2	Infrastructure for Old age home in Bengaluru and Drainage construction in Gurgaon	Infrastructure	Bengaluru & Gurgaon	3,00,000	2,13,000	2,13,000	Rotary Club of Mumbai Kandivali
3	Laptops for disabled in Bengaluru	Skill Development	Bengaluru	1,00,000	1,50,000	1,50,000	Rotary Club of Mumbai Kandivali
4	Nanhi Kali – Educatuonal Support	Education	Bengaluru & Gurgaon	2,73,000	4,60,000	4,60,000	KC Mahindra Trust
	Total			**8,73,000**	**9,29,336**	**9,29,336**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

   The Company has spent in excess of the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Ramesh Ranganathan
(Chairman – CSR Committee)
DIN: 03118598
Mumbai, 24th April, 2018

Anita Arjundas
(Member – CSR Committee)
DIN: 00243215
Mumbai, 24th April, 2018

ANNEXURE 2

MAHINDRA HOMES PRIVATE LIMITED

Whistle Blower Policy (Vigil Mechanism)

1. **The Whistle Blower Policy shall come into effect from 1st April 2016.**

2. **Preface**

   Mahindra Homes Private Limited (MHPL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted two separate Codes of Conduct viz. for Directors and for Senior Management & Employees (collectively referred to as "Codes" or "the Codes") and various Codes / Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/ Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

   Further, as per the provisions of sub-section 9 of section 177 of Companies Act. 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code or Policies.

   Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Chairperson of the Company and to report their genuine concerns or grievances.

3. **Definitions**

   The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

   i. Chairperson means the Chairperson of the Board who shall be entrusted with duty of implementing and monitoring this Code.

   ii. "Codes" mean two separate Codes of Conduct viz. for Directors and for Senior Management & Employees.

   iii. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

   iv. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

   v. "Investigators" means those persons authorised, appointed, consulted or approached by the Chairperson and the Police.

   vi. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

   vii. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

   viii. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. **Scope**

   a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

   b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Chairperson or the Investigator.

   c. Protected Disclosure will be appropriately dealt with by the Chairperson

5. **Eligibility**

   All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. **Procedure**

   a. All Protected Disclosures should be addressed to the Chairperson.

   b. If a protected disclosure is received by any Executive(s) of the Company other than the Chairperson, the same should be forwarded to the Chairperson for further appropriate action.

c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Chairperson shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Chairperson who would investigate/oversee the investigations.

b. The Chairperson may at his / her discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Chairperson is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

d. The identity of the Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Chairperson or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Chairperson

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.

d. A Whistle Blower(s) may report any violation of the above Clause to the Chairperson who shall investigate into the same and recommend to the Board, the suitable action to be taken;

e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Chairperson when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.

c. Investigations would be launched only after a preliminary review by the Chairperson, which establishes that:

i. the alleged act constitutes an improper or unethical activity or conduct; and

ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Chairperson to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Chairperson shall take such disciplinary or corrective action as the Chairperson may deem fit

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Board on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 24th April, 2018

ANNEXURE 3

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle Steps taken for energy conservation: 1. Energy efficient building envelops for walls and roofs 2. Energy efficient fenestration through use of Double Glazed Unit (DGU) for the reduction in the heat gain 3. Heat Reflective paint 4. Adoption of solar street lighting for landscape areas 5. Adoption of high efficient pumps, motors 6. Group control mechanism for lifts 7. CFL/LED lamps for common areas & pathways
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Adoption of Solar hot water systems
(iii)	the capital investment on energy conservation equipments	:	It is a mandate in our organisation to develop all the projects as green building projects. We don’t capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelops & fenestration 2. heat reflective paint, 3. low flow fixtures, 4. sewage treatment plant, 5. rain water harvesting system, 6. organic waste converter, 7. energy efficient equipments such as pumps and motors, etc. 8. Solar hot water systems, 9. Energy efficient lighting fixtures such as CFL/ LED’s

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	Around 25 technologies were studied, Out of those Two technologies viz. Aluminum Formwork (Mivan) and uPVC Windows are used.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Major benefits of the technologies are – Increase in work speed, better finish Quality, better durability due to monolithic structures & less manpower requirement. Hence, reduction in cost.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	(a) The details of technology imported – Aluminum Formwork (Mivan) (b) The year of import – FY13-14 & FY15 (Aluminum Formwork - Mivan) (c) Whether the technology been fully absorbed – Yes (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – NA
(iv)	the expenditure incurred on Research and Development	:	NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, details of Foreign Exchange earnings is Nil and the Foreign Exchange outgo in terms of actual outflows is ₹ 0.76 Lakh.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 24th April, 2018

ANNEXURE 4

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U70102MH2010PTC203618
2.	**Registration Date**	02/06/2010
3.	**Name of the Company**	Mahindra Homes Private Limited (Formerly Watsonia Developers Private Limited and before that Watsonia Developers Limited)
4.	**Category/Sub-Category of the Company**	Company limited by shares/ Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018 Tel No.: 022 6747 8600
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact Details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Address: M/s. Karvy Computershare Private Limited Karvy Selenium, Tower- B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Telephone: 91 40-67162222 Email id: einward.ris@karvy.com

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100%

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation

During the year under review, the Company had no turnover as the projects are still in initial construction stages.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers 5th Floor, Worli, Mumbai- 400018	L45200MH1999PLC118949	Holding	74.98%	Section 2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	NIL	Section 2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–
A. Series A Equity Shares of ₹10 each	205,628	411,251	616,879	74.99	616,879	–	616,879	74.99	–
B. Series C Equity Shares of ₹ 10 each	389	–	389	100	389	–	389	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	206,017	411,251	617,268	74.98	617,268	–	617,268	74.98	–
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	206,017	411,251	617,268	74.98	617,268	–	617,268	74.98	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
Series A Equity Shares of ₹ 10 each	205,628	–	205,628	50	205,628	–	205,628	25.01	24.99
Series B Equity Shares of ₹ 10 each	389	–	389	100	389	–	389	100	–
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	206,017	–	206,017	50	206,017	–	206,017	25.02	24.98
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**412,034**	–	**412,034**	**100**	**412,034**	**411,251**	**823,285**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
		No. of Shares	% of total Shares of the company for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	
A.	Series A Equity Shares of ₹ 10 each (all ordinary shares which were in existence earlier were converted into Series A Equity Shares effective 29th July, 2014)							
1	Mahindra Lifespace Developers Limited	616,879	74.99	–	616,879	74.99	–	–
B.	Series C Equity Shares of ₹ 10 each							
1	Mahindra Lifespace Developers Limited	389	100	–	389	100	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Shareholding of top ten Shareholders								
	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the company for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	
A.	Series A Equity Shares of ₹ 10 each (all ordinary shares which were in existence earlier were converted into Series A Equity Shares effective 29th July, 2014)							
1	SCM Real Estate (Singapore) Private Limited	205,628	50	–	205,628	25.01	–	24.99
B.	Series C Equity Shares of ₹ 10 each							
1	SCM Real Estate (Singapore) Private Limited	389	100	–	389	100	–	–

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company

5. INDEBTNESS

Indebtness of the Company including outstanding/accrued but not due for payment

(₹ in Lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount	18,433.22	64,034.00	–	82,467.22
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	20,344.08	–	20,344.08
Total (i+ii+iii)	**18,433.22**	**84,378.08**	**–**	**1,02,811.30**
Change in Indebtedness during the financial year				
• Addition	8,337.31	8,281.16	–	16,618.47
• Reduction	–	–	–	–
Net Change	**8,337.31**	**8,281.16**	**–**	**16,618.47**
Indebtedness at the end of the financial year				
i) Principal Amount	26,770.53	64,034.00	–	90,804.53
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	28,625.24	–	28,625.24
Total (i+ii+iii)	**26,770.53**	**92,659.24**	**–**	**1,19,429.77**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors: Not Applicable

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD : Not Applicable

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 24th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA HOMES PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Homes Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position in its financial statements in accordance with the generally accepted accounting practices.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459

Place: Mumbai
Date: 24th April 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") of Mahindra Homes Private Limited ('the Company')

We have audited the internal financial controls over financial reporting of Mahindra Homes Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" ("the Guidance Note"). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459

Place: Mumbai
Date: 24th April 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Mahindra Homes Private Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property Plant and Equipment) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets (Property Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us, the Company does not have any leased/freehold Land and Building other than administrative block and project facilities, temporarily constructed at the project sites and capitalised as Building, hence reporting under this clause of the Order is not applicable.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

Inventories lying with third parties have been confirmed by them as at 31st March 2018 and no material discrepancies were noticed in respect of such confirmations.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) The Company has not granted any loans, made investments or provided guarantees under provisions of Sections 185 and 186 of the Act and hence reporting under this clause of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which provisions of Section 73 to 76 or any other relevant provisions of the Act apply. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Service tax and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service tax and Value Added Tax as at 31st March, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, compliance under the Companies Act 2013 regarding managerial remuneration is not presently applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion and according to the information and explanations given to us the Company, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459

Place: Mumbai
Date: 24th April 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amounts in INR Lakh)

	Note No.	As at March 31, 2018	As at March 31, 2017
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	**274.43**	577.24
(b) Other Financial Assets	9	**151.25**	119.24
(c) Deferred Tax Assets (Net)	4	**190.65**	174.48
(d) Non-current tax assets (Net)	5	**94.63**	94.63
SUB-TOTAL		**710.96**	965.59
2 Current assets			
(a) Inventories	6	**50,597.36**	46,500.62
(b) Financial assets			
(i) Trade Receivables	7	**692.41**	632.09
(ii) Cash and Cash Equivalents	8	**754.15**	740.28
(iii) Bank Balances other than (ii) above	8	**22.82**	21.46
(iv) Other Financial Assets	9	**0.30**	0.31
(c) Other current assets	5	**76,350.86**	59,640.11
SUB-TOTAL		**1,28,417.90**	1,07,534.87
TOTAL		**1,29,128.86**	1,08,500.46
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	10	**82.33**	82.33
(b) Other Equity	11	**2,605.03**	865.39
SUB-TOTAL		**2,687.36**	947.72
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	**77,774.93**	82,467.22
SUB-TOTAL		**77,774.93**	82,467.22
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	**8,288.67**	–
(ii) Trade Payables	13	**5,162.24**	2,247.23
(iii) Other financial liabilities	14	**33,367.07**	20,347.47
(b) Provisions	15	**124.49**	77.49
(c) Other Current Liabilities	16	**1,289.91**	2,159.52
(d) Current tax liability (Net)	17	**434.20**	253.81
SUB-TOTAL		**48,666.57**	25,085.52
TOTAL		**1,29,128.86**	1,08,500.46

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 24, 2018

For and on behalf of the board of directors of Mahindra Homes Private Limited

Ramesh Ranganathan
Director
DIN No. 03118598
Place: Mumbai
Date: April 24, 2018

Anita Arjundas
Director
DIN No. - 00243215
Place: Mumbai
Date: April 24, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in INR Lakh)

		Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	**Income**			
	(a) Revenue from operations	18	**24,431.09**	20,127.04
	(b) Other income	19	**395.05**	292.52
	Total income		**24,826.14**	20,419.56
II	**Expenses**			
	(a) Construction Expenses incurred	20A	**23,595.36**	19,987.28
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20B	**(4,096.74)**	(4,015.25)
	(c) Finance Cost	22	**601.14**	229.13
	(d) Depreciation Expenses	3	**207.44**	215.71
	(e) Other expenses	21	**1,725.48**	1,532.67
	Total Expenses		**22,032.68**	17,949.54
III	**Profit before tax**		**2,793.46**	2,470.02
IV	**Tax expenses**			
	(a) Current tax	4	**1,070.00**	487.51
	(b) Deferred tax	4	**(16.18)**	384.34
	Total tax expense		**1,053.82**	871.85
	Profit for the year (A)		**1,739.64**	1,598.18
V	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Foreign Currency forward contract		**–**	11.27
	(b) Income Tax Effect	4	**–**	(3.90)
	Other Comprehensive Income for the year (B)		**–**	7.37
	Total Comprehensive Income for the year (A+B)		**1,739.64**	1,605.54
VI	**Earnings per equity share (Face value: ₹ 10/share)**	23		
	Basic			
	(a) Class B Equity Shares		**2,23,604**	2,05,421
	(b) Class C Equity Shares		**2,23,604**	2,05,421
	Diluted			
	(a) Class B Equity Shares		**5,445**	4,996
	(b) Class C Equity Shares		**5,445**	4,996

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 24, 2018

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Ramesh Ranganathan
Director
DIN No. 03118598
Place: Mumbai
Date: April 24, 2018

Anita Arjundas
Director
DIN No. - 00243215
Place: Mumbai
Date: April 24, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

(Amounts in INR Lakh)

			For the year ended March 31, 2018	For the year ended March 31, 2017
I		**Cash flow from operating activities**		
		Profit Before Tax for the year	**2,793.46**	2,470.02
		Adjustments for:		
	(a)	Provision for Defect Liabilities	**47.00**	48.39
	(b)	Depreciation	**207.44**	215.71
	(c)	Assets written off	**99.01**	–
	(d)	Interest Expense	**601.14**	229.13
	(e)	Interest Income	**(9.67)**	(21.75)
	(f)	Net gain/(loss) arising on financial assets designated as at FVTPL	**–**	(99.57)
			3,738.38	2,841.93
		Working Capital changes and other adjustments:		
	(a)	(Decrease)/Increase in Trade and other payables	**6,786.34**	(2,978.53)
	(b)	(Decrease) in Other Current financial liabilities	**–**	(113.19)
	(c)	(Increase) in Trade and other receivables	**(16,803.06)**	(7,399.32)
	(d)	Decrease in Inventories	**5,691.13**	6,739.56
		Cash generated from/(used in) operations	**(587.21)**	(909.56)
		Direct taxes paid (net of refunds)	**(916.17)**	(270.50)
		Net cash flow (used in) Operating activities (A)	**(1,503.38)**	(1,180.06)
II		**Cash flows from Investing activities**		
	(a)	Purchase of property, plant and equipment	**(6.14)**	(8.75)
	(b)	Purchase of current investments	**–**	(3,370.00)
	(c)	Redemption of current investments	**–**	6,265.19
	(d)	Interest Income	**9.67**	21.75
	(e)	Bank deposit placed	**(1.36)**	(21.46)
	(f)	Bank deposit matured	**–**	20.00
		Net cash flow from Investing activities (B)	**2.17**	2,906.73
III		**Cash flows from Financing activities**		
	(a)	Proceeds from Issue of Share Capital	**–**	41.13
	(b)	Proceeds from Borrowings - NCD issued	**9,000.00**	–
	(c)	Repayment of Term Loan - Aditya Birla Financial Services	**(9,000.00)**	–
	(d)	Proceeds from borrowings	**3,596.38**	–
	(e)	Interest Paid	**(2,081.29)**	(1,815.12)
		Net cash flow from/(used in) Financing activities (C)	**1,515.09**	(1,773.99)
IV		**Net increase/(decrease) in cash and cash equivalents (A + B + C)**	**13.88**	(47.32)
		Cash and cash equivalents at the beginning of the period	**740.28**	787.60
V		**Cash and cash equivalents at the end of the period**	**754.15**	740.28

The accompanying notes are an integral part of the financial statements.

Notes

1 The above cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows.

2 Also refer Note no. 8 - Cash and Bank Balances

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 24, 2018

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Ramesh Ranganathan
Director
DIN No. 03118598

Place: Mumbai
Date: April 24, 2018

Anita Arjundas
Director
DIN No. - 00243215

Place: Mumbai
Date: April 24, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Class A Equity Shares of ₹ 10 each issued, subscribed and fully paid		
As at 1 April, 2016	411,256	41.13
Issue of share capital	411,251	41.13
As at 1 April, 2017	**822,507**	**82.26**
Issue of share capital	–	–
At 31 March, 2018	**822,507**	**82.26**
Class B Equity Shares of ₹ 10 each issued, subscribed and fully paid		
As at 1 April, 2016	389	0.04
Issue of share capital	–	–
As at 1 April, 2017	**389**	**0.04**
Issue of share capital	–	–
At 31 March, 2018	**389**	**0.04**
Class C Equity Shares of ₹ 10 each issued, subscribed and fully paid		
As at 1 April, 2016	**389**	**0.04**
Issue of share capital	–	–
As at 1 April, 2017	**389**	**0.04**
Issue of share capital	–	–
At 31 March, 2018	**389**	**0.04**
Total Equity Share Capital of ₹ 10 each issued, subscribed and fully paid		
As at 1 April, 2016	412,034	41.20
Issue of share capital	411,251	41.13
As at 1 April, 2017	**823,285**	**82.34**
Issue of share capital	–	–
At 31 March, 2018	**823,285**	**82.34**

B. Other Equity

(Amounts in INR Lakh)

Particulars	Equity component of compound financial instruments*	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained earnings	Reserves and Surplus: Debenture Redemption Reserve (Note 13)	Items of OCI: Hedging Reserve (Note 12)	Total
As at 1 April, 2016	0.00	194.96	(927.74)	–	(7.37)	(740.15)
Profit/(Loss) for the period	–	–	1,598.17	–	–	1,598.17
Other Comprehensive Income/(Loss)	–	–	–	–	7.37	7.37
As at 31 March, 2017	**0.00**	**194.96**	**670.43**	**–**	**–**	**865.39**
Profit/(Loss) for the period	–	–	1,739.64	–	–	1,739.64
Transfer to Debenture Redemption Reserve	–	–	(812.50)	812.50		–
As at 31 March, 2018	**0.00**	**194.96**	**1,597.57**	**812.50**	**–**	**2,605.03**

The accompanying notes are an integral part of the financial statements.

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL (Refer Note no. 11). The equity component is ₹ 20/- (Previous year ₹ 20/-)

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 24, 2018

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Ramesh Ranganathan
Director
DIN No. 03118598
Place: Mumbai
Date: April 24, 2018

Anita Arjundas
Director
DIN No. - 00243215
Place: Mumbai
Date: April 24, 2018

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. General Information

Mahindra Homes Private Limited (formerly known as Watsonia Developers Private Limited) is a private company domiciled in India and was incorporated on June 2, 2010 under the provisions of the Companies Act, 1956 applicable in India. The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai – 400018. The company is engaged in the business of development of residential complexes. The Company is currently engaged in the development of residential projects in Gurgaon & Bangalore.

2. Significant accounting policies

2.1 Statement of compliance and basis of preparation and presentation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the act.

These financial statements were approved by Company's Board of Directors and authorised for issue on April 24, 2018.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities), income and expenses and accompanying disclosures. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Significant accounting judgements, estimates and assumptions used by management are as below:

- Useful lives of Property Plant & Equipment and Intangible Assets.
- Accounting for revenue for projects executed through joint development arrangement.
- Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates.
- Fair value measurements

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, other similar allowances, taxes collected and amount collected on behalf of third parties

2.5.1 Income on sale of residential properties

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyersand it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. In the case of joint development projects, revenue is recognized to the extent of the Company's percentage share of the underlying real estate development project. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables, whereas amount not billed for work performed are included as unbilled revenue under current assets

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.5.2 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks see note 2.16.1 for Hedge accounting policies

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs attributable to the cost of project are capitalised as part of the project cost. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.8 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

<u>Company as a lessee</u>

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Where the rental are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increase are recognised in the year in which such benefits accrue.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture and Fixtures and Office equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets is provided on pro-rata basis on the straight line method as per the useful life stated below -

	Useful lives estimated by the management (years)
Office Equipment	5
Computers	3 to 6
Furniture	5
Building - Office/Commercial	5

As per Management's estimate, the project life of Luminare and Windchimes Project is 5 years and after completion of the said project the Building structure along with Furniture and Fixtures will be scrapped. Accordingly, the Management has estimated the useful lives of Building structure along with Furniture and Fixtures at Project site to be 5 years. These estimated lives are lower than those indicated in Schedule II of the Companies Act, 2013.

2.11 Impairment of tangible

At the end of each reporting period, the Company reviews the carrying amounts of its tangible to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Construction work-in-progress represents land under development, cost incurred directly in respect of construction activity and indirect construction cost to the extent to which the expenditure is related to the construction or incidental thereto on unsold real estate projects is valued at cost. Cost includes cost of acquisition and internal and external development costs, construction costs, development/ construction materials and allocated interest costs

The cost of construction materials is determined on the basis of weighted average cost of purchase and valued at lower of cost and net realisable value

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

2.14.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14.2 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.14.3 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.15.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification.

On initial recognition, a financial assets is classified as – measured at:

– Amortised cost; or

– Fair Value through Profit or Loss

Financial assets ate not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial Assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment loss. Interest income and impairment loss are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

2.15.2 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the company measure the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carring amount of the assets.

2.15.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.16 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

2.16.2 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value through Profit and loss (FVTPL). A financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expenses and any gain or loss are recognised in profit and loss.

2.16.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16.4 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.17 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has legally enforceable rights to set off the amount and it intended either to settle them on a net basis or to realise the assets and settle liability simultaneously.

3. Property, Plant and Equipment

(Amounts in INR Lakh)

Description of Assets	Buildings	Office equipment	Furniture and fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April, 2017	669.96	111.02	237.95	42.05	1,060.99
Additions	–	1.10	0.40	2.14	3.65
Disposals	(217.77)	–	–	–	(217.77)
Balance as at 31 March, 2018	**452.18**	**112.13**	**238.35**	**44.20**	**846.86**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2017	301.91	45.11	109.49	27.25	483.75
Depreciation expense for the year	128.47	21.54	47.67	9.76	207.44
Eliminated on disposal of assets	(118.76)	–	–	–	(118.76)
Balance as at 31 March, 2018	**311.62**	**66.65**	**157.15**	**37.01**	**572.44**
III. Net carrying amount (I-II)					
At 31 March, 2018	**140.56**	**45.48**	**81.20**	**7.19**	**274.43**

Description of Assets	Buildings	Office equipment	Furniture and fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April, 2016	669.96	105.03	237.29	41.39	1,053.67
Additions	–	5.99	0.66	0.67	7.32
Balance as at 31 March, 2017	**669.96**	**111.02**	**237.95**	**42.05**	**1,060.99**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2016	167.31	24.28	61.84	14.61	268.04
Depreciation expense for the year	134.59	20.83	47.65	12.64	215.71
Balance as at 31 March, 2017	**301.91**	**45.11**	**109.49**	**27.25**	**483.75**
III. Net carrying amount (I-II)					
At 31 March, 2017	**368.05**	**65.92**	**128.46**	**14.81**	**577.24**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

4. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR Lakh)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current Tax:		
In respect of current year	**1,070.00**	487.51
Deferred Tax:		
Adjustment due to provision for defect liability	**(6.98)**	(16.74)
Others (Due to IND AS adjustment)	**35.17**	432.84
Adjustment due to interest income included in inventories	**8.97**	8.93
Difference between book and tax bases of fixed assets	**(53.34)**	(40.69)
Total income tax expense on income from operations	**1,053.82**	871.85

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Amounts in INR Lakh)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit before tax from continuing operations	**2,793.46**	2,470.02
Income tax expense calculated at the statutory rate of 34.608%	**967.00**	855.00
Effect of change in future tax rate on temporary difference originated in current year	**13.83**	–
Effect of change in future tax rate on temporary difference originated in previous year	**27.00**	–
Effect of expenses that are not deductible in determining taxable profits	**10.82**	6.16
Others (Due to IND AS adjustment)	**35.17**	0.59
MAT credit utilised	–	10.10
	1,053.82	871.85
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**1,053.82**	871.85

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

4. Current Tax and Deferred Tax

(i) Movement in deferred tax balances

(Amounts in INR Lakh)

Particulars	For the Year ended 31 March, 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**71.32**	**53.34**	–	**124.66**
Provisions	**26.81**	**6.98**	–	**33.79**
Ind AS adjustments	**35.17**	**(35.17)**	–	–
Other Temporary Differences	**41.18**	**(8.98)**	–	**32.20**
	174.48	**16.18**	–	**190.65**
Net Tax Asset	**174.48**	**16.18**	–	**190.65**

(Amounts in INR Lakh)

Particulars	For the Year ended 31 March, 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	30.63	40.69	–	71.32
Provisions	10.07	16.74	–	26.81
Ind AS adjustments	35.17	–	–	35.17
Carry forward Tax Loss	413.84	(413.84)	–	–
Minimum Alternate Tax Credit	19.00	(19.00)	–	–
Foreign Currency forward contract	3.90	–	(3.90)	–
Other Temporary Differences	50.11	(8.93)	–	41.18
	562.72	(384.34)	(3.90)	174.48
Net Tax Asset	562.72	(384.34)	(3.90)	174.48

5. Other assets

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	Current	Non-current	Current
Advances to suppliers				
Unsecured considered good	–	**2,438.19**	–	2,871.70
	–	**2,438.19**	–	2,871.70
Others				
Advance income-tax (Net of Provision for Taxation)				
FY 2013-14	**10.04**	–	10.04	–
FY 2014-15	**16.60**	–	16.60	–
FY 2015-16	**67.99**	–	67.99	–
Total Advance income-tax (Net of Provision for Taxation)	**94.63**	–	94.63	–
Collaboration Advance	–	**47,711.09**	–	46,661.08
Prepaid Expenses	–	**48.80**	–	40.40
Unbilled Revenue	–	**23,947.48**	–	9,268.45
Balances with statutory/ government authorities	–	**2,205.30**	–	798.48
	94.63	**73,912.67**	94.63	56,768.41
Total Other Assets	**94.63**	**76,350.86**	94.63	59,640.11

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

6. Inventories (Read with Note 12)

(Amounts in INR Lakh)

Particulars	As at 31 March, 2017	Spent during financial year	As at 31 March, 2018
Raw Material (A)	750.59	271.27	1,021.86
Construction work-in-progress comprises of below (B)	45,750.03	3,825.47	49,575.50
Cost of land and related cost	15,632.11	–	15,632.10
Construction costs	12,917.04	12,661.92	25,578.96
Rates and taxes	710.14	126.50	836.64
Legal & Professional Fees	3,684.23	640.69	4,324.91
Finance expenses (net of finance income)	40,738.32	9,787.87	50,526.20
Power and fuel cost	33.12	4.49	37.61
Other Project Admin Cost	324.40	55.63	380.03
Charged to P&L (Refer Schedule 20A & 20B)	(28,289.33)	(19,451.63)	(47,740.95)
Total Inventories at lower of cost and net realisable value (A+B)	**46,500.62**	**4,096.74**	**50,597.36**

The borrowing cost capitalized during the year ended 31 March 2018 is ₹ 9,787.87 Lakh at an average capitalisation rate of 11.86% (31 March 2017: ₹ 10,754.81 Lakh at an average capitalisation rate of 13.03%). The company capitalized this borrowing cost in the Construction work-in-progress (CWIP).

Raw Material includes Steel, Aluminium form work procured by the company and is being used in project.

Aluminium form work is amortised on a straight line basis over the no. of repetition of usage for which it is procured.

7. Trade Receivables

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	**Current**	Non-current	Current
Unsecured Considered Good	–	**692.41**	–	632.09
Total Trade Receivables	–	**692.41**	–	632.09

Trade receivables are non-interest bearing and are generally on terms of 21 to 60 days.

Refer Note 31 for credit risk related to trade receivables

8. Cash and bank balances

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Cash and cash equivalents		
Balances with banks:		
– On current accounts *	**472.49**	352.36
– Deposits with original maturity of less than three months	**149.54**	174.82
Cheques on hand	**131.92**	212.67
Cash on hand	**0.20**	0.43
Total Cash and cash equivalent	**754.15**	740.28
Other Bank Balances		
– Deposits with original maturity for more than three months but less than twelve months	**22.82**	21.46
Total Other Bank balances	**22.82**	21.46

* The balance in current accounts include an amount of ₹ 466.12 Lakh (Year ended 31 March 2017 - Nil) lying to the credit of bank accounts opened as per the provisions of the Karnataka and Haryana Real Estate Regulation Act. Withdrawals from the accounts are subject to the provisions of the said acts.

Reconciliation of Cash and Cash Equivalents

(Amounts in INR Lakh)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Total Cash and Cash Equivalents as per Balance Sheet	**754.15**	740.28
Total Cash and Cash Equivalents as per Statement of Cash flow	**754.15**	740.28

9. Other Financial assets

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	**Current**	**Non-current**	**Current**
Unsecured, considered good unless stated otherwise				
Interest accrued on fixed deposits	–	**0.30**	–	0.31
Security Deposit with Government Authorities	**151.25**	–	119.24	–
Total Other assets	**151.25**	**0.30**	119.24	0.31

Break-up of financial assets carried at amortised cost

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	**Current**	Non-current	Current
Interest accrued on fixed deposits (Note 9)	–	**0.30**	–	0.31
Trade Receivables (Note 7)	–	**692.41**	–	632.09
Cash & Cash Equivalent (Note 8)	–	**754.15**	–	740.28
Other Bank Balances (Note 8)	–	**22.82**	–	21.46
Security Deposit with Government Authorities	**151.25**	–	119.24	–
Total financial assets carried at amortised cost	**151.25**	**1,469.68**	119.24	1,394.14

10. Share capital

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Authorised shares		
1,00,000 Ordinary Equity Shares of ₹ 10 each	**10.00**	10.00
15,50,000 Class A Equity Shares of ₹ 10 each	**155.00**	155.00
1,16,500 Class B Equity Shares of ₹ 10 each	**11.65**	11.65
1,16,500 Class C Equity Shares of ₹ 10 each	**11.65**	11.65

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

(Amounts in INR Lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
250 Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of ₹ 10 each	**0.03**	0.03
250 0.01% Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each	**0.02**	0.02
116,500 Series B 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of ₹ 10 each	**11.65**	11.65
	200.00	200.00
Issued, subscribed and fully paid-up shares		
8,22,507 Class A Equity Shares of ₹ 10 each	**82.25**	82.25
389 Class B Equity Shares of ₹ 10 each	**0.04**	0.04
389 Class C Equity Shares of ₹ 10 each	**0.04**	0.04
Total issued, subscribed and fully paid-up share capital	**82.33**	82.33

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in INR Lakh)

Particulars	Opening Balance	Changes during the year	Closing Balance
(a) Equity Shares without Voting rights			
Class B equity shares			
Year Ended 31 March, 2018			
No. of Shares	389	–	389
Amount	0.04	–	0.04
Year Ended 31 March, 2017			
No. of Shares	389	–	389
Amount	0.04	–	0.04
Class C equity shares			
Year Ended 31 March, 2018			
No. of Shares	389	–	389
Amount	0.04	–	0.04
Year Ended 31 March, 2017			
No. of Shares	389	–	389
Amount	0.04	–	0.04
(b) Equity Shares with Voting rights			
Class A equity shares			
Year Ended 31 March, 2018			
No. of Shares	822,507	–	822,507
Amount	82.25	–	82.25
Year Ended 31 March, 2017			
No. of Shares	411,256	411,251	822,507
Amount	41.13	41.12	82.25

(Amounts in INR Lakh)

Particulars	Opening Balance	Changes during the year	Closing Balance
(c) Preference Shares			
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS)			
Year Ended 31 March, 2018			
No. of Shares	1	–	1
Amount*	0.00	–	0.00
Year Ended 31 March, 2017			
No. of Shares	1	–	1
Amount*	0.00	–	0.00
0.01% Compulsorily Convertible Preference Shares (CCPS)			
Year Ended 31 March, 2018			
No. of Shares	1	–	1
Amount*	0.00	–	0.00
Year Ended 31 March, 2017			
No. of Shares	1	–	1
Amount*	0.00	–	0.00

This Note covers the equity component of the issued convertible preference shares

* Represents ₹ 20/- (As at 31 March 2017 ₹ 20/-)

(a) Terms/rights attached to equity shares

The Company has three class of equity shares details are as follows :-

Each holder of Class A Equity Share is entitled to 1 vote per share, shall not carry any dividend and shall not carry any economic rights. The Series A Equity Shares shall rank subordinate to the Compulsorily Convertible Preference Shares, the Series A OCRPS, the Series B OCRPS, the Series A Debentures, the Series B Debentures, the Series B Equity Shares and the Series C Equity Shares with respect to distribution rights and rights on liquidation, dissolution and winding up of the affairs of the Company.

Each holder of Class B Equity Share shall be non voting and entitled to dividend. The economic rights on Series B Equity Shares shall be for the entire Series B as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series B shareholder has achieved a 17% Internal Rate of Return (IRR) on the Investment Subscription Amount. On achieving 17% IRR by the Series B shareholder, the Series B Equity Shares to carry 35% share of the total economic rights of the Shareholders of the Company.

Each holder of Class C Equity Share shall be non voting and entitled to dividend. The economic rights on Series C Equity Shares shall be for the entire Series C as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series C shareholder has achieved a 17% IRR on the Investment Subscription Amount. On achieving 17% IRR by Series C shareholder, the Series C Equity Shares to carry 65% share of the total economic rights of the Shareholders of the Company.

(b) Terms of conversion/redemption of Compulsorily Convertible Preference Shares (CCPS)

CCPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum (Fixed Dividend). The CCPS shall be non-cumulative and shall not carry any voting rights. One CCPS Share shall convert to one Series B Equity Share. The CCPS shall be deemed to have automatically and mandatorily converted to Series B Equity Shares at the Conversion Ratio at the expiry of 12 years from the date of allotment. CCPS can be voluntarily converted to Series B Equity Shares at the option of the holder. In the event of liquidation of the Company, the CCPS shall be deemed to have been converted into Series B Equity Shares.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

(c) **Terms of conversion/redemption of Optionally Convertible Redeemable Preference Shares (OCRPS)**

The Series A OCRPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum ("Fixed Dividends"). The Series A OCRPS shall be non-cumulative and not carry any voting rights. One Series A OCRPS shall convert to one Series A Equity Share at the conversion Ratio at the option of the holder of the Series A OCRPS. The Series A OCRPS shall be optionally redeemable at par. In the event of liquidation of the Company, Series A OCRPS shall be deemed to have been converted into Series A Equity Shares.

(ii) **Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates.**

Particulars	Class A Equity shares with voting rights	Class C Equity shares without voting rights
As at 31st March 2018		
Mahindra Lifespace Developers Ltd - the holding company		
No. of Shares	616,879	389
As at 31st March 2017		
Mahindra Lifespace Developers Ltd - the holding company		
No. of Shares	616,879	389

Name of the shareholder	As at 31 March, 2018		As at 31 March, 2017	
	No.	% holding in the class	No.	% holding in the class
Equity shares without voting rights:-				
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Class C equity Shares	389	100%	389	100%
SCM Real Estate (Singapore) Private Limited - Enterprise having joint control over the Company				
Class B equity Share	389	100%	389	100%
Equity shares with voting rights				
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Class A equity Share	616,879	75%	616,879	75%
SCM Real Estate (Singapore) Private Limited - Enterprise having joint control over the Company				
Class A equity Shares	205,628	25%	205,628	25%
Others				
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
OCRPS - Series A	1	100%	1	100%
SCM Real Estate (Singapore) Private Limited - Enterprise having joint control over the Company				
CCPS	1	100%	1	100%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iv) **Shares reserved for issue under options**

For details of shares reserved for issue on conversion of CCPS and OCRPS, please refer note 10 (b) and 10 (c) respectively regarding terms of conversion/ redemption of preference shares.

11. **Other Equity**

Description of the nature and purpose of Other Equity:

Securities Premium Reserve: The Securities Premium Reserve is created on issue of shares at a premium

Debenture Redemption Reserve: Debenture Redemption Reserve is a Statutory Reserve (as per Companies Act, 2013) created out of profits of the Company available for the purpose of redemption of debentures issued by the Company. On completion of redemption, the reserve is transferred to Retained Earnings.

Retained earnings: The retained earnings comprises of transfer of profits from the Statement of Profit and Loss for the year. The amount can be utilised by the Company in accordance with the Companies Act, 2013.

Hedging reserve: The hedging reserve is created to offset the mark-to-market movement of the underlying derivative in the statement of profit and loss.

(Amounts in INR Lakh)

Particulars	Equity component of compound financial instruments*	Reserves and Surplus			Items of OCI	
		Securities Premium Reserve	Debenture Redemption Reserve	Retained earnings	Hedging Reserve	Total
As at 1 April, 2016	0.00	194.96	–	(927.74)	(7.37)	(740.15)
Profit/(Loss) for the period	–	–	–	1,598.17	–	1,598.17
Other Comprehensive Income/(Loss)	–	–	–	–	7.37	7.37
As at 31 March, 2017	0.00	194.96	–	670.43	–	865.39
Profit/(Loss) for the period	–	–	–	1,739.64	–	1,739.64
Other Comprehensive Income/(Loss)	–	–	–	–	–	–
Less: Transfer to Debenture Redemption Reserve	–	–	812.50	(812.50)	–	–
As at 31 March, 2018	**0.00**	**194.96**	**812.50**	**1,597.57**	**–**	**2,605.03**

* Equity component of compound financial instruments: This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL. The equity component is ₹ 20/- (Previous year ₹ 20/-)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

12. Borrowings

Details of Borrowings of the Company:

(Amounts in INR Lakh)

Description of the instrument	Currency of Loan	Amortised cost as at 31 March, 2018	Amortised cost as at 31 March, 2017
A. Secured Borrowings:			
a) Term Loans			
(i) From banks	INR	**9,481.86**	9,465.71
Instalments due in less than 1 year - reclassified as current	INR	**(4,740.93)**	–
(ii) From Financial Institutions	INR	**–**	8,967.51
Instalments due in less than 1 year - reclassified as current	INR	**–**	–
Total Secured Borrowings		**4,740.93**	18,433.22
b) Non-Convertible Debentures			
300 8.5% Series I Debentures of ₹ 10,00,000/- each	INR	**3,000.00**	–
300 8.5% Series II Debentures of ₹ 10,00,000/- each	INR	**3,000.00**	–
300 8.5% Series III Debentures of ₹ 10,00,000/- each	INR	**3,000.00**	–
		9,000.00	–
B. Un-Secured Borrowings:			
a) Debentures			
3,20,17,000 11.90% Series A Debentures of Rs. 100/- each (Refer Note 25 - Related Party Transactions)	INR	**32,017.00**	32,017.00
3,20,17,000 14.00% Series B Debentures of Rs. 100/- each (Refer Note 25 - Related Party Transactions)	INR	**32,017.00**	32,017.00
Total Un-Secured Borrowings		**64,034.00**	64,034.00
Total non current borrowings		**77,774.93**	82,467.22
C. Loans repayable on demand from banks (Secured):			
i) From banks	INR	**8,288.67**	–
Total current Borrowings		**8,288.67**	–
Total Borrowings		**86,063.60**	82,467.22

Terms and conditions of Debentures

Series A Debentures - Compulsory Convertible Debenture (CCD)

The Series A Debentures shall earn, net of tax, simple interest of 11.90% per annum payable quarterly. Interest shall become due and payable only on availability of distributable cash. Interest on the Series A Debentures shall be cumulative and payable until the Series A Debentures are converted into Series B Equity Shares. One Series A Debenture shall convert to one Series B Equity Share. The conversion of the Series A Debentures shall at all times be made at the conversion price of ₹ 50,000. Series A Debentures can be converted to Series B Equity Shares at the Conversion Ratio with the consent of all Shareholders. All Series A Debentures , to the extent outstanding, shall automatically and mandatorily convert to Series B Equity Shares at the Conversion Price upon the expiry of 12 years from the date of allotment. In the event of liquidation of the Company, the Series A debentures shall be deemed to have been converted into Series B equity shares. The Series B Equity Shares issued on conversion of the Series A Debentures shall rank pari passu in all respects with the Series C Equity Shares, respectively, in issue on the relevant date of conversion, with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance.

Series B Debentures - Optionally Convertible Debenture (OCD)

The Series B Debentures shall earn simple interest at a rate of 14% (gross of taxes) per annum payable quarterly. Interest shall become due and payable only on availability of distributable cash. Interest on the Series A Debentures shall be cumulative and payable until the Series B Debentures are converted into Series B OCRPS. One Series B Debenture shall convert to one Series B OCRPS. The conversion of the Series B Debentures shall at all times be made at the conversion price of ₹ 50,000. Series B Debentures can be converted to Series B OCRPS at the Conversion Ratio with the consent of all Shareholders. In the event of liquidation of the Company, the Series B debentures shall be deemed to have been converted into Series C equity shares. The Series C Equity Shares issued on conversion of the Series B Debentures shall rank pari passu in all respects with the Series B Equity Shares, respectively, in issue on the relevant date of conversion, with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance. Series B Debentures shall be redeemable at issue price or at a premium with the consent of all Shareholders and in accordance with the terms of the shareholders agreement.

Note on Interest Payable on OCD & CCD

The Debenture holders (OCD & CCD) have agreed to suspend their right to receive interest for the period 01 October 2017 to 31 March 2018 at the agreed rate of 14%. Accordingly, effective interest rate has been recalculated and pro-rata charge has been taken for the period 01 October 2017 to 31 March 2018.

Series I, II and III Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures ('NCD')

The Series I, II and III Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures ('NCD') shall bear a coupon payment of 8.50% payable annually. The tenor for the Series I NCDs is 2 years from the deemed date of allotment, i.e. 15th December 2019; for Series II, it is 3 years from the deemed date of allotment, i.e. 15th December 2020 and for Series III debentures, it is 4 years from the deemed date of allotment, i.e. 15th December 2021. All 3 series of NCDs shall be redeemed at par, with the scheduled redemption being on 'Bullet at Maturity' terms.

The NCDs are secured by first pari-passu charge over identified movable/immovable properties providing a minimum security cover of 1.25x at all times during the currency of the debentures; security cover to be calculated on annual basis based on ratio of Market Value of the Security created on first pari-passu charge along with the existing holders on security/outstanding amount.

Term Loan from Bank (HDFC Bank Ltd)

Secured Term loan carries interest of base rate and margin i.e., currently effective @ 8.90% per annum. The Loan is repayable in 8 equal quarterly instalments commencing from 24 months from the first drawdown date viz. 31 March, 2016. The first repayment shall be date falling 27 months from the first drawdown date. The loan is secured against

i) a first ranking mortgage on the Land, building and Development Rights of the Luminare project under the collaboration agreement

ii) a first ranking charge by way of hypothecation over the (a) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the permits, approvals and clearances of the Borrower relating to the Gurgaon Project; (b) all rights, title, interest, benefits, claims and demands

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

whatsoever of the Borrower in any letter of credit, guarantee, performance bond, corporate guarantee and bank guarantee provided by any Person under the Gurgaon Project Documents; and (c) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any Insurance Policies in relation to the Gurgaon Project (including any proceeds from such Insurance Policies).

iii) a first ranking pari passu charge by way of hypothecation (pari passu only with the Security Interest created/to be created to secure the working capital facility), over the Receivables of Bengaluru and Gurgaon Project including security deposit to land owners.

Loans repayable on demand from banks (Secured)

Axis Bank Ltd (sanctioned limit of ₹ 150 crores)

Overdraft facility from Axis Bank Ltd carries interest of base rate and margin i.e., currently effective @ 8.45% per annum. The facility is secured by first ranking pari passu charge by way of hypothecation (pari passu only with the security interest created/to be created to secure the working capital facilities availed by the Company) over the receivables, including security deposit to land owners, second charge over the land, building and development rights of Luminare project.

HDFC Bank Ltd (sanctioned limit of ₹ 30 crores)

Overdraft facility from HDFC Bank carries interest of base rate and margin i.e., currently effective @ 8.45% per annum. The facility is secured by first pari passu charge (pari passu along with other lenders for current facility) on receivables to the extent of Borrower's share (75% of receivables) pertaining to Gurgaon project and receivable of Bengaluru project, present and future to be shared pari-passu with Rupee Term Loan facility.

13. Trade Payables

(Amounts in INR Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Trade payable - Micro and small enterprises*	–	–
Trade payable - Other than micro and small enterprises	5,162.24	2,247.23
	5,162.24	2,247.23

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 31.

* There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

14. Other Financial liabilities

(Amounts in INR Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current		
Financial Liabilities Measured at Amortised Cost		
Interest accrued but not due on borrowings	**28,625.24**	20,344.08
Capital Creditors	**0.90**	3.39
Current maturities of long term debt	**4,740.93**	–
Total Other Financial Liabilities	**33,367.07**	20,347.47

Breakup of financial liabilities carried at amortised cost

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Borrowings (non-current) (Note 12)	**77,774.93**	82,467.22
Borrowings (current) (Note 12)	**8,288.67**	–
Trade payable - Other than micro and small enterprises (Note 13)	**5,162.24**	2,247.23
Interest accrued but not due on borrowings (Note 14)	**28,625.24**	20,344.08
Capital Creditors (Note 14)	**0.90**	3.39
Current maturities of long term debt (Note 14)	**4,740.93**	–
Total financial liabilities carried at amortised cost	**124,591.91**	105,061.92

15. Provisions

(Amounts in INR Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Provision		
Provision for Defect Liabilities#	**124.49**	77.49
Total Current Provisions	**124.49**	77.49

\# Provision for defect liability is recognised on potential liability that may arise after handover of possession of flats.

The movement in provision for defect liability is as follows:

Particulars	Provision for Defect Liability
Balance at 01 April 2016	29.11
Additional provisions recognised	48.38
Amounts used during the period	–
Balance at 31 March 2017	77.49
Additional provisions recognised	47.00
Amounts used during the period	–
Balance at 31 March, 2018	**124.49**

16. Other liabilities

(Amounts in INR Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current		
Advances received from customers	**1,041.97**	2,088.56
Statutory dues payable	**247.94**	70.96
Total Other Current Liabilities	**1,289.91**	2,159.52

17. Current tax liability (net of Advance tax paid)

(Amounts in INR Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
FY 2016/17	**243.70**	253.81
FY 2017/18	**190.50**	–
Current tax liability (net of Advance tax paid)	**434.20**	253.81

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

18. Revenue from Operations

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Income from projects	**24,431.09**	20,127.04
Total Revenue from operations	**24,431.09**	20,127.04

19. Other Income

(Amounts in INR Lakh)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Other non operating income		
Interest Income on Financial Assets at Amortised Cost	15.75	21.74
Net gain/(loss) arising on financial assets designated at Fair Value Through Profit or Loss (FVTPL)	–	99.56
Miscellaneous Income	0.12	1.25
Interest income on deferred payments from customers	379.18	169.97
Total Other Income	395.05	292.52

20A. Construction Expenses incurred

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Expenses incurred during the year		
Cost of land and related cost	**–**	–
Construction costs	**12,933.19**	8,130.81
Rates and taxes	**126.50**	77.05
Legal & Professional Fees	**640.69**	831.25
Finance expenses (net of finance income)	**9,787.87**	10,754.81
Power and fuel cost	**4.48**	5.41
Other Project Admin Cost	**55.62**	139.57
Total Construction Expenses incurred during the year	**23,548.35**	19,938.90
Provision for Defect Liability	**47.01**	48.38
Construction Expenses incurred	**23,595.36**	19,987.28

20B. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Opening Stock		
Work-in-progress	**45,750.03**	41,935.42
Raw Material	**750.59**	549.95
Total Opening Stock	**46,500.62**	42,485.37
Closing Stock		
Work-in-progress	**49,575.50**	45,750.03
Raw Material	**1,021.86**	750.59
Total Closing Stock	**50,597.36**	46,500.62
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(4,096.74)**	(4,015.25)

21. Other expenses

(Amounts in INR Lakh)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Advertising and sales promotion	**668.98**	526.70
Commission & Brokerage	**180.73**	100.48
Legal and professional fees	**683.60**	672.22
Payment to auditor (Refer details below)	**10.00**	11.55
Repairs & Maintenance Expenses	**95.69**	75.25
Rent Expenses	**7.52**	7.52
Communication Expense	**5.89**	9.75
Assets written off	**99.01**	–
Rates & Taxes (see note below)	**(76.72)**	98.79
Travelling & Conveyance	**1.82**	4.71
Printing & Stationery	**3.86**	3.36
Miscellaneous Expenses	**16.16**	11.21
CSR activity expenses under section 135 of the Companies Act 2013 (Refer details below)	**9.29**	–
Power & Fuel	**19.64**	10.95
Bank Charges	**0.01**	0.18
Total Other expenses	**1,725.48**	1,532.67

Payment to auditor (excluding taxes)	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Audit Fees	**6.00**	7.50
Certification and Other Services	**4.00**	3.30
Out of Pocket Expenses	**–**	0.75
	10.00	11.55

CSR activity expenses under section 135 of the Companies Act 2013	**For the year ended March 31, 2018**	For the year ended March 31, 2017
(a) Gross amount required to be spent by the Company	**7.45**	NA
(b) Amount spent during the year:		
(i) Construction/acquisition of any asset	**–**	NA
(ii) Purposes other than (i) above	**9.29**	NA
	9.29	–

Note on Rates and Taxes

Rates and taxes include an amount of Rs 86.73 Lakh (Previous year Nil) towards reversal of Haryana VAT liability which was no longer payable due to implementation of Goods and Services Tax (GST) with effect from 1st July 2017.

22. Finance Costs

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Interest on Debentures (Refer note 25 - Related party transactions)	**8,290.64**	8,964.76
Interest on Term Loan	**1,613.91**	1,919.65
Interest cost due to discounting to customers	**152.29**	80.04
Interest on Overdraft facility	**305.59**	1.69
Interest - Others	**0.01**	–
Interest on Income tax payable	**26.57**	17.80
Less: Amounts included in the cost of qualifying assets	**(9,787.87)**	(10,754.81)
Net Finance Cost	**601.14**	229.13

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Analysis of Interest Expenses by Category

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses		
On Financial Liability at Amortised Cost	**10,210.15**	10,886.10
On Financial Liabilities at FVTPL	**–**	–

23. Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible Debentures and dividend on preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations		
Profit after tax for the year (in ₹ Lakh)	**1,739.64**	1,598.18
Weighted average number of Class A equity shares in calculating EPS**	**822,507**	413,509
Weighted average number of Class B equity shares in calculating EPS	**389**	389
Weighted average number of Class C equity shares in calculating EPS	**389**	389
Face Value of Class B Equity Shares	**10**	10
Face Value of Class C Equity Shares	**10**	10
Earnings per Class B Equity share - Basic	**223,604**	205,422
Earnings per Class C Equity share - Basic	**223,604**	205,422
Earnings per Class B Equity share - Diluted	**5,445**	4,996
Earnings per Class C Equity share - Diluted	**5,445**	4,996

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net profit for the year, used in the calculation of basic earning per share (in ₹ Lakh)	**1,739.64**	1,598.18
Add: Interest on convertible debentures (net) - adjusted for attributable taxes (in ₹ Lakh)	**5,276.14**	4,838.81
Profit for the year used in the calculation of diluted earnings per share	**7,015.78**	6,436.99
Weighted average number of equity shares used in calculating basic EPS	**778**	778
Effect of dilution:		
Convertible Preference Share	**1**	1
Convertible debentures	**128,068**	128,068
Weighted average number of equity shares in the calculation of diluted EPS	**128,847**	128,847

** As Class A Equity Shares does not carry any dividend and economic rights, therefore the same has not been considered in calculation of Basic & Diluted EPS.

24. Leases

(Amounts in INR Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
As Lessee		
Operating Lease		
The company has entered into operating leases arrangement for land for construction of project and marketing office. These leases have a total life of 5 years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.		
Future minimum rentals payable under non-cancellable operating leases are as follows: -		
not later than one year	7.52	7.52
After one year but not more than five years	5.02	12.15
Expenses recognized in the Statement of Profit and Loss	7.52	7.52

25. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited SCM Real Estate (Singapore) Private Limited
Related parties with whom transactions have taken place during the year	
Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited SCM Real Estate (Singapore) Private Limited
Subsidiary of a company having joint control over the Company	Anthurium Developers Limited
Holding company of enterprise having joint control over the Company	Mahindra & Mahindra Limited
Subsidiary of Holding company of enterprise having joint control over the Company	Mahindra Defence Systems Limited **Mahindra Intertrade Limited** **Mahindra Integrated Business Solutions Private Limited**
Key managerial personnel	
Director	Ms. Anita Arjundas
Director	Mr. Ramesh Ranganathan
Director	Mr. Ashish Balram Singh
Director	Mr. Ameet Hariani (with effect from 6th March 2018)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Amounts in INR Lakh)

Nature of transactions with Related Parties	For the year ended	Mahindra Lifespace Developers Limited	SCM Real Estate (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Private Ltd.	Mahindra Intertrade Limited	Ashish Balram Singh (Director)	Ramesh Ranganathan (Director)	Anthurium Developers Limited
Interest on Debentures (Refer Note 11) (Accrued but not due for payment)	31-Mar-18	4,034.24	4,034.24	–	–	–	–	–	–	–
	31-Mar-17	4,482.38	4,482.38	–	–	–	–	–	–	–
Development Management Fees	31-Mar-18	1,274.08	–	–	–	–	–	–	–	–
	31-Mar-17	1,274.08	–	–	–	–	–	–	–	–
Repairs and Maintenance expenses	31-Mar-18	6.28	–	15.73	–	3.04	–	–	–	–
	31-Mar-17	–	–	10.68	–	3.42	–	–	–	–
Consultancy Services	31-Mar-18	–	–	–	–	–	2.09	–	–	–
	31-Mar-17	–	–	–	2.10	–	–	–	–	–
Revenue from Operations	31-Mar-18	–	–	–	–	–	–	100.64	33.50	–
	31-Mar-17	–	–	–	–	–	–	64.05	88.06	–
Lease Rentals - Land	31-Mar-18	–	–	–	–	–	–	–	–	7.52
	31-Mar-17	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7.52**

The following table provides the balances with related parties as on the relevant date:

(Amounts in INR Lakh)

Nature of Balances with Related Parties	Balance as on	Mahindra Lifespace Developers Limited	SCM Real Estate (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Pvt. Ltd.	Mahindra Intertrade Limited	Ashish Balram Singh (Director)	Ramesh Ranganathan (Director)	Anthurium Developers Limited
Long Term Borrowings outstanding as at year end - Series A Debentures	31-Mar-18	–	32,017.00	–	–	–	–	–	–	–
	31-Mar-17	–	32,017.00	–	–	–	–	–	–	–
Long Term Borrowings outstanding as at year end - Series B Debentures	31-Mar-18	32,017.00	–	–	–	–	–	–	–	–
	31-Mar-17	32,017.00	–	–	–	–	–	–	–	–
Trade Payables	31-Mar-18	6.78	–	45.29	0.02	–	1.37	–	–	–
	31-Mar-17	168.01	–	26.83	0.02	0.40	–	–	–	–
Prepaid Rent	31-Mar-18	–	–	–	–	–	–	–	–	12.15
	31-Mar-17	–	–	–	–	–	–	–	–	19.68
Other Financial Liabilities - Interest Accrued but not due	31-Mar-18	14,167.15	14,167.15	–	–	–	–	–	–	–
	31-Mar-17	10,133.38	10,132.44	–	–	–	–	–	–	–
Advance/Deposit to Vendor	31-Mar-18	–	–	–	–	–	–	–	–	200.00
	31-Mar-17	–	–	–	–	–	–	–	–	200.00
Other current assets - Unbilled revenue	31-Mar-18	–	–	–	–	–	–	18.30	–	–
	31-Mar-17	–	–	–	–	–	–	95.31	–	–
Other current liabilities - Advances from customers	31-Mar-18	–	–	–	–	–	–	–	0.20	–
	31-Mar-17	–	–	–	–	–	–	–	14.81	–
Surety Given to Haryana VAT department	31-Mar-18	107.15	–	–	–	–	–	–	–	–
	31-Mar-17	107.15	–	–	–	–	–	–	–	–

Compensation of Key Management Personnel

The Company avails key management personnel services from the enterprises having joint control over the Company, namely, Mahindra Lifespace Developers Limited and SCM Real Estate (Singapore) Private Limited. Hence, the Company is not required to disclose details of the compensation paid by such enterprises having joint control over the Company to the Key Management personnel.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

26. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying Value		Fair value as at	
	31–Mar–18	31–Mar–17	31–Mar–18	31–Mar–17
Financial assets				
Trade Receivables	**692.41**	632.09	**692.41**	632.09
Cash and Cash Equivalents	**754.15**	740.28	**754.15**	740.28
Other Bank Balances	**22.82**	21.46	**22.82**	21.46
Interest accrued on fixed deposits	**0.30**	0.31	**0.30**	0.31
Security Deposit with Govt. Authorities	**151.25**	119.24	**151.25**	119.24
Total financial assets	**1,620.93**	1,513.38	**1,620.93**	1,513.38

Particulars	Carrying Value		Fair value as at	
	31–Mar–18	31–Mar–17	31–Mar–18	31–Mar–17
Financial liabilities				
Borrowings	**90,804.53**	82,467.22	**90,804.53**	82,467.22
Trade Payable	**5,162.24**	2,247.23	**5,162.24**	2,247.23
Interest accrued but not due on borrowings	**28,625.24**	20,344.08	**28,625.24**	20,344.08
Capital Creditors	**0.90**	3.39	**0.90**	3.39
Total financial liabilities	**124,592.91**	105,061.92	**124,592.91**	105,061.92

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

27. Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2018:

	Date of Valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Assets measured at Fair Value					
Total		**–**	**–**	**–**	**–**
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings - Term Loan	31-Mar-18		9,481.86		9,481.86
Non-convertible debentures	31-Mar-18		9,000.00		9,000.00
Loans repayable on demand from banks	31-Mar-18		8,288.67		8,288.67
Compulsory Convertible debentures	31-Mar-18		32,017.00		32,017.00
Optionally Convertible debentures	31-Mar-18		32,017.00		32,017.00
Total		**–**	**90,804.53**	**–**	**90,804.53**

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March, 2017:

	Date of Valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Assets measured at Fair Value:					
Investments in Mutual Funds		–	–	–	–
Total		**–**	**–**	**–**	**–**
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings - Term Loan	31-Mar-17		18,433.22		18,433.22
Compulsory Convertible debentures	31-Mar-17		32,017.00		32,017.00
Optionally Convertible debentures	31-Mar-17		32,017.00		32,017.00
Total		**–**	**82,467.22**	**–**	**82,467.22**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

The fair values of the financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There have been no transfers between Level 1 and Level 2 during the period.

28. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

Revenue recognition

Revenue is recognised using the percentage-of-completion method as construction progresses based on the Guidance note on real estate. (see Revenue recognition policy for Income on sale of residential properties in Note 2.5.1)

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

29. Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying **Ind AS 115 - 'Revenue from Contracts with Customers'**. This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

30. Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 are as follows:

(Amounts in INR Lakh)

	31-Mar-18	31-Mar-17
Debt (A)*	**26,770.53**	18,433.22
Equity (B)	**2,687.36**	947.72
Debt Ratio (A/B)	**10**	19

*Since the debentures issued by the company are subscribed by the share-holders, the Debt-equity ratio of the company is reviewed by the management based on the external debt only.

31. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

Trade Receivables

The Company's trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks and other financial assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) **Liquidity risk management**

The Board of directors, have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) **Maturities of financial assets**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amounts in INR Lakh)

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-18				
Trade Receivables	692.41	–	–	–
Cash and Cash Equivalents	754.15	–		
Other Bank Balances	22.82	–	–	–
Interest accrued on fixed deposits	0.30	–	–	–
Security Deposit with Govt. Authorities	–	151.25	–	–
Total	**1,469.68**	**151.25**	–	–
31-Mar-17				
Trade Receivables	632.09	–	–	–
Cash and Cash Equivalents	740.28	–	–	–
Other Bank Balances	21.46	–	–	–
Interest accrued on fixed deposits	0.31	–	–	–
Security Deposit with Govt. Authorities	0.00	119.24	–	–
Total	**1,394.14**	**119.24**	–	–

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR Lakh)

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-18				
Borrowings	4,740.93	86,063.60	–	–
Trade Payable	5,162.24	–	–	–
Interest accrued but not due on borrowings	28,625.24	–	–	–
Capital Creditors	0.90	–	–	–
Total	**38,529.31**	**86,063.60**	–	–
31-Mar-17				
Borrowings	–	82,467.22	–	–
Trade Payable	2,247.23	–	–	–
Interest accrued but not due on borrowings	20,344.08	–	–	–
Capital Creditors	3.39	–	–	–
Total	**22,594.70**	**82,467.22**	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March 2018	As at 31st March 2017
Secured Bank Overdraft facility		
Expiring within one year	**9,711.33**	3,000.00
Total	**9,711.33**	3,000.00

Currency Risk

The Company undertakes transactions in foreign currencies only for purchase of components which are required to be imported to carry out construction activities; consequently, exposing to exchange rate fluctuations, but the same is not material in nature as compared to the size of the operations of the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's financial statements are affected through the impact on floating rate borrowings, as follows:

(Amounts in INR Lakh)

	Increase/ decrease in basis points	**Effect on financial statements***
31-Mar-18		
INR	+50	88.85
INR	-50	(88.85)
31-Mar-17		
INR	+50	92.50
INR	-50	(92.50)

* The effect as mentioned above will have impact on the carrying value of Inventories and Profit Before Tax.

32. Capital & other Commitments

At March 31, 2018, the company has commitments of ₹ 4,950 Lakh (Previous year ₹ 6,000 Lakh) relating to further security deposit payable towards Joint Development Agreement.

33. Segment information

The Company is engaged only in the business of development of property and related activities in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting.

No single customer contributed 10% or more to the company's revenue for financial years 2017/18 and 2016/17.

34. Disclosure pursuant to Guidance note on real estate for projects in progress:

(Amounts in INR Lakh)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
Aggregate amount of costs incurred and profits recognised (less recognised losses) to date	**60,045.34**	35,614.25
Amount of advances received	**1,041.97**	2,088.56
Amount of work-in-progress and inventories	**50,597.36**	46,500.62
Amount of revenue recognised over actual bills raised (unbilled revenue)	**23,947.48**	9,268.45

35. Previous period figures

The comparative financial statements of the company for the previous year ended 31 March 2017 were audited by the predecessor auditor S R B C & CO LLP.

36. Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the Financial Statements

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Ramesh Ranganathan
Director
DIN No. 03118598
Place: Mumbai
Date: April 24, 2018

Anita Arjundas
Director
DIN No. - 00243215
Place: Mumbai
Date: April 24, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 25th (Twenty-Fifth) Report alongwith the Standalone Audited Financial Statements of your Company for Financial Year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**1720.07**	1,712.60
Profit before Depreciation, Finance Costs and Taxation	**110.42**	476.67
Less: Depreciation	**6.49**	6.59
Profit before Finance Costs and Taxation	**103.93**	470.08
Less: Finance Costs	**11.23**	3.94
Profit before Tax	**92.70**	466.14
Less: Taxation	**33.36**	156.37
Profit for the Year	**59.34**	309.77
Balance of Profit for earlier years	**1048.29**	797.21
Less: Transfer to/(from) Reserve	**–**	–
Less: Depreciation on transition to schedule II of Companies Act,2013	**–**	–
Profit available for Appropriation	**–**	–
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of Profit carried forward	**1107.63**	1048.30
Net worth	**1613.46**	1553.90

MATERIAL CHANGES & COMMITMENTS:

No material changes and commitments have occurred after the closure of the Financial Year 2017-2018 till the date of this Report, which would affect the financial position of your Company.

OPERATIONS OF THE COMPANY

During the year under review, your Company consolidated its presence in Engineering, Project Advisory and Infrastructure Consulting sector and registered high growth in several areas of operation. Your Company's income for the year was Rs.1720.70 lakhs as compared to Rs. 1712.60 lakhs in the previous year and registered profit before taxation of Rs. 92.70 lakhs.

During the year under review, your Company has bagged several prestigious and first of its kind assignments. Your Company has further strengthened its position in the field of agri and food infrastructure, urban infrastructure, rural infrastructure, social infrastructure, industrial infrastructure, sustainability studies, institutional strategies/ planning studies, etc.

Your Company has consolidated its presence in the African market in the field of agri and food infrastructure, rural infrastructure and provided advisory services for inclusive and sustainable industrial development.

Your Company has received repeat orders from its existing clientele which affirm the goodwill of the Company. This would also serve as a base for the Company's sustained growth in the future. The Company has also evolved on several innovative and sustainability ideas in its projects and is augmenting its efforts to consolidate its position as a front-runner in innovative projects. Your Company continues to receive orders from prestigious clients in different sectors indicating its versatile capability of providing consultancy services for multi-disciplinary projects.

DIVIDEND

Your Directors have not paid any Interim Dividend during the year nor recommends Final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the General Reserves in view of the losses.

SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATES

Your Company has only one direct wholly owned subsidiary i.e. Mahindra Namaste Limited (MNL), as on 31st March, 2018. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

During the year, there were no additions/deletions in subsidiaries of the Company as on 31st March, 2018.

A report on the performance and financial position of Mahindra Namaste Limited, wholly owned subsidiary of the Company and its contribution to the overall performance of the Company, pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 for the year ended 31st March, 2018, is provided in Form AOC – 1 which is attached to the Financial Statements of the Company and forms part of this Report.

EXEMPTION FROM CONSOLIDATION OF FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), ('Notification'), dated 27th July, 2016, exempted a partially owned subsidiary company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

The Company has complied with all the conditions as mentioned in the Notification and has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year 31st March, 2017 and onwards.

Mahindra Namaste Limited ("Namaste"), a wholly owned subsidiary company

Namaste has recorded a gross income of Rs.85.31 Lakhs for the year under review as against Rs.57.80 Lakhs in the previous year representing an increase of 47.60%. Also the Company has registered a profit before taxation of Rs. 7.18 lakhs as compared to Rs.5.63 lakhs for the previous year representing an increase of 27.53%.

SHARE CAPITAL

The Authorised Share Capital of the Company stood at Rs. 4,00,00,000 comprising of 40,00,000 Equity Shares of the face value of Rs. 10 each as on 31st March, 2018.

The Issued, Subscribed and Paid up Share Capital of your Company stood at Rs. 1,95,05,900 comprising of 19,50,590 Equity Shares of the face value of Rs.10 each as on 31st March, 2018.

BOARD OF DIRECTORS

Composition:

As on 31st March, 2018, your Company's Board of Directors consisted of 2 Non-Executive Directors, a Managing Director and 1 Independent Director. The names, DIN, category of the Directors as on 31st March, 2018 are given hereunder:

Name of Directors	Director Identification Number (DIN)	Executive/ Non Executive	Independent/ Non Independent	Number of meetings attended out of 5 meetings held during the year
Mr. S. Venkatraman	00077193	Non-Executive	Non-Independent	5
Mr. Parag Shah	00374944	Non-Executive	Non-Independent	5
Mr. B. Suresh	01479827	Managing Director and CEO	Non-Independent	5
Mr. Rajendra Bhinge	00036557	Non-Executive	Independent Director	3

Appointment/Re-appointment

Pursuant to the provisions of Section 152 and 161 of the Companies Act, 2013, the Board of Directors of your Company at their meeting held on 12th October, 2017 appointed Mr. Rajendra Bhinge as an Additional Director in the capacity of Non-Executive Independent Director, who holds office upto the date of the ensuing Annual General Meeting ("AGM").

Although not statutorily required, your Company has voluntarily appointed Independent Director from good governance perspective.

The Company has received a notice from a Member proposing the candidature of Mr. Rajendra Bhinge for appointment as Non-Executive Independent Director, not liable to retire by rotation, of the Company and accordingly the matter has been proposed for approval of the Members at the ensuing AGM. The Directors recommend his appointment for the Member's approval at the ensuing AGM.

The Board of Directors of the Company at their meeting held on 5th March, 2018, re-appointed Mr. Balakrishnan Suresh, as the Managing Director and CEO of the Company for a further period of one year commencing from 1st April, 2018 to 31st March, 2019 subject to the approval of the Members through special resolution at the AGM.

Director liable to retire by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. S Venkatraman, (DIN: 00077193), Director, who has been longest in office, retires by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Directors recommend his re-appointment for the Members approval at the ensuing AGM.

DECLARATION OF INDEPENDENT DIRECTOR

The declaration under Section 149(7) of the Companies Act, 2013 has been received from Mr. Rajendra Bhinge (DIN: 00036557), an Independent Director, to the effect that he meets the criteria of independence as provided in sub section 6 of Section 149 of the Companies Act, 2013.

COMMITTEES OF THE BOARD

In terms of the provisions of the Companies Act, 2013, your Company was not required to constitute mandatory Committee(s) viz Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee during the year under review.

NUMBER OF THE MEETINGS OF THE BOARD OF DIRECTORS AND ANNUAL GENERAL MEETING

Your Board of Directors met five times during the year under review on 26th April, 2017, 20th July, 2017, 12th October, 2017, 5th February, 2018 and 5th March, 2018. The gap between two meetings was not more than 120 days.

The 24th Annual General Meeting (AGM) of the Company was held on 20th July, 2017.

REMUNERATION/COMPENSATION COMMITTEE

The provisions of Section 178 of the Companies Act, 2013 are not applicable to your Company, however your Company has voluntarily constituted the Remuneration/Compensation Committee, which comprises of:

Mr. Parag Shah; and

Mr. S. Venkatraman.

During the year under review, the Remuneration Committee met once.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation received from the operating management and after due enquiry, confirm that:

(a) In the preparation of the annual accounts for the financial year ended 31st March, 2018 the applicable accounting standards have been followed;

(b) They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the profit of the Company for the financial year ended on that date;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) They had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared the annual accounts on a going concern basis; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the financial year ended 31st March, 2018.

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. the Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Board Members, Senior Management Personnel and Employees affirming compliance with respective Codes.

KEY MANAGERIAL PERSONNEL

Mr. B. Suresh, Managing Director has been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The provisions relating to appointment of Key Managerial Personnel is not applicable to your Company.

STATUTORY AUDITORS AND AUDITORS' REPORT

M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 008072S) were appointed as the Statutory Auditors of the Company at the 21st Annual General Meeting (AGM) of the Company held on 30th September, 2014 to hold office from the conclusion of the 21st AGM until the conclusion of 26th AGM to be held in the year 2019 subject to ratification at every AGM held after the AGM held on 30th September, 2014.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from M/s Deloitte Haskins & Sells, Chartered Accountants, to consider their re-appointment and a certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The members are requested to ratify the appointment of Statutory Auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDIT, SECRETARIAL AUDIT AND COST AUDIT

The provision relating to Internal Audit, Secretarial Audit and Cost Audit are not applicable to your Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this Report.

RISK MANAGEMENT POLICY

Your Company has developed a risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as ***Annexure I*** to this Report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Although provisions of CSR under Section 135 of the Companies Act, 2013 are not applicable to the Company, your Company has actively promoted academia industry partnership with various reputed universities and educational institutions like conceiving appropriate course curriculum, providing internship to students, guest lectures, guidance and supervisory support for undergraduate and post graduate project work and thesis, assistance in developing ecofriendly campus, etc.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent company Mahindra & Mahindra Limited.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans given, investments made, and guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review are given in the Note No. 5, Note No. 6 and Note No. 10 to the Standalone Financial Statements and the same forms part of this Report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions entered into by your Company with related parties were at arm's length and in the ordinary course of business.

Particulars of contracts or arrangements with related parties referred to in sub section 1 of Section 188 are given in the prescribed form AOC – 2 as ***Annexure II*** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 (Act) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section 134(3)(a) of the Act, an extract of the Annual return as on 31st March, 2018 is attached herewith as ***Annexure III*** and forms part of this report.

STOCK OPTIONS AND EXERCISE

During the year under review, there were no Stock Options granted to and vested in the employees pursuant to Mahindra Consulting Engineers Employees' Stock Options Scheme. Details of the shares vested, exercised and issued under the aforesaid scheme till date, as also the disclosure in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in ***Annexure IV*** to this Report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

DEMATERIALISATION OF SHARES

The shares of your Company have been admitted for dematerialization with National Securities Depository Limited. The International Securities Identification Number (ISIN) of the Company is INE441K01017.

REGISTRAR & SHARE TRANSFER AGENT

M/s. Karvy Computershare Pvt. Limited are the Registrar and Share Agent of the Company.

GENERAL DISCLOSURES:

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of sweat equity shares to employees of the Company.
- The Managing Director of the Company does not receive any commission or remuneration from any of Company's holding Companies or its subsidiaries.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

The Board of Directors wish to convey their gratitude and appreciation to all the employees of the Company, for their tremendous efforts as well as their exemplary dedication and contribution to the Company's performance.

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Place: Mumbai
Date: 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:

The Company has adopted sustainability concepts in its operations and being in Engineering, Project Advisory and Infrastructure Consulting sector, the Company has taken steps to implement sustainability initiatives in its assignment like water conservation, rainwater harvesting, zero discharge, water recycling, 3-R concepts, scientific management of waste disposal, renewable energy technologies, waste minimization and management concepts. The Company has also taken active measures in promoting sustainability concepts, through conducting awareness campaign program, academia industry initiatives, guest lectures etc. The Company is actively involved in National/International seminars/committees on water, environment, green marketing, sustainable infrastructure development, etc.

(b) The steps taken by the company for utilizing alternate sources of energy: Nil

(c) The capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption: Nil

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Nil

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

a) The details of technology imported: Nil

b) The year of import: Nil

c) Whether the technology been fully absorbed: Nil

d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

iv.) The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

Particulars	**For the Financial Year ended 31st March, 2018**	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	261.86	630.97
Total Foreign Exchange Used	53.82	81.15

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Place: Mumbai

Date: 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties for year ended 31st March 2018
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at Arm's length basis:** There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018 which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at Arm's length basis:** The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018 are as follows:

Sr. No.	Name(s) of the related party and nature of relationship		Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Industrial Park Chennai Limited	Fellow Subsidiary Company	2017-18	Payment received for Sale of services - towards professional services	Rs. 117.34 lakhs	Refer note below	NIL

Notes:

(i) All these transactions are at arm's length and in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

(ii) Contracts/transactions/arrangements for rendering of services and/or purchase of material for an amount exceeding 10% of turnover of the Company or Rs. 50 crores whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Place: Mumbai

Date: 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U74210MH1993PLC074723
2.	**Registration Date**	26th October, 1993
3.	**Name of the Company**	Mahindra Consulting Engineers Limited
4.	**Category/Sub-Category of the Company**	Company limited by Shares/Non-govt company
5.	**Address of Registered office and contact details**	Gateway Building, Apollo Bunder Mumbai 400 001.
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Engineering Advisory Services	99833100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	59.01	2(46)
2.	Mahindra Namaste Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai- 400 018	U93000MH2010PLC198303	Subsidiary Company	100	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	11,50,993	7	11,51,000	59.01	11,50,993	7	11,51,000	59.01	–
e. Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Any Other (MACE ESOP TRUST)	1,14,792	4,80,590	5,95,382	30.52	1,12,292	4,80,590	5,92,882	30.39	(0.13)
Sub-Total-A-(1)	**12,65,785**	**4,80,597**	**17,46,382**	**89.53**	**12,63,285**	**4,80,597**	**17,43,882**	**89.40**	–
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
TOTAL PROMOTERS (A) = (A)(1)+(A)(2)	**12,65,785**	**4,80,597**	**17,46,382**	**89.53**	**12,63,285**	**4,80,597**	**17,43,882**	**89.40**	**(0.13)**
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital Fundsl	–	–	–	–	–	–	–	–	–
f. Insurance Companies	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-Total-(B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a. Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i Individual shareholders	2,04,208	–	2,04,208	10.47	2,06,708	–	2,06,708	10.60	0.13
c. Others (specify)									
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017] Demat	Physical	Total	% of Total Shares	No. of Shares held at the end of the year [As on 31st March, 2018] Demat	Physical	Total	% of Total Shares	% Change during the year
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies-DR	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
TOTAL PUBLIC (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**14,69,993**	**4,80,597**	**19,50,590**	**100**	**14,69,993**	**4,80,597**	**19,50,590**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2017) No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	Shareholding at the end of the year (as on 31st March, 2018) No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share-holding during the year
1	Mahindra & Mahindra Limited	11,50,993	59.01	–	11,50,993	59.01	–	–
2	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	–	–	1	–	–	–
3	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda.*	1	–	–	1	–	–	–
4	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	–	–	1	–	–	–
5	Mahindra & Mahindra Limited jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
6	Mahindra & Mahindra Limited jointly with Mr. Ulhas Yargop*	1	–	–	1	–	–	–
7	Mahindra & Mahindra Limited jointly with Mr. U. Y. Phadke*	1	–	–	1	–	–	–
8	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
9	Mahindra Consulting Engineers Employees' Stock Option Trust	5,95,382	30.52	–	5,92,882	30.39	–	(0.13)
	Total	**17,46,382**	**89.53**	–	**17,43,882**	**89.40**	–	**(0.13)**

* Shares held by Mahindra & Mahindra Limited jointly with the Nominees to comply with statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding:

Particulars	Shareholding at the beginning of the year (as on 1st April, 2017)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year – As on 01.04.2017	1746382	89.53		–	–
Decrease – 26.02.2018#	–	–	(25000)	1721382	88.25
Increase -22.03.2018$	–	–	5000	1726382	88.51
Increase 26.03.2018$	–	–	20000	1746383	89.53
Increase 26.03.2018$	–	–	5000	1751382	89.79
Decrease 28.03.2018#	–	–	(5000)	1746382	89.53
Decrease 28.03.2018#	–	–	(1250)	1745132	89.47
Decrease 28.03.2018#	–	–	(1250)	1743882	89.40
Decrease 28.03.2018#	–	–	(1250)	1742632	89.34
Decrease 28.03.2018#	–	–	(5000)	1737632	89.08
Decrease 28.03.2018#	–	–	(1250)	1736382	89.02
Increase -28.03.2018$	–	–	1250	1737632	89.08
Increase -28.03.2018$	–	–	1250	1738882	89.15
Increase -28.03.2018$	–	–	5000	1743882	89.40
At the End of the year – As on 31.03.2018	–	–	–	1743882	89.40

\# Transfer of Shares by Mahindra Consulting Engineers Employee Stock Option Trust, pursuant to exercise of Options by employees.

$ Transfer of Shares by Employees to Mahindra Consulting Engineers Employee Stock Option Trust

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	For each of the Top 10 shareholders	No. of Shares held at the beginning of the year [As on 1st April 2017]		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease		Cumulative Shareholding during the year	
		No. of shares	% of total shares	Date of change	No. of shares increased/ (decreased)	No. of shares	% of total shares
1	Mr. Arun Kumar Nanda	60,000	3.08				
	Transfer			26th March, 2018	(20,000)		
	At the end of the year					40,000	2.05
2	Mr. Narayan CS	22,500	1.15				
	At the end of the year					22,500	1.15
3	Mr. Shrinivasan A	8,088	0.41				
	At the end of the year					8,088	0.41
4	Mr. Balaji S.	8,055	0.41				
	At the end of the year					8,055	0.41
5	Mr. Ulhas Yargop	3,750	0.19				
	Transfer			28th March, 2018	1,250		
	At the end of the year					5,000	0.26
6	Dr. Pawan Kumar Goenka	–	–				
	Transfer			28th March, 2018	5,000		
	At The End Of The Year					5,000	0.26

Sr No	For each of the Top 10 shareholders	No. of Shares held at the beginning of the year [As on 1st April 2017]		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease		Cumulative Shareholding during the year	
		No. of shares	% of total shares	Date of change	No. of shares increased/ (decreased)	No. of shares	% of total shares
7	Mr. Hemant Luthra	–	–				
	Transfer			28th March, 2018	5,000		
	At the end of the year					5,000	0.26
8	Ms. Vijaya R	2,250	0.12				
	At the end of the year					2,250	0.12
9	Ms. Shreedevi K	2,074	0.11				
	At the end of the year					2,074	0.11
10	Ms. Soma S Soundarame C	1,856	0.10				
	At the end of the year					1,856	0.10

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April, 2017)		Shareholding at the end of the year (as on 31st March, 2018)	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Balakrishnan Suresh	75,000	3.84	1,00,000	5.13

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(IN INR)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	Name	Mr. Balakrishnan Suresh#	
	Designation	MD	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,953,943	4,953,943
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	6,347,677	6,347,677
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option*	1,512,000	1,512,000
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify – Performance pay	–	–
	Total (A)	**12,813,620**	**12,813,620**
	Ceiling as per the Act	As per limits approved by Central Government#	

* Amount Indicates perquisite value of ESOP exercised during the year.

Approval of Central Government under Section 196 and 197 read with Schedule V of the Companies Act, 2013 was obtained for payment of Remuneration to Mr. Balakrishnan Suresh, Managing Director & CEO and the remuneration has been paid in accordance with limits approved by Central Government for the Finanial Year 2017-18.

B. Remuneration of other directors:

(IN INR)

Particulars of Remuneration	Name of Directors		Total Amount
	S. Venkatraman	Rajendra Bhinge	
1. Independent Directors • Fee for attending board/committee meetings	1,00,000	60,000	1,60,000
• Commission*	–	1,08,068	1,08,068
• Others, please specify	–	–	–
Total (1)	1,00,000	1,68,068	2,68,068
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings			
• Commission			
• Others, please specify			
Total (2)			
Total B = (1+2)	**1,00,000**	**1,68,068**	**2,68,068**
Total Managerial Remuneration	**1,00,000**	**1,68,068**	**2,68,068**
Over all Ceiling as per the Act	–	–	**2,30,672**
	(being 1% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)		

* subject to the approval of shareholders at the Annual General Meeting.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:- Nil

(IN INR)

Sr. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO/ Mgr.	Company Secretary	CFO	Total
1.	Gross salary (Rupees)				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total (C)	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Place: Mumbai

Date: 25th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

Disclosure in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014

(a) Options granted – NIL

(b) Options vested - NIL

(c) Options exercised – 2,51,708

(d) The total number of shares arising as a result of exercise of option - 2,51,708

(e) Options lapsed - NIL

(f) The exercise price – Rs.10

(g) Variation of terms of options - NIL

(h) Money realized by exercise of options – Rs.4,00,000

(i) Total number of options in force – 37,235

(j) Employee wise details of options granted to: No grant during the current year

  (i) Key Managerial Personnel – NIL

  (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year – NIL

  (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant – Nil

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Place: Mumbai
Date: 25th April, 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA CONSULTING ENGINEERS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **MAHINDRA CONSULTING ENGINEERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigation which would impact its financial position;

   ii. The Company did not have any material foreseeable losses on long term contracts and the Company has not entered into any derivative contracts;

   iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : Mumbai
Date: April 25, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "(f)" under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA CONSULTING ENGINEERS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : Mumbai
Date : April 25, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans or provided guarantees and hence compliance of Section 185 & Section 186 is not applicable. In our opinion and according to the information and explanation given to us, the Company has not made any investments or given guarantees or securities during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no deposits outstanding anytime during the year.

(vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi), Maintenance of Cost records, of the CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Service Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. The Company has paid the shortfall in advance tax pertaining to previous year with interest in the current year.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income tax which has not been deposited as on 31 March 2018, on account of disputes is given below:

Nature of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act	Income Tax	Income tax Appellate Tribunal	AY 1997-98	2,628,231	2,628,231

(viii) The Company has not taken loans or borrowings from Financial Institutions, Banks and Government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : Mumbai
Date : 25 April, 2018

BALANCE SHEET AS AT 31st MARCH, 2018

Particulars	Note No	As at 31-Mar-18	In Rupees As at 31-Mar-17
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	4 (i)	**1,409,094**	1,524,552
(b) Intangible assets	4 (ii)	**–**	–
(c) Financial assets			
(i) Investments	5	**1**	1
(ii) Trade receivables	9	**387,425**	387,425
(iii) Other Financial Assets	6	**5,636,448**	4,668,689
(d) Other non-current assets	7	**12,566,887**	1,730,073
(e) Deferred tax assets (net)	8	**3,000,439**	2,765,318
2 Current assets			
(a) Financial assets			
(i) Trade receivables	9	**51,460,368**	74,633,871
(ii) Cash and cash equivalents	10	**8,831,105**	3,276,430
(iii) Bank balances other than(ii) above	10	**1,926,287**	26,527,974
(iv) Other Financial Assets	6	**13,062,215**	12,405,722
(b) Other current assets	11	**121,150,248**	69,824,640
TOTAL		**219,430,517**	197,744,695
II. EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	12	**19,505,900**	19,505,900
(b) Other equity	13	**141,840,303**	135,884,574
LIABILITIES			
2 Non-current liabilities			
(a) Provisions	14	**3,307,266**	3,147,262
3 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	15	**35,968,933**	25,491,912
(b) Provisions	14	**4,782,181**	3,731,762
(c) Other current liabilities	16	**14,025,934**	9,983,285
TOTAL		**219,430,517**	197,744,695

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place : Mumbai
Date : April 25, 2018

For and on behalf of the Board

S. Venkatraman

B. Suresh

Parag C Shah

Place : Mumbai
Date : April 25, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	Note No	For the year ended 31-Mar-18	For the year ended 31-Mar-17
			In Rupees
Revenue			
Revenue from consultancy services	17	**169,442,805**	169,855,388
Other Income	18	**2,564,675**	1,404,771
Total Revenue		**172,007,480**	171,260,159
Expenses:			
(a) Employee benefits expense	19	**62,603,273**	60,128,981
(b) Finance costs	20	**1,122,434**	393,975
(c) Depreciation expense	21	**649,357**	659,018
(d) Other expenses	22	**98,362,091**	63,464,403
Total Expenses		**162,737,155**	124,646,377
Profit before tax		**9,270,325**	46,613,782
Tax Expense			
(a) Current tax		**3,571,000**	16,010,000
(b) Deferred tax		**(235,121)**	(373,148)
Total tax expense		**3,335,879**	15,636,852
Profit after tax		**5,934,446**	30,976,930
Profit for the year		**5,934,446**	30,976,930
Other comprehensive income			
Remeasurement of defined benefit obligation		**21,283**	(1,118,035)
Total comprehensive income for the year		**5,955,729**	29,858,895
Earnings per equity share (of Rs. 10/- each)			
Basic & diluted	24	**3.04**	15.88

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Mumbai
Date : April 25, 2018

For and on behalf of the Board

S. Venkatraman

B. Suresh

Parag C Shah

Place : Mumbai
Date : April 25, 2018

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
		In Rupees
A. Cash flows from operating activities		
Profit before tax for the year	**9,270,325**	46,613,782
Adjustments for:		
Interest Income recognized in profit or loss	**(794,947)**	(1,125,082)
Gain on disposal of property, plant and equipment	**(3,334)**	(21,977)
Impairment loss recognized on trade receivables	**45,946,440**	–
Depreciation and amortization of non-current assets	**649,357**	659,018
Net foreign exchange (gain)/loss	**(664,313)**	1,038,140
	54,403,528	47,163,881
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(22,108,625)**	(3,777,016)
(Increase) in other assets	**(53,152,367)**	(13,667,744)
Increase/(Decrease) in trade and other payables	**10,477,021**	(485,179)
Increase in provisions	**1,231,706**	106,894
(Decrease) in other liabilities	**4,042,649**	(1,464,553)
Cash generated from operations	**(5,106,088)**	27,876,284
Income taxes paid	**(14,407,813)**	(12,052,165)
Net cash (used in) generated from operating activities	**(19,513,901)**	15,824,118
B. Cash flows from investing activities		
Proceeds on sale of financial assets	**4,520**	29,960
Interest received	**997,454**	1,344,680
Payments for property, plant and equipment	**(535,085)**	(990,975)
Redemption/maturity of bank deposit	**24,601,687**	(15,920,991)
Net cash (used in)/generated by investing activities	**25,068,576**	(15,537,326)
C. Cash flows from financing activities		
Dividends paid to owners of the Company	**–**	(5,869,228)
Net cash used in financing activities	**–**	(5,869,228)
Net increase / (decrease) in cash and cash equivalents	**5,554,675**	(5,582,436)
Cash and cash equivalents at the beginning of the year	**3,276,430**	8,858,866
Cash and cash equivalents at the end of the year	**8,831,105**	3,276,430
Components of cash and cash equivalents		
Cash / Cheques on hand	**–**	854,028
With banks		
– in current account	**8,831,105**	2,422,402
Total cash and cash equivalents (note 10)	**8,831,105**	3,276,430

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Mumbai
Date : April 25, 2018

For and on behalf of the Board

S. Venkatraman

B. Suresh

Parag C Shah

Place : Mumbai
Date : April 25, 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

In Rupees

Particulars	Reserves and Surplus						Items of other comprehensive income	
	Capital Reserve	**Securities Premium Reserve**	**Capital Redemption Reserve**	**General Reserve**	**Shares Options Outstanding Account (ESOS)**	**Retained Earnings**	**Other items of Other Comprehensive Income(specify nature)**	**Total**
As at 1 April 2016	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**79,721,094**	**(330,783)**	**111,894,907**
Profit for the year						30,976,930		30,976,930
Other Comprehensive Income/(Loss)							(1,118,035)	(1,118,035)
Dividend paid on Equity Shares						(4,876,475)		(4,876,475)
Dividend Distribution Tax						(992,753)		(992,753)
As at 31 March 2017	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**104,828,796**	**(1,448,818)**	**135,884,574**
Profit for the year						5,934,446		5,934,446
Other Comprehensive Income/(Loss)							21,283	21,283
Exercise of employee stock options				1,340,000	(1,340,000)			–
As at 31st March 2018	**1,627,959**	**9,054,900**	**1,746,600**	**18,827,744**	**1,247,393**	**110,763,242**	**(1,427,535)**	**141,840,303**

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Mumbai
Date : April 25, 2018

For and on behalf of the Board

S. Venkatraman

B. Suresh

Parag C Shah

Place : Mumbai
Date : April 25, 2018

Notes forming part of the financial statements for the year ended 31st March, 2018

1. General Information

Mahindra Consulting Engineers Limited (MACEL / Company) was incorporated on October 26, 1993.

The Company is a multidisciplinary engineering consultancy organization providing Engineering, Project Advisory Services and Infrastructure Consulting. The sectors of operation covers urban infrastructure, industrial infrastructure, water and wastewater, environment, transportation sector, tourism infrastructure, renewable energy, sustainable development studies, buildings and structures, industrial plants and systems, agribusiness and food infrastructure, social infrastructure, institutional studies. The Company offers wide range of services in both domestic and international market right from project conceptualization, market demand, feasibility studies, planning, design, engineering, project management, Public Private Partnership (PPP) transaction advisory etc. across several sectors. The clientele base includes Central Government, State Government, Public Sector Undertakings, Infrastructure Development Agencies, Private Sector, Financial Institutions, International Consulting firms, etc.

2. Significant Accounting Policies

2.1 Statement of compliance

The Standalone financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

There is no change from the accounting policies adopted by the Company from the previous year.

2.2 Basis of preparation and presentation

The Standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue Recognition

a. The Company recognizes revenue on the percentage of completion method, which involves technical estimates with respect to costs to completion, of each contract / activity. Such estimates, made by the Company and certified to the auditors, have been relied upon by them, as these are of a technical nature. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

b. Revenue from project supervision / maintenance services (included under consultancy) is recognized based on agreed terms of contract and covers personnel costs of employees deputed for the project, materials used and includes appropriate overheads and margins.

2.4 Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Foreign currencies

In preparing the Standalone financial statements of the Company, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.18 below for hedging accounting policies)

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

2.6.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.7 Tangible and Intangible assets

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use. Subsequent expenditure on assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.8 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.9 Cash Flow Statement:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

2.10 Depreciation & Amortization

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Assets individually costing less than Rs.5000/- are fully depreciated in the year of purchase. The estimated useful life for the other categories of assets are as given below:

Computers	3 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

2.11 Investments in equity and subsidiaries

Investments are valued at cost less impairment losses, if any. The carrying values of investments at each balance sheet date are reviewed for impairment if any indication of impairment exists.

2.12 Employee Benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the group in respect of services provided by employees up to the reporting date.

2.13 Share Based Payments:

During the year ended 31 March, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration / Compensation Committee of the Directors of the Company. Employee Stock Options granted on or after March 31, 2010 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India. Since there were no unvested options as on the transition date (i.e. April 1. 2015) the Company has availed the exemption not to present the share based payments at their fair value under Ind AS 102 – Share based payments

2.14 Earnings per Share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.15 Service Tax/ Goods and Services Tax Input Credit

Service tax / Goods and Services Tax Input Credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

2.16 Operating Cycle:

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.17 Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the Standalone financial statements.

2.18 Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.19 Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

- (i) to receive cash or another financial asset from another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Impairment of financial assets recorded at amortised costs

The Company has used reasonable and supportable information to determine the credit risk on financial assets recorded at amortized cost and provides for impairment loss based on best estimate basis as prescribed under Ind AS 109.

2.19.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.19.2 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.20 Financial liabilities and equity instruments

2.20.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.20.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.20.3 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.20.4 Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.20.5 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.20.6 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Note 4(i): Property, Plant and Equipment

In Rupees

Description of Assets	Plant and Equipment–Freehold	Office Equipment	Furniture and Fixtures	Vehicles–Freehold	Total
I. Gross Block					
Balance as at 1 April, 2017	4,423,646	3,615,861	137,164	2,174,612	**10,351,283**
Additions during the year	484,221	50,864	–	–	**535,085**
Disposals of Assets	1,082,943	1,651,476	31,295	–	**2,765,714**
Balance as at 31 Mar, 2018	**3,824,924**	**2,015,249**	**105,869**	**2,174,612**	**8,120,654**
II. Accumulated depreciation and impairment for the year 2017-2018					
Balance as at 1 April, 2017	3,954,713	2,724,219	82,357	2,065,442	**8,826,731**
Depreciation / amortization expense for the year	384,318	241,407	7,358	16,274	**649,357**
Eliminated on disposal of assets	1,082,943	1,650,290	31,295	–	**2,764,528**
Balance as at 31 March 2018	**3,256,088**	**1,315,336**	**58,420**	**2,081,716**	**6,711,560**
Net block (I-II)					
Balance as on 31 March 2018	**568,836**	**699,913**	**47,449**	**92,896**	**1,409,094**
I. Gross Block					
Balance as at 1 April, 2016	4,249,627	2,928,928	307,812	2,174,612	**9,660,979**
Additions during the year	237,269	753,706	–	–	**990,975**
Disposals of Assets	63,250	66,773	170,648	–	**300,671**
Balance as at 31 Mar, 2017	**4,423,646**	**3,615,861**	**137,164**	**2,174,612**	**10,351,283**
II. Accumulated depreciation and impairment for the year 2016-2017					
Balance as at 1 April, 2016	3,662,536	2,562,551	237,870	1,997,444	**8,460,401**
Depreciation / amortization expense for the year	354,967	228,441	7,612	67,998	**659,018**
Eliminated on disposal of assets	62,790	66,773	163,125	–	**292,688**
Balance as at 31 March, 2017	**3,954,713**	**2,724,219**	**82,357**	**2,065,442**	**8,826,731**
Net block (I-II)					
Balance as on 31st March 2017	**468,933**	**891,642**	**54,807**	**109,170**	**1,524,552**

Note 4(ii): Intangible Assets

In Rupees

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2017	4,069,438	4,069,438
Additions during the year	–	–
Balance as at 31 March, 2018	4,069,438	4,069,438
II. Accumulated depreciation and impairment for the year 2017-2018		
Balance as at 1 April, 2017	4,069,438	4,069,438
Additions during the year	–	–
Balance as at 31 March, 2018	4,069,438	4,069,438
Net block (I-II)	–	–
Balance as on 31st March 2018	–	–
Intangible Assets		
Cost		
Balance as at 1 April, 2016	4,069,438	4,069,438
Additions during the year	–	–
Balance as at 31 March, 2017	4,069,438	4,069,438
II. Accumulated depreciation and impairment for the year 2016-2017		
Balance as at 1 April, 2016	4,069,438	4,069,438
Additions during the year	–	–
Balance as at 31 March, 2017	4,069,438	4,069,438
Net block (I-II)	–	–
Balance as on 31st March 2017	–	–

Note 5: Investments

In Rupees

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
At cost				
Unquoted investment (fully paid)				
Investment in equity instruments				
Subsidiary				
Mahindra Namaste Limited (9,010,000 Shares, face value of Rs. 10 each)		1		1
TOTAL		1		1

Note 6: Other Financial Assets

In Rupees

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
Security Deposits	4,860,608	440,000	3,897,608	910,007
Fixed deposits held as security against contracts	–	5,196,448	–	3,758,682
Interest accrued on fixed deposits	206,607	–	409,114	–
Other receivables	7,995,000	–	8,099,000	–
TOTAL	**13,062,215**	**5,636,448**	12,405,722	4,668,689

Note 7: Other assets

In Rupees

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
Advance Income tax (net of provisions)	–	12,566,887	–	1,730,073
TOTAL	–	**12,566,887**	–	1,730,073

Note 8: Deferred tax assets

In Rupees

Particulars	As at 31-Mar-18	As at 31-Mar-17
Deferred tax assets	3,000,439	2,765,318
Deferred tax liabilities	–	–
Net deferred tax assets	**3,000,439**	2,765,318

In Rupees

Particulars	As at 31-Mar-18 Recognized in Profit or Loss	As at 31-Mar-17 Recognized in Profit or Loss
Tax effect of items constituting deferred tax asset		
Provision for compensated absences and gratuity	2,250,485	2,274,412
On difference between book balance and tax balance of Property, plant and equipment	397,177	490,906
Allowance for doubtful debts	352,777	–
TOTAL	**3,000,439**	2,765,318

Note 9: Trade receivables

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
Trade receivables				
- Unsecured, considered good	51,460,368	387,425	74,633,871	387,425
- Unsecured, considered doubtful	1,268,069	–	–	–
Total	**52,728,437**	**387,425**	74,633,871	387,425
Allowance for doubtful receivables	1,268,069	–	–	–
TOTAL	**51,460,368**	**387,425**	74,633,871	387,425

Trade Receivables breakup

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
Of the above, trade receivables from:				
– Related Parties	674,960	–	117,225	–
– Others	50,785,408	387,425	74,516,646	387,425
TOTAL	**51,460,368**	**387,425**	74,633,871	387,425

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 10: Cash and Bank Balances

Particulars	As at 31-Mar-18	As at 31-Mar-17
Cash & Cash equivalents		
Cash on hand	–	–
Cheques on hand	–	854,028
Balances with banks		
In current accounts	8,831,105	2,422,402
TOTAL	**8,831,105**	3,276,430
Other Bank balances		
In deposit accounts more than 3 months and less than 12 months maturity	10,000	24,900,000
In earmarked accounts		
Deposits with clients	1,916,287	1,627,974
TOTAL	**1,926,287**	26,527,974

Note 11: Other current assets

Particulars	As at 31-Mar-18	As at 31-Mar-17
a) Other current assets		
Prepaid expenses	872,870	231,868
Advances to employees	820,874	680,635
Input tax credits receivable	1,641,365	–
TOTAL (a)	**3,335,109**	912,503
b) Other current assets		
Unbilled revenue	117,815,139	68,912,137
TOTAL (b)	**117,815,139**	68,912,137
Total (a+b)	**121,150,248**	69,824,640

Note 11(a): Unbilled revenue

Particulars	2017-2018	2016-2017
i) Contract revenue recognized for the year	154,048,676	150,521,197
ii) In respect of contracts in progress as at 31st March 2018, the aggregate costs incurred and recognized profits (net) upto the year end	318,457,427	209,822,090
ii) Retention money for contracts in progress	**1,150,982**	1,150,982

Note 12: Equity share capital

In Rupees

Particulars	As at 31-Mar-18	As at 31-Mar-17
<u>Authorized</u>		
4,000,000 equity shares of Rs. 10 each	**40,000,000**	40,000,000
<u>Issued, Subscribed & Paid-up</u>		
1,950,590 equity shares of Rs. 10 each	**19,505,900**	19,505,900
<u>**Notes:**</u>		
(i) The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder is entitled to one vote per equity share		
(ii) The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting		
(iii) Repayment of capital will be in proportion to the number of equity shares held	**19,505,900**	19,505,900

ii) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31-Mar-18 Number of shares held	% holding	As at 31-Mar-17 Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**1,151,000**	**59.01%**	1,151,000	59.01%
Mahindra Consulting Engineers Employees Stock Option Trust (MCET)	**592,882**	**30.40%**	595,382	30.52%
B.Suresh	**100,000**	**5.13%**	75,000	3.84%

iii) Details of shares held by holding company

Name of Shareholder	As at 31-Mar-18 Number of shares held	% holding	As at 31-Mar-17 Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**1,151,000**	**59.01%**	1,151,000	59.01%

Note 13b: Other Equity

In Rupees

Particulars	Reserves and Surplus						Items of other comprehensive income	
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Shares Options Outstanding Account (ESOS)	Retained Earnings	Other items of Other Comprehensive Income (specify nature)	Total
As at 1 April 2016	1,627,959	9,054,900	1,746,600	17,487,744	2,587,393	79,721,094	(330,783)	**111,894,907**
Profit/(Loss) for the year						30,976,930		**30,976,930**
Other Comprehensive Income /(Loss)							(1,118,035)	**(1,118,035)**
Dividend paid on Equity Shares						(4,876,475)		**(4,876,475)**
Dividend Distribution Tax						(992,753)		**(992,753)**
As at 31 March 2017	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**104,828,796**	**(1,448,818)**	135,884,574
Profit/(Loss) for the year						5,934,446		**5,934,446**
Other Comprehensive Income/ (Loss)							21,283	**21,283**
Exercise of employee stock options				1,340,000	(1,340,000)			–
Any other changes (to be specified)								–
As at 31st March 2018	**1,627,959**	**9,054,900**	**1,746,600**	**18,827,744**	**1,247,393**	**110,763,242**	**(1,427,535)**	**141,840,303**

Remeasurment gain / loss (net) on defined benefit plans Rs. 21,283 is recognised during the year 2017-18 as a part of retained earnings.

#Other Reserves

In Rupees

Particulars	**As at 31-Mar-18**	As at 31-Mar-17
(I) Capital Redemption Reserve:		
Balance as at the beginning of the year	1,746,600	1,746,600
Add:		
Transferred from general reserve due to buy back of shares	–	–
Balance as at the end of the year	**1,746,600**	1,746,600
(II) Share Options Outstanding Account		
Balance as at the beginning of the year	2,587,393	2,587,393
Add: Granted/Vested in the year	–	–
Less: Exercised during the year	1,340,000	–
Balance as at the end of the year	**1,247,393**	2,587,393

Description of the nature and purpose of Other Equity

General reserve: In the year of declaration of dividend the company transfers such amounts from the current profits to the reserves as deemed appropriate by the Board of Directors.

In Rupees

Particulars	**As at 31-Mar-18**	As at 31-Mar-17
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 March 2017: Rs 0 per share (Rs. 2.50 per share)	–	4,876,475
Dividend Distribution Tax on final dividend	–	992,753
	–	5,869,228
Proposed dividends on Equity shares		
Final dividend for the year ended on 31 March 2018: Rs XX per share (Rs XX per share)	–	–
Dividend Distribution Tax on proposed dividend	–	–
	–	–

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31 March.

Note 14: Provisions

In Rupees

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
a) Provision for employee benefits :				
Compensated absences	3,258,189	3,307,266	2,720,124	3,147,262
Gratuity Payable	1,523,992	–	1,011,638	–
TOTAL	**4,782,181**	**3,307,266**	3,731,762	3,147,262

Note 15: Trade Payables

In Rupees

Particulars	As at 31-Mar-18 Current	As at 31-Mar-18 Non-Current	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises				
Amounts payable to related parties	22,942,291	–	14,981,298	–
Other payables	13,026,642	–	10,510,614	–
TOTAL	**35,968,933**	–	25,491,912	–

Note 16: Other Current Liabilities

In Rupees

Particulars	As at 31-Mar-18	As at 31-Mar-17
Advance from customers	5,934,387	8,337,122
Statutory dues (PF, ESIC, TDS, Service tax / GST, etc)	8,091,547	1,646,163
TOTAL	**14,025,934**	9,983,285

Note 17: Revenue from Operations

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
(a) Revenue from consulting services	167,040,070	161,856,388
(b) Revenue from EPC Contracts	2,402,735	7,999,000
TOTAL	**169,442,805**	169,855,388
Note: The above excludes GST/ Service Tax	14,420,427	15,268,594
Breakup of international & domestic revenue		
Revenue from International projects	47,567,170	63,096,723
Revenue from Domestic projects	121,875,635	106,758,665
Total	**169,442,805**	169,855,388

Note 18: Other Income

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
(a) Interest Income	794,947	1,069,623
(b) Net gain on foreign currency transactions	900,167	–
(c) Gain on sale of assets	3,334	21,977
(d) Interest income security deposit discounting	–	55,459
(e) Rental income	866,227	257,712
TOTAL	**2,564,675**	1,404,771

Note 19: Employee Benefits Expense

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
(a) Salaries and wages, including bonus	58,024,842	54,879,561
(b) Contribution to provident and other funds (Refer Note 26)	2,311,133	3,071,868
(c) Staff welfare expenses	2,267,298	2,177,552
TOTAL	**62,603,273**	60,128,981

Note 20: Finance cost

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Interest paid on Income Tax	1,122,434	393,975
TOTAL	**1,122,434**	393,975

Note 21: Depreciation & Amortization expenses

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Depreciation of property, plant and equipment	649,357	659,018
TOTAL	**649,357**	659,018

Note 22: Other Expenses

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
(a) Sub contractors' costs	10,848,968	10,333,553
(b) Consortium project costs	8,827,565	5,100,000
(c) Project maintenance expenses	4,455,617	11,083,701

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
(d) Rent	4,475,568	4,179,693
(e) Rates and taxes	172,290	6,857
(f) Repairs and maintenance-others	685,537	286,095
(g) Power and fuel	598,760	614,500
(h) Commision to Director	108,068	-
(i) Professional charges	4,623,683	5,173,607
(j) Postage, telephone and fax	926,402	1,290,080
(k) Insurance	587,163	527,010
(l) Printing and stationery	1,542,294	1,520,155
(m) Traveling & conveyance expenses	12,584,085	18,588,824
(n) Vehicle expenses	792,814	862,887
(o) Impairment loss on receivables	44,678,371	–
(p) Allowance for doubtful debts	1,268,069	–
(q) Net loss on foreign currency transactions	–	1,507,776
(r) Miscellaneous expenses	1,186,837	2,389,665
TOTAL	**98,362,091**	63,464,403

Amount paid/payable to the statutory auditors (included under professional charges in Note 22)

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Statutory Audit fees	650,000	650,000
TOTAL	**650,000**	650,000

Note 23: Segment information

The Managing director & CEO is also the Chief Operating Decision Maker (CODM) and reviews the performance of the Company The CODM monitors the operating results of the business for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

The Company has a single reportable business segment viz. income from consultancy services for the purpose of Accounting Standard 108 on Segment Reporting

Geographic information

The Company is domiciled in India. The amount of its revenue from external customer broken down by location of the customers and information about its non-current assets other than financial instruments, deferred tax assets, post employment benefit asset by location are detailed below:

In Rupees

Geographic information	Year Ended 31 March 2018	Year Ended 31 March 2017
Revenue from external customers		
India	121,875,635	106,758,665
Outside India	47,567,170	63,096,723
Total revenue per statement of profit or loss	**169,442,805**	169,855,388

In Rupees

Non-current operating assets:	As at 31-Mar-18	As at 31-Mar-17
India	13,975,981	3,254,626
Outside India	–	–
TOTAL	**13,975,981**	3,254,626

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

Information about major customers

No single customer contributed 10% or more to the Company's revenue for both 2017-18 and 2016-17.

Note 24: Earnings per Share

In Rupees

Particulars	For the year ended 31-Mar-18 Per Share	For the year ended 31-Mar-17 Per Share
Basic/Diluted Earnings per share	3.04	15.88
From continuing operations (Rs.) per share	3.04	15.88
Total basic/diluted earnings per share	**3.04**	15.88

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In Rupees

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Profit for the year after tax	5,934,446	30,976,930
Weighted average number of equity shares	1,950,590	1,950,590
Earnings per share - Basic & Diluted	**3.04**	15.88

Note 25: Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company 31-Mar-18	31-Mar-17	Quoted (Y/N)
Mahindra Namaste Limited	Capacity building and training	Place of Incorporation – Mumbai Place of Operation – Chennai	100%	100%	No

Note 26: Employee benefits

(a) Defined Contribution Plan

a) The Company has recognized Rs. 21,40,199 (Previous Year Rs.1,820,510) towards Company's Contribution to Provident Fund and Nil (Previous Year 942,656) towards Company's Contribution to Superannuation Fund in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

Gratuity payable as per Payment of Gratuity Act, 1972. In terms of the same Gratuity is computed by multiplying last drawn salary (Basic salary) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Gratuity Act provides for a vesting period of 5 years for withdrawal and retirement and ceiling of Rs. 20,00,000/-. However if the enterprise has more favourable terms in these regard, the same is to be adopted.

	Valuation as at 31-Mar-18	31-Mar-17
Discount rate(s)	**7.70%**	7.40%
Expected rate(s) of salary increase	**5%**	5%
Average Longevity	**13.10**	14.00

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, priority and other relevant factor, such as supply and demand in the employment market.

Defined benefit plans – as per actuarial valuation on 31st March, 2018

In Rupees

Particulars	Funded Plan Gratuity 2018	2017
Ia. Expense recognized in the Statement of Profit and Loss for the year ended 31st March:	533,637	369,488
1. Current service cost	458,776	347,175
2. Past Service Credit	–	–
3. Interest cost	74,861	22,313
Ib. Included in other Comprehensive Income	(21,283)	1,118,035
1. Return on plan assets	15,125	1,055,717
2. Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions		
– Financial Assumptions	(36,408)	62,318
– Experience Adjustments		
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	458,776	347,175
Past service cost and (gains)/ losses from settlements		
Net interest expense	74,861	22,313
Components of defined benefit costs recognized in profit or loss	**533,637**	369,488
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	15,125	1,055,717
Actuarial gains and loss arising form experience adjustments	(36,408)	62,318
Others (describe) (expected return on plan assets)		
Components of defined benefit costs recognized in other comprehensive income	**(21,283)**	1,118,035
Total	**512,354**	1,487,523
I. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	7,700,920	6,762,565
2. Fair value of plan assets as at 31st March	6,176,928	5,750,927
3. Surplus/(Deficit)	(1,523,992)	(1,011,638)
4. Current portion of the above	(1,523,992)	(1,011,638)
5. Non current portion of the above	–	–
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	6,762,565	5,035,128
2. Expenses Recognized in Profit and Loss Account		

In Rupees

Particulars		Funded Plan Gratuity 2018	2017
	– Current Service Cost	458,776	347,175
	– Past Service Cost		
	– Interest Expense (Income)	499,146	399,800
3.	Recognized in Other Comprehensive Income		
Remeasurement gains / (losses)			
–	Actuarial Gain (Loss) arising from:		
i.	Demographic Assumptions		
ii.	Financial Assumptions		
iii.	Experience Adjustments	15,125	1,055,717
4.	Benefit payments	(34,692)	(75,255)
5.	**Present value of defined benefit obligation at the end of the year**	**7,700,920**	6,762,565
III.	**Change in fair value of assets during the year ended 31st March**		
1.	Fair value of plan assets at the beginning of the year	**5,750,927**	4,001,413
2.	Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3.	Expenses Recognized in Profit and Loss Account		
–	Expected return on plan assets	**424,285**	377,487
4.	Recognized in Other Comprehensive Income		
	Remeasurement gains/(losses)		
–	Actual Return on plan assets in excess of the expected return	**36,408**	(62,318)
–	Others (specify)		
5.	Contributions by employer (including benefit payments recoverable)	–	1,509,600
6.	Benefit payments	(34,692)	(75,255)
7.	**Fair value of plan assets at the end of the year**	**6,176,928**	5,750,927
IV.	**The Major categories of plan assets**		
–	Plan assets by category		
	With Insurer	6,176,928	5,750,927
		100%	100%
V.	**Actuarial assumptions**		
1.	Discount rate	**7.70%**	7.40%
2.	Expected rate of return on plan assets	**7.70%**	7.40%
3.	Attrition rate	**3.00%**	3.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	2018	+/- 0.50%	7,497,435	7,915,736
	2017	+/- 0.50%	6,560,798	6,979,601
Salary growth rate	2018	+/- 0.50%	7,925,176	7,486,770
	2017	+/- 0.50%	6,985,326	6,550,860

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs.15,00,000/- to the gratuity trusts during the next financial year of 2019.

Maturity profile of defined benefit obligation:

	2018	2,017
Within 1 year	**340,890**	297,015
1 - 2 year	**4,588,562**	3,623,521
2 - 3 year	**174,785**	167,580
3 - 4 year	**181,983**	174,106
4 - 5 year	**189,360**	179,003
5 - 10 years	**157,218**	981,854

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 6.0 years (2017: 6.8 years)

VIII. Experience Adjustments :

	Period Ended Gratuity 2018	2017	2016	2015	2014
1. Defined Benefit Obligation	7,700,920	6,762,565	5,035,128	4,065,706	3,229,676
2. Fair value of plan assets	6,176,928	5,750,927	4,001,413	3,281,014	2,609,889
3. Surplus/ (Deficit)	(1,523,992)	(1,011,638)	(1,033,714)	(784,692)	(619,787)
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	(142,603)	(814,990)	(382,925)	136,774	415,467
5. Experience adjustment on plan assets [Gain/ (Loss)]	36,408	(62,318)	(44,642)	(30,696)	158,719

Note 27: Financial Instruments

Capital management

The Company manages its capital risk in order to maximize shareholders' profit by maintaining optimal capital structure. There is no change in the overall capital risk management strategy of the Company compared to last year. The company manages its funding requirements fully through internal accruals. During the year the company has got sanction of credit limit facility amounting to Rs.2.00 Crores and Rs.10.00 Crores for fund and non fund based respectively. The company has not utilised any fund based facility during the year.

Categories of financial assets and financial liabilities

As at 31st March, 2018

In Rupees

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	1	–	–	1
Other Financial Assets	5,636,448	–	–	5,636,448
Current Assets				
Trade Receivables	51,460,368	–	–	51,460,368
Cash and Cash equivalents	8,831,105	–	–	8,831,105
Other bank balances	1,926,287	–	–	1,926,287
Other Financial Assets	13,062,215	–	–	13,062,215
	80,916,424	–	–	**80,916,424**
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	35,968,933	–	–	35,968,933
Other Financial Liabilities	14,025,934			14,025,934
	49,994,867	–	–	**49,994,867**

As at 31st March, 2017

In Rupees

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	1	–	–	1
Other Financial Assets	4,668,689	–	–	4,668,689
Current Assets				
Trade Receivables	74,633,871	–	–	74,633,871
Cash and Cash equivalents	3,276,430	–	–	3,276,430
Other bank balances	26,527,974			26,527,974
Other Financial Assets	12,405,722	–	–	12,405,722
	121,512,687	–	–	**121,512,687**
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	25,491,912	–	–	25,491,912
Other Financial Liabilities	9,983,285	–	–	9,983,285
	35,475,197	–	–	**35,475,197**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enters into an agreement with each customer. The trade receivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers.

Allowance for doubtful receivables has been provided based on the expected credit loss estimates by the management, based on past experience , current portfolio of customers and economic conditions in the geographies from where the customer operates etc.

LIQUIDITY RISK

(i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing				
Trade Payable	35,968,933	–	–	–
Total	**35,968,933**	–	–	–
31-Mar-17				
Non-interest bearing				
Trade Payable	25,491,912	–	–	–
Total	**25,491,912**	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

In Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing				
Non Current Investment	–	–	–	1
Trade Receivable	51,460,368	387,425	–	–
Cash and Cash equivalents	8,831,105	–	–	–
Bank balances	1,926,287			
Other Non Current Financial Assets		18,203,334	–	–
Other Current Financial Assets	134,212,463		–	–
TOTAL	**196,430,223**	**18,590,759**	–	**1**
31-Mar-17				
Non-interest bearing				
Non Current Investment	–	–	–	1
Trade Receivable	74,633,871	387,425	–	–
Cash and Cash equivalents	3,276,430	–	–	–
Bank balances	26,527,974			
Other Non Current Financial Assets		6,398,762	–	–
Other Current Financial Assets	82,230,362	–	–	–
TOTAL	**186,668,637**	**6,786,187**	–	**1**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

CURRENCY RISK

The company is yet to formulate its risk mitigation policies and accordingly the Company has not hedged its exposures in foreign currencies

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period and remain unhedged are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	**373,749**	741,409
	OMR	**10,500**	10,500
	GBP	**–**	12,300
	EURO	**49,000**	112,500

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax
31-Mar-18	USD	+10%	37,375
	USD	-10%	(37,375)
	EUR	+9%	4,410
	EUR	-9%	(4,410)
31-Mar-17	USD	+10%	74,141
	USD	-10%	(74,141)
	EUR	+9%	10,125
	EUR	-9%	(10,125)

Note 28: Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

In Rupees

Particulars	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity	1	1	1	1
– loans to related parties	–	–	104,000	104,000
– trade and other receivables	51,460,368	51,460,368	74,633,871	74,633,871
TOTAL	**51,460,369**	**51,460,369**	74,737,872	74,633,872
Financial liabilities				
Financial liabilities held at amortized cost				
– trade and other payables	35,968,933	35,968,933	25,491,912	25,491,912
TOTAL	**35,968,933**	**35,968,933**	25,491,912	25,491,912

Particulars	Fair value hierarchy as at 31st March, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity	–	**1**	–	**1**
– loans to related parties	–	–	–	–
– trade and other receivables	–	51,460,368	–	51,460,368
TOTAL	–	**51,460,369**	–	**51,460,369**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	35,968,933	–	35,968,933
TOTAL	–	**35,968,933**	–	**35,968,933**

Particulars	Fair value hierarchy as at 31st March, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity	–	1	–	1
– loans to related parties	–	104,000	–	104,000
– trade and other receivables	–	74,633,871	–	74,633,871
TOTAL	–	**74,737,872**	–	**74,737,872**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	25,491,912	–	25,977,091
TOTAL	–	**25,491,912**	–	**25,977,091**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 29: Related party disclosures

a) Names of related parties and nature of relationship where control exists:

Sl. No.	Particulars	Nature of relationship
1	Mahindra & Mahindra Limited	Holding Company
2	Mahindra Consulting Engineers Employees Stock Option Trust	Employee Welfare Trust
3	Mahindra Namaste Limited	Subsidiary
4	Mahindra World City Developers Limited	Fellow Subsidiary
5	Mahindra Lifespace Developers Limited	Fellow Subsidiary
6	Mahindra Industrial Park Chennai Limited	Fellow Subsidiary
7	Mahindra Holidays & Resorts India Limited.	Fellow Subsidiary
8	Mahindra Susten Pvt. Ltd	Fellow Subsidiary
9	Mahindra World City (Jaipur) Limited	Fellow Subsidiary
10	Mr. B. Suresh, CEO & Managing Director	Key Managerial Personnel (KMP)

b) Details of related party transactions during the year ended 31st March 2018 and balances outstanding as at 31st March 2018

S. No.	Nature of transaction	Holding Company	Subsidiary	Fellow Subsidiaries						Welfare Trust	
		Mahindra & Mahindra Ltd.	Mahindra Namaste Ltd.	Mahindra World City Developers Ltd.	Mahindra Lifespaces Developers Ltd.	Mahindra Industrial Park Chennai Ltd.	Mahindra Holidays & Resorts	Mahindra Susten Private Limited	Mahindra World City (Jaipur Ltd.)	Mahindra Consulting Engineers Employees Stock Option Trust	KMP
1	2	3	4	5	6	7	8	9	10	11	12
1	Income from consultancy services	–	3,672,367	–	–	11,733,801	–	200,000	5,500,000	–	–
		(-)	(2,355,281)	(4,114,512)	(-)	(8,533,802)	(30,000)	(2,450,000)	(4,500,000)	(-)	(-)
2	Reimbursement of expenses	1,413,159	1,968,696	–	–	–	–	–	–	–	–
		(1,410,298)	(1,508,547)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
3	Rent expense	4,331,133	–	–	–	–	–	–	–	–	–
		(3,780,012)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Rent income	–	866,227	–	–	–	–	–	–	–	–
		(-)	(257,712)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
5	Dividend paid	–	–	–	–	–	–	–	–	–	–
		(2,877,500)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,449,160)	(-)
6	Consortium project cost - Professional charges	0	8,450,000	–	–	–	–	–	–	–	–
		(63,600)	(4,950,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
7	Managerial Remuneration	–	–	–	–	–	–	–	–	–	11,301,620
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(10,024,288)
8	Outstanding as at year end										
	Payables	21,019,996	1,825,200	–	97,095	–	–	–	–	–	–
		(14,775,938)	(-)	(-)	(97,095)	(-)	(-)	(-)	(-)	(-)	(-)
	Receivables	–	–	–	–	674,960	–	–	–	–	–
		(-)	(-)	(-)	(-)	(-)	(31,350)	(85,875)	(-)	(104,000)	(-)

Note 30. Employee Stock Option Scheme ("ESOS")

Mahindra Consulting Engineers Employees Stock Option Trust ("the Trust") had purchased 490,000 shares of the Company from the market during 2006. During the year ended 31st March, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration/Compensation Committee of the Directors of the Company. Under the said Scheme, the Trust will grant options to eligible employees and directors of the Company and its Holding Company (Beneficiaries), whereby the Beneficiaries will be entitled to acquire the equity shares lying with the Trust pursuant to the Options granted and vested in them in accordance with the Scheme and accordingly the said shares lying with the Trust will get transferred to the Beneficiaries upon due exercise of the options granted. In accordance with the said Scheme, shares held by the Trust have been granted to the Beneficiaries on 31st March 2010.

(i) The details of the Employees' Stock Option Scheme are as under:

Date of grant	March 31, 2010
Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust
Number of Options Granted	319,000
Number of Options lapsed during the year	Nil
Number of option lapsed as at March 31, 2018	30,057

Date of grant	March 31, 2010
Vesting period	4 years
Vesting Conditions	25% each on expiry of 12, 24, 36 and 48 months from the date of grant
Exercise Period	Within a period of five (5) years from the date of vesting
Exercise Price	Rs.10/-
Method of Settlement	By issue of one equity share each for every option exercised.
No. of options exercisable in each tranche.	Minimum of 100 and a maximum of all options vested till that date.
Number of options vested as at March 31, 2018	288,943
Number of options exercised and allotted as at March 31, 2018 (40000 shares exercised during the year)	251,708
Number of options vested but not exercised as at March 31, 2018	37,235

(ii) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares based on the valuation obtained from an independent Valuer is Rs. 43.50 per equity share as at March 31, 2010 based on the Discounted Cash Flow Method.

(iii) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the difference between the intrinsic value of Rs. 43.50 and the exercise price per share of Rs. 10 on options granted amounting to Rs. 9,679,591/- has been charged to Statement of Profit and Loss over the vesting period of the options as employee compensation cost and is being carried forward as Employees Options Outstanding account and disclosed separately in the Balance Sheet. As and when the options are exercised and the shares are transferred to the eligible employees by the Trust, the corresponding amount would be transferred from Share Options Outstanding Account to the General Reserve. There is no options exercised in the current year.

(iv) The fair value of options, based on the valuation of the independent Valuer as on the date of Grant i.e. March 31, 2010 is Rs. 35.24 per share.

(v) Since there were no unvested options as on the transition date (i.e. April 1. 2015) the Company has availed the exemption not to present the share based payments at their fair value under Ind AS 102 - Share based payments.

Note 31: Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

No vendor has confirmed their status as "Micro, Small and Medium Enterprises" under the Micro, Small and Medium Enterprises Development Act, 2006". Accordingly no disclosure in this regard is made in these accounts. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

ii) Earnings in foreign currency (on receipt basis)

In Rupees

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Consultancy fees	**26,185,813**	47,481,484
TOTAL	**26,185,813**	47,481,484

iii) Expenditure in foreign currency (on accrual basis)

In Rupees

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Consultancy fees	**3,250,980**	1,892,987
Salary	**–**	1,037,606
Travel	**2,131,350**	5,184,400
TOTAL	**5,382,330**	8,114,993

Note 32: Other Notes

i. The Company did not have any pending litigation which would impact its financial position;

ii. The company did not have any material foreseeable losses on long term contracts and the company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The provisions of Section 135 of Companies Act, 2013 are not applicable to the company in the current year.

v. Donations made to political parties - Rs. Nil (Previous year -Rs. Nil)

Note No. 33 - Approval

The financial statements were approved for issue by the board of directors on 25 April, 2018.

For and on behalf of the Board of Directors

S.Venkatraman
Partner

B. Suresh

Parag C Shah

Place: Mumbai
Date : April 25, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details for the year ended 31st March, 2018
1.	Name of the subsidiary	Mahindra Namaste Limited *(Formerly known as Mahindra Namaste Private Limited)*
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	The date since when subsidiary was acquired	31st March, 2016
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
5.	Share capital	Rs. 9,01,00,000
6.	Reserves & surplus	Rs. (88,893,369)
7.	Total assets	Rs. 2,288,854
8.	Total Liabilities	Rs. 1,082,223
9.	Investments	NIL
10.	Turnover	Rs. 5,779,504
11.	Profit before taxation	Rs. 563,927
12.	Provision for taxation	NIL
13.	Profit after taxation	Rs. 563,927
14.	Proposed Dividend	NIL
15.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations :. N.A.
2. Names of subsidiaries which have been liquidated or sold during the year : N.A.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – Not Applicable

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Place: Mumbai

Date: 25th April, 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their first report together with the audited financial statement for the period from 6th September, 2017 to 31st March, 2018.

Financial Highlights

(₹ in Lakh)

Particulars	For the period ended 31st March, 2018
Total Income	–
Profit/(Loss) before Depreciation, Finance Cost and Taxation	**(249.70)**
Less : Depreciation	**(3.36)**
Profit/(Loss) Before Finance Cost and Taxation	**(253.06)**
Less : Finance Cost	**(0.12)**
Profit/(Loss) Before Taxation	**(253.18)**
Less : Provision for Taxation	–
Profit/(Loss) for the year after Taxation	**(253.18)**

Dividend

In view of the losses incurred, no dividend has been recommended by the Directors for the period ended on 31st March, 2018.

Reserves

In view of losses, no amount has been transferred to Reserves.

Operations

The Company was incorporated as a Private Limited Company on 6th September, 2017 and thereafter was converted into an unlisted public limited company with effect from 26th September, 2017. Subsequently, Mahindra Lifespace Developers Limited (MLDL), the holding company signed a Shareholders Agreement with HDFC Capital Affordable Real Estate Fund - I (HDFC) to undertake affordable residential housing projects through the Company. Accordingly, the Company became a joint venture company of MLDL and HDFC with economic interest in the ratio of 25:75. Basis equity share capital, MLDL holds 51% of the total equity share capital, whereas HDFC holds 49% of the total equity share capital.

The Company has ventured into the affordable housing space with its first project, Happinest-Palghar, in the Mumbai Metropolitan Region, which has a total development potential of 1.07 million square feet. During the year, the Company launched Happinest, Palghar 1 comprising 8.35 acres i.e. 0.43 million square feet of development with a total of 849 residential and 43 commercial units. A total of 389 units, of 702 units launched during the year were sold in a period of 45 days. The Company is in the process of evaluating other land deals in Maharashtra that can help expand its presence in Affordable Housing segment.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

Share Capital and Debentures

The Company was incorporated by MLDL with paid-up and subscribed equity share capital of ₹ 0.01 crore.

During the period, as per the Shareholders Agreement between the Company, MLDL and HDFC, the Company issued and allotted following shares and debentures to MLDL and HDFC:

Name of the Company	Type of Securities	No. of Securities	Issue Price
Mahindra Lifespace Developers Ltd.	Equity Shares	41,000	₹ 10 per Equity Share of face value of ₹ 10 each
	Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPs")	3,08,400	₹ 100 per OCRPs (of face value of ₹ 10 per share at a premium of ₹ 90 per share)
	Series 1 Optionally Convertible Redeemable Debenture ("OCRD")	69,00,000	₹ 10 per OCRD of face value of ₹ 10 each
HDFC Capital Affordable Real Estate Fund – I	Equity Shares	49,000	₹ 10 per Equity Share of face value of ₹ 10 each
	Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPs")	9,25,100	₹ 100 per OCRPs (of face value of ₹ 10 per share at a premium of ₹ 90 per share)
	Series 1 Optionally Convertible Redeemable Debenture ("OCRD")	2,07,00,000	₹ 10 per OCRD of face value of ₹ 10 each

During the period, prior to issue of shares mentioned above, the authorised share capital of the Company was increased from ₹ 0.01 crore to ₹ 1.5 crore.

Accordingly, as on 31st March, 2018, the Authorised Share Capital of the Company is ₹ 1.5 crore comprising of 1 lakh Equity Shares of ₹ 10 each and 14 lakh Preference Shares of ₹ 10 each and Paid-up Share Capital of the Company is ₹ 1.33 crore comprsing of ₹ 0.1 crore of equity share capital and ₹ 1.23 crore of optionally convertible redeemable preference share capital.

Apart from above, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Holding Company

The Company, basis the equity share capital, is a 51:49 joint venture between MLDL and HDFC, respectively. Thus, MHDL is a subsidiary of MLDL and consequently, a subsidiary of the ultimate holding company M&M.

During the year, no company has become/ceased to be subsidiary, associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of the following:

Name	DIN	Designation
Siddharth Bafna	07383837	Chairman
Ramesh Ranganathan	03118598	Director
Sundaresan Vaidyanathan	07936987	Director

Pursuant to Sections 160, 161 and all other applicable provisions of the Companies Act, 2013, Ms. Anita Arjundas, Mr. Jayant Manmadkar and Mr. Vipul Roongta were appointed by the Board as Additional Directors in the category of Non-Executive Non-Independent Directors with effect from 25th April, 2018.

Mr. Siddharth Bafna, Mr. Ramesh Ranganathan and Mr. Sundaresan Vaidyanathan vide their respective letters dated 16th April, 2018 resigned as Directors of the Company with effect from 10th May, 2018 due to pre-occupation. The Board places on record their appreciation of the contribution made by them during their tenure as Directors of the Company.

Key Managerial Personnel

As the Company does not meet any of the criteria prescribed under Section 203 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Commitees of the Board

Audit Committee

Pursuant to amendment to the Companies (Meetings of Board and its Powers), Rules, 2014 dated 13th July, 2014, the provisions with respect to constitution of Audit Committee under Section 177 of the Companies Act, 2013 and Rules made thereunder are currently not applicable to the Company. However, in terms of the Shareholders Agreement between MLDL and HDFC, it is mandatory to constitue Audit Committee of the Company.

Accordingly, the Board of Directors has constituted the Audit Committee of the Company comprising of following members with effect from 25th April, 2018:

Name	Designation
Vipul Roongta	Member, Non Executive Non Independent Director
Jayant Manmadkar	Member, Non Executive Non Independent Director

Corporate Social Responsibility (CSR)

As the Company, does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Nomination and Remuneration Committee

Pursuant to amendment to the Companies (Meetings of Board and its Powers), Rules, 2014 dated 13th July, 2014, the provisions with respect to constitution of Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013 and Rules made thereunder are currently not applicable to the Company.

Meetings

During the year, seven meetings of the Board were convened and held. Three Extra-Ordinary General Meetings were held on 15th September, 2017, 5th October, 2017 and 24th October, 2017, respectively.

Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reitereiate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the period under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"), the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended 6th September, 2017 to 31st March, 2018 and of the profit and loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis and;

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism is currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number -117366W/W-100018) were appointed as Statutory Auditors of the Company with effect from 4th October, 2017 till the conclusion of the 1st Annual General Meeting.

The Board has recommended to the shareholders for approval of appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, as the Statutory Auditors for a term of five years i.e. to hold office from the conclusion of the 1st Annual General Meeting till the conclusion of the 6th Annual General Meeting of the Company to be held in the calender year 2023 and to fix their remuneration.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, confirming that their appointment, if made, would be in conformity with the limits specified in the said Sections.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the period, Company has not given any loans and guarantees attracting the provision of Section 186 of the Companies Act, 2013 ("the Act"). Further, as the Company is engaged in the business of Real Estate Development, the provision of Section 186 of the Companies Act, 2013 related to loans made, gurantees given or securities provided are not applicable to the Company.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the period.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the period with related parties were in the ordinary course of business and on an arm's length basis. During the period, the Company has entered into contract/ arrangement referred to in sub-section (1) of Section 188 of the Companies Act, 2013 with Mahindra Lifespace Developers Limted which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is attached as **Annexure 1**.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, during the year under review, are given in the prescribed format in the **Annexure 2** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 are included in this Report as **Annexure 3** and forms part of this Report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all shareholders, consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board,

Siddharth Bafna
Chairperson
DIN : 07383837
Mumbai, 25th April, 2018

ANNEXURE 1
FORM NO. AOC -2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/arrangements/ transactions and salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid/received as advances, if any
Mahindra Lifespace Developers Ltd, the holding company.	Purchase of land from MLDL situated at Village Nandore in Taluka Palghar for the first project for affordable housing	The Company vide conveyance deed dated 25th October 2017 has purchased land bearing Plot No. 1 admeasuring 33,816 sq.mtrs., Plot No. 2 bearing Gat No. 158/183 (part)/183(part) admeasuring 47,332 sq. mtrs, and Gat No. 158/183 (part)/183 (part) admeasuring 4,009.50 sq. mtrs aggregating 85,157.50 sq. mtrs ("Land") situated at Village Nandore in Taluka Palghar from MLDL for its first affordable housing project. The Company, basis the report of independent valuer, has paid purchase consideration of ₹ 4,718 lakhs for land and stamp duty and registration expenses amounting to ₹ 236.20 lakhs	4th October, 2017	The total consideration paid by the Company towards purchase of land including stamp duty and registration expense is ₹ 4,941.73 lakh.
	Development Management Fee paid to MLDL as service provider for its first affordable housing project in Palghar, Maharashtra.	In terms of the Development Management Agreement executed between the Company and MLDL on 24th October, 2017 for providing various services as mentioned in the DMA, the Company paid ₹ 1,407.77 lakh to MLDL.	4th October, 2017	₹ 1,407.77 lakh.

For and on behalf of the Board,

Siddharth Bafna
Chairperson
DIN : 07383837
Mumbai, 25th April, 2018

ANNEXURE 2

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	:	Adequate energy conservation measures have been taken by the Company by using Solar energy for Street lightning, LED lamps in common areas and low heat absorption building envelope made with AAC/CLC blocks
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	Solar Panels for Street Lighting
(iii)	the capital investment on energy conservation equipments	:	Upto ₹ 37 lakh

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	During the period, Company had evaluated and implemented innovative technologies like Grillage foundation for building construction, tile adhesive to ensure no wet-work at floors, Ready to fit elements and modular components were specially designed and fabricated for building construction.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Construction technologies like Grillage Foundation helped in building construction in different soil conditions. New methods with innovative material like tile adhesive improved the productivity and quality of final finish of floor tiling works.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	NIL
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Siddharth Bafna
Chairperson
DIN : 07383837
Mumbai, 25th April, 2018

ANNEXURE 3

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS

1.	CIN	U70100MH2017PLC299424
2.	Registration Date	06/09/2017
3.	Name of the Company	Mahindra Happinest Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018 Tel: (022) 67478600/8601
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company
1	Construction of Buildings	410	Nil

** As per National Industrial Classification- Ministry of Statistics and Programme Implementation.*

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding	51%	2(46)
2	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year i.e. 6th September, 2017				No. of Shares held at the end of the year i.e. 31st March, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	10,000	10,000	100	–	51,000	51,000	51	(49)

Category of Shareholder	No. of Shares held at the beginning of the year i.e. 6th September, 2017				No. of Shares held at the end of the year i.e. 31st March, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	**10,000**	**10,000**	**100**	–	**51,000**	**51,000**	**51**	**(49)**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	–	**10,000**	**10,000**	**100**	–	**51,000**	**51,000**	**51**	**(49)**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e)Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others HDFC Capital Affordable Real Estate Fund - I (HDFC) – SEBI Registered Alternative Investment Fund	–	–	–	–	49,000	–	49,000	49	49
Sub-total (B)(1):-	–	–	–	–	**49,000**	–	**49,000**	**49**	**49**
2.Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year i.e. 6th September, 2017				No. of Shares held at the end of the year i.e. 31st March, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	**49,000**	–	**49,000**	**49**	**49**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**10,000**	**10,000**	**100**	**49,000**	**51,000**	**1,00,000**	**100**	**100**

(ii) Shareholding of Promoters

Sr. no.	Shareholder's name	No. of Shares held at the beginning of the year i.e. 6th September, 2017			No. of Shares held at the end of the year i.e. 31st March, 2018			% Change during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	10,000	100	–	51,000	51	–	(49)

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. no.	Particulars	Shareholding at the beginning of the Year i.e. 6th September, 2017		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year i.e. 6th September, 2017	10,000	100		
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	41,000 (Allotment on 24.10.2017)	–	51,000	51
	At the end of the year i.e. 31st March, 2018	51,000	51		

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no.	Top Ten Shareholders	Shareholding at the beginning of the year- i.e. 6th September, 2017		Shareholding at the end of the year – 31st March, 2018	
	HDFC Capital Affordable Real Estate Fund - I (HDFC) – SEBI Registered Alternative Investment Fund	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year i.e. 6th September, 2017	–	–	–	–
2.	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	49,000 (Allotment on 24.10.2017)	49	49,000	49
3.	At the End of the year (or on the date of separation, if separated during the year)	49,000 (Allotment on 24.10.2017)	49	49,000	49

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Siddharth Bafna - Director* At the beginning of the year i.e. 6th September, 2017	–	–	–	–
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	1 (Transfer dated 15.09.2017)	–	1	–
At the End of the year i.e. 31st March, 2018	1	–	1	–
Ramesh Ranganathan At the beginning of the year i.e. 6th September, 2017	1	–	1	–
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	–	–	–	–
At the End of the year i.e. 31st March, 2018	1	–	1	–

** Jointly held with Mahindra Lifespace Developers Limited (first shareholder).*

5. INDEBTNESS

Indebtness of the Company including outstanding/accrued but not due for payment

(₹ in Lakh)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Change in Indebtedness during the financial year				
• Addition	–	5,405.27	–	5,405.27
• Reduction	–	–	–	–
Net Change	–	**5,405.27**	–	**5,405.27**
Indebtedness at the end of the financial year				
i) Principal Amount	–	5,317.19	–	5,317.19
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	88.08	–	88.08
Total (i+ii+iii)	–	**5,405.27**	–	**5,405.27**

6. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

   A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Nil

   B. **Remuneration of other directors:** Nil

   C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director: –** Not Applicable

7. **PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Siddharth Bafna
Chairperson
DIN : 07383837
Mumbai, 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Happinest Developers Limited (Formerly known as Mahindra Happinest Developers Private Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Happinest Developers Limited (Formerly known as Mahindra Happinest Developers Private Limited) ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period from 6 September 2017 to 31 March, 2018, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the period from 6 September 2017 to 31 March, 2018.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

  i. The Company does not have any pending litigations which would impact its financial position in its financial statements in accordance with generally accepted accounting practices.

  ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Date: 25 April 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f)under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) of Mahindra Happinest Developers Limited(Formerly known as Mahindra Happinest Developers Private Limited) (‘the Company’)

We have audited the internal financial controls over financial reporting of Mahindra Happinest Developers Limited (Formerly known as Mahindra Happinest Developers Private Limited) (“the Company”) as of 31 March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financialcontrols based on the internal control over financial reporting criteriaestablished by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operatingeffectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds anderrors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Date: 25 April, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Mahindra Happinest Developers Limited(Formerly known as Mahindra Happinest Developers Private Limited) ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property Plant and Equipment) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets (Property Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans, made investments or provided guarantees under the provisions of Section 185 and 186 of the Act and hence reporting under this clause of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

(vi) The Company is not required to maintain the cost records Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, there being turnover below the prescribed limit.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Customs Duty,cess, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Customs Duty, cess, Goods and Service tax and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Customs Duty and Goods and Service tax as on 31 March, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the period for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the period.

(x) To the best of our knowledge and according to the information and explanations given to us, nofraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period.

(xi) In our opinion and according to the information and explanations given to us, compliance under the Companies Act 2013 regarding managerial remuneration is not presently applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule

6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion and according to the information and explanations given to us ,the Company has complied with other provisions of Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of Equity shares, Series 1 Optionally Convertible Redeemable Preference shares and Series 1 Optionally Convertible Redeemable Debentures during the period under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the period for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the period, the Company has not entered into any non-cash transactions with its directors or directors of its holdingCompany or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Date: 25 April, 2018

BALANCE SHEET AS AT 31 MARCH 2018

(₹ in Lakh)

	Particulars	Note No.	As at 31 March 2018
	ASSETS		
I	**Non-current assets**		
	(a) Property, Plant and Equipment	3	**53.26**
	Total Non-Current Assets		**53.26**
II	**Current assets**		
	(a) Inventories	5	**6,452.18**
	(b) Financial assets		
	(i) Cash and Cash Equivalents	6	**432.67**
	(ii) Other Financial Assets	7	**10.91**
	(c) Other current assets	4	**220.74**
	Total Current Assets		**7,116.50**
	Total Assets		**7,169.76**
	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share Capital	8	**10.00**
	(b) Other Equity	9	**(253.18)**
	Total Equity		**(243.18)**
I	**Non-current liabilities**		
	(a) Financial Liabilities	10	**3,993.50**
	(i) Borrowings		
	Total Non-Current Liabilities		**3,993.50**
II	**Current liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	10	**2,557.19**
	(ii) Trade Payables	11	**243.95**
	(iii) Other financial liabilities	12	**88.08**
	(b) Other Current Liabilities	13	**530.22**
	Total Current liabilities		**3,419.44**
	Total Equity and Liabilities		**7,169.76**

The accompanying notes are an integral part of these financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 25, 2018

For and on behalf of the board of directors of
Mahindra Happinest Developers Ltd.

Anita Arjundas
Director
DIN:00243215
Place: Mumbai
Date: April 25, 2018

Sundaresan Vaidyanathan
Director
DIN No. - 07936987
Place: Mumbai
Date: April 25, 2018

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 6 SEPTEMBER, 2017 TO 31 MARCH, 2018

(₹ in Lakh)

	Particulars	Note No.	6 September, 2017 to 31 March, 2018
	Income		
I	Revenue from operations		–
II	Other Income		–
III	**Total income (I + II)**		–
	Expenses		
	Construction Expenses incurred	14A	**6,452.18**
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	14B	**(6,452.18)**
	Finance Cost	16	**0.12**
	Depreciation Expenses	3	**3.36**
	Other expenses	15	**249.70**
IV	**Total Expense**		**253.18**
V	**(Loss) before tax (III- IV)**		**(253.18)**
VI	**Tax expenses**		–
VII	**(Loss) for the period**		**(253.18)**
VIII	**Other Comprehensive Income/(Loss) for the period**		–
IX	**Total Comprehensive Income/(Loss) for the period**		**(253.18)**
X	**Earnings per equity share [Face value of Rs 10]**	17	
	Basic		**(319.95)**
	Diluted		**(319.95)**

The accompanying notes are an integral part of these financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 25, 2018

For and on behalf of the board of directors of Mahindra Happinest Developers Ltd.

Anita Arjundas
Director
DIN:00243215
Place: Mumbai
Date: April 25, 2018

Sundaresan Vaidyanathan
Director
DIN No. - 07936987
Place: Mumbai
Date: April 25, 2018

CASH FLOW STATEMENT FOR THE PERIOD FROM 6 SEPTEMBER, 2017 TO 31 MARCH, 2018

(₹ in Lakh)

Particulars	**6 September, 2017 to 31 March, 2018**
Cash flows from operating activities	
Loss before Tax	(253.18)
Adjustments for:	
Depreciation	3.36
Finance Cost	0.12
Operating (Losses) before working capital changes	(249.70)
Working Capital changes and other adjustments:	
Increase in trade and other payables	774.17
(Increase) in Inventories	(6,355.10)
(Increase) in Other assets	(230.65)
Cash (used in) operations	(6,061.28)
Net cash (used in) Operating activities (A)	(6,061.28)
Cash flows from investing activities	
Purchase of property, plant and equipment	(56.62)
Net cash (used in) Investing activities (B)	(56.62)
Cash flows from Financing activities	
Proceeds from Issue of Share Capital	10.00
Proceeds from Borrowings	6,508.50
Repayment of Borrowings	(15.00)
Increase in working capital borrowings	57.19
Interest Paid	(10.12)
Net cash flow from Financing activities (C)	6,550.57
Net increase/(decrease) in cash and cash equivalents (A + B + C)	432.67
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	432.67
With banks	
– on current account	432.67
Total cash and cash equivalents (note 6)	**432.67**

The accompanying notes are an integral part of these financial statements.

Notes:

1. The above cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flow.
2. Also refer note 6- Cash and cash equivalents

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 25, 2018

For and on behalf of the board of directors of Mahindra Happinest Developers Ltd.

Anita Arjundas
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DIN:00243215
Place: Mumbai
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Sundaresan Vaidyanathan
Director
DIN No. - 07936987
Place: Mumbai
Date: April 25, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 6 SEPTEMBER, 2017 TO 31 MARCH, 2018

A. Equity Share Capital

Particulars	No. of Shares	₹ in Lakhs
As at 6 September, 2017	–	–
Issue of equity shares	100,000	10.00
At 31 March, 2018	**100,000**	**10.00**

B. Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus Retained earnings	Total
As at 6 September, 2017	–	–
Loss for the period	(253.18)	(253.18)
Other Comprehensive Income/(Loss)	–	–
As at 31 March, 2018	**(253.18)**	**(253.18)**

The accompanying notes are an integral part of these financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date: April 25, 2018

For and on behalf of the board of directors of
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DIN:00243215
Place: Mumbai
Date: April 25, 2018

Sundaresan Vaidyanathan
Director
DIN No. - 07936987
Place: Mumbai
Date: April 25, 2018

NOTES FORMING PART OF FINANCIAL STATEMENTS.

1 General Information

Mahindra Happinest Developers Limited ("The Company") (Formerly known as Mahindra Happinest Developers Pvt. Ltd) was incorporated as a Private Limited Company in India on September 6, 2017 under the provisions of the Companies Act, 2013. It was converted to a public limited company on September 26, 2017.

The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai. The company is engaged in the business of development of residential complexes. The Company is currently engaged in the development of residential projects in Palghar near Mumbai.

2 Significant accounting policies

2.1. Statement of compliance and basis of preparation and presentation

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on April 27, 2018.

2.2. Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Companytakes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except forleasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Companycan access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3:Inputs for the asset or liability that are not basedon observable marked data (unobservable inputs).

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates andother similar allowances.

2.4.1 Income from Projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables, whereas amount not billed for work performed are included as unbilled revenue under other current assets

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.5 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities), income and expenses and accompanying disclosures. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Significant accounting judgements, estimates and assumptions used by management are as below:

- Useful lives of Property Plant & Equipment
- Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates.
- Fair value measurements

2.6 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

2.7 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.8 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the period/year. The weighted average number of equity shares outstanding during the year is adjusted for bonus issue and bonus element in a right issue to existing shareholders, share split and reverse share split.

Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for arriving the basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.10.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

2.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.10.3 Current and deferred tax for the period/year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11 Property, plant and equipment

Furniture and Fixtures and Office equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for Furniture and Fixtures which are depreciated over a period of 5 years.

Lease hold improvements are amortised over the period of lease/estimated period of lease.

2.12 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Companyestimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.14 Provisions, contingent liabilities and contingent assets

2.14.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.14.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14.3 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.14.4 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.15.1 Classification and subsequent measurement

2.15.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification

On initial recognition, a financial asset is classified as –measured at :

- Amortised Cost or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.15.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.15.1.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.15.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.15.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.15.4 Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Anyrecoveries made are recognised in profit or loss.

3. Property, Plant and Equipment

(₹ in Lakh)

Description of Assets		Leasehold Improvements	Office equipments	Furniture and fixtures	Computers	Total
I.	**Gross Carrying Amount**					
	Balance as at 6 September, 2017	–	–	–	–	–
	Additions during the period	20.12	19.64	16.72	0.14	56.62
	Disposals during the period	–	–	–	–	–
	Balance as at 31 March, 2018	**20.12**	**19.64**	**16.72**	**0.14**	**56.62**
II.	**Accumulated depreciation**					
	Balance as at 6 September, 2017	–	–	–	–	–
	Depreciation expense for the period	0.99	1.53	0.82	0.02	3.36
	Balance as at 31 March, 2018	**0.99**	**1.53**	**0.82**	**0.02**	**3.36**
III.	**Net carrying amount (I-II)**	**19.13**	**18.11**	**15.90**	**0.12**	**53.26**

4. Other Current assets

(₹ in Lakh)

Particulars	**As at 31 March, 2018**
Advance to Vendors	0.55
Balances with government authorities (Other than income taxes)	217.42
Prepaid Expenses	2.77
Total	**220.74**

5. Inventories (at lower of cost and net realisable value)

(₹ in Lakh)

Particulars	**Spent during the the period from 6 September, 2017 to 31 March, 2018**	**As at 31 March, 2018**
Construction work-in-progress comprises of below	6,452.18	**6,452.18**
Cost of land and related cost	4,955.17	**4,955.17**
Construction costs	1,328.29	**1,328.29**

(₹ in Lakh)

Particulars	Spent during the the period from 6 September, 2017 to 31 March, 2018	As at 31 March, 2018
Rates and taxes	3.11	**3.11**
Legal & Professional Fees	50.95	**50.95**
Finance expenses (net of finance income)	98.08	**98.08**
Other Project Administration Cost	16.58	**16.58**
Total	**6,452.18**	**6,452.18**

The borrowing cost capitalized during the the period from 6 September, 2017 to 31 March, 2018 is ₹ 98.28 Lakhs at an average capitalisation rate of 9% p.a. The company capitalized this borrowing cost in Construction work-in-progress (CWIP).

6. Cash and bank balances

(₹ in Lakh)

Particulars	As at 31 March, 2018
Cash and cash equivalents	
Balances with banks:	
– In current accounts *	432.67
Total (considered in the Statement of Cash flows)	**432.67**

* The balance in current accounts include an amount of Rs 236.80 Lakhs lying to the credit of bank accounts opened as per the provisions of the Maharashtra Real Estate Regulation Act. Withdrawals from these accounts are subject to the provisions of the said Act.

7. Other Financial assets- Current

(₹ in Lakh)

Particulars	As at 31 March, 2018
Financial assets at amortised cost	
Security Deposits- unsecured, considered good	10.91
Total	**10.91**

8. Equity Share capital

(₹ in Lakh)

Particulars	As at 31 March, 2018
Authorised:	
100,000 Equity shares of Rs 10 each with voting rights	10.00
14,00,000 Preference share of Rs. 10 each	140.00
	150.00
Issued, Subscribed and Fully Paid:	
100,000 Equity shares of Rs 10 each with voting rights	10.00
Total	**10.00**

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March, 2018	
	No. of Shares	₹ In lakh
Balance at the beginning of the period	–	–
Add: Issue during the period	100,000	**10.00**
Balance at the end of the period	**100,000**	**10.00**

Terms/rights attached to equity shares with voting rights

The Company has only one class of equity shares having face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company and its subsidiaries

Particulars	Equity Shares with Voting rights
As at 31 March, 2018	
Mahindra Lifespace Developers Limited (as per Companies Act 2013)	51,000

Other than above shares, no shares are held by any subsidiaries or associates of the Holding Company

(iii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March, 2018 No.	% holding
Equity shares with voting rights		
Mahindra Lifespace Developers Limited:		
Equity shares of ₹ 10 face value	51,000	51%
HDFC Capital Affordable Real Estate Fund I :		
Equity shares of ₹ 10 face value	49,000	49%

9. Other Equity

(₹ in Lakh)

Particulars	Retained earnings	Total
As at 6 September 2017	–	–
Loss for the Period	(253.18)	(253.18)
Other Comprehensive Income	–	–
As at 31 March 2018	**(253.18)**	**(253.18)**

10. Borrowings

(₹ in Lakh)

Description of the instrument	As at 31 March, 2018
A. Non Current Unsecured Borrowings:	
a) **Debentures** 2,76,20,200 15% Series 1 Optionally Convertible Redeemable Debentures ("OCD") of ₹ 10/- each (Refer note 19 & 22)	2,760.00
b) **Preference Shares** 12,33,500 Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPS") of issue price ₹ 100/- each (Refer note 19 & 22)	1,233.50
Total non current borrowings	**3,993.50**
B. Current Unsecured Borrowings	
(i) Loans repayable on demand from banks	57.19
(ii) Inter Corporate Deposit from related Party	2,500.00
Total current borrowings	**2,557.19**

Terms and conditions of Series 1 Optionally Convertible Preference Shares (OCRPS)

Series 1 Preference Share are unsecured, unlisted, redeemable, optionally convertible preference share. The issue price of each Series 1 Preference Share is INR 100 (face value INR 10). The Series 1 Preference Shares shall not be entitled to any voting rights, other than as prescribed under Applicable Law and the articles of association of the Company. Each Series 1 Preference Share constitutes a direct obligation of the Company and shall at all times rank pari passu inter se (without any preference or priority of one over the other or others of them).

Series 1 Preference Share shall be eligible to receive Redemption Premium which shall be paid along with Redemption of Series 1 Preference Share. Redemption Premium shall mean a premium not exceeding 15% per annum compounded annually from the date of subscription of the Series 1 Preference Share that is being redeemed. The payment of Redemption Premium shall be subject to the Distributable Cash as determined by the Distribution Committee. The Redemption Premium shall be accrued, due and payable only on Redemption

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Date and proportionate to the Series 1 Preference Shares so being redeemed. At the option of holder of the Series 1 Preference Shares, if the then outstanding Series 1 Preference Shares cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 1 Preference Shares, the Series 1 Preference Shares shall be converted into equity shares of the Company, in accordance with such formula as may be determined by the Company and the holder of the Series 1 Preference Shares, but at a price which is not less than fair market value of the equity shares at the time of such conversion.

At the time of conversion, the holder of Preference Shares will be entitled to equity shares of the Company up to the principal amount (i.e. issue price) of the outstanding OCRPS

Terms and conditions of Series 1 Optionally Convertible Debenture (OCDs)

Series 1 Debenture are unsecured, unlisted, redeemable and optionally convertible debenture. The Series I Debentures shall earn, interest of 15% per annum compounded annually. Interest on each Series 1 Debenture shall be accrued, due and payable to the holders of Series 1 Debentures subject to availability of Distributable Cash and on obtaining an approval from the Distributions Committee and the board of directors of the Company.

At the time of redemption of Series 1 Debentures on a Redemption Date, the Company shall pay the holders of Series 1 Debentures an Interest determined by the Distributions Committee and such Interest shall become due and payable on the date of which it is determined by the Distributions Committee without the need for an approval from the Board.

At the option of the holder of the Series 1 Debentures, if the then outstanding Series 1 Debentures cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 1 Debentures, the Series 1 Debentures shall be converted into equity shares of the Company, in accordance with such formula as may be determined between the Company and the holder of the Series 1 Debentures, but at a price which is not less than fair market value of the equity shares at the time of such conversion.

At the time of conversion, the holders of Series 1 Debentures will be entitled to equity shares of the Company only up to the principal amount (i.e. the issue price) of the outstanding OCDS.

Inter Corporate Deposit from a related party :

Loan from a related party are repayable after six months from the date of drawdown and carry an interest rate of 9% p.a.

Loans repayable on demand from banks

Overdraft facility from HDFC Bank Ltd. carries interest of base rate plus margin i.e., currently effective @ 8.45% p.a.

11. Trade Payables

(₹ in Lakh)

Particulars	As at 31 March, 2018
Trade payables - Micro and small enterprises *	–
Trade payables - Other than micro and small enterprises	243.95
Total	**243.95**

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 22.

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

12. Other Financial liabilities

Particulars	As at 31 March, 2018
Current	
Financial Liabilities carried at Amortised Cost	
Interest accrued	88.08
Total	**88.08**

13. Other Current liabilities

Particulars	As at 31 March, 2018
Unearned revenue	496.17
Statutory dues payable	34.05
Total	**530.22**

14A. Construction Expenses incurred

(₹ in Lakh)

Particulars	6 September, 2017 to 31 March, 2018
Expenses incurred during 6 September, 2017 to 31 March, 2018	
Cost of land and related cost	4,955.17
Construction costs	1,328.29
Rates and taxes	3.11
Legal & Professional Fees	50.95
Finance expenses	98.08
Other Project Administration Cost	16.58
Total	**6,452.18**

14B. Changes in inventories of finished goods, stock -in- trade and work-in-progress

Particulars	6 September, 2017 to 31 March, 2018
Opening Stock	–
Work-in-progress	–
Raw Material	–
Total Opening Stock	–
Closing Stock	–
Work-in-progress	**6,452.18**
Raw Material	–
Total Closing Stock	**6,452.18**
Total	**(6,452.18)**

15. Other expenses

(₹ in Lakh)

Particulars	6 September, 2017 to 31 March, 2018
Advertising and sales promotion	117.66
Legal and professional fees	2.93
Payment to auditor (Refer details below)	10.03
Repairs & Maintenance Expenses	1.39
Rent Expenses	11.87
Communication Expense	0.31
Rates & Taxes	4.47
Travelling & Conveyance	0.75
Printing & Stationery	0.95
Development Management Fees	93.74
Miscellaneous Expenses	2.84
Power & Fuel	2.07
Bank Charges	0.69
Total	**249.70**

(₹ in Lakh)

Payment to auditor (excluding taxes)	**6 September, 2017 to 31 March, 2018**
For Audit	5.00
For Other Services	5.00
Out of Pocket Expenses	0.03
Total	**10.03**

16. Finance Costs

Particulars	**6 September, 2017 to 31 March, 2018**
Interest on Loan from related party	98.08
Interest on Bank Overdraft	0.12
Less: Allocated to projects	(98.08)
Total	**0.12**

Analysis of Interest Expenses by Category

Particulars	**6 September, 2017 to 31 March, 2018**
Interest Expenses	
On Financial Liability at Amortised Cost	98.20
On Financial Liabilities at FVTPL	–

17. Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the (loss) for the period attributable to equity holders of the Company by the weighted average number of Equity sh*ares outstanding during the year.

The following reflects the loss and share data used in the basic and diluted EPS computations:

(₹ in Lakh)

Particulars	**6 September, 2017 to 31 March, 2018**
Continuing Operations	
Loss after tax for the period (in ₹ Lakhs)	(253.18)
Weighted average number of equity shares in calculating Basic and diluted EPS	79,130
Face Value of Equity Shares (in ₹)	10
Earnings per Equity share - Basic (in ₹)	(319.95)
Earnings per Equity share - Diluted (in ₹)	(319.95)

18 - Leases

(₹ in Lakh)

Particulars	**6 September, 2017 to 31 March, 2018**
Details of leasing arrangements	
The company's leasing arrangement is in respect of operating lease for a Commercial premise.	
As Lessee	
Operating Lease	
The Company has entered into operating lease arrangements for Borivali customer experience center. The lease is for total 33 months duration and is non-cancellable for a period of 9 months i.e. till July, 2018.	
Future Non-Cancellable minimum lease commitments	
not later than one year	9.20
later than one year and not later than five years	–
later than five years	–
Expenses recognised in the Statement of Profit and Loss	**11.87**

19. Related parties disclosures

Names of related parties and related party relationship
Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited
HDFC Capital Affordable Real Estate Fund I	

Other Related parties with whom transactions have taken place during the period

Associate of Holding Company of Enterprise exercising joint control over the Company	Tech Mahindra Ltd.
Subsidiary of Holding Company of Enterprise exercising joint control over the Company	Mahindra Integrated Business Solutions Private Limited
Key Managerial Personnel	Mr. V Sundershan
Mr. Ramesh Ranganathan	
Mr. Siddharth Bafna	

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

(₹ Lakhs)

Nature of transactions with Related Parties	**Mahindra Lifespace Developers Limited**	**HDFC Capital Affordable Real Estate Fund I**	**Tech Mahindra Ltd.**	**Mahindra Integrated Business Solutions Pvt. Ltd.**
Issue of Equity Share Capital	5.10	4.90	–	–
Issue of Series I Debenture (OCDs)	690.00	2,070.00	–	–
Issue of Series I Preference Shares (OCRPs)	308.40	925.10	–	–
Inter corporate deposit taken	15.00	–	2,500.00	–
Inter corporate deposit repaid	15.00	–	–	–
Purchase of Goods	4,718.00	–	–	–
Receiving of services	1,407.77	–	–	1.14
Interest on Inter corporate deposit	0.21	–	97.87	–
Reimbursement of Expenses	223.73	–	–	–

The following table provides the balances with related parties as on balance sheet date:

Nature of Balances with Related Parties	Mahindra Lifespace Developers Limited	HDFC Capital Affordable Real Estate Fund I	Tech Mahindra Ltd.	Mahindra Integrated Business Solutions Pvt. Ltd.
Long Term Borrowings outstanding as at year end - Series I Debentures (OCDs)	690.00	2,070.00	–	–
Long Term Borrowings outstanding as at year end - Series I preference Shares (OCRPs)	308.40	925.10	–	–
Trade Payables	115.29	–	–	1.14
Inter corporate deposit	–	–	2,500.00	–
Other Financial Liabilities - Interest Accrued but not due (Net of TDS)	–	–	88.08	–

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

20 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers'. This standard is effective from 1st April 2018 and establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

21 - Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

	(Amounts in ₹ Lakhs) As at 31 March, 2018
Debt (A) *	2,557
Equity (B)	10
Debt Ratio (A/B)	256

* Since Optionally Convertible Debentures and Optionally Convertible Redeemable Preference shares issued by the company are subscribed by the share-holders, the Debt-equity ratio of the company is reviewed by the management based on the external debt only.

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

As at 31st March, 2018

(₹ Lakhs)

Particulars	Amortised Costs	FVTPL	Total
Current Assets			
Cash and Bank Balances	432.67	–	432.67
Other Financial Assets	10.91	–	10.91
Non-current Liabilities			
Borrowings	–	3,993.50	3,993.50
Current Liabilities			
Borrowings	2,557.19	–	2,557.19
Trade Payables	243.95	–	243.95
Other Financial Liabilities	88.08	–	88.08

22 - Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and other financial assets.

Cash and cash equivalents and other financial assets

For Cash and bank balances only high rated banks are accepted. The Company holds cash and cash equivalents with banks which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

The Board of directors, have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(₹ in Lakh)

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above
Non-derivative financial liabilities				
As at 31st March, 2018				
Trade and other payables	243.95	–	–	–
Interest accrued	88.08	–	–	–
Current unsecured borrowings	2,557.19	–	–	–
Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPs")	–	–	–	1,233.50
15% Series 1 Optionally Convertible Redeemable Debenture ("OCD")	–	–	–	2,760.00
Total	**2,889.22**	**–**	**–**	**3,993.50**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(₹ Lakhs)

Particulars	As at 31 March, 2018
Unsecured Bank Overdraft facility	
- Expiring within one year	**242.81**
Total	**242.81**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	(₹ In Lakhs)
As at 31 March, 2018	INR	+100	(0.05)
	INR	-100	0.05

Fair Valuation Techiques and Inputs used - Recurring Items

(₹ in Lakh)

Financial liabilities measured at Fair value	Fair value as at 31st March, 2018	Fair value hierarchy	Valuation Technique(s)	Key input(s) used
Borrowings				
Series 1 Optionally Convertible Redeemable Debenture ("OCD")	2,760.00	Level 2	Price of Recent Transaction	Value of underlying cash flows
Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPS")	1,233.50	Level 2	Price of Recent Transaction	Value of underlying cash flows
Total	**3,993.50**			

Except for the above, carrying value of Other financial assets/liabilities represent reasonable estimate of fair value.

23. Segment information

The Company is engaged only in the business of development of property and related activities in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting. No single customer contributed 10% or more to the company's revenue for the period 6 September, 2017 to 31 March, 2018

24. Additional disclosure as per Guidance note on accounting for Real Estate Transactions

Particulars	As at 31 March, 2018
Contracts in Progress at the end of reporting Period	
Construction costs incurred plus profits recognised less recognised losses to date	–
Advances received from customers	–
Work-in-progress and inventories	6,452.18
Excess of revenue recognised over actual bills raised (unbilled revenue)	–

25. Since this is the first year of incoporation of the company, there are no comparative statements of balance sheet, comparative statement of profit and loss, comparative statement of changes in equity and comparative cashflow statement.

26. Material events after the Balance Sheet date

No material events have occurred after the Balance Sheet date and upto the approval of the Financial Statements

For and on behalf of the board of directors of Mahindra Happinest Developers Ltd.

Anita Arjundas
Director
DIN:00243215
Place: Mumbai
Date: April 25, 2018

Sundaresan Vaidyanathan
Director
DIN No. - 07936987
Place: Mumbai
Date: April 25, 2018

ANNUAL REPORT 2017-18
BOARD'S REPORT

Your Directors present their Twenty Ninth report together with the audited financial statement for the financial year ended 31st March, 2018.

Financial Highlights

(₹ in lakhs)

Particulars	2018	2017
Income	–	–
Loss before Interest and Taxation	**(0.07)**	(0.15)
Less: Interest	**(3.52)**	(3.49)
Loss before Taxation	**(3.59)**	(3.64)
Less: Provision for Taxation	–	–
Loss for the year	**(3.59)**	(3.64)
Less: Balance of Loss for prior years	**(13.18)**	(9.54)
Balance carried forward	**(16.77)**	(13.18)

Dividend

In view of the carried forward lossess, no dividend has been recommended by your Directors for the financial year 2017-18.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

The Company is looking for an appropriate opportunity to undertake development activities and to monetise its inventory.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statement of the Company.

Share Capital

The Authorised Equity Share Capital of your Company is ₹ 5 lakh and the paid-up equity share capital of your Company is ₹ 1.007 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued / allotted any non-convertible debentures.

Holding Company

As on 31st March, 2018, the shareholding of the Company was as under:

Name of shareholders	% of holding
Kismat Developers Private Limited	3.97
Topical Builders Private Limited	73.48
Mahindra World City (Maharashtra) Limited	4.97
Mahindra Lifespace Developers Limited	17.58
Total	**100.00**

During the year, Kismat Developers Private Limited, Topical Builders Private Limited and Raigad Industrial & Business Park Limited merged into Mahindra World City (Maharashtra) Limited. Consequent to the merger, the investments held by Kismat Developers Private Limited and Topical Builders Private Limited in the Company vested into Mahindra World City (Maharashtra) Limited.

Accordingly, the Company is a subsidiary company of Mahindra World City (Maharashtra) Limited and consequently a subsidiary of the company Mahindra Lifespace Developers Limited and of ultimate holding Company Mahindra and Mahindra Limited.

During the year, no company became / ceased to be subsidiary/ associate/joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Board of Directors

As at 31st March, 2018, the Board of Directors comprise of the following:

Name of Director	DIN	Designation
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Mr. Jayant Manmadkar	03044559	Non-Executive Non-Independent Director

As per the Articles of Association of your Company, the Directors are not liable to retire by rotation.

Pursuant to Sections 160 and 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Siddharth Bafna, was appointed by the Board of Directors at its meeting held on 17th April, 2018, as an Additional Director in the category of Non-Executive Non-Independent Director with effect from even date. In accordance with Section 161(1) of the Companies Act, 2013, he holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director. Accordingly, appointment of Mr. Bafna is proposed at the ensuing Annual General Meeting as Non-Executive Non-Independent Director. Mr. Siddharth Bafna is not disqualified from being appointed/re-appointed as Director by the virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of Section 203 of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committies of the Board

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Corporate Social Responsibility Committee (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Nomination & Remuneration Committee

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board meetings were held. The previous Annual General Meeting of the Company was held on 20th July, 2017.

Code of Conduct

The Company has adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors’ Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2018 and of the profit and loss of the Company for that period;

c. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The Company has prepared the annual accounts on a going concern basis; and

e. The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Finacial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board periodically reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company, including identification therein, of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. R. Jaitlia & Co., Chartered Accountants, Mumbai, (ICAI Registration No.: 117246W) were appointed as auditors for a term of five consecutive years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting to be held in the calendar year 2019 subject to ratification of their appointment at every Annual General Meeting.

As required under the provisions of Sections 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

Accordingly, the members are requested to ratify the appointment of M/s. R. Jaitlia & Co., as Statutory Auditors of Company from the conclusion of the 29th Annual General Meeting till the conclusion of the 30th Annual General Meeting to be held in the year 2019.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of making loans, giving guarantees, providing securities, acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate stipulated under Section 186 of the Companies Act, 2013 ("the Act").

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- During the year, there were no cases filed / reported pursuant to the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

  No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the audit conducted by the Statutory Auditor of the Company.

Cautionary statement:

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgement

The Directors are thankful to all Shareholders, consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN: 03044559

Mumbai, 17th April, 2018

ANNEXURE 1

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	The Company is looking for an appropriate opportunity to undertake development activities and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not applicable
(iii)	the capital investment on energy conservation equipments	:	Not applicable

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	Not applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not applicable
(iv)	the expenditure incurred on Research and Development	:	Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN: 03044559

Mumbai, 17th April, 2018

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

(Pursuant to Section 92(3) of Companies Act, 2013 and Rule 12(1) of Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U70102MH1989PTC051878
2.	**Registration Date**	25/05/1989
3.	**Name of the Company**	Deep Mangal Developers Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/ Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400 018
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

The Company is looking out for appropriate business opportunities in the space of real estate development

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Mahindra World City (Mahrashtra) Limited	U45200MH1997PTC108695	Immediate Holding	82.42%	2(46)
2.	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	17.58%	2(46)
3.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding	–	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	740	740	73.49	–	830	830	82.42	8.93

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	**740**	**740**	**73.49**	–	**830**	**830**	**82.42**	**8.93**
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**740**	**740**	**73.49**	–	**830**	**830**	**82.42**	**8.93**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	267	267	26.51	–	177	177	17.58	8.93
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	267	267	26.51	–	177	177	17.58	8.93
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	267	267	26.51	–	177	177	17.58	8.93
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**1007**	**1007**	**100**	–	**1007**	**1007**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Topical Builders Private Limited	740	73.49	–	–	–	–	(73.49)
2.	Mahindra World City (Maharashtra) Limited[1]	50	(4.96)		830	82.42		77.46

[1] Mahindra World City (Maharashtra) Limited was not a promoter as on 1st April, 2017

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

The changes in the Shareholding of Promoter Group is provided at point no. 4(ii) above.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding		Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year 31.03.2018	% of total shares of the Company				No. of Shares	% of total Shares of the company
1	Mahindra Lifespace Developers Limited	177	17.58	01.04.2017	No Change		–	–
		177	**17.58**	**31.03.2018**			**177**	**17.58**
2	Mahindra World City (Maharashtra) Ltd[2]	50	4.96	01.04.2017				
				28.12.2017	780	vested due to merger	780	
		830	**82.42**	**31.03.2018**			**830**	**82.42**
3	Kismat Developers Private Limited	40	3.97	01.04.2017		Shareholder Company merged into Mahindra World City (Maharashtra) Limited		
				28.12.2017	40		3.97	
		–	**–**	**31.03.2018**				

[2] Mahindra World City (Maharashtra) Limited is a promoter as on 31st March, 2018.

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company

5. **INDEBTEDNESS**

Indebtedness of the Company including outstanding/accrued but not due for payment

(₹ in Lakh)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	214.33	–	214.33
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	10.45	–	10.45
Total (i+ii+iii)	–	**224.78**	–	**224.78**
Change in Indebtedness during the financial year				
• Addition	–	1.00	–	1.00
• Reduction	–	–	–	–
Net change	–	**1.00**	–	**1.00**
Indebtedness at the end of the financial year				
i) Principal Amount	–	215.33	–	215.33
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	13.62	–	13.62
Total (i+ii+iii)	–	228.95	–	228.95

6. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other directors:** Not Applicable

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole time director:** Not Applicabe

7. **PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	NONE				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NONE				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NONE				
Punishment					
Compounding					

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN : 03044559

Mumbai, 17th April, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Deep Mangal Developers Private Limited
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Deep Mangal Developers Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company'spreparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of theaccounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Company is a Private Limited Company and the provisions of the Companies (Auditors' Report) Order are not applicable to the Company.

2. As required by Section 143(3) of the Act, we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818

Place: Mumbai
Date: 17th April 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DEEP MANGAL DEVELOPERS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Deep Mangal Developers Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R. Jaitlia and Co.**
Chartered Accountants
Firm Registration No. : 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818

Place: Mumbai
Date: 17th April 2018

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

		Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
	Non-current assets			
	(a) Financial Assets			
	(i) Investments	4	**5,010**	5,010
	Total Non-current assets (I)		**5,010**	5,010
	Current assets			
	(a) Inventories	5	**21,459,505**	21,459,505
	(b) Financial Assets			
	(i) Cash and Cash Equivalents	6	**100,638**	41,327
	Total current assets (II)		**21,560,143**	21,500,832
	TOTAL ASSETS		**21,565,153**	21,505,842
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	7	**100,700**	100,700
	(b) Other Equity	8	**(1,677,077)**	(1,318,137)
	Total equity (III)		**(1,576,377)**	(1,217,437)
	Liabilities			
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	9	**21,533,457**	21,433,457
	(ii) Trade Payables	11	**211,173**	210,234
	(iii) Other Financial Liabilities	10	**1,361,675**	1,044,649
	(c) Other Current Liabilities	12	**35,225**	34,939
	Total current liabilities (IV)		**23,141,530**	22,723,279
	TOTAL		**21,565,153**	21,505,842

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818
Place: Mumbai
Date: 17th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Suhas Kulkarni (DIN-00003936)
Place: Mumbai
Date: 17th April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I	Revenue from operations		–	–
II	Other Income		–	–
III	**Total Revenue (I + II)**		–	–
IV	**EXPENSES**			
	(a) Finance costs	13	**352,251**	349,365
	(b) Other expenses	14	**6,689**	14,598
	Total Expenses (IV)		**358,940**	363,963
	Loss before tax (III-IV)		**(358,940)**	(363,963)
V	**Loss for the period (IV)**		**(358,940)**	(363,963)
VI	**Other comprehensive income**		–	–
VII	**Total comprehensive income for the period (V +VI)**		**(358,940)**	(363,963)
VIII	**Earnings per equity share**			
	Basic/Diluted	15	**(356.44)**	(361.43)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818
Place: Mumbai
Date: 17th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Suhas Kulkarni (DIN-00003936)
Place: Mumbai
Date: 17th April 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flows from operating activities			
Profit before tax for the year	PL	**(358,940)**	(363,963)
Adjustments for:		**(358,940)**	(363,963)
(Decrease)/increase in other liabilities		**418,251**	405,165
Net cash generated by operating activities		**59,311**	41,202
Cash flows from investing activities			
Net increase in cash and cash equivalents		**59,311**	41,202
Cash and cash equivalents at the beginning of the year		**41,327**	125
		100,638	41,327
Cash and cash equivalents at the end of the year		**100,638**	41,327

Change in Liability arising from financing activities **(Amount in Rs.)**

Particulars	As at 01st April, 2017	Cash Flow	As at 31st March, 2018
Non Current Borrowings	–	–	–
Current Borrowings (Refer Note 9)	21,433,457	100,000	21,533,457
Current maturities of Long term debt	–	–	–
Total	**21,433,457**	**100,000**	**21,533,457**

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818
Place: Mumbai
Date: 17th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Suhas Kulkarni (DIN-00003936)
Place: Mumbai
Date: 17th April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity Share Capital

	(Amount in Rs.)
As at 1st April, 2016	100,700
Changes in equity share capital during the year	–
As at 31st March 2017	100,700
Changes in equity share capital during the year	–
As at 31st March 2018	**100,700**

a. Equity share capital

	Equity share capital (no. of shares)
Balance at March 31, 2016	1,007
Changes in equity share capital during the year	–
Issue of equity shares	
Balance at March 31, 2017	1,007
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at March 31, 2018	**1,007**

Other equity

Particulars	Retained earnings
Balance as at 31 March, 2016	**(954,174)**
Profit/(Loss) for the year	(363,963)
Other comprehensive income	–
Total comprehensive income	(363,963)
Balance as at 31 March, 2017	**(1,318,137)**
Profit/(Loss) for the year	(358,940)
Other comprehensive income	–
Total comprehensive income	(358,940)
Balance as at 31 March, 2018	**(1,677,077)**

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818
Place: Mumbai
Date: 17th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Suhas Kulkarni (DIN-00003936)
Place: Mumbai
Date: 17th April 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Deep Mangal Developers Private Limited ("the Company") is a public company incorporated in India on 25May, 1989 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company islocated at 5th Floor, Mahindra Towers, Dr. G.M.Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 17th April, 2018.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

The Company does not held any Plant, Property and Equipment as on 31st March, 2018.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

The Company does not held any Plant, Property and Equipment as on 31st March, 2018.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Investments

Particular	**Face Value (Rs.)**	**As at 31st March 2018**		As at 31st March 2017	
			Amount in Rs.	Nos.	Amount in ₹
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Preference shares					
- of associate					
7% Non-cumulative redeemable participating optionally convertible preference shares in Moonshine Construction Private Limited	**10**	**500**	**5,000**	500	5,000
	10	**1**	**10**	1	10
TOTAL INVESTMENTS (A)		**–**	**5,010**	–	5,010

Note No. 5 - Inventories

Particular	**As at 31st March, 2018**	As at 31st March 2017
a) Work-in-progress	**21,459,505**	21,459,505
Total Inventories (at lower of cost and net realisable value)	**21,459,505**	21,459,505

Note No. 6 - Cash and Bank Balances

(Amount in Rs.)

Particular	**As at 31st March, 2018**	As at 31st March 2017
Cash and cash equivalents		
a) Balances with banks	**100,638**	41,327
b) Cash on hand	**–**	–
Total Cash and cash equivalent	**100,638**	41,327

Note No. 7 - Equity share capital

Particular	**As at 31st March, 2018**		As at 31st March, 2017	
	Number of shares	**Rs.**	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 100 each with voting rights	**5,000**	**500,000**	5,000	500,000
	5,000	**500,000**	5,000	500,000
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 100 each	**1,007**	**100,700**	1,007	100,700
	1,007	**100,700**	1,007	100,700

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particular	**As at 31st March, 2018**		As at 31st March, 2017	
	Number of shares	**Rs.**	Number of shares	₹
Opening balance	**1,007**	**100,700**	1,007	100,700
Add: Issued during the year	**–**	**–**	–	–
Closing balance	**1,007**	**100,700**	1,007	100,700

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particular	**As at 31st March, 2018**	As at 31st March, 2017
Mahindra Lifespace Developers Limited, the holding company	**177**	177

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particular	**As at 31st March, 2018**		As at 31st March, 2017	
	Number of shares	**% holding**	Number of shares	% holding
Topical Builders Private Limited	**–**	**–**	740	73.49%
Mahindra Lifespace Developers Limited the holding company,	**177**	**17.58%**	177	17.58%
Mahindra World City (Maharashtra) Limited	**830**	**82.42%**	50	4.97%
Kismat Developers Private Limited	**–**	**–**	40	3.96%

During the year Topical Builders Pvt Ltd, Kismat Developers Pvt Ltd and Raigad Industrial & Business Developers Limited goes in the scheme of amalgamation with Mahindra World City (Maharashtra) Limited.

Note No. 8 - Other equity

(Amount in Rs.)

Particulars	**Retained earnings**	**Total**
Balance as at 31st March, 2016	**(954,174)**	**(954,174)**
Profit/(Loss) for the year	(363,963)	(363,963)
Other comprehensive income	–	–
Total comprehensive income	(363,963)	(363,963)
Balance at 31st March, 2017	**(1,318,137)**	**(1,318,137)**
Profit/(Loss) for the year	(358,940)	(358,940)

(Amount in Rs.)

Particulars	Retained earnings	Total
Other comprehensive income	–	–
Total comprehensive income	(358,940)	(358,940)
Balance at 31st March, 2018	**(1,677,077)**	**(1,677,077)**

Note No. 9 - Current Borrowings

(Amount in Rs.)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
A. Unsecured Borrowings		
(i) Loans from related parties*	**3,555,000**	3,455,000
(ii) Deposits	**17,978,457**	17,978,457
Total Unsecured Borrowings	**21,533,457**	21,433,457
Total Current Borrowings	**21,533,457**	21,433,457

* The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @ 9.95% p.a.

Note No. 10 - Other Financial Liabilities

(Amount in Rs.)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(i) Interest accrued	**1,361,675**	1,044,649
Total other financial liabilities	**1,361,675**	1,044,649

Note No. 11 - Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Trade payable - Micro and small enterprises	–		–	
Trade payable - Other than micro ans small enterprises	**211,173**	–	210,234	–
Total other liability	**211,173**		210,234	–

Note No. 12 - Other Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
a. Statutory dues				
- taxes payable (other than income taxes)	**35,225**	–	34,939	–
Total trade payables	**35,225**	–	34,939	–

Note No. 13 - Finance Cost

(Amount in Rs.)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Interest expense	**352,251**	349,365
Total finance costs	**352,251**	349,365

Note No. 14 - Other Expenses

(Amount in Rs.)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**5,899**	5,750
(b) Other expenses		
(i) Legal and other professional costs	**590**	5,175
(ii) Others	**200**	3,673
Total other expenses	**6,689**	14,598

Note No. 15 - Earnings per Share

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Net loss for the period	**(358,940)**	(363,963)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**1,007**	1,007
(d) Basic/Diluted earning per share	**(356.44)**	(361.43)

Note No. 16 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	For the year ended	Ultimate Holding Company	Holding Company	Associate
Nature of transactions with Related Parties				
Inter Corproate Deposits received	31–Mar–18	–	100,000	–
	31–Mar–17	–	50,000	
Nature of Balances with Related Parties	**Balances as on**	**Ultimate Holding Company**	**Holding Company**	**Associate**
Payables	31–Mar–18	–	4,911,675	–
	31–Mar–17	–	4,494,649	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 17

The accounts of the Company for the year ended 31 March, 2018 have been prepared on the basis of going concern.

Note No. 18 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Financial instruments and cash deposits: Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in Rs.)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31 March, 2018						
Other financial liabilities	**1,361,675**	**–**	**–**	**–**	**1,361,675**	**1,361,675**
Total	**1,361,675**	**–**	**–**	**–**	**1,361,675**	**1,361,675**
31 March, 2017						
Other financial liabilities	1,044,649	–	–	–	1,044,649	1,044,649
Total	**1,044,649**	**–**	**–**	**–**	**1,044,649**	**1,044,649**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs.)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial assets						
31 March 2018						
Non interest rate bearing	**100,638**	**–**	**–**	**–**	**100,638**	**100,638**
Fixed interest rate bearing	**–**	**–**	**–**	**–**	**–**	
Total	**100,638**	**–**	**–**	**–**	**100,638**	**100,638**
31 March 2017						
Non interest rate bearing	41,327	–	–	–	41,327	41,327
Fixed interest rate bearing	–	–	–	–	–	
Total	**41,327**	**–**	**–**	**–**	**41,327**	**41,327**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchange fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 19 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

-quoted prices for similar assets or liabilities in active markets

-quoted prices for identical or similar assets or liabilities in markets that are not active

-inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval

-implied volatilities

-credit spreads

-inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	–	–	–
(ii) Cash and cash equivalents	–	100,638	–	100,638
(iii) Other bank balances	–	–	–	–
(iv) Other financial assets	–	5,010	–	5,010
Total	–	**105,648**	–	**105,648**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other financial liabilities	–	–	–	–
Total	–	–	–	–

Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	41,327	–	41,327
(ii) Other financial assets	–	5,010	–	5,010
Total	–	**46,337**	–	**46,337**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other financial liabilities	–	–	–	–
Total	–	–	–	–

Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2016**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	125	–	125
(ii) Other financial assets	–	5,010	–	5,010
Total	–	**5,135**	–	**5,135**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other financial liabilities	–	756,710	–	756,710
Total	–	**756,710**	–	**756,710**

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818
Place: Mumbai
Date: 17th April 2018

For and on behalf of the Board of Directors

Jayant Manmadkar (DIN-03044559)

Suhas Kulkarni (DIN-00003936)
Place: Mumbai
Date: 17th April 2018

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twenty-second Report along with the Audited Accounts of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Amount in Rupees)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Total Income	**5,503**	5,200
Expenses -Other Expenses	**30,821**	3,99,848
Total Expenses	**30,821**	3,99,848
Profit/(Loss) before Depreciation, Amortization, Interest and taxation	**(25,318)**	(3,94,648)
Depreciation & Amortization	**–**	–
Profit/(Loss) before Interest and taxation	**(25,318)**	(3,94,648)
Finance Cost	**14,181**	–
Profit/(Loss) before taxation	**(39,499)**	(3,94,648)
Provision for taxation for the year		
— Current Tax	**–**	–
— Deferred Tax	**–**	–
— Fringe Benefit Tax	**–**	–
Profit/(Loss) for the year after taxation	**(39,499)**	(3,94,648)
Balance of Loss from earlier years	**(29,60,239)**	(25,65,591)

No material changes and commitments have occurred after the closure of the financial year ended 31st March, 2018 till the date of this Report, which would affect the financial position of the Company.

Operations

During the year under review, your Company has not commenced any operations due to lack of viable business propositions. Efforts are being made to locate suitable business opportunities.

Dividend

In view of the losses, your Directors do not recommend dividend for the year under review.

Reserves

Loss for the year has been carried forward and no amount has been transferred to Reserve as the Company has not made any profits during the year.

Share capital

During the year, the Authorized Share Capital of your Company stood at Rs. 1,00,000 (Rupees One Lakh) comprising of 21 Equity Shares of the face value of Rs. 10 each and 9,979 Preference Shares of Rs 10 each. The paid up Share Capital as on 31st March, 2018 was Rs. 1,00,000 (Rupees One Lakh Only) divided into 21 (Twenty One) Equity Shares of Rs. 10 each and 9979 (Nine Thousand Nine Hundred and Seventy Nine only) 7% Non-Cumulative Redeemable Participating Optionally Convertible Preference Shares of Rs. 10 each. During the year under review there is no change in the paid up share Capital of the Company.

Holding Company

During the year under review, your Company has become Subsidiary of Mahindra Lifespace Developers Limited ("MLDL") with effect from 28th December, 2017 pursuant to the Scheme of Amalgamation ("Scheme") of Kismat Developers Private Limited (one of the existing shareholder of the Company), Topical Builders Private Limited (one of the existing shareholder of the Company) and Raigad Industrial and Business Park Limited with Mahindra World City (Maharashtra) Limited and their respective shareholders and creditors as approved by the National Company Law Tribunal, Mumbai Bench becoming effective from the aforesaid date.

Consequent to the aforesaid Scheme becoming effective, your Company became a subsidiary of MLDL and in thereof Mahindra & Mahindra Limited, the ultimate holding company.

Subsidiaries, Associates and Joint Ventures

Consequent to the aforesaid merger, Kismat Developers Private Limited has ceased to be an Associate of your Company with effect from 28th December, 2017.

Your Company has no Subsidiaries, Associates or Joint Ventures as on 31st March, 2018.

Consolidated Financial Statements

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have any subsidiaries, associates and joint ventures.

Composition of the Board of Directors

The Board of Directors of the Company comprises of the following Directors:

Sr. No	Name of the Director	DIN	Designation	Executive/Non Executive	Independent/Non independent
1.	Mr. Roshan Gandhi	00010478	Director	Non-Executive	Non Independent
2.	Mr. Vinay Mohan	01172665	Director	Non- Executive	Non Independent
3.	Mr. V. Sundaresan#	07936987	Additional Director	Non- Executive	Non Independent

Appointed as an Additional Director w.e.f. 27th December, 2017

Mr. V. Sundaresan was appointed as an Additional Director with effect from 27th December, 2017. The Company has received a notice pursuant to section 160 of the Companies Act, 2013 proposing candidature of Mr. V Sundaresan for his appointment as Director at the ensuing Annual General Meeting. The Board recommends to the shareholders the above appointment.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Mr. Vinay Mohan, (DIN: 01172665), retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Your Company is not required to constitute any mandatory Committees of the Board.

Provisions relating to Annual Evaluation of Board and Individual Directors are not applicable to your Company.

Meetings of the Board and General Meeting

The Board of Directors held four meetings during the year under review on 22nd April, 2017, 10th August, 2017, 5th December, 2017 and 29th January, 2018. The maximum interval between any two Board meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Name of Directors	No. of meetings attended
Mr. Roshan Gandhi	4
Mr. Vinay Mohan	4
Mr. V. Sundaresan #	0 (out of 1)

 # Appointed as an Additional Director w.e.f. 27th December, 2017.

The 21st Annual General Meeting of the Company was held on 27th September, 2017. No Extra Ordinary General Meeting was held during the year under review.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the Provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

Key Managerial Personnel

The provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company. Hence, no Key Managerial Personnel was appointed during the year under review.

Code of Conduct

Your Company has adopted Code of Conduct for Corporate Governance ("the Codes") for its Directors. The Code enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Statutory Auditors and Auditors' Report

M/s. R Jaitlia & Co., Chartered Accountants, (ICAI Firm Registration No. 117246W) were appointed as the Statutory Auditors of the Company at the 21st Annual General Meeting held on 27th September, 2017 to hold office up to the date of the 26th Annual General Meeting of the Company subject to ratification by the Shareholders of the Company at each Annual General Meeting ("AGM").

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming AGM and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

Reporting on Frauds by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds.

Secretarial Auditor, Internal Auditor and Cost Auditor

The requirements of having Secretarial Auditor, Internal Auditor and Cost Auditor are not applicable to your Company.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company and helps in managing the risks associated with the business of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness within the organization and to integrate risk management within the corporate culture.

Vigil Mechanism

The provision relating to Vigil Mechanism enumerated under section 177 of the Companies Act, 2013 are not applicable to your Company.

Internal Financial Controls

The Company has laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure I** to this Report.

Disclosure of Particulars of Employees as required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of loans, guarantees or investments under section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013

Your Company has neither given any loan, guarantee or provided any security in connection with a loan nor made any investment pursuant to section 186 of the Companies Act, 2013 during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the Utimate holding Company, Mahindra & Mahindra Limited.

Your Company has not accepted any deposits from the public during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Particulars of Contracts or Arrangements with Related Parties

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were in ordinary course of business and at arm's length.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of section 134 of Companies Act, 2013.

Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual return as on 31st March, 2018 is attached herewith as **Annexure II** and forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced by giving adequate training on safety and health.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

Acknowledgements

Your Directors are pleased to take this opportunity to thank the stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Company

Roshan Gandhi	**Vinay Mohan**
Director	Director

Mumbai, 20th April, 2018

ANNEXURE I TO THE DIRECTOR'S REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy:

Necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(ii) The steps taken by the company for utilizing alternate sources of energy: None

(iii) The capital investment on energy conservation equipments : Nil

B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a) the details of technology imported: Not Applicable

b) the year of import: Not Applicable

c) whether the technology been fully absorbed: Not Applicable

d) if not fully absorbed areas where absorption has not taken place, and the reasons thereof: Not Applicable

(iv) The expenditure incurred on Research and Development: None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (in terms of actual inflow and outflow)

There were no foreign exchange earnings and Outgo during the year under review.

For and on behalf of the Company

Roshan Gandhi
Director

Vinay Mohan
Director

Mumbai, 20th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MGT - 9

Extract of Annual Return as on the financial year ended March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	Corporate Identification Number (CIN)	U45200MH1996PTC099607
2.	Registration Date	16/05/1996
3.	Name of the Company	Moonshine Construction Private Limited
4.	Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
5.	Address of the Registered office and contact details	Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai - 400018, Ph No: 022-24905828
6.	Whether listed company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/service	% to total turnover of the Company
NA	NA	NA	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited Regd. Office: Mahindra Towers, Worli, Mumbai-400018	L45200MH1999PLC118949	Holding	100*	2(46)
2	Mahindra & Mahindra Limited Regd. Office: Gateway Building, Apollo Bunder, Mumbai-400001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)

* Mahindra Lifespace Developers Limited (MLDL) along with Mahindra World City (Maharshtra) Limited, a wholly owned subsidiary of MLDL and Deep Mangal Developers Private Limited, a subsidiary of MLDL.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	21	21	100	–	21	21	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	**21**	**21**	**100**	–	**21**	**21**	**100**	–

Category of Shareholder	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**21**	**21**	**100**	–	**21**	**21**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**21**	**21**	**100**	–	**21**	**21**	**100**	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Topical Builders Private Limited ("TBPL")	10	47.62	–	–	–	–	(100)
2.	Deep Mangal Developers Private Limited	1	04.76	–	1	04.76	–	–
3.	Kismat Developers Private Limited ("KDPL")	10	47.62	–	–	–	–	(100)
4.	Mahindra World City (Maharashtra) Limited ("MWCML")*	–	–	–	20	95.24	–	+100
	Total	**21**	**100**	–	**21**	**100**	–	–

* Shares held by TBPL and KDPL stood vested in MWCML with effect from 28th December, 2017 pursuant to the Scheme of Amalgamation ("Scheme") of KDPL, TBPL and Raigad Industrial and Business Park Limited with MWCML and their respective shareholders and creditors as approved by the National Company Law Tribunal, Mumbai Bench.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Name of Promoter	Shareholding at the beginning of the year (as on 01.04.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	Topical Builders Pvt. Limited ("TBPL")					
	At the beginning of the year	10	47.62		–	–
	(Decrease): Equity shares stood vested to Mahindra World City (Maharashtra) Limited on 28th December 2017 pursuant to the Scheme of Amalgamation#	–	–	(10)	–	–
	At the end of the year (as on 31.03.2018)	–	–		–	–
2.	Kismat Developers Pvt. Limited ("KDPL")					
	At the beginning of the year	10	47.62		–	–
	Decrease): Equity shares stood vested to Mahindra World City (Maharashtra) Limited on 28th December 2017 pursuant to the Scheme of Amalgamation #	–	–	(10)	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	–	–
3.	Mahindra World City (Maharashtra) Limited ("MWCML")					
	At the beginning of the year	–	–		–	–
	(Increase): Equity Shares stood vested from TBPL and KDPL to MWCML on 28th December 2017 pursuant to the Scheme of Amalgamation #	–	–	20	20	95.24
	At the end of the year (as on 31.03.2018)			–	20	95.24

Scheme of Amalgamation ("Scheme") of KDPL, TBPL and Raigad Industrial and Business Park Limited with MWCML and their respective shareholders and creditors as approved by the National Company Law Tribunal, Mumbai Bench effective from 28th December, 2017.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	–

V INDEBTEDNESS

Indebtedness of the Company including outstanding/accrued but not due for payment

(Amount in Rs.)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 01.04.2017)				
i) Principal Amount	–	25,65,000.00	–	25,65,000.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**25,65,000.00**	**–**	**25,65,000.00**
Change in Indebtedness during the financial year				
• Addition	–	1,00,000.00	–	1,00,000.00
• Reduction	–	–	–	–
Net Change	**–**	**1,00,000.00**	**–**	**1,00,000.00**
Indebtedness at the end of the financial year (as on 31.03.2018)				
i) Principal Amount	–	26,65,000.00	–	26,65,000.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	14,181.00	–	14,181.00
Total (i+ii+iii)	**–**	**26,79,181.00**	**–**	**26,79,181.00**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	**Independent Directors**		
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (1)	**–**	**–**
2	**Other Non-Executive Directors**		
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (2)	**–**	**–**
	Total (B)=(1+2)	**–**	**–**
	Total Managerial Remuneration (A+B)	**–**	
	Overall Ceiling as per the Act	–	

C. Remuneration to key managerial personnel other than MD/Manager/WTD: Not Applicable

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	**–**	**–**	**–**	**–**

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: None

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			**NIL**		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NIL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			**NIL**		
Compounding					

For and on behalf of the Company

Roshan Gandhi
Director

Vinay Mohan
Director

Mumbai, 20th April, 2018

INDEPENDENT AUDITOR'S REPORT

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Moonshine Construction Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor'sResponsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Company is a Private Limited Company and the provisions of the Companies (Auditors' Report) Order are not applicable to the Company.

2. As required by Section 143(3) of the Act, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
Firm Registration No.: 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818

Place: Mumbai
Date: 20th April 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MOONSHINE CONSTRUCTION PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Moonshine Construction Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
Firm Registration No.: 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818

Place: Mumbai

Date: 20th April 2018

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH 2018

(Amount in Rs.)

	Note No.	As at 31st March 2018	As at 31st March 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	4	**25,000**	25,000
Total Non-Current Assets (I)		**25,000**	25,000
CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	5	**95,156**	28,074
(ii) Bank balances other than (i) above	5	**68,599**	59,394
(b) Other Current Assets	6	**1,861**	5,563
Total Current Assets (II)		**165,616**	93,031
Total assets [(I)+(II)]		**190,616**	118,031
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	7	**210**	210
(b) Other Equity	8	**(2,999,738)**	(2,960,239)
Total equity (III)		**(2,999,528)**	(2,960,029)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	**99,790**	99,790
Total Non-current liabilities (IV)		**99,790**	99,790
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**2,665,000**	2,565,000
(ii) Trade Payables	11	**383,339**	385,436
(iii) Other Financial Liabilities	12	**12,762**	–
(b) Other Current Liabilities	13	**29,253**	27,834
Total current liabilities (V)		**3,090,354**	2,978,270
Total equity and liabilities [(III)+(IV)+(V)]		**190,616**	118,031

See accompanying notes forming part of the financial statements

In terms of our report attached.	For and on behalf of the Board of Directors
For **R Jaitalia & Co.**	
Chartered Accountants	
Firm Registration No: 117246W	**Roshan L Gandhi (DIN-00010478)**
Mukesh Maheshwari	
Partner	**Vinay Mohan Srivastva (DIN-01172665)**
Membership No: 49818	
Place: Mumbai	Place: Mumbai
Date: 20th April 2018	Date: 20th April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in Rs.)

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
Continuining Operations			
I Revenue from operations		–	–
II Other Income	14	**5,503**	5,200
III **Total Revenue (I + II)**		**5,503**	5,200
IV **EXPENSES**			
(i) Finance costs	15	**14,181**	–
(ii) Other expenses	16	**30,821**	399,848
Total Expenses		**45,002**	399,848
V **Loss for the period (III— IV)**		**(39,499)**	(394,648)
VI **Loss before tax**		**(39,499)**	(394,648)
VII **Other comprehensive income**		**–**	–
VIII **Total comprehensive income for the period (VI + VII)**		**(39,499)**	(394,648)
IX **Earnings per equity share (for continuing and discontinued operations):**			
(1) Basic/Diluted	17	**(1,880.92)**	(18,792.76)

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 20th April 2018

For and on behalf of the Board of Directors

Roshan L Gandhi (DIN-00010478)

Vinay Mohan Srivastva (DIN-01172665)

Place: Mumbai
Date: 20th April 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in Rs.)

Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
Cash flows from operating activities			
Profit before tax for the year	PL	**(39,499)**	(394,648)
Adjustments for:			
Investment income recognised in profit or loss		**(5,503)**	(5,200)
		(45,002)	(399,848)
Movements in working capital:			
(Increase)/decrease in other assets		**(5,503)**	5,200
(Decrease)/increase in other liabilities		**112,084**	423,013
Net cash generated by operating activities		**61,579**	28,365
Cash flows from investing activities			
Interest received		**5,503**	–
Net cash (used in)/generated by investing activities		**5,503**	–
Net increase in cash and cash equivalents		**67,082**	28,365
Cash and cash equivalents at the beginning of the year		**28,074**	4,909
		95,156	4,909
Cash and cash equivalents at the end of the year		**95,156**	28,074

Change in Liability arising from financing activities **(Amount in Rs.)**

Particulars	As at 1st April, 2017	Cash Flow	As at 31st March, 2018
Non Current Borrowings	–	–	–
Current Borrowings (Refer Note 10)	2,565,000.00	100,000.00	2,665,000.00
Current maturities of Long term debt	–	–	–
Total	**2,565,000.00**	**100,000.00**	**2,665,000.00**

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 20th April 2018

For and on behalf of the Board of Directors

Roshan L Gandhi (DIN-00010478)

Vinay Mohan Srivastva (DIN-01172665)

Place: Mumbai
Date: 20th April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity Share Capital

As at 1st April, 2016	210
Changes in equity share capital during the year	–
As at 31st March, 2017	210
Changes in equity share capital during the year	–
As at 31st March, 2018	**210**

a. Equity share capital

	Equity share capital (no of shares)
Balance at April 1st 2016	21
Changes in equity share capital during the year	–
Balance at March 31st 2017	21
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at March 31st 2018	21

Particulars	**Retained earnings**
Balance as at 31st March, 2016	**(2,565,591)**
Profit/(Loss) for the year	(394,648)
Other comprehensive income	–
Total comprehensive income	(394,648)
Balance at 31st March, 2017	(2,960,239)
Profit/(Loss) for the period	(39,499)
Other comprehensive income	**–**
Total comprehensive income	(39,499)
Balance at 31st March, 2018	**(2,999,738)**

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 20th April 2018

For and on behalf of the Board of Directors

Roshan L Gandhi (DIN-00010478)

Vinay Mohan Srivastva (DIN-01172665)

Place: Mumbai
Date: 20th April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Notes forming part of the financial statements

1. Corporate information

Moonshine Construction Private Limited ("the Company") is a private limited company incorporated in India on 16 May, 1996 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant accounting policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 20th April, 2018.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash slow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 - Investments

(Amount in Rs.)

Particular	Face Value (Rs.)	As at 31 March 2018 Nos.	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Nos.	As at 31 March 2017 Amount in Rs.
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Equity Instruments					
– of associate					
Kismat Developers Private Limited	10	–	–	10	100
Investments in Preference shares					
Preference shares in Mahindra World City Maharashtra Limited	10	**2,500**	**25,000**	2,490	24,900
Total Investments (A)			**25,000**		25,000

Note No. 5 - Cash and Bank Balances

(Amount in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**95,156**	28,074
Total Cash and cash equivalent	**95,156**	28,074
Other Bank Balances		
(b) Balances with Banks:		
(i) In deposit accounts	**68,599**	59,394
Total Other Bank balances	**68,599**	59,394
Total Other Bank balances	**163,755**	87,468

Note No. 6 - Other assets

(Amount in Rs.)

Particular	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
(a) Advances other than capital advances				
(i) Interest accrued but not due on term deposit accounts	**1,861**	**–**	5,563	–
	1,861	**–**	5,563	–

Note No. 7 - Equity share capital

(Amount in Rs.)

Particular	As at 31 March 2018 Number of shares	As at 31 March 2018 Rs.	As at 31 March 2017 Number of shares	As at 31 March 2017 Rs.
(a) Authorised				
Equity shares of Rs. 10 each with voting rights	**21**	**210**	21	210

(Amount in Rs.)

Particular	As at 31 March 2018 Number of shares	As at 31 March 2018 Rs.	As at 31 March 2017 Number of shares	As at 31 March 2017 Rs.
(b) Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 10 each	**21**	**210**	21	210
	21	**210**	21	210

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(Amount in Rs.)

Particular	As at 31 March 2018 Number of shares	As at 31 March 2018 Rs.	As at 31 March 2017 Number of shares	As at 31 March 2017 Rs.
Opening balance	**21**	**210**	21	210
Add: Issued during the year	**–**	**–**	–	–
Closing balance	**21**	**210**	21	210

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by:

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
Topical Builders Private Limited	–	10
Kismat Developers Private Limited	–	10
Mahindra World City Maharashtra Limited	**20**	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

(Amount in Rs.)

Particular	**As at 31st March 2018**		As at 31st March 2017	
	Number of shares	**% holding**	Number of shares	% holding
Topical Builders Private Limited	–	–	10	47.62%
Kismat Developers Private Limited	–	–	10	47.62%
Mahindra World City Maharashtra Limited	**20**	**95.24%**	–	–

Note No. 8 - Other equity

(Amount in Rs.)

Parti culars	**Retained earnings**	Total
Balance as at 31st March, 2016	**(2,565,591)**	**(2,565,591)**
Profit/(Loss) for the year	(394,648)	(394,648)
Other comprehensive income	–	–
Total comprehensive income	(394,648)	(394,648)
Balance at 31st March, 2017	**(2,960,239)**	**(2,960,239)**
Profit/(Loss) for the period	(39,499)	(39,499)
Other comprehensive income	–	–
Total comprehensive income	(39,499)	(39,499)
Balance at 31st March, 2018	**(2,999,738)**	**(2,999,738)**

Note No. 9 - Non-Current Borrowings

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
Measured at amortised cost*		
A. Unsecured Borrowings - at amortised Cost		
(i) Other Loans		
Redeemable preference share capital	**99,790**	99,790
Total Unsecured Borrowings	**99,790**	99,790
Total Borrowings	**99,790**	99,790

Note No. 10 - Current Borrowings

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
A. Unsecured Borrowings		
(i) Loans from related parties*	**150,000**	50,000
(ii) Deposits	**2,515,000**	2,515,000
Total Unsecured Borrowings	**2,665,000**	2,565,000

*The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited. @ 9.95% p.a.

Note No. 11 - Trade Payables

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
Trade payable - Other than micro ans small enterprises	**383,339**	385,436
Total trade payables	**383,339**	385,436

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note No. 12 - Other current liabilities

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Interest accrued	**12,762**	–
Total other current liabilities	**12,762**	–

Note No. 13 - Other Financial Liabilities

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
a. Others		
Statutory remittances (withholding taxes, service tax, etc.)	**29,253**	27,834
Total other current liabilities	**29,253**	27,834

Note No. 14 - Other Income

(Amount in Rs.)

Particulars	**As at 31st March 2018**	As at 31st March 2017
(a) Interest Income		
(i) Interest on Bank Deposits	**5,503**	5,200
Total Other Income	**5,503**	5,200

Note No. 15 - Finance Cost

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
(a) Interest expense	**14,181**	–
Total finance costs	**14,181**	–

Note No. 16 - Other Expenses

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
(a) Rent including lease rentals	**–**	61,557
(b) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**5,900**	5,750
(c) Other expenses		
(i) Legal and other professional costs	**21,256**	322,341
(ii) Others	**3,665**	10,200
Total Other Expenses	**30,821**	399,848

Note No. 17 - Earnings per Share

(Amount in Rs.)

Particulars	For the period ended 31st March, 2018	For the year ended 31st March, 2017
(a) Net loss for the period	**(39,499)**	(394,648)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**21**	21
(d) Basic/Diluted earning per share	**(1,880.92)**	(18,792.76)

Note No. 18 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	**Mahindra Lifespace Developers Limited**	**Holding Company**

Particulars	For the year ended	Ultimate Holding Company	Holding Company	Associate
Nature of transactions with Related Parties				
Inter Corproate Deposits	31-Mar-18	–	100,000	–
	31-Mar-17	–	50,000	–
Interest on ICD	31-Mar-18	–	12,762	–
	31-Mar-17	–	–	–

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company	Associate
Payables (ICD and Interest on ICD)	31-Mar-18	–	162,762	–
	31-Mar-17	–	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 19 - The accounts of the Company for the year ended 31 March, 2018 have been prepared on the basis of going concern.

Note No. 20 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Trade receivables

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

(B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in Rs.)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31 March, 2017						
Trade Payable	10,655	372,684	–	–	383,339	383,339
Total	**10,655**	**372,684**	**–**	**–**	**383,339**	**383,339**
31 March, 2017						
Trade Payable	385,436	–	–	–	385,436	385,436
Total	**385,436**	**–**	**–**	**–**	**385,436**	**385,436**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs.)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 years and above	Total	Carrying amount
Non-derivative financial assets						
31 March 2018						
Non interest rate bearing	**95,156**	**–**	**–**	**–**	**95,156**	**95,156**
Fixed interest rate bearing	**68,599**	**–**	**–**	**–**	**68,599**	**68,599**
Total	**163,755**	**–**	**–**	**–**	**163,755**	**163,755**
31 March 2017						
Non interest rate bearing	28,074	–	–	–	28,074	28,074
Fixed interest rate bearing	59,394	–	–	–	59,394	59,394
Total	87,468	–	–	–	87,468	87,468

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 21 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

(Amount in Rs.)

Financial assets/financial liabilities	Fair value hierarchy as at 31 March, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	**–**	**95,156**	**–**	**95,156**
(ii) Other bank balances	**–**	**68,599**	**–**	**68,599**
Total	**–**	**163,755**	**–**	**163,755**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Trade payables	**–**	**383,339**	**–**	**383,339**
Total	**–**	**383,339**	**–**	**383,339**

(Amount in Rs.)

Financial assets/financial liabilities	Fair value hierarchy as at 31 March, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	28,074	–	28,074
(ii) Other bank balances	–	59,394	–	59,394
Total	**–**	**87,468**	**–**	**87,468**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Trade payables	–	385,436	–	385,436
Total	**–**	**385,436**	**–**	**385,436**

In terms of our report attached.

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 20th April 2018

For and on behalf of the Board of Directors

Roshan L Gandhi (DIN-00010478)

Vinay Mohan Srivastva (DIN-01172665)

Place: Mumbai
Date: 20th April 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Sixth Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Gross Income	**1.24**	1.79
Total Expenses	**17.13**	24.91
(Loss) before Interest, Depreciation and Taxation	**(15.89)**	(23.12)
Less: Depreciation	**0.03**	0.01
(Loss) for the year	**(15.92)**	(23.13)
Balance of (Loss) brought forward from earlier years	**(2466.60)**	(2443.47)
Balance carried forward	**(2482.52)**	(2466.60)

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

Further, there has been no change in the nature of business of your Company.

OPERATIONS

During the year under review, the Company registered a loss of Rs.15.92 Lakhs. This was primarily attributed to the fact that the Company had completed all project works in hand. The stress during the year was on realizations from projects where contractual remedies were sought and which are at various stages.

DIVIDEND

In view of losses, your Directors do not recommend any dividend for the year under review.

RESERVES

Loss for the year has been carried forward and no amount has been transferred to Reserves.

SHARE CAPITAL

The authorized Share Capital of your Company as on 31st March, 2018 stood at Rs. 10,00,00,000 (Rupees Ten Crores Only) comprising of 45,00,000 Equity Shares of the face value of Rs. 10 each and 5,50,000 Preference Shares of Rs 100 each. The Paid-up Share Capital as on 31st March, 2018 was Rs. 7,80,05,200 (Rupees Seven Crores Eighty Lakhs Five Thousand and Two Hundred Only) divided into 24,00,520 Equity Shares of Rs.10 each and 5,40,000 10% Non-Cumulative Redeemable Participating Preference Shares of Rs. 100 each. During the year under review the Company has not issued any shares or any convertible instruments.

The 10% Non-Cumulative Redeemable Participating Preference Shares were redeemable at par on 13th March, 2015, however since the Company has continued to incur loss during the year and as on 31st March, 2018, its accumulated losses exceeded the paid up share capital and free reserves of the Company, the same cannot be redeemed.

HOLDING COMPANY

During the year under review, your Company has become Subsidiary of Mahindra World City (Maharashtra) Limited ('MWCML') with effect from 28th December, 2017 pursuant to the Scheme of Amalgamation ("Scheme") of Kismat Developers Private Limited (one of the existing shareholder of the Company), Topical Builders Private Limited (one of the existing shareholder of the Company) and Raigad Industrial & Business Park Limited with Mahindra World City (Maharashtra) Limited and their respective shareholders and creditors as approved by the National Company Law Tribunal, Mumbai Bench becoming effective from the aforesaid date.

Currently MWCML is holding more than 50% of the share capital in the Company along with its subsidiary Deep Mangal Developers Private Limited.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year none of the companies have become or ceased to be Subsidiaries, Associates or Joint Ventures.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have any subsidiaries, associates and joint ventures.

BOARD OF DIRECTORS

The Board of Directors of your Company comprises of the following Directors:

Composition:

Sr. No.	**Name of Director**	**DIN**	**Designation**	**Executive/ Non Executive**	**Independent/Non Independent**
1.	Mr. Vijay Paradkar	00149410	Director	Non-Executive	Non-Independent
2.	Mr. Roshan Gandhi	00010478	Director	Non-Executive	Non-Independent
3.	Mr. Narayan Shankar	00109111	Director	Non-Executive	Non-Independent

Mr. Roshan Gandhi (DIN: 00010478) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Narayan Shankar (DIN: 00109111) who was appointed as an Additional Director w.e.f. 29th April, 2017 was appointed at the 25th Annual General Meeting held on 27th September, 2017 as a Director of the Company.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Your Company is not required to constitute any mandatory Committees of the Board.

Provisions relating to Annual Evaluation of Board and Individual Directors are not applicable to your Company.

MEETINGS OF THE BOARD AND GENERAL MEETING

Your Board of Directors met four times during the year under review viz., on 29th May, 2017, 18th September, 2017, 6th December, 2017 and 29th January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of the Director	No. of meetings attended
Mr. Roshan Gandhi	4
Mr. Vijay Paradkar	4
Mr. Narayan Shankar	4

The 25th Annual General Meeting of the Company was held on 27th September, 2017. No Extra Ordinary General Meeting was held during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for the year under review;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis;

(e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the company.

CODES OF CONDUCT

Your Company has, adopted separate Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company and helps in managing the risks associated with the business of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness within the organisation and to integrate risk management within the corporate culture.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2 (51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Key Managerial Personnel of your Company consists of Ms. Yashashree Sumedh Ukidave as Company Secretary.

STATUTORY AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Firm Registration No. 105102W) were appointed as Auditors for a period of 5 years i.e. from the conclusion of the Twenty Second Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting to be held in the year 2019, subject to ratification by the Members of the Company at every Annual General Meeting ('AGM'). In view of the same, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing AGM of the Company.

M/s. B. K. Khare & Co., Chartered Accountants, have given written consent to act as Statutory Auditors of your Company if their appointment is ratified and have also confirmed that the said appointment would be in conformity with the provisions of Section 139 and Section 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors Report does not contain any qualifications, reservations or adverse remark or disclaimer.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds.

SECRETARIAL AUDITOR, INTERNAL AUDITOR AND COST AUDITOR

The requirements of having Secretarial Auditor, Internal Auditor and Cost Auditor are not applicable to your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished as **Annexure I** and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSIT UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has neither given any loan, guarantee or provided any security in connection with a loan nor made any investment pursuant to Section 186 of the Companies Act, 2013 during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the Ultimate Holding Company, Mahindra & Mahindra Limited.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company with related parties were in the ordinary course of business and on arm's length basis. During the year under review, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Hence pursuant to Section 134(3)(h) there are no transactions requiring reporting of the particulars thereof in this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as **Annexure II** and forms part of this Report.

VIGIL MECHANISM

The provision relating to Vigil Mechanism enumerated under the Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

The Company has laid down Internal Financial Controls with reference to the Financial Statements and these controls are adequate.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced by giving adequate training on safety and health.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).
5. There is no Managing Director or Whole Time Director in your Company.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Vijay Paradkar	**Roshan Gandhi**
Director	Director

Mumbai, 24th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

Necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(ii) the steps taken by the company for utilizing alternate sources of energy: Not Applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year: NIL

The Foreign Exchange outgo during the year in terms of actual outflows: NIL

For and on behalf of the Board

Vijay Paradkar
Director

Roshan Gandhi
Director

Mumbai, 24th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U45200MH1992PLC068846
ii)	Registration Date	30/09/1992
iii)	Name of the Company	Mahindra Construction Company Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai- 400018, Maharashtra. Tel: +9122 24905828 | Fax: +9122 2490 0833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
	Nil	Nil	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Regd Office: Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	91.66*	2(46)
2.	Mahindra Lifespace Developers Limited Regd. Office: Mahindra Towers, 5th Fl, Rd No. 13, Worli, Mumbai-400018	L45200MH1999PLC118949	Intermediate Holding	–	2(46)
3.	Mahindra World City (Maharashtra) Limited Regd. Office: Mahindra Towers, Worli, Mumbai-400018	U45309MH2005PLC156225	Immediate Holding	51.97**	2 (46)

* includes shareholding of Mahindra World City (Maharashtra) Limited and Deep Mangal Developers Private Limited which are indirect subsidiaries of Mahindra & Mahindra Limited.

** Mahindra World City (Maharashtra) Limited along with its subsidiaries Deep Mangal Developers Private Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	9,00,000	9,00,000	37.49	–	22,00,380	22,00,380	91.66	54.17
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	**9,00,000**	**9,00,000**	**37.49**	–	**22,00,380**	**22,00,380**	**91.66**	**54.17**
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	–	**9,00,000**	**9,00,000**	**37.49**	–	**22,00,380**	**22,00,380**	**91.66**	–
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
(2) Non-Institutions									
a) Body Corp.									
(i) Indian	–	13,00,390	13,00,390	54.17	–	10	10	–	(54.17)
(ii) Overseas	–	2,00,000	2,00,000	8.34	–	2,00,000	2,00,000	8.34	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	130	130	0.00	–	130	130	0.00	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	**15,00,520**	**15,00,520**	**62.51**	–	**2,00,140**	**2,00,140**	**8.34**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**15,00,520**	**15,00,520**	**62.51**	–	**2,00,140**	**2,00,140**	**8.34**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**24,00,520**	**24,00,520**	**100**	–	**24,00,520**	**24,00,520**	**100**	–

(ii) Shareholding of Promoters (Equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	9,00,000	37.49	–	9,00,000	37.49	–	–
2.	Mahindra World City (Maharshtra) Limited*	–	–	–	10,00,380	41.67	–	100
3	Deep Mangal Developers Private Limited*	–	–	–	3,00,000	12.49	–	100
	Total	**9,00,000**	**37.49**	**–**	**22,00,380**	**91.66**	–	–

*Pursuant to the Scheme of Amalgamation ("Scheme") of Kismat Developers Private Limited, Topical Builders Private Limited and Raigad Industrial & Business Park Limited with Mahindra World City (Maharashtra) Limited and their respective shareholders and creditors with effect from 28th December, 2017, Mahindra World City (Maharashtra) Limited and Deep Mangal Developers Private Limited are classified as promoters of the Company.

(iii) Change in Promoters' Shareholding (Equity)(please specify, if there is no change):

Sr. No.	Name of Promoter	Shareholding at the beginning of the year (as on 01.04.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company		No. of Shares	% of total Shares of the company
1	Mahindra & Mahindra Limited					
	At the beginning of the year	9,00,000	37.49	–	9,00,000	37.49
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	No Change				
	At the end of the year (as on 31.03.2018)	–	–	–	**9,00,000**	**37.49**
2	Mahindra World City (Maharashtra) Limited					
	At the beginning of the year	–	–	–	–	–
	(Increase): Equity Shares stood vested from Topical Builders Private Limited and Kismat Developers Private Limited on 28th December, 2017 pursuant to the Scheme of Amalgamation #	–	–	10,00,380	**10,00,380**	**41.67**
	At the end of the year (as on 31.03.2018)	–	–	–	**10,00,380**	**41.67**
3	Deep Mangal Developers Private Limited (Classified as promoter pursuant to the scheme of amalgamation#)					
	At the beginning of the year	3,00,000	12.49	–	3,00,000	12.49
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	No Change				
	At the end of the year (as on 31.03.2018)	–	–	–	**3,00,000**	**12.49**

\# The Scheme of Amalgamation ("Scheme") of Kismat Developers Private Limited, Topical Builders Private Limited and Raigad Industrial & Business Park Limited with Mahindra World City (Maharashtra) Limited and their respective shareholders and creditors with effect from 28th December, 2017.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Top Ten Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company		No. of Shares	% of total Shares of the company
1.	**Topical Builders Private Limited**					
	At the beginning of the year	7,00,380	29.18	–	–	–
	Decrease: Equity Shares stood vested from Topical Builders Private Limited to Mahindra World City (Maharashtra) Limited on 28th December, 2017 pursuant to the Scheme of Amalgamation#	–	–	(7,00,380)	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	–	–
2.	**Kismat Developers Private Limited**					
	At the beginning of the year	3,00,000	12.50	–	–	–
	Decrease: Equity Shares stood vested from Kismat Developers Private Limited to Mahindra World City (Maharashtra) Limited on 28th December, 2017 pursuant to the Scheme of Amalgamation#	–	–	(3,00,000)	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	–	–
3.	**Zeus International Trade Agency Limited**					
	At the beginning of the year	2,00,000	8.33	–	2,00,000	8.33
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	**2,00,000**	**8.33**
4.	**Mr. Anand Gopal Mahindra**					
	At the beginning of the year	50	0.002	–	50	0.002
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	**50**	**0.002**
5.	**Mr. Arun Kumar Nanda**					
	At the beginning of the year	50	0.002	–	50	0.002
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	**50**	**0.002**
6.	**Mrs. Indira Mahindra Jointly with Mr. Anand G. Mahindra**					
	At the beginning of the year	10	0.0003	–	10	0.0003
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	**10**	**0.0003**
7.	**Mr. Zhooben Bhiwandiwala**					
	At the beginning of the year	10	0.0003	–	10	0.0003
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	**10**	**0.0003**

Sr. No.	Name of Top Ten Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company		No. of Shares	% of total Shares of the company
8.	**Prudential Management & Services Private Limited jointly with Mr. M.A. Nazareth**					
	At the beginning of the year	10	0.0003	–	10	0.0003
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–	–
	At the end of the year (as on 31.03.2018)	–	–	–	**10**	**0.0003**

\# Scheme of Amalgamation ("Scheme") of Kismat Developers Private Limited, Topical Builders Private Limited and Raigad Industrial & Business Park Limited with Mahindra World City (Maharashtra) Limited as approved by the National Company Law Tribunal, Mumbai Bench effective from 28th December, 2017.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	**Mr. Narayan Shankar**				
	At the beginning of the year	10	0.0003	10	0.0003
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
	At the end of the year - 31.03.2018	–	–	**10**	**0.0003**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Rs.)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 01.04.2017)				
i) Principal Amount	Nil	11,33,26,105	Nil	11,33,26,105
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**11,33,26,105**	**Nil**	**11,33,26,105**
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net change	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year (as on 31.03.2018)				
i) Principal Amount	Nil	11,33,26,105	Nil	11,33,26,105
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**11,33,26,105**	**Nil**	**11,33,26,105**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

(in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites under Section 17(2) of Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - As % of Profit - Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act		–

B. Remuneration of other Directors:

(in Rs.)

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Roshan Gandhi	Mr. Vijay Paradkar	Mr. Narayan Shankar	
1. Independent Directors				
• Fee for attending Board/Committee meetings	–	–	–	–
• Commission	–	–	–	–
• Others, please specify	–	–	–	–
Total (1)	–	–	–	–
2. Other Non-Executive Directors				
• Fee for attending Board/Committee meetings	–	–	–	–
• Commission	–	–	–	–
• Others, please specify	–	–	–	–
Total (2)	–	–	–	–
Total B = (1+2)	–	–	–	–
Total Managerial Remuneration (A+B)	–	–	–	–
Overall Ceiling as per the Act	–			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Ms. Yashashree Ukidave, Company Secretary	
1.	Gross Salary		
	(a) Salary as per provisions contained under Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of profit Others, specify...	–	–
5.	Others – Professional Fees	3,00,000	3,00,000
	Total	**3,00,000**	**3,00,000**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			**NiL**		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NiL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			**NiL**		
Compounding					

For and on behalf of the Board

Vijay Paradkar
Director

Roshan Gandhi
Director

Mumbai, 24th April, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA CONSTRUCTION COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra Construction Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.
5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exits and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

10. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

11. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its statement of cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

13. We draw attention to:

    a. Note 25 of the financial statements which states that the accounts are prepared on going concern basis notwithstanding accumulated losses exceed paid up share capital for the reasons detailed in the said note. The matters set forth in the said note indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as going concern.

    b. Note 27 of the financial statements. The company has not made provision for interest of Rs.84.14 Lakhs payable on unsecured loans of Rs.994.42 lakhs taken by the company which has resulted in loss for the year ended 31/03/2018 and accumulated losses up to 31/03/2018 being understated to that extent.

    Our opinion is not qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

15. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2018

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the financial statements of **Mahindra Construction Company Limited** for the year ended March 31, 2018

1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management in accordance with a planned program of physical verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

2 As the company did not have inventories during the year the questions of physical verification, procedures followed for such physical verification and maintenance of records do not arise.

3 The Company has not granted any loans, secured or unsecured to any of the companies, firms nor other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) (a) and (b) of the said order are not applicable to the company.

4 The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.

5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

6 The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) There are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority, except as stated below:

Act under which dispute is pending and nature of dispute	Forum	Amount Disputed Rs. Lakhs
Income Tax Act, 1961 Penalty u/s 271(1)(c) relating to assessment year 2005-06	Income Tax appellate tribunal	31.88
Income tax demand related to assessment year 2015-16	Income Tax Authority	0.88

8 Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.

9 In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees have been noticed nor have been reported during the year.

11 On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12 The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

13 Provisions of Sections 177 of the Act are not applicable to the Company. There are no transactions during the year with related parties covered under Section 188 of the Act.

14 The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

15 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Amount in Rs. Lakhs

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	1	**–**	0.02
	(b) Loans	2	**2.08**	1.46
	(c) Other Non-current Tax Assets	3	**39.51**	39.24
	SUB-TOTAL		**41.59**	40.72
	Current assets			
	(a) Financials Assets			
	(i) Cash and Cash Equivalents	4	**5.58**	5.59
	(ii) Bank balances other than (ii) above	4	**12.32**	22.11
	(iii) Other financial Assets	5	**0.20**	1.80
	SUB-TOTAL		**18.10**	29.50
	TOTAL ASSETS		**59.69**	70.22
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share capital	6	**240.05**	240.05
	(b) Other Equity	7	**(2,482.52)**	(2,466.60)
	SUB-TOTAL		**(2,242.47)**	(2,226.55)
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Provisions		**2.90**	2.90
	SUB-TOTAL		**2.90**	2.90
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	9	**1,673.26**	1,673.26
	(ii) Trade Payables	10	**585.69**	583.03
	(iii) Other Financial Liabilities	11	**9.26**	9.39
	(b) Provisions	12	**30.42**	27.93
	(c) Other Current Liabilities	13	**0.63**	0.26
	SUB-TOTAL		**2,299.26**	2,293.87
	TOTAL		**59.69**	70.22

For M/s. B K Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2018

For and on behalf of the Board of Directors

Narayan Shankar Director

Roshan Gandhi Director

Vijay Paradkar Director

Yashashree Ukidave Company Secretary

Mumbai, 24th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Amount in Rs. Lakhs

Particulars	**Note No.**	**For the year ended 31st March 2018**	For the year ended 31st March 2017
I. Revenue from operations		**–**	–
II. Other Income	14	**1.24**	1.79
III. **Total Revenue (I + II)**		**1.24**	1.79
IV. **EXPENSES**			
(i) Personnel Expenses	15	**5.99**	10.68
(ii) Depreciation and amortisation cost	16	**0.03**	0.01
(iii) Other expenses	17	**11.14**	14.23
Total expenses (IV)		**17.16**	24.92
V. **Profit before tax (III – IV)**		**(15.92)**	(23.13)
VI. **Tax expense**			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
Total tax expense		**–**	–
VII. **Profit for the period (V – VI)**		**(15.92)**	(23.13)
VIII. **Profit for the period attributable to:**			
Owners of the Company		**(15.92)**	(23.13)
Non controlling interests		**–**	–
IX. **Total comprehensive income for the period attributable to:**			
Owners of the Company		**(15.92)**	(23.13)
Non controlling interests		**–**	**–**
X. **Earnings per equity share:**			
(1) Basic	18	**(0.66)**	(0.96)
(2) Diluted	18	**(0.66)**	(0.96)

For M/s. B K Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2018

For and on behalf of the Board of Directors

Narayan Shankar Director

Roshan Gandhi Director

Vijay Paradkar Director

Yashashree Ukidave Company Secretary

Mumbai, 24th April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Indirect Method)

Particulars	**For the year ended 31st March 2018 Rupees**	For the year ended 31st March 2017 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	**(15.92)**	(23.13)
Adjustments for:		
Depreciation	**0.03**	0.01
Interest on bank deposits	**(1.24)**	(1.79)
	(1.21)	(1.78)
Operating Profit/(Loss) before Working capital changes	**(17.13)**	(24.91)
Changes in:		
Trade and other receivables	**(0.60)**	0.62
Trade and other payables	**5.38**	(0.53)
	4.78	0.08
Cash generated from operations	**(12.35)**	(24.83)
Income taxes paid	**(0.27)**	(0.19)
NET CASH USED IN OPERATING ACTIVITIES	**(12.62)**	(25.02)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Bank deposits (Net)	**9.79**	(1.01)
Proceeds from sale of long-term investment		
Interest received	**2.82**	2.25
NET CASH FROM INVESTING ACTIVITIES	**12.61**	1.25
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from the issue of share capital (including share premium)		
NET CASH FROM FINANCING ACTIVITIES	**–**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(0.01)**	(23.77)
CASH AND CASH EQUIVALENTS (see Note below)		
Opening balance	**5.59**	29.36
Closing balance	**5.58**	5.59

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	**For the year ended 31st March 2018 Rupees**	For the year ended 31st March 2017 Rupees
Note:		
Cash and cash equivalents includes:		
Cash on hand	**–**	–
Balances with Scheduled Banks:		
(I) on Current Accounts	**5.58**	5.59
	5.58	5.59

Note:

Cash and cash equivalents as per Balance Sheet include fixed deposits having maturity of more than three months but less than 12 months amounting to Rs. 22.11 Lakhs (2016: 21.10 Lakhs)

In terms of our report attached

For M/s. B K Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2018

For and on behalf of the Board of Directors

Narayan Shankar Director

Roshan Gandhi Director

Vijay Paradkar Director

Yashashree Ukidave Company Secretary

Mumbai, 24th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

Amount in Rs. Lakhs

A. Equity share capital

As at 31st March, 2016	240.05
Changes in equity share capital during the year	–
As at 31st March, 2017	240.05
Changes in equity share capital during the year	–
As at 31st March, 2018	240.05

B. Other Equity

	Reserves and Surplus	
	General Reserve	**Total**
As at 31st March, 2016	(2,443.47)	(2,443.47)
Profit/(Loss) for the period	(23.13)	(23.13)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,466.60)	(2,466.60)
Transfers to Reserves	–	–
As at 31st March, 2017	(2,466.60)	(2,466.60)
Profit/(Loss) for the period	(15.92)	(15.92)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,482.52)	(2,482.52)
Transfers to Reserves	–	–
As at 31st March, 2018	**(2,482.52)**	**(2,482.52)**

For M/s. B K Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2018

For and on behalf of the Board of Directors

Narayan Shankar Director

Roshan Gandhi Director

Vijay Paradkar Director

Yashashree Ukidave Company Secretary

Mumbai, 24th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1 Company overview

Mahindra Construction Company Limited is a Limited Company incorporated and domiciled in India. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company.

2 Basis of preparation

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

The financial statements were approved by the Company's Board of Directors and authorised for issue on 24 April 2018

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

4 Significant accounting policies

a. Revenue Recognition

- Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

b. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI

All other financial assets are subsequently measured at fair value

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 1 - Property, Plant and Equipment

Description of Assets	Office equipment	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2017	0.79	0.79
Additions	–	–
Balance as at 31st March, 2018	**0.79**	**0.79**
II. Accumulated depreciation and impairment		
Balance as at 1st April, 2017	0.76	0.76
Depreciation expense for the year	0.03	0.03
Balance as at 31st March, 2018	**0.79**	**0.79**
III. Net carrying amount (I-II)	–	–

Description of Assets	Office equipment	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2016	0.79	0.79
Additions	–	–
Balance as at 31st March, 2017	**0.79**	**0.79**
II. Accumulated depreciation and impairment		
Balance as at 1st April, 2016	0.75	0.75
Depreciation expense for the year	0.01	0.01
Balance as at 31st March, 2017	**0.76**	**0.76**
III. Net carrying amount (I-II)	0.02	0.02

Note No. 2 - Loans

Amount in Rs. Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
	Amounts	Amounts
	Non-Current	Non-Current
Security deposits		
Unsecured, considered good	**2.08**	1.46
	2.08	1.46

Note No. 3 - Other Non-current Tax Assets

Amount in Rs. Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
	Amounts	Amounts
	Non-Current	Non-Current
Advance income tax (net of provision)	**39.44**	39.17
Fringe Benefit Tax [Net of provisions]	**0.07**	0.07
	39.51	39.24

Note No. 4 - Cash and Bank Balances

Amount in Rs. Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**5.58**	5.59
(b) Cash on hand	**–**	–
Total Cash and cash equivalent	**5.58**	5.59
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	**12.32**	22.11
Total Other Bank balances	**12.32**	22.11

Note No. 5 - Other Financial Assets

Amount in Rs. Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
	Current	Current
– Interest accrued but not due on term deposits	**0.20**	1.78
– Prepaid expenses	**–**	0.02
GRAND TOTAL	**0.20**	1.80

Note No. 6 - Equity Share Capital

Amount in Rs. Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos	**Rupees**	Nos	Rupees
Authorised shares:				
Equity Shares of Rs. 10 each	**4,500,000**	**450.00**	4,500,000	450.00
	4,500,000	**450.00**	4,500,000	450.00
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs. 10 each	**2,400,520**	**240.05**	2,400,520	240.05
	2,400,520	**240.05**	2,400,520	240.05
Reconciliation of the shares outstanding at the beginning and at the end of the reporting period Equity:				
Opening Balance	**2,400,520**	**240.05**	2,400,520	240.05
Add: Issued during the year	**–**	**–**	**–**	**–**
Closing Balance	**2,400,520**	**240.05**	2,400,520	240.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(iii) Details of shares held by the parent company, the ultimate parent company, their subsidiaries and associates

Particulars	Amount in Rs. Lakhs No. of Shares Equity Shares with Voting rights
As at 31 March 2018	
Mahindra & Mahindra Limited	**9,00,000**
Mahindra World City (Maharashtra) Limited	**13,00,380**
As at 31 March 2017	
Mahindra & Mahindra Limited	9,00,000
Mahindra World City (Maharashtra) Limited	13,00,380

(iv) Details of shares held by each shareholder holding more than 5% shares:

Amount in Rs. Lakhs

Class of shares/Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**9,00,000**	**37.49%**	9,00,000	37.49%
Mahindra World City (Maharashtra) Limited*	**13,00,380**	**54.17%**		
Topical Builders Pvt. Ltd.			7,00,380	29.18%
Deep Mangal Developers Pvt. Ltd			3,00,000	12.50%
Kismat Developers Pvt. Ltd.			3,00,000	12.50%
Zeus International Trade Agency Ltd.	**2,00,000**	**8.33%**	2,00,000	8.33%

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* These are shares transfer to Mahindra World City (Maharashtra) Limited in repect of scheme of merger between Mahindra World City (Maharashtra) Limited, Topical Builders Pvt. Ltd., Deep Mangal Developers Pvt. Ltd and Kismat Developers Pvt. Ltd.

Note No. 7 - Other Equity

Amount in Rs. Lakhs

	Reserves & Surplus General Reserve	Total
As at 31st March, 2016	**(2,443.47)**	**(2,443.47)**
Profit/(Loss) for the period	(23.13)	(23.13)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,466.60)	(2,466.60)
Transfers to Reserves	–	–
Balance as at 31st March, 2017	**(2,466.60)**	**(2,466.60)**
Profit/(Loss) for the period	(15.92)	(15.92)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,482.52)	(2,482.52)
Transfers to Reserves	–	–
As at 31st March, 2018	**(2,482.52)**	**(2,482.52)**

Note No. 8 - Provisions

Amount in Rs. Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2017 Current
Provision for compensated absences	**2.90**	2.90
	2.90	2.90

Note No. 9 - Borrowings

Amount in Rs. Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2017 Current
Inter corporate Deposits	**1,133.26**	1,133.26
Loan-Others:		
10% Non-Cumulative Redeemable Participating Preference Shares	**540.00**	540.00
	1,673.26	1,673.26

Note No. 10 - Trade Payables

Amount in Rs. Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2017 Current
Trade payable - Micro and small enterprises	**–**	–
Trade payable - Other than micro ans small enterprises	**585.69**	583.02
	585.69	583.02

Note No. 11 - Other Financial Liabilities

Amount in Rs. Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2017 Current
Other Financial Liabilities	**9.26**	9.39
	9.26	9.39

Note No. 12 - Provisions

Amount in Rs. Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2017 Current
Provisions	**30.42**	27.93
	30.42	27.93

Note No. 13 - Other Current Liabilities

Amount in Rs. Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2017 Current
TDS payable	**0.63**	0.26
	0.63	0.26

Note No. 14 - Other Income

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Interest Income		
(1) Interest on Bank Deposits (at amortised cost)	**1.24**	1.79
Total Other Income	**1.24**	1.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 15 - Personnel Expenses

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Salaries, Wages and Bonus	**5.57**	10.03
(b) Contribution to provident and other funds	**0.34**	0.53
(c) Staff welfare	**0.08**	0.12
Total Personnel Expenses	**5.99**	10.68

Note No. 16 - Depreciation and amortisation cost

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Depreciation	**0.03**	0.01
Total Personnel Expenses	**0.03**	0.01

Note No. 17 - Other Expenses

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	1.77	1.73
(ii) For Taxation matters	–	–
(b) Other expenses		
(1) Rent	1.29	1.32
(2) Insurance	0.02	0.15
(3) Travelling Expenses	1.53	1.31
(4) Legal & Professional Fees	5.60	8.39
(5) Others	0.93	1.33
Total Other Expenses	**11.14**	14.23

Note No. 18 - Earnings per Share

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
	Per Share	Per Share
Basic Earnings per share	**(0.66)**	**(0.96)**
Diluted Earnings per share	**(0.66)**	**(0.96)**

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
A. Net Profit after tax available for equity shareholders (Rs. in Lakhs)	**(15.92)**	(23.13)
B. Nominal value per Share (Rs.)	**10.00**	10.00
C. Weighted Average number of Equity Shares (No.)	**24,00,520.00**	24,00,520.00
D. Basic & Diluted Earnings per share (Re.)	**(0.66)**	(0.96)

Note No. 19 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

Amount in Rs. Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
	Current	Current
Equity	**(2,242.47)**	(2,226.55)

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

Amount in Rs. Lakhs

As at 31 March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	**12.32**	**–**	**–**	**12.32**
Other Current Asssts	**0.20**	**–**	**–**	**0.20**
Current Liabilities				
Trade Payables	**585.69**	**–**	**–**	**585.69**

Amount in Rs. Lakhs

As at 31 March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	22.11	–	–	22.11
Other Current Asssts	1.80	–	–	1.80
Current Liabilities				
Trade Payables	583.02	–	–	583.02

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) *Credit risk management*

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned.

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Amount in Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**585.69**	**–**	**–**	**–**
Total	**585.69**	**–**	**–**	**–**
31-Mar-17				
Non-interest bearing	583.02	–	–	–
Total	583.02	–	–	–
31-Mar-16				
Non-interest bearing	581.55	–	–	–
Total	581.55	–	–	–

(iii) *Financing arrangements*

The company does not have any undrawn borrowing facility as at year end

(iv) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount in Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**5.58**	**–**	**–**	**–**
Fixed interest rate instruments	**12.32**	**–**	**–**	**–**
Total	**17.90**	**–**	**–**	**–**
31-Mar-17				
Non-interest bearing	5.59	–	–	–
Fixed interest rate instruments	22.11	–	–	–
Total	27.70	–	–	–
31-Mar-16				
Non-interest bearing	29.36	–	–	–
Fixed interest rate instruments	21.10	–	–	–
Total	50.47	–	–	–

Note No. 20 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Amount in Rs. Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-Mar-18	31-Mar-17	31-Mar-16	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investments					
1) Equity investments	–	–	–	–	–
Total financial liabilities	–	–	–	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value

Amount in Rs. Lakhs

Particulars	31-03-2018 Carrying amount	31-03-2018 Fair value	31-03-2017 Carrying amount	31-03-2017 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Other Current Assets	**0.20**	**0.20**	1.80	1.80
– fixed deposits	**12.32**	**12.32**	22.11	22.11
Total	**12.52**	**12.52**	23.91	23.91
Financial assets				
Financial assets carried at Amortised Cost				
– Other Current Assets	**585.69**	**585.69**	583.03	583.03
Total	**585.69**	**585.69**	583.03	583.03

Amount in Rs. Lakhs

	Fair value hierarchy as at 31 March 2018 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans & Advances	**–**	**0.20**	**–**	**0.20**
– fixed deposits	**–**	**12.32**	**–**	**12.32**
Total	**–**	**12.52**	**–**	**12.52**
Financial liabilities held at amortised cost				
– trade and other payables	**–**	**585.69**	**–**	**585.69**
Total	**–**	**585.69**	**–**	**585.69**

Note No. 21- Contingent Liability

Amount in Rs. Lakhs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Penalty u/s 271(1)(C) of the Income Tax Act relating to Assessment Year 2005-06	**31.88**	31.88
Income tax demands disputed from A. Y. 2015-16 for which the Company has preferred appeal before the Appellate Authorities	**0.88**	–
Total	**31.88**	31.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 22 - Events after the reporting period

There are no material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Note No. 23 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Amount in Rs. Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:		
In respect of current year	–	–
Deferred Tax:		
In respect of current year	–	–
Total income tax expense on continuing operations	–	–

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs. Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**(15.92)**	(23.13)
Income tax expense calculated at 30.90% (2016: 30.90%)	–	–
Effect of income that is exempt from taxation	–	–
Interest under section 234(B) and 234(C)	–	–
Income tax expense recognised In profit or loss from continuing operations	–	–

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30.90% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note 24: Investment in New Tirupur Development Corporation Limited

The Capital of New Tirupur Area Development Corporation Limited (NTADCL) as on 31st March 2014 has been almost fully eroded by past losses. It was exploring the option of supplying substantial volume of industrial water to a textile park proposed to be set up by the State Government which would have contributed substantially to its topline. Information forthcoming in the last few months suggest that there are likely to be delays and the possibility of NTADCL recovering its past losses does not seem very promising. In view of this, the Company has provided for its entire investment of Rs.7,00,00,000 in the equity shares of NTADCL during the year.

Note 25:

Accumulated losses of the company as on 31st March 2018 exceeds the paid up share capital of the company. Though the Company has made a provision in respect of its investment in NTADCL, there is no intention of disposing off these investments. Presently, the company is actively pursuing claims and litigations in respect of projects completed and is hopeful of recovering the claims made by it against the parties, which will be recognised as revenue in the year of receipt. The Company is exploring various business opportunities including restructuring. In the opinion of the management, the company has sufficient funds to meet day to day establishment expenses for the foreseeable future.

Having regard to the above factors, the accounts are prepared on going concern basis.

Note 26:

The 10% Non-Cumulative Redeemable Participating Preference Shares ("The Shares") were redeemable at par on 13th March 2015. The Company has continued to incur losses during the year and, as on 31st March 2018, its accumulated losses exceeded the paid up share capital and free reserves of the Company. The Company is not in a position to redeem The Shares.

Note 27:

The Company had taken unsecured loans of Rs.994.42 lakhs in earlier years. Based on the Letters for waiver of interest issued by the lenders from year to year, since 2005 the Company was not for interest payable on these loans. On 1st April 2014 the lenders of the aforesaid unsecured loans opted to call for repayment of the principal amount. Further, the lenders are not agreeable to renew the unsecured loans, despite the Company expressing its inability to repay the same because of its financial situation. Since the unsecured loans have not been renewed, no provision has been made in the accounts for interest of Rs.84.14 lakhs for the year payable on these loans.

For M/s. B K Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2018

For and on behalf of the Board of Directors

Narayan Shankar	Director
Roshan Gandhi	Director
Vijay Paradkar	Director
Yashashree Ukidave	Company Secretary

Mumbai, 24th April, 2018

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Twenty Second Report together with the Audited Financial Statements of your Company for the year ended March 31, 2018.

1. Operations and Financial Overview

During the Financial Year 2017-18, your Company has registered a steady performance in spite of a continued subdued consumer sentiment, especially towards high-value discretionary spend categories. Your Company added 18,225 new members to its vacation ownership business, taking the total membership to over 2.35 lakh at the end of the year. The growth in the member addition is a result of concerted efforts in tapping high quality leads, better lead management and conversion. The Company also continued to do advertising and brand building campaigns during the year under review. Your Company added 320 new room units during the year under review, taking the total inventory to 3,472 units as of March 31, 2018.

During the year under review, your Company has increased its stake in Holiday Club Resorts Oy, Finland (HCR) from 91.94% to 95.16% on account of acquisition of additional shares in line with the agreements executed with the shareholders of HCR.

Your Company's total income (including other income) remained stable at ₹ 1,09,419 lakh in 2017-18 compared to ₹ 1,09,039 lakh in 2016-17. Profit After Tax (PAT) grew to ₹ 13,436 lakh in 2017-18 from ₹ 13,065 lakh in 2016-17. Diluted earnings per share (EPS) for 2017-18 stood at ₹ 10.10 up from ₹ 9.85 in 2016-17.

Your Company's consolidated total income (including other income) grew to ₹ 2,35,058 lakh in 2017-18 from ₹ 2,29,444 lakh in 2016-17. The consolidated PAT stood at ₹ 13,237 lakh in 2017-18 and the Diluted EPS for 2017-18 stood at ₹ 9.95.

There are no audit qualifications in the Standalone or Consolidated Financial Statements by the Statutory Auditors for the year under review.

2. Financial Highlights — Standalone

(₹ in Lakh)

	2018	2017
Income:		
Income from sale of Vacation Ownership and other services	**1,06,419**	1,07,318
Other Income	**3,000**	1,721
Total Income	**1,09,419**	1,09,039
Expenditure:		
Less: Employee Cost & other expenses	**83,219**	82,889
Profit before Depreciation, Interest and Taxation	**26,200**	26,150
Less: Depreciation	**5,480**	6,053
Interest	**5**	2
Profit for the year before Tax	**20,715**	20,095
Less: Provision for Tax – Current Tax	**6,559**	7,535
– Deferred tax (net)	**720**	(505)
Net Profit for the year after tax	**13,436**	13,065
Other Comprehensive Income (Net of Tax)	**(72)**	(3)
Total Comprehensive Income	**13,364**	13,062

3. Share Capital

Authorised Share Capital

During the year under review, the Authorised Share capital of the Company was increased from ₹ 100,00,00,000 (Rupees One Hundred Crore only) divided into 10,00,00,000 (Ten Crore) Equity Shares of ₹ 10 each (Rupees Ten only) to ₹ 150,00,00,000 (Rupees One Hundred and Fifty Crore only) divided into 15,00,00,000 (Fifteen Crore) Equity Shares of ₹ 10 each (Rupees Ten Only).

Paid up Share Capital

During the year under review and as mentioned in the previous year's Directors' Report, the Board of Directors of the Company had recommended, subject to the approval of the shareholders, issue of Bonus Shares in proportion of 1:2 i.e. 1 (one) bonus equity share of ₹ 10 each for every 2 (Two) fully paid-up equity shares of ₹ 10 each held, and consequently the same was approved by the Shareholders vide resolution passed through Postal Ballot on June 30, 2017. Accordingly, the Securities Allotment Committee of the Board of Directors of the Company on July 12, 2017, allotted 4,44,17,928 Bonus Equity Shares to the Shareholders of the Company holding shares as on July 11, 2017 (Record Date).

During the year under review, the Company has also allotted 2,45,000 equity shares of ₹ 10 each to the eligible employees/directors pursuant to exercise of stock options granted under the Company's Employee Stock Option Scheme - 2014.

Consequent to the aforesaid allotments, the Issued, Subscribed and Paid up Share Capital of the Company as on March 31, 2018 was ₹ 133,44,37,840 (Rupees One Hundred Thirty Three Crore Forty Four Lakh Thirty Seven Thousand Eight Hundred and Forty only) divided into 13,34,43,784 (Thirteen Crore Thirty Four Lakh Forty Three Thousand Seven Hundred and Eighty Four) equity shares of ₹ 10 each (Rupees Ten only).

During the year under review, your Company did not issue shares with differential voting rights/sweat equity. Details of Directors' shareholding as on March 31, 2018, are mentioned in the Corporate Governance Report, which forms a part of this Annual Report.

4. Dividend

In compliance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Dividend Distribution Policy of the Company is annexed herewith as Annexure I and is also available at the Company's website at: http://www.clubmahindra.com/sites/default/files/uploaded%20documents/Dividend-Distribution-Policy.pdf.

In line with the financial performance for the year ended March 31, 2018 and Company's Dividend Distribution Policy, your Directors are pleased to recommend a dividend of ₹ 4 (i.e. 40%) per equity share of face value of ₹ 10 each for the financial year ended March 31, 2018. The dividend, if approved at the ensuing Annual General Meeting, will be paid to the shareholders whose names appear in the Register of Members of the Company as on the Book Closure Date. The equity dividend outgo for 2017-18, inclusive of tax on distributed profits would absorb a sum of ₹ 6,435 lakh (as compared to ₹ 5,346 lakh in the previous financial year).

5. Transfer to Reserve

The Board of Directors proposes to transfer ₹ 1,500 lakh to the General Reserve from the current year's distributable profits of the Company.

6. Related Party Transactions

Your Company undertakes various transactions with related parties in the ordinary course of business. All transactions entered with related parties during the year under review are on arm's length basis and in the ordinary course of business. Your Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material in accordance with the policy of the Company i.e. Policy on Materiality of and Dealing with Related Party Transactions ("RPT Policy"). Accordingly, AOC-2 is not applicable to the Company. Further, transactions entered by the Company with related parties in the normal course of business were placed before the Audit Committee of the Board.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

The RPT Policy as approved by the Audit Committee and the Board is available on the website of the Company at: http://www.clubmahindra.com/sites/default/files/Policy_on_RPT.pdf.

Your Directors draw attention of the members to Note No. 46 to the Standalone Financial Statements which sets out related party disclosure.

7. Particulars of Loans and Advances, Guarantees or Investments

As your Company is engaged in the activity covered under Schedule VI of the Companies Act, 2013 ("Act"), the provisions of Section 186 of the Act related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of such loans made, and guarantees given to/on behalf of subsidiary companies/JV company are provided in the Note Nos. 8, 9 and 17 to the Standalone Financial Statements. These loans and guarantees for which loans are provided are proposed to be utilised by the respective recipients for their business purposes.

During the year under review, your Company has provided Corporate Guarantee of Euro 4.75 million on behalf of its subsidiary, MHR Holdings (Mauritius) Limited, Mauritius ("MHR Holdings"), as a collateral security towards the financial facilities (funded/non-funded) availed by MHR Holdings from a Bank.

The details of loans and advances which are required to be disclosed in the Annual Report of the Company pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations are furnished separately as Annexure II to this report.

Particulars of investments made by your Company are provided in the Standalone Financial Statements at Note Nos 6 and 13.

8. Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in the future.

9. Corporate Social Responsibility

Corporate Social Responsibility ("CSR") activities of the Company are guided by its CSR Policy, which is framed and approved by the Board. These are discussed in detail in the Management Discussion and Analysis Report, which forms a part of this Annual Report. The statutory disclosure with respect to CSR activities forms part of this Report and is annexed herewith as Annexure III.

10. Sustainability

In line with the philosophy of the Mahindra Group, your Company is committed to following sustainable practices in its operations. The details of the initiatives taken by your Company in this regard are discussed in the section on Sustainability in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

11. Business Responsibility Report

The Business Responsibility Report ("BRR") of your Company for the year 2017-18 forms part of this Annual Report, as required under Regulation 34(2)(f) of the SEBI Listing Regulations.

Your Company believes that the sustainable development aims at achieving economic growth and improvement in well-being while preserving the natural resources and ecosystem for future generations. Your Company also recognises the importance of sustainability and is committed to conserve the ecological integrity of its locations through responsible business practices.

12. Corporate Governance Report

A Report on Corporate Governance along with a certificate from the Statutory Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Schedule V of the SEBI Listing Regulations forms a part of this Annual Report.

13. Management Discussion and Analysis Report

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in key functional areas such as Resort Operations, Member Relations, Business Excellence, Human Resources and Information Technology are separately discussed in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

14. Whistle Blower Policy & Vigil Mechanism

As per the provisions of Section 177(9) of the Act, the Company is required to establish an effective Vigil Mechanism for Directors, employees and other stakeholders to report genuine concerns. The details of the Whistle Blower Policy and Vigil Mechanism have been disclosed in the Corporate Governance Report, which forms a part of this Annual Report.

15. Employees' Stock Options

Employees' Stock Options represent a reward system based on overall performance of the individual employee and the Company. It helps companies to attract, retain and motivate the best available talent. This also provides an opportunity to employees to participate in the growth of the Company and also encourages employees to align individual performances with the Company and promotes increased participation by the employees in the growth of the Company. Accordingly, your Company formulated the Employees' Stock Option Scheme in 2006 (2006 Scheme) and subsequently in 2014 (2014 Scheme) after obtaining requisite approvals from the shareholders. All the balance shares available under 2006 Scheme together with any other shares represented by Options that may lapse for any reason thereat, was/will be considered for issuing/ granting Options to the Employees pursuant to the provisions under the 2014 Scheme.

During the year under review, as per the terms of the Company's Employees' Stock Option Schemes (2006 and 2014) and consequent to the allotment of Bonus Shares, the appropriate adjustments were made to all the stock options (vested, unvested and unexercised) and the exercise prices of the respective grants under the Employees' Stock Option Schemes (2006 and 2014) of the Company. Further, the Company has also obtained the in-principle approval from the Stock Exchanges for listing of additional shares to be issued under 2014 Scheme based on the adjustment made pursuant to the allotment of Bonus Shares.

During the year under review, pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") a total of 60,000 new options were granted (Grant V) under 2014 Scheme by the Nomination and Remuneration Committee to the eligible employees and noted by the Board.

Details required to be provided under Regulation 14 of SEBI ESOP Regulations is available on the Company's website at: http://www.clubmahindra.com/about-us/investor-relations/financials.

The details of Employees' Stock Options forms part of the Notes to accounts of the Financial Statements in this Annual Report.

A certificate from the Statutory Auditors of the Company confirming that the 2006 Scheme and 2014 Scheme have been implemented in accordance with the SEBI

ESOP Regulations, and the resolution passed by the Shareholders, will be placed at the ensuing Annual General Meeting for inspection by members.

16. Subsidiaries, Joint Venture and Associate Companies

During the year under review, your Company has increased its equity investment in Gables Promoters Private Limited (Gables), a wholly owned subsidiary, by investing ₹ 1,532 lakh in and subscribing to 1,53,21,400 Equity Shares of ₹ 10 each of Gables. Accordingly, the total investment in the equity share capital of Gables has been increased to ₹ 6,500 lakh.

Your Company through its subsidiary Covington S.à.r.l, Luxembourg, increased its equity stake in Holiday Club Resorts Oy, Finland from 91.94% to 95.16% in April 2017.

During the year under review, Holiday Club Sweden AB, step down subsidiary of the Company, acquired 100% stake in Åre Villa 3 AB (earlier known as Visionsbolaget 12191 AB), accordingly Åre Villa 3 AB has become a step-down subsidiary of the Company. Further, Åre Villa 3 AB has acquired 100% stake in Åre Villa 4 AB (earlier known as Visionsbolaget 12192 AB) and accordingly, Åre Villa 4 AB has also become a step-down subsidiary of the Company. Further, Åre Villa 3 AB has disinvested its entire stake in Åre Villa 4 AB and consequently Åre Villa 4 AB ceased to be step-down subsidiary of the Company.

Arabian Dreams Hotel Apartments LLC, Dubai (Arabian Dreams), Joint Venture company of the Company, is considered as subsidiary company from Financial Year 2016-17 in compliance with the provisions of Indian Accounting Standards (Ind AS). Accordingly, as of March 31, 2018, your Company has 36 subsidiaries (including 31 indirect subsidiaries), 1 Joint Venture company (indirect) and 3 associate companies (including 2 indirect associates).

17. Performance of Subsidiaries

Domestic Subsidiaries

Gables Promoters Private Limited (Gables) is a wholly owned subsidiary company of the Company. During the year under review, Gables has completed its greenfield project of construction of resort property of 115 rooms at Naldehra, Himachal Pradesh and the resort property has become fully operational.

Mahindra Hotels and Residences India Limited (MHARIL) is a wholly owned subsidiary company of the Company. MHARIL did not have any operations during the year under review.

Foreign Subsidiaries

Heritage Bird (M) Sdn. Bhd, Malaysia (Heritage Bird) is a wholly owned subsidiary company of the Company. Heritage Bird's principal activities are holding of investments and leasing of properties. Heritage Bird has rooms/units in apartment properties in a well-known location in Kuala Lumpur, Malaysia.

MH Boutique Hospitality Limited, Thailand (MH Boutique), in which your Company holds forty nine per cent of equity stake, is a subsidiary of the Company by virtue of control on the composition of the Board of MH Boutique and it mainly holds investments in Infinity Hospitality Group Company Limited, Thailand.

Infinity Hospitality Group Company Limited, Thailand (Infinity) is the subsidiary company of MH Boutique and by virtue of the same is also subsidiary of the Company. Infinity owns and operates a hotel/apartment property at Bangkok, Thailand. Your Company avails rooms in the hotel property of Infinity for usage of its guests and vacation ownership members.

MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings), is a wholly owned subsidiary company of the Company. The principal activity of MHR Holdings is to hold investments. Currently, it holds investments in Covington S.à.r.l, Luxembourg.

Covington S.à.r.l, Luxembourg (Covington) is a wholly owned subsidiary of MHR Holdings and in turn a subsidiary of your Company. The principal activity of Covington is to hold investments. Currently, it holds investments in Holiday Club Resorts Oy (HCR) and HCR Management Oy (HCRM), Finland. As on March 31, 2018, Covington holds 95.16% stake in HCR and 100% stake in HCRM.

HCR, subsidiary of Covington and in turn of the Company, is the largest operator of leisure hotels in Finland and the largest vacation ownership company in Europe. As of March 31, 2018, HCR has 33 resorts of which 25 are located in Finland, 2 in Sweden and 6 in Spain. Further, out of these, 7 resorts in Finland and 1 resort in Sweden have a spa hotel attached.

HCR Management Oy, Finland (HCRM) is a wholly owned subsidiary of Covington and in turn subsidiary of your Company. HCRM is primarily engaged in the sale and trade of real estates, property management, investment activities and dealing in securities. Currently, HCRM holds investment in HCR.

Arabian Dreams Hotel Apartments LLC, Dubai (Arabian Dreams), (Joint Venture company as per the Act and subsidiary company as per Ind AS) operates 75 room hotel property in Dubai (UAE) taken on lease basis. Your Company avails rooms/apartments in the hotel property of Arabian Dreams for usage of its guests and vacation ownership members.

Associate Companies

Guestline Hospitality Management & Development Services Limited (Guestline) is an associate company of your Company pursuant to the provisions of the Act, as the Company is holding more than 20 per cent of total share capital which includes preference share capital. Guestline did not have any operations during the year under review.

Kiinteistö Oy Seniori-Saimaa and Kiinteistö Oy Sallan Kylpylä are associate companies of HCR and consequently associates of your Company.

Joint Venture Company

Tropiikin Rantasauna Oy is a Joint Venture company (JV) of HCR and consequently JV of your Company.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture company as per the Act (in the prescribed format i.e. "Form AOC-1") is provided as Annexure to the Consolidated Financial Statements and hence not repeated here for the sake of brevity.

The policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at: http://www.clubmahindra.com/sites/default/files/Policy_For_Determining_Material_Subsidiaries.pdf.

In accordance with the third proviso to Section 136(1) of the Act, the Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements are available on the Company's website www.clubmahindra.com. Further, as per fourth proviso to the said Section, the Audited Annual Accounts of each of the said subsidiary companies of the Company are also available on the Company's website at www.clubmahindra.com. Any Shareholder who may be interested in obtaining a copy of the aforesaid documents may write to the Chief Financial Officer at the Company's Registered/Corporate Office. Further, the said documents will be available for examination by the Shareholders of the Company at its Registered Office during all working days except Saturday, Sunday, Public Holidays and National Holidays, between 10.00 AM to 12.00 Noon.

18. Directors

As on March 31, 2018, your Company had 9 Directors, which includes 5 Independent Directors (IDs), 3 Non-Executive Directors (NEDs) and 1 Executive Director (ED).

During the year under review, the Board of Directors at their meeting held on May 19, 2017 pursuant to the recommendation of the Nomination and Remuneration Committee approved the remuneration payable to Mr. Kavinder Singh (DIN 06994031) for the period of 2 (two) years i.e. from November 3, 2017 to November 2, 2019 (both days inclusive) and subsequently, the same was approved by the Shareholders at the Annual General Meeting of the Company held on August 2, 2017.

Mr. S Krishnan (DIN 00212875), who was appointed as an Executive Director of the Company with effect from January 22, 2015 for a period of three years by the Shareholders of the Company, had expressed his desire not to be re-appointed and hence, ceased to be an Executive Director of the Company upon completion of his tenure on January 21, 2018 and consequently, he also ceased to be a Director of the Company with effect from January 22, 2018. Mr. Krishnan joined the Company as Chief Financial Officer (CFO) with effect from April 1, 2014 and was further elevated as CFO & Executive Director of the Company with effect from January 22, 2015. Mr. Krishnan played an important role in strengthening the systems & processes and in the acquisition of Finland subsidiary, HCR. The Board placed on record its sincere appreciation for the contributions made by Mr. Krishnan during his association with the Company.

19. Retirement by Rotation

In terms of the Articles of Association of the Company and as per Section 152(6) of the Act, Mr. Vineet Nayyar (DIN 00018243), being longest in the office, is liable to retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. However, Mr. Vineet Nayyar has expressed his desire not to seek re-appointment. It is proposed not to fill up the vacancy thereby caused.

Mr. Vineet Nayyar was appointed as a Director on the Board of the Company with effect from January 23, 2007 and has made notable contributions towards the effective functioning of the Board of the Company. The Board placed on record its sincere appreciation for the contributions made by Mr. Vineet Nayyar during his association with the Company.

20. Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that he/she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations.

21. Key Managerial Personnel (KMPs)

Mrs. Akhila Balachandar was appointed as the Chief Financial Officer (CFO) of the Company and was designated as a KMP w.e.f. May 20, 2017 and consequently, Mr. S Krishnan was re-designated from "CFO & Executive Director" to "Executive Director" of the Company with effect from the said date.

Further, as informed earlier, Mr. S Krishnan ceased to be an Executive Director and KMP of the Company upon completion of his tenure on January 21, 2018.

During the year under review, Mr. Dinesh Shetty ceased to be General Counsel & Company Secretary and KMP (including the Compliance Officer under the SEBI Listing Regulations) of the Company with effect from the closure of business hours of March 31, 2018. The Board placed on record its sincere appreciation for the contributions made by Mr. Dinesh Shetty during his association with the Company.

As on March 31, 2018, Mr. Kavinder Singh, Managing Director & CEO and Mrs. Akhila Balachandar, CFO, are the KMPs as per the provisions of the Act.

22. Board Evaluation

The Board has conducted an annual evaluation of the performance of all its Directors, Committees of the Board and that of its Non-Executive Chairman, in terms of the relevant provisions of the Act, Rules made thereunder and SEBI Listing Regulations. The manner in which the evaluation was conducted by the Company has been explained in the Corporate Governance Report, which forms a part of this Annual Report.

The Policy on appointment of Directors and Senior Management, Policy on Remuneration of Directors and Policy on Remuneration of Key Managerial Personnel and Employees are attached herewith and marked as Annexure IV, Annexure V-A and Annexure V-B respectively.

The Managing Director & CEO of the Company does not receive remuneration or commission from any of its subsidiaries and draws remuneration only from the Company.

23. Number of Board Meetings

During the year under review, the Board of Directors met 6 (six) times. The details of the Board Meetings and attendance of Directors are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

24. Composition of Audit Committee

The Audit Committee consists of Mr. Sridar Iyengar as its Chairman and Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. V S Parthasarathy as its members. Further details are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

25. Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, your Directors state that:

a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable Accounting Standards had been followed and there is no material departure;

b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018, and of the profit of the Company for the year ended on that date;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. Internal Financial Controls and Their Adequacy

Your Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. Further details are provided in the Management Discussion and Analysis Report, which forms a part of this Annual Report. During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

27. Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries prepared in accordance with the Act and applicable Accounting Standards forms part of this Annual Report.

The Consolidated Financial Statements presented by the Company includes the Financial Results of its subsidiary companies, associates and joint venture company.

28. Risk Management

Your Company has a well-defined risk management framework to identify and evaluate elements of business risk. These are discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

29. Disclosure requirements:

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.
- Effective July 1, 2017 with initiation of the Goods and Service Tax (GST) regime, India introduced the landmark tax reform. Your Company made a timely and seamless transition to the new GST system.

30. Auditors

A) Statutory Auditors

The Shareholders at their 21st Annual General Meeting ("AGM") held on August 2, 2017, approved the appointment of M/s B S R & Co. LLP, Mumbai (ICAI membership

No:101248W/W-100022) as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion of the 21st AGM till the conclusion of 26th AGM, subject to ratification of their appointment by the Members at every AGM of the Company.

As required under the provisions of Section 139 of the Act, your Company has obtained a written consent from the above Auditors, whose appointment is proposed to be ratified, to the effect that they are eligible to continue as Statutory Auditor of the Company.

The Shareholders are requested to ratify the appointment of Auditors at the forthcoming AGM and fix their remuneration. Accordingly, the appointment of M/s B S R & Co. LLP is being placed before the Shareholders for ratification.

Pursuant to Notification issued by the Ministry of Corporate Affairs on May 7, 2018 amending Section 139 of the Act, the mandatory requirement for ratification of appointment of Auditors by the Shareholders at every AGM has been omitted. Accordingly, the yearly ratification of appointment of the Auditors would not be done at every intervening AGM held after the ensuing AGM i.e. 22nd AGM as the requirement had been done away in the Act.

The Auditors' Report on the financial statements of the Company for the year ending March 31, 2018 is unmodified i.e. it does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements forming part of the annual report.

B) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company has appointed M Siroya and Company, Company Secretaries to undertake the secretarial audit of the Company. The Report of the Secretarial Auditors is annexed herewith as Annexure VI.

There are no qualifications, reservations or adverse remarks made by M Siroya and Company, Company Secretaries, Secretarial Auditors of the Company in their Secretarial Audit Report.

31. Deposits

Your Company has not accepted any deposits from public or its employees and, as such no amount on account of principal or interest on deposit were outstanding as of the Balance Sheet date.

32. Credit Rating

India Ratings and Research Private Limited ("India Ratings") has re-affirmed Long-Term Issuer Rating of 'IND A' with a stable outlook to your Company. The 'IND A' rating indicates adequate degree of safety regarding timely servicing of financial obligations. India Ratings continues to take a consolidated view of the Company and its subsidiaries, including HCR, Finland, to arrive at the ratings.

33. Material Changes and Commitment Affecting Financial Position of the Company

There are no material changes and commitments, affecting financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31, 2018, and the date of the Directors' Report.

34. Extract of Annual Return

An extract of the Annual Return as of March 31, 2018, pursuant to sub section (3) of Section 92 of the Act, in form MGT 9 is annexed herewith as Annexure VII.

35. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations. Some of these initiatives are discussed in the section on Sustainability in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act and Rule 8(3)of the Companies (Accounts) Rules, 2014 are given in the Annexure VIII to this Report.

36. Human Resources

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of its business. It considers people as its biggest assets. It has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. Apart from continued investment in skill and leadership development of its people, this year your Company has also focused on Employee Engagement Initiatives aimed at increasing the Culture of Innovation & Collaboration across all strata of the workforce. This year the Employee Engagement Scores as reflected through MCARES survey (an internal benchmarking exercise within the Mahindra Group) has been the highest ever for your Company. Your Company has also been certified as one of India's Great Places to Work For and recognised amongst the 100 best companies to work for by Great Place To Work (GPTW) Organization. These are discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. There was one complaint pending at the beginning of the year. During the year under review, the Company received four complaints under the Policy. While four complaints were disposed and appropriate actions were taken in all cases within the statutory timelines, one compliant was pending at the end of the year, which was also investigated and resolved prior to the date of this Report. Further, there were no complaints pending for more than 90 days during the year.

37. Particulars of Employees

The disclosure with respect to the remuneration of Directors, KMPs and employees under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules"), forms a part of this report as Annexure IX.

The Company had 6 (six) employees who were employed throughout the year and were in receipt of remuneration more than ₹ 102 lakh per annum and 1 (one) employee was employed for part of the year and was in receipt of remuneration of more than ₹ 8.50 lakh per month.

In terms of Section 136 of the Act, the copy of the Financial Statements of the Company, including the Consolidated Financial Statements, the Auditor's Report and relevant Annexures to the said Financial Statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said employees containing the particulars as specified in Rule 5(2) of the said Rules, which is available for inspection by the Members at the Company's Registered Office during all working days except on Saturday, Sunday, Public Holidays and National Holidays, between 10.00 AM to 12.00 Noon up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, he may write to the Chief Financial Officer of the Company at its Registered/Corporate Office.

The Financial Statements, reports etc. of the Company are available on the website of the Company www.clubmahindra.com.

38. Acknowledgement and Appreciation

Your Directors take this opportunity to thank the Company's Customers, Shareholders, Suppliers, Bankers, Financial Institutions and the Central and State Governments for their unstinted support. The Directors would also like to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Dividend Distribution Policy

The Dividend Distribution Policy ("the Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The Policy shall come into force for accounting periods beginning from 1st April, 2016.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value of ₹ 10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, out of the profits of the Company for current year or out of profits of the Company for any previous financial years or out of both, as may be permitted under the Companies Act, 2013 ("the Act").

In the event of inadequacy or absence of profits in any year, the Board may recommend to declare dividend out of the accumulated profits earned by the Company in any previous financial years and transferred to free reserves, provided such declaration of dividend shall be in accordance with the provisions of the Act and Rules framed thereunder.

The Board may also declare interim dividend as may be permitted by the Act.

The Company's dividend policy aims to balance the objective of appropriately rewarding shareholders through dividends and to support the future growth.

As in the past, subject to the provisions of the applicable laws, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range of 20% to 40% of the annual standalone Profits After Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- Internal Factors:
  - i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
    - a. Previous years and
    - b. Internal budgets,
  - ii. Cash flow position of the Company,
  - iii. Accumulated reserves
  - iv. Earnings stability
  - v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
  - vi. Brand acquisitions,
  - vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  - viii. Deployment of funds in short term marketable investments,
  - ix. Long term investments,
  - x. Capital expenditure(s), and
  - xi. The ratio of debt to equity (at net debt and gross debt level).
- External Factors:
  - i. Business cycles,
  - ii. Economic environment,
  - iii. Cost of external financing,
  - iv. Applicable taxes including tax on dividend,
  - v. Industry outlook for the future years,
  - vi. Inflation rate, and
  - vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure or working capital,

ii. Organic and/ or inorganic growth,

iii. Investment in new business(es) and/or additional investment in existing business(es),

iv. Declaration of dividend,

v. Capitalisation of shares,

vi. Buy back of shares,

vii. General corporate purposes, including contingencies,

viii. Correcting the capital structure,

ix. Any other permitted usage as per the Act.

Information on dividends paid in the last 5 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board.

The Policy will be available on the Company's website and the link to the policy is http://www.clubmahindra.com/about-us/policies.

The Policy will also be disclosed in the Company's Annual Report.

For and on behalf of the Board

Arun Nanda

Chairman

DIN: 00010029

Mumbai

May 8, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Loans and Advances as per Regulation 34(3) read with Part A of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"):

Particulars of loans and advances to subsidiaries, associates, etc., as required to be disclosed in the Annual Report of the Company pursuant to Regulation 34(3) read with Part A of Schedule V of the SEBI Listing Regulations:

Loans and advances in the nature of loans to subsidiary:

(₹ in lakh)

Name of the Company	Balance as on March 31, 2018	Maximum outstanding during the year
Heritage Bird (M) Sdn Bhd., Malaysia	**727**	727
Infinity Hospitality Group Company Limited, Thailand	**Nil**	1,359
MH Boutique Hospitality Limited, Thailand	**583**	583
Arabian Dreams Hotel Apartments LLC, Dubai*	**530**	817
Gables Promoters Private Limited	**Nil**	1,220
MHR Holdings (Mauritius) Limited, Mauritius	**202**	202
Mahindra Hotels And Residences India Limited	**5**	5

* Joint Venture company of the Company, is considered as a subsidiary company in compliance with provisions of the Indian Accounting Standards.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Annual Report on Corporate Social Responsibilities (CSR) Activities

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   As always, the Company's CSR activities were undertaken through its own CSR department. The Company undertook various CSR activities through (i) active involvement of its employees under Employees Social Options Program (ESOP), which is the employees volunteering program in the nearby areas of Company's Resorts across India; (ii) partnerships with Corporate Foundations namely: The K C Mahindra Education Trust which promotes girl child education through Nanhi Kali programme; and (iii) partnerships with other reputed Not for Profit Organizations having an established track record of at least 3 years in carrying on the specific CSR activity.

   The Company's CSR initiatives are mostly focused on promoting education, public health, environmental sustainability (including Swachh Bharat), rural development, promoting gender equality & women empowerment. CSR initiatives taken up by the Company reflects Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all the resources of the Company to drive positive change in the lives of its stakeholders and communities across the world, to enable them to Rise". During the year under review, the Company has spent ₹ 340.20 lakh on CSR activities. The amount equal to 2% of the average net profit for the past three Financial Years is ₹ 340.00 lakh.

   The Company's CSR Policy is available under it's website: http://www.clubmahindra.com/ sites /default /files/ MHRIL_CSR_Policy.pdf

2. **The composition of the CSR Committee of the Board of Directors as on March 31, 2018:**

   Mr. Arun Nanda – Chairman

   Mr. Cyrus Guzder – Member

   Mr. V S Parthasarathy – Member

   Mr. Kavinder Singh – Member

3. **Average net profit of the company for last three financial years:** ₹ 16,767 lakh.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** ₹ 340 lakh

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year : ₹ 340.00 lakh

   (b) Amount unspent, if any : Nil

   (c) Manner in which the amount spent during the financial year is detailed below:

Sr. no.	CSR project of activity identified	Sector in which the project is covered (as per Schedule VII) of the Companies Act, 2013	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lakh)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead (₹ in lakh)	Cumulative expenditure upto the reporting period (₹ in lakh)	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	NANHI KALI – Provides educational support (material & academic) to underprivileged girls in India through an after school support program. 4,670 girls were supported by your Company.	Promotion of Education	Pan India	170.00	170.00	170.00	Through implementing Agency – K. C. Mahindra Education Trust.

Sr. no.	CSR project of activity identified	Sector in which the project is covered (as per Schedule VII) of the Companies Act, 2013	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lakh)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead (₹ in lakh)	Cumulative expenditure upto the reporting period (₹ in lakh)	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2	Promoting education & enhancing the vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects including renovation of school buildings and classrooms.	Promotion of Education	Coorg (Karnataka), Goa, Shimla (Himachal Pradesh), Musoorie (Uttarakhand), Puducherry, Tungi, Ratnagiri and Mumbai (Maharashtra) and Chennai (Tamil Nadu).	51.00	50.12	220.12	Direct and through Shakthi Foundation, Massom, Hejamadi Foundation, Anganwadi, Mumbai Lakers, Sewa Resource Centre, Christ University and United Way.
3	Conservation of natural resources, Swachh Bharat, Environment Sustainability	Ensuring Environmental Sustainability	Dharamshala and Manali (Himachal Pradesh), Binsar and Naukuchiatal (Uttarakhand), Ashtamudi (Kerala), Puducherry, Gir (Gujarat), Ooty and Kodai (Tamil Nadu), Virajpet and Coorg (Karnataka), Kanha (Madhya Pradesh), Tungi and Mumbai (Maharashtra) and Rajasthan.	43.00	43.12	263.24	Direct and through Sankalp Foundation and CII Foundation (Mumbai).
4	Health Care including preventive health care	Health Care	Manali (Himachal Pradesh), Chennai (Tamil Nadu) and Mumbai (Maharashtra).	17.00	20.30	283.54	Direct and through The Blind and Humanity Welfare Centre, Yuvak Prathishthan, Parkinson's Disease and Movement Disorder Society, Cancer Patients Aid Association and Narmada Kidney Foundation.
5	Rural Development, promoting gender equality, empowering women and Supporting orphanages & underprivileged children	Rural Development and promoting gender equality	Naldehra (Himachal Pradesh), Binsar (Uttarakhand), Jaisalmer (Rajasthan), Mahableshawar (Maharashtra) and Chennai (Tamil Nadu).	59.00	56.66	340.20	Direct and through Self Help Groups, Swayam, Gunsar Lok Sangeeth Sansthan and Bal Ashram (Orphanage).
	Total			**340.00**	**340.20**		

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

The Company has spent the requisite amount allocated by the Board for its CSR activities i.e. 2% of average net profit for the last three financial years.

7. The implementation and monitoring of CSR activities are in compliance with CSR objectives and Policy of the Company.

Kavinder Singh
Managing Director & CEO
DIN: 0699403
Mumbai
May 8, 2018

Arun Nanda
Chairman - Corporate Social Responsibility Committee
DIN: 00010029

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Policy on Appointment of Directors and Senior Management

Appointment of Directors

- The Nomination and Remuneration Committee (NRC) reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

    2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Independent Director for informed and balanced decision making.

    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Acts, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management cadre in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed/relieved amongst the Leadership Team during a quarter shall be presented to the Board.

For and on behalf of the Board

Arun Nanda

Mumbai — Chairman

May 8, 2018 — DIN: 00010029

ANNEXURE V-A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Policy on Remuneration of Directors

This Policy shall be effective from the financial year 2014 - 15.

Objective

The objective of the Remuneration Policy of Directors of Mahindra Holidays & Resorts India Limited ("the Company") is to focus on enhancing the value, to attract, retain and motivate Directors for achieving objectives of the Company and to place the Company in leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Company's holding company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to Employee Stock Option Scheme 2006 (ESOS 2006), the Company has granted Stock Options to Directors including Independent Directors. The vesting and exercise of these Options shall continue to be governed by ESOS 2006 and terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while designing the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering a remuneration, the NRC shall also ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director and Executive Directors

The term of office and remuneration of Managing Director and Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director and Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director and Executive Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director and Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director and Executive Directors comprises of salary, perquisites and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Annual increments are effective from 1st April each year, as recommended/approved by the Remuneration Committee/Board.

The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director and Executive Directors to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually after the salary increment exercise.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director and Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc. as per policies of the Company. The Managing Director and Executive Directors are entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Non-executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

The Directors who are members of the Corporate Social Responsibility (CSR) Committee of the Board have voluntarily waived the receipt of sitting fees for attending the CSR Committee meetings.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

ANNEXURE V-B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Policy on Remuneration for Key Managerial Personnels and Employees

Applicability

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances based on laid down limits as per Company policy. The flexible component can be varied only once annually.
- The variable component of the remuneration for eligible employees, will vary from 15% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and Performance rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the CEO along with the CHRO & CFO decides:
  - o The increment that needs to be paid for different performance ratings as well as grades.
  - o The increment for promotions and the total maximum increment.
  - o The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in few relevant cases to keep it in tune with the market.
- Mid-term compensation correction, if any, are made on a case-to-case basis.
- Remuneration to the Managing Director/CEO, Whole-time Directors & KMP's are subject to the approval of the Remuneration Committee/Board.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Holidays & Resorts India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Holidays & Resorts India Limited (hereinafter referred to as the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; and

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. There is no External Commercial Borrowing in the Company and

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

  (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies act and dealing with client.

(vi) As confirmed by the Company, it is operating in the Leisure Hospitality Industry and mainly in the business of vacation ownership and there are no laws which are specifically applicable in relation to the business of the Company.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India as amended time to time, and

2. The Equity Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. It was brought to our notice by the Company that on November 24, 2017 it had received an email from SEBI to examine w.r.t. the news article published in the media regarding circulation of WhatsApp message pertaining to Bonus Issue, prior to its declaration. The Company has replied to the same on December 8, 2017 and as informed by the Company, it has not received any further communication on the same from SEBI.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Acts as prescribed under Direct Tax and Indirect Tax;

3. Stamp Acts and Registration Acts of respective States;

4. Labour Welfare Act of respective States; and

5. Such other Local laws etc. as may be applicable in respect of various offices of the Company.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except for the Unpublished Price Sensitive Information which were, pursuant to clause no. 1.3.7 of Secretarial Standard 1 ("SS 1"), circulated separately or placed at the Meetings of the Board and the Committees, after due compliance with the SS 1 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

(i) At the Board Meeting held on May 19, 2017 the Board, inter-alia, approved the following matters:

a) Issue of Bonus Shares in the ratio of (1:2) equity shares to the existing shareholders of the Company, subject to approval of members; and

b) Allotment of 55,000 Equity Shares to the eligible Employee/ Director of the Company, who have exercised the Stock Options granted by the Company under MHRIL ESOS – 2014.

(ii) The members through postal ballot, the result whereof were declared on July 1, 2017, inter-alia, approved the Issue of Bonus Equity Shares in the ratio of (1:2) to the existing equity shareholders of the Company and the same were subsequently allotted on July 12, 2017;

(iii) At the Annual General Meeting of the members held on August 2, 2017, *inter-alia*, declared a Final dividend of ₹ 5 per Equity share; and

(iv) The Securities Allotment Committee vide its resolutions passed by circulation on February 14, 2018, February 27, 2018 and March 21, 2018 approved the allotment of 25,000, 50,000 and 1,15,000 Equity Shares respectively to the Eligible Employee/Director of the Company, who have exercised the Stock Options granted by the Company under MHRIL ESOS – 2014;

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

May 8, 2018
Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra Holidays & Resorts India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

May 8, 2018
Mumbai

ANNEXURE VII TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i	CIN	L55101TN1996PLC036595
ii	Registration Date	September 20, 1996
iii	Name of the Company	Mahindra Holidays & Resorts India Limited
iv	Category/Sub-Category of the Company	Public Company Limited by Shares
v	Address of the Registered office and contact details	Mahindra Towers, 2nd Floor, 17/18 Patullos Road, Chennai – 600 002 T: +91 44 3988 1000 F: +91 44 3027 7778 E: investors@mahindraholidays.com W: www.clubmahindra.com
vi	Whether listed company	Yes
vii	Name, address and contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited
		Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 T: +91 40 6716 2222 F: +91 40 2300 1153 Toll free : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Income from sale of vacation ownership (VO)	55101	50
2	Annual Subscription Fee from VO members	55101	20
3	Income from sale of Food and Beverages	55101	11

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	67.36	2(46)
2.	Gables Promoters Pvt Ltd No. 504, Block A, 5th Floor, Elante Office Suites, Plot No-178-178/A, Industrial Area, Phase 1, Chandigarh – 160 001	U45209CH2012PTC033473	Subsidiary	100	2(87)(ii)
3.	Mahindra Hotels And Residences India Ltd Mahindra Towers, 2nd Floor, 17/18 Patullos Road, Chennai – 600 002	U55101TN2007PLC063285	Subsidiary	100	2(87)(ii)
4.	Heritage Bird (M) Sdn. Bhd. 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor, Malaysia	–	Subsidiary	100	2(87)(ii)
5.	MH Boutique Hospitality Limited No. 33/118-119 Wall Street Tower Building, 23rd Floor Surawongse Road, Khwaeng Suriya- wongse, Bangrak District, Bangkok, Thailand	–	Subsidiary	49	2(87)(i)

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD[*]	APPLICABLE SECTION
6.	Infinity Hospitality Group Company Ltd[@] No. 20 Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Road, Khwaeng Khlongtoey Nua, Khet Wattana Bangkok, Thailand	–	Subsidiary	73.99	2(87)(ii)
7.	MHR Holdings (Mauritius) Ltd IFS Court, Twenty Eight Cyber City, Ebene, 72201, Mauritius	–	Subsidiary	100	2(87)(ii)
8.	Covington S.á.r.l.[>] 9 Allée Scheffer L-2520, Luxembourg, Grand Duchy of Luxembourg	–	Subsidiary	100	2(87)(ii)
9.	HCR Management Oy[#] Hitsaajankatu 22, 00810 Helsinki, Finland	–	Subsidiary	100	2(87)(ii)
10.	Holiday Club Resorts Oy[#] Hitsaajankatu 22, 00810 Helsinki, Finland	–	Subsidiary	95.16	2(87)(ii)
11.	Holiday Club Sweden AB[$] Box 68, 83013 Åre, Sweden	–	Subsidiary	95.16	2(87)(ii)
12.	Ownership Service Sweden AB[^] c/o Holiday Club Sweden AB, Box 68, 83013 Åre, Sweden	–	Subsidiary	95.16	2(87)(ii)
13.	Holiday Club Canarias Investment S.L.U.[^] Avenida Ministra Anna Lindh no.1, Amadores, Mogan 35130, Canary Islands, Spain	–	Subsidiary	95.16	2(87)(ii)
14.	Holiday Club Canarias Sales & Marketing S.L.U.[+] Avenida Ministra Anna Lindh no.1, Amadores, Mogan 35130, Canary Islands, Spain	–	Subsidiary	95.16	2(87)(ii)
15.	Holiday Club Canarias Resort Management S.L.U. [+] Avenida Ministra Anna Lindh no.1, Amadores, Mogan 35130, Canary Islands, Spain	–	Subsidiary	95.16	2(87)(ii)
16.	Holiday Club Resorts Rus LLC[$] Bolshaya Konushennaya str, 8. 191186 St-Petersburg, Russia	–	Subsidiary	95.16	2(87)(ii)
17.	Suomen Vapaa-aikakiinteistöt Oy[$] c/o Holiday Club Resorts Oy, Lapinniemenranta 12 33180 Tampere	–	Subsidiary	95.16	2(87)(ii)
18.	Kiinteistö Oy Himos Gardens[$] c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
19.	Kiinteistö Oy Himoksen Tähti 2[$] c/o Holiday Club Resorts Oy, Lapinniemenranta 12 33180 Tampere	–	Subsidiary	95.16	2(87)(ii)
20.	Kiinteistö Oy Vanha Ykköstii[$] Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	95.16	2(87)(ii)
21.	Kiinteistö Oy Katinnurkka[$] c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
22.	Kiinteistö Oy Tenetinlahti[$] c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
23.	Kiinteistö Oy Mällösniemi[$] c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	95.16	2(87)(ii)
24.	Kiinteistö Oy Rauhan Ranta 1[$] c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	95.16	2(87)(ii)

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD*	APPLICABLE SECTION
25.	Kiinteistö Oy Rauhan Ranta 2$ c/o Holiday Club Resorts Oy Hitsaajankatu 22, 00810 Helsinki	–	Subsidiary	95.16	2(87)(ii)
26.	Kiinteistö Oy Tiurunniemi$ c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
27.	Kiinteistö Oy Rauhan Liikekiinteistöt 1$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
28.	Supermarket Capri Oy$ c/o Kauppakeskus Capri Oy Vipelentie 3-5, 55320 Rauha	–	Subsidiary	95.16	2(87)(ii)
29.	Kiinteistö Oy Kylpyläntorni 1$ c/o Holiday Club Isännöinti PL 618, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
30.	Kiinteistö Oy Spa Lofts 2$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
31.	Kiinteistö Oy Spa Lofts 3$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
32.	Kiinteistö Oy Kuusamon Pulkkajärvi 1$ c/o Holiday Club Isännöinti PL 619, 33101 Tampere	–	Subsidiary	95.16	2(87)(ii)
33.	Holiday Club Sport and Spahotels AB^ Box 68, 830 14 Åre, State Jamtlands Lan, Åre Kummun	–	Subsidiary	48.53	2(87)(ii)
34.	Åre Villa 1 AB^ c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden	–	Subsidiary	95.16	2(87)(ii)
35.	Åre Villa 2 AB^ c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden	–	Subsidiary	95.16	2(87)(ii)
36.	Åre Villa 3 AB^ (formerly known as Visionsbolaget 12191 AB) c/o Holiday Club Sweden AB, Box 68, 830 14 Åre, Sweden	–	Subsidiary	95.16	2(87)(ii)
37.	Arabian Dreams Hotel Apartments LLC PO Box 31993, Bur Dubai, Al Rafaa, Dubai, United Arab Emirates	–	Joint Venture	49	2(6)
38.	Guestline Hospitality Management & Development Service Limited Saleh Centre Annexe, 1st Floor, 18/4, Cunningham Road, Bangalore – 560 052	U55101KA1994PLC015472	Associate	49.94	2(6)
39.	Kiinteistö Oy Seniori-Saimaa€ Villimiehenkatu 1, 53100 Lappeenranta	–	Associate	29.50	2(6)
40.	Kiinteistö Oy Sallan Kylpylä€ c/o Sallan Kunta, PL 28, 98901 Salla, Finland	–	Associate	46.63	2(6)
41.	Tropiikin Rantasauna Oy~ c/o Kuusamon kaupunki, Keskuskuja 6 93600 Kuusamo, Finland	–	Joint Venture	47.58	2(6)

* Percentage holding in subsidiaries/associates represents the proportion of ownership interest of the Company
@ a subsidiary of MH Boutique Hospitality Limited
> a subsidiary of MHR Holdings (Mauritius) Limited
# a subsidiary of Covington S.à.r.l.
$ a subsidiary of Holiday Club Resorts Oy

^ a subsidiary of Holiday Club Sweden AB
+ a subsidiary of Holiday Club Canarias Investment S.L.U.
€ an associate of Holiday Club Resorts Oy
~ a Joint venture of Holiday Club Resorts Oy

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	–	–	–	–	–	–	–	–	–
(b)	Central Government /State Government(s)	–	–	–	–	–	–	–	–	–
(c)	Bodies Corporate	5,99,27,077	–	5,99,27,077	67.50	8,98,90,615	–	8,98,90,615	67.36	–0.14
(d)	Financial Institutions/Banks	–	–	–	–	–	–	–	–	–
(e)	Others	–	–	–	–	–	–	–	–	–
	Sub-Total A(1):	**5,99,27,077**	**–**	**5,99,27,077**	**67.50**	**8,98,90,615**	**–**	**8,98,90,615**	**67.36**	**–0.14**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	–	–	–	–	–	–	–	–	–
(b)	Bodies Corporate	–	–	–	–	–	–	–	–	–
(c)	Institutions	–	–	–	–	–	–	–	–	–
(d)	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
(e)	Others	–	–	–	–	–	–	–	–	–
	Sub-Total A(2):	–	–	–	–	–	–	–	–	–
	Total A=A(1)+A(2)	**5,99,27,077**	**–**	**5,99,27,077**	**67.50**	**8,98,90,615**	**–**	**8,98,90,615**	**67.36**	**–0.14**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	1,29,02,434	–	1,29,02,434	14.53	1,69,33,527	–	1,69,33,527	12.69	–1.84
(b)	Financial Institutions /Banks	23,373	–	23,373	0.03	34,046	–	34,046	0.03	–
(c)	Central Government/State Government(s)	–	–	–	–	–	–	–	–	–
(d)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(e)	Insurance Companies	–	–	–	–	–	–	–	–	–

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(f)	Foreign Institutional Investors	60,18,103	–	60,18,103	6.78	94,62,881	–	94,62,881	7.09	0.31
(g)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(h)	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
(i)	Others	–	–	–	–	–	–	–	–	–
	Sub-Total B(1):	**1,89,43,910**	–	**1,89,43,910**	**21.34**	**2,64,30,454**	–	**2,64,30,454**	**19.81**	**–1.53**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	13,54,110	–	13,54,110	1.53	19,91,207	–	19,91,207	1.49	–0.04
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 2 lakh	40,11,532	14,302	40,25,834	4.53	68,37,160	19,578	68,56,738	5.14	0.61
	(ii) Individuals holding nominal share capital in excess of ₹ 2 lakh	31,87,239	–	31,87,239	3.59	62,82,912	–	62,82,912	4.71	1.12
(c)	Others									
	Clearing Members	1,00,332	–	1,00,332	0.11	1,03,722	–	1,03,722	0.08	–0.03
	Foreign Bodies	58,111	–	58,111	0.07	–	–	–	–	–0.07
	Non Resident Indians	3,58,122	–	3,58,122	0.40	6,72,370	–	6,72,370	0.50	0.10
	Trusts									
	1. Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	5,46,360	–	5,46,360	0.62	6,84,290	–	6,84,290	0.51	–0.11
	2. Other Trusts	10,000	–	10,000	0.01	7,648	–	7,648	0.01	–
	HUF	2,67,775	1	2,67,776	0.30	5,14,715	1	5,14,716	0.39	0.09
	NBFC	1,985	–	1,985	0.00	8,898	–	8,898	0.00	0.00
	Investor Education and Protection Fund Authority	–	–	–	–	214	–	214	0.00	–
(d)	Qualified Foreign Investor	–	–	–	–					–
	Sub-Total B(2):	**98,95,566**	**14,303**	**99,09,869**	**11.16**	**1,71,03,136**	**19,579**	**1,71,22,715**	**12.83**	**1.67**
	Total B=B(1)+B(2):	**2,88,39,476**	**14,303**	**2,88,53,779**	**32.50**	**4,35,33,590**	**19,579**	**4,35,53,169**	**32.64**	**0.14**
	Total (A+B):	**8,87,66,553**	**14,303**	**8,87,80,856**	**100.00**	**13,34,24,205**	**19,579**	**13,34,43,784**	**100.00**	**–**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
(2)	Public	–	–	–	–	–	–	–	–	–
	Total C	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	GRAND TOTAL (A+B+C):	**8,87,66,553**	**14,303**	**8,87,80,856**	**100.00**	**1,33,424,205**	**19,579**	**13,34,43,784**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2017			Shareholding at the end of the year 31/03/2018			% Change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/en-cumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/en-cumbered to total shares	
1	Mahindra & Mahindra Limited	5,99,27,077	67.50	0.00	8,98,90,615	67.36	0.00	-0.14
	Total	**5,99,27,077**	**67.50**	**0.00**	**8,98,90,615**	**67.36**	**0.00**	**-0.14**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Date	Reason for Increase/ Decrease	Name of the Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	01/04/2017	Opening Balance	Mahindra & Mahindra Limited	5,99,27,077	67.50	5,99,27,077	67.50
	12/07/2017	Bonus Allotment		2,99,63,538	NA	8,98,90,615	67.46
	31/03/2018	Closing Balance				8,98,90,615	67.36

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Date	Reason for Increase/Decrease	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1.	01/04/2017	Opening Balance	GOVERNMENT PENSION FUND GLOBAL	35,00,000	3.94	35,00,000	3.94
	07/04/2017	Sale		22,000	0.02	34,78,000	3.92
	14/04/2017	Sale		18,000	0.02	34,60,000	3.90
	16/06/2017	Sale		47,900	0.05	34,12,100	3.84
	23/06/2017	Purchase		37,900	0.04	34,50,000	3.88
	30/06/2017	Purchase		2,50,000	0.28	37,00,000	4.16
	12/07/2017	Bonus Allotment		18,50,000	NA	55,50,000	4.16
	21/07/2017	Purchase		2,18,332	0.16	57,68,332	4.33
	04/08/2017	Sale		13,332	0.01	57,55,000	4.32
	03/11/2017	Sale		8,000	0.01	57,47,000	4.31
	10/11/2017	Sale		8,000	0.01	57,39,000	4.30
	31/03/2018	Closing Balance				57,39,000	4.30
2.	01/04/2017	Opening Balance	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID – CAP OPPORTUNITIES FUND	24,39,000	2.75	24,39,000	2.75
	28/04/2017	Purchase		32,000	0.04	24,71,000	2.78
	12/07/2017	Bonus Allotment		12,35,500	NA	37,06,500	2.78
	31/03/2018	Closing Balance				37,06,500	2.78
3.	01/04/2017	Opening Balance	HDFC TRUSTEE COMPANY LIMITED A/C HDFC BAL-ANCED FUND	19,56,000	2.20	19,56,000	2.20
	12/07/2017	Bonus Allotment		9,78,000	NA	29,34,000	2.20
	31/03/2018	Closing Balance				29,34,000	2.20
4.	01/04/2017	Opening Balance	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	11,56,685	1.30	11,56,685	1.30
	12/07/2017	Bonus Allotment		5,78,342	NA	17,35,027	1.30
	12/01/2018	Purchase		39,621	0.03	17,74,648	1.33
	19/01/2018	Purchase		1,06,347	0.08	18,80,995	1.41
	26/01/2018	Purchase		48,430	0.04	19,29,425	1.45
	31/03/2018	Closing Balance				19,29,425	1.45
5.	01/04/2017	Opening Balance	SBI MAGNUM MIDCAP FUND	11,53,933	1.30	11,53,933	1.30
	07/04/2017	Purchase		75,000	0.08	12,28,933	1.38
	12/07/2017	Bonus Allotment		6,14,466	NA	18,43,399	1.38
	09/02/2018	Sale		55,249	0.04	17,88,150	1.34
	16/03/2018	Sale		39,422	0.03	17,48,728	1.31
	31/03/2018	Closing Balance				17,48,728	1.31
6.	01/04/2017	Opening Balance	SBI MAGNUM GLOBAL FUND	11,40,000	1.28	11,40,000	1.28
	07/04/2017	Purchase		75,000	0.08	12,15,000	1.37
	28/04/2017	Purchase		20,350	0.02	12,35,350	1.39
	12/07/2017	Bonus Allotment		6,17,675	NA	18,53,025	1.39
	04/08/2017	Sale		22,940	0.02	18,30,085	1.37
	08/09/2017	Sale		85,775	0.06	17,44,310	1.31
	15/09/2017	Sale		12,095	0.01	17,32,215	1.30
	31/03/2018	Closing Balance				17,32,215	1.30

Sl. No.	Date	Reason for Increase/Decrease	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
7.	01/04/2017	Opening Balance	RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE MID & SMALL CAP FUND	10,79,146	1.22	10,79,146	1.22
	30/06/2017	Sale		19,712	0.02	10,59,434	1.19
	12/07/2017	Bonus Allotment		5,29,717	NA	15,89,151	1.19
	02/03/2018	Sale		1,14,943	0.09	14,74,208	1.11
	16/03/2018	Sale		1,20,364	0.09	13,53,844	1.02
	23/03/2018	Sale		1,45,728	0.11	12,08,116	0.91
	30/03/2018	Sale		1,55,807	0.12	10,52,309	0.79
	31/03/2018	Closing Balance				10,52,309	0.79
8.	01/04/2017	Opening Balance	MIRAE ASSET EMERGING BLUECHIP FUND	9,48,945	1.07	9,48,945	1.07
	07/04/2017	Sale		1,34,035	0.15	8,14,910	0.92
	16/06/2017	Sale		40,000	0.05	7,74,910	0.87
	30/06/2017	Sale		2,20,000	0.25	5,54,910	0.62
	07/07/2017	Sale		4,597	0.01	5,50,313	0.62
	12/07/2017	Bonus Allotment		2,75,156	NA	8,25,469	0.62
	04/08/2017	Sale		15,555	0.01	8,09,914	0.61
	31/03/2018	Closing Balance				8,09,914	0.61
9.	01/04/2017	Opening Balance	PARAG PARIKH LONG TERM VALUE FUND	5,69,281	0.64	5,69,281	0.64
	02/06/2017	Purchase		5,000	0.01	5, 74,281	0.65
	12/07/2017	Bonus Allotment		2,87,140	NA	8,61,421	0.65
	28/07/2017	Sale		5,000	0.00	8,56,421	0.64
	05/01/2018	Sale		8,56,421	0.64	0	0.00
	31/03/2018	Closing Balance				0	0.00
10.	01/04/2017	Opening Balance	MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED EMPLOYEES' STOCK OPTION TRUST	5,46,360	0.62	5,46,360	0.62
	28/04/2017	Sale		17,000	0.02	5,29,360	0.60
	16/06/2017	Sale		3,000	0.00	5,26,360	0.59
	11/07/2017	Sale		958	0.00	5,25,402	0.59
	12/07/2017	Bonus Allotment		2,62,701	NA	7,88,103	0.59
	22/09/2017	Sale		5,000	0.00	7,83,103	0.59
	03/11/2017	Sale		15,000	0.01	7,68,103	0.58
	08/12/2017	Sale		20,250	0.02	7,47,853	0.56
	16/02/2018	Sale		35,563	0.03	7,12,290	0.53
	23/02/2018	Sale		13,000	0.01	6,99,290	0.52
	02/03/2018	Sale		15,000	0.01	6,84,290	0.51
	31/03/2018	Closing Balance				6,84,290	0.51
11.	01/04/2017	Opening Balance	PRAVES EQUITY INDIA	1,354	0.00	1,354	0.00
	07/04/2017	Purchase		48,373	0.06	49,727	0.06
	14/04/2017	Purchase		60,000	0.06	1,09,727	0.12
	12/07/2017	Bonus Allotment		54,863	NA	1,64,590	0.12
	18/08/2017	Purchase		91,000	0.07	2,55,590	0.19
	08/09/2017	Purchase		1,90,410	0.14	4,46,000	0.33
	15/09/2017	Purchase		4,00,000	0.30	8,46,000	0.63
	29/09/2017	Purchase		1,96,868	0.15	10,42,868	0.78
	31/03/2018	Closing Balance				10,42,868	0.78

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Date	Reason for Increase/Decrease	Name of the Share Holder	Shareholding at the begginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1.	01/04/2017	Opening Balance	Arun Nanda	6,94,630	0.78	6,94,630	0.78
	19/05/2017	ESOP allotment		50,000	0.06	7,44,630	0.84
	12/07/2017	Bonus Allotment		3,72,315	NA	11,16,945	0.84
	21/03/2018	ESOP Allotment		75,000	0.05	11,91,945	0.89
	26/03/2018	Purchase		75,000	0.06	12,66,945	0.95
	31/03/2018	Closing Balance				12,66,945	0.95
2.	01/04/2017	Opening Balance	Cyrus Guzder	26,700	0.03	26,700	0.03
	12/07/2017	Bonus Allotment		13,350	NA	40,050	0.03
	31/03/2018	Closing Balance				40,050	0.03
3.	01/04/2017	Opening Balance	Vineet Nayyar	26,700	0.03	26,700	0.03
	12/07/2017	Bonus Allotment		13,350	NA	40,050	0.03
	31/03/2018	Closing Balance				40,050	0.03
4.	01/04/2017	Opening Balance	Rohit Khattar	26,700	0.03	26,700	0.03
	12/07/2017	Bonus Allotment		13,350	NA	40,050	0.03
	31/03/2018	Closing Balance				40,050	0.03
5.	01/04/2017	Opening Balance	Sridar Iyengar	–	–	–	–
	14/02/2018	ESOP Allotment		10,313	0.01	10,313	0.01
	31/03/2018	Closing Balance				10,313	0.01
6	01/04/2017	Opening Balance	S Krishnan*	–	–	–	–
	14/02/2018	ESOP Allotment		25,000	0.02	25,000	0.02
	24/02/2018	Sale		20,307	0.02	4,693	0.00
	26/02/2018	Sale		581	0.00	4,112	0.00
	27/02/2018	ESOP Allotment		50,000	0.04	54,112	0.04
	06/03/2018	Sale		4,112	0.00	50,000	0.04
	10/03/2018	Sale		14,900	0.01	35,100	0.03
	12/03/2018	Sale		13,500	0.01	21,600	0.02
	14/03/2018	Sale		5,958	0.00	15,642	0.01
	16/03/2018	Sale		4,128	0.00	11,514	0.01
	21/03/2018	ESOP Allotment		40,000	0.03	51,514	0.04
	24/03/2018	Sale		8,283	0.01	43,231	0.03
	28/03/2018	Sale		3,231	0.00	40,000	0.03
	31/03/2018	Closing Balance				40,000	0.03
7.	01/04/2017	Opening Balance	Dinesh Shetty#	0	0	0	0
	19/02/2018	ESOP Allotment		8,000	0.00	8,000	0.00
	13/03/2018	Sale		1,000	0.00	7,000	0.00
	28/03/2018	Sale		3,000	0.00	4,000	0.00
	31/03/2018	Closing Balance				4,000	0.00

* Ceased to be an Executive Director w.e.f. January 21, 2018.
# Ceased to be Company Secretary w.e.f. March 31, 2018.

None of the other Directors and KMPs hold any shares in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01/04/2017				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year			Nil	
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year 31/03/2018				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors ~~and/or Manager~~:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/~~Manager~~		Total Amount
		Kavinder Singh (Managing Director & CEO)	S Krishnan# (Executive Director)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	365.61	167.92	533.53
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.24	0.35	5.59
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option related perquisites	–	141.08	141.08
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit			
	- others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	**370.85**	**309.35**	**680.20**
	Ceiling as per the Act	₹ 2,130 lakh (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

Ceased to be an Executive Director w.e.f. January 21, 2018.

B. Remuneration to other directors:

(₹ in lakh)

Particulars of Remuneration	Name of Directors								Total Amount
	Arun Nanda	Cyrus Guzder	Rohit Khattar	Sanjeev Aga	Sridar Iyengar	Radhika Shastry	V S Parthasarathy	Vineet Nayyar	
Independent Directors									
• Fees for attending board/ committee meetings	–	8.00	4.80	6.20	8.10	6.00	–	–	33.10
• Commission	–	15.00	13.50	13.50	15.00	13.50	–	–	70.50
• Others, please specify	–	–	–	–	–	–	–	–	–
Total (1)	**–**	**23.00**	**18.30**	**19.70**	**23.10**	**19.50**	**–**		**103.60**
Other Non-Executive Directors									
• Fees for attending board/ committee meetings	9.00	–	–	–	–	–	–	5.90	14.90
• Commission	100.00	–	–	–	–	–	–	13.50	113.50
• Others, please specify	–	–	–	–	–	–	–	–	–
Total (2)	**109.00**	**–**	**–**	**–**	**–**	**–**	**–**	**19.40**	**128.40**
Total (B)=(1+2)	109.00	23.00	18.30	19.70	23.10	19.50	–	19.40	232.00
Total Managerial Remuneration (A+B)									912.20
Overall Ceiling as per the Act (A+B)	₹ 2,343 lakh (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)								

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary^	CFO		Total
			S Krishnan#	Akhila Balachandar*	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	79.55	Refer Point No. VI A	92.88	172.43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.44		0.38	0.82
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–		–	–
2.	Stock Option related perquisites	7.11		–	7.11
3.	Sweat Equity	–		–	–
4.	Commission - as % of profit -others, specify…	–		–	–
5.	Others, please specify	–		–	–
	TOTAL	87.10		93.26	180.36

^ Ceased to be Company Secretary w.e.f. March 31, 2018
# Ceased to be CFO w.e.f. May 20, 2017
* Appointed as CFO w.e.f. May 20, 2017

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its directors or any of its officers.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

ANNEXURE VIII TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A) Conservation of energy:

(i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However adequate measures have been initiated to reduce energy consumption further which are listed below:

- Installation of Solar Energy for hot water generation at resorts.
- Replacement of diesel fired hot water generator with installation of energy efficient heat pumps at resorts for air-conditioning and space heating.
- Timers for external lighting and installation of energy efficient LED lighting at the resorts.
- Maintaining power factor to 0.99.
- Voltage regulation by installing automatic voltage stabilizer.

(ii) The steps taken by the company for utilizing alternate sources of energy: Installation of Bio gas plant and solar power generation plants.

(iii) The capital investment on energy conservation equipment: ₹ 304 lakh.

B) Technology absorption:

(i) The efforts made towards technology absorption: The Company has not carried out any Technology absorption.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Not Applicable

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

(iv) The expenditure incurred on Research and Development: Not Applicable

(C) Foreign Exchange earnings and outgo:

Foreign Exchange Earnings & Outgo during the year under review are as follows:

(₹ in lakh)

Total Foreign Exchange Earnings & Outgo	For the financial year ended March 31, 2018	For the financial year ended March 31, 2017
Foreign Currency Earnings	**320**	502
Foreign Exchange Outgo (including remittance of Dividend)	**4,160**	3,954

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

ANNEXURE IX TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Disclosures required with respect to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. **The ratio of the remuneration of each director to the median employees remuneration for the Financial Year:**

Name of the Directors	Ratio to median remuneration
Non-Executive Directors*	
Mr. Arun Nanda	42:1
Mr. Cyrus Guzder	9:1
Mr. Sridar Iyengar	9:1
Mr. Sanjeev Aga	8:1
Mr. Rohit Khattar	7:1
Ms. Radhika Shastry	8:1
Mr. V S Parthasarathy	-
Mr. Vineet Nayyar	8:1
Executive Directors	
Mr. Kavinder Singh	144:1
Mr. S Krishnan#	74:1

* The remuneration of Non-executive directors covers sitting fees and commission.

\# Ceased to be an Executive Director w.e.f. January 21, 2018.

2. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Name of the Directors, Chief Financial Officer and Company Secretary	Percentage increase in remuneration
Mr. Arun Nanda	1.2%
Mr. Cyrus Guzder	12.7%
Mr. Sridar Iyengar	7.9%
Mr. Sanjeev Aga	11.3%
Mr. Rohit Khattar	-6.6%
Ms. Radhika Shastry	11.4%
Mr. V S Parthasarathy	N.A.
Mr. Vineet Nayyar	36.3%
Mr. Kavinder Singh, Managing Director & CEO	15.0%
Mr. S Krishnan, Executive Director*	6.0%
Mr. Dinesh Shetty, General Counsel & Company Secretary#	6.0%
Mrs. Akhila Balachandar, Chief Financial Officer	6.4%

* Ceased to be an Executive Director w.e.f. January 21, 2018.

\# Ceased to be Company Secretary w.e.f. March 31, 2018.

3. **The Percentage increase in the median remuneration of employees in the financial year:**

The percentage increase in the median remuneration of the employees in the financial year was around 10.8%. The calculation of percentage increase in median remuneration is done based on comparable employees and for this purpose, we have excluded employees who were not eligible for any increment.

4. **The Number of permanent Employees on the rolls of the Company:** 5,246

5. **Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:**

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel during the Financial Year 2017-18 was around 8.83%, while the average increase in the remuneration of the Key Managerial Personnel was around 10.32%. The remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

While recommending the increase in remuneration of its employees, the Company considered overall organisation performance, industry benchmarking, cost of living adjustment/inflation apart from individual performance on the basis of Balanced Scorecard approach.

The total compensation is a prudent mix of fixed and variable pay in the form of performance pay. The proportion of variable pay to total compensation is higher at senior level and lower at middle level.

The performance of the Company has bearing on the quantum of variable pay declared for employees across senior and middle levels.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company.**

It is hereby affirmed that the remuneration paid is as per the policy for Remuneration of the Directors, Key Managerial Personnel and Employees.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Mumbai
May 8, 2018

Management Discussion and Analysis

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays', 'MHRIL' or 'the Company') is a leading player in the leisure hospitality industry. Founded in 1996, it has established vacation ownership business in India, and is the market leader in the business with over 2.35 lakh members and 55 resorts. Together with its Finnish subsidiary, Holiday Club Resorts (HCR), Mahindra Holidays has a bouquet of 88 resorts in Asia and Europe, making it the largest vacation ownership company outside the USA.

Apart from providing quality rooms in the form of furnished apartments and cottages at resorts in unique and popular destinations, Mahindra Holidays offers to its vacation ownership members family-friendly amenities including dining, holiday activities, spa and wellness facilities for a complete holiday experience.

This Management Discussion and Analysis Report (MDA) presents an overview of the operational and financial performance of the Company during 2017-18. It also highlights Mahindra Holidays' strategy, and discusses important initiatives taken by it to achieve its growth and performance objectives.

Performance Highlights

Growing Membership… Focus on Quality

Mahindra Holidays added more than 18,200 members to its vacation ownership business in 2017-18 — taking the cumulative membership base to over 2.35 lakh at the end of 2017-18. This represents a 8.1 per cent growth in cumulative membership over the previous year.

The performance is creditable for two reasons. First, the consumer predisposition towards discretionary product categories continued to be subdued in 2017-18. Second, the Company took a conscious decision to focus on high-quality memberships with more conservative payment plans — involving higher down payments and fewer EMIs. The Company's efforts to achieve this growth is discussed in the sections on 'Strategy' and 'Business Performance'.

Strong Inventory Addition… The Pace to Continue

Mahindra Holidays added 320 room units to its room inventory during the year — versus 273 units in 2016-17 — taking the total room inventory to 3,472 units across its 55 resorts. This includes the 115-units greenfield project at Naldehra, Himachal Pradesh, which became operational in 2017-18 as well as leases and inventory arrangements across multiple locations in India and international destinations such as Singapore and Dubai.

Pace of room inventory growth is expected to remain strong with three ongoing greenfield and expansion projects expected to add close to 500 units over the next few years. Further details are provided in the section on 'Properties and New Projects'.

Member Satisfaction at an All-Time High

During 2017-18, member satisfaction improved considerably: both customer-as-promoter and post-holiday feedback scores were at an all-time high. Despite an increase in room inventory, Mahindra Holidays maintained occupancy rate at 85.1 per cent. Initiatives undertaken to upgrade resort infrastructure and amenities, new holiday activities and F&B facilities are discussed in the section on 'Resort Operations'.

Adoption of the Company's full-feature mobile app for its members increased significantly in 2017-18 with over 3 lakh downloads and use by 1.1 lakh members. The percentage of online bookings was at 84 per cent during 2017-18. Further information on initiatives and improvements in member servicing is available in the section on 'Member Relations'.

Towards an Experience Ecosystem… Aided by Digital

Mahindra Holidays took significant strides in 2017-18 to augment its 'experience ecosystem' with curated in-city experiences, festival and theme-based vacations as well as exchange programmes with top-rated hotel chains in India and abroad. It also recently launched a cruise exchange programme. Member engagement outside resorts through 'Heart-to-Heart' events increased significantly with their roll out in Tier 2 cities.

The Company revisited its content strategy to move towards video and other non-static forms of content in keeping with the emerging trends in media consumption and rising relevance of social media. ***During the year, Mahindra Holidays created over 150 videos showcasing its resorts and holiday experiences, employing them in successful campaigns for brand building, digital lead generation and resort marketing.*** More on this is provided in the section on 'Strategy'.

Creditable Financial Performance

Despite a subdued macro-environment, the Company registered a steady growth in membership. This, coupled with a robust increase in resort incomes and efficiencies across the broad spectrum of its operations, allowed Mahindra Holidays to register creditable results in 2017-18. Key metrics of the Company's financial performance as a standalone entity are given below:

- Total income (including other income) remained stable at ₹ 1,094 crore in 2017-18, compared to ₹ 1,090 crore in 2016-17.
- Profit before Taxes (PBT) grew by 3.1 per cent from ₹ 201 crore in 2016-17 to ₹ 207 crore in 2017-18. Profit after Taxes (PAT) grew by 2.8 per cent from ₹ 131 crore in 2016-17 to ₹ 134 crore in 2017-18.
- Diluted EPS for the standalone entity increased from ₹ 9.85 in 2016-17 to ₹ 10.10 in 2017-18.

The rest of this MDA chapter details the opportunities as well as the Company's strategy and performance in 2017-18. It also provides an overview of initiatives in CSR, Sustainability and key functional areas such as Human Resources and Information Technology. The chapter ends with a discussion on risks and concerns, and Mahindra Holiday's outlook for the future.

Opportunities

India's economic growth decelerated marginally in 2017-18. ***According to the second advance estimates released by the Central Statistics Office (CSO), India's GDP growth is estimated to be 6.8 per cent in 2017-18, versus 7.1 per cent in the previous year.*** Although there were mixed trends with respect to the performance in categories such as housing, auto, white goods and other consumer durables during the year, the overall consumer sentiment for discretionary spend categories continued to be subdued.

The situation improved somewhat as the year progressed — with the waning of the transitory impact of demonetisation and the Goods and Services Tax (GST). The quarterly GDP growth (YoY) numbers have shown an improvement in the last few quarters. ***The Reserve Bank of India (RBI), in its monetary policy statement released in April 2018, notes the improved outlook for both demand and investment, and expects GDP growth to strengthen to 7.4 per cent in 2018-19.*** This, if coupled with a stable inflation and no further hikes in interest rates, should augur well for improvement in consumer confidence and discretionary spend in 2018-19. If that were to occur, the travel and tourism industry, too, is likely to benefit from this trend.

The Indian travel and tourism industry is estimated to grow at 7.5 per cent annually to USD 250 billion by 2025. Around 83 per cent of the spend is in domestic tourism.

As far as the vacation ownership industry in India is concerned, the market penetration is still very low. If one compares the Indian vacation ownership industry with the US in terms of its share in the hospitality sector, the scope for growth in India is at least five times that of its current size. Similar conclusions can be drawn if one considers other surrogates such as ownership and sales of cars. Besides, India has favourable demographics and consumption pattern in terms of growing automobile sales and trend of higher spends on discretionary categories such as eating out, entertainment and holidays.

Strategy

Mahindra Holidays has performed creditably in the last few years despite a challenging environment. It believes that there is a significant potential for further growth of the business, more so with improved economic growth prospects. Considering the competitive landscape and emerging trends in media consumption habits, the Company has been focusing on two strategic priorities.

Experience Ecosystem

While providing immersive holiday experiences will always be at the core of the 'Club Mahindra' offering, the strategy is to differentiate itself as a provider of a complete experience ecosystem. The central idea is to take the Company's engagement with its members beyond the 7-day holiday period to foster a sense of belonging and create member privileges to enhance the 'Club' value proposition. Initiatives during the year included:

- '**Dreamscapes**': A wide variety of in-city experiences especially curated for members with preferential rates and end-to-end support for booking and payments. Launched in 2016-17, this was expanded significantly during the year and is currently available in over 30 cities, aggregating to over 2,000 experiences.
- **Curated vacations:** Festivals and theme-based vacation experiences (e.g. Rann Utsav in Gujarat and Pushkar Fair in Rajasthan) for members at very attractive prices. Mahindra Holidays offered several such vacation options to its members in 2017-18.
- **Exchange programme:** This was introduced in 2017-18 to expand the set of destinations available to its members. Under this programme, members can exchange their Club Mahindra room nights for stays in top-rated hotel chains.
- **Cruise Experience:** This programme provides preferential pricing and room night exchange for cruise experiences.
- **Heart-to-Heart events:** These are in-city member meets organised by the Company which include leisure and edutainment activities for member families. During the year, the coverage of these events was expanded to Tier 2 cities. Over 10,000 members and their families participated in these events in 2017-18.

'Digital-Mobile-Social' Philosophy

The second strategic priority for the Company is to reinvent its sales and marketing strategy as well as engagement and reach-out activities around digital formats and platforms since a bulk of media consumption is happening on mobile devices and social media. Some of the key initiatives and achievements were:

- **Video content:** Content strategy was revisited with digital media in mind — short capsules, contextual and different versions optimised for various channels. Over 150 videos were shot showcasing resorts and destinations, holiday activities, F&B, events and celebrations, marketing campaigns and member testimonials.
- **Increase social media presence:** Social media today is perhaps the most important channel to communicate the brand proposition and values. The video content strategy fits seamlessly, enhancing the Company's social media presence across platforms — resulting in favourable impact in terms of engagement and creating a buzz around the brand. Overall online sentiment also improved significantly during the year.
- **Brand campaign:** Several brand campaigns were carried out to augment the brand messaging and increase interest among target groups. Some of the most successful

campaigns carried out during the year included 'Leave Office One Hour Early' on World Family Day, 'If you don't go, you won't know' on World Tourism Day, 'Big Shot' photography contest and '*Only at Club Mahindra*'.

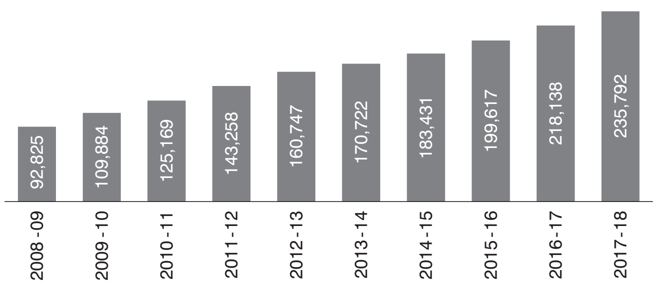
- **Resort marketing campaign:** Special itineraries with curated activities and events in a cluster of resorts e.g. 'Rajasthan Heritage Trails', 'Monsoons in Kerala', 'Wild Surprise' for jungle resorts and 'Snow Clad Holidays' for hill stations. Digital content has increased ability to carry out highly customised and targeted pitching.

The Company continued to do advertising and brand-building campaigns in print and television which amplified the key message. Digital marketing efforts outlined above will further enhance the 'pull' of brand Club Mahindra going forward. ***Mahindra Holidays won 'The Times Network – Institute for Competitiveness Strategy Awards' in 2017 for creating a unique positioning in the Tourism & Hospitality industry.***

Business Performance

'Club Mahindra' is the Company's flagship product in the vacation ownership business, which entitles its members a week's holiday every year for a period of 25 years. ***During 2017-18, the Company added 18,225 members. After accounting for retiring members, the total membership grew to 235,792 as on March 31, 2018 —representing a compounded annual average growth rate of 8.1 percent in cumulative membership over the last five years.*** Chart A provides detailed data.

Chart A: Cumulative Vacation Ownership Membership



Note: Membership includes all vacation ownership products of the Company.

This performance is a result of concerted efforts on several fronts. First, there has been an increase in quality of leads, coupled with better lead management and conversion. In addition to the continued success of Company's pull-based digital and referral leads, which accounted for 48 per cent of sales in 2017-18, its efforts at tapping high-quality leads though alliances and corporate partnerships have started bearing results. This was also aided by the deployment of marketing automation platform and the 'M-Power' App for sales executives, which is discussed further in the section on IT.

Second, the Company was successful in expanding its geographic reach in high-potential Tier 2 and Tier 3 cities. Moreover, resort locations continued to contribute meaningfully to overall sales. At the end of 2017-18, Mahindra Holidays was present in 124 locations through a network of branch offices, sales offices and channel partners in addition to 55 resorts.

Third, international performance remained strong, with further strengthening of the Company's presence in important markets. Currently, Club Mahindra has its international footprint in SriLanka, Middle East and Africa. Going forward, focus will be to expand it to other countries with a sizeable Indian population.

The Company markets a corporate product called '***Club Mahindra Fundays***', which allows enrolled organisations to offer holiday entitlements to its employees either as a part of their reward and recognition program or as an employment perquisite. During the year, this product performed satisfactorily, with an increase in the number of room nights utilised.

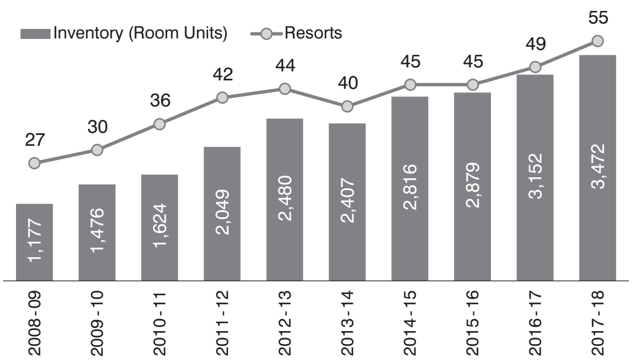
Towards the end of 2016-17, the Company had launched '***Bliss***' — a vacation ownership product targeted at the 50-year plus age group — which offers one week's holiday every year over ten years. It is a point-based product that is designed to offer greater flexibility in terms of choice of season, room configuration and duration of the holiday. The product has gained good acceptance among the target segment in 2017-18.

Properties and New Projects

Mahindra Holidays currently has a pan-India presence through its extensive network of resorts across destinations including hill stations, beaches, backwaters, wildlife sanctuaries, forts and heritage destinations. It is also present in international destinations such as Bangkok, Kuala Lumpur, Singapore and Dubai. In addition, Club Mahindra members have a choice to visit Holiday Club Resort's 33 resorts in Finland, Sweden and Spain (Gran Canaria).

During the year, Mahindra Holidays added 320 room units to its inventory — taking the total inventory to 3,472 units across 55 resorts by the end of 2017-18. This includes 115-units greenfield project in Naldehra (Himachal Pradesh), which became operational during the year. Other additions by way of long-term leases and inventory arrangements were: 44 units in Dwarka (Gujarat), 78 units in Mahabaleshwar (Maharashtra), 30 units in Kochi (Kerala), 20 units in Srinagar (J&K) and additional 15 units in Nadiad (Gujarat). International presence was also expanded with inventory arrangements in Singapore and Dubai. Chart B provides information on growth of number of resorts and room inventory in the last 10 years.

Chart B : Number of Resorts & Cumulative Inventory (Room Units)



In line with the Company's strategy, majority of the inventory is owned by it. In cases where resorts are under long-term lease arrangements, the Company manages the resorts to ensure delivery of complete range of services to its members.

Increasing room inventory in line with membership additions continues to be a key focus area. ***The Company is currently undertaking three projects: greenfield project at Assanora (Goa), expansion project at Ashtamudi (Kerala), which are at advanced stages of development and the project at Kandaghat (Himachal Pradesh) is in the process of obtaining necessary regulatory approvals.*** These three projects would eventually add around 500 units to the Company's room inventory in phases and of these, the projects in Assanora and Ashtamudi are expected to add close to 340 units in the next couple of years.

Mahindra Holidays is also pursuing attractive opportunities for acquisition and leases in various parts of the country. It has land bank at ten destinations across six states. Efforts are on to expand this further. Some of the existing resorts also have additional land that can be utilised for further expansion. This will provide the flexibility to build at such destinations and add room inventory on an ongoing basis.

Resort Operations

Efficient resort operations and thoughtful, well-designed resort amenities and services are central to delivering immersive holiday experiences to the members. This encompasses three key areas: infrastructure and facilities, holiday activities, and food and beverage (F&B). During 2017-18, focus continued to be on delivering unique family experiences through improvements and innovation in these three fronts.

The Company started operations in its 115-room Naldehra resort along with complete range of services and amenities. It also made significant investments in upgrading rooms and renovation of public areas and amenities across several existing resorts.

One of the biggest achievements in 2017-18 was the successful institutionalisation of the 'Host' and 'Champs' programme, which have been instrumental in enhancing member engagement at resorts and delivering quality holiday experiences.

- In the 'Host' programme introduced in 2016-17, the Host serves as a friend and a single-point contact of the member for the entire duration of the holiday. These specially trained employees lead customer interactions, highlighting resort and destination-specific experiences as well as planning and hosting such activities for the guests.
- In the 'Champs' programme, the Company provides a platform for employees to showcase their creative talent and skills by creating a bouquet of entertainment activities for members.

Holiday activities are central to delivering a complete holiday experience. At Mahindra Holidays, these activities are built around a strategy of 'do-learn-connect'. They include: outdoor, action-oriented activities; learning new forms of arts, skills or picking up hobby project; and connecting with other holidaying families through group activities and events. It has institutionalised 'Thrill Zones' for outdoor and adventure, 'Happy Hub' for learning and edutainment, 'Toddler's Space' for day care, and destination specific theme-based events such as Carnival Night and Zombie Night.

Mahindra Holidays has the unique distinction of having 29 RCI Gold Crown and 3 Silver Crown resorts in India, which bears testimony to the high standards of resort facilities, amenities and services that its resorts offer.

In F&B, efforts are continuously undertaken to make the dining experience more exciting and fulfilling. During the year, the Company launched 'All Inclusive' — a bundled value-for-money offering with a choice of different dining option such as à la carte, gourmet express, buffet and specialty cuisine. Besides, it continued to expand its F&B offerings in terms of new speciality restaurants/cuisine as well as their coverage across the resort network.

Mahindra Holidays was awarded the 'Health Brand of the Year – Food Category' at the Indian Health and Wellness Summit and Awards 2017. During the year, two resorts in Goa were certified under ISO 22000, which is an international accreditation recognising enhanced food hygiene and safety. Besides, 14 of the Company's resorts already have the NABCB Branch Hygiene Code (BHC) certification, which is awarded upon meeting prescribed standards of hygiene in all activities related to F&B.

Mahindra Holidays has institutionalised 'post-holiday feedback' (PHF), which encompasses all key areas of resort operations. This serves as a measure of its success in delivering quality holiday experience as well as identifying and addressing member concerns. ***PHF scores have shown consistent improvement since the inception of the program.***

Member Relations (MR)

During 2017-18, Mahindra Holidays continued its journey towards excellence in member services. The focus was on being more responsive to member needs as well as delivering faster solutions through continuous process improvements aided by appropriate technological interventions.

The Company had launched a full-feature mobile app for members in the previous year. ***Adoption of the app increased significantly in 2017-18 with 3 lakh downloads and use by over 1.1 lakh members. The mobile app won the 'Digital Transformation Award 2017' by IDC under the 'Digital Operation Disruption' category.*** The member website and the mobile app were also upgraded to add new features as well as to simplify the reservation and service related transactions. This allowed it to maintain the momentum of high online bookings — which were at 84 per cent throughout 2017-18. Special efforts are made to proactively reach out and assist new members in booking their first holiday. ***Despite an increase in inventory, the Company maintained an occupancy rate of 85.1 per cent in 2017-18.***

The Company has an institutionalised feedback generation mechanism to gauge member experience and continuously improve its processes. During 2017-18, the number of feedbacks captured increased by 58 per cent. There has been a steady increase in the loyalty scores based on feedback received through both the Company's internal feedback generation mechanisms as well as external surveys. ***Transactional customer-as-promoter score (CAPS) increased to 64 per cent at the end of 2017-18, compared to 60 per cent in the previous year. In a related development, the Company started using Customer Effort Scores (CES) — a globally accepted metric that captures the ease of transacting — to track its progress in the area. CES was at an encouraging 40 per cent in 2017-18.*** The objective is to improve it further in 2018-19.

Human Resources (HR)

Given the highly specialised nature of the business and the large number of locations where it operates, attracting and nurturing the right talent is at the core of Mahindra Holiday's strategy for success and growth. The HR function is organised across three key areas: customer acquisition, resort operations and corporate functions.

Mahindra Holidays has always focused on building capabilities and skills through targeted learning and development (L&D) interventions. During the year, equal emphasis was given on developing talent from within to meet future requirements. ***Overall, each employee received an average of 11.2 man days of training in 2017-18. In addition, over 100 first time managers were promoted from within the Company.***

In customer acquisition, Mahindra Holidays introduced nineteen 2-3 hour training modules to provide knowledge in small bytes that are easy to understand. Over 600 sales executives were covered through these focused interventions over and above the regular sales related trainings. For frontline sales executives, it launched a WhatsApp-based mobile learning module called 'i-Win' through which bite-sized learning materials on policy and product updates are shared. Over 90 per cent of the sales force is active on i-Win. In addition, over 200 sales managers from across the country completed a Manager's Development Program. ***In recognition of these efforts in sales training, the Company won the "TISS LeapVault CLO Gold Award" in 2017-18.***

In resort operations, the Company has training and certification programs for all key functions: F&B, food preparation, front office and housekeeping. Over 1,200 employees were certified under these programmes in 2017-18. Considerable progress was also made on the skilling for the 'Host' programme. During the year, Mahindra Holidays also launched 'i-Grow' — a one-year fast track skill building programme for grooming supervisory talent. During 2017-18, the Company further strengthened its flagship Club Mahindra Executive Training (CMET) Program. This is an intensive 18 months program to build the internal talent pipeline for senior managerial positions at resorts.

On the corporate and organisational development front, the Company regularly nominates executives to participate in development programs and workshops to enhance their skills. During the year, 200 senior managers were trained under the Harvard Mentor Program and close to 90 managers participated in the 'Mahindra Reflective Conversations' workshop.

In recognition of its efforts, Mahindra Holidays was awarded "HR Excellence Award 2017-18", with a special recognition for L&D by Confederation of Indian Industry (CII). As a customer centric organisation, maintaining high employee engagement levels has been a top priority. During the year, both MCARES — an internal benchmarking exercise within the Mahindra Group — and employee-as-promoter scores for the Company recorded their highest-ever levels.

The Company featured among the top 100 'Best Companies to work for in India' by Great Place to Work Organization. It also ranked among top 50 companies in India in terms of 'People Capital Index' (PCI) that tracks employee perception of how well companies develop their 'people capital'. PCI has been instituted by Jombay and British Standards Institution.

As on March 31, 2018, there were 5,246 people on the rolls of the Company. Industrial and employee relations remained cordial throughout the year.

Business Excellence

Mahindra Holidays has adopted the principles of Total Quality Management (TQM) under the banner of 'The Mahindra Way' (TMW) — the Mahindra Group's integrated approach to promote excellence in all spheres of its operations. The Company has successfully institutionalised quality systems in all critical business functions. Some of the key developments during the year are discussed below.

Promoting a culture of continuous improvements by institutionalising Kaizens as a way of life has been at the centre of the Company's efforts towards business excellence. ***The number of Kaizen projects have increased significantly — from 6,400 in 2015-16 and 12,000 in 2016-17 to over 18,000 in 2017-18 — with all departments making sizeable contributions during the year.*** The impact of these projects has also been amplified by the online portal which acts as a repository and a tool for Company wide deployment, resulting in significant efficiency gains and cost savings for the Company.

In the previous year, Mahindra Holidays had initiated implementation of the CAPA (Corrective Actions & Preventive Actions) methodology to identify problems in various processes by monitoring daily work to arrive at sustainable solutions. Considerable progress was made on this front during 2017-18 with over 1,200 documented corrections, which resulted in significant reduction in number of customer complaints across functions.

Information Technology (IT)

Mahindra Holidays believes that technology plays an active role in providing a competitive edge in the market and contributes directly to meeting business goals. The Company has invested significant resources in its IT architecture and is benefiting from it in all key spheres of its operations — be it customer acquisition, resort operations, member relations or internal controls.

Creating and maintaining online assets that showcase the Company's products and enable effective member servicing is an important deliverable for IT. During the year, it implemented services under its experience ecosystem such as 'Dreamscapes', curated vacations and exchange programme within the member website — allowing members to seamlessly avail these services.

In an important development, the Company implemented a SAP-based platform for marketing automation, which acts as the single channel for communicating with customers and prospects. This paved the way for the launch of 'M-Power' — a mobile application for sales executives. This app serves as a full-time assistant and automation tool by covering the entire sales process: lead management, appointments and reminders, current offers, meeting feedback logging, follow-up and updating lead status.

Another achievement during 2017-18 was the successful rollout of Goods and Services Tax (GST) across the Company. This was significant given the number of locations that it operates in and the interlinkages among the different solutions such as the core SAP-based architecture, Property Management System at resorts and multiple member interfaces including the website and mobile app.

Business analytics continue to be a focus area of the Company. During 2017-18, it piloted Artificial Intelligence (AI) based tools for digital lead generation and spend optimisation. Building on last year's groundwork, performance dashboards with data sanctity, visualisation tools and user controls were rolled-out across various functions such as Member Relations, Resort Operations, HR and Finance. The Company upgraded its feedback management system with the implementation of fully automated solutions — increasing both coverage and quality of feedback.

Corporate Social Responsibility (CSR)

Mahindra Holidays has been at the forefront of taking affirmative action and seeks to contribute to the socio-economic well-being of the communities that it interacts with in carrying out its business. The Company implements the CSR projects directly as well as through implementing partners.

As defined in the Company's CSR Policy, it continues to focus its CSR efforts towards girl child education, empowering women, health, environment, community welfare and skill development. ***Mahindra Holidays won the ET NOW Rise with India – CSR Leadership Award for 'Regulation of Corporate and Environmental Behaviour 2017 – 2018'. It also received 'Good Corporate Citizen' Award from the Bombay Chambers of Commerce & Industry in the Social Development category.***

Apart from working with NGOs, foundations and trusts, and contributing resources for socially relevant projects, the Company also encourages community service by its employees by involving them through its 'Employee Social Options Program'. ***During the year, 4,946 employees volunteered 17,386 man hours on CSR initiatives. Overall, the Company carried out around 372 different initiatives, which directly benefited over 36,600 people during the year.***

Some of the key CSR initiatives undertaken by the Company during 2017-18 are mentioned below:

- ***Education, Skill Development and Livelihood:*** The Company sponsored the education of 4,670 girls through the 'Nanhi Kali' project. Projects involving provisioning and upgrading of infrastructure and amenities at government schools were carried out across multiple locations. To commemorate the opening of its 50th resort at Naldehra and generate livelihood opportunities, the Company distributed 21 hand tractors and 50 sewing machines to farmers and women of three village panchayats surrounding its resort in Himachal Pradesh.
- ***Environment:*** 34,150 trees were planted across 35 resort locations during the year as a part of '*Mahindra Hariyali*' — an initiative of Mahindra Group for tree plantation — taking the total trees planted to 306,190 since the beginning of the project in 2010-11. Initiatives under the aegis of 'Swachh Bharat Abhiyaan' included distribution of dustbins to the Municipal Corporation at Manali and installation of dustbins on the Kollam beach at Ashtamudi. In another initiative, solar lanterns were installed in the electricity deprived backward and tribal areas of Pali district in Rajasthan.
- ***Health and Community Welfare:*** The Company regularly carries out blood donation and medical check-up camps as well as awareness sessions on health. It also supports NGOs working for the benefit of people afflicted with critical illnesses. In the area of community welfare, Mahindra Holidays supported animal husbandry, cottage industries such as weaving, tailoring and pottery in Kumbalgarh, Kanha, Tungi and Puducherry. The Company also supports old age homes, orphanages and homes for differently-abled. The Company also provided microfinancing support for a sanitary napkin making enterprise that engages women from surrounding areas.

Sustainability

Sustainable development aims at achieving economic growth and improvement in well-being while preserving the natural resources and ecosystem for future generations. The Company recognises the importance of sustainability and is committed to conserve the ecological integrity of its locations through responsible business practices. ***Mahindra Holidays is the first global hospitality company to participate in EP100 — a commitment to double its energy productivity by 2030.***

Mahindra Holidays' initiatives in this area are carried out in line with these long term objectives. The key areas that have been identified for implementing sustainable practices include: energy saving, water conservation and waste recycling. Some of the key initiatives and achievements were:

- **Energy saving:** Focus during the year was on installation of solar power for hot water generators. These were implemented in three resorts resulting in generation of 3.62 lakh units (KWh) in 2017-18. Work is in progress in five resorts, which should increase solar generation to over 5 million units (KWh) in 2018-19. Efforts towards provisioning of newer technologies and energy efficient installations are continuing.

- **Water Conservation:** Important initiatives include recycling of water from sewage treatment plants, rain water harvesting, installation of water saving taps/fixtures in rooms as well as public areas. By the end of the year, 51 per cent of total water consumed by the resorts was recycled. Utilisation of rain water through rain water harvesting also increased considerably in 2017-18.
- **Waste recycling:** Installation of organic waste converters, vermicompost systems and biogas plants are central to its efforts in this area. By the end of the year, 46 per cent of the wet waste produced by the Company was recycled.

The Company actively participates in the Mahindra Group's initiative for Corporate Sustainability Reporting. The 'Sustainability Report' of the Group is prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI). This framework sets out the principles and indicators that should be used to measure and report economic, environmental, and social performance. ***During 2017-18, 22 resorts participated in sustainability reporting of the Group. In recognition of its efforts in sustainability, Mahindra Holidays received the prestigious 'Golden Peacock Award for Sustainability 2017'.***

Financials

Table 1 presents the abridged profit and loss statement of the Company as a standalone and consolidated entity.

Table 1: Financial Information – Standalone & Consolidated

(₹ in crore)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Operating Income	**1,064**	1,073	**2,317**	2,266
Other Income	**30**	17	**34**	16
Total Income	**1,094**	1,090	**2,351**	2,282
Operating & Other Expenses	**832**	828	**1,971**	1,945
Finance Cost	**–**	–	**22**	19
Depreciation	**55**	61	**100**	106
Total Expenditure	**887**	889	**2,093**	2,070
Profit Before Translation Difference & Tax	**207**	201	**258**	212
Translation Difference on Foreign Currency Borrowings	**–**	–	**(41)**	12
Profit Before Tax	**207**	201	**217**	224
Profit After Tax and NCI	**134**	131	**132**	149
Total Comprehensive Income after NCI	**134**	131	**193**	117
Diluted EPS (₹)	**10.10**	9.85	**9.95**	11.20
Fixed Assets	**968**	956	**1,571**	1,444
Cash & Marketable Securities	**470**	265	**517**	311
Long-term debt	**–**	–	**810**	774

Standalone Financial Results

- Total income, which includes both operating and other income, remained stable at ₹ 1,094 crore in 2017-18, compared to ₹ 1,090 crore in 2016-17.
- Income from sale of vacation ownership products, which is the largest component of the Company's operating income, came down by 6.6 per cent from ₹ 583 crore in 2016-17 to ₹ 545 crore in 2017-18. There was a substantial increase in other components of operating income, notably Resort Income — which includes revenues from F&B, resort activities and rooms — driven by wide-ranging efforts in the area of resort operations and marketing. Resort Income grew by 9.9 per cent from ₹ 190 crore in 2016-17 to ₹ 209 crore in 2017-18
- Total expenditure came down marginally from ₹ 889 crore in 2016-17 to ₹ 887 crore in 2017-18. The reduction in costs is in area of sales and marketing expenses and depreciation. With no long-term debt on its books as a standalone entity, financial expenses remained negligible.
- Profit before Taxes (PBT) grew at 3.1 per cent from ₹ 201 crore in 2016-17 to ₹ 207 crore in 2017-18, mainly due to higher resort and interest incomes coupled with cost optimisation and control outlined above.
- Profit after Taxes (PAT) grew by 2.8 per cent from ₹ 131 crore in 2016-17 to ₹ 134 crore in 2017-18. Accordingly, diluted EPS increased from ₹ 9.85 in 2016-17 to ₹ 10.10 in 2017-18.
- The cash balances improved significantly from ₹ 265 crore at the end of 2016-17 to ₹ 470 crore at the end of 2017-18. This is on account of focus on getting quality members with higher down payment and lower tenure EMIs as well as better management of receivables. As a result, the liquidity situation of the Company remained comfortable.
- The Company has no long-term debt as a standalone entity as on March 31, 2018.

Consolidated Financial Position

Holiday Club Resorts (HCR), Finland, a material unlisted subsidiary of the Company, is the largest operator of leisure hotels in Finland and the largest vacation ownership company in Europe. As of March 31, 2018, HCR has 33 resorts of which 25 are in Finland, 2 in Sweden and 6 in Spain.

During the year under review, revenue of HCR stood at € 158.9 million, compared to € 155.0 million in 2016-17 and profit stood at € 4.7 million, compared to loss of € 1 million in 2016-17. The improvement in performance of HCR is mainly due to increased turnover and profitability in the Spa hotel and time share business in Finland. This has been supported by economic growth in Finland, renovations in the resorts and international demand especially in northern Finland. Investments in the Spa product have increased the turnover and profitability of the Spa hotel operation in Sweden significantly. HCR has re-organized its business operations in Spain and is currently focusing on time share rentals for future growth.

For the purpose of consolidation of financial results of the Company, 36 Subsidiaries, one Joint Venture and two Associates as on March 31, 2018 were considered:

- The Company's total income (including other income), grew by 2.9 per cent from ₹ 2,282 crore in 2016-17 to ₹ 2,351 crore in 2017-18.
- With improved performance of both operating companies — Mahindra Holidays and HCR — profit before taxes and impact of translation differences increased by 21.7 per cent from ₹ 212 crore in 2016-17 to ₹ 258 crore in 2017-18.
- The Company had taken borrowings in Euro for the acquisition of its Finnish subsidiary Holiday Club Resorts (HCR). The borrowings as well as the Company's investments in HCR are denominated in the Euro. With the appreciation of Euro during the year, the impact of translation difference on account of foreign currency external borrowings on the P&L amounts to a loss of ₹ 41 crore in 2017-18 as compared to a gain of ₹ 12 crore in 2016-17.
- Taking this into account, the total comprehensive income after NCI increased by 65 per cent from ₹ 117 crore in 2016-17 to ₹ 193 crore in 2017-18.
- Diluted EPS declined from ₹ 11.2 in 2016-17 to ₹ 9.95 in 2017-18.
- On consolidated basis, total debt was at ₹ 810 crore as on March 31, 2018, as compared to ₹ 774 crore at the end of the previous financial year.

Internal Controls

The Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. As is the consistent practice, Mahindra Holidays engaged a reputed firm specialising in implementation of internal controls to test the design and operating effectiveness of existing controls (both manual and system-based) and to remediate issues arising out of the testing.

The Company has an Internal Auditor who oversees the entire internal audit function. However, given the size of its operations in terms of number of resort locations and nature of its business, it also uses services of independent audit and assurance firms to conduct periodic internal audits in line with an audit plan that is drawn at the beginning of the year. This audit plan, prepared by the Internal Auditor, is approved by the Audit Committee. The scope of the exercise includes ensuring adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. The Internal Auditor also reports on the implementation of the audit recommendations.

The Company's ERP system has appropriate controls embedded in its processes and systems to reduce the need and reliance for compensating manual controls. These have also been strengthened from time to time.

Internal audit reports are placed before the Audit Committee of the Board of Directors, which reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

Threats, Risks and Concerns

Mahindra Holidays' risk management framework consists of identification of risks, assessment of their nature, severity and potential impact, and measures to mitigate them. This framework is in place for adequate and timely reporting and monitoring. Risks are reviewed periodically and updated to reflect the business environment and change in the size and scope of the Company's operations. The Company has a Risk Management Committee consisting of four Directors for implementing risk management policy of the Company from time to time in addition to evaluation of internal financial controls and risk management systems by the Audit Committee.

Macroeconomic Risks

Although the macroeconomic outlook has improved, cyclical downturns may continue to resurface in the future. Besides, there still are downside risks in the form of poor monsoons and strengthening of oil prices. These can impact the Company's ability to generate sales and affect its growth prospects.

Mahindra Holidays recognises these risks and has measures in place to mitigate their impact. This includes focusing on customer acquisition through referrals, alliances and targeted digital marketing. The Company is also increasing its international presence both in terms of its marketing network and through HCR. Other initiatives include diversification of the product portfolio with the introduction of the smaller tenure product '*Bliss*'.

Operational Risks

Operational risks mainly relate to meeting customer expectations in terms of quality of service and maintaining a balance between the inventory of resorts and growth of customers. These assume significance given the long service duration of the key products. As there are multiple choices of locations and seasons, there could be occasions where the first choice of holiday requested by the customers may not be available, which may result in dissatisfaction. Another operational risk is in the ability to consistently attract, retain and motivate managerial talent and other skilled personnel, especially in a high growth industry with unique characteristics. Further, some of the Company's resorts are located in remote areas and natural calamities such as earthquake, flood, landslide etc. may affect the accessibility of the resort to members as well as online connectivity.

The Company has invested significant resources in systems and processes to mitigate these risks. Customer satisfaction continues to be favourable and on an upward trend. Regarding room inventory, the Company will continue to be judicious in the use of different options — greenfield projects, expanding inventory at existing locations, leases and inventory arrangements — to meet the expectations of its customers and at the same time maintain a balance between demand and supply. Regarding talent management and retention, the management believes that its HR practices enhance employee engagement and satisfaction to effectively mitigate this risk.

Financial Risks

The Company's business involves significant investments in building resorts for its operations. These expose it to risks in terms of timely and adequate availability of funds at competitive rates to finance its growth. Besides, the Company offers its customers schemes to finance the purchase of the vacation ownership and similar products, which exposes it to credit risks. The Company is exposed to potential non-payment or delayed payment of membership installments and/or the annual subscription fee by members resulting in higher outstanding receivables.

Currently, Mahindra Holidays has no debt on a standalone basis, and has a strong and stable capital structure to raise money for further expansion, if needed. The Company undertakes comprehensive assessment of the profile of its customers and carefully monitors its exposure to credit risk. Further, several improvements in control and monitoring mechanisms have been implemented to reduce credit risks and aid the management in this process.

While there is no currency risk at the standalone entity basis, in respect of the debts in the books of the subsidiary companies there are underlying assets in the same currency. Hence, the Company does not foresee any significant risk in this regard.

Regulatory and Legal Risks

Mahindra Holidays is exposed to regulatory and legal risks. These include cumbersome processes and risks relating to land acquisition, conversion of land for commercial usage and development of properties, environmental clearances, approvals and activities related to development of new resorts. There are also other regulatory and legal risks pertaining to tax proceedings, legal proceedings on properties, customer complaints, non-compliance of regulations including environmental regulations and those pertaining to the hospitality sector. Further, as the Company has investments and operations in different countries, it is also exposed to political and regulatory risks that emanate from its international presence.

Mahindra Holidays has systems and controls in place to mitigate these risks and minimise instances of non-compliance. The Company also believes that its proactive stance on sustainability will hold it in good stead for future development and growth.

Outlook

The macroeconomic outlook for 2018-19 has improved considerably for the global as well as the Indian economy. Unless core inflation rises prompting the RBI to increase its repo rates, the Company sees an environment of steady economic growth in 2018-19. The overall business and consumer sentiment, therefore, is likely to be positive over the next 12-15 months. If so, it augurs well for the travel and tourism sector.

Mahindra Holidays registered a creditable performance in 2017-18. Both its flagship 25-year product 'Club Mahindra' and the relatively new product 'Bliss' have done well. The Company's inventory addition has kept pace with the membership, something which is expected to continue in the future. Member satisfaction was at an all-time high. Equally important, it has taken significant strides towards building a complete experience ecosystem as well as strengthening its brand proposition with a content and delivery strategy in tune with the changing times.

Mahindra Holidays believes that there is considerable room for growth of vacation ownership in India. It is a leading player in the leisure hospitality industry, and the differentiation that it has achieved has improved its competitive position in the market. In addition, it has a strong Balance Sheet with resources at its disposal to drive growth. This should hold the Company in good stead and allow it to benefit from emerging opportunities.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include poor macroeconomic growth and consumer confidence, inability to add resorts and increase the inventory of room, cyclical demand and pricing in the Company's principal markets, changes in tastes and preferences, government regulations, tax regimes, economic development within India and other incidental factors.

Corporate Governance Report

Corporate Governance Philosophy

Mahindra Holidays & Resorts India Limited ("Mahindra Holidays" or "the Company") upholds highest standards of integrity, transparency, professionalism, business ethics and accountability. The Company's philosophy on corporate governance aims to strive a balance between safeguarding and promoting interests of the stakeholders and maintaining a steadfast commitment to ethics and code of conduct.

Mahindra Holidays strongly believes that corporate governance is an integral means for the existence of the Company. Corporate governance is a process by which the values, principles, management policies and procedures of the Company are inculcated and manifested. The Company ensures adherence to the moral and ethical values, legal and regulatory framework and adoption of good practices beyond the realms of law.

Mahindra Holidays continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management level.

A report on compliance with Code of Corporate Governance as prescribed by the Securities and Exchange Board of India ("SEBI") and incorporated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is given below.

Board of Directors

Board Diversity and Composition of the Board

The Company has in place the Board Diversity Policy which sets out the approach of the diversity of the Board of Directors. In line with the same, the Company continues to have a balanced and diverse Board of Directors ("the Board"), which primarily takes care of the business needs and stakeholders' interest. The Board Diversity Policy is available on Company's website at: http://www.clubmahindra.com/sites/default/files/board_diversity.pdf.

The composition of the Board is in conformity with Regulation 17(1) of the SEBI Listing Regulations and also with the provisions of the Companies Act, 2013 ("the Act"). The Chairman of the Board is a Non-Executive Director and more than half of the Board comprises of Independent Directors.

As on March 31, 2018, the Board comprised of 9 (nine) Directors. Mr. Arun Nanda is the Non-Executive Chairman of the Company. Mr. Kavinder Singh is the Managing Director & Chief Executive Officer ("CEO") of the Company. Mr. V S Parthasarathy and Mr. Vineet Nayyar are the Non-Executive Non Independent Directors of the Company. Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sridar Iyengar, Mr. Sanjeev Aga and Ms. Radhika Shastry are the Independent Directors on the Board of the Company.

During the period under review, Mr. S Krishnan ceased to be an Executive Director of the Company upon completion of his tenure on January 21, 2018. Further, Mr. Krishnan had expressed his unavailability to continue as a Director and consequently, he also ceased to be a Director of the Company with effect from January 22, 2018.

The Independent Directors are from diverse fields and bring to the Company a wide range of experience, knowledge and judgement as they draw on their varied proficiencies in general corporate management, finance, hospitality, telecom, financial services, vacation ownership, corporate strategy and other allied fields which enable them to contribute effectively to the Company in their capacity as the Directors, while participating in its decision making process. The terms and conditions of appointment of the Independent Directors is available on the Company's website.

Mr. V S Parthasarathy, Non-Executive Director of the Company is a Key Managerial Personnel (KMP) of the Holding Company, and draws remuneration from it. Mr. Vineet Nayyar, Non-Executive Director of the Company, is the Non-Executive Vice-Chairman of Tech Mahindra Limited, an Associate Company of the Holding Company.

Apart from the above, and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Non-Executive Directors and the Managing Director & CEO would be entitled to under the Act, none of the Directors have any other pecuniary relationship with the Company, its Holding Company, subsidiaries or associate companies or their Promoters, Directors, which in their judgement would affect their independence. The Senior Management of the Company has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have any potential conflict of interest with the Company at large.

Board Meetings and Attendance

The Board met 6 (six) times during the Financial Year 2017-18, on: May 19, 2017, August 2, 2017, November 1, 2017, December 13 & 14, 2017, January 31, 2018, and March 27, 2018. The gap between two Meetings did not exceeded 120 (one hundred and twenty) days. The Twenty First Annual General Meeting (AGM) of the Company was held on August 2, 2017. The Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Stakeholders Relationship Committee were present at the AGM.

The composition of the Board along with the details of the Board meetings and last AGM held and attended during the period April 1, 2017 to March 31, 2018 is as under:

Name of the Director	DIN	Category	Number of Board Meetings		Attendance at the last AGM (August 2, 2017)
			Held	Attended	
Mr. Arun Nanda	00010029	Non-Executive Chairman	6	6	Y
Mr. Vineet Nayyar	00018243	Non-Executive Non-Independent Director	6	5	Y
Mr. Cyrus Guzder	00080358	Independent Director	6	5	Y
Mr. Rohit Khattar	00244040	Independent Director	6	3	Y
Mr. Sridar Iyengar	00278512	Independent Director	6	6	Y
Mr. Sanjeev Aga	00022065	Independent Director	6	5	Y
Mr. V S Parthasarathy	00125299	Non-Executive Non-Independent Director	6	4	Y
Ms. Radhika Shastry	01787918	Independent Director	6	6	Y
Mr. Kavinder Singh	06994031	Managing Director & CEO	6	6	Y
Mr. S. Krishnan*	00212875	CFO & Executive Director	4	4	Y

* re-designated from "CFO & Executive Director" to "Executive Director" of the Company with effect from May 20, 2017 and ceased to be an Executive Director of the Company w.e.f January 21, 2018.

Details of other directorship(s) and committee membership(s) held:

The number of Directorships and Committee positions held by them in companies at the end of the year under review, are given below. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors. Further, none of the Directors on the Board is an Independent Director in more than seven listed companies. In addition, none of the Whole Time Director of the Company and a Director who is a whole-time director in other listed company, are not Independent Directors in more than three listed companies. None of the Directors of the Company are inter se related to each other.

The number of Board or Board Committees of which a Director is a member or Chairperson is as under:

Name of the Director	As on March 31, 2018*			
	Indian Listed Companies#	Total Directorship(s)#	Committee Membership(s)^	Committee Chairmanship(s)^
Mr. Arun Nanda	3	6	2	2
Mr. Vineet Nayyar	3	5	1	Nil
Mr. Cyrus Guzder	2	2	3	2
Mr. Rohit Khattar	1	3	1	Nil
Mr. Sridar Iyengar	3	5	4	3
Mr. Sanjeev Aga	6	7	5	2
Mr. V S Parthasarathy	3	7	7	1
Ms. Radhika Shastry	1	1	Nil	Nil
Mr. Kavinder Singh	1	1	1	Nil

* Excludes private limited companies, foreign companies and companies registered under Section 8 of the Act (erstwhile Section 25 of the Companies Act, 1956).

^ Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Mahindra Holidays.

\# Excludes Alternate Directorships but includes Additional Directorships and Directorship in Mahindra Holidays.

Shares and Convertible Instruments, if any, held by the Directors

Details of ownership of any shares in the Company by the Directors either on their own or for any other person on a beneficial basis and stock options granted to Directors are given below:

Name of the Director	Shares held as on March 31, 2018	No. of Options granted	Date of Grant	Exercise Price (₹)	No. of Options Augmented upon issue of Bonus Shares	Revised Exercise Price upon issue of Bonus Shares (₹)	Vesting Period (Note No. 1)
Mr. Arun Nanda (Note No. 2)	12,66,945	2,00,000	18.02.2016	370.00	75,000	246.67	Four equal installments in February 2017, 2018, 2019 and 2020
Mr. Vineet Nayyar	40,050	–	–	–	–	–	–
Mr. Cyrus Guzder	40,050	–	–	–	–	–	–
Mr. Rohit Khattar	40,050	–	–	–	–	–	–
Mr. Sridar Iyengar (Note No. 3)	10,313	27,500	21.02.2012	323.00	13,750	215.33	Four equal installments in February 2013, 2014, 2015 and 2016
Mr. Sanjeev Aga	–	–	–	–	–	–	–
Ms. Radhika Shastry	–	–	–	–	–	–	–
Mr. V S Parthasarathy	–	–	–	–	–	–	–
Mr. Kavinder Singh (Note No. 4)	–	4,00,000	22.01.2015	264.00	2,00,000	176.00	Four equal installments in January 2016, 2017, 2018 and 2019
Mr. S Krishnan (Note No. 5)	40,000	2,00,000	22.01.2015	264.00	1,00,000	176.00	

Notes:

1) Exercise Period: On the date of vesting or within five years from the date of vesting.

2) (a) In addition, 1,53,075 Equity Shares are held by relatives of Mr. Arun Nanda.

   (b) Out of 2,00,000 Options granted to Mr. Arun Nanda, 50,000 Options have been vested and exercised by him in May, 2017. Further, 75,000 Options have been augmented on the issue of Bonus Shares by the Company taking the total outstanding Options to 2,25,000 Options, out of which, 75,000 Options have also been vested and exercised by Mr. Arun Nanda in March, 2018.

3) Out of the total Options available and vested to Mr. Sridar Iyengar (i.e. 41,250 Options post adjustment for Bonus Issue), 10,313 Options have been exercised by him during the year under review.

4) The total Options available to Mr. Kavinder Singh is 6,00,000 Options (post adjustment for Bonus Issue).

5) Ceased to be an Executive Director of the Company w.e.f January 21, 2018. Out of the total Options granted to Mr. S Krishnan (i.e. 3,00,000 Options post adjustment for Bonus Issue), 2,25,000 Options have been vested and 75,000 Options have been lapsed on account of his cessation as an Executive Director of the Company. Further, 1,15,000 Options have been exercised by him during the year under review.

Board Procedure

A detailed agenda, setting out the business to be transacted at the meeting supported by detailed notes are sent to each Director at least seven days before the date of the Board and Committee Meetings except for the Unpublished Price Sensitive Information which are circulated separately or placed at the Meetings of the Board and the Committees. To provide a web-based solution, a soft copy of the said agenda is also uploaded on the Board Portal which acts as a document repository. All material information is incorporated in the agenda for facilitating meaningful and focussed discussions at the meeting. Where it is not practicable to attach any documents of the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. To enable the Board to discharge its responsibilities effectively, the Board was appraised at every meeting of the overall performance of the Company. A detailed report on the operations of the Company and quarterly compliance report are also presented at the Board Meetings.

The Board also, inter-alia periodically reviews the strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any, minutes of the Board Meetings of your Company's subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, approval of quarterly/half yearly/annual Financial Results, significant labour issues, if any, transactions pertaining to purchase/disposal of property, if any, major accounting provisions and write-offs, corporate restructuring, if any, quarterly details of foreign exchange exposures, Minutes of meetings of the Audit Committee and other Committees of the Board, information on recruitment of senior officers just below the Board level including appointment or removal of chief financial officer and company secretary, CSR spends, plan and its review, borrowings, investments and issue of securities.

The Board reviews the compliance certificate issued by the Managing Director & CEO regarding compliance with the requirements of various Statutes, Regulations and Rules as may be applicable to the business of the Company.

The Chairman of the Board and the Company Secretary, in consultation with other concerned members of the senior management, finalize the agenda for the Board and Committee meetings.

Meetings of Independent Directors

The Company's Independent Directors meet at least once every year without the presence of Executive Director or management personnel. Such meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. Further, the Independent Directors also review the performance of the Non-Independent Directors, Chairman (after taking into account the views of the Executive and Non-Executive Directors) and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. During the year under review, 3 (three) meetings of Independent Directors were held on May 19, 2017, November 1, 2017 and January 31, 2018 and the same were attended by all the Independent Directors except Mr. Rohit Khattar who attended 2 (two) meetings.

Familiarisation Programme for Independent Directors

Regulation 25(7) of the SEBI Listing Regulations requires a Company to familiarise its Independent Directors through various programmes about the Company, including the nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of Independent Directors and any other relevant information.

In terms of the above, the Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

The details of familiarisation programme imparted to the Independent Directors is posted on the website of the Company and can be accessed at http://www.clubmahindra.com/sites/default/files/Familiarisation_Programe.pdf.

Board Committees

Audit Committee

The Audit Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. As on March 31, 2018, the Committee comprised of 5 (five) Directors: Mr. Sridar Iyengar (Chairman of the Committee), Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. V S Parthasarathy.

Mr. Sridar Iyengar, Mr. Cyrus Guzder, Mr. Rohit Khattar and Mr. Sanjeev Aga are Independent Directors. All members of the Committee are financially literate and the Chairman possesses financial management/accounting expertise. The Company Secretary has acted as the Secretary to the Committee.

The terms of reference of the Committee are in accordance with the requirements of Part C of Schedule II of the SEBI Listing Regulations and Section 177 of the Act.

A. Role of the Audit Committee, *inter alia*, includes the following:

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - o matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - o changes, if any, in accounting policies and practices and reasons for the same;
  - o major accounting entries involving estimates based on the exercise of judgment by management;
  - o significant adjustments made in the financial statements arising out of audit findings;
  - o compliance with listing and other legal requirements relating to financial statements;
  - o disclosure of any related party transactions;
  - o modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of

a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

B. The audit committee shall mandatorily review the following information:

- management discussion and analysis of the financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters/letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- statement of deviations:
    - o quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - o annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

The Committee met 4 (four) times during the year under review and the gap between two Meetings did not exceed 120 (one hundred and twenty) days. During the Financial Year 2017-18, the Committee met on: May 19, 2017, August 2, 2017, November 1, 2017 and January 31, 2018. Attendance of members of the Committee at the meetings held during the Financial Year 2017-18 is as below:

Name of the Director	Number of Audit Committee Meetings	
	Held	Attended
Mr. Sridar Iyengar	4	4
Mr. Cyrus Guzder	4	4
Mr. V S Parthasarathy	4	3
Mr. Rohit Khattar	4	3
Mr. Sanjeev Aga	4	4

Invitees to the Meetings of the Audit Committee include the Chairman of the Board, the Managing Director & CEO, the Executive Director, the Chief Financial Officer, the Statutory Auditors and the Internal Auditors.

Nomination and Remuneration Committee

The broad terms of reference of the Committee are to recommend to the Board about the Company's policy on appointment and remuneration package for Directors, Key Managerial Personnel and Senior Management and to advise the Board in framing the remuneration policy of the Company from time to time, to formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors, to give directions for administration of the ESOP scheme and to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

The Nomination and Remuneration Committee consists of Mr. Cyrus Guzder (Chairman of the Committee), Mr. Arun Nanda, Mr. Vineet Nayyar, Mr. Rohit Khattar and Mr. Sridar Iyengar.

Terms of Reference of the Committee, inter alia, includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme;
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee's constitution and terms of reference are in compliance with provisions of the Act, the SEBI Listing Regulations and the SEBI (Share Based Employee Benefits) Regulations, 2014.

The Committee met 3 (three) times during the year under review on: May 19, 2017, August 2, 2017, and January 31, 2018. All the members of the Committee attended all the meetings.

Performance Evaluation of the Board

The Act and the SEBI Listing Regulations stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, the Company has devised a process and the criteria for the performance evaluation which has been recommended by the Nomination and Remuneration Committee (NRC). The NRC of the Board evaluated the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors taking into account the views of the Executive Director and Non-Executive Directors. Evaluation of Independent Directors was also carried out by the entire Board excluding the Director being evaluated. A structured questionnaire was prepared and circulated amongst the Directors, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regards to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, preparedness on the issues to be discussed, meaningful and constructive contributions, inputs at the meetings, Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

Remuneration to Directors

Remuneration Policy

The Company has formulated a policy on remuneration of Directors and Senior Management Employees. While deciding on the remuneration for Directors, the Board and the NRC considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board and the NRC regularly tracks the market trend in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed to the Directors' Report and forms part of this Annual Report.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder. No sitting fee is payable in respect to Corporate Social Responsibility (CSR) Committee meetings as the same was waived by the CSR Committee Members.

A Non-Executive Director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board. The total commission payable to the Directors shall not exceed 1 (one) per cent of the net profit of the Company, calculated as per provisions of the Act.

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company.

The remuneration paid to Whole-time Directors was fixed by the NRC which was subsequently approved by the Board of Directors. The Shareholders have approved the remuneration paid/payable to the Managing Director & CEO (uptil November 2, 2019) and the Executive Director (uptil January 21, 2018).

During the year under review, the Non-Executive Directors were paid a commission of ₹ 184 lakh (as provided in the accounts of the year ended March 31, 2017), distributed amongst themselves as shown in the table below.

Detailed information of Directors' remuneration paid during the year 2017-18 is given below:

(₹ in lakh)

Name of the Director	Category of Director	Sitting Fees (Note 1)	Commission	Salary, Performance pay and Perquisites	Superannuation and Provident Fund (Note 2)	Total
Mr. Arun Nanda	Non-Executive Chairman	9.00	100.00	–	–	**109.00**
Mr. Vineet Nayyar	Non-Executive	5.90	13.50	–	–	**19.40**
Mr. Cyrus Guzder	Independent	8.00	15.00	–	–	**23.00**
Mr. Rohit Khattar	Independent	4.80	13.50	–	–	**18.30**
Mr. Sridar Iyengar	Independent	8.10	15.00	–	–	**23.10**
Mr. Sanjeev Aga	Independent	6.20	13.50	–	–	**19.70**
Mr. V S Parthasarathy	Non – Executive	–	–	–	–	**–**
Ms. Radhika Shastry	Independent	6.00	13.50	–	–	**19.50**
Mr. Kavinder Singh	MD & CEO	–	–	349.95	20.90	**370.85**
Mr. S. Krishnan@	CFO & ED	–	–	304.74	4.61	**309.35**
TOTAL		**48.00**	**184.00**	**654.69**	**25.51**	**912.20**

@ re-designated from "CFO & Executive Director" to "Executive Director" of the Company with effect from May 20, 2017 and ceased to be an Executive Director of the Company w.e.f January 21, 2018.

Notes:

1. Non-Executive Directors and Independent Directors are paid sitting fees for attending meetings of the Board/Committees of the Board of Directors of the Company. The sitting fee has been fixed to ₹ 1,00,000/- for attending meetings of Board and for all other Committee Meetings the same has been fixed to ₹ 30,000/-. In respect of Corporate Social Responsibility Committee, no sitting fee is paid as the sitting fee has been waived by the members of the CSR Committee.

2. Aggregate of the Company's contribution to Superannuation Fund and Provident Fund.

3. Salary to Mr. Kavinder Singh and Mr. S Krishnan

(₹ in lakh)

Particulars	Kavinder Singh	S Krishnan*
Salary and Allowances	260.26	122.98
Perquisites	5.24	141.44
Performance Pay	105.35	44.94

* ceased to be an Executive Director with effect from January 21, 2018.

4. The Company has not advanced loans to any Director during the year.

5. The nature of employment of the Managing Director & CEO with the Company is contractual and can be terminated by giving 3 months' notice from either party. Mr. Kavinder Singh's appointment is for a period of 5 years. The contract does not provide for any severance fees. Remuneration paid/payable to Mr. Kavinder Singh and Mr. S Krishnan was approved by the shareholders.

6. Performance pay to the Whole-Time Directors is determined by the NRC and then approved by the Board on the basis of pre-determined performance parameters.

A commission of ₹ 184 lakh has been provided as payable to the Non-Executive Directors in the accounts of the year under review.

Stakeholders Relationship Committee

The Company's Stakeholders Relationship Committee consists of Mr. Arun Nanda (Chairman of the Committee), Mr. V S Parthasarathy and Mr. Kavinder Singh. Mr. Dinesh Shetty, was the Company Secretary and Compliance Officer of the Company uptil closure of business hours of March 31, 2018.

The Committee meets as and when required, to inter-alia deal with matters relating to its terms of reference which include transfer of shares and monitoring redressal of complaints from shareholders relating to transfers, non-receipt of annual report, non-receipt of dividends declared, etc.

The Committee met 4 (four) times during the Financial Year 2017-18 on May 19, 2017, August 2, 2017, November 1, 2017 and January 31, 2018. All the members of the Committee attended all the meetings, except Mr. V S Parthasarathy who attended 3 (three) meetings out of the 4 (four) held during the Financial Year 2017-18.

During the Financial Year under review, 49 complaints were received from the Shareholders, all of which have been attended to/resolved. As of March 31, 2018, there are no pending share transfers or complaints from the shareholders.

Corporate Social Responsibility Committee

The role of the Corporate Social Responsibility (CSR) Committee is inter-alia to approve the CSR activities of the Company in terms of compliance under provisions of the Act. The CSR Committee consists of Mr. Arun Nanda (Chairman of the Committee), Mr. V S Parthasarathy, Mr. Cyrus Guzder and Mr. Kavinder Singh.

The Committee met 4 (four) times during the Financial Year 2017-18 on May 19, 2017, August 2, 2017, November 1, 2017 and January 31, 2018. All the members of the Committee attended all the meetings, except Mr. V S Parthasarathy and Mr. Cyrus Guzder who attended 3 (three) meetings out of the 4 (four) held during the Financial Year 2017-18.

Inventory Approval Committee

Inventory Approval Committee was constituted by the Board for evaluating and approving property acquisition(s) by way of outright purchase as well as long term lease proposals and short term inventory arrangements for the Company. The Inventory Approval Committee consists of Mr. Arun Nanda (Chairman of the Committee), Mr. Cyrus Guzder and Mr. Kavinder Singh.

The Committee met 3 (three) times during the Financial Year 2017-18 on December 13, 2017, January 31, 2018 and March 27, 2018. All the members of the Committee attended all the meetings. Further, during the year under review, the Committee also approved certain transactions by passing the resolutions by way of circulation.

Strategy and Review Committee

The Strategy and Review Committee was constituted by the Board to evaluate and review the business plan and make necessary recommendations and also review the performance of the Company. The Strategy and Review Committee consists of Mr. Arun Nanda (Chairman of the Committee), Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. Kavinder Singh. There was no meeting of the Committee held during the Financial Year 2017-18 as the evaluation and review of strategy and business plan was considered and approved by the Board at its meeting held on December 13 & 14, 2017.

Risk Management Committee

Regulation 21 of the SEBI Listing Regulations with reference to Risk Management Committee is not applicable to your Company. However, your Company has voluntarily constituted a "Risk Management Committee" consisting of Mr. Arun Nanda, Mr. V S Parthasarathy, Mr. Cyrus Guzder and Mr. Kavinder Singh as members of the Committee. The Risk Management Committee's prime responsibility is to oversee the implementation of the risk management policy of the Company. There was no meeting of the Committee held during the Financial Year 2017-18 as the Risk Management framework was discussed and deliberated by the Audit Committee. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The risk management framework has been discussed in greater detail in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

Securities Allotment Committee

During the year under review, the Securities Allotment Committee was formed by the Board of Directors at their meeting held on May 19, 2017, for allotment of Bonus Equity Shares recommended by the Board of Directors at the said meeting, allotment of the Company's securities pursuant to the exercise of options under Company's Employees' Stock Option Schemes and allotment of securities as may be delegated by the Board/approved by the shareholders of the Company from time to time. Mr. Arun Nanda, Mr. Kavinder Singh and Mr. S Krishnan were appointed as the members of the Committee.

Mr. S Krishnan ceased to be an Executive Director of the Company upon completion of his tenure on January 21, 2018 and consequently, the Committee was reconstituted to include Mr. V S Parthasarathy as a member in place of Mr. Krishnan. As on March 31, 2018 the Committee comprised of 3 (three) members: Mr. Arun Nanda, Mr. V S Parthasarathy and Mr. Kavinder Singh.

There was no meeting of the Committee held during the Financial Year 2017-18. During the year under review, the Committee approved certain transactions by passing the resolutions by way of circulation.

Dissolution of Committees

During the year under review, the Board of Directors at their meeting held on August 2, 2017, approved the dissolution of the committees of Directors namely, Loans & Investment Committee, Investment Committee and Committee of Directors – Investment.

Other Disclosures

Code of Conduct

The Board has laid down two separate Codes of Conduct ("Codes"), one for Board Members and other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website at www.clubmahindra.com. All the Board Members and Senior Management personnel of the Company have affirmed compliance with these Codes. A declaration signed by the Managing Director & CEO on the same is attached at the end of this report.

CEO and CFO Certification

Certificate issued by Mr. Kavinder Singh, Managing Director & Chief Executive Officer (MD & CEO) and Mrs. Akhila Balachandar, Chief Financial Officer (CFO) of the Company, for the Financial Year under review, was placed before the Board of Directors at its meeting held on May 8, 2018, in terms of Regulation 17(8) of the SEBI Listing Regulations. The MD & CEO and CFO also gave quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI Listing Regulations.

Compliance Certificate of the Auditors

Certificate from the Company's Auditors, M/s B S R & Co. LLP confirming compliance with conditions of Corporate Governance as stipulated under Clause E of the Schedule V of the SEBI Listing Regulations, is attached to this Report.

Subsidiary Companies

All subsidiary companies are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As of March 31, 2018, the Company does not have any material unlisted subsidiary incorporated in India, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. The policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at: http://www.clubmahindra.com/sites/default/files/Policy_For_Determining_Material_Subsidiaries.pdf

The Company monitors performance of subsidiary companies, *inter alia*, through Financial Statements, in particular investments made by unlisted subsidiary companies, are reviewed by the Company's Audit Committee; Minutes of Board meetings of unlisted subsidiary companies are placed before the Company's Board; A statement containing all significant transactions and arrangements, if any, entered into by unlisted material subsidiary companies is placed before the Company's Board.

Related Party Transactions

During the Financial Year 2017-18, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, holding company, subsidiaries or relatives that may have potential conflict with the interests of the Company at large except those mentioned in the Directors Report. Further, the details of related party transactions form part of notes to the standalone accounts of the Annual Report.

The Policy on materiality of and dealing with the related party transactions as approved by the Audit Committee and the Board is available on the website of the Company at: http://www.clubmahindra.com/sites/default/files/Policy_on_RPT.pdf.

Details of non-compliance relating to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

Code for Prevention of Insider Trading Practices

The Company has adopted a comprehensive Code of Conduct for prevention of insider trading for its Directors & designated persons ('Insider Trading Code'). The Insider Trading Code lays down guidelines, through which it advises the designated persons or directors on procedures to be followed and disclosures to be made, while dealing with securities of the Company and cautions them of the consequences of violations. In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and adopted "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and "Code of Conduct for Prevention of Insider Trading in Securities of Mahindra Holidays & Resorts India Limited. The Company had received an email from SEBI on November 24, 2017 to examine w.r.t. the news article published in the media regarding circulation of WhatsApp message pertaining to Bonus Issue, prior to its declaration. The Company has replied to the same on December 8, 2017 and has not received any further communication on the same from SEBI.

Dividend Distribution Policy

The Company has adopted Dividend Distribution Policy in terms of requirements of the SEBI Listing Regulations and the same is available under Company's website at: http://www.clubmahindra.com/sites/default/files/uploaded%20documents/Dividend-Distribution-Policy.pdf.

Proceeds from Public Issues

During the year under review, the Company has not raised any proceeds from public issue, right issue or preferential issue.

Details of Establishment of Vigil Mechanism, Whistle Blower Policy etc.

The Company has established a vigil mechanism by adopting Whistle Blower Policy pursuant to which whistle blowers can raise concerns in prescribed manner. Further, the mechanism adopted by the Company encourages a whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of the whistle blower who avails of such mechanism as well as direct access to the Chairman of the Audit Committee. The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy is available on the website of the Company at: http://www.clubmahindra.com/sites/default/files/MHRIL_Whistle_Blower_ Policy.pdf.

Details of Unclaimed Shares

In compliance with the provisions of Regulation 39 of the SEBI Listing Regulations, the Company has a Demat account titled "Mahindra Holidays & Resorts India Limited - Unclaimed

Shares Demat Suspense Account" ("Demat Suspense Account") for holding the unclaimed shares which were allotted pursuant to Initial Public Offer (IPO) of the Company.

As on March 31, 2018, the Company has 5 shareholders with 172 unclaimed shares lying in the Demat Suspense Account. The voting shall remain frozen till the rightful owner of such shares claims the shares. The details as required to be disclosed in the Annual Report are given below:

Particulars	No. of cases	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2017	5	230
Number of shareholders who approached Issuer/Registrar and Transfer Agent for transfer of shares from suspense account during the year 2017-18	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year 2017-18	Nil	Nil
Number of shares augmented out of the issue of Bonus Shares during the year 2017-18	N.A.	115
Number of shares transferred to MHRIL Fractional Entitlements Trust (fractional shares arising out of Bonus Issue) during the year 2017-18	N.A.	1
Number of shares transferred to Investor Education and Protection Fund during the year 2017-18	N.A.	172
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2018	5	172

Investor Education and Protection Fund (IEPF)

Pursuant to Section 124 and 125 of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to IEPF Authority. Further, according to the IEPF Rules, the shares in respect of which dividend has not been paid or claimed by the Shareholders for period of seven consecutive years are also liable to be transferred to the demat account of the IEPF Authority.

In accordance with the IEPF Rules and the interest of the Shareholders, the Company has sent notices to all the Shareholders, whose shares were due to be transferred to the IEPF Authority, to claim their dividend in order to avoid transfer of dividend/shares to IEPF Authority and notice in this regard was also published in the newspapers.

In view of the above, ₹ 35,436 of unpaid dividend for the Financial Year 2009-10 and 214 equity shares were transferred to the IEPF Authority during the Financial Year 2017-18.

The members who have a claim on above dividend and shares may claim the same from the IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

The Company has uploaded the details of unclaimed dividend amounts lying with the Company as on August 2, 2017 (date of last AGM) and shareholders whose shares are liable to be transferred to the IEPF Authority on the Company's website at http://www.clubmahindra.com/about-us/investor-relations/financials.

The Company has appointed a Nodal Officer under the provisions of the IEPF Rules and the details of which are available on the Company's website at http://www.clubmahindra.com/about-us/investor-relations/investor-contact.

Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached as a separate chapter and forms part of this Annual Report.

Compliance with Regulations pertaining to Corporate Governance

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

As regards the discretionary requirements, there is no modified audit opinion in the Company's Financial Statements. The Company continues to adopt best practices to ensure that its Financial Statements remained with unmodified audit opinion. The Company is maintaining separation in the post of the Chairperson and the Chief Executive Officer. Further, the Internal Auditors do report to the Audit Committee of the Board of Directors of the Company.

General Body Meetings

Details of Annual General Meetings held during past three years and Special Resolution(s) passed

Year	Date	Time	Venue	Special Resolution(s) Passed
2015	July 28, 2015	3.00 PM	Mini Hall, The Music Academy, No. 168, T.T.K. Road, Chennai – 600 014.	1. Appointment of and Remuneration payable to Mr. S Krishnan, Chief Financial Officer and Executive Director of the Company. 2. Payment of Commission to Directors other than Managing Director and Whole time Director. 3. Alteration of Articles of Association to align it with the provisions of the Companies Act, 2013.
2016	July 29, 2016	3.00 PM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	No special resolution was passed.
2017	August 2, 2017	3.00 PM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	Payment of remuneration to Mr. Kavinder Singh (DIN 06994031), Managing Director & Chief Executive Officer ("MD & CEO") of the Company for a period of two (2) years with effect from November 3, 2017 to November 2, 2019 (both days inclusive).

Details of Extraordinary General Meeting (EGM)/Court Conveyed Meeting held during past three years and Special Resolution(s) passed

Year	Date	Time	Venue	Special Resolution(s) Passed at EGM/CCM
2015	September 10, 2015*	3.00 PM	Mahindra Towers, roof top, No. 17/18, Patullos Road, Chennai – 600 002.	Approval of the Scheme of Amalgamation & Arrangement of Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors.

* Meeting of the Equity Shareholders of the Company pursuant to the Orders of the Hon'ble High Court of Judicature at Madras dated July 10, 2015 directing the said meeting to be held.

During the year under review, no EGM was held. No Special Resolution is proposed to be passed through Postal Ballot.

Details of Resolutions passed through Postal Ballot during the Financial Year 2017-18

Pursuant to the provisions of Section 110 of the Act, the Company vide its Postal Ballot Notice dated May 19, 2017 had sought approval of the members for the following Ordinary Resolutions:

(i) Increase in Authorised Share Capital of the Company from ₹ 10,000 lakh to ₹ 15,000 lakh and consequent alteration in the Memorandum of Association of the Company.

(ii) Issue of Bonus Shares.

Mr. M Damodaran, Practicing Company Secretary was appointed as the Scrutiniser for overseeing the Postal Ballot voting process.

<u>The details of Postal Ballot are as follows:</u>

Date of Postal Ballot Notice: May 19, 2017

Voting period: June 1, 2017 to June 30, 2017

Date of approval: June 30, 2017 (being the last date for the receipt of postal ballot forms/e-voting)

Date of Declaration of Results: July 1, 2017

Procedure for Postal Ballot

In compliance with Section 108, 110 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014, as amended from time to time and the Secretarial Standards, the Company had provided electronic voting (e-voting) facility, in addition to the physical ballot, to all its members. For this purpose, the Company had engaged the services of Karvy Computershare Private Limited for providing the e-voting facility.

Postal Ballot Forms were dispatched along with self-addressed Business Reply Envelope to members on May 26, 2017. The Postal Ballot notice was sent by email to the members who have opted for receiving communication through the electronic mode. The Company had also published a notice in the newspaper on May 27, 2017 declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who wanted to exercise their votes by physical postal ballot were requested to return the forms duly completed and signed to the scrutinizer on or before the closing of the voting period. Those using the e-voting option were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer, after completion of his scrutiny, submitted his report to the Executive Director of the Company and the consolidated results of voting were announced by the Company Secretary on July 1, 2017. The results were also displayed on the Company's website at www.clubmahindra.com, besides being communicated to the Stock Exchanges and Registrar and Transfer Agent.

Postal Ballot Results:

1. Increase in the Authorized Share Capital of the Company and consequent alteration in the Memorandum of Association of the Company

Category	Mode of Voting	No. of Shares held (1)	No. of votes polled (2)	% of votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes – in favour (4)	No. of votes against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-voting	5,99,27,077	5,99,27,077	100.00	5,99,27,077	0	100.00	0.00
	Poll		NA	NA	NA	NA	NA	NA
	Postal Ballot		–	–	–	–	–	–
	Total	**5,99,27,077**	**5,99,27,077**	**100.00**	**5,99,27,077**	**0**	**100.00**	**0.00**
Public -Institutions	E-voting	1,91,12,367	1,62,42,225	84.9828	1,62,42,225	0	100.00	0.00
	Poll		NA	NA	NA	NA	NA	NA
	Postal Ballot		–	–	–	–	–	–
	Total	**1,91,12,367**	**1,62,42,225**	**84.9828**	**1,62,42,225**	**0**	**100.00**	**0.00**
Public – Non Institutions	E-voting	97,41,412	7,05,639	7.2437	7,05,477	162	99.9770	0.0230
	Poll		NA	NA	NA	NA	NA	NA
	Postal Ballot		15,299	0.1571	15,199	100	99.3464	0.6536
	Total	**97,41,412**	**7,20,938**	**7.4008**	**7,20,676**	**262**	**99.9637**	**0.0363**
Total		**8,87,80,856**	**7,68,90,240**	**86.6068**	**7,68,89,978**	**262**	**99.9997**	**0.0003**

2. Issue of Bonus Shares

Category	Mode of Voting	No. of Shares held (1)	No. of votes polled (2)	% of votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes – in favour (4)	No. of votes against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E–voting	5,99,27,077	5,99,27,077	100.00	5,99,27,077	0	100.00	0.00
	Poll		NA	NA	NA	NA	NA	NA
	Postal Ballot		–	–	–	–	–	–
	Total	**5,99,27,077**	**5,99,27,077**	**100.00**	**5,99,27,077**	**0**	**100.00**	**0.00**

Category	Mode of Voting	No. of Shares held (1)	No. of votes polled (2)	% of votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes – in favour (4)	No. of votes against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of votes against on votes polled (7)=[(5)/(2)]*100
Public -Institutions	E-voting	1,91,12,367	1,62,42,225	84.9828	1,62,42,225	0	100.00	0.00
	Poll		NA	NA	NA	NA	NA	NA
	Postal Ballot		–	–	–	–	–	–
	Total	**1,91,12,367**	**1,62,42,225**	**84.9828**	**1,62,42,225**	**0**	**100.00**	**0.00**
Public – Non Institutions	E-voting	97,41,412	7,05,639	7.2437	7,05,478	161	99.9772	0.0228
	Poll		NA	NA	NA	NA	NA	NA
	Postal Ballot		15,299	0.1571	15,199	100	99.3464	0.6536
	Total	**97,41,412**	**7,20,938**	**7.4008**	**7,20,677**	**261**	**99.9638**	**0.0362**
Total		**8,87,80,856**	**7,68,90,240**	**86.6068**	**7,68,89,979**	**261**	**99.9997**	**0.0003**

General Shareholder Information

Twenty Second Annual General Meeting

Date : August 2, 2018

Time : 3.00 PM

Venue : Vani Mahal (Mahaswami Hall), 103, G. N. Chetty Road, T. Nagar, Chennai - 600 017, Tamil Nadu

Dates of Book Closure/Record Date

Dates of book closure for dividend will be from July 27, 2018 to August 2, 2018 both days inclusive.

Dividend Payment Date

Dividend if declared at the Annual General Meeting will be paid on or after August 3, 2018.

Financial Year

The Financial Year covers the period from April 1 to March 31.

Financial Reporting for 2018-19

The First Quarter Results –June 30, 2018	By first week of August, 2018
The Half Yearly Results – September 30, 2018	By end of October, 2018
Third Quarter Results – December 31, 2018	By end of January, 2019
Approval of Annual Accounts –March 31, 2019	By second week of May, 2019

Note: The above dates are indicative.

Means of Communication

The quarterly, half-yearly and yearly financial results are normally published in Business Standard (English editions) and Makkal Kural (Tamil edition). These are not sent individually to the Shareholders.

The Company's financial results and official news releases are displayed on the Company's website at www.clubmahindra.com and also available on the website of National Stock Exchange of India Ltd. (www.nseindia.com) and BSE Ltd (www.bseindia.com).

Presentations are also made to international and national institutional investors and analysts, which are also put up on the website of the Company.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on the following Stock Exchanges

Name and address of Stock Exchanges	Stock Code/ Symbol
(1) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	MHRIL
(2) BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	533088/MHRIL

The requisite listing fees has been paid in full to the Stock Exchanges where the Company's shares are listed.

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares

ISIN: INE998I01010

Stock Performance

BSE and NSE – Monthly High/Low and Volumes

	National Stock Exchange of India Limited			BSE Limited		
	High (₹)	**Low (₹)**	**Monthly Volume**	**High (₹)**	**Low (₹)**	**Monthly Volume**
Pre-Bonus (till July 9, 2017)						
April, 2017	468.00	427.50	12,71,533	466.70	428.50	1,34,081
May, 2017	510.75	440.40	13,96,064	509.50	440.10	1,54,279
June, 2017	628.60	496.40	28,01,244	627.45	498.00	5,51,996
July, 2017*	659.80	584.00	7,16,185	657.90	589.00	89,739
Post-Bonus (from July 10, 2017)						
July, 2017*	490.00	390.00	8,69,187	469.00	392.65	4,58,287
August, 2017	410.00	338.40	12,54,389	410.00	338.70	1,39,839
September, 2017	377.90	337.55	19,73,474	377.00	337.95	1,16,555
October, 2017	394.35	339.30	14,37,235	404.00	337.00	1,83,608
November, 2017	383.50	323.45	15,95,090	384.30	324.00	1,89,928
December, 2017	350.80	326.10	10,66,765	350.20	326.05	1,69,841
January, 2018	385.40	325.80	18,06,617	389.00	329.00	2,32,237
February, 2018	347.70	288.25	19,91,033	346.45	289.50	5,82,747
March, 2018	299.90	272.05	24,38,067	300.25	271.00	8,70,462

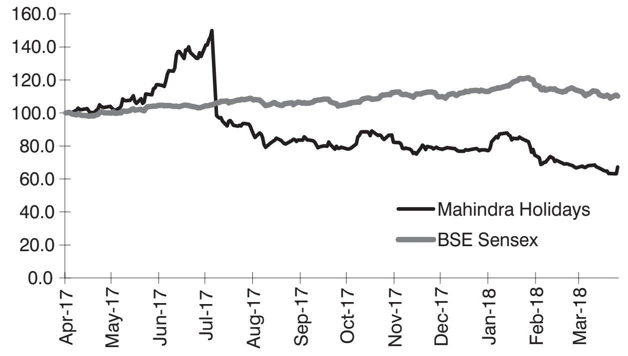
* Price was adjusted consequent to the issue of Bonus Shares.

Performance in comparison to BSE – Sensex, NSE Nifty and BSE 500 Index

Month	MHRIL's Closing Price on NSE on the last trading day of month (₹)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
April, 2017	450.20	29,918.40	9,304.05	12,979.24
May, 2017	500.65	31,145.80	9,621.25	13,199.15
June, 2017	585.10	30,921.61	9,520.90	13,178.45
July, 2017*	407.95	32,514.94	10,077.10	13,897.23
August, 2017	359.90	31,730.49	9,917.90	13,762.13
September, 2017	340.85	31,283.72	9,788.60	13,610.70
October, 2017	377.85	33,213.13	10,335.30	14,485.57
November, 2017	345.80	33,149.35	10,226.55	14,493.58
December, 2017	337.95	34,056.83	10,530.70	15,002.73
January, 2018	330.60	35,965.02	11,027.70	15,347.19
February, 2018	290.55	34,184.04	10,492.85	14,670.49
March, 2018	293.25	32,968.68	10,113.70	14,125.53

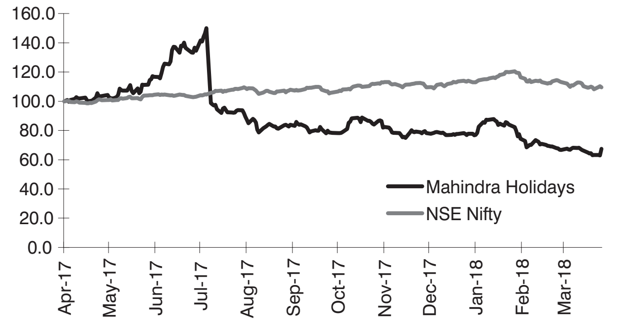
* Price was adjusted consequent to the issue of Bonus Shares.

Mahindra Holidays' Share Performance versus BSE Sensex



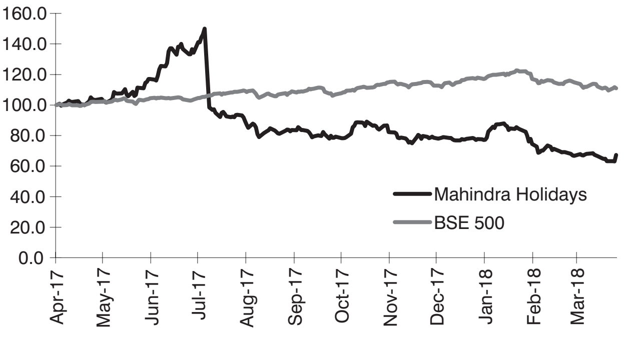
Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on April 1, 2017

Mahindra Holidays' Share Performance versus NSE NIFTY



Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on April 1, 2017

Mahindra Holidays' Share Performance versus BSE 500



Note: Share price of Mahindra Holidays and BSE 500 have been indexed to 100 on April 1, 2017

Share Transfer System

Trading in equity shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respect.

The Stakeholders Relationship Committee meets as and when required to, *inter alia*, consider the transfer proposals and attend to Shareholders' grievances. As of March 31, 2018, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on March 31, 2018

Category (Shares)	Number of Shareholders	% to Shareholders	Number of Shares	% to shares
1 - 100	22,844	64.86	8,09,944	0.00
101 - 500	9,119	25.89	21,14,138	0.09
501 - 1000	1,587	4.50	11,72,338	0.19
1001 - 5000	1,268	3.60	25,87,215	0.99
5001 - 10000	184	0.52	13,09,333	0.64
10001 - 50000	151	0.43	32,46,403	2.18
50001 - 100000	16	0.05	11,41,119	0.85
100001 & above	52	0.15	12,10,63,294	95.06
Total:	**35,221**	**100.00**	**13,34,43,784**	**100.00**

Shareholding Pattern as on March 31, 2018

Category of Shareholders	Total Holdings	Holdings in Percentage
Promoters holdings	8,98,90,615	67.36
Foreign Portfolio Investors	94,62,881	7.09
Mutual Funds	1,69,33,527	12.69
Banks, Financial Institutions & others	34,046	0.03
Bodies Corporate	19,91,207	1.49
NRIs/OCBs/Foreign Nationals	6,72,370	0.50
ESOP Trust	6,84,290	0.51
IEPF	214	0.00
Indian Public	1,37,74,634	10.33
Total	**13,34,43,784**	**100.00**

Dematerialisation of Shares

As on March 31, 2018, 99.99 per cent of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share, as trading in the Equity Shares of the Company on exchanges is permitted only in dematerialised form. Non-Promoters' holding is 32.13 per cent.

Outstanding ADRs/GDRs/ Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

Offices of the Company
Registered Office:

Mahindra Towers, 2nd Floor,
No. 17/18, Patullos Road,
Chennai - 600 002
Tamil Nadu, India
T: +91 44 3988 1000
F: +91 44 3027 7778
E: investors@mahindraholidays.com
W: www.clubmahindra.com

Corporate Office:

Mahindra Towers, 1st Floor,
'A' Wing, Dr. G.M. Bhosle Marg,
P.K. Kurne Chowk,
Worli, Mumbai – 400 018
Maharashtra, India
T: +91 22 3368 4722
F: +91 22 3368 4721
E: investors@mahindraholidays.com
W: www.clubmahindra.com

Apart from the registered & corporate office, the Company has an extensive network of branch offices, including site offices at the resorts to carry out the business of the Company. Details of these offices can be found at the Company's website at: www.clubmahindra.com.

Registrar and Transfer Agent

M/s. Karvy Computershare Private Limited
Unit: Mahindra Holidays & Resorts India Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032,
Telangana, India
T: +91 40 6716 2222/6716 1551
F: +91 40 2300 1153
Toll Free: 18003454001
E: einward.ris@karvy.com

Address for Correspondence

Shareholders may correspond with the Company at its Corporate Office or with the Registrar and Transfer Agent M/s. Karvy Computershare Private Limited at the above mentioned address in respect of all matters relating to transfer/ dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

Company Secretary & Compliance Officer

Mahindra Towers, 1st Floor,
'A' Wing, Dr. G. M. Bhosle Marg,
P.K. Kurne Chowk,
Worli, Mumbai – 400 018
Maharashtra, India
T: +91 22 3368 4722
F: +91 22 3368 4721
E: investors@mahindraholidays.com

Company's Investor E-mail ID

The Company has also designated investors@mahindraholidays.com as an exclusive e-mail ID for Shareholders for the purpose of registering complaints. This has also been displayed on the Company's website.

Company's website

www.clubmahindra.com

Declaration on Code of Conduct

To
The Members of Mahindra Holidays & Resorts India Limited

I, Kavinder Singh, Managing Director & CEO of Mahindra Holidays & Resorts India Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2018.

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Mumbai
May 8, 2018

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Mahindra Holidays & Resorts India Limited

1. This certificate is issued in accordance with the terms of our agreement dated 1 March 2018.

2. This report contains details of compliance of conditions of corporate governance by Mahindra Holidays & Resorts India Limited ('the Company') for the year ended 31 March 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Koosai Lehery
Partner
Membership No: 112399

Mumbai, 8 May, 2018

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2017-18

[Pursuant to the Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements] Regulations, 2015)

Section A: General Information about the Company

Sr. No.	Particulars	Company Information
1.	Corporate Identity Number (CIN) of the Company	L55101TN1996PLC036595
2.	Name of the Company	MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED
3.	Registered address	Mahindra Towers, 2nd Floor, 17/18, Patullos Road, Chennai – 600 002, Tamil Nadu, India
4.	Website	www.clubmahindra.com
5.	E-mail id	investors@mahindraholidays.com
6.	Financial Year reported	April 1, 2017 – March 31, 2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Codes:55– Accommodation and 56 - Food & Beverages service activities
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	(i) Sale of vacation ownership memberships (ii) Sale of Food and Beverages
9.	Total number of locations where business activity is undertaken by the Company	
	A. Number of International Locations (details of major 5)	The Company has marketing office in Dubai. Further, the Company manages and operates hotel properties in Kuala Lumpur (Malaysia), Bangkok (Thailand) and Dubai. Holiday Club Resorts Oy, Finland, subsidiary company of the Company is a largest vacation ownership company in Europe, having resorts at Finland, Sweden and Spain.
	B. Number of National Locations	The Company has its business activities and operations spread across the country which includes 55 resorts and 124 branches, sales offices and channel partners.
10.	Markets served by the Company – Local/ State/National/International	The Company mainly serves the Indian markets in addition to marketing of vacation ownership membership in United Arab Emirates through its office located at Dubai.

Section B: Financial Details of the Company (₹ in lakh)

Sr. No.	Particulars	Amount
1.	Paid up Capital	13,344
2.	Total Turnover*	1,06,419
3.	Total profit after taxes*	13,436
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (2%)	340.20
5.	List of activities in which expenditure in 4 above has been incurred:- CSR expenditure has been incurred mainly in the activities related to (a) promotion of education, (b) women empowerment & promoting gender equality, (c) healthcare, (d) environment sustainability and (e) rural development & community welfare. Further details are available in Annexure III of the Directors' Report on CSR Activities which forms part of the Annual Report.	

* As per standalone financial statements for the financial year 2017-18

Section C: Other details

1. Does the Company have any Subsidiary Company/ Companies?

   Yes. The Company has 36 Subsidiary Companies (including 34 foreign subsidiaries) as on March 31, 2018.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   The operations and initiatives of the Company have been included in the annual Mahindra Group Sustainability Report since 2007-08. In addition, the Company is also releasing a standalone Business Responsibility Report since Financial Year 2016-17. The Company has a Code of Conduct for Employees and Directors as well as set of Governance Polices. Out of the two domestic subsidiaries of the Company, one has commenced its operations during the Financial Year 2017-18 and other one is yet to commence its operations. Further, the remaining are the foreign subsidiaries. In view of this, subsidiary companies are not included in the report.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   No

Section D: Business Responsibility (BR) Information

1. Details of Director/Directors responsible for BR

a. Details of the Director/Director responsible for implementation of the BR policy/policies

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	06994031
2	Name	Mr. Kavinder Singh
3	Designation	Managing Director & CEO

b. Details of the BR head

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Prashant Khullar
3	Designation	Chief Human Resources Officer
4	Telephone number	+91 22 3368 4722
5	Email ID	Prashant.Khullar@mahindraholidays.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs, duly approved by the Board of Directors of the Company has been adopted by the Company. The BR Policy is operationalised and supported by various other policies, guidelines & manuals. These briefly are as follows:

NVGs Principle:

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Business should promote the well-being of all employees.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

P5 Business should respect and promote Human Rights.

P6 Business should respect, protect, and make efforts to restore the environment.

P7 Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The response regarding the above 9 principles (P1 to P9) is given below:

Sr. No.	Questions	Ethics and Transparency	Products Responsibility	Wellbeing of employees	Responsiveness to Stakeholders	Respect Human Rights	Environmental Responsibility	Public advocacy	Support Inclusive Growth	Engagement with Customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y (Note 1)	Y
3.	Does the policy conform to any national/international standards? If yes specify(50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO / appropriate Board Director	Y (Note 2)	Y (Note 2)	Y (Note 2)	Y (Note 2)	Y (Note 2)	Y (Note 2)	Y (Note 2)	Y (Note 2)	Y (Note 2)
5.	Does the Company have a specified committee of the Board/Director /Official to oversee the implementation of the Policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	Y (Note 3)	Y (Note 3)	Y (Note 3)	Y (Note 3)	Y (Note 3)	Y (Note 3)	Y (Note 3)	Y (Note 3)	Y (Note 3)
7.	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholder's grievances to the Policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note 1 – While there is no formal consultation with all stakeholders, the relevant policies have been evolved over a period by taking inputs and feedbacks from the relevant stakeholders.

Note 2 – The Code of Conduct for Directors, the Code of Conduct for Senior Management and Employees, Whistle Blower Policy, Sustainability Policy, Business Responsibility Policy and Corporate Social Responsibility Policy are approved by the Board.

Note 3 – It has been Company's practice to upload all policies on the intranet site for the information and implementation by the internal stakeholders. The Code of Conduct for Directors, the Code of Conduct for Senior Management and Employees, Whistle Blower Policy, Sustainability Policy, Business Responsibility Policy and Corporate Social Responsibility Policy are available on the Company's website i.e. www.clubmahindra.com.

3. Governance related to Business Responsibility (BR)

Information with reference to BR framework:

(1) Frequency of review, by the BR committee to assess the BR performance

The BR Committee reviews BR performance of the Company periodically during a period of 3-6 months. Mr. Kavinder Singh, Managing Director & CEO of the Company, who is also on the Board, assess the BR performance.

(2) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing the BR Report on annual basis since Financial Year 2016-17 and the same are available on the website of the Company at www.clubmahindra.com. While no standalone sustainability report is published by the Company, Mahindra Group Sustainability Report as per the GRI framework is published annually. All Sustainability Reports from 2007-08 are accessible on the Mahindra & Mahindra website http://www.mahindra.com/about-us/sustainability.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?

   The Company has defined Code of Conduct for Directors as well as all employees of the Company that covers issues, inter alia, related to ethics, bribery and corruption. It also covers all dealings with suppliers, customers, business partners and other stakeholders. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   During the year under review, 49 complaints were received from the shareholders, all of which were attended to/ resolved till date.

   The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like Investors, Customers, Employees, Suppliers, etc.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material, manufacturing of food products in the resorts or delivery of service and disposal by consumers. The Company also ensures environmental sustainability by building green spaces, responsible use and measures to rejuvenate natural resources & responsible waste management. The Company promotes renewable energy and has initiated many energy saving initiatives. These include use of Solar power plants at some of the Company's resorts and provisioning of newer technologies and energy efficient machines at the new projects. Besides, measures are taken to further conserve power and water and deployment of biogas plants and compost machines for recycling dry and wet garbage respectively. The Company has also invested in equipment upgrades like LED lighting, highly-efficient heat pumps and variable frequency drives at its various resorts.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The Company efforts are focused towards building green spaces that ensure the well-being of Club Mahindra Vacation Ownership Members. All ongoing projects undergo pre-certification under the Indian Green Building Council (IGBC) rating system. The Company identifies the significant environmental aspects arising from the activities and adopt mitigation plan to minimize the impact. The appearance of a Green Building will be similar to any other building. However, the difference is in the approach, which revolves round a concern for extending the life span of natural resources, provide human comfort, safety and productivity. This approach results in reduction in operating costs like energy and water, besides several intangible benefits.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. The Company has planned solar power plants for generating hot water at eight resorts and the same has been implemented in three resorts and work is in progress at the balance five resorts. Another important initiative includes recycling of water from sewage treatment plants, rain water harvesting, installation of water saving taps/fixtures in rooms as well as in public areas. The focus has been on to reduce the specific energy consumption, increasing share of renewable energy sources in total energy consumption, water conservation, recycling and reusing waste generated.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company's Triple Bottom Line commitment to concurrently build economic, social and environmental capital has spurred innovation to address some of the most challenging societal issues including widespread poverty and environmental degradation. The concerted efforts of the Company over the years have led to the creation of sustainable livelihoods for local people in the vicinity of its resorts, many of whom represent the most disadvantaged in society.

   The Company's vendors/service providers and large outsourced facilities are encouraged to follow practices detailed under the ISO 9001, ISO 14001, OHSAS 18001 and Company's Corporate Environment Health and Safety (EHS) Guidelines.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   The Company endeavours to integrate sustainability in the procurement process for its products and services across its business. It encourages resource efficiency in the supply chain and provides guidance to supply chain members and partners to adopt sustainable practices.

   Further resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations phase, logistics, water management, energy management and waste management. The Company has installed organic waste converters, vermicompost systems and biogas plants at its resorts. By the end of the year, 46 per cent of the wet waste produced by the Company was recycled. About 51% of the total water consumed is recycled. STP water is used for gardening after treatment.

Principle 3: Businesses should promote the wellbeing of all employees –

1. Please indicate the Total number of employees.: 5,246
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 1,138
3. Please indicate the Number of permanent women employees: 1,000
4. Please indicate the Number of permanent employees with disabilities: 46
5. Do you have an employee association that is recognized by management: N.A.
6. What percentage of your permanent employees is members of this recognized employee association? None
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No:	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	4	1
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

   (1) Permanent Employees: 71%

   (2) Permanent Women Employees: 73%

   (3) Casual/Temporary/Contractual Employees: 52%

   (4) Employees with disability: 66%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? Yes/No: Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders: Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. The Company has signed MOU with NGOs like Kautilya Sansthan, Disha, Sewa Bharat, CII Foundation and Gunsar Local Sangeet Sansthan. In the area of community welfare, the Company supported animal husbandry, cottage industries such as weaving, tailoring and pottery in Kumbalgarh (Rajasthan), Kanha (Madhya Pradesh), Tungi (Maharashtra) and Puducherry.

   Further, the Company has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. The CSR activities of the Company encompassing food, donations, engagement with local community, educational support & other allied initiatives are also implemented. These programmes are undertaken in association with local partners including communities, Self Help Groups, NGOs in and around the regions of the resorts. These collaborative partnerships with communities are manifest in its CSR programmes such as rural development, social forestry, livestock entrepreneur projects and providing a facelift to rural schools and women's empowerment. These measures have not only helped Company to develop strong relationships, which have withstood the test of time but also augmenting the natural resource base of the nation and creating sustainable rural livelihoods.

The Company also recruits differently abled employees across locations from NGOs and Government and private training centres thus helping them with livelihood and including them in mainstream. The Company has collaboration with Mahindra Pride School and employs youth from economically backward groups providing them with livelihood. Very recently under the Government's Skill India Initiative, the Company has also collaborated with the Tourism and Hospitality Skill Council to provide opportunities to the skilled employees in the industry.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   The BR Policy covers the aspects on Human Rights for the Company. Human Rights issues are a part of the supplier selection process and are also included in the contracts drawn up with them.

   The policy and its implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). The Company requires its employees and business partners to subscribe and adhere to this Policy.

   The Company encourages and guides its supply chain partners to be human rights compliant in their operations. The Company plays a positive role in building awareness on human rights for its stakeholders and encourages respect for human rights of the local communities with specific focus on vulnerable and marginalised groups.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   During the year under review, 5 (five) complaints were received under the Whistleblower mechanism and the same were resolved by the Company.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.

   The Company has various policies related to environmental protection. The Policies on Life cycle assessment of products and services, Environment, Health and Safety and Responsible Sourcing provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. The subsidiaries/joint ventures are not covered under the Company's environmental policies for the reasons mentioned earlier.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.

   Yes.

   The Company recognises the importance of sustainability and is committed to conserve the ecological integrity the surrounding locations through responsible business practices, accountability and transparency. The Company has direct measures across the resorts to ensure waste minimisation, segregation at source and solid waste recycling including Tree plantation. Some of the key areas that have been identified for implementing sustainable practices include carbon footprint measurement, conservation of biodiversity & assessment, use of recyclable products. Minimization of construction waste and demolition debris through reuse and recycling. Minimization of sanitary waste through reuse of graywater and water-saving devices. Rain water is harvested for internal usage. Water is conserved through various techniques adopted during carrying out resort operations. Sewage Treatment Plant (STP) are set up for treatment of waste water and the treated water is reused for gardening purpose.

3. Does the company identify and assess potential environmental risks?

   Yes, The Company actively participates in the Mahindra Group's initiative for Corporate Sustainability Reporting. The 'Sustainability Report' of the Group is prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI). This framework sets out the principles and indicators that should be used to measure and report economic, environmental, and social performance. During 2017-18, 22 resorts participated in sustainability reporting of the Group.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   The Company continually strive to conserve water and improve the efficiency of water utilization across the resorts by following 5 R principle (Reduce, Reuse, Recycle, Recharge and Rain water harvesting). Solar plants, LED Lights, Water Meters, using aerators and prismatic taps water efficient showerheads installed at most of the resorts to address responsible energy and water consumption. Installation of new bath fittings/flush tanks with less water usage. Installed signage boards in guest rooms and common area to create awareness amongst staff and guests to use water responsibly. Auto sensors are installed in public area toilets across all resorts. The Company has joined EP100, making the commitment to double its energy productivity by 2030 and became the first global hospitality company to take on a leadership role in energy productivity & activity supporting India's national commitments to mitigate the impact of climate change.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Refer point no. 2&4 above. For more details, please refer Company's website at http://www.clubmahindra.com

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year:

   None

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   (a) All India Resorts & Development Authority (AIRDA)

   (b) Bombay Chamber of Commerce and Industry

   (c) The Federation of Hotels and Restaurants Association of India

   (d) Confederation of Indian Industry

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   The Company participates as a Stakeholder of AIRDA on policies relating to vacation ownership (timeshare industry). Further, the Company also participates in other industry associations related to economic reforms, skill developments and tourism promotion policies etc.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

   The Company believes in the transformational capacity of strategic context of business to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity enterprises possess, beyond mere financial resources. In line with this belief, the Company has crafted unique models to generate livelihoods and environmental capital. Such Corporate Social Responsibility (CSR) projects are far more replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and environmental replenishment. The Company's CSR programmes are guided by the Board approved CSR Policy.

   The Company's high impact social development projects are aimed at enhancing environmental and natural capital, supporting rural development, promoting education, women empowerment, promoting healthcare, providing sanitation and drinking water, creating livelihoods for people, especially those belonging to the disadvantaged sections of society, in rural and urban India, preserving and promoting traditional art and culture and promoting sports.

   Economic Empowerment of Women – Providing Social Dignity to Rural Women

   The Company's Women's Empowerment Programme, which creates supplementary incomes for rural women, is aimed at providing social dignity and economic independence to rural women through micro-enterprises and self-employment.

   Till date the Company has supported 717 women through Self Help groups to improve their quality of life and enhance their earning capacity.

   Gram Vikas: Sewa Bharat to empower women farmers in Binsar (Uttarakhand) by engaging them in Self Help Groups and providing them financial literacy, teaching alternative methods of farming, organic farming and entrepreneurial skills.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO /government structures/any other organization?

   Supporting Primary Education & Skills Development – Community Development

   Nanhi Kali Project – It has been Company's mission to encourage girl child education for which the Company has been regular donors to KC Mahindra trust providing the 50% of Company's CSR budget for Nanhi Kali. The contribution has helped the Company to support 4,670 girls from disadvantaged families in rural and urban areas in India for the academic year 2017-18.

The Company has signed MOU with Swayam NGO to carry out integrated rural development activities in Bhekawali village.

Partnership with Disha for holistic Rural Development- Vocational Training: The Company organised Mobile pouch making training for Self Help Groups (SHG) members.

The Company during the last 3 years supported Hejamady Foundation for building English Medium School.

Masoom Night School Transformation Program: Masoom is a not-for-profit organization with a passion for establishing quality education in night schools. In order to achieve this, Masoom partners with night schools to facilitate the Night School Transformation Program (NSTP).

The Company and Sewa Bharat has continued the Hospitality, Beauty and Wellness project at Mussoorie during the year under review. The students were counselled and trained in Hospitality & Housekeeping and Beauty & Wellness activities.

The Health Camps, Health Awareness sessions and financial literacy sessions were conducted during the year for empowering the women in the backward areas.

Protection of art, heritage and culture – under the aegis of this mandate of the Government, the Company has adopted the Gunsar Lok Sangeet Sansthan project to train youngsters in Jaisalmer to keep alive the local folk music.

Conservation of natural resources, Swachh Bharat, Environment Sustainability -

Biodiversity: To rejuvenate the environment, the Company has planted 5,000 saplings near the Ashtamudi Lake. Under the aegis of the Company - Haryali 34,150 trees were planted in 35 resorts locations. Also the Company participated in Earth Hour when the lights were switched off to save energy. Dustbins were placed in Manali Mall road to curb littering and solar lanterns were given to villagers in Pali Village, Rajasthan.

Environment: Heeding the Clarion call by the Prime Minister on clean India and Employees Social Options Program (ESOPs) Team at all the resorts location participated in cleaning drives to clean the surrounding areas of the resorts. The Company signed an MOU with CII Foundation to enhance awareness and sensitivity about cleanliness, sanitation and hygiene among Mumbai citizens; - The focus of the project was to encourage best cleanliness practices and end littering among Mumbai citizens.

3. Have you done any impact assessment of your initiative?

   Yes. The Company has conducted an impact assessment of the School Project at Hejamadi Kody in Mangalore, Skill Development Project with Sewa Bharat in Mussoorie, a small scale enterprise Areca leaf plate making microfinance project in Chennai and Rural Development Project with Disha NGO in Maharashtra and with Masoom NGO

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

   The Company's contribution to community development projects amounts to ₹ 340.20 lakh during the Financial year 2017-18. Details of the major projects undertaken are available in the Annual Report on CSR Activities – Annexure III to Directors Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. –

   The Company involves the community in decision-making process right from problem identification through planning and implementation. The extensive engagement with the community establishes joint ownership of projects. All concerns are addressed amicably and the initiatives are adopted since they are designed as per the identified and prioritized needs of the community by means of Participatory Rural Appraisal technique to garner the support and acceptance of the development projects identified. The Projects are implemented with active participation of the communities and progress is jointly evaluated with the community representatives. Regular monitoring and verification is conducted by teams to ensure that initiatives implemented are sustained. The feedback provided by the community is incorporated and learning cycle is mapped for each initiative.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   Over the years, the Company has made it easy for its customers to voice out their concerns and accordingly, a well-established escalation matrix has been published on its website. The Company has a robust mechanism of tracking customer complaints and tracks negativity across all possible touch points including voice, email, digital and direct walk-ins. The Company has launched a servicing platform on its mobile app through which customers can raise their service requests and concerns. The Company also tracks social media and customer complaints on any platform are picked up instantly. All customer complaints are attended to with utmost seriousness and the Company focusses on addressing and reducing complaints. Of the total customer complaints, 3.1% were pending at the end of the year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks additional information)

   Since the Company is not into manufacturing of products, the requirement of displaying product labeling is not applicable to its service offerings directly to its vacation ownership members/guests. However, the information relating to the entitlement, benefits, usage terms etc. of the vacation ownership membership are detailed in the Membership Rules stated in the Member Application Forms. In addition to that, the Company's resorts have various activities listed at the resorts, which can be enjoyed after complying with appropriate safety measures.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   None

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Being a long-term relationship & experiential product, the Company monitors vacation ownership members loyalty by adopting a 360 degree approach towards member surveys/feedbacks. Feedbacks are collected across all key lifecycle touch points, post every transaction of the member with the brand.

   Every feedback also has supplementary questions that guide the Company to understand positive & negative experiences and act accordingly. The Company also captures sentiments on member comments on the various feedback forms and acts on it regularly. The Company's Customer As Promoter Scores (CAPS) score was 63 per cent at the end of Financial Year 2017-18. An organization's score of above 50 is considered exceptional based on this methodology. Further, as mentioned above, the Company started using Customer Effort Scores (CES) — a globally accepted metric that captures the ease of transacting. CES was at an encouraging 40 per cent in Financial Year 2017-18.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Mahindra Holidays & Resorts India Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these Standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated 19 May 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on the financial position in its Standalone Ind AS financial statements – Refer Note 37 to the Standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co LLP
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Koosai Lehery
Partner
(Membership No. 112399)

Mumbai, May 8, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

(Referred to in our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the registered sale deeds and Court orders approving schemes of arrangements/ amalgamations provided to us by the Company, the title deeds of immovable properties are held in the name of the Company except for the following which are not held in the name of the Company:

Sr. No.	Total no. of cases	Type of Assets	Gross Block as at 31 March 2018	Net Block as at 31 March 2018	Remarks
1	3	Freehold land	94,192,919	94,192,919	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
2	3	Building	511,554,493	440,538,627	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds

ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made, guarantees given and security provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business/activities, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and service tax, Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Luxury tax, Value added tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and service tax, Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Luxury tax, Value added tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Goods and service tax, Sales tax, Value added tax and Duty of customs which have not been deposited on account of any dispute. The following disputed dues in respect of Income tax, Service tax and Luxury tax have not been deposited by the Company with the appropriate authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount* (₹ in lakhs)
Income Tax Act, 1961	Income tax, Interest and Penalty	High Court	AY 1999 to 2011	31,251
		Income tax Appellate Tribunal	AY 2010, AY 2012 to 2015	31,674
		Commissioner of Income Tax-Appeals	AY 2016	10,537
Finance Act	Service Tax, Interest and Penalty	Custom, Excise and Service tax Appellate Tribunal	FY 2005 to 2014	9,322
Tamilnadu Luxury Tax Act	Luxury Tax	Deputy Commissioner	FY 2003 to 2006	64
		Commissioner - Appeals	FY 2011 to 2012	17
Kerala Luxury Tax Act	Luxury Tax	Intelligence officer-Debikulam	FY 2009 to 2011	659
		Appellate Commissioner	FY 2012-2016	4,310
Uttarakhand Luxury Tax Act	Luxury Tax	Appellate Commissioner	FY 2013	34
Gujarat Luxury Tax Act	Luxury Tax	Commissioner of Commercial taxes	FY 2014 to 2016	684
Maharashtra Luxury Act	Luxury Tax	Commissioner of Commercial taxes	FY 2013 to 2014	42

* net of amounts paid under protest.

viii. According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowing from financial institutions or government or debenture holders during the year.

ix. According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

x. According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co LLP
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Koosai Lehery
Partner
(Membership No. 112399)

Mumbai, May 8, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of Mahindra Holidays & Resorts India Limited ("the Company") as at 31 March 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements.

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Co LLP
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Koosai Lehery
Partner
(Membership No. 112399)

Mumbai, May 8, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	84,851.59	87,861.72
Capital work-in-progress		10,848.60	5,960.64
Other intangible assets	5	981.26	1,601.01
Intangible assets under development		92.61	211.42
Financial Assets			
Investments			
Investments in subsidiaries	6	9,532.75	8,000.61
Other Investments	6	373.18	365.59
Trade receivables	7	46,396.43	49,443.33
Loans	8	4,282.94	3,751.94
Other Financial Assets	9	2,902.23	1,243.12
Deferred Tax Assets (Net)	10	1,348.23	2,068.80
Other non-current tax assets (Net)	11(a)	11,780.37	10,777.77
Other non-current assets	11(b)	3,533.33	2,168.65
		1,76,923.52	1,73,454.60
Current assets			
Inventories	12	633.49	593.39
Financial Assets			
Investments	13	44,468.76	9,711.29
Trade receivables	14	96,999.59	90,134.28
Cash and cash equivalents	15	2,388.43	15,470.53
Other bank balances	16	106.58	1,314.10
Loans	17	2,800.63	4,911.13
Other Financial Assets	18	908.15	0.10
Other current assets	19	3,547.94	3,052.26
		1,51,853.57	1,25,187.08
		3,28,777.09	2,98,641.68
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	13,275.95	8,823.45
Other equity	21	63,168.61	58,618.97
		76,444.56	67,442.42
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	22	281.69	101.86
Provisions	23	724.34	859.64
Other non-current liabilities			
Deferred Revenue	24	2,04,424.02	1,87,801.25
		2,05,430.05	1,88,762.75
Current liabilities			
Financial Liabilities			
Trade payables	25	12,667.14	12,114.53
Other financial liabilities	26	7,297.95	7,179.62
Provisions	27	338.49	177.40
Other current liabilities			
Deferred Revenue	28(a)	24,425.91	21,680.75
Others	28(b)	2,172.99	1,284.21
		46,902.48	42,436.51
		3,28,777.09	2,98,641.68

See accompanying notes to the financial statements

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399

Place: Mumbai
Date: May 08, 2018

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Place: Mumbai
Date: May 08, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Revenue			
Revenue from operations	29	1,06,418.57	1,07,318.48
Other Income	30	3,000.46	1,720.43
Total Revenue		1,09,419.03	1,09,038.91
Expenses			
Employee benefits expense	31	24,284.05	22,529.36
Finance costs	32	4.86	2.16
Depreciation and amortisation expense	4 & 5	5,479.55	6,053.37
Other expenses	33	58,935.25	60,359.56
Total Expenses		88,703.71	88,944.45
Profit before tax		20,715.32	20,094.46
Tax Expense			
Current tax	34	6,558.88	7,534.55
Deferred tax	34	720.57	(505.29)
Total tax expense		7,279.45	7,029.26
Profit after tax		13,435.87	13,065.20
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit asset		(109.44)	(4.48)
Income taxes related to items that will not be reclassified to profit or loss		37.87	1.55
Net other comprehensive income not to be reclassified subsequently to profit or loss		(71.57)	(2.93)
Total comprehensive income for the period attributable to:			
Owners of the Company		13,364.30	13,062.27
Earnings per equity share (for continuing operation):			
(face value of ₹ 10 per share)			
Basic	35	10.14	9.88
Diluted	35	10.10	9.85

See accompanying notes to the financial statements

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399

Place: Mumbai
Date: May 08, 2018

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Place: Mumbai
Date: May 08, 2018

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax for the year	**20,715.32**	20,094.46
Adjustments for:		
Finance costs	**4.86**	2.16
Interest income	**(708.50)**	(912.50)
Dividend income	**(177.81)**	(423.46)
Impairment loss recognised on trade receivables	**–**	2,100.00
Depreciation and amortisation of non-current assets	**5,479.55**	6,053.37
Net (Gain)/Loss on disposal of property, plant and equipment	**62.96**	41.13
Net foreign exchange (gain)/loss	**(228.97)**	217.22
Net Gain on sale of investment	**(363.79)**	–
Net Gain on Investments carried at FVTPL	**(1,229.39)**	(9.46)
Equity-settled share-based payments	**272.06**	350.98
	3,110.97	7,419.44
Operating profit before working capital changes	**23,826.29**	27,513.90
Movements in working capital:		
Increase in trade and other receivables	**(3,911.28)**	(16,940.45)
Increase in inventories	**(40.10)**	(4.42)
Increase / (Decrease) in trade and other payables	**607.25**	(222.27)
Increase in provisions	**25.79**	331.74
Increase in deferred revenue	**19,367.93**	21,408.11
Increase in other liabilities	**867.78**	1,315.16
	16,917.37	5,887.87
Cash generated from operations	**40,743.66**	33,401.77
Income taxes paid	**(7,561.49)**	(6,821.23)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**33,182.17**	26,580.54
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	**334.81**	912.50
Dividend income	**177.81**	423.46
Repayments by related parties	**2,322.30**	1,839.08
Placement of deposits	**(2,000.00)**	–
Payments for property, plant and equipment	**(7,821.04)**	(7,307.56)
Proceeds from disposal of property, plant and equipment	**13.36**	28.99
Proceeds from disposal of investment	**45,155.92**	1,500.94
Investment in subsidiary	**(1,532.14)**	–
Purchase of investment	**(78,150.00)**	(5,723.46)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(41,498.98)**	(8,326.05)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity share capital	**585.60**	–
Proceeds from borrowings	**7,348.90**	–
Repayment of borrowings	**(7,348.90)**	–
Dividends paid to owners of the Company	**(5,346.03)**	(5,340.14)
Interest paid	**(4.86)**	(2.16)
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES	**(4,765.29)**	(5,342.30)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(13,082.10)**	12,912.19
Cash and cash equivalents at the beginning of the year	**15,470.53**	2,558.34
Cash and cash equivalents at the end of the year (Refer note no 15)	**2,388.43**	15,470.53

See accompanying notes to the financial statements

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399
Place: Mumbai
Date: May 08, 2018

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Place: Mumbai
Date: May 08, 2018

STATEMENT OF CHANGES IN EQUITY

(All amounts are in INR Lacs unless otherwise stated)

	Share Capital	Reserves and Surplus						Other Comprehensive Income	Total
Particulars	**Equity Share Capital**	**Capital Reserve**	**Securities Premium Reserve**	**General Reserve**	**Share Options Outstanding Account**	**Capital Redemption Reserve**	**Retained Earnings**	**Acturial Gain/(Loss)**	
Balance at the beginning of the reporting year - April 1, 2017	8,823.45	44.75	13,805.69	10,384.36	845.39	145.80	33,406.01	(13.03)	67,442.42
Profit for the year	–	–	–	–	–	–	13,435.87	–	13,435.87
Additions during the year	–	–	–	–	272.06	–	–	–	272.06
Bonus Issue	4,415.52	–	(4,415.52)	–	–	–	–	–	0.00
Capitalisation of Share Issue Expenses	–	–	(37.49)	–	–	–	–	–	(37.49)
Fresh Issue of shares	24.50	–	561.10	–	–	–	–	–	585.60
Issue of shares by ESOP Trust	12.48	–	153.90	(2.68)	–	–	–	–	163.70
OCI component of actuarial gains/(losses) (Net of Taxes)	–	–	–	–	–	–	–	(71.57)	(71.57)
Dividends	–	–	–	–	–	–	(5,346.03)	–	(5,346.03)
Transfer to General reserve	–	–	–	–	–	–	–	–	–
Balance at the end of the reporting year - March 31,2018	**13,275.95**	**44.75**	**10,067.68**	**10,381.68**	**1,117.45**	**145.80**	**41,495.85**	**(84.60)**	**76,444.56**

STATEMENT OF CHANGES IN EQUITY

(All amounts are in INR Lacs unless otherwise stated)

Particulars	Share Capital	Reserves and Surplus						Other Comprehensive Income	Total
	Equity Share Capital	Capital Reserve	Securities Premium Reserve	General Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Retained Earnings	Acturial Gain/(Loss)	
Balance at the beginning of the reporting year - April 1, 2016	8,805.84	44.75	13,504.51	8,890.18	494.41	145.80	27,183.55	(10.10)	59,058.94
Profit for the year	–	–	–	–	–	–	13,065.20	–	13,065.20
Additions during the year	17.61	–	301.18	(5.82)	350.98	–	–	–	663.95
OCI component of actuarial gains/losses	–	–	–	–	–	–	–	(2.93)	(2.93)
Dividends	–	–	–	–	–	–	(5,342.74)	–	(5,342.74)
Transfer to General reserve	–	–	–	1,500.00	–	–	(1,500.00)	–	–
Balance at the end of the reporting year - March 31, 2017	8,823.45	44.75	13,805.69	10,384.36	845.39	145.80	33,406.01	(13.03)	67,442.42

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399
Place: Mumbai
Date: May 08, 2018

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Place: Mumbai
Date: May 08, 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in INR Lacs unless otherwise stated)

1 Corporate Information

The Company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

2 Significant Accounting Policies

(i) Statement of compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

(ii) Basis of preparation and presentation:

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

All amounts have been rounded off to the nearest Lacs, unless stated otherwise.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition:

a. *Revenue from sale of Vacation Ownership*

The Company's business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis.

Revenue from Membership fees

Admission fee is recognized as income on admission of a member. Admission fee collected is non refundable.

Entitlement fee, which entitles the members the vacation ownership facilities over the agreed membership period, is recognized as income equally over the tenure of membership (33 years / 25 years / 10 years or any other tenure applicable to the respective member), commencing from the year of admission of each member. Entitlement fees which will be recognised in future periods are disclosed under Other Liabilities – Deferred revenue – Entitlement fee.

Revenue from Annual subscription fees

Annual subscription fee dues from members are recognized as income on accrual basis and fees pertaining to the period beyond the date of the Balance Sheet is grouped under Other liabilities - Deferred revenue – Annual subscription fee.

Interest income on deferred payment plans

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the agreed rates.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue with respect to installments/contracts where there is an uncertainty about collectability is deferred at inception (even though the membership is not cancelled). The estimation of such revenues doubtful of recovery has been made by the Company based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

b. Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

c. Interest income from other financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

d. Securitised receivables are de-recognised as the contractual rights therein are transferred to the third party. On de-recognition, the excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation. No such transactions have been entered subsequent to 1st April, 2016, warranting a different treatment under Ind AS.

e. Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(iv) Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Rental expense pertaining to properties taken on operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are

(All amounts are in INR Lacs unless otherwise stated)

received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are accrued.

(v) Foreign currencies:

The financial statements of the Company are presented in Indian Rupees (INR), which is the Company's functional currency. In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Under previous GAAP, paragraph 46A of AS 11, The Effects of Changes in Foreign Exchange Rates, provided an accounting treatment to Companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences in respect of items other than those related to acquisition of depreciable assets, could be accumulated in a foreign currency monetary item translation difference account ('FCMITDR'), and amortised over the balance period of such long term monetary item or upto 31st March, 2020, whichever is earlier. Ind AS provides an option to Company to continue the above accounting treatment in respect of long term foreign currency items recognised in the financial statements for the period ending immediately before the beginning of the first Ind As reporting period. The Company has elected this option.

(vi) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

(vii) Employee benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the Company in respect of services provided by employees upto the reporting date.

(viii) Share based payment arrangements:

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(ix) Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

(All amounts are in INR Lacs unless otherwise stated)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates and the tax laws enacted or substantively enacted as at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively

(x) Property, plant and equipment:

Land and buildings held for use in the supply or production of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for supply, production or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, other directly attributable expenses and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Leasehold Building	Period of lease
Buildings (other than those mentioned below)	30 - 60 years
Floating cottages (grouped under buildings)	25 years
Plant & equipment	5 - 10 years
Furniture and Fixtures (other than those mentioned below)	5 - 10 years
Furniture and Fixtures (in Club Mahindra Holiday World)	3 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(xi) Intangible assets:

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Category of Asset	Estimated useful lives
Computer Software and website development cost	3 years

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(xii) Impairment of tangible and intangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(xiii) Inventories:

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on moving weighted average basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(xiv) Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(All amounts are in INR Lacs unless otherwise stated)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xv) <u>Financial instruments</u>:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(xvi) <u>Financial assets</u>:

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

(i) to receive cash or another financial asset from another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; or

(d) a contract that will or may be settled in the Company's own equity instruments and is:

(i) a non-derivative for which the Company is or may be obliged to receive a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

<u>Debt</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at "fair value through profit or loss (FVTPL)" on initial recognition):

the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments (except for debt instruments that are designated as at FVTPL on initial recognition) that meet the following conditions are subsequently measured at "fair value through other comprehensive income (FVTOCI)":

the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

A debt instrument that meets the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

<u>Equity</u>

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Equity instruments at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend earned on the financial asset and is included under 'Other income'. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established and the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investments in equity instruments of subsidiaries, joint ventures and associates are measured at cost.

<u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses considering the nature of industry and the deferred payment schemes operated.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of

(All amounts are in INR Lacs unless otherwise stated)

the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognized in profit or loss.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

(xvii) Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

A financial liability is any liability that is:

(a) a contractual obligation :

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

(b) a contract that will or may be settled in the Company's own equity instruments and is:

- (i) a non-derivative for which the Company is or may be obliged to deliver a variable number of the Company's own equity instruments; or
- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the Company's own equity instruments is an equity instrument if the exercise price is fixed in any currency.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a) it has been incurred principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an

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acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or

c) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' / 'Other expenses' line item as appropriate.

However, for financial liabilities not held-for-trading that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and

- the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains are determined based on the amortised cost of the instruments and are recognized in "Other income" and losses are recognised in "Finance Cost" to the extent it is related to borrowings.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in statement of profit and loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

(xviii) Cash flow statements:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(xix) Earnings per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

(xx) Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xxi) Operating cycle:

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

(All amounts are in INR Lacs unless otherwise stated)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

a. Share based payments

The entity initially measures the cost of equity settled transactions with employees using the Black Scholes model to determine the fair value of the options granted. Estimating the fair value of the share options granted require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for the share based payment transactions are disclosed in Note 20.

b. Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the gratuity obligation are disclosed in Note 38.

c. Intangible assets under development

The Company capitalizes intangibles underdevelopment in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

d. Life time Expected credit losses

Life time expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward-looking information on collection .

e. Estimation towards revenue deferred at inception

The quantum of revenue deferred at inception is computed based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

f. Significant financing component

Given the nature of vacation ownership business, the Company has determined that membership fee does not include a significant financing component. Where the payment is received in installments, the Company charges appropriate interest to the members.

Note No. 4 - Property Plant and Equipment:

Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Buildings - Leasehold**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I. Gross Block								
Balance as at 1st April, 2017	16,120.55	64,081.61	156.09	21,946.45	2,382.12	15,175.39	1,126.59	120,988.80
Additions	536.78	208.60	–	679.24	80.30	86.37	109.92	1,701.21
Disposals	–	(53.75)	–	(85.68)	(14.13)	(5.98)	(33.95)	(193.49)
Others (reclassification)	–	–	–	(7.16)	(37.07)	44.23	–	–
Balance as at 31st March, 2018	**16,657.33**	**64,236.46**	**156.09**	**22,532.85**	**2,411.22**	**15,300.01**	**1,202.56**	**122,496.52**
II. Accumulated depreciation								
Balance as at 1st April, 2017	–	7,752.99	156.09	12,126.57	1,999.78	10,573.46	518.19	33,127.08
Depreciation expense for the year	–	1,283.95	–	1,950.38	159.67	1,112.93	128.09	4,635.02
Eliminated on disposal of assets	–	(3.78)	–	(71.99)	(13.43)	(5.97)	(22.00)	(117.17)
Others (reclassification)	–	–	–	(0.80)	–	0.80	–	–
Balance as at 31st March, 2018	**–**	**9,033.16**	**156.09**	**14,004.16**	**2,146.02**	**11,681.22**	**624.28**	**37,644.93**
Net block (I-II)								
Balance as at 31st March, 2018	**16,657.33**	**55,203.30**	**–**	**8,528.69**	**265.20**	**3,618.79**	**578.28**	**84,851.59**
Balance as at 31st March, 2017	16,120.55	56,328.62	–	9,819.88	382.34	4,601.93	608.40	87,861.72

Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Buildings - Leasehold**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I. Gross Block								
Balance as at 1st April, 2016	15,681.68	63,789.27	156.09	20,787.97	2,289.98	15,162.18	1,101.17	118,968.34
Additions	438.87	455.76	–	1,539.55	122.61	224.74	99.96	2,881.49
Disposals	–	(157.46)	–	(363.71)	(40.98)	(223.99)	(74.89)	(861.03)
Others (reclassification)	–	(5.96)	–	(17.36)	10.51	12.46	0.35	–
Balance as at 31 March, 2017	**16,120.55**	**64,081.61**	**156.09**	**21,946.45**	**2,382.12**	**15,175.39**	**1,126.59**	**120,988.80**

(All amounts are in INR Lacs unless otherwise stated)

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
II. Accumulated depreciation								
Balance as at 1st April, 2016	–	6,625.72	113.30	10,376.59	1,861.47	9,381.87	448.45	28,807.40
Depreciation expense for the year	–	1,266.27	42.79	2,091.32	172.71	1,405.23	132.27	5,110.59
Eliminated on disposal of assets	–	(138.08)	–	(329.47)	(40.82)	(219.88)	(62.66)	(790.91)
Others (reclassification)	–	(0.92)	–	(11.87)	6.42	6.24	0.13	–
Balance as at 31 March, 2017	**–**	**7,752.99**	**156.09**	**12,126.57**	**1,999.78**	**10,573.46**	**518.19**	**33,127.08**
Net block (I-II)								
Balance as at 31st March, 2017	16,120.55	56,328.62	–	9,819.88	382.34	4,601.93	608.40	87,861.72
Balance as at 31st March, 2016	15,681.68	57,163.55	42.79	10,411.38	428.51	5,780.31	652.72	90,160.94

Note No. 5 - Other Intangible Assets

Description of Assets	Computer Software & Website development cost	Total
I. Gross Block		
Balance as at 1 April, 2017	6,781.19	6,781.19
Additions	224.78	224.78
Balance as at 31 March, 2018	**7,005.97**	**7,005.97**
II. Accumulated depreciation		
Balance as at 1 April, 2017	5,180.18	5,180.18
Amortisation expense for the year	844.53	844.53
Balance as at 31 March, 2018	**6,024.71**	**6,024.71**
Net block (I-II)		
Balance as at 31st March, 2018	981.26	981.26
Balance as at 31st March, 2017	1,601.01	1,601.01

Description of Assets	Computer Software & Website development cost	Total
I. Gross Block		
Balance as at 1 April, 2016	5,863.24	5,863.24
Additions	917.95	917.95
Balance as at 31 March, 2017	6,781.19	6,781.19
II. Accumulated depreciation		
Balance as at 1 April, 2016	4,237.40	4,237.40
Amortisation expense for the year	942.78	942.78
Balance as at 31 March, 2017	5,180.18	5,180.18
Net block (I-II)		
Balance as at 31st March, 2017	1,601.01	1,601.01
Balance as at 31st March, 2016	1,625.84	1,625.84

Note No. 6 - Non-Current Investment

	Face value	Currency	**As At March 31, 2018**		As At March 31, 2017	
			Quantity	**Amount**	Quantity	Amount
Unquoted Investments at Cost (fully paid)						
In Equity Instruments of Subsidiaries						
Heritage Bird (M) Sdn. Bhd..	1	MYR	**300,002**	**40.27**	300,002	40.27
Mahindra Hotels and Residences India Ltd.	10	INR	**49,994**	**5.00**	49,994	5.00
Gables Promoters Private Limited	10	INR	**65,000,000**	**6,543.78**	49,678,600	5,011.64
MH Boutique Hospitality Limited	100	THB	**49,000**	**95.38**	49,000	95.38
Infinity Hospitality Group Company Limited	100	THB	**734,850**	**2,681.11**	734,850	2,681.11
MHR Holdings (Mauritius) Limited	1	EUR	**145,000**	**115.10**	145,000	115.10
Arabian Dreams Hotel Apartments LLC	100	AED	**147**	**52.11**	147	52.11
				9,532.75		8,000.61
Unquoted Investments at FVTPL (fully paid)						
In Equity Instruments of other entities						
Mahindra World City Developers Ltd.	10	INR	**1**	**0.00**	1	0.00
Mahindra Hotels and Resorts Limited (cost of investment ₹ 1/-)	10	INR	**20,011**	**0.00**	20,011	0.00
Nreach Online Services Private Limited	10	INR	**5,738**	**300.00**	–	300.00

(All amounts are in INR Lacs unless otherwise stated)

	Face value	Currency	**As At March 31, 2018** Quantity	Amount	As At March 31, 2017 Quantity	Amount
In Preference Instruments of other entities						
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each)	10	INR	**25,000**	**73.18**	25,000	65.59
				373.18		365.59
Aggregate Book Value of Unquoted Investments				**9,905.93**		8,366.20

Notes:

a) The preference shares of Guestline Hospitality Management and Developmnent Services Limited can be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz. 14.01.2003 or at the option of the holder be convertible into fully paid equity shares of the face value of INR 10 each anytime after thirty six months from the date of allotment.

b) During the year, 15,321,400 (Previous Year NIL) equity shares of ₹ 10 each were alloted at par by Gables Promoters Private Limited.

Note No. 7 - Non-Current Trade Receivables

(Unsecured)

Particulars	**As At March 31, 2018**	As At March 31, 2017
Considered good	**46,396.43**	49,443.33
	46,396.43	49,443.33

Note No. 8 - Non-Current Loans

(Unsecured, Considered good)

Particulars	**As At March 31, 2018**	As At March 31, 2017
Security Deposits	**4,275.54**	3,744.54
Loans to related parties (refer note no 46)	**7.40**	7.40
	4,282.94	3,751.94

Note No. 9 - Other Non-Current Financial Assets

Particulars	**As At March 31, 2018**	As At March 31, 2017
Financial assets at amortised cost		
Guarantee commission receivable from related parties (refer note no 46)	**1,392.79**	1,075.59
Bank deposit with more than 12 months maturity	**–**	167.53
Other Deposits	**1,509.44**	–
	2,902.23	1,243.12

Note No. 10 - Deferred Tax Assets

Particulars	**As At March 31, 2018**	As At March 31, 2017
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	**7,802.43**	7,519.89
Fair valuation of financial assets	**437.39**	14.55
Tax effect of items constituting deferred tax assets		
Employee Benefits	**339.24**	353.39
Receivables / Revenue derecognition	**9,220.49**	9,220.49
Fair valuation of financial assets	**28.32**	29.36
Net Tax Asset	**1,348.23**	2,068.80

Note No. 11(a) - Other Non-Current Tax Assets

Particulars	**As At March 31, 2018**	As At March 31, 2017
Advance Income tax (Net of provisions up to the reporting date)	**11,780.37**	10,777.76
	11,780.37	10,777.76

Note No. 11(b) - Other Non-Current Assets

Particulars	**As At March 31, 2018**	As At March 31, 2017
Capital Advances	**2,627.73**	1,182.67
Prepayments	**378.00**	489.45
Duty paid under protests	**527.60**	496.53
	3,533.33	2,168.65

Note No. 12 - Inventories
(At lower of cost and net realisable value)

Particulars	**As At March 31, 2018**	As At March 31, 2017
Food and beverages	**96.43**	107.61
Operating supplies	**537.06**	485.78
	633.49	593.39
Cost of food and beverages recognised as an expense during the year (Refer Note 33)	**3,466.18**	3,419.02

(All amounts are in INR Lacs unless otherwise stated)

Note No. 13 - Current Investments:

Particulars	As At March 31, 2018 Units	As At March 31, 2018 Amount	As At March 31, 2017 Units	As At March 31, 2017 Amount
Unquoted Investments at FVTPL (all fully paid)				
Investments in Mutual Funds				
HDFC Banking and PSU Debt Fund Direct Growth	**18,838,283**	**2,672.89**	–	–
HDFC Banking and PSU Debt Fund Regular Growth	**18,990,195**	**2,669.74**	–	–
ICICI Prudential Short Term Growth Option	**6,692,666**	**2,422.42**	–	–
ICICI Prudential Short Term Direct Growth Option	**3,892,551**	**1,459.06**		
ICICI Prudential Income Opportunities Fund Reg Growth	**902,786**	**219.08**	–	–
ICICI Prudential Income Opportunities Fund Direct Plan Growth	**2,336,349**	**578.16**	–	–
IDFC Corporate Bond Fund Regular Plan Growth	**14,043,341**	**1,669.50**	–	–
IDFC Corporate Bond Fund Direct Plan Growth	**34,982,465**	**4,187.51**	–	–
Birla Sun Life Floating Rate Fund-Long Term Plan Growth	**966,662**	**2,056.67**	–	–
Birla Sun Life Floating Rate Fund-Long Term Plan Growth Direct	**948,356**	**2,042.06**	–	–
HDFC Floating Rate Income Fund Short Term Plan Wholesale Growth	**6,936,919**	**2,097.97**	–	–
HDFC Floating Rate Income Fund Short Term Plan Wholesale Direct Plan Growth	**6,696,488**	**2,034.55**		
ICICI Prudential Flexible Income Growth	**269,270**	**897.03**	–	–
ICICI Prudential Flexible Income Growth Direct	**609,780**	**2,042.11**	–	–
Mahindra Liquid Fund - Dir - Growth	**694,854**	**7,812.70**	–	–
ICICI Prudential Flexible Income Plan - Reg - Dly Dividend	**1,286,302**	**1,360.08**	–	–
Kotak Treasury Advantage Fund Regular Plan Growth	**7,506,213**	**2,086.25**	–	–
Kotak Treasury Advantage Fund Regular Direct Plan Growth	**7,202,341**	**2,033.26**		
UTI Treasury Advantage fund Insitutional Growth	**87,167**	**2,087.74**	–	–
UTI Treasury Advantage fund Direct Institutional Plan Growth	**84,522**	**2,039.98**	–	–
Franklin India Ultra Short Bond Fund - Super IP - Dly Dividend	**–**	**–**	2,575,089	259.62
Birla Sun Life Floating Rate Fund - STP - Reg - Dly Dividend	**–**	**–**	631,766	631.89
HDFC Liquid Fund - Dly Dividend	**–**	**–**	113,415	1,156.62
ICICI Prudential Liquid - Reg - Dly Dividend	**–**	**–**	420,481	420.90
Kotak Floater - ST - Reg - Dly Dividend	**–**	**–**	114,441	1,157.71
Tata Liquid Fund - Reg - Dly Dividend	**–**	**–**	37,360	416.38
Tata Money Market Fund - Reg - Dly Dividend	**–**	**–**	73,535	736.46
Tata Floater Fund - Reg - Dly Dividend	**–**	**–**	103,469	1,038.34
HDFC F R I F - STF - WP - Daily Dividend	**–**	**–**	12,879,068	1,298.33
ICICI Prudential Flexible Income Plan - Reg - Dly Dividend	**–**	**–**	1,229,352	1,299.87
IDFC Ultra Short Term Fund - Reg - Dly Dividend	**–**	**–**	2,565,783	258.40
Kotak Treasury Advantage Fund - Dly Dividend	**–**	**–**	10,285,597	1,036.77
Aggregate book value of unquoted investments	**133,967,510**	**44,468.76**	31,029,355	9,711.29

Note No. 14 - Trade Receivables (Unsecured)

Particulars	As at March 31, 2018	As at March 31, 2017
Considered good	**96,999.59**	90,134.28
Doubtful	**3,173.41**	7,799.55
Less: Allowance for Credit Losses	**(3,173.41)**	(7,799.55)
	96,999.59	90,134.28

Note No. 15 - Cash and Cash Equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks	**1,574.43**	1,503.73
Cash on hand	**63.88**	66.80
Bank Deposits with less than 3 months original maturity	**750.12**	13,900.00
	2,388.43	15,470.53

Note No. 16 - Other Bank Balances

Particulars	As at March 31, 2018	As at March 31, 2017
Earmarked balances with banks (Unpaid Dividend)	**6.86**	6.01
Bank Deposits maturity greater than three months and less than twelve months	**99.72**	1,308.09
	106.58	1,314.10

Note No. 17 - Loans (Unsecured, Considered good)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans to related parties (refer note no 46)	**2,762.35**	4,888.76
Loans and advances to employees	**38.28**	22.37
	2,800.63	4,911.13

Note No. 18 - Other Financial Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortised cost		
Insurance claims receivable	**3.86**	–
Other receivables from related parties (refer note no 46)	**400.63**	0.10
Other Deposits	**503.66**	–
	908.15	0.10

Note No. 19 - Other Current Assets

Particulars	As at March 31, 2018	As at March 31, 2017
With Government authorities (excludng income taxes)	**1,959.43**	47.32
Prepayments	**1,014.29**	1,384.25
Advance to suppliers:		
Considered good *	**574.22**	1,620.69
Considered doubtful	**250.00**	250.00
Less: Provision for doubtful advances	**(250.00)**	(250.00)
	3,547.94	3,052.26

*** Includes advances given to related parties - ₹ 250 lacs**

Note No. 20 - Equity Share Capital:

Particulars	As At March 31, 2018 No. of Shares	As At March 31, 2018 Amount	As At March 31, 2017 No. of Shares	As At March 31, 2017 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**150,000,000**	**15,000.00**	100,000,000	10,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**133,443,784**	**13,344.38**	88,780,856	8,878.09
Treasury Shares (par value)	**(684,290)**	**(68.43)**	(546,360)	(54.64)
	132,759,494	**13,275.95**	88,234,496	8,823.45

Treasury shares represents equity shares of ₹ 10/- each fully paid up, allotted to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust ('ESOP Trust') but not exercised by employees.

20 a) Terms / rights attached to equity shares:

i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.

ii) The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

iii) For the year ended March 31, 2018, the amount of dividend proposed to be distributed to equity shareholders is ₹ 5,337.75 lacs at ₹ 4 per share (Previous year ₹ 4,441.79 lacs at ₹ 5 per share).

iv) Repayment of capital will be in proportion to the number of equity shares held.

20 b) Shares in the Company held by Holding Company

Name of shareholder	No. of shares	% held as at 31-Mar-18	No. of shares	% held as at 31-Mar-17
Mahindra & Mahindra Limited (Holding Company)	**89,890,615**	**67.36%**	59,927,077	67.50%

20 c) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	No. of shares	% held as at 31-Mar-18	No. of shares	% held as at 31-Mar-17
Mahindra & Mahindra Limited	**89,890,615**	**67.36%**	59,927,077	67.50%
HDFC Trustee Company	**7,193,250**	**5.39%**	4,758,654	5.36%

20 d) The reconciliation of the number of shares outstanding as at March 31, 2018 and March 31, 2017 is set out below:-

Particulars	As at 31-Mar-18 No. of Shares	As at 31-Mar-18 In ₹ Lacs	As at 31-Mar-17 No. of Shares	As at 31-Mar-17 In ₹ Lacs
Number of shares at the beginning	**88,234,496**	**8,823.45**	88,058,418	8,805.84
Add: Bonus Shares issued during the year	**44,417,928**	**4,441.79**	–	–
Add: Shares issued on exercise of employee stock options	**369,771**	**36.98**	176,078	17.61
Less: Shares issued to ESOP Trust as Bonus Shares	**(262,701)**	**(26.27)**	–	–
Number of shares at the end	**132,759,494**	**13,275.95**	88,234,496	8,823.45

The Board of Directors at its meeting held on May 19, 2017 had approved issue of bonus shares in the proportion of 1:2, I.e. 1(one) bonus equity share of ₹ 10/- each for 2(two) fully paid up equity shares which was allotted on July 12, 2017 on approval being received in the shareholder's meeting.

20 e) i) Under the Employee Stock Option Scheme ("ESOS 2006") equity shares are allotted to the ESOP Trust set up by the Company. The ESOP Trust holds these shares for the benefit of the eligible employees/directors as defined under the scheme and transfers these shares to them as per the recommendation of the remuneration committee.

ii) The Company formulated the Employee Stock Option Scheme ("ESOS 2014"), under which the Company has the option to issue and allot the shares either directly to the eligible employees/directors or through the ESOP Trust. To the extent allotted, ESOP Trust would hold these shares for the benefit of the eligible Employees/Directors as defined under the scheme and would transfer the shares to them as per the recommendation of the remuneration committee.

iii) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement	ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust.
	ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust.
Method of Settlement	By issue of shares at Exercise Price.

Particulars	Date of Grant	Original Exercise price (in ₹)	Adjusted Exercise Price upon issue of Bonus shares	Average Exercise Price (in ₹)	Vesting period (in Yrs)	No. of options granted	Contractual life	Vesting condition	No. of options exercisable in each tranche
Grant I (ESOS 2006)	15/07/2006	16.00	N.A.	6.00	5	759,325	6 yrs from the date of grant	refer note (a) below	
Grant II (ESOS 2006)	30/03/2007	52.00	N.A.	19.50	4	122,235	5 yrs from the date of each vesting	25% each on expiry of 12,24,36 and 48 months from the date of grant.	Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant III (ESOS 2006)	11/01/2007	52.00	N.A.	19.50	4	56,700			
Grant V (ESOS 2006)**	11/01/2008	52.00	34.67	52.00	4	261,590			
Grant VI (ESOS 2006) #	21/02/2012	370.00	N.A.	370.00	4	400,000			
Grant VII (ESOS 2006) ##	21/02/2012	323.00	215.33	–	4	186,500			
Grant VIII (ESOS 2006)**	31/01/2013	323.00	215.33	323.00	4	130,000			
Grant IX (ESOS 2006)**	29/01/2014	253.00	N.A.	253.00	4	35,000			
Grant I (ESOS 2014)	22/01/2015	264.00	176.00	–	4	620,000			refer note (b) below
Grant II (ESOS 2014) **	27/10/2015	365.00	243.33	–	4	110,000			
Grant III (ESOS 2014)	18/02/2016	370.00	246.67	–	4	200,000			
Grant IV (ESOS 2014)	31/01/2017	406.00	270.67	–	4	80,000			
Grant V (ESOS 2014)	02/08/2017	410.00	N.A.	–	4	60,000			

Note (a) 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

Note (b) Minimum of 100 and a maximum of all the options vested but not exercised till that date.

iv) Summary of Stock options (including bonus shares)

Particulars	Date of Grant	Options outstanding as on 1.4.2017	Options granted during the year	Options augmented upon issue of Bonus shares	Options vested during the year	Options exercised during the year	Options lapsed during the year	Options outstanding as on 31.03.2018	Options vested but not exercised
Grant I (ESOS 2006)	15/07/2006				Closed				
Grant II (ESOS 2006)	30/03/2007				Closed				
Grant III (ESOS 2006)	11/01/2007				Closed				
Grant V (ESOS 2006)**	11/01/2008	3,601	–	1,320	–	958	3,963	–	–
Grant VI (ESOS 2006) #	21/02/2012	17,000	–	–	–	17,000	–	–	–
Grant VII (ESOS 2006) ##	21/02/2012	94,250	–	47,125	–	65,813	–	75,562	75,562
Grant VIII (ESOS 2006)**	31/01/2013	121,000	–	59,000	–	26,000	–	154,000	154,000
Grant IX (ESOS 2006)**	29/01/2014				Closed				
Grant I (ESOS 2014)	22/01/2015	605,000	–	300,000	225,000	120,000	75,000	710,000	560,000
Grant II (ESOS 2014) **	27/10/2015	110,000	–	55,000	41,250	–	–	165,000	82,500
Grant III (ESOS 2014)	18/02/2016	200,000	–	75,000	75,000	125,000	–	150,000	–
Grant IV (ESOS 2014)**	31/01/2017	80,000	–	40,000	30,000	15,000	45,000	60,000	–
Grant V (ESOS 2014)**	02/08/2017	–	60,000	–	–	–	–	60,000	–
Total		1,230,851	60,000	577,445	371,250	369,771	123,963	1,374,562	872,062

** Issued out of lapsed options.

Out of the above 90,000 shares has been issued out of lapsed options.

Out of the above 86,500 shares has been issued out of lapsed options.

The fair value of options as certified by independent valuer as of the respective dates of grant i.e. 21st February 2012 is ₹ 113.81 for Grant VI (ESOS 2006), ₹129.93 for Grant VII (ESOS 2006), 31st January 2013 is ₹ 94.43 for Grant VIII (ESOS 2006), 29th January 2014 is ₹ 83.75 for Grant IX (ESOS 2006), 22nd January 2015 is ₹ 97.24 for Grant I (ESOS 2014), 27th October 2015 is ₹ 158.85 for Grant II (ESOS 2014), 18th February 2016 is ₹ 126.91 for Grant III (ESOS 2014), 31st January 2017 is ₹ 150.35 for Grant IV (ESOS 2014) and 2nd August 2017 is ₹ 161.83 for Grant V (ESOS 2014).

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Grant details	Grant Date	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Grant VI & VII (ESOS 2006)	21/02/2012	8.00%	6.00	33%	₹ 4.00
Grant VIII (ESOS 2006)	31/01/2013	7.78%	3.50	31%	1.38%
Grant IX (ESOS 2006)	29/01/2014	8.81%	3.50	29%	1.66%
Grant I (ESOS 2014)	22/01/2015	7.74%	3.50	29%	1.48%
Grant II (ESOS 2014)	27/10/2015	7.52%	3.50	30%	1.01%
Grant III (ESOS 2014)	18/02/2016	7.51%	3.50	34%	1.15%
Grant IV (ESOS 2014)	31/01/2017	6.40%	3.50	35%	1.22%
Grant V (ESOS 2014)	02/08/2017	6.31%	3.00	45%	0.42%

The weighted average share price at the date of exercise for options was ₹ 239.96 per share (March 31, 2017 ₹ 357.42 per share) and weighted average remaining contractual life for the share options outstanding as at March 31, 2018 was 3.84 years (March 31, 2017 4.80 years)

Note No. 21 - Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017
General reserve	**10,381.68**	10,384.36
Securities premium reserve	**10,067.68**	13,805.69
Share options outstanding account	**1,117.45**	845.39
Retained earnings	**41,495.85**	33,406.01
Capital reserve	**44.75**	44.75
Capital redemption reserve	**145.80**	145.80
Other Comprehensive Income-Actuarial Loss	**(84.60)**	(13.03)
	63,168.61	58,618.97

Notes:

a) General reserve: The general reserve is used from time to time to transfer net profits from retained earnings for appropriation purposes.

b) Securities Premium Reserve: Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, write-off equity related expenses like share issue expenses, etc.

c) Share Option Outstanding Account: The Company has share option schemes under which options to subscribe the shares of the Company have been granted to certain eligible employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

d) Capital Reserve: Capital Reserves are mainly the reserves created during business combination for the gain on bargain purchase and common control mergers. It is not available for distribution as dividend.

e) Capital Redemption Reserve: The capital redemption reserve is used towards issue of fully paid bonus shares of the Company.

Note No. 22 - Other Financial Liabilities (At amortised cost)

Particulars	As at March 31, 2018	As at March 31, 2017
Retention Money	**281.69**	101.86
	281.69	101.86

Note No. 23 - Non-Current Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits - Compensated absences	**724.34**	859.64
	724.34	859.64

Note No. 24 - Other Non-Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Revenue - Entitlement fee	**204,424.02**	187,801.25
	204,424.02	187,801.25

Note No. 25 - Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payable for goods & services (other than Micro & Small Enterprises)	**12,607.45**	12,091.59
Due to Micro & Small Enterprises (Refer Note No. 44)	**59.69**	22.94
	12,667.14	12,114.53

Note No. 26 - Other Financial Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Creditors for capital supplies/services	**781.76**	642.43
Guarantee liability	**608.76**	653.81
Commission payable to non-whole time directors	**184.00**	184.00
Unpaid Dividends *	**6.84**	6.01
Employee benefits payable	**4,215.85**	4,413.18
Other payables	**1,500.74**	1,280.19
	7,297.95	7,179.62

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund as at March 31st, 2018.

Note No. 27 - Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
- Gratuity	**82.61**	15.94
- Compensated absences	**255.88**	161.46
	338.49	177.40

Note No. 28(a) - Deferred Revenue

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Revenue - Entitlement fee	**12,187.12**	10,949.42
Deferred Revenue - Annual subscription fee	**12,238.79**	10,731.33
	24,425.91	21,680.75

Note No. 28(b) - Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Taxes (excluding income taxes) and other statutory dues	**2,172.99**	1,284.21
	2,172.99	1,284.21

Note No. 29 - Revenue from Operations

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from operations:		
Revenue from sale of vacation ownership*	**54,493.21**	58,327.77
Income from resorts:		
Room rentals	**4,036.02**	3,446.31
Food and beverages	**12,506.32**	11,614.91
Wine and liquor	**424.20**	373.94
Others	**3,960.24**	3,600.64
Annual subscription fee	**21,668.45**	21,007.44
	97,088.44	98,371.01
Other operating revenue:		
Interest income on installment sales	**8,829.94**	8,868.46
Miscellaneous income	**500.19**	79.01
	9,330.13	8,947.47
	106,418.57	107,318.48

* Discounts offered to customers of ₹ 2,191 lacs (Previous Year: 1,555 lacs) have been presented as a reduction from revenue.

Note No. 30 - Other income

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income on Financial Assets at Amortised Cost		
On deposits with bank	**297.43**	417.58
On loans/deposits with related parties (refer Note No. 46)	**277.58**	494.92
Others	**133.49**	159.85
Dividend Income		
Dividend income from current investments	**177.81**	423.46
Net foreign exchange gain	**228.97**	–
Net gain arising on financial assets designated as at FVTPL	**1,593.18**	9.46
Guarantee Commission from related parties (refer Note No. 46)	**292.00**	213.76
Others	**–**	1.40
	3,000.46	1,720.43

Note No. 31 - Employee Benefits Expense

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages, including bonus	**21,019.00**	19,488.75
Contribution to Provident and other funds	**1,347.01**	1,043.66
Equity-settled share-based payments	**272.06**	350.98
Staff welfare expenses	**1,645.98**	1,645.97
	24,284.05	22,529.36

Note No. 32 - Finance costs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on short term borrowings	**4.86**	2.16
	4.86	2.16

Note No. 33 - Other expenses

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
Cost of food and beverages consumed				
Opening stock	**107.61**		104.65	
Add: Purchases	**3,455.00**		3,421.98	
Less: Closing stock	**96.43**		107.61	
		3,466.18		3,419.02
Operating supplies		**3,408.97**		3,540.35
Power & Fuel		**3,629.58**		3,576.34
Rent including lease rentals		**10,641.06**		8,344.91
Rates and taxes		**579.55**		928.14
Insurance		**386.18**		258.88
Repairs and maintenance				
Buildings		**855.22**		904.27
Plant & equipment		**414.61**		371.23
Others		**2,004.88**		2,324.61
Advertisement		**968.17**		956.90
Sales promotion		**16,685.72**		18,234.64
Travelling and Conveyance		**2,455.84**		2,060.47
Commission and other customer offers		**4,220.77**		3,557.34
Provision for doubtful trade receivables		**–**		2,100.00
Net loss on foreign currency transactions		**–**		217.22
Auditors remuneration and out-of-pocket expenses				
For Statutory audit		**53.00**		53.00
For Other services		**24.22**		39.23
For reimbursement of expenses		**1.32**		0.64
Directors' fees		**48.05**		44.92
Commission to non whole time directors		**184.00**		184.00

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Legal and other professional costs	**2,074.73**	2,456.89
Communication	**1,179.35**	1,194.74
Software charges	**345.67**	262.62
Service charges	**1,544.42**	2,028.00
Bank charges	**1,219.05**	1,111.00
Corporate Social Responsibility (CSR) expenditure (refer note no 41)	**340.20**	288.00
Loss on sale of property, plant and equipment (net)	**62.96**	41.13
Miscellaneous expenses	**2,141.55**	1,861.07
	58,935.25	60,359.56

Note No. 34 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax:		
In respect of current year	**6,558.88**	7,534.55
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**720.57**	(505.29)
Total income tax expense on continuing operations	**7,279.45**	7,029.26

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax:		
Remeasurement of defined benefit obligations	**37.87**	1.55
	37.87	1.55
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(37.87)**	(1.55)
	(37.87)	(1.55)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax from continuing operations	**20,715.32**	20,094.46
Income tax expense calculated at 34.608%	**7,169.16**	6,954.29
Effect of income that is exempt from taxation	**(61.54)**	(146.55)
Effect of expenses that is non-deductible in determining taxable profit	**171.83**	221.52
Income tax expense recognised In profit or loss from continuing operations	**7,279.45**	7,029.26

The tax rate used for the March 31, 2018 and March 31, 2017 reconciliations above is at the corporate tax rate of 30% plus surcharges and cess (applicable rate @ 34.608%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

For the Year ended March 31, 2018

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(7,519.89)**	**(282.54)**	–	(7,802.43)
Fair valuation of financial assets	**(14.55)**	**(422.84)**	–	(437.39)
	(7,534.44)	**(705.38)**	–	(8,239.82)
Tax effect of items constituting deferred tax assets				
Employee Benefits	**353.39**	**(14.15)**	–	339.24
Receivables / Revenue derecognition*	**9,220.49**	–	–	9,220.49
Fair valuation of financial assets	**29.36**	**(1.04)**	–	28.32
	9,603.24	**(15.19)**	–	9,588.05
Net Tax Asset / (Liabilities)	**2,068.80**	**(720.57)**	–	1,348.23

* The movement of deferred tax disclosed is after considering the trade receivables written off during the year and provision for revenue derecognition made during the year.

For the Year ended March 31, 2017

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(7,173.69)**	**(346.20)**	–	(7,519.89)
Fair valuation of financial assets	**(12.38)**	**(2.17)**	–	(14.55)
	(7,186.07)	**(348.37)**	–	(7,534.44)
Tax effect of items constituting deferred tax assets				
Employee Benefits	**228.26**	**125.13**	–	353.39
Provision for Doubtful Debts / Advances	**8,493.72**	**726.77**	–	9,220.49
Fair valuation of financial assets	**27.60**	**1.76**	–	29.36
	8,749.58	**853.66**	–	9,603.24
Net Tax Asset / (Liabilities)	**1,563.51**	**505.29**	–	2,068.80

Note No. 35 - Earnings per Share:

	Year ended March 31, 2018	Year ended March 31, 2017
Basic Earnings per share		
From continuing operations	**10.14**	9.88*
Diluted Earnings per share		
From continuing operations	**10.10**	9.85*

Basic earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year after tax attributable to owners of the Company	**13,435.87**	13,065.20
Weighted average number of equity shares (in Lacs)	**1,325.02**	1,323.04
Earnings per share from continuing operations - Basic	**10.14**	9.88

Diluted earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year after tax attributable to owners of the Company	**13,435.87**	13,065.20
Weighted average number of equity shares (in Lacs)	**1,329.78**	1,327.04
Earnings per share from continuing operations - Diluted	**10.10**	9.85

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**1,325.02**	1,323.04
Add: Effect of ESOPs	**4.76**	4.00
Weighted average number of equity shares used in the calculation of Diluted EPS	**1,329.78**	1,327.04

* The earnings per share has been adjusted on account of issuance of bonus equity shares.

Note 36: Leases:

The Company has taken certain properties under operating leases with varying lease terms, cancellable at the option of the Company. The future minimum lease payments are given below.

	Year ended March 31, 2018	Year ended March 31, 2017
Future minimum lease commitments		
not later than one year	**10,444.36**	4,724.83
later than one year and not later than five years	**15,911.91**	11,837.51
later than five years	**6,575.65**	2,756.05
Expenses recognised in the Statement of Profit and Loss		
- Minimum Lease Payments	**10,180.94**	7,759.66

Note No. 37 - Contingent liabilities and commitments:

Contingent liabilities (to the extent not provided for)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	**Income Tax matters:**		
	Claims against the Company not acknowledged as debt (for matters disputed by the Company)		
	pertaining to Revenue Recognition (timing difference *) pending before the CIT(A)/ITAT (Company appeal)	**43,693.51**	31,686.46
	interest included in the above	**11,206.88**	8,603.28
	pertaining to other matters (mainly timing differences *), pending before the CIT(A)/ITAT (Company appeal)	**4,450.29**	4,075.43
	interest included in the above	**967.04**	896.96
	Matters decided in favour of the Company, (but under appeal by the Department)		
	pertaining to Revenue Recognition (timing difference *) pending before the Madras High Court (Department appeal) excluding interest	**27,140.61**	27,140.61
(b)	**Service Tax matters:**		
	claimed on interest on installments and other items (inclusive of penalty where quantified in demand)*	**8,760.92**	7,839.82

* For matters pertaining to timing differences, if liability were to crystallise, there would be future tax benefits, except to the extent of tax rate differences and interest, if any.

	Particulars	As at March 31, 2018	As at March 31, 2017
Notes:			
1)	The above amounts are based on demands raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals. No reimbursements are expected.		
2)	In respect of above matters, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows if any.		
(c)	**Luxury Tax matters:**		
	In respect of certain States, the Company has received demands for payment of luxury tax for member stay at resorts as summarised below:		
	Demands raised (inclusive of penalty)	**5,485.52**	1,650.37
	The Company has challenged the above demands before various appellate authorities / High Court, the outcome of which is pending. For all such matters, the Company has made cumulative provisions for ₹ 577.10 lacs including ₹ 68 lacs paid during the year (Previous Year ₹ 550 lacs), on a best estimate basis.		
	The above demands include demands raised by Kerala Luxury Tax authorities in respect of which the Kerala High Court (single bench) has upheld the Constitutional validity of the levy and has allowed the department to proceed with the assessment while setting aside penalty orders. The Company has filed an writ appeal before the Divisional Bench of the Kerala High Court challenging the order of the single bench. The Company had also filed SLP with the Supreme Court wherein order has been passed permitting the tax authorities to proceed with the assessments but restricted the tax authorities for making any demand pursuant to the assessment till the disposal of the appeal before the Divisional Bench of the Kerala High Court.		

	Particulars	As at March 31, 2018	As at March 31, 2017
	The provision of ₹ 577.10 lacs (Previous Year ₹ 550 lacs) referred to above includes ₹ 438 lacs (Previous Year ₹ 421 lacs) on the account of demand raised by Kerala Tax Authorities.		
(d)	**Receivables Securitised:**		
	Certain specified receivables have been securitised prior to April 1, 2015 with a bank for availing finance. In case a member defaults in payment to the bank, the bank would have recourse to the Company.	**–**	1,112.87
(e)	**Guarantees given for its subsidaries:**		
	Amount of guarantees given (Euro)	**728.50**	681.00
	Outstanding amount against guarantees (Euro)	**644.50**	624.00
	Amount of guarantees given (THB)	**1,620.00**	1,620.00
	Outstanding amount against guarantees (THB)	**1,550.00**	700.00
	Amount of guarantees given (INR)	**62,130.41**	50,219.92
	Outstanding amount against guarantees (INR)	**55,209.37**	44,536.16

(f) Other matters under appeal (Property related):

(i) The Government of Kerala through the Sub Collector, District of Devikulam issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed an appeal before the Commissioner of Land Revenue, Trivandrum against the said Order stating that the Patta issued does not specify that the land should be used only for agricultural purpose. The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company and cancelled the assignment of land underlying the Munnar Resort and further directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.

(ii) With respect to certain claims of neighbouring property owners, the Company filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against them disturbing the possession of the Company's resort property at Lonavala, Maharashtra and obtained an ad-interim stay. In another development, notwithstanding these proceedings, the neighbouring property owner obtained an order from the local Mamlatdar's Court for alleged access to his property through the resort property. The Company obtained a stay against the said order of the Mamlatdar. All matters with respect to the neighbouring property owner are currently pending before the Civil Court, Pune. Further, on account of the cancellation of the Non-Agricultural land conversion order by the Collector, Pune on the basis of complaint made by the said neighbouring owner and subsequently confirmed by the Additional Divisional Commissioner, Pune, the Company has also filed another Civil Suit at Civil Court, Pune against State of Maharashtra and Others, inter alia, seeking declaration that the proceedings and Orders in respect of cancellation of the NA status of the land underlying the resort property at Lonavala are not enforceable and also sought other reliefs. Ad-interim stay has been granted against State of Maharashtra and the Collector,Pune not to give effect to the Orders of NA cancellation and the matter is pending for further hearing.

(g) Other matters:

(i) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed ₹ 1,256.15 lacs as damages for termination of the Contract. The Company has made a counter claim of ₹ 2,003.56 lacs towards liquidated damages and other losses. The matter is pending before the Arbitrator.

(ii) The Regional Provident Fund Commissioner, Chennai had issued Summons initiating proceedings under Section 7A of the Employees Provident Fund Act for failing to remit contributions on allowances relating to employees for the period from March 2011 to February 2013 in respect of Indian employees and from April 2010 to February 2013 in respect of international employees. The PF Authorities have made a claim of ₹ 189.93 lacs. The Company has filed a Writ Petition No 2408/2014 before the Madras High Court and the Court has granted an Interim stay of the above proceedings.

(iii) The Company had acquired the entire shareholding of erstwhile Holiday on Hill Resort Private Limited (erstwhile subsidiary) in the year 2012 and subsequently it was amalgamated with the Company. In the year 2013, a Show Cause Notice was issued by the Collector, Solan to the erstwhile subsidiary under the provisions of Section 118 of HP Tenancy and Land Reforms Act, 1972 (the Act) alleging that the sale by the erstwhile subsidiary had in violation of the provisions of the Act and has required the erstwhile subsidiary to show cause why the said land should not be confiscated. The erstwhile subsidiary had responded to said show cause notice, inter alia, submitting that it has not violated any provisions of the Act in as much as the Company has acquired only the shareholdings of the erstwhile subsidiary from its shareholders and no property has been sold to the Company. The matter has been disposed off by an Order dated 12th December, 2017 passed by the Financial Contoller (Appeals), HP, Shimla in Revision Application preferred by the Company.

(h) With respect to member complaints pending before various consumer fora and other matters: Estimated amount of claims ₹ 493.93 lacs (As at March 31, 2017: ₹ 475.36 lacs).

(i) Capital commitment:

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**475.56**	8,004.75

Note No. 38 - Employee Benefits:

(a) Defined contribution plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 990.45 Lacs (2017: ₹ 836.18 Lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans (Gratuity)

The Company has a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation done at the year end. The Gratuity scheme of the Company is funded with the Life Insurance Corporation of India.

Defined benefit plans – as per actuarial valuation on March 31, 2018 and March 31, 2017:

		Funded Plan Gratuity	
		2018	2017
Ia.	**Expense recognised in the Statement of Profit and Loss for the year ended 31st March:**		
	Current service cost	**129.78**	101.86
	Net Interest cost	**1.19**	0.33
	Components of defined benefit costs recognised in profit & loss	**130.97**	102.19
Ib.	**Included in other Comprehensive Income:**		
	Difference between actual and expected return on plan assets	**31.66**	(23.06)

	Funded Plan Gratuity 2018	2017
Actuarial (Gain)/Loss on account of:		
Demographic Assumptions	**66.53**	–
Financial Assumptions	**–**	13.81
Experience Adjustments	**11.25**	13.73
Components of defined benefit costs recognised in other comprehensive income	**109.44**	4.48
I. Net Liability recognised in the Balance Sheet as at 31st March:		
1. Present value of defined benefit obligation as at 31st March	**626.49**	464.85
2. Fair value of plan assets as at 31st March	**543.88**	448.91
3. Deficit	**(82.61)**	(15.94)
II. Change in the obligation during the year ended 31st March:		
Present value of defined benefit obligation at the beginning of the year	**464.85**	402.09
Expenses Recognised in the Statement of Profit and Loss		
- Current Service Cost	**129.78**	101.86
- Interest Expense	**34.84**	31.14
Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)	**–**	–
Actuarial Gain / (Loss) arising from:		
Change in Demographic Assumptions	**66.53**	–
Financial Assumptions	**–**	13.81
Experience Adjustments	**11.25**	13.73
Benefit payments	**(80.76)**	(97.78)
Present value of defined benefit obligation at the end of the year	**626.49**	464.85
III. Change in fair value of assets during the year ended 31st March:		
Fair value of plan assets at the beginning of the year	**448.91**	397.79
Expenses Recognised in the Statement of Profit and Loss		
Expected return on plan assets	**33.65**	30.81
Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
Difference between actual and expected return on plan assets	**(31.66)**	23.05
Contributions by employer (including benefit payments recoverable)	**173.74**	95.04
Benefit payments	**(80.76)**	(97.78)
Fair value of plan assets at the end of the year	**543.88**	448.91
IV. Major categories of plan assets:		
Deposits with Insurance companies	**543.88**	448.91

The significant actuarial assumptions (estimated for adequate coverage of the obligation on a prudent basis), are as under:

	Valuation as at March 31, 2018	March 31, 2017
Discount rate(s)	**7.50%**	7.50%
Expected rate(s) of salary increase	**5.00%**	5.00%
Expected rate of return on plan assets	**7.55%**	7.55%
Attrition	**10%-20%**	1%-3%
Mortality table	**IALM (2006-2008) ULT**	IALM (2006-2008) ULT

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	2017-2018	0.50%	(17.14)	18.04
	2016-2017	0.50%	(27.02)	29.52
Salary growth rate	2017-2018	0.50%	18.39	(17.62)
	2016-2017	0.50%	30.10	(27.76)
Attrition rate	2017-2018	0.50%	(1.83)	20.27
	2016-2017	0.50%	8.73	(10.14)
Mortality rate	2017-2018	0.50%	0.17	(0.16)
	2016-2017	0.50%	0.42	(0.45)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute ₹ 234.82 Lacs (Previous Year 151.68 lacs) to the gratuity trust during the next financial year of 2018-19.

V Maturity profile of defined benefit obligation:

	2018	2017
Within 1 year	**97.68**	27.93
1 - 2 year	**93.03**	14.07
2 - 3 year	**79.56**	30.31
3 - 4 year	**80.83**	21.92
4 - 5 year	**79.24**	26.01
> 5 years	**313.61**	161.67

Plan Assets.

The fair value of Company's pension plan asset as of 31 March 2018 and 2017 by category are as follows:

	2018	2017
Asset category:		
Contributions placed with Insurance companies	**543.88**	448.91
	100%	100%

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 6 years (2017: 13 years)

VI Experience Adjustments:

	Period Ended				
	2018	2017	2016	2015	2014
	Gratuity				
Defined Benefit Obligation.....................	**626.49**	464.85	402.09	317.72	279.51
Fair value of plan assets	**543.88**	448.91	397.79	235.68	210.34
Surplus/(Deficit)	**(82.61)**	(15.94)	(4.30)	(82.04)	(69.17)
Experience adjustment on plan liabilities [(Gain)/Loss]	**(77.78)**	(27.54)	8.41	(54.66)	(151.53)
Experience adjustment on plan assets [Gain/ (Loss)]	**(31.66)**	23.05	(23.86)	(0.33)	0.06

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The amount recognized as an expense in respect of Compensated absences is ₹ 100.54 lacs (Previous Year: ₹ 434.50 lacs).

Note No. 39 - Financial Instruments:

Capital management

The Company's key objective in managing its financial structure is to maximize value for shareholders, reduce cost of capital, while at the same time ensuring that the Company has the financial flexibility required to continue its expansion. The Company manages its financial structure majorly through internal accruals and makes any necessary adjustments in light of prevailing economic conditions. In this context, the capital structure of the Company consists only of equity. Equity comprises issued share capital, reserves and retained earnings as set out in the statement of changes in equity.

Categories of financial assets and financial liabilities

As at March 31, 2018

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments......................	–	373.18	–	373.18
Trade Receivables............	46,396.43	–	–	46,396.43
Loans	4,282.94	–	–	4,282.94
Other Financial Assets				
- Non Derivative Financial Assets..........	2,902.23	–	–	2,902.23
Current Assets				
Investments......................	–	44,468.76	–	44,468.76
Trade Receivables............	96,999.59	–	–	96,999.59
Cash & Bank balances	2,388.43	–	–	2,388.43
Other Bank Balances	106.58	–	–	106.58
Loans................................	2,800.63	–	–	2,800.63
Other Financial Assets				
- Non Derivative Financial Assets..........	908.15	–	–	908.15
Non-current Liabilities				
Other Financial Liabilities..				
- Non Derivative Financial Liabilities......	281.69	–	–	281.69
Current Liabilities				
Trade Payables.................	12,667.14	–	–	12,667.14
Other Financial Liabilities..				
- Non Derivative Financial Liabilities......	7,297.95	–	–	7,297.95

As at March 31, 2017

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments.....................	–	365.59	–	365.59
Trade Receivables...........	49,443.33	–	–	49,443.33
Loans...............................	3,751.94	–	–	3,751.94
Other Financial Assets				
- Non Derivative Financial Assets.........	1,243.12	–	–	1,243.12
Current Assets				
Investments.....................	–	9,711.29	–	9,711.29
Trade Receivables...........	90,134.28	–	–	90,134.28
Cash & Bank balances	15,470.53	–	–	15,470.53
Other Bank Balances	1,314.10	–	–	1,314.10
Loans...............................	4,911.13	–	–	4,911.13
Non-current Liabilities				
Other Financial Liabilities.				
- Non Derivative Financial Liabilities.....	101.86	–	–	101.86
Current Liabilities				
Trade Payables................	12,114.53	–	–	12,114.53
Other Financial Liabilities				
- Non Derivative Financial Liabilities.....	7,179.62	–	–	7,179.62

Financial Risk Management Framework

The Company has a robust business risk management process to identify, evaluate and mitigate risks impacting business of the Company. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage. This also defines the risk management approach across the enterprise at various levels including documentation and reporting. Risk management forms an integral part of the Company's Business Plan. The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include credit risk, liquidity risk and market risk.

Risk	**Exposure primarily from**	**Measurement**	**Management**
Credit risk	Trade receivables	Ageing analysis, Credit assessment	Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Capital commitments	Cash flow forecast	Availability of committed credit lines and borrowing facilities

(i) Credit risk management

A significant portion of the Company's sales of Vacation Ownerships are by way of deferred payment schemes where the customer is obligated to pay the membership fee in Equated Monthly Installments (EMIs) and the ensuing credit risk is managed by the Company in the following manner:

(a) preliminary assessment of customer credit worthiness, ensuring realisation of minimum down payment and adherence to internal KYC norms.

(b) collecting post dated instruments such as cheques, Automated Clearing House (ACH) mandates, standing credit card instructions from the customers at inception to ensure security cover;

From an accounting perspective, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. The Company also assesses lifetime expected credit loss by using appropriate models, as prescribed by Ind AS 109, using past trends of collections and historical credit loss experience. The categorisation of the receivables into its ageing buckets for the purposes of estimating the expected loss allowance has been profiled based on the longest overdue of that member, for example, if a member has one installment overdue for say

12 months, the entire receivable of the member is aggregated into that ageing bucket and the credit loss allowance is determined after taking into account the credits against the member under "Deferred Revenue - entitlement fee" (refer note 24 and note 28(a)).

The allowances for credit loss and for revenue deferred at inception referred to above, carried at the end of every reporting period, are tested for adequacy and appropriately dealt with.

The credit loss allowance carried by the Company is as under:

	March 31, 2018	March 31, 2017
Carrying value of receivables (refer note 7 and 14)*	**146,454.64**	146,863.62
Credit loss allowance	**3,173.41**	7,799.95
Loss allowance (%)	**2.17%**	5.31%

* With effect from FY 2015-16, the Company, in accordance with Ind AS, is deferring revenue at inception based on trends as explained and accordingly the credit loss allowance reflects a declining trend. The amounts deferred at inception and the credit loss allowance are adjusted from the carrying value of receivables (refer note 7 and 14) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

Reconciliation of credit loss allowance adjusted from Trade Receivables

	Amount
Balance as at March 31, 2017	7,799.95
Allowance for credit loss recognised during the year	-
Amounts written off during the year	(4,626.54)
Balance as at March 31, 2018	**3,173.41**
Balance as at April 1, 2016	**14,757.97**
Allowance for credit loss recognised during the year	**2,100.00**
Amounts written off during the year	**(9,058.02)**
Balance as at March 31, 2017	**7,799.95**

(i) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities (predominantly trade payables, retention payables, etc) with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 Year	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities as at March 31, 2018				
Trade Payables	12,667.14	–	–	–
Other Financial Liabilities	6,689.19	281.69		
Financial guarantee contracts	55,209.37	–	–	–
Total	**74,565.70**	**281.69**	**–**	**–**
Non-derivative financial liabilities as at March 31, 2017				
Trade Payables	12,114.53	–	–	–
Other Financial Liabilities	6,525.81	101.86		
Financial guarantee contracts	**44,536.16**	**–**	**–**	**–**
Total	**63,176.50**	**101.86**	**–**	**–**

The Company has provided financial guarantees to its wholly owned subsidiaries. The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the arrangement.

Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2018	March 31, 2017
Cash credit		
- Expiring within one year	**6,000**	6,000
	6,000	6,000

(ii) Market risk management

The Company's market risk comprises solely of its foreign currency exposure which are limited and not material to the size of its operations. Its major exposure is against currencies that have been stable over several years.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's investing activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

in ₹ Lacs

Particulars	**Currency**	**March 31, 2018**	March 31, 2017
Receivables	MYR	**46.73**	46.73
	EUR	**12.80**	8.98
	AED	**59.40**	79.61
	THB	**401.91**	1,108.12
Payables	USD	**0.20**	–
	MYR	**0.80**	–
	EUR	**0.06**	–
	AED	**32.38**	33.35
	THB	**20.22**	8.07

Of the above foreign currency exposures, none of the exposures are hedged by a derivative. These foreign currency exposures are denominated in currencies that are not very volatile. Hence, the Company is not exposed to major currency risks.

Foreign Currency Sensitivity

The Company is exposed to the following currency risks - USD, AED, THB, MYR and EUR - and the following table demonstrates the sensitivity.

	Currency	Change in rate	Impact on profit before tax
March 31, 2018	USD	**+10%**	**0.02**
	USD	**-10%**	**(0.02)**
	MYR	**+10%**	**4.59**
	MYR	**-10%**	**(4.59)**
	EUR	**+10%**	**1.27**
	EUR	**-10%**	**(1.27)**
	AED	**+10%**	**2.70**
	AED	**-10%**	**(2.70)**
	THB	**+10%**	**38.17**
	THB	**-10%**	**(38.17)**
March 31, 2017	MYR	+10%	4.67
	MYR	-10%	(4.67)
	EUR	+10%	0.90
	EUR	-10%	(0.90)
	AED	+10%	4.63
	AED	-10%	(4.63)
	THB	+10%	110.00
	THB	-10%	(110.00)

Note No. 40 - Fair Value Measurement:

Fair Valuation Techiques and Inputs used - recurring Items

Financial assets/ financial liabilities* measured at Fair value	Fair value as at March 31, 2018	Fair value as at March 31, 2017	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Investments				
Mutual fund investments...	**44,468.76**	9,711.29	Level 1	Refer note 1 below
Equity and preference.....	**373.18**	365.59	Level 3	Refer note 2 below
Total financial assets................	**44,841.94**	10,076.88		

Note 1: Fair value determined using NAV.

Note 2: Fair value determined using discounted cash flow method.

Reconciliation of Level 3 fair values

Particulars	Equity and Preference
Balance as at April 1, 2017	365.59
Fair value gain included in statement of profit and loss	7.59
Balance as at March 31, 2018	**373.18**

* Fair value of financial assets and financial liabilities (that are measured at amortised cost) closely approximate their carrying value.

Note No. 41 - Expenditure on Corporate Social Responsibility:

As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company has incurred CSR expenditure on activities specified in Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year is ₹ 340 Lacs (Previous Year: ₹ 288 Lacs)

	Paid	Yet to be paid	Total
(i) Construction/Acquisition of any asset...	–	–	–
(ii) On purposes other than (i) above	340.20	–	340.20

Note No. 42 - Capital work in progress (CWIP) and expenditure during construction pending allocation included therein:

	As at March 31, 2018	As at March 31, 2017
Capital Work-in-progress	**10,848.60**	5,960.64

Note No. 43 - Expenditure during construction pending allocation included in (CWIP) above:

	As at March 31, 2018	As at March 31, 2017
Salaries, Wages & Bonus	**1,494.86**	1,037.54
Staff welfare Expenses	**22.82**	15.46
Power & Fuel	**22.82**	15.45
Rent	**14.90**	9.77
Rates & Taxes	**11.35**	10.87
Repairs-Others	**19.46**	18.93
Travelling	**105.27**	84.49
Consultancy Charges	**184.49**	184.49
Freight	**10.27**	10.27
Miscellaneous	**71.61**	24.53
	1,957.85	1,411.80

Note No. 44 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	As at March 31, 2018	As at March 31, 2017
(i) Principal amount remaining unpaid to MSME suppliers as on	**59.66**	22.94
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**0.03**	–

Note No. 45 - Segment information

The Company is primarily engaged in the business of sale of Vacation Ownership and other related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the chief operating decision maker (CODM).

Note No. 46 - Related party transactions:

Particulars		March 31, 2018	March 31, 2017
Transactions during the year:			
Holding company			
Sale of services	Mahindra & Mahindra Limited	**38.87**	21.68
Purchases of PPE	Mahindra & Mahindra Limited	**–**	7.65
Purchase of services	Mahindra & Mahindra Limited	**974.78**	643.92
Dividend paid (Including Dividend Distribution Tax)	Mahindra & Mahindra Limited	**3,606.34**	3,329.28
Subsidiary companies			
Investments	Gables Promoters Private Ltd	**1,532.14**	–
ICD, Loans & Advances given			
	Gables Promoters Private Ltd	**1,000.00**	1,600.00
	Mahindra Hotels & Residences India Ltd	**3.00**	2.00
ICD, Loans & Advances received	Gables Promoters Private Ltd	**1,273.49**	–
	Infinity Hospitality Group Company Ltd	**1,382.93**	–
	Arabian Dreams Hotels Apartments LLC	**412.42**	–
Purchase of services	Heritage Bird (M) Sdn Bhd.	**138.41**	137.47
	Infinity Hospitality Group Company Ltd	**451.69**	386.87
	Arabian Dreams Hotels Apartments LLC	**1,143.49**	1,009.63
Sale of services	Gables Promoters Private Limited	**239.05**	–
Interest Income:	Heritage Bird (M) Sdn Bhd.	**64.52**	64.26
	Gables Promoters Private Limited	**59.44**	36.98
	Infinity Hospitality Group Company Ltd	**8.83**	246.38
	MH Boutique Hospitality Limited	**52.57**	50.72
	Mahindra Hotels & Residences India Ltd	**0.34**	0.11
	MHR Holdings (Mauritius) Limited	**18.30**	17.26
	Arabian Dreams Hotels Apartments LLC	**73.58**	79.20
Commission on Corporate Guarantee:	MHR Holdings (Mauritius) Limited	**234.62**	175.24
	Covington S.a.r.l	**40.84**	38.52
	Infinity Hospitality Group Company Ltd	**16.55**	–
Corporate guarantees given on behalf of:	MHR Holdings (Mauritius) Ltd	**383.14**	–
	Infinity Hospitality Group Company Ltd	**–**	3,057.26
Fellow Subsidiaries / Associates			
Sale of services:	Mahindra Intertrade Ltd	**0.99**	0.96
	Mahindra Lifespace Developers Ltd	**–**	0.37
	Bristlecone India Limited.	**1.71**	10.83
	Tech Mahindra Limited	**2.93**	2.44
	Mahindra Asset Management Company Ltd	**5.58**	6.69
Purchase of PPE	Mahindra Retail Private Limited	**19.96**	–
Purchase of services:	Mahindra Integrated Business Solutions Pvt Ltd	**184.22**	51.98
	Mahindra Consulting Engineers Limited.	**–**	0.30
	Bristlecone India Limited.	**316.72**	308.16
	Tech Mahindra Ltd	**582.89**	1,168.20
	Mahindra Emarket Ltd	**–**	0.05
Other Entities(Director's Interest)			
Purchase of services	Grassroutes Journeys Private Limited	**1.03**	–
Key Management Personnel			
Managerial remuneration:	Mr. Kavinder Singh	**370.85**	306.27
	Mr. Dinesh Shetty (Upto March 31, 2018)	**87.10**	72.86
	Mr. S Krishnan (Upto January 21, 2018)	**309.35**	163.31
	Mrs. Akhila Balachandar (wef May 20, 2017)	**93.25**	–
	Director's Fees and commission	**232.05**	228.92

Particulars		March 31, 2018	March 31, 2017
Balances as at:			
Holding company			
Outstanding: Payable	Mahindra & Mahindra Limited	**291.77**	808.48
Outstanding: Receivable	Mahindra & Mahindra Limited	**26.42**	24.25
Subsidiary companies			
Investments	Mahindra Hotels & Residences India Ltd	**5.00**	5.00
	Heritage Bird (M) Sdn Bhd.	**40.27**	40.27
	Gables Promoters Private Limited	**6,543.78**	5,011.64
	Infinity Hospitality Group Company Ltd	**2,681.11**	2,681.11
	MH Boutique Hospitality Limited	**95.38**	95.38
	Arabian Dreams Hotels Apartments LLC	**52.11**	52.11
	MHR Holdings (Mauritius) Limited	**115.11**	115.11
Loans and Advances including interest accured	Mahindra Hotels & Residences India Ltd	**7.40**	7.40
Inter Corporate Deposits including interest accrued	Gables Promoters Private Limited	**–**	220.00
	Infinity Hospitality Group Company Ltd	**–**	1,375.43
	MH Boutique Hospitality Limited	**836.57**	715.82
	Mahindra Hotels & Residences India Ltd	**5.93**	2.63
	MHR Holdings (Mauritius) Limited	**252.63**	200.46
	Arabian Dreams Hotels Apartments LLC	**723.03**	1,065.29
	Heritage Bird (M) Sdn Bhd.	**789.18**	684.14
Other Receivables	MHR Holdings (Mauritius) Limited	**646.33**	343.94
	Covington S.a.r.l	**133.41**	77.84
	Infinity Hospitality Group Company Limited	**4.29**	–
	Gables Promoters Private Limited	**369.90**	–
Other Payables	Infinity Hospitality Group Company Limited	**46.37**	15.24
	Heritage Bird (M) Sdn Bhd.	**13.43**	–
	Gables Promoters Private Limited	**64.65**	–
	Arabian Dreams Hotels Apartments LLC	**16.55**	48.14
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Limited	**49,888.21**	39,544.61
	Covington S.a.r.l	**8,872.60**	7,618.05
	Infinity Hospitality Group Company Limited	**3,369.60**	3,057.26
Loan outstanding against above guarantees	MHR Holdings (Mauritius) Limited	**43,919.37**	36,289.62
	Covington S.a.r.l	**8,066.00**	6,925.50
	Infinity Hospitality Group Company Limited	**3,224.00**	1,321.04
Fellow Subsidiaries / Associates	Mahindra Retail Pvt Ltd	**19.84**	–
Outstanding: Payable	Tech Mahindra Ltd	**129.99**	51.25
	Bristlecone India Limited	**18.28**	–
	Mahindra Integrated Business Solutions Pvt Ltd	**58.05**	7.32
	Mahindra Consulting Engineers Limited.	**–**	0.32
Outstanding: Receivable	Mahindra Lifespace Developers Ltd	**3.80**	6.20
Other entities under the control of the company			
Balances as at:			
Outstanding: Receivable	Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	**155.00**	625.00
Outstanding: Payable	Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust	**935.82**	1,099.52

Note No. 47 - Contribution to political parties

Payments made by the Company to political parties in India in accordance with Section 182 of Companies Act, 2013, during the year are as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
New Democratic Electoral Trust (included under 'Miscellaneous expenses' in Note 33)	–	10.0

Note No. 48 - IND AS 115 - Revenue from contracts with customers

Ind AS 115 "Revenue from contracts with customers" has been notified by the Ministry of Corporate Affairs on 28th Mar'18 which replaces the existing revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions effective for accounting periods beginning on or after 1st April'18. Ind AS 115 sets out requirements for recognising revenue and costs from contracts with customers and includes extensive disclosure requirement which may have material impact on the Company's reporting of revenue and costs.

The company's business is to sell vacation ownership and provide holiday facilities to members for specified period each year, over a number of years, for which membership fee is collected. The Company is assessing the impact of the accounting changes that will arise under Ind AS 115, which include recognition of the membership fees and direct acquisition cost over the membership period. The changes highlighted above may have a material impact on the company's income statement and statement of financial position after transition to Ind AS 115 from 1st April 2018. Accordingly, the Company's Revenue Recognition Policy may undergo a change for the annual periods beginning from 1st April 2018.

Note No. 49 - Specified Bank Notes (SBN) held and transacted (from November 8, 2016 to December 30, 2016):

	Specified bank notes	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	92.82	15.02	107.84
(+) Other receipts*	324.62	1,003.45	1,328.07
(-) Permitted payments	(0.09)	(78.93)	(79.02)
(-) Other payments	(0.66)	–	(0.66)
(-) Amounts deposited in Banks	(416.69)	(890.05)	(1,306.74)
Closing cash in hand as on December 30, 2016	–	49.49	49.49

* Specified Bank Notes collected and recorded at branches and resorts of the Company in the normal course of business have been deposited with banks across various locations.

The disclosures regarding details of specified bank notes held and transacted has not been made for the current year as the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

Note No. 50 - Regrouping/reclassification:

The figures for the previous year have been regrouped/ reclassified to correspond with current year's classification/ disclosure that include changes consequent to the issuance of "Guidance Note on Division II – Ind AS Schedule III to the Companies Act, 2013".

The financial statements of Mahindra Holidays and Resorts India Limited were approved by the Board of Directors and authorised for issue on May 8, 2018.

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399

Place: Mumbai
Date: May 08, 2018

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Place: Mumbai
Date: May 08, 2018

Annexure A

Form AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "A" Subsidiaries

(₹ in lakhs)

Sl. No.	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before tax	Provision for taxation	Profit after tax	Proposed dividend	Proportion of ownership interest
1	Gables Promoters Private Limited	24-Aug-12		INR	6,500.00	(354.99)	13,913.94	7,768.92	–	645.32	(271.92)	–	(271.92)	–	100.00%
2	Mahindra Hotels & Residences India Limited	26-Apr-07		INR	5.00	(16.02)	2.95	13.96	–	0.11	(1.06)	–	(1.06)	–	100.00%
3	Arabian Dreams Hotel & Apartments L.L.C.	26-Mar-13		AED	53.04	(474.64)	388.60	810.20	–	1,879.21	297.42	–	297.42	–	49.00%
4	Heritage Bird (M) SDN. BHD.	3-Mar-08		MYR	50.66	(136.77)	734.68	820.78	–	150.20	35.59	(9.15)	26.44	–	100.00%
5	MH Boutique Hospitality Limited	2-Nov-12		THB	208.15	(302.67)	792.27	886.80	–	0.00	(56.58)	–	(56.58)	–	49.00%
6	Infinity Hospitality Group Company Limited	5-Nov-12		THB	3,122.22	(2,188.49)	4,209.36	3,275.63	–	937.63	156.77	–	156.77	–	73.99%
7	MHR Holdings (Mauritius) Ltd	11-Jul-14		Euro	116.96	(2,294.78)	42,891.10	45,068.92	–	715.89	(717.59)	–	(717.59)		100.00%
8	Covington S.a.r.l	17-Jul-14		Euro	10.08	18,200.51	50,487.17	32,276.58	–	1,027.05	44.72	(3.88)	40.84	–	100.00%
9	HCR Management Oy	2-Sep-15		Euro	2.02	1,722.66	1,724.68	0.00	–	40.48	40.18	–	40.18	–	100.00%
10	Holiday Club Resorts Oy	2-Sep-15		Euro	9,646.25	36,226.56	98,133.55	52,260.74	3,879.04	108,909.30	3,771.95	(767.73)	3,004.23	1,590.85	95.16%
11	Kiinteistö Oy Himos Gardens	2-Sep-15		Euro	2.02	865.43	867.73	0.28	–	8.56	7.16	(1.43)	5.73	–	95.16%
12	Suomen Vapaa-aikakiinteistöt Oy	2-Sep-15		Euro	2.02	12.93	15.51	0.56	–	0.15	(0.64)	–	(0.64)	–	95.16%
13	Kiinteistö Oy Himoksen Tähti 2	2-Sep-15		Euro	2.02	1,095.42	1,226.07	128.63	–	681.45	674.78	(128.63)	546.15	–	95.16%
14	Kiinteistö Oy Vanha Ykköstii	2-Sep-15		Euro	2.02	41.56	43.71	0.13	–	–	(0.55)	–	(0.55)	–	95.16%
15	Kiinteistö Oy Katinnurkka	2-Sep-15		Euro	2.02	246.92	248.96	0.02	–	–	(1.00)	–	(1.00)	–	95.16%
16	Kiinteistö Oy Tenetinlahti	2-Sep-15		Euro	2.02	86.85	88.89	0.03	–	–	(0.19)	–	(0.19)	–	95.16%
17	Kiinteistö Oy Mällösniemi	2-Sep-15		Euro	7.26	234.71	244.66	2.69	–	15.05	(1.13)	–	(1.13)	–	95.16%
18	Kiinteistö Oy Rauhan Ranta 1	2-Sep-15		Euro	2.02	100.38	102.44	0.05	–	–	(1.54)	–	(1.54)	–	95.16%
19	Kiinteistö Oy Rauhan Ranta 2	2-Sep-15		Euro	2.02	164.53	166.62	0.08	–	–	(2.25)	–	(2.25)	–	95.16%
20	Kiinteistö Oy Tiurunniemi	2-Sep-15		Euro	2.02	290.38	292.85	0.46	–	–	(1.96)	–	(1.96)	–	95.16%
21	Kiinteistö Oy Rauhan Liikekiinteistöt 1	2-Sep-15		Euro	2.02	1,392.70	7,950.89	6,556.17	–	768.12	37.79	–	37.79	–	95.16%
22	Supermarket Capri Oy	2-Sep-15		Euro	80.66	33.45	176.44	62.33	0.81	397.35	19.94	–	19.94	–	95.16%
23	Kiinteistö Oy Kylpyläntorni 1	2-Sep-15		Euro	2.02	201.45	203.51	0.04	–	–	(0.51)	–	(0.51)	–	95.16%
24	Kiinteistö Oy Spa Lofts 2	2-Sep-15		Euro	2.02	114.07	116.11	0.03	–	–	(1.19)	–	(1.19)	–	95.16%
25	Kiinteistö Oy Spa Lofts 3	2-Sep-15		Euro	2.02	112.32	114.41	0.07	–	–	(1.39)	–	(1.39)	–	95.16%
26	Kiinteistö Oy Kuusamon Pulkkajärvi 1	2-Sep-15		Euro	2.03	221.68	286.99	63.27	–	9.38	2.53	(0.51)	2.02	–	95.16%
27	Ownership Service Sweden AB	2-Sep-15		Swedish Krona	7.90	151.17	884.46	725.40	–	0.01	(2.09)	–	(2.09)	–	95.16%
28	Are Villa 1 AB	2-Sep-15		Swedish Krona	3.95	–	17.42	13.47	–	–	–	–	–	–	95.16%
29	Are Villa 2 AB	2-Sep-15		Swedish Krona	3.95	–	5.13	1.18	–	–	–	–	–	–	95.16%
30	Åre Villa 3 AB	29-Jan-18		Swedish Krona	3.95	1,121.96	1,129.85	3.95	–	–	1,121.96	–	1,121.96	–	95.16%
31	Holiday Club Sweden AB Åre	2-Sep-15		Swedish Krona	0.01	11.15	17.90	6.74	–	3.43	(0.32)	–	(0.32)	–	95.16%
32	Holiday Club Sport and Spa hotels AB	1-Dec-15		Swedish Krona	78.95	215.09	5,007.04	4,712.99	–	10,788.21	(259.23)	–	(259.23)	–	48.53%
33	Holiday Club Resorts Rus LLC	2-Sep-15	31-Dec-17	Russian Ruble	0.00	0.12	0.45	0.32	–	1.29	0.88	–	0.88	–	95.16%
34	Holiday Club Canarias Investments S.L.U.	2-Sep-15		Euro	2.50	(0.19)	718.91	716.60	–	–	(1.52)	–	(1.52)	–	95.16%
35	Holiday Club Canarias Sales & Marketing S.L.U.	2-Sep-15		Euro	2.50	631.51	13,330.69	12,696.68	–	6,305.33	(760.06)	53.23	(706.82)	–	95.16%
36	Holiday Club Canarias Resort Management S.L.U.	2-Sep-15		Euro	2.50	2,664.51	7,525.25	4,858.24	–	4,234.91	222.45	(34.73)	187.72	–	95.16%

Note:

Translated at exchange rate prevailing as on 31st March 2018 MYR 1 = ₹ 16.8877, THB 1 = ₹ 2.08148, EUR 1 = ₹ 80.66, AED 1 = ₹ 17.68, RUB 1 = ₹ 1.1261, and SEK 1 = ₹ 7.895

Form AOC-1

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures
Part "B" Associate & Joint Venture

(₹ in lakhs)

				Share of Associates/Joint Ventures held by the Company on the year end						Profit/(Loss) for the year	
Sl. No.	Name of the Associates / Joint-Venture	Date since when Associates & joint Venture was acquired	Latest audited Balance Sheet Date	No of Shares held	Amount of investment in Associates / Joint venture	Extent of holding - %	Description how there is significant influence	Reason why the joint venture/ associate not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Considered in consolidation	Not considered in consolidation
Associate:											
1	Kiinteistö Oy Seniori-Saimaa	2-Sep-15	31-Mar-18	950,000	125.02	29.50%	Voting rights	NA	354.95	(25.65)	(61.30)
2	Kiinteistö Oy Sallan Kylpylä	2-Sep-15	31-Mar-18	49	144.95	46.63%	Voting rights	NA	289.29	(18.24)	(20.88)
Joint Venture:											
1	Tropiikin Rantasauna Oy	31-Aug-16	31-Mar-18	50	48.21	47.58%	Joint Control	NA	45.88	(1.13)	(1)

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Place: Mumbai
Date: May 08, 2018

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting their Eleventh Annual Report together with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2018.

Performance of the Company

Your Company is yet to commence operations. During the year under review, the Company has incurred loss of Rs. 1,06,213/-.

Dividend

In view of the losses, your Directors do not recommend any dividend for the year under review.

Transfer to Reserves

Your Directors do not propose to transfer any amount to reserves.

Holding Company

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Auditors' Report

There are no reservations, qualifications or adverse remarks contained in the Auditors' Report attached to the Financial Statements for the year ended March 31, 2018. Information referred in Auditors' Report are self-explanatory and do not call for any further comments.

Extract of the Annual Return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

Board of Directors

As on March 31, 2018, your Company has 3 (three) Directors consisting of following:

Name of the Director	DIN	Designation
Mrs. Akhila Balachandar	07676670	Non-Executive Director
Mr. Ravindera Nath Khanna	05349095	Non-Executive Director
Mr. Jaiminikumar Shah#	07797955	Non-Executive Director

appointed on the Board w.e.f April 20, 2017

Appointment of Director

During the year under review, Mr. Jaiminikumar Shah (DIN: 07797955) was appointed as an Additional Director of the Company with effect from April 20, 2017.

The Shareholders of the Company at their Annual General Meeting held on August 1, 2017, approved the appointments of Mrs. Akhila Balachandar (appointed as an Additional Director by the Board w.e.f January 30, 2017) and Mr. Jaiminikumar Shah as the Directors of the Company.

Resignation of Director

During the year under review Mr. Ajay Agrawal resigned as a Director of the Company w.e.f. April 20, 2017.

Retirement by Rotation of Director

Pursuant to Section 152(6) of the Act and Articles of Association of the Company, Mrs. Akhila Balachandar (DIN: 07676670), being longest in the office, is liable to retire by rotation and being eligible, offers herself for re-appointment.

Key Managerial Personnel

The provisions of Section 203 of the Act is not applicable to the Company.

Number of meetings of the Board of Directors and Attendance

During the year under review, the Board met four times on: April 20, 2017, August 1, 2017, October 31, 2017 and January 18, 2018. The gap between two Meetings did not exceed one hundred and twenty (120) days. The details of attendance of Directors at the Meetings are given below:

Name of the Director	No. of Meetings held	No. of Meetings attended
Ajay Agrawal*	1	Nil
Ravindera Nath Khanna	4	3
Akhila Balachandar	4	4
Jaiminikumar Shah#	3	2

* Resigned w.e.f April 20, 2017

Appointed w.e.f April 20, 2017

Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, Independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

Disclosure of Composition of Audit Committee and providing Vigil Mechanism

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

During the year, the Company did not grant any loans or given any guarantees or make any investments under Section 186 of the Act.

Particulars of contracts or arrangements with related parties

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPTs) under sub-section (1) of Section 188 of the Act which was not in ordinary course of business and not at arm's length.

During the year under review, your Company has availed Inter Corporate Deposits (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding Company, amounting to Rs. 3 lakh. As on March 31, 2018, the aggregate ICD availed by your company from MHRIL was Rs. 5.5 lakh.

Apart from the above transaction, there were no materially significant related party transactions with the Promoters and Directors, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note 14 to the Financial Statements which sets out related party disclosure.

Statutory Auditors

Messrs Anil Nair & Associates, Chartered Accountants, Chennai (ICAI Registration Number 000175S), were appointed as the Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting ("AGM") held on August 26, 2014 till the conclusion of AGM to be held in the year 2019, subject to a yearly ratification of such appointment by Shareholders at the AGM. Accordingly, the Shareholders of the Company ratified the appointment of Statutory Auditors at their AGM held on August 1, 2017 for the financial year 2017-18.

Further, as required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made, at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors for the financial year 2018-19 is being sought from the Shareholders of the Company at the ensuing AGM.

Material Changes and Commitments, if any, affecting the financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018, and the date of the Directors' Report.

Details of Policy developed and implemented by the Company on its Corporate Social Responsibility initiatives

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

Internal Financial Controls

Your Company has adequate internal financial controls with reference to Financial Statements.

Deposits and Loans/Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the Annual Report of the Company pursuant to Regulation 34(3) read with Schedule V of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The Company did not carry out any operations during the year and hence disclosure required under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 shall not be applicable to the Company.

Statement concerning development and implementation of Risk Management Policy of the Company

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

(a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there is no material departure;

(b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view the state of affairs of the Company at the end of March 31, 2018, and of the loss of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Disclosure Requirements

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks during the year under review.

For and on behalf of the Board of Directors

Akhila Balachandar	**Jaiminikumar Shah**
Director	Director
(DIN:07676670)	(DIN:07797955)

Place: Mumbai
Date: April 11, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THEH YEAR ENDED MARCH 31, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i	CIN	U55101TN2007PLC063285
ii	Registration Date	April 26, 2007
iii	Name of the Company	Mahindra Hotels And Residences India Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office of the Company	No.17 & 18, 2nd Floor, Mahindra Towers, Pattulos Road, Chennai – 600002 Ph. No. - 044 – 3988 1000 Fax No. - 044 – 3027 7778 E-Mail – nirav.momaya@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address and Contact Details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the company
1	Not Applicable		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
1	Mahindra Holidays & Resorts India Limited Mahindra Towers, 2nd Floor, No. 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100.00**	–	**50,000**	**50,000**	**100.00**	–

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2017			Shareholding at the end of the year 31/03/2018			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Holidays & Resorts India Limited	50,000	100%	–	**50,000**	**100%**	–	–
	Total	**50,000**	**100%**	–	**50,000**	**100%**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No Changes during the year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not applicable

(v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans(ICD)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	2,50,000	–	2,50,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	12,708	–	12,708
Total (i+ii+iii)	–	**2,62,708**	–	**2,62,708**
Change in Indebtedness during the financial year				
+ Addition	–	3,00,000	–	3,00,000
– Reduction	–	–	–	–
Net change	–	**3,00,000**	–	**3,00,000**
Indebtedness at the end of the financial year				
i) Principal Amount	–	5,50,000	–	5,50,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	43,219	–	43,219
Total (i+ii+iii)	–	**5,93,219**	–	**5,93,219**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil

B. Remuneration to other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

For and on behalf of the Board of Directors

Akhila Balachandar
Director
(DIN: 07676670)

Jaiminikumar Shah
Director
(DIN: 07797955)

Place: Mumbai
Date: April 11, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
Mahindra Hotels & Residences India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Hotels & Residences India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information .

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow and changes in the equity of the company in accordance with the accounting principles generally accepted in India , including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued there under.

The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS ,of the financial position of company as at 31 March, 2018 , and its financial performance including other comprehensive income , its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we given in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;
   (e) On the basis of the written representations received from the Directors of the as on March 31, 2018 taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”;

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **Anil Nair & Associates**
Chartered Accountants
Firm’s Reg. No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place: Chennai
Date: April 11, 2018

ANNEXURE “A” TO THE AUDITORS’ REPORT

The Annexure referred to in Independent Auditor’s Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) The Company does not carry any fixed assets in its books. Accordingly, reporting under Paragraph 3(i) (a), (b) and (c) of the order does not arise.

(ii) The Company does not carry any inventory in its books. Accordingly, reporting under paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies ACT ,2013 (the Act)

(iv) In our opinion and according to the information and explanations given to us, the Company does not provide any loans and investments that has to be complied with the provisions of section 185 and 186 of the Act.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.

(vii) According to the information and explanation given to us and on the basis of our examination of the records of the Company , amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax ,sales tax ,value added tax ,service tax, goods & service tax , cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, goods & service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of records of the company, the company has not paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section -197 read with Schedule-V of the Act for the year ended March 31,2018.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Anil Nair & Associates**
Chartered Accountants
Firm’s Reg. No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place: Chennai
Date: April 11, 2018

ANNEXURE “B” TO THE AUDITORS’ REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Hotels & Residencies India Limited (“Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India . Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Anil Nair & Associates**
Chartered Accountants
Firm’s Reg. No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place: Chennai
Date: April 11, 2018

BALANCE SHEET AS MARCH 31, 2018

In Rs.

Particulars	Note	As At March 31, 2018	As At March 31, 2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	**2,94,895**	1,10,812
		2,94,895	1,10,812
		2,94,895	1,10,812
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	3	**5,00,000**	5,00,000
Reserves and Surplus	4	**(16,01,518)**	(14,95,305)
		(11,01,518)	(9,95,305)
Non-Current Liabilities			
Other Long term Liabilities	5	**7,40,333**	7,40,333
Current Liabilities			
Short term borrowings	6	**5,50,000**	2,50,000
Other Current Liabilities	7	**1,06,081**	1,15,784
		6,56,081	3,65,784
		2,94,895	1,10,812

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For Anil Nair & Associates
Chartered Accountants
Firm Regn No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 11, 2018

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Jaiminikumar Shah
Director
DIN: 07797955

Place : Mumbai
Date : April 11, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

In Rs.

Particulars	Note	Year Ended March 31, 2018	Year Ended March 31, 2017
Revenue:			
Revenue from operations		–	–
Other Income		**11,236**	–
Total Revenue		**11,236**	–
Expenses			
Finance Costs	8	**33,901**	11,048
Other Expenses	9	**83,548**	1,29,269
Total Expenses		**1,17,449**	1,40,317
Profit Before Tax		**(1,06,213)**	(1,40,317)
Less: Tax Expense			
Current Tax		–	–
Deferred Tax		–	–
Profit/(Loss) for the Year		**(1,06,213)**	(1,40,317)
Significant Accounting Policies	1		

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For Anil Nair & Associates
Chartered Accountants
Firm Regn No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 11, 2018

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Jaiminikumar Shah
Director
DIN: 07797955

Place : Mumbai
Date : April 11, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

In Rs.

	Particulars	**Year Ended March 31, 2018**	Year Ended March 31, 2017
A	**Cash Flow from Operating Activities:**		
	Profit before exceptional items and tax	**(1,06,213)**	(1,40,317)
	Adjustments:		
	Finance costs	**33,901**	11,048
	Operating profit before working capital changes	**(72,312)**	(1,29,269)
	Changes in working capital:		
	Other Current Liabilities	**(9,704)**	30,829
	Income tax	**–**	–
	Net Cash (used in)/from Operating Activities	**(82,015)**	(98,440)
B	**Cash Flow from Investing Activities:**		
	Net Cash (used in)/from Investing Activities	**–**	–
C	**Cash Flow from Financing Activities:**		
	Proceeds from borrowings	**3,00,000**	2,00,000
	Profit before exceptional items and tax	**(33,901)**	(11,048)
	Net Cash (used in)/from Financing Activities	**2,66,099**	1,88,952
	Net increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**1,84,083**	90,512
	Cash and Cash Equivalents:		
	Opening Balance	**1,10,812**	20,300
	Closing Balance	**2,94,895**	1,10,812
		1,84,083	90,512

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For Anil Nair & Associates
Chartered Accountants
Firm Regn No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 11, 2018

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Jaiminikumar Shah
Director
DIN: 07797955

Place : Mumbai
Date : April 11, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

The Company was incorporated on April 26, 2007 and has not yet commenced commercial operations.

2 Significant accounting policies

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Generally Accepted Accounting Principles in India (previous GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

The Company had not commenced commercial operations during the year ended March 31, 2018

(iv) Taxation

Since the Company did not have any commercial operations during the year, the question of income tax / deferred tax does not arise.

(v) Property, plant and equipment

There were no fixed assets in the Company during the year ended March 31, 2018.

(vi) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(vii) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A debt instrument that meets the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(viii) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(ix) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

2 Cash and Cash Equivalents

In Rs.

Particulars	**As at March 31, 2018**	As at March 31, 2017
Cash on hand	**–**	–
Balances with Banks		
On Current Account	**2,94,895**	1,10,812
	2,94,895	1,10,812

3 Share Capital

Particulars	**As at March 31, 2018 No. of shares**	**Rs.**	As at March 31, 2017 No. of shares	Rs.
Authorised:				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
Issued, Subscribed and Fully Paid up:				
Equity				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000

Notes:

1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity share is entitled to one vote per share.

2 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However,no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 Reconciliation of No. of Shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018 No. of Shares	Rs.	As at March 31, 2017 No. of Shares	Rs.
At the beginning of the year	**50,000**	**5,00,000**	50,000	5,00,000
Add: Issued during the year	–	–	–	–
At the end of the year	**50,000**	**5,00,000**	50,000	5,00,000

4 Shares in the company held by each shareholder holding more than 5% shares specifying the no. of shares held

Name of the Shareholder	No. of Shares March 31, 2018	% held as at March 31, 2018	No. of Shares March 31, 2017	% held as at March 31, 2017
Mahindra Holidays & Resorts India Limited	**49994**	**99.99%**	49994	99.99%

4 Reserves and Surplus

In Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Surplus / (Deficit) in Statement of Profit & Loss		
As per last balance sheet	**(14,95,305)**	(13,54,988)
Add: Profit / (Loss) for the year	**(1,06,213)**	(1,40,317)
	(16,01,518)	(14,95,305)

5 Other Long term Liabilities

In Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Due to Holding Company - MHRIL	**7,40,333**	7,40,333
	7,40,333	7,40,333

6 Short term borrowings

In Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Due to Holding Company - MHRIL	**5,50,000**	2,50,000
	5,50,000	2,50,000

7 Other Current Liabilities

In Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Audit Fee Payable	**34,350**	34,350
Other Expenses Payable	**24,664**	68,141
Interest accrued on ICD from MHRIL	**43,219**	12,708
TDS Payable	**3,848**	586
	1,06,081	1,15,784

8 Finance Costs

In Rs.

Particulars	March 31, 2018	March 31, 2017
Interest on ICD	**33,901**	11,048
	33,901	11,048

9 Other Expenses

In Rs.

Particulars	March 31, 2018	March 31, 2017
Rates & Taxes	**–**	585
Legal and Professional Charges	**48,985**	94,228
Auditors' Remuneration	**34,350**	34,350
Misc. Expenses	**150**	–
Interest on tax	**63**	106
	83,548	1,29,269

10 Earnings per Share

In Rs.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic and Diluted Earnings per share	**(2.12)**	(2.81)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(1,06,213)**	(1,40,317)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share - Basic and Diluted	**(2.12)**	(2.81)

11 Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2018 Amortised Costs	Total
Current Assets		
Cash & Bank balances	**2,94,895**	**2,94,895**
Current Liabilities		
Borrowings	**5,50,000**	**5,50,000**
Trade Payables	**7,40,333**	**7,40,333**

In Rs.

	As at March 31, 2017 Amortised Costs	Total
Current Assets		
Cash & Bank balances	1,10,812	1,10,812
Current Liabilities		
Borrowings	2,50,000	2,50,000
Trade Payables	7,40,333	7,40,333

12 Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

The fair value of the financial assets and financial liabilties that are not measured at fair value is closely approximates the carrying value as disclosed below:

In Rs.

	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial liabilities				
Cash and Cash Equivalents	**2,94,895**	**2,94,895**	1,10,812	1,10,812
Financial liabilities				
Borrowings	**5,50,000**	**5,50,000**	2,50,000	2,50,000
Trade Payables	**7,40,333**	**7,40,333**	7,40,333	7,40,333
Total	**12,90,333**	**12,90,333**	9,90,333	9,90,333

13 Segment information

The Company did not commence commercial operations during the year ended March 31, 2018. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

14 Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

(ii) Related Party Transactions and balances

In Rs.

Particulars	March 31, 2018	March 31, 2017
Holding company		
Transactions during the year:		
Interest accrued on ICD	**33,901**	11,048
ICD Availed	**3,00,000**	2,00,000
Holding company		
Balances as at:		
Trade Payables	**7,40,333**	7,40,333
ICD Outstanding	**5,50,000**	2,50,000
Interest accrued but not due on ICD	**43,219**	12,708
Ultimate Holding company		
Balances as at:		
Other Payables	**10,305**	10,305

15 Previous year figures have been regrouped/reclassified to correspond with current year's classification/disclosure, wherever deemed necessary.

For Anil Nair & Associates
Chartered Accountants
Firm Regn No.: 000175S

P. Narayanan
Partner
Membership No.: 201758

Place : Chennai
Date : April 11, 2018

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Jaiminikumar Shah
Director
DIN: 07797955

Place : Mumbai
Date : April 11, 2018

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting the Seventh Annual Report of the Company along with the audited Financial Statements for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(Rs in Lakh)

Particulars	2018	2017
Income:		
Revenue from Operations	645.32	–
Other Income	–	0.30
Total Income	**645.32**	**0.30**
Expenses		
Less: Employee benefit expense & Other Expenses	(596.42)	(29.04)
Profit/(Loss) before Depreciation and Taxation	48.90	(28.74)
Less: Depreciation	(320.81)	–
Profit/(Loss) before Taxation	**(271.92)**	**(28.74)**
Less: Taxation	–	–
Profit/(Loss) for the year after Taxation	**(271.92)**	**(28.74)**

PERFORMANCE OF THE COMPANY

During the year under review, your Company has completed its greenfield project of construction of resort property consisting of 115 rooms at Naldehra, Himachal Pradesh and the resort property has become fully operational. The Company has entered into an inventory arrangement for the usage of rooms with Mahindra Holidays & Resorts India Limited, holding company.

As on March 31, 2018, your Company has an outstanding loan of Rs.6,500 lakh availed from Kotak Mahindra Bank. The said loan has been secured by way of creating a mortgage on the resort property of the Company.

AUDITORS' REPORT

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to the Financial Statements for the financial year ended March 31, 2018. Information referred in the Auditors Report are self-explanatory and do not call for any further comments.

DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the year under review.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves.

ARTICLES OF ASSOCIATION

During the year under review, with a view to align the Articles vis-à-vis, the provisions of the Companies Act, 2013 ("the Act") including Rules framed thereunder pertaining to further issue of share capital, the Articles of Association of the Company, after obtaining the shareholders' approval at the 6th Annual General Meeting ("AGM") held on September 25, 2017, were altered to that effect.

SHARE CAPITAL

AUTHORISED SHARE CAPITAL

During the year under review, the Authorised Share Capital of the Company was increased from Rs. 60,00,00,000/- (Rupees Sixty Crore only) divided into 6,00,00,000 (Six Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 65,00,00,000/- (Rupees Sixty Five Crore only) divided into 6,50,00,000 (Six Crore and Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.

PAID UP SHARE CAPITAL

The Board of Directors of the Company at their meeting held on October 25, 2017, has approved the Rights Issue of 1,53,21,400 (One Crore Fifty Three Lakh Twenty One Thousand and Four Hundred) equity shares at par i.e. Rs. 10/- per equity share aggregating Rs. 15,32,14,000/- (Rupees Fifteen Crore Thirty Two Lakh and Fourteen Thousand Only). The Rights Issue was opened on November 1, 2017 and closed on November 15, 2017 (both days inclusive). Accordingly, the Board of Directors, at their meeting held on November 16, 2017, approved the allotment of 1,53,21,400 equity shares. The Rights Issue proceeds are being utilized for the purpose of issue.

Consequent to the aforesaid allotment, the paid up share capital of the Company increased from Rs. 49,67,86,000/- (Rupees Forty Nine Crore Sixty Seven Lakh Eighty Six Thousand Only) divided into 4,96,78,600 (Four Crore Ninety Six Lakh Seventy Eight Thousand and Six Hundred) of Rs.10/- (Rupees Ten only) each to Rs. 65,00,00,000/- (Rupees Sixty Five Crore only) divided into 6,50,00,000 (Six Crore and Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.

HOLDING COMPANY

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding Company Mahindra & Mahindra Limited.

EXTRACT OF THE ANNUAL RETURN

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Act is given in the Annexure I to this Report.

BOARD OF DIRECTORS

As on March 31, 2018, your Company has 5 (five) Directors consisting of following:

Name of the Director	DIN	Category
Mrs. Akhila Balachandar	07676670	Non-Executive Director
Mr. Ravindera Nath Khanna	05349095	Non-Executive Director
Mr. Joyakesh Poddar#	07924728	Non-Executive Director
Mr. Kanwaljit Singh Thanewal	01231075	Independent Director
Mr. Manish Vora	07133944	Independent Director

appointed w.e.f August 31, 2017

APPOINTMENT OF DIRECTOR

Pursuant to Section 161 of the Act and Articles of Association of the Company, the Board of Directors at their meeting held on August 31, 2017, on the recommendation of the Nomination and Remuneration Committee ("NRC"), appointed Mr. Joyakesh Poddar as an Additional Director of the Company to hold office till the next General Meeting. His appointment as a Director was subsequently approved by the Shareholders of the Company at their Annual General meeting held on September 25, 2017.

RESIGNATION OF DIRECTOR

Mr. Ajay Agrawal resigned as a Director of the Company w.e.f. the close of the business hours on April 10, 2017.

RETIREMENT BY ROTATION

Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora are Independent Directors of the Company and are not liable to retire by rotation.

Pursuant to Section 152(6) of the Act and Articles of Association of the Company, Mrs. Akhila Balachandar (DIN: 07676670) being longest in the office, is liable to retire by rotation, and being eligible, offers herself for re-appointment.

DECELERATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that they meet the criteria of independence as laid down under Section 149(6) of the Act.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND ATTENDANCE

During the year under review, the Board met five times on: May 3, 2017, August 31, 2017, October 25, 2017, November 16, 2017 and March 14, 2018. The gap between two Meetings did not exceeded one hundred and twenty days. The details of attendance of Directors at the meeting are given below:

Name of Director	No. of Meetings held	No. of Meetings attended
Ajay Agrawal#	NA	NA
Akhila Balachandar	5	5
Ravindera Nath Khanna	5	2
Joyakesh Poddar*	3	2
Kanwaljit Singh Thanewal	5	3
Manish Vora	5	4

Resigned w.e.f. April 10, 2017

* Appointed w.e.f. August 31, 2017

AUDIT COMMITTEE

The Composition of the Audit Committee was in compliance with the provisions of Section 177 of the Act. The Audit Committee comprised of Mrs. Akhila Balachandar, Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora. During the year under review, the Audit Committee met once on May 3, 2017. All the members were present at the meeting.

Pursuant to amendment dated July 13, 2017 in the provisions of the Act, and the Rules made thereunder, your Company is exempted from the constitution of an Audit Committee, and accordingly the Board of Directors at their Meeting held on March 14, 2018 dissolved the Audit Committee with effect from that date.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Composition of the NRC was in compliance with the provisions of Section 178 of the Act. The NRC comprised of Mrs. Akhila Balachandar, Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora. During the year under review, the NRC met twice on: May 3, 2017 and August 31, 2017. All the members were present at the meetings, except Mr. Kanwaljit Singh Thanewal who attended one meeting.

Pursuant to amendment dated July 13, 2017 in the provisions of the Act, and the Rules made thereunder, your Company is exempted from constitution of a NRC, and accordingly the Board of Directors at their Meeting held on March 14, 2018 dissolved the NRC with effect from that date.

REMUNERATION POLICY

In compliance with Section 178(3) of the Act, the Company has a policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees. The Policy provides that all employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable, which remuneration will be paid in accordance with the laid down Statutes. Further, remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually, and it shall be consistent with the competitive position of the salary for similar positions in the industry after considering the Qualifications, Experience, Roles and Responsibilities. Remuneration to the Directors and KMPs are subject to the approval of the Board.

BOARD EVALUATION

Pursuant to the provisions of the Act, evaluation of every Director's performance was done by the Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole and Committees thereof was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors excluding the Director being evaluated. The Directors expressed their satisfaction with the evaluation process.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors of the Company met once on May 3, 2017 without the presence of the Non-Independent Directors or Key Managerial Personnel. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, asses the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

KEY MANAGERIAL PERSONNEL (KMPs)

During the year under review, Ms. Preetha Thanikachalam, Chief Financial Officer, resigned from the services of the Company w.e.f August 31, 2017. The Board places on record its appreciation for the services rendered by Ms. Preetha during her association with the Company.

Based on the recommendations of the Nomination and Remuneration Committee Mr. Narender Pratap Singh Raghuvanshi an employee of Mahindra Holidays & Resorts India Limited has been deputed to the Company and appointed as the Chief Financial Officer and Key Managerial personnel w.e.f August 31, 2017.

Mr. Balamurugan PS, Manager, Mr. Narender Pratap Singh Raghuvanshi, and Mr. Nirav Momaya, Company Secretary, are the KMPs as per the provisions of the Act.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year 2017-18, your Company did not grant any loans or give any guarantees or made investments as per the provisions of Section 186 of the Act.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contracts/arrangements/transactions with related parties are given in Annexure II in the Form AOC-2.

The Company had entered into related party transactions in relation to manpower sharing services and Inventory arrangement for the usage of rooms of the resort property at Naldehra,with Mahindra Holidays & Resorts India Limited (MHRIL), holding company.

During the year under review, your Company availed fresh ICD from MHRIL amounting to Rs. 1,000 lakh and made repayment of ICD amounting to Rs. 1,220 lakh (including ICD availed in the previous year). As on March 31, 2018, there was no ICD outstanding and payable to MHRIL.

Apart from above, there were no transactions with the related parties including Directors and Key Managerial Personnel, which could be considered material and may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 28 of the Financial Statements which sets out related party disclosure.

AUDITORS

A) Statutory Auditors

The Shareholders of the Company at the 6th AGM held on September 25, 2017, had appointed M/s Sukhdeep Singh Arora & Associates (ICAI membership No: 024705N), as the Statutory Auditors of the Company to hold office from the conclusion of the 6th AGM until the conclusion of the 9th AGM to be held in the calendar year 2020 (Subject to ratification of their appointment at every AGM) to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors. As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that they are eligible to continue as the Statutory Auditor of the Company. Accordingly, the members are requested to ratify the appointment M/s Sukhdeep Singh Arora & Associates as the Statutory Auditors of Company. The Companies (Amendment) Act, 2017 (Amendment Act) which received the assent of the President on the January 3, 2018, inter alia, provides vide clause 40 of the Amendment Act for omission of the first proviso to Section 139(1) of the Companies Act, 2013 which stipulates ratification of appointment of Statutory Auditor at every AGM. The clause 40 of the Amendment Act is yet to be notified. Although, the ordinary resolution passed by the Shareholders at the 6th AGM held on September 25, 2017 provides for ratification of the appointment of Statutory Auditor at every AGM, after notification of clause 40 of the Amendment Act, such ratification will not be necessary.

B) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company had appointed M/s. A. Arora & Co., Practicing Company Secretaries to undertake the secretarial audit of the Company for the FY 2017-18. The Report of the Secretarial Auditors is annexed herewith as Annexure III.

There are no qualifications, reservations or adverse remarks made by M/s. A. Arora & Co., Practising Company Secretaries, Secretarial Auditors of the Company in their secretarial audit report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018, and the date of this Report.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions of Corporate Social Responsibility are not applicable to the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has adequate internal financial controls with reference to Financial Statements.

DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act and Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the Annexure IV to this Report.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them and mechanisms for their proper monitoring and reporting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors, state that:

(a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there is no material departure;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2018 and of the loss of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REPORTING OF FRAUD BY AUDITORS

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors as required under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

OTHER GENERAL DISCLOSURE

- During the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- Effective July 1, 2017 with initiation of the Goods and Service Tax (GST) regime, India introduced the landmark tax reform. Your Company made a timely and seamless transition to the new GST system.

EMPLOYEE REMUNERATION

Being an Unlisted Company, the details of employee remuneration as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding Company, Creditors, Banks, Government Authorities and Employees during the year under review.

For and on behalf of the Board of Directors

Akhila Balachandar	**Joyakesh Poddar**
Director	Director
(DIN: 07676670)	(DIN:07924728)

Mumbai
April 25, 2018

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i	CIN	U45209CH2012PTC033473
ii	Registration Date	January 9, 2012
iii	Name of the Company	Gables Promoters Private Limited
iv	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office of the Company	No - 504, Block A, 5th Floor, Elante Office Suites, Plot No - 178-178/A, Industrial Area, Phase 1, Chandigarh - 160001; Ph. No. +91 22 3368 4722; Fax No. +91 22 3368 4721; Email - Nirav.momaya@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address and Contact Details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Income from Resort – Room Rental	55101	62.93%
2	Income from sale of Food and Beverages	55101	31.35%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	Mahindra Holidays & Resorts India Limited Mahindra Towers, 2nd Floor, No. 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2017				No. of Shares held at the end of the year 31-03-2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	4,96,78,600	4,96,78,600	100.00	–	6,50,00,000	6,50,00,000	100.00	NIL
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**4,96,78,600**	**4,96,78,600**	**100.00**	**–**	**6,50,00,000**	**6,50,00,000**	**100.00**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2017				No. of Shares held at the end of the year 31-03-2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**4,96,78,600**	**4,96,78,600**	**100.00**	–	**6,50,00,000**	**6,50,00,000**	**100.00**	**NIL**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**4,96,78,600**	**4,96,78,600**	**100.00**	–	**6,50,00,000**	**6,50,00,000**	**100.00**	**NIL**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01-04-2017			Shareholding at the end of the year 31-03-2018			% Change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Holidays & Resorts India Limited	4,96,78,600	100.00	–	6,50,00,000	100.00	–	NIL
	Total	**4,96,78,600**	**100.00**	–	**6,50,00,000**	**100.00**	–	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Date	Reason for Increase / Decrease	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Share	% of total Shares of the Company	No. of Share	% of total Shares of the Company
1	01/04/2017	Opening Balance	Mahindra Holidays & Resorts India Limited	4,96,78,600	100.00	4,96,78,600	100.00
	16/11/2017	Rights Issue		1,53,21,400	–	6,50,00,000	100.00
	31/03/2018	Closing Balance				6,50,00,000	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and KMPs hold any Shares in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in lakh)

	Secured Loans excluding deposits	Unsecured Loans (ICD)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,900.00	220.00	–	5,120.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**4,900.00**	**220.00**	–	**5,120.00**
Change in Indebtedness during the financial year				
+ Addition	1,600.00	1,000.00	–	2,600.00
– Reduction	–	(1,220.00)	–	(1,220.00)
Net Change	**1,600.00**	**(220.00)**	–	**1,380.00**
Indebtedness at the end of the financial year				
i) Principal Amount	6,500.00	–	–	6,500.00
ii) Interest due but not paid	46.74	–	–	46.74
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**6,546.74**	–	–	**6,546.74**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs in Lakh)

Sr. No.	Particulars of Remuneration	Name of ~~MD/WTD~~/Manager	Total Amount
		Balamurugan PS	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit		
	– others, specify...		
5.	Others, please specify – Deputation charges payable to Mahindra Holidays & Resorts India Limited	22.50	22.50
	Total (A)	**22.50**	**22.50**
	Ceiling as per the Act		N.A.

B. Remuneration of other directors:

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Ajay Agrawal#	Ravindera Nath Khanna	Joyakesh Poddar*	Akhila Balachandar	Manish Vora	Kanwaljit Singh Thanewal	
	1. Independent Directors							
	Fee for attending Board/Committee meetings	–	–	–	–	0.55	0.40	0.95
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (1)	–	–	–	–	–	–	–
	2. Other Non-Executive Directors							
	Fee for attending Board/Committee meetings	–	–	–	–			
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	**0.55**	**0.40**	**0.95**
	Overall Ceiling as per the Act	N.A.						

resigned w.e.f April 10, 2017

* Appointed w.e.f August 31, 2017

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	**CFO**		**Total**
		Nirav Momaya	Preetha Thanikachalam*	Narender Pratap Singh Raghuvanshi#	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – as % of Profit – others, specify	–	–	–	–
5.	Others, please specify - Deputation charges payable to Mahindra Holidays & Resorts India Limited	1.80	1.15	1.25	4.20
	Total	**1.80**	**1.15**	**1.25**	**4.20**

* resigned w.e.f August 31, 2017

an employee of MHRIL, deputed to the Company and appointed as the CFO of the Company at NIL remuneration w.e.f August 31, 2017.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

For and on behalf of the Board of Directors

Akhila Balachandar
Director
(DIN: 07676670)

Joyakesh Poddar
Director
(DIN: 07924728)

Place : Mumbai
Date : April 25, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Form No. AOC – 2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party Nature of relationship	Mahindra Holidays & Resorts India Limited (MHRIL) Holding Company		
(b) Nature of contracts/arrangements/ transactions	Inventory Agreement	Inter Corporate Deposits (ICD)	Manpower Sharing Services
(c) Duration of the contracts / arrangements / transactions	One year	One Year	One Year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 330.70 lakh for the FY 2017-18.	ICD taken during the year amounting to Rs. 1,000 lakh, ICD repaid during the year amounting to Rs. 1,220 lakh. There is no ICD outstanding and payable to MHRIL.	Manpower sharing services with MHRIL amounting to Rs. 101.22 lakh.
(e) Date(s) of approval by the Board, if any:	NA	NA	NA
(f) Amount paid as advances, if any;	Nil	Nil	Nil

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

Akhila Balachandar
Director
(DIN: 07676670)

Joyakesh Poddar
Director
(DIN: 07924728)

Place: Mumbai
Date: April 25, 2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Gables Promoters Private Limited
No. 504, Block A, 5th Floor, Elante Office Suits
Plot No. 178-178/A, Industrial Area,
Phase 1, Chandigarh 160001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GABLES PROMOTERS PRIVATE LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the GABLES PROMOTERS PRIVATE LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by GABLES PROMOTERS PRIVATE LIMITED ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- Not Applicable being an unlisted company.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder: Not Applicable as there are no shares in dematerialised form.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013- Not Applicable being an unlisted company.

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not Applicable being an unlisted company.

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable being an unlisted company.

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable being an unlisted company.

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not Applicable being an unlisted company.

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not Applicable being an unlisted company.

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable being an unlisted company.

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable being an unlisted company.

(vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines,Standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority while the dissenting members' views, if any, were captured and recorded as part of the minutes.
4. The Company has proper board processes.

Based on the compliance mechanism established by the Company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period under review:

1. The authorised share capital of the Company was increased from Rs. 60 crores to Rs. 65 crores vide an ordinary resolution passed in the Annual General Meeting held on 25.09.2017.
2. The Company has issued and allotted 1,53,21,400 equity shares of Rs. 10/- each on right issue basis to the existing equity shareholder of the Company.

I further report that during the audit period under review, there are no instances of:

(i) Resolution passed pursuant to the provisions of Section 180 of the Companies Act, 2013.

(ii) Redemption / buy-back of securities.

(iii) Merger / amalgamation / reconstruction etc.

(iv) Foreign technical collaborations.

For A. ARORA & COMPANY

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993

Place: Chandigarh
Date: April 25, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A) Conservation of energy:

(i) The steps taken or impact on conservation of energy:

The operations of your company are not energy intensive. However adequate Measures have been initiated to reduce energy consumption further which are listed below;

- Installation of energy efficient heat pumps at the resort for air-conditioning, hot water generation and space heating.
- Timers for external lighting and installation of energy efficient LED lighting at the resort.

(ii) The steps taken by the company for utilizing alternate sources of energy: None.

(iii) The capital investment on energy conservation equipment: Rs.1,569 Lakh

B) Technology absorption:

(i) The efforts made towards technology absorption: The Company has not carried out any technology absorption

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

(iv) The expenditure incurred on Research and Development: Not Applicable

C) Foreign exchange earnings and outgo

The Company did not have any foreign exchange earnings and outgo for the period under review.

For and on behalf of the Board of Directors

Akhila Balachandar	**Joyakesh Poddar**
Director	Director
(DIN: 07676670)	(DIN: 07924728)

Place: Mumbai
Date: April 25, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABLES PROMOTERS PRIVATE LIMITED

We have audited the accompanying Standalone Ind AS Financial Statements of **Gables Promoters Private Limited ("the Company")**, which comprise of Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss, Cash flow Statement for the year ended on that date, and notes to the Standalone Ind AS financial statement including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "Standalone Ind AS Financial Statements''

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

AUDITOR'S' RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS , of the state of affairs of the Company as at 31st March, 2018, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:-

As required by 'the Companies (Auditor's Report) Order, 2016', as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(a) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

(c) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(d) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2018 from being appointed as director in terms Section 164(2) of the Act.

(e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure A”**.

(f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations which would impact its financial position.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sukhdeep Singh Arora & Associates,
Chartered Accountants
Firm Registration No. 024705N

(Sukhdeep Singh Arora)
Prop.
M. No. 515979

Place: Chandigarh
Date: 25/04/2018

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GABLES PROMOTERS PRIVATE LIMITED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of Gables Promoters Private Limited ("the Company") as of March 31, 2018 in conjunction with my audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Sukhdeep Singh Arora & Associates,
Chartered Accountants
Firm Registration No. 024705N

(Sukhdeep Singh Arora)
Prop.
M. No. 515979

Place: Chandigarh
Date: 25/04/2018

ANNEXURE TO THE AUDITOR'S REPORT
RE : M/S GABLES PROMOTERS PRIVATE LIMITED

(Referred to in paragraph 3 and 4 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

(i) (a) The Company has maintained proper records showing full particulars including Quantative details and situation of its fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals there was no Material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of Inventories:As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed/ covered in the register maintained under section 189 of the Companies Acts, 2013. Therefore, the provisions of Clause 3(a) to 3(c) of the said Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has compiled with the provisions of Sections 185 and 186 of the Act, with respect to the loans and investments made.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits during the year and has not contravened the provisions of Sections 73 to 76 and any other provision of the companies act and rules framed there under.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) (a) The company is regular in depositing the statutory dues in respect of TDS, Service Tax & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.

(b) According to the information and explanations given to us, no dues in case of sales taX/income tax/ custom tax/excise duty/cess/Value Added Tax/WCT have been outstanding on account of dispute with the concerned department.

(viii) The company has been sanctioned a Term Loan loan for Rs. 65 .00 Crore from Kotak Mahindra Bank against Naldhera Property during the financial Year 2016-2017. The amount standing as on 31/03/2018 is Rs. 65.47 Cr (including Interest (repayment of loan has not started yet). The loan has been repayable with in 7 years including moratorium of 2 year from the date of first drawdown. The loan has been taken for the purpose of construction of Resort /Hotels at Naldhera, HP.

(ix) Not applicable, The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans during the year under audit. However company has utilized its full loan sanctioned during the year 2016-2017. During the year the Company has also issued a 15321400 Nos. of Equity shares to its holding Company "Mahindra Holidays and Resorts India Limited" at par (Rs.10/-each).

(x) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

(xi) it has been told that Company has paid & provided the Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V to the Companies Act.

(xii) Not Applicable, as the company is not a Nidhi Company.

(xiii) All the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial Statements vide Note No. 28, as required by the applicable standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him during the year under review. Hence provisions of Section 192 of Companies Act, 2013 has not been applicable.

(xvi) According to the information and explanations given to us, the Company is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SUKHDEEP SINGH ARORA & ASSOCIATES
Chartered Accountants
Firm Regn. No. 024705N

(SUKHDEEP SINGH ARORA)
Prop.
Membership Number : 515979

Place: Chandigarh
Date: 25/04/2018

BALANCE SHEET AS ON MARCH 31, 2018

Particulars	Note No.	As At March 31, 2018	In Rs. As At March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**1,362,026,642**	128,400,010
Capital work-in-progress		**–**	906,320,928
Financial Assets			
Loans	4	**50,000**	–
Other non-current tax assets	5	**3,391,103**	–
Other non-current assets	6	**3,086,353**	2,059,378
		1,368,554,098	1,036,780,316
Current assets			
Inventories	7	**881,622.00**	–
Financial Assets			
Trade Receivables	8	**2,582,436.00**	–
Cash and cash equivalents	9	**11,559,814**	11,150,986
Loans	10	**–**	800,002
Other current assets	11	**7,815,535**	7,356,996
		22,839,407	19,307,984
		1,391,393,505	1,056,088,300
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	12	**650,000,000**	496,786,000
Other Equity	13	**(35,498,964)**	(8,307,341)
		614,501,036	488,478,659
Non-current liabilities			
Financial Liabilities			
Borrowings	14	**654,674,205**	490,000,000
Others	15	**43,599,410**	30,598,102
		698,273,615	520,598,102
Current liabilities			
Financial Liabilities			
Borrowings	16	**–**	22,000,000
Trade payables	17	**8,192,575**	6,612,846
Others	18	**63,355,636**	15,869,872
Other current liabilities	19	**7,070,643**	2,528,821
		78,618,854	47,011,539
		1,391,393,505	1,056,088,300

See accompanying notes to the financial statements

In terms of our report attached.

For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Chandigarh
Date: 25/04/2018

For and on behalf of the Board of Directors

Joyakesh Podder
Director
DIN: 07924728

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Nirav Momaya
Company Secretary

Place: Mumbai
Date: 25/04/2018

Balamurugan PS
Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(In Rs.)

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
REVENUE			
Revenue from operations	20	**64,532,056**	–
Other Income	21	**–**	30,259
Total Revenue		**64,532,056**	30,259
EXPENSES			
Employee benefit expense	22	**13,740,635**	339,200
Depreciation and amortisation expense		**32,081,433**	–
Other expenses	23	**45,901,611**	2,565,086
Total Expenses		**91,723,679**	2,904,286
Profit/(loss) before tax		**(27,191,623)**	(2,874,027)
Tax Expense			
Current tax		**–**	–
Deferred tax		**–**	–
Total tax expense		**–**	–
Profit/(loss) after tax for the period		**(27,191,623)**	(2,874,027)
Profit/(loss) for the period		**(27,191,623)**	(2,874,027)
Total comprehensive income for the period		**(27,191,623)**	(2,874,027)
Earnings per equity share (for continuing operation):			
Basic and Diluted	24	**(0.42)**	(0.06)

See accompanying notes to the financial statements

In terms of our report attached.
For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Chandigarh
Date: 25/04/2018

For and on behalf of the Board of Directors

Joyakesh Podder
Director
DIN: 07924728

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Nirav Momaya
Company Secretary

Place: Mumbai
Date: 25/04/2018

Balamurugan PS
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Year Ended March 31, 2018	In Rs. Year Ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax for the year	**(27,191,623)**	(2,874,027)
Adjustments for:		
Preliminary expenses written off	**–**	–
Depeciation	**32,081,433**	–
Movements in working capital:		
(Increase)/decrease in other assets	**(7,590,673)**	1,836,685
Increase/(decrease) in trade and other payables	**66,608,623**	1,466,612
Cash generated from operations	**63,907,760**	429,270
Income taxes paid	**–**	–
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**63,907,760**	429,270
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(1,265,708,065)**	(479,620,177)
Capital work in progress	**906,320,928**	–
Amounts advanced from related parties	**–**	
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(359,387,137)**	(479,620,177)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Equity Share Capital	**153,214,000**	–
Proceeds from borrowings	**142,674,205**	487,000,000
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**295,888,205**	487,000,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**408,828**	7,809,093
Cash and cash equivalents at the beginning of the year	**11,150,986**	3,341,893
Cash and cash equivalents at the end of the year	**11,559,814**	11,150,986

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Chandigarh
Date: 25/04/2018

For and on behalf of the Board of Directors

Joyakesh Podder
Director
DIN: 07924728

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Nirav Momaya
Company Secretary

Place: Mumbai
Date: 25/04/2018

Balamurugan PS
Manager

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate Information

The Company was incorporated on January 9, 2012 and is in the principle business of construction, maintenance & running of hotels, resorts, shopping malls, buildings and other commercial & residential apartments.

2 Significant accounting policies

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

(iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(v) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company’s current tax is calculated using tax rates that have been enacted by the end of the reporting period. Since the company has commenced operations during the current year and has not generated any profit before tax, current tax is Nil.

(vi) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Buildings (other than those mentioned below)	60 years
Plant & equipment	10 years
Furniture and Fixtures (other than those mentioned below)	10 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(vii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(viii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xi) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(ix) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(x) Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Note No. 3 - Tangible Assets

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at 31 March, 2017	128,400,010	–	–	–	–	–	128,400,010
Additions	–	983,332,383	160,989,520	3,154,157	113,472,123	4,759,882	1,265,708,065
Disposals	–	–	–	–	–	–	–
Balance as at 31 March, 2018	**128,400,010**	**983,332,383**	**160,989,520**	**3,154,157**	**113,472,123**	**4,759,882**	**1,394,108,075**
II. Accumulated depreciation and impairment for the year							
Balance as at 31 March, 2017	–	–	–	–	–	–	–
Depreciation/amortisation expense for the year	–	10,077,516	10,927,908	1,185,752	9,433,830	456,427	32,081,433
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31 March, 2018	**–**	**10,077,516**	**10,927,908**	**1,185,752**	**9,433,830**	**456,427**	**32,081,433**
Net block (I-II)							
Balance as on 31st March 2018	**128,400,010**	**973,254,867**	**150,061,612**	**1,968,405**	**104,038,293**	**4,303,455**	**1,362,026,642**
Balance as on 31st March 2017	128,400,010	–	–	–	–	–	128,400,010

In Rs.

Description of Assets	Land - Freehold	Total
I. Gross Block		
Balance as on 31st March 2016	128,400,010	128,400,010
Additions	–	–
Disposals	–	–
Balance as on 31st March 2017	**128,400,010**	**128,400,010**
II. Accumulated depreciation and impairment for the year		
Balance as on 31st March 2016	–	–
Depreciation/amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as on 31st March 2017	**–**	**–**
Net block (I-II)		
Balance as on 31st March 2017	**128,400,010**	**128,400,010**
Balance as on 31st March 2016	128,400,010	128,400,010

Note No. 4 - Financial assets - Non-Current - Loans and Advances

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Deposits - Non Current	**50,000**	–	–
	50,000	–	–

Note No. 5 - Other Non-Current Tax Assets

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Advance Income tax	**3,391,103**	–	–
(Net of provisions up to the reporting date)			
	3,391,103	–	–

Note No. 6 - Other assets - Non-Current

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Capital Advances			
For Capital work in progress	**3,086,353**	2,059,378	10,836,844
	3,086,353	2,059,378	10,836,844

Note No. 7 - Inventories
(At lower of cost and net realisable value)

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Food, beverages and smokes	**881,622**	–	–
	881,622	–	–

Note No. 8 - Trade Receivables (Unsecured)

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Due for less than six months and within the next one year			
Considered good	**2,582,436**	–	–
	2,582,436	–	–

Note No. 9 - Cash and Bank Balances

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Cash and cash equivalents			
Balances with banks	**11,559,814**	11,150,986	2,329,811
	11,559,814	11,150,986	2,329,811

Note No. 10 - Loans

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Other Loans			
- Unsecured, considered good ...	**–**	800,002	18,605
	–	800,002	18,605

Note No. 11 - Other assets - Current

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Advances other than capital advances			
Balances with government authorities (other than income taxes)	**6,245,618**	72,268	–
Prepaid Expenses........................	**1,543,407**	–	–
Other advances			
Advance to suppliers............	**26,510**	7,284,728	1,197,612
	7,815,535	7,356,996	1,197,612

Note No. 12 - Equity Share Capital

	As At March 31, 2018		As At March 31, 2017	
	No. of shares	Rs.	No. of shares	Rs.
Authorised:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	60,000,000	600,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	49,678,600	496,786,000
	65,000,000	**650,000,000**	49,678,600	496,786,000

12.1 a) Terms/rights attached to equity shares:

i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.

ii) Repayment of capital will be in proportion to the number of equity shares held.

12.1 b) Shares in the Company held by Holding Company and each shareholder holding more than 5% shares specifying the number of shares held.

Name of shareholder	No. of shares	% held as at 31-Mar-18	No. of shares	% held as at 31-Mar-17
Mahindra Holidays & Resorts India Limited (Holding Company)	**65,000,000**	**100.00%**	49,678,600	100.00%

12.1 c) The reconciliation of the number of shares outstanding as at March 31, 2018, March 31, 2017 is set out below:-

	As at 31-Mar-18		As at 31-Mar-17	
Particulars	**No. of Shares**	**In Rs.**	No. of Shares	In Rs.
Number of shares at the beginning	**49,678,600**	**496,786,000**	49,678,600	496,786,000
Add: Issued during the year	**15,321,400**	**153,214,000**	–	–
Number of shares at the end	**65,000,000**	**650,000,000**	49,678,600	496,786,000

During the year the Company had raised its authorised share capital (duly approved by the Board/ Shareholders) from Rs. 60 crores to Rs. 65 Crores, The Company also issued 1,53,21,400 Nos. of equity shares @ 10 /- each to its Holding Company Mahindra Holidays & Resorts India Limited during the year.

Note No. 13 - Other Equity

In Rs.

	Retained earnings	Total
Balance at the beginning of the reporting period-April 1, 2016	(5,433,314)	(5,433,314)
Total Comprehensive income for the year	(2,874,027)	(2,874,027)
Balance at the end of the reporting period-March 31, 2017	(8,307,341)	(8,307,341)
Balance at the beginning of the reporting period-April 1, 2017	(8,307,341)	(8,307,341)
Total Comprehensive income for the year	(27,191,623)	(27,191,623)
Balance at the end of the reporting period-March 31, 2018	**(35,498,964)**	**(35,498,964)**

Note No. 14 - Borrowings Non-current

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Secured Borrowings			
Loans from banks	**654,674,205**	490,000,000	–
	654,674,205	490,000,000	–

Loans from banks are secured by a hypothecation of current assets of the Company. This loan is repayable by 2023 - 2024 and carries an interest rate @ 6M MCLR + 0.10%.

Note No. 15 - Other Financial Liabilities - Non-current

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Other Financial Liabilities Measured at Amortised Cost			
Other long term liabilities - Retention Money	**43,599,410**	30,598,102	15,167,189
	43,599,410	30,598,102	15,167,189

Note No. 16 - Borrowings - Current

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Unsecured Borrowings			
Loans from related parties................................	**–**	22,000,000	25,000,000
	–	22,000,000	25,000,000

This Loan carries an interest rate @ 9.5% per annum.

Note No. 17 - Trade Payables

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Trade payable for goods & services	**8,192,575**	6,612,846	47,000
	8,192,575	6,612,846	47,000

Note No. 18 - Other Financial Liabilities - Current

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Employee Creditor	**259,484**	–	–
Others			
- Other payables (Capital Creditors)	**63,096,152**	15,869,872	37,188,235
	63,355,636	15,869,872	37,188,235

Note No. 19 - Other Current Liabilities

In Rs.

	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Statutory dues			
- taxes payable (other than income taxes).................	**7,070,643**	2,528,821	1,740,605
	7,070,643	2,528,821	1,740,605

Note No. 20 - Revenue from Operations

In Rs.

	Year Ended March 31, 2018	Year Ended March 31, 2017
Income from resorts:		
Room Rentals	**40,608,154**	–
Food and Beverages	**20,232,996**	–
Wine and liquor	**373,451**	–
Holiday Activity	**2,044,420**	–
Others	**1,273,035**	–
	64,532,056	–

Note No. 21 - Other Income

In Rs.

	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest Income		
On Financial Assets at Amortised Cost	**–**	30,259
	–	30,259

Note No. 22 - Employee Benefits Expense

In Rs.

	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries and wages, including bonus	**13,740,635**	339,200
	13,740,635	339,200

Note No. 23 - Other Expenses

In Rs.

	Year Ended March 31, 2018	Year Ended March 31, 2017
Cost of food, beverages and smokes consumed		
Opening stock	**–**	–
Add: Purchases	**6,907,729**	–
Less: Closing stock	**881,622**	–
	7,789,351	–
Operating Supplies	**18,623,745**	–
Power and Fuel	**11,377,646**	–
Rates and taxes	**880,234**	215,512
Travelling expenses	**516,371**	210,831
Auditors remuneration and out-of-pocket expenses		
As Auditors	**90,000**	75,000
Director's Fees	**101,000**	109,250
Consultancy Charges	**940,935**	1,771,139

In Rs.

	Year Ended March 31, 2018	Year Ended March 31, 2017
Repairs and maintenance		
Buildings	**16,139**	–
Plant & equipment	**135,199**	–
Others	**1,751,159**	–
Communication	**142,414**	–
Printing and Stationary	**736,572**	–
Insurance	**821,875**	–
Service Charges	**843,875**	–
Miscellaneous	**1,135,096**	183,354
	45,901,611	2,565,086

Note No. 24 - Earnings Per Share

In Rs.

	For the year ended 31st Mar 2018	For the year ended 31st March, 2017
Basic and Diluted Earnings per share	**(0.42)**	(0.06)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(27,191,623.00)**	(2,874,027.00)
Weighted average number of equity shares	**65,000,000.00**	49,678,600.00
Earnings per share from continuing operations - Basic and Diluted	**(0.42)**	(0.06)

Note No. 25 - Categories of financial assets and financial liabilities

In Rs.

As at March 31, 2018	Amortised Cost	Total
Current Assets		
Cash & Bank balances	**11,559,814**	**11,559,814**
Non-current Liabilities		
Borrowings	**654,674,205**	**654,674,205**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**43,599,410**	**43,599,410**
Current Liabilities		
Trade Payables	**8,192,575**	**8,192,575**

As at March 31, 2017	Amortised Cost	Total
Current Assets		
Cash & Bank balances	11,150,986	11,150,986
Loans	800,002	800,002
Non-current Liabilities		
Borrowings	490,000,000	490,000,000
Other Financial Liabilities		
- Non Derivative Financial Liabilities	30,598,102	30,598,102
Current Liabilities		
Borrowings	22,000,000	22,000,000
Trade Payables	6,612,846	6,612,846

Note No. 26 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

The fair value of the financial assets and financial liabilties that are not measured at fair value closely approximates the carrying value as disclosed below:

In Rs.

	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Others	–	–	800,002	800,002
Total	–	–	800,002	800,002
Financial liabilities				
Borrowings	**654,674,205**	**654,674,205**	490,000,000	490,000,000
Other long term liabilities	**43,599,410**	**43,599,410**	30,598,102	30,598,102
Trade Payables	**8,192,575**	**8,192,575**	6,612,846	6,612,846
Total	**706,466,190**	**706,466,190**	527,210,948	527,210,948

Note No. 27 - Segment information

The Company is primarily engaged in the business of maintenance & running of resorts and related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the chief operating decision maker (CODM).

Note No. 28 - Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited

Key Managerial Personnel

Nirav Momaya (Appointed from 1st March 2016)

Preetha T (Resigned on 31st August 2017)

Narender Pratap Singh (Appointed from 31st August 2017)

Balamurugan PS

(ii) Related Party Transactions and balances

In Rs.

Particulars	March 31, 2018	March 31, 2017
Holding company		
Transactions during the year:		
ICD received	**100,000,000**	165,000,000

In Rs.

Particulars	March 31, 2018	March 31, 2017
ICD repaid	**122,000,000**	168,000,000
Interest on ICD	**5,349,255**	3,698,493
Share Capital	**153,214,000**	–
Manpower deputation	**10,122,463**	2,510,561
Holding company		
Balances as at:		
ICD received	**–**	22,000,000
Trade payables	**32,873,062**	12,675,626
Trade Receivables	**2,347,660**	

Note No. 29 - Capital Work in Progress

In Rs.

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the reporting period	**906,320,928**	426,700,751
Add: Cost of contruction during the year	**1,133,357,045**	455,963,987
Interest on loan	**119,964,556**	23,656,190
Transferred to fixed Assets	**(2,159,642,528)**	–
Balance at the end of the reporting period	**–**	906,320,928

Note No. 30 - Capital Commitment

In Rs.

Particulars	March 31, 2018	March 31, 2017
Estimated amount of Contracts remaining to be executed on capital account and not provided for net of advances	**387,917**	149,556,653
	387,917	149,556,653

Note No. 31 - Misc

Amount standing in Sunday Debtors, Advances for Capital Work, Sundry Creditors (trade and Capital) and Retention Money as on 31/03/2018 are subject to confirmation.

For Sukhdeep Singh Arora & Associates

Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Chandigarh
Date: 25/04/2018

For and on behalf of the Board of Directors

Joyakesh Podder
Director
DIN: 07924728

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Nirav Momaya
Company Secretary

Place: Mumbai
Date: 25/04/2018

Balamurugan PS
Manager

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2018.

Principal Activities

The Company's principal activities are holding of investment properties and lease rental.

There have been no significant changes in the nature of the principal activities during the financial year under review.

Financial Results

	RM	INR
Total comprehensive income for the year, after taxation	156,553	2,643,820

Dividends

No dividends were paid or proposed during the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

Issue of Shares and Debentures

The Company did not issue any shares and debentures during the financial year.

Options

No option has been granted during the financial year under review to take up unissued shares in the Company.

Directors

The names of the directors of the Company who held office since the date of the last report and at the date of this report are:-

Ravindera Nath Khanna

Koh Yeow York

Koh Tong Ngee

Ajay Agrawal (Resigned on 10.04.2017)

Akhila Balachandar (Appointed on 10.04.2017)

Dinesh Shivanna Shetty (Resigned on 28.03.2018)

Joyakesh Podder (Appointed on 28.03.2018)

Directors' Interest

According to the register of directors' shareholding, none of the directors in office at the end of the financial year had interest in the ordinary shares of the Company.

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiary is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

No director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors, or the fixed salary of a full-time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' Remuneration

Details of emoluments paid to directors and past directors of the Company during and at the end of the financial year are as stated in Note 12 to the financial statements.

Auditors' Remuneration

The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year under review, inclusive of all fees, percentages or other payments or consideration given by or from the Company is as stated in Note 12 to the financial statements.

Bad and Doubtful Debts

Before the income statement and the balance sheet were made out, the directors took reasonable steps to ascertain that action has been taken in relation to the writing off of and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

Current Assets

Before the income statement and the balance sheet were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Indemnities to Directors, Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

Contingent and Other Liabilities

At the date of this report, there does not exist:

a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations when they fall due.

Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.

Items of An Unusual Nature

The results of the operations of the Company for the financial year under review were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

Events Subsequent To Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Holding Company

The holding company is Mahindra Holidays & Resorts India Ltd., a company incorporated in India, which holds the entire issued and paid up capital of the Company.

Auditors

The auditors, Messrs. Lloyds.Earle.Panicker, Chartered Accountants, have intimated their willingness to continue in office in accordance with Section 267(4) (a) of the Companies Act, 2016.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

AKHILA BALACHANDAR
Director

RAVINDERA NATH KHANNA
Director

Date: 26 April 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE BIRD (M) SDN. BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Heritage Bird (M) Sdn. Bhd.**, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out from Note no. 1 to 18.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics,Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable,matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error,and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detecta material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected toinfluence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope andtiming of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also reportthat in our opinion, the accounting and other records and the registers required by the Act tobe kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

LLOYDS.EARLE.PANICKER	**KESAVAN K. PANICKER**
A.F. 0604	761/03/19(J)
Chartered Accountants	*Chartered Accountant*

Place : Kuala Lumpur
Dated : 26 APR 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 RM	2018 INR	2017 RM	2017 INR
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	**3,955,400**	**66,797,609**	4,055,062	68,480,671
Current Assets					
Trade receivables	7	**79,500**	**1,342,572**	–	–
Cash at bank		**315,461**	**5,327,411**	70,251	1,186,378
		394,961	**6,669,983**	70,251	1,186,378
TOTAL ASSETS		**4,350,361**	**73,467,591**	4,125,313	69,667,048
EQUITY AND LIABILITIES					
Equity					
Share capital	8	**300,002**	**5,066,344**	300,002	5,066,344
Reserves		**(809,881)**	**(13,677,027)**	(966,434)	(16,320,847)
Total Equity		**(509,879)**	**(8,610,684)**	(666,432)	(11,254,504)
Non-Current Liabilities					
Amount due to holding company	9	**4,673,077**	**78,917,522**	4,673,077	78,917,522
Current Liabilities					
Non-trade payables		**118,963**	**2,009,011**	104,668	1,767,602
Amount due to directors	10	**14,000**	**236,428**	14,000	236,428
Taxation		**54,200**	**915,313**	–	–
		187,163	**3,160,753**	118,668	2,004,030
Total Liabilities		**4,860,240**	**82,078,275**	4,791,745	80,921,552
TOTAL EQUITY AND LIABILITIES		**4,350,361**	**73,467,591**	4,125,313	69,667,048

The notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

		2018	2018	2017	2017
	Note	RM	INR	RM	INR
Revenue	11	**872,188**	**14,729,249**	846,815	14,300,758
Cost of sales		**(59,390)**	**(1,002,961)**	(290,666)	(4,908,680)
Gross profit		**812,798**	**13,726,289**	556,149	9,392,077
Other Income		**17,210**	**290,637**	–	–
Administration expenses		**(210,280)**	**(3,551,146)**	(356,866)	(6,026,646)
Profit from operations	12	**619,728**	**10,465,781**	199,283	3,365,432
Finance charge	13	**(408,975)**	**(6,906,647)**	(408,975)	(6,906,647)
Net profit/(loss) before taxation		**210,753**	**3,559,133**	(209,692)	(3,541,216)
Taxation	14	**(54,200)**	**(915,313)**	1,889	31,901
Total comprehensive income/(loss) for the year		**156,553**	**2,643,820**	(207,803)	(3,509,315)

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 RM	2018 INR	2017 RM	2017 INR
Cash Flows From Operating Activities				
Net profit/(loss) before taxation	**210,753**	**3,559,133**	(209,692)	(3,541,216)
Adjustment :-				
Depreciation on property, plant and equipment	**99,662**	**1,683,062**	99,662	1,683,062
Interest on loan	**408,975**	**6,906,647**	408,975	6,906,647
Operating profit before working capital changes	**719,390**	**12,148,843**	298,945	5,048,493
Changes in receivables	**(79,500)**	**(1,342,572)**	54,045	912,696
Changes in payables	**14,295**	**241,410**	(173,434)	(2,928,901)
Cash generated from operations	**654,185**	**11,047,680**	179,556	3,032,288
Tax paid	**–**		(4,111)	(69,425)
Net cash from operating activities	**654,185**	**11,047,680**	175,445	2,962,863
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	**–**	**–**	(4,200)	(70,928)
Net cash used in investing activities	**–**	**–**	(4,200)	(70,928)
Cash Flows From Financing Activities				
Amount due to holding company	**–**	**–**	184,878	3,122,164
Interest paid to holding company	**(408,975)**	**(6,906,647)**	(408,975)	(6,906,647)
Net cash from financing activities	**(408,975)**	**(6,906,647)**	(224,097)	(3,784,483)
Net increase/(decrease) in cash and cash equivalents	**245,210**	**4,141,033**	(52,852)	(892,549)
Cash and cash equivalents brought forward	**70,251**	**1,186,378**	123,103	2,078,927
Cash and cash equivalents carried forward	**315,461**	**5,327,411**	70,251	1,186,378

Note:

Cash and cash equivalent at the end of the year comprises:

	2018 RM	2018 INR	2017 RM	2017 INR
Cash at bank	**315,461**	**5,327,411**	70,251	1,186,378

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital	Accumulated Loss	Total
	RM	RM	RM
31 March 2018			
Balance as at 31 March 2017	300,002	(966,434)	(666,432)
Profit for the year	–	156,553	156,553
Balance as as 31 March 2018	**300,002**	**(809,881)**	**(509,879)**
31 March 2017			
Balance as at 31 March 2016	300,002	(758,631)	(458,629)
Loss for the year	–	(207,803)	(207,803)
Balance as at 31 March 2017	300,002	(966,434)	(666,432)

	Share Capital	Accumulated Loss	Total
	INR	INR	INR
31 March 2018			
Balance as at 31 March 2017	5,066,344	(16,320,847)	(11,254,504)
Profit for the year	–	2,643,820	2,643,820
Balance as as 31 March 2018	**5,066,344**	**(13,677,027)**	**(8,610,684)**
31 March 2017			
Balance as at 31 March 2016	5,066,344	(12,811,533)	(7,745,189)
Loss for the year	–	(3,509,315)	(3,509,315)
Balance as at 31 March 2017	5,066,344	(16,320,847)	(11,254,504)

The notes form an integral part of these financial statements.

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	2018 RM	2018 INR	2017 RM	2017 INR
Revenue	**872,188**	**14,729,249**	846,815	14,300,758
Less: Cost of Sales	**(59,390)**	**(1,002,961)**	(290,666)	(4,908,680)
Gross Profit	**812,798**	**13,726,289**	556,149	9,392,077
Add: Other Income				
GST written off	**17,210**	**290,637**	–	–
Less: Expenditure				
Administration expenses				
Audit fee	**16,000**	**270,203**	16,000	270,203
Accountancy fee	**48,000**	**810,610**	48,000	810,610
Assessment and quit rent	**3,312**	**55,932**	3,312	55,932
Astro	**–**	**–**	15,931	269,038
Access cards	**1,080**	**18,239**	–	–
Bank charges	**293**	**4,948**	306	5,168
Bad debt written off	**–**	**–**	6,615	111,712
Depreciation of property, plant and equipment	**99,662**	**1,683,062**	99,662	1,683,062
Directors' fee	**14,000**	**236,428**	14,000	236,428
Electricity charges	**–**	**–**	37,670	636,160
Fine & penalty	**908**	**15,334**	21,054	355,554
Forex loss	**3,222**	**54,412**	840	14,186
Insurance	**1,384**	**23,373**	2,736	46,205
Printing and stationery	**1,836**	**31,006**	2,081	35,143
Professional fee	**15,332**	**258,922**	12,900	217,851
Provision for doubtful debt	**–**	**–**	664	11,213
Secretarial fees and charges	**2,980**	**50,325**	7,757	130,998
Travelling charges	**897**	**15,148**	–	–
Upkeep of premises	**–**	**–**	10,106	170,667
Water charges	**1,374**	**23,204**	3,851	65,035
GST not claimable	**–**	**–**	53,381	901,482
	210,280	**3,551,146**	356,866	6,026,646
Finance Costs				
Interest on loan	**408,975**	**6,906,647**	408,975	6,906,647
Net Profit/(Loss) for the Year	**210,753**	**3,559,133**	(209,692)	(3,541,216)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

1. GENERAL INFORMATION

The Company is a private company, incorporated and domiciled in Malaysia. The registered office is situated at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, and its principal place of business is located at 3A07, Block B, Phileo Damansara II, 15 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.

The Company's principal activities are holding of investment properties and lease rental.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

2. Compliance With Financial Reporting Standards and the Companies Act, 2016

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

3. Financial Risk Management Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

a) Liquidity and cash flow risks

The Company ensures that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

b) Interest rate risk

The Company's interest rate exposure arises principally from the trade creditors and borrowings. The interest rate risk is managed through the use of fixed and floating rate financial instruments.

c) Foreign currency risk

The Company is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company manages its exposure to foreign currency risk by monitoring fluctuations in foreign exchange and by timing its payments in foreign currencies accordingly.

d) Credit risk

Credit risk is controlled by monitoring procedures and by internal credit review where credit risk is material.

e) Market risk

The Company's principal exposure to market risk arises mainly from the changes in equity prices. Equity investments classified as current assets are available for sale and the Company manages disposal of its investment to optimise returns on realisation.

4. Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated.

5. Significant Accounting Policies

a) Revenue recognition

Revenue is recognised on invoiced value of sales, less credit notes issued.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses.

Depreciation is provided on the straight line method to write off each asset over its estimated useful life. The principal rates used are as follows:

Furniture and fittings	10%
Freehold building	2%

c) Trade receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amount at the period end.

d) Cash and cash equivalents

Cash comprises cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

e) Provisions

Provisions are recognised when the Company has a present legal and constructive obligation as a result of a past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

f) Foreign currency transactions and balances

Transaction in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date.

g) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, trade and other receivables and payables and borrowings. The accounting policies on recognition and measurement of these items are disclosed in the individual accounting policies with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the respective contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

h) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year. It is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity. In this case the deferred tax is charged or credited directly in equity. When the deferred tax arises from a business combination that is an acquisition, it is in included in the resulting goodwill or negative goodwill.

i) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

6. Property, Plant and Equipment

	Furniture and Fittings	Freehold Building	Total
	RM	RM	RM
Gross Carrying Amount:			
At 1 April 2017	54,454	4,941,100	4,995,554
Additions	–	–	–
At 31 March 2018	**54,454**	**4,941,100**	**4,995,554**
Accumulated Depreciation:			
At 1 April 2017	51,094	889,398	940,492
Charge for the year	840	98,822	99,662
At 31 March 2018	**51,934**	**988,220**	**1,040,154**
Net Book Value at 1 April 2017	3,360	4,051,702	4,055,062
Net Book Value at 31 March 2018	**2,520**	**3,952,880**	**3,955,400**

	Furniture and fittings	Freehold Building	Total
	INR	INR	INR
Gross Carrying Amount:			
At 1 April 2017	919,599	83,443,821	84,363,420
Additions	–	–	–
At 31 March 2018	**919,599**	**83,443,821**	**84,363,420**
Accumulated Depreciation:			
At 1 April 2017	862,856	15,019,888	15,882,744
Charge for the year	14,186	1,668,876	99,662
At 31 March 2018	**877,042**	**16,688,764**	**15,982,406**
Net Book Value at 1 April 2017	56,743	68,423,933	68,480,676
Net Book Value at 31 March 2018	**42,557**	**66,755,057**	**68,381,014**

7. Trade Receivables

	2018	2017
	RM	RM
Holding Company	**79,500**	–

	2018	2017
	INR	INR
Holding Company	**1,342,572**	–

8. Share Capital

	2018			2017		
	No of shares	**RM**	**INR**	No of shares	RM	INR
Authorised ordinary shares						
Balance b/f	–	–	–	500,000	500,000	8,443,850
Created during the year	–	–	–	–	–	–
Balance c/f	–	–	–	500,000	500,000	8,443,850
Issued and fully paid ordinary shares						
Balance b/f	**300,002**	**300,002**	**5,066,344**	300,002	300,002	5,066,344
Issued during the year	–	–	–	–	–	–
Balance c/f	**300,002**	**300,002**	**5,066,344**	300,002	300,002	5,066,344

The new Companies Act 2016 (''CA 2016'') which came into effect on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

There is no impact on the numbers of shares in issue or the relative entitlements of any of the member as a result of this transition.

9. Amount Due To Holding Company

The holding company is Mahindra Holidays & Resorts India Ltd., a company incorporated in India, which holds the entire issued and paid up capital of the Company.

The amount due to holding company, consisting of non-trade balances, is unsecured and without any fixed terms of repayment.

10. Amount Due To Directors

The amount due to directors is RM14,000. The said amount is interest free, unsecured and without any fixed terms of repayment.

11. Revenue

Revenue represents income from lease rental and rental income receivable.

12. Profit From Operations

The following items have been charged in arriving at profit from operations:-

	2018 RM	2018 INR	2017 RM	2017 INR
Audit fee	**16,000**	**270,203**	16,000	270,203
Assessment and quit rent	**3,312**	**55,932**	3,312	55,932
Depreciation of property, plant and equipment	**99,662**	**1,683,062**	99,662	1,683,062
Directors' fee	**14,000**	**236,428**	14,000	236,428

13. Finance Costs

	2018 RM	2018 INR	2017 RM	2017 INR
Interest expense on loan from holding company	**408,975**	**6,906,647**	408,975	6,906,647

14. Taxation

	2018 RM	2018 RM	2017 RM	2018 INR
Current year provision	**54,200**	**915,313**	–	–
Over provision in previous year	**–**	**–**	(1,889)	**(31,901)**
	54,200	**915,313**	(1,889)	**(31,901)**

A reconciliation of income tax enpense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax enpense at the effective income tax rate of the Company is as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
Profit/(loss) before taxation	**210,753**	**3,559,133**	(209,692)	(3,541,216)
Tax at statutory income tax rate of 18% (2017: 18%)	**37,936**	**640,652**	(37,745)	(637,426)
Tax effect of expenses that are not deductible for tax purposes	**3,460**	**58,431**	7,508	126,793
Deferred tax not recognised in the financial statements	**17,667**	**298,355**	17,940	302,965
Over provision from previous year	**–**	**–**	(1,889)	(31,901)
Unutilised tax losses	**–**	**–**	12,297	207,668
Utilised prior year tax losses	**(4,863)**	**(82,125)**	–	–
	54,200	**915,313**	(1,889)	(31,901)

15. Going Concern

The Company has deficiency in shareholders' funds amounting to RM509,879 (2017: RM666,432).

However, the financial statements have been prepared on a going concern basis, as Mahindra Holidays and Resort India Ltd., the Holding Company, has given a confirmation of continued financial support to the Company.

16. Related Party Transactions

	2018 RM	2017 RM
Revenue	**(872,188)**	(846,815)
Interest on loan	**408,975**	408,975

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

17. Employees

The number of employees of the Company as at 31 March 2018 is Nil (2017 : Nil).

18. Date of Authorisation for Issue of the Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 April 2018.

DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended March 31, 2018.

Your Company continues to be a subsidiary of MH Boutique Hospitality Limited and in turn of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Your Company has a property in Bangkok, which was fully operational during the year. Further, the Company has earned a revenue of THB 45,046,412.25 (INR 88,132,335.34) as against THB 42,049,865.09 (INR 80,272,222.08) for previous year.

During the year, your Company has fully repaid the amount of THB 72,00,00,000 towards the loan obtained from Mahindra Holidays & Resorts India Limited.

During the year under review, Mrs. Akhila Balachandar and Mr. Shariq Azim, were appointed as Directors of the Company w.e.f July 21, 2017 and January 9, 2018 respectively. Mr. Ajay Agrawal, Mr. Vishant Potri and Mr. Dinesh Shetty resigned as the Directors of the Company w.e.f April 10, 2017, January 9, 2018 and March 28, 2018 respectively.

As on date of this report Mrs. Akhila Balachandar, Mr. Ravindera Khanna, and Mr. Shariq Azim are the Directors of the Company.

For **Infinity Hospitality Group Company Limited**

Akhila Balachandar
Director

Ravindera Khanna
Director

Date: April 7, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Infinity Hospitality Group Company Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Infinity Hospitality Group Company Limited** (the Company), which comprise the statement of financial position as at March 31, 2018, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understandging of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)

Certified Public Accountant Registration No. 9387

Cover Biz Company Limited
April 7, 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

		ASSETS			
		2018	**2018**	2017	2017
	Notes	**Currency: Baht**	**Currency: INR**	Currency: Baht	Currency: INR
CURRENT ASSETS					
Cash and cash equivalents		**24,547,351**	**51,094,819**	2,690,577	5,600,383
Temporary investment				–	–
Trade and other receivables	*4*	**3,137,324**	**6,530,278**	1,548,465	3,223,099
Inventory	*5*	**316,804**	**659,421**	324,682	675,819
Other current assets		**676,582**	**1,408,291**	420,701	875,679.76
TOTAL CURRENT ASSETS		**28,678,060**	**59,692,809**	4,984,425	10,374,981
NON-CURRENT ASSETS					
Property, plant and equipment - net	*6*	**173,001,053**	**360,098,231**	177,877,006	370,247,430
Intangible assets - net	*7*	**147,588**	**307,202**	163,825	340,999
Other non-current assets		**402,674**	**838,157**	402,674	838,157
TOTAL NON-CURRENT ASSETS		**173,551,315**	**361,243,591**	178,443,505	371,426,587
TOTAL ASSETS		**202,229,375**	**420,936,400**	183,427,930	381,801,568

The accompanying notes are an integral part of the financial statements.

_____________________ Director

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018 (Contd...)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	**2018 Currency: Baht**	**2018 Currency: INR**	2017 Currency: Baht	2017 Currency: INR
CURRENT LIABILITIES					
Trade and other payable	8	**1,941,309**	**4,040,796.44**	3,128,362	6,511,623.48
Current portion of Long-term borrowings	11	**7,000,000**	**14,570,360**	7,000,000	14,570,360
Short-term borrowing from related parties	10			72,000,000	149,866,560
Other current liabilities	9	**428,964**	**892,880.99**	972,046	2,023,294
TOTAL CURRENT LIABILITIES		**9,370,274**	**19,504,037**	83,100,408	172,971,837
NON-CURRENT LIABILITIES					
Long-term loan	11	**148,000,000**	**308,059,040**	63,000,000	131,133,240
TOTAL NON-CURRENT LIABILITIES		**148,000,000**	**308,059,040**	63,000,000	131,133,240
TOTAL LIABILITIES		**157,370,274**	**327,563,077**	146,100,408	304,105,077
SHAREHOLDERS' EQUITY					
Authorized share capital					
1,500,000 ordinary shares of Baht 100 each		**150,000,000**	**312,222,000**	150,000,000	312,222,000
Issued and paid-up share capital					
1,500,000 ordinary shares of Baht 100 each		**150,000,000**	**312,222,000**	150,000,000	312,222,000
Retained earnings (Deficits)		**(105,140,899)**	**(218,848,678)**	(112,672,478)	(234,525,509)
TOTAL SHAREHOLDERS' EQUITY		**44,859,101**	**93,373,322**	37,327,522	77,696,491
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**202,229,375**	**420,936,400**	183,427,930	381,801,568

The accompanying notes are an integral part of the financial statements.

_____________________ Director

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018**	**2018**	2017	2017
		Currency: Baht	**Currency: INR**	Currency: Baht	Currency: INR
REVENUES	3				
Revenue from rent and services		**45,022,582**	**93,713,605**	42,003,460	87,429,361
Other income		**23,830**	**49,602**	46,405	96,592
TOTAL REVENUES		**45,046,412**	**93,763,206**	42,049,865	87,525,953
EXPENSES	3				
Cost of rent and services		**18,703,552**	**38,931,069**	19,899,005	41,419,381
Selling expenses		**2,404,559**	**5,005,041**	2,810,981	5,851,001
Administrative expenses		**9,165,484**	**19,077,771**	10,892,749	22,673,039
TOTAL EXPENSES		**30,273,594**	**63,013,881**	33,602,735	69,943,421
EARNINGS BEFORE FINANCIAL COST		**14,772,818**	**30,749,325**	8,447,130	17,582,532
Financial costs		**(7,241,239)**	**(15,072,494)**	(13,014,845)	(27,090,140)
EARNINGS BEFORE CORPORATE INCOME TAX		**7,531,579**	**15,676,832**	(4,567,716)	(9,507,608)
NET PROFIT (LOSS)		**7,531,579**	**15,676,832**	(4,567,716)	(9,507,608)

The accompanying notes are an integral part of the financial statements.

______________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

Currency: Baht

	Notes	Issued and paid-up share capital	Retained earnings (Deficits)	Total
Beginning balance as of 31 March 2016		150,000,000	(108,104,762)	41,895,238
Balance after correction		150,000,000	(108,104,762)	41,895,238
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(4,567,716)	(4,567,716)
Ending balance as of 31 March 2017		150,000,000	(112,672,478)	37,327,522
Cumulative effect of accounting change		–	–	–
Balance after correction		150,000,000	(112,672,478)	37,327,522
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	7,531,579	7,531,579
Ending balance as of 31 March 2018		**150,000,000**	**(105,140,899)**	**44,859,101**

Currency: INR

	Notes	Issued and paid–up share capital	Retained earnings (Deficits)	Total
Beginning balance as of 31 March 2017		312,222,000	(225,017,901)	87,204,099
Balance after correction		312,222,000	(225,017,901)	87,204,099
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(9,507,609)	(9,507,609)
Ending balance as of 31 March 2018		312,222,000	(234,525,509)	77,696,491
Cumulative effect of accounting change		–	–	–
Balance after correction		312,222,000	(234,525,509)	77,696,491
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	15,676,832	15,676,832
Ending balance as of 31 March 2018		**312,222,000**	**(218,848,678)**	**93,373,322**

The accompanying notes are an integral part of the financial statements.

_____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

1 GENERAL INFORMATION

Company status

Infinity Hospitality Group Company Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 6 May 2005, with registration no. 0105548060791

Place of company

20, Soi Sukhumvit 7 (Lerdsin 2) , Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

2 BASIC OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

3.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

3.3 Property, plant and equipment

Land are stated at cost, Buiding and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated by a straight-line method over their estimated useful life as follows:

	Useful life	
Land	–	Years
Building	20	Years
Improvement & Decoration	20.5	Years
Furniture Fixture & Equipment	5	Years
General equipment	5	Years
Computer	5	Years

3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows :

	Year life	
Computer software	5	Years

3.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

3.6 Provisions and contigent liabilities

The Company recongnized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

3.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered. The company record other revenue and expenses base on accrual basis.

3.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

4 TRADE AND OTHER RECEIVABLES

Consist of:

	2018 **Currency: Baht**	**2018** **Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Accounts Receivable - Trade	**397,250**	**826,867.89**	259,371	539,875
Accrued income - related parties (Note 10)	**2,227,973**	**4,637,480.70**	807,320	1,680,420
Other account receivables - related parties (Note 10)	**238,501**	**496,435.06**	179,891	374,440
Prepaid expenses	**273,601**	**569,494.30**	301,884	628,365
Total	**3,137,324**	**6,530,278**	1,548,465	3,223,100

5 INVENTORY

Consist of:

	2018 **Currency: Baht**	**2018** **Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Finished Goods	**316,804**	**659,421**	324,682	675,819
Total	**316,804**	**659,421**	324,682	675,819

_____________________ Director

6 PROPERTY, PLANT AND EQUIPMENT

Currency : Baht

Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost								
As at 31 March 2017	114,770,000	108,968,618	4,607,969	1,061,798	2,563,174	650,011	175,000	232,796,571
Acquisitions	–	–	1,041,653	24,240	127,460	49,390	–	1,242,743
Disposals	–	–	(16,235)	–	(107,287)	(223,277)	–	(346,799)
Adjustment/Reclassification	–	–		–	–	–	–	–
As at 31 March 2018	**114,770,000**	**108,968,618**	**5,633,386**	**1,086,038**	**2,583,348**	**476,124**	**175,000**	**233,692,515**
Accumulated depreciation								
As at 31 March 2017	–	49,644,387	1,986,936	536,906	2,109,054	467,284	174,999	54,919,565
Depreciation for the period		5,448,431	160,447	212,069	200,969	73,448		6,095,364
Depreciation on disposals			(16,234)		(84,168)	(223,065)		(323,467)
Adjustment/Reclassification								–
As at 31 March 2018	**–**	**55,092,817**	**2,131,149**	**748,974**	**2,225,856**	**317,666**	**174,999**	**60,691,462**
Net book value								
As at 31 March 2017	114,770,000	59,324,232	2,621,033	524,893	454,121	182,727	1	177,877,006
As at 31 March 2018	**114,770,000**	**53,875,801**	**3,502,237**	**337,064**	**357,492**	**158,457**	**1**	**173,001,053**
Depreciation for the year								
For the year ended 31st March 2017 (Included in cost and administrative expenses)								6,064,116
For the year ended 31st March 2018 (Included in cost and administrative expenses)								6,095,364

Currency : INR

Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost								
As at 31 March 2017	238,891,460	226,815,999	9,591,394	2,210,112	5,335,196	1,352,984	364,259	484,561,406
Acquisitions	–	–	2,168,179	50,455	265,306	102,804	–	2,586,745
Disposals	–	–	(33,793)	–	(223,315)	(464,747)	–	(721,855)
Adjustment/Reclassification	–	–		–	–	–	–	–
As at 31 March 2018	**238,891,460**	**226,815,999**	**11,725,780**	**2,260,567**	**5,377,188**	**991,042**	**364,259**	**486,426,295**
Accumulated depreciation								
As at 31 March 2017	–	103,333,798	4,135,767	1,117,558	4,389,954	972,642	364,257	114,313,976
Depreciation for the period		11,340,800	333,968	441,417	418,314	152,880		12,687,378
Depreciation on disposals			(33,791)		(175,193)	(464,306)		(673,290)
Adjustment/Reclassification								–
As at 31 March 2018	**–**	**114,674,598**	**4,435,944**	**1,558,975**	**4,633,074**	**661,216**	**364,257**	**126,328,064**
Net book value								
As at 31 March 2017	238,891,460	123,482,202	5,455,627	1,092,554	945,243	380,343	2	370,247,430
As at 31 March 2018	**238,891,460**	**112,141,402**	**7,289,836**	**701,592**	**744,113**	**329,826**	**2**	**360,098,231**
Depreciation for the year								
For the year ended 31st March 2017 (Included in cost and administrative expenses)								12,622,337
For the year ended 31st March 2018 (Included in cost and administrative expenses)								12,687,378

Security

At 31 March 2018 and 2017, the Company's properties, all Land and Buildings, with a net book value of Baht 168.65 and 174.09 million were subjected to secure loans from a financial institutions (see note 11).

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018 (Contd...)

7 INTANGIBLE ASSETS

Currency: Baht

Consist of:	Computer software	Total
Cost		
As at 1 April 2017	754,133	754,133
Acquisitions	43,300	43,300
Disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2018	**797,433**	**797,433**
Accumulated amortisation		
As at 1 April 2017	590,308	590,308
Amortisation for the period	59,537	59,537
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2018	**649,845**	**649,845**
Net book value		
As at 1 April 2017	163,825	163,825
As at 31 March 2018	**147,588**	**147,588**
Amortisation for the period		
For the year ended 31 March 2017 (Included in cost and administrative expenses)		60,711
For the year ended 31 March 2018 (Included in cost and administrative expenses)		**59,537**

Currency: INR

Consist of:	Computer software	Total
Cost		
As at 1 April 2017	1,349,078	1,349,078
Acquisitions	220,635	220,635
Disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2018	**1,569,713**	**1,569,713**
Accumulated amortisation		
As at 1 April 2017	1,102,345	1,102,345
Amortisation for the period	126,369	126,369
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at 31 March 2018	**1,228,713**	**1,228,713**
Net book value		
As at 1 April 2017	246,733	246,733
As at 31 March 2018	**340,999**	**340,999**
Amortisation for the period		
For the year ended 31 March 2017 (Included in cost and administrative expenses)		86,764
For the year ended 31 March 2018 (Included in cost and administrative expenses)		**126,369**

8 TRADE AND OTHER PAYABLES

Consist of:

	2018 Currency: Baht	**2018 Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Trade payables	**932,329**	**1,940,624.67**	1,267,873	2,639,053
Advance received	**29,383**	**61,160.50**	10,715	22,303
Accrued interest expenses - related parties (Note 10)			882,055	1,835,981
Accrued interest expenses for withholding tax			155,657	323,997
Accrued interest expenses - Other	**274,335**	**571,023.36**	206,273	429,352
Accrued service charge	**193,327**	**402,406.93**	538,272	1,120,403
Accrued expenses	**511,934**	**1,065,580.99**	67,517	140,535
Total	**1,941,309**	**4,040,796**	3,128,362	6,511,623

9 OTHER CURRENT LIABILITIES

Consist of:

	2018 Currency: Baht	**2018 Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Unrealised output tax	**164,469**	**342,337.98**	67,801	141,127
Value added tax payable	**190,137**	**395,765.97**	190,492	396,506
Withholding tax payable	**20,505**	**42,681.02**	663,586	1,381,241
Social Security tax payable	**53,854**	**112,096.02**	50,166	104,420
Total	**428,964**	**892,881**	972,046	2,023,294

10 RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of Relationship
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Co., Ltd.	Thailand	51% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rent and services	Contractually agreed rate
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

	2018 Currency: Baht	**2018 Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Income				
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	**24,546,100**	**51,092,215.40**	21,593,562	44,946,567.73
Expenses				
Mahindra Holidays & Resorts India Limited	**468,493**	**975,159.12**	12,947,328	26,949,605
Receivable				
Mahindra Holidays & Resorts India Limited	**2,227,973**	**4,637,480.70**	807,320	1,680,420
MH Botique Co., Ltd.	**238,501**	**496,435.06**	179,891	374,440
Payable				
Mahindra Holidays & Resorts India Limited			882,055	1,835,981
Loan from related parties				
Mahindra Holidays & Resorts India Limited			72,000,000	149,866,560
Interest rate			9.5%	9.5%

11 LONG-TERM BORROWING

On Februrary 6, 2017, the Company has entered into 5-Year Secured Committed Term Loan Facility of Baht 162,000,000 Facility Agreement with a financial institution. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus 2.10 percent per annum. Details of Loan are as followed:

Consist of:	**2018 Currency: Baht**	**2018 Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Long-term loan	**155,000,000**	**322,629,400.00**	70,000,000	145,703,600
Less Current portion of Long-term borrowings	**(7,000,000)**	**(14,570,360.00)**	(7,000,000)	(14,570,360)
Net Long-term loan	**148,000,000**	**308,059,040**	63,000,000	131,133,240

Change of long-term loan for the years ended March 31, 2018 and 2017 are as follows:

	2018 Currency: Baht	**2018 Currency: INR**	2017 Currency: Baht	2017 Currency: INR
Balance as of April 1, 2017	**70,000,000**	**145,703,600.00**		
Add Loan received	**92,000,000**	**191,496,160.00**	70,000,000.00	145,703,600.00
Less Repayment	**(7,000,000)**	**(14,570,360.00)**	–	–
Balance as of March 31, 2018	**155,000,000.00**	**322,629,400.00**	**70,000,000.00**	**145,703,600.00**

The Company shall repay the loan in the amount in accordance with the repayment schedule and all outstanding loans shall be repaid in full no later than the final repayment date as followed:

		Currency : Million Baht		**Currency : Million INR**
No.	**Month**	**Repayment**	**Outstanding Amount**	**Repayment**
1	6th	3.50	158.50	7.29
2	12th	3.50	155.00	7.29
3	18th	3.50	151.50	7.29
4	24th	3.50	148.00	7.29
5	30th	3.50	144.50	7.29
6	36th	3.50	141.00	7.29
7	42th	3.50	137.50	7.29
8	48th	3.50	134.00	7.29
9	54th	3.50	130.50	7.29
10	60th	130.50	–	271.63

12 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 7, 2018.

Director

DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended March 31, 2018.

Your Company was incorporated to carry on the business of buying, obtaining, receiving, renting, leasing, buying on hire purchase, owning, possessing, improving, using, constructing, modifying, developing or otherwise managing any property whatsoever as well as fruits thereof.

Your Company did not have any operations during the year. Your Company made a loss of THB 2,718,287.45 (INR 5,318,270.85) for the financial year ended March 31, 2018. Your Company continues to hold 51% of ordinary shares of Infinity Hospitality Group Company Limited.

Your Company continues to be a subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding Company Mahindra & Mahindra Limited.

During the year under review, Mrs. Akhila Balachandar was appointed as a Director of the Company w.e.f July 21, 2017 and Mr. Dinesh Shetty resigned as a Director of the Company w.e.f March 28, 2018.

Mrs. Akhila Balachandar, Mr. Ravindera Khanna and Mr. Noppun Muangkote are the Directors of the Company.

For **MH Boutique Hospitality Limited**

Akhila Balachandar
Director

Ravindera Khanna
Director

Date: April 7, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MH Boutique Hospitality Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MH Boutique Hospitality Limited** (the Company), which comprise the statement of financial position as at March 31, 2018, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)
Certified Public Accountant Registration No. 9387

Cover Biz Company Limited

April 7, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	*Currency : Baht* **2018**	*Currency : INR* **2018**	*Currency : Baht* 2017	*Currency : INR* 2017
CURRENT ASSETS					
Cash and cash equivalents		**62,987.33**	**131,106.87**	62,754.78	130,622.82
TOTAL CURRENT ASSETS		**62,987.33**	**131,106.87**	62,754.78	130,622.82
NON-CURRENT ASSETS					
Investment in subsidiaries	*4*	**38,000,000.00**	**79,096,240.00**	38,000,000.00	79,096,240.00
TOTAL NON-CURRENT ASSETS		**38,000,000.00**	**79,096,240.00**	38,000,000.00	79,096,240.00
TOTAL ASSETS		**38,062,987.33**	**79,227,346.87**	38,062,754.78	79,226,862.82
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payable	*5*	**14,604,232.00**	**30,398,416.82**	11,885,622.00	24,739,684.48
Short-term loan	*6*	**28,000,000.00**	**58,281,440.00**	28,000,000.00	58,281,440.00
Other current liabilities		**–**	**–**	90.00	187.33
TOTAL CURRENT LIABILITIES		**42,604,232.00**	**88,679,856.82**	39,885,712.00	83,021,124.48
TOTAL LIABILITIES		**42,604,232.00**	**88,679,856.82**	39,885,712.00	83,021,124.48
SHAREHOLDERS' EQUITY					
Authorized share capital					
51,000 preference shares of Baht 100 each	*7*	**5,100,000.00**	**10,615,548.00**	5,100,000.00	10,615,548.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	**10,199,252.00**	4,900,000.00	10,199,252.00
Issued and paid-up share capital					
51,000 preference shares of Baht 100 each		**5,100,000.00**	**10,615,548.00**	5,100,000.00	10,615,548.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	**10,199,252.00**	4,900,000.00	10,199,252.00
Retained earnings (Deficits)		**(14,541,244.67)**	**(30,267,309.96)**	(11,822,957.22)	(24,609,248.99)
TOTAL SHAREHOLDERS' EQUITY		**(4,541,244.67)**	**(9,452,509.96)**	(1,822,957.22)	(3,794,448.99)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38,062,987.33**	**79,227,346.87**	38,062,754.78	79,226,675.49

The accompanying notes are an integral part of the financial statements.

______________________ Director

STATEMENTS OF INCOME FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	Currency : Baht 2018	Currency : INR 2018	Currency : Baht 2017	Currency : INR 2017
REVENUES					
Other income	3	**234.90**	**488.94**	234.04	487.15
TOTAL REVENUES		**234.90**	**488.94**	234.04	487.15
EXPENSES					
Other expenses	3	**58,522.35**	**121,813.10**	59,522.34	123,894.56
TOTAL EXPENSES		**58,522.35**	**121,813.10**	59,522.34	123,894.56
EARNINGS BEFORE FINANCIAL COST		**(58,287.45)**	**(121,324.16)**	(59,288.30)	(123,407.41)
Financial costs		**2,660,000.00**	**5,536,736.80**	2,660,000.00	5,536,736.80
NET PROFIT (LOSS)		**(2,718,287.45)**	**(5,658,060.96)**	(2,719,288.30)	(5,660,144.21)

The accompanying notes are an integral part of the financial statements.

______________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR PERIOD FOR THE YEAR ENDED 31ST MARCH 2018

Currency : Baht

	Issues and paid-up capital		Retained earnings	Total
	Preference	Ordinary		
Beginning balance as of 31 March 2016	5,100,000.00	4,900,000.00	(9,103,668.92)	896,331.08
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(2,719,288.30)	(2,719,288.30)
Ending balance as of 31 March 2017	5,100,000.00	4,900,000.00	(11,822,957.22)	(1,822,957.22)
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(2,718,287.45)	(2,718,287.45)
Ending balance as of 31 March 2018	5,100,000.00	4,900,000.00	(14,541,244.67)	(4,541,244.67)

The accompanying notes are an integral part of the financial statements.

Currency : INR

	Issued and paid-up share capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
Beginning balance as of 31 March 2016	10,615,548.00	10,199,252.00	(18,949,104.78)	1,865,695.22
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(5,660,144.21)	(5,660,144.21)
Ending balance as of 31 March 2017	10,615,548.00	10,199,252.00	(24,609,248.99)	(3,794,448.99)
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(5,658,060.96)	(5,658,060.96)
Ending balance as of 31 March 2018	10,615,548.00	10,199,252.00	(30,267,309.96)	(9,452,509.96)

_____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

1. GENERAL INFORMATION

Company status

MH Boutique Hospitality Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 10 October 2012 with registration no. 0105555151500.

Place of company

33/118-119 23th Floor Wall street Tower, Surawongse, Suriyawongse, Bangrak, Bangkok

Business and operation

The objective of the Company is to become a partner with limited liability in a partnership or a shareholder in a private limited company and a public limited company.

2. BASIC OF FINANCIAL STATEMENT PREPARATION

The company financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The company financial statements have been prepared under the historical cost convention, except those explain in accounting policies.

3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

3.2 Investment

Investments in subsidiary, associated and other companies are stated at cost. An allowance for impairment loss will be made when the net realisable value of the investment is lower than its cost.

3.3 Revenue and expenses recognition

The company record other revenue and expenses base on accrual basis.

4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012 , the Company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 1,500,000 ordinary shares at a par value of Baht 100.

Details of the Company's subsidiaries, as at 31 March 2018 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
Investment in subsidiaries			
Infinity Hospitality Group Co., Ltd.	Hotel	Thailand	51

5. TRADE AND OTHER PAYABLES

Consist of:

	2018	**2018**	2017	2017
	Currency : Baht	*INR*	*Currency : Baht*	*INR*
Accrued interest expenses - Related Parties (Note 6)	**12,191,142.85**	**25,375,620.02**	9,930,142.85	20,669,393.74
Accrued Expenses	**23,210.00**	**48,311.15**	23,210.00	48,311.15
Accrued interest expenses for withholding tax	**2,151,378.15**	**4,478,050.59**	1,752,378.15	3,647,540.07
Other payable - Related parties (Note 6)	**238,501.00**	**496,435.06**	179,891.00	374,439.52
Total	**14,604,232.00**	**30,398,416.82**	11,885,622.00	24,739,684.48

6. RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

	2018	**2018**	2017	2017
	Currency : Baht	*INR*	*Currency : Baht*	*INR*
Expenses				
Mahindra Holidays & Resorts India Limited	**2,660,000.00**	**5,536,736.80**	2,660,000.00	5,536,736.80
Payable				
Mahindra Holidays & Resorts India Limited	**12,191,142.85**	**25,375,620.02**	9,930,142.85	20,669,393.74
Infinity Hospitality Group Co., Ltd.	**238,501.00**	**496,435.06**	179,891.00	374,439.52
Loan from related parties				
Mahindra Holidays & Resorts India Limited	**28,000,000.00**	**58,281,440.00**	28,000,000.00	58,281,440.00
Interest rate	**9.50%**	**9.50%**	9.50%	9.50%

7. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by company's authorised director on April 7, 2018.

8. FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 2.08148 = THB 1 which is the Bloomberg rate as on 31st March 2018.

______________________ Director

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The Directors present the Audited Financial Statements of MHR Holdings (Mauritius) Ltd, the "Company", for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out herein;

Zakir Hussein Niamut

Teemulsingh Luchowa

Pravesh Beeharry

Akhila Balachandar

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **MHR Holdings (Mauritius) Ltd** under the Mauritius Companies Act 2001 for the year ended 31 March 2018.

For SANNE Mauritius
Secretary

Registered Office:
IFS Court
Bank Street
Twenty Eight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 3 May 2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MHR Holdings (Mauritius) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 9 to 34 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 21 in the financial statements which indicates that the Company had accumulated losses of EUR 2,845,001during the year ended 31 March 2018 and, as of that date, the Company had a net liability of EUR 2,700,001. As stated in Note 21, these conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The shareholder has undertaken to provide financial support to ensure continuation of the Company's operations. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 03 May 2018

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 01 APRIL 2017 TO 31 MARCH 2018

	Notes	For the period from 01/04/17 to 3/31/2018 EUR	For the period from 01/04/17 to 3/31/2018 INR	For the period from 01/04/16 to 3/31/2017 EUR	For the period from 01/04/16 to 3/31/2017 INR
INCOME					
Total Income		**–**	**–**	–	–
EXPENDITURE					
Professional fees	14	**42,030**	**3,390,140**	28,179	2,272,918
Audit fees		**8,129**	**655,685**	4,248	342,644
Bank charges		**3,400**	**274,244**	2,393	193,019
Licence fees		**2,508**	**202,295**	2,466	198,908
Legal fees		**1,048**	**84,532**	2,746	221,492
Total Expenses		**57,115**	**4,606,896**	40,032	3,228,981
OPERATING LOSS		**(57,115)**	**(4,606,896)**	(40,032)	(3,228,981)
Finance income	10	**887,540**	**71,588,976**	777,481	62,711,617
Finance costs	10	**(1,720,067)**	**(138,740,604)**	(1,466,508)	(118,288,535)
LOSS BEFORE TAX		**(889,642)**	**(71,758,524)**	(729,059)	(58,805,899)
Tax Expense	8	**–**	**–**	–	–
LOSS FOR THE YEAR/PERIOD		**(889,642)**	**(71,758,524)**	(729,059)	(58,805,899)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		**–**	**–**	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(889,642)**	**(71,758,524)**	(729,059)	(58,805,899)

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st March 18	As at 31st March 18	As at 31st March 17	As at 31st March 17
		EUR	**INR**	EUR	INR
ASSETS					
Non-Current					
Investment in subsidiary	9	**23,182,500**	**1,869,900,450**	23,182,500	1,869,900,450
Loans	11	**18,194,673**	**1,467,582,324**	11,327,518	913,677,602
Non-Current Assets		**41,377,173**	**3,337,482,774**	34,510,018	2,783,578,052
Current					
Loans	11	**11,587,278**	**934,629,843**	16,907,263	1,363,739,834
Receivables and prepayments	14	**75,191**	**6,064,906**	2,512	202,617.92
Cash and cash equivalents		**135,536**	**10,932,334**	61,807	4,985,353
Current Assets		**11,798,005**	**951,627,083**	16,971,582	1,368,927,804
TOTAL ASSETS		**53,175,178**	**4,289,109,857**	51,481,600	4,152,505,856
EQUITY AND LIABILITIES					
Equity					
Stated capital	17	**145,000**	**11,695,700**	145,000	11,695,700
Accumulated losses/loss for the period		**(2,845,001)**	**(229,477,781)**	(1,955,359)	(157,719,257)
Total Equity		**(2,700,001)**	**(217,782,081)**	(1,810,359)	(146,023,557)
Liabilities					
Non-current					
Borrowings	12	**54,163,554**	**4,368,832,266**	52,259,785	4,215,274,258
Derivative financial instrument	13	**470,694**	**37,966,178**	413,915	33,386,384
Non current Liabilities		**54,634,248**	**4,406,798,444**	52,673,700	4,248,660,642
Current					
Borrowings	12	**429,792**	**34,667,023**	112,393	9,065,619.38
Accruals		**811,139**	**65,426,472**	505,866	40,803,151.56
Current Liabilities		**1,240,931**	**100,093,494**	618,259	49,868,771
Total Liabilities		**55,875,179**	**4,506,891,938**	53,291,959	4,298,529,413
TOTAL EQUITY AND LIABILITIES		**53,175,178**	**4,289,109,857**	51,481,600	4,152,505,856

Approved by the Board of Directors on 03 May 2018 and signed on its behalf by:

Director

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD/YEAR ENDED 31 MARCH

	Stated capital	Accumulated loss	Total
	EUR	EUR	EUR
At 1 April 2016	145,000	(1,226,300)	(1,081,300)
Loss for the period	–	(729,059)	(729,059)
Other comprehensive income	–	–	–
Total comprehensive loss for the period	–	(729,059)	(729,059)
At 31 March 2017	145,000	(1,955,359)	(1,810,359)
At 1 April 2017	145,000	(1,955,359)	(1,810,359)
Loss for the year	–	(889,642)	(889,642)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(889,642)	(889,642)
At 31 March 2018	**145,000**	**(2,845,001)**	**(2,700,001)**

	Stated capital	Accumulated loss	Total
	INR	INR	INR
At 1 April 2016	11,695,700	(98,913,358.00)	(87,217,658)
Loss for the period	–	(58,805,898.94)	(58,805,899)
Other comprehensive income	–	–	–
Total comprehensive loss for the period	–	(58,805,899)	(58,805,899)
At 31 March 2017	11,695,700	(157,719,257)	(146,023,557)
At 1 April 2017	11,695,700	(157,719,257)	(146,023,557)
Loss for the year	–	(71,758,524)	(71,758,524)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(71,758,524)	(71,758,524)
At 31 March 2018	**11,695,700**	**(229,477,781)**	**(217,782,081)**

STATEMENT OF CASH FLOWS
FOR THE YEAR/PERIOD ENDED 31 MARCH

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Operating activities				
Loss before tax	**(889,642)**	**(58,805,899)**	(729,059)	(86,017,921)
Adjustments for:				
Interest income	**(841,000)**	**(67,835,060.00)**	(698,888)	(56,372,386.74)
Interest expense	**979,282**	**78,988,886.12**	876,260	70,679,131.60
Amortisation of transaction costs	**143,223**	**11,552,367.18**	143,222	11,552,286.52
Loss on interest rate swaps	**227,047**	**18,313,611.02**	169,594	13,679,452.04
Fair value adjustment - Derivative financial instrument	**56,778**	**4,579,713.48**	(78,593)	(6,339,230.72)
	(324,312)	**(13,206,381)**	(317,464)	(52,818,668)
Changes in working capital:				
Increase in prepayments	**250**	**20,165.00**	477	38,474.82
Increase in Receivable	**(72,928)**	**(5,882,372.48)**	–	–
Increase in accruals	**305,273**	**24,623,320.18**	275,298	22,205,536.68
Net cash used in operations	**(91,717)**	**5,554,732**	(41,689)	(30,574,657)
Interest received	**493,830**	**39,832,328**	791,962	63,879,655
Interest paid	**(1,178,384)**	**(95,048,453)**	(994,512)	(80,217,337.92)
Net cash used in operating activities	**(776,271)**	**(49,661,394)**	(244,239)	(46,912,340)
Investing activities				
Investments in subsidiary	**–**	**–**	–	–
Net cash used in investing activities	**–**	**–**	–	–
Financing activities				
Loans received	**2,050,000**	**165,353,000**	7,766,300	626,429,758
Loans repaid	**–**	**–**	–	–
Proceeds from issue of shares	**–**	**–**	–	–
Loans to subsidiary	**(1,200,000)**	**(96,792,000)**	(7,750,000)	(625,115,000)
Loans repaid by subsidiary	**–**	**–**	184,000	14,841,440
Net cash from financing activities	**850,000**	**68,561,000**	200,300	16,156,198
Net change in cash and cash equivalents	**73,729**	**18,899,606**	(43,939)	(30,756,142)
Cash and cash equivalents at beginning of year/period	**61,807**	**4,985,353**	105,746	8,529,472
Cash and cash equivalents at end of year/period	**135,536**	**23,884,959**	61,807	(22,226,670)
Cash and cash equivalents made up of:				
Cash at bank	**135,536**	**23,884,959**	61,807	(22,226,670)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 26 June 2014 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised standards that are effective for the annual year beginning on 01 April 2017

In the current year, the Company has applied the following revised standards issued by the International Accounting Standards Board ("IASB") that are mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
IAS 7 Disclosure Initiative (Amendments to IAS 7)
IFRS 12 Annual Improvements to IFRS 2014-2016
IFRS for SMEs Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
The directors have assessed the impact of these revised standards and amendments and concluded that only IAS 7, Disclosure Initiative (*Amendments to IAS 7*) has an impact on the disclosure of these financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below.

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28)
IAS 12/IAS 23/ IFRS 3/IFRS 11	Annual Improvements to IFRS 2015-2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 1 and IAS 28	Annual Improvements to IFRS 2014-2016
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers
IAS 40	Transfer of Investment Property (Amendment to IAS 40)

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3 SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, receivables and loans fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of borrowings, accruals and derivative financial instruments (Note 3.15).

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Consolidated financial statements

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra Holidays and Resorts India Limited.

3.7 Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity

Stated capital represents the value of shares that have been issued.

Accumulated losses includes current and prior years' results' as disclosed in the statement of comprehensive income.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and are deducted from borrowings and amortised over the period of the facility to which it relates.

3.15 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

3.16 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are the significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of investments in subsidiary

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.

Impairment of loans to subsidiary

The Company reviews its significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques the independent valuer makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

5 FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Financial assets				
Loans and receivables:				
Non-current				
Loans	**18,194,673**	**1,467,582,324**	11,327,518	913,677,602
Current				
Loans	**11,587,278**	**934,629,843**	16,907,263	1,363,739,834
Receivable	**72,928**	**5,882,372**		
Cash and cash equivalents	**135,536**	**10,932,334**	61,807	4,985,353
	11,795,742	**945,562,177**	16,969,070	1,368,725,186
Total financial assets	**29,990,415**	**2,413,144,501**	28,296,588	2,282,402,788
Financial liabilities				
Financial liabilities measured at amortised cost:				
Non-current				
Derivative financial instrument	**470,694**	**37,966,178**	413,915	33,386,384
Borrowings	**54,163,554**	**4,368,832,266**	52,259,785	4,215,274,258
	54,634,248	**4,406,798,444**	52,673,700	4,248,660,642
Current				
Borrowings	**429,792**	**34,667,023**	112,393	9,065,619
Accruals	**811,139**	**65,426,472**	505,866	40,803,152
	1,240,931	**100,093,494**	618,259	49,868,771
Total financial liabilities	**55,875,179**	**4,506,891,938**	53,291,959	4,298,529,413

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro which is the functional currency of the Company.

The currency profile of its financial assets and liabilities is as follows:

	Financial assets 2018	**Financial assets 2018**	**Financial liabilities 2018**	**Financial liabilities 2018**	Financial assets 2017	Financial assets 2017	Financial liabilities 2017	Financial liabilities 2017
	EUR	**INR**	**EUR**	**INR**	EUR	INR	EUR	INR
Long term exposure								
Euro (EUR)	**18,194,673**	**1,467,582,324**	**54,634,248**	**4,406,798,444**	11,327,518	913,677,602	52,673,700	4,248,660,642
Short term exposure								
Euro (EUR)	**11,795,742**	**951,444,550**	**1,231,098**	**99,300,365**	16,969,070	1,368,725,186	609,018	49,123,392
United States Dollar (USD)	**–**	**–**	**9,833**	**793,130**	–	–	9,241	745,379
	29,990,415	**2,419,026,874**	**55,875,179**	**4,506,891,938**	28,296,588	2,282,402,788	53,291,959	4,298,529,413

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED

The Company's interest rate risk arises principally from part of the bank borrowings from AXIS BANK LIMITED which are at variable interest rates. The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Company has taken the following loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED:

Loans from HSBC Bank (Mauritius) Limited

Loan of EUR 6,850,000 (INR 552,521,000)

The bank loan of EUR 6,850,000 (INR 552,521,000) from HSBC Bank (Mauritius) Limited bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 12(ii) to these financial statements). The all-inclusive rate of interest is fixed at 3.45% per annum. The loan is repayable at the end of 5 years with an option to repay in full on any interest reset date. The interest is payable at the end of every 6 months. Since the interest rate is fixed, the Company is therefore not exposed to interest rate risk on this loan.

Loan of EUR 4,750,000 (INR 383,135,000)

The Company has contracted a loan of EUR 4,750,000 on 23 June 2017 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. As at 31 March 2018, the Company has received an amount of EUR 600,000. A change in the market interest rate would have a marginal impact on the Company's operating cash flows.

Loans from AXIS BANK LIMITED

Loan of EUR 47,000,000 (INR 3,791,020,000)

The Company has contracted a loan of EUR 47,000,000 (INR 3,791,020,000) from AXIS BANK LIMITED which carries interest at EURIBOR 3 - 6 months plus Margin of 1.50% per annum (Note 12(ii) to these financial statements). The loan is repayable at the end of 5 years. As at 31 March 2018, the Company has received an amount of EUR 47,000,000.

The Company has entered into interest swaps for an amount EUR 45,550,000 (INR 3,674,063,000) by using floating to fixed interest rate swap. Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hikes. Therefore the Company is not affected by interest rate fluctuations of these amounts.

5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
ASSETS				
Non-current				
Loans	**18,194,673**	**1,467,582,324**	11,327,518	913,677,602
Current assets				
Loans	**11,587,278**	**934,629,843**	16,907,263	–
Receivable	**72,928**	**–**	–	–
Cash and cash equivalents	**135,536**	**10,932,334**	61,807	4,985,353
	11,795,742	**945,562,177**	16,969,070	4,985,353
	29,990,415	**2,413,144,501**	28,296,588	918,662,955

(i) The Company has given loans to its subsidiary, which are unsecured, carry fixed interest at 4% per annum and the repayment terms are disclosed in Note 11. Since the loans are contractual, the directors consider that no credit risk is associated with these loans.

(ii) The receivable from the related party is unsecured, interest free and receivable on demand.

(iii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

(iv) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.

(v) None of the Company's financial assets are secured by collateral or other credit enhancements. The borrowings taken are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited, the parent company.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

	2018				2017			
2018	**Less than 1 year**	**Less than 1 year**	**More than 1 year**	**More than 1 year**	Less than 1 year	Less than 1 year	More than 1 year	More than 1 year
	EUR	**INR**	**EUR**	**INR**	EUR	INR	EUR	INR
Borrowings	**429,792**	**34,667,023**	**54,163,554**	**4,368,832,266**	112,393	9,065,619	52,259,785	4,215,274,258
Derivative financial instrument	**–**	**–**	**470,694**	**37,966,178**	–	–	413,915	33,386,384
Accruals	**811,139**	**65,426,472**	**–**	**–**	505,866	40,803,152	–	–
Total	**1,240,931**	**100,093,494**	**54,634,248**	**4,406,798,444**	618,259	49,868,771	52,673,700	4,248,660,642

6 FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2018 and 31 March 2017:

31-Mar-18	**Level 1**	**Level 1**	**Level 2**	**Level 2**	**Level 3**	**Level 3**	**Total**	**Total**
	EUR	**INR**	**EUR**	**INR**	**EUR**	**INR**	**EUR**	**INR**
Liabilities								
Interest rate swap	–	–	**470,694**	**37,966,178**	–	–	**470,694**	**37,966,178**

31-Mar-17	**Level 1**	**Level 1**	**Level 2**	**Level 2**	**Level 3**	**Level 3**	**Total**	**Total**
	EUR	**INR**	**EUR**	**INR**	**EUR**	**INR**	**EUR**	**INR**
Liabilities								
Interest rate swap	–	–	413,915	33,386,384	–	–	413,915	33,386,384

There has been no transfer from Level 1 and Level 2 in 2018 and 2017.

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investments in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year/period ended 31 March 2018 and 31 March 2017, the Company was fully geared since it relies on external borrowing to finance its operations.

8 TAXATION

(i) Income tax

The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions. At 31 March 2018, there are no potential subsequent events, other than those described below, that would have a material impact on unrecognized income tax benefits within the next twelve months.

As a tax resident in the Republic of Mauritius, the Company expects to obtain benefits under the double taxation treaty between the Republic of India and the Republic of Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 will remain exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in the Republic of Mauritius.

Disposal of investments made by a Mauritius company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in the Republic of India.

As per the revised DTAA, interest arising in Republic of India to Mauritian residents will be subject to withholding tax in Republic of India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.

At 31 March 2018, the Company has accumulated tax losses of EUR 721,437 (2017: EUR 574,487) which will be carried forward and available for set off against future taxable profit as follows:

	EUR	INR
Up to the year ending 31 March 2020	123,295	9,944,975
Up to the year ending 31 March 2021	245,423	19,795,819
Up to the year ending 31 March 2022	205,769	16,597,328
Up to the year ending 31 March 2023	146,950	11,852,987
	721,437	**58,191,108**

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2018, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Loss for the period	**(889,642)**	**(71,758,524)**	(729,059)	(58,805,899)
Tax calculated at the rate of 3%	**(26,689)**	**(2,152,735)**	(21,872)	(1,764,196)
Non-allowable expenses	**22,281**	**1,797,185**	15,698	1,266,201
Deferred tax asset not recognised	**4,408**	**355,549**	6,174	497,995
Tax expense	**–**	**–**	–	–

9 INVESTMENTS IN SUBSIDIARY

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
(i) Unquoted investment at cost:				
Opening balance	**23,182,500**	**1,869,900,450**	23,182,500	1,869,900,450
Acquisition of equity shares during the period	**–**	**–**	–	–
Funds contributed during the period	**–**	**–**	–	–
At 1 April and 31 March	**23,182,500**	**1,869,900,450**	23,182,500	1,869,900,450

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	**Country of Incorporation**	**Type of investments**	**Number of shares**	**Cost 2018**	**Cost 2018**
				EUR	**INR**
Covington S.à.r.l	Luxembourg	Equity	12,500	**17,500**	**1,411,550**
Covington S.à.r.l	Luxembourg	Non-equity		**23,165,000**	**1,868,488,900**
				23,182,500	**1,869,900,450**

(iii) Pursuant to a Share Sale and Purchase Agreement dated 17 July 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500 (INR 1,411,550).

(iv) Pursuant to Contribution Agreements dated 31 July 2014, 10 November 2014 and 18 August 2015 between the Company and Covington S.à.r.l (the "Receiver"), the Company contributed EUR 3,165,000 (INR 255,288,900), EUR 4,000,000 (INR 322,640,000) and EUR 16,000,000 (INR 1,290,560,000) respectively to the Receiver.

(v) The directors have assessed the recoverable amount of the investments (equity and non-equity) and confirmed that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as "capital contribution" and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

10 FINANCE INCOME AND FINANCE COSTS

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
10.1 Finance income				
Fair value adjustment - Derivative financial instruments (Note 13)	**–**	**–**	78,593	6,339,231
Corporate Guarantee Commission income (Note 12(ii))	**46,540**	**3,753,916**	–	–
Interest on loans (Note 11(i))	**841,000**	**67,835,060**	698,888	56,372,387
	887,540	**71,588,976**	777,481	62,711,617

	2017	**2017**	2016	2016
	EUR	**INR**	EUR	INR
10.2 Finance costs				
Interest on borrowings (Note 12(i))	**979,282**	**78,988,886**	876,260	70,679,132
Commission on SBLC	**6,280**	**506,544.80**	–	–
SBLC fee	**2,775**	**–**	–	–
Commissions on Corporate Guarantee (Note 12(ii))	**304,682**	**24,575,650.12**	277,432	22,377,665
Fair value adjustment - Derivative financial instruments (Note 13)	**56,778**	**4,579,713.48**	–	11,552,287
Amortisation of transaction costs (Notes 12(i) and 15)	**143,223**	**11,552,367.18**	143,222	11,849,761
Loss on interest rate swaps (Notes 12 (i) and (iv))	**227,047**	**18,313,611.02**	169,594	1,829,691
	1,720,067	**138,516,773**	1,466,508	118,288,535

11 LOANS

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Loans to subsidiary:				
Non-current				
Principal amounts (Note 11 (iii))	**17,800,000**	**1,435,748,000**	11,250,000	907,425,000
Interest receivable (Note 11 (iii))	**394,673**	**31,834,324**	77,518	6,252,602
Total	**18,194,673**	**1,467,582,324**	11,327,518	913,677,602
Current				
Principal amounts (Note 11 (ii))	**11,350,000**	**915,491,000**	16,700,000	1,347,022,000
Interest receivable (Note 11 (ii))	**237,278**	**19,138,843**	207,263	16,717,834
	11,587,278	**934,629,843**	16,907,263	1,363,739,834
Total	**29,781,951**	**2,402,212,168**	28,234,781	2,277,417,435

(i) The movement during the year/period on the loans is as follows:

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Opening balance	**28,234,781**	**2,277,417,435**	20,761,855	1,674,651,224
Loans given during the year/period	**1,200,000**	**96,792,000**	7,750,000	625,115,000
Loans repaid during the year/period	**–**	**–**	(184,000)	(14,841,440)
Interest income for the year/period	**841,000**	**67,835,060**	698,888	56,372,306
Interest received during the year/period	**(493,830)**	**(39,832,328)**	(791,962)	(63,879,655)
Closing balance	**29,781,951**	**2,402,212,168**	28,234,781	2,277,417,435

(ii) Pursuant to Loan Agreements dated 25 August 2014 and 10 September 2014 between the Company (the "Lender") and Covington S.à.r.l (the "Borrower"), the Company advanced funds to the Borrower amounting to EUR 200,000 and EUR 50,000 bearing interest of 4% per annum and these loans were fully repaid during the year ended 31 March 2017

(iii) The loan amounting to EUR 3,500,000 granted on 31 July 2014, which was receivable by 31 July 2016 was further extended for a period of two years pursuant to board meeting dated 22 September 2016.

(iv) The loan amounting to EUR 16,700,000 granted on 21 August 2015, which was receivable by 21 August 2017 was further extended for a period of two years pursuant to board meeting dated 01 September 2017.

(v) Pursuant to Loan Agreement dated 27 December 2016 and 22 September 2016, the Company ("the lender") advanced an additional loan of EUR 6,000,000 and EUR 1,850,000 respectively to Covington S.à.r.l ("the borrower") bearing interests of 4% per annum and receivable in two years' time.

(vi) Pursuant to Loan Agreement dated 01 September 2017, the Company ("the lender") advanced an additional loan of EUR 4,000,000 to Covington S.à.r.l ("the borrower") bearing interest of 2.25% per annum and receivable in three years' time. As at 31 March 2018, an amount of EUR 1,200,000 was disbursed

(vii) The directors have assessed the recoverable amounts of the advances made to the related party and confirmed that the carrying amounts of these advances have not suffered any impairment in values at the reporting date.

12 BORROWINGS

	2018	2018	2017	2017
	EUR	**INR**	EUR	INR
Non-current				
Bank loans (Note 12(ii))	**54,163,554**	**4,368,832,266**	51,970,331	4,191,926,898
Loan from holding company (Note 12(iii))	**–**	**–**	289,454	23,347,360
	54,163,554	**4,368,832,266**	52,259,785	4,215,274,258
Current				
Bank loans (Note 12(ii))	**116,588**	**9,403,988**	112,393	9,065,619
Loan from holding company (Note 12(iii))	**313,204**	**25,263,035**	–	–
	429,792	**34,667,023**	112,393	9,065,619
Total	**54,593,346**	**4,403,499,288**	52,372,178	4,224,339,877

(i) The movement during the period on the borrowings is as follows:

	2018	2018	2017	2017
	EUR	**INR**	EUR	INR
Balance at start of the year/period	**52,372,178**	**4,224,339,877**	44,411,314	3,582,216,587
Loans taken during the year/period:				
AXIS BANK LIMITED	**2,050,000**	**165,353,000**	7,850,000	633,181,000
Interest element for the year/period:				
Interest expense	**979,282**	**78,988,886**	876,260	70,679,132
Interest payment	**(951,337)**	**(76,734,842)**	(824,918)	(66,537,886)
Loss on interest rate swaps	**227,047**	**18,313,611**	169,594	13,679,452
Interest rate swap payment	**(227,047)**	**(18,313,611)**	(169,594)	(13,679,452)
Transaction costs incurred for the year/period:				
Transaction cost incurred	**–**	**–**	(83,700)	(6,751,242)
Amortisation of transaction costs	**143,223**	**11,552,367**	143,222	11,552,287
At 31 March	**54,593,346**	**4,403,499,288**	52,372,178	4,224,339,877

(ii) Bank loans

Loan of EUR 6,850,000 (INR 474,431,000)

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on 31 July 2014 whereby the loan is repayable on 04 August 2019. The loan bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay in full on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 36,105.

AXIS BANK LIMITED

Loans of EUR 47,000,000 and EUR 4,750,000 (INR 3,791,020,000 and INR 383,135,000)

The Company (the "Borrower") entered into a Facility Agreement with AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum.

The Company (the "Borrower") entered into a Facility Agreement dated 23 June 2017 with AXIS BANK LIMITED (the "Lender") to borrow USD 4,750,000 and repayable in 60 months. The loan carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. This loan is split into (a) Stand by Letter of Credit of a maximum amount of EUR 1,680,000 issued by the Company as security against loans borrowed by Holidays Club Resorts India Limited ("HCR") from third parties; and (b) the remaining amount of EUR 3,070,000 is governed by the terms and conditions of the Facility Agreement. At the reporting, only an amount of EUR 600,000 was disbursed.

The interest is payable at the end of every 6 months and interest accrued on the loans outstanding at the reporting date amounted to EUR 80,484.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee (EUR 57,130,000) should be paid to the Guarantor until the loans are fully repaid. During the year ended 31 March 2018, an amount of EUR 304,682 (2017: EUR 277,432) was charged as commission and an amount of EUR 801,307 (2017: EUR 496,625) remains payable at 31 March 2018.

Since HCR is also benefiting from the new loan borrowed by the Company in terms of the pledge provided, the latter should therefore pay an annual commission to the Company which is then partly remitted to the Guarantor. During the year under review, an amount of EUR 46,540 charged as commission by the Company remains receivable at 31 March 2018.

During the year ended 31 March 2016, the Company borrowed a loan of EUR 250,000 from Mahindra Holdings & Resorts India Limited ("MHRIL") bearing interest of 9.5% per annum and repayable on demand.

The Company has entered into an interest rate swap arrangement in respect of its borrowings and during the year, a loss of EUR 227,047 (2017: EUR 169,594) was incurred on the swap arrangement.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Interest rate swaps	**470,694**	**37,966,178**	413,915	33,386,384

The Company had entered into interest rate swap agreements to manage interest rate risk exposures.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The full fair value of the hedging derivative is classified as non-current liability since the maturity of the hedged item is more than one year.

The notional principal amount of the outstanding interest rate swap at 31 March 2018 was EUR 45,550,000 (INR 3,154,793,000).

As at March 31, 2018 the fixed interest rate and fair value based on interest rate swap are as follows:

Details	**Notional Amount**	**Notional Amount**	**Fixed Interest Rate**	**Start Date**	**Maturity Date**	**Fair Value**	**Fair Value**
	EUR	**INR**				**EUR**	**INR**
				December 22, 2015			
				January 3, 2017			
Axis Bank Limited	47,000,000	3,791,020,000	0.2526%	April 7, 2017	August 28, 2020	470,694	37,966,178

During the year under review, an amount of EUR 227,047 (2017: EUR 169,594) (Note 10.2 to the financial statements) was recognised in the income statement representing loss relating to interest rate swaps of the borrowings from variable interest rates (LIBOR) to the fixed interest rate. The fair value movement on the derivative financial instruments amounted to EUR 56,779 (2017: EUR 78,593) during the year under review

14 RECEIVABLE AND PREPAYMENTS

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Receivable from related party (Note 14(i))	**72,928**	**5,882,372**	–	–
Receivables and prepayments	**2,263**	**182,534**	2,512	202,618
	75,191	**6,064,906**	2,512	202,618

(i) The amount receivable from the related party is unsecured, interest free and receivable on demand.

15 PROFESSIONAL FEES

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Administration fees and disbursements	**14,898**	**1,201,673**	13,525	1,090,927
Directors' fees	**3,593**	**289,811**	2,528	203,908
Fees for tax filings	**1,926**	**155,351**	1,721	138,816
Secretarial fees	**1,361**	**109,778**	1,517	122,361
Fees for process agent	**9,623**	**776,191.18**		-
Professional fees	**10,629**	**857,335**	8,888	716,906
	42,030	**3,390,140**	28,179	2,272,918

16 TRANSACTION COSTS

	2018	**2018**	2017	2017
	EUR	**INR**	EUR	INR
Agency fees	**500**	**40,330**	500	40,330
Brokerage fees	**138,425**	**11,165,280**	138,424	11,165,280
Legal fees	**4,298**	**346,677**	4,298	346,677
	143,223	**11,552,287**	143,222	11,552,287

Transaction costs relate to charges in respect of loan taken from AXIS BANK LIMITED (Note 12 (ii) to these financial statements). The costs have been amortised over a period of 5 years, which is the tenure of the loan.

17 STATED CAPITAL

	2018	2018	2017	2017
	EUR	**INR**	EUR	INR
Issued and paid:				
145,000 Ordinary shares of EUR1 each	**145,000**	**11,695,700**	145,000	11,695,700

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

18 CASH FLOW INFORMATION

	2018	2018	2017	2017
	EUR	**INR**	EUR	INR
Net debt reconciliation				
Net debt				
Borrowings:				
Repayable within one year	**429,792**	**34,667,023**	112,393	9,065,619
Repayable after one year	**54,163,554**	**4,368,832,266**	52,259,785	4,215,274,258
	54,593,346	**4,403,499,288**	52,372,178	4,224,339,877

	Borrowings due within 1 year		Borrowings due after 1 year		Total	
	EUR	**INR**	**EUR**	**INR**	EUR	INR
Net debt as at 01 April 2017	**112,393**	**9,065,619**	**52,259,785**	**4,215,274,258**	52,372,178	4,224,339,877
Cash flows:	**–**	**–**	**–**	**–**	–	–
- Additional loan from AXIS	**–**	**–**	**2,050,000**	**165,353,000**	2,050,000	165,353,000
- Interest paid	**(951,337)**	**(76,734,842)**	**–**	**–**	(951,337)	(76,734,842)
- Interest rate swap paid	**(227,047)**	**(18,313,611)**	**–**	**–**	(227,047)	(18,313,611)
Non cash movement:	**–**	**–**	**–**	**–**	–	–
- Loss on interest rate swaps	**227,047**	**18,313,611**	**–**		227,047	18,313,611
- Loan from shareholder	**289,454**	**23,347,360**	**(289,454)**	**(23,347,360)**	–	–
- Amortisation of loan	**–**	**–**	**143,223**	**11,552,367**	143,223	11,552,367
- Interest expense	**979,282**	**78,988,886**	**–**	**–**	979,282	78,988,886
Net debt as at 31 March 2018	429,792	34,667,023	54,163,554	4,368,832,266	**54,593,346**	**4,403,499,288**

19 RELATED PARTY TRANSACTIONS

During the period ended 31 March 2018, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	Nature of Relationship	Nature of transactions	Volume of transactions	Volume of transactions	Debit/(credit) balances at 31-Mar-18	Debit/(credit) balances at 31-Mar-18	Debit/(credit) balances at 31-Mar-17	Debit/(credit) balances at 31-Mar-17
			EUR	**INR**	**EUR**	**INR**	EUR	INR
Covington S.à.r.l. (Note 11(i))	Subsidiary	Loans	**1,547,170**	**124,794,732**	**29,781,951**	**2,402,212,168**	28,234,781	2,277,417,435
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Loans	**–**	**–**	**(250,000)**	**(20,165,000)**	(250,000)	(20,165,000)
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Interest payable	**23,750**	**1,915,675**	**(63,204)**	**(5,098,035)**	(39,454)	(3,182,360)
Holiday Club Resorts India Limited (Note 14)	Indirect Subsidiary	Receivable	**72,928**	**5,882,372**	**72,928**	**5,882,372**	–	–
Mahindra Holidays and Resorts India Limited (Note 12(ii))	Holding company	Commission on Corporate Guarantee	**304,682**	**24,575,650**	**(801,307)**	**(64,633,423)**	(496,625)	(40,057,773)

20 CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2018.

21 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the shareholder.

The Company's accumulated losses have increased over the years to reach EUR 2,845,001 as at 31 March 2018 (31 March 2017: EUR 1,955,359) and has also a net liability position of EUR 2,700,001 (31 March 2017: EUR 1,810,359). The directors are of the opinion that financial support from the shareholder will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

22 EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date which requires disclosure or adjustment to the 31 March 2018 financial statements.

23 HOLDING COMPANIES

The directors consider Mahindra Holidays and Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

REPORT OF THE MANAGERS

The following shall constitute a report of the Board of Managers relating to the activities of the Company for the period ended March 31, 2018.

Your Company continued to remain a wholly owned subsidiary of MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings) and in turn of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

During the year under review your Company acquired 3.22% stake in the share capital of Holiday Club Resorts Oy, Finland (HCR) by purchasing equity shares from the existing Shareholders and consequently, its stake in HCR increased from 91.94% to 95.16%.

Your Company has made a profit of Euro 50,628.47 (INR 3,822,157.39) for the financial year ended March 31, 2018 as compared Euro 211,073.17 (INR 15,501,213.60) in the previous year.

Your Company did not declare any dividend for the year ended March 31, 2018.

During the year under review, Mr. Ajay Agrawal and Mr. Dinesh Shetty resigned as Category A Managers of the Company w.e.f April 10, 2017 and March 28, 2018 respectively. Mrs. Akhila Balachandar and Mr. Joyakesh Podder were appointed as Category A Managers w.e.f April 10, 2017 and March 28, 2018 respectively.

As on the date of this report, Mr. Livio Gambardella, Mr. Tony Whiteman, Mr. Pietro Longo, Mrs. Akhila Balachandar and Mr. Joyakesh Podder are the Managers of your Company.

In the opinion of the Board of Managers, the accompanying Financial Statements together with its Notes, Annexures, etc., as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

For **Covington S.à.r.l**

Akhila Balachandar
Manager

Joyakesh Podder
Manager

Date: May 2, 2018

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Partners of
Covington S.a r.l.
9, allee Scheffer
L - 2520 Luxembourg

Opinion

We have audited the annual accounts of Covington S.a r.l. (the “Company”), which comprise the balance sheet as at 31 March 2018, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 March 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (“CSSF”). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of “Reviseur d'Entreprises agree” for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The annual accounts of the Company for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion on those accounts on 10 May 2017.

Responsibilities of the Board of Managers for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Reviseur d'Entreprises agree for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of “Reviseur d'Entreprises agree” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of “Reviseur d'Entreprises agree” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of “Reviseur d'Entreprises agree”. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Luxembourg
Societe cooperative
Cabinet de revision agree
S. Yeo

Luxembourg,
Date: May 24, 2018

BALANCE SHEET AS AT MARCH 31, 2018

		31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
ASSETS	**Notes**	*in EUR*	*in INR*	*in EUR*	*in INR*
FIXED ASSETS					
Financial fixed assets	3				
Shares in affiliated undertakings		**61,560,473.66**	**4,965,467,805.42**	59,368,250.46	4,788,643,082.10
Shares in undertakings with which the company is linked by virtue of participating interests		**–**	**–**	–	–
		61,560,473.66	**4,965,467,805.42**	59,368,250.46	4,788,643,082.10
CURRENT ASSETS					
Debtors	4				
Amounts owed by affiliated undertakings					
becoming due and payable within one year		**1,014,520.54**	**81,831,226.76**	–	–
becoming due and payable after more than one year		**–**	**–**	–	–
Other debtors					
becoming due and payable within one year		**11,295.30**	**911,078.90**	9,690.30	781,619.60
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**1,309.18**	**105,598.46**	1,577,223.44	127,218,842.67
PREPAYMENTS..		**4,976.98**	**401,443.21**	6,588.57	531,434.06
TOTAL ASSETS		**62,592,575.66**	**5,048,717,152.74**	60,961,752.77	4,917,174,978.43
LIABILITIES					
CAPITAL AND RESERVES	5				
Subscribed capital..		**12,500.00**	**1,008,250.00**	12,500.00	1,008,250.00
Share premium and similar premiums		**23,165,000.00**	**1,868,488,900.00**	23,165,000.00	1,868,488,900.00
Profit or loss brought forward		**(651,153.09)**	**(52,522,008.24)**	(862,226.26)	(69,547,170.13)
Profit or loss for the financial year		**50,628.47**	**4,083,692.39**	211,073.17	17,025,161.89
		22,576,975.38	**1,821,058,834.15**	22,526,346.91	1,816,975,141.76
CREDITORS	6				
Trade Creditors					
becoming due and payable within one year		**50,876.88**	**4,103,729.14**	75,598.86	6,097,804.05
becoming due and payable after more than one year					
Amounts owed to affiliated undertakings					
becoming due and payable within one year		**12,047,353.40**	**971,739,525.24**	397,181.12	32,036,629.14
becoming due and payable after more than one year		**17,900,000.00**	**1,443,814,000.00**	27,950,000.00	2,254,447,000.00
Tax and social security debts					
Tax debts		**14,945.00**	**1,205,463.70**	10,130.00	817,085.80
Social security debts..............................				70.88	5,717.18
Other Creditors					
becoming due and payable within one year..		**2,425.00**	**195,600.50**	2,425.00	195,600.50
becoming due and payable after more than one year................................		**10,000,000.00**	**806,600,000.00**	10,000,000.00	806,600,000.00
		40,015,600.28	**3,227,658,318.58**	38,435,405.86	3,100,199,836.67
TOTAL LIABILITIES.......................................		**62,592,575.66**	**5,048,717,152.74**	60,961,752.77	4,917,174,978.43

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2017 TO MARCH 31, 2018

	Notes	Period from 01/04/2017 to 31/03/2018 EUR	Period from 01/04/2017 to 31/03/2018 INR	Period from 01/04/2016 to 31/03/2017 EUR	Period from 01/04/2016 to 31/03/2017 INR
Raw materials and consumables and other external expenses	7	**(193,955.58)**	**(15,644,457.08)**	(152,088.66)	(12,267,471.32)
Raw materials and consumables		**–**	**–**	–	–
Other external expenses		**(193,955.58)**	**(15,644,457.08)**	(152,088.66)	(12,267,471.32)
Staff Cost		**–**	**–**	(2,719.01)	(219,315.35)
Wages and salaries		**–**	**–**	(2,398.24)	(193,442.04)
Social security costs		**–**	**–**	(320.77)	(25,873.31)
relating to pensions		**–**	**–**	(191.86)	(15,475.43)
other social security costs		**–**	**–**	(128.91)	(10,397.88)
Income from participating interests	8	**1,075,878.90**	**86,780,392.07**	740,646.30	59,740,530.56
Derived from affiliated undertakings		**1,075,878.90**	**86,780,392.07**	740,646.30	59,740,530.56
Other income from participating interests		**–**	**–**	–	–
Other interest receivable and similar income	9	**197,924.64**	**15,964,601.46**	482,028.31	38,880,403.48
Derived from affiliated undertakings		**14,520.54**	**1,171,226.76**	–	–
Other interest and similar income		**183,404.10**	**14,793,374.71**	482,028.31	38,880,403.48
Interest payable and similar expenses	10	**(1,024,404.49)**	**(82,628,466.16)**	(853,573.77)	(68,849,260.29)
Concerning affiliated undertakings		**(841,000.39)**	**(67,835,091.46)**	(852,286.97)	(68,745,467.00)
Other interest and similar expenses		**(183,404.10)**	**(14,793,374.71)**	(1,286.80)	(103,793.29)
Tax on profit or loss	11	**–**	**–**	–	–
Profit or loss after taxation		**55,443.47**	**4,472,070.29**	214,293.17	17,284,887.09
Other taxes not shown under items 1 to 16	11	**(4,815.00)**	**(388,377.90)**	(3,220.00)	(259,725.20)
Profit or loss for the financial year		**50,628.47**	**4,083,692.39**	211,073.17	17,025,161.89

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - General information

Covington S.à r.l., hereinafter the "Company", was incorporated on November 27, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as subsequently amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 182 265

The financial year of the Company starts on April 1 and ends on March 31 of each year.

Based on the criteria defined by article 316 of the Luxembourg law, the Company is exempt from the obligation to draw up consolidated accounts and a consolidation management report for the year ended March 31, 2018.

The Company is included in the consolidated accounts of MHR Holdings (Mauritius) Limited, forming the largest body of undertakings of which the Company forms a part as direct subsidiary undertakings. The registered office of that company is located at twenty-eight, IFS Court, Cyber City, MS - Eben and the consolidated financial statements are available at twenty-eight, IFS Court, Cyber City, MS - Eben.

OBJECT

The object of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the administration, management, control and development of such participations. The Company may in particular acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and/or other participation securities, bonds, debentures, certificates of deposit and/or other debt instruments and more generally any securities and/or financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development, management and control of any company or enterprise. It may further make direct or indirect real estate investments and invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form, except for borrowing from the public. It may issue notes, bonds, debentures and any other kind of debt and/or equity securities, including but not limited to preferred equity certificates and warrants, whether convertible or not in all cases. The Company may lend funds, including the proceeds of any borrowings and/or issues of debt securities, to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly, further or relate to its purpose.

Note 2 - Summary of significant accounting policies

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended law of December 19, 2002, (the "Law"), determined and applied by the managers of the Company (the "Board of Managers") in conformity with the going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The main accounting and valuation methods applied by the Company are the following:

Financial assets

Shares in affiliated undertakings or participating interests, loans to these undertakings/investments held as fixed assets and other loans are valued respectively at purchase price and nominal value (loans and claims) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of the Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Creditors

Creditors are stated at their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other Debtors", if applicable.

Foreign currency translation

The Company maintains its accounting records in Euro ("EUR") and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("Lux Gaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Note 3 - Financial assets

a) The movements for the year are as follows:

	Affiliated undertakings Shares EUR	Total EUR	Affiliated undertakings Shares INR	Total INR
Gross book value - opening balance	**59,368,250.46**	**59,368,250.46**	**4,788,643,082.10**	**4,788,643,082.10**
Additions for the year	2,192,223.20	2,192,223.20	176,824,723.31	176,824,723.31
Disposals for the year	–	–	–	–
Transfers for the year	–	–	–	–
Gross book value - closing balance	**61,560,473.66**	**61,560,473.66**	**4,965,467,805.42**	**4,965,467,805.42**
Net book value - closing balance	**61,560,473.66**	**61,560,473.66**	**4,965,467,805.42**	**4,965,467,805.42**
Net book value - opening balance	**59,368,250.46**	**59,368,250.46**	**4,788,643,082.10**	**4,788,643,082.10**

Mahindra Holidays & Resorts India Ltd. (“MHRIL”) and certain management employee shareholders of Holiday Club Resorts Oy (“HCRO”) had executed an Option agreement in September 2015. Subsequently the option agreement was assigned to the Company (see note 12).

On January 11, 2017, the Company purchased 249,542 shares in HCRO, at the total price of EUR 4,366,985 (INR 352,231,010). Transfer tax of 1.6% related to the purchase of the above shares is also capitalised.

In March 2017, the Company exercised the options to buy 127,160 shares in HCRO (110,260 shares for EUR 1,929,550 (INR 155 637 503) and 16,900 shares for EUR 228,150 (INR 18,402,579). The effective date of the transfer of the shareholding only occurred on April 11, 2017 whereby the direct shareholding of the Company in HCRO increased to 90,92%. This, combined with the indirect shareholding of 4.24%, amounts to a 95.16% holding in HCRO.

b) Undertakings in which the Company holds at least 20% interests in their share capital are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date* (EUR)	Result for the last financial year (EUR)	Net book value 31/03/2018 EUR	Net book value 31/03/2017 EUR
Holiday Club Resorts Oy	Finland	90.92%	3/31/2017	56,871,819.75	3,329,387.20	**57,760,592.27**	55,568,369.07
HCR Management Oy	Finland	100.00%	3/31/2017	2,138,204.58	49,815.32	**3,799,881.39**	3,799,881.39
Total						**61,560,473.66**	59,368,250.46

*Based on unaudited management accounts

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date* (INR)	Result for the last financial year (INR)	Net book value 31/03/2018 INR	Net book value 31/03/2017 INR
Holiday Club Resorts Oy	Finland	90.92%	3/31/2017	4,587,280,981.04	268,548,371.55	**4,658,969,372.50**	4,482,144,649.19
HCR Management Oy	Finland	100.00%	3/31/2017	172,467,581.42	4,018,103.71	**306,498,432.92**	306,498,432.92
Total						**4,965,467,805.42**	59,368,250.46

Note 4 - Debtors

This caption is detailed as follows:

	Within one year	After one year and within five years	2018 (EUR)	2017 (EUR)	2018 INR	2017 INR
Amounts owed to affiliated undertakings:						
Loan to Holiday Club Resorts OY (*)	1,000,000.00	–	**1,000,000.00**	–	**80,660,000.00**	–
Loan to Holiday Club Resorts OY - Interest	14,520.54	–	**14,520.54**	–	**1,171,226.76**	–
Other debtors:						
Corporate income tax - Advances	3,210.00	–	**3,210.00**	3,210.00	**258,918.60**	258,918.60
Net Wealth tax - Advances	8,085.30	–	**8,085.30**	6,480.30	**652,160.30**	522,701.00
Total			**1,025,815.84**	9,690.30	**82,742,305.65**	781,619.60

(*) On September 1, 2017 , the Company agreed to lend to Holiday Club Resorts Oy the sum of up to EUR 2,000,000 which bears interest at a nominal rate of 2.50% per annum. The tenure of the loan is one year, extendable with the consent of the Company.

Note 5 - Capital and reserves

Subscribed capital and share premium account

The subscribed capital of the Company amounts to EUR 12,500.00 and is divided into 12,500 shares fully paid up to EUR 12,500.00 without nominal value.

The movements on the "Subscribed capital" caption during the year are as follows:

	Subscribed capital	Total number of Shares	Subscribed capital	Total number of Shares
	EUR	EUR	INR	INR
Opening balance	**12,500.00**	**12,500**	1,008,250.00	1,008,250.00
Subscriptions for the year	–	–	–	–
Closing balance	**12,500.00**	**12,500**	**1,008,250**	**1,008,250**

Share premium accounts

The movements on the "Share premium account" caption during the year are as follows:

	Other premiums	Other premiums
	EUR	INR
Opening balance	**23,165,000.00**	1,868,488,900.00
Additions for the year	–	–
Closing balance	**23,165,000.00**	1,868,488,900.00

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Movements for the year on the reserves and profit/loss captions

	Legal reserve	Reserve for own shares	Other reserves	Profit or loss brought forward	Profit or loss for the financial year	Interim dividends
	EUR	EUR	EUR	EUR	EUR	EUR
As at the beginning of the year	–	–	–	**(862,226.26)**	**211,073.17**	–
Allocation of the prior year's result:						
Allocation to the result brought forward	–	–	–	211,073.17	(211,073.17)	–
Profit or loss for the year	–	–	–	–	50,628.47	–
As at the end of the year	**–**	**–**	**–**	**(651,153.09)**	**50,628.47**	–

	Legal reserve	Reserve for own shares	Other reserves	Profit or loss brought forward	Profit or loss for the financial year	Interim dividends
	INR	INR	INR	INR	INR	INR
As at the beginning of the year	–	–	–	**(69,547,170.13)**	**17,025,161.89**	–
Allocation of the prior year's result:						
Allocation to the result brought forward	–	–	–	**17,025,161.89**	**(17,025,161.89)**	–
Other movements	–	–	–	**–**	**–**	–
Profit or loss for the year	–	–	–	**–**	**4,083,692.39**	–
As at the end of the year	**–**	**–**	**–**	**(52,522,008.24)**	**4,083,692.39**	–

Note 6 - Creditors

	Within one year	After one year and within five years	Total 2018 EUR	Total 2017 EUR
Trade creditors	50,876.88	–	**50,876.88**	75,598.86
Amounts owed to affiliated undertakings:			**–**	–
Loans from MHR Holdings (Mauritius) Ltd.	11,881,951.40	17,900,000.00	**29,781,951.40**	28,234,780.12
Mahindra Holidays & Resorts India Ltd.	165,402.00	–	**165,402.00**	112,401.00
Tax debts:				
Corporate income tax - estimated tax 2015	3,210.00	–	**3,210.00**	3,210.00
Net wealth tax - estimated tax 2016-2018	11,235.00	–	**11,235.00**	6,420.00
Withholding tax on director's fees	500.00	–	**500.00**	500.00
Other creditors:				
Social security authorities	–	–	**–**	70.88
Director fees	2,425.00	–	**2,425.00**	2,425.00
Loan from RCI Europe	–	10,000,000.00	**10,000,000.00**	10,000,000.00
Total	**12,115,600.28**	**27,900,000.00**	**40,015,600.28**	**38,435,405.86**

	Within one year	After one year and within five years	Total 2018 INR	Total 2017 INR
Trade creditors	4,103,729.14	–	**4,103,729.14**	6,097,804.05
Amounts owed to affiliated undertakings:			**–**	–
Loans from MHR Holdings (Mauritius) Ltd.	958,398,199.92	1,443,814,000.00	**2,402,212,199.92**	2,277,417,364.48
Mahindra Holidays & Resorts India Ltd.	13,341,325.32	–	**13,341,325.32**	9,066,264.66
Tax debts:				
Corporate income tax - estimated tax 2015	258,918.60	–	**258,918.60**	258,918.60
Net wealth tax - estimated tax 2016-2018	906,215.10	–	**906,215.10**	517,837.20
Withholding tax on director's fees	40,330.00	–	**40,330.00**	40,330.00
Other creditors:				
Social security authorities		–	**–**	5,717.18
Director fees	195,600.50	–	**195,600.50**	195,600.50
Loan from RCI Europe	–	806,600,000.00	**806,600,000.00**	806,600,000.00
Total	977,244,318.58	2,250,414,000.00	**3,227,658,318.58**	3,100,199,836.67

The details of the loans from MHR Holdings (Mauritius) Ltd. the sole shareholder of the Company, are as follows:

EUR 3,500,000.00 (INR 282 310 000)loan which bears interest at a nominal rate of 4% per annum. The maturity date of the loan is on July 31, 2018 and the accrued interests as at March 31, 2018 amount to EUR 105,095.91 (INR 8,477,036).

EUR 16,700,000.00 (INR 1347,022,000)loan which bears interest at a nominal rate of 3% per annum. The maturity date of the loan is on August 21, 2017 however an extension of the repayment date of the loan until August 2019 has been agreed by both parties in April, 2017. The accrued interests as at March 31, 2018 amount to EUR 376,093.15 (INR 30,335,673.48).

EUR 1,750,000.00 (INR 141,155,000) which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on September 22, 2018 and the accrued interests as at March 31, 2018 amount to EUR 29,558.22 (INR 2384166.03).

EUR 6,000,000.00 (INR 483,960,000) loan which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on December 27, 2018 and the accrued interests as at March 31, 2018 amount to EUR 101,342.47 (INR 8,174,283.63).

EUR 1,100,000.00 l(INR 88,726,000) Loan which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on September 20, 2020 and the accrued interests as at March 31, 2018 amount to EUR 18,579.46 (INR 1,498,619.24).

EUR 100,000.00 (INR 80,66,000) loan which bears interest at a nominal rate of 2.25% per annum. The maturity date of the loan is on September 1, 2020 and the accrued interests as at March 31, 2018 amount to EUR 1,282.19 (INR 103421.45).

The loan from RCI Europe, amounting to EUR 10,000,000.00 (INR 806,600,000) which bears interest at a nominal rate of 2% per annum + EURIBOR12M. The maturity date of the loan is on August 14, 2019 and the accrued interests as at March 31, 2018 amount to EUR 0.00 due to RCI Europe waiving the full loan interest amount.

The payable owed to Mahindra Holidays & Resorts India Ltd., amounting to EUR 165,402.00 (INR 8,582,385.82)does not bear any interest and has no maturity date.

Note 7 - Other external expenses

This caption is detailed as follows:	2018 EUR	2018 INR	2017 EUR	2017 INR
Professional fees	**130,530.46**	**10,528,586.90**	82,267.25	6,635,676.39
Bank fees	**3,974.12**	**320,552.52**	3,790.25	305,721.57
Luxembourg Chamber of Commerce contribution	**350.00**	**28,231.00**	350.00	28,231.00
Translation fees	–	–	351.00	28,311.66
Commission on Corporate Guarantee	**53,001.00**	**4,275,060.66**	60,951.00	4,916,307.66
Directors' fees	**6,100.00**	**492,026.00**	4,379.16	353,223.05
	193,955.58	**15,644,457.08**	152,088.66	12,267,471.32

Note 8 - Income from participating interests

This caption is detailed as follows:	2018 EUR	2018 INR	2017 EUR	2017 INR
Dividend from HCRO	**1,075,878.90**	**86,780,392.07**	740,646.30	59,740,530.56
	1,075,878.90	**86,780,392.07**	740,646.30	59,740,530.56

Note 9 - Other interest receivable and similar income

This caption is detailed as follows:	2018 EUR	2018 INR	2017 EUR	2017 INR
Derived from affiliated undertakings:				
Interest receivable from HCRO	**14,520.54**	**1,171,226.76**	8,437.23	680,546.97
Other interest and similar income				
Waiver on interest payable to RCI Europe	**183,404.10**	**14,793,374.71**	473,591.08	38,199,856.51
	197,924.64	**15,964,601.46**	482,028.31	38,880,403.48

Note 10 - Interest payable and similar charges

This caption is detailed as follows:	2018 EUR	2018 INR	2017 EUR	2017 INR
Concerning affiliated undertakings:				
Interest charge on loan amounts owed to MHR Holdings (Mauritius) Ltd. (See Note 6)	**841,000.39**	**67,835,091.46**	698,890.37	56,372,497.24
Other interest and similar expenses				
Interest charge on loan amounts owed to RCI Europe (See Note 6)	**183,404.10**	**14,793,374.71**	153,396.60	12,372,969.76
Tax fines and penalties	–	–	1,286.80	103,793.29
	1,024,404.49	**82,628,466.16**	853,573.77	68,849,260.29

Note 11 - Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 12 - Off balance sheet commitments and contingencies

The shares under the option agreement as at March 31, 2018 are as follows:

Agreement Date	Shares	Executed	Outstanding
Option agreement MHRIL (see note 3) September 2, 2015	386,112	359,802	26,310

Note 13 - Subsequent events

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

BOARD OF DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the Financial Period commencing from April 1, 2017 and ended on March 31, 2018.

OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

The Company is primarily engaged in the sale and trade of real estates, property management, investment activities and dealing in securities. The company may own and manage real estates, own other shares and securities.

There have been no significant changes in the nature of the principal activities during the financial period under review.

The Company owns 4.24% of the shares of Holidays Club Resorts Oy (Corporate ID 2033337-1) as at March 31, 2018.

There were no personnel employed and no employee expenses were paid during the Financial Period.

FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Company are as shown in the annexed Financial Statements.

DIVIDENDS

The Company's assets eligible for distribution are Euros 2,135,704.58 (Rs. 172,265,931.42). The Company's assets for profit distribution are Euros 302,404.58 (Rs. 24,391,953.42) of which profit for the financial period Euros 49,815.32 (Rs. 4,018,103.71) and retained earnings Euros 252,589.26 (Rs. 20,373,849.71).

The Board proposes to the Annual General Meeting that the assets eligible for profit distribution be appropriated as follows; no dividends are distributed and the profit for the financial period is retained in equity.

DIRECTORS

The directors shown below have held office during the financial period under review:

Mr. Arunkumar Nanda, Chairman

Mrs. Akhila Balachandar

Mr. Iiro Rossi

Mr. Sadasivan Krishnan has been acting as a member of the board until 15th of March 2018.

STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

SHARES OF THE COMPANY

The total number of shares is 124,320 shares. These shares have no nominal value. The Company did not issue shares during the financial period under review. All the shares have the same right to dividends and Company's assets.

HOLDING COMPANY

The Company is a wholly owned subsidiary of Covington S.a.r.l. which in turn is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors of HCR Management Oy in Helsinki 27th of April 2018.

Arunkumar Nanda	**Akhila Balachandar**	**Iiro Rossi**
Chairman of the Board	Director	Director

AUDITOR'S REPORT

To the Annual General Meeting of HCR Management Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCR Management Oy (business identity code 2277650-4) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 27 April 2018

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 1.4.2017 - 31.3.2018 and at the exchange rate of Rs 69.255 1.4.2016 - 31.3.2017 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	Eur	**Rs.**	Eur	Rs.
	1.4.2017- 31.3.2018	**1.4.2017- 31.3.2018**	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Other operative expenses	**(100.09)**	**(8,073.26)**	(2,832.52)	(196,166.17)
PROFIT (LOSS)	**(100.09)**	**(8,073.26)**	(2,832.52)	(196,166.17)
Dividend income	**50,188.80**	**4,048,228.61**	50,188.80	3,475,825.34
Interest expenses	**(273.39)**	**(22,051.64)**	(20,625.81)	(1,428,440.47)
PROFIT (LOSS) BEFORE TAXES	**49,815.32**	**4,018,103.71**	26,730.47	1,851,218.70
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**49,815.32**	**4,018,103.71**	26,730.47	1,851,218.70

BALANCE SHEET

	Eur	**Rs.**	Eur	Rs.
	31.03.2018	**31.03.2018**	31.03.2017	31.03.2017
ASSETS				
NON-CURRENT ASSETS				
Investments				
Other shares	**2,094,675.20**	**168,956,501.63**	2,094,675.20	145,066,730.98
TOTAL FOR NON-CURRENT ASSETS	**2,094,675.20**	**168,956,501.63**	2,094,675.20	145,066,730.98
CURRENT ASSETS				
Cash and cash equivalents	**43,529.38**	**3,511,079.79**	24,225.41	1,677,730.77
TOTAL FOR CURRENT ASSETS	**43,529.38**	**3,511,079.79**	24,225.41	1,677,730.77
TOTAL ASSETS	**2,138,204.58**	**172,467,581.42**	2,118,900.61	146,744,461.75
Liabilities				
SHAREHOLDERS' EQUITY				
Share Capital	**2,500.00**	**201,650.00**	2,500.00	173,137.50
Reserve for invested non-restricted equity	**1,833,300.00**	**147,873,978.00**	1,833,300.00	126,965,191.50
Retained earnings	**252,589.26**	**20,373,849.71**	225,858.80	15,641,851.19
Profit (loss) for the period	**49,815.32**	**4,018,103.71**	26,730.46	1,851,218.01
TOTAL FOR SHAREHOLDERS' EQUITY	**2,138,204.58**	**172,467,581.42**	2,088,389.26	144,631,398.20
LIABILITIES				
Long Term Liabilities	**0.00**	**0.00**	29,350.00	2,032,634.25
Short Term Liabilities	**0.00**	**0.00**	1,161.35	80,429.29
TOTAL FOR LIABILITIES	**0.00**	**0.00**	30,511.35	2,113,063.54
TOTAL LIABILITIES	**2,138,204.58**	**172,467,581.42**	2,118,900.61	146,744,461.75

CASH FLOW STATEMENT

	Eur	**Rs.**	Eur	Rs.
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Operative Cash Flow				
Cash paid to suppliers and employees	**(100.09)**	**(8,073.26)**	(2,832.52)	(196,166.17)
Operative Cashflow before financing items and taxes	**(1,261.44)**	**(101,747.75)**	(5,690.49)	(394,094.88)
Paid interest and other payments related to financing activities	**(273.39)**	**(22,051.64)**	(20,625.81)	(1,428,440.47)
Dividends received	**50,188.80**	**4,048,228.61**	50,188.80	3,475,825.34
Operative Cash Flow	**48,653.97**	**3,924,429.22**	23,872.50	1,653,289.99
Financing Cash Flow				
Proceeds from issuance of Equity	**0.00**	**0.00**	1,500,000.00	103,882,500.00
Withdrawals of Long Term Loans	**0.00**	**0.00**	0.00	0.00
Re-payments of Long Term Loans	**(29,350.00)**	**(2,367,371.00)**	(1,500,000.00)	(103,882,500.00)
Financing Cash Flow	**(29,350.00)**	**(2,367,371.00)**	0.00	0.00
Net increase/decrease in cash and cash equivalents	**19,303.97**	**1,557,058.22**	23,872.50	1,653,289.99
Cash and cash equivalents at the beginning of the period	**24,225.41**	**1,954,021.57**	352.91	24,440.78
Cash and cash equivalents at the end of the period	**43,529.38**	**3,511,079.79**	24,225.41	1,677,730.77

NOTES TO THE ACCOUNTS

NON CURRENT ASSETS

INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost 31.3.2017	2,094,675.20	2,094,675.20
Acquisition Cost 31.3.2018	**2,094,675.20**	**2,094,675.20**
Book value 31.3.2018	**2,094,675.20**	**2,094,675.20**

INVESTMENTS

Rs.	Shares, other	Total
Acquisition Cost 31.3.2017	168,956,501.63	168,956,501.63
Acquisition Cost 31.3.2018	**168,956,501.63**	**168,956,501.63**
Book value 31.3.2018	**168,956,501.63**	**168,956,501.63**

HCR Management Oy owns 4.24% of the shares of Holiday Club Resorts Oy.

SHAREHOLDERS' EQUITY

	Eur 31/3/2018	Rs. 31/3/2018
RESTRICTED SHAREHOLDERS' EQUITY		
Share Capital 31.3.2017	**2,500.00**	**201,650.00**
Share Capital 31.3.2018	**2,500.00**	**201,650.00**
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,500.00**	**201,650.00**
NON-RESTRICTED SHAREHOLDERS' EQUITY		
Reserve for Invested non-restricted equity 31.3.2017	**1,833,300.00**	**147,873,978.00**
Proceeds from issuance of Equity	**0.00**	**0.00**
Reserve for Invested non-restricted equity 31.3.2018	**1,833,300.00**	**147,873,978.00**
Retained earnings 31.3.2017	**252,589.26**	**20,373,849.71**
Dividends	**0.00**	**0.00**
Retained earnings 31.3.2018	**252,589.26**	**20,373,849.71**
Profit for the period	**49,815.32**	**4,018,103.71**
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,135,704.58**	**172,265,931.42**
SHAREHOLDERS' EQUITY TOTAL	**2,138,204.58**	**172,467,581.42**

CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur 31/3/2018	Rs. 31/3/2018
Reserve for invested non-restricted equity	**1,833,300.00**	**147,873,978.00**
Retained earnings	**252,589.26**	**20,373,849.71**
Profit for the period	**49,815.32**	**4,018,103.71**
Total	**2,135,704.58**	**172,265,931.42**

SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/share	124,320	2,500.00
Total	**124,320**	**2,500.00**

Rs.	pcs	Rs.
1 vote/share	124,320	201,650.00
Total	**124,320**	**201,650.00**

SHORT TERM LIABILITIES

	Eur 31/3/2018	Rs. 31/3/2018	Eur 31/3/2017	Rs. 31/3/2017
Bank Loans	0.00	0.00	0.00	0.00
Accrued interest	0.00	0.00	1,161.35	80,429.29
Total	**0.00**	**0.00**	1,161.35	80,429.29

OTHER NOTES

COLLATERALS GIVEN

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Eur 31/3/2018	Rs. 31/3/2018	Eur 31/3/2017	Rs. 31/3/2017
Other Loans	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Pledged assets	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**

NOTES TO THE ACCOUNTS

Signing of the annual report and the board of directors report.

Helsinki, 27th April, 2018

Arunkumar Nanda
Chairman of the Board

Akhila Balachandar
Member of the Board

Iiro Rossi
Member of the Board, CEO

APPROVAL OF THE ANNUAL REPORT

The audit report has been given today.

Helsinki, 27th April, 2018

KPMG Oy Ab

Esa Kailiala
KHT

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial year/period ended on March 31, 2018.

OPERATIONS

The Group is the largest operator of leisure hotels in Finland and the largest vacation ownership company in Europe.

The Group has 33 resorts in Finland (25), Sweden (2) and in Spain (6). These resorts are fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

CHANGES IN THE GROUP STRUCTURE AND ITS BUSINESS

In January 2018 Holiday Club Sweden Ab acquired a subsidiary Visionsbolaget 12191 Ab (later Åre Villas 3).

FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Group are as shown in the annexed Financial Statements.

During the period under review (1.4.2017-31.3.2018) the Group has earned a revenue of 158.9 m€ (155.0 m€) and made a profit of 4.7 m€ (-1.0 m€). The parent company revenue for the same period was 130.2 m€ (126.9 m€) and profit 3.3 m€ (0.8 m€).

Main items affecting the financial result of the Group were increasing turnover and profitability in Finnish Spa hotel and time share business. This has been supported by economic growth in Finland, renovations in the resorts and international demand especially in the northern Finland.

Investments to the Spa product and sales have increased the turnover and profitability of the Spa hotel operation in Åre significantly. In Gran Canary the company has made adjustments to the local sales organization and is currently focusing on time share rentals and increasing that business in the future.

DIVIDENDS

The parent company' s assets eligible for distribution are 44,912,673.75 euros. The parent's company's assets for profit distribution are 5,517,499.11 euros of which profit for the financial period is 3,329,387.20 euros.

The Board proposes to the Annual General Meeting that the assets eligible for profit distribution be appropriated as follows:

0.50 euro/share, distributed as dividends	1,972,291.00	euro
Retained in equity	3,545,208.11	euro
	5,517,499.11	

DIRECTORS

The directors shown below have held office during the financial period under review:

1) Arunkumar Nanda, Chairman
2) Sridar Iyengar
3) Teuvo Salminen
4) Vesa Tengman
5) Klaus Stiebleichinger

Sadasivan Krishnan has been acting as a member of the board until 15th of March 2018.

The managing director of the company is Iiro Rossi.

STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

ISSUE OF SHARES

The Company did not issue shares during the financial period under review.

HOLDING COMPANY

The Company is a subsidiary of Covington S.à.r.l. (ownership 95.16% of the shares, 4.2% of ownership coming through HCR Management Oy). Other shareholders of the company are Fennia Group and the Management.

Covington S.à.r.l. is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

APA Esa Kailiala from APA KPMG Oy is the responsible auditor of the company.

ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and most important all the employees during the period under review.

Signed on behalf of the Board of Directors of Holiday Club Resorts Oy

In Helsinki 27th of April 2018

Arunkumar Nanda
Chairman of the Board

Teuvo Salminen
Director

Vesa Tengman
Director

Sridar Iyengar
Director

Klaus Stiebleichinger
Director

AUDITOR'S REPORT

To the Annual General Meeting of Holiday Club Resorts Oy

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Holiday Club Resorts Oy (business identity code 2033337-1) for the year ended 31 March, 2018. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

Place: Helsinki
Date: 27 April 2018

PROFIT AND LOSS STATEMENT FOR THE GROUP

	Note	Eur 1.4.2017-31.3.2018	Rs. 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
TURNOVER	1	**158,854,503.21**	**12,813,204,228.54**	155,028,438.40	10,736,494,501.23
Other operating income	2	**6,192,303.23**	**499,471,178.24**	6,430,152.64	445,320,221.06
Share of Associated Company Profit (Loss)		**(25,236.86)**	**(2,035,605.13)**	6,741.20	466,861.81
Materials and services	3	**(58,950,997.57)**	**(4,754,987,464.34)**	(61,280,900.00)	(4,244,008,729.56)
Personnel expenses	4	**(38,293,594.87)**	**(3,088,761,362.25)**	(37,845,576.01)	(2,620,995,366.62)
Depreciations and impairments	5	**(5,738,926.12)**	**(462,901,781.11)**	(6,171,347.41)	(427,396,664.54)
Other operating expenses	6	**(55,742,923.18)**	**(4,496,224,183.62)**	(56,483,325.21)	(3,911,752,687.69)
PROFIT (LOSS)		**6,295,127.82**	**507,765,010.34**	(315,816.39)	(21,871,864.31)
Financial income and expenses	7	**(759,520.02)**	**(61,262,884.44)**	(947,152.28)	(65,595,031.27)
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**5,535,607.81**	**446,502,125.90**	(1,262,968.67)	(87,466,895.58)
Income taxes	9	**(986,800.14)**	**(79,595,299.54)**	(248,201.26)	(17,189,178.37)
Minority Share		**175,352.46**	**14,143,929.81**	519,175.57	35,955,503.80
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**4,724,160.13**	**381,050,756.18**	(991,994.37)	(68,700,570.15)

BALANCE SHEET FOR THE GROUP

	Note	**Eur** **1.4.2017-** **31.3.2018**	**Rs.** **1.4.2017-** **31.3.2018**	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2017- 31.3.2018
ASSETS					
NON CURRENT ASSETS					
Intangible assets	10	**9,785,856.04**	**789,327,148.17**	8,671,484.73	600,543,675.02
Group goodwill.......................	10	**35,174.27**	**2,837,156.62**	46,582.07	3,226,041.26
Tangible assets........................	11	**38,278,733.83**	**3,087,562,670.67**	40,178,051.76	2,782,530,974.75
Investments............................	12	**4,620,509.39**	**372,690,287.43**	4,071,142.74	281,946,990.55
TOTAL NON CURRENT ASSETS		**52,720,273.53**	**4,252,417,262.89**	52,967,261.30	3,668,247,681.58
CURRENT ASSETS					
Inventories	14	**58,170,343.56**	**4,692,019,911.32**	53,166,331.33	3,682,034,276.39
Long-term receivables............	15	**1,353,981.28**	**109,212,130.04**	1,557,326.29	107,852,632.21
Deferred tax receivables	19	**1,407,348.86**	**113,516,759.22**	1,410,845.37	97,708,096.34
Short-term receivables	16	**19,251,986.63**	**1,552,865,241.57**	21,634,003.67	1,498,262,924.37
Financial instruments		**3,558.00**	**286,988.28**	3,558.00	246,409.29
Cash and cash equivalents ...		**2,826,839.54**	**228,012,876.91**	3,631,077.11	251,470,245.26
TOTAL CURRENT ASSETS.........		**83,014,057.86**	**6,695,913,907.35**	81,403,141.78	5,637,574,583.87
TOTAL ASSETS...........................		**135,734,331.39**	**10,948,331,170.24**	134,370,403.08	9,305,822,265.45
EQUITY AND LIABILITIES					
EQUITY	**17**				
Share capital...........................		**11,959,146.00**	**964,624,716.36**	11,959,146.00	828,230,656.23
Reserve for invested non-restricted equity		**39,395,174.64**	**3,177,614,786.69**	39,395,174.64	2,728,312,819.89
Profit (loss) from previous years		**7,154,471.33**	**577,079,657.79**	10,238,398.50	709,060,287.93
Profit (loss) for the financial year		**4,724,160.13**	**381,050,756.18**	(991,994.37)	(68,700,570.15)
TOTAL EQUITY.............................		**63,232,952.11**	**5,100,369,917.02**	60,600,724.77	4,196,903,193.91
MINORITY SHARE........................		**422,805.60**	**34,103,500.05**	593,770.39	41,121,568.66
LIABILITIES					
Deferred tax liabilities.............	18	**191,673.00**	**15,460,344.34**	265,410.66	18,381,015.54
Long-term liabilities	19	**9,488,244.15**	**765,321,773.23**	18,265,950.87	1,265,008,427.60
Short-term liabilities................	20	**62,398,656.52**	**5,033,075,635.26**	54,644,546.38	3,784,408,059.33
TOTAL LIABILITIES......................		**72,078,573.68**	**5,813,857,752.83**	73,175,907.91	5,067,797,502.47
TOTAL EQUITY AND LIABILITIES..................................		**135,734,331.39**	**10,948,331,169.90**	134,370,403.08	9,305,822,265.04

CASH FLOW STATEMENT FOR THE GROUP

	Eur	**Rs.**	Eur	Rs.
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Cash flow from operating activities				
Profit/loss before appropriations and taxes	**5,535,608**	**446,502,126**	(1,262,969)	(101,871,053)
Adjustments:				
Depreciations	**5,738,926**	**462,901,781**	6,171,347	497,780,882
Other non-cash items	**(914,237)**	**(73,742,396)**	(999,725)	(80,637,836)
Financial income and expenses	**802,672**	**64,743,560**	945,849	76,292,215
Cash generated from operations before net working capital	**11,162,969**	**900,405,071**	4,854,503	391,564,208
Change in non-interest-bearing receivables				
Change in non-interest-bearing receivables	**2,185,205**	**176,258,667**	(3,761,689)	(303,417,857)
Change in inventories	**(7,146,447)**	**(576,432,415)**	(2,143,885)	(172,925,725)
Change in non-interest-bearing liabilities	**4,877,560**	**393,424,014**	7,106,338	573,197,205
Cash generated from operations before financial items and taxes	**11,079,288**	**893,655,337**	6,055,267	488,417,830
Interest expenses paid and other financial expenses	**(951,509)**	**(76,748,700)**	(1,205,213)	(97,212,514)
Dividend received	**1,241**	**100,115**	782	63,076
Interest income received	**232,361**	**18,742,207**	252,914	20,400,046
Income taxes paid	**(332,877)**	**(26,849,839)**	138,761	11,192,480
Net cash flow from operating activities	**10,028,504**	**808,899,120**	5,242,511	422,860,918
Cash flow from investments activities				
Investments in tangible and intangible assets	**(6,197,157)**	**(499,862,667)**	(8,947,952)	(721,741,829)
Proceeds from sale of tangible and intangible assets	**1,616,059**	**130,351,325**	3,022,587	243,801,846
Investments in other investments	**(543,304)**	**(43,822,916)**	(66,540)	(5,367,100)
Proceeds from repayments of loans	**0**	**0**	2,278	183,736
Disposal of Subsidiaries	**0**	**0**	(5,425)	(437,577)
Net cash flow from investing activities	**(5,124,402)**	**(413,334,258)**	(5,995,052)	(483,560,924)
Cash flow from financing activities				
Proceeds from short-term borrowings	**2,099,568**	**169,351,172**	2,627,446	211,929,777
Repayments in short-term borrowings	**25,457**	**2,053,360**	(510,241)	(41,156,029)
Proceeds from long-term borrowings	**2,705,046**	**218,189,025**	841,034	67,837,806
Repayments in long-term borrowings	**(9,094,946)**	**(733,598,335)**	(7,995,167)	(644,890,182)
Dividends paid	**(1,183,375)**	**(95,450,995)**	(950,533)	(76,669,960)
Net cash used in financing activities	**(5,448,249)**	**(439,455,773)**	(5,987,461)	(482,948,587)
Net increase/decrease in cash and cash equivalents	**(544,147)**	**(43,890,911)**	(6,740,002)	(543,648,593)
Cash and cash equivalents at the beginning of period	**3,634,635**	**293,169,668**	10,535,959	849,830,418
Effects of exchange rate fluctuations on cash held	**(260,090)**	**(20,978,891)**	(161,321)	(13,012,157)
Cash and cash equivalents at the end of period	**2,830,398**	**228,299,865**	3,634,635	293,169,668
Change in net cash	**(544,147)**	**(43,890,911)**	(6,740,002)	(543,648,593)

PARENT COMPANY PROFIT AND LOSS

	Note	Eur 1.4.2017-31.3.2018	Rs. 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
TURNOVER	**1**	**130,241,499.86**	**10,505,279,378.71**	126,484,703.75	8,759,698,158.21
OTHER OPERATING INCOME	**2**	**4,781,192.38**	**385,650,977.37**	5,314,607.66	368,063,153.49
Materials and services	3	**(51,942,054.02)**	**(4,189,646,077.25)**	(53,595,365.05)	(3,711,747,006.54)
Personnel expenses	4	**(28,629,166.38)**	**(2,309,228,560.21)**	(27,507,978.25)	(1,905,065,033.70)
Depreciations and impairments	5	**(3,662,260.69)**	**(295,397,947.26)**	(4,278,934.62)	(296,337,617.11)
Other operating expenses	6	**(44,356,865.61)**	**(3,577,824,780.10)**	(44,007,869.62)	(3,047,765,010.53)
PROFIT (LOSS)		**6,432,345.54**	**518,832,991.26**	2,409,163.87	166,846,643.82
Financial income and expenses	7	**(1,755,983.74)**	**(141,637,648.47)**	(1,277,358.99)	(88,463,496.85)
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**4,676,361.80**	**377,195,342.79**	1,131,804.88	78,383,146.96
Appropriations	8	**(395,166.91)**	**(31,874,162.96)**	21,287.55	1,474,269.28
Income taxes	9	**(951,807.69)**	**(76,772,808.28)**	(351,078.76)	(24,313,959.52)
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**3,329,387.20**	**268,548,371.55**	802,013.67	55,543,456.72

PARENT COMPANY BALANCE SHEET

	Note	Eur 1.4.2017-31.3.2018	Rs. 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
ASSETS					
NON CURRENT ASSETS					
Intangible assets	10	**8,352,820.38**	**673,738,491.85**	6,723,169.89	465,613,130.73
Tangible assets.......................	11	**12,514,264.44**	**1,009,400,569.73**	12,898,144.70	893,261,011.20
Investments............................					
Shares of the group companies......................	12	**8,378,328.44**	**675,795,971.97**	8,368,429.51	579,555,585.72
Shares of the associated companies......................	12	**648,700.00**	**52,324,142.00**	648,700.00	44,925,718.50
Receivables from group companies......................	16	**11,838,433.34**	**954,888,033.22**	12,772,497.43	884,559,309.51
Receivables from associated companies....	16				
Other shares...................	12	**4,160,424.22**	**335,579,817.59**	3,588,855.55	248,546,191.12
Other receivables	12	**64,548.68**	**5,206,496.53**	61,508.68	4,259,783.63
TOTAL NON CURRENT ASSETS		**45,957,519.50**	**3,706,933,522.88**	45,061,305.76	3,120,720,730.41
CURRENT ASSETS					
Inventories	14	**45,481,957.26**	**3,668,574,672.59**	42,307,388.09	2,929,998,162.17
Long-term receivables............	15	**13,376,651.35**	**1,078,960,697.88**	13,359,331.65	925,200,513.42
Short-term receivables	16	**16,470,155.22**	**1,328,482,720.05**	16,480,085.53	1,141,328,323.38
Financial instruments		**3,558.00**	**286,988.28**	3,558.00	246,409.29
Cash and cash equivalents ...		**373,368.64**	**30,115,914.50**	563,902.96	39,053,099.49
TOTAL CURRENT ASSETS.........		**75,705,690.47**	**6,106,420,993.30**	72,714,266.23	5,035,826,507.76
TOTAL ASSETS...........................		**121,663,209.97**	**9,813,354,516.18**	117,775,571.99	8,156,547,238.17
EQUITY AND LIABILITIES					
EQUITY	17				
Share capital..........................		**11,959,146.00**	**964,624,716.36**	11,959,146.00	828,230,656.23
Reserve for invested non-restricted equity		**39,395,174.64**	**3,177,614,786.46**	39,395,174.64	2,728,312,819.89
Profit (loss) from previous years		**2,188,111.91**	**176,493,106.66**	2,569,472.14	177,948,793.06
Profit (loss) for the financial year		**3,329,387.20**	**268,548,371.55**	802,013.67	55,543,456.72
TOTAL EQUITY............................		**56,871,819.75**	**4,587,280,981.04**	54,725,806.45	3,790,035,725.69
ACCUMULATED DEPRECIATION...........................		**827,260.10**	**66,726,799.67**	432,093.19	29,924,613.87
LIABILITIES					
Long-term liabilities	19	**10,219,823.76**	**824,330,984.48**	16,643,585.59	1,152,651,520.04
Short-term liabilities................	20	**53,744,306.36**	**4,335,015,751.00**	45,974,086.76	3,183,935,378.56
TOTAL LIABILITIES.....................		**63,964,130.12**	**5,159,346,735.48**	62,617,672.35	4,336,586,898.60
TOTAL EQUITY AND LIABILITIES..................................		**121,663,209.97**	**9,813,354,516.18**	117,775,571.99	8,156,547,238.17

PARENT COMPANY CASH FLOW

	Eur 1.4.2017-31.3.2018	Rs. 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
Cash flow from operating activities				
Profit/loss before appropriations and taxes	**4,676,361.80**	**377,195,342.79**	1,131,804.88	91,291,381.62
Adjustments:				–
Depreciations	**3,662,260.69**	**295,397,947.26**	4,278,934.62	345,138,866.45
Sales profit / loss from the sales of non-current assets	**(90,150.63)**	**(7,271,549.82)**	(856,366.55)	(69,074,525.92)
Other non-cash items	**0.00**	**–**	(19,886.46)	(1,604,041.86)
Financial income and expenses	**1,755,983.74**	**141,637,648.47**	1,277,358.99	103,031,776.13
Cash generated from operations before net working capital	**10,004,455.60**	**806,959,388.70**	5,811,845.48	468,783,456.42
Change in working capital				
Change in non-interest-bearing receivables	**(1,041,051.59)**	**(83,971,221.25)**	(490,179.21)	(39,537,855.08)
Change in inventories	**(4,933,273.04)**	**(397,917,803.41)**	(4,054,013.33)	(326,996,715.20)
Change in non-interest-bearing liabilities	**4,074,309.70**	**328,633,820.40**	5,804,143.79	468,162,238.10
Cash generated from operations before financial items and taxes	**8,104,440.67**	**653,704,184.44**	7,071,796.73	570,411,124.24
Interest expenses paid and other financial expenses	**(829,376.86)**	**(66,897,537.53)**	(1,088,842.11)	(87,826,004.59)
Income taxes paid	**(235,903.67)**	**(19,027,990.02)**	55,494.71	4,476,203.31
Net cash flow from operating activities	**7,039,160.14**	**567,778,656.89**	6,038,449.33	487,061,322.96
Cash flow from investments activities				
Investments in tangible and intangible assets	**(4,970,715.46)**	**(400,937,909.00)**	(4,602,959.11)	(371,274,681.81)
Proceeds from sales of tangible and intangible assets	**152,385.19**	**12,291,389.43**	2,288,231.81	184,568,777.79
Investments in group companies	**(9,900.00)**	**(798,534.00)**	(1,346,049.10)	(108,572,320.41)
Tytäryrityksen hankinta		**–**		–
Investments in other investments	**(543,304.19)**	**(43,822,915.97)**	(66,539.80)	(5,367,100.27)
Proceeds from repayments of loans	**0.00**	**–**	2,277.91	183,736.22
Proceeds from other investments	**0.00**	**–**	750.00	60,495.00
Interest received from investments	**93,222.20**	**7,519,302.65**	72,828.24	5,874,325.84
Dividends received from investments	**1,241.20**	**100,115.19**	782.00	63,076.12
Net cash flow from investing activities	**(5,277,071.06)**	**(425,648,551.70)**	(3,650,678.05)	(294,463,691.51)

	Eur 1.4.2017- 31.3.2018	Rs. 1.4.2017- 31.3.2018	Eur 1.4.2016- 31.3.2017	Rs. 1.4.2016- 31.3.2017
Cash flow from financing activities				
Proceeds from short-term borrowings	**3,541,941.84**	**285,693,028.81**	2,374,880.58	191,557,867.58
Proceeds from long-term borrowing	**5,849,131.76**	**471,790,967.76**	0.00	–
Repayments in long-term borrowings	**(10,160,322.40)**	**(819,531,604.78)**	(9,737,666.86)	(785,440,208.93)
Dividends paid	**(1,183,374.60)**	**(95,450,995.24)**	(950,532.60)	(76,669,959.52)
Net cash used in financing activities	**(1,952,623.40)**	**(157,498,603.44)**	(8,313,318.88)	(670,552,300.86)
Net increase/decrease in cash and cash equivalents	**(190,534.32)**	**(15,368,498.25)**	(5,925,547.60)	(477,954,669.42)
Cash and cash equivalents at the beginning of period	**567,460.96**	**45,771,401.03**	6,443,364.98	519,721,819.29
Cash received from merged companies	**0.00**	**–**	49,643.58	4,004,251.16
Cash and cash equivalents at the end of period	**376,926.64**	**30,402,902.78**	567,460.96	45,771,401.03
Change in net cash	**(190,534.32)**	**(15,368,498.25)**	(5,925,547.60)	(477,954,669.42)

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information of the Group

The Group's main branch of business is to sell and rent the timeshare weeks and Villas apartments constructed by the Group. The Group also operates in the Spa hotel business. Group has activities in four countries: Finland, Sweden, Spain and Russia.

Holiday Club Resorts Oy is a parent company for the Group, having its registered domicile in Helsinki at Hitsaajankatu 22, 00810 Helsinki.

Holiday Club Resorts Oy is a subsidiary of Covington S.a.r.l. The Company's registered domicile is in Luxembourg. Covington S.a.r.l owns 95.16% of the company's shares (4.2% of ownership coming through HCR Management Oy). Covington S.a.r.l is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited (domicile in India) and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited (domicile in India).

Notes related to the basis of presentation

Comparability of the previous financial year

The group's financial statements have been prepared in accordance with the Finnish accounting act, which was renewed as of 1.1.2016. When comparing the information for current financial period with the comparative period, it needs to be noted that the Group contribution previously presented in other extraordinary items in parent company income statement, has been transferred to appropriations. All the other items previously presented in other extraordinary items have been transferred to other operating expenses.

Consolidation principles

Intracompany ownership

Subsidiaries are consolidated using the acquisition method. The subsidiaries' acquisition cost and the corresponding share of the difference in shareholder's equity has been allocated partly to fixed assets, partially presented as goodwill and as group reserve. The acquired subsidiaries are consolidated from the moment the control has been obtained and divested subsidiaries until the day that the control has ceased to exist.

The consolidated financial statements include the parent company, Holiday Club Resorts Oy and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. This does not include timeshare and Villas apartment companies as they are represented in the current assets. Also, according to the Finnish Accounting Act's chapter six, companies which do not have a material impact on the group's result and financial position, have been left out of the consolidated financial statements.

Intra-group transactions, unrealized internal margin, receivables, liabilities and dividends between group companies are eliminated in consolidation.

The subsidiaries' financial statements are prepared in correspondence of the accounting principles used by the group.

Associated companies and joint ventures

Associated companies and joint ventures are consolidated using the one-line consolidation method in accordance with the instructions of the Finnish Accounting Board. The group's share of the results of the associated companies are shown under other operating income.

All timeshare and Villas apartment companies, including the ones of which the group owns more than 20%, are presented in the current assets as they are actively traded.

Minority Share

The minority shares have been separated from Group's equity and financial year profit.

Foreign Currency Translation

Transactions in foreign currencies

Items in the subsidiaries' financial statements are valued in the currency, which is used in each subsidiary's main operating environment (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the group. Assets and liabilities are translated into euros at the closing rate of the balance sheet date. Exchange differences resulting from sales and purchases are recorded as adjustments to the corresponding items above the operating profit. At the company level, exchange gains and losses from foreign currency denominated loans are presented in the accrued expenses according to the principle of prudence. At the group level, exchange gains and losses are recognized in equity as retained earnings.

Foreign subsidiaries

Foreign subsidiaries' income statements are translated into euros using the average exchange rates for the period. All balance sheet items, except profit for the period, are translated into euros using the closing exchange rates. The translation differences arising from the translation of income statement and balance sheet at different exchange rates and from eliminating the foreign subsidiaries equity is recognized in the group's equity. When a subsidiary is divested entirely or partially, the cumulative translation difference is recognized in the income statement as a part of the gain or loss from the sale.

Valuation and depreciation of non-current assets

Non-current assets

Goodwill

Goodwill represents the excess of the acquisition cost and the acquired company's net assets at the fair value at the date of the acquisition. Goodwill is allocated to cash-generating units, if such can be designated. As a main rule, goodwill is depreciated and if the expected future operating cash flow is lower than the carrying amount of the goodwill, an impairment loss is recognized as an expense in the income statement.

Other intangible assets

Intangible assets are recorded in the balance sheet at their original acquisition cost, if the cost can be measured reliably and if it is probable that the expected benefits of the asset will benefit the company. Intangible assets mainly include software licenses.

Tangible assets

The subsidiaries' tangible assets have been valued in the balance sheet at historical cost less accumulated, straight-line depreciations and possible impairment losses. Land areas are not depreciated.

Residual values and useful lifetimes are reviewed at each balance sheet date and, if necessary, adjusted to reflect the changes of expected economic benefits.

Significant renovations or additional investments are capitalized and depreciated over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company. Capital gains are presented in other operating income and losses under other operating expenses. The interest expenses related to the acquisition of the asset are expensed.

Fixed asset depreciation periods

The useful lives of the different asset categories are as follows:

Intangible rights	5-10 years
Goodwill and group goodwill	5-10 years
Long-term expenses	5-10 years
Buildings	50-60 years
Other constructions	10 years
Machinery and equipment	5-10 years
Renovations	5-10 years
Other tangible assets	10 years

Investments

Investments have been valued with original acquisition cost less possible impairments in the balance sheet.

Group reserve

The group reserve is allocated, in accordance with the share of ownership, to those assets and liabilities of the subsidiary that the group reserve is considered to derive from. The unallocated portion is recognized in the group's balance sheet as a separate item before liabilities. The group reserve is recognized as income when the corresponding expenditure or loss is recorded as an expense in the income statement of the subsidiary or where it corresponds to a realized return. The unallocated group reserve is recognized as income over time. These procedures are in accordance with the Finnish Accounting Act.

Received grants

Grants received by the company are recorded as other operating income in the income statement during the periods in which the related expenses are incurring. Investment grant for the acquisition of fixed assets is recorded in the balance sheet as accrued expense and recognized in the income statement as revenue over the asset's systematical depreciation period.

Inventory

Inventory is valued at the original acquisition cost or the lower net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and selling in the ordinary course of business. The cost of finished and unfinished products comprises of raw materials, direct labor costs and other direct costs. The costs of selling and financing are not allocated to the acquisition cost.

Receivables

Receivables are valued at the nominal value or the lower probable value.

Financial assets

The group's cash and cash equivalents consist of cash, bank deposits and other short-term highly liquid investments. Cash and cash equivalents have a maximum maturity of three months from the acquisition date. Financial assets are recognized on the settlement date and derecognized when the group has lost its contractual rights to the cash flows or when it has transferred substantial part of all the risks and rewards of ownership to parties outside the group.

Liabilities

Liabilities are valued at the nominal value. Transaction costs are expensed as incurred.

Derivatives Financial Instruments

The company has entered into interest rate swap agreements to hedge the interest rate risk arising from the variable rate loans. The contracts, which have been designated as effective hedges, have been treated with net method. The negative fair values of the non-effective contracts have been released into financial income and expenses of profit and loss statement.

Deferred tax assets and liabilities

Deferred tax assets and liabilities of the Group are calculated with a current tax rate as temporary differences between taxation and financial statements. Deferred tax assets are recognized at the probable amount in the balance sheet. Deferred taxes are not recognized in parent company income statement or balance sheet.

Ordinary repair and maintenance

Ordinary repair and maintenance costs are expensed as they incur.

External services

External services include among other things expenses from rented personnel and expenses from cleaning and laundry services used by the hotel.

Pensions

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined contribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

Direct taxes

Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular subsidiary is based. The amount of tax is adjusted for any taxes concerning previous periods.

Revenue recognition

Revenue from services is recognized as income when the service is rendered to the customer. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At that time, the group has no longer any supervision or control power over the good sold.

Rental income from holiday homes and revenue from hotels are recognized when the customer has accommodated. Income from restaurants and from other services related to hotel activities are recognized as revenue when the service is rendered. Rental income from retail premises are recognized on a straight-line basis over the rental period. Sales of timeshare weeks are recognized at the closing of the deal, so that the company will record a so-called cancellation provision in case of future cancellation of deals. This is done based on previous experience and statistics on customer behavior. Statutory cancellation time is 14 days from the moment the deal was signed.

Income from Villas apartments is recognized by using the stage of completion method in accordance with the guidelines of the Confederation of Finnish Construction Industries and the Finnish Accounting Board. The percentage of completion is defined based on the percentage of the completion of the construction project and the percentage of the shares sold.

Use of estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions regarding future events. Actual results may differ from these estimates and assumptions. In addition, management must exercise judgment in applying accounting principles. Estimates are based on management's best knowledge at the time. Possible changes in estimates and assumptions are recognized during the period in which the estimates or assumptions are adjusted and in all subsequent financial periods.

The key assumptions and uncertainties concerning the future, which may cause significant changes in the carrying values of assets and liabilities within the next financial year are as follows:

Impairment losses

The group reviews fixed assets and inventory annually and evaluates indications of impairment as set out above in the accounting policies.

Revenue recognition

Timeshare weeks have a 14-day cancellation right stated by the Consumer Protection Act. The cancellation policy is taken into account in profit recognition by taking advantage of the experience and statistics on customer behavior.

Receivables

From uncertain loans and any permanent impairments, the group recognizes a credit loss in accordance with the principle of prudence.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

TURNOVER BY BUSINESS AREAS

Business area review	Group	Group	Parent	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Timeshare	**44,172,082.19**	45,783,445.90	**38,915,836.14**	38,738,272.77
Service sector	**69,494,088.74**	63,586,894.99	**55,843,006.31**	52,117,187.18
Renting	**6,510,631.64**	4,913,955.27	**3,613,948.56**	3,146,288.94
Real Estate Management	**5,628,265.21**	5,317,604.13	**2,679,236.76**	2,511,196.61
Villas	**31,170,276.92**	33,463,691.31	**29,075,669.13**	29,850,576.84
Other Sales	**1,879,158.51**	1,962,846.80	**113,802.96**	121,181.24
Total	**158,854,503.21**	155,028,438.40	**130,241,499.86**	126,484,703.58

The Villas turnover for current financial year includes 1,268,499 eur (2017/17,977,252 eur) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Timeshare	**3,562,920,149.08**	3,170,732,545.50	**3,138,951,343.05**	2,682,819,080.69
Service sector	**5,605,393,197.65**	4,403,710,412.40	**4,504,296,888.96**	3,609,375,798.15
Renting	**525,147,548.44**	340,315,972.49	**291,501,090.85**	217,896,240.54
Real Estate Management	**453,975,871.84**	368,270,674.02	**216,107,237.06**	173,912,921.23
Villas	**2,514,194,536.25**	2,317,527,941.36	**2,345,243,472.03**	2,067,301,699.05
Other Sales	**151,572,925.29**	135,936,955.46	**9,179,346.75**	8,392,406.78
Total	**12,813,204,228.54**	10,736,494,501.23	**10,505,279,378.71**	8,759,698,146.43

The Villas turnover for current financial year includes Rs 102,317,129.34 (2017 / Rs 1,245,014,587.26) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

TURNOVER BY MARKET AREAS

Geographical review	Group	Group	Parent	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Finland	**130,481,404.71**	126,806,305.13	**130,241,499.86**	126,484,703.75
Sweden	**18,269,263.61**	18,068,336.97	–	–
Spain	**10,103,834.89**	10,153,796.30	–	–
Total	**158,854,503.21**	155,028,438.40	**130,241,499.86**	126,484,703.75

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Finland	**10,524,630,103.91**	8,781,970,661.78	**10,505,279,378.71**	8,759,698,158.21
Sweden	**1,473,598,802.41**	1,251,322,676.69	–	–
Spain	**814,975,322.23**	703,201,162.76	–	–
Total	**12,813,204,228.54**	10,736,494,501.23	**10,505,279,378.71**	8,759,698,158.21

2. OTHER OPERATING INCOME

	Group	Group	Parent	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Profit from the sales of fixed assets	**897,021.22**	1,073,156.16	**90,849.94**	899,705.08
Other income	**5,295,282.01**	5,356,996.48	**4,690,342.44**	4,360,638.19
Profit from mergers	–	–	–	54,264.39
Total	**6,192,303.23**	6,430,152.64	**4,781,192.38**	5,314,607.66

3. MATERIALS AND SERVICES

Materials and supplies	Group	Group	Parent	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Purchases during the financial year	**39,014,555.37**	53,477,209.49	**36,665,127.62**	51,439,791.26
Change in inventory	**6,242,140.26**	(5,459,260.20)	**3,371,450.35**	(9,763,483.05)
Total	**45,256,695.64**	48,017,949.30	**40,036,577.97**	41,676,308.21
External services	**13,694,301.94**	13,262,950.70	**11,905,476.05**	11,919,056.84
Materials and services total	**58,950,997.57**	61,280,900.00	**51,942,054.02**	53,595,365.05

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Purchases during the financial year	**3,146,914,036.44**	3,703,564,143.44	**2,957,409,193.83**	3,562,462,743.71
Change in inventory	**503,491,033.49**	(378,081,064.93)	**271,941,185.23**	(676,170,018.63)
Total	**3,650,405,069.94**	3,325,483,078.50	**3,229,350,379.06**	2,886,292,725.08
External services	**1,104,582,394.40**	918,525,651.06	**960,295,698.19**	825,454,281.45
Materials and services total	**4,754,987,464.34**	4,244,008,729.56	**4,189,646,077.25**	3,711,747,006.54

4. PERSONNEL AND MEMBERS OF THE BOARD

PERSONNEL EXPENSES

	Group	Group	Parent	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Salaries, wages, comissions	**31,372,935.03**	30,584,277.63	**23,458,249.33**	22,193,033.09
Pension expenses	**4,308,197.42**	4,268,934.26	**4,169,419.50**	4,073,072.73
Other indirect employee expenses	**2,612,462.42**	2,992,364.13	**1,001,497.55**	1,241,872.43
Total	**38,293,594.87**	37,845,576.01	**28,629,166.38**	27,507,978.25

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Salaries, wages, comissions	**2,530,540,939.26**	2,118,114,147.11	**1,892,142,390.96**	1,536,978,506.65
Pension expenses	**347,499,203.97**	295,645,041.95	**336,305,376.87**	282,080,651.92
Other indirect employee expenses	**210,721,219.01**	207,236,177.56	**80,780,792.38**	86,005,875.14
Total	**3,088,761,362.25**	2,620,995,366.62	**2,309,228,560.21**	1,905,065,033.70

EXECUTIVE REMUNERATION

	Group	Group	Parent	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Chief executive officers	**584,140.93**	534,476.27	–	–
Members of the board of directors	**60,600.00**	55,000.00	**60,600.00**	55,000.00
Total	**644,740.93**	589,476.27	**60,600.00**	55,000.00

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Chief executive officers....	47,116,807.52	37,015,154.24	–	–
Members of the board of directors	4,887,996.00	3,809,025.00	4,887,996.00	3,809,025.00
Total	**52,004,803.52**	**40,824,179.24**	**4,887,996.00**	**3,809,025.00**

THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group	Group	**Parent**	Parent
	1.4.2017-31.3.2018	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Employees.......................	776	780	519	510
Total	**776**	780	**519**	510

5. DEPRECIATIONS AND IMPAIRMENTS

	Group	Group	**Parent**	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Intangible assets..............	**755,729.26**	758,614.24	**748,804.39**	753,438.91
Goodwill	**717,367.80**	720,639.60	**242,629.15**	242,629.13
Other long-term expenses..	**1,032,845.71**	1,215,217.00	**1,028,864.25**	1,211,235.53
Buildings and structures ..	**942,664.40**	781,741.45	**88,718.92**	85,024.75
Machinery and equipment..	**2,176,029.52**	2,565,773.32	**1,456,072.35**	1,892,045.89
Other tangible assets	**102,881.63**	100,270.41	**97,171.63**	94,560.41
Impairment losses from non current Assets	–	17,683.58	–	–
Total	**5,727,518.32**	6,159,939.61	**3,662,260.69**	4,278,934.62
Group goodwill	**11,407.80**	11,407.80	–	–
Total	**5,738,926.12**	6,171,347.41	**3,662,260.69**	4,278,934.62

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Intangible assets..............	**60,957,122.06**	52,537,828.97	**60,398,562.10**	52,179,411.71
Goodwill	**57,862,886.91**	49,907,895.61	**19,570,467.24**	16,803,280.40
Other long-term expenses..	**83,309,334.97**	84,159,853.34	**82,988,190.41**	83,884,116.63
Buildings and structures ..	**76,035,310.58**	54,139,504.35	**7,156,068.09**	5,888,389.06
Machinery and equipment..	**175,518,541.17**	177,692,631.38	**117,446,795.75**	131,033,638.11
Other tangible assets	**8,298,432.28**	6,944,227.24	**7,837,863.68**	6,548,781.19
Impairment losses from non current Assets	–	1,224,676.47	–	–
Total	**461,981,627.96**	426,606,617.35	**295,397,947.26**	296,337,617.11
Group goodwill	**920,153.15**	790,047.19	–	–
Total	**462,901,781.11**	427,396,664.54	**295,397,947.26**	296,337,617.11

6. OTHER OPERATING EXPENSES

	Group	Group	**Parent**	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Voluntary employee expenses	838,255.65	724,889.59	787,313.20	690,427.44
Rents..............................	16,933,387.11	17,857,433.10	12,770,439.23	13,520,502.91
Maintenance fees.............	5,941,980.91	6,597,407.39	6,542,048.56	6,283,749.54
Marketing expenses	9,179,036.96	10,906,378.92	7,909,124.85	9,064,501.18
Travel and entertainment expenses..........................	831,958.73	1,152,199.67	792,293.83	1,109,755.86
Maintenance expenses.....	4,677,878.82	4,298,868.30	3,851,542.71	3,494,583.38
Real estate expenses	8,917,415.16	7,741,960.63	5,928,038.73	5,800,693.81
Other operating expenses...	8,423,009.84	7,204,187.62	5,776,064.50	4,043,655.50
Total	**55,742,923.18**	56,483,325.21	**44,356,865.61**	44,007,869.62

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Voluntary employee expenses	**67,613,700.50**	50,202,228.83	**63,504,682.71**	47,815,552.36
Rents..............................	**1,365,847,004.37**	1,236,716,529.31	**1,030,063,628.29**	936,362,429.03
Maintenance fees.............	**479,280,180.40**	456,903,448.76	**527,681,636.85**	435,181,074.39
Marketing expenses	**740,381,121.59**	755,321,272.09	**637,950,010.40**	627,762,029.22
Travel and entertainment expenses..........................	**67,105,790.93**	79,795,587.96	**63,906,420.33**	76,856,142.08
Maintenance expenses.....	**377,317,705.57**	297,718,124.17	**310,665,434.99**	242,017,371.98
Real estate expenses	**719,278,706.89**	536,169,483.17	**478,155,603.96**	401,727,049.81
Other operating expenses...	**679,399,973.37**	498,926,013.40	**465,897,362.57**	280,043,361.65
Total	**4,496,224,183.62**	3,911,752,687.69	**3,577,824,780.10**	3,047,765,010.53

AUDITING FEES

	Group	Group	**Parent**	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Auditing services	202,990.92	287,546.73	117,113.84	197,932.53
Tax consultancy	24,700.00	22,385.20	0.00	1,985.20
Other fees........................	5,308.11	16,225.15	5,308.11	15,000.00
Total	**232,999.03**	**326,157.08**	**122,421.95**	**214,917.73**

7. FINANCIAL INCOME AND EXPENSE

	Group	Group	**Parent**	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Dividends	**1,241.20**	782.00	**1,241.20**	782.00
Other interest and financial income				
Group companies	**0.00**	0.00	**386,815.15**	393,154.45
Others..............................	**1,961,360.68**	2,563,191.01	**297,594.45**	279,025.51
Total interest income	**1,961,360.68**	2,563,191.01	**684,409.60**	672,179.96
Total for financial income	**1,962,601.88**	2,563,973.01	**685,650.80**	672,961.96
Interest expenses and other financial expenses				
Group companies	–	–	**163,484.17**	146,724.55
Others..............................	**848,076.06**	984,489.55	**667,292.75**	981,566.62
Other financial expenses				
Impairment losses from financial securities	**12,096.27**	–	**1,313,000.00**	617,271.57
Changes in derivatives fair values..............................	**(34,441.64)**	51,738.71	**(34,441.64)**	51,738.71
Others..............................	**1,896,391.20**	2,474,897.03	**332,299.26**	153,019.50

Eur	Group 1.4.2017-31.3.2018	Group 1.4.2016-31.3.2017	Parent 1.4.2017-31.3.2018	Parent 1.4.2016-31.3.2017
Total interest expenses	**2,722,121.89**	3,511,125.29	**2,441,634.54**	1,950,320.95
Financial income and expense	**(759,520.02)**	(947,152.28)	**(1,755,983.74)**	(1,277,358.99)

Rs.	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Dividends	**100,115.19**	54,157.41	**100,115.19**	54,157.41
Other interest and financial income				
Group companies	–	–	**31,200,510.00**	27,227,911.43
Others	**158,203,352.41**	177,513,793.14	**24,003,968.34**	19,323,911.70
Total interest income	**158,203,352.41**	177,513,793.14	**55,204,478.34**	46,551,823.13
Total for financial income	**158,303,467.60**	177,567,950.55	**55,304,593.53**	46,605,980.54
Interest expenses and other financial expenses				
Group companies	–	–	**13,186,633.15**	10,161,408.71
Others	**68,405,815.21**	68,180,823.79	**53,823,833.22**	67,978,396.27
Other financial expenses				
Impairment losses from financial securities	**975,685.14**	0.00	**105,906,580.00**	42,749,142.58
Changes in derivatives fair values	**(2,778,062.68)**	3,583,164.36	**(2,778,062.68)**	3,583,164.36
Others	**152,962,914.38**	171,398,993.81	**26,803,258.31**	10,597,365.47
Total interest expenses	**219,566,352.04**	243,162,981.96	**196,942,242.00**	135,069,477.39
Financial income and expense	**(61,262,884.44)**	(65,595,031.41)	**(141,637,648.47)**	(88,463,496.85)

8. APPROPRIATIONS

Eur	Group 1.4.2017-31.3.2018	Group 1.4.2016-31.3.2017	Parent 1.4.2017-31.3.2018	Parent 1.4.2016-31.3.2017
Change in accumulated depreciation	–	–	**(395,166.91)**	130,769.55
Group contribution	–	–	**0.00**	(109,482.00)
Total	–	–	**(395,166.91)**	21,287.55

Rs.	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Change in accumulated depreciation	–	–	**(31,874,162.96)**	9,056,445.19
Group contribution	–	–	–	(7,582,175.91)
Total	–	–	**(31,874,162.96)**	1,474,269.28

9. INCOME TAXES

Eur	Group 1.4.2017-31.3.2018	Group 1.4.2016-31.3.2017	Parent 1.4.2017-31.3.2018	Parent 1.4.2016-31.3.2017
Income taxes from operating activities	**(1,130,502.05)**	(344,837.03)	**(976,236.45)**	(335,015.08)
Income taxes, previous financial year	**24,428.76**	(152,812.50)	**24,428.76**	(16,063.68)
Change in deferred tax receivables	**45,535.49**	76,737.77	–	–
Change in deferred tax liabilities	**73,737.66**	172,710.50	–	–
Total	**(986,800.14)**	(248,201.26)	**(951,807.69)**	(351,078.76)

Rs.	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2017-31.3.2018	1.4.2016-31.3.2017
Income taxes from operating activities	**(91,186,295.35)**	(23,881,688.51)	**(78,743,232.06)**	(23,201,469.37)
Income taxes, previous financial year	**1,970,423.78**	(10,583,029.69)	**1,970,423.78**	(1,112,490.16)
Change in deferred tax receivables	**3,672,892.54**	5,314,474.34	**0.00**	0.00
Change in deferred tax liabilities	**5,947,679.49**	11,961,065.49	**0.00**	0.00
Total	**(79,595,299.54)**	(17,189,178.37)	**(76,772,808.28)**	(24,313,959.52)

NOTES TO THE BALANCE SHEET

FIXED ASSETS

10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP

Eur	Intangible assets	Other l ong-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2017	4,604,171.93	10,022,389.05	6,868,258.43	–	470,379.48	21,965,198.89
Translation difference	(1,377.46)	–	(48,174.25)	–	–	(49,551.72)
Additions	42,029.09	2,911,256.37	–	–	–	2,953,285.46
Transfers between items	14,064.19	682,598.62	–	–	–	696,662.81
Acquisition cost 31.3.2018	**4,658,887.74**	**13,616,244.04**	**6,820,084.18**	**–**	**470,379.48**	**25,565,595.45**
Accumulated depreciations 1.4.2017	(2,645,113.44)	(6,175,711.39)	(4,002,509.85)	–	(423,797.41)	(13,247,132.09)
Translation difference	430.70	–	19,486.83	–	–	19,917.53

Eur	Intangible assets	Other l ong-term expenses	Goodwill	Advance payments	Group goodwill	Total
Depreciations	(752,486.61)	(1,036,088.36)	(717,367.80)	–	(11,407.80)	(2,517,350.57)
Accumulated depreciations 31.3.2017	**(3,397,169.35)**	**(7,211,799.75)**	**(4,700,390.83)**	**–**	**(435,205.21)**	**(15,744,565.14)**
Book value 31.3.2017	**1,261,718.40**	**6,404,444.29**	**2,119,693.35**	**–**	**35,174.27**	**9,821,030.31**

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2017	371,372,507.86	808,405,900.77	553,993,725.36	–	37,940,808.86	1,771,712,942.85
Translation difference	(111,106.32)	–	(3,885,735.31)	–	–	(3,996,841.63)
Additions	3,390,066.40	234,821,938.80	–	–	–	238,212,005.20
Transfers between items	1,134,417.57	55,058,404.69	–	–	–	56,192,822.25
Acquisition cost 31.3.2018	**375,785,885.51**	**1,098,286,244.27**	**550,107,990.05**	**–**	**37,940,808.86**	**2,062,120,928.68**
Accumulated depreciations 1.4.2017	(213,354,850.01)	(498,132,880.72)	(322,842,444.90)	–	(34,183,499.09)	(1,068,513,674.71)
Translation difference	34,740.16	–	1,571,807.75	–	–	1,606,547.91
Depreciations	(60,695,569.92)	(83,570,887.12)	(57,862,886.91)	–	(920,153.15)	(203,049,497.09)
Accumulated depreciations 31.3.2017	**(274,015,679.76)**	**(581,703,767.84)**	**(379,133,524.06)**	**–**	**(35,103,652.24)**	**(1,269,956,623.89)**
Book value 31.3.2017	**101,770,205.75**	**516,582,476.43**	**170,974,465.99**	**–**	**2,837,156.62**	**792,164,304.79**

10. INTANGIBLE ASSETS, PARENT COMPANY

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2017	4,585,336.32	9,981,107.64	2,701,523.71	–	17,267,967.67
Additions	42,029.09	2,911,256.37	–	–	2,953,285.46
Transfers between items	14,064.19	682,598.62	–	–	696,662.81
Acquisition cost 31.3.2018	**4,641,429.60**	**13,574,962.63**	**2,701,523.71**	**–**	**20,917,915.94**
Accumulated depreciations 1.4.2017	(2,641,820.81)	(6,152,584.06)	(1,750,392.90)	–	(10,544,797.77)
Depreciations for the financial year	(748,804.39)	(1,028,864.25)	(242,629.15)	–	(2,020,297.79)
Accumulated depreciations 31.3.2018	**(3,390,625.20)**	**(7,181,448.31)**	**(1,993,022.05)**	**–**	**(12,565,095.56)**
Book value 31.3.2017	**1,250,804.40**	**6,393,514.32**	**708,501.66**	**–**	**8,352,820.38**

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2017	369,853,227.57	805,076,142.24	217,904,902.45	–	1,392,834,272.26
Additions	3,390,066.40	234,821,938.80	–	–	238,212,005.20
Transfers between items	1,134,417.57	55,058,404.69	–	–	56,192,822.25
Acquisition cost 31.3.2018	**374,377,711.54**	**1,094,956,485.74**	**217,904,902.45**	**–**	**1,687,239,099.72**
Accumulated depreciations 1.4.2017	(213,089,266.53)	(496,267,430.28)	(141,186,691.31)	–	(850,543,388.13)
Depreciations for the financial year	(60,398,562.10)	(82,988,190.41)	(19,570,467.24)	–	(162,957,219.74)
Accumulated depreciations 31.3.2018	**(273,487,828.63)**	**(579,255,620.68)**	**(160,757,158.55)**	**–**	**(1,013,500,607.87)**
Book value 31.3.2017	**100,889,882.90**	**515,700,865.05**	**57,147,743.90**	**–**	**673,738,491.85**

11. TANGIBLE ASSETS, GROUP

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2017	14,088,324.93	18,694,139.54	20,147,644.88	3,233,903.37	3,377,325.99	59,541,338.71
Translation difference	(26,708.52)	(275,589.92)	(67,367.56)	–	(58,974.93)	(428,640.94)
Additions	10,000.00	15,672.98	1,832,607.70	17,578.46	1,368,012.19	3,243,871.33
Deductions	(923,420.63)	–	(76,043.86)	–	(7,484.30)	(1,006,948.79)
Transfers between items	–	3,092,298.33	693,167.06	–	(4,398,709.61)	(613,244.22)
Acquisition cost 31.3.2017	**13,148,195.78**	**21,526,520.93**	**22,530,008.22**	**3,251,481.83**	**280,169.34**	**60,736,376.10**

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Accumulated depreciations 1.4.2017	(2,895,128.95)	(3,381,242.20)	(12,070,151.40)	(1,016,764.40)	–	(19,363,286.95)
Translation difference	–	37,541.98	20,645.27	–	–	58,187.25
Accumulated depreciations from deductions and transfers	–	–	69,031.81	–	–	69,031.81
Depreciations/impairments for the financial year	–	(942,663.23)	(2,176,029.52)	(102,881.63)	–	(3,221,574.38)
Accumulated depreciations 31.3.2017	**(2,895,128.95)**	**(4,286,363.45)**	**(14,156,503.84)**	**(1,119,646.03)**	**–**	**(22,457,642.27)**
Book value 31.3.2017	**10,253,066.83**	**17,240,157.48**	**8,373,504.38**	**2,131,835.80**	**280,169.34**	**38,278,733.83**

Rs.	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2017	1,136,364,289.06	1,507,869,295.67	1,625,109,036.08	260,846,645.82	272,415,114.00	4,802,604,380.64
Translation difference	(2,154,309.22)	(22,229,083.33)	(5,433,867.77)	–	(4,756,917.55)	(34,574,177.87)
Additions	806,600.00	1,264,182.59	147,818,137.31	1,417,878.58	110,343,862.97	261,650,661.46
Deductions	(74,483,108.01)	–	(6,133,697.75)	–	(603,683.64)	(81,220,489.40)
Transfers between items	–	249,424,783.10	55,910,855.22	–	(354,799,916.81)	(49,464,278.50)
Acquisition cost 31.3.2017	**1,060,533,471.83**	**1,736,329,178.04**	**1,817,270,463.09**	**262,264,524.41**	**22,598,458.96**	**4,898,996,096.33**
Accumulated depreciations 1.4.2017	(233,521,101.11)	(272,730,995.75)	(973,578,412.18)	(82,012,216.50)	–	(1,561,842,725.55)
Translation difference	–	3,028,136.27	1,665,247.56	–	–	4,693,383.84
Accumulated depreciations from deductions and transfers	–	–	5,568,105.79	–	–	5,568,105.79
Depreciations/impairments for the financial year	–	(76,035,216.30)	(175,518,541.17)	(8,298,432.28)	–	(259,852,189.75)
Accumulated depreciations 31.3.2017	**(233,521,101.11)**	**(345,738,075.78)**	**(1,141,863,599.99)**	**(90,310,648.78)**	**–**	**(1,811,433,425.66)**
Book value 31.3.2017	**827,012,370.72**	**1,390,591,102.26**	**675,406,863.10**	**171,953,875.63**	**22,598,458.96**	**3,087,562,670.67**

11. TANGIBLE ASSETS, PARENT COMPANY

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2017	3,461,803.66	2,338,680.48	15,072,403.96	3,067,284.81	771,638.64	24,711,811.55
Additions	10,000.00	–	1,728,706.32	17,578.46	261,145.22	2,017,430.00
Deductions	(55,222.51)	–	(76,043.86)	–	(450.00)	(131,716.37)
Transfers between items/merger	–	–	66,531.71	–	(763,194.52)	(696,662.81)
Acquisition cost 31.3.2018	**3,416,581.15**	**2,338,680.48**	**16,791,598.13**	**3,084,863.27**	**269,139.34**	**25,900,862.37**
Accumulated depreciations and impairments 1.4.2017	(583,297.97)	(426,735.58)	(9,808,517.44)	(995,115.85)	–	(11,813,666.84)
Accumulated depreciations from deductions and transfers	–	–	69,031.81	–	–	69,031.81
Depreciations for the financial year	–	(88,718.92)	(1,456,072.35)	(97,171.63)	–	(1,641,962.90)
Accumulated depreciations 31.3.2018	**(583,297.97)**	**(515,454.50)**	**(11,195,557.98)**	**(1,092,287.48)**	**–**	**(13,386,597.93)**
Book value 31.3.2018	**2,833,283.18**	**1,823,225.98**	**5,596,040.15**	**1,992,575.79**	**269,139.34**	**12,514,264.44**

Rs.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2017	279,229,083.22	188,637,967.52	1,215,740,103.41	247,407,192.77	62,240,372.70	1,993,254,719.62
Additions	806,600.00	–	139,437,451.77	1,417,878.58	21,063,973.45	162,725,903.80
Deductions	(4,454,247.66)	–	(6,133,697.75)	–	(36,297.00)	(10,624,242.40)
Transfers between items / merger	–	–	5,366,447.73	–	(61,559,269.98)	(56,192,822.25)
Acquisition cost 31.3.2018	**275,581,435.56**	**188,637,967.52**	**1,354,410,305.17**	**248,825,071.36**	**21,708,779.16**	**2,089,163,558.76**

Rs.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Accumulated depreciations and impairments 1.4.2017	(47,048,814.26)	(34,420,491.88)	(791,155,016.71)	(80,266,044.46)	–	(952,890,367.31)
Accumulated depreciations from deductions and transfers	–	–	5,568,105.79	–	–	5,568,105.79
Depreciations for the financial year	–	(7,156,068.09)	(117,446,795.75)	(7,837,863.68)	–	(132,440,727.51)
Accumulated depreciations 31.3.2018	**(47,048,814.26)**	**(41,576,559.97)**	**(903,033,706.67)**	**(88,103,908.14)**	**–**	**(1,079,762,989.03)**
Book value 31.3.2018	**228,532,621.30**	**147,061,407.55**	**451,376,598.50**	**160,721,163.22**	**21,708,779.16**	**1,009,400,569.73**

12. INVESTMENTS, GROUP

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2017	3,589,855.55	419,709.01	61,508.68	–	4,071,073.24
Additions	571,568.67	–	3,040.00	–	574,608.67
Share of associated companies' results	–	(25,236.86)	–	–	(25,236.86)
Book value 31.3.2018	**4,161,424.22**	**394,472.15**	**64,548.68**	**–**	**4,620,445.05**

Rs.	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2017	289,557,748.66	33,853,728.75	4,961,290.13	–	328,372,767.54
Additions	46,102,728.92	–	245,206.40	–	46,347,935.32
Share of associated companies' results	–	(2,035,605.13)	–	–	(2,035,605.13)
Book value 31.3.2018	**335,660,477.59**	**31,818,123.62**	**5,206,496.53**	**–**	**372,685,097.73**

12. INVESTMENTS, PARENT COMPANY

Eur	Shares in group companies	Shares in associated companies	Other shares	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2017	9,898,037.81	1,527,924.75	4,049,700.74	12,772,497.43	18,000.00	100,150.20	28,366,310.93
Additions	9,900.00	–	571,568.67	–	–	3,040.00	584,508.67
Deductions	–	–	–	(934,064.09)	–	–	(934,064.09)
Acquisition cost 31.3.2018	**9,907,937.81**	**1,527,924.75**	**4,621,269.41**	**11,838,433.34**	**18,000.00**	**103,190.20**	**28,016,755.51**
Accumulated depreciations and impairments 1.4.2017	(1,529,608.30)	(879,224.75)	(460,845.19)	–	(18,000.00)	–	(2,887,678.24)
Accumulated depreciations 31.3.2018	**(1,529,608.30)**	**(879,224.75)**	**(460,845.19)**	**–**	**(18,000.00)**	**(38,641.52)**	**(2,926,319.76)**
Book value 31.3.2018	**8,378,329.51**	**648,700.00**	**4,160,424.22**	**11,838,433.34**	**–**	**64,548.68**	**25,090,435.75**

Rs.	Shares in group companies	Shares in associated companies	Other shares	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2017	798,375,729.75	123,242,410.34	326,648,861.69	1,030,229,642.68	1,451,880.00	8,078,115.13	2,288,026,639.59
Additions	798,534.00	–	46,102,728.92	–	–	245,206.40	47,146,469.32
Deductions	–	–	–	(75,341,609.47)	–	–	(75,341,609.47)
Acquisition cost 31.3.2018	**799,174,263.75**	**123,242,410.34**	**372,751,590.61**	**954,888,033.22**	**1,451,880.00**	**8,323,321.53**	**2,259,831,499.45**
Accumulated depreciations and impairments 1.4.2017	(123,378,205.48)	(70,918,268.34)	(37,171,773.03)	–	(1,451,880.00)	–	(232,920,126.84)
Accumulated depreciations 31.3.2018	**(123,378,205.48)**	**(70,918,268.34)**	**(37,171,773.03)**	**–**	**(1,451,880.00)**	**(3,116,825.00)**	**(236,036,951.84)**
Book value 31.3.2018	**675,796,058.28**	**52,324,142.00**	**335,579,817.59**	**954,888,033.22**	**–**	**5,206,496.53**	**2,023,794,547.61**

13. GROUP COMPANIES

Consolidated	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Himoksen Tähti 2	Helsinki	100%	100%
Holiday Club Canarias Investment S.L.	Las Palmas	100%	0%
Holiday Club Canarias Resort Management S.L.	Las Palmas	100%	0%
Holiday Club Canarias Sales & Marketing S.L.	Las Palmas	100%	0%
Holiday Club Rus LLC	Pietari	100%	100%
Holiday Club Sweden AB	Åre	100%	100%
Kiinteistö Oy Himos Gardens	Helsinki	100%	100%
Kiinteistö Oy Kuusamon Pulkkajärvi 1	Kuusamo	100%	100%
Kiinteistö Oy Rauhanranta 1	Helsinki	100%	100%
Kiinteistö Oy Rauhanranta 2	Helsinki	100%	100%
Kiinteistö Oy Katinnurkka	Helsinki	100%	100%
Kiinteistö Oy Tiurunniemi	Helsinki	100%	100%
Kiinteistö Oy Tenetinlahti	Helsinki	100%	100%
Kiinteistö Oy Vanha Ykköstii	Helsinki	100%	100%
Suomen vapaa-aikakiinteistöt Oy	Tampere	100%	100%
Ownership Services AB	Åre	100%	0%
Kiinteistö Oy Kylpyläntorni 1	Lappeenranta	100%	100%
Kiinteistö Oy Rauhan Liikekiinteistöt 1	Lappeenranta	100%	100%
Åre Villas 1 Ab	Åre	100%	0%
Åre Villas 2 Ab	Åre	100%	0%
Åre Villa 3 Ab	Åre	100%	0%
Holiday Club Sport and Spa Hotels Ab	Åre	51%	0%
Kiinteistö Oy Spa Lofts 2	Lappeenranta	100%	100%
Kiinteistö Oy Spa Lofts 3	Lappeenranta	100%	100%
Kiinteistö Oy Mällösniemi	Sotkamo	100%	100%
Supermarket Capri Oy	Lappeenranta	100%	100%

Associated companies	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Seniori-Saimaa	Lappeenranta	31.15%	31.15%
Koy Sallan Kylpylä	Salla	49.00%	49.00%
Tropiikin Rantasauna Oy	Kuusamo	50.00%	50.00%

All associated companies have been consolidated into the group financial statements.

14. INVENTORY

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Materials and supplies	**880,560.60**	820,227.24	**705,199.55**	655,679.58
Timeshare	**44,208,890.93**	42,526,671.53	**34,550,214.58**	31,629,609.58
Unfinished construction projects	**3,740,170.53**	3,254,461.03	**1,023,401.28**	3,393,430.82
Other inventory	**2,495,224.80**	2,410,035.31	**2,495,224.80**	2,410,035.31
Villas apartments	**6,845,496.70**	4,154,936.22	**6,707,917.05**	4,218,632.80
Total	**58,170,343.56**	53,166,331.33	**45,481,957.26**	42,307,388.09

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Materials and supplies	**71,026,017.82**	56,804,837.51	**56,881,395.70**	45,409,089.31
Timeshare	**3,565,889,142.14**	2,945,184,636.81	**2,786,820,308.02**	2,190,508,611.46
Unfinished construction projects	**301,682,155.20**	225,387,698.63	**82,547,547.24**	235,012,051.44
Other inventory	**201,264,832.37**	166,906,995.39	**201,264,832.37**	166,906,995.39
Villas apartments	**552,157,763.82**	287,750,107.92	**541,060,589.25**	292,161,414.56
Total	**4,692,019,911.35**	3,682,034,276.26	**3,668,574,672.59**	2,929,998,162.17

RECEIVABLES

15. LONG-TERM RECEIVABLES

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Sales receivables	**1,260,378.02**	1,463,723.03	**554,754.15**	537,434.45
Loan receivables from group companies	**–**	–	**12,821,897.20**	12,821,897.20
Other receivables	**93,603.26**	93,603.26	**–**	–
Deferred tax receivable	**1,407,348.86**	1,410,845.37	**–**	–
Total	**2,761,330.14**	2,968,171.66	**13,376,651.35**	13,359,331.65

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Sales receivables	**101,662,091.09**	101,370,138.44	**44,746,469.74**	37,220,022.83
Loan receivables from group companies	**–**	–	**1,034,214,228.14**	887,980,490.59
Other receivables	**7,550,038.95**	6,482,493.77	**–**	–
Deferred tax receivable	**113,516,759.22**	97,708,096.34	**–**	–
Total	**222,728,889.27**	205,560,728.55	**1,078,960,697.88**	925,200,513.42

16. SHORT-TERM RECEIVABLES

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Sales receivables	12,490,747.63	16,957,925.24	**8,222,508.68**	9,011,863.92
Receivables from group companies				
Sales receivables	**–**	–	**53,241.44**	75,336.53
Loan receivables	**–**	–	**2,725,510.18**	2,611,952.51
Accrued income	**–**	–	**1,041,219.73**	1,822,053.31
Receivables from group companies, total	**–**	–	**3,819,971.35**	4,509,342.35
Receivables from associated companies				
Loan receivables	**101,159.62**	221,363.14	**101,159.62**	221,363.14
Accrued income	**4,364,063.16**	2,771,514.81	**2,213,825.99**	1,765,673.53
Other receivables	**2,296,016.22**	1,683,200.48	**2,112,689.58**	971,842.59
Total	**19,251,986.63**	21,634,003.67	**16,470,155.22**	16,480,085.53

Rs.	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Sales receivables	**1,007,503,704.17**	1,174,421,112.45	**663,227,550.13**	624,116,635.78
Receivables from group companies				
Sales receivables	**–**	–	**4,294,454.55**	5,217,431.39
Loan receivables	**–**	–	**219,839,651.12**	180,890,771.08
Accrued income	**–**	–	**83,984,783.42**	126,186,301.98
Receivables from group companies, total	**–**	–	**308,118,889.09**	312,294,504.45
Receivables from associated companies				
Loan receivables	**8,159,534.95**	15,330,504.26	**8,159,534.95**	15,330,504.26
Accrued income	**352,005,334.25**	191,941,258.43	**178,567,204.35**	122,281,720.32
Other receivables	**185,196,668.21**	116,570,049.22	**170,409,541.52**	67,304,958.57
Total	**1,552,865,241.57**	1,498,262,924.37	**1,328,482,720.05**	1,141,328,323.38

RELEVANT ACCRUED INCOME (excluding receivables from group and associated companies)

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Accrued expenses	2,167,628.08	1,998,940.95	1,273,050.01	1,095,585.54
Tax receivables	25,285.10	97,331.82	–	74,682.65
Social security receivables	107,332.37	159,602.31	90,833.38	137,292.73
Others	2,063,817.60	515,639.73	849,942.60	458,112.61
Total	**4,364,063.15**	**2,771,514.81**	**2,213,825.99**	**1,765,673.53**

Rs.	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017	1.4.2017- 31.3.2018	1.4.2016- 31.3.2017
Accrued expenses	174,840,881.03	138,436,655.49	102,684,213.81	75,874,776.57
Tax receivables	2,039,496.26	6,740,715.50	–	5,172,146.93
Social security receivables	8,657,428.96	11,053,257.98	7,326,620.43	9,508,208.02
Others	166,467,527.83	35,710,629.50	68,556,370.12	31,726,588.81
Total	**352,005,334.08**	**191,941,258.47**	**178,567,204.35**	**122,281,720.32**

17. EQUITY

Eur	**Group** **1.4.2017-** **31.3.2018**	Group 1.4.2016- 31.3.2017	**Parent** **1.4.2017-** **31.3.2018**	Parent 1.4.2016- 31.3.2017
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**11,959,146.00**	11,959,146.00	**11,959,146.00**	11,959,146.00
Share capital at the end of financial year	**11,959,146.00**	11,959,146.00	**11,959,146.00**	11,959,146.00
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**11,959,146.00**	11,959,146.00	**11,959,146.00**	11,959,146.00
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**39,395,174.64**	39,395,174.64	**39,395,174.64**	39,395,174.64
Reserve for invested non-restricted equity at the end of the financial year	**39,395,174.64**	39,395,174.64	**39,395,174.64**	39,395,174.64
Profit from previous financial years at the beginning of the financial year	**9,246,404.13**	11,636,822.46	**3,371,486.51**	3,520,004.74
Paid Dividends	**(1,183,374.60)**	(950,532.60)	**(1,183,374.60)**	(950,532.60)
Change in translation difference	**(945,975.54)**	(447,891.36)	**–**	–
Reclassifications for previous financial years	**37,417.35**	–	**–**	–
Profit from previous financial years at the end of financial year	**7,154,471.33**	10,238,398.50	**2,188,111.91**	2,569,472.14
Profit for the period	**4,724,160.13**	(991,994.37)	**3,329,387.20**	802,013.67
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**51,273,806.11**	48,641,578.77	**44,912,673.75**	42,766,660.45
SHAREHOLDERS' EQUITY TOTAL	**63,232,952.11**	60,600,724.77	**56,871,819.75**	54,725,806.45

The Shareholders' equity of the Group includes 684,454.38 EUR 31.3.2018 (31.3.2017: 368,320.86 EUR) from appropriations and other voluntary provisions.

Rs	**Group** **1.4.2017-** **31.3.2018**	Group 1.4.2016- 31.3.2017	**Parent** **1.4.2017-** **31.3.2018**	Parent 1.4.2016- 31.3.2017
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**964,624,716.36**	828,230,656.23	**964,624,716.36**	828,230,656.23
Share capital at the end of financial year	**964,624,716.36**	828,230,656.23	**964,624,716.36**	828,230,656.23
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**964,624,716.36**	828,230,656.23	**964,624,716.36**	828,230,656.23
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**3,177,614,786.69**	2,728,312,819.69	**3,177,614,786.46**	2,728,312,819.69
Reserve for invested non-restricted equity at the end of the financial year	**3,177,614,786.69**	2,728,312,819.69	**3,177,614,786.46**	2,728,312,819.69
Profit from previous financial years at the beginning of the financial year	**745,814,957.17**	805,908,139.47	**271,944,101.90**	243,777,928.27
Paid Dividends	**(95,450,995.24)**	(65,829,135.21)	**(95,450,995.24)**	(65,829,135.21)
Change in translation difference	**(76,302,387.43)**	(31,018,716.14)	**–**	–
Reclassifications for previous financial years	**3,018,083.28**	–	**–**	–
Profit from previous financial years at the end of financial year	**577,079,657.79**	709,060,288.12	**176,493,106.66**	177,948,793.06
Profit for the period	**381,050,756.18**	(68,700,570.15)	**268,548,371.55**	55,543,456.72
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**4,135,745,200.66**	3,368,672,537.66	**3,622,656,264.68**	2,961,805,069.46
SHAREHOLDERS' EQUITY TOTAL	**5,100,369,917.02**	4,196,903,193.89	**4,587,280,981.04**	3,790,035,725.69

The Shareholders' equity of the Group includes Rs 55,208,090.29 31.3.2018 (31.3.2017: Rs 25,508,061.16) from appropriations and other voluntary provisions.

CALCULATION FOR DISTRIBUTABLE FUNDS

Eur	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Reserve for invested non-restricted equity	**39,395,174.64**	39,395,174.64
Profit from the previous financial years	**2,188,111.91**	2,569,472.14
+ Profit for the period	**3,329,387.20**	802,013.67
Total	**44,912,673.75**	42,766,660.45

Rs.	**Parent 1.4.2017-31.3.2018**	**Parent** 1.4.2016-31.3.2017
Reserve for invested non-restricted equity	**3,177,614,786.46**	2,728,312,819.69
Profit from the previous financial years	**176,493,106.66**	177,948,793.06
+Profit for the period	**268,548,371.55**	55,543,456.72
Total	**3,622,656,264.68**	2,961,805,069.46

18. DEFERRED TAX RECEIVABLES AND LIABILITIES

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Deferred tax receivables:				
from unused losses in taxation	**719,190.25**	553,907.53	**–**	–
from other temporary differences	**688,158.62**	856,937.40	**–**	–
Total	**1,407,348.87**	1,410,844.93	**–**	–
Deferred tax liabilities:			**–**	–
from appropriations	**171,113.59**	92,080.21	**–**	–
from other temporary differences	**20,559.41**	173,330.45	**–**	–
Total	**191,673.00**	265,410.66	**–**	–
Deferred not booked tax receivables				
from unused losses in taxation	**5,317,855.81**	5,019,935.00	**–**	–
from other temporary differences	**1,573,846.09**	1,715,124.00	**–**	–
Total	**6,891,701.90**	6,735,059.00	**–**	–

Rs.	**Group 1.4.2017-31.3.2018**	**Group** 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	**Parent** 1.4.2016-31.3.2017
Deferred tax receivables:				
from unused losses in taxation	**58,009,885.57**	38,360,865.99	**–**	–
from other temporary differences	**55,506,874.29**	59,347,199.64	**–**	–
Total	**113,516,759.85**	97,708,065.63	**–**	–
Deferred tax liabilities:			**–**	–
from appropriations	**13,802,022.17**	6,377,014.94	**–**	–
from other temporary differences	**1,658,322.01**	12,004,000.31	**–**	–
Total	**15,460,344.18**	18,381,015.26	**–**	–
Deferred not booked tax receivables				
from unused losses in taxation	**428,938,249.85**	347,655,598.43	**–**	–
from other temporary differences	**126,946,425.62**	118,780,912.62	**–**	–
Total	**555,884,675.47**	466,436,511.05	**–**	–

19. LONG-TERM LIABILITIES

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Loans from financial institutions	**8,961,080.61**	16,883,190.02	**3,320,835.00**	10,411,766.00
Pension loans	**400,000.00**	1,200,000.00	**400,000.00**	1,200,000.00
Other long-term loans	**127,163.54**	182,760.85	**126,345.14**	181,942.45
Loans from group companies	**–**	–	**6,372,643.62**	4,849,877.14
Total	**9,488,244.15**	18,265,950.87	**10,219,823.76**	16,643,585.59

Rs.	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Loans from financial institutions	**722,800,762.10**	1,169,245,324.84	**267,858,551.10**	721,066,854.33
Pension loans	**32,264,000.00**	83,106,000.00	**32,264,000.00**	83,106,000.00
Other long-term loans	**10,257,011.14**	12,657,102.67	**10,190,998.99**	12,600,424.37
Loans from group companies	**–**	–	**514,017,434.39**	335,878,241.33
Total	**765,321,773.23**	1,265,008,427.50	**824,330,984.48**	1,152,651,520.04

LIABILITIES MATURING LATER THAN FIVE YEARS

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Loans from financial institutions	**500,000.00**	1,700,000.00	**–**	200,000.00
Total	**500,000.00**	1,700,000.00	**–**	200,000.00

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Loans from financial institutions	**40,330,000.00**	117,733,500.00	**–**	13,851,000.00
Total	**40,330,000.00**	117,733,500.00	**–**	13,851,000.00

20. SHORT-TERM LIABILITIES

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Loans from financial institutions	**13,859,053.20**	10,536,160.56	**12,233,481.57**	9,268,444.31
Pension loans	**800,000.00**	800,000.00	**800,000.00**	800,000.00
Received advance payments	**12,393,671.69**	11,279,046.21	**11,908,273.18**	11,060,197.59
Accounts payable	**6,926,691.11**	5,230,079.66	**4,466,588.52**	2,830,414.12
Loans from group companies				
Accounts payable	**–**	–	**569,484.66**	21,747.62
Other loans	**–**	–	**2,074,728.25**	611,058.67
Accrued liabilities	**–**	–	**55,587.37**	84,491.52
Total	**–**	–	**2,699,800.28**	717,297.81
Other loans	**8,008,186.99**	8,199,103.22	**6,463,962.04**	7,145,415.82
Accrued liabilities	**20,411,053.54**	18,600,156.76	**15,172,200.77**	14,152,317.10
Short-term liabilities, total	**62,398,656.52**	54,644,546.41	**53,744,306.36**	45,974,086.75

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Loans from financial institutions	**1,117,871,230.77**	729,681,799.44	**986,752,623.44**	641,886,110.69
Pension loans	**64,528,000.00**	55,404,000.00	**64,528,000.00**	55,404,000.00
Received advance payments	**999,673,558.92**	781,130,345.47	**960,521,314.70**	765,973,984.10

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Accounts payable	**558,706,904.58**	362,209,166.78	**360,275,030.02**	196,020,329.88
Loans from group companies				
Accounts payable	**–**	–	**45,934,632.68**	1,506,131.42
Other loans	**–**	–	**167,347,580.65**	42,318,868.19
Accrued liabilities	**–**	–	**4,483,677.26**	5,851,460.22
Total	**–**	–	**217,765,890.58**	49,676,459.83
Other loans	**645,940,362.55**	567,828,893.21	**521,383,178.15**	494,855,772.61
Accrued liabilities	**1,646,355,578.44**	1,288,153,856.50	**1,223,789,714.11**	980,118,720.76
Short-term liabilities, total	**5,033,075,635.26**	3,784,408,061.41	**4,335,015,751.00**	3,183,935,377.87

RELEVANT ACCRUED LIABILITIES (excluding receivables from group and associated companies)

	Group	Group	**Parent**	Parent
Eur	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Personnel and social expenses	**5,925,601.89**	5,522,404.60	**5,045,089.60**	4,593,846.98
Accrued interests	**155,543.08**	83,936.54	**125,381.10**	50,100.49
Sales commissions	**853,935.08**	933,660.20	**684,372.78**	710,983.70
Taxes	**1,067,573.71**	361,232.12	**976,236.45**	335,015.08
Other	**12,408,399.78**	11,698,923.31	**8,341,120.84**	8,462,370.85
Total	**20,411,053.54**	18,600,156.76	**15,172,200.77**	14,152,317.10

Rs.	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017
Personnel and social expenses	**477,959,048.22**	445,437,154.75	**406,936,927.14**	370,539,697.41
Accrued interests	**12,546,104.83**	5,813,025.08	**10,113,239.53**	3,469,709.43
Sales commissions	**68,878,403.63**	64,660,636.98	**55,201,508.43**	49,239,176.14
Taxes	**86,110,495.54**	25,017,130.26	**78,743,232.06**	23,201,469.37
Other*	**1,000,861,526.22**	810,208,933.85	**672,794,806.95**	586,061,493.22
Total	**1,646,355,578.44**	1,288,153,856.50	**1,223,789,714.11**	980,118,720.76

The most significant items included in deferred liabilities are discounts booked by Holiday Club Resorts Oy related to time share and Villas sales (4.1 m€). In addition, Holiday Club Canarias Resort Management company has invoiced in advance maintenance fees that are booked into profit and loss statement in the next financial year (2.2 m€).

OTHER NOTES TO THE FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENT LIABILITIES

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Group	Group	**Parent**	Parent
Eur	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Loans from financial institutions	**18,628,844.58**	24,452,515.11	**12,099,266.00**	17,303,432.00
Total	**18,628,844.58**	24,452,515.11	**12,099,266.00**	17,303,432.00
Property under mortgages	**16,000,000.00**	16,566,160.00	**6,000,000.00**	6,566,160.00
Mortgage on company assets	**28,445,637.81**	31,445,637.81	**28,445,637.81**	31,445,637.81
Pledged assets	**43,026,496.97**	41,152,774.80	**43,026,496.97**	41,152,774.80
Total	**87,472,134.78**	89,164,572.61	**77,472,134.78**	79,164,572.61

Rs.	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Loans from financial institutions	**1,502,602,603.90**	1,693,458,933.79	**975,926,795.56**	1,198,349,183.16
Total	**1,502,602,603.90**	1,693,458,933.79	**975,926,795.56**	1,198,349,183.16

Rs.	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Property under mortgages	**1,290,560,000.00**	1,147,289,410.80	**483,960,000.00**	454,739,410.80
Mortgage on company assets	**2,294,425,145.75**	2,177,767,646.53	**2,294,425,145.75**	2,177,767,646.53
Pledged assets	**3,470,517,245.60**	2,850,035,418.77	**3,470,517,245.60**	2,850,035,418.77
Total	**7,055,502,391.35**	6,175,092,476.11	**6,248,902,391.35**	5,482,542,476.11

OTHER COLLATERAL FOR OWN COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Deposits, rent guarantees	**3,148,654.81**	3,413,411.63	**3,148,654.81**	3,413,411.63
Total	**3,148,654.81**	3,413,411.63	**3,148,654.81**	3,413,411.63

Rs.	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Deposits, rent guarantees	**253,970,496.97**	236,395,822.44	**253,970,496.97**	236,395,822.44
Total	**253,970,496.97**	236,395,822.44	**253,970,496.97**	236,395,822.44

COLLATERAL FOR GROUP COMPANIES' LIABILITIES

	Group	Group	**Parent**	Parent
Eur	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Property under mortgages	**220,000.00**	880,000.00	**–**	–
Mortgage on company assets	**1,947,938.77**	1,576,938.85	**–**	–
Guarantees given	**5,650,000.00**	6,050,000.00	**5,650,000.00**	6,050,000.00
Pledged assets	**2,822,944.68**	3,891,973.09	**–**	–
Property under mortgages	**–**	466,160.00	**–**	–
Total	**10,640,883.45**	12,865,071.94	**5,650,000.00**	6,050,000.00

Rs.	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Property under mortgages	**17,745,200.00**	60,944,400.00	**–**	–
Mortgage on company assets	**157,120,741.45**	109,210,899.80	**–**	–
Guarantees given	**455,729,000.00**	418,992,750.00	**455,729,000.00**	418,992,750.00
Pledged assets	**227,698,717.89**	269,538,596.35	**–**	–
Property under mortgages	**–**	32,283,910.80	**–**	–
Total	**858,293,659.34**	890,970,556.95	**455,729,000.00**	418,992,750.00

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

LEASING CONTRACT COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Due during the next financial year	**539,328.95**	631,253.92	**454,922.66**	521,374.94
Due thereafter	**707,604.03**	414,935.24	**557,357.37**	338,387.93
Total	**1,246,932.98**	1,046,189.16	**1,012,280.03**	859,762.87

Rs.	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Due during the next financial year	**43,502,272.88**	43,717,490.16	**36,694,061.76**	36,107,821.64
Due thereafter	**57,075,341.36**	28,736,340.14	**44,956,445.46**	23,435,056.09
Total	**100,577,614.24**	72,453,830.30	**81,650,507.22**	59,542,877.73

RENTAL COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Due during the next financial year	**16,497,137.05**	16,318,930.17	**12,581,619.76**	12,304,795.17
Due thereafter	**215,214,578.66**	217,043,192.53	**186,294,572.03**	183,377,636.25
Total	**231,711,715.72**	233,362,122.70	**198,876,191.79**	195,682,431.41

Rs.	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Due during the next financial year	**1,330,659,074.80**	1,130,167,509.04	**1,014,833,449.54**	852,168,589.35
Due thereafter	**17,359,207,914.88**	15,031,326,298.54	**15,026,520,180.32**	12,699,818,198.18
Total	**18,689,866,989.68**	16,161,493,807.58	**16,041,353,629.86**	13,551,986,787.53

OTHER COMMITMENTS

	Group	Group	**Parent**	Parent
Eur	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Investing commitments	**6,521,881.76**	10,272,961.00	**6,521,881.76**	10,145,552.40
Responsibility to review tax deductions related to real estate investments	**4,170,985.40**	3,875,645.97	**2,407,145.86**	1,805,180.80
Purchase and sales commitments	**12,258,212.78**	13,023,423.28	**12,258,212.78**	13,023,423.28
Other liabilities and guarantees	**3,879,493.30**	3,978,111.00	**3,879,493.30**	3,978,111.00
Derivative contracts				
Fair value	**(238,448.40)**	(338,291.00)	**(238,448.40)**	(338,291.00)
Nominal value	**17,574,996.26**	20,875,008.00	**17,574,996.26**	20,875,008.00

	Group	Group	**Parent**	Parent
Rs.	**31.3.2018**	31.3.2017	**31.3.2018**	31.3.2017
Investing commitments	**526,054,982.76**	711,453,914.06	**526,054,982.76**	702,630,231.46
Responsibility to review tax deductions related to real estate investments	**336,431,682.36**	268,407,861.65	**194,160,385.07**	125,017,796.30
Purchase and sales commitments	**988,747,443.15**	901,937,179.21	**988,747,443.15**	901,937,179.21
Other liabilities and guarantees	**312,919,929.42**	275,504,077.31	**312,919,929.42**	275,504,077.31
Derivative contracts	**–**	–	**–**	–
Fair value	**(19,233,247.94)**	(23,428,343.21)	**(19,233,247.94)**	(23,428,343.21)
Nominal value	**1,417,599,198.33**	1,445,698,679.04	**1,417,599,198.33**	1,445,698,679.04

Investing commitments

Holiday Club Resorts Oy has given completion commitments to Fennia in relation to the land areas sold. If the completion commitments are not met, Fennia has the right to cancel the deal. Holiday Club Resorts Oy has guaranteed the land lease payments until apartments have been build on the plots.

Holiday Club Resorts Oy and the municipality of Salla have agreed that Holiday Club Resorts will make at least four million euros worth of investments to Salla by the end of year 2018. If the investments of at least four million euros are made, the municipality of Salla has an obligation to buy the shares of Kiinteistö Oy Sallan kylpylä -named company with the purchase price equating the equity investment made in the Kiinteistö Oy Sallan kylpylä.

If the made investments are less than two millions has Holiday Club Resorts Oy an obligation to buy the shares of Kiinteistö Oy Sallan kylpylä owned by the municipality with the purchase price equating the equity investment. These purchase obligations will be executed only if the selling party requires the purchase.

Holiday Club Resorts Oy has sold the shares of Keskinäinen Kiinteistö Oy Tropiikin Tontti 9. The shares give right to land that is leased to Kiinteistö Oy HC Villas Petäjälampi 6. HCR will pay annual lease until the buildings on the land are finished.

HCR has the right to collect from Kiinteistö Oy HC Villas Petäjälampi 6 the lease HCR has paid on its behalf.

Furthermore, HCR has agreed to buy back the sold land for the original sales price in case the construction on the site has not begun on 30.6.2018, or if the construction is not finished by 30.7.2020, or if the amount of buildings on the land is fundamentally smaller than planned.

Holiday Club Resorts Oy and Skanska Talonrakennus Oy signed a contract on 31.3.2016, which obligated Holiday Club Resort Oy to buy the shares of Kiinteistö Oy Kelotähti II.

Furthermore, Holiday Club Resorts Oy sold Skanska Talonrakennus Oy the shares of companies Kiinteistö Oy Jalomella, Kiinteistö Oy Ulkuvuoma, Kiinteistö Oy Outapalas and Kiinteistö Oy Lovinoita.

Holiday Club Resorts Oy has the obligation to purchase these shares back for the same price.

Responsibility to review tax deductions related to real estate investments

Holiday Club Resorts Oy and Koy Rauhan Liikekiinteistöt 1 are responsible to annually review vat deductions made from the real estate investments and from renovation costs made to leased properties. Responsibility is for 10 years after the completion of the investment, in so far as the VAT taxable use of the property decreases during the ten-year period.

Purchase and sales commitments

According to the agreement made between Holiday Club Resorts Oy, Sunborn Oy and Sunborn Saga Oy, Holiday Club Resorts Oy is obliged to sell annually 150 Sunborn timeshares. If Holiday Club Resorts Oy doesn't achieve its yearly target, Holiday Club is obliged to purchase the missing amount of timeshares with a price related to the agreement.

Holiday Club Sweden AB has regarding Holiday Club Sport And Spa Hotels AB committed to a shareholders' agreement with terms of put and call options by which Holiday Club Sweden AB could be obliged to purchase other shareholders' shares in the companies.

These options may actualize no sooner than 2021.

Holiday Club Resorts Oy has committed to purchase back the shares of Kiinteistö Oy Salla Star - named company from the buyer no later than 17.9.2022.

Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Ylläksentie 42 from the mutual insurance company Ilmarinen no later than 31.3.2022.

Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Ylläs Saaga to Lapland Hotels Oy in October 2014. The lessor, mutual insurance company Ilmarinen, required that Holiday Club Resorts Oy stays in joint liability for fulfillment of the obligations of rental and buyback agreements. If the lessor makes claims towards Holiday Club Resorts Oy due to this obligation, has Holiday Club Resorts Oy a retroactive right of recourse from Lapland Hotels Oy and its parent company North European Invest Oy.

In the course of the Holiday Club Åre asset deal the commitment given by Holiday Club Spa Hotels AB to purchase a multi-purpose arena from Åre Kongress AB in 2023, if Åre Kongress AB has not sold the arena before that, transferred to Holiday Club Sport And Spa Hotels AB. Holiday Club Resorts Oy and Holiday Club Sport And Spa Hotels AB are jointly responsible for the sales price of the arena towards Åre Kongress AB

Other liabilities and guarantees

Other liabilities and guarantees contain a surety that the parent has given regarding the lease obligations of Holiday Club Sport and Spa Hotels Ab.

The surety equates the lease obligation of 12 months.

Holiday Club Canarias Sales & Marketing company has received claims from time share customers arguing that the contracts are null and void.

Total amount of received claims is 3,8 million euros. Claims are related to different interpretations of changing timeshare legislation in Spain.

The company has received 76 claims out of which 15 rulings from the first instance courts. Based on these rulings the company has made an accrual that is estimated to cover possible future liabilities.

Derivative contracts

Interest rate swaps valid at the end of the financial year were hedging in the interest rate risk arising from the loans with variable interest rate.

These interest rate swaps are effective hedges and will expire during the years 2019-2020. The company has also interest rate swaps that are not effective (no underlying asset). The negative fair values of the non-effective contracts will be recognised in the profit and loss statement in the financial years 1.4.2017-31.3.2020.

Liabilities from customer finance agreements

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and OP Corporate Bank Oyj (OP Financing) the following:

The customer's inability to pay, or if the customer otherwise is in breach with contract, gives OP Financing the right to call in the financing or to terminate the financing contract. If OP Financing claims, Holiday Club Resorts Oy has committed to redeem the financing with the amount that corresponds 50 % of the current financing agreement balance between customer and OP Financing related to the purchase of the timeshare week. Redemption price may be at maximum 50 % of the original purchase price of the timeshare week.

The financing agreement between Holiday Club Resorts Oy and OP Corporate Bank Oyj has been amended on 2.11.2014 and by this amendment the 50 % redemption in question has been renounced with regard to new sales. This amendment does not apply to those timeshares that Holiday Club Resorts Oy finances on its own risk and of which Holiday Club Resorts Oy has in 2012 signed a 100 % buyback commitment.

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and Danske Bank Oyj (Sampo Financing) the following:

If Sampo Financing terminates the customer's financing contract for timeshare purchase based on the terms of contract, the following risk distribution contract applies:

If Sampo Financing claims, Holiday Club Resorts Oy is committed to purchase the timeshare which has been given as a collateral for a financing agreement.

The purchase price is 30 % of the timeshare's original purchase price. If the purchase price, calculated by the foregoing way, is more than the financier's financed part based on the sale agreement issue, the purchase price will be the amount of financed part of the sale agreement at issue.

For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100 % buyback commitment is applied.

RELATED PARTY TRANSACTIONS

Eur	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Sale of materials	**–**	–	**243,669.76**	79,211.21
Sale of services	**–**	–	**229,861.24**	233,872.19
Purchases of materials	**–**	–	**258,166.01**	346,462.13
Purchases of services	**–**	–	**1,365,223.17**	949,668.81
Paid rents	**–**	–	**–**	–
Interest income	**–**	–	**(387,088.54)**	393,154.45
Interest expenses	**–**	–	**241,024.58**	155,149.28

Rs	**Group 1.4.2017-31.3.2018**	Group 1.4.2016-31.3.2017	**Parent 1.4.2017-31.3.2018**	Parent 1.4.2016-31.3.2017
Sale of materials	**–**	–	**19,654,402.84**	5,485,772.35
Sale of services	**–**	–	**18,540,607.62**	16,196,818.52
Purchases of materials	**–**	–	**20,823,670.37**	23,994,234.81
Purchases of services	**–**	–	**110,118,900.89**	65,769,313.59
Paid rents	**–**	–	**–**	–
Interest income	**–**	–	**(31,222,561.64)**	27,227,911.43
Interest expenses	**–**	–	**19,441,042.62**	10,744,863.39

DATE AND SIGNATURES

Signatures of the financial statements and annual report

Helsinki, 27th April, 2018

Arunkumar Nanda
Chairman of the Board

Sridar Iyengar
Member of the Board

Teuvo Salminen
Member of the Board

Vesa Tengman
Member of the Board

Klaus Stiebleichinger
Member of the Board

Iiro Rossi
Member of the Board

AUDITOR'S NOTE

Auditor's report has been issued today.

Helsinki, 27th April, 2018

KPMG Oy Ab

Esa Kailiala
APA

ADDITIONAL INFORMATION

COUNTRY WISE FINANCIAL HIGHLIGHTS – 2017-2018

(Euro in Mn)

Particulars	Finland	Sweden	Spain	Russia	Total
Turnover	130.48	18.27	10.10	–	158.85
Other operating income	4.70	0.82	0.67	–	6.19
Operating Profit	**11.91**	**(0.21)**	**0.46**	**(0.13)**	**12.03**
Less: Depreciations and impairments	4.11	0.63	1.00	–	5.74
(Add)/Less Financial (income) and expenses	(3.38)	1.45	(0.13)	1.30	(0.76)
Profit before Tax	**4.42**	**0.61**	**(0.67)**	**1.17**	**5.53**
Add: Minority share + Extraordinary	0.18	–	–	–	0.18
Less: Taxes	(1.02)	–	0.02	0.01	(0.99)
Profit after Tax	**3.58**	**0.61**	**(0.65)**	**1.18**	**4.72**

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property is located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 20 (Rs. 1,613.20) and made profit of Euro 7,102.71 (Rs. 572,904.59).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila

During the period under review, there is no change in the composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Himos Gardens

Riku Rauhala
Chair of the Board of Directors

Place : Tampere
Date : 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himos Gardens

Opinion

We have audited the financial statements of Kiinteistö Oy Himos Gardens (business identity code 2165494-3) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

ESA KAILIALA

Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Other property income	**20.00**	**1,613.20**	0.00	0.00
Property management expenses				
Administration	**(329.74)**	**(26,596.83)**	(818.98)	(56,722.55)
Property tax	**(1,403.13)**	**(113,176.47)**	(1,410.71)	(97,705.77)
Total	**(1,732.87)**	**(139,773.29)**	(2,229.69)	(154,428.33)
Profit(loss)	**(1,712.87)**	**(138,160.09)**	(2,229.69)	(154,428.33)
Financial income and expenses				
Interest income	**10,591.26**	**854,291.03**	10,959.08	759,025.88
Total financial income and expenses	**10,591.26**	**854,291.03**	10,959.08	759,025.88
Profit before appropriations and taxes	**8,878.39**	**716,130.94**	8,729.39	604,597.55
Income taxes	**(1,775.68)**	**(143,226.35)**	(1,763.92)	(122,169.10)
Profit/loss for the financial year	**7,102.71**	**572,904.59**	6,965.47	482,428.45

BALANCE SHEET

	appendix	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs. 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**527,069.84**	**42,513,453.29**	527,069.84	36,504,857.12
Total tangible assets		**527,069.84**	**42,513,453.29**	527,069.84	36,504,857.12
TOTAL NON-CURRENT ASSETS		**527,069.84**	**42,513,453.29**	527,069.84	36,504,857.12
CURRENT ASSETS					
Short-term receivables	2				
Loan receivables from group companies		**548,198.07**	**44,217,656.33**	541,625.35	37,512,971.74
Accrued income		**333.20**	**26,875.91**	0.00	0.00
Total short-term receivables		**548,531.27**	**44,244,532.24**	541,625.35	37,512,971.74
Cash and cash equivalents					
Cash at bank		**188.20**	**15,180.21**	733.79	50,822.30
Total cash and cash equivalents		**188.20**	**15,180.21**	733.79	50,822.30
TOTAL CURRENT ASSETS		**548,719.47**	**44,259,712.45**	542,359.14	37,563,794.04
TOTAL ASSETS		**1,075,789.31**	**86,773,165.74**	1,069,428.98	74,068,651.15
LIABILITIES					
EQUITY	3				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund		**1,040,077.00**	**83,892,610.82**	1,040,077.00	72,035,733.02
Profit(loss) from previous years		**25,758.84**	**2,077,708.03**	18,793.37	1,301,628.81
Profit(loss) for the financial year		**7,102.71**	**572,904.59**	6,965.47	482,428.45
TOTAL EQUITY		**1,075,438.55**	**86,744,873.44**	1,068,335.84	73,992,940.28
BORROWED CAPITAL					
Short-term borrowed capital	4				
Accruals and deferred income		**350.76**	**28,292.30**	1,093.14	75,710.88
Total short-term borrowed capital		**350.76**	**28,292.30**	1,093.14	75,710.88
TOTAL LIABILITIES		**1,075,789.31**	**86,773,165.74**	1,069,428.98	74,068,651.15

NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible assets

	Eur	Rs.
	Land areas	**Land areas**
Acquisition cost 1.4.	527,069.84	42,513,453.29
Acquisition cost 31.3.	527,069.84	42,513,453.29
Book value 31.3.	**527,069.84**	**42,513,453.29**

CURRENT ASSETS

RECEIVABLES

2. Short-term receivables

	Eur	Rs.	Eur	Rs.
	2018	**2018**	2017	2017
Loan receivables from group companies	**548,198.07**	**44,217,656.33**	541,625.35	37,512,971.74
Tax assets	**333.20**	**26,875.91**	0.00	0.00
Total	**548,531.27**	**44,244,532.24**	541,625.35	37,512,971.74

3. LIABILITIES

	Eur	Rs.	Eur	Rs.
EQUITY	**2018**	**2018**	2017	2017
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund in the beginning of the year	**1,040,077.00**	**83,892,610.82**	1,040,077.00	72,035,733.02
Building fund in the end of the year	**1,040,077.00**	**83,892,610.82**	1,040,077.00	72,035,733.02
Profit/loss from prev. financial period	**25,758.84**	**2,077,708.03**	18,793.37	1,301,628.81
Profit/loss for the financial year	**7,102.71**	**572,904.59**	6,965.47	482,428.45
Total equity	**1,075,438.55**	**86,744,873.44**	1,068,335.84	73,992,940.28

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**50.00**	**2,500.00**	50.00	2,500.00
TOTAL	**50.00**	**2,500.00**	50.00	2,500.00

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Rs.	**No**	**Rs.**	No	Rs.
1 vote/share	**50.00**	**201,650.00**	50.00	173,150.00
Total	**50.00**	**201,650.00**	50.00	173,150.00

4. SHORT-TERM BORROWED CAPITAL

	Eur	Rs.	Eur	Rs.
	2018	**2018**	2017	2017
Accruals and deferred income	**350.76**	**28,292.30**	350.76	24,293.64
Tax liabilities	**0.00**	**0.00**	742.38	51,417.24
Total	**350.76**	**28,292.30**	1,093.14	75,710.88

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 7,102.71 (Rs 572,904.59). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS
DATE AND SIGNATURES

Helsinki, 27th April, 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the Financial Period ended on March 31, 2018.

OPERATIONS / STATE OF THE COMPANY'S AFFAIRS

The Company is primarily engaged in real estate agencies business.

The Company's Resort property located at Tampere, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Company are as shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 788.69 (Rs. 63,615.74).

DIVIDEND

No dividend was paid or proposed for the financial period under review.

DIRECTORS

The directors shown below have held office during the financial period under review:

1) Tapio Anttila, CEO, Chair of the Board of Directors

2) Iiro Rossi, board member

3) Riku Rauhala, board member

During the period under review, there is no change in Composition of the Board of Directors.

STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

ISSUE OF SHARES

The Company did not issued shares during the financial period under review.

HOLDING COMPANY

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, customers during the period under review.

Signed on behalf of the Board of Directors
of Suomen Vapaa-aikakiinteistöt Oy

Tapio Anttila
CEO, Chair of the Board of Directors

Place: Tampere
Date: April 27th, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa-Aikakiinteistöt Oy LKV

Opinion

We have audited the financial statements of **Suomen Vapaa-Aikakiinteistöt Oy LKV** (business identity code 2306829-4) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

Place: Helsinki
Dated: 27 April 2018

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation and amortisation principles and methods

Revenues and expenses are amortised on an accruals basis.

Valuation of non-current assets

Tangible and intangible assets

The company has no non-current assets on its balance sheet.

Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	appendix	Eur 1.4.2017- 31.3.2018	Rs 1.4.2017- 31.3.2018	Eur 1.10.2016- 31.3.2017	Rs 1.10.2016- 31.3.2017
TURNOVER					
Other operating expenses	1	**973.35**	**78,510.41**	1,108.30	76,760.86
Profit(loss)		**(973.35)**	**(78,510.41)**	(1,108.30)	(76,760.86)
Financial income and expenses	2				
Interest income		**1.18**	**95.18**	12.37	856.75
Interest income from companies in the same Group		**183.48**	**14,799.50**	189.85	–
Total financial income and expenses		**184.66**	**14,894.68**	202.22	14,005.76
Profit before appropriations and taxes		**(788.69)**	**(63,615.74)**	(906.08)	(62,755.10)
Profit/loss for the financial year		**(788.69)**	**(63,615.74)**	(906.08)	(62,755.10)

BALANCE SHEET

		Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
ASSETS					
CURRENT ASSETS					
Short-term receivables					
Short-term receivables	3	**9,858.54**	**795,189.84**	10,067.01	697,241.11
Total short-term receivables		**9,858.54**	**795,189.84**	10,067.01	697,241.11
Cash and cash equivalents					
Cash at bank		**9,373.52**	**756,068.12**	9,253.74	640,914.03
Total cash and cash equivalents		**9,373.52**	**756,068.12**	9,253.74	640,914.03
TOTAL CURRENT ASSETS		**19,232.06**	**1,551,257.96**	19,320.75	1,338,155.15
TOTAL ASSETS		**19,232.06**	**1,551,257.96**	19,320.75	1,338,155.15
LIABILITIES					
EQUITY	4				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Profit(loss) from previous years		**16,820.75**	**1,356,761.70**	17,726.83	1,227,760.25
Profit(loss) for the financial year		**(788.69)**	**(63,615.74)**	(906.08)	(62,755.10)
TOTAL EQUITY		**18,532.06**	**1,494,795.96**	19,320.75	1,338,155.15
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	5	**700.00**	**56,462.00**	0.00	0.00
Total short-term borrowed capital		**700.00**	**56,462.00**	0.00	0.00
TOTAL LIABILITIES		**19,232.06**	**1,551,257.96**	19,320.75	1,338,155.15

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a loss of EUR 788.69 (Rs 63,615.74) be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. OTHER OPERATING EXPENSES

	Eur 1.4.2017- 31.3.2018	Rs 1.4.2017- 31.3.2018	Eur 1.4.2016- 31.3.2017	Rs 1.4.2016- 31.3.2017
Other business expenses	**973.35**	**78,510.41**	1,108.30	76,760.86
Total	**973.35**	**78,510.41**	1,108.30	76,760.86

2. FINANCIAL INCOME AND EXPENSES

	Eur 1.4.2017- 31.3.2018	Rs 1.4.2017- 31.3.2018	Eur 1.4.2016- 31.3.2017	Rs 1.4.2016- 31.3.2017
Interest income from companies in the same Group	**183.48**	**14,799.50**	189.85	13,149.01
Other interest income	**1.18**	**95.18**	12.37	856.75
Total	**184.66**	**14,894.68**	202.22	14,005.76
Total financial income and expenses	**184.66**	**14,894.68**	202.22	14,005.76

NOTES TO THE BALANCE SHEET

ASSETS

CURRENT ASSETS RECEIVABLES

3. SHORT-TERM RECEIVABLES

	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
Receivables from companies in the same Group	**9,858.54**	**795,189.84**	9,675.06	670,094.66
Accrued income	**0.00**	**0.00**	391.95	27,146.46
Total	**9,858.54**	**795,189.84**	10,067.01	697,241.11

LIABILITIES

4. EQUITY

	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
Share capital 1.1.	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital 31.3.	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Profit/loss from prev. financial period	**16,820.75**	**1,356,761.70**	17,726.83	1,227,760.25
Profit/loss for the financial year	**(788.69)**	**(63,615.74)**	(906.08)	(62,755.10)
Total equity	**18,532.06**	**1,494,795.96**	19,320.75	1,338,155.15

NOTES TO THE FINANCIAL STATEMENTS

5. SHORT-TERM BORROWED CAPITAL

	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
Accruals and deferred income	**700.00**	**56,462.00**	0.00	0.00
Total	**700.00**	**56,462.00**	0.00	0.00
Profit/loss from the previous financial year	**16,820.75**	**1,356,761.70**	17,726.83	1,227,760.25
Profit/loss for the financial year	**(788.69)**	**(63,615.74)**	(906.08)	(62,755.10)
Total	**16,032.06**	**1,293,145.96**	16,820.75	1,165,005.15

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April 2018

Tapio Anttila
CEO
Chair of the Board of Directors

Iiro Rossi
Board Member

Riku Rauhala
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April 2018

KPMG Oy Ab

Esa Kailiala
KHT

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position ofthe Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 23,532.90 (Rs. 1,898,163.71) and made profit of Euro 677,098.86 (Rs. 54,614,794.05).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala

2) Anne Oravainen

3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. asset out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the resultsof the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial periodunder review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays& Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there areno such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statementsas at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Himoksen Tähti 2

Riku Rauhala
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy HimoksenTähti 2

Opinion

We have audited the financial statements of Kiinteistö Oy Himoksen Tähti 2 (business identity code 2419604-4) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, 27th April, 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

Relevant events after the financial year

In the year 2018 Kiinteistö Oy Himoksen Tähti 2 will merged to the parent company Holiday Club Resorts Oy.

PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017-31.3.2018	1.4.2017-31.3.2018	1.4.2016-31.3.2017	1.4.2016-31.3.2017
TURNOVER				
Land lease income	**23,532.90**	**1,898,163.71**	19,264.01	1,334,225.33
Total	**23,532.90**	**1,898,163.71**	19,264.01	1,334,225.33
Other property income	**806,171.28**	**65,025,775.44**	70.00	4,848.20
Property management expenses				
Administration	**(5,025.63)**	**(405,367.32)**	(1,211.05)	(83,877.32)
Property tax	**(3,242.17)**	**(261,513.43)**	(4,322.86)	(299,401.28)
Total	**(8,267.80)**	**(666,880.75)**	(5,533.91)	(383,278.61)
Profit(loss)	**821,436.38**	**66,257,058.41**	13,800.10	955,794.93
Financial income and expenses				
Interest income	**15,138.84**	**1,221,098.83**	0.00	0.00
Interest charges	**(3.00)**	**(241.98)**	0.00	0.00
Total financial income and expenses	**15,135.84**	**1,220,856.85**	0.00	0.00
Profit before appropriations and taxes	**836,572.22**	**67,477,915.27**	13,800.10	955,794.93
Other direct taxes				
Direct taxes	**(159,473.36)**	**(12,863,121.22)**	0.00	0.00
Total	**(159,473.36)**	**(12,863,121.22)**	0.00	0.00
Profit/loss for the financial year	**677,098.86**	**54,614,794.05**	13,800.10	955,794.93

BALANCE SHEET

	appendix	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs. 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**0.00**	**0.00**	662,628.72	45,893,665.15
Total tangible assets		**0.00**	**0.00**	662,628.72	45,893,665.15
TOTAL NON-CURRENT ASSETS		**0.00**	**0.00**	662,628.72	45,893,665.15
CURRENT ASSETS					
Short-term receivables					
Loan receivables from group companies	2	**1,483,938.84**	**119,694,506.83**	0.00	0.00
Accrued income		**0.00**	**0.00**	0.00	0.00
Total short-term receivables		**1,483,938.84**	**119,694,506.83**	0.00	0.00
Cash and cash equivalents					
Cash at bank		**36,109.42**	**2,912,585.82**	21,376.58	1,480,541.93
Total cash and cash equivalents		**36,109.42**	**2,912,585.82**	21,376.58	1,480,541.93
TOTAL CURRENT ASSETS		**1,520,048.26**	**122,607,092.65**	21,376.58	1,480,541.93
TOTAL ASSETS		**1,520,048.26**	**122,607,092.65**	684,005.30	47,374,207.08
LIABILITIES					
EQUITY	3				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**720,181.45**	**58,089,835.76**	720,181.45	49,879,767.23
Profit(loss) from previous years		**(39,205.41)**	**(3,162,308.37)**	(53,005.51)	(3,671,161.62)
Profit(loss) for the financial year		**677,098.86**	**54,614,794.05**	13,800.10	955,794.93
TOTAL EQUITY		**1,360,574.90**	**109,743,971.43**	683,476.04	47,337,550.53
BORROWED CAPITAL					
Short-term borrowed capital	4				
Accruals and deferred income		**159,473.36**	**12,863,121.22**	1,080.69	74,848.59
Total short-term borrowed capital		**159,473.36**	**12,863,121.22**	1,080.69	74,848.59
TOTAL LIABILITIES		**1,520,048.26**	**122,607,092.65**	684,556.73	47,412,399.12

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur	Rs.
	Land areas	**Land areas**
Acquisition cost 1.4.	662,628.72	53,447,632.56
Deduction	(662,628.72)	(53,447,632.56)
Acquisition cost 31.3.	0.00	0.00
Book value 31.3.	**0.00**	**0.00**

2 Short-term receivables

	Eur	Rs.	Eur	Rs.
	2018	**2018**	**2017**	**2017**
Accrued income	**0.00**	**0.00**	551.43	38,192.04
Total Short-term receivables	**0.00**	**0.00**	551.43	38,192.04

LIABILITIES

3 Equity

	Eur	Rs.	Eur	Rs.
	2018	**2018**	**2017**	**2017**
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	**720,181.45**	**58,089,835.76**	720,181.45	49,879,767.23
Invested unrestricted equity fund in the end of the year	**720,181.45**	**58,089,835.76**	720,181.45	49,879,767.23
Profit/loss from prev. financial period	**(39,205.41)**	**(3,162,308.37)**	(53,005.51)	(3,671,161.62)
Profit/loss for the financial year	**677,098.86**	**54,614,794.05**	13,800.10	955,794.93
Total equity	**1,360,574.90**	**109,743,971.43**	683,476.04	47,337,550.53

4 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	2018	**2018**	**2017**	**2017**
Accruals and deferred income	**159,473.36**	**12,863,121.22**	1,080.69	74,848.59
Total short-term borrowed capital	**159,473.36**	**12,863,121.22**	1,080.69	74,848.59

BREAKDOWN OF SHARE CAPITAL

	2018		**2017**	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	**25**	**2,500.00**	25	2,500.00
Total	**25**	**2,500.00**	25	2,500.00

	2018		**2017**	
Rs.	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share	**25**	**201,650.00**	25	173,150.00
Total	**25**	**201,650.00**	25	173,150.00

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 677,098.86 (Rs 54,614,794.05). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27th 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27th 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

Eero Suomela
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 683.17 (Rs. 55,104.49).

Dividend

No dividend was proposed for the financial period under review

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Ilpo Antikainen

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Vanha Ykköstii

Riku Rauhala
Chair of the Board of Directors

Place : Tampere
Date : 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy VanhaYkköstii

Opinion

We have audited the financial statements of Kiinteistö Oy VanhaYkköstii (business identity code 2425177-9) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ESA KAILIALA
Authorised Public Accountant, KHT

Place : Helsinki
Dated : 27 April 2018

KPMG OY AB

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.
Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.
The parent company is Holiday Club Resorts Oy.
Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1
which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	Eur	Rs.	Eur	Rs.
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	**1.4.2016-31.3.2017**	**1.4.2016-31.3.2017**
Property management expenses				
Administration	**(43.53)**	**(3,511.13)**	(1,236.59)	(85,646.22)
Property tax	**(636.64)**	**(51,351.38)**	(636.64)	(44,093.69)
Total	**(680.17)**	**(54,862.51)**	(1,873.23)	(129,739.91)
Profit(loss)	**(680.17)**	**(54,862.51)**	(1,873.23)	(129,739.91)
Financial income and expenses				
Interest charges	**(3.00)**	**(241.98)**	(23.98)	(1,660.85)
Total financial income and expenses	**(3.00)**	**(241.98)**	(23.98)	(1,660.85)
Profit before appropriations and taxes	**(683.17)**	**(55,104.49)**	(1,897.21)	(131,400.76)
Profit/loss for the financial year	**(683.17)**	**(55,104.49)**	(1,897.21)	(131,400.76)

BALANCE SHEET

	appendix	Eur 31/03/18	Rs. 31/03/18	Eur 31/03/17	Rs. 31/03/17
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**52,142.00**	**4,205,773.72**	52,142.00	3,611,354.92
Total tangible assets		**52,142.00**	**4,205,773.72**	52,142.00	3,611,354.92
TOTAL NON-CURRENT ASSETS		**52,142.00**	**4,205,773.72**	52,142.00	3,611,354.92
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**2,046.42**	**165,064.24**	1,929.59	133,643.40
Total cash and cash equivalents		**2,046.42**	**165,064.24**	1,929.59	133,643.40
TOTAL CURRENT ASSETS		**2,046.42**	**165,064.24**	1,929.59	133,643.40
TOTAL ASSETS		**54,188.42**	**4,370,837.96**	54,071.59	3,744,998.32
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**60,762.15**	**4,901,075.02**	59,962.15	4,152,978.51
Profit(loss) from previous years		**(8,549.71)**	**(689,619.61)**	(6,652.50)	(460,752.15)
Profit(loss) for the financial year		**(683.17)**	**(55,104.49)**	(1,897.21)	(131,400.76)
TOTAL EQUITY		**54,029.27**	**4,358,000.92**	53,912.44	3,733,975.59
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**159.15**	**12,837.04**	159.15	11,022.73
Total short-term borrowed capital		**159.15**	**12,837.04**	159.15	11,022.73
TOTAL LIABILITIES		**54,188.42**	**4,370,837.96**	54,071.59	3,744,998.32

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur	Rs.
	Land areas	**Land areas**
Acquisition cost 1.4.	52,142.00	4,205,773.72
Acquisition cost 31.3.	52,142.00	4,205,773.72
Book value 31.3.	**52,142.00**	**4,205,773.72**

2 LIABILITIES

	Eur	**Rs.**	Eur	Rs.
	2018	**2018**	2017	2017
EQUITY				
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	**59,962.15**	**4,836,547.02**	56,443.17	3,909,253.95
Additions	**800.00**	**64,528.00**	3,518.98	243,724.55
Invested unrestricted equity fund in the end of the year	**60,762.15**	**4,901,075.02**	59,962.15	4,152,978.51
Profit/loss from prev. financial period	**(8,549.71)**	**(689,619.61)**	(6,652.50)	(460,752.15)
Profit/loss for the financial year	**(683.17)**	**(55,104.49)**	(1,897.21)	(131,400.76)
Total equity	**54,029.27**	**4,358,000.92**	53,912.44	3,733,975.59

3 Short-term borrowed capital

	Eur	**Rs.**	Eur	Rs.
	2018	**2018**	2017	2017
Accruals and deferred income	**159.15**	**12,837.04**	159.15	11,022.73
Total short-term borrowed capital	**159.15**	**12,837.04**	159.15	11,022.73

BREAKDOWN OF SHARE CAPITAL

	2018		**2017**	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

	2018		**2017**	
Rs.	**No.**	**Rs.**	**No.**	**Rs.**
1 vote/share	**25.00**	**201,650.00**	25.00	173,150.00
Total	**25.00**	**201,650.00**	25.00	173,150.00

NOTES TO THE FINANCIAL STATEMENTS

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-294) encumbers the land lease agreement signed on 28 June 2011.

The lease term is 50 years.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 683.17 (Rs 55,104.49). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki 27th April 2018

Riku Rauhala
Chair of the Board of Directors

Anne Oravainen
board member

Ilpo Antikainen
board member and CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

Directors' Report

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,242.64 (Rs. 100,231.34).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila
4) Ilpo Antikainen

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Katinnurkka

Riku Rauhala
Chair of the Board of Directors

Place : Tampere
Date : 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

Opinion

We have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.
Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.
The parent company is Holiday Club Resorts Oy.
Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1
which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	Eur	**Rs.**	Eur	Rs.
	1.4.2017- 31.3.2018	**1.4.2017- 31.3.2018**	1.4.2016- 31.3.2017	1.4.2016- 31.3.2017
Property management expenses				
Administration	**(1,138.38)**	**(91,821.73)**	(1,141.72)	(79,075.53)
Property tax	**(94.21)**	**(7,598.98)**	(66.23)	(4,587.09)
Total	**(1,232.59)**	**(99,420.71)**	(1,207.95)	(83,662.62)
Profit(loss)	**(1,232.59)**	**(99,420.71)**	(1,207.95)	(83,662.62)
Financial income and expenses				
Interest charges	**(10.05)**	**(810.63)**	0.00	0.00
Total financial income and expenses	**(10.05)**	**(810.63)**	0.00	0.00
Profit before appropriations and taxes	**(1,242.64)**	**(100,231.34)**	(1,207.95)	(83,662.62)
Profit/loss for the financial year	**(1,242.64)**	**(100,231.34)**	(1,207.95)	(83,662.62)

BALANCE SHEET

	appendix	Eur 31/03/18	Rs. 31/03/18	Eur 31/03/17	Rs. 31/03/17
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**307,229.00**	**24,781,091.14**	307,229.00	21,278,680.54
Total tangible assets		**307,229.00**	**24,781,091.14**	307,229.00	21,278,680.54
TOTAL NON-CURRENT ASSETS		**307,229.00**	**24,781,091.14**	307,229.00	21,278,680.54
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**1,422.30**	**114,722.72**	1,466.92	101,598.88
Total cash and cash equivalents		**1,422.30**	**114,722.72**	1,466.92	101,598.88
TOTAL CURRENT ASSETS		**1,422.30**	**114,722.72**	1,466.92	101,598.88
TOTAL ASSETS		**308,651.30**	**24,895,813.86**	308,695.92	21,380,279.42
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**317,741.01**	**25,628,989.87**	316,541.01	21,923,630.35
Profit(loss) from previous years		**(10,369.12)**	**(836,373.22)**	(9,161.17)	(634,502.63)
Profit(loss) for the financial year		**(1,242.64)**	**(100,231.34)**	(1,207.95)	(83,662.62)
TOTAL EQUITY		**308,629.25**	**24,894,035.31**	308,671.89	21,378,615.10
Short-term borrowed capital					
Other current liabilities	3	**22.05**	**1,778.55**	24.03	1,664.32
Total short-term borrowed capital		**22.05**	**1,778.55**	24.03	1,664.32
TOTAL LIABILITIES		**308,651.30**	**24,895,813.86**	308,695.92	21,380,279.42

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur	**Rs.**
	Land areas	**Land areas**
Acquisition cost 1.4.	307,229.00	24,781,091.14
Acquisition cost 31.3.	307,229.00	24,781,091.14
Book value 31.3.	307,229.00	24,781,091.14

2 LIABILITIES

	Eur	**Rs.**	Eur	Rs.
	2018	**2018**	2017	2017
EQUITY				
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	**316,541.01**	**25,532,197.87**	316,041.01	21,889,000.35
Additions	**1,200.00**	**96,792.00**	500.00	34,630.00
Invested unrestricted equity fund in the end of the year	**317,741.01**	**25,628,989.87**	316,541.01	21,923,630.35
Profit/loss from prev. financial period	**(10,369.12)**	**(836,373.22)**	(9,161.17)	(634,502.63)
Profit/loss for the financial year	**(1,242.64)**	**(100,231.34)**	(1,207.95)	(83,662.62)
Total equity	**308,629.25**	**24,894,035.31**	308,671.89	21,378,615.10

3 **Borrowed capital**	**2018**	**2018**	2017	2017
Accruals and deferred income	**22.05**	**1,778.55**	135.00	9,350.10
Total borrowed capital	**22.05**	**1,778.55**	135.00	9,350.10

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

	2018		2017	
Rs.	**No.**	**Rs.**	No.	Rs.
1 vote/share	**25.00**	**201,650.00**	25.00	173,150.00
Total	**25.00**	**201,650.00**	25.00	173,150.00

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,242.64 (Rs 100,231.34). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki 27th April 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
board member

Anne Oravainen
board member

Ilpo Antikainen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of theprincipal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position ofthe Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and madeloss of Euro 241,48 (Rs. 19,477.78).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala

2) Anne Oravainen

3) Tapio Anttila

4) Ilpo Antikainen

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. asset out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transactionor event of a material and unusual nature likely, in the opinionof the Directors, which would substantially affect the resultsof the operations of the Company for the financial period inwhich this report is made.

Issue of Shares

The Company did not issue shares during the financial periodunder review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate andother applicable Laws, Rules and Regulations and there areno such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statementsas at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Tenetinlahti

Riku Rauhala
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

Opinion

We have audited the financial statements of Kiinteistö Oy Tenetinlahti(business identity code 2455539-3) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	Eur 1.4.2017-31.3.2018	Rs. 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
Property management expenses				
Administration	**(116.96)**	**(9,433.99)**	(1,128.77)	(78,178.61)
Property tax	**(124.52)**	**(10,043.78)**	(124.51)	(8,623.56)
Total	**(241.48)**	**(19,477.78)**	(1,253.28)	(86,802.17)
Profit(loss)	**(241.48)**	**(19,477.78)**	(1,253.28)	(86,802.17)
Financial income and expenses				
Interest income	**0.00**	**0.00**	0.00	0.00
Interest charges	**0.00**	**0.00**	(8.17)	(565.85)
Total financial income and expenses	**0.00**	**0.00**	(8.17)	(565.85)
Profit before appropriations and taxes	**(241.48)**	**(19,477.78)**	(1,261.45)	(87,368.03)
Profit/loss for the financial year	**(241.48)**	**(19,477.78)**	(1,261.45)	(87,368.03)

BALANCE SHEET

	appendix	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs. 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**108,666.66**	**8,765,052.80**	108,666.66	7,526,252.87
Total tangible assets		**108,666.66**	**8,765,052.80**	108,666.66	7,526,252.87
TOTAL NON-CURRENT ASSETS		**108,666.66**	**8,765,052.80**	108,666.66	7,526,252.87
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**1,538.17**	**124,068.79**	1,479.64	102,479.87
Total cash and cash equivalents		**1,538.17**	**124,068.79**	1,479.64	102,479.87
TOTAL CURRENT ASSETS		**1,538.17**	**124,068.79**	1,479.64	102,479.87
TOTAL ASSETS		**110,204.83**	**8,889,121.59**	110,146.30	7,628,732.74
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**115,712.28**	**9,333,352.50**	115,412.28	7,993,454.51
Profit(loss) from previous years		**(7,797.09)**	**(628,913.28)**	(6,535.64)	(452,658.43)
Profit(loss) for the financial year		**(241.48)**	**(19,477.78)**	(1,261.45)	(87,368.03)
TOTAL EQUITY		**110,173.71**	**8,886,611.45**	110,115.19	7,626,578.06
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**31.12**	**2,510.14**	31.11	2,154.68
Total short-term borrowed capital		**31.12**	**2,510.14**	31.11	2,154.68
TOTAL LIABILITIES		**110,204.83**	**8,889,121.59**	110,146.30	7,628,732.74

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible assets

	Eur Land areas	Rs. Land areas
Acquisition cost 1.4.	108,666.66	8,765,052.80
Acquisition cost 31.3.	108,666.66	8,765,052.80
Book value 31.3.	**108,666.66**	**8,765,052.80**

2. Liabilities

	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
EQUITY				
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	**115,412.28**	**9,309,154.50**	113,674.11	7,873,068.86
Additions	**300.00**	**24,198.00**	1,738.17	120,385.65
Invested unrestricted equity fund in the end of the year	**115,712.28**	**9,333,352.50**	115,412.28	7,993,454.51
Profit/loss from prev. financial period 1.10.	**(7,797.09)**	**(628,913.28)**	(6,535.64)	(452,658.43)
Profit/loss for the financial year	**(241.48)**	**(19,477.78)**	(1,261.45)	(87,368.03)
Total equity	**110,173.71**	**8,886,611.45**	110,115.19	7,626,578.06

3. Short-term borrowed capital

	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
Accruals and deferred income	**31.12**	**2,510.14**	31.11	2,154.68
Total short-term borrowed capital	**31.12**	**2,510.14**	31.11	2,509.33

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	No.	Eur	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

	2018		2017	
Rs.	No.	Rs.	No.	Rs.
1 vote/share	**25.00**	**201,650.00**	25.00	173,150.00
Total	**25.00**	**201,650.00**	25.00	173,150.00

NOTES TO THE BALANCE SHEET

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 241.48 (Rs 19,477.78). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki 27th April, 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

Ilpo Antikainen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Esa Kailiala

Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Sotkamo, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 16,777.80 (Rs. 1,353,297.35) and made loss of Euro 1,405.98 (Rs. 113,406.35).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila
2) Anne Oravainen
3) Riku Rauhala
4) Ilpo Antikainen

During the period under review, there is no change in the composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Mällösniemi

Tapio Anttila
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Mällösniemi

Opinion

We have audited the financial statements of Kiinteistö Oy Mällösniemi (business identity code 1765304-0) for the year ended 31 march, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.

The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

PROFIT AND LOSS STATEMENT

	appendix	**Eur** **1.4.2017-31.3.2018**	**Rs** **1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
TURNOVER					
Considerations		**16,777.80**	**1,353,297.35**	3,802.63	263,370.15
Total		**16,777.80**	**1,353,297.35**	3,802.63	263,370.15
Property management expenses					
Administration		**(386.69)**	**(31,190.42)**	(2,180.00)	(150,986.80)
Operation and maintenance		**(27.80)**	**(2,242.35)**	0.00	0.00
Water and sewage		**(1,480.44)**	**(119,412.29)**	0.00	0.00
Electricity		**(12,175.10)**	**(982,043.57)**	0.00	0.00
Indemnity insurance		**(256.48)**	**(20,687.68)**	(248.91)	(17,239.51)
Rents		**(1,003.05)**	**(80,906.01)**	(833.38)	(57,719.90)
Property tax		**(909.21)**	**(73,336.88)**	(216.50)	(14,994.79)
Repairs		**(3,820.04)**	**(308,124.43)**	(573.87)	(39,746.24)
Total		**(20,058.81)**	**(1,617,943.61)**	(4,052.66)	(280,687.23)
Profit(loss)		**(3,281.01)**	**(264,646.27)**	(250.03)	(17,317.08)
Financial income and expenses					
Interest income		**1,875.03**	**151,239.92**	2,004.16	138,808.12
Interest charges		**0.00**	**0.00**	(3.00)	(207.78)
Total financial income and expenses		**1,875.03**	**151,239.92**	2,001.16	138,600.34
Profit before appropriations and taxes		**(1,405.98)**	**(113,406.35)**	1,751.13	121,283.26
Profit/loss for the financial year		**(1,405.98)**	**(113,406.35)**	1,751.13	121,283.26

BALANCE SHEET

	appendix	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Buildings and structures		**200,000.00**	**16,132,000.00**	200,000.00	13,852,000.00
Machines and equipment		**5,000.00**	**403,300.00**	5,000.00	346,300.00
Total tangible assets		**205,000.00**	**16,535,300.00**	205,000.00	14,198,300.00
TOTAL NON-CURRENT ASSETS		**205,000.00**	**16,535,300.00**	205,000.00	14,198,300.00
CURRENT ASSETS					
Short-term receivables	2				
Accounts receivable		**5,592.60**	**451,099.12**	3,802.63	263,370.15
Receivables from companies in the same Group		**88,320.13**	**7,123,901.69**	94,543.59	6,548,089.04
Accrued income		**758.97**	**61,218.52**	749.97	51,942.92
Total short-term receivables		**94,671.70**	**7,636,219.32**	99,096.19	6,863,402.12
Cash and cash equivalents					
Cash at bank		**3,645.57**	**294,051.68**	35,795.25	2,479,179.02
Total cash and cash equivalents		**3,645.57**	**294,051.68**	35,795.25	2,479,179.02
TOTAL CURRENT ASSETS		**98,317.27**	**7,930,271.00**	134,891.44	9,342,581.13
TOTAL ASSETS		**303,317.27**	**24,465,571.00**	339,891.44	23,540,881.13
LIABILITIES					
EQUITY	3				
Share capital		**9,000.00**	**725,940.00**	9,000.00	623,340.00
Building fund		**836,372.70**	**67,461,821.98**	836,372.70	57,927,173.20
Profit(loss) from previous years		**(543,981.26)**	**(43,877,528.43)**	(545,732.39)	(37,797,425.33)
Profit(loss) for the financial year		**(1,405.98)**	**(113,406.35)**	1,751.13	121,283.26
TOTAL EQUITY		**299,985.46**	**24,196,827.20**	301,391.44	20,874,371.13
BORROWED CAPITAL					
Short-term borrowed capital	4				
Trade payables		**1,012.05**	**81,631.95**	1,000.00	69,260.00
Accruals and deferred income		**2,319.76**	**187,111.84**	37,500.00	2,597,250.00
Total short-term borrowed capital		**3,331.81**	**268,743.79**	38,500.00	2,666,510.00
TOTAL LIABILITIES		**303,317.27**	**24,465,571.00**	339,891.44	23,540,881.13

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible Assets

Eur	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4.	200,000.00	5,000.00	205,000.00
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	200,000.00	5,000.00	205,000.00
Accumulated depreciation 1.4.	0.00	0.00	0.00
Depreciation for the financial year	0.00	0.00	0.00
Impairments	0.00	0.00	0.00
Book value 31.3.	**200,000.00**	**5,000.00**	**205,000.00**

Rs	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4.	16,132,000.00	403,300.00	16,535,300.00
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	16,132,000.00	403,300.00	16,535,300.00
Accumulated depreciation 1.4.	0.00	0.00	0.00
Depreciation for the financial year	0.00	0.00	0.00
Impairments	0.00	0.00	0.00
Book value 31.3.	**16,132,000.00**	**403,300.00**	**16,535,300.00**

CURRENT ASSETS

RECEIVABLES

2. SHORT-TERM RECEIVABLES

	Eur	**Rs**	Eur	Rs
	2018	**2018**	2017	2017
Accounts receivable	**5,592.60**	**451,099.12**	3,802.63	263,370.15
Receivables from companies in the same Group	**88,320.13**	**7,123,901.69**	94,543.59	6,548,089.04
Other accrued income	**758.97**	**61,218.52**	749.97	51,942.92
TOTAL	**94,671.70**	**7,636,219.32**	99,096.19	6,863,402.12

3. LIABILITIES

	Eur	**Rs**	Eur	Rs
EQUITY	**2018**	**2018**	2017	2017
Share capital in the beginning of the year	**9,000.00**	**725,940.00**	9,000.00	623,340.00
Share capital in the end of the year	**9,000.00**	**725,940.00**	9,000.00	623,340.00
Building fund in the beginning of the year	**836,372.70**	**67,461,821.98**	836,372.70	57,927,173.20
Building fund in the end of the year	**836,372.70**	**67,461,821.98**	836,372.70	57,927,173.20
Profit/loss from prev. financial period	**(543,981.26)**	**(43,877,528.43)**	(545,732.39)	(37,797,425.33)
Profit/loss for the financial year	**(1,405.98)**	**(113,406.35)**	1,751.13	121,283.26
Total equity	**299,985.46**	**24,196,827.20**	301,391.44	20,874,371.13

NOTES TO THE FINANCIAL STATEMENTS

The company has no distributable assets

4. SHORT-TERM BORROWED CAPITAL

	Eur	**Rs**	Eur	Rs
	2018	**2018**	2017	2017
Trade payables	**1,012.05**	**81,631.95**	1,000.00	69,260.00
Accruals and deferred income	**2,319.76**	**187,111.84**	37,500.00	2,597,250.00
Total borrowed capital	**3,331.81**	**268,743.79**	38,500.00	2,666,510.00

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**45.00**	**9,000.00**	45.00	9,000.00
Total	**45.00**	**9,000.00**	45.00	9,000.00

	2018		2017	
Rs.	**No.**	**Rs.**	No.	Rs.
1 vote/share	**45.00**	**725,940.00**	45.00	623,340.00
Total	**45.00**	**725,940.00**	45.00	623,340.00

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-394) encumbers the land lease agreement signed on 20 October 2015.

The lease term is 50 years.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,405.98 (Rs 113,406.35). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April, 2018

Tapio Anttila
Chair of the Board of Directors

Riku Rauhala
Board Member

Anne Oravainen
Board Member

Ilpo Antikainen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,906.01 (Rs. 153,738.77).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review

Signed on behalf of the Board of Directors
of Kiinteistö Oy Rauhan Ranta 1

Riku Rauhala
Chair of the Board of Directors

Place : Tampere
Date : 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 1 (business identity code 2145035-0) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	Eur 1.4.2017-31.3.2018	**Rs. 1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
Property management expenses				
Administration	**(181.64)**	**(14,651.08)**	(1,274.80)	(88,292.65)
Outdoor area management	**(1,488.00)**	**(120,022.08)**	0.00	0.00
Property tax	**(233.37)**	**(18,823.62)**	(291.69)	(20,202.45)
Total	**(1,903.01)**	**(153,496.79)**	(1,566.49)	(108,495.10)
Profit(loss)	**(1,903.01)**	**(153,496.79)**	(1,566.49)	(108,495.10)
Financial income and expenses				
Interest income	**0.00**	**0.00**	0.00	0.00
Interest charges	**(3.00)**	**(241.98)**	(39.83)	(2,758.63)
Total financial income and expenses	**(3.00)**	**(241.98)**	(39.83)	(2,758.63)
Profit before appropriations and taxes	**(1,906.01)**	**(153,738.77)**	(1,606.32)	(111,253.72)
Profit/loss for the financial year	**(1,906.01)**	**(153,738.77)**	(1,606.32)	(111,253.72)

BALANCE SHEET

	Note	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs. 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**124,800.00**	**10,066,368.00**	124,800.00	8,643,648.00
Total tangible assets		**124,800.00**	**10,066,368.00**	124,800.00	8,643,648.00
TOTAL NON-CURRENT ASSETS		**124,800.00**	**10,066,368.00**	124,800.00	8,643,648.00
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**2,206.26**	**177,956.93**	3,112.27	215,555.82
Total cash and cash equivalents		**2,206.26**	**177,956.93**	3,112.27	215,555.82
TOTAL CURRENT ASSETS		**2,206.26**	**177,956.93**	3,112.27	215,555.82
TOTAL ASSETS		**127,006.26**	**10,244,324.93**	127,912.27	8,859,203.82
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund		**124,800.00**	**10,066,368.00**	124,800.00	8,643,648.00
Invested unrestricted equity fund		**13,636.76**	**1,099,941.06**	12,636.76	875,222.00
Profit(loss) from previous years		**(12,082.81)**	**(974,599.45)**	(10,476.49)	(725,601.70)
Profit(loss) for the financial year		**(1,906.01)**	**(153,738.77)**	(1,606.32)	(111,253.72)
TOTAL EQUITY		**126,947.94**	**10,239,620.84**	127,853.95	8,855,164.58
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	3	**58.32**	**4,704.09**	58.32	4,039.24
Total short-term borrowed capital		**58.32**	**4,704.09**	58.32	4,039.24
TOTAL LIABILITIES		**127,006.26**	**10,244,324.93**	127,912.27	8,859,203.82

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas	Rs. Land areas
Acquisition cost 1.4.	124,800.00	10,066,368.00
Acquisition cost 31.3.	124,800.00	10,066,368.00
Book value 31.3.	**124,800.00**	**10,066,368.00**

2 LIABILITIES

	Eur	**Rs.**	Eur	Rs.
EQUITY	**2018**	**2018**	2017	2017
Share capital in the beginnig of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund in the beginning of the year	**124,800.00**	**10,066,368.00**	124,800.00	8,643,648.00
Building fund in the end of the year	**124,800.00**	**10,066,368.00**	124,800.00	8,643,648.00
Invested unrestricted equity fund in the beginning of the year	**12,636.76**	**1,019,281.06**	7,777.97	538,702.20
Additions	**1,000.00**	**80,660.00**	4,858.79	336,519.80
Invested unrestricted equity fund in the end of the year	**13,636.76**	**1,099,941.06**	12,636.76	875,222.00
Profit/loss from prev. financial period	**(12,082.81)**	**(974,599.45)**	(10,476.49)	(725,601.70)
Profit/loss for the financial year	**(1,906.01)**	**(153,738.77)**	(1,606.32)	(111,253.72)
Total equity	**126,947.94**	**10,239,620.84**	127,853.95	8,855,164.58

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25,00**	**2,500.00**	25.00	2,500.00
Total	**25,00**	**2,500.00**	25.00	2,500.00

	2018		2017	
Rs	**No.**	**Eur**	No.	Eur
1 vote/share	**25,00**	**201,650.00**	25,00	173,150.00
Total	**25,00**	**201,650.00**	25,00	173,150.00

3 Short-term borrowed capital

	Eur	**Rs.**	Eur	Rs.
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Accruals and deferred income	**58.32**	**4,704.09**	58.32	4,039.24
Total short-term borrowed capital	**58.32**	**4,704.09**	58.32	4,039.24

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,906.01 (Rs 153,738.77). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 27th, 2018

Riku Rauhala
Chair of the Board of Director

Tapio Anttila
Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, April 27th 2018

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 2,785.36 (Rs. 224,667.14).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. asset out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays& Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities,Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Rauhan Ranta 2

Riku Rauhala
Chair of the Board of Directors

Place : Tampere
Date : 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 2

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 2 (business identity code 2145034-2) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

SA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	Eur 1.4.2017-31.3.2018	**Rs 1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
Property management expenses				
Administration	**(181.64)**	**(14,651.08)**	(1,286.75)	(89,120.31)
Outdoor area management	**(2,219.10)**	**(178,992.61)**	0.00	0.00
Property tax	**(381.62)**	**(30,781.47)**	(381.62)	(26,431.00)
Total	**(2 782,36)**	**(224,425.16)**	(1,668.37)	(115,551.31)
Profit(loss)	**(2,782,36)**	**(224,425.16)**	(1,668.37)	(115,551.31)
Financial income and expenses				
Interest income	**0.00**	**0.00**	0.00	0.00
Interest charges	**(3.00)**	**(241.98)**	(3.00)	(207.78)
Total financial income and expenses	**(3.00)**	**(241.98)**	(3.00)	(207.78)
Profit before appropriations and taxes	**(2,785.36)**	**(224,667.14)**	(1,671.37)	(115,759.09)
Profit/loss for the financial year	**(2,785.36)**	**(224,667.14)**	(1,671.37)	(115,759.09)

BALANCE SHEET

	Note	Eur 31.03.2018	Rs 31.03.2018	Eur 31.03.2017	Rs 31.03.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**202,800.00**	**16,357,848.00**	202,800.00	14,045,928.00
Total tangible assets		**202,800.00**	**16,357,848.00**	202,800.00	14,045,928.00
TOTAL NON-CURRENT ASSETS		**202,800.00**	**16,357,848.00**	202,800.00	14,045,928.00
CURRENT ASSETS					
Cash and cash equivalents					
Cash at bank		**3,774.35**	**304,439.07**	3,859.71	267,323.51
Total cash and cash equivalents		**3,774.35**	**304,439.07**	3,859.71	267,323.51
TOTAL CURRENT ASSETS		**3,774.35**	**304,439,07**	3,859.71	267,323.51
TOTAL ASSETS		**206,574.35**	**16,662,287,07**	206,659.71	14,313,251.51
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund		**202,800.00**	**16,357,848.00**	202,800.00	14,045,928.00
Invested unrestricted equity fund		**32,555.11**	**2,625,895.17**	29,855.11	2,067,764.92
Profit(loss) from previous years		**(28,590.80)**	**(2,306,133.93)**	(26,919.43)	(1,864,439.72)
Profit(loss) for the financial year		**(2,785.36)**	**(224,667.14)**	(1,671.37)	(115,759.09)
TOTAL EQUITY		**206,478.95**	**16,654,592.11**	206,564.31	14,306,644.11
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	3	**95.40**	**7,694.96**	95.40	6,607.40
Total short-term borrowed capital		**95.40**	**7,694.96**	95.40	6,607.40
TOTAL LIABILITIES		**206,574.35**	**16,662,287.07**	206,659.71	14,313,251.51

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.	202,800.00	16,357,848.00
Acquisition cost 31.3.	202,800.00	16,357,848.00
Book value 31.3.	**202,800.00**	**16,357,848.00**

2 LIABILITIES

	Eur	**Rs**	Eur	Rs
EQUITY	**2018**	**2018**	2017	2017
Share capital in the beginnig of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund in the beginning on the year	**202,800,00**	**16,357,848.00**	202,800.00	14,045,928.00
Building fund in the end of the year	**202,800.00**	**16,357,848.00**	202,800.00	14,045,928.00
Invested unrestricted equity fund in the beginning of the year	**29,855.11**	**2,408,113.17**	28,355.11	1,963,874.92
Additions	**2,700.00**	**217,782.00**	1,500.00	103,890.00
Invested unrestricted equity fund in the end of the year	**32,555.11**	**2,625,895.17**	29,855.11	2,067,764.92
Profit/loss from prev. financial period	**(28,590.80)**	**(2,306,133.93)**	(26,919.43)	(1,864,439,72)
Profit/loss for the financial year	**(2,785.36)**	**(224,667.14)**	(1,671.37)	(115,759.09)
Total equity	**206,478.95**	**16,654,592.11**	206,564.31	14,306,644.11

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

	2018		2017	
Rs.	**No.**	**Rs**	No.	Rs
1 vote/share	**25,00**	**201,650,00**	25,00	173,150,00
Total	**25,00**	**201,650,00**	25,00	173,150,00

3 Short-term borrowed capital

	Eur	**Rs**	Eur	Rs
	31.03.2018	**31.03.2018**	31.03.2017	31.03.2017
Accruals and deferred income	**95.40**	**7,694.96**	95.40	6,607.40
Total short-term borrowed capital	**95.40**	**7,694.96**	95.40	6,607.40

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 2,785.36 (Rs 224,667.14). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki, April 27th 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, April 27th 2018

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Helsinki, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 2,423.82 (Rs.195,505.32).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila

During the period under review, there is no change in the composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Tiurunniemi

Riku Rauhala
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteisto Oy Tiurunniemi

Opinion

We have audited the financial statements of Kiinteistö Oy Tiurunniemi (business identity code 2535232-8) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27th April, 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	appendix	Eur 1.4.2017- 31.3.2018	Rs 1.4.2017- 31.3.2018	Eur 1.4.2016- 31.3.2017	Rs 1.4.2016- 31.3.2017
Property management expenses					
Administration		**(126.38)**	**(10,193.81)**	(1,140.85)	(79,015.27)
Property tax		**(2,293.63)**	**(185,004.20)**	(2,335.54)	(161,759.50)
Total		**(2,420.01)**	**(195,198.01)**	(3,476.39)	(240,774.77)
Profit(loss)		**(2,420.01)**	**(195,198.01)**	(3,476.39)	(240,774.77)
Financial income and expenses					
Interest charges		**(3.81)**	**(307.31)**	(3.00)	(207.78)
Total financial income and expenses		**(3.81)**	**(307.31)**	(3.00)	(207.78)
Profit before appropriations and taxes		**(2,423.82)**	**(195,505.32)**	(3,479.39)	(240,982.55)
Profit/loss for the financial year		**(2,423.82)**	**(195,505.32)**	(3,479.39)	(240,982.55)

BALANCE SHEET

	appendix	**Eur** **31.3.2018**	**Rs** **31.3.2018**	Eur 31.3.2017	Rs 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**360,000.00**	**29,037,600.00**	360,000.00	24,933,600.00
Total tangible assets		**360,000.00**	**29,037,600.00**	360,000.00	24,933,600.00
TOTAL NON-CURRENT ASSETS		**360,000.00**	**29,037,600.00**	360,000.00	24,933,600.00
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**3,063.43**	**247,096.26**	3,099.61	214,678.99
Total cash and cash equivalents		**3,063.43**	**247,096.26**	3,099.61	214,678.99
TOTAL CURRENT ASSETS		**3,063.43**	**247,096.26**	3,099.61	214,678.99
TOTAL ASSETS		**363,063.43**	**29,284,696.26**	363,099.61	25,148,278.99
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**977,588.63**	**78,852,298.90**	975,188.63	67,541,564.51
Profit(loss) from previous years		**(615,165.50)**	**(49,619,249.23)**	(611,686.11)	(42,365,379.98)
Profit(loss) for the financial year		**(2,423.82)**	**(195,505.32)**	(3,479.39)	(240,982.55)
TOTAL EQUITY		**362,499.31**	**29,239,194.34**	362,523.13	25,108,351.98
BORROWED CAPITAL					
Short-term borrowed capital					
Accruals and deferred income	3	**564.12**	**45,501.92**	576.48	39,927.00
Total short-term borrowed capital		**564.12**	**45,501.92**	576.48	39,927.00
TOTAL LIABILITIES		**363,063.43**	**29,284,696.26**	363,099.61	25,148,278.99

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas	Rs. Land areas
Acquisition cost 1.4	937,229.00	75,596,891.14
Accrued deductions	(577,229.00)	(46,559,291.14)
Acquisition cost 31.3.	**360,000.00**	**29,037,600.00**
Book value 31.3.	**360,000.00**	**29,037,600.00**

LIABILITIES

2 Equity

	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	**975,188.63**	**78,658,714.90**	973,088.63	67,396,118.51
Additions	**2,400.00**	**193,584.00**	2,100.00	145,446.00
Invested unrestricted equity fund in the end of the year	**977,588.63**	**78,852,298.90**	975,188.63	67,541,564.51
Profit/loss from prev. financial period	**(615,165.50)**	**(49,619,249.23)**	(611,686.11)	(42,365,379.98)
Profit/loss for the financial year	**(2,423.82)**	**(195,505.32)**	(3,479.39)	(240,982.55)
Total equity	**362,499.31**	**29,239,194.34**	362,523.13	25,108,351.98

3 Short-term borrowed capital

	Eur 2018	Rs 2018	Eur 2017	Rs 2017
Accruals and deferred income	**564.12**	**45,501.92**	576.48	39,927.00
Total short-term borrowed capital	**564.12**	**45,501.92**	576.48	39,927.00

BREAKDOWN OF SHARE CAPITAL

	2018		2017	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**2,500.00**	**2,500.00**	2,500.00	2,500.00
Total	**2,500.00**	**2,500.00**	2,500.00	2,500.00

	2018		2017	
Rs.	**No.**	**Rs**	No.	Rs
1 vote/share	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Total	**2,500.00**	**201,650.00**	2,500.00	173,150.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 2,423.82 (Rs.195,505.32). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, 27th April, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other real estate.

The Company's Resort Property located at Tampere, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Eur 952,192.39 (Rs. 76,803,838.13) and made profit of Eur 46,848.48 (Rs. 3,778,798.40).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Iiro Rossi, Chair of the Board of Directors
2) Marko Hiltunen, CEO, board member
3) Riku Rauhala, board member

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Rauhan Liikekiinteistöt 1

Iiro Rossi
Chair of the Board Directors

Place: Tampere
Date: April 27th, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan liikekiinteistöt 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan liikekiinteistöt 1 (business identity code 2384842-6) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	appendix	**Eur 1.4.2017-31.3.2018**	**Rs 1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
TURNOVER	**1**	**952,192.39**	**76,803,838.18**	680,528.07	47,133,374.13
Other operating income		**94.50**	**7,622.37**	0.00	0.00
External expenses	**2**	**862.57**			
Depreciation and impairments	**3**	**389,134.65**	**31,387,600.87**	389,134.64	26,951,465.17
Other operating expenses	**4**	**323,960.50**	**26,130,653.93**	352,836.07	24,437,426.21
Total		**713,957.72**	**57,587,829.70**	(61,442.64)	(4,255,517.25)
Profit(loss)		**238,329.17**	**19,223,630.85**	(61,442.64)	(4,255,517.25)
Financial income and expenses	**5**				
Interest income		**3.55**	**286.34**	0.13	9.00
Interest charges		**(191,484.24)**	**(15,445,118.80)**	(206,858.85)	(14,327,043.95)
Total financial income and expenses		**(191,480.69)**	**(15,444,832.46)**	(206,858.72)	(14,327,034.95)
		46,848.48	**3,778,798.40**	(268,301.36)	(18,582,552.19)
Profit before appropriations and taxes		**46,848.48**	**3,778,798.40**	(268,301.36)	(18,582,552.19)
Change in depreciation difference	**6**	**0.00**	**0.00**	2,750.72	190,514.87
Profit/loss for the financial year		**46,848.48**	**3,778,798.40**	(271,052.08)	(18,773,067.06)

BALANCE SHEET

	appendix	Eur 1.4.2017-31.3.2018	Rs 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	7	9,283,020.44	748,768,428.69	9,672,155.09	669,893,461.53
Investments					
Other receivables	8	93,603.26	7,550,038.95	93,603.26	6,482,961.79
Total tangible assets		9,376,623.70	756,318,467.64	9,765,758.35	676,376,423.32
TOTAL NON-CURRENT ASSETS		9,376,623.70	756,318,467.64	9,765,758.35	676,376,423.32
CURRENT ASSETS					
Short-term receivables					
Short-term receivables	9	417,338.95	33,662,559.71	16,472.41	1,140,879.12
Total short-term receivables		417,338.95	33,662,559.71	16,472.41	1,140,879.12
Cash and cash equivalents					
Cash at bank		63,329.67	5,108,171.18	113,140.14	7,836,086.10
Total cash and cash equivalents		480,668.62	38,770,730.89	113,140.14	7,836,086.10
TOTAL CURRENT ASSETS		480,668.62	38,770,730.89	129,612.55	8,976,965.21
TOTAL ASSETS		9,857,292.32	795,089,198.53	9,895,370.90	685,353,388.53
LIABILITIES					
EQUITY	10				
Share capital		2,500.00	201,650.00	2,500.00	173,150.00
Building fund		4,873,919.95	393,130,383.17	4,873,919.95	337,567,695.74
Profit(loss) from previous years		(3,194,133.49)	(257,638,807.30)	(2,923,081.41)	(202,452,618.46)
Profit(loss) for the financial year		46,848.48	3,778,798.40	(271,052.08)	(18,773,067.06)
TOTAL EQUITY		1,729,134.94	139,472,024.26	1,682,286.46	116,515,160.22
ACCUMULATED APPROPRIATIONS					
Accumulated depreciation difference	11	28,307.87	2,283,312.79	28,307.87	1,960,603.08
BORROWED CAPITAL					
Long-term borrowed capital	12	4,500,818.40	363,036,012.14	5,150,818.40	356,745,682.38
Short-term borrowed capital	13	3,599,031.11	290,297,849.33	3,033,958.17	210,131,942.85
TOTAL BORROWED CAPITAL		8,099,849.51	653,333,861.48	8,184,776.57	566,877,625.24
TOTAL LIABILITIES		9,857,292.32	795,089,198.53	9,895,370.90	685,353,388.53

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015)

Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- buildings	20-30 yrs
- machines and equipment	5-10 yrs
- other tangible assets	30 yrs

Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 46,848.48 (Rs 3,778,798.40) be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. TURNOVER BY SECTOR

Breakdown by sector	**Eur**	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Rent revenues	**936,791.18**	**75,561,576.58**	662,270.97	45,868,887.38
Service revenues	**15,401.21**	**1,242,261.60**	18,257.10	1,264,486.75
Other revenues	**94.50**	**7,622.37**	0.00	0.00
TOTAL	**952,286.89**	**76,811,460.55**	680,528.07	47,133,374.13

2. MATERIALS AND SERVICES

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Outsourced services	**862.57**	**69.574.90**	0	0.00
TOTAL	**862.57**	**69.574.90**	0	0.00

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Store and warehouse buildings	**314,372.01**	**25,357,246.33**	314,372.01	21,773,405.41
Building elements	**43,535.52**	**3,511,575.04**	43,535.52	3,015,270.12
Machines and equipment	**21,627.12**	**1,744,443.50**	21,627.11	1,497,893.64
Other tangible assets	**5,500.00**	**443,630.00**	5,500.00	380,930.00
Civil defence shelters	**4,100.00**	**330,706.00**	4,100.00	283,966.00
Total	**389,134.65**	**31,387,600.87**	389,134.64	26,951,465.17

4. OTHER OPERATING EXPENSES

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Machine and equipment rents	**65.00**	**5,242.90**	0.00	0.00
Operating and maintenance expenses	**13,103.64**	**1,056,939.60**	18,945.78	1,312,184.72
Property management expenses	**263,432.53**	**21,248,467.87**	250,566.07	17,354,206.01
Other business expenses	**47,359.33**	**3,820,003.56**	83,324.22	5,771,035.48
Total	**323,960.50**	**26,130,653.93**	352,836.07	24,437,426.21

5. FINANCIAL INCOME AND EXPENSES

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Other interest income	**3.55**	**286.34**	0.13	9.00
Total	**3.55**	**286.34**	0.13	9.00
Interest expenses to companies in the same Group	**64,250.82**	**5,182,471.14**	63,021.37	4,364,860.09
Other interest expenses	**127,233.42**	**10,262,647.66**	143,837.48	9,962,183.86
Total interest expenses	**191,484.24**	**15,445,118.80**	206,858.85	14,327,043.95
Total financial income and expenses	**(191,480.69)**	**(15,444,832.46)**	(206,858.72)	(14,327,034.95)

6. APPROPRIATIONS

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Retail and warehouse buildings	**0.00**	**0.00**	2,391.90	165,662.99
Building elements	**15,003.29**	**1,210,165.37**	15,325.65	1,061,454.52
Machines and equipment	**(15,003.29)**	**(1,210,165.37)**	(14,966.83)	(1,036,602.65)
Other tangible assets	**0.00**	**0.00**	0.00	0.00
Civil defence shelters	**0.00**	**0.00**	0	0
Total	**0.00**	**0.00**	2,750.72	190,514.87

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

7 TANGIBLE ASSETS

Eur	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
Acquisition cost 31.3.	**329,375.58**	**13,031,876.36**	**111,741.31**	**165,000.00**	**13,637,993.25**
Accumulated depreciation and impairments	**0.00**	(3,865,832.16)	(79,381.00)	(20,625.00)	(3,965,838.16)
Depreciation for the financial year	**0.00**	(362,007.53)	(21,627.12)	(5,500.00)	(389,134.65)
Accumulated depreciation	**0.00**	**(4,227,839.69)**	**(101,008.12)**	**(26,125.00)**	**(4,354,972.81)**
3/31/2018					
Book value 31.3.2018	**329,375.58**	**8,804,036.67**	**10,733.19**	**138,875.00**	**9,283,020.44**

Rs	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4	26,567,434.28	1,051,151,147.20	9,013,054.06	13,308,900.00	1,100,040,535.55
Acquisition cost 31.3.	**26,567,434.28**	**1,051,151,147.20**	**9,013,054.06**	**13,308,900.00**	**1,100,040,535.55**
Accumulated depreciation and impairments	**0.00**	(311,818,022.03)	(6,402,871.46)	(1,663,612.50)	(319,884,505.99)
Depreciation for the financial year	**0.00**	(29,199,527.37)	(1,744,443.50)	(443,630.00)	(31,387,600.87)
Accumulated depreciation	**0.00**	**(341,017,549.40)**	**(8,147,314.96)**	**(2,107,242.50)**	**(351,272,106.85)**
3/31/2018					
Book value 31.3.2018	**26,567,434.28**	**710,133,597.80**	**865,739.11**	**11,201,657.50**	**748,768,428.69**

8 OTHER RECEIVABLES

	Eur	**Rs**	Eur	Rs
	Other receivables	**Other receivables**	Other receivables	Other receivables
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Acquisition cost 1.4	**93,603.26**	**7,550,038.952**	93,603.26	6,482,961.788
Acquisition cost 31.3.2018	**93,603.26**	**7,550,038.952**	93,603.26	6,482,961.788
Book value 31.3.2018	**93,603.26**	**7,550,038.952**	93,603.26	6,482,961.788

9. SHORT-TERM RECEIVABLES

	Eur	**Rs**	Eur	Rs
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Receivables from companies in the same Group	**398,783.70**	**32,165,893.24**	222.39	15,402.73
Accounts receivable	**0.00**	**0.00**	30.09	2,084.03
Accrued income	**18,555.25**	**1,496,666.47**	16,219.93	1,123,392.35
Total	**417,338.95**	**33,662,559.71**	16,472.41	1,140,879.12

LIABILITIES

10. EQUITY

	Eur	**Rs**	Eur	Rs
	2018	**2018**	2017	2017
Share capital 1.1.	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital 31.3.	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund 1.4	**4,873,919.95**	**393,130,383.17**	4,873,919.95	337,567,695.74
Building fund 31.3.	**4,873,919.95**	**393,130,383.17**	4,873,919.95	337,567,695.74
Profit/loss from prev. financial period 1.4.	**(3,194,133.49)**	**(257,638,807.30)**	(2,923,081.41)	(202,452,618.46)
Profit/loss for the financial year	**46,848.48**	**3,778,798.40**	(271,052.08)	(18,773,067.06)
Total equity	**1,729,134.94**	**139,472,024.26**	1,682,286.46	116,515,160.22

CALCULATION OF DISTRIBUTABLE FUNDS

	Eur	**Rs**	Eur	Rs
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Profit/loss from prev. financial period 1.1.	**(3,194,133.49)**	**(257,638,807.30)**	(2,923,081.41)	(202,452,618.46)
Profit/loss from prev. financial period 1.1.	**(3,194,133.49)**	**(257,638,807.30)**	(2,923,081.41)	(202,452,618.46)
Profit/loss for the financial year	**46,848.48**	**3,778,798.40**	(271,052.08)	(18,773,067.06)
Total	**(3,147,285.01)**	**(253,860,008.91)**	(3,194,133.49)	(221,225,685.52)

11. ACCUMULATED APPROPRIATIONS

	Eur	**Rs**	Eur	Rs
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Depreciation difference retail and warehouse buildings	**26,364.54**	**2,126,563.80**	26,364.54	1,826,008.04
Depreciation difference on building elements	**71,732.83**	**5,785,970.07**	56,729.54	3,929,087.94
Depreciation difference on machines and equipment	**(69,789.50)**	**(5,629,221.07)**	(54,786.21)	(3,794,492.90)
Total accumulated depreciation difference	**28,307.87**	**2,283,312.79**	28,307.87	1,960,603.08

12. LONG-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Loans from financial institutions	**4,500,000.00**	**362,970,000.00**	5,150,000.00	356,689,000.00
Security deposits received	**818.40**	**66,012.14**	818.40	56,682.38
Total long-term borrowed capital	**4,500,818.40**	**363,036,012.14**	5,150,818.40	356,745,682.38

LIABILITIES MATURING IN MORE THAN FIVE YEARS

	Eur	Rs	Eur	Rs
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Loans from financial institutions	**500,000.00**	**40,330,000.00**	3,950,000.00	273,577,000.00
Total long-term borrowed capital	**500,000.00**	**40,330,000.00**	3,950,000.00	273,577,000.00

13. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2018	**31.3.2018**	31.03.2017	31.03.2017
Loans from financial institutions	**650,000.00**	**52,429,000.00**	300,000.00	20,778,000.00
Trade payables	**2,033.27**	**164,003.56**	13,750.63	952,368.63
Liabilities for companies in the same Group	**2,803,715.93**	**226,147,726.91**	2,660,785.73	184,286,019.66
Other liabilities	**81,675.16**	**6,587,918.41**	6,805.31	471,335.77
Accruals and deferred income	**61,606.75**	**4,969,200.46**	52,616.50	3,644,218.79
Total short-term borrowed capital	**3,599,031.11**	**290,297,849.33**	3,033,958.17	210,131,942.85

ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME

	Eur	Rs	Eur	Rs
Accrued interest expense	**30,161.98**	**2,432,865.31**	33,836.05	2,343,484.82
Reserve for missing purchase invoices	**31,444.77**	**2,536,335.15**	18,780.45	1,300,733.97
Total	**61,606.75**	**4,969,200.46**	52,616.50	3,644,218.79

GUARANTEES GIVEN

LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE

	Eur	Rs	Eur	Rs
	31.3.2018	**31.3.2018**	31.3.2017	31.3.2017
Loans from financial institutions	**5,150,000.00**	**415,399,000.00**	5,450,000.00	377,467,000.00
Total	**5,150,000.00**	**415,399,000.00**	5,450,000.00	377,467,000.00
Mortgages	**10,000,000.00**	**806,600,000.00**	10,000,000.00	692,600,000.00
Total	**10,000,000.00**	**806,600,000.00**	10,000,000.00	692,600,000.00

OTHER NOTES

The company is obligated to audit VAT deductions made on its property investments every year for 10 years after completion of the investment, to the extent that the value added taxable use of the property decreases during the period under review.

The maximum liability is EUR 1,763,839.54 (Rs 142,271,297.30) as of 31 March 2018.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 46,848.48 (Rs 3,778,798.40). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April 2018

Iiro Rossi
Chair of the Board of Directors

Marko Hiltunen
CEO
Board Member

Riku Rauhala
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April 2018

KPMG OY AB

Esa Kailiala

KHT

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in retail sale in self-service stores.

The Company's Resort Property located at Tampere, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 360,970.44 (Rs. 29,115,875.69) and made profit of Euro 24,718.61 (Rs. 1,993,803.08).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Iiro Rossi, Chair of the Board of Directors
2) Marko Hiltunen, board member
3) Jussi Valtola, board member

During the period under review, there is no change in the composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Supermarket Capri Oy

Iiro Rossi
Chair of the Board of Directors

Place: Tampere
Date: April 27th, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Supermarket Capri Oy

Opinion

We have audited the financial statements of Supermarket Capri Oy (business identity code 2535232-8) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	appendix	**Eur** **1.4.2017-31.3.2018**	**Rs** **1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
TURNOVER		**360,970.44**	**29,115,875.69**	398,621.96	27,608,556.95
Other operating income		**131,654.04**	**10,619,214.87**	3,934.90	272,531.17
Materials and services					
Purchases during the financial year		**(265,465.93)**	**(21,412,481.91)**	(292,869.96)	(20,284,173.43)
Change in inventory		**(2,854.75)**	**(230,264.14)**	(1,852.10)	(128,276.45)
External services	1	**(50,590.80)**	**(4,080,653.93)**	(33,723.27)	(2,335,673.68)
		(318,911.48)	**(25,723,399.98)**	(328,445.33)	(22,748,123.56)
Personnel expenses					
Salaries and fees	2	**(39,649.37)**	**(3,198,118.18)**	(51,666.77)	(3,578,440.49)
Social security costs					
Pension expenses		**(7,473.21)**	**(602,789.12)**	(9,077.52)	(628,709.04)
Other social security costs		**(449.95)**	**(36,292.97)**	(3,553.18)	(246,093.25)
		(47,572.53)	**(3,837,200.27)**	(64,297.47)	(4,453,242.77)
Depreciation and impairments					
Planned depreciation	3	**(42,423.17)**	**(3,421,852.89)**	(43,217.84)	(2,993,267.60)
Other operating expenses					
Other operating expenses	4	**(58,730.59)**	**(4,737,209.39)**	(75,227.36)	(5,210,246.95)
		(101,153.76)	**(8,159,062.28)**	(118,445.20)	(8,203,514.55)
Profit(loss)		**24,986.71**	**2,015,428.03**	(108,631.14)	(7,523,792.76)
Financial income and expenses	5				
Interest income		**0.88**	**70.98**	6.78	469.58
Interest charges					
for companies in the same Group		**(36.81)**	**(2,969.09)**	(725.97)	(50,280.68)
for others		**(232.17)**	**(18,726.83)**	(129.25)	(8,951.86)
Total financial income and expenses		**(268.10)**	**(21,624.95)**	(848.44)	(58,762.95)
Profit before appropriations and taxes		**24,718.61**	**1,993,803.08**	(109,479.58)	(7,582,555.71)
Change in depreciation difference		**0.00**	**0.00**	109,482.00	7,582,723.32
Profit/loss for the financial year		**24,718.61**	**1,993,803.08**	(109,479.58)	(7,582,555.71)

BALANCE SHEET

	appendix	Eur 1.4.2017- 31.3.2018	Rs 1.4.2017- 31.3.2018	Eur 1.4.2016- 31.3.2017	Rs 1.4.2016- 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	6				
Other capitalised long-term expenditures....		**5,267.63**	**424,887.04**	9,249.09	640,591.97
Tangible assets	7				
Machines and equipment		**11,008.27**	**887,927.06**	49,239.98	3,410,361.01
Other tangible assets		**385.00**	**31,054.10**	595.00	41,209.70
Investments					
Shares and participations		**1,000.00**	**80,660.00**	1,000.00	69,260.00
Total tangible assets...		**12,393.27**	**999,641.16**	50,834.98	3,520,830.71
TOTAL NON-CURRENT ASSETS........................		**12,393.27**	**999,641.16**	50,834.98	3,520,830.71
CURRENT ASSETS		**17,660.90**	**1,424,528.19**	60,084.07	4,161,422.69
Current assets					
Materials and supplies		**10,656.79**	**859,576.68**	13,511.54	935,809.26
Short-term receivables.......................................	8				
Accounts receivable		**1,305.50**	**105,301.63**	1,305.50	90,418.93
Receivables from companies in the same Group..		**158,842.74**	**12,812,255.41**	44,776.84	3,101,243.94
Other receivables		**4,322.92**	**348,686.73**	2,050.24	141,999.62
Accrued income		**6,143.27**	**495,516.16**	15,869.60	1,099,128.50
Total short-term receivables...............................		**170,614.43**	**13,761,759.92**	64,002.18	4,432,790.99
Cash and cash equivalents					
Cash at bank		**19,812.16**	**1,598,048.83**	9,657.43	668,873.60
Total cash and cash equivalents		**19,812.16**	**1,598,048.83**	9,657.43	668,873.60
TOTAL CURRENT ASSETS................................		**201,083.38**	**16,219,385.43**	87,171.15	6,037,473.85
TOTAL ASSETS...		**218,744.28**	**17,643,913.62**	147,255.22	10,198,896.54

	appendix	**Eur** **1.4.2017-31.3.2018**	**Rs** **1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
LIABILITIES					
EQUITY	9				
Share capital		**100,000.00**	**8,066,000.00**	100,000.00	6,926,000.00
Invested unrestricted equity fund		**1,023,860.96**	**82,584,625.03**	1,023,860.96	70,912,610.09
Profit(loss) from previous years		**(1,007,105.33)**	**(81,233,115.92)**	(1,007,107.75)	(69,752,282.77)
Profit(loss) for the financial year		**24,718.61**	**1,993,803.08**	2.42	167.61
TOTAL EQUITY		**141,474.24**	**9,798,505.86**	116,755.63	8,086,494.93
BORROWED CAPITAL					
Short-term borrowed capital	10				
Trade payables		**11,549.23**	**931,560.89**	3,809.73	263,861.90
Liabilities for companies in the same Group		**8,441.45**	**680,887.36**	7,548.62	522,817.42
Other liabilities		**41,721.70**	**3,365,272.32**	1,426.72	98,814.63
Accruals and deferred income	11	**15,557.66**	**1,254,880.86**	17,714.52	1,226,907.66
		77,270.04	**6,232,601.43**	30,499.59	2,112,401.60
TOTAL BORROWED CAPITAL		**77,270.04**	**6,232,601.43**	30,499.59	2,112,401.60
TOTAL LIABILITIES		**218,744.28**	**17,643,913.62**	147,255.22	10,198,896.54

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015)

Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- buildings	15-25yrs
- machines and equipment	3-5yrs
- other tangible assets	5yrs

Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 24,718.61 (Rs 1,993,803.08) be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. MATERIALS AND SERVICES

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Outsourced services ...	**50,590.80**	**4,080,653.93**	33,723.27	2,335,673.68
Other personnel expenses				
TOTAL........................	**50,590.80**	**4,080,653.93**	33,723.27	2,335,673.68

2. PERSONNEL

Average number

	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**
Officers..	1	1
Employees..	0	1
TOTAL	1	2

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Other capitalised long-term expenditures	**(3,981.46)**	**(321,144.56)**	(3,981.47)	(275,756.61)
Machines and equipment...	**(38,231.71)**	**(3,083,769.73)**	(39,026.37)	(2,702,966.39)
Other tangible assets	**(210.00)**	**(16,938.60)**	(210.00)	(14,544.60)
TOTAL	**(42,423.17)**	**(3,421,852.89)**	(43,217.84)	(2,993,267.60)

4. OTHER OPERATING EXPENSES

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Marketing expenses	**(944.82)**	**(76,209.18)**	(6,193.90)	(428,989.51)
Operating and maintenance expenses	**(5,976.20)**	**(482,040.29)**	(3,846.76)	(266,426.60)
Rents...............................	**(30,724.58)**	**(2,478,244.62)**	(32,513.16)	(2,251,861.46)
Other expenses................	**(21,084.99)**	**(1,700,715.29)**	(32,673.54)	(2,262,969.38)
TOTAL	**(58,730.59)**	**(4,737,209.39)**	(75,227.36)	(5,210,246.95)

5. FINANCIAL INCOME AND EXPENSES

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Other interest income........	**0.88**	**70.9808**	6.78	469.5828
TOTAL	**0.88**	**70.9808**	6.78	469.5828
Interest expenses to companies in the same Group	**(36.81)**	**(2,969.09)**	(725.97)	(50,280.68)
Other interest expenses......	**(232.17)**	**(18,726.83)**	(129.25)	(8,951.86)
Total interest expenses.....	**(268.98)**	**(21,695.93)**	(855.22)	(59,232.54)
Total financial income and expenses..........................	**(268.10)**	**(21,624.95)**	(848.44)	(58,762.95)

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

6. INTANGIBLE ASSETS

	Other capitalised long-term expenditures	**Total**
Eur		
Acquisition cost at the start of the financial year..	**19,694.43**	**19,694.43**
Acquisition cost 31.3.	**19,694.43**	**19,694.43**
Accumulated planned depreciation at the start of the financial year.........................	**(10,445.34)**	**(10,445.34)**
Depreciation for the financial year............	**(3,981.46)**	**(3,981.46)**
Accumulated planned depreciation at the start of the financial year.........................	**(14,426.80)**	**(14,426.80)**
Book value 31.3.2018............................	**5,267.63**	**5,267.63**

Rs	Other capitalised long-term expenditures	Total
Acquisition cost at the start of the financial year	1,588,552.72	1,588,552.72
Acquisition cost 31.3.	1,588,552.72	1,588,552.72
Accumulated planned depreciation at the start of the financial year	(842,521.12)	(842,521.12)
Depreciation for the financial year	(321,144.56)	(321,144.56)
Accumulated planned depreciation at the start of the financial year	(1,163,665.69)	(1,163,665.69)
Book value 31.3.2016	424,887.04	424,887.04

7. TANGIBLE ASSETS

Eur	Machines and equipment	Other tangible assets	Total 31.3.2016
Acquisition cost at the start of the financial year	**204,809.76**	**1,618.56**	**206,428.32**
Acquisition cost 31.3.	**204,809.76**	**1,618.56**	**206,428.32**
Accumulated planned depreciation at the start of the financial year	**(155,569.78)**	**(1,023.56)**	**(156,593.34)**
Depreciation for the financial year	**(38,231.71)**	**(210.00)**	**(38,441.71)**
Accumulated planned depreciation at the start of the financial year	**(193,801.49)**	**(1,233.56)**	**(195,035.05)**
Book value 31.3.2017	**11,008.27**	**385.00**	**11,393.27**

Rs	Machines and equipment	Other tangible assets	Total
Acquisition cost at the start of the financial year	**16,519,955.24**	**130,553.05**	**16,650,508.29**
Acquisition cost 31.3.	**16,519,955.24**	**130,553.05**	**16,650,508.29**
Accumulated planned depreciation at the start of the financial year	**(12,548,258.45)**	**(82,560.35)**	**(12,630,818.80)**
Depreciation for the financial year	**(3,083,769.73)**	**(16,938.60)**	**(3,100,708.33)**
Accumulated planned depreciation at the start of the financial year	**(15,632,028.18)**	**(99,498.95)**	**(15,731,527.13)**
Book value 31.3.2017	**887,927.06**	**31,054.10**	**918,981.16**

8. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
Short-term receivables	**31.3.2018**	**31.3.2018**	31.3.2017	31.3.2017
Receivables from companies in the same Group	**158,842.74**	**12,812,255.41**	44,776.84	3,101,243.94
Accounts receivable	**1,305.50**	**105,301.63**	1,305.50	90,418.93
Other receivables	**4,322.92**	**348,686.73**	2,050.24	141,999.62
Accrued income	**6,143.27**	**495,516.16**	15,869.60	1,099,128.50
TOTAL	**170,614.43**	**13,761,759.92**	64,002.18	4,432,790.99

LIABILITIES

9. EQUITY	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
Share capital 1.1.	**100,000.00**	**8,066,000.00**	100,000.00	6,926,000.00
Share capital 31.3.	**100,000.00**	**8,066,000.00**	100,000.00	6,926,000.00
Invested unrestricted equity fund 1.1.2015	**1,023,860.96**	**82,584,625.03**	1,023,860.96	70,912,610.09
Additions	**0.00**			
Invested unrestricted equity fund 31.3.	**1,023,860.96**	**82,584,625.03**	1,023,860.96	70,912,610.09
Profit/loss from prev. financial period 1.10.	**(1,007,105.33)**	**(81,233,115.92)**	(1,007,107.75)	(69,752,282.77)
Profit/loss for the financial year	**24,718.61**	**1,993,803.08**	2.42	167.61
Total equity	**141,474.24**	**11,411,312.20**	116,755.63	8,086,494.93

The company has no distributable assets

10 SHORT-TERM BORROWED CAPITAL

	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
Liabilities for companies in the same Group				
Trade payables	**8,404.64**	**677,918.26**	7548.62	522,817.42
Other liabilities	**10,000.00**	**806,600.00**	0	0.00
Accruals and deferred income	**36.81**	**2,969.09**	0	0.00
Total short-term borrowed capital	**18,441.45**	**1,487,487.36**	7,548.62	522,817.42
	Eur	**Rs.**	Eur	Rs.
Liabilities for others	**31.3.2018**	**31.3.2018**	31.3.2017	31.3.2017
Trade payables	**11,549.23**	**931,560.89**	3809.73	263,861.90
Other liabilities	**31,721.70**	**2,558,672.32**	1426.72	98,814.63
Accruals and deferred income	**15,557.66**	**1,254,880.86**	17714.52	1,226,907.66
Total short-term borrowed capital	**58,828.59**	**4,745,114.07**	22,950.97	1,589,584.18

11 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
Salaries and holiday pay	**10,397.10**	**838,630.09**	10,237.59	709,055.48
employer pension contribution	**657.50**	**53,033.95**	3,156.93	218,648.97
Other	**4,503.06**	**363,216.82**	4,320	299,203.20
Total	**15,557.66**	**1,254,880.86**	17,714.52	1,226,907.66

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution.

Profit for the financial year EUR 24,718.61 (Rs 1,993,803.08). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April 2018

Iiro Rossi
Chair of the Board of Directors

Marko Hiltunen
Board Member

Jussi Valtola
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April 2018

KPMG OY AB

Esa Kailiala
KHT

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Lappeenranta, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 629.21 (Rs. 50,752.08).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Iiro Rossi
3) Anne Oravainen

During the period under review, Riku Rauhala appointed as the Chairperson of the Company with effect from June 28, 2017.

During the period under review, there is no change in the composition of Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Kylpyläntorni 1

Riku Rauhala
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpyläntorni 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kylpyläntorni 1 (business identity code 2498932-7) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27th April, 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	appendix	**Eur** **1.4.2017-31.3.2018**	**Rs.** **1.4.2017-31.3.2018**	Eur 1.4.2016-31.3.2017	Rs. 1.4.2016-31.3.2017
Property management expenses					
Administration		**(448.86)**	**(36,205.05)**	(1,432.78)	(99,234.34)
Property tax		**(180.35)**	**(14,547.03)**	(178.22)	(12,343.52)
Total		**(629.21)**	**(50,752.08)**	(1,611.00)	(111,577.86)
Profit(loss)		**(629.21)**	**(50,752.08)**	(1,611.00)	(111,577.86)
Financial income and expenses					
Interest charges		**0.00**	**0.00**	(8.19)	(567.24)
Total financial income and expenses		**0.00**	**0.00**	(8.19)	(567.24)
Profit before appropriations and taxes		**(629.21)**	**(50,752.08)**	(1,619.19)	(112,145.10)
Profit/loss for the financial year		**(629.21)**	**(50,752.08)**	(1,619.19)	(112,145.10)

BALANCE SHEET

	Note	Eur 31.3.2018	Rs. 31.3.2018	Eur 31.3.2017	Rs. 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets					
Land areas	1	**250,566.00**	**20,210,653.56**	250,566.00	17,354,201.16
Total tangible assets		**250,566.00**	**20,210,653.56**	250,566.00	17,354,201.16
TOTAL NON-CURRENT ASSETS		**250,566.00**	**20,210,653.56**	250,566.00	17,354,201.16
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**1,736.71**	**140,083.03**	1,865.92	129,233.62
Total cash and cash equivalents		**1,736.71**	**140,083.03**	1,865.92	129,233.62
TOTAL CURRENT ASSETS		**1,736.71**	**140,083.03**	1,865.92	129,233.62
TOTAL ASSETS		**252,302.71**	**20,350,736.59**	252,431.92	17,483,434.78
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Invested unrestricted equity fund		**256,605.79**	**20,697,823.02**	256,105.79	17,737,887.02
Profit(loss) from previous years		**(6,218.93)**	**(501,618.89)**	(4,599.74)	(318,577.99)
Profit(loss) for the financial year		**(629.21)**	**(50,752.08)**	(1,619.19)	(112,145.10)
TOTAL EQUITY		**252,257.65**	**20,347,102.05**	252,386.86	17,480,313.92
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**45.06**	**3,634.54**	45.06	3,120.86
Total short-term borrowed capital		**45.06**	**3,634.54**	45.06	3,120.86
TOTAL LIABILITIES		**252,302.71**	**20,350,736.59**	252,431.92	17,483,434.78

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. TANGIBLE ASSETS

	Eur Land areas	Rs. Land areas
Acquisition cost 1.4.	250,566.00	20,210,653.56
Acquisition cost 31.3.	250,566.00	20,210,653.56
Book value 31.3.	**250,566.00**	**20,210,653.56**

2. LIABILITIES

EQUITY	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
Share capital in the beginning of the year	2,500.00	201,650.00	2,500.00	173,150.00
Share capital in the end of the year	2,500.00	201,650.00	2,500.00	173,150.00
Invested unrestricted equity fund in the beginning of the year	256,105.79	20,657,493.02	253,632.60	17,566,593.88
Lisäykset	500.00	40,330.00	2,473.19	171,293.14
Invested unrestricted equity fund in the end of the year	256,605.79	20,697,823.02	256,105.79	17,737,887.02
Profit/loss from prev. financial period	(6,218.93)	(501,618.89)	(4,599.74)	(318,577.99)
Profit/loss for the financial year	(629.21)	(50,752.08)	(1,619.19)	(112,145.10)
TOTAL EQUITY	**252,257.65**	**20,347,102.05**	**252,386.86**	**17,480,313.92**

3. BORROWED CAPITAL

	Eur 2018	Rs. 2018	Eur 2017	Rs. 2017
Accruals and deferred income	45.06	3,634.54	45.06	3,120.86
Total borrowed capital	**45.06**	**3,634.54**	**45.06**	**3,120.86**

BREAKDOWN OF SHARE CAPITAL

Eur	2018 No.	Eur	2017 No.	Eur
1 vote/share	100.00	2,500.00	100.00	2,500.00
TOTAL	**100.00**	**2,500.00**	**100.00**	**2,500.00**

Rs	2018 No.	Rs.	2017 No.	Rs.
1 vote/share	100.00	201,650.00	100.00	173,150.00
TOTAL	**100.00**	**201,650.00**	**100.00**	**173,150.00**

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

In the deed dated 29 October 2013, Kiinteistö Oy Kylpyläntorni 1 is obligated to refrain from selling or otherwise transferring undeveloped lots to any party other than those given advance approval by the City based on a written application submitted to it.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 629.21 (Rs 50,752.08). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki 27th April 2018

Riku Rauhala
Chair of the Board of Director

Iiro Rossi
Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Lappeenranta, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,477.78 (Rs.119,197.73).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila
4) Mikko Litmanen

During the period under review, there is no change in the composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Spa Lofts 2

Riku Rauhala
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 2

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 2 (business identity code 2428891-8) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27 April 2018

KPMG OY AB

ESA KAILIALA

Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.

The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	Eur	Rs	Eur	Rs
	1.4.2017 -31.3.2018	**1.4.2017 -31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Property management expenses				
Administration	**(126.38)**	**(10,193.81)**	(1,132.76)	(78,454.96)
Outdoor area management	**(1,215.20)**	**(98,018.03)**	0.00	0.00
Property tax	**(136.20)**	**(10,985.89)**	(136.20)	(9,433.21)
Total	**(1,477.78)**	**(119,197.73)**	(1,268.96)	(87,888.17)
Profit(loss)	**(1,477.78)**	**(119,197.73)**	(1,268.96)	(87,888.17)
Profit before appropriations and taxes	**(1,477.78)**	**(119,197.73)**	(1,268.96)	(87,888.17)
Profit/loss for the financial year	**(1,477.78)**	**(119,197.73)**	(1,268.96)	(87,888.17)

BALANCE SHEET

	appendix	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**142,350.28**	**11,481,973.58**	142,350.28	9,859,180.39
Total tangible assets		**142,350.28**	**11,481,973.58**	142,350.28	9,859,180.39
TOTAL NON-CURRENT ASSETS		**142,350.28**	**11,481,973.58**	142,350.28	9,859,180.39
CURRENT ASSETS					
Cash and cash equivalents					
Cash at bank		**1,600.15**	**129,068.10**	2,677.93	185,473.43
Total cash and cash equivalents		**1,600.15**	**129,068.10**	2,677.93	185,473.43
TOTAL CURRENT ASSETS		**1,600.15**	**129,068.10**	2,677.93	185,473.43
TOTAL ASSETS		**143,950.43**	**11,611,041.68**	145,028.21	10,044,653.82
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund		**139,130.28**	**11,222,248.38**	139,130.28	9,636,163.19
Invested unrestricted equity fund		**8,291.29**	**668,775.45**	7,891.29	546,550.75
Profit(loss) from previous years		**(4,527.41)**	**(365,180.89)**	(3,258.45)	(225,680.25)
Profit(loss) for the financial year		**(1,477.78)**	**(119,197.73)**	(1,268.96)	(87,888.17)
TOTAL EQUITY		**143,916.38**	**11,608,295.21**	144,994.16	10,042,295.52
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**34.05**	**2,746.47**	34.05	2,358.30
Total short-term borrowed capital		**34.05**	**2,746.47**	34.05	2,358.30
TOTAL LIABILITIES		**143,950.43**	**11,611,041.68**	145,028.21	10,044,653.82

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 TANGIBLE ASSETS

	Eur **Land areas**	**Rs** **Land areas**
Acquisition cost 1.4.	142,350.28	11,481,973.58
Acquisition cost 31.3.	142,350.28	11,481,973.58
Book value 31.3.	**142,350.28**	**11,481,973.58**

2 LIABILITIES

EQUITY	**Eur** **2018**	**Rs** **2018**	Eur 2017	Rs 2017
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund in the beginning of the year	**139,130.28**	**11,222,248.38**	139,130.28	9,636,163.19
Building fund in the end of the year	**139,130.28**	**11,222,248.38**	139,130.28	9,636,163.19
Invested unrestricted equity fund in the beginning of the year	**7,891.29**	**636,511.45**	6,291.29	435,734.75
Additions	**400.00**	**32,264.00**	1,600.00	110,816.00
Invested unrestricted equity fund in the end of the year	**8,291.29**	**668,775.45**	7,891.29	546,550.75
Profit/loss from prev. financial period	**(4,527.41)**	**(365,180.89)**	(3,258.45)	(225,680.25)
Profit/loss for the financial year	**(1,477.78)**	**(119,197.73)**	(1,268.96)	(87,888.17)
Total equity	**143,916.38**	**11,608,295.21**	144,994.16	10,042,295.52

3 SHORT-TERM BORROWED CAPITAL

	Eur **2018**	**Rs** **2018**	Eur 2017	Rs 2017
Accruals and deferred income	**34.05**	**2,746.47**	34.05	2,358.30
Total short-term borrowed capital	**34.05**	**2,746.47**	34.05	2,358.30

BREAKDOWN OF SHARE CAPITAL

Eur	**2018** **No.**	**Eur**	2017 No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

Rs	**2018** **No.**	**Rs**	2017 No.	Rs
1 vote/share	**100.00**	**201,650.00**	100.00	173,150.00
Total	**100.00**	**201,650.00**	100.00	173,150.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Kiinteistö Oy Lappeenranta-owned Saimaan Kreivi is entitled to build three parking spaces and rescue services access.

Easement agreement signed on 31 October 2014. Spa Lofts 2 is entitled to build rescue services access to the Saimaan Action Park Oy lot.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,477.78 (Rs 119,197.73). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki 27th April, 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Lappeenranta, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 0 (Rs. 0) and made loss of Euro 1,719.49 (Rs. 138,694.06).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala
2) Anne Oravainen
3) Tapio Anttila
4) Mikko Litmanen

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Spa Lofts 3

Riku Rauhala
Chair of the Board of Directors

Place: Tampere
Date: 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 27th April, 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT

	Eur	**Rs**	Eur	Rs
	1.4.2017-31.3.2018	**1.4.2017-31.3.2018**	1.4.2016-31.3.2017	1.4.2016-31.3.2017
Property management expenses				
Administration	**(135.80)**	**(10,953.63)**	(1,180.92)	(81,790.52)
Outdoor area management	**(1,215.20)**	**(98,018.03)**	0.00	0.00
Property tax	**(365.49)**	**(29,480.42)**	(365.48)	(25,313.14)
Total	**(1,716.49)**	**(138,452.08)**	(1,546.40)	(107,103.66)
Profit(loss)	**(1,716.49)**	**(138,452.08)**	(1,546.40)	(107,103.66)
Financial income and expenses				
Interest charges	**(3.00)**	**(241.98)**	(3.00)	(207.78)
Total financial income and expenses	**(3.00)**	**(241.98)**	(3.00)	(207.78)
Profit before appropriations and taxes	**(1,719.49)**	**(138,694.06)**	(1,549.40)	(107,311.44)
Profit/loss for the financial year	**(1,719.49)**	**(138,694.06)**	(1,549.40)	(107,311.44)

BALANCE SHEET

	appendix	Eur 31.03.2018	Rs 31.03.2018	Eur 31.03.2017	Rs 31.03.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	1				
Land areas		**140,090.60**	**11,299,707.80**	140,090.60	9,702,674.96
Total tangible assets		**140,090.60**	**11,299,707.80**	140,090.60	9,702,674.96
TOTAL NON-CURRENT ASSETS		**140,090.60**	**11,299,707.80**	140,090.60	9,702,674.96
CURRENT ASSETS					
Short-term receivables					
Cash and cash equivalents					
Cash at bank		**1,747.61**	**140,962.22**	2,867.09	198,574.65
Total cash and cash equivalents		**1,747.61**	**140,962.22**	2,867.09	198,574.65
TOTAL CURRENT ASSETS		**1,747.61**	**140,962.22**	2,867.09	198,574.65
TOTAL ASSETS		**141,838.21**	**11,440,670.02**	142,957.69	9,901,249.61
LIABILITIES					
EQUITY	2				
Share capital		**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund		**137,110.60**	**11,059,341.00**	137,110.60	9,496,280.16
Invested unrestricted equity fund		**8,941.89**	**721,252.85**	8,341.89	577,759.30
Profit(loss) from previous years		**(5,086.15)**	**(410,248.86)**	(3,536.75)	(244,955.31)
Profit(loss) for the financial year		**(1,719.49)**	**(138,694.06)**	(1,549.40)	(107,311.44)
TOTAL EQUITY		**141,746.85**	**11,433,300.92**	142,866.34	9,894,922.71
BORROWED CAPITAL					
Short-term borrowed capital	3				
Accruals and deferred income		**91.36**	**7,369.10**	91.35	6,326.90
Total short-term borrowed capital		**91.36**	**7,369.10**	91.35	6,326.90
TOTAL LIABILITIES		**141,838.21**	**11,440,670.02**	142,957.69	9,901,249.61

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas	Rs Land areas
Acquisition cost 1.4.	140,090.60	11,299,707.80
Acquisition cost 31.3.	140,090.60	11,299,707.80
Book value 31.3.	**140,090.60**	**11,299,707.80**

2 LIABILITIES

EQUITY	**Eur 2018**	**Rs 2018**	Eur 2017	Rs 2017
Share capital in the beginning of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Share capital in the end of the year	**2,500.00**	**201,650.00**	2,500.00	173,150.00
Building fund in the beginnig of the year	**137,110.60**	**11,059,341.00**	137,110.60	9,496,280.16
Building fund in the end of the year	**137,110.60**	**11,059,341.00**	137,110.60	9,496,280.16
Invested unrestricted equity fund in the beginning of the year	**8,341.89**	**672,856.85**	6,241.89	432,313.30
Additions	**600.00**	**48,396.00**	2,100.00	145,446.00
Invested unrestricted equity fund in the end of the year	**8,941.89**	**721,252.85**	8,341.89	577,759.30
Profit/loss from prev. financial period	**(5,086.15)**	**(410,248.86)**	(3,536.75)	(244,955.31)
Profit/loss for the financial year	**(1,719.49)**	**(138,694.06)**	(1,549.40)	(107,311.44)
Total equity	**141,746.85**	**11,433,300.92**	142,866.34	9,894,922.71

3 Short-term borrowed capital

	Eur 2018	**Rs 2018**	Eur 2017	Rs 2017
Accruals and deferred income	**91.36**	**7,369.10**	91.35	6,326.90
Total borrowed capital	**91.36**	**7,369.10**	91.35	6,326.90

BREAKDOWN OF SHARE CAPITAL

Eur	**2018 No.**	**Eur**	2017 No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

Rs	**2018 No.**	**Rs.**	2017 No.	Rs.
1 vote/share	**100.00**	**201,650.00**	100.00	173,150.00
Total	**100.00**	**201,650.00**	100.00	173,150.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Spa Lofts 2 is entitled to build five parking spaces and rescue services access.

Mortgages

Real property owned by the company has been mortgaged as collateral for liabilities set under an agreement signed by Holiday Club Resorts Oy.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,719.49 (Rs 138,694.06). The Board of Directors proposes to the Annual General Meeting that that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April, 2018

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
Board Member

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 27th April, 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in letting of other estate.

The Company's Resort Property located at Kuusamo, was fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of Euro 11,628.00 (Rs. 937,914.48) and made profit of Euro 2,510.38 (Rs. 202,487.25).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Riku Rauhala

2) Anne Oravainen

3) Tapio Anttila

During the period under review, there is no change in the Composition of the Board of Directors.

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. asset out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts Oy (HCR) and in turn of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays& Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Financial Statements as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Kiinteistö Oy Kuusamon Pulkkajärvi 1

Tapio Anttila
Chair of the Board of Directors

Place : Tampere
Date : 27th April, 2018

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkajärvi 1

Opinion

We have audited the financial statements of Kiinteistö Oy KuusamonPulkkajärvi 1 (business identity code 0780839-5) for the year ended 31 March, 2018. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, 27th April, 2018

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT

	appendix	**Eur** 1.4.2017-31.3.2018	**Rs** 1.4.2017-31.3.2018	Eur 1.4.2016-31.3.2017	Rs 1.4.2016-31.3.2017
TURNOVER					
Rent income		**11,628.00**	**937,914.48**	12,528.00	867,689.28
Total		**11,628.00**	**937,914.48**	12,528.00	867,689.28
Depreciation	1				
Buildings and structures		**(3,890.28)**	**(313,789.98)**	(4,142.29)	(286,895.01)
Total		**(3,890.28)**	**(313,789.98)**	(4,142.29)	(286,895.01)
Property management expenses					
Administration		**(250.07)**	**(20,170.65)**	(1,208.87)	(83,726.34)
Outdoor area management		**0.00**	**0.00**	(357.00)	(24,725.82)
Water and sewage		**7.20**	**580.75**	13.88	961.33
Electricity		**(2,019.89)**	**(162,924.33)**	(1,064.89)	(73,754.28)
Indemnity insurance		**(80.23)**	**(6,471.35)**	0.00	0.00
Property tax		**(276.67)**	**(22,316.20)**	(284.38)	(19,696.16)
Repairs		**0.00**	**0.00**	(936.95)	(64,893.16)
Other expenses		**0.00**	**0.00**	0.00	0.00
Total		**(2,619.66)**	**(211,301.78)**	(3,838.21)	(265,834.42)
Profit(loss)		**5,118.06**	**412,822.72**	4,547.50	314,959.85
Financial income and expenses					
Interest charges		**(1,980.08)**	**(159,713.25)**	(2,222.34)	(153,919.27)
Total financial income and expenses		**(1,980.08)**	**(159,713.25)**	(2,222.34)	(153,919.27)
Profit before appropriations and taxes		**3,137.98**	**253,109.47**	2,325.16	161,040.58
Other direct taxes					
Direct taxes		**(627.60)**	**(50,622.22)**	(901.69)	(62,451.05)
Total		**(627.60)**	**(50,622.22)**	(901.69)	(62,451.05)
Profit/loss for the financial year		**2,510.38**	**202,487.25**	1,423.47	98,589.53

BALANCE SHEET

	appendix	Eur 31.3.2018	Rs 31.3.2018	Eur 31.3.2017	Rs 31.3.2017
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	2				
Land areas		**248,581.74**	**20,050,603.15**	248,581.74	17,216,771.31
Buildings and structures		**93,367.24**	**7,531,001.58**	97,257.52	6,736,055.84
Total tangible assets		**341,948.98**	**27,581,604.73**	345,839.26	23,952,827.15
TOTAL NON-CURRENT ASSETS		**341,948.98**	**27,581,604.73**	345,839.26	23,952,827.15
CURRENT ASSETS					
Short-term receivables	3				
Accrued income		**784.80**	**63,301.97**	0.00	0.00
Total short-term receivables		**784.80**	**63,301.97**	0.00	0.00
Cash and cash equivalents					
Cash at bank		**13,065.37**	**1,053,852.74**	13,047.04	903,637.99
Total cash and cash equivalents		**13,065.37**	**1,053,852.74**	13,047.04	903,637.99
TOTAL CURRENT ASSETS		**13,850.17**	**1,117,154.71**	13,047.04	903,637.99
TOTAL ASSETS		**355,799.15**	**28,698,759.44**	358,886.30	24,856,465.14
LIABILITIES					
EQUITY	4				
Share capital		**2,522.81**	**203,489.85**	2,522.81	174,729.82
Building fund		**82,860.58**	**6,683,534.38**	82,860.58	5,738,923.77
Other equity		**170,766.78**	**13,774,048.47**	170,766.78	11,827,307.18
Profit(loss) from previous years		**18,697.89**	**1,508,171.81**	17,274.42	1,196,426.33
Profit(loss) for the financial year		**2,510.38**	**202,487.25**	1,423.47	98,589.53
TOTAL EQUITY		**277,358.44**	**22,371,731.77**	274,848.06	19,035,976.64
BORROWED CAPITAL					
Short-term borrowed capital	5				
Other loans group companies		**77,913.12**	**6,284,472.26**	83,933.04	5,813,202.35
Accruals and deferred income		**527.59**	**42,555.41**	105.20	7,286.15
Total short-term borrowed capital		**78,440.71**	**6,327,027.67**	84,038.24	5,820,488.50
TOTAL LIABILITIES		**355,799.15**	**28,698,759.44**	358,886.30	24,856,465.14

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

4% of the buildings were written off during the financial year.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66= FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

NOTES TO THE PROFIT AND LOSS STATEMENT

1 Depreciation and impairments

	Eur 2018	**Rs 2018**	Eur 2017	Rs 2017
Buildings and structures	**3,890.28**	**313,789.98**	4,142.29	286,895.01
Total	**3,890.28**	**313,789.98**	4,142.29	286,895.01

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

2 Tangible assets

Eur	**Land areas**	**Buildings and structures**	**Total**
Acquisition cost 1.4.	248,581.74	121,796.28	370,378.02
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	248,581.74	121,796.28	370,378.02
Accumulated depreciation 1.4 .	0.00	24,538.76	24,538.76
Depreciation for the financial year	0.00	3,890.28	3,890.28
Book value 31.3.	**248,581.74**	**93,367.24**	**341,948.98**

Rs	**Land areas**	**Buildings and structures**	**Total**
Acquisition cost 1.4.	20,050,603.15	9,824,087.94	29,874,691.09
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	20,050,603.15	9,824,087.94	29,874,691.09
Accumulated depreciation 1.4.	0.00	1,979,296.38	1,979,296.38
Depreciation for the financial year	0.00	313,789.98	313,789.98
Book value 31.3.	**20,050,603.15**	**7,531,001.58**	**27,581,604.73**

CURRENT ASSETS

RECEIVABLES

3 Short-term receivables

	Eur 2018	**Rs 2018**	Eur 2017	Rs 2017
Tax assets	**784.80**	**63,301.97**	0.00	0.00
Total	**784.80**	**63,301.97**	0.00	0.00

LIABILITIES

4 Equity

	Eur 2018	**Rs 2018**	Eur 2017	Rs 2017
Share capital in the beginning of the year	**2,522.81**	**203,489.85**	2,522.81	174,729.82
Share capital in the end of the year	**2,522.81**	**203,489.85**	2,522.81	174,729.82
Building fund in the beginning of the year	**82,860.58**	**6,683,534.38**	82,860.58	5,738,923.77
Building fund in the end of the year	**82,860.58**	**6,683,534.38**	82,860.58	5,738,923.77
Other restricted equity in the beginning of the year	**170,766.78**	**13,774,048.47**	170,766.78	11,827,307.18
Other restricted equity in the end of the year	**170,766.78**	**13,774,048.47**	170,766.78	11,827,307.18
Profit/loss from prev. financial period	**18,697.89**	**1,508,171.81**	17,274.42	1,196,426.33
Profit/loss for the financial year	**2,510.38**	**202,487.25**	1,423.47	98,589.53
Total equity	**277,358.44**	**22,371,731.77**	274,848.06	19,035,976.64

5 Short-term borrowed capital

	Eur 2018	**Rs 2018**	Eur 2017	Rs 2017
Other loans group companies	**77,913.12**	**6,284,472.26**	83,933.04	5,813,202.35
Accruals and deferred income	**527.59**	**42,555.41**	69.66	4,824.65
Tax liabilities	**0.00**	**0.00**	35.54	2,461.50
Total borrowed capital	**78,440.71**	**6,327,027.67**	84,038.24	5,820,488.50

BREAKDOWN OF SHARE CAPITAL

Eur	**2018 No.**	**2018 Eur**	2017 No.	2017 Eur
1 vote/share	**30.00**	**2,522.81**	30.00	2,522.81
Total	**30.00**	**2,522.81**	30.00	2,522.81

Rs	**2018 No.**	**2018 Rs**	2017 No.	2017 Rs
1 vote/share	**30.00**	**203,489.85**	30.00	174,729.82
Total	**30.00**	**203,489.85**	30.00	174,729.82

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 2,510.38 (Rs 202,487.25). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 27th April, 2018

Tapio Anttila
Chair of the Board of Directors

Riku Rauhala
CEO/Board Member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, 27th April 2018

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in renting business administration and management of tenant-owner associations.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has made loss of SEK 26,532 (Rs. 209,603).

Dividend

No dividend was proposed for the financial year ended March 31, 2018.

Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila
2) Iiro Rossi
3) Anne Oravainen

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
of Ownership Service Sweden AB

Tapio Anttila	**Iiro Rossi**	**Anne Oravainen**
Director	Director	Director

Place: Åre
Date: April 24, 2018

AUDITOR'S REPORT

To the general meeting of the shareholders of ownership Service Sweden AB, corporate identity number 556676-0327.

Report on the annual accounts

Opinions

We have audited the annual accounts of ownership Service Sweden AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of ownership Service Sweden AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for ownership Service Sweden AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of ownership Service Sweden AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

Place: Sundsvall
Date: 24th April, 2018

ADMINISTRATION REPORT

Operations

Information regarding the operations

The company's operations consist of administrative and technical management of tenant-owner associations.

The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 wich is the Bloomberg rate as on 31st March 2018.

MULTI-YEAR REVIEW kSEK

	2017/18 kSEK	2016/17 kSEK	2015/16 kSEK (15 month)	2014 kSEK
Balance sheet total, kSEK	11,203	9,908	9,691	8,095
Equity/assets ratio	18.0%	20.6%	21.3%	26.1%

MULTI-YEAR REVIEW kINR

	2017/18 kINR	2016/17 kINR	2015/16 kINR (15 month)	2014 kINR
Balance sheet total, kINR	88,504	78,273	76,559	63,951
Equity/assets ratio	18.0%	20.6%	21.3%	26.1%

CHANGES IN EQUITY

	Share capital	Profit/loss brought forward	Net profit/loss	TOTAL
Amount at beginning of year according to adopted balance sheet	100000SEK 790000INR	1966191SEK 15532909 INR	(24952SEK) (197121INR)	2041239SEK 16125788INR
Appropriation of profits as resolved by the AGM				
To be carried forward		(24952SEK) (197121INR)	24952SEK 197121INR	
Profit/loss for the year			(26532SEK) (209603INR)	(26532SEK) (209603INR)
Balance at year-end	100000SEK 790000INR	1941239SEK 15335788INR	(26532SEK) (209603INR)	2014707SEK 15916185INR

PROPOSED APPROPRIATION OF PROFITS

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit bought forward	1,941,239	15,335,788
Profit/Loss for the year	(26,532)	(209,603)
Total	1,914,707	15,126,185
The Board of Directors proposes that the available profits be appropriated as follows:		
Profit/loss brought forward	1,914,707	15,126,185
Total	1,914,707	15,126,185

INCOME STATEMENT

	Note	**1 Apr 2017 –31 Mar 2018 SEK**	**1 Apr 2017 –31 Mar 2018 INR**	1 Apr 2016 –31 Mar 2017 SEK	1 Apr 2016 –31 Mar 2017 INR
Operating expenses					
Other external expenses		**(26,709)**	**(211,001)**	(24,952)	(181,152)
Total operating expenses		**(26,709)**	**(211,001)**	(24,952)	(181,152)
Operating profit/loss		**(26,709)**	**(211,001)**	(24,952)	(181,152)
Financial items					
Other interest income and similar profit/loss items		**177**	**1,398**	0	0
Total financial items		**177**	**1,398**	0	0
Profit/loss after financial items		**(26,532)**	**(209,603)**	(24,952)	(181,152)
Profit/Loss before tax		**(26,532)**	**(209,603)**	(24,952)	(181,152)
Profit/Loss for the year		**(26,532)**	**(209,603)**	(24,952)	(181,152)

BALANCE SHEET

	Note	31-Mar-18 SEK	31-Mar-18 INR	31-Mar-17 SEK	31-Mar-17 INR
Assets					
Current assets					
Current receivables					
Trade receivables		**1,401,667**	**11,073,169**	1,363,413	9,898,378
Receivables from Group comp.		**2,372,954**	**18,746,337**	2,355,454	17,100,596
Total current receivables		**3,774,621**	**29,819,506**	3,718,867	26,998,974
Cash and bank balances					
Cash and bank balances		**7,428,191**	**58,682,709**	6,189,292	44,934,260
Total cash and bank balances		**7,428,191**	**58,682,709**	6,189,292	44,934,260
Total current assets		**11,202,812**	**88,502,215**	9,908,159	71,933,234
Total assets		**11,202,812**	**88,502,215**	9,908,159	71,933,234
Equity and liabilities					
Equity					
Restricted equity					
Share capital		**100,000**	**790,000**	100,000	726000
Total restricted equity		**100,000**	**790,000**	100,000	726,000
Non-restricted equity					
Profit brought forward		**1,941,239**	**15,335,788**	1,966,191	14,274,547
Profit/Loss for the year		**(26,532)**	**(209,603)**	(24,952)	(181,152)
Total Non-restricted equity		**1,914,707**	**15,126,185**	1,941,239	14,093,395
Total equity		**2,014,707**	**15,916,185**	2,041,239	14,819,395
Current liabilities					
Other liabilities		**9,188,105**	**72,586,030**	7,858,796	57,054,859
Accrued exp and deferred inc		**0**	**0**	8,124	58,980
Total current liabilities		**9,188,105**	**72,586,030**	7,866,920	57,113,839
Total equity and liabilities		**11,202,812**	**88,502,215**	9,908,159	71,933,234

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24th April, 2018.

Åre 24th April, 2018

Iiro Rossi **Tapio Anttila**

Anne Oravainen

Our auditor's report has been submitted 24th April, 2018
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson

Authorized Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property is located at Åre.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 0 (Rs. 0) and made profit of SEK 0 (Rs. 0).

No dividend was proposed for the financial year ended March 31, 2018.

Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila

2) Anne Oravainen

3) Riku Rauhala

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
of Åre Villa 1 AB

Tapio Anttila Director	Anne Oravainen Director	Riku Rauhala Director

Place: Åre
Date: 24th April, 2018

AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 1 AB, corporate identity number 556996-2177

Report on the annual accounts

Opinions

We have audited the annual accounts of Åre Villa 1 AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 1 AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 1 AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 1 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 1 AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 1 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Sundsvall, 24 April 2018

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

INCOME STATEMENT

	Note	**1 April 2017 – 31 Mar 2018**	**1 April 2017 – 31 Mar 2018**	1 April 2016 – 31 Mar 2017	1 April 2016 – 31 Mar 2017
		SEK	**INR**	SEK	INR
Operating income, changes in inventory, etc.	2				
Net sales		**0**	**0**	0	0
Total operating income, changes in inventory, etc.		**0**	**0**	0	0
Operating expenses					
Raw materials and consumables		**0**	**0**	0	0
Other external expenses		**0**	**0**	0	0
Total operating expenses		**0**	**0**	0	0
Operating profit/loss		**0**	**0**	0	0
Profit/Loss after financial items		**0**	**0**	0	0
Profit/Loss before tax		**0**	**0**	0	0
Profit/Loss for the year		**0**	**0**	0	0

BALANCE SHEET

	Note	**31 Mar 2018 SEK**	**31 Mar 2018 INR**	31 Mar 2017 SEK	31 Mar 2017 INR
Assets					
Current assets					
Current receivables					
Receivables from Group companies		**0**	**0**	0	0
Total current receivables		**0**	**0**	0	0
Cash and bank balances					
Cash and bank balances		**220,675**	**1,743,333**	220,675	1,602,101
Total cash and bank balances		**220,675**	**1,743,333**	220,675	1,602,101
Total current assets		**220,675**	**1,743,333**	220,675	1,602,101
Total assets		**220,675**	**1,743,333**	220,675	1,602,101
Equity and liabilities					
Equity					
Restricted equity					
Share capital, 50,000 shares		**50,000**	**395,000**	50,000	363,000
Total restricted equity		**50,000**	**395,000**	50,000	395,000
Non-restricted equity					
Retained earnings		**0**	**0**	0	0
Profit/Loss for the year		**0**	**0**	0	0
Total non-restricted equity		**0**	**0**	0	0
Total equity		**50,000**	**395,000**	50,000	395,000
Current liabilities					
Liabilites to Group companies		**155,675**	**1,229,833**	155,675	1,130,201
Accrued expenses and deferred income		**15,000**	**118,500**	15,000	108,900
Total current liabilities		**170,675**	**1,348,333**	170,675	1,348,333
Total equity and liabilities		**220,675**	**1,743,333**	220,675	1,743,333

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24th April, 2018.

Åre 24th April, 2018

Tapio Anttila

Anne Oravainen

Riku Rauhala

Our auditor's report has been submitted 24th April, 2018
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson

Authorized Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property is located at Åre.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 0 (Rs. 0) and made profit of SEK 0 (INR 0).

No dividend was proposed for the financial year ended March 31, 2018.

Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila
2) Anne Oravainen
3) Riku Rauhala

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
of Åre Villa 2 AB

Tapio Anttila Director	Anne Oravainen Director	Riku Rauhala Director

Place: Åre
Date: 24th April, 2018

AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 2 AB, corporate identity number 556996-2250

Report on the annual accounts

Opinions

We have audited the annual accounts of Åre Villa 2 AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 2 AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 2 AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 2 AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Sundsvall 24th April, 2018
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

ADMINISTRATION REPORT

Operations

Information regarding the operations

The Company began operations in 2015. The Company conducts the sale of shares in tenant-owner apartments. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 wich is the Bloomberg rate as on 31st March 2018.

Multi-year review

	2017/18	**2017/18**	2016/17	2016/17
	kSEK	**kINR**	kSEK	kINR
Net sales	**0**	**0**	0	0
Profit/loss after financial items	**0**	**0**	0	0
Equity/assets ratio	**76.9 %**	**76.9 %**	76.9 %	76.9 %

Proposed appropriation of profits

	SEK	**INR**
The following profits are at the disposal of the Annual General Meeting:		
Profit/Loss for the year	0	0
Total	0	0

Changes in equity

	Share capital	Profit/loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	50000SEK 395000INR	0	0	50000SEK 395000INR
Appropriation of profits as resolved by the AGM				
Dividends				
To be carried forward				
Received unconditional shareholders' contributions				
Net profit/loss for the year			0	0
Balance at year-end	50000SEK 395000INR	0	0	50000SEK 395000INR

INCOME STATEMENT

	Note	**1 April 2017 – 31 Mar 2018 SEK**	**1 April 2017 – 31 Mar 2018 INR**	1 April 2016 – 31 Mar 2017 SEK	1 April 2016 – 31 Mar 2017 INR
Operating income, changes in inventory, etc.					
Net sales		**0**	**0**	0	0
Total operating income, changes in inventory, etc.		**0**	**0**	0	0
Operating expenses					
Raw materials and consumables		**0**	**0**	0	0
Other external expenses		**0**	**0**	0	0
Total operating expenses		**0**	**0**	0	0
Operating profit/loss		**0**	**0**	0	0
Profit/Loss after financial items		**0**	**0**	0	0
Profit/Loss before tax		**0**	**0**	0	0
Profit/Loss for the year		**0**	**0**	0	0

BALANCE SHEET

	Note	**31 Mar 2018 SEK**	**31 Mar 2018 INR**	31 Mar 2017 SEK	31 Mar 2017 INR
Assets					
Current assets					
Current receivables					
Receivables from Group companies		**16,525**	**130,548**	16,525	119,972
Total current receivables		**16,525**	**130,548**	16,525	119,972
Cash and bank balances					
Cash and bank balances		**48,475**	**382,953**	48,475	351,929
Total cash and bank balances		**48,475**	**382,953**	48,475	351,929
Total current assets		**65,000**	**513,500**	65,000	471,900
Total assets		**65,000**	**513,500**	65,000	471,900
Equity and liabilities					
Equity					
Restricted equity					
Share capital, 50,000 shares		**50,000**	**395,000**	50,000	363,000
Total restricted equity		**50,000**	**395,000**	50,000	363,000
Non-restricted equity					
Retained earnings		**0**	**0**	0	0
Profit/Loss for the year		**0**	**0**	0	0
Total non-restricted equity		**0**	**0**	0	0
Total equity		**50,000**	**395,000**	50,000	363,000
Current liabilities					
Accrued expenses and deferred income		**15,000**	**118,500**	15,000	108,900
Total current liabilities		**15,000**	**118,500**	15,000	108,900
Total equity and liabilities		**65,000**	**513,500**	65,000	471,900

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24th April, 2018.

Åre 24th April, 2018

Tapio Anttila

Anne Oravainen

Riku Rauhala

Our auditor's report has been submitted 2018-04-20
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business. There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 38,721 thousand (Rs. 305,897 thousand) and made profit/loss of SEK -4,044 thousand (Rs.-31,951 thousand).

Dividend

No dividend was proposed for the financial year ended March 31, 2018.

Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila

2) Iiro Rossi

3) Anne Oravainen

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
of Holiday Club Sweden AB

Tapio Anttila	**Iiro Rossi**	**Anne Oravainen**
Director	Director	Director

Place: Åre
Date: April 24, 2018

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sweden AB, corporate identity number 556683-0385.

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sweden AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sweden AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sweden AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holiday Club Sweden AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

Sundsvall 24th April, 2018

ADMINISTRATION REPORT

Operations

Information regarding the operations

The purpose of Holiday Club Sweden AB, Corporate Identity Number 556683-0385, is to fulfil parent company Holiday Club Resorts (HCR) OY's expansion plans in Sweden through the operation of hotel and experience facilities and timeshare activities.

Holiday Club currently only operates timeshare activities. The hotel are operated by Holiday Club Sport and Spa Hotels AB. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 wich is the Bloomberg rate as on 31st March 2018.

Multi-year review kSEK

	2017/18 kSEK	2016/17 kSEK	2014/16 kSEK	2013/14 kSEK
Net sales	**33,478**	64,080	54,933	18,903
Profit/loss after financial items	**(4,044)**	6,709	(8,284)	(6,976)
Equity/assets ratio	**62.3%**	62.4%	51.0%	51.6%

Multi-year review kINR

	2017/18 kINR	2016/17 kINR	2014/16 kINR	2013/14 kINR
Net sales	**264,476**	506,232	2,089,362	3,999,233
Profit/loss after financial items	**(31,951)**	53,001	(252,414)	418,709
Equity/assets ratio	**62.3%**	62.4%	51.0%	51.6%

Changes in equity

	Share capital	Retained earnings	Net profit/loss for the year	Total
Amount at beginning of year according to adopted balance sheet	100 kSEK 790 kINR	138,522 kSEK 1,094,330 kINR	6,709 kSEK 53,000 kINR	145,331 kSEK 1,148,120 kINR
Appropriation of profits as resolved by the AGM				
To be carried forward		6,709 kSEK 53,000 kINR	(6,709) kSEK (53,000) kINR	
Profit/Loss for the year			(4,044) kSEK (3,1951) kINR	(4,044) kSEK (3,1951) kINR
Amount at year-end	100 kSEK 790 kINR	145,232 kSEK 1,147,330 kINR	(4,044) kSEK (31,951) kINR	141,287 kSEK 1,116,168 kINR

Shareholders contribution

The shareholders have left shareholder contributions totaling 121.750 kSEK (961.825kINR).

Proposed Appropriation of Profits

The following profits are at the disposal of the Annual General Meeting:

	kSEK	kINR
Profit/loss brought forward	**145,232**	**1,147,330**
Profit/Loss for the year	**(4,044)**	**(31,951)**
Total	**141,187**	**1,115,379**

The Board of Directors proposes that the available profits be appropriated as follows:

	kSEK	kINR
Profit/loss brought forward	**141,187**	**1,115,379**
Total	**141,187**	**1,115,379**

INCOME STATEMENT

	Note	1-Apr-2017 – 31 Mar 2018 kSEK	1-Apr-2017 – 31 Mar 2018 kINR	1-Apr-2016 – 31 Mar 2017 kSEK	1-Apr- 2016 – 31 Mar 2017 kINR
Operating income, changes in inventory, etc.					
Net sales		**33,478**	**264,478**	64,080	465,221
Other operating income		**5,243**	**41,419**	6,986	50,721
Total operating income, changes in inventory, etc.		**38,721**	**305,897**	71,066	515,942
Operating expenses					
Raw materials and consumables		**(20,948)**	**(165,491)**	(40,681)	(295,341)
Other external expenses		**(15,095)**	**(119,251)**	(13,252)	(96,209)
Personnel costs	2	**(8,069)**	**(63,744)**	(13,353	(96,944)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(111)**	**(875)**	(111)	(804)
Total operating expenses		**(44,223)**	**(349,362)**	(67,396)	(489,298)
Operating profit/loss		**(5,502)**	**(43,464)**	3,670	26,644
Financial items					
Share of profits from interests in associates		**0**	**0**	2,106	15,289
Other interest income and similar profit/loss items	3	**4,764**	**37,637**	4,322	31,377
Interest and similar expenses	4	**(3,307)**	**(26,124)**	(3,389)	(24,604)
Total financial items		**1,457**	**11,513**	3,039	22,062
Profit/loss after financial items		**(4,044)**	**(31,951)**	6,709	48,706
Profit/Loss before tax		**(4,044)**	**(31,951)**	6,709	48,706
Profit/Loss for the year		**(4,044)**	**(31,951)**	6,709	48,706

BALANCE SHEET

	Note	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Non-current assets					
Property, plant and equipment					
Land and buildings	5	**4,392**	**34,696**	7,121	51,701
Current new developments	6	**0**	**0**	33,792	245,333
Total property, plant and equipment		**4,392**	**34,696**	40,914	297,034
Financial non-current assets					
Participations in Group companies	7	**9,347**	**73,841**	9,297	67,496
Receivables from Group companies	8	**122,568**	**968,285**	118,370	859,369
Other securities held as non-current assets		**22**	**176**	76	554
Other non-current receivables					
Total financial assets		**131,937**	**1,042,301**	127,743	927,414
Total non-current assets		**136,329**	**1,076,997**	168,657	1,224,448
Current assets					
Inventories etc.					
Raw materials and consumables		**28,514**	**225,263**	37,216	270,189
Other inventory assets		**17,908**	**141,473**	0	0
Total inventories		**46,422**	**366,737**	37,216	270,189
Current receivables					
Trade receivables		**3,559**	**28,117**	2,061	14,965
Receivables from Group companies		**15,350**	**121,267**	10,265	74,527
Other receivables		**199**	**1,575**	5,419	39,343
Prepaid expenses and accrued income		**20,482**	**161,807**	4,151	30,139
Total current receivables		**39,591**	**312,766**	21,897	158,974
Cash and bank balances					
Cash and bank balances		**4,371**	**34,531**	5,262	38,202
Total cash and bank balances		**4,371**	**34,531**	5,262	38,202
Total current assets		**90,384**	**714,034**	64,375	467,365
Total assets		**226,713**	**1,791,031**	233,033	1,691,815

BALANCE SHEET

	Note	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Equity and liabilities					
Equity					
Restricted equity					
Share capital, 1000 shares		**100**	**790**	100	726
Total restricted equity		**100**	**790**	100	726
Non-restricted equity					
Profit/loss brought forward		**145,232**	**1,147,330**	138,523	1,005,675
Profit/Loss for the year		**(4,044)**	**(31,951)**	6,709	48,706
Total Non-restricted equity		**141,187**	**1,115,379**	145,232	1,054,381
Total equity		**141,287**	**1,116,169**	145,332	1,055,107
Non-current liabilities	9, 10				
Liabilities to Group companies		**68,699**	**542,722**	78,414	569,285
Other liabilities		**0**	**0**	669	4,856
Total non-current liabilities		**68,699**	**542,722**	79,083	574,141
Current liabilities	10				
Advances from customers					
Trade creditors		**1,928**	**15,231**	1,538	11,166
Liabilities to Group companies		**6,091**	**48,122**	2,864	20,796
Other liabilities		**6,293**	**49,719**	1,886	13,694
Accrued expenses and deferred income		**2,414**	**19,069**	2,330	16,913
Total current liabilities		**16,727**	**132,141**	8,618	62,568
Total equity and liabilities		**226,713**	**1,791,031**	233,033	1,691,815

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

Service assignments and contract work

The Company's income from assignments undertaken on a fixed price basis is recognised according to the main rule.

Amortisation

Land and buildings 30 years

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Disclosures to the Income Statement

Note 2 Personnel

	1 Apr 2017 – 31 Mar 2018	1 Apr 2016 – 31 Mar 2017
Average number of employees, etc.	**19**	23

Note 3 Other interest income and similar profit/loss items

	1 Apr 2017 – 31 Mar 2018 kSEK	**1 Apr 2017 – 31 Mar 2018 kINR**	1 Apr 2016 – 31 Mar 2017 kSEK	1 Apr 2016 – 31 Mar 2017 kINR
Of which from Group companies	**4,759**	**37,595**	4,310	31,289

Note 4 Interest expense and similar profit/loss items

	1 Apr 2017 – 31 Mar 2018 kSEK	**1 Apr 2017 – 31 Mar 2018 kINR**	1 Apr 2016 – 31 Mar 2017 kSEK	1 Apr 2016 – 31 Mar 2017 kINR
Of which from Group companies	**3,297**	**26,043**	3,118	22,637

Balance sheet disclosures

Note 5 Land and buildings

	31 Mar 2018 kSEK	**31 Mar 2018 kINR**	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	**8,189**	**64,697**	13,323	96,722
Sales	**(2,619)**	**(20,687)**	(5,133)	(37,267)
Closing cost of acquisition	**5,571**	**44,010**	8,189	59,455
Opening depreciation/ amortisation	**(1,068)**	**(8,439)**	(957)	(6,951)
- Depreciation for the year	**(111)**	**(875)**	(111)	(804)
Closing depreciation	**(1,179)**	**(9,314)**	(1,068)	(7,755)
Carrying amount	**4,392**	**34,696**	7,121	51,700

Note 6 Current new developements

	31 Mar 2018 kSEK	**31 Mar 2018 kINR**	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	**33,792**	**266,957**		
Purchase			33,792	266,957
Sales	**(33,792)**	**(266,957)**		
	0	**0**	33,792	266,957
- Depreciation for the year	**0**	**0**	0	0
Closing depreciation	**0**	**0**	0	0
Carrying amount	**0**	**0**	33,792	266,957

Note 7 Participations in Group companies

	31 Mar 2018 kSEK	**31 Mar 2018 kINR**	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	**9,297**	**73,446**	10,731	77,909
- Purchases	**50**	**395**	0	0
- Sales	**0**	**0**	(1,434)	(10,414)
Carrying amount	**9,347**	**73,841**	9,297	67,496

Name	**Equity kSEK**	Net profit/loss kSEK	**Equity kINR**	Net profit/loss kINR
Ownership Service AB 556676-0327 Åre	**2,041**	(27)	**16,126**	(210)
HC Canarias Sales & Marketing S.L B-76081611 Las Palmas	**9,138**	(7,958)	**72,187**	(62,871)
HC Canarias Investment S.L B-76081603 Las Palmas	**29**	(2)	**233**	(19)
HC Canarias Resort Management S.L B-76081629 Las Palmas	**33,744**	2,132	**266,574**	16,844
HC Sport and Spahotels AB 559032-5733 Åre	**3,724**	(3,284)	**29,423**	(25,940)
Åre Villa 1 AB 556996-2177 Åre	**50**	0	**395**	0
Åre Villa 2 AB 556996-2250 Åre	**50**	0	**395**	0
Åre Villa 3 AB 559137-7659 Åre	**50**	14,211	**395**	112,267
Total	**48,826**	5,072	**385,728**	40,072

Name	Number of shares	Share of equity, %	Carrying amount, 31 Mar 2018 SEK	Carrying amount, 31 Mar 2018 kINR
Ownership Service AB	**1,000**	100	**100**	790
HC Canarias Sales & Marketing	**1**	100	**9**	75
HC Canarias Resort Management	**1**	100	**9**	75
HC Canarias Investment	**1**	100	**78**	616
Holiday Club Sport and Spa Hotels AB	**510,000**	51	**9,000**	71,100
Åre Villa 1 AB	**50,000**	100	**50**	395
Åre Villa 2 AB	**50,000**	100	**50**	395
Åre Villa 3 AB 559137-7659 Åre	**50,000**	100	**50**	395
			9,347	73,841

Note 8 Receivables from Group companies

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Opening cost of acquisition	**118,370**	**935,126**	179,503	1,303,189
Ductible receivables	**9,340**			
– Deductible receivables	**(5,142)**	**(40,623)**	(14,902)	(108,190)
– Reclassification	**0**	**0**	-46,230	(335,630)
Carrying amount	**122,568**	**894,503**	118,370	1,194,998

Note 9 Non-current liabilities

	31 Mar 2018 kSEK	31 Mar 2018 kINR	31 Mar 2017 kSEK	31 Mar 2017 kINR
Non-current liabilities maturing more than five years after the balance sheet date:				
Liabilities to Group companies	**134,237**	**1,060,474**	122,221	887,324
Total	**134,237**	**1,060,474**	122,221	887,324

Note 10 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

Note 10 Pledged assets

	1 Apr 2017 – 31 Mar 2018 kSEK	1 Apr 2017 – 31 Mar 2018 kSEK	1 Apr 2016 – 31 Mar 2017 kINR	1 Apr 2016 – 31 Mar 2017 kINR
Mortgages	**0**	0	**4,000**	29,040
Other pledged assets	**26,952**	212,922	**37,216**	270,188
Total pledged assets	**26,952**	212,922	**41,216**	299,228

Stockholm 24th April, 2018

Tapio Anttila
CEO

Iiro Rossi

Anne Oravainen

Our auditor's report has been submitted 24th April, 2018

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of The Company's Affairs

The Company is primarily engaged in hotel operating business with associated spa, indoor pools gym and restaurants.

The Company's Resort property located at Åre, was fully operational.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 136,646,143 (Rs.1,059,007,608) and made loss of SEK -3,283,513 (Rs. -25,447,226).

Dividend

No dividend was proposed for the financial year ended March 31, 2018.

Directors

As on date of this report, the following are the Directors of your Company:

1) Mats Svensson
2) Marko Hiltunen
3) Iiro Rossi
4) Pernilla Gravenfors

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company continued to be a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR)and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Holiday Club Sport and Spahotels AB

Mats Svensson	**Marko Hiltunen**	**Iiro Rossi**	**Pernilla Gravenfors**
Director	Director	Director	Director

Place : Åre
Date : April 24, 2018

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sport and Spa Hotels AB, corporate identity 559032-5733

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sport and Spa Hotels AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sport and Spa Hotels AB as of 31 March 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sport and Spa Hotels AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holiday Club Sport and Spa Hotels AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Sundsvall 24 April 2018
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

ADMINISTRATION REPORT

All amounts are stated in Swedish Krona (SEK) and Indian Rupie (INR).

The exchange rate of INR 7.90 = SEK 1 wich is the Bloomberg rate as on 31st March, 2018 (PY: 7.26)

Operations

The Company conducts hotel operations with associated spa, indoor pools, gym and restaurants.

The company has its registered office in the municipality of Åre.

Multi-year review

	2017/18 kSEK	**2016/17 kINR**	2016/17 kSEK	2016/17 kINR
Net sales	**133,942**	**1,058,142**	109,961	868,692
Profit/loss after financial items	**(3,284)**	**(25,944)**	(10,901)	(86,118)
Equity/assets ratio	**5.90**	**5.90**	12.00	10.70

*Definitions of Equty/assets ratio, see notes

Owners and structure

	Share of voting rights	**Participating interest**
Holiday Club Sweden AB	51%	51%
Aktiv Travel Management i Åre AB	41.5%	41.5%
Pernilla Gravenfors	7.5%	7.5%

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Changes in equity

	Share Capital	Share Premium Reserve	Net profit/loss for the year	Total non-restricted equity
Opening amount, comparison year according to adopted balance sheet	1.000 kSEK 7.900 kINR	12.000 kSEK 94.800 kINR	1.753 kSEK 13.850 kINR	13.753 kSEK 108.650 kINR
Adjusted amount at opening of comparison year	1.000 kSEK 7.900 kINR	12.000 kSEK 94.800 kINR	1.753 kSEK 13.850 kINR	13.753 kSEK 108.650 kINR
Appropriation of profits as resolved by the AGM		1.753 kSEK 13.850 kINR	(1.753) kSEK (13.850) kINR	0
Loss for the year			(8.559) kSEK (67.620) kINR	(8.559) kSEK (67.620) kINR
Adjustment due to change of Accounting policies K2 -> K3			814 kSEK 6,431 kINR	814 kSEK 6,431 kINR
Fixed tangible asset - See note 1				
Adjusted amounts at opening of year	1.000 kSEK 7.900 kINR	13.753 kSEK 108.650 kINR	(7.745) kSEK (61.190) kINR	6.008 kSEK 47.460 kINR
Transfer of the above adjusted results		814 kSEK 6,430 kINR	(814) kSEK (6,431) kINR	0
Appropriation of profits as resolved by the AGM		(8.559) kSEK (67.620) kINR	8.559 kSEK 67.620 kINR	0

	Share Capital	Share Premium Reserve	Net profit/loss for the year	Total non-restricted equity
Loss for the year			(3.284) kSEK (25.940) kINR	(3.284) kSEK (25.940) kINR
Closing amounts	1.000 kSEK 7.900 kINR	6.008 kSEK 47.460 kINR	(3.284) kSEK (25.940) kINR	2.724 kSEK 21.520 kINR

Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

	SEK	INR
Profit/loss brought forward	(5,992,052)	(47,337,211)
Share premium reserve	12,000,000	94,800,000
Profit/Loss for the year	(3,283,513)	(25,939,753)
	2,724,435	21,523,037

The Board of Directors proposes that the available profits be appropriated as follows:

	SEK	INR
Transfered forward	2,724,435	21,523,037
	2,724,435	21,523,037

As regards the company's results and position, please refer to the following income statement and balance sheets and associated notes.

INCOME STATEMENT

	Note	**01 April 2017 – 31 Mar 2018 SEK**	**01 April 2017 – 31 Mar 2018 INR**	01 April 2016 – 31 Mar 2017 SEK	01 April 2016 – 31 Mar 2017 INR
Operating income, changes in inventory, etc.					
Net sales	2, 3	**133,941,905**	**1,058,141,050**	109,961,454	868,695,487
Other operating income		**2,704,238**	**21,363,480**	6,040,982	47,723,758
		136,646,143	**1,079,504,530**	116,002,436	916,419,244
Operating expenses					
Raw materials and consumables	3	**(16,481,155)**	**(130,201,125)**	(13,846,112)	(109,384,285)
Other external expenses	3, 4, 5	**(79,574,557)**	**(628,639,000)**	(77,233,974)	(610,148,395)
Personnel costs	6	**(36,321,565)**	**(286,940,364)**	(31,664,537)	(250,149,842)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(6,017,466)**	**(47,537,981)**	(3,775,450)	(29,826,055)
		(138,394,743)	**(1,093,318,470)**	(126,520,073)	(999,508,577)
Operating profit/loss		**(1,748,600)**	**(13,813,940)**	(10,517,637)	(83,089,332)
Financial items					
Interest and similar expenses		**(1,147,571)**	**(9,065,811)**	(368,994)	(2,915,053)
Interest and similar expenses to group companies		**(387,342)**	**(3,060,002)**	(14,301)	(112,978)
		(1,534,913)	**(12,125,813)**	(383,295)	(3,028,031)
Profit loss after financial items		**(3,283,513)**	**(25,939,753)**	(10,900,932)	(86,117,363)
Appropriations					
Changes in tax allocation reserves		**0**	**0**	3,155,564	24,928,956
		0	**0**	3,155,564	24,928,956
Profit/Loss before tax		**(3,283,513)**	**(25,939,753)**	(7,745,368)	(61,188,407)
Profit/Loss for the year		**(3,283,513)**	**(25,447,226)**	(7,745,368)	(56,231,372)

BALANCE SHEET

	Note	31 Mar 2018 SEK	31 Mar 2018 INR	31 Mar 2017 SEK	31 Mar 2017 INR
ASSETS					
Non-current assets					
Intangible fixed assets					
Goodwill	7	**3,348,918**	**26,456,452**	4,604,778	36,377,746
Computer program	8	**112,243**	**886,720**	148,159	1,170,456
		3,461,161	**27,343,172**	4,752,937	37,548,202
Property, plant and equipment					
Leasehold improvement cost	9	**2,208,329**	**17,445,799**	2,333,333	18,433,331
Equipment, tools, fixtures and fittings	10	**40,640,787**	**321,062,217**	15,057,039	118,950,608
Work in progress	11	**0**	**0**	25,546,449	201,816,947
		42,849,116	**338,508,016**	42,936,821	339,200,886
Total non-current assets		**46,310,277**	**365,851,188**	47,689,758	376,749,088
Current assets					
Inventories etc.					
Raw materials and consumables		**875,467**	**6,916,189**	805,935	6,366,887
Finished goods and goods for resale		**467,939**	**3,696,718**	288,719	2,280,880
		1,343,406	**10,612,907**	1,094,654	8,647,767
Current receivables					
Trade receivables		**8,774,789**	**69,320,833**	5,340,129	42,187,019
Receivables from Group companies		**0**	**0**	12,400	97,960
Tax receivables		**716,038**	**5,656,700**	0	0
Other receivables		**2,285,938**	**18,058,910**	475,626	3,757,445
Prepaid expenses and accrued income	12	**3,698,713**	**29,219,833**	3,447,269	27,233,425
		15,475,478	**122,256,276**	9,275,424	73,275,850
Cash and bank balances					
Cash and bank balances		**291,195**	**2,300,441**	456,101	3,603,198
		291,195	**2,300,441**	456,101	3,603,198
Total current assets		**17,110,079**	**135,169,624**	10,826,179	85,526,814
TOTAL ASSETS		**63,420,356**	**501,020,812**	58,515,937	462,275,902

BALANCE SHEET

	Note	31 Mar 2018 SEK	31 Mar 2018 INR	31 Mar 2017 SEK	31 Mar 2017 INR
EQUITY AND LIABILITIES					
Equity					
Restricted equity					
Share capital, 1,000,000 shares	13	**1,000,000**	**7,900,000**	1,000,000	7,900,000
		1,000,000	**7,900,000**	1,000,000	7,900,000
Non-restricted equity					
Share premium reserve		**12,000,000**	**94,800,000**	12,000,000	94,800,000
Profit/loss brought forward		**(5,992,052)**	**(47,337,211)**	1,753,318	13,851,212
Profit/Loss for the year		**(3,283,513)**	**(25,939,753)**	(7,745,369)	(61,188,415)
		2,724,435	**21,523,037**	6,007,949	47,462,797
Total equity		**3,724,435**	**29,423,037**	7,007,949	55,362,797
Non-current liabilities	18				
Other liabilities to credit	14	**10,000,000**	**79,000,000**	12,188,000	96,285,200
Total non-current liabilities		**10,000,000**	**79,000,000**	12,188,000	96,285,200
Current liabilities					
Check account		**2,840,397**	**22,439,136**	2,384,374	18,836,555
Other liabilities to credit		**4,188,000**	**33,085,200**	4,008,000	31,663,200
Trade creditors		**13,757,947**	**108,687,781**	16,310,398	128,852,144
Liabilities to Group companies		**13,524,456**	**106,843,202**	1,985,954	15,689,037
Tax liabilities		**0**	**0**	155,296	1,226,838
Other liabilities		**4,673,458**	**36,920,318**	4,138,738	32,696,030
Accrued expenses and deferred income	15	**10,711,663**	**84,622,138**	10,337,228	81,664,101
Total current liabilities		**49,695,921**	**392,597,776**	39,319,988	310,627,905
TOTAL EQUITY AND LIABILITIES		**63,420,356**	**501,020,812**	58,515,937	462,275,902

CASH FLOW STATEMENT

	Note	**01 April 2017 – 31 Mar 2018**	**01 April 2017 – 31 Mar 2018**	01 April 2016 – 31 Mar 2017	01 April 2016 – 31 Mar 2017
Operating activities					
Operating profit/loss		**(1,748,600)**	**(13,813,940)**	(10,517,637)	(83,089,332)
Adjustments for non-cash items, etc.		**6,017,466**	**47,537,981**	3,775,450	29,826,055
Interest paid		**(1,147,531)**	**(9,065,495)**	(368,994)	(2,915,053)
Income tax paid		**(871,334)**	**(6,883,539)**	(252,174)	(1,992,175)
Cash flow from operating activities before changes in working capital		**2,250,001**	**17,775,008**	(7,363,355)	(58,170,505)
Cash flow from changes in working capital					
Decrease(+)/increase(-) in inventories/work in progress		**(248,752)**	**(1,965,141)**	16,899	133,502
Decrease(+)/increase(-) in accounts receivable		**(3,434,660)**	**(27,133,814)**	(1,015,092)	(8,019,227)
Decrease(+)/increase(-) in receivables		**(2,049,356)**	**(16,189,912)**	337,425	2,665,658
Decrease(-)/increase(+) in accounts payable		**(2,552,451)**	**(20,164,363)**	8,292,788	65,513,025
Decrease(-)/increase(+) in current liabilities		**1,365,178**	**10,784,906**	6,951,484	54,916,724
Cash flow from operating activities		**(4,670,040)**	**(36,893,316)**	7,220,149	57,039,177
Investing activities					
Acquisition of other intangible assets	8	**0**	**0**	(179,545)	(1,418,406)
Acquisition of equipment, tools, fixtures and fittings	10	**(4,637,986)**	**(36,640,089)**	(26,495,878)	(209,317,436)
Cash flow from investing activities		**4,637,986**	**(36,640,089)**	(26,675,423)	(210,735,842)
Financing activities					
Long-term loans raised		**2,000,000**	**15,800,000**	7,196,000	56,848,400
Change in current financial liabilities		**11,151,120**	**88,093,848**	738,722	5,835,904
Amortisation payments on long-term loans		**(4,008,000)**	**(31,663,200)**	(2,400,000)	(18,960,000)
Cash flow from financing activities		**9,143,120**	**72,230,648**	5,534,722	43,724,304
Change in cash and cash equivalents		**(164,906)**	**(1,302,757)**	(13,920,552)	(109,972,361)
Cash and cash equivalents at beginning of year		**456,101**	**3,603,198**	14,376,654	113,575,567
Cash and cash equivalents at year-end		**291,195**	**2,300,441**	456,101	3,603,206

NOTES

Note 1 Accounting and Valuation Principles

The annual report has been prepared for the first time in accordance with the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3).

The transition to K3 has not caused any changed accounting principles.

On transition to K3, adjustments have been made to the previous year's income statement and balance sheet. Items that have been adjusted are personnel costs and work in progress. Adjustments have meant that personnel costs have decreased by SEK 813,657 and that tangiable assets have increased by the corresponding amount. Thus, the year-to-date earnings and thus the year's adjusted earnings have changed positively by SEK 813,657. This adjustment has been made as a result of a new assessment of the time worked with the new concept

Receivables

Receivables have been taken up to the amounts that they are expected to accrue.

Other assets, provisions and liabilities

Other assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Revenue recognition

Revenue is reported at the fair value of what has been received or will be obtained. The company therefore reports the income at nominal value (invoice amount) if the remuneration is received in cash immediately upon delivery. Deductions are made for rebates.

Tangible fixed assets

Property, plant and equipment are reported at cost less accumulated amortization and any write-downs. Assets are depreciated on a straight-line basis over the estimated useful life of the assets. The useful life period is reviewed on each balance sheet date. The following depreciable lives are applied:

	Years
Equipment, tools, fixtures and fittings	5-20
Leashold improvements costs	20

Intangible fixed assets

Intangible fixed assets are reported at acquisition value less accumulated amortization and any write-downs. Assets are depreciated on a straight-line basis over the estimated useful life of the assets. The useful life period is reviewed on each balance sheet date. Ongoing projects are not written off without impairment tests annually. The following depreciable lives are applied:

	Years
Goodwill	5
Computer program	5

Leasing

All leases are expensed on a straight-line basis throughout the lease term.

Inventories

Inventories are valued at the lower of acquisition value, calculated according to first-in-first-out, and net realizable value. Net realizable value has been calculated at the sale value less deduction for estimated sales cost, taking account of incursions.

Taxes

Current tax is income tax for the current fiscal year relating to the taxable profit for the year and the portion of previous taxable income tax which has not yet been reported.

Current tax is valued at the probable amount according to the tax rates and tax rules applicable on the balance sheet date.

Supplementary disclosures

Note 2 Net sales

	SEK	**INR**	SEK	INR
	2017/2018	**2017/2018**	2016/2017	2016/2017
Net sales divided by segment				
Hotel	**133,941,905**	**1,058,141,050**	109,961,454	868,695,487
	133,941,905	**1,058,141,050**	109,961,454	868,695,487

Note 3 Purchases and sales within the Group

	SEK	**INR**	SEK	INR
	2017/2018	**2017/2018**	2016/2017	2016/2017
Share of sales relating to group companies	**1.6%**	**1.6%**	1.1%	1.1%
Proportion of purchases relating to group companies	**0%**	**0%**	0.3%	0.3%

Note 4 Costs regarding leasing agreements

	SEK	INR	SEK	INR
	2017/2018	**2017/2018**	2016/2017	2016/2017
During the financial year leasing costs have been	**39,408,966**	**311,330,831**	38,340,281	302,888,220
Future leasing costs which are not terminable are due with the following intervals				
Within 1 year	**39,138,419**	**309,193,510**	39,408,967	311,330,839
Between 2 to 5 years	**154,653,456**	**1,221,762,302**	154,653,456	1,221,762,302
Later then 5 years	**54,607,958**	**431,402,868**	93,154,751	735,922,533
	248,399,833	**1,962,358,681**	287,217,174	2,269,015,675

Note 5 Remuneration to auditors

	SEK	INR	SEK	INR
	2017/2018	**2017/2018**	2016/2017	2016/2017
PWC				
Audit assignments	**150,000**	**1,185,000**	140,900	1,113,110
Other services	**198,876**	**1,571,120**	624,525	4,933,748
	348,876	**2,756,120**	765,425	6,046,858

Audit assignments refer to the auditor's work for the statutory audit and audit activities of various types of quality assurance services. Other services are those that are not included in audit assignments, accounting services or tax advice.

Note 6 Personnel

	SEK	INR	SEK	INR
	2017/2018	**2017/2018**	2016/2017	2016/2017
Average number of employees				
The average number of employees is based on the company paid attendance hours related to normal working hours				
Total average number of employees	**76.00**			65.00
Women	**46.00**			40.00
Men	**30.00**			25.00
Salaries, benefits, etc.				
Salaries, benefits, social security costs and pension costs have been paid as follows:				
Board and CEO:				
Salaries and benefits	**1,126,600**	**8,900,140**	1,049,000	8,287,100
Pension Costs	**224,607**	**1,774,395**	1,268,816	10,023,646
	1,351,207	**10,674,535**	2,317,816	18,310,746
Other employees:				
Salaries and benefits	**25,838,015**	**204,120,319**	22,361,167	176,653,219
Pension Costs	**955,773**	**7,550,607**	953,894	7,535,763
	26,793,788	**211,670,925**	23,315,061	184,188,982
Sum Board, CEO and others	**28,144,995**	**222,345,461**	25,632,877	202,499,728

Note 7 Goodwill

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition	6,279,243	49,606,020	6,279,243	49,606,020
Closing cost of acquisition	6,279,243	49,606,020	6,279,243	49,606,020
Opening depreciation	(1,674,465)	(13,228,274)	(418,616)	(3,307,066)
Depreciation for the year	(1,255,860)	(9,921,294)	(1,255,849)	(9,921,207)
Closing depreciation	(2,930,325)	(23,149,568)	(1,674,465)	(13,228,274)
Carrying amount	3,348,918	26,456,452	4,604,778	36,377,746

Note 8 Computer program

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition	179,545	1,418,406	0	0
Purchase	0	0	179,545	1,418,406
Closing cost of acquisition	179,545	1,418,406	179,545	1,418,406
Opening depreciation	(31,386)	(247,949)	0	0
Depreciation for the year	(35,916)	(283,736)	(31,386)	(247,949)
Closing depreciation	(67,302)	(531,686)	(31,386)	(247,949)
Carrying amount	112,243	886,720	148,159	1,170,456

Note 9 Leasehold improvement cost

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition	2,500,000	19,750,000	2,500,000	19,750,000
Closing cost of acquisition	2,500,000	19,750,000	(166,667)	(1,316,669)
Opening depreciation	(166,667)	(1,316,669)	2,333,333	18,433,331
Depreciation for the year	(125,004)	(987,532)	(125,000)	(987,500)
Closing depreciation	(291,671)	(2,304,201)	(166,667)	(1,316,669)
Carrying amount	2,208,329	17,445,799	2,333,333	18,433,331

Note 10 Equipment, tools, fixtures and fittings

	SEK	INR	SEK	INR
	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Opening cost of acquisition	18,073,320	142,779,228	17,170,413	135,646,263
Purchase	4,637,974	36,639,995	1,117,642	8,829,372
Sales / scrapping	0	0	(214,735)	(1,696,407)
Reclassifications	25,546,449	201,816,947	0	0
Closing cost of acquisition	48,257,743	381,236,170	18,073,320	142,779,228
Opening depreciation	(3,016,281)	(23,828,620)	(699,588)	(5,526,745)
Sales/scrapping	0	0	214,735	1,696,407

	SEK	**INR**	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Depreciation for the year	**(4,600,675)**	**(36,345,333)**	(2,531,428)	(19,998,281)
Closing depreciation	**(7,616,956)**	**(60,173,952)**	(3,016,281)	(23,828,620)
Carrying amount	**40,640,787**	**321,062,217**	15,057,039	118,950,608

Note 11 Work in progress

	SEK	**INR**	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Opening cost of acquisition	**25,546,449**	**201,816,947**	0	0
Purchase	**0**	**0**	25,546,449	201,816,947
Reclassifications	**(25,546,449)**	**(201,816,947)**	0	0
Closing cost of acquisition	**0**	**0**	25,546,449	201,816,947
Carrying amount	**0**	**0**	25,546,449	201,816,947

Note 12 Prepaid expenses and accrued income

	SEK	**INR**	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Rental cost	**3,212,233**	**25,376,641**	3,153,349	24,911,457
Others	**486,480**	**3,843,192**	293,920	2,321,968
	3,698,713	**29,219,833**	3,447,269	27,233,425

Note 13 Information about share capital

	Number of shares	Value per share
Number of shares / value at the beginning of year	**1,000,000**	1.00
Number of shares / value at year end	**1,000,000**	1.00

Note 14 Non-current liabilities

	SEK	**INR**	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Liabilities to credit	**10,000,000**	**79,000,000**	12,188,000	96,285,200
Payments due after 5 years	**0**	**0**	0	0

Note 15 Accrued expenses and deferred income

	SEK	**INR**	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Personnel costs	**7,640,262**	**60,358,070**	6,888,410	54,418,439
Others	**3,071,401**	**24,264,068**	3,448,818	27,245,662
	10,711,663	**84,622,138**	10,337,228	81,664,101

Note 16 Adjustments not included in the cash flow

	SEK	INR	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Depreciation	**6,017,466**	**46,635,362**	3,775,450	27,409,767
	6,017,466	**46,635,362**	3,775,450	27,409,767

Note 17 Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

	SEK	INR
	31-03-2018	**31-03-2018**
Profit/loss brought forward	**(5,992,052)**	**(47,337,211)**
Share premium reserve	**12,000,000**	**94,800,000**
Profit/Loss for the year	**(3,283,513)**	**(25,939,753)**
	2,724,435	**21,523,037**
The Board of Directors proposes that the available profits be appropriated as follows:		
Transfered forward	**2,724,435**	**21,523,037**
	2,724,435	**21,523,037**

Note 18 Pledged assets and contingent liabilities

	SEK	INR	SEK	INR
	31-03-2018	**31-03-2018**	31-03-2017	31-03-2017
Floating charges	**19,000,000**	**150,100,000**	15,000,000	118,500,000
Total pledged assets	**19,000,000**	**150,100,000**	15,000,000	118,500,000
Debts for the pledged assets				
Check account	**2,840,397**	**22,439,136**	2,384,374	18,836,555
Other liabilities to credit	**14,188,000**	**112,085,200**	16,196,000	127,948,400

Note 19 Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Signed on behalf of the Board of Directors
of Holiday Club Sport and Spahotels AB

Mats Svensson	**Marko Hiltunen**	**Iiro Rossi**	**Pernilla Gravenfors**
Director	Director	Director	Director

Place : Åre
Date : April 24, 2018

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the Financial Period commencing from January 1st 2017 and ended on 31st of December, 2017.

OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

The Company is primarily engaged in Promotion and sales of Holiday Club Resorts in Finland and customer service on the Russian market under the basis of Agent Agreement with Holiday Club Resorts OY.

There have been no significant changes in the nature of the principal activities during the financial period under review.

FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Company are as shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of RUB 8,547 thousand (Rs. 9,625 thousand) and made net profit of RUB 77,809 thousand (Rs. 87,621 thousand).

RUB amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.13 = 1 RUB which is the Bloomberg rate as on 31st March 2018

Parent company Holiday Club Resorts Oy has signed a debt forgiveness agreement with the company to increase the net assets of the company. Total amount of debt converted to equity is Euros 1.3 million/RUB 89,421,930.

DIVIDEND

No dividend was paid or proposed for the financial period under review.

DIRECTORS

The directors shown below have held office during the financial period under review:

Irina Kuznetsova – General Manager (Director)

During the year under review, there is no change in the Composition of the Board of Directors.

STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at December 31, 2017.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

ISSUE OF SHARES

The Company did not issued shares during the financial period under review.

HOLDING COMPANY

The Company continued to be a wholly owned subsidiary of Holiday Club Resorts OY (HCR) and in turn of Covington S.a.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

AUDITORS

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at December 31, 2017.

Audit Company SPS LLC.

ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the period under review.

Signed on behalf of the Board of Directors
of Holiday Club Resorts Rus LLC

General Director
Irina Kuznetsova

Place: St-Petersburg, Russia
Date: 12th March, 2018

AUDIT REPORT

To the Members of HOLIDAY CLUB RESORTS RUS, LLC

Opinion

We have audited the accompanying annual accounting (financial) statements of HOLIDAY CLUB RESORT RUS, Limited Liability Company (Main State Registration Number (OGRN) 5067847052301; ul. Bolshaya Konyushennaya 4-6-8, St. Petersburg, 191186) consisting of the balance sheet as at December 31, 2017, and the income statement, statement of changes in equity and cash flow statement for the year then ended, as well as explanatory information to the 2017 balance sheet and financial statements.

In our opinion, the accompanying annual accounting (financial) statements present fairly, in all material respects, the financial position of HOLIDAY CLUB RESORT RUS, Limited Liability Company, as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with accounting (financial) reporting standards applicable in the Russian Federation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). In line with these Standards, our responsibility is delineated in the Auditors' Responsibility for the Audit of Annual Accounting (Financial) Statements paragraph of the present report. We are independent of the entity subject to the audit as required by rules on auditors' independence and the Auditors' Professional Code of Conduct. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Management's Responsibility for the Annual Accounting (Financial) Statements

The management of the audited entity is responsible for the preparation and fair presentation of the annual accounting (financial) statements in accordance with accounting (financial) standards established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounting (financial) statements, management bears responsibility for the assessment of the entity's ability to continue as a going concern, for the disclosure of information in connection with going concern, and for the preparation of the financial statements on a going concern basis, unless management intends to liquidate the audited entity or to cease trading, or has no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our goal is to obtain reasonable assurance about whether the annual accounting (financial) statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report stating our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit, carried out in compliance with ISA, always detects material misstatements when there is any. Misstatements may arise from fraudulent activities or error and are considered to be material when there is reasonable assurance that, taken individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounting (financial) statements.

In performing an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit and, among other things:

a) Identify and assess risks of material misstatements in the accounting (financial) statements, whether due to fraud or error; design and perform audit procedures in response to such risks; obtain sufficient and appropriate audit evidence to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraudulent activities may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations or circumvention of internal control;

b) Obtain an understanding of the internal control system sufficient to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's system of internal controls;

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the auditee's management, as well as evaluating the overall financial statement presentation and disclosures;

d) Evaluate the appropriateness of management's use of the going concern assumption and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we determine that such estimation uncertainty exists, we must draw attention in our audit report to an adequate disclosure of such problem in the annual accounting (financial) statements or modify our opinion if such disclosure is inappropriate.

   Our conclusions are based on the audit evidence gathered prior to the date of our audit report. Future events or conditions, however may affect the entity's ability to continue as a going concern;

e) Evaluate the overall presentation, structure and content of the accounting (financial) statements, and whether the accounting (financial) statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We have communicated with the management of the audited entity, among other matters, the scope and timing of the audit and material observations arising from the audit, including observations on the deficiencies of the system of internal controls identified during the audit.

Chief Executive Officer of the
Audit Company SPS, LLC — I. Y. Kochinskaya

March 23, 2018

BALANCE SHEET AS OF DECEMBER 31, 2017

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ ownership of a foreign entity**	
Unit of measurement: thousand RUB Location (address) **191186, Saint Petersburg, Bolshaya Konushennaya street 8, building 4-6-8**	

Notes	Item	Code	As of December 31, 2017 Thousand RUB	As of December 31, 2017 Thousand Rs	As of December 31, 2016 Thousand RUB	As of December 31, 2016 Thousand Rs
	ASSETS					
	I. NON-CURRENT ASEETS					
	Intangible assets	1110	–	–	–	–
	Results of research and development	1120	–	–	–	–
	Intangible development assets	1130	–	–	–	–
	Tangible development assets	1140	–	–	–	–
	Fixed assets	1150	–	–	–	–
	Income-bearing investments in tangible assets	1160	–	–	–	–
	Financial investments	1170	–	–	–	–
	Deferred tax assets	1180	**21,567**	**24,287**	18,796	21,166
	Other non-current assets	1190	–		–	–
	Total section I	1100	**21,567**	**24,287**	18,796	21,166
	II. CURRENT ASSETS					
	Inventories	1210	–	–	–	–
	Value-added tax on acquired assets	1220	**1**	**1**	3	3
	Receivables	1230	**1,453**	**1,636**	4,333	4,879
	Financial investments (except for monetary equivalents)	1240	–	–	–	–
	Cash and cash equivalents	1250	**16,458**	**18,533**	4,821	5,429
	Other current assets	1260	**52**	**59**	51	57
	Total section II	1200	**17,964**	**20,229**	9,208	10,369
	BALANCE	1600	**39,531**	**44,516**	28,004	31,535

Notes	Item	Code	As of December 31, 2017 Thousand RUB	As of December 31, 2017 Thousand Rs	As of December 31, 2016 Thousand RUB	As of December 31, 2016 Thousand Rs
	LIABILITIES					
	III. EQUITY AND RESERVES					
	Authorized capital	1310	**300**	**338**	300	338
	Treasury stock	1320	**–**	**–**	–	–
	Non-current asset revaluation	1340	**–**	**–**	–	–
	Capital surplus (without revaluation)	1350	**–**	**–**	–	–
	Reserve capital	1360	**–**	**–**	–	–
	Retained earnings	1370	**10,780**	**12,139**	(67,029)	(75,481)
	Total section III	1300	**11,080**	**12,477**	(66,729)	(75,144)
	IV. LONG-TERM LIABILITIES		**–**		**–**	
	Loans	1410	**–**	**–**	–	–
	Deferred tax liabilities	1420	**–**	**–**	–	–
	Estimated liabilities	1430	**–**	**–**	–	–
	Other liabilities	1450	**–**	**–**	–	–
	Total section IV	1400	**–**	**–**	–	–
	V. SHORT-TERM LIABILITIES		**–**		**–**	
	Loans	1510	**–**	**–**	–	–
	Payables	1520	**27,472**	**30,936**	94,000	105,853
	Prepaid income	1530	**–**	**–**	–	–
	Estimated liabilities	1540	**979**	**1,102**	733	825
	Other liabilities	1550	**–**	**–**	–	–
	Total section V	1500	**28,451**	**32,039**	94,733	106,679
	BALANCE	1700	**39,531**	**44,516**	28,004	31,535

Kuznetsova Irina Sergeyevna
Director

March 12, 2018

FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2017

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ownership of a foreign entity**	

Notes	Item	Code	January - December 2017 Thousand RUB	January - December 2017 Thousand Rs	January - December 2016 Thousand RUB	January - December 2016 Thousand Rs
	Revenue	2110	**8,547.00**	**9,624.78**	11,877.00	13,374.69
	Cost of sales	2120	**–**	**–**	–	–
	Gross profit (loss)	2100	**8,547.00**	**9,624.78**	11,877.00	13,374.69
	Commercial expenses	2210	**–**	**–**	–	–
	Administrative expenses	2220	**(16,802.00)**	**(18,920.73)**	(18,813.00)	(21,185.32)
	Sales profit (loss)	2200	**(8,255.00)**	**(9,295.96)**	(6,936.00)	(7,810.63)
	Income from participation in other organizations	2310				
	Interest receivable	2320	**–**	**–**	571.00	643.00
	Interest payable	2330	**–**	**–**	–	–
	Other income	2340	**105,997.00**	**119,363.22**	38,334.00	43,167.92
	Other expenses	2350	**(22,704.00)**	**(25,566.97)**	(16,538.00)	(18,623.44)
	Profit (loss) before taxation	2300	**75,038.00**	**84,500.29**	15,431.00	17,376.85
	Current profit tax	2410	**–**	**–**	–	–
	including permanent tax liabilities (assets)	2421	**17,817.00**	**20,063.72**	(185.00)	(208.33)
	Change in deferred tax liabilities	2430	**–**	**–**	–	–
	Change in deferred tax assets	2450	**2,771.00**	**3,120.42**	(3,271.00)	(3,683.47)
	Other	2460	**–**	**–**	–	–
	Net profit (loss)	2400	**77,809.00**	**87,620.71**	12,160.00	13,693.38
	FOR REFERENCE					
	Revaluation of non-current assets not included in net profit (loss) for the period	2510				
	Result of other transactions not included in net profit (loss) for the period	2520				
	Comprehensive financial result for the period	2500	77,809	87,620.71	12,160	13,693.38
	Basic earnings (loss) per common share	2900				
	Diluted earnings (loss) per common share	2910				

Kuznetsova Irina Sergeyevna
Director

March 12, 2018

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is currently acting as a Holding Company for Holiday Club Canarias Sales & Marketing S.L.U. and Holiday Club Canarias Resort Management S.L.U.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has made loss of EUR -2 thousand (INR 152 thousand).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Calvin Stuart Lucock
2) Anne Oravainen

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a wholly owned subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Cub Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors of
Holiday Club Canarias Investment S.L.U.

Calvin Stuart Lucock	**Anne Oravainen**
Director	**Director**

Place: Mogán
Date: April 16, 2018

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

To the Sole Shareholder of HOLIDAY CLUB CANARIAS INVESTMENT, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS INVESTMENT, SLU, (the Company) which comprise the balance sheet as at 31March 2018, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2018 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Balances with related parties

As shown in the balance sheet, the items of assets and liabilities with the highest amount correspond, respectively, to "Short-term investments in Group, Multigroup and Associate companies", amounting to 883,071 euros, and "Short term debts with Group and Associated Companies", amounting to 888,418 euros (see note 10 of the report). These items represent practically all of the assets and liabilities of the balance sheet. Due to the monetary relevance of said items and the linking of balances, the valuation of said credits has been considered a relevant aspect, especially the collectability of the asset figure.

Our procedures included the analysis of the reconciliation of the balances with the group companies, as well as the collectability of the asset's item. To this end, the Annual Accounts of the group's companies have been audited by us.

Directors' responsibilities

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORS, S.L.P.
(n ROAC S2158)

Javier AL VAREZ CABRERA
(n ROAC 16092)

Las Palmas de Gran Canaria, on April 17th 2018

BALANCE SHEET AT MARCH 31, 2018

ASSET	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) NON CURRENT ASSET					
IV. Long-Term investments in group companies and associates	5	**6,200**	**500,092**	6,200	429,412
TOTAL A		**6,200**	**500,092**	6,200	429,412
B) CURRENT ASSETS					
III. Trade and other receivables	5	**783**	**63,162**	796	55,164
3. Other Debitors		**783**	**63,162**	796	55,164
IV. Short-term investments in Group, Multigroup and Associate companies.	5-10	**883,071**	**71,228,523**	807,950	55,958,602
VII. Cash and equivalent liquid assets	5	**1,232**	**99,373**	761	52,740
TOTAL B		**885,086**	**71,391,059**	809,508	56,066,507
TOTAL ASSET (A + B)		**891,286**	**71,891,151**	815,708	56,495,919

TOTAL EQUITY AND LIABILITIES	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) TOTAL EQUITY					
A-1) EQUITY		**2,868**	**231,329**	4,755	329,355
I. Capital	**7**	**3,100**	**250,046**	3,100	214,706
1. Share Capital		**3,100**	**250,046**	3,100	214,706
III. Reserves		**1,901**	**153,306**	1,901	131,639
V. Profit & Loss from previous periods		**(7,278)**	**(587,039)**	(4,352)	(301,424)
VI. Partner Contributions		**7,033**	**567,252**	7,033	487,080
VII. Result for the period (losses)	**3**	**(1,887)**	**(152,237)**	(2,926)	(202,646)
TOTAL A		**2,868**	**231,329**	4,755	329,355
C) CURRENT LIABILITIES					
IV. Short term debts with Group and Associated Companies	**6-10**	**888,418**	**71,659,822**	757,282	52,449,342
V. Trade Creditors and other Accounts payable		**0**	**0**	53,671	3,717,222
2. Sundry Creditors		**0**	**0**	53,671	3,717,222
TOTAL C		**888,418**	**71,659,822**	810,952	56,166,564
TOTAL EQUITY AND LIABILITIES (A + C)		**891,286**	**71,891,151**	815,708	56,495,919

PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2018

CONCEPTS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
7. Other operating expenses	9	**(1,857)**	**(149,819)**	(2,873)	(198,959)
13. Other results		**(30)**	**(2,418)**	55	3,846
A.1) OPERATING INCOME (LOSS)		**(1,887)**	**(152,238)**	(2,817)	(195,113)
14. Financial Income		**0**	**1**	0	1
15. Financial Expenses	9	**0**	**0**	(109)	(7,534)
A.2) FINANCIAL PROFIT & LOSS (LOSS)		**0**	**1**	(109)	(7,533)
A.3) PROFIT BEFORE TAXES (LOSS)		**(1,887)**	**(152,237)**	(2,926)	(202,646)
19. Corporate Income Tax	8	**0**	**0**	0	0
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(1,887)**	**(152,237)**	(2,926)	(202,646)

2017/2018 ABRIDGED FINANCIAL REPORT

1. THE COMPANY'S BUSINESS

1.1. HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U. was set up as a limited corporation on December 9, 2010, before the Notary Public Valentin Concejo Arranz, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Maspalomas, under his Protocol Number 1525.

1.2. On March 3, 2011, it acquired its current status as a Sole Proprietor Limited Liability Company and on July 22nd, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1st to September 30th was changed. However, in February the 1st 2016 the General Meeting of the company decided to modify the beginning and the end of the financial period in the Company Bylaws and now is from April 1St till March 31st every year.

1.3. The main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real- estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use.

1.4. The Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogan (Gran Canaria).

1.5. The Company is dominant in the Holiday Club group under the terms of the article 42 of the Commercial Code. However, it does not prepare consolidated annual accounts because it does not exceed the limits set forth in the Capital Companies Law, so the following annual accounts refer exclusively to Holiday Club Canarias Investment, S.L.U.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2018

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Non-Mandatory Accounting Principles Applied:

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied. The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

In the drafting of Annual Accounts for the financial year ending on March 31, 2018, it was not necessary for the Corporate Administrative Body to use any estimates to appraise assets, liabilities and expenses.

On the other hand, the Administrative Body is not aware of any uncertainties relative to conditions from which any doubts could arise, regarding the fact that the company is still operating normally. Therefore, the Annual Accounts have been prepared by the Administrative Body following the principals of a functioning company.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2018 according to the current law show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2016/17.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2018.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31st, 2018 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31st, 2017, is as follows:

Euros

Distribution Balance	**2017/18**	2016/17
Financial period Losses	**(1,887)**	(2,926)
Total	**(1,887)**	(2,926)
Distribution		
Losses accumulated from previous Financial Periods	**(1,887)**	(2,926)
Total	**(1,887)**	(2,926)

Rupees

Distribution Balance	**2017/18**	2016/17
Financial period Losses	**(152,237)**	(202,646)
Total	**(152,237)**	(202,646)
Distribution		
Losses accumulated from previous Financial Periods	**(152,237)**	(202,646)
Total	**(152,237)**	(202,646)

4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

4.1. Financial Instruments

The breakdown of the financial assets is as follows:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

b) Investments in group, multi-group and associated companies: Investments in group companies are initially valued at their cost, plus transaction costs. The subsequent valuation is due to its cost lessened by the accumulated amount of the valuation adjustments for impairment that may exist.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

4.2. Transactions in Foreign Currency.

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

4.3. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

No current tax expense has been recorded in the year, because of the negative tax base results. Deferred tax assets have not been recognized on negative tax bases and unapplied tax deductions, since it is estimated that, although it is probable, there is no certainty that the Company has future taxable income that will allow their application.

4.4. Income and Expenses

Income has been recognized a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been determined reliably.

4.5. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

5. FINANCIAL ASSETS

5.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.18	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**883,281**	808,175
Liquid Assets	**–**	–	**–**	–	**1,232**	761
Totals	**–**	–	**–**	–	**884,513**	808,937

Rupees	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.18	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**71,245,470**	55,974,223
Liquid Assets	**–**	–	**–**	–	**99,373**	52,740
Totals	**–**	–	**–**	–	**71,344,843**	56,026,963

5.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term and all the loans and receivables with companies of the group and associated, for the amount of 883,071 Euros (71,228,507 Rupees) and debtors for the amount of 210 Euros (16,939 Rupees)

5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 31/03/2018 is detailed below:

1) Name: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is the sale of rights of use by turn of real property of the resorts Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma. Percentage of direct participation: 100%

Figures of the balance 2017/18: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (250,046 Rupees)
- Reserves: 5,396,060 Euros (435,246,200 Rupees)
- Grants: 349,124 Euros (28,160,342 Rupees)
- Losses from previous periods: (4,085,956) Euros (329,573,211 Rupees)
- Result for the period (losses): (876,301) Euros (70,682,439) Rupees)

Value of participation:

- theoretical value: 786,027 (63,400,938 Rupees)
- book value: 3,100 Euros (250,046 Rupees)

2) Name: HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is the hotel resorts management (Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma).

Percentage of direct participation: 100%

Figures of the balance 2017/18: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (250,046 Rupees)
- Reserves: 3,306,789 Euros (266,725,601 Rupees)
- Losses from previous periods: (236,134) Euros (19,046,568) Rupees)
- Result for the period (profit): 232,734 Euros (18,772,324 Rupees)

Value of participation:

- theoretical value: 3,306,488 Euros (266,701,322 Rupees)
- book value: 3,100 Euros (250,046 Rupees)

b) There are not movements during 2017/18 and 2016/17 in equity instruments in companies of the group and associated.

6. FINANCIAL LIABILITIES

6.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.18	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**888,418**	757,282
Totals					**888,418**	757,282

Rupees	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.18	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**71,659,822**	52,449,317
Totals					**71,659,822**	52,449,317

6.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to 'Debts with companies of the Group and associates in the short term

7. EQUITY

7.1. The Share Capital comes to 3,100 Euros (250,046 Rupees), divided into thirty-one shares at face value of 100 Euros (8,066 Rupees) each.

7.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Sweden AB.

8. FISCAL POSITION

8.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U. and Holiday Club Canarias Resort Management, S.L.U.

8.2. Individual tax base

The accounting result and the taxable base of the Corporate Tax don't differ. This means that the company has losses in this period for the amount of 1,887 Euros (152,205 Rupees).

Notwithstanding the aforesaid, the Company is taxed within a group in which it is the parent company, subject to the special tax system of consolidated taxation. The generated taxable income that would be offset in future periods is compensated with positive taxable bases generated in the Group.

Loans between companies in the Group to cover negative taxable bases, have been recorded in the Company's accounting.

As per current legislation, taxes cannot be considered to have been settled until the returns presented have been inspected by the Revenue Service or the four-year statute of limitations has passed.

Therefore, at the date of closing, the Company has all taxes applicable corresponding to the last four years, including its Corporate Tax for the period 2017/2018, available for inspection.

The Administrative body of the Company considers that the abovementioned taxes have all been adequately settled, for which, even in the event of discrepancies in the interpretation of current regulations in the fiscal treatment practised on the operations, possible resulting liabilities, in the event they should materialise, would not significantly affect the attached abridged yearly accounts.

8.3 Profits or Tax Incentives

In the settlement of Corporate Taxes corresponding to the period 2017/2018, the Company has not applied any tax incentives.

9. INCOME AND EXPENSES

The Company has carried out the following operations in this period, which are reflected in the corresponding heading in the Profit and Loss Account:

a) External Services:

Euros	2017/18	2016/17
Professional services	**770**	657
Bank Services and Similar	**14**	15
Local Tax	**1,074**	2,201
Totals	**1,857**	2,873

Rupees	2017/18	2016/17
Professional services	**62,078**	45,479
Bank Services and Similar	**1,140**	1,039
Local Tax	**86,601**	152,441
Totals	**149,819**	198,959

10. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2018 and 2017 with related companies are as follows:

Euros	**2017/2018**		2016/2017	
	Debit Balances	**Credit Balances**	Debit Balances	Credit Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**888,418**	–	757,282
Holiday Club Canarias Resort Managemet, SLU	**883,071**	**–**	807,950	–
Totals	**883,071**	**888,418**	807,950	757,282

Rupees	**2017/2018**		2016/2017	
	Debit Balances	**Credit Balances**	Debit Balances	Credit Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**71,659,822**	–	52,449,342
Holiday Club Canarias Resort Managemet, SLU	**71,228,523**	**–**	55,958,602	–
Totals	**71,228,523**	**71,659,822**	55,958,602	52,449,342

The Company endorses the company of the group Holiday Club Canarias Resort Management, S.L.U. for a loan obtained from a financial institution for the amount of 1,250,000 Euros (100,825,000 Rupees)

11. OTHER INFORMATION

11.1. Average number of Employees

The Company haven't had employees during this period and the period before.

11.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

Anne Marika Orava
Solidary administrator

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

Mogán, April 16, 2018

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

the Company is primarily engaged in the sale of rotational enjoyment rights of holiday units.

The Company's resort property located at Mogán, Gran Canaria, Spain, was fully operational. There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has made loss of EUR -876 thousand (INR 70,682 thousand).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Calvin Stuart Lucock

2) Anne Oravainen

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a wholly owned subsidiary of Holiday Club Canarias Investment S.L.U. and in turn subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
Of Holiday Club Canarias Sales & Marketing SLU

Calvin Stuart Lucock **Director**	**Anne Oravainen** **Director**

Place : Mogán
Date : April 16, 2018

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial reporting framework applicable to the company in Spain (see Note 2). In the event of a discrepancy, the Spanish language version prevails.

To the shareholder of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU:

Report on the Financial Statements

We have audited the financial statements of **HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU**, (the Company) which comprise the balance sheet as at 31 March 2018, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2018 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Inventories

As shown in the liquid assets in the balance sheet, the Company has registered inventories for the net of 7.1 million euros (see note 10). 99% of the stocks are made up of the weeks not sold in *timeshare* regime for each of the complexes and type of room. The valuation of the unsold weeks can be of two types: The valuation of few weeks is the cost of the original acquisition that it had for the Company in April 2011(see note 1.6). Other weeks, which were sold at the time and the Company had them back at rest due to contractual breach by customers, are valued at the cost of their repossession. The Entity maintains inventory control at the close of the fiscal year, both for the weeks acquired at the origin, as well as for the weeks repossessed. Due to the large number of none sold weeks, the diversity of room types by the complex and the results for which these weeks are activated in stock, the proof of the laborious work is correct and the units of the stocks, the integrity and the valuation of the inventories has been considered to be subject to significant risk.

Our procedures included, among others, the verification of the inventory of weeks not sold and the costs associated to each one of them, validating the possible types of valuation, based on the reason for registration in stock. In addition, it has carried out verifications in weeks sold in the year to verify that they have not been sold below cost and that they do not appear in the Company's stock at the end of the year.

Sales

As shown in the profit and loss account, the amount of the sales figure amounts to 7.6 million euros. 43.45% , of this item is made up of sales of weeks under the *timeshare* regime (see note 20 of the report). These weeks sales are broken down by complex and by room type. In the contractual agreement of each sale, the possibility of cancelling the sale is established within 15 days after it is signed. The Company accounts for revenues based on the signing of the contract, recording a provision for possible cancellations of the agreements. Due to the great number of weeks that the Company has, classified by complex and type of room, and the complexity of the sales procedure and the clauses of the contract, the integrity and valuation of sales of weeks has been considered a relevant aspect in our audit.

Our audit procedures consisted, among others, in contrasting the sales assistant for weeks with the accounting data, selecting from both sources a list of contracts, verifying the accounting of said sales in a timely manner. In addition, procedures were carried out on the provision for the cancellation of contracts, verifying their valuation at the end of the year. For this purpose, we perform subsequent events procedures, analysing the 15 days after the closing and comparing the cancellations with the provision.

Other information: Management Report

The other information includes the management report for the year ended 31 March 2018, the formulation of which is the responsibility of the Company's Directors, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2017-2018 and its content and presentation are in accordance with the applicable regulations.

Directors' responsibilities

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern,
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view,

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Javier ALVAREZ CABRERA
(n⁰ ROAC: 16092)

RSM SPAIN AUDITORES, SLP
(n⁰ ROAC: S2158)

In Las Palmas de Gran Canaria
on April 17th, 2018

BALANCE SHEET AT MARCH 31, 2018

ASSETS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) NON-CURRENT ASSETS					
I. Intangible Assets	**5**	**1,452,059**	**117,123,045**	1,636,101	113,316,332
4. Goodwill		**1,446,396**	**116,666,276**	1,627,195	112,699,534
5. IT applications		**5,663**	**456,770**	8,906	616,798
II. Fixed Assets	**6**	**2,290,004**	**184,711,745**	2,761,973	191,294,226
1. Property and Buildings		**574,872**	**46,369,209**	737,061	51,048,840
2. Technical Facilities and other Fixed Assets		**1,715,132**	**138,342,536**	2,024,912	140,245,386
V. Long-term financial investments	**7**	**16,658**	**1,343,634**	16,658	1,153,733
5. Other financial assets		**16,658**	**1,343,634**	16,658	1,153,733
VI. Deferred Tax Assets	**12**	**68,630**	**5,535,692**	77,754	5,385,239
TOTAL A		**3,827,351**	**308,714,116**	4,492,485	311,149,531
B) LIQUID ASSETS					
II. Inventories	**10**	**7,116,147**	**573,988,440**	7,301,117	505,675,338
1. Commercial inventories		**7,106,634**	**573,221,102**	7,291,268	504,993,254
6. Advance payments to suppliers		**9,513**	**767,337**	9,848	682,084
III. Commercial debtors and other accounts receivables		**2,573,936**	**207,613,654**	2,905,125	201,208,957
1. Trade receivables	**7**	**2,491,814**	**200,989,754**	2,891,611	200,273,011
a) Trade receivables/long term		**705,624**	**56,915,621**	862,025	59,703,843
b) Trade receivables/short term		**1,786,191**	**144,074,132**	2,029,587	140,569,168
4. Personnel	**7**	**12,447**	**1,003,956**	5,509	381,520
6. Other receivables from Public Administrations		**69,674**	**5,619,944**	8,005	554,426
IV. Short-term Investments in affiliated group and associated companies	**7-18**	**888,372**	**71,656,123**	773,357	53,562,725
2. Loans to companies		**888,372**	**71,656,123**	773,357	53,562,725
V. Short-term financial investments	**7**	**8,210**	**662,207**	8,210	568,614
5. Other financial assets		**8,210**	**662,207**	8,210	568,614
VI. Short-term accruals	**7**	**1,356,203**	**109,391,320**	1,430,409	99,070,131
VII. Cash and other equivalent liquid assets	**7**	**756,799**	**61,043,445**	643,344	44,557,995
1. Liquid assets		**756,799**	**61,043,445**	643,344	44,557,995
TOTAL B		**12,699,668**	**1,024,355,188**	13,061,562	904,643,760
TOTAL ASSETS (A + B)		**16,527,018**	**1,333,069,304**	17,554,047	1,215,793,291

BALANCE SHEET AT MARCH 31, 2018

NET WORTH AND LIABILITIES	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) TOTAL EQUITY					
A-1) EQUITY		**436,903**	**35,240,559**	1,313,204	90,952,505
I. Capital	**9**	**3,100**	**250,046**	3,100	214,706
1. Shared Capital		**3,100**	**250,046**	3,100	214,706
III. Reserves	**9**	**5,396,060**	**435,246,233**	5,396,060	373,731,144
1. Legal and statutory		**3,100**	**250,046**	3,100	214,706
2. Other reserves		**5,392,960**	**434,996,187**	5,392,960	373,516,438
V. Profit & Loss from previous Periods		**(4,085,956)**	**(329,573,250)**	(2,032,173)	(140,748,311)
2. (Losses from previous Periods)		**(4,085,956)**	**(329,573,250)**	(2,032,173)	(140,748,311)
VII. Losses for the period	**3**	**(876,301)**	**(70,682,470)**	(2,053,783)	(142,245,034)
A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	**16**	**349,124**	**28,160,352**	417,849	28,940,236
TOTAL A		**786,027**	**63,400,910**	1,731,053	119,892,740
B) NON CURRENT LIABILITIES					
I. Long-term provisions	**14**	**278,029**	**22,425,787**	26,029	1,802,741
4. Other provisions		**278,029**	**22,425,787**	26,029	1,802,741
III. Long-term debts with Group and associated Companies	**8-18**	**11,917,834**	**961,292,498**	12,417,834	860,059,189
IV. Deferred Tax liabilities	**12-16**	**116,375**	**9,386,775**	139,283	9,646,738
TOTAL B		**12,312,237**	**993,105,060**	12,583,146	871,508,668
C) CURRENT LIABILITIES					
II. Short-term provisions	**14**	**555,541**	**44,809,901**	631,833	43,760,746
III. Short-term debts	**8**	**4,578**	**369,264**	52,263	3,619,732
2. Debts to loan institutions		**0**	**0**	43,954	3,044,230
3. Finance lease creditors		**0**	**0**	4,750	328,952
5. Other financial liabilities		**4,578**	**369,264**	3,560	246,550
IV. Short-term debts with Group and associated Companies	**8-18**	**2,481,032**	**200,120,049**	2,125,585	147,217,999
V. Trade Creditors and other Accounts payable		**387,604**	**31,264,120**	430,168	29,793,406
1. Suppliers	**8-21**	**207**	**16,673**	207	14,317
3. Sundry Creditors	**8-21**	**157,662**	**12,717,007**	235,809	16,332,149
4. Staff (salaries pending payment)	**8**	**5,990**	**483,182**	4,408	305,328
6. Other debts with Public Administrations		**117,562**	**9,482,536**	102,271	7,083,277
7. Customer advances		**106,183**	**8,564,722**	87,472	6,058,335
TOTAL C		**3,428,754**	**276,563,334**	3,239,848	224,391,883
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**16,527,018**	**1,333,069,304**	17,554,047	1,215,793,291

PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2018

ITEMS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) CONTINUING OPERATIONS					
1. Turnover	20	**7,566,133**	**610,284,265**	7,813,566	541,167,590
a) Sales		**3,741,053**	**301,753,300**	5,178,589	358,669,098
b) Services rendered		**3,825,080**	**308,530,965**	2,634,977	182,498,492
2. Variation in inventories of products finished and being manufactured		**(182,513)**	**(14,721,514)**	(407,836)	(28,246,694)
4. Supplies	13	**(199,351)**	**(16,079,639)**	(183,011)	(12,675,319)
a) Consumption of merchandise		**(199,351)**	**(16,079,639)**	(183,011)	(12,675,319)
5. Other operations income		**3,378**	**272,494**	2,755	190,831
a) Accessory income and other current operations		**3,378**	**272,494**	2,755	190,831
6. Personnel expenses		**(2,406,738)**	**(194,127,471)**	(2,801,380)	(194,023,595)
a) Wages, salaries and similar		**(1,918,953)**	**(154,782,782)**	(2,204,483)	(152,682,522)
b) Social Security contributions	13	**(487,784)**	**(39,344,689)**	(596,897)	(41,341,074)
7. Other operating expenses		**(4,604,667)**	**(371,412,409)**	(5,681,759)	(393,518,647)
a) Outsourced services	13	**(4,416,214)**	**(356,211,854)**	(5,075,645)	(351,539,203)
b) Taxes		**(25,933)**	**(2,091,767)**	(56,068)	(3,883,243)
c) Losses, impairment and variation of supplies from trade operations	13	**(133,279)**	**(10,750,290)**	(281,566)	(19,501,233)
d) Other current operating expenses		**(29,240)**	**(2,358,498)**	(268,481)	(18,594,968)
8. Depreciation of fixed assets	5-6	**(691,398)**	**(55,768,174)**	(695,743)	(48,187,159)
10. Allocation of subsidies for non-financial fixed assets and others	16	**91,633**	**7,391,153**	91,633	6,346,532
13. Other incomes and expenses	13	**(318,062)**	**(25,654,841)**	(51,253)	(3,549,750)
A.1.) Operating Income (LOSS)		**(741,584)**	**(59,816,135)**	(1,913,026)	(132,496,211)
14. Financial Incomes	7	**156,031**	**12,585,456**	150,058	10,392,992
b) Trade securities and other equity instruments		**156,031**	**12,585,456**	150,058	10,392,992
b 2) Third Parties		**156,031**	**12,585,456**	150,058	10,392,992
15. Financial expenses	8	**(317,961)**	**(25,646,725)**	(368,306)	(25,508,881)
a) For debts with group and associated Companies	18	**(309,904)**	**(24,996,862)**	(317,533)	(21,992,336)
b) Debts with Third Parties		**(8,057)**	**(649,862)**	(50,773)	(3,516,545)
17. Exchange differences		**(38,785)**	**(3,128,429)**	(35,779)	(2,478,035)
A.2) FINANCIAL PROFIT & LOSS (LOSS)		**(200,715)**	**(16,189,698)**	(254,027)	(17,593,924)
A.3) PROFIT BEFORE TAXES (LOSS)		**(942,299)**	**(76,005,833)**	(2,167,054)	(150,090,134)
19. Corporate Income Tax	12	**65,998**	**5,323,362**	113,270	7,845,100
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(876,301)**	**(70,682,470)**	(2,053,783)	(142,245,034)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2018

ITEMS	Notes	**(Euros) 2017/18**	**(Rupees) 2017/18**	(Euros) 2016/17	(Rupees) 2016/17
A) STATEMENT OF RECOGNISED PROFIT AND LOSS					
A) PROFIT AND LOSS ACCOUNT	**3**	**(876,301)**	**(70,682,470)**	(2,053,783)	(142,245,034)
C) TRANSFERS TO PROFIT & LOSS ACCOUNT	**16**	**(68,725)**	**(5,543,365)**	(68,725)	(4,759,899)
VIII. Grants, donations and legacies received		**(91,633)**	**(7,391,153)**	(91,633)	(6,346,532)
IX. Tax effect		**22,908**	**1,847,788**	22,908	1,586,633
TOTAL RECOGNISED PROFIT & LOSS (A+B+C)		**(945,026)**	**(76,225,835)**	(2,122,508)	(147,004,933)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2018 (euros)

	ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
B)	**TOTAL STATEMENT OF CHANGES TO EQUITY**						
A.	**BALANCE AT YEAR'S END 2015/16**	3,100	5,396,060	(1,850,138)	(182,035)	486,574	3,853,562
B.	**ADJUSTED BALANCE Year's beginning 2016/17**	3,100	5,396,060	(1,850,138)	(182,035)	486,574	3,853,562
I.	Total recognised incomes and expenses	0	0	0	(2,053,783)	(68,725)	(2,122,508)
III.	Other changes to Equity	0	0	(182,035)	182,035	0	0
C.	**BALANCE AT YEAR'S END 2016/17**	3,100	5,396,060	(2,032,173)	(2,053,783)	417,849	1,731,053
D.	**ADJUSTED BALANCE, BEGINNING OF YEAR 2017/18**	**3,100**	**5,396,060**	**(2,032,173)**	**(2,053,783)**	**417,849**	**1,731,053**
I.	Total recognised incomes and expenses	0	0	0	(876,301)	(68,725)	(945,026)
III.	Other changes to Equity	0	0	(2,053,783)	2,053,783	0	(0)
E.	**BALANCE AT YEAR'S END 2017/18**	**3,100**	**5,396,060**	**(4,085,956)**	**(876,301)**	**349,124**	**786,027**

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2018 (Rupees)

	ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
B)	**TOTAL STATEMENT OF CHANGES TO EQUITY**						
A.	**BALANCE AT YEAR'S END 2015/16**	214,706	373,731,144	(128,140,586)	(12,607,725)	33,700,135	266,897,674
B.	**ADJUSTED BALANCE, BEGINNING OF YEAR 2016/17**	214,706	373,731,144	(128,140,586)	(12,607,725)	33,700,135	266,897,674
I.	Total recognised incomes and expenses	0	0	0	(142,245,034)	(4,759,899)	(147,004,933)
III.	Other changes to Equity	0	0	(12,607,725)	12,607,725	0	0
C.	**BALANCE AT YEAR'S END 2016/17**	214,706	373,731,144	(140,748,311)	(142,245,034)	28,940,236	119,892,741
D.	**ADJUSTED BALANCE, BEGINNING OF YEAR 2017/18**	**214,706**	**373,731,144**	**(140,748,311)**	**(142,245,034)**	**28,940,236**	**119,892,741**
I.	Total recognised incomes and expenses	0	0	0	(70,682,470)	(5,543,365)	(76,225,835)
III.	Other changes to Equity	0	0	(165,658,164)	165,658,164	0	0
IV.	Exchange rate	35,340	61,515,089	(23,166,775)	(23,413,130)	4,763,481	19,734,005
E.	**BALANCE AT YEAR'S END 2017/18**	**250,046**	**435,246,233**	**(329,573,250)**	**(70,682,470)**	**28,160,352**	**63,400,910**

CASH FLOW STATEMENT AT MARCH 31, 2018

	ITEMS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A)	**CASH-FLOW FROM OPERATING ACTIVITIES**					
1.	**PROFIT & LOSS BEFORE TAX**		**(942,299)**	**(76,005,833)**	(2,167,054)	(150,090,134)
2.	**ADJUSTMENTS TO PROFIT & LOSS**		**1,070,681**	**86,361,159**	1,116,125	77,302,806
	a) Depreciation of Fixed Assets	**5-6**	**691,398**	**55,768,174**	695,743	48,187,159
	b) Value corrections of impairment losses		**133,279**	**10,750,290**	281,566	19,501,233
	c) Change to provisions	**14**	**175,708**	**14,172,580**	12,201	845,058
	d) Allocation of grants		**(91,633)**	**(7,391,153)**	(91,633)	(6,346,532)
	g) Financial Income	**7**	**(156,031)**	**(12,585,456)**	(150,058)	(10,392,992)
	h) Financial Expenses	**8**	**317,961**	**25,646,725**	368,306	25,508,881
3.	**CHANGES IN WORKING CAPITAL**		**414,522**	**33,435,344**	841,626	58,291,049
	a) Inventories		**184,969**	**14,919,628**	406,249	28,136,834
	b) Trade and other accounts receivable		**197,910**	**15,963,438**	389,107	26,949,525
	c) Other current assets		**74,206**	**5,985,474**	(71,815)	(4,973,941)
	d) Creditors and other accounts payable		**(42,564)**	**(3,433,196)**	118,086	8,178,630
4.	**OTHER CASH FLOW FROM OPERATING ACTIVITIES**		**(161,930)**	**(13,061,269)**	(218,248)	(15,115,889)
	a) Interest payments	**8**	**(317,961)**	**(25,646,725)**	(368,306)	(25,508,881)
	c) Interest receivable	**7**	**156,031**	**12,585,456**	150,058	10,392,992
5.	**CASH FLOW ON OPERATING ACTIVITIES**		**380,974**	**30,729,402**	(427,551)	(29,612,168)
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**					
6.	**PAYMENTS FOR INVESTMENTS**		**(102,063)**	**(8,232,382)**	(167,261)	(11,584,512)
	a) Group and Associated Companies		**(39,894)**	**(3,217,819)**	(7,070)	(489,684)
	b) Intangible Assets	**5**	**0**	**0**	(151,981)	(10,526,214)
	c) Fixed Assets	**6**	**(62,169)**	**(5,014,563)**	(8,210)	(568,614)
7.	**DIVESTMENT RECEIPTS**		**26,781**	**2,160,193**	2,02,714	1,40,39,995
	a) Group and Associated Companies		**0**	**0**	184,077	12,749,184
	c) Fixed Assets		**26,781**	**2,160,193**	18,637	1,290,811
8.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**		**(75,281)**	**(6,072,189)**	35,453	2,455,483
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**					
10.	**RECEIVABLES AND PAYABLES FOR FINANCIAL INSTRUMENTS**		**(192,238)**	**(15,505,882)**	512,670	35,507,532
	a) Issue		**356,466**	**28,752,517**	795,217	55,076,728
	3. Debts to Group and associated Companies		**355,447**	**28,670,384**	795,103	55,068,832
	4. Other debts		**1,018**	**82,133**	114	7,896
	b) Repayment and amortization		**(548,703)**	**(44,258,398)**	(282,547)	(19,569,196)
	2. Debts with credit institutions		**(48,703)**	**(3,928,398)**	(282,547)	(19,569,196)
	3. Debts with Group and Associated Companies		**(500,000)**	**(40,330,000)**	0	0
12.	**CASH FLOW FROM FINANCING ACTIVITIES**		**(192,238)**	**(15,505,882)**	512,670	35,507,532
E)	**NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS**		**113,456**	**9,151,331**	120,572	8,350,847
	Cash or cash equivalents at the beginning of the year	**7**	**643,344**	**51,892,115**	522,771	36,207,149
	Cash or equivalents at the end of the year	**7**	**756,799**	**61,043,445**	643,344	44,557,995

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING MARCH 31, 2018

1. THE COMPANY'S BUSINESS ACTIVITY

1.1. HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. was founded as a limited corporation on December 9th, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentin Concejo Arranz, under his Protocol number 1524. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company.

1.2. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, *timeshare* or any other kind of rights to use. The main activity is the sale of rotational enjoyment rights of holiday units in the five resorts called Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma, as well as the management of a theme park in the municipality of Mogan, in Gran Canaria.

1.3. The Corporate offices are located at Avenida Anna Lindh, numero 1, Urbanizacion Amadores, in the municipality of Mogan (Gran Canaria).

1.4. The financial year, between April 1st until March 31st of the following year, has been fixed according to the Group that belongs to, explained in the following note. However, during this financial year has been a change of financial year as indicated in the note 2.3 of this document.

1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanization Amadores, in the municipality of Mogan (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts.

1.6. On April 6th , 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned the unsold weeks, which were recorded in the inventory for the amount of 3,730,000 Euros (279,638,100 Rupees); the rights to client's' loans recorded as financial assets for the amount of 2,251,656 Euros (168,806,650 Rupees), and the Goodwill corresponding to the main business of "'*Timeshare*" for the amount of 1,967,742 Euros (147,521,617 Rupees). The remaining assets (real-estate property and goodwill from the administration and maintenance business) was assigned to the abovementioned related Company. On June 1st, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above, which caused amongst other things, goodwill to be adjusted to 1,807,995 Euros (135,545,385 Rupees).

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2018.

These annual accounts are presented for approval to the Ordinary General Meeting of Members.

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Critical Aspects in the Valuation arid Judgement of Uncertainty.

At the closing of the financial period, estimations were used in the drafting of the annual accounts such as: calculation of the impairment of assets, estimations of the useful life of the assets, amongst others. Due to future events, it is possible that additional information to that existing at the time the annual accounts were drafted require modifying these estimations in future periods.

There are no significant uncertainties relating to events or conditions which would raise significant doubts about the possibility of the Company continuing to operate normally.

2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2018 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2016/17.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC; EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2018.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31st, 2018 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31st, 2017, is as follows:

Euros	**2017/18**	2016/17
Distribution Balance		
Financial Period Losses	**(876,301)**	(2,053,783)
Distribution		
Losses accumulated from previous Financial Periods	**(876,301)**	(2,053,783)
Total	**(876,301)**	(2,053,783)

Rupees	**2016/17**	2015/16
Distribution Balance		
Financial Period Losses	**(70,682,470)**	(142,245,034)
Distribution		
Losses accumulated from previous Financial Periods	**(70,682,470)**	(142,245,034)
Total	**(70,682,470)**	(142,245,034)

4. RECOGNITION AND MEASUREMENT REGULATIONS

The main accounting principles and practices applied in the drafting of the Annual Accounts follow current legislation, highlighting as most important the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance.

The most significant accounting criteria applied in the drafting of the Annual Accounts is the following ones:

4.1. Intangible Fixed Assets

The intangible fixed assets are comprised of Goodwill and Computer applications which are valued at their acquisition price, including necessary additional expenses to get them up and running. The computer applications are amortised at 33 per cent according to their useful lives and the Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value.

4.2. Tangible Fixed Assets

These have been appraised at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during its operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27th, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	11 %
Machinery	10 – 25%
Other installations	5 – 12%
Furniture	10 – 25%
IT Equipment	12.5 – 25%
Vehicles	11 – 16%
Other intangible assets	4 – 18%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Financial Instruments

The Company's financial instruments are classified as:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those who's maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating the cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, equal to the value of the compensation delivered plus directly attributable transaction costs. Interests accrued are accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

b) Investments held until their maturity: The financial assets that the Company means to hold until their maturity has been included in this category. Their initial valuation is their reasonable value, which saving evidence to the contrary, shall be the price of the transaction plus those transaction costs directly attributable to them. Their subsequent valuation shall be measured at amortised cost. Interest shall be applied to the Profit and Loss Account at an effective interest rate. No corrections have been applied to their values.

c) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are valued at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the effective interest rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations relating to governing, recording and measurement of financial instruments.

4.4. Inventories

The Company's commercial stocks correspond to rotational enjoyment rights of rooms in the possession of the Company and are valued at acquisition price.

The Company's Administrators consider that the book value of the inventories does not exceed their recoverable value.

4.5. Transactions in Foreign Currency

The accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, differences both positive and negative that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an income during the period. Current tax has been calculated as per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income has also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation.

4.7. Income and Expenses

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status is had.

4.8. Provisions and Contingencies

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

4.9. Personnel Expenses

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Grants, Donations and Legacies

Capital grants, which are non-refundable, are recorded directly in Equity as revenue, excluding the tax effect and are attributed to the Financial Period's results in proportion to the allocation of depreciation in the period for the assets pertaining to the grant.

4.11. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS

5.1. The transactions that occurred during the 2017/18 and 2016/17 periods were the following:

Euros	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
Gross Costs				
Goodwill	1,807,995	–	–	**1,807,995**
IT Applications.	21,587	–	–	**21,587**
Totals	1,829,582	–	–	**1,829,582**
Accumulated amortization				
Goodwill	180,799	180,799		**361,599**
IT Applications.	12,682	3,243	–	**15,924**
Totals	193,481	184,042	–	**377,523**
Net Totals	1,636,101			**1,452,060**

Euros	Balance 31.3.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Goodwill	1,807,995	–	–	1,807,995
IT Applications.	14,517	7,070	–	21,587
Totals	1,822,511	7,070	–	1,829,582
Accumulated amortization				
Goodwill	–	180,799	–	180,799
IT Applications.	10,806	1,876	–	12,681
Totals	10,806	182,675	–	193,481
Net Totals	1,811,706			1,636,101

Rupees	Balance 31.3.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Gross Costs					
Goodwill	125,221,703	20,611,138	–	–	**145,832,841**
IT Applications.	1,495,114	246,092	–	–	**1,741,206**
Totals	126,716,817	20,857,230	–	–	**147,574,047**
Accumulated amortization					
Goodwill	12,522,169	2,061,114	14,583,259	–	**29,166,541**
IT Applications.	878,316	144,593	261,552	–	**1,284,461**
Totals	13,400,485	2,205,706	14,844,811	–	**30,451,003**
Net Totals	113,316,333				**117,123,045**

Rupees	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Goodwill	125,221,703	–	–	**125,221,703**
IT Applications	1,005,430	489,684	–	**1,495,114**
Totals	126,227,133	489,684	–	**126,716,817**
Accumulated amortization				
Goodwill	–	12,522,169	–	**12,522,169**
IT Applications	748,402	129,914	–	**878,316**
Total	748,402	12,652,083	–	**13,400,485**
Net Totals	125,478,731			**113,316,332**

5.2. As indicated in Note 1.6. The Company acquired the Goodwill corresponding to the main "*Timeshare*" business in 2011 for the amount of 1,967,742 Euros (136,285,811 Rupees). Said price was adjusted in the Purchase Deed granted in June 2012, for the amount of 159,747 Euros (11,064,077 Rupees).

5.3. There is no evidence of impairment through March 31, on any of the elements in the Intangible Fixed Assets.

5.4. There are fully depreciated software applications in use at March 31, 2017 and March 31, 2018 for the amount of 10,701 Euros (863,143 Rupees).

6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2017/18 and 2016/17 periods were the following:

Euros	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
Gross Costs				
Buildings	1,152,278	–	(26,781)	**1,125,496**
Machinery	59,352	4,072	–	**63,423**
Other facilities	2,880,703	7,899	–	**2,888,602**
Furniture	248,779	1,287	–	**250,065**
IT Equipment	78,997	4,303	–	**83,300**
Vehicles	27,994	–	–	**27,994**
Other tangible fixed assets	135,044	44,609	–	**179,653**
Totals	4,583,146	62,169	(26,781)	**4,618,534**
Accumulated amortization				
Buildings	415,217	135,407	–	**550,624**
Machinery	26,418	9,155	–	**35,573**
Other installations	1,044,894	314,022	–	**1,358,916**
Furniture	230,749	15,154	–	**245,903**
IT Equipment	67,491	7,495	–	**74,986**
Vehicles	11,919	4,131	–	**16,050**
Other tangible fixed assets	24,486	21,991	–	**46,478**
Totals	1,821,174	507,356	–	**2,328,530**
Net Totals	2,761,973			**2,290,004**

Euros	Balance 31.3.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Buildings	1,125,496	26,781	–	1,152,278
Machinery	59,352	–	–	59,352
Other facilities	2,874,502	6,202	–	2,880,703
Furniture	244,833	3,946	–	248,779
IT Equipment	76,722	2,275	–	78,997
Vehicles	100,561	–	(72,567)	27,994
Other tangible fixed assets	22,267	112,777	–	135,044
Totals	4,503,733	151,981	(72,567)	4,583,146
Accumulated amortization				
Buildings	305,260	109,956	–	415,217
Machinery	19,636	6,782	–	26,418
Other installations	741,735	303,159	–	1,044,894
Furniture	164,334	66,415	–	230,749
IT Equipment	57,966	9,525	–	67,491
Vehicles	55,911	9,937	(53,929)	11,919
Other tangible fixed assets	17,193	7,294	–	24,486
Totals	1,362,035	513,068	(53,929)	1,821,174
Net Totals	3,141,698			2,761,973

Rupees	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Gross Costs					
Buildings	79,806,742	13,135,964	–	(2,160,193)	**90,782,512**
Machinery	4,110,688	676,608	328,419	–	**5,115,715**
Other facilities	199,517,516	32,840,019	637,120	–	**232,994,655**
Furniture	17,230,422	2,836,079	103,777	–	**20,170,278**
IT Equipment	5,471,323	900,564	347,095	–	**6,718,982**
Vehicles	1,938,886	319,135	–	–	**2,258,021**
Other tangible fixed assets	9,353,134	1,539,499	3,598,151	–	**14,490,784**
Totals	317,428,708	52,247,867	5,014,563	(2,160,193)	**372,530,946**
Accumulated amortization					
Buildings	28,757,902	4,733,469	10,921,932	–	**44,413,303**
Machinery	1,829,697	301,163	738,467	–	**2,869,327**
Other installations	72,369,381	11,911,795	25,328,998	–	**109,610,175**
Furniture	15,981,661	2,630,536	1,222,332	–	**19,834,530**
IT Equipment	4,674,429	769,398	604,573	–	**6,048,401**
Vehicles	825,482	135,872	333,235	–	**1,294,589**
Other tangible fixed assets	1,695,931	279,145	1,773,801	–	**3,748,877**
Totals	126,134,483	20,761,379	40,923,339	–	**187,819,201**
Net Totals	191,294,225				**184,711,745**

Rupees	Balance 31.3.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Buildings	77,951,853	1,854,885	–	79,806,742
Machinery	4,110,720	–	–	4,110,688
Other facilities	199,088,009	429,530	–	199,517,516
Furniture	16,957,134	273,313	–	17,230,422
IT Equipment	5,313,766	157,570	–	5,471,323
Vehicles	6,964,855	–	(5,025,968)	1,938,886
Other tangible fixed assets	1,542,212	7,810,916	–	9,353,134
Totals	311,928,548	10,526,214	(5,025,968)	317,428,709
Accumulated amortization				
Buildings	21,142,308	7,615,586	–	28,757,902
Machinery	1,359,989	469,712	–	1,829,697
Other installations	51,372,566	20,996,809	–	72,369,381
Furniture	11,381,773	4,599,912	–	15,981,661
IT Equipment	4,014,725	659,692	–	4,674,429
Vehicles	3,872,396	688,217	(3,735,156)	825,482
Other tangible fixed assets	1,190,787	505,149	–	1,695,931
Totals	94,334,544	35,535,076	(3,735,156)	126,134,483
Net Totals	217,594,003			191,294,226

6.2. The acquisition in the period 2016/17 and 2017/18 correspond, mainly, to investments in the Angry Birds Park.

6.3. Fixed assets acquired through finance lease contracts is as follows:

	(Euros)
Information Processing Equipment	13,378
Transport Elements (Vehicles)	92,361

	(Rupees)
Information Processing Equipment	926,560
Transport Elements (Vehicles)	6,396,923

6.4. There are no signs of impairment through March 31st, for the elements in the Tangible Fixed Assets.

6.5. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

6.6. There are fully depreciated information processing equipment in use at March 31, 2018 for the amount of 206,836 Euros (16,683,392 Rupees). At March 31, 2017 amounted 46,797 Euros (3,241,160 Rupees)

7. **FINANCIAL ASSETS**

Information related to the Balance Sheet

7.1. Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, Jointly-controlled group and associated companies) by categories and classes is as follows:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Euros	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Long-term Financial Assets						
Investments held to maturity	–	–	–	–	**16,658**	16,658
Loans and Receivables	–	–	–	–	**705,624**	862,025
Totals	–	–	–	–	**722,282**	878,683
Short- term Financial Assets						
Loans and Receivables	–	–	–	–	**2,695,220**	2,816,662
Liquid Assets	–	–	–	–	**756,799**	643,344
Totals	–	–	–	–	**3,452,019**	3,460,006

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Rupees	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Long-term Financial Assets						
Investments held to maturity	–	–	–	–	**1,343,634**	1,153,733
Loans and Receivables	–	–	–	–	**56,915,621**	59,703,843
Totals	–	–	–	–	**58,259,256**	60,857,576
Short- term Financial Assets						
Loans and Receivables	–	–	–	–	**217,396,417**	195,082,027
Liquid Assets	–	–	–	–	**61,043,445**	44,557,995
Totals	–	–	–	–	**278,439,862**	239,640,022

7.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

Euros

Financial Assets	2018/19	2019/20	2020/21	2021/22	2022/23	Next	Total l/t
Financial Investments	**8,210**	–	–	–	–	**16,658**	**16,658**
Other financial assets	8,210	–	–	–	–	16,658	16,658
Investments in Group and Associated Companies	**888,372**	–	–	–	–	–	–
Loans to companies	888,372	–	–	–	–	–	–
Commercial Debts and other Receivables	**1,798,637**	**414,731**	**197,201**	**67,599**	**26,093**	–	**705,624**
Customer receivables for sales and services	1,988,485	414,731	197,201	67,599	26,093	–	705,624
Clients' Impairment	(202,295)	–	–	–	–	–	–
Personnel	12,447	–	–	–	–	–	–
Cash and other Liquid Assets	**756,799**	–	–	–	–	–	–
Liquid Assets	756,799	–	–	–	–	–	–
Totals	**3,452,019**	**414,731**	**197,201**	**67,599**	**26,093**	**16,658**	**722,282**

Rupees

Financial Assets	2017/18	2018/19	2019/20	2020/21	2021/22	Next	Total l/t
Financial Investments	**662,207**	–	–	–	–	**1,343,634**	**1,343,634**
Other financial assets	662,207	–	–	–	–	1,343,634	1,343,634
Investments in Group and Associated Companies	**71,656,123**	–	–	–	–	–	–

Rupees

Financial Assets	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Next**	**Total l/t**
Loans to companies	71,656,123	–	–	–	–	–	–
Commercial Debts and other Receivables.	**145,078,088**	**33,452,194**	**15,906,269**	**5,452,513**	**2,104,646**	**–**	**56,915,622**
Customer receivables for sales and services.	160,391,215	33,452,194	15,906,269	5,452,513	2,104,646	–	56,915,622
Clients' Impairment.	(16,317,083)	–	–	–	–	–	–
Personnel.	1,003,956	–	–	–	–	–	–
Cash and other Liquid Assets.	**61,043,445**	**–**	**–**	**–**	**–**	**–**	**–**
Liquid Assets	61,043,445	–	–	–	–	–	–
Totals	**278,439,862**	**33,452,194**	**15,906,269**	**5,452,513**	**2,104,646**	**1,343,634**	**58,259,256**

7.3. Corrections due to Impairment caused by Credit Risk

Transactions in the corrective accounts representative of impairment losses due to credit risk to customers are as follows:

Euros	**Amount**
Balance at 31.03.16	1,043,067
Impairment Maturity (Note 13.1)	176,860
Impairment reversal (Note 13.1)	(995,725)
Balance at 31.03.17	224,202
Impairment Maturity (Note 13.1)	190,415
Impairment reversal (Note 13.1)	(212,322)
Balance at 31.03.18	**202,295**

Rupees	**Amount**
Balance at 31.03.16	72,242,820
Impairment Maturity (Note 13.1)	12,249,319
Impairment reversal (Note 13.1)	(68,963,880)
Balance at 31.03.17	15,528,260
Impairment Maturity (Note 13.1)	15,358,841
Impairment reversal (Note 13.1)	(17,125,925)
Exchange rate	2,555,908
Balance at 31.03.18	**16,317,083**

Information relating to the Profit and Loss Account

7.4. Debt related to clients

There are customer advances for the amount of 106,183 Euros (8,564,721 Rupees) and 87,472 Euros (6,058,311 Rupees) for the financial years 2017/18 and 2016/17 respectively that correspond to accommodation services charges not accrued at the end of the financial year.

7.5. Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account for the amounts of 156,031 Euros (12,585,460 Rupees) and 150,058 Euros (10,393,017 Rupees) 2017/18 and 2016/17 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

Other Information

7.6. Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are valued at their cost.

Equity Instruments traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are measured at their reasonable value.

7.7 Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit granted to clients and debtors are granted based on a preliminary solvency study and strict follow-up of loans and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

7.8 Accrual adjustments

In January, every year, the company assumes the debt with the related company Holiday Club Canarias Resort Management SLU related to the yearly maintenance fees of the unsold weeks. At the end of the financial year there are, in the accrual adjustment balance, the proportional part of the not accrued months in March 31st 2018, for the amount of 1,347,197 Euros (108,664,910 Rupees), 1,364,175 Euros (94,482,761 Rupees) in March 31st 2017.

8. FINANCIAL LIABILITIES

Information related to the Balance Sheet

8.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories and classes is as follows:

Euros	**Debits with Credit Institutions**		**Bonds and Other Market Securities**		**Derivatives/Others**	
	31.03.18	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Long-Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**11,917,834**	12,417,834
Totals	**–**	–	**–**	–	**11,917,834**	**12,417,834**
Short-Term financial Liabilities						
Debits and Payables	**–**	48,703	**–**	–	**2,649,469**	2,369,569
Totals	**–**	48,703	**–**	–	**2,649,469**	**2,369,569**

Rupees	**Debits with Credit Institutions**		**Bonds and Other Market Securities**		**Derivatives/Others**	
	31.03.18	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Long-Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**961,292,498**	860,059,189
Totals	**–**	–	**–**	–	**961,292,498**	860,059,189
Short-Term financial Liabilities						
Debits and Payables	**–**	3,373,182	**–**	–	**213,706,175**	164,116,349
Totals	**–**	3,373,182	**–**	–	**213,706,175**	164,116,349

8.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros

Financial Liabilities	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Next**	**Total l/t**
Debts	**4,578**	–	–	–	–	–	–
Other financial liabilities	**4,578**	–	–	–	–	–	–
Debts with Group and Associated Companies	**2,481,032**	–	–	–	–	11,917,834	11,917,834
Trade Creditors and other Accounts Payable	**163,859**	–	–	–	–	–	–
Suppliers	**207**	–	—	–	–	–	–
Sundry Creditors	**157,662**	–	–	–	–	–	–
Personnel (wages pending payment)	**5,990**	–	–	–	–	–	–
Totals	**2,649,469**	–	–	–	–	**11,917,834**	**11,917,834**

Rupees

Financial Liabilities	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Next**	**Total l/t**
Debts	**369,264**	–	–	–	–	–	–
Other financial liabilities	**369,264**	–	–	–	–	–	–
Debts with Group and Associated Companies	**200,120,049**	–	–	–	–	961,292,498	961,292,498
Trade Creditors and other Accounts Payable	**13,216,862**	–	–	–	–	–	–
Suppliers	**16,673**	–	—	–	–	–	–
Sundry Creditors	**12,717,007**	–	–	–	–	–	–
Personnel (wages pending payment)	**483,182**	–	–	–	–	–	–
Totals	**213,706,175**	–	–	–	–	961,292,498	961,292,498

Information relating to the Profit and Loss Account and Equity

8.3. Financial Expenses

The heading for financial expenses for debts with group and associated companies for the 2016/17 and 2017/18 financial years for the amounts of 317,533 Euros (21,992,336 Rupees) and 309,904 Euros (24,996,857 Rupees), respectively, correspond to the accrual of interest on loans granted by group companies. The heading of debts to third parties includes interest accrued with credit institutions and public administrations due to the fact that the company did not invest the Canary Islands Investments Reserve for the years 2012 and 2013, the amounts of which come to 4,677 Euros (323,929 Rupees) and 46,096 Euros (3,718,103 Rupees) respectively for the 2016/17 financial period and for the financial period 2017/18 only indudes interests accrued with credit institutions for the amount of 8,057 Euros (649,878 Rupees).

Other Information

8.4. Reasonable Value

The book value of the financial Viabilities is an acceptable approximation to the reasonable value.

8.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

9. SHAREHOLDERS' EQUITY

9.1. The share capital, for an amount of 3,100 Euros (214,706 Rupees), comprises 31 shares of 100 Euros (6,926 Rupees) face value each.

9.2. As per the Revised Text of the Law of Share Capital Companies, a figure equal to 10% of the period's profit must be kept in a reserve fund until this reaches at least 20% of the share capital. During the 2011/12 financial period, 3,100 Euros (232,407 Rupees) were allocated to said reserves.

9.3. The Canary Islands Investments Reserve Fund for the amount of 3,093,871 Euros (214,281,505 Rupees), is subject to the availability limitations established in the tax regulations.

9.4. The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

9.5. The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	**2017/18**	2016/17
Voluntary Reserves	**1,892,290**	1,892,290
Canary Islands Investment Reserves	**3,093,871**	3,093,871
Goodwill Reserves	**406,799**	406,799
Totals	**5,392,960**	5,392,960

Rupees	2017/18	2016/17
Voluntary Reserves	**152,632,134**	131,060,025
Canary Islands Investment Reserves	**249,551,665**	214,281,531
Goodwill Reserves	**32,812,388**	28,174,882
Totals	**434,996,187**	373,516,438

10. INVENTORIES

10.1. Inventories show the following break-down:

Euros	2017/2018	2016/2017
Merchandise in Stock, Angry Birds Theme Park	**34,077**	36,199
Unsold Weeks in Stock	**7,072,557**	7,255,070
Totals	**7,106,634**	7,291,268

Rupees	2017/2018	2016/2017
Merchandise in Stock, Angry Birds Theme Park	**2,748,681**	2,507,115
Unsold Weeks in Stock	**570,472,421**	502,486,139
Totals	**573,221,102**	504,993,254

10.2. The transactions of unsold weeks in stock during the 2016/17 y 2015/16 financial periods, have been as follows:

Euros	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Unsold weeks in stock	7,662,905	456,942	(864,777)	**7,255,070**
	Balance 31.3.17	**Acquisitions**	**Disposals**	**Balance 31.03.18**
Unsold weeks in stock	7,255,069	254,482	(436,995)	7,072,556

Rupees	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Unsold weeks in stock	530,732,832	31,647,775	(59,894,469)	**502,486,139**

	Balance 31.3.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Unsold weeks in stock	502,486,139	82,707,791	20,526,484	(35,247,993)	**570,472,421**

Acquisitions of inventory during the 2016/17 and 2017/18 financial period owes to refurbishment carried out in one of the hotel complexes, to the weeks sold in previous financial periods and recovered in 2016/2017 and 2017/18, due to defaulting on payment of clients of their debts to the Company or the related Company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U, for amounts of 441,942 Euros (30,608,903 Rupees) and 227,233 Euros (18,328,614 Rupees), respectively and to a lesser extent for weeks purchased during the 2016/17 and 2017/18 for the amount of 15,000 Euros (1,038,900 Rupees) and 27,249 Euros (2,197,904 Rupees), respectively.

10.3 There are suppliers' advances for the amount of 9,513 Euros (658,870 Rupees) and 9,848 Euros (794,340 Rupees) for the financial periods 2016/17 and 2017/18, respectively.

10.4. There are no signs of impairment to the inventories at the end of the financial periods 2016/17 and 2017/18.

11. FOREIGN CURRENCY

11.1. Assets in foreign currency mostly correspond to commercial loans for the sale of weeks in stock, The most significant balances in the diverse foreign currencies are detailed below:

Foreign currency	Balance at 31.03.17	Exchange Rate at 31.03.17	Euros at 31.03.17	Rupees at 31.03.17
- Pounds Sterling	285,917	0.8599 libra/ euro	332,462	23,026,318
Foreign currency	**Balance at 31.03.18**	**Exchange Rate at 31.03.18**	**Euros at 31.03.18**	**Rupees at 31.03.18**
- Pounds Sterling	226,711	0.8749 libra/euro	259,127	20,901,220

11.2. Transactions carried out in foreign currency during the 2017/18 and 2016/17 financial periods, correspond entirely to sales, reaching 382,526 Euros (30,854,547 Rupees) and (16,676,399 Rupees) respectively.

12. TAX POSITION

Profit Tax

12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U. and Holiday Club Canarias Resort Management, S.L.U.

12.2. Individual Tax Base

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	(876,301)	–
Profit Tax	(65,998)	–
Current Tax	(75,122)	–
Deferred Tax	9,124	–
Permanent Differences	19,240	
Goodwill Deduction	90,400	–
Non-deductible Expenses	(5,200)	–
Temporary Differences		
70% Limit Amortization	(30,413)	–
Tax Base (Tax Profit & Loss)	(868,272)	–

Rupees	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	(70,682,470)	–
Profit Tax	(5,323,362)	–
Current Tax	(6,059,305)	–

Rupees	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Deferred Tax	735,942	–
Permanent Differences	1,551,937	
Goodwill Deduction	7,291,642	–
Non-deductible Expenses	(419,432)	–
Temporary Differences		
70% Limit Amortization	(2,453,113)	–
Tax Base (Tax Profit & Loss)	(70,034,798)	–

12.3. Corporate Tax Settlement

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of Holiday Club Carrarias Sales & Marketing, S.LU., for a negative amount of 868,272 Euros (70,034,820 Rupees), are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below:

Euros	2017/18	2016/17
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**(569,673)**	(375,337)
Group Tax Base	**–**	–
Corporate income tax payable (25% x taxable base)	**(569,673)**	(375,337)
Group Gross Tax payable	**–**	–

Rupees	2017/18	2016/17
Previous Group Tax Base	**(45,949,844)**	(25,995,841)
Negative Group Tax base from previous financial years	**–**	–
Group Tax Base	**(45,949,844)**	(25,995,841)
Corporate income tax payable (25% x taxable base)	**–**	–
Group Gross Tax payable	**–**	–

12.4. Breakdown of expenditure on Income Tax

The expenditure on Income Tax accrued in the financial periods 2017/18 and 2016/17 is broken down as follows:

Euros	2017/18	2016/17
1. Current Tax	**(75,122)**	(122,394)
2. Deferred tax	**9,124**	9,124
– deductible temporary differences that are applied in the period	**9,124**	9,124
3. Total expenditure on income tax	**(65,998)**	(113,270)

Rupees	2017/18	2016/17
1. Current Tax	**(6,059,305)**	(8,477,029)
2. Deferred tax	**735,942**	631,928
– deductible temporary differences that are applied in the period	**735,942**	631,928
3. Total expenditure on income tax	**(5,323,362)**	(7,845,100)

12.5. Deduction because of the investments

Using the interest rate (25 percent) in the investments during the financial period the company obtains an amount which is subject to deduction for the amount of 8,8847 Euros (713,599 Rupees). It means that in March 31st 2018 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

12.6 Deferred Tax Asset.

Transactions during the 2016/17 and 2017/18 financial periods found in this heading have been the following:

Euros	Balance 31.3.17	Acquisitions	Applications	Balance 31.03.18
– Temporary differences, 70% limit fiscal amortisation	77,754	–	(9,124)	**68,630**
Totals	77,754	–	(9,124)	**68,630**

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
– Temporary differences, 70% limit fiscal amortisation	86,878	–	(9,124)	77,754
Totals	86,878	–	(9,124)	77,754

Rupees	Balance 31.3.17	Exchange rate	Acquisitions	Applications	Balance 31.03.18
– Temporary differences, 70% limit fiscal amortisation	5,385,239	886,386	–	(735,934)	5,535,692
Totals	5,385,239	886,386	–	(735,934)	5,535,692

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
– Temporary differences, 70% limit fiscal amortisation	6,017,168	–	(631,928)	**5,385,239**
Totals	6,017,168	–	(631,928)	**5,385,239**

12.7. Deferred Tax Liabilities

The amount of 116,375 Euros (9,386,808 Rupees), corresponds to the tax effect of capital grants appearing in the Company's equity at March 31, 2018 (139,283 Euros (9,646,741 Rupees) at March 31st 2017). The tax base applied is 25%.

12.8 The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial year 2017/2018, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	2011	2011/12	2012/13
Provisions	776,358	1,081,563	2,465,000
Investments carried out			
Financial Period 2013/14	(776,358)	(1,081,563)	(799,103)
Financial Period 2014/15	–	–	(263,916)
Financial Period 2015/16	–	–	(13,857)
Financial Period 2016/17	–	–	(159,074)

Rupees

Item	2011	2011/12	2012/13
Provisions	53,770,555	74,909,053	170,725,900
Investments carried out			
Financial Period 2013/14	(53,770,555)	(74,909,053)	(55,345,874)
Financial Period 2014/15	–	–	(18,278,822)
Financial Period 2015/16	–	–	(959,736)
Financial Period 2016/17	–	–	(11,017,465)

The Company, during the Financial Period 2013/14, carried out the following Investments, materialising the Reserve in the following assets and on the indicated dates on the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	1,084,195	633,330	633,330	633,330	–	–
					633,330	**633,330**	**–**	**–**
21301001	ANGRY BIRDS ASSETS	01.11.2013	55,851	23,226	32,625	32,625	–	–
21301001	Machinery	12.06.2014	3,500		3,500	3,500	–	–
					36,125	**36,125**	**–**	**–**
21508001	ANGRY BIRDS ASSETS	01.11.2013	2,833,292	1,178,231	1,655,060	106,902	1,081,563	466,595
21508001	Other Facilities	21.11.2013	7,710	–	7,710	–	–	7,710
21508001	Other Facilities	01.02.2014	1,102	–	1,102	–	–	1,102
21508001	Other Facilities	01.02.2014	2,590	–	2,590	–	–	2,590
21508001	Other Facilities	18.02.2014	755	–	755	–	–	755
21508001	Other Facilities	26.02.2014	746	–	746	–	–	746
21508001	Other Facilities	08.04.2014	1,609	–	1,609	–	–	1,609
21508001	Other Facilities	07.05.2014	110	–	110	–	–	110
21508001	Other Facilities	09.05.2014	298	–	298	–	–	298
21508001	Other Facilities	09.05.2014	943	–	943	–	–	943
21508001	Other Facilities	14.05.2014	893	–	893	–	–	893
21508001	Other Facilities	19.05.2014	1,609	–	1,609	–	–	1,609
21508001	Other Facilities	20.05.2014	1,390	–	1,390	–	–	1,390
21508001	Other Facilities	21.05.2014	396	–	396	–	–	396
21508001	Other Facilities	31.05.2014	1,476	–	1,476	–	–	1,476
21508001	Other Facilities	31.05.2014	604	–	604	–	–	604
21508001	Other Facilities	05.06.2014	1,811	–	1,811	–	–	1,811
21508001	Other Facilities	06.06.2014	26	–	26	–	–	26
21508001	Other Facilities	06.06.2014	15	–	15	–	–	15
21508001	Other Facilities	06.06.2014	76	–	76	–	–	76
21508001	Other Facilities	01.08.2014	269	–	269	–	–	269
21508001	Other Facilities	01.08.2014	1,616	–	1,616	–	–	1,616
21508001	Other Facilities	01.08.2014	3,493	–	3,493	–	–	3,493
21508001	Other Facilities	08.08.2014	2,001	–	2,001	–	–	2,001
21508001	Other Facilities	01.09.2014	2,319	–	2,319	–	–	2,319
					1,688,918	**106,902**	**1,081,563**	**500,453**

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21601002	ANGRY BIRDS ASSETS	01.11.2013	83,856	34,871,61	48,984	–	–	48,984
21601002	Furniture	19.11.2013	783	–	783	–	–	783
21601002	Furniture	19.11.2013	175	–	175	–	–	175
21601002	Furniture	01.03.2014	600	–	600	–	–	600
21601002	Furniture	01.04.2014	690	–	690	–	–	690
21601002	Furniture	15.04.2014	690	–	690	–	–	690
21601002	Furniture	31.05.2014	356	–	356	–	–	356
21601002	Furniture	01.06.2014	199	–	199	–	–	199
21601002	Furniture	01.06.2014	63	–	63	–	–	63
21601002	Furniture	01.06.2014	175	–	175	–	–	175
21601002	Furniture	01.06.2014	1,142	–	1,142	–	–	1,142
21601002	Furniture	29.06.2014	814	–	814	–	–	814
					54,670	**–**	**–**	**54,670**
21701001	IT Equipment	26.10.2013	1,347	–	1,347	–	–	1,346
21701001	IT Equipment	04.12.2013	768	–	768	–	–	768
21701001	IT Equipment	04.12.2013	749	–	749	–	–	749
21701001	IT Equipment	04.12.2013	14,176	–	14,176	–	–	14,176
21701002	IT Equipment	11.10.2013	1,224	–	1,224	–	–	1,224
					18,264	**–**	**–**	**18,264**
21801001	Vehicles	10.09.2014	19,509	–	19,509	–	–	19,509
21801001	Vehicles	12.09.2014	285	–	285	–	–	285
					19,794	**–**	**–**	**19,794**
21901008	Other Tangible Fixed Assets	01.12.2013	1,400	–	1,400	–	–	1,400
21901008	Other Tangible Fixed Assets	16.09.2014	64	–	64	–	–	64
21901008	Other Tangible Fixed Assets	16.09.2014	2,500	–	2,500	–	–	2,500
21901008	Other Tangible Fixed Assets	17.09.2014	64	–	64	–	–	64
					4,029	**–**	**–**	**4,029**

Rupees

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	81,282,099	47,480,750	47,480,750	47,480,750	–	–
					47,480,750	**47,480,750**	**–**	**–**
21301001	ANGRY BIRDS ASSETS	01.11.2013	4,187,149	1,741,253	2,445,896	2,445,896	–	–
21301001	Machinery	12.06.2014	262,395		262,395	262,395	–	–
					2,708,291	**2,708,291**	**–**	**–**
21508001	ANGRY BIRDS ASSETS	01.11.2013	212,411,901	88,331,978	124,079,848	8,014,443	81,084,778	34,980,627
21508001	Other Facilities	21.11.2013	578,019	–	578,019	–	–	578,019
21508001	Other Facilities	01.02.2014	82,617	–	82,617	–	–	82,617
21508001	Other Facilities	01.02.2014	194,172	–	194,172	–	–	194,172
21508001	Other Facilities	18.02.2014	56,602	–	56,602	–	–	56,602
21508001	Other Facilities	26.02.2014	55,928	–	55,928	–	–	55,928
21508001	Other Facilities	08.04.2014	120,627	–	120,627	–	–	120,627
21508001	Other Facilities	07.05.2014	8,247	–	8,247	–	–	8,247

Rupees

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21508001	Other Facilities	09.05.2014	22,341	–	22,341	–	–	22,341
21508001	Other Facilities	09.05.2014	70,697	–	70,697	–	–	70,697
21508001	Other Facilities	14.05.2014	66,948	–	66,948	–	–	66,948
21508001	Other Facilities	19.05.2014	120,627	–	120,627	–	–	120,627
21508001	Other Facilities	20.05.2014	104,208	–	104,208	–	–	104,208
21508001	Other Facilities	21.05.2014	29,688	–	29,688	–	–	29,688
21508001	Other Facilities	31.05.2014	110,656	–	110,656	–	–	110,656
21508001	Other Facilities	31.05.2014	45,282	–	45,282	–	–	45,282
21508001	Other Facilities	05.06.2014	135,771	–	135,771	–	–	135,771
21508001	Other Facilities	06.06.2014	1,949	–	1,949	–	–	1,949
21508001	Other Facilities	06.06.2014	1,125	–	1,125	–	–	1,125
21508001	Other Facilities	06.06.2014	5,698	–	5,698	–	–	5,698
21508001	Other Facilities	01.08.2014	20,167	–	20,167	–	–	20,167
21508001	Other Facilities	01.08.2014	121,152	–	121,152	–	–	121,152
21508001	Other Facilities	01.08.2014	261,870	–	261,870	–	–	261,870
21508001	Other Facilities	08.08.2014	150,015	–	150,015	–	–	150,015
21508001	Other Facilities	01.09.2014	173,855	–	173,855	–	–	173,855
					126,618,182	**8,014,443**	**81,084,778**	**37,518,961**
21601002	ANGRY BIRDS ASSETS	01.11.2013	6,286,684	2,614,325	3,672,330	–	–	3,672,330
21601002	Furniture	19.11.2013	58,702	–	58,702	–	–	58,702
21601002	Furniture	19.11.2013	13,120	–	13,120	–	–	13,120
21601002	Furniture	01.03.2014	44,982	–	44,982	–	–	44,982
21601002	Furniture	01.04.2014	51,729	–	51,729	–	–	51,729
21601002	Furniture	15.04.2014	51,729	–	51,729	–	–	51,729
21601002	Furniture	31.05.2014	26,689	–	26,689	–	–	26,689
21601002	Furniture	01.06.2014	14,919	–	14,919	–	–	14,919
21601002	Furniture	01.06.2014	4,723	–	4,723	–	–	4,723
21601002	Furniture	01.06.2014	13,120	–	13,120	–	–	13,120
21601002	Furniture	01.06.2014	85,616	–	85,616	–	–	85,616
21601002	Furniture	29.06.2014	61,026	–	61,026	–	–	61,026
					4,098,610	**–**	**–**	**4,098,610**
21701001	IT Equipment	26.10.2013	100,985	–	100,985	–	–	100,910
21701001	IT Equipment	04.12.2013	57,577	–	57,577	–	–	57,577
21701001	IT Equipment	04.12.2013	56,153	–	56,153	–	–	56,153
21701001	IT Equipment	04.12.2013	1,062,775	–	1,062,775	–	–	1,062,775
21701002	IT Equipment	11.10.2013	91,763	–	91,763	–	–	91,763
					1,369,252	**–**	**–**	**1,369,252**
21801001	Vehicles	10.09.2014	1,462,590	–	1,462,590	–	–	1,462,590
21801001	Vehicles	12.09.2014	21,366	–	21,366	–	–	21,366
					1,483,956	**–**	**–**	**1,483,956**
21901008	Other Tangible Fixed Assets	01.12.2013	104,958	–	104,958	–	–	104,958
21901008	Other Tangible Fixed Assets	16.09.2014	4,798	–	4,798	–	–	4,798

Rupees

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21901008	Other Tangible Fixed Assets	16.09.2014	187,425	–	187,425	–	–	187,425
21901008	Other Tangible Fixed Assets	17.09.2014	4,798	–	4,798	–	–	4,798
					302,054	**–**	**–**	**302,054**

Also, at the time of the initial investment relating to the opening of the Angry Birds Park, the creation of jobs occurred, which caused an increase of the total average number of employees. This has resulted in the materialization of the reserve in the creation of jobs, which, as indicated in the Report for the 2013 / 2014 Financial Period, amounted to 201,892 Euros (13,983,040 Rupees).

During the financial period 2014/2015, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	220	220	220
21601002	Furniture	28.02.2015	715	715	715
21601002	Furniture	12.03.2015	298	298	298
21601002	Furniture	19.03.2015	1,060	1,060	1,060
21601002	Furniture	19.03.2015	60	60	60
21601002	Furniture	30.04.2015	2,373	2,373	2,373
21601002	Furniture	30.09.2015	571	571	571
		Furniture	**5,297**	**5,297**	**5,297**
21701001	IT Equipment	31.10.2014	784	784	784
21701001	IT Equipment	31.10.2014	645	645	645
21701001	IT Equipment	30.11.2014	2,311	2,311	2,311
		IT Equipment	**3,740**	**3,740**	**3,740**

Rupees

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	16,493	16,493	16,493
21601002	Furniture	28.02.2015	53,604	53,604	53,604
21601002	Furniture	12.03.2015	22,341	22,341	22,341
21601002	Furniture	19.03.2015	79,468	79,468	79,468
21601002	Furniture	19.03.2015	4,498	4,498	4,498
21601002	Furniture	30.04.2015	177,904	177,904	177,904
21601002	Furniture	30.09.2015	42,808	42,808	42,808
		Furniture	**397,116**	**397,116**	**397,116**
21701001	IT Equipment	31.10.2014	58,776	58,776	58,776
21701001	IT Equipment	31.10.2014	48,356	48,356	48,356
21701001	IT Equipment	30.11.2014	173,256	173,256	173,256
		IT Equipment	**280,388**	**280,388**	**280,388**

Furthermore, on the occasion of the initial investment for the launch of the Angry Birds Park on November 1, 2013, jobs have been created which have determined an increase of the average total number of staff. This has resulted in the realization of the reserve due to the creation of jobs.

In particular, the increase to the average amount of staff pursuant to Artide 27.4.0 of Law 19/1994, July 6 and Article 10 of the Royal Decree of 1758/2007, was 10,56 employees.

During the financial period 2014/2015, the amount of 24,136 Euros (1,671,659 Rupees) is the average cost of the gross wages and compulsory social contributions of employees connected to the Park. Consequently, in accordance with Article 27.6 of Law 19/1994, the materialization of the reserve due to the increase of the number of employees at the initial investment, is 254,879 Euros (17,652,920 Rupees)

This investment, due to the creation of jobs materializes part of the reserve allocated in the Financial Period 2012/2013.

During the financial period 2015/2016, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	6,898	6,898	6,898
21601002	Furniture	31.10.2015	320	320	320
		Furniture	**7,218**	**7,218**	**7,218**
21701002	IT Equipment	25.11.2015	749	749	749
21701002	IT Equipment	30.11.2015	460	460	460
		IT Equipment	**1,209**	**1,209**	**1,209**
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
		Other facilities	**1,615**	**1,615**	**1,615**
20601001	IT applications	01.03.2016	3,816	3,816	3,816
		IT applications	**3,816**	**3,816**	**3,816**

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	517,143	517,143	517,143
21601002	Furniture	31.10.2015	23,990	23,990	23,990
		Furniture	**541,133**	**541,133**	**541,133**
21701002	IT Equipment	25.11.2015	56,153	56,153	56,153
21701002	IT Equipment	30.11.2015	34,486	34,486	34,486
		IT Equipment	**90,639**	**90,639**	**90,639**
21508001	Other facilities	29.02.2016	94,462	94,462	94,462
21508001	Other facilities	29.02.2016	26,614	26,614	26,614
		Other facilities	**121,077**	**121,077**	**121,077**
20601001	IT applications	01.03.2016	286,086	286,086	286,086
		IT applications	**286,086**	**286,086**	**286,086**

During the financial period 2016/2017, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	763	763	763
21601002	Furniture	28.06.2016	640	640	640
21608002	Furniture	01.03.2017	440	440	440
21608002	Furniture	23.03.2017	2,126	2,126	2,126
		Furniture	**3,969**	**3,969**	**3,969**
21701001	IT Equipment	06.02.2017	930	930	930
21701001	IT Equipment	01.03.2017	885	885	885
21701002	IT Equipment	25.05.2016	460	460	460
		IT Equipment	**2,275**	**2,275**	**2,275**
21901008	Other Tangible Fixed Assets	30.04.2016	35	35	35
21901008	Other Tangible Fixed Assets	30.04.2016	37	37	37
21901008	Other Tangible Fixed Assets	30.04.2016	12	12	12
21901008	Other Tangible Fixed Assets	30.04.2016	3	3	3
21901008	Other Tangible Fixed Assets	30.04.2016	4,749	4,749	4,749

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21901008	Other Tangible Fixed Assets	01.05.2016	239	239	239
21901008	Other Tangible Fixed Assets	01.12.2016	48,551	48,551	48,551
21901008	Other Tangible Fixed Assets	22.02.2017	11,921	11,921	11,921
21901008	Other Tangible Fixed Assets	22.02.2017	86	86	86
21901008	Other Tangible Fixed Assets	22.02.2017	66	66	66
21901008	Other Tangible Fixed Assets	22.02.2017	113	113	113
21901008	Other Tangible Fixed Assets	01.03.2017	3,589	3,589	3,589
21901008	Other Tangible Fixed Assets	06.03.2017	6,603	6,603	6,603
21901008	Other Tangible Fixed Assets	06.03.2017	172	172	172
21901008	Other Tangible Fixed Assets	08.03.2017	1,340	1,340	1,340
21901008	Other Tangible Fixed Assets	16.03.2017	1,060	1,060	1,060
21901008	Other Tangible Fixed Assets	23.03.2017	34,200	34,200	34,200
21901008	Other Tangible Fixed Assets	29.03.2017	828	828	828
21901008	Other Tangible Fixed Assets	29.03.2017	3,700	3,700	3,700
21901008	Other Tangible Fixed Assets	31.03.2017	22,253	22,253	22,253
		Other Tangible Fixed Assets	**139,558**	**139,557**	**139,558**
20601001	IT applications	01.05.2016	1,716	1,716	1,716
20601001	IT applications	01.03.2017	3,537	3,537	3,537
20601001	IT applications	29.03.2017	1,817	1,817	1,817
		IT applications	**7,070**	**7,070**	**7,070**
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
		Other facilities	**6,202**	**6,202**	**6,202**

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	52,845	52,845	52,845
21601002	Furniture	28.06.2016	44,326	44,326	44,326
21608002	Furniture	01.03.2017	30,474	30,474	30,474
21608002	Furniture	23.03.2017	147,247	147,247	147,247
		Furniture	**274,893**	**274,893**	**274,893**
21701001	IT Equipment	06.02.2017	64,412	64,412	64,412
21701001	IT Equipment	01.03.2017	61,295	61,295	61,295
21701002	IT Equipment	25.05.2016	31,860	31,860	31,860
		IT Equipment	**157,567**	**157,567**	**157,567**
21901008	Other Tangible Fixed Assets	30.04.2016	2,424	2,424	2,424
21901008	Other Tangible Fixed Assets	30.04.2016	2,563	2,563	2,563
21901008	Other Tangible Fixed Assets	30.04.2016	831	831	831
21901008	Other Tangible Fixed Assets	30.04.2016	208	208	208
21901008	Other Tangible Fixed Assets	30.04.2016	328,916	328,916	328,916
21901008	Other Tangible Fixed Assets	01.05.2016	16,553	16,553	16,553
21901008	Other Tangible Fixed Assets	01.12.2016	3,362,642	3,362,642	3,362,642
21901008	Other Tangible Fixed Assets	22.02.2017	825,648	825,648	825,648
21901008	Other Tangible Fixed Assets	22.02.2017	5,956	5,956	5,956
21901008	Other Tangible Fixed Assets	22.02.2017	4,571	4,571	4,571
21901008	Other Tangible Fixed Assets	22.02.2017	7,826	7,826	7,826
21901008	Other Tangible Fixed Assets	01.03.2017	248,574	248,574	248,574

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21901008	Other Tangible Fixed Assets	06.03.2017	457,324	457,324	457,324
21901008	Other Tangible Fixed Assets	06.03.2017	11,913	11,913	11,913
21901008	Other Tangible Fixed Assets	08.03.2017	92,808	92,808	92,808
21901008	Other Tangible Fixed Assets	16.03.2017	73,416	73,416	73,416
21901008	Other Tangible Fixed Assets	23.03.2017	2,368,692	2,368,692	2,368,692
21901008	Other Tangible Fixed Assets	29.03.2017	57,347	57,347	57,347
21901008	Other Tangible Fixed Assets	29.03.2017	256,262	256,262	256,262
21901008	Other Tangible Fixed Assets	31.03.2017	1,541,243	1,541,243	1,541,243
		Other Tangible Fixed Assets	**9,665,718**	**9,665,718**	**9,665,718**
20601001	IT applications	01.05.2016	118,850	118,850	118,850
20601001	IT applications	01.03.2017	244,973	244,973	244,973
20601001	IT applications	29.03.2017	125,845	125,845	125,845
		IT applications	**489,668**	**489,668**	**489,668**
21508001	Other facilities	29.03.2017	429,551	429,551	429,551
		Other facilities	**429,551**	**429,551**	**429,551**

On March 31, 2017 the partners agreed to dispose part of the RIC 2012/13 special reserve, so that they agreed to transfer part of the special reserve to voluntary reserves, specifically for the amount pending to materialize at this date, the amount of 1,229,049 Euros (85,123,934 Rupees). Consequently, one of the requirements established in the article 27 of the Law 19/1994 has been violated, integrating, in accordance with article 27.6 of Law 19/1994, this amount into the tax base of the corporate tax corresponding to 2016/17 period.

As a result of this breach, moratory interests have been paid to the administration for the amount of 53,975 Euros (3,738,309 Rupees), of which 46,096 were accrued as at 31 March 2017 (see note 9.3).

The realization for the amount of 26,781 Euros (1,854,852 Rupees) in the annual report for the financial period 2016/17 that was booked in the account 21100001, has been reclassified during the current financial period to the account 21901008, but the assets are still in the company with the same amount and all the requirements related to the realization have been fulfilled. See note 6.1.

Finally, it must be reported that the Company has not carried out investments prior the provision and it has not been benefited from any other tax benefit accrued at the time of the Investments made as a result of the realization of the RIC.

12.9. Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes have been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

13. INCOMES AND EXPENSES

13.1. Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding to the cost of the acquired weeks and with purchases of merchandise and merchandising for the Theme Park. The amounts are as follows:

Euros	2017/18	2016/17
Cost of weeks acquired	**27,249**	15,000
Merchandise purchased Theme Park	**169,981**	173,091
Change in Inventory merchandise Theme park	**2,121**	(5,081)
Totals	**199,352**	188,091

Rupees	2017/18	2016/17
Cost of weeks acquired	**2,197,904**	1,038,877
Merchandise purchased Theme Park	**13,710,698**	11,988,297
Change in Inventory merchandise Theme park	**171,098**	(351,855)
Totals	**16,079,700**	12,675,319

The purchase of acquired weeks has been carried out in Spanish territory and the theme park merchandise has been purchased from members countries of the European Union.

6.b) Social security: corresponds entirely with the business contribution whose amount totalled 487,784 Euros (39,344,657 Rupees) and 596,897 Euros (41,341,086 Rupees) for the Financial Periods 2017/18 and 2016/17, respectively.

7.a) External Services:

Euros	2017/18	2016/17
Leases and Charges	**312,476**	461,559
Repair and Maintenance	**2,249,993**	2,297,291
Independent Professional Services	**843,314**	1,220,202
Transport	**199,104**	211,798
Insurance	**25,771**	24,094
Bank Services and Similar	**24,407**	26,545
Publicity, Advertising and Public Relations	**294,208**	484,723
Supplies	**160,810**	157,612
Other Services	**306,130**	191,822
Totals	**4,416,214**	5,075,645

Rupees	2017/18	2016/17
Leases and Charges	**25,204,354**	31,967,562
Repair and Maintenance	**181,484,451**	159,110,389
Independent Professional Services	**68,021,741**	84,511,166
Transport	**16,059,724**	14,669,136

Rupees	**2017/18**	2016/17
Insurance	**2,078,695**	1,668,764
Bank Services and Similar	**1,968,698**	1,838,478
Publicity, Advertising and Public Relations	**23,730,793**	33,571,902
Supplies	**12,970,939**	10,916,188
Other Services	**24,692,460**	13,285,619
Totals	**356,211,854**	351,539,203

7.c) Losses on, impairment of and change in trade provisions:

Euros	**2017/18**	2016/17
Losses from bad debts	**283,159**	1,098,646
Trade Provision	**190,415**	176,860
Excess Trade Provision	**(212,322)**	(995,725)
Provision packs	**(5,200)**	(12,860)
Provision Sales-persons' commissions	**(65,824)**	(27,529)
Other provisions	**(56,949)**	42,173
Totals	**133,279**	281,566

Rupees	**2017/18**	2016/17
Losses from bad debts	**22,839,640**	76,092,234
Trade Provision	**15,358,841**	12,249,319
Excess Trade Provision	**(17,125,888)**	(68,963,880)
Provision packs	**(419,432)**	(890,684)
Provision Sales-persons' commissions	**(5,309,364)**	(1,906,659)
Other provisions	**(4,593,506)**	2,920,901
Totals	**10,750,291**	19,501,233

13.2. "Other results": these correspond to the net of Profit & Loss that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. In the financial year 2016/17 and 2017/18 they correspond, mainly, to the long term provision the for amount of 26,029 Euros (1,802,769 Rupees) and 252,000 Euros (20,326,320 Rupees), respectively (See note 14.1)

14. PROVISIONS AND CONTINGENCIES

Provisions

14.1. The long-term provision for the amount of 278,029 Euros (22,425,819 Rupees) corresponds to judicial processes in favor of different clients for claims for weeks sold in previous periods. Transactions during the 2017/18 financial period are as follows:

Euros	**Saldo a 31.03.17**	**Altas**	**Saldo a 31.03.18**
Otras provisiones a largo plaza	26,029	252,000	**278,029**

Rupees	**Balance at 31.03.17**	**Exchange rate**	**Acquisitions**	**Balance at 31.03.18**
Long-term provisions	1,802,741	296,727	20,326,320	22,425,787

The company has been sued for several clients arguing that the contracts are null for de amount of 3,800,000 Euros (360,508,000 Rupees). At the date of preparation of these annual accounts 76 claims have been received, 15 of which have a ruling (1 favourable and 14 unfavourable) for the amount of 420,589 Euros (33,924,709 Rupees). The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. Although there are unfavourable rulings all of them have been appealed and are expected to get a favourable ruling for the contracts signed after July 2012. Most of them are in this case. The maximum risk has been quantified in 278,029 Euros (22,425,819 Rupees)

14.2. The short term provision corresponds to the accrual of commissions pending payment to sates staff, the cost of the accommodation of packs and provisions for the cancellation of sales. The balance at the close of the financial year 2016/17 and 2017/87 amounts 631,833 euros (43,760,754 Rupees) and 555,541 Euros (Rupees), respectively.

Contingencies

14.3. There are guarantees provided to one of the group Companies, to respond to a loan granted by a financial institution, amounting 500,000 Euros (40,330,000 Rupees) (see Note 18.3).

15. ENVIRONMENTAL INFORMATION

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

16. GRANTS, DONATIONS AND BEQUESTS

16.1 On June 24, 2014 a grant was given by the Ministry of Finance and other Public Administrations for the investment Project in the Angry. Birds Theme Park, for the amount of 870,213 Euros (60,270,952 Rupees).

16.2. Variations in the capital grant during the financial years 2017/18 and 2016/17 are as follows:

Euros	**Balance 31.03.16**	**Acquisitions**	**Transfer to results**	**Tax rate change**	**Balance 31.03.17**
Capital Grant	648,766	–	(91,633)	–	**557,132**
Tax Effect	(162,191)	–	22,908	–	**(139,283)**
Totals	486,574	–	**(68,725)**	**–**	**417,849**

	Balance 31.03.17	**Acquisitions**	**Transfer to results**	**Balance 31.03.18**
Capital Grant	557,133	–	(91,633)	**465,500**
Tax Effect	(139,283)	–	22,908	**(116,375)**
Totals	417,850	–	(68,725)	**349,124**

Rupees	**Balance 31.03.16**	**Exchange rate**	**Transfer to results**	**Tax rate change**	**Balance 31.03.17**
Capital Grant	44,933,505	–	(6,346,532)	–	**38,586,973**
Tax Effect	(11,233,371)	–	1,586,633	–	**(9,646,738)**
Totals	33,700,135	–	**(4,759,899)**	**–**	**28,940,236**

	Balance 31.03.17	**Exchange rate**	**Transfer to results**	**Balance 31.03.18**
Capital Grant	38,586,973	6,351,374	(7,391,153)	**37,547,195**
Tax Effect	(9,646,738)	(1,587,893)	1,847,788	**(9,386,843)**
Totals	28,940,236	**4,763,481**	**(5,543,365)**	**28,160,352**

17. EVENTS AFTER THE CLOSING OF THE YEAR

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

18. TRANSACTIONS BETWEEN RELATED PARTIES

18.1. Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.

- Ms. Unn Tove Saetran, Sales Manager, until May 2016.
- Ms. Maria del Carmen Meinster, Publicity Services Manager.

Remuneration paid to managers and key personnel of the company, during the financial period 2016/17, in their status as employees of the company, amounts to 165,971 Euros (11,495,151 Rupees) and in the financial period 2017/18, 111,221 Euros (8,971,086 Rupees)

On the Balance Sheet there is a current account with partners and administrators at March 31, 2018, that amounts 3,126 Euros (252,143 Rupees) (3,560 euros (246,566 Rupees) in the financial period 2016/2017)

18.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 17 July, that amended Law 24/1988, of July 28, in which the market values and the text revised from the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3. Transactions and Balances with Group companies:

The transactions carried out with Group companies during the financial periods 2017/18 and 2016/17, are the following:

Euros	2016/17		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, S.L.U.	–	2,490,190	170,264
Holiday Club Resort OY	–	312,866	333,890
Holiday Club Sweden AB	317,533	15,257	7,606
Totals	317,533	2,818,312	511,760

Euros	2017/18		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, S.L.U.	**–**	**2,390,368**	**194,640**
Holiday Club Resort OY	**–**	**263,339**	**314,209**
Holiday Club Sweden AB	**309,904**	**1,246**	**209,055**
Totals	**309,904**	**2,654,953**	**529,754**

Rupees	2016/17		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, S.L.U.	–	172,470,535	11,792,500
Holiday Club Resort OY	–	21,669,076	23,125,241
Holiday Club Sweden AB	21,992,336	1,056,701	526,792
Totals	21,992,336	195,196,311	35,444,532

Rupees	2017/18		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, S.L.U.	**–**	**192,807,053**	**15,699,623**
Holiday Club Resort OY	**–**	**21,240,913**	**25,344,093**
Holiday Club Sweden AB	**24,996,862**	**100,530**	**–**
Totals	**24,996,862**	**214,148,496**	**41,043,715**

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2017/18 and 2016/17, both short-term and long-term, at the close of the Financial Periods are:

	2016/2017		**2017/2018**	
Euros	Debit Balances	Creditor Balances	**Debit Balances**	**Creditor Balances**
Holiday Club Canarias Resort Management, S.L.U.	–	1,276,397	**–**	**2,288,506**
Holiday Club Canarias Investment, S.L.U.	757,250	–	**888,372**	**–**
Holiday Club Resort OY	16,107	–	**–**	**33,386**
Holiday Club Sweden AB	–	13,267,022	**–**	**12,076,974**
Totals	773,357	14,543,419	**888,372**	**14,398,866**

	2016/2017		**2017/2018**	
Rupees	Debit Balances	Creditor Balances	**Debit Balances**	**Creditor Balances**
Holiday Club Canarias Resort Management, S.L.U.	–	88,403,240	**–**	**184,590,867**
Holiday Club Canarias Investment, S.L.U.	52,447,136	–	**71,656,123**	**–**
Holiday Club Resort OY	1,115,590	–	**–**	**2,692,946**
Holiday Club Sweden AB	–	918,873,949	**–**	**974,128,734**
Totals	53,562,725	1,007,277,188	**71,656,123**	**1,161,412,547**

The Company is backed by the Group Company Holiday Club Canarias Resort Management, SLU, to respond to a loan granted by a financial institution, amounting to 500,000 Euros (4,033,000 Rupees) (see Note 14.4).

19. OTHER INFORMATION

19.1. Companies subject to the same unit of decision

The Company shows the largest assets in the group of companies subject to the same decision-making units, headquartered in Spain. The companies are the following ones:

- Holiday Club Canarias Investment, S.L.U.: Parent Company of the Group
- Holiday Club Canarias Sales & Marketing, S.L.U.: Subsidiary and with the highest assets.
- Holiday Club Canarias Resort Management, S.L.U.: Subsidiary.

Aggregate amounts of said companies are as follows:

Euros	2017/18	2016/17
ASSETS		
Non-current Assets	**9,159,582**	9,402,096
Current Assets	**17,588,317**	17,566,237
Total	**26,747,899**	26,968,333
EQUITY AND LIABILITIES		
Equity	**4,095,383**	4,809,563
Non-current Liabilities	**12,494,144**	12,658,858
Current Liabilities	**10,158,372**	9,499,912
Total	**26,747,899**	26,968,333
PROFIT & LOSS		
Turnover	**12,698,059**	13,109,685
Results (Loss)	**645,454**	1,736,642

Rupees	2017/18	2016/17
ASSETS		
Non-current Assets	**738,811,853**	651,189,143
Current Assets	**1,418,673,650**	1,216,637,582
Total	**2,157,485,503**	1,867,826,726
EQUITY AND LIABILITIES		
Equity	**330,333,561**	333,110,329
Non-current Liabilities	**1,007,777,674**	876,752,506
Current Liabilities	**819,374,267**	657,963,891
Total	**2,157,485,503**	1,867,826,726
PROFIT & LOSS		
Turnover	**1,024,225,459**	907,976,766
Results (Loss)	**52,062,314**	120,279,802

19.2. Number of Employees

The average number of persons employed by the Company during the financial periods 2017/18 and 2016/17, distributed by their professional categories, has been as follows:

	Persons	
	2017/18	2016/17
Executives and Administrative Staff	**18.23**	19.44
Sales and Collections Staff	**23.61**	35.56
Others	**22.24**	25.31
Totals	**64.08**	80.31

The distribution by gender at the end of the financial periods 2017/18 and 2016/17 is the following:

	2017/18		2016/17	
	Men	**Women**	Men	Women
Executives and Administrative Staff	**8**	**11**	7	10
Sales and Collections Staff	**18**	**9**	27	15
Others	**16**	**17**	16	15
Totals	**42**	**37**	50	40

The average number of disabled persons (more than 33% of disability) employed by the Company during the financial periods 2017/18 and 2016/17 is only 1 employee in the "other" category, for both financial periods.

19.3. Auditors' Fees

The fees for the audit of annual accounts amount to 11,000 Euros (887,260 Rupees) and 11,000 Euros (761,860 Rupees) for the Financial Periods 2017/18 and 2016/17 respectively

20. SEGMENT REPORTING

The Company's business has been carried out entirely within the geographical area of the Canary Islands.

Euros	2017/18	2016/17
Sale of weeks and packs	**3,288,940**	4,731,235
Angry Birds Theme Park income	**1,215,018**	1,136,535
Vacation rental	**2,313,127**	1,180,884
Other income	**749,048**	764,912
Totals	**7,566,133**	7,813,566

Rupees	2017/18	2016/17
Sale of weeks and packs	**265,285,868**	327,685,358
Angry Birds Theme Park income	**98,003,312**	78,716,385
Vacation rental	**186,576,837**	81,788,059
Other income	**60,418,248**	52,977,789
Totals	**610,284,265**	541,167,590

21. INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION OF LAW 15/2010 OF 5 JULY.

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

Euros	2017/18	2016/17
	Days	Days
Payment Ratio	**45**	45
Outstanding payment Ratio	**31**	31
Average period for payment to suppliers	**43**	42
	Euro/Rupees	Euro/Rupees
Total payments in the period	**4,693,506/378,578,167**	3,018,625/209,069,968
Total outstanding payments	**157,869/12,733,680**	235,809/16,346,466

HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31ST, 2018

Submitted by the managers of the Company HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. to be considered by General Meeting of Shareholders.

1. BUSINESS DEVELOPMENT.

The total amount of the turnover for the society is 7,566,133 euros (610,284,288 Rupees).

In October 31st, 2018 the Company opened the Angry Birds Activity Park in Puerto Rico, Mogan. After four and a half years running the business the results have been very satisfactory, taking into account that we are talking about a very big investment, over 4,000,000 Euros (322,640,000 Rupees)

This will help to diversify the business focussed on the touristic activity and the vacation enjoyment of the families.

2. COMPANY'S SITUATION

Inventories and accounts receivables are the most relevant items in the balance sheet.

3. OWN SHARES

There are not own shares in the company.

4. AVERAGE PERIOD FOR PAYMENT

The average period for payment to suppliers and creditor is 43 days.

April 16th, 2018

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial period commencing from April 1, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in the management of five resorts and the lease of commercial premises at those resorts.

The Company's resort property located at Mogán, Gran Canaria, Spain, was fully operational. There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements. During the period under review, the Company has made profit of EUR 233 thousand (INR 1,877 thousand).

Dividend

No dividend was proposed for the financial period under review.

Directors

The Directors shown below have held office during the financial period under review:

1) Calvin Stuart Lucock

2) Anne Oravainen

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

The Company is a wholly owned subsidiary of Holiday Club Canarias Investment S.L.U. and in turn subsidiary Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
Of Holiday Club Canarias Resort Management SLU

Calvin Stuart Lucock
Director

Anne Oravainen
Director

Place : Mogán
Date : April 16, 2018

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

To the Sole Shareholder of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU, (the Company) which comprise the balance sheet as at 31 March 2018, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2018 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on “Responsibilities of the auditor in connection with the audit of the financial statements”.

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon we do not express a separate opinion on said risks.

Maintenance Fees incomes

As shown in the profit and loss account, the sales figure amounts to 5.1 million euros (see note 20), while in the current liabilities there is a balance of 3.7 million euros of short-term accruals. As explained in note 1, the main activity of the Company consists in offering maintenance services to five apartment complexes that the related company HOLIDAY CLUB CANARIAS SALES MARKETING, SLU sells by the time share regime, or it exploits tourism. For each calendar year, the owners’ meeting of each complex approves the maintenance fees for each type of room and complex, which are invoiced in the following January, with the non-accrued portion registered in the section of short-term accruals. Due to the monetary relevance of the sales item and the diversity of quotes due to the number of complexes and types of rooms to which the Company provides services, a valuation of the sales and the short-term accruals of the Company have been considered a relevant aspect of our audit.

Our procedures consisted, among other things, in a verification of the annual quotas approved in the minutes by the number and type of rooms of each complex, verifying the accrued portion based on the time elapsed between the billing and the closing of the financial year of the Company.

Cost center for apartment complexes

As indicated in note 20, the incomes for maintenance fee amounts of 4.8 million euros. The Company divides its activity among five apartment complexes, reason why each of them supports a part of those expenses. This information is used to establish, with approval in the owners’ meeting, the maintenance fees that are invoiced (income) to the owners of each Resort, differentiated by each type of room. The Company keeps track of the allocation of costs to each apartment complex and informs owners about the total expenses of the year for each of the complexes. Due to the high amount of expenses, together with the different nature of the same, where the assignment of these to each cost center entails a detailed analysis, we have considered a relevant aspect for our audit work.

As part of our audit, our procedures included the analysis of the reasonableness of the imputation of the expenses by complex. In addition, tests were carried out in detail to verify the correct assignment of the same.

Other information: Management Report

The other information includes the management report for the year ended 31 March 2018, the formulation of which is the responsibility of the Company’s Directors, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2017-2018 and its content and presentation are in accordance with the applicable regulations.

Directors' responsibilities

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORS S.L.P
(n° ROAC S2158)

Javier ALVAREZ CABRERA
(n° ROAC 16092)

Las Palmastle Gran Canaria, on April 17th 2018

BALANCE SHEET AT MARCH 31, 2018

ASSETS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) NON-CURRENT ASSETS					
I. Intangible Assets	**5**	**1,360,000**	**109,697,594**	1,530,000	105,967,797
4. Goodwill		**1,360,000**	**109,697,594**	1,530,000	105,967,797
II. Fixed Assets	**6**	**3,156,753**	**254,623,706**	2,581,440	178,790,550
1. Property and Buildings		**2,772,416**	**223,623,112**	2,301,406	159,395,387
2. Technical Facilities and other Fixed Assets		**373,307**	**30,110,914**	269,004	18,631,225
3. Advances and fixed assets in progress		**11,030**	**889,680**	11,030	763,938
III. Real Estate Investments	**7**	**744,898**	**60,083,460**	759,653	52,613,578
2. Construction/ Buildings		**744,898**	**60,083,460**	759,653	52,613,578
VI. Deferred Tax Assets	**12**	**64,380**	**5,192,885**	32,317	2,238,275
TOTAL A		**5,326,031**	**429,597,644**	4,903,410	339,610,200
B) LIQUID ASSETS					
III. Commercial debtors and other accounts receivables		**759,925**	**61,295,586**	874,922	60,597,087
1. Trade receivables		**724,823**	**58,464,259**	839,375	58,135,113
a) Trade receivables / long term	**9**	**0**	**0**	64,264	4,450,904
b) Trade receivables / short term	**9**	**724,823**	**58,464,259**	775,111	53,684,209
3. Other debtors	**9**	**16,641**	**1,342,274**	31,347	2,171,059
4. Personnel	**9**	**9,320**	**751,775**	4,183	289,710
6. Other receivables from Public Administrations		**9,141**	**737,278**	17	1,205
IV. Short-term Investments in affiliated group and associate	**9-18**	**2,290,131**	**184,721,941**	1,277,210	88,459,530
2. Loans to companies		**2,290,131**	**184,721,941**	1,277,210	88,459,530
V. Short-term financial investments	**9**	**1,489**	**120,125**	480	33,245
5. Other financial assets		**1,489**	**120,125**	480	33,245
VI. Short term accruals		**30,232**	**2,438,507**	63,522	4,399,557
VII. Cash and other equivalent liquid assets	**9**	**921,787**	**74,351,312**	1,479,034	102,437,897
1. Liquid assets		**921,787**	**74,351,312**	1,479,034	102,437,897
TOTAL B		**4,003,564**	**322,927,471**	3,695,168	255,927,316
TOTAL ASSETS (A + B)		**9,329,595**	**752,525,116**	8,598,578	595,537,516

BALANCE SHEET AT MARCH 31, 2018

NET WORTH AND LIABILITIES	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) TOTAL EQUITY					
A-1) EQUITY		**3,306,488**	**266,701,353**	3,073,754	212,888,233
I. Capital	**11**	**3,100**	**250,046**	3,100	214,706
1. Shared Capital		**3,100**	**250,046**	3,100	214,706
III. Reserves		**3,306,789**	**266,725,585**	2,986,721	206,860,314
1. Legal and statutory		**620**	**50,009**	620	42,941
2. Other reserves	**11**	**3,306,169**	**266,675,575**	2,986,101	206,817,373
V. Profit & Loss from previous Periods		**(236,134)**	**(19,046,597)**	(236,134)	(16,354,665)
2. (Losses from previous Periods)		**(236,134)**	**(19,046,597)**	(236,134)	(16,354,665)
VII. Profits for the Period	**3**	**232,734**	**18,772,319**	320,068	22,167,878
TOTAL A		**3,306,488**	**266,701,353**	3,073,754	212,888,233
B) NON CURRENT LIABILITIES					
II. Long-term Debts	**10**	**173,421**	**13,988,132**	64,743	4,484,079
2. Debts to Loan Institutions		**167,890**	**13,541,982**	42,810	2,965,054
3. Creditors due to financial leasing	**8**	**2,881**	**232,404**	19,782	1,370,119
5. Other financial liabilities		**2,650**	**213,746**	2,150	148,906
V. Long-term accruals		**8,486**	**684,482**	10,970	759,759
TOTAL B		**181,907**	**14,672,615**	75,712	5,243,838
C) CURRENT LIABILITIES					
II. Short-term provisions	**15**	**205,347**	**16,563,253**	68,443	4,740,361
III. Short-term debts	**10**	**328,062**	**26,461,499**	288,410	19,975,257
2. Debts to Loan Institutions		**292,161**	**23,565,726**	253,154	17,533,455
3. Creditors due to financial leasing	**8**	**16,901**	**1,363,233**	16,256	1,125,861
5. Other financial liabilities		**19,000**	**1,532,540**	19,000	1,315,940
IV. Short-term Debts with Group and Associated Companies 10-18	**10-18**	**883,587**	**71,270,134**	808,466	55,994,322
V. Trade Creditors and other Accounts payable		**709,610**	**57,237,131**	703,017	48,690,932
3. Sundry Creditors	**10-21**	**274,116**	**22,110,230**	261,920	18,140,563
6. Other debts with Public Administrations		**435,493**	**35,126,901**	441,097	30,550,369
VI. Short-term accruals	**10**	**3,714,594**	**299,619,133**	3,580,776	248,004,573
TOTAL C		**5,841,199**	**471,151,148**	5,449,111	377,405,444
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**9,329,595**	**752,525,116**	8,598,578	595,537,516

PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2018

ITEMS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) CONTINUING OPERATIONS					
1. Turnover	**20**	**5,131,927**	**413,941,194**	5,296,119	366,809,176
b) Services rendered		**5,131,927**	**413,941,194**	5,296,119	366,809,176
4. Supplies	**14**	**(101,649)**	**(8,199,041)**	(98,622)	(6,830,530)
a) Consumption of merchandise		**(101,649)**	**(8,199,041)**	(98,622)	(6,830,530)
5. Other operations income	**7**	**104,248**	**8,408,616**	104,836	7,260,946
a) Accessory income and other current operations		**104,248**	**8,408,616**	104,836	7,260,946
6. Personnel expenses		**(2,518,643)**	**(203,153,741)**	(2,301,193)	(159,380,647)
a) Wages, salaries and similar		**(1,975,539)**	**(159,346,999)**	(1,797,170)	(124,471,961)
b) Social Security contributions	**14**	**(543,104)**	**(43,806,742)**	(504,024)	(34,908,686)
7. Other operating expenses		**(2,032,178)**	**(163,915,464)**	(2,243,289)	(155,370,180)
a) Outsourced services	**14**	**(1,535,355)**	**(123,841,723)**	(1,610,122)	(111,517,020)
b) Taxes		**(136,088)**	**(10,976,885)**	(163,547)	(11,327,274)
c) Losses, impairment and variation of supplies from trade op.	**14**	**(361,125)**	**(29,128,326)**	(469,135)	(32,492,323)
d) Other current operating expenses		**390**	**31,470**	(485)	(33,564)
8. Depreciation of fixed assets	**5-6-7**	**(317,962)**	**(25,646,848)**	(326,671)	(22,625,219)
13. Other incomes and expenses	**14**	**1,922**	**155,062**	(11,153)	(772,449)
A.1) Operating Income (Profit)		**267,664**	**21,589,777**	420,027	29,091,097
14. Financial Income.	**9**	**13,804**	**1,113,444**	48,755	3,376,787
b) Trade securities and other equity instruments		**13,804**	**1,113,444**	48,755	3,376,787
b 2) Third Parties		***13,804***	***1,113,444***	*48,755*	*3,376,787*
15. Financial expenses	**10**	**(6,024)**	**(485,920)**	(8,975)	(621,581)
b) Debts with Third Parties		**(6,024)**	**(485,920)**	(8,975)	(621,581)
17. Exchange differences.	**13**	**349**	**28,127**	(271)	(18,760)
A.2) FINANCIAL PROFIT & LOSS (PROFIT)		**8,129**	**655,650**	39,510	2,736,445
A.3) PROFIT BEFORE TAXES (PROFIT)		**275,793**	**22,245,428**	459,537	31,827,542
19. Corporate Income Tax	**12**	**(43,059)**	**(3,473,109)**	(139,470)	(9,659,664)
A.5) PROFIT & LOSS IN THE PERIOD (PROFIT)		**232,734**	**18,772,319**	320,068	22,167,878

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2018

ITEMS	Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A) STATEMENT OF RECOGNISED PROFIT AND LOSS					
A) PROFIT AND LOSS ACCOUNT	**3**	**232,734**	**18,772,319**	320,068	22,167,878
TOTAL OF RECOGNISED PROFIT AND LOSS (A)		**232,734**	**18,772,319**	320,068	22,167,878

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2018 (euros)

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2015/16	**3,100**	**2,713,123**	**(236,134)**	**273,598**	**2,753,687**
B. ADJUSTED BALANCE BEGINNING 2016/17	**3,100**	**2,713,123**	**(236,134)**	**273,598**	**2,753,687**
I. Total recognised Profit & Loss	0	0	0	320,068	**320,068**
III. Other variations to Equity	0	273,598	0	(273,598)	**0**
C. FINAL BALANCE 2016/17	**3,100**	**2,986,721**	**(236,134)**	**320,068**	**3,073,754**
D. ADJUSTED BALANCE, BEGINNING 2017/18	**3,100**	**2,986,721**	**(236,134)**	**320,068**	**3,073,754**
I. Total recognised incomes and expenses	0	0	0	232,734	**232,734**
III. Other changes to Equity	0	320,068	0	(320,068)	**0**
E. FINAL BALANCE 2017/18	**3,100**	**3,306,789**	**(236,134)**	**232,734**	**3,306,488**

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2018 (Rupees)

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2015/16	**214,706**	**187,910,925**	**(16,354,665)**	**18,949,390**	**190,720,355**
B. ADJUSTED BALANCE BEGINNING 2016/17	**214,706**	**187,910,925**	**(16,354,665)**	**18,949,390**	**190,720,355**
I. Total recognised Profit & Loss	0	0	0	22,167,878	**22,167,878**
III. Other variations to Equity	0	18,949,390	0	(18,949,390)	**0**
C. FINAL BALANCE 2016/17	**214,706**	**206,860,314**	**(16,354,665)**	**22,167,878**	**212,888,233**
D. ADJUSTED BALANCE, BEGINNING 2017/18	**214,706**	**206,860,314**	**(16,354,665)**	**22,167,878**	**212,888,233**
I. Total recognised incomes and expenses	0	0	0	18,772,319	**18,772,319**
III. Other changes to Equity	0	25,816,648	0	(25,816,648)	**0**
IV. Exchange rate	35,340	34,048,622	(2,691,932)	3,648,770	**35,040,801**
E. FINAL BALANCE 2017/18	**250,046**	**266,725,585**	**(19,046,597)**	**18,772,319**	**266,701,353**

CASH FLOW STATEMENT AT MARCH 31, 2018

ITEMS		Notes	(Euros) 2017/18	(Rupees) 2017/18	(Euros) 2016/17	(Rupees) 2016/17
A)	**CASH FLOW FROM OPERATING ACTIVITIES**					
1.	**PROFIT & LOSS BEFORE TAXES**		**275,793**	**22,245,428**	459,537	31,827,542
2.	**ADJUSTMENTS TO PROFIT & LOSS**		**447,086**	**36,061,966**	234,269	16,225,503
	a) Depreciation of Fixed Assets	**5-6-7**	**317,962**	**25,646,848**	326,671	22,625,219
	c) Change to provisions	**15**	**136,904**	**11,042,642**	(52,621)	(3,644,510)
	g) Financial Incomes	**9**	**(13,804)**	**(1,113,444)**	(48,755)	(3,376,787)
	h) Financial Expenses	**10**	**6,024**	**485,920**	8,975	621,581
3.	**CHANGES IN WORKING CAPITAL**		**286,214**	**23,086,001**	771,537	53,436,659
	a) Inventories.		**0**	**0**	4,343	300,784
	b) Trade and other accounts receivable		**114,996**	**9,275,610**	967,859	67,033,948
	c) Other current assets		**33,290**	**2,685,204**	(37,201)	(2,576,570)
	d) Creditors and other accounts payable		**6,593**	**531,808**	(129,601)	(8,976,151)
	e) Other current liabilities		**131,334**	**10,593,379**	(33,863)	(2,345,352)
4.	**OTHER CASH FLOW FROM OPERATING ACTIVITIES**		**7,780**	**627,524**	39,781	2,755,206
	a) Interest payments	**9**	**(6,024)**	**(485,920)**	(8,975)	(621,581)
	c) Interest receivable	**10**	**13,804**	**1,113,444**	48,755	3,376,787
5.	**CASH FLOW ON OPERATING ACTIVITIES**		**1,016,872**	**82,020,919**	1,505,124	104,244,910
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**					
6.	**PAYMENTS FOR INVESTMENTS**		**(1,722,450)**	**(138,932,849)**	(881,777)	(61,071,849)
	a) Group and Associated Companies		**(1,012,921)**	**(81,702,222)**	(763,464)	(52,877,526)
	c) Fixed Assets	**6**	**(708,520)**	**(57,149,218)**	(117,832)	(8,161,078)
	e) Other financial assets		**(1,009)**	**(81,409)**	(480)	(33,245)
8.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**		**(1,722,450)**	**(138,932,849)**	(881,777)	(61,071,849)
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**					
10.	**RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES**		**148,331**	**11,964,357**	(294,591)	(20,403,364)
	a) Issue		**500,500**	**40,370,330**	50,393	3,490,209
	2. Amounts owed to credit institutions		**500,000**	**40,330,000**	50,393	3,490,209
	4. Other debts		**500**	**40,330**	0	0
	b) Repayment and amortization		**(352,169)**	**(28,405,973)**	(344,984)	(23,893,573)
	2. Debts with credit institutions		**(352,169)**	**(28,405,973)**	(263,849)	(18,274,188)
	3. Debts with Group and Associated Companies		**0**	**0**	(63,511)	(4,398,747)
	4. Other debts		**0**	**0**	(17,624)	(1,220,638)
12.	**CASH FLOW FROM FINANCING ACTIVITIES**		**148,331**	**11,964,357**	(294,591)	(20,403,421)
E)	**NET INCREASE IN CASH OR CASH EQUIVALENTS**		**(557,247)**	**(44,947,573)**	328,757	22,769,640
	Cash or cash equivalents at the beginning of the year	**9**	**1,479,034**	**119,298,885**	1,150,278	79,668,257
	Cash or equivalents at the end of the year	**9**	**921,787**	**74,351,312**	1,479,034	102,437,897

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2018

1. THE COMPANY'S BUSINESS ACTIVITY

1.1. HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.LU. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentin Concejo Arranz, under his Protocol number 1525. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company.

1.2. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, of property, buildings, tourist complexes, hotels, farms and / or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the management of five hotel complexes (Playa Amadores, Sol Amadores, Vista Amadores, Jardin Amadores and Puerto Calma, as well as the lease of commercial premises.

1.3. The Corporate offices are located at Avenida Anna Lindh, number 1, Urbanización Amadores in the municipality of Mogán in Gran Canaria.

1.4. The financial year, between 1st April until 31st March of the following year, has been fixed according to the Group that belongs to, explained in the following note. However, during this financial year has been a change of financial year as indicated in the note 2.3 of this document.

1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts.

1.6. On April 6, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS SALES & MARKETING S.L.U., acquired the business of the five tourist complexes which they are currently operating, In said acquisition, the Company was assigned property for the amount of 3,170,602 Euros (237,700,032 Rupees) and the administration and maintenance operations' Goodwill valued at 1,700,000 Euros (127,449,000 Rupees). The remaining assets (unsold weeks, customers' loan rights and goodwill corresponding to the main business of Timeshare) was assigned to the above mentioned related Company. On June 1, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the Balance Sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 80.66 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of Stare Bank of India on 31st March 2018.

These annual accounts are presented for approval to the Annual General Meeting of Members.

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Critical Aspects in the Valuation and Judgement Of Uncertainty.

At the closing of the financial period, estimations were used in the drafting of the annual accounts such as: calculation of the impairment of assets and estimations of the useful life of the assets, amongst others. Due to future events, it is possible that additional information to that existing at the time the annual accounts were drafted require modifying these estimations in future financial periods.

There are no significant uncertainties relating to events or conditions which would raise significant doubts about the possibility of the Company continuing to operate normally.

2.3. Comparing Information

The figures corresponding to the Financial Year ending on March 31, 2018 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2016/17.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.66 = FC: EURI which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2018.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2018 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2017, is as follows:

Euros	**2017/18**	2016/17
Distribution Balance		
Financial Period Profits	**232,734**	320,068
Distribution		
Reserve for investments on Canary Islands	**190,000**	–
Voluntary Reserves	**42,734**	320,068
Totals	**232,734**	320,068

Rupees	**2017/18**	2016/17
Distribution Balance		
Financial Period Profits	**18,772,319**	22,167,878
Distribution		
Reserve for investments on Canary Islands	**15,325,400**	–
Voluntary Reserves	**3,446,919**	22,167,878
Totals	**18,772,319**	22,167,878

4. RECOGNITION AND MEASUREMENT REGULATIONS

The main accounting principles and practices applied in the drafting of the Annual Accounts, follow current legislation, highlighting the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance as most significant.

The most significant accounting criteria applied in the drafting of the Annual Accounts are the following ones:

4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value. The Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

4.2. Tangible Fixed Assets

These have been measured at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	3%
Machinery	12-50%
Other installations	8-12%
Furniture	10%
IT Equipment	25%
Other intangible assets.	12-15%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Real-estate Investments

The Company classifies as Real-estate Investments, those buildings which are not being used for the production process and the profits from which are obtained through revenue from leases. The recording and measurement criteria are the same as applied to intangible fixed assets. They are amortised linearly and the percentage applied is 3 per cent.

The Company's administrators consider that the accounting value of these assets do not exceed their recoverable value.

4.4. Financial Instruments

The Company's financial instruments are classified as:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

   Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

b) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are measured at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the Effective Interest Rate method.

   Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

   The Company has complied with requirements set out in the regulations governing recording and measurement relating to financial instruments.

4.5. Transactions in Foreign Currency

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an expense during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income and expense have also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation and short term provisions allocated in previous financial periods and which are respectively, tax deductible.

4.7. Provisions and Contingencies

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

4.8. Income and Expenses

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status exists.

4.9. Personnel Expenses

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Criteria used in transaction between related parties,

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS

5.1. As indicated in Note 1.6, during the 2011 financial period the Company acquired the goodwill corresponding to the business of administration and maintenance for the amount of 1,700,000 Euros (117,742,000 Rupees). The transactions accurring during the financial periods 2016/17 and 2017/18 were the following:

Euros	Balance 31.03.17	Acquisitions	Disposals	**Balance 31.03.18**
Goodwill	1,700,000	–	–	**1,700,000**
Accumulated amortization	(170,000)	(170,000)	–	**(340,000)**
Net Totals	1,530,000			**1,360,000**
	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Goodwill	1,700,000	–	–	**1,700,000**
Accumulated amortization	–	(170,000)	–	**(170,000)**
Net Totals	1,700,000			**1,530,000**

Rupees	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	**Balance 31.03.18**
Goodwill	117,742,000	19,379,994	–	–	**137,121,994**
Accumulated amortization	(11,774,203)	(1,937,997)	(13,712,200)	–	**(27,424,400)**
Net Totals	105,967,797				**109,697,594**

	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Goodwill	117,742,000	–	–	**117,742,000**
Accumulated amortization	–	(11,774,203)	–	**(11,774,203)**
Net Totals	117,742,000			**105,967,797**

5.2. There is no evidence of impairment through March 31, 2018 on any of the elements in the Intangible Fixed Assets.

6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2016/17 and 2017/18 periods were the following:

Euros	Balance 31.03.17	Acquisitions	Disposals	**Balance 31.03.18**
Gross Costs				
Buildings	2,548,123	516,929	–	**3,065,052**
Machinery	31,667	30,865	–	**62,532**
Other facilities	136,941	27,176	–	**164,117**
Furniture	57,945	120,885	–	**178,830**
Transportation elements	16,229	10,966	–	**27,195**
IT Equipment	50,393	–	–	**50,393**
Other tangible fixed assets	386,047	1,699	–	**387,746**
Advances and fixed assets in progress	11,030	–	–	**11,030**
Totals	3,238,375	708,520	–	**3,946,895**
Accumulated amortization				
Buildings	246,718	45,918	–	**292,636**
Machinery	18,241	8,274	–	**26,515**
Other installations	25,040	18,311	–	**43,351**
Furniture	10,078	9,854	–	**19,932**
IT Equipment	12,763	1,985	–	**14,748**
Transportation elements	7,392	8,064	–	**15,456**
Other tangible fixed assets	336,705	40,801	–	**377,506**
Totals	656,936	133,207	–	**790,143**
Net Totals	2,581,440			**3,156,753**

Euros	Balance 31.03.16	Acquisitions	Disposals	**Balance 31.03.17**
Gross Costs				
Buildings	2,548,123	–	–	**2,548,123**
Machinery	25,624	6,043	–	**31,667**
Other facilities	128,966	7,975	–	**136,941**
Furniture	16,470	41,475	–	**57,945**
IT Equipment	16,229	–	–	**16,229**
Transportation elements	–	50,393	–	**50,393**
Other tangible fixed assets	374,100	11,947	–	**386,047**
Advances and fixed assets in progress	11,030	–	–	**11,030**
Totals	3,120,542	117,832	–	**3,238,375**
Accumulated amortization				
Buildings	202,109	44,609	–	**246,718**
Machinery	9,930	8,311	–	**18,241**
Other installations	9,540	15,500	–	**25,040**
Furniture	4,314	5,764	–	**10,078**
IT Equipment	9,821	2,942	–	**12,763**
Transportation elements	–	7,392	–	**7,392**
Other tangible fixed assets	279,306	57,399	–	**336,705**
Totals	515,020	141,917	–	**656,936**
Net Totals	2,605,522			**2,581,440**

Rupees	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	**Balance 31.03.18**
Buildings	176,482,999	29,048,602	41,695,481	–	**247,227,082**
Machinery	2,193,223	360,998	2,489,602	–	**5,043,823**
Other facilities	9,484,541	1,561,129	2,191,988	–	**13,237,657**
Furniture	4,013,271	660,573	9,750,596	–	**14,424,440**
Transportation elements	1,124,021	185,011	884,510		**2,193,541**
IT Equipment	3,490,209	574,479	–	–	**4,064,688**
Other tangible fixed assets	26,737,615	4,400,936	137,041	–	**31,275,592**
Advances and fixed assets in progress	763,938	125,742	–	–	**889,680**
Net Totals	224,289,817	36,917,469	57,149,218	–	**318,356,504**
Accumulated amortization					
Buildings	17,087,689	2,812,585	3,703,785	–	**23,604,059**
Machinery	1,263,338	207,942	667,356	–	**2,138,635**
Other installations	1,734,236	285,450	1,476,948	–	**3,496,634**
Furniture	697,968	114,884	794,843	–	**1,607,694**
IT Equipment	883,931	145,493	160,138	–	**1,189,561**
Transportation elements	511,936	84,263	650,442	–	**1,246,641**
Other tangible fixed assets	23,320,170	3,838,434	3,290,969	–	**30,449,573**
Totals	45,499,269	7,489,051	10,744,481	–	**63,732,798**
Net Totals	178,790,550				**254,623,706**

Rupees	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Gross Costs				
Buildings	176,482,999	–	–	**176,482,999**
Machinery	1,774,718	418,505	–	**2,193,223**
Other facilities	8,932,185	552,355	–	**9,484,541**
Furniture	1,140,712	2,872,559	–	**4,013,271**
IT Equipment	1,124,021	–	–	**1,124,021**
Transportation elements	–	3,490,209	–	**3,490,209**
Other tangible fixed assets	25,910,166	827,449	–	**26,737,615**
Advances and fixed assets in progress	763,938	–	–	**763,938**
Totals	216,128,739	8,161,078	–	**224,289,817**
Accumulated amortization				
Buildings	13,998,069	3,089,619	–	**17,087,689**
Machinery	687,752	575,620	–	**1,263,338**
Other installations	660,740	1,073,530	–	**1,734,236**
Furniture	298,788	399,215	–	**697,968**
IT Equipment	680,202	203,763	–	**883,931**
Transportation elements	–	511,970	–	**511,936**
Other tangible fixed assets	19,344,734	3,975,455	–	**23,320,170**
Totals	35,670,285	9,829,171	–	**45,499,269**
Net Totals	180,458,454			**178,790,550**

6.2. The Buildings heading corresponds to property for which the value of the plots and buildings come to 1,061,167 euros (73,496,426 Rupees) and 2,003,885 euros (161,633,364 Rupees), respectively.

6.3. Acquisitions during the financial period 2016/17 correspond to refurbishments in the common areas, furniture for two of the hotel resorts as well as the acquisition of a transport element with a financial lease (see note 8). Furthermore acquisitions during the financial period 2017/18 correspond mostly to the building of new apartments in some of the resorts owned by the company.

6.4. Fixed assets in progress correspond to refurbishment projects in two of the resorts.

6.5. There are fully depreciated fixed assets in use at March 31, 2018 for the amount of 398,152 Euros (32,114,940 Rupees). 16,139 Euros (1,117,718 Rupees) for the financial period 2016/17.

6.6. There are no signs of impairment through March 31, 2018 for the elements in the Tangible Fixed Assets.

6.7. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

7. REAL-ESTATE INVESTMENTS

7.1. The transactions occurring during the 2016/17 and 2017/18 periods were the following:

Euros	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
Buildings	**848,003**	–	–	**848,003**
Accumulated amortisation	**(88,350)**	**(14,755)**	–	**(103,105)**
Net Totals	759,653			744,898

	Balance 31.03.16	Acquisitions	Disposals	Balance 31.03.17
Buildings	**848,003**	–	–	**848,003**
Accumulated amortisation	**(73,596)**	**(14,754)**	–	**(88,350)**
Net Totals	774,407			**759,653**

Rupees	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Buildings	58,732,689	9,667,233	–	–	**68,399,922**
Accumulated amortization	(6,119,111)	(1,007,186)	(1,190,164)	–	**(8,316,462)**
Net Totals	52,613,578				**60,083,460**

Rupees	Balance 31.03.2017	Acquisitions	Disposals	Balance 31.03.18
Buildings	**58,732,689**	–	–	**58,732,689**
Accumulated amortisation	**(5,097,227)**	**(1,021,884)**	–	**(6,119,111)**
Net Totals	**53,635,462**			**52,613,578**

7.2. The heading for Plots and Buildings correspond to property in which the value of the plot and the buildings come to 356,161 euros (28,727,946 Rupees) and 491,842 Euros (39,671,976 Rupees), respectively.

7.3. The Company's Real-estate investments for rental have generated revenue of 104,831 Euros (7,260,595 Rupees) and 104,248 Euros (8,408,644 Rupees) during the financial periods 2016/17 y 2017/18 respectively and correspond to three restaurants, a pool-bar, a hairdressers' salon and a diving centre.

7.4. The main expenditures for these properties correspond to allocation for amortisation.

7.5. There are no signs of impairment through March 31, 2018 for the elements in the Real-estate investments.

7.6. The Real-estate investments are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

8. LEASES AND OTHER SIMILAR OPERATIONS

Financial leases

8.1. The amount for which the fixed asset liable to a financial lease has initially been recognized is 50,393 Euros (4,064,699 Rupees) and corresponds to a transport element for the amount of (see note 6). The asset has been recorded at fair value.

8.2. The reconciliation between the minimum future payments and the current value at the end of the 2017/18 and 2016/17 financial periods is the following (see note 10.6):

Euros	2017/18	2016/17
Total amount of minimum future payments at the end of the period	**20,202**	37,519
Financial expenses not accrued	**(420)**	(1,481)
Current value to the end of the period (note 10.6)	**19,782**	36,038

Rupees	2017/18	2016/17
Total amount of minimum future payments at the end of the period	**1,629,516**	2,598,533
Financial expenses not accrued	**(33,879)**	(102,552)
Current value to the end of the period (note 10.6)	**1,595,637**	2,495,981

8.3. The minimum lease payments and their current value, at the end of the financial years 2017/18 and 2016/17, by maturity are as follows:

Euros	2017/18	2016/17
Minimum payment		
Up to 1 year	**17,316**	17,316
From 1 to 5 years	**2,886**	20,202
Current value		
Up to 1 year	**16,901**	16,256
From 1 to 5 years	**2,881**	19,782

Rupees	2017/18	2016/17
Minimum payment		
Up to 1 year	**1,396,728**	1,199,323
From 1 to S years	**232,788**	1,399,210
Current value		
Up to 1 year	**1,363,233**	1,125,861
From 1 to 5 years	**232,404**	1,370,119

8.4. The value of the purchase option of the items liable to a financial lease is 1,443 Euros (116,392 Rupees)

8.5. The amount of the contingent fees recognized as expenses for the 2017/18 and 2016/17 financial years is 1,061 Euros (85,580 Rupees) and 1,518 Euros (105,137 Rupees), respectively.

9. FINANCIAL ASSETS

Information related to the Balance Sheet

9.1. Categories of financial assets (except for investment in the equity of group, Multigroup and associated companies):

The breakdown of financial assets (except for investments In the equity of Group, Jointly-controlled group and associated companies) by categories is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Long-term Financial Assets	**31.03.18**	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Loans and Receivables	**–**	–	**–**	–	**0**	64,264
Totals	**–**	–	**–**	–	**0**	64,264
Short-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**3,042,405**	2,088,330
Liquid Assets	**–**	–	**–**	–	**921,787**	1,479,034
Totals	**–**	–	**–**	–	**3,964,191**	3,567,364

Rupees	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Long-term Financial Assets	**31.03.18**	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Loans and Receivables	**–**	–	**–**	–	**0**	4,450,904
Totals	**–**	–	**–**	–	**0**	4,450,904
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**245,400,374**	144,637,752
Liquid Assets	**–**	–	**–**	–	**74,351,312**	102,437,897
Totals	**–**	–	**–**	–	**319,751,686**	247,075,649

9.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

Euros

Financial Assets	2018/19
Investments in Group and Associated Companies	**2,290,131**
Loans to companies	**2,290,131**
Short-term financial investments	**1,489**
Other financial assets	**1,489**
Commercial Debts and other Receivables	**750,785**
Customer receivables for sales and services	**724,823**
Sundry Receivables	**16,641**
Personnel	**9,320**
Cash and other Liquid Assets	**921,787**
Liquid Assets	**921,787**
Totals	**3,964,191**

Rupees

Financial Assets	2018/19
Investments in Group and Associated Companies	**184,721,941**
Loans to companies	**184,721,941**
Short-term financial investments	**120,125**
Other financial assets	**120,125**
Commercial Debts and other Receivables	**60,558,308**
Customer receivables for sales and services	**58,464,259**
Sundry Receivables	**1,342,274**
Personal	**751,775**
Cash and other Liquid Assets	**74,351,312**
Liquid Assets	**74,351,312**
Totals	**319,751,686**

9.3. Corrections due to Impairment caused by Credit Risk

No variations due to impairment have been applied to the corrective accounts during the financial periods 2016/17 and 2017/18.

Information relating to the Profit & Loss Account

9.4. Financial Income

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 48,755 Euros (3,376,771 Rupees) and 13,804 Euros (1,113,431 Rupees) for the financial periods 2016/17 and 2017/18 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients.

Other Information

9.5. Reasonable Value

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan are valued at their cost.

9.6. Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit to clients and debtors are granted based on a preliminary solvency study and strict follow-up of credits and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

10. FINANCIAL LIABILITIES

Information related to the Balance Sheet

10.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories is as follows:

Euros

	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
Long-term financial Liabilities	**31.03.18**	31.03.17	**31.03.18**	31.03.17	**31.03.18**	31.03.17
Debits and Payables	**170,771**	62,593	**–**	–	**2,650**	2,150
Totals	**170,771**	62,593	**–**	–	**2,650**	2,150
Short-term Financial Liabilities						
Debits and Payables	**309,062**	269,410	**–**	–	**1,176,703**	1,089,385
Totals	**309,062**	269,410	**–**	–	**1,176,703**	1,089,385

Rupees

	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
Long-term financial Liabilities	**31,03,18**	31,03,17	**31,03,18**	31,03,17	**31,03,18**	31,03,17
Debits and Payables	**13,774,386**	4,335,173	**–**	–	**213,746**	148,906
Totals	**13,774,386**	4,335,173	**–**	–	**213,746**	148,906
Short-term Financial Liabilities						
Debits and Payables	**24,928,959**	18,659,317	**–**	–	**94,912,904**	75,450,825
Totals	**24,928,959**	18,659,317	**–**	–	**94,912,904**	75,450,825

10.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities, is as follows:

Euros

Financial Liabilities	**2018/19**	2019/20	2020/21	2021/22	2022/23	Next	Total l/t
Debts	**328,062**	170,771	–	–	–	2,650	173,421
Debts with Credit Institutions	**292,161**	167,890	–	–	–	–	167,890
Creditors for financial leases	**16,901**	2,881	–	–	–	–	2,881
Other financial liabilities	**19,000**		–	–	–	2,650	2,650
Debts with Group and Associated Companies	**883,587**	–	–	–	–	–	–
Trade Creditors and other accounts payable	**274,116**	–	–	–	–	–	–
Sundry Creditors	**274,116**	–	–	–	–	–	–
Totals	**1,485,766**	170,771	–	–	–	2,650	173,421

Rupees

Financial Liabilities	**2018/19**	2019/20	2020/21	2021/22	2022/23	Next	Total l/t
Debts	**26,461,499**	13,774,386	–	–	–	213,746	13,988,132
Debts with Credit Institutions	**23,565,726**	13,541,982	–	–	–	–	13,541,982
Creditors for financial leases	**1,363,233**	232,404	–	–	–	–	232,404
Other financial liabilities	**1,532,540**		–	–	–	213,746	213,746
Debts with Group and Associated Companies	**71,270,134**	–	–	–	–	–	–
Trade Creditors and other accounts payable	**22,110,230**	–	–	–	–	–	–
Sundry Creditors	**22,110,230**	–	–	–	–	–	–
Totals	**119,841,862**	13,774,386	–	–	–	213,746	13,988,132

Information related to the Profit & Loss Account

10.3. Financial Expenses

The heading of debts to third parties is mainly the interest accrued with credit institutions, the amounts of which come to 8,975 Euros (621,609 Rupees) and 6,024 Euros (485,896 Rupees) for the financial periods 2016/17 and 2017/18, respectively.

Other Information

10.4. Reasonable Value

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

10.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

10.6. Other Information about Financial Instruments

a) Debts with credit institutions show the following breakdown:

Euros	**2017/18**	2016/17
Personal secured loans	**460,051**	295,965
Leasing (Note 8.2)	**19,782**	36,038
Totals	**479,833**	332,003

Rupees	**2017/18**	2016/17
Personal secured loans	**37,107,708**	20,498,509
Leasing (Note 8.2)	**1,595,637**	2,495,981
Totals	**38,703,345**	22,994,491

b) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum

10.7. Accrual adjustments

On January, every year, the company issues the maintenance fees invoices for every week. At the end of the financial period there are, in the heading of accrual adjustments, the proportional part of the not accrued months on March 31st 2018 for the amount of 3,714,594 Euros (299,619,152 Rupees). It was 3,580,776 Euros (248,004,546 Rupees) on March 31st 2017.

11. SHAREHOLDERS' EQUITY

11.1. The share capital, for an amount of 3,100 Euros (250,046 Rupees), comprises 31 shares of 100 Euros (8,066 Rupees) face value each.

11.2. The Canary Islands Investments Reserve Fund for the amount of 670,000 Euros (54,042,200 Rupees), is subject to the availability limitations established in the tax regulations.

11.3. The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

11.4. The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2017/18	2016/17
Voluntary Reserves	**2,119,018**	1,798,950
Canary Islands Investment Reserves	**670,000**	670,000
Goodwill Reserves	**517,151**	517,151
Totals	**3,306,169**	2,986,101

Rupees	2017/18	2016/17
Voluntary Reserves	**170,919,985**	124,595,271
Canary Islands Investment Reserves	**54,042,163**	46,404,200
Goodwill Reserves	**41,713,428**	35,817,903
Totals	**266,675,575**	206,817,373

12. TAX POSITION

Profit Tax

12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax. The Tax Group comprises the following corporations:

Parent: HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U.
Subsidiaries: HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. AND HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U.

12.2. Individual Tax Base

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the	**232,734**	**–**
financial year		**–**
Profit Tax	**43,059**	**–**
Current Tax	75,122	–
Deferred Tax	(32,063)	
Goodwill Deduction	85,000	–
Temporary Differences		
70% Limit Amortization	(7,210)	–
Reserve for investments in the Canary Islands	(190,000)	–
Provisions (Art. 14 LIS)	136,904	–
Tax Base (Tax Profit & Loss)	**300,486**	–

Rupees	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the	**18,772,319**	**–**
financial year		**–**
Profit Tax	**3,473,109**	**–**
Current Tax	6,059,305	–
Deferred Tax	(2,586,196)	
Goodwill Deduction	6,856,100	–
Temporary Differences		
70% Limit Amortization	(581,550)	–
Reserve for investments in the Canary Islands	(15,325,400)	–
Provisions (Art. 14 LIS)	11,042,642	–
Tax Base (Tax Profit & Loss)	**24,237,220**	**–**

12.3. Corporate Tax Settlement

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions; additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of HOLIDAY CLUB CANAR1AS RESORT MANAGEMENT, S.L.U. for the amount of 300,846 Euros (24,237,201 Rupees), is subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below.

Euros	2017/18	2016/17
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**(569,673)**	(375,337)
Group Tax Base	**–**	–
Corporate income tax payable (25% x taxable base)	**(569,673)**	(375,337)
Group Gross Tax payable	**–**	–

Rupees	2017/18	2016/17
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**(45,949,824)**	(25,995,841)
Group Tax Base	**–**	–
Corporate income tax payable (25% x taxable base)	**(45,949,824)**	(25,995,841)
Group Gross Tax payable	**–**	–

12.4. Breakdown of expenditure on Income Tax

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

Euros	2017/18	2016/17
1. Current Tax	**75,122**	122,394
2. Deferred tax	**(32,063)**	17,075
- deductible temporary differences that are activated in the period	**(48,158)**	(13,932)
- deductible temporary differences that are deducted in the period	**16,095**	31,007
3. Total expenditure on Income Tax	**43,059**	139,470

Rupees	2017/18	2016/17
1. Current Tax	**6,059,305**	8,477,036
2. Deferred tax	**(2,586,195)**	1,182,628
- deductible temporary differences that are activated in the period	**(3,884,398)**	(964,916)
- deductible temporary differences that are deducted in the period	**1,298,203**	2,147,545
3. Total expenditure on Income Tax	**3,473,109**	9,659,664

12.5. Deductions for Investments

Using the interest rate (25 percent) in the investments during the financial period the company obtains an amount which is subject to deduction for the amount of 63,391 Euros (5,113,118 Rupees). It means that in March 31st 2018 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period. See note 12.7.

12.6. Deferred Tax Assets

Transactions during the financial periods 2016/17 and 2017/18 found in this heading have been the following:

Euros	Balance 31.03.17	Acquisitions	Applications	**Balance 31.03.18**
- Temporary differences for non-deductible provisions	13,932	48,158	(13,932)	**48,158**
- Temporary differences, 70% limit fiscal amortisation	18,385	–	(2,163)	**16,222**
Totals	32,317	48,158	(16,095)	**64,380**

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
- Temporary differences for non-deductible provisions	28,844	13,932	(28,844)	13,932
- Temporary differences, 70% limit fiscal amortisation	20,548	–	(2,163)	18,385
Totals	49,392	13,932	(31,007)	32,317

Rupees	Balance 31.03.17	Exchange rate	Acquisitions	Applications	**Balance 31.03.18**
- Temporary differences for non-deductible provisions	964,930	158,825	3,884,398	(1,123,738)	**3,884,415**
- Temporary differences, 70% limit fiscal amortisation	1,273,345	209,589	–	(174,465)	**1,308,469**
Totals	2,238,275	368,414	3,884,398	(1,298,203)	**5,192,885**

	Balance 31.03.16	Acquisitions	Applications	Balance 31.03.17
- Temporary differences for non-deductible provisions	1,997,735	964,930	(1,997,735)	964,930
- Temporary differences, 70% limit fiscal amortisation	1,423,154	–	149,809	1,273,345
Totals	3,420,890	964,930	2,147,545	2,238,275

12.7. The Canary Islands Investment Reserve

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial period 2017/2018, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	**2012/13**	**2013/14**	**2017/18**
Provisions	245,000	425,000	190,000
Investments made			
Financial Period 2013/14	(17,221)	–	–
Financial Period 2014/15	(191,443)	–	–
Financial Period 2015/16	(36,336)	(42,173)	–
Financial Period 2016/17	–	(117,833)	–
Financial Period 2017/18	–	(264,993)	(190,000)

Rupees

Item	**2012/13**	**2013/14**	**2017/18**
Provisions	16,968,700	29,435,500	15,325,400
Investments made			
Financial Period 2013/14	(1,192,726)	–	–
Financial Period 2014/15	(13,259,342)	–	–
Financial Period 2015/16	(2,516,631)	(2,920,902)	–
Financial Period 2016/17	–	(8,161,114)	–
Financial Period 2017/18	–	(21,374,374)	(15,325,400)

Specifically, investments made in the financial period 2013/2014 for which the Canary Island Investment Reserve was materialised, were the following:

Euros

Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
21301001	Machinery	01.03.2014	1,103	1,103
21301001	Machinery	13.03.2014	690	690
21301001	Machinery	13.08.2014	1,152	1,152
21301001	Machinery	15.09.2014	12,015	12,015
	TOTAL MACHINERY		**14,961**	**14,961**
201608002	Furniture	29.11.2013	2,097	2,097
201608002	Furniture	22.11.2013	163	163
	TOTAL FURNITURE		**2,260**	**2,260**

Rupees

Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
21301001	Machinery	01.03.2014	82,692	82,692
21301001	Machinery	13.03.2014	51,729	51,729
21301001	Machinery	13.08.2014	86,365	86,365
21301001	Machinery	15.09.2014	900,765	900,765
	TOTAL MACHINERY		**1,121,626**	**1,121,626**
201608002	Furniture	29.11.2013	157,212	157,212
201608002	Furniture	22.11.2013	12,220	12,220
	TOTAL FURNITURE		**169,432**	**169,432**

Throughout the financial period 2014/2015 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	4,020	4,020
21108022	Construction/Buildings	28.02.2015	6,759	6,759
21108022	Construction/Buildings	28.02.2015	392	392
21108022	Construction/Buildings	28.02.2015	329	329
21108022	Construction/Buildings	28.02.2015	15,212	15,212
21108022	Construction/Buildings	31.03.2015	2,183	2,183
21108022	Construction/Buildings	30.09.2015	76,825	76,825
	TOTAL CONSTRUCTION		**105,720**	**105,720**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	31.05.2015	562	562
21301001	Machinery	30.06.2015	601	601
21301001	Machinery	30.07.2015	601	601
		TOTAL MACHINERY	**5,074**	**5,074**
21508001	Other Facilities	31.05.2015	5,646	5,646
21508001	Other Facilities	17.06.2015	1,096	1,096
21508001	Other Facilities	17.06.2015	586	586
21508001	Other Facilities	29.09.2015	4,056	4,056
21508001	Other Facilities	30.09.2015	68,175	68,175
		TOTAL OTHER FACILITIES	**79,558**	**79,558**
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
		TOTAL FURNITURE	**1,091**	**1,091**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	301,379	301,379
21108022	Construction/Buildings	28.02.2015	506,722	506,722
21108022	Construction/Buildings	28.02.2015	29,388	29,388
21108022	Construction/Buildings	28.02.2015	24,665	24,665
21108022	Construction/Buildings	28.02.2015	1,140,444	1,140,444
21108022	Construction/Buildings	31.03.2015	163,660	163,660
21108022	Construction/Buildings	30.09.2015	5,759,570	5,759,570
		TOTAL CONSTRUCTION	**7,925,828**	**7,925,828**
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	31.05.2015	42,133	42,133
21301001	Machinery	30.06.2015	45,057	45,057
21301001	Machinery	30.07.2015	45,057	45,057
		TOTAL MACHINERY	**380,398**	**380,398**
21508001	Other Facilities	31.05.2015	423,281	423,281
21508001	Other Facilities	17.06.2015	82,167	82,167
21508001	Other Facilities	17.06.2015	43,932	43,932
21508001	Other Facilities	29.09.2015	304,078	304,078
21508001	Other Facilities	30.09.2015	5,111,080	5,111,080
		TOTAL OTHER FACILITIES	**5,964,463**	**5,964,463**
201608001	Furniture	28.10.2014	32,762	32,762
201608001	Furniture	01.12.2014	49,030	49,030
		TOTAL FURNITURE	**81,792**	**81,792**

Throughout the financial period 2015/2016 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	8,027	8,027	–
21108005	Constructions	20.11.2015	1,950	1,950	–
21108005	Constructions	24.12.2015	1,565	1,565	–
21108005	Constructions	24.12.2015	1,450	1,450	–
21108005	Constructions	24.12.2015	1,499	1,499	–
21108005	Constructions	24.12.2015	8,027	8,027	–
21108005	Constructions	31.01.2016	1,950	1,950	–
21108008	Constructions	31.01.2016	2,370	2,370	–
		TOTAL CONSTRUCTIONS	**26,837**	**26,837**	–
21301001	Machinery	31.01.2016	1,036	–	1,036
21301001	Machinery	31.01.2016	4,514	–	4,514
		TOTAL MACHINERY	**5,550**	–	**5,550**
21508001	Other facilities	30.11.2015	5,271	5,271	–
21508001	Other facilities	01.12.2015	30,707	320	30,387
21508001	Other facilities	31.12.2015	2,409	2,409	–
21508001	Other facilities	31.01.2016	1,499	1,499	–
		TOTAL OTHER FACILITIES	**39,886**	**9,499**	**30,387**
21608001	Furniture	02.01.2016	1,036	–	1,036
		TOTAL FURNITURE	**1,036**	–	**1,036**
21708001	IT equipment	18.12.2015	5,024	–	5,024
21708001	IT equipment	18.12.2015	176	–	176
		TOTAL IT EQUIPMENT	**5,200**	–	**5,200**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	601,784	601,784	–
21108005	Constructions	20.11.2015	146,192	146,192	–
21108005	Constructions	24.12.2015	117,328	117,328	–
21108005	Constructions	24.12.2015	108,707	108,707	–
21108005	Constructions	24.12.2015	112,380	112,380	–
21108005	Constructions	24.12.2015	601,784	601,784	–
21108005	Constructions	31.01.2016	146,192	146,192	–
21108008	Constructions	31.01.2016	177,679	177,679	–
		TOTAL CONSTRUCTIONS	**2,011,970**	**2,011,970**	–
21301001	Machinery	31.01.2016	77,669	–	77,669
21301001	Machinery	31.01.2016	338,415	–	338,415
		TOTAL MACHINERY	**416,084**	–	**416,084**
21508001	Other facilities	30.11.2015	395,167	395,167	–
21508001	Other facilities	01.12.2015	2,302,104	23,990	2,278,113
21508001	Other facilities	31.12.2015	180,603	180,603	–
21508001	Other facilities	31.01.2016	112,380	112,380	–
		TOTAL OTHER FACILITIES	**2,990,253**	**712,140**	**2,278,113**
21608001	Furniture	02.01.2016	77,669	–	77,669
		TOTAL FURNITURE	**77,669**	–	**77,669**
21708001	IT equipment	18.12.2015	376,649	–	376,649
21708001	IT equipment	18.12.2015	13,195	–	13,195
		TOTAL IT EQUIPMENT	**389,844**	–	**389,844**

Throughout the financial period 2016/2017 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	11,606	11,606
21908009	Other Tangible Fixed Assets	13.04.2016	201	201
21908009	Other Tangible Fixed Assets	13.04.2016	140	140
	TOTAL OTHER TANGIBLE FIXED ASSETS		**11,947**	**11,947**
21301001	Machinery	10.10.2016	3,300	3,300
21301001	Machinery	31.10.2016	1,654	1,654
21301001	Machinery	31.10.2016	293	293
21301001	Machinery	31.12.2016	875	875
21301001	Machinery	01.01.2017	(1,036)	(1,036)
21301001	Machinery	07.02.2017	800	800
21301001	Machinery	07.02.2017	155	155
		TOTAL MACHINERY	**6,043**	**6,043**
21408001	Other facilities	28.02.2017	7,975	7,975
		TOTAL OTHER FACILITIES	**7,975**	**7,975**
21608001	Furniture	30.06.2016	22,155	22,155
21608001	Furniture	05.10.2016	18,080	18,080
21608001	Furniture	01.03.2017	1,241	1,241
		TOTAL FURNITURE	**41,476**	**41,476**
21801001	Vehicles	24.05.2016	50,393	50,393
		TOTAL VEHICLES	**50,393**	**50,393**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	803,832	803,832
21908009	Other Tangible Fixed Assets	13.04.2016	13,921	13,921
21908009	Other Tangible Fixed Assets	13.04.2016	9,696	9,696
	TOTAL OTHER TANGIBLE FIXED ASSETS		**827,449**	**827,449**
21301001	Machinery	10.10.2016	228,558	228,558
21301001	Machinery	31.10.2016	114,556	114,556
21301001	Machinery	31.10.2016	20,293	20,293
21301001	Machinery	31.12.2016	60,603	60,603
21301001	Machinery	01.01.2017	(71,753)	(71,753)
21301001	Machinery	07.02.2017	55,408	55,408
21301001	Machinery	07.02.2017	10,735	10,735
		TOTAL MACHINERY	**418,400**	**418,400**
21408001	Other facilities	28.02.2017	552,349	552,349
		TOTAL OTHER FACILITIES	**552,349**	**552,349**
21608001	Furniture	30.06.2016	1,534,455	1,534,455
21608001	Furniture	05.10.2016	1,252,221	1,252,221
21608001	Furniture	01.03.2017	85,952	85,952
		TOTAL FURNITURE	**2,872,628**	**2,872,628**
21801001	Vehicles	24.05.2016	3,490 219	3,490,219
		TOTAL VEHICLES	**3,490,219**	**3,490,219**

Throughout the financial period 2017/2018 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21108026	Construction/ Buildings	31.03.2018	124,597	124,597	–
21108028	Construction/ Buildings	31.03.2018	140,397	140,397	–
	TOTAL CONSTRUCTION/BUILDING		**264,993**	**264,993**	–
21301001	Machinery	01.07.2017	6,745	–	6,745
21301001	Machinery	01.07.2017	5,416	–	5,416
21301001	Machinery	10.08.2017	1,845	–	1,845
21301001	Machinery	30.09.2017	2,500	–	2,500
21301001	Machinery	30.09.2017	4,866	–	4,866
21301001	Machinery	30.09.2017	9,200	–	9,200
21301001	Machinery	31.03.2018	294	–	294
		TOTAL MACHINERY	**30,865**	–	**30,865**
21508001	Other Facilities	30.04.2017	109	–	109
21508001	Other Facilities	30.04.2017	225	–	225
21508001	Other Facilities	30.04.2017	466	–	466
21508001	Other Facilities	30.04.2017	1,209	–	1,209
21508001	Other Facilities	01.07.2017	3,560	–	3,560
21508001	Other Facilities	01.07.2017	1,500	–	1,500
21508001	Other Facilities	01.07.2017	1,183	–	1,183
21508001	Other Facilities	12.09.2017	1,627	–	1,627
21508001	Other Facilities	30.09.2017	13,434	–	13,434
21508001	Other Facilities	22.11.2017	3,863	–	3,863
		TOTAL OTHER FACILITIES	**27,176**	–	**27,176**
21601002	Furniture	01.09.2017	230	–	230
21601002	Furniture	11.09.2017	1,960	–	1,960
21608001	Furniture	01.08.2017	513	–	513
21608001	Furniture	10.08.2017	2,864	–	2,864
21608001	Furniture	28.08.2017	505	–	505
21608003	Furniture	31.03.2018	25,238	–	25,238
21608004	Furniture	31.03.2018	38,551	–	38,551
21608005	Furniture	31.03.2018	51,024	–	51,024
		TOTAL FURNITURE	**120,885**	–	**120,885**
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	1,371	–	1,371
21708001	IT equipment	28.01.2018	1,371	–	1,371
		TOTAL IT EQUIPMENT	**10,966**	–	**10,966**
21908001	Other tangible fixed assets	20.07.2017	108	–	108
	TOTAL OTHER TANGIBLE FIXED ASSETS		**108**	–	**108**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21108026	Construction/ Buildings	31.03.2018	10,049,994	10,049,994	–
21108028	Construction/ Buildings	31.03.2018	11,324,422	11,324,422	–
	TOTAL CONSTRUCTION/BUILDING		**21,374,335**	**21,374,335**	–
21301001	Machinery	01.07.2017	544,052	–	544,052
21301001	Machinery	01.07.2017	436,855	–	436,855
21301001	Machinery	10.08.2017	148,818	–	148,818
21301001	Machinery	30.09.2017	201,650	–	201,650
21301001	Machinery	30.09.2017	392,492	–	392,492
21301001	Machinery	30.09.2017	742,072	–	742,072
21301001	Machinery	31.03.2018	2,371,404	–	2,371,404
		TOTAL MACHINERY	**2,489,571**	–	**2,489,571**

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21508001	Other Facilities	30.04.2017	879,194	–	879,194
21508001	Other Facilities	30.04.2017	181,485	–	181,485
21508001	Other Facilities	30.04.2017	3,758,756	–	3,758,756
21508001	Other Facilities	30.04.2017	97,518	–	97,518
21508001	Other Facilities	01.07.2017	287,150	–	287,150
21508001	Other Facilities	01.07.2017	120,990	–	120,990
21508001	Other Facilities	01.07.2017	95,421	–	95,421
21508001	Other Facilities	12.09.2017	131,234	–	131,234
21508001	Other Facilities	30.09.2017	1,083,586	–	1,083,586
21508001	Other Facilities	22.11.2017	311,590	–	311,590
	TOTAL OTHER FACILITIES		**2,192,016**	**–**	**2,192,016**
21601002	Furniture	01.09.2017	185,518	–	185,518
21601002	Furniture	11.09.2017	158,094	–	158,094
21608001	Furniture	01.08.2017	4,137,858	–	4,137,858
21608001	Furniture	10.08.2017	231,010	–	231,010
21608001	Furniture	28.08.2017	407,333	–	407,333
21608003	Furniture	31.03.2018	2,035,697	–	2,035,697
21608004	Furniture	31.03.2018	3,109,524	–	3,109,524
21608005	Furniture	31.03.2018	4115,596	–	4,115,596
	TOTAL FURNITURE		**9,750,584**	**–**	**9,750,584**
21708001	IT equipment	28.01.2018	221,089	–	221,089
21708001	IT equipment	28.01.2018	221,089	–	221,089
21708001	IT equipment	28.01.2018	221,089	–	221,089
21708001	IT equipment	28.01.2018	110,585	–	110,585
21708001	IT equipment	28.01.2018	110,585	–	110,585
	TOTAL IT EQUIPMENT		**884,518**	**–**	**884,518**
21908001	Other tangible fixed assets	20.07.2017	8,711	–	8,711
TOTAL OTHER TANGIBLE FIXED ASSETS			**8,711**	**–**	**8,711**

The Company has carried out investments prior to the provision for the amount of 190,000 Euros (15,325,400 Rupees) all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

12.8. Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes has been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

13. FOREIGN CURRENCY

The Exchange differences recognised for the financial periods 2016/17 and 2017/18 in the Profit and Loss Account, for creditor and debtor's amounts of 271 Euros (18,769 Rupees) and 349 Euros (28,150 Rupees) respectively, belongs to transactions settled during the Financial Period.

14. INCOME AND EXPENSES

Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding entirely to the cost of merchandise for the amounts of 98,622 Euros (6,830,560 Rupees) and 101,649 Euros (8,199,008 Rupees) during the financial periods 2016/17 and 2017/18, respectively. All purchases have been made in Spanish territory.

6.b) Social security: corresponds entirely to the Business contribution to Social Security for a total amount of 504,024 Euros (34,908,702 Rupees) and 543,104 Euros (43,806,769 Rupees) for the financial periods 2016/17 and 2017/18, respectively.

7.a) External Services:

Euros	**2017/18**	2016/17
Leases and Charges	**1,045**	1,648
Repair and Maintenance	**457,377**	494,230
Independent Professional Services	**319,999**	361,362
Transport	**40,426**	25,569
Insurance	**23,081**	29,212
Bank Services and Similar	**9,400**	12,559
Publicity, Advertising and Public Relations	**4,758**	2,325
Supplies	**551,683**	567,011
Other Services	**127,587**	116,206
Totals	**1,535,355**	1,610,122

Rupees	**2017/18**	2016/17
Leases and Charges	**84,311**	114,129
Repair and Maintenance	**36,892,005**	34,230,402
Independent Professional Services	**25,811,158**	25,027,917
Transport	**3,260,726**	1,770,908
Insurance	**1,861,712**	2,023,210
Bank Services and Similar	**758,198**	869,817
Publicity, Advertising and Public Relations	**383,740**	161,016
Supplies	**44,498,744**	39,271,206
Other Services	**10,291,131**	8,048,415
Totals	**123,841,723**	111,517,020

7.c) Losses on impairment of and change in trade transactions:

Euros	**2017/18**	2016/17
Losses from bad debts	**103,826**	267,882
Provisions Other Trade Transactions (Note 15).	**257,299**	201,254
Totals	**361,125**	469,135

Rupees	**2017/18**	2016/17
Losses from bad debts	**8,374,580**	18,553,500
Provisions Other Trade Transactions (Note 15).	**20,753,746**	13,938,823
Totals	**29,128,326**	32,492,323

13. Other results: these correspond to the Profits & Losses that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently.

15. PROVISIONS AND CONTINGENCIES

15.1. Transactions during the financial periods 2016/17 and 2017/18 found in this heading have been the following:

Euros	Balance at 31.03.16	Acquisitions	Disposals	Balance at 31.03.17	Acquisitions	Disposals	Balance at 31.03.18
Short-term provisions	121,064	201,254	(253,875)	68,443	257,299	(120,396)	205,347

Rupees	Balance at 31.03.16	Acquisitions	Disposals	Balance at 31.03.17	Exchange rate	Acquisitions	Disposals	Balance at 31.03.18
Short-term provisions	8,384,893	13,938,852	(17,583,383)	4,740,361	780,249	20,753,746	(9,711,104)	16,563,253

They are all monthly provisions to cover general expenses approved in the owners' meeting. The company uses this provision when it is necessary.

15.2. A guarantee has been provided by one of the Group companies, to respond for a loan granted by a Finance Company, for the amount of 1,250,000 Euros (100,825,000 Rupees) (see Note 18.3).

16. ENVIRONMENTAL INFORMATION

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or deadlines of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

17. EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

No events have occurred after dosing that could be considered significant and affect the financial period's accounts.

18. TRANSACTIONS BETWEEN RELATED PARTIES

18.1. Regarding the Managing Board and Key Company Staff

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director
- Mrs. Claudia Espla Marin, Finance Manager
- Mr. Roberto Picón Pampin, Operations Manager

Remuneration paid to managers and key personnel of the company, during the financial periods 2016/17, in their status as employees of the company, amounts to 197,000 Euros (13,644,220 Rupees) and 211,200 Euros (17,035,392 Rupees) in the financial period 2017/18.

18.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 of July 17, which amended Law 24/1988, of July 28, in which the Market Values and the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3. Transactions and Balances with Group companies;

Euros	2017/2018		2016/2017	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**194,640**	**2,390,368**	170,264	2,490,190
Holiday Club Resort OY	**–**	**1,703**	–	3,999
Totals	**194,640**	**2,392,070**	170,264	2,494,189

Rupees	2017/2018		2016/2017	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**15,699,623**	**192,807,053**	11,792,500	172,470,535
Holiday Club Resort OY	**–**	**137,349**	–	276,969
Totals	**15,699,623**	**192,944,402**	11,792,500	172,747,503

Transactions carried out between Group Companies have been performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2017/18 and 2016/17, both short-term and long-term, at the close of the Financial Periods are:

Euros	2017/2018		2016/2017	
Company	**Debit Balances**	**Creditor Balances**	Debit Balances	Creditor Balances
Holiday Club Canarias Sales & Marketing, SLU	**2,289,207**	**–**	1,276,694	–
Holiday Club Canarias Invesment, SL	**516**	**883,587**	516	808,466
Holiday Club Resorts OY	**408**	**–**	–	–
Totals	**2,290,131**	**883,587**	1,277,210	808,466

Rupees	2017/2018		2016/2017	
Company	**Debit Balances**	**Creditor Balances**	Debit Balances	Creditor Balances
Holiday Club Canarias Sales & Marketing, SLU	**184,647,436**	**–**	88,423,811	–
Holiday Club Canarias Invesment, SL	**41,611**	**71,270,134**	35,737	55,994,322
Holiday Club Resorts OY	**32,894**	**–**	–	–
Totals	**184,721,941**	**71,270,134**	88,459,548	55,994,322

The Company is backing to the Group Company Holiday Club Canarias Sales & Marketing, SLU to respond to a loan granted by a financial institution amounting to 500,000 Euros (40,330,000 Rupees). There is also a guarantee provided by the parent Group Company Holiday Club Canarias Investment, SLU and Holiday Club Canarias Sales and Marketing SLU to respond to a loan granted by a financial institution, amounting 750,000 Euros (60,495,000 Rupees) (see Notes 15.2)

19. OTHER INFORMATION

19.1. Number of Employees

The average number of persons employed by the Company during the 2016/17 and 2017/18 Financial Periods, distributed by professional categories, has been the following:

	Persons	
	2017/18	2016/17
Senior Managers	**1.50**	1.50
Administration and Middle Managers	**8.49**	9.29
Receptionists and Technical Staff	**31.88**	30.21
Housekeeping and others	**48.03**	43.63
Totals	**89.90**	84.63

The distribution by gender at the end of the financial periods 2016/17 and 2017/18 is the following:

	2017/18		2016/17	
	Men	**Women**	Men	Women
Senior Managers	**2**	**–**	2	–
Administration and Middle Managers	**2**	**7**	3	6
Receptionists and Technical Staff	**27**	**6**	27	4
Housekeeping and others	**16**	**37**	12	40
Totals	**47**	**50**	44	50

The distribution by disabled employees at the end of the financial periods 2016/17 and 2017/18 is the following:

	2017/18	2016/17
Senior Managers	**–**	–
Administration and Middle Managers	**–**	–
Receptionists and Technical Staff	**–**	–
Housekeeping and others	**1**	2
Totals	**1**	2

19.2. Auditor's Fees

The fees for the audit of Annual Accounts for the Financial Periods 2016/17 and 2017/18 are as follows:

Euros	2017/18	2016/17
Fees charged for Account Auditing	**9,500**	9,500
Fees for other Services performed	**4,572**	4,500
Totals	**14,072**	14,000

Rupees	2017/18	2016/17
Fees charged for Account Auditing	**766,270**	657,970
Fees for other Services performed	**368,778**	311,670
Totals	**1,135,048**	969,640

20. SEGMENT INFORMATION

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

Euros	2017/18	2016/17
Maintenance Fee	**4,838,699**	5,009,291
Other incomes	**293,228**	286,828
Totals	**5,131,927**	5,296,119

Rupees	2017/18	2016/17
Maintenance Fee	**390,289,448**	346,943,480
Other incomes	**23,651,745**	19,865,696
Totals	**413,941,194**	366,809,176

21. INFORMATION ABOUT PAYMENT DEFERRALS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION TO THE "DUTY OF INFORMATION" OF LAW 1512010 OF 5 JULY

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

Euros	2017/18	2016/17
	Days	**Days**
Payment Ratio	15	45
Outstanding payment Ratio	30	30
Average period for payment to suppliers	44	43
	Euros/Rupees	**Euros/Rupees**
Total payments in the period	1,760,896/142,033,887	1,815,656/125,752,335
Total outstanding payments	274,116/22,110,230	261,920/18,140,579

In Mogan, on April 16th, 2018

HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31ST, 2018

Submitted by the managers of the Company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. to be considered by General Meeting of Shareholders.

1. BUSINESS DEVELOPMENT

The total amount of the turnover for the society is 5,131,927 euros (413,941,232 Rupees).

In the current period, the result of the company has been positive for the amount of 232,734 Euros (18,772,325 Rupees)

2. COMPANY'S SITUATION

Fix assets is the most relevant item in the balance sheet.

The operating cash flow of the company, the operating income plus depreciation, is positive.

3. OWN SHARES

There are not own shares in the company.

4. AVERAGE PERIOD FOR PAYMENT

The average period for payment to suppliers and creditors is 44 days.

Mogan, April 16th, 2018

DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial Period commencing from December 6, 2017 and ended on March 31, 2018.

Operations/State of the Company's Affairs

The Company is primarily engaged in Timeshare and renting business.

The Company's Resort property is located at Åre.

There have been no significant changes in the nature of the principal activities during the financial period under review.

Financial Highlights

The results for the financial period and financial position of the Company are shown in the annexed Financial Statements.

During the period under review, the Company has earned a revenue of SEK 0 (Rs. 0) and made profit of SEK 14,210,986 (Rs. 112,266,789).

No dividend was proposed for the financial period ended March 31, 2018.

Directors

The Directors shown below have held office during the financial period under review:

1) Tapio Anttila

Statement of Directors

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018.

Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

Issue of Shares

The Company did not issue shares during the financial period under review.

Holding Company

During the period under review the Company became a subsidiary of Holiday Club Sweden AB and in turn subsidiary of Holiday Club Resorts Oy (HCR) and in turn subsidiary of Covington S.à.r.l. and in turn MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Compliance

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

Auditors

There are no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2018.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, and Customers during the period under review.

Signed on behalf of the Board of Directors
of Åre Villa 3 AB
(formerly known as Visionsbolaget 12191 AB)

Tapio Anttila
Director

Place: Åre
Date: 24th April, 2018

AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 3 AB, corporate identity number 559137-7659

Report on the annual accounts

Opinions

We have audited the annual accounts of Åre Villa 3 AB for the financial year 1 April 2017 to 31 March 2018.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 3 AB as of 31 March 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 3 AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 3 AB for the financial year 1 April 2017 to 31 March 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Sundsvall 24th April, 2018
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

ADMINISTRATION REPORT

Operations

Information regarding the operations

The Company shall own and manage shares in subsidiaries and thus compatible business. The company has its registered office in Åre.

During the financial year, the company has divested its shares in Åre Villa 4 AB.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.90 = FC 1 wich is the Bloomberg rate as on 31st March 2018.

Multi-year review

	2017/18 (4 month) kSEK	2017/18 (4 month) kINR
Net sales	0	0
Profit/loss after financial items	14,211	112,267
Equity/assets ratio	99.7 %	99.7 %

Proposed appropriation of profits

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit/Loss for the year	14,210,986	112,266,789
Total	14,210,986	112,266,789

Changes in equity

	Share capital	Profit/loss brought forward	Net profit/loss	Total
Invested share capital 2018-01-25	50000SEK 395000INR			50000SEK 395000INR
Appropriation of profits as resolved by the AGM				
Dividends				
To be carried forward				
Received unconditional shareholders' contributions				
Net profit/loss for the year			14,210,986	0
Balance at year-end	50000SEK 395000INR	 0	14210986SEK 1112266789INR	14260986SEK 112661789INR

INCOME STATEMENT

	Note	12 Dec 2017 – 31 Mar 2018 SEK	12 Dec 2017 – 31 Mar 2018 INR
Operating income, changes in inventory, etc.			
Net sales		**0**	**0**
Total operating income, changes in inventory, etc.		**0**	**0**
Operating expenses			
Raw materials and consumables		**0**	**0**
Other external expenses		**0**	**0**
Total operating expenses		**0**	**0**
Operating profit/loss		**0**	**0**
Profit from shares in group companies		**14,210,986**	**112,266,789**
Profit/Loss after financial items		**14,210,986**	**112,266,789**
Profit/Loss before tax		**14,210,986**	**112,266,789**
Profit/Loss for the year		**14,210,986**	**112,266,789**

BALANCE SHEET

	Note	31 Mar 2018 SEK	31 Mar 2018 INR
Assets			
Current assets			
Current receivables			
Other receivables		**14,260,986**	**112,661,789**
Total current receivables		**14,260,986**	**112,661,789**
Cash and bank balances			
Cash and bank balances		**50,000**	**395,000**
Total cash and bank balances		**50,000**	**395,000**
Total current assets		**14,310,986**	**113,056,789**
Total assets		**14,310,986**	**113,056,789**
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 50,000 shares		**50,000**	**395,000**
Total restricted equity		**50,000**	**395,000**
Non-restricted equity			
Retained earnings		**0**	**0**
Profit/Loss for the year		**14,210,986**	**112,266,789**
Total non-restricted equity		**14,210,986**	**112,266,789**
Total equity		**14,260,986**	**112,661,789**
Current liabilities			
Other liabilities		**50,000**	**395,000**
Total current liabilities		**50,000**	**395,000**
Total equity and liabilities		**14,310,986**	**113,056,789**

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 24th April, 2018.

Åre 24th April, 2018

Tapio Anttila

Our auditor's report has been submitted 24th April, 2018
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson

Authorized Public Accountant

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Tenth Report, together with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and state of Company's affairs **(Rs. in Lakhs)**

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Total Income	**3,694.39**	5,087.03
Profit before Depreciation, Finance Costs and Taxation	**56.78**	32.94
Less: Depreciation & Amortization	**10.90**	17.75
Profit/(Loss) before Finance Costs and Taxation	**45.88**	15.19
Less: Finance Costs	**5.46**	82.10
Profit/(Loss) before Tax	**40.42**	(66.91)
Less: Taxation	**(175.98)**	(20.80)
Profit(Loss) for the Year	**216.40**	(46.11)
Other comprehensive income	**9.27**	1.88
Total comprehensive income for the year	**225.67**	(44.23)
Balance brought forward from earlier years	**(134.32)**	(90.09)
Balance of Profit carried forward	**91.35**	(134.32)
Net worth	**691.03**	465.36

No material changes and commitments have occurred after the closure of current Financial Year till the date of this report which would affect the financial position of the Company.

Demerger of Two-Wheeler Business of the Company and its merger into Mahindra & Mahindra Limited

As required by IND AS 103 - Business combinations under Appendix C - Business Combinations of entities under Common Control, the financial information for the year ended March 31st, 2017 are restated for giving effect of Demerger (Refer note 22).

The National Company Law Tribunal, Mumbai Bench by its order dated 18th October, 2017 approved the Scheme of Demerger and the same order was submitted with Registrar of companies on 25th October, 2017 making the Scheme effective from the appointed date i.e. 1st October, 2016.

Operations

During the Financial Year ended 31st March 2018 total income of your Company reduced to Rs. 36.94 crores from Rs. 50.87 crores reflecting a fall of 27%. The major reason for this was ageing of the vehicle park of the models for which the Company provides the spare parts. Besides this the reduction is vehicles sales has affected overall dealer sentiments and morale which had bearing on the business of your Company.

Outlook for the Current Year

Your Company will continue to focus on maintaining its high first fill rates whilst at the same time focusing on lower inventories and efficiently using Capital Employed. At the same time reduction in revenue has significant impact on procurement of material. However, your Company will continue its attempts to reduce the impact through leverage & synergies with group companies.

Your Company will also continue to explore various other avenues to increase its presence in two-wheeler automobile distribution system.

Dividend

In view of accumulated losses, your Directors do not recommend any dividend. Therefore No amount is proposed to be transferred to the General Reserves of the Company out of profits for the year.

Share Capital

Pursuant to the Scheme of Demerger, the Authorised Share Capital of the Company of Rs. 3500,00,00,000 divided into 350,00,00,000 of Equity Shares of Rs. 10/- each stood reclassified as Equity Share Capital of Rs. 50,00,00,000 consisting of 2500,00,00,000 Equity Shares of Re. 0.02/- each.

Changes in the equity share capital of your Company during the year were as under:

	As at 1st April 2017			As at 31st March 2018	
Shareholder	**Equity Shares held**	**% to Capital**	**Equity Shares Allotted during the Year**	**Equity Shares held**	**% to Capital**
Mahindra Vehicle Manufacturers Limited	2,766,097,350	92.25%	0	2,766,097,350	92.25%
Aay Kay Global	213,575,006	7.12%	0	213,575,006	7.12%
Emerging India Fund	18,716,860	0.63%	0	18,716,860	0.63%
Total	**2,998,389,216**	**100%**	**0**	**2,998,389,216**	**100%**

The paid-up share capital of your Company as on 31st March, 2018 stood at Rs. 5,99,67,784 divided into 2,99,83,89,216 equity shares of Re 0.02/- each.

Holding Company

Mahindra Vehicle Manufacturers Limited is the holding company and Mahindra & Mahindra Limited is your Company's ultimate holding company.

Board of Directors

The Composition of the Board is as follows

Sr. No.	Name of Director	Director's Identification Number	Executive/ Non Executive	Independent/ Non Independent
1.	Mr. Hemant Sikka*	00922281	Non Executive	Non Independent
2.	Mr. Bharat Moossaddee*	02166403	Non Executive	Non Independent
3.	Mr. Prakash Wakankar*	00020462	Non Executive	Non Independent
4.	Ms. Carmistha Mitra@	06585071	Non Executive	Non Independent
5.	Mr. S. C. Bhargava*	00020021	Non Executive	Independent
6.	Mr. Shrikant Marathe *	05243645	Non Executive	Independent
7.	Dr. Pawan Kumar Goenka^	00254502	Non Executive	Non Independent
8.	Mr. Rajesh Jejurikar^	00046823	Non Executive	Non Independent
9.	Mr. V.S. Parthasarathy^	00125299	Non Executive	Non Independent
10.	Mr. Shirish Saraf!	01918219	Non Executive	Non Independent
11.	Dr. Punita Kumar Sinha#	05229262	Non Executive	Independent
12.	Mr. Naveen Kshatriya^	00046813	Non Executive	Independent
13.	Mr. Ranjan Pant%^	00005410	Non Executive	Non Independent

* Appointed as the Additional Directors of the Company w.e.f. 8th January, 2018

@ Appointed as the Additional Director of the Company w.e.f. 12th March, 2018

% Appointed as the Additional Director of the Company w.e.f 25th July, 2017

^ Resigned as the Director of the Company w.e.f. 16th January, 2018

! Vacated the office as Director of the Company w.e.f. 25th July, 2017

Resigned as the Director of the Company w.e.f 30th October, 2017

The Board places on record its sincere appreciation and acknowledges the valuable contribution and guidance provided by Dr. Pawan Kumar Goenka, Mr. Rajesh Jejurikar, Mr. V.S. Parthasarathy, Dr. Punita Kumar Sinha, Mr. Naveen Kshatriya and Mr. Ranjan Pant during their association with the Company as Directors.

Mr. Hemant Sikka, Mr. Bharat Moossaddee, Mr. Prakash Wakankar, Ms. Carmistha Mitra, Mr. Subhash Bhargava and Mr. Shrikant Marathe were appointed as Additional Directors of the Company and will be regularised at the forthcoming Annual General Meeting of the Company.

Attendance of Directors and number of Board Meetings

During the year under review, four meetings of the Board of Directors were held on 27th April, 2017, 25th July, 2017, 30th October, 2017 and 23rd January, 2018.

The attendance at the meetings of the Board was as follows:

Name of Director	No. of meetings attended out of 4
Mr. S. C. Bhargava*	1
Mr. Prakash Wakankar*	1
Mr. Hemant Sikka*	1
Mr. Bharat Moossaddee*	1
Mr. Shrikant Marathe*	1
Ms. Carmistha Mitra@	–
Dr. Pawan Kumar Goenka^	3
Mr. Rajesh Jejurikar^	3
Mr. V.S. Parthasarathy^	3
Mr. Shirish Saraf!	–
Dr. Punita Kumar Sinha#	3
Mr. Naveen Kshatriya^	3
Mr. Ranjan Pant%^	1

* Appointed as the Additional Directors of the Company w.e.f. 8th January, 2018

@ Appointed as the Additional Director of the Company w.e.f. 12th March, 2018

^ Resigned as the Director of the Company w.e.f. 16th January, 2018

! Vacated the office as Director of the Company w.e.f. 25th July, 2017

% Appointed as the Additional Director w.e.f. 25th July, 2017

Resigned as the Director of the Company w.e.f 30th October, 2017

Annual General Meeting

During the year under review, the Annual General Meeting of the Company was held on 30th August, 2018.

Evaluation of Performance of Directors

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of Individual Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors including chairman.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, your directors, based on the representation from the operating management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

Codes of Conduct

Your Company had adopted Codes of Conduct for its Directors and senior management employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations from directors and senior management employees, affirming compliance with the respective Codes.

Policy for remuneration of Directors, Key Managerial Personnel and Other Employees and Criteria for Appointment/Removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency, your Company has adopted the following Policies which, inter alia, include criteria for determining qualifications, positive attributes and independence of a Director:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and
- Policy on the remuneration of directors, key managerial personnel and other employees.

The Board on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 20th April, 2018 had amended the said policies in order to align the same with various amendments in the Companies Act, 2013.

These policies are provided as **Annexure IA** and **Annexure IB** respectively and form part of this Report.

Vigil Mechanism

Your Company has established a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/ make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism also provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

Key Managerial Personnel (KMP)

Pursuant to Section 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, given below are the Key Managerial Personnel for your Company:

Mr. Prem Rathi, Manager (resigned w.e.f. 20th April, 2018);

Mr. Vinod Sahay, Chief Executive Officer (resigned w.e.f. 25th July, 2017);

Mr. Prakash Wakankar, Chief Executive Officer (appointed as CEO w.e.f. 25th July, 2017 and as Whole Time Director w.e.f. 8th January 2018);

Mr. Mahendra Bhalerao, Chief Financial Officer and

Ms. Poonam Vaze, Company Secretary.

Committees of the Board

i. Audit Committee

The Committee met four times during the year i.e. on 27th April, 2017, 25th July, 2017, 30th October, 2018 and 23rd January, 2018.

During the year under review, the Audit Committee was re-constituted and Mr. Bharat Moossaddee (Chairman), Mr. Shrikant Marathe and Mr. S. C. Bhargava were appointed as new members with effect from 23rd January, 2018.

The attendance of Audit Committee members at its meetings is as follows:

Director	Designation	No. of meetings attended out of 4
Mr. V.S. Parthasarathy*	Chairman	3
Dr. Punita Kumar Sinha#	Member	3
Mr. Naveen Kumar Kshatriya *	Member	3
Mr. Bharat Moossaddee@	Chairman	1
Mr. Shrikant Marathe@	Member	1
Mr. S.C. Bhargava@	Member	1

* Resigned w.e.f. 16th January, 2018

Resigned w.e.f. 30th October, 2017

@ Appointed w.e.f. 23rd January, 2018

ii. Nomination and Remuneration Committee

The Nomination & Remuneration Committee met twice during the year i.e. on 27th April, 2017 and 25th July, 2017.

During the year under review, the Nomination and Remuneration Committee was re-constituted and Mr. Bharat Moossaddee (Chairman), Mr. Shrikant Marathe and Mr. S. C. Bhargava were appointed as new members with effect from 23rd January, 2018.

The attendance of Nomination and Remuneration Committee of members at its meetings is as follows:

Director	Designation	No. of meetings attended out of 2
Mr. Rajesh Jejurikar *	Chairman	2
Mr. V.S. Parthasarathy*	Member	2
Dr. Punita Kumar Sinha@	Member	2
Mr. Naveen Kshatriya*	Member	2
Mr. Bharat Moossaddee#	Chairman	–
Mr. Shrikant Marathe#	Member	–
Mr. S.C. Bhargava#	Member	–

*Resigned w.e.f. 16th January, 2018

@Resigned w.e.f. 30th October, 2017

#Appointed w.e.f. 23rd January, 2018

Meeting of Independent Directors

A meeting of the Independent Directors of the Company was held on 30th October, 2017 without the participation of the Chairman or any other director or Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Company has received Declarations from the Independent Directors to the effect that they meet the criteria of independence as provided in sub-section 6 of Section 149 of the Act.

Auditors

i. Statutory Auditors

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Firm Registration Number: 105102W), were appointed as the Statutory Auditors of the Company at the 9th Annual General Meeting of the Company held on 30th August, 2017 to hold office up to the date of the 14th Annual General Meeting of the Company, subject to ratification by the Shareholders of the Company at each Annual General Meeting (AGM).

Accordingly, the matter relating to appointment of M/s. B. K. Khare & Co, Chartered Accountants, will have to be ratified by the Members at the ensuing AGM (i.e. 10th AGM) of the Company.

Further, the Company has received a consent and the Certificate of eligibility from M/s. B. K. Khare & Co, Chartered Accountants, (Firm Registration no. 105102W), to act as the Statutory Auditors of the Company.

The Auditors' Report for the year does not contain any qualification, reservation or adverse remark.

ii. Secretarial Auditor

Pursuant to Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sachin Bhagwat, a Company Secretary in practice (Certificate of Practice No. 6029) was appointed as the Secretarial Auditor of your Company for the Financial Year ended on 31st March, 2018. The Board at its meeting held on 20th April, 2018, re-appointed Mr. Sachin Bhagwat as the Secretarial Auditor of your Company for the Financial Year ending on 31st March, 2019.

Secretarial Audit Report for the Financial Year ended 31st March, 2018 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as Annexure II and forms part of this Report.

There were no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

iii. Internal Auditor

Pursuant to Section 138 of the Act, read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended 31st March, 2018. The Board at its meeting held on 20th April, 2018 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the Financial Year ending on 31st March, 2019.

iv. Cost Auditor

For the purpose of sub-section (1) of section 148 of the Act, as per the Companies (Cost Records & Audit) Rules, 2014 issued by the Ministry of Corporate Affairs vide notification dated 30th June 2014, the requirement for maintenance of cost records & Audit was not applicable to the Company. Accordingly, cost audit was not required for the year under review.

Reporting of frauds by Auditors

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee, details of which are required to be mentioned in this Report pursuant to section 143 (12) of the Act.

Internal Financial Controls

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

Risk Management Policy

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks across verticals.

Your Company has formulated a risk management policy which addresses risks, inter-alia which, in the opinion of the Board, may threaten the existence of the Company.

Human Resources

Keeping employees happy and enthused is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

Particulars of public deposits, loans, guarantees or Investments

Your Company has not accepted deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the financial statements of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule V thereto, applicable to the ultimate Holding company, Mahindra & Mahindra Limited.

No loans have been granted under Section 186 of the Act and details of investments made are given in Note No. 6 of the Financial Statements.

Contracts or Arrangement with Related Parties

All Related Party Transactions entered during the year were in ordinary course of business and on Arm's length basis. There were no transactions which are required to be disclosed in Form AOC - 2 pursuant to Section 188 of the Companies Act, 2013.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Act read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** to this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form No. MGT 9 is attached herewith as **Annexure V** and forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Industrial Relations

Industrial relations remained cordial during the year under review.

Safety, Health and Environment Performance

Your Company is committed towards safety, health and environment. Your Company encourages involvement of all its employees in activities related to safety, health & environment including promotion of safety standards. The various initiatives and various measures taken in this area have started yielding results. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

Corporate Social Responsibility(CSR)

The provisions relating to Corporate Social Responsibility ('CSR') enumerated under Section 135 of the Act are not applicable to your Company. Despite this, the Company undertakes various activities and projects and contributes towards the community and the environment through a series of CSR activities.

Disclosure of Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise or issue of sweat equity.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the 'going concern' status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Hemant Sikka	**Bharat Moossaddee**
Director	Director

Place: Mumbai
Date: 20th April, 2018

ANNEXURE IA

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Two Wheelers Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director.
  - i. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  - ii. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  - iii. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Act and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

- Emergency successor
- Ready now
- Ready in 1 to 2 years
- Ready in 2 to 5 years
- Ready in more than 5 years

In order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them - by developing them internally or through lateral Induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

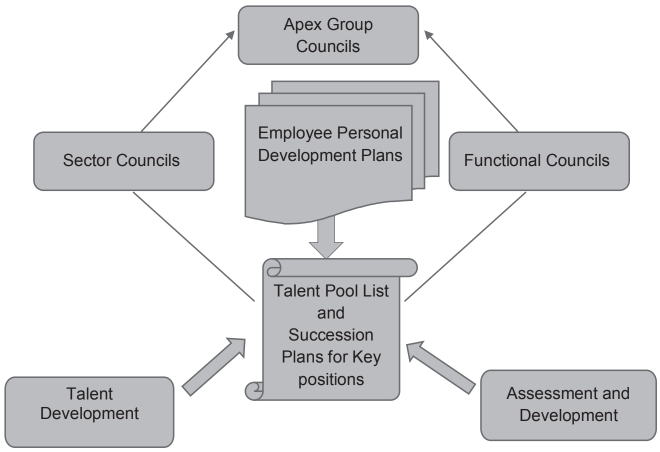
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

b) **Exposure** i.e. coaching and mentoring - 20% weightage

c) **Education** i.e. learning and development initiatives - 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council Interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

ANNEXURE IB

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Two Wheelers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various - factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Act and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of KMP shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Act the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

a) Performance

b) Potential

c) Criticality

d) Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Hemant Sikka	**Bharat Moossaddee**
Director	Director

Place: Mumbai

Date: 20th April, 2018

ANNEXURE II

FORM NO: MR 3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31 March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Two Wheelers Limited
Mahindra Towers, P. K. Kurne Chowk
Worli
Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Two Wheelers Limited. (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31 March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31 March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder to the extent of overseas direct investment, external commercial borrowings and foreign direct investment; **(Not applicable to the Company)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;**(Not applicable to the Company)**

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**(Not applicable to the Company)**

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;**(Not applicable to the Company during)**

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**(Not applicable to the Company)**

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;**(Not applicable to the Company)**

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;**(Not applicable to the Company)**

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;**(Not applicable to the Company)** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;**(Not applicable to the Company**)

(vi) According to the information provided by the Company, no other law was specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with Stock Exchanges, if applicable.**(Not applicable to the Company)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the following events took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:

The National Company Law Tribunal approved the Scheme of Arrangement (Demerger) for demerging the entire undertaking of the Company dealing with Two-wheeler business, into Mahindra and Mahindra Ltd.

Sd/-

Signature:
Sachin Bhagwat
ACS: 10189
CP: 6029

Place : Pune

Date : 17th April 2018

ANNEXURE III

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

i. The steps taken or impact on conservation of energy: The operations of your Company are not energy intensive, as the Company utilises the services of a third party for packing of the spare parts. However, the Company constantly reviews the consumption of electricity and its rationalisation.

ii. The steps taken by the Company for utilising alternate source of energy: Not applicable

iii. The capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards technology absorption. – Not Applicable

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. – Not Applicable

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the Financial Year), following information may be furnished:

   a) Details of technology imported: Nil

   b) Year of import: Nil

   c) Whether the technology been fully absorbed: Nil

   d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

4. Expenditure incurred on Research and Development: None

   a) Capital – NIL

   b) Recurring – NIL

   c) Percentage of total R & D expenditure to Total turnover: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review is as follows:

		(Rs. In Lakhs)
	FY 2017-2018	**FY 2016-2017**
Total Foreign Exchange earned	447.62	559.20
Total Foreign Exchange used	242.46	266.53

For and on behalf of the Board

Hemant Sikka
Director

Bharat Moossaddee
Director

Place: Mumbai
Date: 20th April, 2018

ANNEXURE IV

Form No. MGT-9

Extract of Annual Return
as on the Financial Year ended on 31st March, 2018

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U35911MH2008PLC185462
ii.	Registration Date	:	5th August, 2008
iii.	Name of the Company	:	Mahindra Two Wheelers Limited
iv.	Category/Sub-Category of the Company	:	Company limited by shares. Indian non-government company.
v.	Address of the Registered office and contact details	:	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24905185/86 Fax +91-22-24951236 Email: arora.rajesh@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Pvt. Ltd. Karvy Celenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, 500 032 Tel.: 040-67162222 Fax: 040-23001153 Email: venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Motor Vehicle Parts & Accessories	503	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Vehicle Manufacturers Limited	U34100MH2007PLC171151	Immediate Holding Company	92.25%	2(46)
2.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding company	–	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) (Category-wise Share Holding)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individual/HUF	–	–	–	–	–	–	–	–	–
Central Govt	–	–	–	–	–	–	–	–	–
State Govt(s)	–	–	–	–	–	–	–	–	–
Bodies Corp.	276,60,97,344	6	276,60,97,350	92.25	276,60,97,344	6	276,60,97,350	92.25	–
Banks/FI	–	–	–	–	–	–	–	–	–
Any Others	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**276,60,97,344**	**6**	**276,60,97,350**	**92.25**	**276,60,97,344**	**6**	**276,60,97,350**	**92.25**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
NRIs-Individuals	–	–	–	–	–	–	–	–	–
Other-Individuals	–	–	–	–	–	–	–	–	–
Bodies Corp.	–	–	–	–	–	–	–	–	–
Banks/FI	–	–	–	–	–	–	–	–	–
Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**2,76,60,97,344**	**6**	**2,76,60,97,350**	**92.25**	**2,76,60,97,344**	**6**	**2,76,60,97,350**	**92.25**	**–**
B. Public Shareholding									
1. Institutions									
Mutual Funds	–	1,87,16,860	1,87,16,860	0.63	–	1,87,16,860	1,87,16,860	0.63	–
Banks/FI	–	–	–	–	–	–	–	–	–
Central Govt	–	–	–	–	–	–	–	–	–
State Govt(s)	–	–	–	–	–	–	–	–	–
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Companies	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Venture Capital Funds	11,09,51,640	10,26,23,366	21,35,75,006	7.12	11,09,51,640	10,26,23,366	21,35,75,006	7.12	–
Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	**11,09,51,640**	**12,13,40,226**	**23,22,91,866**	**7.75**	**11,09,51,640**	**12,13,40,226**	**23,22,91,866**	**7.75**	–
2. Non Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding	11,09,51,640	12,13,40,226	23,22,91,866	7.75	11,09,51,640	12,13,40,226	23,22,91,866	7.75	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**2,87,70,48,984**	**12,13,40,232**	**2,99,83,89,216**	**100**	**2,87,70,48,984**	**12,13,40,232**	**2,99,83,89,216**	**100**	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Vehicle Manufacturers Limited	2,76,60,97,344	92.24	–	2,76,60,97,344	92.24	–	–
2	Mahindra Vehicle Manufacturers Limited jointly with Mr. Narayan Shankar*	1		–	1		–	–
3	Mahindra Vehicle Manufacturers limited Jointly with Dr. Pawan Kumar Goenka*	1		–	1		–	–
4	Mahindra Vehicle Manufacturers Limited jointly with Mr. K. Chandrasekar*	1	0.01	–	1	0.01	–	–
5	Mahindra Vehicle Manufacturers Limited jointly with Mr. V S Parthasarathy*	1		–	1		–	–
6	Mahindra Vehicle Manufacturers Limited jointly with Mr. Rajesh Jejurikar*	1		–	1		–	–
7	Mahindra Vehicle Manufacturers Limited jointly with Mr. Mahendra Bhalerao*	1		–	1		–	–
	Total	**2,76,60,97,350**	**92.25**	–	**2,76,60,97,350**	**92.25**	–	–

* Shares held by Mahindra Vehicle Manufacturers Limited jointly with Nominees to comply with the statutory provisions of the Act, with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra Vehicle Manufacturers Limited (MVML)	2,76,60,97,350	92.25	2,76,60,97,350	92.25

* During the year, no change in promoters Shareholding took place.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Aay Kay Global	21,35,75,006	7.12	21,35,75,006	7.12
2	Emerging India Fund	1,87,16,860	0.63	1,87,16,860	0.63

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
3	At the end of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(Rs. In Lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the Financial Year 01.04.2017				
i) Principal Amount	2,044	1,500	–	3,544
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii) #	2,044	1,500	–	3,544
Change in Indebtedness during the Financial Year				
+ Addition	37,837	–	–	37,837
- Reduction	24,370	1,500	–	25,870
Net Change #	13,467	(1,500)	–	11,967
Indebtedness at the end of the Financial Year 31.03.2018				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

On account of demerger all the loans was taken over by Mahindra & Mahindra Limited

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Name of MD/WTD/ Manager	Total Amount (Rs. In Lakhs)
		Mr. Prem Rathi, Manager	Prakash Wakankar WTD	
1	Gross salary	–	–	–
	a. Salary as per provisions contained under Section 17(1) of the Income-tax Act, 1961	–	–	–
	b. Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	– As % of profit	–	–	–
	– Others, specify	–	–	–
5	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	As per schedule V of the Act		

B. Remuneration of other directors

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs. Lakh)
1	Independent Directors	**Dr. Punita Kumar Sinha (01.04.2017 to 30.10.2017)**	**Mr. Naveen Kumar Kshatriya (01.04.2017 to 16.01.2018)**	**Mr. Shrikant Marathe (08.01.2018 to 31.03.2018)**	**Mr. S. C. Bhargava (08.01.2018 to 31.03.2018)**	
	Fee for attending board/committee meetings	3.75	3.75	1.05	1.05	9.6
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	3.75	3.75	1.05	1.05	9.6
2	Other Non-Executive Directors					
	Fee for attending board/committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	3.75	3.75	1.05	1.05	9.6
	Total Managerial Remuneration					**9.6**
	Overall Ceiling as per the Act	As per schedule V of the Act				

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	**CEO**	**Company Secretary**	**CFO**	**Total (in lakhs)**
		Vinod Sahay (01.04.2017 to 25.07.2017)	**Prakash Wakankar (25.07.2017 to 31.03.2018)**	**Poonam Vaze**	**Mahendra Bhalerao**	
1	Gross salary (Rupees)					
	Salary as per provisions contained under Section 17(1) of the Income-tax Act 1961	–	–	–	–	–
	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–	–	–
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–	–
2	Stock Option	–	–	–	–	–
3	Sweat Equity	–	–	–	–	–
4	Commission	–	–	–	–	–
	– As % of profit	–	–	–	–	–
	– Others, specify...	–	–	–	–	–
5	Others, please specify	–	–	1.8	–	1.8
	Total	–	–	**1.8**	–	**1.8**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Hemant Sikka
Director

Bharat Moossaddee
Director

Place: Mumbai
Date: 20th April, 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Two Wheelers Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its profits, total comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other Matter

9. As required by Ind AS 103 – Business Combinations under Appendix C - Business Combinations of entities under Common Control, the financial information for the year ended March 31, 2017 are restated for giving effect of Demerger (Refer Note 22).

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, April 20, 2018

ANNEXURE I TO THE AUDITOR’S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of **Mahindra Two Wheelers Limited** for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c)of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income tax, Sales Tax, Goods and Service Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institution and government and has not issued any debentures.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11. Based on the records examined by us and according to information and explanations given to us, the Company has not paid any managerial remuneration during the year. Accordingly the provisions of Clause 3(xi) of the Order is not applicable to the Company.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the

Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 187 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, April 20, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Two Wheelers Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, April 20, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. In Lacs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	**29.47**	40.37
(b) Financial Assets			
(i) Others financial assets	5	**33.66**	33.66
(c) Deferred tax assets (net)	6	**193.08**	44.28
(d) Other non-current assets	7	**8.66**	278.01
Total Non - Current Assets		**264.87**	396.32
Current assets			
(a) Inventories	8	**996.00**	1,079.67
(b) Financial Assets			
(i) Trade receivables	9	**114.75**	88.97
(ii) Cash and cash equivalents	10	**37.43**	233.59
(c) Other current assets	7a	**227.10**	261.60
Total Current Assets		**1,375.28**	1,663.83
Total Assets		**1,640.15**	2,060.15
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	**599.68**	599.68
(b) Other Equity	11a	**91.35**	(134.32)
Total Equity attributable to owners of the Company		**691.03**	465.36
LIABILITIES			
Non-current liabilities			
(a) Provisions	12	**5.75**	14.42
Total Non - Current Liabilities		**5.75**	14.42
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	13		
(a) Total Outstanding dues of micro enterprises and small enterprises		**21.05**	9.64
(b) Total Outstanding dues of creditors other than micro enterprises and small enterprises		**399.27**	701.69
(ii) Other current financial liabilities	14	**190.55**	195.35
(b) Provisions	12a	**193.68**	264.31
(c) Other current liabilities	15	**138.82**	409.38
Total Current Liabilities		**943.37**	1,580.37
Total Equity and Liabilities		**1,640.15**	2,060.15
Significant accounting policy	1, 2 & 3		

See accompanying notes to the financial statements

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

For and on behalf of the Board

Director's

Padmini Khare Kaicker
Partner

Membership Number: 044784

Date: 20th April 2018
Place: Mumbai

Chief Financial Officer

Company Secretary

Date: 20th April 2018
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. In Lacs

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	16	**3,657.00**	5,087.03
II	**Other income**	17	**37.39**	–
III	**Total Revenue (III)**		**3,694.39**	5,087.03
IV	**EXPENSES**			
	Cost of materials consumed	18	**330.56**	955.68
	Purchases of stock-in-trade		**2,053.76**	1,827.40
	Changes in stock of finished goods and stock-in-trade (trading goods)	18a	**85.06**	187.70
	Excise duty on sale of goods		**125.81**	609.80
	Employee benefits expense	19	**223.90**	478.09
	Finance costs	20	**5.46**	82.10
	Depreciation and amortisation expense	4	**10.90**	17.75
	Other expenses	21	**818.52**	995.42
	Total Expenses (IV)		**3,653.97**	5,153.94
V	**Profit/(Loss) before tax for the year (III - IV)**		**40.42**	(66.91)
IV	**Tax expense**			
	- Current tax		**–**	23.48
	- Excess provision written back of earlier year		**(23.48)**	–
	- Deferred tax		**(152.50)**	(44.28)
	Total tax expense		**(175.98)**	(20.80)
VII	**Profit/(Loss) after tax for the year (V - VI)**		**216.40**	(46.11)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	– Remeasurements of the defined benefit liabilities		**9.27**	1.88
IX	**Total comprehensive income for the year**		**225.67**	(44.23)
X	**Earnings per equity share** (Nominal value per share Re. 0.02 each)	26		
	Basic & Diluted (in Rs.)		**0.007**	(0.002)

See accompanying notes to the financial statements

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784
Date: 20th April 2018
Place: Mumbai

Chief Financial Officer

For and on behalf of the Board

} *Director's*

Company Secretary

Date: 20th April 2018
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs. In Lacs

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit/(Loss) before tax for the period	**40.42**	(66.91)
Adjustments for:		
Finance costs	**5.46**	82.10
Depreciation and amortisation of non-current assets	**10.90**	17.75
Property, plant & equipment, intangible assets including capital work in progress written off in Fixed Assets	**0.01**	–
Actuarial Gain/Loss	**9.27**	1.88
Income tax expense recognised in profit & loss	**–**	20.80
Operating profit before Working Capital changes	**66.06**	55.62
Movements in working capital:		
Increase in trade and other receivables	**(25.78)**	(4.04)
(Increase)/decrease in inventories	**83.67**	187.70
(Increase)/decrease in other assets	**303.85**	0.89
(Increase)/decrease in deferred tax Asset/Liabilities	**(148.80)**	(44.28)
Decrease in trade payables	**(732.65)**	(280.90)
Increase/(decrease) in provisions	**(70.63)**	177.59
(Decrease)/increase in other payables	**342.24**	203.49
Cash generated from operations	**(182.04)**	296.06
Income taxes paid	**(8.66)**	–
Cash flows from operating activities	**(190.70)**	296.06
Payments for property, plant and equipment (including capital work in progress and capital advances)	**–**	(1.46)
Cash flows from investing activities	**–**	(1.46)
Interest paid	**(5.46)**	(82.10)
Cash flows from financing activities	**(5.46)**	(82.10)
Less: Transferred in accordance the scheme of arrangement (Refer Note No.23)		
Net cash inflow/(outflow)	**(196.16)**	212.50
Cash and cash equivalents at the beginning of the year	**233.59**	21.09
Cash and cash equivalents at the end of the year	**37.43**	233.59

Notes :

1 Figures in brackets represent outflows of cash and cash equivalents.

2 Comparative figures are considered only for continuing business - after giving effect of Demerger as referred in note 22:

3 Cash and cash equivalents comprise of :

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash on hand	**–**	–
Balances with Banks	**37.43**	233.59
	37.43	233.59

See accompanying notes to the financial statements

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

For and on behalf of the Board

Director's

Padmini Khare Kaicker
Partner
Membership Number: 044784
Date: 20th April 2018
Place: Mumbai

Chief Financial Officer

Company Secretary
Date: 20th April 2018
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Changes in Equity

Particulars	For the year ended March 31, 2018	Rs. In Lakh For the year ended March 31, 2017
Balance at the beginning of the year	**599.68**	265,838.92
Shares issued during the year	–	34,000.00
Adjusted in accordance with scheme of arrangement Refer Note 22	–	(299,239.24)
Shares bought back during the year	–	–
Balance at the end of the year	**599.68**	599.68

b. Other Equity - Total

Rs. In Lakh

Particular	Reserves and Surplus Securities premium reserve	General reserve	Other comprehensive Income	Total
Balance as at April 1,2016	920.54	(239,309.65)	(298.76)	(238,687.87)
Share issue costs, net of income tax	(34.50)	–	–	(34.50)
Profit / (Loss) for the period (01st Apr 16 - 30th Sep 16) Refer note 23(ii)	–	(26,800.88)	–	(26,800.88)
Other comprehensive income for the period, net of income tax	–	–	40.57	40.57
Balance as at September 30, 2016	**886.04**	**(266,110.53)**	**(258.19)**	**(265,482.68)**
Excess of assets over liabilities transferred to resulting company in accordance with the scheme Refer note 23 (i)	–	(33,612.25)	–	(33,612.25)
Aggregate Balance after excess of assets over liabilities	886.04	(299,722.78)	(258.19)	(299,094.93)
Adjusted in accordance with scheme of arrangement Refer note 22	(741.73)	299,722.78	258.19	299,239.24
Balance as at October 01, 2016	144.31	–	–	144.31
Loss for the period (01st Oct 16 - 31st Mar 17)	–	(280.51)	–	(280.51)
Other comprehensive income for the period, net of income tax	–	–	1.88	1.88
Balance as at March 31, 2017	**144.31**	**(280.51)**	**1.88**	**(134.32)**
Opening Balance as on 1st April 2017	**144.31**	**(280.51)**	**1.88**	**(134.32)**
Loss for the year	–	216.40	–	216.40
Other comprehensive income for the year, net of income tax	–	–	9.27	9.27
Balance as at March 31, 2018	**144.31**	**(64.11)**	**11.15**	**91.35**

See accompanying notes to the financial statements

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

For and on behalf of the Board

Director's

Padmini Khare Kaicker
Partner
Membership Number: 044784
Date: 20th April 2018
Place: Mumbai

Chief Financial Officer

Company Secretary
Date: 20th April 2018
Place: Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Mahindra Two-Wheeler Ltd. ("the Company") is subsidiary of Mahindra Vehicle Manufactures Limited (w. e. f. February 2016). The Company is engaged in trading in spare parts and accessories It deals in parts required for the range of two wheelers manufactured by Mahindra & Mahindra Limited. The company undertakes procurement, warehousing management, logistics and sale of spares parts and accessories. It has network of dealers and authorized service centers across India to ensure timely delivery of spare parts to two wheeler's customers. Post demerger of vehicle business the Company continues to undertake Spare Trading Business after 1st October, 2016.

The accounts of the Company for the year ended March 31, 2017 before giving effect to the Scheme were audited by the Deloitte Haskins and Sells, Chartered Accountants (Firm Registration No. 117365W) dated April 27, 2017 and the same was approved by the shareholders in the Annual General Meeting held on 30th August 2017. While presenting the financials for the year ended March 31, 2018 prior year figures are shown after giving the effect of demerger accounting and relevant figures for Spares Trading business is considered for comparison purpose in relevant notes.

2. METHOD OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standard) Rules, 2016 and Companies (Indian Accounting Standard) Rules, 2017.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the latest annual financial statements of the Company prepared under the Act, for the financial year ended March 31, 2018.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

3. SIGNIFICANT ACCOUTING POLICIES

3.01 Basis of accounting preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of goods

Sale of products including export benefits thereon are recognized, net of discounts and sales incentives, when the products are shipped, after following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from operation includes Excise Duty but excludes Sales Tax and Value Added Tax till June 2017 and thereafter excluding the Goods and Services Tax.

(ii) Benefit on account of entitlement of export benefits like Duty drawback scheme & Focus Market scheme is accounted in the year of export.

(iii) Dividend income from investments is recognized when the right to receive payment has been established.

(v) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.04 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

3.05 Foreign Currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.06 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.07 Employee benefits

1. **Defined Contribution Plan:**

   Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. **Defined Benefit Plan:**

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

   - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
   - net interest expense or income; and
   - re-measurement.

   (i) **Gratuity**: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The gratuity plan is funded plan and the Company makes the contributions to the recognized funds.

   (ii) **Compensated Absences**: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilized compensated absence on the basis of an independent actuarial valuation.

3.08 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

3.09 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation/amortization and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset/plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery - 5 - 10 years

ii) Office equipment - 2 years

iii) Assets costing less than Rs 5000 each - 1 year

3.10 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at end of each reporting period whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

3.11 Inventories

Inventories comprises all cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Stock in trade are valued at lower of cost or net realizable value after provision for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method.

3.12 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

3.13 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.14 Operating Segments

The Company has single reportable business segment namely Two-Wheeler vehicle-related spare parts. The Company has only one reportable geographical segment.

3.15 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

3.16 Current Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

Current liabilities include the current portion of long term financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

3.17 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principle market for the asset or liability
- In the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) **Financial Assets**

The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

2) **Non-Derivative financial liabilities**

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principle and interest cash flows, discounted at the market rate of interest at the reporting date.

3) **Investments in Mutual Funds**

The fair value of available mutual funds held for trading is determined with reference to their net asset value as at the reporting date and is recorded as other income/expense. The Company invests its surplus funds in mutual funds. These investments have been classified as FVTPL by the management.

Note - 4 Property, Plant and Equipment - Total

Rs. In Lakh

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Total
I. Gross Block				
Balance as at 1st April 2017	**84.64**	**14.19**	**2.35**	**101.18**
Additions	–	–	–	–
Disposals	–	–	–	–
Balance as at March 31, 2018	**84.64**	**14.19**	**2.35**	**101.18**
II. Accumulated depreciation				
Balance as at 1st April 2017	48.15	11.08	1.58	60.81
Depreciation for the period	9.35	1.36	0.19	10.90
Eliminated on disposal of assets	–	–	–	–
Balance as at March 31, 2018	**57.50**	**12.44**	**1.77**	**71.71**
Net block (I-II)				
Balance as at March 31, 2018	**27.14**	**1.75**	**0.58**	**29.47**
Balance as at March 31, 2017	**36.49**	**3.11**	**0.77**	**40.37**

Note - 5 Other non current financial assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Finanacial assets at amortised cost		
Security Deposits	**33.66**	33.66
Total	**33.66**	33.66

Note - 6 - Deferred Taxes

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Tax effect of items constituting deferred tax liabilities		
Temporary difference for provision	**19.06**	11.96
Other Comprehensive Income	**3.70**	–
	22.76	11.96

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Tax effect of items constituting deferred tax assets		
– On difference between book balance & tax balance of Property, plant & Equipments	0.44	1.77
– Other Provisions	12.91	54.47
– Carry forward losses	202.49	–
	215.84	56.24
Net Deffered Tax Asset/ (Liabilities)	**193.08**	44.28

Note - 7 Other non-current assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Balances with government authorities		
(i) Advance income tax	**8.66**	–
(ii) VAT credit receivable	**–**	278.01
Total	**8.66**	278.01

Note - 7a - Other current assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Balances with government authorities		
(i) GST receivable	**95.07**	–
(ii) VAT credit receivable	**–**	12.21
(iii) Service Tax credit receivable	**–**	185.69
(iv) Cenvat credit receivable	**–**	12.42
(b) Prepaid expenses	**0.63**	1.12
(c) Advance to suppliers	**127.44**	50.16
(d) Others	**3.96**	–
Total	**227.10**	261.60

Note - 8 Inventories

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Spares for two wheelers	**994.61**	1,079.67
(b) Stores and spares	**1.39**	–
Total	**996.00**	1,079.67

Note - 9 - Trade receivables

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables		
(a) Considered good	**114.75**	88.97
(b) Doubtful	**60.56**	10.41
	175.31	99.38
Less: Allowance for credit losses	(60.56)	(10.41)
Total	**114.75**	88.97

Movement in the allowance for expected credit loss

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	**10.41**	6.87
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**53.79**	4.90
Amounts recovered during the year	**(3.64)**	(1.36)
Balance at end of the year	**60.56**	10.41

Ageing of Expected credit loss allowance	As at March 31, 2018	As at March 31, 2017
Within the credit period		
1-30 days past due	**1.78**	3.45
31-60 days past due	**8.50**	0.20
61-90 days past due	**1.86**	3.22
More than 90 days past due	**48.41**	3.54
Total	**60.56**	10.41

Note - 10 - Cash and Bank Balances

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Cash in hand	**–**	–
(b) Balances with banks	**37.43**	233.59
Total	**37.43**	233.59

Note - 11 - Share Capital

Rs in Lacs

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised:		
25,000,000,000 (March 31, 2017, 25,000,000,000) equity shares of Re 0.02/- each.	**5,000.00**	5,000.00
	5,000.00	5,000.00
Issued, Subscribed and Paid up:		
2,998,389,216 (March 31, 2017- 2,998,389,216) equity shares of Re .02/- each fully paid up. (Refer Note no.22)	**599.68**	599.68
Total	**599.68**	599.68

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	**As at March 31, 2018**	**As at March 31, 2017**
	Amount (Rs. in lacs)	**Amount (Rs. in lacs)**
Balance as at beginning of the year	**599.68**	2,65,838.92
Add: Additional equity shares issued during the year	–	34,000.00
Less: Equity Shares forfeited/Bought back during the year	–	–

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	As at March 31, 2018	As at March 31, 2017
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
Less: Adjusted in accordance with scheme of demerger Refer Note 22	–	2,99,239.24
Balance as at end of the year	**599.68**	599.68

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% Shareholding	Number of shares	% Shareholding
Equity Shares:				
Mahindra Vehicle Manufacturing Limited	2,76,60,97,350	92.25	2,76,60,97,350	92.25
Aay Kay Global	21,35,75,006	7.12	21,35,75,006	7.12
Emerging India Fund	–	–	–	–

The Company has only one class of Share i.e. Equity Shares having par value of Re. 0.02 (previous year Rs. 10) each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, The holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held

Note - 11a - Other equity

Rs. In Lakh

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	**Securities premium account:**		
	Balance at the beginning of the year	**144.31**	920.54
	Utilised on account of Share issue costs (01st Apr 16 - 30th Sep 16)	–	(34.50)
	Balance as at September 30, 2016		**886.04**
	Adjusted in accordance with scheme of arrangement (Refer Note No. 22)		(741.73)
	Balance as at October 01, 2016		**144.31**
	Utilised for the period (01st Oct 16 - 31st Mar 17)	–	–
	Balance at the end of the year	**144.31**	144.31
(b)	**Other comprehensive Income:**		
	Balance at the beginning of the year	**1.88**	(298.76)
	Other comprehensive income for the period (01st Apr 16 - 30th Sep 16)		40.57
	Balance as at September 30, 2016	–	(258.19)
	Adjusted in accordance with scheme of arrangement (Refer Note No. 22)		258.19
	Balance as at October 01, 2016	–	–
	Other comprehensive income for the period (01st Oct 16 - 31st Mar 17)	–	1.88
	Other comprehensive income for the year	**9.27**	–
	Balance at the end of the year	**11.15**	1.88

Rs. In Lakh

	Particulars	As at March 31, 2018	As at March 31, 2017
(C)	**Retained earnings**		
	Balance at the beginning of the period	**(280.51)**	(2,39,309.65)
	Profit/(Loss) for the period (01st Apr 16 - 30th Sep 16)		(26,760.31)
	Balance as at September 30, 2016	–	(2,66,069.96)
	Adjusted in accordance with scheme of arrangement (Refer Note No. 22)		2,66,069.96
	Balance as at October 01, 2016	–	–
	Profit/(Loss) for the period (01st Oct 16 - 31st Mar 17)		**(280.51)**
	Profit/(Loss) for the year	**216.40**	
	Balance at the end of the year	**(64.11)**	(280.51)
	TOTAL (a)+(b)	**91.35**	(134.32)

Note - 12 - Non Current Provisions

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Provision for employee benefits		
Provision for compensated absences	**5.75**	14.42
Total	**5.75**	14.42

Note - 12a - Current Provisions

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Provision for employee benefits		
Provision for compensated absences	**2.68**	7.82
Provision for Gratuity	**–**	4.63
(b) Other Provisions		
Provision for Income Tax	**–**	23.48
Other Provisions for Statutory Liabilities	**191.00**	228.38
Total	**193.68**	264.31

Note - 13 - Trade Payables

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payable for goods & services		
– Total outstanding dues of micro and small enterprises	**21.05**	9.64
– Total outstanding dues of other than micro and small enterprises		
i) Acceptances	**–**	30.24
ii) Others than acceptances	**399.27**	671.45
Total	**420.32**	711.33

Note - 14 - Other Current Financial Liabilities

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Other Financial liabilities measured at amortised at cost		
(b) Trade/Security Deposits	**190.55**	195.35
Total	**190.55**	**195.35**

Note - 15 - Other Current Liabilities

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
a) Advances received from customers	**128.22**	162.26
b) TDS Payable	**9.21**	0.91
b) Statutory remittances (Contribution to PF, ESIC, withholding taxes, Excise duty, VAT, Service Tax etc.)	**1.39**	246.21
TOTAL	**138.82**	**409.38**

Note - 16 - Revenue from Operations

Rs. In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Revenue from sale of products	**3,651.29**	5,079.45
(b) Other operating revenue	**5.71**	7.58
Total	**3,657.00**	5,087.03
Other operating revenues comprise:		
Sale of scrap	**5.71**	7.56
Duty drawback and other export incentives	**–**	0.02
Total	**5.71**	7.58

Note - 17 Other income

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Miscellaneous income (Excess provision of liability write back)	**37.39**	–
Total	**37.39**	**–**

Note - 18 - Cost of materials consumed

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	**–**	–
Add: Purchases	**330.56**	955.68
Less: Closing stock	**–**	33.25
Total	**14.42**	**862.39**
Raw material	**197.70**	790.12
Other items	**132.86**	165.56
Total	**330.56**	**955.68**

Note - 18a - Changes in inventories of finished goods and stock-in-trade

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the beginning of the year		
Spares for two wheelers	**1,079.67**	1,267.37
	1,079.67	1,267.37
Inventories at the end of the year		
Spares for two wheelers	**994.61**	1,079.67
	994.61	1,079.67
Net (increase)/decrease	**85.06**	**187.70**

Note - 19 - Employee benefits expense

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages, including bonus	**206.04**	419.11
(b) Contribution to provident and other funds	**8.62**	37.76
(c) Staff welfare expenses	**9.24**	21.22
Total	**223.90**	478.09

Note - 20 - Finance cost

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest expense		
(1) Interest on cash credit	**5.46**	82.10
Total	**5.46**	**82.10**

Note - 21 - Other expenses

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores consumed	**6.45**	6.58
Processing & machining charges	**6.97**	9.50
Cost of Services - Deputation Charges, Software Service, Business Support Service, etc.	**260.96**	294.18
Power & fuel	**3.85**	8.05
Freight and handling charges	**312.69**	294.31
Repairs and maintenance		
– Buildings	**0.11**	-
– Machinery	**1.09**	4.27
– Others	**2.56**	4.80
Rent including lease rentals	**73.07**	71.33
Rates and taxes	**1.06**	7.49
Insurance	**2.39**	2.81
Provision for doubtful debts and advances	**50.15**	3.54
Advertisement, promotion & selling expenses	**17.72**	15.52

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to auditors	**10.36**	4.09
Asset Written off	**0.01**	-
Other expenses	**69.08**	268.95
Total	**818.52**	995.42

Note - 21.1 - Payment to auditors includes (net of service tax/GST):

Rs. In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fees	**5.00**	2.61
Audit of internal control over financial reporting	**1.75**	0.52
Other services (includes Limited Review)	**3.61**	0.96
Out of pocket expenses reimbursed	**–**	–
Total	**10.36**	**4.09**

Note 22:- Demerger effect

The Board of Directors of the Company in their meeting held on December 3, 2016, approved the Scheme of Arrangement between the Company and Mahindra & Mahindra Limited ("the Resulting Company") and their respective Shareholders and Creditors ("the Scheme") for demerger of the Two Wheelers Business, inter alia, consisting of entire undertaking, business, activities and operations pertaining to the Two Wheelers Business ("Demerged Undertaking") of the Company and its transfer as a going concern to the Resulting Company with effect from October 1, 2016 (Appointed date) has been approved by the Mumbai Bench of National Company Law Tribunal (NCLT) and on completion of the required formalities on 25th October 2017 (effective date), the Scheme has become effective from the appointed date.

The following accounting treatment has been given effect to in these accounts, in accordance with the scheme in previous year's audited figures:

1) The issued, subscribed and paid up equity share capital of the Company has been re-organized by reducing the face value and paid up equity share capital of Rs. 10 per share to Re. 0.02 per share.
2) The aggregate of balance in Profit and Loss Accounts (including balance in other comprehensive income) as at September 30, 2016 (Rs. 266,368.72 Lakhs) and the additional debit balance in Profit and Loss Accounts pursuant to the excess of assets over liabilities (Rs. 33,612.25 Lakhs, refer note 23 (i)) transferred under the Scheme of arrangement is collectively referred to as "MTWL Aggregate Book Losses" (Rs. 299,980.97 Lakhs, refer note 23(ii)) is adjusted against:
    a) The Securities Premium Account as on close of business hours on September 30, 2016 aggregating to Rs. 741.73 Lakhs.
    b) The balance against the reorganization of issued, subscribed and paid-up equity share capital of the Company as mentioned in Para 1 above which is be effected by an amount of Rs. 299,239.24 Lakhs.

Rs. In Lakh

Issued, subscribed and fully paid-up	Amt (Rs. In Lakhs)
299,83,89,216 Equity Shares of Re. 0.02 each	599.68

As required by Ind AS 103 - 'Business Combinations' under appendix C - Business Combination of the entities under common control, the above demerger effect is given in the previous year's accounts.

Note : 23 - Working of Scheme of arrangement

Rs. In Lakh

Particulars	Discontinued Business
Balance As at September 30, 2016	
I. Assets	
Non-Current Assets	29,864.89
Current Assets	27,657.68
Total Assets	**57,522.57**
II. Liabilities	
Non-Current Liabilities	490.94
Current Liabilities	23,419.37
Total Laibilities	23,910.31
Net Assets Transferred as per scheme (A)	**33,612.25**

(ii) Details of business loss for the period April 01,2016 to 30th September 2016.

Particulars	Continuing Business April 1, 2016 - September 30, 2016 (a)	Discontinued Business April 1, 2016 - September 30, 2016 (b)	Rupees in Lakhs Loss adjusted as per scheme (a+b)
III. Revenue and Expenses			
Revenue			
Revenue from operations	2,699.35	17,765.24	20,464.59
Other income	–	238.24	238.24
Total Revenue	**2,699.35**	**18,003.48**	**20,702.83**
Expenses			
Cost of materials consumed	610.80	10,935.94	11,546.74
Purchases of stock-in-trade	920.49	–	920.49
Changes in stock of finished goods and stock-in-trade (trading goods)	(1.22)	5,091.84	5,090.62
Excise duty on sale of goods	317.84	1,752.53	2,070.37
Employee benefits expense	144.30	8,736.74	8,881.04
Finance costs	44.80	929.88	974.68
Depreciation and amortisation expense	11.97	2,532.71	2,544.68
Impairment expenses/losses	–	5,535.06	5,535.06
Other expenses	415.97	9,524.06	9,940.03
Total Expenses	**2,464.95**	**45,038.76**	**47,503.71**
Profit/(loss) before tax	**234.40**	**(27,035.28)**	**(26,800.88)**
Profit/(loss) for period	**234.40**	**(27,035.28)**	**(26,800.88)**
Other comprehensive income for the period, net of income tax	0.66	39.91	40.57
Profit/(loss) for period after OCI	**235.06**	**(26,995.37)**	**(26,760.31)**

Particulars	Continuing Business April 1, 2016 - September 30, 2016	Discontinued Business April 1, 2016 - September 30, 2016	Rupees in Lakhs Loss adjusted as per scheme
	(a)	(b)	(a+b)
Opening Profit & loss Balance			(239608.41)
Balance as at 30th Sep 2016 (B)			(266368.72)
MTWL Aggregate Book Losses as per scheme of arrangement (A-B)			**(299980.97)**

MTWL Aggregate Book Losses as per scheme of arrangement	Prior to giving effect to Proposed scheme (a)	After giving effect to the Proposed scheme (b)	a-b
Share Capital Issued & Subscribed	2,99,838.92	599.68	2,99,239.24
Securities Premium	886.04	144.31	741.73
Total	**3,00,724.96**	**743.99**	**2,99,980.97**

Note: The above working is prepared based on the special purpose financial prepared by the company for the purpose of Tax Audit under Income Tax Act, 1961

Note No. 24- Financial Instruments

Capital management

The company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio is as follows:

	March 31, 2018	March 31, 2017
Debt (A)	–	–
Equity (B)	691.03	465.36
Debt Ratio (A/B)	0.00	0.00

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Particulars	Carrying Amount		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Non-current Assets				
a) Other Financial Assets	**33.66**	33.66	**33.66**	33.66
Current Assets				
a) Trade Receivables	**114.75**	88.97	**114.75**	88.97
b) Cash & bank balances	**37.43**	233.59	**37.43**	233.59
Total Financial Assets	**185.84**	356.22	**185.84**	356.22
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Current Liabilities				
a) Trade Payables	**420.33**	711.33	**420.33**	711.33
b) Other Financial Liabilities	**190.55**	195.35	**190.55**	195.35
Total Financial Liabilities	**610.88**	906.68	**610.88**	906.68

At the end of the reporting period, there are no significant concentrations of credit risk for financial assests designed at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

Movement in the expected credit loss allowance:

Delloite

Particulars	**March 31' 2018**	March 31' 2017
	(Rs. In Lacs)	
Balance as at beginning of the year	**10.41**	6.87
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**53.79**	4.90
Amounts recovered during the year	**(3.64)**	(1.36)
Balance at end of the year	**60.56**	10.41

Ageing of Expected credit loss allowance

	Delloite	
	(Rs. In Lacs)	
Particulars	**March 31' 2018**	March 31' 2017
Within the credit period		
1-30 days past due	1.78	3.45
31-60 days past due	8.50	0.20
61-90 days past due	1.86	3.22
More than 90 days past due	48.41	3.54
Balance at end of the year	**60.56**	10.41

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(Rs in Lacs)

Particulars	**March 31, 2018**		**March 31, 2017**	
	Less than 1 Year	**1-3 Years**	**Less than 1 Year**	**1-3 Years**
Financial liabilities				
Trade payables	420.33	–	711.33	–
Other Financial Liabilities	190.55	–	195.35	–
Total	610.88	–	906.68	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets & interest that will be earned on those assets.

(Rs in Lacs)

Particulars	**March 31, 2018**		**March 31, 2017**	
	Less than 1 Year	**1-3 Years**	**Less than 1 Year**	**1-3 Years**
Non-derivative financial assets				
Trade receivables	114.75	–	88.97	–
Cash & bank balances	37.43	–	233.59	–
Total	152.18	–	322.56	-

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

a) Foreign Currency exchange rate risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities.The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposures that are not hedged by derivative instruments

		As at March 31, 2018		As at March 31, 2017	
Particulars	**Currency**	**Foreign Currency Amount**	**Rupees Lacs**	Foreign Currency Amount	Rupees Lacs
I. Trade receivables :	USD	**41,169.99**	**26.78**	1,11,754.45	74.57
		41,169.99	**26.78**	1,11,754.45	74.57
II. Bank balances :	USD	**–**	**–**	–	–
		–	–	–	–
III. Trade payables :	USD	–	–	–	–
	EURO	–	–	–	–
	GBP	–	–	–	–
	CHF	–	–	–	–
		–	–	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Currency	Change in rate	Effect on profit before tax (Loss)	Effect on pre-tax equity (Loss)
March 31, 2018	USD	+10%	2.68	2.68
Based on YOY change between F17 & F18	USD	-10%	(2.68)	(2.68)
March 31, 2017	USD	+10%	7.46	7.46
Based on YOY change between F16 & F17	USD	-10%	(7.46)	(7.46)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs in Lacs)

	Currency	Increase/ decrease in basis points	Effect on profit before tax (Loss)
March 31, 2018	INR	+100	–
	INR	-100	–
March 31, 2017	INR	+100	–
	INR	-100	–

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. INR 4.38 Lacs (March 31, 2017 Rs 74.07 Lacs)

(b) Defined Benefit Plans:

Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The gratuity is funded plan and the compamy makes contribution to recognised funds in India.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in servie life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**Valuation as at March 31,2018**	Valuation as at March 31,2017
Discount rate(s) (%)	**7.1**	6.9
Expected rate(s) of salary increase(%)		
- Staff	**10**	10
- Workers	**NA**	10
Average Longevity	**2.81**	4.21
Medical inflation	**NA**	NA

Defined benefit plans – as per actuarial valuation on March 31, 2017

(Rs in Lacs)

	Funded Plan	
	Gratuity	
Particulars	**2018**	2017*
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**4.06**	66.63
Net interest expense	**0.32**	7.44
Components of defined benefit costs reconised in profit or loss	**4.38**	74.07
Remeasurement on the net defined benefit liability		
Return/(Loss) on plan assets (excluding amount included in net interest expense)	**(0.33)**	31.38
Actuarial gains and (loss) arising form changes in financial assumptions	**0.09**	(21.55)
Actuarial gains and (loss) arising form experience adjustments	**13.20**	31.96
Others (Change in fair value of assets)		

Componenets of defined benefit costs recognised in other comprehensive income	**12.96**	41.79
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**15.54**	48.81
2. Fair value of plan assets as at 31st March	**19.50**	44.18
3. Surplus/(Deficit)	**3.96**	(4.63)
4. Current portion of the above	**3.96**	(4.63)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**48.81**	779.06
2. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**4.06**	66.63
– Interest Expense (Income)	**2.45**	45.28
3. *Recognised in Other Comprehensive Income*		
Remeasurement (gains)/losses - Actuarial (Gain) Loss arising from:		
i. Financial Assumptions	**(0.09)**	21.55
ii. Experience Adjustments	**(13.20)**	(31.96)
4. Benefit payments	**(26.48)**	(831.74)
5. Present value of defined benefit obligation at the end of the year	**15.55**	**48.81**
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**44.18**	806.71
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. *Expenses Recognised in Profit and Loss Account*	**–**	–
– Expected return on plan assets	**2.13**	37.83
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses) - Actual Return on plan assets in excess of the expected return	**(0.33)**	31.38
5. Contributions by employer (including benefit payments recoverable)	**–**	–
6. Benefit payments	**(26.48)**	(831.74)
7. Fair value of plan assets at the end of the year	**19.50**	44.18
IV. The Major categories of plan assets		
Debt instruments (quoted)	**87%**	87%
V. Actuarial assumptions		
1. Discount rate (%)	**7.10**	6.90
2. Expected rate of return on plan assets (%)	**7.60**	7.60
3. Attrition rate (%)	**20.00**	20.00

* Note: The above working is prepared based on the special purpose financial prepared by the company for the purpose of Tax Audit under Income Tax Act, 1961

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs in Lacs)

Principal assumption		**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate				
	2018	**1.00%**	**0.45**	**(0.47)**
	2017	1.00%	0.74	(1.89)
Salary growth rate				
	2018	**1.00%**	**(0.33)**	**0.32**
	2017	1.00%	(0.60)	1.34
Life expectancy				
	2018	**1.00%**	**(0.04)**	**0.04**
	2017	1.00%	0.08	(0.20)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:

A description of any funding arrangements and funding policy that affect future contributions

The Company expects to contribute Rs. NIL to the gratuity trusts during the next financial year of 2019. (Previous year Rs. 4.63 lacs).

Maturity profile of defined benefit obligation:

(Rs in Lacs)

Particulars	**2018**	2017
Within 1 year	**5.72**	6.08
1 - 2 year	**4.08**	3.25
2 - 3 year	**1.88**	3.30
3 - 4 year	**2.51**	2.87
4 - 5 year	**1.57**	2.84
5 - 10 years	**8.32**	11.63

Plan Assets

The fair value of Company's gratuity plan asset as of 31 March 2018,2017 by category are as follows:

Asset category:	**2018**	**2017**
Cash and cash equivalents/Money market instruments/Others	**12%**	13%
Debt instruments (quoted)	**88%**	87%
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks. Bench mark return for corporate bond fund was 5.11%, actual fund in which company funds are invested has generated return of 4.07%.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 6.35 years. (March 31, 2017 is 4.67 years)

(Rs in Lacs)

VIII. Experience Adjustments :	**Period Ended**	
	2018	**2017**
	Gratuity	
1. Defined Benefit Obligation	15.55	48.81
2. Fair value of plan assets	19.50	44.18
3. Surplus/(Deficit)	3.96	(4.63)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(13.20)	(31.96)
5. Experience adjustment on plan assets [Gain/(Loss)]	0.12	42.86

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 26:-Earnings per share

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit/(Loss) for the year as per statement of profit and loss (Rs in Lacs)	**210.85**	(46.11)
Weighted average number of equity shares (nos)	**2,86,23,45,380**	2,86,23,45,380
Face Value of Share (Re/Rs.)	**0.02**	10
Basic/diluted earning per share	**0.007**	(0.002)

Note No. 27 (i)- Contingent liabilities

(Rs in Lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Contingent liabilities		
(a) Excise Duty & Service Tax Matters	**–**	–
(b) Sales tax matters	**–**	–
(c) Stamp Duty paid under protest	**–**	–
Total	**–**	–

Note No. 27 (ii) - Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilites is as follows:-

(Rs in Lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Commitments for the acquisition of property, plant and equipment	–	–

Note No 27 : - Earnings in foreign exchange

(Rs in Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Continuing operation:-		
Spare parts	447.62	559.20
Export Sales (Including sales in INR Rs.90.52 Lacs (previous year Rs. 100.42 lacs))		
Total	447.62	559.20

NOTE 28 : Related Party Disclosure

1) List of Related parties and relationships

(a) Holding company	Mahindra and Mahindra Limited (Ultimate Holding company)
	Mahindra Vehicle Manufacturers Limited (Holding company w.e.f. 17th February 2016)
(b) Fellow subsidiaries (where there are transactions)	Mahindra Automobile Distributor Private Limited
	Mahindra Integrated Business Solutions Private Limited
	Mahindra Two Wheelers Europe Holding ,S.A.R.L
	Peugeot Motocycles S.A.S., Mandeure
	NBS International Limited
	Mahindra Electric Mobility Limited
	Classic Legends Private Ltd (Till 30th June 2017 - Fellow Subsidiary and thereafter Joint venture of ultimate holding company)
	Mahindra Logistics Limited (Joint venture of holding company up to 09th Nov 17)
	Lords Freight India Private Limited (Subsidiary of Mahindra Logistics Ltd)
(c) Associate of ultimate holding company	
	Tech Mahindra Limited
	Mahindra Gears Transmission Private Ltd
(e) Joint venture of fellow subsidiary	
	Mahindra Tsubaki Conveyor Systems Private Limited
(f) Key Managerial Personnel	Mr. Prakash Wakhankar
	Mr. Mahendra Bhalerao
	Mr. Prem Rathi
	Mrs. Poonam Avinash Vaze

(Rs in Lakhs)

Name of related party	**Description of Relationship**	**Nature of Transactions**	**Current Year Transactions**	**Outstanding as at March 31, 2018**		Previous Period	Outstanding as at March 31, 2017	
				Credit	**Debit**		Credit	Debit
1) Mahindra & Mahindra Limited	Ultimate Holding Company	Reimbursement of expenses paid	39.99	**–**	**–**	537.14	–	–
		Reimbursement of expenses taken	184.63	**–**	**–**			
		Reimbursement of expenses paid (SBU)	–	**–**	**–**	175.29	–	–
		Sale of Investments in Mahindra Two Wheelers Europe holding S.a.r.l	–	**–**	**–**	19,655.91	–	–
		Purchase of services (SBU)	433.08	**37.27**	**–**	320.07	116.38	
		Purchase of services	–	**–**	**–**	37.30	–	–
		Purchase of Goods	481.42	**3.50**	**–**	344.88	126.99	
		Vehicle Sold	–	**–**	**–**	42.22	–	–
		Material Sold	0.58	–	–	–	–	–
		Training Expenses	–	–	–	0.35	–	–
2) Mahindra Automobile Distributor Private Limited	Fellow Subsidiary	Inter Corporate Deposit:						
		– Received	–	**–**	**–**	1,500.00	–	–
		Interest paid	–	**–**	**–**	16.41	–	–
3) Mahindra Logistics Limited	Fellow Subsidiary	Purchase of services	1.09	**0.73**	**–**	–	–	–
4) Mahindra Logistics Limited (Up to 09th Nov 2017)	Joint Venture	Purchase of services	1.33	**–**	**–**	736.24	–	–
5) Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary	Purchase of Services	0.45	**0.16**	**–**	16.26	–	–
6) NBS International Limited.	Fellow Subsidiary	Sales of materials	0.83	**0.24**	**–**	45.53	–	–
7) Mahindra Vehicle Manufacturers Limited	Holding Company	Subscription to Share Capital	–	**–**	**–**	34,000.00	–	–
		Reimbursement of Expenses Paid	–	**–**	**2.02**	–	–	–
8) Lords Freight India Private Limited	Fellow Subsidiary	Purchase of services	–	**–**	**–**	0.12	–	–
9) Mahindra Two Wheelers Europe Holding ,S.A.R.L, Luxembourg	Fellow Subsidiary	Investment in subsidiary	–	**–**	**–**	8,566.67	–	–
10) Mahindra Electric Mobility Ltd	Fellow Subsidiary	Reimbursement of Expenses Received	–	**–**	**–**	4.61	–	–
		Asset Sales	–	**–**	**–**	14.08		
11) Peugeot Motorcycle S.A.S., Mandeure	Fellow Subsidiary	Reimbursement of Expenses Received	–	**–**	**–**	1.80	–	–
12) Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary	Other Income	–	**–**	**–**	2.74	–	–
13) Tech Mahindra Limited	Associate of Holding Company	Purchase of services	–	**–**	**–**	49.95	–	–
		Reimbursement of Expenses Paid	–	**–**	**–**	5.44	–	
14) Mahindra Gears Transmission Private Ltd	Subsidiary of Associate	Purchase of materials	1.18	**0.52**	**–**	157.60	–	
15) Classic Legends Private Ltd	Joint Venture of holding Company	Reimbursement	0.08	**0.08**	**–**	–	–	–
16) Mr. Vinod Sahay	–	Remuneration debited by Parent Company	–	**–**	**–**	79.84	–	–
17) Mr. Mahendra Bhalerao	CFO	Remuneration debited by Parent Company	–	**–**	**–**	27.27	–	–
18) Mr. Prem Rathi	Manager	Remuneration	–	**–**	**–**	26.21	–	–
19) Mrs. Poonam Avinash Vaze	Company Secretary	Remuneration	1.80	**0.14**	**–**	1.80	0.14	–

The remuneration of key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note 29 - Income Tax Expense

Debt-to-equity ratio (including liabilities directly associated with assets held for sale) is as follows:

(i) Profit or loss section

(Rs in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax Expenses	–	23.48
Reversal of previous year Tax Expenses	(23.48)	–
Deferred Tax	(152.50)	(44.28)
Deferred Tax adjusted with other comprehensive income	3.70	–
Total income tax expense recognised in statement of Profit & Loss	(172.28)	(20.80)

(ii) Reconciliation of effective tax rate

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(A)	Profit before tax	40.42	(66.91)
(B)	Enacted tax rate in India	26.00%	30.90%
(C)	Expected tax expenses	10.51	(20.63)
(D)	Other than temporary difference	(0.45)	0.08
(E)	Temporary difference		
	– Difference between Book Depreciation and Tax Depreciation	1.71	5.78
	– Provision for leave encashment & gratuity	(18.44)	(22.15)
	– Provision for inventory	(31.69)	0.58
	– Other Provisions	(0.19)	(17.65)
	– Provision for C forms	(37.38)	176.26
	– Set off against carry forward losses	(15.44)	–
	– Provision for Allowance for credit losses - PDD	60.56	–
(F)	Net adjustment (E-D)	(40.42)	142.74
(G)	Tax expenses/(Saving) on net adjustment (F*B)	(10.51)	44.11
(H)	Current tax expense recognised in statement of profit & loss (C+G)	–	23.48
(I)	Changes on account of deferred tax	(148.80)	(44.28)
(J)	Net current tax expense recognised in statement of Profit & Loss (H+I)	(148.80)	(20.80)

Note No 30(i): - Additional Information to the Financial Statements

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows

(Rs in Lakhs)

Dues to Micro, Small and Medium Enterprises (MSMEs)	March 31, 2018	March 31, 2017
Total amount due to MSMEs as on Balance Sheet date		
Principal amount due to MSMEs	17.80	6.84
Interest due on the principal amount due to MSME	0.00	0.07
Total delayed payments to MSMEs during the year		
Principal amount	69.16	5.34
Interest due on the principal amount	0.44	0.10
Total Interest accrued during the year and at the year end in normal course		
Total amount of interest paid to MSMEs during the year	–	–
Total Interest due at the year end for all delayed payment	3.25	2.80

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No 30 (ii): - Value of imports calculated on CIF basis:-

(Rs in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing operation:-		
Components & Spare Parts	242.46	266.53
	242.46	266.53

Note: 31 - Previous years figures have been regrouped/recast, wherever necessary, to correspond with the current year's classification/disclosure.

See accompanying notes to the financial statements

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

For and on behalf of the Board

} *Director's*

Padmini Khare Kaicker
Partner

Membership Number: 044784

Date: 20th April 2018
Place: Mumbai

Chief Financial Officer

Company Secretary

Date: 20th April 2018
Place: Mumbai

Report of the Directors

Operation

Your Company was incorporated on 8^{th} December, 2014 in Luxembourg as a wholly owned subsidiary of Mahindra Two Wheelers Limited. Your company acquired 51% stake in Peugeot Motocycles SAS (“PMTC) on 19^{th} January 2015.

There is no commercial activity and Company operates as holding Company for investment in Peugeot Motocycle SAS (“PMTC”) and your Company is 100% subsidiary of Mahindra & Mahindra Limited.

Directors

Composition of the Board of Directors of your company is as below:

Name of Directors	Nationality	Change
Mr. Rajesh Jejurikar	Indian	Appointed since inception
Mr. Mahendra Bhalerao	Indian	Appointed since inception
Mr. Livio Gambardella	Luxembourgian	Appointed since inception

Financial Status

Total Expenses & Loss of your Company for the period ended 31^{st} March, 2018 stood at Euro 34887(Rs. 28.23 lacs) compared to Euro 25,239 (Rs. 20.17 lacs) in the previous year. Paid up Capital of your Company as on 31^{st} March, 2018 is Euro 14,900,000 (Rs. 20,979.67 Lacs) compared to Euro 14,900,000 (Rs. 20,979.67 Lacs).

The Board of Directors has reviewed and approved the accompanying financial statement of your company for the period ended 31^{st} March, 2018.

Statement of Directors

In the opinion of the Board of Directors, the accompanying financial statements together with its notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the company as at 31^{st} March, 2018.

Audit & Auditor

Pursuant to the prevailing laws of Luxembourg, appointment of an auditor is not mandatory for your company. Accordingly, your company has not appointed Auditor to certify its financial statement.

On Behalf of the Board

Rajesh Jejurikar
Director

Mahendra Bhalerao
Director

Date: 9^{th} May, 2018
Place: Mumbai

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No.	As at March 31, 2018 EUR in Lacs	As at March 31, 2018 Rupees in Lacs	As at March 31, 2017 EUR in Lacs	As at March 31, 2017 Rupees in Lacs
ASSETS					
Non-current assets					
(a) Financial Assets					
(i) Investments	1	**260.10**	**20,979.67**	260.10	20,979.67
Total Non-Current Assets		**260.10**	**20,979.67**	260.10	20,979.67
Current assets					
(a) Financial Assets					
(i) Cash and cash equivalents	2	**0.74**	**59.69**	0.88	70.98
(ii) Loans	3	**0.01**	**0.81**	0.03	2.42
(b) Other current assets	4	**0.03**	**2.42**	0.01	0.81
Total Current Assets		**0.78**	**62.91**	0.92	74.21
Total Assets		**260.88**	**21,042.58**	261.02	21,053.87
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	5	**149.00**	**12,018.34**	149.00	12,018.34
(b) Other Equity	6	**111.47**	**8,991.17**	111.82	9,019.40
Total Equity attributable to owners of the Company		**260.47**	**21,009.51**	260.82	21,037.74
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables	7	**0.36**	**29.04**	0.11	8.87
(ii) Other current financial liabilities	8	**0.05**	**4.03**	0.09	7.26
Total Current Liabilities		**0.41**	**33.07**	0.20	16.13
Total Equity and Liabilities		**260.88**	**21,042.58**	261.02	21,053.87

See accompanying notes to the financial statements

For and on behalf of the Board

Date: 9th May 2018
Place: Mumbai

Rajesh Jejurikar
Director

Mahendra Bhalerao
Director

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2018

Particulars		Note No.	For the Year ended on 31st March 2018		For the Year ended on 31st March 2017	
			EUR in Lacs	**Rupees in Lacs**	EUR in Lacs	Rupees in Lacs
I.	Revenue from operations		**–**	**–**	–	–
	Other Income		**–**	**–**	–	–
	Total Revenue (I)		**–**	**–**	–	–
II.	**EXPENSES**					
	Other expenses	**9**	**0.35**	**28.23**	0.25	20.17
	Total Expenses (II)		**0.35**	**28.23**	0.25	20.17
III.	**Loss before tax for the year (I - II)**		**(0.35)**	**(28.23)**	(0.25)	(20.17)
IV	**Tax Expense**					
	– Current tax		**–**	**–**	–	–
	– Deferred tax		**–**	**–**	–	–
	Total tax expense		**–**	**–**	–	–
V	**Loss after tax for the year (III-IV)**		**(0.35)**	**(28.23)**	(0.25)	(20.17)
VI	**Other comprehensive income**		**–**	**–**	–	–
VII	**Total comprehensive income for the year**		**(0.35)**	**(28.23)**	(0.25)	(20.17)
VIII	**Earnings per equity share** (Nominal value per share EUR. 1 each),					
	Basic & Diluted		**(0.002)**	**(0.189)**	(0.002)	(0.135)

See accompanying notes to the financial statements

For and on behalf of the Board

Date: 9th May 2018
Place: Mumbai

Rajesh Jejurikar — Director
Mahendra Bhalerao — Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018

	Particulars	EUR in Lacs For the period ended 31st March, 2018 Amount	Rupees in Lacs For the period ended 31st March, 2018 Amount	EUR in Lacs For the period ended 31st March, 2017 Amount	Rupees in Lacs For the period ended 31st March, 2017 Amount
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Loss before tax	**(0.35)**	**(28.23)**	(0.25)	(20.17)
	Adjustment for:				
	Foreign Exchange Fluctuation Reserve	–	–	–	–
	Operating profit before Working Capital changes	**(0.35)**	**(28.23)**	(0.25)	(20.17)
	Adjustments for changes in Working capital				
	Long term Loans and advances	–	–	0.01	0.81
	Other non-current assets	–	–	–	
	Inventories	–	–	–	
	Trade Receivables	–	–	–	
	Short term Loans and advances	–	–	–	
	Other current assets	–	–	0.19	15.52
	Long term Provisions			–	–
	Trade Payables			–	–
	Current liabilities	**0.21**	**16.94**	(0.30)	(24.20)
	Cash generated from operations	**(0.14)**	**(11.29)**	(0.35)	(28.03)
	Taxes paid	–		–	
	Net Cash from Operating activities	**(0.14)**	**(11.29)**	(0.35)	(28.03)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Fixed Assets:				
	Long term Investment in Subsidiary	–	–	(112.55)	(9,078.28)
	Interest received	–	–	–	–
	Net Cash (used) in investing activities	–	–	(112.55)	(9,078.28)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share application money received	–	–	–	–
	Proceeds from issuance of Share Capital / Share premium	–	–	112.55	9,078.28
	Net Cash from in financing activities	–	–	112.55	9,078.28
D	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(0.14)**	**(11.29)**	(0.35)	(28.20)
	Cash and Cash Equivalents (Opening balance)	**0.88**	**70.98**	1.23	99.18
	Cash and Cash Equivalents (Closing balance)	**0.74**	**59.69**	0.88	70.98

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018 (CONTD.)

Notes:

1 Figures in brackets represent outflows of cash and cash equivalents.

2 cash and cash equivalents comprise of

	EUR in Lacs	**Rupees in Lacs**	EUR in Lacs	Rupees in Lacs
	Year ended 31st March, 2018	**Year ended 31st March, 2018**	Year ended 31st March, 2017	Year ended 31st March, 2017
Cash on hand				
Balances with Banks	**–**		–	
	0.74	**59.69**	0.88	70.98
3 Financials are converted at the EURO/INR rate of Rs 80.66				
	0.74	**59.69**	0.88	70.98

For and on behalf of the Board

Date: 9th May 2018

Place: Mumbai

Rajesh Jejurikar
Director

Mahendra Bhalerao
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Changes in Equity

Particulars	As at 31st March 2018 Euro in lacs	As at 31st March 2018 Rupees in Lacs	As at 31st March 2017 Euro in Lacs	As at 31st March 2017 Rupees in Lacs
Balance at the beginning of the year	**149.00**	**12,018.34**	149.00	12,018.34
Shares issued during the year				
Adjustment made as per scheme of arrangement				
Balance at the end of the year	**149.00**	**12,018.34**	149.00	12,018.34

b. Changes in Other Equity

Particulars	As at 31st March 2018 Euro in lacs	As at 31st March 2018 Rupees in Lacs	As at 31st March 2017 Euro in Lacs	As at 31st March 2017 Rupees in Lacs
Securities Premium Account	**112.55**	**9,078.28**	112.55	9,078.28
Surplus / (Deficit) in Statement of Profit and Loss				
Opening Balance	**(0.73)**	**(58.88)**	(0.48)	(38.72)
Add: (Loss) for the year	**(0.35)**	**(28.23)**	(0.25)	(20.17)
Closing Balance	**111.47**	**8,991.17**	111.82	9,019.40
Total	**111.47**	**8,991.17**	111.82	9,019.40

For and on behalf of the Board

Date: 9th May 2018
Place: Mumbai

Rajesh Jejurikar
Director

Mahendra Bhalerao
Director

Notes forming part of the Financial Statements

NOTE 1 - NON CURRENT INVESTMENTS

Particulars	Face Value Per Unit	As at 31st March 2018			As at 31st March 2017		
		Number	Euro in Lacs	Rupees in Lacs	Number	Euro in Lacs	Rupees in Lacs
Investment in Equity Instruments (Trade and fully paid up unless otherwise specified)							
Unquoted							
In Subsidiary Companies:							
Peugeot Motocycles S.A.S Mandeure	**EURO 16**	**312,677**	**260.10**	**20,979.67**	312,677	260.10	20,979.67
Total		**312,677**	**260.10**	**20,979.67**	312,677	260.10	20,979.67

NOTE 2 - CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Euro in Lacs	Rupees in Lacs	Euro in Lacs	Rupees in Lacs
Cash on hand	**–**	**–**	–	–
Balances with banks				
In current accounts	**0.74**	**59.69**	0.88	70.98
Total	**0.74**	**59.69**	0.88	70.98

NOTE 3 - LOANS

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Euro in Lacs	Rupees in Lacs	Euro in Lacs	Rupees in Lacs
Current - Other Loans	**0.01**	**0.81**	0.03	2.42
Total	**0.01**	**0.81**	0.03	2.42

NOTE 4 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2017
	Euro in Lacs	Rupees in Lacs	Euro in Lacs	Rupees in Lacs
Prepaid expenses	**0.03**	**2.42**	0.01	0.81
Total	**0.03**	**2.42**	0.01	0.81

NOTE 5 - SHARE CAPITAL

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Euro in Lacs	Rupees in Lacs	Euro in Lacs	Rupees in Lacs
Authorised:				
17,000,000 (31st March 2017,17,000,000) equity shares of Euro 1/- each.	**170.00**	**13,712.20**	170.00	13,712.20
	170.00	**13,712.20**	170.00	13,712.20
Issued, Subscribed and Paid up:				
14,900,000 (31st March, 2017, 14,900,000) equity shares of Euro 1/- each fully paid up.	**149.00**	**12,018.34**	149.00	12,018.34
Total	**149.00**	**12,018.34**	149.00	12,018.34

Reconciliation of the no. of shares outstanding at the beginning and at the end of the period:	As at 31st March 2018	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017	As at 31st March 2017	As at 31st March 2017
	No. of shares	Euro in Lacs	Rupees in Lacs	No. of shares	Euro in Lacs	Rupees in Lacs
No of equity shares outstanding at the beginning of the period	**1,49,00,000**	**149.00**	**12,018.34**	1,49,00,000	149.00	12,018.34
Add: Additional equity shares issued during the period	**–**	**–**	**–**	–	–	–
Less: Equity Shares forfeited/Bought back during the period	**–**	**–**	**–**	–	–	–
No of equity shares outstanding at the end of the period	**1,49,00,000**	**149.00**	**12,018.34**	1,49,00,000	149.00	12,018.34

Notes:

i) Of the above 14,900,000 (previous year 14,900,000) shares are held by Mahindra & Mahindra Limited the holding company.

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31st March 2018	31st March 2017
	Number of shares	Number of shares
Equity Shares:		
Mahindra & Mahindra Limited	**14,900,000**	14,900,000

NOTE 6 - RESERVES AND SURPLUS

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Euro in lacs	Rupees in Lacs	Euro in lacs	Rupees in Lacs
Securities Premium Account	**112.55**	**9,078.28**	112.55	9,078.28
Surplus/(Deficit) in Statement of Profit and Loss				
Opening Balance	**(0.73)**	**(58.88)**	(0.48)	(38.72)
Add: (Loss) for the year	**(0.35)**	**(28.23)**	(0.25)	(20.17)
Closing Balance	**111.47**	**8,991.17**	111.82	9,019.40
Total	**111.47**	**8,991.17**	111.82	9,019.40

NOTE 7 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Euro in lacs	Rupees in Lacs	Euro in lacs	Rupees in Lacs
Current - Payables for Goods / Services	**0.36**	**29.04**	0.11	8.87
Total	**0.36**	**29.04**	0.11	8.87

NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Euro in lacs	Rupees in Lacs	Euro in lacs	Rupees in Lacs
Current - Other Current Liabilities	0.05	4.03	0.09	7.26
Total	**0.05**	**4.03**	0.09	7.26

NOTE 9 - OTHER EXPENSES

Particulars	For the period ended 31st March 2018	For the period ended 31st March 2018	For the period ended 31st March 2017	For the period ended 31st March 2017
	Euro in Lacs	Rupees in Lacs	Euro in Lacs	Rupees in Lacs
Professional Fees	0.29000	23.39	0.15	12.10
Rates and Taxes	0.02000	1.61	0.06	4.84
Bank Charges	0.01000	0.81	0.01	0.81
Miscellaneous - Others	0.03000	2.42	0.03	2.42
Total	**0.35**	**28.23**	0.25	20.17

Société par actions simplifiée au capital de 9.809.472,00 Euros
Siège social : 103, rue du 17 novembre – 25350 MANDEURE
875 550 667 RCS BELFORT

REPORT FROM THE PRESIDENT ON THE YEAR ENDING 31 DECEMBER 2017

Dear Shareholders,

Pursuant to law and our company's articles of incorporation, we report hereunder on the situation and activity of the Company for the year ending on 31st December 2017, and we submit for your approval the annual accounts.

In compliance with the provisions of article R. 225-102 of the French Commercial Law, a table appended to this report shows the company's financial results for the last five years.

The auditor will provide all information regarding the compliance of financial statements in his report.

We remain available for any clarification or additional question you may have related to the legal documents which have been made available to you within the prescribed time line.

I. – ACTIVITY OF THE COMPANY, SUBSIDIARIES AND CONTRÔLLÉD COMPANIES

1. Position and evolution of the company's activity during the period under review

1.1 New vehicles

1.1.1 Markets and markets hares

European markets of the 7 major countries have increased sales by 1,4% in comparison with 2016. The situation is contrasted between countries and engine size. The under 50 cc segment grows by 16.6 % (decreased by 4.6% in 2016) whereas the over 50 cc are down by 9.2%.

France remains the largest market in Europe and goes up by 7,1%due to the high proportion of under 50cc. Italy gains 3.3% whereas Germany and Spain are down by 7.4% and 9.7% respectively. A strong recovery takes place in the Netherlands with a rise of 27,8% compared with 2016.

Overall, all markets under 50cc are on the upside except England.

Recovery of 50cc market is boosted by the Netherlands (+27.8%), Spain (+31.8%), France (+12.9%) and Germany (+10.4%). In addition to 50CC, all the markets are down except Italy (+ 3.4%).

In this context, Peugeot Motocycles volumes lost 7.1% especially on over 50CC market with a sharp drop of 32,6%.

ALL	Market evolution %	PMTC evolution %	Market Volumes R17	PMTC Volumes R17	Market shares R17	Market shares R16
FRANCE	7,1%	1,4%	154 532	21 216	13,7%	14,5%
ITALY	3,3%	-25,2%	145 725	3 642	2,5%	3,5%
GERMANY	-7,4%	-8,4%	56 829	8 490	14,9%	15,1%
SPAIN	-9,7%	-26,0%	106 078	6 342	6,0%	7,3%
BELGIUM	8,5%	-17,9%	19 421	1 668	8,6%	11,3%
NETHERLANDS	27,8%	32,1%	81 361	4 672	5,7%	5,6%
GREAT BRITAIN	-27,1%	-21,0%	26 595	1 797	6,8%	6,2%

In the under 50CC segment, Peugeot Motocycles moves up from 16,6% to 12,9% (n°3).

50CC	Market growth %	PSCO growth %	Market Volumes 2017	PSCO Volumes 2017	Market share 2017	Market share 2016
FRANCE	12,9%	5,4%	98 210	16 998	17,3%	18,5%
ITALY	2,6%	1,4%	23 795	1 121	4,7%	4,8%
GERMANY	10,4%	-3,4%	33 237	7 323	22,0%	25,2%
SPAIN	31,8%	15,0%	22 583	3 351	14,8%	17,0%
BELGIUM	27,6%	-16,8%	12 870	1 502	11,7%	17,9%
NETHERLANDS	27,8%	32,1%	81 361	4 672	5,7%	5,6%
GREAT BRITAIN	-11,4%	17,4%	7 605	1 082	14,2%	10,7%

In over 50CC and 3-wheelers, Peugeot Motocycles is down from 32,6% to 3,8%. Honda increases sharply and becomes market leader to the detriment of Piaggio. Yamaha continues to increase.

+ 50CC & 3-wheelers	Market growth %	PMTC growth %	Market Volumes 2017	PMTC Volumes 2017	Market share 2017	Market shares 2016
FRANCE	-1,7%	-12,0%	56 322	4 218	7,5%	8,4%
ITALY	3,4%	-33,1%	121 930	2 521	2,1%	3,2%
GERMANY	-24,5%	-30,5%	23 592	1 167	4,9%	5,4%
SPAIN	-16,8%	-47,2%	83 495	2 991	3,6%	5,6%
BELGIUM	-16,2%	-26,9%	6 551	166	2,5%	2,9%
GREAT BRITAIN	-32,0%	-47,1%	18 990	715	3,8%	4,8%

On the 3-wheeler market, Peugeot Motocycles increase its market share from 10,8% to 17,1% on a declining market of 15,4%. Peugeot Motocycles sales go up by 33,6%.

Kisbee remains the top seller on the 50CC market in Europe 6.

1.1 Invoicing

Invoicing of CBUs is down in 2017. (61 282 units) Vs 62 650 units in 2016. The turnover is € 89.9 m, increase by 7.4%.

1.2 CKD activity

CKD activity slowed down. The volumes invoiced are 1 080 units against 2 576 units in 2016. The turnover is € 0.7 m €, decrease by 65%.

1.3 Spares and accessories activty

PRA activity decreased slightly with a lower turnover : decrease by 2.5 % at € 13.5 m Vs € 13.8 m in 2016.

2. Financial results for the period under review

The following figures are the consolidated and restated results of Peugeot Motocycles according to Mahindra's management accounts format. Details of net income are provided in section IV.

At € 112.5 m, the main activity's turnover goes up by 3.5%. The contribution od CBUs improves by € 3.4 m at € 20.6 m (+2.6 points for margin). Peugeot Motocycles premiumisation continues, boosted by Metropolis which sales increase by 54%. Spares & accessories activity achieves profitability improvement by 2.5 points.

Fixed costs are down by € 2.6 m, mainly because of punctual expenses spent in 2016 resulting from the transition between the two shareholders (insurance, information systems…)

R&D expenditures decrease by € 1.2 m to total € 8 m. This decrease does not reflect the reality of expenditures spent. Expenditures remain stable if you deduct the subsidies received (Research Tax Credit and EU Live subsidies).

Therefore, profit before tax, tax and amortization (EBITDA) improve slightly from € 6 m to € – 13.3 m.

Profit and Loss

Particulars	**2016**	**2017**	**Variation**
Units CBU/CKD sold	68 385	65 366	-4,4%
GROSS SALES	**115 319**	**118 292**	**2,6%**
Discounts	-6 635	-5 776	-13,0%
TURNOVER	**108 684**	**112 516**	**3,5%**
Cost of components purchased	68 757	69 590	1,2%
Gross margin	**39 927**	**42 927**	**7,5%**
Variable production costs	6 821	6 484	-4,9%
Variable commercial costs	11 762	11 537	1,7%
CONTRIBUTION	21 345	24 906	16,7%
Fixed production costs	5 190	5 182	-0,2%
Publicity	3 008	3 018	0,3%
Overheads and Administrative expenses	23 414	22 021	-6,0%
Research & Development expenses	9 269	8 034	-13,3%
PROFIT BEFORE TAXAND AMORTIZATION	**-19 537**	**-13 347**	**-31,7%**

3. **Progress made and difficulties encountered**

Sales performance was slightly lower in 2017, Peugeot Motocycles continues raising brand status. Development towards vehicles with a higher margin (Metropolis, Django and Speedfight4) structurally improves the products potfolio profitability.

Postponing of market launches for over 125 CC (Citystar et Satelis) affected the first-half year 2017. Spares & accessories activity was affected due to supply chain issues from some of our suppliers.

Vietnam did not meet the expectations.

In addition, on 31/12/2017, Peugeot Motocycles built an inventory of more than 7000 units of 50 CC Euro2 to compensate for the introduction of Euro4 2T 50CC from second half-year 2018.

A major recall campaign for Kisbee was launched in November 2017.

Sales in China leveled offat 3005 units (same as 2016).

4. **Peugeot Motocycles activities in Research & Development**

The efforts in Research & Development continued in 2017 to meet Euro4 standard for 50CC engines and launch of a new vehicle project (335).

5. **Foreseeable development of the company situation and future prospects**

2018 confirms the development of premium categories at Peugeot Motocycles. The efforts in Research & Development continues and increase sharply. They are the reflection of the new product plan approved by the shareholders (electric vehicles, SUV..) which will enable Peugeot Motocycles to confirm its ambitions.

Peugeot Motocycles carries on its international development with a study aiming at establishing in Thailand.

Moreover, a complete overhaul of the ERP has started.

6. **Other events since the closing of the accounts.**

The major shareholder approved the new product plan and structural investments for Peugeot Motocycles future.

Depletion of Euro2 vehicles inventory is faster than expected.

Peugeot Motocycles received a letter of support from Mahindra Group.

II. – SUBSIDIARIES AND AFFILIATES

1. **Acquisition of stakes in companies whose headquarters are in France and corporate takeovers**

1.1 Significant acquisition of stakes (more than 5%) in companies whose headquarters are in France

During the period under review, the Company did not purchase any stakes of more than one-twentieth, one-tenth, one-fifth, one-third or one-half of the share capital or votes in any other companies.

1.2 Acquisition of stakes in companies whose headquarters are in France

During the period under review, the Company did not purchase any stakes in companies whose Headquarters are located in France.

III – INFORMATION ON THE COMPANY'S SHARE CAPITAL

1. **Information related to controlled companies and treasury shares (articles L. 233-13 of French Commercial Code)**

On 31st December 2017, the Company did not hold treasury shares.

IV – EXAMINATION OF ANNUAL ACCOUNTS APPROPRIATION OF PROFIT

1. **Examination of annual accounts**

Peugeot Motocycles France corporate accounts of the period include a balance sheet, a profit and loss statement and an attachment to provide the relevant explanations of the accounts.

Accounting rules and evaluation methods used for the annual financial statements are compliant with the regulations and have not changed compared to the last period.

a) Profit and Loss analysis :

The turnover for the financial period ended 31 December 2016 has reached € 102 M Vs € 98 M the period before,that is a change of+4.52 %.

External expenses have reached € 27.8 M Vs € 28.7 M the period before, that is a change of-3.2 %.

Payroll expenses have reached € 17 M Vs € 15.1 M the period before, that is a change of +12.8 %.

Social security charges have reached € 5.9 M Vs € 6,4 M the period before, that is a change of -7.4 %.

Operating costs have reached a total of € 140.5 M Vs € 127.2 M the period before, that is a change of +10.4 %.

- Operating result is € -20.6 M, Vs € -23.4 Min 2016.
- Financial result is € -1.3 M € Vs € -1.1 Min 2016, mostly from :
  - Financial expenditure includes € -1.1 M interests on cash loans
- Exceptional result is € -0.4 M, Vs € -1.16 M, in 2016, mostly from

Income : non-capital transactions € +0.05 M
Capital transaction € +1.37 M
Reversals of provisions and expenses transfers € +6.7 M

Expenses : non-capital transactions € -0.04 M
Capital transaction € - 1 M
Depreciation, amortization and provisions -5.7 M
Expenses connected to « job and skills matching scheme (DAEC) » € -1.7 M

Net result is € -21.365.567 for the period 2017, Vs € -24.991.875 end of 2016.

b) Balance sheet analysis :

Assets

Fixed assets value moves from € 4.186.935 to € 3.638.617 end of 2017.

Current assets move from € 44.127.853 to € 56.176.484 end of 2017. This increase (€ +12.05 M) is mainly due to a higher inventory (€ +7.6 M) and an increase of Trade receivables (€ +5.4 M).

Net assets value is € 60.034.069.

Liabilities

The equity before year end is € -37.921.905 Vs € pour-16.556.337 in 2016.

The 2017 result to be allocated € – 21.365.567.

Provisions for risks and charges are € 8.118.301 Vs 6.711.008 end of 2016. The reason for this € 1.4 M increase is the provision made for Kisbeerecall campaign launched in November 2017 partly compensated by reversals for « job and skills matching scheme (DAEC) » in 2014.

Debts are increasing from € 58.042.424 to € 89.773.335. This increase is mainly due to an increase in loans and debts with financial institutions of € 23 M, an increase intra de notes and accounts payable of € 5.2 M, and an increase in other debts of € 4 M.

Tax and social debts increase by € 0,9 M.

The Shareholder's equity and liabilities totals € 60.034.069.

2. **Result – Proposal for allocation**

We are submitting the annual accounts (Balance Sheet, Profit and Loss account) for approval as presented in the report, reflecting a net loss of € 21.365.567 euros.

It is proposed to allocate the net loss of € 21.365.567 euros as follows :

Origin :	
Result of the period	(21.365.567)euros
Previous retained result	(81.731.795) euros
	_______________
Total to be allocated	(103.097.362) euros
Allocation :	
Retained result	(103.097.362)euros
Total allocated	(103.097.362)euros

Considering this allocation, the shareholder's equity would be -37.921.905 euros.

3. **Dividend and income distributed during the last three financial years**

   Pursuant to article 243 bisof the General Tax Code, it is reminded that no dividend was paid during the last three financial years.

V – ACCOUNTING AND TAXATION INFORMATION

1. **Non-deductible cost and expenses (within the meaning of articles 39,4 et 39,5 of the General Tax Code)**

   Pursuant to the provisions of article 223 quaterof the General Tax Code, we specify that the Company did not bear any non-deductible cost and expenses referred to in articles 39,4 and 39,5 of the General Tax Code.

2. **Terms of payment for clients and suppliers**

   According to the Order of 6^{th} April 2016 on the basis of article D 441-4 of the French Commercial code, we provide you hereunder with the breakdown of outstanding invoices issued and received at closing date, whose terms have expired.

VI – REGULATED CONVENTIONS

1. **Conventions covered by article L 225-38 and L 227-10 of French Commercial Code**

   We are submitting the special report prepared by the auditor on the conventions covered by article L 227-10 of the French Commercial Code under the period of review, and we request you to approve the terms of the report ther of and the conventions mentioned.

VII – MANAGEMENT AND SUPERVISION

1. **Terms of office of Senior Executives**

   The President's term of office has not expired.

2. **Terms of office of auditors**

   The terms of office of the Statutory and Alternate auditors have not expired.

VIII – POWERS TO EFFECT FORMALITIES

In order to ease legal publication and deposit formalities at the authorized Commercial Court, resulting from the execution of the operations we are submitting to your approval, we request you to confer full powers to the bearer of an original, extract or copy of the minutes of the General Meeting to carry out all publicity and legal formalities to comply with law requirements.

Upon reports from the statutory auditor, we submit to your approval the operations described above.

The President

Date: 26 April, 2018

INDEPENDENT AUDITORS' REPORT

Peugeot Motocycles S.A.S.

Statutory Auditor's report on the financial statements

For the year ended December 31st, 2017

Registered office; 103 rue du 17 novembre
25350 MANDEURE
Share capital: € .9 809 472

Dear Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of PEUGEOT MOTOCYCLES S.A.S. for the year ended December 31st, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31st, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics ("code de déontologie") for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code ("code de commerce") relating to the justification of our assessments, we inform you of the following matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Going Concern

The Note « 2. Faits significatifs de l'exercice » to the financial statements describes, in the section 2.4., uncertainties relating to the going concern assumption.

We have be drawn to review the actions envisaged in this context.

Based on our work and the information we received to date, and as part of our assessment of the general accounting policies applied by your Company, we estimate that the note to the financial statements give an appropriate information regarding the situation of the Company in the context of the uncertainty relating to the going concern.

Intangible and tangible assets' impairment

Intangible and tangible assets, whose net value at year-end 2017 amounted to € . 1.522.988, are stated at cost value and impaired if their net realizable value is lower, as described in the Notes « 1. Règles et méthodes comptables », « 4. Immobilisations au 31 Décembre 2017 » and « 8. Provisions inscrites au bilan au 31 Décembre 2017 » to the financial statements.

On the basis of the information provided to us, our work consisted in assessing the data on which these useful values are based, in particular to review the discounted prospects of profitability of concerned activities and of achieving these goals, and to check the consistency of assumptions retained with forecasts based on the strategic business plans established for each activity and supervised by General Management.

Inventories and receivables' impairment

Your Company recognizes depreciations of its inventories and receivables according to the methods described in the Note « 1. Règles et méthodes comptables » to the financial statements.

We carried out the approach assessment of the Company PEUGEOT MOTOCYCLES S.A.S. as described in the Notes « 1.4. Stocks » and « 1.5. Créances » to the financial statements, based on information available up to date and performed tests to verify, using sampling techniques, the application of these approach.

Provisions for risks and charges

Your Company recognizes provisions to cover risks resulting for guarantees given to customers as described in the Note « 8. Provisions inscrites au bilan au 31 Décembre 2017 » to the financial statements.

We carried out the assessment of the approach of the Company PEUGEOT MOTOCYCLES S.A.S. as described in this Note to the financial statements, based on information available up to date and performed tests to verify, using sampling techniques, the application of these approach.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the President and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of thefinancial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Schiltigheim, on the June 7th, 2018

French original signed by

Florent Dissert

BALANCE SHEET

	31/12/17		31/12/16	
	Euros	**Rs. Lakhs**	**Euros**	**Rs. Lakhs**
ASSETS				
A. FIXED ASSETS				
I. INTANGIBLE FIXED ASSETS				
Concessions, patents & similar rights				
Business goodwill	**1,37,204**	**111**	1,37,204	111
Other intangible assets				
Advance payments on intangible assets				
	1,37,204	**111**	1,37,204	111
II. TANGIBLE FIXED ASSETS				
Land	**13,85,784**	**1,118**	19,58,825	1,580
Building				
Technical installations, machinery and equipment				
Other tangible assets				
Tangible assets in course				
Advance payments on tangible assets				
	13,85,784	**1,118**	19,58,825	1,580
III. FINANCIAL FIXED ASSETS				
Equity interests	**3,60,157**	**291**	3,23,820	261
Receivables from equity interests				
Other long-term investment securities				
Loans	**15,84,716**	**1,278**	16,04,352	1,294
Other long-term investments	**1,70,755**	**138**	1,62,735	131
	21,15,628	**1,706**	20,90,906	1,687
TOTAL FIXED ASSET	**36,38,617**	**2,935**	41,86,935	3,377
B. CURRENT ASSETS				
I. INVENTORIES				
Raw materials and other supplies	**70,88,422**	**5,718**	60,05,021	4,844
Work in progress	**12,608**	**10**	1,770	1
Finished goods	**1,66,33,702**	**13,417**	1,01,70,075	8,203
	2,37,34,732	**19,144**	1,61,76,867	13,048.26
II. RECEIVABLES AND OTHERS ASSETS				
Trade receivables and similar accounts	**1,85,84,321**	**14,990**	1,68,95,020	13,628
Other receivables	**1,12,45,785**	**9,071**	74,85,986	6,038
	2,98,30,106	**24,061**	2,43,81,006	19,665.72

	31/12/17		31/12/16	
	Euros	**Rs. Lakhs**	**Euros**	**Rs. Lakhs**
III. CASH ON HAND				
Cash and cash equivalents	**6,45,267**	**520**	19,22,502	1,551
TOTAL CURRENT ASSET	**5,42,10,105**	**43,726**	4,24,80,375	34,265
C. PREPAID EXPENSES AND DEFERRED CHARGES				
Prepaid expenses	**19,66,380**	**1,586**	16,47,478	1,329
Deffered charges				
Bond redemption premiums				
Positive translation adjustments	**2,18,968**	**177**		
TOTAL ASSETS	**6,00,34,069**	**48,423**	4,83,14,788	38,971
SHAREHOLDER'S EQUITY AND LIABILITIES				
A. OWNERS EQUITY				
I. SHARE CAPITAL				
Share capital	**98,09,472**	**7,912**	98,09,472	7,912.32
Issue, merger and contribution premiums	**5,49,13,600**	**44,293**	5,49,13,600	44,293.31
	6,47,23,072	**52,205**	6,47,23,072	52,205
II. RESERVES				
Revaluation reserve	**4,52,385**	**365**	4,52,385	365
Legal reserve				
Statutory or contractual reserves				
Regulated reserves				
Other reserves				
	4,52,385	**365**	4,52,385	365
III. RETAINED EARNINGS	**(8,17,31,794)**	**(65,925)**	(5,67,39,920)	(45,766)
IV. PROFIT OR (LOSS) OF THE FINANCIAL YEAR	**(2,13,65,567)**	**(17,233)**	(2,49,91,875)	(20,158)
V. INVESTMENTS SUBSIDIES	**–**	**–**	–	–
VI. REGULATED PROVISIONS	**–**	**–**	–	–
TOTAL SHAREHOLDER'S EQUITY	**(3,79,21,905)**	**(30,588)**	(1,65,56,338)	(13,354)
B. PROVISIONS FOR LIABILITIES AND CHARGES				
Provisions for risks	**61,88,406**	**4,992**	26,98,736	2,177
Provisions for charges	**19,29,895**	**1,557**	40,12,272	3,236
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	**81,18,301**	**6,548**	67,11,008	5,413

	31/12/17		31/12/16	
	Euros	**Rs. Lakhs**	**Euros**	**Rs. Lakhs**
C. ACCOUNTS PAYABLE				
1) LOANS AND SIMILAR DEBTS				
Loans and other borrowings from credits	**3,30,00,000**	**26,618**	1,00,00,000	8,066
Bank account overdrafts	**93,54,464**	**7,545**	1,09,97,620	8,871
Loans and miscellaneous financial debts	**38,910**	**31**	55,910	45
2) ADVANCES AND DEPOSITS FROM CUSTOMERS				
3) TRADE PAYABLES	**2,50,46,812**	**20,203**	1,98,69,320	16,027
4) TAX AND SOCIAL DEBTS	**64,10,855**	**5,171**	54,95,530	4,433
5) AMOUNTS PAYABLE ON FIXED ASSETS AND RELATED ACCOUNTS				
6) OTHER DEBTS	**1,59,22,294**	**12,843**	1,16,24,044	9,376
TOTAL ACCOUNTS PAYABLE	**8,97,73,335**	**72,411**	5,80,42,424	46,817
D. DEFERRED INCOME	**–**	**–**	–	–
TOTAL DEFERRED INCOME	**–**	**–**	–	–
Negative translation adjustments	**64,338**	**52**	1,17,694	95
Difference				
TOTAL ASSETS	**6,00,34,069**	**48,423**	4,83,14,788	38,971

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

	LINE	2017 Euros	2017 Rs. Lakhs	2016 Euros	2016 Rs. Lakhs
OPERATING REVENUES					
Sales of goods bought for resale	1				
Sales of – Manufactured Goods	2	**10,09,38,494**	**81,417**	9,63,54,204	77,719
– Services	3	**15,08,359**	**1,217**	16,60,266	1,339
Revenues (lines 01 à 03)	4	**10,24,46,853**	**82,634**	9,80,14,470	79,058
Change in inventories of finished goods and work in progress	5	**75,56,303**	**6,095**	(57,92,643)	(4,672)
Capitalised production	6				
Operating subsidies received	7	**4,17,547**	**337**	33,379	27
Reversals of provisions and depreciation, expense transfers	8	**87,96,433**	**7,095**	1,05,65,097	8,522
Other income	9	**6,86,343**	**554**	10,59,366	854
Other operating income		**1,74,56,626**	**14,081**	58,65,199	4,731
Operating income (lines 04 à 09)	10	**11,99,03,479**	**96,714**	10,38,79,669	83,789
OPERATING EXPENSES					
Purchases of raw materials and other supplies	13	**(7,17,78,338)**	**(57,897)**	(5,66,13,355)	(45,664)
Change in inventories of raw materials and other supplies	14	**5,13,382**	**414**	(46,17,240)	(3,724)
Other bought-in goods and services	15	**(2,77,65,997)**	**(22,396)**	(2,86,80,553)	(23,134)
Taxes other than corporate income tax	16	**(47,07,382)**	**(3,797)**	(40,82,066)	(3,293)
Wages and salaries	17	**(1,70,34,802)**	**(13,741)**	(1,50,98,842)	(12,179)
Social security charges	18	**(59,44,255)**	**(4,795)**	(64,17,192)	(5,176)
	LINE	**2017 Euros**	**Rs. Lakhs**	**2016 Euros**	**Rs. Lakhs**
Depreciation, amortisation & provision – operating items:					
– Depreciation and amortisation of fixed assets	19	**(1,28,914)**	**(104.00)**	(1,62,744)	(131.00)
– Amortisation of deferred charges	20				
– Increase in provisions against fixed assets	21	**958**	**0.77**	0	0.00
– Increase in provisions against current assets	22	**(75,00,246)**	**(6,050)**	(75,41,386)	(6,082)
–Increase in provisions for liabililties and charges	23	**(50,12,647)**	**(4,043)**	(26,70,777)	(2,154)
Other charges	24	**(11,44,857)**	**(923)**	(13,95,941)	(1,126)
Operating expenses (lines 13 à 24)	25	**(14,05,03,398)**	**(1,13,330)**	(12,72,80,096)	(1,02,664)
OPERATING PROFIT (lines 10 + 25)	26	**(2,05,99,919)**	**(16,616)**	(2,34,00,427)	(18,875)
Share in profits/losses of joint venure partnership	27	–	–	–	–
FINANCIAL INCOME					
Income from equity interests	28				
Other interest and similar income	29	**58,349**	**47**	50,604	41
Reversals of provisions and expense transfers	30	**1,68,421**	**136**	1,19,856	97
Foreign exchange gains	31	**6,57,079**	**530**	1,68,131	136
Net proceeds from disposals of marketable securities	32				
Produits financiers (lines 28 à 32)	33	**8,83,848**	**713**	3,38,591	273

	LINE	2017 Euros	2017 Rs. Lakhs	2016 Euros	2016 Rs. Lakhs
FINANCIAL EXPENSES					
Depreciation, amortisation and provisions – financial items	34	**(2,17,810)**	**(176)**	(1,00,891)	(81)
Interest and similar expenses	35	**(9,25,926)**	**(747)**	(6,14,877)	(496)
Foreign exchange losses	36	**(10,81,470)**	**(872)**	(7,34,283)	(592)
Net expenses on disposals of marketable securities	37				
Charges financières (lines 34 à 37)	38	**(22,25,206)**	**(1,795)**	(14,50,050)	(1,170)
NET FINANCIAL INCOME/(EXPENSES) (lines 33 + 38)	39	**(13,41,358)**	**(1,082)**	(11,11,459)	(897)
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX (lines 26 + 27 + 39)	40	**(2,19,41,277)**	**(17,698)**	(2,45,11,886)	(19,771)
EXTRAORDINARY INCOME					
Extraordinary income - non-capital transactions	41	**55,238**	**45**	1,94,445	157
Extraordinary income - capital transactions	42	**13,75,362**	**1,109**	2,60,871	210
Reversals of provisions and expense transfers*	43	**66,72,337**	**5,382**	82,43,804	6,649
Extraordinary income (lines 41 à 43)	44	**81,02,937**	**6,536**	86,99,120	7,017
EXTRAORDINARY EXPENSES					
Extraordinary expenses - non-capital transactions	45	**(44,613)**	**(36)**	(1,79,110)	(144)
Extraordinary expenses - capital transactions	46	**(10,59,274)**	**(854)**	(1,77,564)	(143)
Extraordinary depreciation, amortisation and provisions	47	**(57,50,646)**	**(4,638)**	(65,04,671)	(5,247)
Extraordinary expenses DAEC		**(16,90,912)**	**(1,364)**	(29,98,100)	(2,418)
Extraordinary expenses (lines 45 à 47)	48	**(85,45,444)**	**(6,893)**	(98,59,445)	(7,953)
NET EXTRAORDINARY ITEMS (lines 44 + 48)		**(4,42,507)**	**(357)**	(11,60,325)	(936)
Statutory employee profit-sharing	49				
Corporate income tax	50	**10,18,217**	**821**	6,80,336	549
NET PROFIT/(LOSSES) FOR THE YEAR (lines 40 + 44 + 48 + 49 + 50)	51	**(2,13,65,567)**	**(17,233)**	(2,49,91,875)	(20,158)

For the Board of Directors

Frédéric Fabre
Président, Director Gen

CASH FLOW

		2017		2016	
		Euros	Rs. Lakhs	Euros	Rs. Lakhs
A. CHANGE IN WORKING CAPITAL					
A1 LONG TERM FUNDS					
Net results	1	**(2,13,65,567)**	**(17,233)**	(2,49,91,875)	(20,158)
Depreciation and amortisation of fixed assets (1)	2	**1,28,914**	**104**	1,62,744	131
Amortisation of deferred charges (2)	3	**0**	**0**	0	0
Gain/(Losses) on disposals of fixed assets(3)	4	**(3,15,496)**	**(254)**	(87,373)	(70)
Increase/(reversal) on provisions	5	**40,31,818)**	**3,252**	(15,37,955)	(1,241)
CASH FLOWS FROM OPERATING ACTIVITIES (lines 1 à 5)	6	**(1,75,20,332)**	**(14,132)**	(2,64,54,459)	(21,338)
Increase in equity	7				
Gain on disposal of assets:	8				
– Tangible fixed assets	9	**13,74,762**	**1,109**	2,59,937	210
– Intangible fixed assets	10	**0**	**0**	0	0
– Equity interests	11	**0**	**0**	0	0
Disposal of other financial fixed assets		**2,27,475**	**183**	2,31,303	187
New borrowings on:					
– Equity interests	12	**0**	**0**	0	0
– Convertible bonds	13	**0**	**0**	0	0
– Other convertible bonds and assimilate	14	**0**	**0**	0	0
– Employees profit-sharing funds	15	**0**	**0**	0	0
– Other loans and borrowings	16	**3,30,13,000**	**26,628**	1,00,39,410	8,098
Other increase in long-term debts	17	**0**	**0**	0	0
Other long-term funding	18	**0**	**0**	0	0
LONG TERM FUNDS (lines 06 à 18)	19	**1,70,94,905**	**13,789**	(1,59,23,810)	(12,844)
A2 LONG TERM USES					
Dividends paid to shareholders	20	**0**	**0**	0	0
Acquisition of non-current assets					
– Tangible fixed assets	21	**15,79,606**	**1,274**	19,28,410	1,555
– Intangible fixed assets	22	**1,83,479**	**148**	38,243	31
– Equity interests	23	**0**	**0**	0	0
Increase of other financial fixed assets	24	**1,85,174**	**149**	1,90,034	153
New deferred charges	25	**0**	**0**	0	0
Reimbursement of long-term borrowings	26	**30,000**	**24**	11,000	9
Other reimbursment of long-term debts	27	**0**	**0**	**0**	**0**
Other long-term uses	28	**0**	**0**	**0**	**0**
LONG TERM USES (lines 20 à 28)	29	**19,78,260**	**1,596**	21,67,687	1,748
CHANGE IN WORKING CAPITAL (lines 19-29)	30	**1,51,16,645**	**12,193**	(1,80,91,496)	(14,593)

		2017		2016	
		Euros	**Rs. Lakhs**	**Euros**	**Rs. Lakhs**
B. CHANGE IN WORKING CAPITAL REQUIREMENTS					
Changes in inventories	31	**81,81,157**	**6,599**	(68,42,128)	(5,519)
Changes in trade receivables and assimilates	32	**30,18,683**	**2,435**	47,48,058	3,830
Changes in other receivables	33	**38,24,548**	**3,085**	(7,36,833)	(594)
Changes in operating assets (lines 31 à 33)	34	**1,50,24,389**	**12,119**	(28,30,903)	(2,283)
Changes in trade payables and assimilates	35	**50,43,694**	**4,068**	14,01,846	1,131
Changes in other payables	36	**48,67,080**	**3,926**	31,66,665	2,554
Changes in operating liabilities (lines 35 + 36)	37	**99,10,774**	**7,994**	45,68,511	3,685
CHANGE IN WORKING CAPITAL REQUIREMENTS (lines 34+37)	38	**51,13,615**	**4,125**	(73,99,415)	(5,968)
C. NET CASH FLOWS					
Change in cash and cash equivalents	39	**1,00,03,031**	**8,068**	(1,06,92,082)	(8,624)
CONTROLE lines 30 - 38 et 39 = 0	40	**0.00**	**0.00**	0.00	0.00

(1) Tangible and intangible net of invesmtents subsidies

(2) Except amortisation of bonds redemption premiums

(3) Tangible, intangible and financial

Notes to Financial Statements

The information below forms the Notes to the Balance Sheet prior to the breakdown of the financial year ending 31st December 2017 which totals € 6,00,34,069, INR 48,423 lacsand to the Profit and Loss account that, under the form of a list, that shows a loss of € 2,13,65,567, INR 17,233 lacs.

The financial statements cover the 12-month period from January 1st to December 31st, 2017.

The notes and tables N° 1 to 30 hereunderform an integral part of the annual financial statements.

1. ACCOUNTING RULES AND METHODS

The general accounting conventions below have been applied in accordance with the principle of prudence, and in compliance with legal and regulatory requirements in France and the basic assumptions that are intended to provide an accurate picture of the company :

- going concern,
- consistency of accounting methods from one period to the next,
- independance of financial years

The annual accounts comply in particular with the provisions of the Accounting Standards Authority N°2016-07, dated 4th November 2016 and amending the regulation n°2014-03 relating to the General Chart of Accounts, approved by decree on 26 December 2016.

The basic method used when stating the value of items in the financial statements is the the historical cost method.

The main accounting rules and methods used are the followings:

1.1. Tangible fixed assests

Tangible fixed assets are assessed at their acquisition cost (purchase price and incidental expenses), or at their production cost.

Interests on loans specifically for the production of fixed assets are not included in the assets production cost.

Expenses incurred in purchased of fixed assets are not includedin the assets production cost.

Depreciation is recognized as an expense on a straight-line basis, based on the estimated useful life of each component, as described hereunder :

- Heavy component of industrial plants 40 years
- Buildings improvement 16 years
- Industrial equipment for production 16 years
- Machinery and tooling 16 years
- Specific machining equipment 16 years
- Specific tooling 6 years
- Die cast moulds 3 years

1.2. Intangible fixed assets

The intangible assets are assessed according to their acquisition cost (purchase price and related expenses).

The depreciation rules are applied according to the straight-line method following the useful lives below:

- Software: 1 year
- Leasehold right: non-depreciable
- Land: non-depreciable
- Business premises: non-depreciable

1.3. Participating, other long-term investments, short-term investments

The gross book value of long-term investments is their acquisition price, net of acquisition expenses. When their balance sheet value is less than their cost of acquisition, a provision for depreciation is set aside for the amount of the difference. The economic value of these stacks is estimated according to the relevant share acquired of the carrying value of net assets of the subsidiary.

1.4. Inventories

Inventories are measured using the FIFO method.

The gross value of goods and supplies includes the purchase price and the related expenses.

Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production. Idle capacity costs are excluded from inventories valuation.

Financial interests are always excluded from inventories valuation.

A provision for impairment (equal to the difference between gross value as established following modalities above and market value) is recorded when gross value is superior to liquidation value.

1.5. Receivables

Receivables are recorded at their nominal value. A provision for impairment is recorded when the fair value is lower than the net book value.

A factoring process is in place, no-deconsolidating.

1.6. Transactions in foreign currencies

Expenses and incomes in foreign currencies are accounted for their amount in euros to the date of the transaction.

Payables, receivables and cash in foreign currencies, are accounted at their fair value at closing date or at the guaranteed exchange rate if hedged.

1.7. Research and Development expenses

Research and Development expenses relating to new products or enhancement of existing products are included in the general expenses. In 2017, the amount was € 91,00,300, INR 7,340 lacs.

2. SIGNIFICANT EVENTS DURING FINANCIAL YEAR

The additional information below are provided in order to make an informed judgement :

2.1. The goods coming from Asia and still in sea freight on 31/12/2017 (FOB) amounts to € 2,323 K, INR 1,874 lacs. They are divided into Completely Built-Up vehicles (€ 1,414 K, INR 1,141 lacs) and spare parts (€ 907 K, INR 732 lacs).

2.2. On 31/12/17, the provision for guarantee includes a new provision of 3 601K, INR 2,905 lacs, corresponding to the estimate made by the Executive Managementduring the accounts closing and relating to a recall campaign launched end of 2017 financial year, based on available data at that time (list of vehicles involved, return rate and cost of potential repairs).

2.3. In accordance with the memorandum from ANC on 28th February 2013, the tax credit for Competitiveness & Employment (CICE) is recorded as a reduction of staff costs. The company recorded a tax credit(CICE)of € 5,81,573, INR 469 lacs as a reductionof staff costs for the financial year ending 31/12/2017. The company uses this information credit in funding those investments notably.

2.4. The annual accounts show a net loss of € 2,13,65,567, INR 17,233 lacsand shareholder equity of € (3,79,21,905), INR (30,588) lacs belowminimum share capital of € 98,09,472, INR 7,912 lacs. The company has had net losses for several years. The situation substantially improved in 2017. The company implemented corrective measures that started to show the first positive effects in 2017, but will be fully effective in the medium term. With a 12-month perspective, carrying on business lies on support from the major shareholder, confirmed in a mail post-closing.

3. SUBSEQUENT EVENTS

Since 31st December 2017, the major has confirmedits support by postmail.

4. **Fixed assets on 31st December 2017**

FIXED ASSETS GROSS VALUE *(in Euros)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original value**
Intangible fixed assets						
Leaseholds						
Software	39,79,729		1,82,369	1,67,506	39,94,592	39,94,592
Concessions, patents &similarrights	84,587			84,587	0	0
Business goodwill	1,37,204				1,37,204	1,37,204
Other intangible fixedassets						
Advances and payments on account						
Subtotal	**42,01,520**		**1,82,369**	**2,52,093**	**41,31,796**	**41,31,796**
Tangible fixed assets						
Lands	25,11,847		1,110	6,88,517	18,24,439	13,72,054
Buildings on freehold land	1,57,37,874			7,11,761	1,50,26,113	1,50,26,113
Buildings on non-freehold land						
Improvements to buildings	1,51,05,965		7,454	19,18,337	1,31,95,082	1,31,95,082
Technical installations, industrial plant and machinery	12,14,52,076	54,658	12,29,412	85,69,287	11,41,66,859	11,41,66,859
Other tangible assets :						
General fixtures and fittings 4	19,08,233		16,500	1,14,018	18,10,715	18,10,715
Vehicles	1,81,245		4,508	59,478	1,26,276	1,26,276
Office and computer equipment, furniture	10,56,774		7,082	51,402	10,12,455	10,12,455
Tangible fixed assets in progress	4,34,472	(18,23,240)	20,53,512		6,64,744	6,64,744
Advances and payments on account	3,81,501	(2,44,349)	2,74,069		4,11,220	4,11,220
Subtotal	**15,87,69,987**	**(20,12,931)**	**35,93,647**	**1,21,12,801**	**15,02,50,833**	**14,77,85,517**
Financial fixed assets						
Equity interests	73,33,988				73,33,988	73,33,988
Receivables from equity interests						
Other long-term investment securities						
Loans	23,96,831		71,494	1,21,815	23,46,510	23,46,510
Other long-term investments	1,62,735		1,13,680	1,05,660	1,70,755	1,70,755
Subtotal	**98,93,554**		**1,85,174**	**2,27,475**	**98,51,253**	**98,51,253**
TOTAL	**17,28,65,060**	**(20,12,931)**	**39,61,191**	**1,25,92,369**	**16,42,33,882**	**16,17,68,566**

FIXED ASSETS GROSS VALUE *(in Rs. lacs)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original value**
Intangible fixed assets						
Leaseholds						
Software	3,210		147,10	135	3,222	3,222
Concessions, patents &similarrights	68			68		
Business goodwill	111				110,67	110,67
Other intangible fixedassets						
Advances and payments on account						
Subtotal	**3,388,95**	**0**	**147,10**	**203**	**3,332,71**	**3,332,71**

FIXED ASSETS GROSS VALUE *(in Rs. lacs)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original value**
Tangible fixed assets						
Lands	2,026		1	555	1,472	1,107
Buildings on freehold land	12,694			574	12,120	12,120
Buildings on non-freehold land						
Improvements to buildings	12,184		6	1,547	10,643	10,643
Technical installations, industrial plant and machinery	97,963	44	992	6,912	92,087	92,087
Other tangible assets :						
General fixtures and fittings 4	1,539		13	92	1,461	1,461
Vehicles	146		4	48	102	102
Office and computer equipment, furniture	852		6	41	817	817
Tangible fixed assets in progress	350	(1,420)	1,656		536	536
Advances and payments on account	308	(197)	221		332	332
Subtotal	**1,28,064**	**(1,624)**	**2,899**	**9,770**	**1,21,192**	**1,19,204**
Financial fixed assets						
Equity interests	5,916				5,916	5,916
Receivables from equity interests						
Other long-term investment securities						
Loans	1,933		58	98	1,893	1,893
Other long-term investments	131		92	85	138	138
Subtotal	**7,980**	**0**	**149**	**183**	**7,946**	**7,946**
TOTAL	**1,39,433**	**(1,624)**	**3,195**	**10,157**	**1,32,471**	**1,30,483**

Comment on tangible and intangible assets

As per several financial years and taking into account the mid-term projections, Peugeot Motocycles assets are subject to a depreciation. Total tangible and intangible depreciation on 31st December 2017 is € 1,67,21,594, INR 13,488 lacs.

Comment on intangible assets

Continuation of a licence for magnetic wheel manufacturing and marketing. The related rightswere depreciated over 5 years.

Comment on financial assets

Contribution to French social construction tax was made under the form of a loan of € 71,494, INR 58 lacs. Same contribution for 2017 will also be made under the form of a loan. A provision for monetary depreciation on this loan was made for € 38,911, INR 31 lacs.

5. **Amortization and provisions of fixed assets on 31st December 2017**

FIXED ASSETS GROSS VALUE *(in euros)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Intangible fixed assets					
Leaseholds					
Software	39,41,485		3,12,506	2,74,263	39,79,728
Concessions, patents &similarrights	84,587				84,587
Business goodwill					
Other intangible fixedassets					
Advances and payments on account					
Subtotal	**40,26,072**		**3,12,506**	**2,74,263**	**40,64,315**
Tangible fixed assets					
Lands	5,53,022			1,14,367	4,38,655
Buildings on freehold land	1,57,37,874		77,709	14,81,428	1,43,34,155
Buildings on non-freehold land					
Improvements to buildings	1,51,05,965		4,59,571	16,78,497	1,38,87,040
Technical installations, industrial plant and machinery	12,14,52,076		47,08,916	1,19,94,133	11,41,66,859
Other tangible assets :					
General fixtures and fittings 4	19,08,233		56,812	162,552	18,02,494
Vehicles	1,81,245		11,343	58,828	1,33,760
Office and computer equipment, furniture	10,56,774		7,819	51,402	10,13,191
Tangible fixed assets in progress	4,34,472		6,64,744	4,34,472	6,64,744
Advances and payments on account	3,81,501		4,11,220	3,81,501	4,11,220
Subtotal	**15,68,11,162**		**63,98,134**	**1,63,57,179**	**14,68,52,117**
Financial fixed assets					
Equityinterests	70,10,168		8,417	44,754	69,73,830
Receivablesfromequityinterests					
Other long-term investment securities					
Loans	7,92,479		45,456	76,142	7,61,794
Other long-terminvestments					
Subtotal	**78,02,647**		**53,873**	**1,20,896**	**77,35,624**
TOTAL	**16,86,39,881**		**67,64,513**	**1,67,52,338**	**15,86,52,056**

FIXED ASSETS GROSS VALUE *(in Rs. Lacs)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Intangible fixed assets					
Leaseholds	0				0
Software	3,179				3,210
Concessions, patents &similarrights	68				68
Business goodwill					
Other intangible fixedassets					
Advances and payments on account					
Subtotal	**3,247**	**0**	**252**	**221**	**3,278**
Tangible fixed assets					
Lands	446			92	354
Buildings on freehold land	12,694		63	1,195	11 562
Buildings on non-freehold land					
Improvements to buildings	12,184		371	1,354	11 201
Technical installations, industrial plant and machinery	97,963		3,798	9,674	92 087
Other tangible assets :					
General fixtures and fittings 4	1,539		46	131	1 454
Vehicles	146		9	47	108
Office and computer equipment, furniture	852		6	41	817
Tangible fixed assets in progress	350		536	350	536
Advances and payments on account	308		332	308	332
Subtotal	**1,26,484**		**5,161**	**13,194**	**1,18,451**
Financial fixed assets					
Equityinterests	5,654		7	36	5,625
Receivablesfromequityinterests					
Other long-term investment securities					
Loans	639		37	61	614
Other long-terminvestments					
Subtotal	**6,294**		**43,45**	**98**	**6,240**
TOTAL	**1,36,025**		**5,456**	**13,512**	**1,27,969**

6. **Inventories on 31st December 2017**

INVENTORIES ON 31/12/2016 *(in euros)*		**GROSS**	**DEPRECIATION**	**NET**
311000	Rawmaterials	92,54,657	27,25,838	65,28,819
321000	Other supplies	11,65,052	6,60,478	5,04,574
321100	Returnable packaging	55,226	197	55,029
331000	Work in progress	12,608		12,608
351000	Intermediateproducts	16,13,740	2,32,023	13,81,717
355000	Finishedproducts	1,67,19,956	30,29,700	1,36,90,257
355100	Second-hand finishedproducts	9,93,098	8,45,378	1,47,720
355200	China finishedproducts	14,14,008		14,14,008
TOTAL		**3,12,28,345**	**74,93,613**	**2,37,34,732**

INVENTORIES ON 31/12/2017 *(in Rs lacs)*		**GROSS**	**DEPRECIATION**	**NET**
311000	Rawmaterials	7,465	2,199	5,266
321000	Other supplies	940	533	407
321100	Returnable packaging	45	0	44
331000	Work in progress	10		10
351000	Intermediateproducts	1,302	187	1,114
355000	Finishedproducts	13,486	2,444	11,043
355100	Second-hand finishedproducts	801	682	119
355200	China finishedproducts	1,141		1,141
TOTAL		**25,189**	**6,044**	**19,144**

7. Changes in shareholder equity, transfersof operating charges and details on extraordinary result

7.1. Equity movements

CHANGES IN SHAREHOLDER'S EQUITY *(in euros)*	**Opening balance**	**Increases**	**Decreases**	**Others**	**Year-end balance**
Share capital	98,09,472				98,09,472
Revaluation reserve	4,52,385				4,52,385
Retained earnings	(5,67,39,920)	(2,49,91,875)			(8,17,31,795)
Share premium	5,49,13,600				5,49,13,600
Result of the year	(2,49,91,875)	2,49,91,875	(2,13,65,567)		(2,13,65,567)
Investment subsidy					
Tax-regulated provisions					
TOTAL	**(1,65,56,338)**		**(2,13,65,567)**		**(3,79,21,905)**

CHANGES IN SHAREHOLDER'S EQUITY *(in Rs lacs)*	**Opening balance**	**Increases**	**Decreases**	**Others**	**Year-end balance**
Share capital	7,279				7,279
Revaluation reserve	336				336
Retained earnings	(47,766)	(20,158)			(65,924)
Share premium	40,748				40,748
Result of the year	(20,158)	18,544	(17,233)		(17,233)
Investment subsidy					
Tax-regulated provisions					
TOTAL	**(13,354)**	**0**	**(17,233)**	**0**	**(30,588)**

In October 2014, the shareholder of the company, Peugeot SA, received a binding offer from the group Mahindra & Mahindra involving an acquisition of a majority stakethrough Mahindra Two Wheelers Europe S.à.r.l. This equity stake became effectiveon 19th January 2015. This happened through shares buy back to Peugeot SA and subscription to reserved capital increase of an amount of € 26,67,072, INR 2,151 lacsthat is 1,66,692 new shares of a nominal value of € 16, INR 0.01 lacswith a share premium of € 1,23,32,928, INR 9,948 lacs. After this transaction, the share capital of Peugeot Motocycle SAS is € 98,09,472, INR 7,912 lacsdivided into 6,13,092 shares of a nominal value of € 16, INR 0.01 lacs.

The shareholders equity is € (3,79,21,905), INR (30,588) lacs after impairment loss in 2017 of € (2,13,65,567), INR (17,233) lacs.

7.2. Inception of an outstanding result

We must carry out an extraordinary impairment on ourfixed assets, as our result is loss-making, in order to depreciate those fixed assets and reset them, except the business assets and lands.

CHANGES IN SHAREHOLDER'S EQUITY	**CHARGES**		**INCOMES**	
	Euros	**Rs lacs**	**Euros**	**Rs lacs**
On operating transactions - linked to the financial year	44,613	360	53,820	434
On operating transactions - linked to previous financial years	0		**1,418**	**11**
On investments transactions- assetsdisposals	10,59,266	8,544	13,74,762	11,089
On investments transactions - reversals of investment subsidy				
On investments transactions - linked to previous financial year	**8**	**0**	600	4,84
Extraordinaryliabilities et charges				
Reversals of intangible fixed assets depreciation			2,41,013	1,944
Reversals of tangible fixed assets depreciation			43,60,728	35,174
Reversals of extraordinarydepreciations				
Reversals of extraordinary provision for liabilities and charges				
Provisions for restructuring plan				
Provisions DAEC			20,70,596	16,701
Charges DAEC	16,90,912	13,639		
Provisions CASA				
Depreciation of fixedassets				
Extraordinary amortization of fixed assets	**57,50,646**	**46,385**		
TOTAL	**85,45,444**	**68,928**	**81,02,937**	**65,358**

7.3. Details of transferred expenses

TRANSFERS OF OPERATING CHARGES DETAILS	**Euros**	**Rs lacs**
Adefim reimbursement of training costs	606	5
On wages and social security charges	2,67,786	2,160
On insurance proceeds	3,59,330	2,898
On insurance proceeds linked to employees		
On fire insurance proceeds		
Transferred charges to third parties	1,54,999	1,250
On goodsreturns	2,01,191	1,623
Bought materials reinvoiced	-910	-7
Employees - Benefits in kind		
Others	2,05,614	1,658
TOTAL	**11,88,617**	**1,24,900**

8. Provisions in the balance sheet on 31st December 2017

TYPE OF PROVISIONS *(in euros)*	Line		Opening balance	Charges	Reversals Used	Reversals Non-used	Others	Year-end balance
Provisions for investment	1							
Provisions for fluctuations on price	2							
Provisions for accelerated tax depreciation	3							
Provisions for regulatedrevaluation	4							
Reinvested net gains	5							
Provision for foreigninvestments	6							
Otherregulated provisions	7							
Total regulated provisions - Lines 01 to 07	**8**							
Provisions for disputes	9		31,900	37,000	11,700			57,200
Provision for customerwarranties	10		22,79,311	36,87,958				59,67,269
Provisions for foreign exchange losses	12	Financ	47,525	1,63,937	47,525			1,63,937
Provisions for othersliabilities	13		3,40,000	1,10,000	4,50,000			
Provisions for liabilities - foundry	*14*							
Provisions for liabilities - CASA								
Provisions for liabilities - PLOYER								
Provisions for liabilities - Oxygen								
Provisions for liabilities - URSSAF								
Provisions for liabilities -Labour litigations			*3,40,000*	*1,10,000*	*4,50,000*			*,0*
Provisions for taxations		Extra						
Provisions for charges - Group mobility	15							
Provisions for charges - Long-service award	16		2,81,765	28,325	35,702			2,74,388
Provisions for charges - Restructuring PREC	17	Extra	32,87,736		17,85,141	,0		15,02,596
Provisions for charges - Restructuring Plan 2011		Extra	2,85,455		285,455			,0
Provisions for charges - Departures Casa	18	Extra						
Provisions for charges - Discounted construction loans	19		45,416	38,911		45,416		38,911
Provisions for charges - Battery recycling	20		1,11,900	2 100				1,14,000
Total provisions liabilities and charges - Lines 09 to 20	**21**		**67,11,008**	**40,68,231**	**26,15,522**	**45415,730**	**,0**	**81,18,302**
On intangible fixedassets	22	Extra	4,41,320	11,998	2,41,013			2,12,305
On tangible fixedassets	23	Extra	1,97,33,111	11,36,907	43,60,728			1,65,09,290
On financialfixedassets	24	Financ	7,92,479	45,456	76,142			7,61,793
On equityinvestments	25	Financ	70,10,168	8 417	44,754			69,73,831
On inventories	26		75,38,315	74,93,613	75,38,315			74,93,613
On tradereceivables	27		10,39,838	1 114 986	83,205			20,71,619
Other short-termassets	28							
Total provisions for assets depreciation- Lines 21 to 28	**29**		**3,65,55,231**	**98,11,377**	**1,23,44,157**			**3,40,22,451**
TOTAL - Lines 08 + 21 + 29			**4,32,66,239**	**1,38,79,608**	**1,49,59,679**	**45415,730**		**4,21,40,752**
of which Charges and Reversals	Operating		**1,16,68,445**	**1,25,12,894**	**81,18,922**	**45,416**		**1,60,17,001**
	Financial		**78,50,172**	**2,17,810**	**1,68,421**			**78,99,562**
	Extraordinary		**2,37,47,622**	**11,48,905**	**66,72,337**	**,0**		**1,82,24,190**

TYPE OF PROVISIONS *(in Rs lacs)*	**Line**				**Reversals**			
			Opening balance	**Charges**	**Used**	**Non Used**	**Others**	**Year-end balance**
Provisions for investment	1							
Provisions for fluctuations on price	2							
Provisions for accelerated tax depreciation	3							
Provisions for regulatedrevaluation	4							
Reinvested net gains	5							
Provision for foreigninvestments	6							
Otherregulated provisions	7							
Total regulated provisions - Lines 01 to 07	**8**							
Provisions for disputes	9		26	30	9			46
Provision for customerwarranties	10		1,838	2,975				4,813
Provisions for foreign exchange losses	12	Financ	38	132	38			132
Provisions for othersliabilities	13		274	89	363			
Provisions for liabilities - foundry	*14*							
Provisions for liabilities - CASA								
Provisions for liabilities - PLOYER								
Provisions for liabilities - Oxygen								
Provisions for liabilities - URSSAF								
Provisions for liabilities -Labour litigations			*274*	*89*	*363*			
Provisions for taxations		Extra						
Provisions for charges - Group mobility	15							
Provisions for charges - Long-service award	16		227	23	29			221
Provisions for charges - Restructuring PREC	17	Extra	2,652		1,440			1,212
Provisions for charges - Restructuring Plan 2011		Extra	230		230			
Provisions for charges - Departures Casa	18	Extra						
Provisions for charges - Discounted construction loans	19		37	31		37		31
Provisions for charges - Battery recycling	20		90	2				92
Total provisions liabilities and charges - Lines 09 to 20	**21**		**5,413**	**3,281**	**2,110**	**37**		**6,548**
On intangible fixed assets	22	Extra	356	10	194			171
On tangible fixed assets	23	Extra	15,917	917	3,517			13,316
On financial fixed assets	24	Financ	639	37	61			614
On equity investments	25	Financ	5,654	7	36			5,625
On inventories	26		6,080	6,044	6,080			6,044
On trade receivables	27		839	899	67			1,671
Other short-termassets	28							
Total provisions for assets depreciation- Lines 21 to 28	**29**		**29,485**	**7,914**	**9,957**	**0**	**0**	**27,443**
TOTAL - Lines 08 + 21 + 29			**34,899**	**11,195**	**12,066**	**37**		**33,991**
of which Charges and Reversals	Operating		**9,412**	**10,093**	**6,549**	**37**		**12,919**
	Financial		**6,332**	**176**	**136**			**6,372**
	Extraordinary		**19,155**	**927**	**5,382**			**14,700**

Comments on provision for « Guarantee »

On 31/12/17 the provision for guarantee is € 5,967 K, INR 4,813 lacs. It is composed of a static provision on parts and labor € 2,102 K, INR 1,695 lacsand recall campaign, identifiedpreviously on 31/12/16 for € 122 K, INR 98 lacs, as well as a new provision for € 3,601K, INR 2,905 lacs corresponding to the estimate made by the Executive Management during accounts closing, based on data available at that time (list of vehicles involved, rate of return and potential cost of repairs), regarding the new campaign launched end of 2017 financial year.

Comments on provision for 'Restructuring programme : PREC'

On 31/12/2017, a balance for provision of € 15,02,596, INR 1,212 lacs is recorded on the balance sheet regarding the "better matching between skills and jobs" scheme.

This provision corresponds to :

o Redeployment of headcountin the internal mobility procedure

- Older staff leave : 66 people
- Reclassification leave/outside employment/business creation : 29 people
- Retirement : 11 people
- Mobility within the group : 2 people

o Restructuring of frame welding, powder painting and spare parts activities

Comments on the provision for depreciation of tangible and intangible assests

See section 4 above

Comments on the provision for depreciation of equity interests

Equity interests of chinese JV are € 6,836 K, INR 5,514 lacs in the accounts closed on 31-12-2017. A depreciation of € 6,836 K, INR 5,514 lacs was recorded in 2011, and kept since then. Thus, value is equal to 0 for 2017 financial year.

9. <u>Maturity dates for receivabls and debts on 31st December 2017</u>

ASSETS	Line	Gross Value		Within 1 year		More than 1 year	
		Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs
FromFixedAssets							
Receivables from equity interests	1						
Loans	2	23,46,510	18,927			23,46,510	18,927
Other long-term investments	3	1,70,755	1,377			1,70,755	1,377
SUBTOTAL - Lines 01 to 03	**4**	**25,17,264**	**20,304,25**			**25,17,264**	**20,304**
From short-termassets							
Doubtful and disputed trade receivables	5	7,91,242	6,382			7,91,242	6,382
Other trade receivables	6	1,98,64,699	1,60,229				
SUBTOTAL - Lines 05 to 06	**7**	**2,06,55,941**	**166,610,82**			**7,91,242**	**6,382,16**
Amounts due from employees	8	3,59,935	2,903	359 935	2 903,24		
Social security and other welfare agencies	9						
State and other local authorities							
Corporate income tax recoverable	10						
VAT recoverable	11	13,61,952	10,986	13,61,952	10,986	581 573	4 691
Other taxes and duties recoverable	12	34,56,761	27,882	1 108 764,00	8,943,29	22,80,126	18,391
Other amounts due from government and local authorities	13	15000	121	15000,0	121	,0	
Amount due from Group companies and shareholders	14						
Other receivables	15	60,52,136	48,817	60,52,136	48,817		
SUBTOTAL - Lines 08 to 15	**16**	**1,12,45,785**	**90,709**	**88,97,788**	**71,770**	**28,61,699**	**23,082**
TOTAL Lines 04 + 07 + 16		**3,44,18,990**	**277,624**	**88,97,788**	**71,770**	**61,70,206**	**49,769**

LIABILITIES	Line	Gross Value		Within 1 year		1 to 5 years		More than 5 year	
		Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs
Loans and long-term liabilities									
Convertible bonds	18								
Other bonds	19								
Financial debt	20	4,23,54,464	3,41,631	4,23,54,464	3,41,631				
Miscellaneousdebt	21	38,910	314	38,910	314				
SUBTOTAL Lines 18 to 21	**22**	**4,23,93,374**	**3,41,945**	**4,23,93,374**	**3,41,945**				
Short-termliabilities									
Trade payables	23	2,50,46,812	2,02,028	2,50,46,812	2,02,028				
Amounts due to employees	24	44,93,650	36,246	44,93,650	36,246				
Social security and other welfare agencies	25	12,19,867	9,839	12,19,867	9,839				
Amounts due to state or local authorities									
Corporate income tax payable	26								
VAT payable	27	2,87,151	2,316	287,151	2,316				
Taxpayment bonds	28								
Other taxes payable	29	4,10,187	3,309	4,10,187	3,309				

LIABILITIES	Line	Gross Value		Within 1 year		1 to 5 years		More than 5 year	
		Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs	Euros	Rs lacs
Amounts due to Group Companies and Shareholders	30								
Other liabilities	31	1,59,22,294	1,28,429	15 922 294	1,28,429				
SUBTOTAL - Lines 24 to 31	**32**	**2,23,33,149**	**1,80,139**	**2,23,33,149**	**1,80,139**				
SUBTOTAL - Lines 23 & 32	**33**	**4,73,79,961**	**382,167**	**4,73,79,961**	**3,82,167**				
Otherliabilities									
Amounts payable on fixed assets and related accounts	34								
Amounts due to Group Companies and Shareholders	35								
Other liabilities	36								
SUBTOTAL - Lines 35 to36	**37**								
SUBTOTAL - Lines 34 & 37	**38**								
TOTAL Lines 04 + 07 + 16	**39**	**8,97,73,335**	**7,24,112**	**8,97,73,335**	**7,24,112**				

10. ITEMS RELATING TO SEVERAL BALANCE SHEET SECTIONS ON 31ST DECEMBER 2017

BALANCE SHEET	Line	Amounts related to companies				Trade bills payable and receivable	Trade bills payable and receivable
		Related undertakings	Related undertakings	Equity Interests	Equity Interests		
		Euros	Rs. lacs	Euros	Rs. lacs	Euros	Rs lacs
Assets							
Capital subscribed but not called	1						
Prepayments on intangible fixed assets	2						
Prepayment on tangible fixed assets	3						
Equity interests	4	4,98,283	4,019	68,35,705	55,137		
Receivables from equity interests	5						
Other long-term investment securities	6						
Loans	7						
Other long-term investment	8						
Prepayments	9						
Trade receivable	10	19,83,387	15,998	2,74,712	2,216	21,84,175	17,618
Other receivable	11						
Capital subscribed but not called	12						
Marketable securities	13						
Cash and equivalents	14						
Liabilities							
Proceeds from issues of equity securities	15						
Conditional advances	16						
Convertible bonds	17						
Other bonds	18						
Bank borrowings	19						
Miscellaneous debt	20	38,910	314				
Advances and progress payments received	21						
Trade payables	22	3,85,689	3,111	70,15,779	56,589	5,554	45
Amounts payable on fixed assets and related accounts	23						
Miscellaneous liabilities	24						
Amounts due to Bank and related accounts	25						

11. Impact of revaluationsin balance sheet on 31st December 2017

Change in provision for regulated revaluation *(in Euros)*	Line	Variance calculation		Extra depreciation			Year-end provision amount
		Increase in gross amounts	Increase in depreciated amounts	During the period		Year end cumulative amount	
				Extra depreciation	Disposals		
Concessions, patents & similar rights	1						
Business goodwill	2						
Lands	3						
Buildings	4						
Technical installations, industrial plant and machinery	5						
Other tangible fixed assets	6						
Tangible fixed assets in progress	7						
Equity interests	8						
Other long-term investments	9						
TOTAL Lines 01 to 09	**8**						

Change in provision for regulated revaluation *(in Euros)*	Line	Opening balance	Disposals	Others	Year -end balance	For information - Difference transferred to capital
Concessions, patents & similar rights	11					
Business goodwill	12					
Lands	13	3,00,282			3,00,282	
Equity interests	14					
Fixed assets (1959 French law)	15	1,52,103			1,52,103	
TOTAL Lines 11 to 15	**16**	**4,52,385**	–	–	**4,52,385**	
Revaluation reserve (1976 French law)					3,00,282	
Special revaluation reserve (1959 French law)					1,52,103	
"Free revaluation" differences						
Other differences						

Change in provision for regulated revaluation *(in Rs lacs)*	Line	Variance calculation		Extra depreciation			Year-end provision amount
		Increase in gross amounts	Increase in depreciated amounts	During the period		Year - end cumulative amount	
				Extra depreciation	Disposals		
Concessions, patents & similar rights	1						
Business goodwill	2						
Lands	3						
Buildings	4						
Technical installations, industrial plant and machinery	5						
Other tangible fixed assets	6						
Tangible fixed assets in progress	7						
Equity interests	8						
Other long-term investments	9						
TOTAL Lines 01 to 09	**8**						

Change in provision for regulated revaluation *(in Rs lacs)*	Line	Opening balance	Disposals	Others	Year - end balance	For information - Difference transferred to capital
Concessions, patents & similar rights	11					
Business goodwill	12					
Lands	13	242			242	
Equity interests	14					
Fixed assets (1959 French law)	15	123			123	
TOTAL Lines 11 to 15	**16**	**365**			**365**	
Revaluation reserve (1976 French law)					242	
Special revaluation reserve (1959 French law)					123	
"Free revaluation" differences						
Other differences						

12. BUSINESS ASSETS

BUSINESS GOODWILL	Euros	Rs. Lacs
26 Avenue de la Grande Armée PARIS	1,37,204	111
TOTAL	**1,37,204**	**111**

13. INTERESTS IN FIXED ASSETS

The amount of interests is not included in the production cost of fixed assets owned by the copany.

14. INTERESTS IN INVENTORIES

Interests are not included in the inventories valuation.

15. VALUATION OF TRANSFERABLE ITEMS

When the value of transferable items is lower than their actual balance sheet value, a provision for depreciationis recorded.

For 2017 financial year, the amount is € 11,65,051.59, INR 940 lacs.

16. ACCRUED INCOME AND EXPENSES

On 31st December 2017, the accrued income and expenses included in the balance sheet are the followings :

Accrued Income	31/12/2017		31/12/2016	
	Euros	Rs. Lacs	Euros	Rs. Lacs
Government – amounts to receive	16,98,553		6,80,336	6,80,336
Clients – invoices to raise	69,017	56	36,292	29
Suppliers – amounts to receive				
Relatedcompany – accruedincome				
Interests on equity loan VAT				
Royalties				
Otheraccruedincome	1,01,416	82	65,845	53
Employees – amount due				
TOTAL	**18,68,985**	**137**	**7,82,473**	**6,80,418**

Accrued Expense	31/12/2017		31/12/2016	
	Euros	Rs. Lacs	Euros	Rs. Lacs
Accruedinterest on debt				
Bank – short term accruedexpense				
Purchase invoices not received	62,79,131	5,065	64,70,756	5,219
Clients – credit notes to raise			94,000	76
Accruedholiday to pay	44,67,427	3,603	38,54,214	3,109
Social security – accruedexpenses	12,254	10	13,065	11
Accrued taxes to pay	4,10,187	331	3,75,802	303
Related companies – accruedexpenses				
Otheraccruedexpense				
TOTAL	**1,11,68,999**	**9,009**	**1,08,07,837**	**8,718**

The social security contributionscalculated on paid leave, PPS bonus payment, exceptional bonuses, working time modulation, incentive bonuspayable on 31/12/2017 are included in the liabilities for an amount of € 14,23,423.50, INR 1,148 lacs.

The provision for employees profit sharing is € 0.

17. DEFERRED CHARGES AND DEFERRED INCOME

On December 31, 2017, the deferred charges and deferred income are the followings:

Deffered Charges and Income	Deffered Charges		Deffered Income	
	In thousands of euros	Rs. Lacs	In thousands of euros	Rs. Lacs
Operating charges / income	1,966	1,586	0	
Financial charges / income			0	
Extraordinary charges / income			0	
TOTAL	**1,966**	**1,586**	**0**	**0**

18. REVENUES

Breakdown of revenues is established as follows :

18.1. Business lines

	2017		2016	
	In thousands of euros	Rs. lacs	In thousands of euros	Rs. lacs
Second-hand vehicles	308	248	281	227
Motorvehicles	67,613	54,537	62,671	50,550
U.M.E.	693	559	1,960	1,581
Spare parts and accessories	12,916	10,418	13,387	10,798
Automobiles parts			0	
Bike	332	267	526	424
Engine	782	631	807	651
Trading	18,245	14,717	16,682	13,456
Others	216	175	238	192
Non-coreactivities revenues	**1,341**	**1 082**	**1,463**	**1,180**
TOTAL	**1,02,447**	**82,634**	**98,014**	**79,058**

18.2. Geographical market (destination countries)

	2017		2016	
	In thousands of euros	Rs. Lacs	In thousands of euros	Rs. Lacs
European countries	45,885	37,011	44,712	36,065
"French franc" zone	2,181	1,760	2,112	1,703
Other countries	9,906	7,990	10,876	8,772
TOTAL EXPORT	57,972	**46,760**	**57,699**	**46,540**
France	44,475	35,873	40,315	32,518
TOTAL	**1,02,447**	**82,634**	**98,014**	**79,058**

18.3. Breakdown of revenues and raw materials purchase as per manufacturing origin

Our reporting system does not allow to make the difference in total sales between production sold and goods sold. In order to provide a more relevant information on the Company activity, the following data are obtained from the Company :

	2017		2016			2017		2016	
	In thousands of euros	Rs. Lacs	In thousands of euros	Rs. Lacs		In thousands of euros	Rs. Lacs	In thousands of euros	Rs. Lacs
Sold production manufactured	**32,792**	**26,450**	**27,518**	**22,196**	**Production purchases Mandeure**	**25,450**	**20,528**	**18,005**	**14,523**
Motorvehicles	32,010	25,819	26,711	21,545					
Engines	782	631	807	651					
Sold production trading	**54,874**	**44,261**	**55,127**	**44,465**	**Trading purchases**	**41,724**	**33,655**	**37,678**	**30,391**
Motorvehicles	53,849	43,435	56,986	45,965					
UME	693	559	1,960	1,581					
Bycicle	332	268	526	424					
Otherproducts	**14,781**	**11,922**	**15,369**	**12,397**					
Usedvehicles	308	248	281	227					
Spare parts	12,916	10,418	13,387	10,798					
Miscellaneous	216	174	238	192					
Secondaryactivities	1,341	1,082	1,463	1,180					
		0		0			0		0
TOTAL	**102,447**	**82,634**	**98,014**	**79,058**	**TOTAL**	**67,174**	**54,183**	**55,683**	**44,914**

19. CORPORATE INCOME TAX

Corporate Income Tax on December 31, 2017 *(in thousands of euros)*	**Pre-tax Profit**	**Taxable Profit**		**Tax due**	**Net Profit**
		33.33%	**19%**		
Profit fromordinaryactivities	(22)				(22)
Extraordinaryresults	0				0
Taxcredits				1	1
Additionalcontribut° 10 %					
Employee profit-sharing					
CARRY BACK					
TOTAL	**(22)**			**1**	**(21)**

Corporate Income Tax on December 31, 2017 *(in Rs. Lacs)*	**Pre-tax Profit**	**Taxable Profit**		**Tax due**	**Net Profit**
		33.33%	**19%**		
Profit from ordinary activities	(17,745)				(17,745)
Extraordinary results	0				0
Tax credits				806	806
Additional contribute 10%					
Employee profit-sharing					
CARRY BACK					
TOTAL	**(17,745)**			**806**	**(16,939)**

For the 2017 financial year, PEUGEOT MOTOCYCLES generated a tax deficit of around € 30M€ , INR 24,198 lacs.

20. IMPACT OF SPECIAL TAX VALUATIONS

The special tax valuations are the followings :

EXCEPTIONAL TAX ASSESSMENTS	**In thousands of euros**	**Rs. Lacs**
Accountingresult	(21,366)	(17,234)
Corporateincometax	(1,018)	(821)
PRETAX RESULT	(22,384)	(18,055)

EXCEPTIONAL TAX ASSESSMENTS	**In thousands of euros**	**Rs. Lacs**
Change in regulated provisions :		
Provisions for accelerated tax depreciation		
Provision for fluctuation in price		
FISCAL RESULT WITHOUT EXCEPTIONAL TAX ASSESMENTS	(22,384)	(18,055)

21. INCREASE AND REDUCTION IN DEFERRED TAX LIABILITY

On December 31, 2017, the company has no deferred tax liability. The contingent taxation represents a deferred tax assets of € 1,63,944 K, INR 132 lacs.

21.1. Deferred taxation

Corporate income tax rate is 33 1/3 % and social contribution is 3,3% of Corporate incometax

Origin of deferred taxation *(in billions of euros)*	Opening balance			Year-end balance		
	Amount	Deffred Taxation		Amount	Deferred taxation	
		Assets	Debt		Assets	Debt
Depreciation considered as deferred for tax	26	9		26	9	
Losses carried forward	402	139		433	149	
Researchtaxcredit						
Charges for which tax result deduction is deferred						
•Paidholiday	2	1		1	0	
• Solidarity contribution	0	0		0	0	
• DAEC						
• Provision for exchange rate losses						
• Provision CASA						
• Assetsdepreciation	20	7		17	6	
• Employeesprofitsharing						
• Provision for discounted construction loans	0	0		0	0	
• Provision for liabilities and charges	0	0				
• Negative translation adjustments	0	0		0	0	
• Positive translation adjustments						
• Guarantee program						
• Depreciation on loans	0	0		0	0	
TOTAL	**450**	**155**		**476**	**164**	

Origin of deferred taxation *(in Rs. Lacs)*	Opening balance			Year-end balance		
	Amount	Deffred Taxation		Amount	Deferred taxation	
		Assets	Debt		Assets	Debt
Depreciation considered as deferred for tax	21	7		21	7	
Losses carried forward	325	112	0	349	120	0
Researchtaxcredit						
Charges for which tax result deduction is deferred						
•Paidholiday	1	0		1	0	
• Solidarity contribution	0	0		0	0	
• DAEC						
• Provision for exchange rate losses						
• Provision CASA						
• Assets depreciation	16	6		13	5	
• Employees profit sharing						
• Provision for discounted construction loans	0	0		0	0	
• Provision for liabilities and charges	0	0				
• Negative translation adjustments	0	0		0	0	
• Positive translation adjustments						
• Guarantee program						
• Depreciation on loans	0	0		0	0	
TOTAL	**363**	**125**	**0**	**384**	**132**	**0**

21.2. Deferred taxation

Corporate income tax rate is 33 1/3 %

Origin of contingent taxation *(in euros / Rs lacs)*	**Opening balance**			**Year-end balance**		
	Amount	**Contingent Taxation**		**Amount**	**Contingent Taxation**	
		Assets	**Debt**		**Assets**	**Debt**
Long-term gains						
. taxed to 10 %						
. taxed to 15 %						
. taxed to 25 %						
. taxed to 18 %						
. taxed to 19 %						
Short-term gains with a taxation spread over several periods						
Long-term losses (tax deductible over the ten followings fiscal periods..)						
TOTAL						

22. TRANSLATION VARIANCES

On December 31st, 2017, the translation variances are as follows:

Adjustments	**Amount**		**Difference covered by hedging transactions**		**Provision for exchange rate**	
	In thousands of euros	**Rs. Lacs**	**In thousands of euros**	**Rs. Lacs**	**In thousands of euros**	**Rs. Lacs**
Positive translation adjustments (unrealised losses)						
. on non.financial fixed assets						
. on financial fixed assets						
. on trade receivables	179	1				
. on financial debts						
. on short.termdebts	40	0				
Negative translation adjustments (unrealised gains)						
. on non.financial fixed assets						
. on financial fixed assets						
. on trade receivables	64	52				
. on financial debts						
. on short.termdebts						
TOTAL	**283**	**54**				

A provision for exchange rate losses is accounted in the Balance Sheet to cover the risk.

23. OFF-BALANCE SHEET COMMITMENTS GIVEN

23.1. Retirement commitments

The Company provides the employees with retirement benefits and, under certain conditions, a minimum level of pensions. On 31st December 2017, the estimated current value on future contributions of € 6,919 K, INR 5,580 lacsis not accounted in the provisions. This amount is covered for € 1.867 K, INR 1,506 lacsby instalments to external funds.The main actuarial assumptions in the calculation of this value are a discount rate of 1,3%, and an inflation rate of 1,80%. For the period, the amount of instalments to external funds and recorded as charges is € 0.

23.2. Training account

The right to training established by law of 4th May 2004. The numbers of hours accumulated until 31st December 2014 must be used before 31st December 2020.

23.3. Other commitments given

FINANCIAL COMMITMENTS	**In thousands of euros**	**Rs. Lacs**
Bills for collection	1,114	898
Deposits and guarantees		
Other commitments given (Dailly French law)		
Leasing contracts		
Long termrentals		
TOTAL	**1,114**	**898**

These commitments relate to :

- the Executives for 0
- the subsidiaries and other companies for 0

24. LIABILITIES SECURED BY ACTUALSECURITIES

DEBT SECURED BY COLLATERAL GUARANTEES	In thousands of euros	Rs. Lacs
Bank debts	42,354	34,163
TOTAL	**42,354**	**34,163**

Loans and bank debts are guaranteed by a financial commitment from Mahindra & Mahindra.

25. EXECUTIVES REMUNERATION

In 2017, the total remuneration and benefits in kind paid to executives totalled:

EXECUTIVE REMUNERATION	Euros	Rs. Lacs
Board of Directors		
Management	12,19,974	984
TOTAL	**12,19,974**	**984**

26. AUDITORS

The auditing fees for 2016 are the followings :

AUDITORS	Employees	Lended or temp employees
Statutoryauditingfees	**72,500**	**58**
Consolidation auditingfees	10,000	8

27. **AVERAGE HEADCOUNT**

The average headcount of the company during the period 2017 is:

AVERAGE HEADCOUNT	Employees	Lended or tempemployees
Managerial grades	120	
Technical and supervisory grades	135	4
Workers	146	14
Apprentices + short-term labour contracts	37	
CASA employees		
TOTAL	**438**	**18**

28. PARENT COMPANIES CONSOLIDATIONG PEUGEOT MOTOCYCLES ACCOUNTS

The financial accounts are included in the consolidating accounts of the group Mahindra & Mahindra Ltd – Mahindra Towers P.K. – Kurne Chowk, Worli – MUMBAI 400018 INDIA, following the full consolidation method.

The financial accounts are also included in the consolidation accounts of the group PEUGEOT - 75 Avenue de la Grande Armée 75016 PARIS, under the equity method.

29. SUBSIDIARIES AND EQUITYINTERESTS

SUBSIDIARIES AND EQUITY INTERESTS			OWNER'S EQUITY		INTEREST HELD (%)	2015 RESULTS	
			In thousands of euros	Rs. Lacs		In thousands of euros	Rs. Lacs
A / Detailed information about subsidiaries and equity interests							
Subsidiaries (over 50 % of the share-capital)	French		261	211	100	23	19
	Foreign	PMI					
Equity interests (10 to 50 % of the share-capital)	French						
	Foreign	JQPM	9,603	7,746	50	1,310	1 057
B / General information about subsidiaries and equity interests							
Subsidiaries not included in A	French						
	Foreign	PMD	545	440	100	75	60
Equity interests not included in A	French						
	Foreign						

A/ Information about subsidiaries and equity interests related to interests valued over 1% of the equity of PMTC.

B/ General information about other subsidiaries and equity interests.

PEUGEOT MOTOCYCLES SAS
Société par actions simplifiées au capital de 9 809 472 €
Head office : rue du 17 Novembre 25350 BEAULIEU MANDEURE (Doubs)
RCS Belfort : B 875 550 667
Siret : 875 550 667 00013
APE n° 3091Z
Identifiant TVA : FR 71 875 550 667

Marketable securities held in portfolio as of 31st December 2017 (in euros)

Number of shares	Valeur Nominale		COMPANIES	Gross Value		Amortisation Depreciation or Capitalised gains		Net Value	
	Euros	Rs. Lacs		Euros	Rs. Lacs	Euros	Rs. Lacs	Euros	Rs. Lacs
1	26,000	210	**PEUGEOT MOTOCYCLES DEUTSCHLAND**	31,799	26			31,799	26
15,675	16	0	**PEUGEOT MOTOCYCLES ITALIA**	4,66,485	376	1,38,126	111	3,28,359	265
1	68,35,705	55,137	**JINAN QINGQI MOTORCYCLES**	68,35,705	5,514	68,35,705	5,514	0	0
			TOTAL	**73,33,988**	**5,916**	**69,73,831**	**5,625**	**3,60,157**	**291**

PEUGEOT MOTOCYCLES SAS subidiaries information

PMI - PEUGEOT MOTOCYCLES ITALIE
PEUGEOT MOTOCYCLES ITALIA SPA
Via Gallarate N° 199
20151 MILANO
Télécom Italia : (39) 2 30 70 36 16
Subsidiary of PEUGEOT MOTOCYCLES : 100 % ACTIVITE
Import and distribution of motorized two-wheelers vehicles in Italy

Fiscal year	**2016**		**2017**	
	€ K	Rs. lacs	€ K	Rs. lacs
Delivered volumes to the network	4,267	3,442	3,648	2,943
Headcount on December 31	15		14	
Financial information (in thousands of euros) :				
Revenues	**7,068**	**5,701**	**6,838**	**5,516**
Net result	41	33	23	19
Net equity	292	236	274	222

PMD - PEUGEOT MOTOCYCLES ALLEMAGNE
PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH
Kurhessenstrasse 13
D 64546 MORFELDEN WALLDORF
Deutsch Telecom : (49) 6105 20 93 0
Subsidiary of PEUGEOT MOTOCYCLES : 100 %
ACTIVITE
Import and distribution of motorized two-wheelers vehicles in Germany

Fiscal year	**2016**		**2017**	
	€ K	Rs. lacs	€ K	Rs. lacs
Delivered volumes to the network	9,191	7,413	8.676	6,998
Headcount on December 31	18		18	
Financial information (in thousands of euros) :				
Revenues	14,830	11,962	14.444	11,651
Net result	72	58	75	60

INTERNAL MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2017

1. Basis of the company

The PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH (Peugeot Motocycles or PMD) is a subsidiary of PEUGEOT MOTOCYCLES S.A. (PMTC), Valen-tigney/France. The German subsidiary was set up on September 1st, 1997 and sells two-/three-wheeled cycles (scooters and bikes) as well as parts and accessory prod-ucts through a network of authorized dealers.

As at 31st December 2017, PMD employed a total workforce of 17 employees in four departments:

a) Sales, finance & administration

b) Marketing, communication

b) Customer service, parts & accessories

c) Field force: The five regional managers live within their respective sales regions, where they serve approx. 320 dealers altogether.

Peugeot Motocycles operates the following website in Germany:

www.peugeot-scooters.de

The vehicles sold on the German market are built by PMTC in France as well as by our partner Qingqi and by the joint venture company with Qingqi in China. The scooters are transported by GEFCO Deutschland GmbH. The vehicles are delivered directly to the dealers from the central warehouse in France without interim storage by PMD.

As a rule, the prices at which PMD purchases the scooters are defined by the parent company once per year. The same applies to the selling prices for customers (rec-ommended retail price - RRP) which are normally defined by headquarters for the entire year in consultation with the German subsidiary.

2. Overall economic and branch-conditioned framework

All in all, the German economy growth continuous over the year 2017. According to the Federal Statistical Office, gross domestic product was 2.2% higher than in the prior year (after adjustment for price changes). The German economy was able above all to profit from a high level of domestic demand. Unemployment totalled 5.7% in Germany in 2017.

Competitive pressure in the German market in which Peugeot Motocycles operates has been considerable in recent years, due to the large number of new products.

Due to the arrival of a new homologation standard (50cc €4; till January 2018), many brands pushed the €2-vehicles from central stock in the network at the end of the year 2017. So the figures of the 50cc-sell in-markets don't reflect the real demand of final customers.

The market can be divided into the following segments (refer to the below mentioned table of market shares as per December 2017):

- Motorized two-wheeled cycles 50 cc

According to the industry association (Industrieverband Motorrad e.V.) IVM, the sales of motorized cycles (in total 33,239 units) are 10.5% higher than in the prior year (based on self-declarations of brands; sales to network).

- Scooters +50 cc

With a total of 23,513 vehicles sold, the market volume was 24,7% lower than in 2017 – due to the arrival of €4-standard beginning of 2017 and a push on sales at the end of the previous year.

Table: Market shares (main competitors) 50 and > 50 cc

Source: industry association (Industrieverband Motorrad e.V.) IVM - December 2017

	2-wheelers 50 cc Date: Sell-in; end of December 2017				
	2016		**2017**		**Change in %point**
	Market share	Ranking	**Market share**	**Ranking**	
Peugeot	25.2%	1	**22.0%**	**2**	-3.2
Vespa	23.4%	2	**25.1%**	**1**	+1.7
Kymco	16.5%	3	**20.9%**	**3**	+4.4
Piaggio	12.4%	4	**12.6%**	**4**	+0.2
Total Market	30,093		**33,239**		+10.5%

	Scooters/3-wheelers +50 cc Date: registrations; end of December 2017				
	2016		**2017**		**Change in %point**
	Market share	Ranking	**Market share**	**Ranking**	
Piaggio	37.4%	1	**43.2%**	**1**	+5.8
Honda	10.0%	2	**12.9%**	**2**	+2.9
Other manufacturers	9.9%	3	**5.8%**	**5**	-4.1
Kymco	6.7%	5	**7.6%**	**3**	+0.9
Yamaha	7.5%	4	**6.9%**	**4**	-0.6
Peugeot	5.4%	6	**5.0%**	**6**	-0.4
Total	31,232		**23,227**		-25.6%

Business size

Table: Sales volume PMD 2011 to 2017

Source: PMD sales statistics (sell-in; as per December 2017)

	2011	2012	2013	2014	2015	2016	**2017**
Large/small mopeds	212	184	85	0	0	0	**0**
2-wheelers 50 cc	11,349	10,187	9,235	9,088	8,548	7,584	**7,323**
Scooters from 51 to 500 cc	1,288	1,609	1,380	1,653	1,474	1,614	**1,349**
Speed-change vehicles	77	2	0	0	0	0	**0**
Total	12,926	11,982	10,700	10,741	10,022	9,198	**8,672**
Development y/y-1	-4.4%	-7.3%	-10.7%	+0.4%	-6.7%	-8.2%	**-5,7%**

At first, PMD grew rapidly after being founded in 1997. In recent years, however, the number of units sold has declined considerably. This decline in sales volume was halted for the first time in 2014 – but after 2015 the number of invoices decreased again. In 2017 the lower volumes (TOTAL: 8,672 units) could be explained by the fact, that some important models were not available during the season, due to factory issues. But Peugeot Scooters continues to have an excellent positioning among the 2-wheelers-brands in the 50cc-segment in Germany: as 2nd brand in the market based on volume.

For the 1st time since many years the 50cc sell-in market is increasing compared to 2016. The reason is, that due to the mandatory arrival of the €4-homologation stand-ard beginning of 2018, many brands pushed end of 2017 on sales to the network (sell in).

The same phenomenon was existing in the +50cc-market one year before. Many brands were very aggressive in the market before the arrival of the €4 in January 2016. So the market in the 1st months of the year 2017 was weak, because the sales were done earlier at the end of 2016 and some models were not available as €4-version.

In this segment Peugeot Scooters was suffering in 2017 because there was no availability of some important models as €4 versions for the German market.

In addition, PMD realized a TO of €128,461, INR 104 lacs with bicycles including e-bikes of the brand Peugeot Cycles (prior year: €157,641, INR 127 lacs) – the bikes were sold to the Peugeot Cycles network in Germany in 2017. The company Cy-cleurope is licensee here and responsible for producing the bicycle collection on behalf of the French parent.

The scooter-business of PMD in generally is behind the results of the prior year, but good improvments are shown in spare parts sales vs 2016.

3. Position of assets, finance and profit

Due to the slightly lower sales volume, sales revenue in the 2017 financial year was lower than in 2017, decreasing 1.6% to €14.8 million, INR 11,938 lacs.

The financial year's profit was €11.0k, INR 9 lacs higher than the prior year. A net profit of €47,335.01, INR 38 lacs is reported.

The financial atements are reflected in the following key figures:

- EBIDTA: €74.7k, INR 60 lacs (prior year: €66.7k, INR 54 lacs)
- EBIT: €69.0k, INR 56 lacs (prior year: €62.2k, INR 50 lacs)
- The turnover rate calculated as the ratio of sales to trade receivables equals 17.0 (prior year: 63.0). Receivables management has again improved considerably as a result.
- The return on sales, calculated as the ratio of sales to earnings from current op-erations, reached a value of 0.32% in 2017 and was lower than the prior year's value (0.24%).

Total assets of PMD amounted to €1,724k, INR 1,391 lacs in 2017 (prior year: €1,108k, INR 894 lacs). Shareholders' equity now totals €554.3k, INR 447 lacs (prior year: €507.0k, INR 409 lacs). The capital ratio, calculated as the ratio of sharehold-ers' equity to total capital, has increased from 45.7% in 2016 to 32.2% in 2017.

At €873.9k, INR 705 lacs, trade receivables are €634.5k, INR 512 lacs higher than in the prior year; they now account for 50.7% of total assets (prior year: 21.6%).

Of the total assets, 14.1% comprise sums payable to affiliated companies (prior year: 0.0%).

Our company's liquidity is assured through the provision of funds by the parent company.

The cashflow (net income for the year + depreciation) increased by €12.2k, INR 9 lacs from €40.8k, INR 33 lacs (prior year) to €53,0k, INR 43 lacs. This development has improved our liquidity position.

All in all the business development in 2017 suffered due to less volumes sold vs previous year, but improvements on the financial area were achieved.

4. Workforce

On average, the company employed 17 men and women in the financial year 2017 (prior year: 17).

In the financial year 2017, the company provided and realized regular information and further training programmes, such as the following:

- Product training on new models
- Weekly ZM conference call
- Monthly team discussions
- Quarterly staff meetings

5. Risk management, opportunities and risks of future development

Both the motorcycle industry association (Industrieverband Motorrad e.V.) IVM and Peugeot Motocycles Deutschland GmbH expect the year 2018 to develop as follows:

– 50cc market: 15% vs market 2017 (who was artificially high)

– Scooters +50cc market: +18%.

PMD increased its recommended retail prices beginning 2018 (in January for scoot-ers; in May for spare parts) and transport costs - to take into account higher costs (arrival of €4 etc.). Several new models like the sport scooter Speedfight4 125cc and the high-wheel-scooter Belville will become an important source of sales for PMD. A significant produced stock of new €2 2S 50cc models at the beginning of 2018, will give to the brand Peugeot Scooters an enormous commercial advantage in Germany compared to other competitors with no availability on models in 50cc €2 and €4 versions in the first months of the year.

With the new range, Peugeot Motocycles expects to defend the leadership in the 50cc market and to enlarge its share of the +50cc market.

This forecast is based on the strict respect of the announced delivery and production time.

Financial risks exist as a matter of principle due to the low capital base. Here, PMD is reliant on support from the parent company PMTC when necessary.

PMD's receivables management is designed and organized in such a way that there are no significant unsecured risks in this sector. With only a few exceptions, receivables from dealers are secured against risk of default through the SANTANDER Consumer Bank. A standardized dunning process is not implemented, as the control system in combination with weekly direct debits ensures that PMD is always in a position to identify potential solvency problems among the dealers before they arise.

With regard to the future development of our business and company, we do not see any risks threatening the company's survival, nor risks with a major impact on its po-sition of assets, finance and profit.

6. Outlook 2018

Taking into account the first market results, we expect a sales volume of around 8,415 units for the whole year 2018.

The first results in 2018 show a lower 50cc-market than expected; on the other hand, the +50cc-market is at the beginning of the year higher than forecasted. The sales aggressiveness in the market is quite high (discounts sell-in / sell-out) in the first months of 2018, but PMD is progressing very well in market share in both segments.

The commercial focus is given on high margin scooters, like Speedfight, Django and Metropolis.

The net profit is expected to reach around €52k, INR 42 lacs and an expected sales revenue of €14,7 million, INR 11,857 lacs (scooters, parts) as a result of the im-proved model mix and stronger focus on margins and discounts.

Mörfelden-Walldorf, 30th May 2018

Volker KLEIN Anil Gopal MANGALVEDHEHAR

BALANCE SHEET AS OF DECEMBER 31, 2017

	2017/12/31 €	**2017/12/31 Rs. Lakhs**	2016/12/31 €	2016/12/31 Rs. Lakhs
Assets				
A. Fixed assets				
I. Intagible assets				
1. Industrial property and similar rights and assets	**5,703**	**5**	5,000	4
2. Payments on account	**0**	**0**	1,500	1
	5,703	**5**	6,500	5
II. Tangible assets				
Other equipment, factory and office equipment	**375**	**0**	2,083	2
B. Current assets				
I. Inventories				
Merchandise	**96,212**	**78**	72,272	58
II. Receivables and other assets				
1. Trade receivables	**8,73,950**	**705**	2,39,415	193
2. Receivables from affiliated companies	**88,515**	**71**	3,67,336	296
– of which from shareholder: € 88,515 [Rs L 71] (prior year: € 3,67,336 [Rs L 296])				
3. Other assets	**24,125**	**19**	66,155	53
	9,86,590	**796**	6,72,906	543
III. Cash on hand and bank balances	**6,33,537**	**511**	3,43,834	277
C. Prepaid expences and deferred charges	**1,534**	**1**	10,880	9
	17,23,952	**1,391**	11,08,474	894

	2017/12/31	**2017/12/31**	2016/12/31	2016/12/31
	€	**Rs. Lakhs**	€	Rs. Lakhs
Shareholders' equity and liabilities				
A. Shareholders' equity				
I. Subscribed capital	**26,000**	**21**	26,000	21
II. Capital reserves	**2,64,390**	**213**	2,64,390	213
III. Unappropriated profits brought forward	**2,16,601**	**175**	1,80,269	145
IV. Net income for the year	**47,335**	**38**	36,332	29
	5,54,326	**447**	5,06,991	409
B. Accruals				
1. Tax accruals	**11,562**	**9**	0	0
2. Other accruals	**6,74,641**	**544**	5,08,408	410
	6,86 ,204	**553**	5,08,408	410
C. Accounts payable				
Bank loans and overdrafts	**0**	**0**	8,767	7
Trade payables	**36,341**	**29**	30,100	24
Payables to affiliated companies	**2,43,399**	**196**	0	0
– of which from shareholder: € 2,43,399 [Rs L 196] (prior year: € 0 [Rs L 0])				
Other liabilities	**2,03,682**	**164**	54,208	44
– of which taxes: € 1,94,539 [Rs L 164] (prior year: € 15,249 [Rs L 10])				
	4,83,422	**390**	93,075	75
	17,23,952	**1,391**	11,08,474	894

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

		2017	**2017**	2016	2016
		€	**Rs Lakhs**	€	Rs Lakhs
1.	Sales	**1,48,43,969**	**11,973**	1,50,84,296	12,167
2.	Other operating income	**2,31,301**	**187**	2,20,528	178
3.	Cost of goods sold	**1,20,77,468**	**9,742**	1,23,13,267	9,932
4.	Personnel expenses				
	a) Wages and salaries	**9,69,716**	**782**	10,53,007	849
	b) Social security	**1,82,901**	**148**	1,79,509	145
		11,52,617	**930**	12,32,515	994
5.	Amortization and depreciation	**5,709**	**5**	4,507	4
6.	Other operating expenses	**17,33,390**	**1,398**	16,90,804	1364
7.	Other interest and similar income	**1,095**	**1**	115	0
8.	Interest and similar expenses – of which to affiliated companies: € 0 [INR 0] (prior year: € 0 [Rs L 0])	**5,407**	**4**	0	0
9.	Taxes on income	**30,154**	**24**	25,978	21
10.	Income after taxes	**71,620**	**58**	37,866	31
11.	Other Taxes	**24,285**	**20**	1,534	1
12.	Net income for the year	**47,335**	**38**	36,332	29

ANNEX TO THE NOTES FOR THE FINANCIAL YEAR 2017

FIXED ASSET-MOVEMENT-SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2017

		Acquisition cost				Amortization and depreciation				Net book value	
		1 January, 2017	**Addition 2017**	**Disposals 2017**	**31 December, 2017**	**1 January, 2017**	**Addition 2017**	**Disposals 2017**	**31 December, 2017**	**31 December, 2017**	31 December, 2016
I. Intagible assets											
Industrial property and similar rightsand assets	€	**62,801**	**4,704**	**1,500**	**66,005**	**56,301**	**4,001**	**0**	**60,302**	**5,703**	6,500
	Rs. L	**51**	**4**	**1**	**53**	**45**	**3**	**0**	**49**	**5**	5
II. Tangible assets											
Other equipment, factory and office equipment	€	**1,38,608**	**0**	**0**	**1,38,608**	**1,36,525**	**1,707**	**0**	**1,38,233**	**375**	2,083
	Rs. L	**112**	**0**	**0**	**112**	**110**	**1**	**0**	**111**	**0**	2
TOTAL	€	**2,01,409**	**4,704**	**1,500**	**2,04,613**	**1,92,826**	**5,709**	**0**	**1,98,535**	**6,078**	8,583
	Rs. L	**162**	**4**	**1**	**165**	**156**	**5**	**0**	**160**	**5**	7

Cash Flow Statement for the year ended December 31, 2017

	2017 €	2017 Rs Lakhs	2016 €	2016 Rs Lakhs
A. cash flows from operating activities				
Profit	**47,335**	**38**	36,332	29
Income taxes	**30,154**	**24**	25,978	21
Interest expense (interest income)	**8,512**	**7**	(115)	0
(Dividends)	**0**	**0**	0	0
(Gains)/losses arising from the disposal of assets	**1,500**	**1**	0	0
of which depreciation	**0**	**0**	0	0
of which intangible assets	**0**	**0**	0	0
of which non-current financial assets	**0**	**0**	132	0
1. profit (loss) before income taxes, interest, dividends and gains/losses on disposal net working capital	**87,500**	**71**	62,328	50
Adjustments for non-cash items that had no counterpart in net working capital				0
Depreciation of fixed assets	**5,709**	**5**	4,507	4
Writedowns for impairment losses	**0**	**0**	0	0
Value adjustments of financial assets and liabilities of	**0**	**0**	0	0
derivative financial instruments that do not involve	**0**	**0**	0	0
currency handling	**0**	**0**	0	0
Other adjustments in increase/(decrease) in non-cash items	**(27,525)**	**(22)**	0	0
Total adjustments for non-cash items that do not have had a counterpart in net working capital	**(21,816)**	**(18)**	4,507	4
2. Cash flow before changes in working capital	**65,684**	**53**	66,835	54
Changes in net working capital				
Decrease/(increase) in inventories	**(23,941)**	**(19)**	19,692	16
Decrease/(increase) in trade receivables	**(3,13,684)**	**(253)**	(38,883)	(32)
Increase/(decrease) in short-term provision	**1,66,233**	**134**	(77,380)	(62)
Increase/(decrease) in trade payables	**3,90,347**	**315**	(20,910)	(17)
Decrease/(increase) in prepaid expenses and accrued income	**9,346**	**8**	3,090	2
Increase/(decrease) in accrued expenses and deferred income	**0**	**0**	0	0
Other decreases/(more increases) in net working capital	**0**	**0**	0	0
Total changes in net working capital	**2,28,301**	**184**	(1,14,391)	(92)
3. Cash flow after changes in net working capital	**2,93,985**	**237**	(47,556)	(38)
Other adjustments				
Interests cashed (paid)	**9,607**	**8**	115	0
(Income taxes paid)	**(18,592)**	**(15)**	(25,978)	(21)
Dividends received	**0**	**0**	0	0
(Use of funds)	**0**	**0**	0	0
Other gross/(payments)	**0**	**0**	0	0
Total other adjustments	**(8,986)**	**(7)**	(25,863)	(21)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**2,85,000**	**230**	(73,419)	(59)
B. cash flows from investing activities				
Tangible fixed assets				
> (Investments)	**0**	**0**	0	0
> Disinvestments	**0**	**0**	0	0

	2017 €	**2017 Rs Lakhs**	2016 €	2016 Rs Lakhs
Intangible assets				
> (Investments)	**0**	**0**	(1,500)	(1)
> Disinvestments	**0**	**0**	0	0
Non-current financial assets				
> (Investments)	**4,704**	**4**	0	0
> Disinvestments	**0**	**0**	2,772	2
Financial assets not held as fixed assets				
> (Investments)	**0**	**0**	0	0
> Disinvestments	**0**	**0**	0	0
CASH FLOW FROM INVESTING ACTIVITIES (B)	**4,704**	**4**	1,272	1
C. cash flows from financing activities				
Third party resources	**0**	**0**	0	0
Increase (decrease) in current liabilities to banks	**0**	**0**	0	0
Ignition funds	**0**	**0**	0	0
(Repayment of loans)	**0**	**0**	0	0
Own means	**0**	**0**	0	0
Capital increase	**0**	**0**	0	0
(Repayment of capital)	**0**	**0**	0	0
Disposal (purchase) of Treasury shares	**0**	**0**	0	0
(Dividends and advances on dividends paid)	**0**	**0**	0	0
CASH FLOW FROM FINANCING ACTIVITIES (C)	**0**	**0**	0	0
INCREASE (DECREASE) OF CASH AVAILABILITY (A+B+C)	**2,89,704**	**234**	(72,146)	(58)
Exchange rate effect on cash and cash equivalents	**0**	**0**	0	0
Cash and cash equivalents at beginning of year				
Bank and postal deposits	**3,43,834**	**277**	4,15,979	336
Checks	**0**	**0**	0	0
Cash and cash equivalents	**0**	**0**	0	0
Total cash and cash equivalents at beginning of year	**3,43,834**	**277**	4,15,979	336
Cash and cash equivalents at end of year				
Bank and postal deposits	**6,33,537**	**511**	3,43,834	277
Checks	**0**	**0**	0	0
Cash and cash equivalents	**0**	**0**	0	0
Total cash and cash equivalents at end of year	**6,33,537**	**511**	3,43,834	277
Change in cash an cash equivalents	**2,89,704**	**234**	(72,146)	(58)

NOTES FOR THE FINANCIAL YEAR 2017

1. General declarations

PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH is located in 64546 Mörfelden-Walldorf, Kurhessenstraße 13. It is registered in the Commercial Register of the district court of Darmstadt under HRB 53925.

The PEUGEOT Motocycles Deutschland GmbH fulfils the size criteria for a small corporation. The available annual financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB), as well as with the relevant regulations pursuant to the German Limited Liability Companies Act.

The financial year is identical to the calendar year.

The income statement has unchanged been prepared according to the nature of expense method.

In these annual financial statements, the regulations of Bilanzrichtlinienu msetzungsgesetz (BilRUG) had been taken into account for the first time. A change in the report card did not result from this for our company.

To make the presentation clearer, we have reported the remaining term of receivables and accounts payable in the notes instead of in the balance sheet.

2. Accounting and valuation principles

As in the prior year, the following accounting and valuation principles were applied when preparing the annual financial statements.

2.1. Fixed assets

Tangible assets are balanced at acquisition cost less scheduled depreciation. They are amortized in accordance with their expected useful life.

Since the financial year 2008, minor-value assets with acquisition cost of between € 150.00, INR 0.13 lacs and € 1,000.00, INR 0.81 lacs have been capitalized and written off at 20% of their acquisition cost p.a. over a period of five years. Minor-value assets with acquisition cost of less than € 150.00, INR 0.13 lacs are expensed in the year of purchase.

In the case of financial assets, the profit participation rights are valued at the lower of acquisi-tion cost or fair value.

2.2. Inventories

Merchandise are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.3. Receivables, other assets and liquid funds

Receivables, other assets and liquid funds are balanced at face value. Default risks associ-ated with trade accounts receivable have been duly taken into account through individual valuation allowances as at the balance sheet date.

2.4. Accruals

The accruals take account of all identifiable risks and uncertain liabilities; they are formed on the basis of anticipated requirements according to reasonable commercial judgement. There are no pension commitments and pre-retirement part-time working agreements.

2.5. Liabilities

Accounts payable are shown at their repayment value.

2.6. Currency translation

There are no accounts receivable and payable in foreign currency as at the balance sheet date. No transactions were undertaken in foreign currencies during the financial year.

3. Notes to the balance sheet

3.1. Fixed assets

Development of the individual asset items with indication of write-downs over the financial year can be seen from the enclosed schedule of fixed asset movements (appended to the Notes).

3.2. Receivables and other assets

As in the prior year, all receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies exist only towards the shareholder. These receivables don't include trade receivables.

3.3. Accruals

Other accruals in the amount of € 675k, INR 544 lacs (prior year: € 586k, INR 473 lacs) pri-marily comprise the following:

- Volume and loyalty bonuses for the dealership: € 398k, INR 321 lacs (prior year: € 310k, INR 250 lacs)
- Recycling costs, batteries: € 45k, INR 36 lacs (prior year: € 45k, INR 36 lacs)
- Holidays not yet taken: € 22k, INR 18 lacs (prior year: € 11k, INR 9 lacs)
- Other personnel costs: € 34k, INR 27 lacs (prior year: € 32k, INR 26 lacs)
- Unpaid invoices: € 176k, INR 142 lacs (prior year: € 28k, INR 23 lacs)

3.4. Liabilities

As in the prior year, all accounts payable have a remaining term of less than one year. The liabilities are not secured.

4. Notes to the income statement

4.1. Sales revenue

The sales (€ 14,844k, INR 11,973 lacs) are essentially attributable to the sale of scooters to dealers (€ 12,845k, INR 10,361 lacs), as well as to the sale of spare parts (€ 1,383k, INR 1,116 lacs) and bicycles (€ 128k, INR 103 lacs).

4.2. Other operating income

Other operating income in the amount of € 231k, INR 186 lacs primarily comprises guarantee costs charged to the parent company PEUGEOT Motocyles S.A. ("PMTC") (€ 230k, INR 186 lacs).

4.3. Income/expenses relating to other periods

The result for the financial year 2017 doesn't included income from reversing accruals.

5. Other declarations

5.1 Other financial commitments and contingent liabilities

The company has concluded leases and leasing arrangements. These commitments total € 109k, INR 88 lacs as at the balance sheet date. A bank guarantee in the amount of € 23k, INR 19 lacs exists to the benefit of the landlord. The advantage of leases and leasing ar-rangements lies in the optimization of liquidity. There are no identifiable significant risks.

5.2 Workforce

On average, the company employed 17 women and men in the financial year (prior year: 18).

5.3. Management

The company's managing directors in the financial year 2017 were:

- Mr. Volker Klein (Diplom-Ingenieur (graduate in engineering science)), Oppenheim
- Mr. Anil Gopal Mangalvedhekar (Finance Director, Peugeot Motocycles S.A.), Belfort (France)

Concerning the remuneration of the management the option permitted by § 286 (4) of the German Commercial Code (HGB) is exercised.

5.4. Parent company

PMD is a wholly owned (100%) subsidiary of **Peugeot Motocycles S.A., Valentigney Man-deure/France**, and included in their (sub-) consolidated financial statements. The company belongs to the group **Mahindra & Mahindra Limited, Mumbai/India**, which prepares the top-level consolidated financial statements.

These consolidated financial statements are available at the companies' head office.

Mörfelden-Walldorf, 30th May 2018

Volker Klein | Anil Gopal Mangalvedhekar

MANAGEMENT REPORT

PEUGEOT MOTOCYCLES ITALIA S.P.A.

Company subject to the direction and coordination of PEUGEOT MOTOCYCLES S.A.
Registered office in via Gallarate no. 199 - 20151 Milan
Fully paid up share capital 264,000.00 Euro

MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2017

To the Solo Shareholder:

The Financial Statements for the FY ended at December 31st 2017, drawn up in compliance with the current regulations, interpreted and supplemented by the accounting standards issued by the National Council of Chartered Accountants and by the Italian Accounting Institute (O.I.C.), shows a profit of Euro 23.487.

Market situation and development of business

Your company carries out its activity in the wholesale sale of two-wheeled vehicles, where it operates as a wholesaler.

Pursuant to art. 2428th, it is specified that the activity is carried out at your offices in Milan, via Gallarate n. 199, and there are no secondary offices.

Business review

Analysis of the reference market

The two-wheeler industry ended the year positively: indeed, the vehicle (> 50 cc.) registrations have reached the amount of 2,03,899 pieces and have increased of 5.1% compared to 2016. The two-wheeled vehicles (< 50 cc.) continued the virtuous path of last year, with 82,347 pieces and an increase of 8.6%, while the scooters (which represent 60% of the market) sold 1,21,552 pieces and achieved a +3.3%. The records of the "*cinquantini*" arrive at 24,083 vehicles with an increase of 3.7%.

In 2017, the total of two-wheels in Italian market (motorcycles and scooters + 50 cm^3 vehicles) reached 2,27,982 units, i.e. an increase of 5% compared to the previous FY.

Of which:

vehicles 50 cc.

- Increase for vehicles 50 cc.: 24,083 units registered, + 3.7% compared to 2016

Month	2016	2017	Var %
Gen	1,360	1,150	-15.40%
Feb	1,403	1,268	-9.60%
Mar	1,923	2,102	9.30%
Apr	2,106	2,004	-4.80%
Mag	2,508	2,306	-8.10%
Giu	2,725	3,139	15.20%
Lug	3,002	3,094	3.10%
Ago	1,701	1,675	-1.50%
Set	2,245	2,220	-1.10%
Ott	1,618	2,015	24.50%
Nov	1,252	1,392	11.20%
Dic	1,387	1,718	23.90%
Totale	23,230	24,083	3.70%

vehicles > 50 cc.

In 2017, the sales reached the amount of 2,03,899 piaces, i.e. an increase +5% compared to 2016

- **Scooter:** Increase: 1,21,552 units registered, + 3.3% compared to 2016

Month	2016	2017	Var %
Gen	6,131	5,409	-11.80%
Feb	7,120	6,698	-5.90%
Mar	10,091	12,196	20.90%
Apr	13,909	11,594	-16.60%
Mag	15,131	17,486	15.60%
Giu	14,555	18,332	25.90%
Lug	14,843	15,088	1.70%
Ago	7,140	7,422	3.90%
Set	11,247	10,480	-6.80%
Ott	7,464	8,717	16.80%
Nov	5,125	5,262	2.70%
Dic	48,922	2,868	-42.10%
Totale	1,17,711	1,21,552	3.30%

- **Motorbikes:** the motorcycles showed again the most dynamic trend, with 82,347 pieces and a growth of + 8.6%.

Month	2016	2017	Var %
Gen	4,921	4,322	-12.20%
Feb	6,674	5,960	-10.70%
Mar	9,422	10,773	14.30%
Apr	9,903	9,945	0.40%
Mag	9,977	11,182	12.10%
Giu	8,539	10,818	26.70%
Lug	7,560	9,054	19.80%
Ago	3,182	4,282	34.60%
Set	5,186	5,880	13.40%
Ott	3,872	5,186	33.90%
Nov	2,925	3,100	6.00%
Dic	3,693	1,845	-50.00%
Totale	75,854	82,347	8.60%

Vehicle registrations up to 50 cc

The trend of vehicle registrations up to 50 cc is summarized in the following table:

	2011	2012	2013	2014	2015	2016	2017	Var% 2017 vs. 2016
Total	71,550	48,864	31,540	26,673	23,354	23,230	24,083	3.70%

TOP 20 MOTORCYCLES 2017

The “Top 20 motorcycles” by brands registered in 2017 are shown in the following table:

Rank	Model	Brand	Total 2017
1	LIBERTY 50 4T 3V	PIAGGIO	3,070
2	SCARABEO 50 2T	APRILIA	2,154
3	VESPA PRIMAVERA 50 4T	PIAGGIO	1,076
4	VESPA PRIMAVERA 50	PIAGGIO	1,011
5	SCARABEO 50 4T 4V	APRILIA	914
6	RR 50 ENDURO	BETA	788
7	AEROX	YAMAHA	756
8	RR 50 MOTARD	BETA	740
9	VISION 50	HONDA	669
10	CABALLERO 50	FANTIC MOTOR	583
11	AGILITY 50 R16 2T	KYMCO	565
12	TWEET 50	PEUGEOT	514
13	AGILITY 50 R16	KYMCO	490
14	ES1	ASKOLL	485
15	BW'S	YAMAHA	475
16	KISBEE 50	PEUGEOT	425
17	SR MOTARD 50	APRILIA	419
18	TYPHOON	PIAGGIO	354
19	NRG POWER DD	PIAGGIO	353
20	SYMPHONY 50	SYM	349
	Totale		**16,190**

Scooter registrations over 50 cc

The trend of the scooter registrations over 50 cc. is summarized in the table below:

	2011	2012	2013	2014	2015	2016	2017	Var% 2017 vs. 2016
Total	1,71,930	1,31,321	99,791	1,01,310	1,08,316	1,17,711	1,21,552	3.30%

Motorcycle registrations

The trend of registrations is summarized in the following table:

	2011	2012	2013	2014	2015	2016	2017	Var% 2017 vs. 2016
Total	82,880	59,200	52,646	54,485	62,396	75,854	82,347	8.60%

TOP 20 REGISTRATION 2017 (only scooter)

The "Top 20" by brands registration in the 2017th are summarized in the following table:

Rank	Model	Brand	Total 2017
1	SH 150	HONDA	11,184
2	SH 300	HONDA	9,768
3	SH 125	HONDA	9,688
4	BEVERLY 300 ABS	PIAGGIO	7,384
5	XMAX 300	YAMAHA	5,289
6	AGILITY 125 R16	KYMCO	4,451
7	LIBERTY 125 ABS	PIAGGIO	4,321
8	TMAX 500	YAMAHA	4,165
9	BEVERLY 350	PIAGGIO	4,093
10	X-ADV 750	HONDA	3,334
11	PEOPLE ONE 125I	KYMCO	3,150
12	VESPA GTS 300	PIAGGIO	2,789
13	MEDLEY 125	PIAGGIO	2,729
14	X-TOWN 300I	KYMCO	2,592
15	VESPA PRIMAVERA 125	PIAGGIO	2,395
16	AGILITY 150 R16	KYMCO	2,224
17	MEDLEY 150	PIAGGIO	1,900
18	DOWNTOWN 350I ABS	KYMCO	1,811
19	XENTER 150	YAMAHA	1,759
20	SH MODE 125	HONDA	1,736
	Totale		**86,762**

The year 2017 confirmed its forecasts, with special reference to the significant contribution of the bikes and the result of scooters.

A slight recovery was registered also for the "50 cc." compartment, which managed to outperform last FY's volumes. This increase was due to the result of the actions implemented following the switch from Euro 3 to Euro 4 (one year later compared to vehicles> 50 cc).

The pre-crisis levels are still far away, but the road to recover volumes and clients for two wheels seems to have been undertaken. Indeed, the relevant Professional Association (Confindustria Ancma) believes that in the next three years part of the lost volumes will be recovered due the reform process and the commitment of the industry for the renewal of the fleet, which is now very outdated (approximately 50% of the two-wheeled vehicles has more than 10 years).

The economic scenario remains uncertain and also the structural problems related to the high youth unemployment and the persistence of the difficulties in obtaining credit remain.

Then, the high cost of insurance remains an important break for scooter sales (especially in the 50 cc sector).

Behind that, it is important to highlight that your company has seen a reduction in the whole market share compared to 2016, which decreased from 3.5% in 2016 to 2.5% in 2017.

As far as the 50 cc. regards, your Company has kept its market shares stable, despite the persisting difficulties of this segment, reaching 4.6% in 2017 compared to 4.7% in 2016.

The market of the scooters has represented the most critical area; in fact, your Company has seen the market shares draw back to 2.1% in 2017 from its share of 3.2% in 2016.

This result was determined by the lack, especially in the first months of the year, of a commercial offer of Euro 4 products and by the late arrival of the new Peugeot Belville 125 cc. and 200 cc model, strategic for the Italian market and available only from the last quarter, when the season was ending.

The lack of product has further exacerbated the difficulties caused by the strong commercial and advertising pressure implemented by PMI's competitors, which were ready with products able to meet the new legislation and corresponding to the demands of the Italian market.

Operating performance in the sectors in which the company operates

As for your company, last year must be considered substantially positive.

The following table shows the results obtained over the last three years in terms of the value of production, gross operating profit and profit before taxes.

	12/31/2017		12/31/2016		12/31/2015	
	EUROS	INR IN LACS	EUROS	INR IN LACS	EUROS	INR IN LACS
Revenue	68,60,847	5,534	71,58,904	5,774	72,04,333	5,811
EBITDA	1,08,895	88	(4,986)	(4)	70,362	57
pre-tax result	1,04,220	84	(15,059)	(12)	47,116	38

Main items of the profit and loss account

The company's reclassified profit and loss account compared with that of the previous year is as follows:

	12/31/2017		12/31/2016		Difference	
	EUROS	INR IN LACS	EUROS	INR IN LACS	EUROS	INR IN LACS
Revenue	63,76,769	5,144	66,60,617	5,372	(2,83,848)	(229)
External costs	55,40,736	4,469	60,72,917	4,898	(5,32,181)	(429)
Added value	**8,36,033**	**674**	**5,87,700**	**474**	**2,48,333**	**200**
Labour cost	8,97,509	724	10,68,528	862	(1,71,019)	(138)
Gross operating margin	**(61476)**	**(50)**	**(4,80,828)**	**(388)**	**4,19,352**	**338**
Amortisation, depreciation and other accruals	3,18,368	257	32533	26	285835	231
Operating result	**(379844)**	**(306)**	**(5,13,361)**	**(414)**	**1,33,517**	**108**
Other income	4,84,078	390	4,98,287	402	(14,209)	(11)
Financial income and costs	(14)	0	15	0	(29)	0
Ordinary result	1,04,220	84	(15,059)	(12)	1,19,279	96
Rivalutazioni e svalutazioni						
Result before taxes	1,04,220	84	(15,059)	(12)	1,19,279	96
Income taxes	80,733	65	(27,189)	(22)	107922	87
Risultato netto	**23,487**	**19**	**12,130**	**10**	**11,357**	**9**

Main balance sheet items

The company's reclassified balance sheet compared with that of the previous year is as follows:

	12/31/2017		12/31/2016		Difference	
	EUROS	**INR IN LACS**	**EUROS**	**INR IN LACS**	**EUROS**	**INR IN LACS**
Net tangible assets						
Net intangible assets	58,542	47	62,663	51	(4,121)	(3)
Shareholdings and other financial fixed assets	2,62,893	212	2,23,626	180	39,267	32
Fixed assets	**3,21,435**	**259**	**2,86,289**	**231**	**35,146**	**28**
Stocks	76,795	62	85,949	69	(9,154)	(7)
Accounts receivable from customers	40,27,376	3,248	37,60,343	3,033	2,67,033	215
Other accounts receivable	61,179	49	88,007	71	(26,828)	(22)
Accrued income and prepayments	45,101	36	42,430	34	2,671	2
Short-term operating assets	**42,10,451**	**3,396**	**39,76,729**	**3,208**	**2,33,722**	**189**
Accounts payable to suppliers	2,43,686	197	2,61,852	211	(18,166)	(15)
Social security and tax debts	1,87,667	151	1,23,617	100	64,050	52
Other accounts payable	38,76,801	3,127	34,86,772	2,812	3,90,029	315
Accrued liabilities and deferred income	35	0	35	0	0	0
Short-term operating liabilities	**43,08,189**	**3,475**	**38,72,276**	**3,123**	**4,35,913**	**352**
Net working capital	**(97,738)**	**(79)**	**1,04,453**	**84**	**(2,02,191)**	**(163)**
Employees' leaving indemnity	2,07,000	167	2,11,589	171	(4,589)	(4)
Other medium/long-term liabilities	13,800	11	23,800	19	(10,000)	(8)
Medium/long-term liabilities	**2,20,800**	**178**	**2,35,389**	**190**	**(14,589)**	**(12)**
Net invested capital	**2,897**	**2**	**1,55,353**	**125**	**(152456)**	**(123)**
Shareholders' equity	(2,86,198)	(231)	(2,62,711)	(212)	(23,487)	(19)
Medium-long term net position						
Short-term net position	2,83,301	229	1,07,358	87	1,75,943	142
Shareholders' equity and net indebtedness	**(2,897)**	**(2)**	**(1,55,353)**	**(125)**	**1,52,456**	**123**

The reclassified balance sheet shows the company's ability to maintain financial balance in the medium/long-term.

For a better description of the company's financial position, the following table shows some financial statement ratios regarding (i) the funding of medium/long-term investments and (ii) the composition of funding sources, compared with the same ratios in the financial statements of previous years.

	12/31/2017		12/31/2016		12/31/2015	
	EUROS	**INR IN LACS**	**EUROS**	**INR IN LACS**	**EUROS**	**INR IN LACS**
Shareholders' equity - Fixed assets	2,26,425	183	1,98,817	160	1,80,856	146
Shareholders' equity/Fixed assets	5	0	4	0	4	0
(Equity + Medium/long-term liabilities) - Fixed assets	4,47,225	361	4,34,206	350	4,77,274	385
(Equity + Medium/long-term liabilities)/Fixed assets	8	0	8	0	8	0

Main financial items

The net financial position at 31 December 2017 is shown below:

	12/31/2017		12/31/2016		Difference	
	EUROS	INR IN LACS	EUROS	INR IN LACS	EUROS	INR IN LACS
Cash at banks	2,83,208	228	1,07,049	86	1,76,159	142
Cash and cash equivalents	93	0	309	0	(216)	0
Liquid assets and treasury shares	**2,83,301**	**229**	**1,07,358**	**87**	**1,75,943**	**142**
Net short-term financial position	**2,83,301**	**229**	**1,07,358**		**1,75,943**	**142**
Financial accounts receivable (after more than one year)	(1024)	(1)	(1024)	(1)	–	–
Medium/long-term net financial position	**1,024**	**1**	**1,024**	**1**	**–**	**–**
Net financial position	**2,84,325**	**229**	**1,08,382**	**87**	**1,75,943**	**142**

For more details on the financial position, the following table shows some balance sheet ratios compared with the same ratios in the financial statements of prior years.

	12/31/2017	12/31/2016	12/31/2015
Primary liquidity	1.03	1.03	1.04
Secondary liquidity	1.04	1.05	1.06
Debt	15.78	15.55	18.38
Fixed asset coverage ratio	8.25	7.42	7.5

The primary liquidity ratio is 1.03. The financial situation of the company can be considered good.

The secondary liquidity ratio is 1.04. The absolute value of the net working capital is certainly adequate in relation to the amount of current debts.

The debt ratio is 15.78. The total debt is considered. The amount of debts assumed very significant dimensions in relation to the existing equity, and there is a substantial stabilization compared with the previous year.

Based on the fixed asset coverage ratio of 8.25, the amount of shareholders' equity and consolidated debt can be considered appropriate in relation to fixed assets. Own assets together with the consolidated debts are to be considered as an appropriate amount in relation to the amount of the fixed assets.

Environmental and Headcount information

Considering the company's social role, as described inter alia in the document on the Directors' report prepared by CNDCEC, we consider appropriate to provide the following environmental and personnel information.

Employee

During the FY, no deaths at the work of employees on the company's payroll book occurred.

During the FY, there were no serious accidents at work that resulted in serious or very serious personal injury.

During the FY, neither professional illnesses of employees or former employees, neither mobbing lawsuits were recorded.

Environment

During the FY, there were no damages caused to the environment for which the company was declared definitively guilty.

During the FY, no sanctions or definitive penalties were imposed on our company for environmental crimes or damage.

Investments

During 2017 no relevant investments were made.

Research and development

Your Company, according to the type of activity carried out, does not engage in its own research and development.

Relationships with subsidiary, affiliated, controlling and other sister companies

The relationships with companies in the group are analytically reported below:

– Peugeot Motocycles S.A.;

– Mahindra Two Wheelers Europe Holding S.A.R.L.

During the year, the following relationships were held with subsidiaries, affiliated companies, parent companies and sister companies:

EUROS

Company	Commercial Debts	Commercial Credits	Costs		Revenues	
			Goods	Services	Goods	Services
Peugeot Motocycles S.A.	18,89,182	23,914	45,22,014	59,490	395	77,103
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	10,000	–	–	–	10,000
Totale	**18,89,182**	**13,914**	**45,22,014**	**59,490**	**395**	**67,130**

INR IN LACS

Company	Commercial Debts	Commercial Credits	Costs		Revenues	
			Goods	Services	Goods	Services
Peugeot Motocycles S.A.	1,524	19	3,647	48	0	62
Mahindra Two Wheelers Europe Holding S.A.R.L.	–	8	–	–	–	8
Totale	**1,524**	**11**	**3,647**	**48**	**0**	**54**

These relationships, which do not include atypical and/or unusual transactions, are governed by normal market conditions.

Secondary offices

The Company does not carry out the activity in secondary offices.

Own shares and shares of the holding companies

Your Company does not own, nor have purchased or sold during the year any treasury shares or shares of the parent company, either directly or indirectly.

Information on the risks and uncertainties pursuant to article 2428(2)(6-bis) of the Civil Code

Under Article. 2428th, paragraph two, point 6-bis of the Italian Civil Code, the following information is provided regarding the use of financial instruments, as relevant to the assessment of the financial position.

The following are, then, a series of quantitative information, designed to provide information about the size of exposure to the risks of the enterprise.

Credit risk

Credit risk represents the Company's exposure to potential losses deriving from the non-fulfilment of the commercial obligations assumed by the counterparties.

In order to limit this risk, the Company constantly monitors the positions of individual customers, analyses the expected cash flows and those recorded in order to promptly take any recovery actions.

In addition, the Company has entered into a credit insurance policy to further limit the risk.

Impairment losses on receivables are calculated based on the counterparty default risk, determined considering the available information on the counterparty's creditworthiness, historical data and coverage provided by the credit insurance policy. The book value of the receivables is reduced indirectly through the registration of a fund.

The individual significant positions, for which there is an objective condition of partial or total non-recoverability, are subject to individual write-down. The amount of the write-down is determined taking into account the available information on the solvency of the counterparty, the historical data, an estimate of the future recoverable flows and the related collection date, as well as the costs and recovery costs.

Positions that are not subject to individual write-downs are included in groups with similar characteristics from the point of view of credit risk and written down on a collective basis based on increasing percentages with the increase in the expired time band.

Liquidity risk

Liquidity risk is the risk that available financial resources are not sufficient to meet financial and commercial obligations in the terms and due dates.

Specifically, the Company manages this risk through corporate credit facilities and manages its liquidity through a centralized treasury system that deals with the centralized management of treasury and finance.

Currency risk

The Company is not exposed to particular exchange risks as it operates almost entirely on the Italian market and in the Euro area.

Price risk

With regard to price risks, it is specified that sales prices are defined in the contract on the basis of a defined price list.

Information on the financial instruments issued by the company

Pursuant to art. 2427-bis of the Civil Code, it should be noted that the Company has not issued any financial instrument.

Postponement of the time limits for approval of the Financial Statements

The Board of Directors deemed it appropriate to use the longer term for the approval of the Financial Statements for the year ended December 31, 2017, as required by art. 2364 of the Civil Code, considering both the partially decentralized accounting structure of the Company and the entry of a new auditing firm. Both reasons led to a lengthening of the Financial Statements' process, thus making it necessary to approve the financial statements more than 120 days after the FY end

Expected trend of business

In the first quarter of 2018, the Italian two-wheels market shows a decrease of 12% over the previous year.

This decrease is related to two elements: political instability (in early elections in March) and very bad weather conditions.

Anyway, this result does not change our estimates, i.e. 2018 will be a positive.

The general indicators show that the efforts of the industry and Professional Association are starting to bear fruit with a revival of demand generated by the need to renew a fleet that, as already said, iconsists in vehicles with over 10 years of life and, of these, almost 30% is still Euro zero.

Based on the experience of recent years and the analysis of these factors, we can estimate a scooter market still grew slightly over the next two years (around 4.3%), and this growth will substantially involve the only market vehicles > 50 cc..

In this situation, based on the information we have today in terms of product development and considering the positive impact the models Belville 125 cc. and 200 cc., we expect Peugeot Motocycles Italia to reach and maintain in the next two/three years a global market share (50 cc and> 50 cc.) next to 4%.

We thank you for your expression of confidence and invite you to approve the financial statements in their current form.

Date: 02 May, 2018

The Chairman of the Board of Directors
Costantino Balbo Bertone di Sambuy

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

as per Art. 2429, paragraph 2, of the Italian Civil Code

To the Sole Shareholder,

in the course of the financial year ending December 31st, 2017 the Board of Statutory Auditors carried out its statutory supervisory duties, according to articles 2403 et seq. of the Italian Civil Code.

Our activity was inspired by the provisions of the law and the Rules of Conduct of the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.*

Auditing activities pursuant to art. 2403 et seq., C.c.

Knowledge of the Company, risk assessment and report on the tasks entrusted

As far as the type of activity performed and the organizational-accounting structure (also taking into account the size and problems of the Company) regard, we confirm that the "planning phase" of the auditing activity – in which the intrinsic risks, as well as the criticalities with respect to the two parameters abovementioned, must be assessed – was carried out through the positive feedback with respect to what was already known on the basis of the information acquired over time.

It was therefore possible to confirm that:

- the typical activity carried out by the Company has not changed during the audited financial year and is consistent with the provisions of the corporate purpose;
- the organizational structure and the IT equipment remained substantially unchanged;
- the human resources, constituting the "workforce", remained unchanged compared to the previous financial year;

the above is indirectly confirmed by the comparison of the results of the values expressed in the income statement for the last two years, namely the one in question (2017) and the previous one (2016). It is also possible to note how the Company has operated in 2017 in terms comparable with the previous financial year and, consequently, our controls were carried out on these assumptions, since we verified the substantial comparability of the values and results with those of the previous financial year.

The present report therefore summarizes the activity concerning the disclosure required by art. 2429, paragraph 2, c.c. and more precisely:

- the result of the financial year;
- the activity carried out in the fulfilment of the duties provided for by law;
- the observations and proposals regarding the financial statements, with particular reference to the possible use of the exemption pursuant to art. 2423, paragraph 4, c.c. by the Board of Directors ;
- the eventual receipt of complaints by the shareholders referred to in art. 2408 c.c.

The activities carried out by the Board concerned, from a temporal point of view, the entire year and, during the course of the same year, the meetings pursuant to art. 2404 c.c. were held and specific minutes of these meetings were duly signed for unanimous approval.

Activities

During the periodical audits, the Board of Statutory Auditors took note of the evolution of the activities carried out by the Company, paying particular attention to contingent and/or extraordinary problems in order to identify the economic and financial impact on the result for the year and on the structure asset.

The Board of Statutory Auditors has therefore periodically assessed the adequacy of the organizational and functional structure of the Company and its possible changes with respect to the requirements deriving from management performance.

During the entire financial year it was found that:

- the internal administrative staff responsible for recording company facts has not substantially changed compared to the previous year;
- the level of technical preparation is sufficient with respect to the type of ordinary business facts to be recorded, it deserves more training on company matters;
- consultants and external professionals in charge of tax assistance have not changed and, therefore, they have an historical knowledge of the activities carried out by the Company and of the managerial and extraordinary problems that have influenced the results of the financial statements;
- the Audit Company in charge of the statutory audit has changed compared to the previous year because of the expiry of the mandate.

Since the directional organization chart is relatively simple, the information required by art. 2381, paragraph 5, of the Italian Civil Code were provided by the General Manager both during scheduled meetings and during individual access of the Statutory Auditors at the Company's registered office.

In conclusion, as far as it was possible to verify during the activity carried out during the year, the Board of Statutory Auditors can state that:

- the resolutions of the Shareholders and of the Board of Directors were taken in compliance with the law and the Company's Articles of Association and have not been obviously imprudent or such as to definitively compromise the integrity of the Company's assets;

- sufficient information was acquired regarding the general performance of operations and their foreseeable evolution, as well as the most significant transactions, by size or characteristics, carried out by the company;

- the operations carried out were also compliant with the law and the Company's Articles of Association and were not in potential conflict with the resolutions adopted by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets; no specific observations are made regarding the adequacy of the organizational structure of the Company, nor with regard to the adequacy of the administrative and accounting system, nor the reliability of the latter in correctly representing the management facts, except to recommend to the Directors of pay attention to a more incisive staff training on aspects of competence of each function;

- during the course of the auditing activity, as above-described, no other significant facts emerged that would require reporting in this report;

- no complaints were received pursuant to art. 2408 c.c.;

- no complaints have been filed pursuant to art. 2409, co. 7, c.c.;

- during the year the Board of Statutory Auditors did not issue opinions required by law.

Observations on the Financial Statements

The draft of the Financial Statements for the year ended on December 31st, 2017 was approved by the Board of Directors and it consist of the balance sheet, the income statement, the cash flow statement and its notes.

Furthermorem the Board of Directors has also prepared a draft of the Management's Report pursuant to art. 2428 c.c.

We examined the draft of the Financial Statements, on which the following information is provided:

- the Financial Statements as at December 31st 2017 have been prepared in accordance with the provisions of the Civil Code, as amended by Legislative Decree no. 139/2015;

- attention was given to the drafting of the Financial Statements, to its general compliance with the law as regards its formation and structure and in this regard there are no observations to be highlighted in this report;

- compliance with the law regarding the preparation of the Management's Report has been verified and in this regard there are no observations to be highlighted in this report;

- the Board of Directors, in drafting the Financial Statements, did not derogate from the legal provisions pursuant to art. 2423, paragraph 4, c.

- the correspondence of the Financial Statements to the facts and information of which it became known as a result of the performance of the typical duties of the board of statutory auditors was checked and no further observations were made in this regard;

- the commitments, guarantees and potential liabilities have been fully illustrated;

- the Financial Statements and its Notes have not been prepared using the so-called "XBRL taxonomy". The Company is in fact exonerated from this fulfilment, since the ultimate parent company is listed on a regulated market and it draws up a consolidated financial statements including the Company's results.

Operating result

The profit ascertained by the Board of Directors for the year ended December 31st 2017, as evidenced by the reading of the Financial Statements, amounts to Euro 23.487.

Conclusions

For all the above, the Board of Statutory Auditors expresses its favorable opinion for the approval of the Financial Statements for the year ended December 31st, 2017, as drafted by the Directors, agreeing with their proposal regarding the allocation of the profit of Euro 23,487.

May 22nd, 2018

THE BOARD OF STATUTORY AUDITORS

The President

MASSIMO DI TERLIZZI

The Statutory Auditor

MARA PALACINO

The Statutory Auditor

DARIA GUGLIELMINA FERRARIO

BALANCE SHEET

Financial statements as of December 31, 2017

	12/31/2017		12/31/2016	
Assets	**EUROS**	**INR IN LACS**	EUROS	INR IN LACS
A) Accounts receivable from shareholders in respect of unpaid share capital				
B) Fixed assets				
I. Intangible assets				
1) Start-up and expansion costs				
2) Development costs				
3) Industrial patent and intellectual property rights				
4) Concessions, licenses, trademarks and similar right				
5) Goodwill				
6) Work-in-progress and advances				
7) Other intangible assets				
II. Tangible assets				
1) Land and buildings				
2) Plant and machinery				
3) Industrial and commercial equipment				
4) Other assets	**33,586**	**27.09**	37,707	30.41
5) Work-in-progress and advances	**24,956**	**20.13**	24,956	20.13
	58,542	**47.22**	62,663	50.54
III. Financial assets				
1) Shareholdings in:				
a) controlled undertakings				
b) affiliated undertakings				
c) controlling companies				
d) undertakings under control by the controlling companies				
d-bis) other companies	**207**	**0.17**	207	0.17
	207	**0.17**	207	0.17
2) Accounts Receivables				
a) from controlled undertakings				
- due within the subsequent year				
- due beyond the subsequent year				
b) from affiliated undertakings				
- due within the subsequent year				
- due beyond the subsequent year				
c) from controlling companies				
- due within the subsequent year				
- due beyond the subsequent year				
d) from undertakings under control by the controlling companies				
- due within the subsequent year				
- due beyond the subsequent year				

Assets	12/31/2017 EUROS	12/31/2017 INR IN LACS	12/31/2016 EUROS	12/31/2016 INR IN LACS
d-bis) Other accounts receivable				
- due within the subsequent year				
- due beyond the subsequent year	**1,024**	**0.83**	1,024	0.83
	1,024	**0.83**	1,024	0.83
	1,024	**0.83**	1,024	0.83
3) Other securities				
4) Derivative financial instruments				
	1,231	**0.99**	1,231	0.99
Total fixed assets	**59,773**	**48.21**	63,894	51.54
C) Current assets				
I. Stock				
1) Raw materials, subsidiary materials and consumables				
2) Work in process and semi-finished products				
3) Work in progress on order				
4) Finished products and goods	**76,795**	**62**	85,949	69
5) Advances				
	76,795	**62**	85,949	69
II. Accounts receivable				
1) From customers				
– due within the subsequent year	**40,27,376**	**3,248**	37,60,343	3,033
– due beyond the subsequent year				
	40,27,376	**3,248**	37,60,343	3,033
2) From controlled undertakings	**–**	**–**	–	–
– due within the subsequent year				
– due beyond the subsequent year				
3) From affiliated undertakings	**–**	**–**	–	–
– due within the subsequent year				
– due beyond the subsequent year				
4) From controlling companies	**–**	**–**	–	–
– due within the subsequent year				
– due beyond the subsequent year				
5) From undertakings under control by the controlling companies	**–**	**–**	–	–
– due within the subsequent year				
– due beyond the subsequent year				
5-bis) Tax credits				
- due within the subsequent year	**61,179**	**49.347**	88,007	70.986
- due beyond the subsequent year				
	61,179	**49.347**	88,007	70.986
5-ter) Tax assets				
– due within the subsequent year	**2,318**	**1.870**		
– due beyond the subsequent year	**2,59,344**	**209**	2,22,395	179
	2,61,662	**211**	2,22,395	179

Assets	12/31/2017 EUROS	12/31/2017 INR IN LACS	12/31/2016 EUROS	12/31/2016 INR IN LACS
5-quater) Other accounts receivable				
– due within the subsequent year				
– due beyond the subsequent year				
	43,50,217	**3,509**	40,70,745	3,283
III. Financial assets other than fixed assets				
1) Shareholdings in controlled undertakings				
2) Shareholdings in affiliated undertakings				
3) Shareholdings in controlling companies				
3-bis) Shareholdings in undertakings under control by the controlling companies				
4) Other shareholdings				
5) Derivative financial instruments				
6) Other securities				
7) Financial assets for centralised cash management				
	1,07,358	**74.36**	4,19,223	290.35
IV. Cash-in-hand, cash-at-bank and cash equivalents				
1) Bank and postal accounts	**2,83,208**	**228**	1,07,049	86
2) Cheques				
3) Cash and cash equivalents	**93**	**0.08**	309	0.25
	2,83,301	**229**	1,07,358	87
Total current assets	**47,10,313**	**3,799**	42,64,052	3,439
D) Accrued income and Prepayments	**45,101**	**36**	42,430	34
Total assets	**48,15,187**	**3,884**	43,70,376	3,525

Liabilities	12/31/2017 EUROS	12/31/2017 INR IN LACS	12/31/2016 EUROS	12/31/2016 INR IN LACS
A) Shareholders' equity				
I. Share capital	**2,64,000**	**213**	2,64,000	213
II. Share premium reserve				
III. Revaluation surplus				
IV. Legal reserve	**25,586**	**21**	24,936	20
V. Reserves provided for by the articles of association				
VI. Other reserves				
Reserve from rounding-offs to whole Euros	**1**			
VII. Cash flow hedge reserve	**(26,876)**	**(22)**	(38,355)	(31)
VIII. Retained earnings (loss carryovers)	**23,487**	**19**	12,130	10
IX. Profit for the year				
X. Negative reserve for Treasury Shares	**23,487**	**19**	12,130	10
Total shareholders' equity	**2,86,198**	**231**	2,62,711	212

Liabilities	12/31/2017 EUROS	12/31/2017 INR IN LACS	12/31/2016 EUROS	12/31/2016 INR IN LACS
B) Provisions for contingent liabilities and charges				
1) Provision for pensions and similar benefits				
2) Provision for taxes, including deferred taxes				
3) Derivative financial instruments				
4) Other provisions	**13,800**	**11**	23,800	19
Total provisions for contingent liabilities and charges	**13,800**	**11**	23,800	19
C) Employees' leaving indemnity	**2,07,000**	**167**	2,11,589	171
D) Accounts Payables				
1) Bonds				
– due within the subsequent year				
– due beyond the subsequent year				
2) Convertible bonds				
– due within the subsequent year				
– due beyond the subsequent year				
3) Shareholders' loans				
– due within the subsequent year				
– due beyond the subsequent year				
4) Accounts payable to banks				
– due within the subsequent year				
– due beyond the subsequent year				
5) Accounts payable to third party lenders				
– due within the subsequent year				
– due beyond the subsequent year				
6) Advances				
– due within the subsequent year				
– due beyond the subsequent year				
7) Accounts payable to suppliers				
– due within the subsequent year	**2,43,686**	**197**	2,61,852	211
– due beyond the subsequent year				
	2,43,686	**197**	2,61,852	211
8) Accounts payable represented by debt instruments				
– due within the subsequent year				
– due beyond the subsequent year				
9) Accounts payable to controlled undertakings				
– due within the subsequent year				
– due beyond the subsequent year				
10) Accounts payable to affiliated undertakings				
– due within the subsequent year				
– due beyond the subsequent year				

Liabilities	**12/31/2017** EUROS	INR IN LACS	12/31/2016 EUROS	INR IN LACS
11) Accounts payable to controlling companies				
– due within the subsequent year	**18,89,669**	**1,524**	15,37,610	1,240
– due beyond the subsequent year				
	18,89,669	**1,524**	15,37,610	1,240
11-bis) Accounts payable to undertakings under control by the controlling companies				
– due within the subsequent year				
– due beyond the subsequent year				
12) Tax liabilities				
– due within the subsequent year	**1,38,672**	**112**	58,886	47
– due beyond the subsequent year				
	1,38,672	**112**	58,886	47
13) Accounts payable to social security institutions				
– due within the subsequent year	**48,995**	**40**	64,731	52
– due beyond the subsequent year				
	48,995	**40**	64,731	52
14) Other accounts payable				
– due within the subsequent year	**19,87,132**	**1,603**	19,49,162	1,572
– due beyond the subsequent year				
	19,87,132	**1,603**	19,49,162	1,572
Total accounts payable	**43,08,154**	**3,475**	38,72,241	3,123
E) Accrued liabilities and deferred income	**35**		35	
Total shareholders' equity and liabilities	**48,15,187**	**3,884**	43,70,376	3,525

Enrico Pelligrino,
Director

Date : 2nd May 2018

PROFIT AND LOSS ACCOUNT

	12/31/2017 EUROS	12/31/2017 INR IN LACS	12/31/2016 EUROS	12/31/2016 INR IN LACS
A) Revenues				
1) From sales and services	**63,76,769**	**5,144**	66,60,617	5,372
2) Changes in stocks of work in process, semi-finished and finished products				
3) Changes in work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and proceeds:				
– others	**5,07,992**	**410**	4,98,287	402
– contributions toward operating expenses				
	5,07,992	**410**	4,98,287	402
Total revenues	**68,84,761**	**5,553**	71,58,904	5,774
B) Expenses				
6) Raw materials, subsidiary materials, consumables and goods	**44,34,264**	**3,577**	45,80,545	3,695
7) Services	**8,79,442**	**709**	11,69,328	943
8) Rent/lease	**98,059**	**79**	1,11,939	90
9) Personnel costs				
a) salaries and wages	**6,47,988**	**523**	7,66,262	618
b) social contributions	**1,92,280**	**155**	2,41,588	195
c) employees' leaving indemnity	**52,623**	**42**	54,280	44
d) accruals for pension and similar benefits				
e) other costs	**4,618**	**4**	6,398	5
	8,97,509	**724**	10,68,528	862
10) Amortisation, depreciation and value adjustments				
a) amortisation of intangible assets				
b) depreciation of tangible assets	**4,661**	**4**	10,088	8
c) other value adjustments				
d) write-down of accounts receivable recorded among current assets and liquid assets	**3,13,707**	**253**	22,445	18
	3,18,368	**257**	32,533	26
11) Changes in raw materials, subsidiary materials, consumables and goods	**9,154**	**7**	(292)	0
12) Accruals to provisions for contingent liabilities and charges				
13) Other accruals				
14) Miscellaneous running costs	**1,43,731**	**116**	2,11,397	171
Total expenses	**67,80,527**	**5,469**	71,73,978	5,787
Difference between revenues and expenses (A-B)	**1,04,234**	**84**	(15074)	(13)

	12/31/2017		12/31/2016	
	EUROS	**INR IN LACS**	EUROS	INR IN LACS
C) Financial income and costs				
15) Income from shareholdings				
16) Other financial income:				
d) other income:				
– other income			27	0
			27	0
			27	0
17) Interest and other financial costs				
17-bis) Exchange gains and losses	**(14)**	**0**	(12)	0
Total financial income and costs	**(14)**	**0**	15	0
D) Value adjustments of financial assets				
18) Write-ups				
19) Write downs				
Total value adjustments of financial assets				
Result before taxes (A-B±C±D±E)	**1,04,220**	**84**	(15059)	(12)
20) Taxes on the income for the year: current taxes and deferred tax assets and liabilities				
a) Current taxes	**1,20,000**	**97**	42,000	34
b) Taxes of prior years			(60081)	(48)
c) Deferred tax assets and liabilities	**(39267)**	**(32)**	(9108)	(7)
d) Income (expense) arising from the adoption of the tax consolidation/fiscal transparency regime				
	80,733	**65**	(27189)	(22)
21) Profit (loss) for the year	**23,487**	**19**	12,130	10

Enrico Pelligrino,
Director

Date : 2nd May 2018

PEUGEOT MOTOCYCLES ITALIA S.P.A.

Under coordination and management of PEUGEOT MOTOCYCLES S.A.S.

Registered offices in VIA GALLARATE 199 - 20151 MILANO (MI)
Share Capital Euro 264.000,00 I.V.

Notes to the Financial Statement as of December 31, 2017

Premessa

Dear Shareholders,

The present Financial Statements, submitted to your examination and approval, show a profit for the year equal to Euro 23,487.

Performed activities

Your company operates in the mopeds sector and, more generally, in two-wheeled vehicles.

Management and coordination

As indicated in the Board of Directors' Management Report, the Company is subject to management and coordination by the Company PEUGEOT MOTOCYCLES S.A.S. pursuant to articles 2497-sexies and 2497-septies of the Civil Code.

With regard to the information relating to the relations with the person exercising the management and coordination activities and with the other companies that are subject thereto, as well as the effect that this activity has had on the exercise of the social enterprise and its results, reference should be made to the Report on the management of the Board of Directors.

Formation criteria

The following financial statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Explanatory Notes, have been prepared in accordance with the provisions of the Civil Code, as amended by Legislative Decree 139/2015 (the "Decree"), interpreted and supplemented by the accounting principles issued by the Italian Accounting Body (OIC) and in force from the financial statements for the period beginning on or after January 1, 2016.

The Balance Sheet consists of the Balance Sheet (prepared in accordance with the scheme set out in articles 2424 and 2424-bis of the Civil Code), the Income Statement (prepared in accordance with the scheme set out in articles 2425 and 2425-bis of the Civil Code), from the Cash Flow Statement (the content of which, pursuant to Article 2425-ter of the Civil Code, is presented in accordance with the provisions of accounting principles OIC 10) and of these Explanatory Notes, prepared in accordance with the provisions of Articles 2427 and 2427-bis of the Civil Code.

The Notes that follows, analyzes and integrates financial information with the information deemed necessary for a true and fair view of the data shown. The items not expressly reported in the Balance Sheet and in the Income Statement, provided for by articles 2424 and 2425 of the Civil Code, and in the Cash Flow Statement presented in compliance with the accounting principle OIC 10, are considered as zero balance. The right not to indicate such items is understood to refer only to the case in which they are zero in both the current and the previous year.

With regard to additional information on the situation of the Company and on the performance and operating result, as a whole and in the various sectors in which it operated, with particular regard to costs, revenues and investments, as well as a description of the main risks and uncertainties to which the Company is exposed, reference should be made to the Report on Operations.

The valuation of the balance sheet items was carried out with a view to continuing the company's activities; the principle of prudence and competence was followed, and the substance of the transaction or contract was taken into account.

The application of the principle of prudence has led to the individual assessment of the components of the individual items of assets or liabilities, to avoid compensation between losses that had to be recognized and income not to be recognized as unrealized. In particular, profits were included only if they were realized by the end of the financial year, while the risks and losses for the year were taken into account, even if they were known after the closing of the same.

The application of the accrual principle has meant that the effect of the transactions has been recorded in the accounts and attributed to the financial year to which these transactions refer and not to that in which the relative collections and payments were made.

Evaluation Criteria

Exceptions

During the year there were no exceptional cases that made it necessary to resort to the exception to the evaluation criteria, pursuant to art. 2423, paragraph 4 of the Civil Code, insofar as they are incompatible with the truthful and correct representation of the Company's equity and financial situation and of the economic result. No revaluations of assets were carried out in the year pursuant to special laws on the matter.

In particular, the evaluation criteria adopted in the preparation of the financial statements were as follows.

Assets

Material Assets

Material assets are recorded at purchase cost and adjusted by the corresponding amortization funds. The carrying value was taken into account by the accessory charges and costs incurred for the use of the asset, leading to a reduction in the cost of commercial discounts and cash discounts of significant amounts.

The amortization quotas, charged to the Income Statement, have been calculated considering the use, the destination and the economic-technical duration of the assets, based on the criterion of the residual possibility of use, a criterion that we considered well represented by the following rates, not modified compared to the previous year and reduced to half in the year of entry into operation of the asset:

- signs: 10%
- office machines: 20%
- computer machines: 20%
- furniture and furnishings: 12%
- equipment materials: 15%
- office installation costs: 20%

If, regardless of the depreciation already recorded, there is a permanent loss in value, the asset is correspondingly written down. If the requirements for the write-down no longer apply in subsequent financial years, the original value adjusted for depreciation only is reinstated.

No discretionary or voluntary revaluations were made and the assessments carried out find their maximum limit in the objectively determined use value of the asset itself.

Inventory stock

Inventories are recorded at the lower of purchase cost, determined using the specific cost method, and the realizable value inferable from market trends.

With regard to the cost configuration adopted for each individual category of goods in stock, it should be noted that:

- new vehicles have been entered at the specific purchase cost;
- demonstration vehicles are instead recorded at the specific purchase cost, possibly adjusted to the market value inferable from Eurotax.

The value of the inventories thus obtained is written down in order to take into account the obsolescence of the goods, as well as the actual sales possibilities on the basis of their movements.

The value of inventories is restored in the year in which the reasons for a previous write-down no longer exist within the limits of the cost originally incurred

Credits

Receivables originating from revenues from transactions for the sale of goods or provision of services are recognized under circulating assets on the basis of the accrual principle when the conditions for recognizing the related revenues are met. They are exposed to the presumable realization value. The adjustment of the nominal value of the receivables to the presumed realizable value is obtained through the registration of a specific provision for bad debts, taking into consideration the general economic and sector conditions.

Receivables are valued in the financial statements at amortized cost, taking the time factor into account, and within the limits of their estimated realizable value and, therefore, are shown in the balance sheet net of the related allowance fund deemed adequate to cover losses due to reasonably inaccuracy. predictable.

The Company does not presume the effects deriving from the application of amortized cost and discounting when the maturity of the receivables is within 12 months, also taking into account all the contractual and substantial considerations in force when the receivable is recognized, and the transaction costs and any difference between initial value and nominal value at maturity is not significant. In this case, discounting was omitted, interest was calculated at nominal value and transaction costs were recorded as deferred income and amortized on a straight-line basis over the duration of the receivable to adjust nominal interest income.

The adjustment of the nominal value of the receivables to the presumed realizable value is obtained through a specific provision for bad debts, taking into account the existence of indicators of loss of durability. Receivables originally collected during the year and subsequently transformed into long-term loans have been shown in the balance sheet under financial assets.

Receivables are derecognised from the balance sheet when the contractual rights on the cash flows deriving from the receivable are extinguished or if all the risks inherent in the receivable object have been transferred.

Cash and cash equivalents

Bank deposits, postal deposits and checks (current account, circulars and similar) are valued according to the general principle of the presumed realizable value that coincides with the nominal value in the absence of difficult situations.

Cash and values stamped at the cash desk are valued at their nominal value.

Accruals and prepayments

These items include the portions of costs and income, common to two or more financial years, according to the criterion of economic and temporal competence.

Income and charges are not included among the accruals and deferrals and accrued in full in the year to which the financial statements refer or in subsequent years. At the end of each financial year, it is verified whether the conditions that determined the initial recognition of the accrual or deferral are still met; if necessary, the necessary value adjustments are made. This assessment takes into account not only the passage of time but also the possible recoverability of the amount recorded in the financial statements.

Provisions for risks and charges

They are allocated to cover losses or debts whose existence is certain or probable, but whose amount or date of contingency could not be determined at the end of the financial year.

In evaluating these funds, the general criteria of prudence and accrual were complied with and no generic risk funds were established without economic justification.

The potential liabilities have been recorded in the financial statements and recorded in the funds as deemed probable and the amount of the related charge can be reasonably estimated.

With regard to classification, provisions for risks and charges are recorded primarily in the cost items of the relevant classes (B, C or D) according to their nature. In cases where the correlation between the nature of the provision and one of the items in the aforementioned classes is not immediately applicable, provisions for risks and charges are recorded under items B12 and B13 of the Income Statement.

Employee termination indemnity

It represents the actual debt accrued towards employees in accordance with the law and current employment contracts, considering any form of remuneration of a continuous nature.

The payable corresponds to the total of individual indemnities accrued in favor of employees at the balance sheet date, net of advances paid, and is equal to what should have been paid to employees in the event of termination of the employment relationship on that date.

Debts

Payables arising from acquisitions of assets are recorded in the balance sheet when significant risks, charges and benefits associated with ownership have been substantially transferred. Payables related to services are recognized when the services have been rendered, ie the service has been performed.

Payables are measured in the financial statements at amortized cost, taking the time factor into account. The Company assumes that the effects deriving from the application of amortized cost and discounting are not relevant when the maturity of the payables is within 12 months, also taking into account all the contractual and substantial considerations related to the recognition of the debt, and the costs of transaction and any difference between the initial value and the nominal value at maturity is not significant. In this case, discounting is omitted and interest is calculated at nominal value and transaction costs are recorded as deferred income and amortized on a straight-line basis over the term of the debt to adjust nominal interest expense.

Payables to subsidiaries

The items D9, D10 and D11 respectively include payables to subsidiaries, affiliated companies and parent companies, as defined in accordance with art. 2359 of the Civil Code. These debts have a separate indication in the balance sheet.

Item D11 also includes payables to parent companies that control the Company indirectly through their intermediary subsidiaries.

Payables to companies subject to common control (so-called sister companies), other than subsidiaries, associates or parent companies, are recorded under item D11-bis*.*

Revenue recognition

Revenues from product sales are recognized at the time the risks and benefits are transferred, which is normally identified with the delivery or shipment of the goods.

Revenues of a financial nature and those deriving from services are recognized on the basis of temporal competence.

Revenues and income, costs and charges relating to foreign currency transactions are determined at the exchange rate prevailing on the date the related transaction is completed.

Income taxes

Taxes are set aside according to the accrual principle; therefore represent:

- provisions for taxes paid or to be settled for the year, determined according to the rates and regulations in force;
- the amount of deferred or prepaid taxes in relation to temporary differences arising or canceled during the year;
- adjustments to the balances of deferred taxes to take into account changes in the rates recorded during the year.

The expected payable, net of advances paid, is recorded under the item “Tax payables”, while any net receivables are recorded under the item “Tax receivables”. The future tax effects related to the temporary differences between the value attributed to an asset or a liability according to the statutory criteria and the value attributed to the same assets or liabilities for tax purposes are determined on the basis of the expected tax burden /benefit, calculated taking into account the taxable income and tax rates for the year in which the aforementioned differences will cancel. The fiscal effects determined in this way are reviewed each year on the basis of new events or more reliable forecasts. Deferred tax assets, if any, are recognized in compliance with the principle of prudence and only if there is a reasonable certainty of existence, in the years in which the deductible temporary differences that led to the recognition of deferred tax assets are reversed, of a taxable income not less than the amount of the differences that will be canceled. Deferred tax assets are recorded in the balance sheet under the item "Deferred tax assets", while deferred tax liabilities, if any, are recorded under "Provisions for risks and charges".

Criteria for the conversion of values expressed in other currencies

Receivables and payables originally expressed in foreign currency, recorded on the basis of the exchange rates in force on the date they arose, are aligned with the exchange rates prevailing at the balance sheet date.

In particular, the assets and liabilities that constitute monetary assets in foreign currency are recorded at the spot exchange rate at the end of the year and the related exchange gains and losses are respectively credited and debited to the Income Statement under item 17 bis. foreign exchange losses.

Any net profit deriving from the adjustment to year-end exchange rates of foreign currency items contributes to the formation of the result for the year and, upon approval of the financial statements and consequent allocation of the result to the legal reserve, is registered, for the part not absorbed by any loss for the year, in a non-distributable reserve until the next realization.

Employment data

The average company staff, broken down by category, did not undergo any change compared to the previous year.

Staff	31/12/2017	31/12/2016	Variations
Managers	**1**	1	–
Employees and Supervisors	**12**	12	–
	13	13	(2)

The national employment contract applied is that for employees of companies in the service and distribution sectors.

Assets

B) Fixed assets

II. Tangible fixed assets

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes Euro
58,542	62,663	(4,121)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes Rs Lakhs
47	50	(3)

Plant and machinery

Description	Amount	Rs Lakhs
Historical cost	7,237	6
Depreciation for previous years	(7,237)	(6)
Balance at 2016/12/31	–	–
Acquisition value at year-end	–	–
Depreciation for the year	–	–
Balance at 2017/12/31	**–**	**–**

Other assets

Description	Amount (Euro)	Rs Lakhs
Historical cost	394,999	319
Depreciation for previous years	(357,292)	(288)
Balance at 2016/12/31	37,707	31
Increase for acquisition	540	–
Depreciation for previous years	(4,661)	(4)
Balance at 2017/12/31	**33,586**	**27**

Assets under construction and advances

Description	Amount	Rs Lakhs
Balance at 2016/12/31	24,956	20
Increase for acquisition	–	–
Other changes	–	–
Balance at 2017/12/31	**24,956**	**20**

Assets under construction amounting to 24,956 euros refer to the signs of the Peugeot Motocycles Italia dealers.

III. Financial Fixed Assets

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes Euro
1,231	1,231	0

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes Rs Lakhs
0	0	0

Investments – Euros

Description	2016/12/31	Increase	Decrease	2017/12/31
Other	207			**207**
	207	–	–	**207**
Rs Lakhs	0	–	–	**0**

Receivables

Description	2016/12/31	Over 12 months	Over 5 anni	2017/12/31
Others – Euros		**1,024**		**1,024**
	–	1,024	–	**1,024**

Receivables breakdown

Description	V/others Euro	V/others Rs Lakhs
Other Receivables	1,024	1
Total	**1,024**	**1**

The breakdown of receivables as at 31 December 2017 according to geographical area is shown in the following table.

Receivables for Geographical Area	V/others Euro	Total Euro	Total Rs Lakhs
Italia	1,024	1,024	1
Totale	**1,024**	**1,024**	**1**

C) Current Assets

I. Inventory

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
76,795	85,949	(9,154)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
62	69	(7)

The valuation criteria adopted are unchanged compared to the previous year and are motivated in the first part of these Explanatory Notes.

It should be noted that the inventory obsolescence provision at December 31, 2017, equal to Euro 8,307, underwent the following movement during the year:

Description	Amount Euro	Rs Lakhs
Warehouse obsolescence at 2016/12/31	38,575	31
Use of the obsolescence fund during the year	(55,586)	(45)
Increase of the obsolescence fund in the year	25,318	20
Balance of obsolete stock at 2017/12/31	**8,307**	**6**

II. Receivables

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
4,350,217	4,070,745	2,79,472

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
35	33	2

The balance is broken down according to the deadlines.

Description	within 12 months	Over 12 months	Total Euro
From customers	4,027,376		4,027,376
For tax receivables	61,179		61,179
For deferred tax assets	2,318	259,344	261,662
	4,090,873	**259,344**	**4,350,217**
Rs Lakhs	**3299**	**209**	**3508**

Deferred tax assets of 261,662 refer to deductible temporary differences, for a description of which please refer to the relevant paragraph in the last part of these explanatory notes.

The nominal value of receivables was adjusted by means of a specific provision for doubtful debts which underwent the following movements during the year:

Description	Provision for write-downs pursuant to art. 2426 c.c.	Provision for write-downs pursuant to art. 106 D.P.R. 917/1986	Total Euro
Balance at 2016/12/31	756,383	18,294	774,676
Use in the exercise	–	–	–
Provision for the year	310,434	3,274	313,707
Balance at 2017/12/31	1,066,816	21,567	1,088,384
Rs Lakhs	860	18	878

The breakdown of receivables as at December 31, 2017 according to geographical area is shown in the following table:

Receivables for Geographical Area	V/customers	tax receivables	Deferred tax assets	V/others	Total Euro	Total Rs Lakhs
Italy	4,027,376	21,063	261,662	40,116	4,350,217	3508,885
Total	**4,027,376**	**21,063**	**261,662**	**40,116**	**4,350,217**	**3508,885**

IV. Cash and cash equivalents

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
283,301	107,358	175,943

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
222	**87**	**145**

Description	2017/12/31	2016/12/31
Deposit accounts	**283,208**	107,049
Cash on hand	**93**	309
	283,301	**107,358**
Rs Lakhs	**23**	**9**

D) Accruals and prepayments

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
45,101	42,430	2,671

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
36	34	2

They measure income and charges whose competence is anticipated or postponed with respect to the numerical and / or documentary event; they are independent from the date of payment or collection of the relative income and expenses, common to two or more financial years and divisible over time.

Also for these items, the criteria adopted in the valuation and conversion of values expressed in foreign currency are shown in the first part of these explanatory notes.

At December 31, 2017, there were no accruals and deferrals with a duration of more than five years.

The composition of the item is so detailed.

Description	Amount Euro	Rs Lakhs
Insurance	38,767	31
Transports	3,662	3
Others of not appreciable amount	2,670	2
	45,101	36

Liabilities

A) Net Equity

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
286,198	262,711	23,487

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
231	212	19

Description	2016/12/31	Dividends Distrib.	Reserves	Increase	Decrease	2017/12/31
Share Capital	264,000					264,000
Legal Reserve	24,936		650			25,586
Difference from Euro rounding			1			1
Other Reserves			1			1
Retained earnings (losses)	(38,355)		11,479			(26,876)
Current earnings (losses)	12,130		(12,130)	23,487		23,487
Total	**262,711**		**–**	**23,487**	**–**	**286,198**
Rs Lakhs	212			19		231

Il capitale sociale è così composto:

Shares	Number	Nominal Value in Euro	Nominal Value in Rs Lakhs
Ordinary Shares	16.500	16,00	0
Total	**16.500**	**16,00**	**0**

Nature/Description	Amount	Origin/ nature	Possible to use (*)	Available Share (**)
Share Capital	264,000		B	
Legal Reserve	25,586		A,B	
Retained earnings (losses)	(26,876)			
Total	**262,711**			
Non-distributable quota	262,711			
Residual distributable share	–			

(*) A: for capital increase; B: to cover losses; C: for distribution to members; D: for other statutory restrictions

(**) Net of any negative reserve for treasury shares in portfolio and of losses carried forward.

As foreseen by the art. 2427, paragraph 1, number 4) of the Italian Civil Code provide information on the formation and use of the shareholders' equity items

	Share Capital	Legal Reserve	Losses carryforwards	Operating Result	Total Euro
2015/31/12	264,000	24,087	(54,438)	16,933	250,582
Destination of the result for the year		850	16,082	(16,933)	(1)
Rounding					
Result for the 2015 financial year				12,130	12,130
2016/31/12	264,000	24,936	(38,355)	12,130	262,711
Destination of the result for the year		650	11,480	(12,130)	–
Rounding					(1)
Result for the 2016 financial year				23,487	23,487
2017/31/12	264,000	25,586	(26,875)	23,487	286,198
Rs Lakhs	213	21	(22)	19	231

B) Provisions

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
13,800	23,800	(10,000)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
11	19	(8)

Description	2016/12/31	Increase	Decrease	2016/12/31
Others	23,800		10,000	13,800
	23,800		**10,000**	**13,800**

The item "Other funds", at December 31, 2017, equal to Euro 13,800, is composed of the fund for the recycling of electric batteries (article 2427, first paragraph, No. 7, C.c.).

The decrease of 10,000 euros refers to the release of the provision for staff disputed in previous years.

C) Employee termination indemnity (ETI)

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
207,000	211,589	(4,589)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
167	170	(3)

The balance is made up as follows:

Changes	2016/12/31	Increase	Decrease	2017/12/31
ETI, movements of the period	211,589	52,623	(57,212)	**207,000**

The accrued post-employment benefits represent the actual payables of the company as at 31 December 2017 to employees on that date, net of advances paid.

D) Payables

Euro Balance at 2017/12/31	Balance at 2016/12/31
4,308,154	3,872,241

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31
35	31

The payables are valued at their nominal value and the maturity date is divided as follows.

Description	Within 12 months	Over 12 months	Total Euro
Payables to suppliers	243,686		243,686
Payables to parents	1,889,669		1,889,669
Tax payables	138,672		138,672
Payables to s.security and welfare institution	48,995		48,995

Description	Within 12 months	Over 12 months	Total Euro
Altri debiti	1,987,132		1,987,132
	4,308,154	–	4,308,154

The item "Payables to parent companies" refers to trade payables to intra-Community suppliers.

The item "Tax payables" includes only the liabilities for certain and determined taxes, being the liabilities for probable or uncertain taxes in the amount or on the date of contingency, or for deferred taxes, recorded in item B.2 of the liabilities.

The item "Other payables" includes, among others, payables to the credit agency COFACE, which secures part of the trade receivables held by Peugeot Motocycles Italia.

The breakdown of Payables as at 31 December 2017 according to geographical area is shown in the following table:

Payables Geographical Area	V/suppliers	V/parents	V/others	Total Euro	Totale Rs Lakhs
Italy	243,686		2,174,797	2,418,483	20
France		1,889,669		1,889,669	15
Total	243,686	1,889,669	2,147,797	4,308,152	35

E) Accruals and deferrals

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
35	35	–

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
0	0	0

They represent the connection items for the year calculated with the accruals criterion.

The criteria adopted in the valuation and conversion of the values expressed in foreign currency for these items are shown in the first part of these explanatory notes.

At December 31, 2017, there were no accruals and deferrals with a duration of more than five years.

The composition of the item is as detailed:

Description	Amount Euro	Rs Lakhs
Others of not appreciable amount	35	0
	35	**0**

INCOME STATEMENT

A) Production Value

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
6,884,761	7,158,904	(274,143)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
56	58	(2)

Description	2017/12/31	2016/12/31	Changes
Revenues from sales and services	**6,376,769**	6,660,617	(283,848)
Other revenues and income	**507,992**	498,287	9,705
	6,884,761	7,158,904	(274,143)

The item "Other revenues and income", for an amount equal to Euro 507,992, refers to:

– as for Euro 424,397, at costs reimbursed to the parent company;

– 10,000 for the release of the provision for staff disputed in previous years;

– as for Euro 73,595, to different revenues and income.

Revenues by geographical area

Area	Sales	Services	Total Euro	Total Rs Lakhs
Italy	6,884,761		6,884,761	56
Total	6,884,761	–	6,884,761	56

B) Production Costs

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
6,780,527	7,173,978	(393,451)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
55	58	(3)

Costs of raw materials, consumables and merchandise and services

Costs for raw materials, consumables and merchandise are closely correlated with the contents of the Report on operations and the performance of the value of production of the Income Statement. The following is a representation of the composition of the item "Costs for services".

Costs of services – Euros	2017/12/31	2016/12/31	Changes
Services for purchases	**10,217**	15,131	(4,914)
Transportation	**6,640**	20,917	(14,277)
Gas	**6,949**	6,949	–
Research training and training	**–**	38	(38)
Public relations	**11,909**	12,271	(362)
Advertising	**157,830**	226,750	(68,920)
Exhibitions and fairs	**17,961**	10,300	7,661
Costs for motor vehicles	**25,061**	38,087	(13,026)
Technical assistance fees	**–**	9,900	(9,900)
Legal fees and advice	**140,862**	168,828	(27,966)
Telephone costs	**14,883**	22,354	(7,471)
Postage and postage charges	**4,445**	1,632	2,813
Bank service charges	**8,457**	8,123	334
Different insurance	**232,495**	465,810	(233,315)
Entertainment expenses	**37,809**	10,102	27,707
Travel expenses	**1,796**	3,424	(1,628)
Food and lodging expenses which constitute entertainment expenses	**4,003**	8,136	(4,133)
More	**174,211**	140,576	33,635
	855,528	1,169,328	(313,800)
Rs Lakhs	**690**	942	(252)

Personnel costs

The item includes the entire expenditure for employees, including merit improvements, changes in the category, contingency fees, cost of unused holidays and provisions set by law and collective agreements. The following is a detailed representation of the item "Personnel costs" and the changes during the year:

Personnel costs – Euros	2017/12/31	2016/12/31	Changes
Salaries and wages	**647,988**	766,262	(118,247)
Social security and welfare contributions	**192,280**	241,588	(49,308)
Employees termination indemnity	**52,623**	54,280	(1,657)
Other personnel costs	**4,618**	6,398	(1,780)
	897,509	1,068,528	(171,019)
Rs Lakhs	**72**	86	(14)

Depreciation of tangible fixed assets

With regard to depreciation, it is specified that these have been calculated on the basis of the useful life of the asset and its exploitation in the production phase.

Different management fees

Below is a detailed representation of the item "Charges of management verses" and changes during the year:

Other operating expenses – Euros	2017/12/31	2016/12/31	Changes
Taxes and various taxes	**51,017**	76,790	(25,773)
Circulation taxes	**167**	627	(460)
Contributions to trade unions associations	**1,775**	768	1,007
Fines and fines	**3,894**	234	3,660
Ordinary capital losses	**86,878**	13,298	(46,100)
	143,731	211,397	(67,666)
Rs Lakhs	**116**	170	(54)

C) Financial Income and expenses

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
(14)	15	(29)

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
0	0	0

Financial income

Description – Euros	2017/12/31	2016/12/31	Changes
Income other than the previous ones	**–**	27	(27)
(Interest and other financial charges)	**–**	–	–
Profit (loss) on foreign exchange	**(14)**	(12)	(2)
	(14)	15	(29)
Rs Lakhs	**0**	0	0

Income taxes for the year

Euro Balance at 2017/12/31	Balance at 2016/12/31	Changes
80,733	(27,189)	107,922

Rs Lakhs Balance at 2017/12/31	Balance at 2016/12/31	Changes
64	(22)	86

Taxes – Euros	Balance at 2017/12/31	Balance at 2016/12/31	Changes
Current taxes:	**120,000**	42,000	78,000
IRES	**102,000**	35,000	67,000
IRAP	**18,000**	7,000	11,000
Replacement taxes			
Taxes from previous years	**–**	(60,081)	60,081
Deferred taxes (advanced)	**(39,267)**	(9,108)	(30,159)
IRES	**(39,267)**	(9,108)	(30,159)
IRAP	**–**	–	–
	80,733	(27,189)	107,922
Rs Lakhs	**65**	(22)	87

The following table shows the reconciliation between the tax burden resulting from the financial statements and the theoretical tax burden:

Reconciliation between budgetary tax burden and theoretical tax burden (IRES)

EUROS

Description	Value	Tax
Result before the taxes	104,220	
Theoretical tax burden (%)	24%	25,013
Temporary differences deductible in subsequent years:		
Provision for inventory write-down provision	25,319	6,076
Provision for bad debts	310,434	74,504
	335,752	**10,486**
Reversal of temporary differences from previous years		
Use of the inventory devaluation fund	(55,587)	(13,341)
Use of personal disputes	(10,000)	(2,400)
2016 Associations paid in 2017	(768)	(184)
	(67,615)	**(16,227)**
Differences that will not be reversed in subsequent exercises		
Non-deductible taxes	2,094	503
Tax penalties	4,059	974
Telephone costs	2,977	714
Car costs	25,549	6,132
Restaurants and hotels	13,254	3,181
10% IRAP	(630)	(151)
	47,302	11,353
Taxable income	316,699	
Taxable IRES	420,919	
Current taxes on income for the year		101,021
IRES Provision		102,000
Rs Lakhs		82

Determination of the taxable IRAP

EUROS

Description	Vaue	Tax
Difference between value and costs of production	1,315,450	
Theoretical tax burden (%)	3,90%	51,303
Costs not relevant for IRAP purposes	29,696	1,158
Tax Cuneo	(897,510)	(38,314)
Use of the provision for risks and charges deductible	(10,000)	(390)

		EUROS
Description	**Vaue**	**Tax**
Taxable IRAP	437,636	
Current IRAP for the year		17,068
IRAP provision		18,000
Rs Lakh		15

Pursuant to Article 2427, first paragraph no. 14, C.c. the information requested on deferred and prepaid taxes is highlighted:

Deferred / anticipated taxation

Deferred tax assets have been recognized as there is a reasonable certainty of existence, in the years in which the deductible temporary differences are reversed, against which deferred tax assets have been recorded, with taxable income not less than the amount of the differences between they will go to cancel.

The main temporary differences that led to the recognition of deferred and prepaid taxes are shown in the table below together with the related effects.

Rilevazione delle imposte differite e anticipate ed effetti conseguenti:

	Year 2017/12/31		Year 2016/12/31	
	Amount of temporary differences	**Tax effect**	Amount of temporary differences	Tax effect
Advance taxes				
Allowance for doubtful accounts	**1.064.558**	**255.494**	754.124	204.992
Inventory devaluation fund	**8.307**	**2.317**	38.575	10.763
Battery recycling background	**13.800**	**3.850**	13.800	3.850
Provision for leaving incentives	**–**	**–**	10.000	2.790
Total		**261.662**		222.395
Deferred taxes				
Total		**–**		–
Net deferred (anticipated) taxes		**(262.203)**		(222.936)
Rs Lakhs		**(211)**		(180)

Information relating to agreements not resulting from the Balance Sheet

The company has no agreements not resulting from the Balance Sheet.

Commitments of guarantees and potential liabilities

The company does not present any commitments, guarantees and potential liabilities to report.

Other informazion

The company has not entered into derivative instruments

Information relating to the fees due to the firm of statutory auditors

Pursuant to the law, the fees pertaining to the year are shown for services rendered by the independent auditors:

Description	**Fees**	**Rs Lakhs**
Statutory audit of annual accounts	18,500	15
Other face verification services	–	–
Tax advisory services	–	–
Other services other than auditing	–	–
Total fees due to the auditing company	18,500	15

Information on the fees due to directors and statutory auditors

In accordance with the law, the total fees due to the directors and the control body are highlighted.

Qualification	**Fees**	**Rs Lakhs**
Board of Statutory Auditors	10,962	9
Directors	–	–

Information concerning the company preparing the consolidated financial statements of the smallest group of companies of which the company is a subsidiary

In accordance with the law, the information referred to in Article 2427, first paragraph, no. 22 sexies), C.c..

Description	
Company name	PEUGEOT MOTOCYCLES S.A.S.
Registered office	103, rue du 17 Novembre – Valentigney Cedex - Francia
Place of deposit of the copy of the consolidated financial statements	103, rue du 17 Novembre – Valentigney Cedex - Francia

Information relating to the company preparing the consolidated financial statements of the largest group of companies of which the company is a subsidiary

In accordance with the law, the information referred to in Article 2427, first paragraph, no. 22d), C.c..

Descrizione	
Company name	MAHINDRA & MAHINDRA LIMITED
Registered office	Gateway Building, Apollo Bunder – Mumbai (India)
Place of deposit of the copy of the consolidated financial statements	Gateway Building, Apollo Bunder – Mumbai (India)

Significant events after the end of the financial year

No significant events occurred after the end of the year.

Allocation of the net profit

It is proposed to the Board to allocate the net profit for the year as follows:

Net Profit at December 31, 2017	**Euro**	**23,487**	**Rs Lakhs**	**18,945**
5% to legal reserve	Euro	1,174	Rs Lakhs	1
to carry forward the residual profit	Euro	22,313	Rs Lakhs	18

These financial statements, comprising the Balance Sheet, Income Statement and Explanatory Notes, represent the balance sheet and financial position truthfully and correctly, as well as the result for the year ended 31 December 2017 and correspond to the accounting entries.

For the Board of Directors
President
Costantino Balbo Bertone of Sambuy

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of the Company for the period ended 31st March 2018.

Company Operations

Your Company was primarily focused on marketing and sales of the GenZe 2.0 electric scooter and the 100 series and 200 series electric bikes. In addition to direct sales to consumers through new online channels, growing number of road shows in Costco and a new account in BestBuy, a huge focus was placed on fleet-operators in the United States. The Company recorded net sales of 2429 e-bikes and 176 scooters to consumers and fleet customers primarily in the United States in this fiscal year and shipped over 150 scooters and 100 e-bikes to delivery operators Postmates and DoorDash. This represents a 200% increase in the rate of e-Bikes sales over the last fiscal year driven by strong growth in Costco's network of stores across US. This year also marked preparations for launching e-Bikes on the Costco.com sales channel and securing partnerships with large existing and some new fleet operators such as Motivate, Spin and Lyft.

In addition, your company continued its rapid pace of product development activities and completed the Euro3 and Euro4 homologation requirements for launch of GenZe electric scooters in Europe. Peugeot Motorcycles with its extensive dealer network will be distributing and servicing GenZe electric scooters in Europe. Keeping in mind the key requirements of fleet/rental operators, the Company, further evolved and developed the "digital platform" to make the GenZe products truly integrated and always connected.

By breaking even at Gross Margin level and maintaining sales level, the Company has displayed commitment towards keeping costs under control and focus on profitability. Through these efforts your company will continue to be the leader in electric scooters and e-bikes in the United States.

For and on behalf of the Board

Vishwesh (Vish) Palekar
President & CEO

May 25, 2018
Fremont, California

INDEPENDENT AUDITORS' REPORT

Board of Directors

Mahindra Tractor Assembly, Inc.

We have audited the accompanying financial statements of Mahindra Tractor Assembly, Inc. ('the Company') which comprise of balance sheets as of March 31, 2018 and March 31, 2017 and the related statements of loss, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Mahindra Tractor Assembly, Inc. as of March 31, 2018 and March 31, 2017 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia

May 25, 2018

BALANCE SHEETS

	Note	As at March 31, 2018 USD	As at March 31, 2018 INR	As at March 31, 2017 USD	As at March 31, 2017 INR
ASSETS					
Current assets					
Cash and cash equivalents	C	**190,978**	**12,398,292**	114,935	7,461,580
Accounts receivable, net	D	**1,654,773**	**107,427,863**	1,863,801	120,997,961
Inventories	E	**8,315,085**	**539,815,318**	6,022,954	391,010,174
Prepaid and other current assets	F	**459,234**	**29,813,471**	411,192	26,694,585
Total current assets		**10,620,070**	**689,454,944**	**8,412,882**	**546,164,300**
Non-current assets					
Property, plant and equipment	G	**5,108,658**	**331,654,069**	5,450,269	353,831,463
Internally developed software	I	**315,009**	**20,450,392**	–	–
Intangible assets	H	**16,287,577**	**1,057,389,499**	17,509,145	1,136,693,693
Other assets	J	**73,183**	**4,751,042**	81,648	5,300,588
Total non-current assets		**21,784,427**	**1,414,245,003**	23,041,062	1,495,825,744
Total assets		**32,404,497**	**2,103,699,946**	31,453,944	2,041,990,044
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities					
Short term borrowings	K	**27,200,000**	**1,765,824,000**	16,400,000	1,064,688,000
Accounts payable	L	**2,213,701**	**143,713,469**	2,775,074	180,157,803
Other current liabilities	M	**1,503,664**	**97,617,867**	1,395,256	90,580,020
Total current liabilities		**30,917,365**	**2,007,155,336**	20,570,330	1,335,425,823
Non-current liabilities					
Other non-current liabilities		**6,806**	**441,846**	15,945	1,035,149
Total non-current liabilities		**6,806**	**441,846**	15,945	1,035,149
Total liabilities		**30,924,171**	**2,007,597,182**	20,586,275	1,336,460,972
Stockholder's equity					
Common stock of $ 0.2 par value					
275,000,000 shares authorized (250,000,000 shares authorized) and 272,050,000 shares issued (216,050,000 shares issued) and subscribed	W	**54,410,000**	**3,532,297,200**	43,210,000	2,805,193,200
Additional paid in capital		**424,004**	**27,526,340**	283,629	18,413,195
Accumulated deficit		**(53,353,678)**	**(3,463,720,776)**	(32,625,960)	(2,118,077,323)
Total stockholder's equity		**1,480,326**	**96,102,764**	10,867,669	705,529,072
Total liabilities and stockholder's equity		**32,404,497**	**2,103,699,946**	31,453,944	2,041,990,044

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	Note	For the year ended March 31, 2018 USD	For the year ended March 31, 2018 INR	For the year ended March 31, 2017 USD	For the year ended March 31, 2017 INR
Revenue from operation		**3,549,400**	**230,427,048**	3,924,234	254,761,271
		3,549,400	**230,427,048**	3,924,234	254,761,271
Cost and expenses					
Cost of goods sold		**4,013,431**	**260,551,941**	5,265,232	341,818,861
Salaries and employee benefits		**9,530,308**	**618,707,596**	7,768,090	504,304,403
Selling, distribution and administration		**6,915,200**	**448,934,784**	5,043,328	327,412,854
Product development expense		**471,580**	**30,614,974**	378,214	24,553,653
Finance cost		**1,197,833**	**77,763,318**	594,002	38,562,610
Depreciation and amortization	G	**2,321,769**	**150,729,243**	2,302,241	149,461,486
Total operating expenses		**24,450,121**	**1,587,301,856**	21,351,107	1,386,113,867
Other income	N	**174,697**	**11,341,329**	105,217	6,830,688
Loss before income tax		**(20,726,024)**	**(1,345,533,479)**	(17,321,656)	(1,124,521,908)
Income taxes	R	**(1,694)**	**(109,974)**	(1,606)	(104,262)
Net loss for the year		**(20,727,718)**	**(1,345,643,453)**	(17,323,262)	(1,124,626,170)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS APRIL 1, 2017 TO MARCH 31, 2018 AND APRIL 1, 2016 TO MARCH 31, 2017

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	**USD**	**Shares**	**USD**	**USD**	**USD**	**USD**
Balance as at April 01, 2016	78,050,000	15,610,000	78,050,000	15,610,000	–	(15,302,698)	307,302
Shares issued during the year	171,950,000	34,390,000	138,000,000	27,600,000	–	–	27,600,000
Employee stock compensation					283,629	–	283,629
Net loss for the year					–	(17,323,262)	(17,323,262)
Balance as at March 31, 2017	250,000,000	50,000,000	216,050,000	43,210,000	283,629	(32,625,960)	10,867,669
Balance as at April 01, 2017	250,000,000	50,000,000	216,050,000	43,210,000	283,629	(32,625,960)	10,867,669
Shares issued during the year	**25,000,000**	**5,000,000**	**56,000,000**	**11,200,000**	**–**	–	**11,200,000**
Employee stock compensation					**140,375**	–	**140,375**
Net loss for the year						**(20,727,718)**	**(20,727,718)**
Balance as at March 31, 2018	**275,000,000**	**55,000,000**	**272,050,000**	**54,410,000**	**424,004**	**(53,353,678)**	**1,480,326**

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	**INR**	**Shares**	**INR**		**INR**	**INR**
Balance as at April 01, 2016	78,050,000	1,013,401,200	78,050,000	1,013,401,200	–	(993,451,154)	19,950,046
Shares issued during the year	171,950,000	2,232,598,800	138,000,000	1,791,792,000	–	–	1,791,792,000
Employee stock compensation					18,413,195	–	18,413,195
Net loss for the year					–	(1,124,626,169)	(1,124,626,169)
Balance as at March 31, 2017	250,000,000	3,246,000,000	216,050,000	2,805,193,200	18,413,195	(2,118,077,323)	705,529,072
Balance as at April 01, 2017	250,000,000	3,246,000,000	216,050,000	2,805,193,200	18,413,195	(2,118,077,323)	705,529,072
Shares issued during the year	**25,000,000**	**324,600,000**	**56,000,000**	**727,104,000**	**–**	–	**727,104,000**
Employee stock compensation					**9,113,145**	–	**9,113,145**
Net loss for the year					–	**(1,345,643,453)**	**(1,345,643,453)**
Balance as at March 31, 2018	**275,000,000**	**3,570,600,000**	**272,050,000**	**3,532,297,200**	**27,526,340**	**(3,463,720,776)**	**96,102,764**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	USD	**INR**	USD	INR
Cash flows from operating activities				
Net loss for the year	**(20,727,718)**	**(1,345,643,453)**	(17,323,262)	(1,124,626,170)
Adjustments to reconcile net loss to net cash used in operating activities				
Loss (gain) on sale of assets	**40,588**	**2,634,973**	(3,198)	(207,614)
Depreciation and amortization	**2,651,471**	**172,133,497**	2,302,241	149,461,486
Provision for inventory write down	**219,054**	**14,220,986**	393,741	25,561,666
Employee stock compensation	**140,375**	**9,113,145**	283,629	18,413,195
Grant income from Michigan state	**(100,000)**	**(6,492,000)**	(70,000)	(4,544,400)
Unrealized foreign exchange loss	**7,676**	**498,326**	1,135	73,684
Provision for doubtful debts	**177,806**	**11,543,166**	–	–
Provision for sales return	**47,379**	**3,075,845**	–	–
	(17,543,369)	**(1,138,915,515)**	(14,415,714)	(935,868,153)
Net change in non–cash working capital				
Accounts receivable	**31,222**	**2,026,932**	(738,186)	(47,923,035)
Prepaid and other current assets	**(48,042)**	**(3,118,887)**	(215,172)	(13,968,966)
Inventories	**(3,534,290)**	**(229,446,118)**	(2,363,300)	(153,425,436)
Other assets, non–current	**8,465**	**549,548**	(5,765)	(374,264)
Accounts payables	**(477,732)**	**(31,014,361)**	406,943	26,418,740
Other current liabilities	**68,407**	**4,440,982**	650,509	42,231,045
Other liabilities, non–current	**(9,139)**	**(593,304)**	15,945	1,035,149
Net cash flows used in operating activities	**(21,504,479)**	**(1,396,070,723)**	(16,664,740)	(1,081,874,920)
Cash flow from investing activities				
Purchase of property, plant and equipment	**(468,162)**	**(30,393,130)**	(1,095,835)	(71,141,608)
Purchase of intangible assets	**–**	**–**	(18,323,524)	(1,189,563,179)
Grant income from Michigan state	**100,000**	**6,492,000**	70,000	4,544,400
Net cash flows used in investing activities	**(368,162)**	**(23,901,130)**	(19,349,359)	(1,256,160,387)
Cash flow from financing activities				
Issuance of common stock	**11,200,000**	**727,104,000**	27,600,000	1,791,792,000
Finance lease payments	**(91,316)**	**(5,928,235)**	(188,589)	(12,243,198)
Short term borrowings	**10,800,000**	**701,136,000**	8,625,000	559,935,000
Advance from director	**40,000**	**2,596,800**	–	–
Net cash flows from financing activities	**21,948,684**	**1,424,908,565**	36,036,411	2,339,483,802
Net change in cash and cash equivalents	**76,043**	**4,936,712**	22,312	1,448,495
Cash and cash equivalents at the beginning	**114,935**	**7,461,580**	92,623	6,013,085
Cash and cash equivalents at the end	**190,978**	**12,398,292**	114,935	7,461,580
Supplemental cash flow information				
Income taxes paid	**1,650**	**107,118**	1,606	104,262
Interest paid	**1,078,999**	**70,048,615**	594,006	38,562,870

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS

Mahindra Tractor Assembly, Inc. (“MTAI” or the “Company”), a company incorporated in the State of Delaware on January 25, 2013, commenced business on April 1, 2013. The Company was owned by Mahindra USA, Inc. (“MUSA”), a Texas Corporation. MUSA is a subsidiary of Mahindra & Mahindra Limited (“M&M”); a public listed India company (“the ultimate parent company”).

Ownership of MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited (“MOICM”)in November 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company,MOICM.

The Company was formed to manufacture, assemble and sell electric powered bikes and scooters (hereinafter the “Mahindra GenZe Product” or “the Product”).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. *Basis of preparation*

   a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (‘US GAAP’) to reflect the financial position, results of operation and cash flows of the Company.

   b. The financial statements are for the year April 1, 2017 to March 31, 2018 and April 1, 2016 to March 31, 2017.

   c. The financial information in this report is shown in both U.S. Dollars (USD) and in Indian Rupees (INR). For March 31, 2018 and March 31, 2017, dollar amounts are translated for convenience into Indian Rupees at exchange rate of 64.92 INR per dollar. These rates are average of the telegraphic transfer buying and selling rates quoted by the Mumbai branch of State Bank of India on March 31, 2018. Within the notes to the financial statements, Indian Rupee amounts are shown parenthetically following the U.S. dollar amount.

   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder’s equity.

2. *Use of estimates*

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management’s estimates for realization of deferred tax assets, useful life of fixed assets and intangible assets,allowance for discounts and rebates,inventory reserve, valuation of acquired intangibles,allowance for doubtful debts, sales return, product warranty and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

   Cash and cash equivalents includes current balances on bank accounts and highly liquid, short-term deposits with an original maturity of three months or less. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. *Revenuerecognition*

   Sale of products

   The Company recognizes revenues from sale of assembled E-Bikesand manufactured GenZe 2.0 Electric Scooters (collectively known as “GenZe Products”)and their related accessories. Sales through distributors are recognized as revenue upon sale to the distributor as these sales are considered to be final and no right of return or price protection exists. Sales to customers, when not made on consignment, are recognized upon shipment. Sales return allowances, which are netted of with revenue, are estimated using historical experience.

   Revenue from sale of goods, net of return allowance, is recognized specifically when all the following conditions are met:

   a. There is a persuasive evidence that an arrangement exists.

   b. Delivery has occurred.

   c. The sales price is fixed or determinable.

   d. Collectability is reasonably assured.

   Sales on capitallease - sales type lease

   For GenZe Products sold on finance lease, the Company recognizes the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, the initial direct costs related to the lease, and the related unearned income at inception of a capital lease. Unearned income represents the total minimum lease payments receivable plus the estimated unguaranteed residual value minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

   Sale on consignment basis

   The products delivered to the purchaser pursuant to a consignment arrangement are not considered sales, and do not qualify for revenue recognition, as the Company retains the risks and rewards of ownership of the product, and title usually does not pass to the consignee.

   The Company recognizes revenues when it is determined that substantial risk of loss, rewards of ownership, as well as control of the asset have transferred to the consignee and when all other criteria for revenue recognition have been satisfied i.e. the Company recognizes product sales on consignment basis when the consignee resells the products to the customer.

   Sale under bill-and-hold arrangement

   The Company recognizes revenue from sales under bill-and-hold arrangement when the product is billed rather than on delivery if all the following criteria are met by the arrangement:

   a. risks of ownership have passed to the customer,

   b. the customer has made a fixed commitment,

   c. the arrangement has substantial business purpose,

   d. there is a fixed schedule for delivery,

   e. there are no other performance obligations of the seller,

   f. the product is identified separately as belonging to the customer, and,

   g. the product is ready for shipment in its present condition.

   Sub-lease income

   The Company has sub-leased a part of its office premises during the year on operating lease. The Company continues to account for the head lease under operating lease. It recognizes sub-lease rent income on a straight-line basis over the term of lease as other income in the statement of loss.

Government incentive

The Company receives incentive from the Michigan Economic Development Council in the form of grants. Grants are recognized at their fair values in the statement of loss where there is a reasonable assurance that grant is received and all attaching conditions will be complied with. The Company recognizes grant income received as other income in the statement of loss.

5. *Shipping and handling costs*

The Company classifies shipping and handling costs as selling expenses. Amounts billed to a customer in sales transaction related to shipping and handling are credited to shipping and handling costs.

6. *Provision for warranty costs*

The Company generally provides for the estimated cost of product warranties at the time the related revenue is recognized. The Company estimates the warranty cost as a percentage of cost of goods sold. The Company assesses the adequacy of its accrued warranty liabilities and adjusts the amounts as necessary based on actual experience and changes in future estimates.

7. *Intangibles*

Intangible assets are stated at cost of acquisition, less accumulated amortization and impairment losses, if any. Cost of intangible assets comprises of purchase price, non-refundable taxes, levies and any directly attributable cost of making the asset ready for its intended use. The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Class of asset	Useful life
Intellectual property rights	15 years

The estimated useful life of an intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

8. *Internally developed software costs*

The Company has incurred costs related to development of internal developed software to be used for future consumer management. Software development costs incurred during the preliminary project work stage or conceptual stage are expensed as incurred until technological feasibility has been established in accordance with Accounting Standard Codification ("ASC") 985, at which time such costs are capitalized to the extent that the capitalized costs do not exceed the realizable value of such costs, until the product is available for general release to customers. Upon completion of the development of software, the capitalization ceases and the resulting intangible asset is amortized based on straight-line basis.

The estimated useful life of the internally developed software is 3 years.

9. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

Class of asset	Useful life
Engineering equipment	3 years
Machinery & equipment	5 to 7 years
Production tools	60,000 units
Computer software	2 to 3 years
Computer equipment	3 years
Furniture equipment	3 years
Vehicles	2 to 5 years
Leasehold improvements	Lease term

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

10. *Impairment of long-lived assets*

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

11. *Accounts receivable & allowance for doubtful debts*

Trade receivables represents receivable on sale of GenZeProducts and accessories. For the trade receivables,the Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful debts. Allowance for doubtful debts is included in selling, distribution and administration expenses in the statements of loss.

12. *Research and development costs*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

13. *Income taxes*

In accordance with the provisions of Financial Accounting Standards Board ("FASB") ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

14. *Change in accounting principle*

As of April 01, 2016, the Company adopted new guidance related to the presentation of deferred taxes in its balance sheet. Under the new guidance, all deferred tax assets, liabilities and related valuation allowances are reported as non-current, depending on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss credit carry forwards, based on when the item was expected to reverse.

15. *Inventories*

Inventories are stated at the lower of cost and market value. Cost is determined using the standard costing method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads. A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of revenues.

The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

If actual conditions are less favorable than those the Company has projected, the Company will increase its reserves for lower of cost or market ("LCM"), excess and obsolete inventory accordingly. Any increase in the Company's reserves will adversely impact its results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold.

Finished goods include the products that remain unsold and held by the customer on consignment basis.

16. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

17. *Equity based compensation payment to employees*

The Company accounts for stock-based compensation expense relating to stock options that have been issued by the Company to the employees. The Company computes the fair value of options granted using the Black Scholes option pricing model. An amount equal to such compensation expense for the year is credited to additional paid in capital of the Company.

The Company has used guidance in ASC 718; "Compensation-Stock Compensation" to account for employee share-based payments. ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in statements of operations based on their fair values.

In accordance with ASC 718, the Company recognized stock-based compensation for awards granted, that the Company expects to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards. In determining whether an award is expected to vest, the Company uses an estimated forfeiture rate based on historical rates. The estimated forfeiture rate is updated for actual forfeitures annually.

18. *Advertising*

Advertising costs are presented as part of selling, general, and administrative expenses in the statements of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the years ended March 31, 2018 and March 31, 2017 is $ 1,004,322 (INR 65,200,584)and $ 611,778 (INR 39,716,628), respectively

19. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

20. *Capital leases*

Leases in which the Company has substantially all the risk and rewards of ownership are classified as capital leases. Capital leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

21. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Balances with banks	**190,197**	**12,347,589**	114,764	7,450,479
Cash in hand	**781**	**50,703**	171	11,101
	190,978	**12,398,292**	114,935	7,461,580

NOTE D - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable comprise of:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Receivable from related parties	**1,215,782**	**78,928,567**	1,582,199	102,716,359
Trade receivables	438,991	28,499,296	281,602	18,281,602
Accounts receivable, net of allowances	**1,654,773**	**107,427,863**	1,863,801	120,997,961

The activities in provision for doubtful debts account are as given below-

	Year ended March 31, 2018		Year ended March 31, 2017	
	USD	**INR**	USD	INR
Balance at beginning of the year	**–**	**–**	–	–
Provisions made during the year	**177,806**	**11,543,166**	429	27,851
Bad debts written–off during the year	**–**	**–**	(429)	(27,851)
Balance at end of the year	177,806	11,543,166	–	–

NOTE E – INVENTORIES

Inventories comprise of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Raw material*	**5,279,151**	**342,722,483**	3,683,377	239,124,836
Finished goods**	**2,097,398**	**136,163,078**	1,959,211	127,191,978
Work in progress	**1,157,590**	**75,150,743**	774,107	50,255,026
Inventory reserve	**(219,054)**	**(14,220,986)**	(393,741)	(25,561,666)
	8,315,085	**539,815,318**	6,022,954	391,010,174

* Raw materials include inventory in transit amounting to $ 156,311 (INR 10,147,710)as at March 31, 2018 (March 31, 2017 $ 202,059 (INR 13,117,670).

** Finished goods include allowance for sales return amounting to $153,531 (INR 9,967,297) as at March 31, 2018 (March 31, 2017:$ Nil)

During the year ended March 31, 2018 and March 31, 2017, the Company recognized an expense for inventories that were carried at net realisable value amounting to$ 219,054 (INR 14,220,986) and$ 393,741 (INR 25,561,666), respectively. This is recognized in cost of goods sold.

NOTE F – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets comprise of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Prepaid expenses	**448,434**	**29,112,335**	401,976	26,096,282
Other receivables	**6,003**	**389,715**	290	18,827
Other advances	**4,797**	**311,421**	8,926	579,476
	459,234	**29,813,471**	411,192	26,694,585

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Engineering equipment	**353,263**	**22,933,834**	353,263	22,919,703
Machinery and equipment	**2,748,599**	**178,439,047**	2,742,301	178,030,181
Production tools	**2,911,630**	**189,023,020**	2,740,073	177,885,539
Computer equipment	**124,852**	**8,105,392**	124,852	8,105,392
Computer software	**440,763**	**28,614,334**	405,768	26,342,459
Leasehold improvements	**661,663**	**42,955,162**	661,663	42,955,162
Furniture equipment	**154,346**	**10,020,142**	150,331	9,759,489
Vehicles	**1,557,824**	**101,133,935**	837,688	54,382,705
Total	**8,952,940**	**581,224,866**	8,015,939	520,394,761
Accumulated depreciation	**(3,844,282)**	**(249,570,795)**	(2,656,289)	(172,446,283)
Capital work in progress	**–**	**–**	90,619	5,882,985
Property, plant and equipment, net	**5,108,658**	**331,654,069**	5,450,269	353,831,463

Depreciation expense for the years ended March 31, 2018 and March 31, 2017 is $ 1,400,713 [INR 90,934,296] and $ 1,487,862 [INR 96,592,001], respectively.

NOTE H – INTANGIBLES

Intangible assets consist of:

	Life	As at March 31, 2018		As at March 31, 2017	
		USD	**INR**	USD	INR
Intellectual property rights	15	**18,323,524**	**1,189,563,178**	18,323,524	1,189,563,178
Less: Accumulated amortization		**(2,035,947)**	**(132,173,679)**	(814,379)	(52,869,485)
Net carrying amount		**16,287,577**	**1,057,389,499**	**17,509,145**	**1,136,693,693**

Mahindra and Mahindra Limited ("M&M"), the ultimate parent company, developed Intellectual Property Rights ("IPR") for the design and development of GenZe Product. During the year ended March 31, 2017, M&M assigned all the intellectual property rights including any technical know-how in the GenZe Product in favor of the Company and waived its ownership or rights on the same vide an agreement dated July 25, 2016. The IPR were transferred by M&M at a total consideration of INR 123.5 crores and the Company recognized the intangible asset as at the transaction date amounting to $ 18,323,524 (INR 1,189,563,178).

Amortization expense for the year ended March 31, 2018 is $ 1,221,568 (INR 79,304,195) and $ 814,379 (INR 52,869,485).

NOTE I – INTERNALLY DEVELOPED SOFTWARE

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Opening software development in process	**–**	**–**	–	–
Software development during the year	**355,497**	**23,078,865**	–	–
Transfer to internally developed software	**(175,865)**	**(11,417,156)**	–	–
Total software development in process	**179,632**	**11,661,709**	–	–
Internally developed software	**175,865**	**11,417,156**	–	–
Less: accumulated amortization	**(40,488)**	**(2,628,473)**	–	–
Internally developed software, net	**135,377**	**8,788,683**	–	–
Total	**315,009**	**20,450,392**	–	–

Amortization expense for the years ended March 31, 2018 and March 31, 2017 is $ 40,488 [INR 32,628,473] and $ Nil [INR Nil], respectively.

Capital work in progress includes amount incurred towards development of GenZe's Mobile App - Consumer and Fleet Management Software during year ended March 31, 2018. The Company has an agreement with developer who would be responsible for the development and maintenance of the software products up to the month of July 2018. The project shall be extendable for further period as required by the Company.

NOTE J – OTHER ASSETS

Other non-current assets comprise of:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Deposits- security	**49,183**	**3,192,962**	57,648	3,742,508
Deposits- general	**24,000**	**1,558,080**	24,000	1,558,080
Total	**73,183**	**4,751,042**	81,648	5,300,588

NOTE K – SHORT TERM BORROWINGS

Short term borrowings comprise of:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Demand credit facility	**27,200,000**	**1,765,824,000**	16,400,000	1,064,688,000
Total	**27,200,000**	**1,765,824,000**	16,400,000	1,064,688,000

The Company obtained a demand credit facility by way of current account bank overdraft agreement wherein the Company can utilize amount up to the credit limit granted. This credit facility was obtained for the purpose of working capital requirements and for general corporate purposes. All current assets of the Company serve as collateral for this credit arrangement.

During the year ended March 31, 2017, the credit facility agreement was amended to increase limit of the facility up to $ 18,000,000 (INR 1,168,560,000). Further, during the year ended March 31, 2018, the credit facility agreement was amended to increase limit of the facility up to $ 27,200,000 (INR 1,765,824,000).

The average rate of interest charged by the bank during the year ended March 31, 2018 is 5.50% and March 31, 2017 is 4.25% p.a., respectively. The interest is payable on the daily closing balance of the loan which is calculated and payable monthly. The credit facility is repayable upon demand.

For the year ended March 31, 2018, finance charges of $ 1,193,240 (INR 77,465,141) (March 31, 2017: $ 594,002 (INR 38,562,610)) have been included in interest expense in the statements of loss.

NOTE L – ACCOUNTS PAYABLE

Account payable comprise of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Related party payable	**560,715**	**36,401,618**	756,039	49,082,052
Trade payables	**1,652,986**	**107,311,851**	2,019,035	131,075,751
Total	**2,213,701**	**143,713,469**	2,775,074	180,157,803

NOTE M – OTHER CURRENT LIABILITIES

Other current liabilities comprise of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Accrued expenses	**624,391**	**40,535,463**	547,427	35,538,963
Accrued bonus	**505,953**	**32,846,469**	556,449	36,124,669
Deferred revenue	**6,286**	**408,087**	93,202	6,050,674
Income tax provision	**601**	**39,017**	1,607	104,326
Credit card dues	**84,481**	**5,484,507**	68,783	4,465,392
Reserve for product warranty	**219,487**	**14,249,096**	119,518	7,759,108
Refundable deposit	**22,465**	**1,458,428**	8,270	536,888
Advance from director	**40,000**	**2,596,800**	–	–
Total	**1,503,664**	**97,617,867**	**1,395,256**	**90,580,020**

NOTE N – OTHER INCOME

Other income comprises of the following:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Government incentive	**100,000**	**6,492,000**	70,000	4,544,400
Miscellaneous	**29,541**	**1,917,801**	2,108	136,852
Sub-lease income	**45,156**	**2,931,528**	33,109	2,149,436
Total	**174,697**	**11,341,329**	**105,217**	**6,830,688**

The Company during the calendar year 2013 was awarded a $ 300,000 (INR 194,760,000) business development grant for a project with Michigan Economic Development Council. During the current year March 31, 2018, the Company has received additional $ 100,000 (INR 6,492,000) of the grant money (March 31, 2017: $ 70,000 (INR 4,544,400))

NOTE O – FINANCE LEASE

The Company has purchased vehicles and factory equipment under a non-cancelable finance lease. All the lease agreements contain bargain purchase option at the end of the lease term.

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Capital lease obligations	**22,146**	**1,437,718**	**113,461**	**7,365,888**
Less: interest	**(1,006)**	**65,310**	**(6,201)**	**(402,569)**
Non-current lease obligation	**21,140**	**1,372,408**	**107,260**	**6,963,319**
Less: current maturities	**(15,210)**	**(987,433)**	**(91,315)**	**(5,928,170)**
Non-current lease obligation	**5,930**	**384,975**	**15,945**	**1,035,149**

Future minimum lease payment under capital leases for equipment's as at March 31, 2018 are as follows:

For the year ending	**USD**	**INR**
March 31, 2019	**15,210**	**987,433**
March 31, 2020	**6,935**	**450,220**
Net minimum lease payments	**22,145**	**1,437,653**
Less: amount pertaining to interest	**(1,005)**	**(65,245)**
Total	**21,140**	**1,372,408**

NOTE P – COMMITMENTS AND CONTINGENCIES

Litigations

There was no outstanding litigation as at March 31, 2018 and March 31, 2017 and during the years then ended.

Lease obligations

The Company has following lease obligations for business premises and locations:

1) Ann Arbor, Michigan – industrial and office use.

   The period of lease is renewed from January 31, 2017 to December 31, 2019. The rent space was increased to 55,924 sq. feet. The average rent expense for this lease is $ 15,667 per month [INR 1,017,102]. In addition to this Company has provided a security deposit of $ 17,000 [INR 1,103,640] for period of three years.

2) Fremont, California – office premises.

   The period of lease is from May 1, 2014 to May 31, 2019. The average rent expense for this lease is $ 11,519 per month [INR 747,813]. In addition to this Company has provided a security deposit of $ 16,716 [INR 1,085,203] for period of five years.

3) Portland, Airport Business Center – office use.

   The period of lease is from June 1, 2014 to July 31, 2019. The average rent expense for this lease is $ 2,378 per month [INR 154,380]. In addition to this the Company has provided a security deposit of $ 7,494 [INR 486,510] for period of five years. The Company has given this office on sub lease.

4) Portland, Oregon – office use.

   The period of lease is renewed from October 1, 2016 to September 30, 2018. The average rent expense for this lease is $ 6,411 per month [INR 416,202].

5) Oakland, California – Retail Store.

The period of lease was from April 1, 2016 to December 31, 2017. The average rent expense for this lease is $ 3,940 per month [INR 255,785]. In addition to this the Company provided a security deposit of $ 8,000 [INR 519,360] which has been received post termination of lease. The lease has not been renewed after December 31, 2017.

6) Beaverton, Portland – office use.

The period of lease is from June 1, 2016 to May 31, 2018. The average rent expense for this lease is $ 2,016 per month [INR 130,879]. In addition to this the Company has provided a security deposit of $ 1,600 [INR 103,872].

The rent expense for the year ended March 31, 2018 is $ 570,405 (INR 37,030,693) (March 31, 2017: $ 593,869 [INR 38,553,975].

As at March 31, 2018, future rental commitments for the leases are as follows:

(Amounts in USD)

Year ending March 31	Ann Arbor	Fremont	Portland – Airport Business Center	Beaverton, Portland	Total
2019	188,004	211,505	39,707	4,072	**443,288**
2020	141,003	91,222	20,015	–	**252,240**

(Amounts in INR)

Year ending March 31	Ann Arbor	Fremont	Portland – Airport Business Center	Beaverton, Portland	Total
2019	12,205,220	13,730,905	2,577,778	264,354	**28,778,257**
2020	9,153,915	5,922,132	1,299,374	–	**16,375,421**

NOTE Q – WARRANTIES

The movement in provision for product warranty is as follows:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Opening balance	**119,518**	**7,759,109**	12,719	825,717
Increase in liability (new warranties)	**174,420**	**11,323,346**	133,261	8,651,304
Reduction in liability (payment)	**(74,451)**	**(4,833,359)**	(26,462)	(1,717,913)
Closing balance	**219,487**	**14,249,096**	119,518	7,759,108

NOTE R – INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	As at March 31, 2018		As at March 31, 2017	
	USD	**INR**	USD	INR
Current taxes				
Federal	**–**	**–**	–	–
State	**1,694**	**109,974**	1,606	104,262
Deferred taxes				
Federal	**–**	**–**	–	–
State	**–**	**–**	–	–
Total	**1,694**	**109,974**	1,606	104,262

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	USD	**INR**	USD	INR
Income tax at federal rate	**(7,047,375)**	**(457,515,589)**	(5,792,929)	(376,076,950)
State tax, net of federal effect	**(1,069,545)**	**(69,434,831)**	(715,661)	(46,460,712)
Permanent differences	**103,183**	**6,698,627**	98,161	6,372,612
True-up	**75,671**	**4,912,583**	–	–
Change in NOLs	**(98,819)**	**(6,415,302)**	96,234	6,247,511
Change in R&D credit	**(15,039)**	**(976,348)**	(554,591)	(36,004,048)
Change in FTC credit	**–**	**–**	–	–
Change in valuation allowance	**8,053,617**	**522,840,835**	6,870,392	446,025,849
Total	**1,694**	**109,974**	1,606	104,262

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	March 31, 2018		March 31, 2017	
	USD	**INR**	USD	INR
Non-current deferred tax liability				
Property, plant and equipment	**(533,421)**	**(34,629,691)**	(585,289)	(37,996,962)
Non-current deferred tax assets				
Accrued employee compensation	**220,311**	**14,302,589**	341,291	22,156,611
Accrued expenses	**183,499**	**11,912,784**	200,793	13,035,482
Charitable contribution	**8,400**	**545,328**	15,649	1,015,933
Tax credit	**2,450,726**	**159,101,132**	2,435,687	158,124,800
Net operating loss	**13,161,104**	**854,418,872**	11,406,829	740,531,339
Less: Valuation allowance	**(15,490,620)**	**(1,005,651,042)**	(13,814,960)	(896,867,203)
Non-current deferred tax assets	**533,421**	**34,629,691**	585,289	37,996,962

	March 31, 2018		March 31, 2017	
	USD	**INR**	USD	INR
Deferred taxes	**15,490,620**	**1,005,651,042**	13,814,960	896,867,203
Less: Deferred tax asset valuation allowance	**(15,490,620)**	**(1,005,651,042)**	(13,814,960)	(896,867,203)
Net deferred taxes	–	–	**–**	**–**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the history of losses and current year significant losses, the management believes that it is more likely than not that the deferred tax assets may not be realized during foreseeable future and accordingly, a valuation allowance of $ 15,490,620 (INR 1,005,651,042) and $ 13,814,960 (INR 896,867,203) was recognized as at March 31, 2018 and March 31, 2017, respectively. No deferred tax assets were recognized as at March 31, 2018 and March 31, 2017.

The Company has federal NOLs of $ 52,242,750 (INR 3,391,599,330) and $ 31,605,556 (INR 2,051,832,696) as at March 31, 2018 and March 31, 2017.

The Company has state net operating loss carry forwards of approximately $ 68,948,664 (INR 4,476,147,267) and $ 48,847,399 (INR 3,171,173,143) as at March 31, 2018 and March 31, 2017 respectively, which if unutilized will expire based on the various state statutes.

The Company has R&D credit carry forwards and FTC carry forwards of $ 792,631 (INR 51,457,605) and $ 1,658,095 (INR 107,643,527) as on March 31, 2018. The Tax Cuts and Jobs Act reduces the federal corporate tax rate to 21%, effective January 1, 2018. The Company has recorded net adjustment to deferred tax expense of $ 6,378,672 [INR 414,103,386] along with a valuation allowance on change in tax rate of $ (6,378,672) ([INR 414,103,386]) giving rise to a net impact of $ 0 for the tax year ended March 31, 2018.

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2018 and March 31, 2017.

The tax years of 2014 through 2016 remain subject to examination by the taxing authorities.

NOTE S – STOCK BASED COMPENSATION

In 2016, the Company adopted the incentive stock option plan for the employees of the Company. Under the Plan, incentive stock options to purchase the Company's common stock may be granted to employees at prices not lower than fair value at the date of grant. Stock options have a maximum term of 10 years.

Activity under the plan to the extent related to employees of the Company:

	Number of options	Weighted-average exercise price	Weighted average remaining contractual life (Years)
Balance as at April 1, 2016	–	–	–
Granted	7,240,000	0.20	9.00
Exercised	–	–	–
Cancelled	–	–	–
Balance as at March 31, 2017	7,240,000	0.20	9.00
Balance as at April 1, 2017	7,240,000	0.20	8.00
Granted	1,125,000	0.20	9.00
Exercised	–	–	–
Cancelled	(145,000)	0.20	8.00
Balance as at March 31, 2018	**8,365,000**	**0.20**	**8.10**

The grant date fair value of options has been estimated using the Black-Scholes single option pricing model. The Company has recognized $ 140,375 (INR 9,113,145) as stock-based compensation expense for the year ended March 31, 2018 (March 31, 2017: $ 283,629 [INR 18,413,195]).The Company during the year ended March 31, 2018 issued 1,125,000 options to its employees having an exercise price of $ 0.2 each and cancelled 145,000 options (March 31, 2017: Issued 7,240,000 options at an exercise price of $ 0.2 each).

NOTE T – RELATED PARTY TRANSACTIONS

Related parties with whom transactions have taken place during the year

1. Mahindra & Mahindra Limited – Ultimate parent company
2. Mahindra & Mahindra Limited (Automotive division) – Ultimate parent company
3. Mahindra Overseas Investment Company (Mauritius) Limited – Parent company
4. Mahindra North America Technical Center Inc.– Fellow subsidiary
5. Tech Mahindra (Shanghai) Co Ltd.–Subsidiary of associate of ultimate parent company
6. Tech Mahindra Limited – Associate of ultimate parent company
7. Mahindra USA Inc. – Fellow subsidiary
8. Mahindra Racing UK Limited- Fellow subsidiary
9. Mahindra Two Wheelers Limited – Fellow subsidiary
10. Tech Mahindra America Inc. –An affiliate
11. Peugeot MotocyclesS.A.S –Fellow subsidiary
12. Bristlecone Limited –Fellow subsidiary
13. Scoot Networks Inc- An associate of the ultimate parent company
14. Vish Palekar- Director, key management personnel

Summary of transactions with related parties are as follows:

	March 31, 2018		March 31, 2017	
	USD	**INR**	USD	INR
Balances at the end of the year				
Receivable				
– Mahindra & Mahindra Limited	**4,055**	**263,250**	4,055	263,250
– Mahindra North America Technical Center Inc.	–	–	1,349	87,577
– Mahindra Racing UK Limited	**1,000**	**64,920**	1,000	64,920
– Mahindra USA, Inc.	**34,180**	**2,218,966**	30,280	1,965,778
– Peugeot Motocycles S.A.S.	**185,086**	**12,015,783**	–	–
– Scoot Networks Inc.	**991,461**	**64,365,648**	1,545,515	100,334,834
Payable				
– Mahindra & Mahindra Limited	**59,246**	**3,846,250**	37,326	2,423,205
– Mahindra & Mahindra Limited (Automotive division)	**207,953**	**13,500,309**	640,257	41,565,484
– Tech Mahindra (Shanghai) Co Ltd.	**9,599**	**623,167**	39,787	2,582,972
– Tech Mahindra Limited	**3,285**	**213,262**	3,285	213,262
– Mahindra Two Wheelers Limited	**257,603**	**16,723,587**	33,794	2,193,906
– Peugeot Motocycles S.A.S.	**8,036**	**521,697**	1,590	103,223
– Bristlecone limited	**14,993**	**973,346**	–	–
– Vish Palekar, Director	**40,000**	**2,596,800**	–	–
Transactions during the year				
Revenue from				
– Tech Mahindra America Inc.	–	–	17,251	1,119,935
– Mahindra North America Technical Centre Inc.	–	–	1,349	87,577
– Mahindra & Mahindra Limited	–	–	2,999	194,695
– Mahindra Racing UK Limited	–	–	1,000	64,920
– Mahindra USA, Inc.	**32,831**	**2,131,389**	30,280	1,965,778
– Peugeot Motorcycles S.A.S.	**136,244**	**8,844,960**	–	–
– Scoot Networks Inc.	**38,529**	**2,501,303**	2,076,614	134,813,781
Purchases/Services received				
– Mahindra & Mahindra Limited	–	–	37,326	2,423,204
– Mahindra & Mahindra Limited (Automotive division)	**286,030**	**18,569,068**	866,385	56,245,714
– Tech Mahindra (Shanghai) Co Ltd	**36,797**	**2,388,861**	114,377	7,425,355
– Tech Mahindra Limited	–	–	7,680	498,586
– Mahindra Two Wheelers Limited	**252,766**	**16,409,569**	33,794	2,193,906
– Peugeot Motorcycles S.A.S.	**6,446**	**418,474**	1,590	103,223
– Bristlecone Limited	**14,993**	**973,346**	–	–
Advance received from				
– Vish Palekar, Director	40,000	2,596,800	–	–
Purchase of intellectual property				
– Mahindra & Mahindra ltd.	–	–	18,323,524	1,189,563,178
Issuance of common stock				
– Mahindra Overseas Investment Company Mauritius Limited	**11,200,000**	**727,104,000**	27,600,000	1,791,792,000

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE U – SHIPPING AND HANDLING COST

The shipping and handling cost for the year ended March 31, 2018 is $ 684,139 [INR 44,414,304] (March 31, 2017: $ 222,540 [INR 14,447,297].

NOTE V – CONCENTRATIONS

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values.

During the year ended March 31, 2018, the Company has recognized 58% of its revenue from single customer which also accounts for 15% of the total accounts receivable as at March 31, 2018.

During the year ended March 31, 2017, the Company has recognized 79% of its revenue from single customer which also accounts for 51% of the total accounts receivable as at March 31, 2017.

NOTE W – STOCKHOLDER'S EQUITY

Common stock

Ownership of the Company was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") on November 30, 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

Authorized share capital

The Company has authorized share capital of 275,000,000 of $0.2 per share totaling to $ 55,000,000 (INR 3,570,600,000) as at March 31, 2018.

During the year ended March 31, 2018, the Company increased the authorized share capital by an additional 25,000,000 shares and issued additional 56,000,000 shares at par value of $0.2 per share totaling to $ 11,200,000 (INR 727,104,000).

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE X – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2018 through May 25, 2018; the date the financial statements are issued. Further, based on its evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Third Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and state of the Company's Affairs:

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**85.57**	0.03
Profit/(Loss) before Depreciation, Finance Costs and Taxation	**(50.28)**	(45.57)
Less: Depreciation & Amortization	**5.25**	0.00
Profit/(Loss) before Finance Costs and Taxation	**(55.53)**	(45.57)
Less: Finance Costs	**64.88**	100.70
Profit/(Loss) before Tax	**(120.41)**	(146.27)
Less: Taxation	**0.00**	0.00
Profit/(Loss) for the Year	**(120.41)**	(146.27)
Other comprehensive income/(expense)	**(2.16)**	(0.01)
Total comprehensive income/(expense) for the year	**(122.58)**	(146.28)
Balance brought forward from earlier years	**(146.37)**	(0.08)
Profit available for Appropriation	**–**	–
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of Profit/(Loss) carried forward	**(268.94)**	(146.37)
Net worth	**9,850.06**	853.64

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2018, which are Company's Ind AS financial statements required to be prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

Operations

In the current year, your Company has continued product development activity.

Outlook for the current year

Your Company is expected to launch it's first product during Financial year 2018-19.

Dividend

In view of losses, your Directors do not recommend any dividend.

Consolidated Financial Statements

Subsidiary

BSA Company Limited, U. K. is the subsidiary of your Company.

A report on the performance and financial position of the subsidiary and its contribution to the overall performance of the Company is provided in Form AOC-1, which is attached to the Financial Statements of the Company and forms part of this Annual Report.

The Consolidated Financial statements of the Company and BSA Company Limited, subsidiary, have been prepared in accordance with the Companies Act, 2013 and applicable accounting standards.

Share Capital

The Authorised Share Capital of your Company as on 1st April, 2017 stood at Rs. 10,00,00,000 (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10 each.

During the year under review, the Authorised Share capital of the Company increased from Rs. 10,00,00,000 (Rupees Ten Crores Only), divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10 each to Rs. 110,00,00,000 (Rupees One Hundred and Ten Crores Only) divided into 11,00,00,000 (Eleven Crores) Equity Shares of Rs. 10 each.

Further, during the year, your Company allotted 9,22,13,330 (Nine Crores Twenty Two Lakhs Thirteen Thousand Three Hundred and Thirty) Equity Shares of Rs. 10 each, aggregating Rs. 92,21,33,300 (Rupees Ninety Two Crores Twenty One Lakhs Thirty Three Thousand Three Hundred Only) for cash at par on Rights basis.

The Authorised Share Capital of your Company as on 31st March, 2018 stood at Rs. 110,00,00,000 (Rupees One Hundred and Ten Crores Only) divided into 11,00,00,000 (Eleven Crores) Equity Shares of Rs. 10 each.

The issued, subscribed and paid-up share capital of your Company as on 31st March, 2018 stood at Rs. 102,21,33,300 (Rupees One Hundred and Two Crores Twenty One Lakhs Thirty Three Thousand Three Hundred Only) divided into 10,22,13,330 (Ten Crores Twenty Two Lakhs Thirteen Thousand Three Hundred and Thirty) Equity Shares of Rs. 10/- each.

Holding Company

Mahindra & Mahindra Limited is the holding company of your Company holding 60% of the paidup equity share capital of your Company. As per the Indian Accounting Standards assesment, your Company is classified as a Joint Venture.

Registered Office of the Company

During the year under review, the registered office of the Company shifted from 702, Natraj, M. V. Road Junction, Western Express Highway, Andheri (East), Mumbai 400 069 to Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai- 400 018 with effect from 10th July, 2017.

Board of Directors

The Board comprises of the following directors:

Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Anand Mahindra (DIN:00004695)	Director	Non-Executive Director	Non-Independent Director
Dr. Pawan Goenka (DIN:00254502)	Director	Non-Executive Director	Non-Independent Director
Mr. Prakash Wakankar (DIN:00020462)	Director	Non-Executive Director	Non-Independent Director
Mr. Nikhil Sohoni (DIN: 06852639)	Director	Non-Executive Director	Non-Independent Director
Dr. Punita Kumar Sinha (DIN: 05229262)	Director	Non-Executive Director	Independent Director
Mr. Naveen Kshatriya (DIN: 00046813)	Director	Non-Executive Director	Independent Director
Mr. Amit Goyal (DIN: 02557166)	Director	Non-Executive Director	Non-Independent Director
Mr. Vincent Rodrigues (DIN: 06587755)	Director	Non-Executive Director	Non-Independent Director

During the year under review, Mr. Naveen Kshatriya and Mr. Nikhilesh Panchal were appointed as Additional Directors of the Company designated as Independent Directors with effect from 29th May, 2017 for a period of 5 years and 1 year respectively and they would not be liable to retire by rotation. Mr. Naveen Kshatriya and Mr. Nikhilesh Panchal had given a declaration to the effect that they meet the criteria of independence as laid down under section 149 of the Companies Act, 2013.

Mr. Prakash Wakankar and Mr. Nikhil Sohoni were appointed as Additional Directors of the Company on 10th July, 2017.

Mr. Vijay Paradkar, Director, resigned from the Company with effect from 24th July, 2017. Subsequently, pursuant to recommendation of the Nomination and Remuneration Committee ('NRC'), Mr. Anand Mahindra and Dr. Pawan Kumar Goenka were appointed as Additional Directors of the Company with effect from 25th July, 2017. Mr. Anand Mahindra was appointed as Chairman of the Board with effect from the same date.

The members of the Company had at the Annual General Meeting held on 28th September, 2017 approved all the above appointments.

Further, Mr. Nikhilesh Panchal resigned as an Independent Director of the Company on 30th October, 2017. Subsequently, pursuant to recommendation of the NRC, Dr. Punita Kumar Sinha was appointed as an Additional Director designated as Independent Director of the Company for a period of 5 years and she would not be liable to retire by rotation. Dr. Punita Kumar Sinha had given a declaration to the effect that she meets the criteria of independence as laid down under section 149 of the Companies Act, 2013.

The Company has received notice pursuant to Section 160 of the Companies Act, 2013, from a shareholder, proposing the candidature of Dr. Punita Kumar Sinha for her appointment as an Independent Director at the ensuing Annual General Meeting.

The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. Vijay Paradkar and Mr. Nikhilesh Panchal during their tenure as Directors of the Company.

Mr. Amit Goyal and Mr. Vincent Rodrigues are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 from Mr. Amit Goyal and Mr. Vincent Rodrigues that they are not disqualified from being appointed as Directors of the Company pursuant to section 164 of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Number of Board Meetings

During the year under review, the Board of Directors met seven times i.e. on 15th April, 2017, 29th May, 2017, 10th July, 2017, 25th July, 2017, 12th October, 2017, 30th October, 2017 and 19th January, 2018.

The attendance at the meetings of the Board was as follows:

Name of the Director	Number of Board Meetings Attended
Mr. Anand Mahindra*	1
Dr. Pawan Goenka*	3
Mr. Prakash Wakankar%	4
Mr. Nikhil Sohoni%	4
Mr. Naveen Kshatriya**	4
Dr. Punita Kumar Sinha#	1
Mr. Amit Goyal	2
Mr. Vincent Rodrigues	4
Mr. Vijay Paradkar$	3
Mr. Nikhilesh Panchal##	3

* *Appointed w.e.f 25th July, 2017*

% *Appointed w.e.f 10th July, 2017*

** *Appointed w.e.f 29th May, 2017*

Appointed w.e.f 30th October, 2017

$ *Resigned w.e.f 24th July, 2017*

Resigned w.e.f 30th October, 2017

Committees of the Board

Audit Committee

The Audit Committee was constituted on 29th May, 2017 with Mr. Vijay Paradkar, Mr. Nikhilesh Panchal and Mr. Naveen Kshatriya as members of the Committee.

The Committee was re-constituted with effect from 5th September, 2017 by induction of Mr. Nikhil Sohoni as Member in place of Mr. Vijay Paradkar who resigned as Director of the Company and thereby ceased to be a member of the Committee with effect from 24th July, 2017.

The Committee was further re-constituted on 30th October, 2017 by induction of Dr. Punita Kumar Sinha as member in place of Mr. Nikhilesh Panchal who resigned as a Director of the Company and thereby ceased to be a member of the Committee with effect from 30th October, 2017. Further, Mr. Nikhil Sohoni was designated as Chairman of the Committee with effect from 30th October, 2017.

The Audit Committee currently comprises of Mr. Nikhil Sohoni (Chairman), Mr. Naveen Kshatriya (Member) and Dr. Punita Kumar Sinha (Member)

The Committee met twice during the year i.e. on 30th October, 2017 and 19th January, 2018. The attendance at the Meetings of the Audit Committee was as follows:

Committee Member	Designation	No. of meetings attended
Mr. Nikhilesh Panchal*	Member	1
Mr. Naveen Kshatriya	Member	2
Mr. Vijay Paradkar**	Member	–
Mr. Nikhil Sohoni#	Chairman	2
Dr. Punita Kumar Sinha##	Member	1

* *Resigned as Director and thereby ceased to be a member w.e.f 30th October, 2017*

** *Resigned as Director and thereby ceased to be a member w.e.f 24th July, 2017*

Appointed as Chairman and member w.e.f. 30th October, 2017

Appointed as member w.e.f. 30th October, 2017

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was constituted on 29th May, 2017 with Mr. Vijay Paradkar, Mr. Nikhilesh Panchal and Mr. Naveen Kshatriya as members of the Committee.

The Committee was re-constituted with effect from 5th September, 2017 by induction of Dr. Pawan Goenka as Member in place of Mr. Vijay Paradkar who resigned as Director of the Company and thereby ceased to be a member of the Committee with effect from 24th July, 2017.

The Committee was further re-constituted on 30th October, 2017 by induction of Dr. Punita Kumar Sinha as member in place of Mr. Nikhilesh Panchal who resigned as a Director of the Company and thereby ceased to be a member of the Committee with effect from 30th October, 2017. Further, Dr. Pawan Goenka was designated as Chairman of the Committee with effect from 30th October, 2017.

The NRC currently comprises of Dr. Pawan Goenka (Chairman), Mr. Naveen Kshatriya (Member) and Dr. Punita Kumar Sinha (Member).

The NRC met once during the year i.e. on 30th October, 2017. The attendance at the Meeting of the NRC was as follows:

Committee Member	Designation	No. of meetings attended
Mr. Nikhilesh Panchal*	Member	1
Mr. Naveen Kshatriya	Member	1

Committee Member	Designation	No. of meetings attended
Mr. Vijay Paradkar**	Member	–
Dr. Pawan Goenka#	Chairman	1
Dr. Punita Kumar Sinha##	Member	–

* *Resigned as Director and thereby ceased to be a member w.e.f 30th October, 2017*

** *Resigned as Director and thereby ceased to be a member w.e.f 24th July, 2017*

Appointed as Chairman and member w.e.f. 30th October, 2017

Appointed as member w.e.f. 30th October, 2017

Evaluation of performance of Directors

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an Annual Evaluation of its own performance and that of its Committees, performance of the Directors individually (including Independent Directors). Feedback were sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

The Nomination and Remuneration Committee has also carried out an Evaluation of the performance of the Directors individually.

Directors' Responsibility Statement

Pursuant to section 134(3) (c) of the Companies Act, 2013, your Directors, based on the representation from the operating management, and after due enquiry, confirm that:

i. In the preparation of the annual financial statements for the year ended 31st March, 2018, the applicable accounting standards have been followed;

ii. They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended on that date;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis;

v. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Meeting of Independent Directors

The Independent Directors of the Company met on 30th October, 2017 without the presence of the other Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Codes of Conduct

Your Company has adopted Codes of Conduct for its Directors and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos. Your Company has, for the year, received declarations from Directors and Senior Management and Employees, affirming compliance with the respective Codes.

Policy on (i) Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management and (ii) Policy for Remuneration of the Directors, Key Managerial Personnel and Other Employees

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the (i) Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management and (ii) Policy for Remuneration of the Directors, Key Managerial Personnel and Other Employees.

These policies are provided as **Annexure I** and form part of this Report.

Key Managerial Personnel (KMP)

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, given below are the Key Managerial Personnel of your Company:-

1. Ms. Mangala Savla (ACS – 28089) as Company Secretary (with effect from 15th April, 2017);
2. Mr. Ashish Joshi as the Chief Executive Officer (with effect from 29th May, 2017); and
3. Mr. Yogesh Shah (Membership No. 118525) as the Chief Financial Officer (with effect from 29th May, 2017).

Statutory Auditors

The members of the Company at the 2nd Annual General Meeting had appointed B. K. Khare & Co. (Firm Registration No. 105102W), Chartered Accountants, as the Statutory Auditors of your Company to hold office up to the conclusion of 7th Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the Members are requested to ratify appointment of Statutory Auditors at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Reporting of frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported to the Board/Audit Committee, any instances of frauds committed in the Company by its officers or employees details of which are required to be mentioned in this Report pursuant to Section 143(12) of the Companies Act 2013.

Internal Financial Controls

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same are in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

Risk Management Policy

Your Company will develop suitable risk management approach which will cover the full range of risks once commercial operations begin. Currently commercial operations of the Company are not yet started.

Your Company has formulated a Risk Management policy commensurate with the current size and state of affairs of the Company.

Compliance with Secretarial Standards

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

Human Resources

Keeping employees happy and enthused is one of the strategic goals of your Company. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company, Mahindra & Mahindra Limited.

No loans have been granted under Section 186 of the Act and details of investments made are given in Note No. 8 of the Financial Statements.

Particulars of Transactions with Related Parties

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as **Annexure II** and forms part of this Report.

Secretarial Auditors

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, states that every public company having a paid-up share capital of Rupees Fifty Crore or more; or every public company having a turnover of Rupees Two Hundred Fifty Crore or more shall annex with its Board's report, a secretarial audit report, given by a Company Secretary in practice.

Post the issue and allotment of Equity shares on rights basis, the paid up share capital of the Company had crossed the threshold limit of Rupees fifty crore and accordingly your Board had approved the appointment of M/s. Makarand M. Joshi & Co., Company Secretaries, to conduct secretarial audit for the financial year 2017-18.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Report as **Annexure III**, a Secretarial Audit Report in prescribed Form MR 3 given by M/s. Makarand M. Joshi & Co.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, your Board has also approved the appointment of M/s. MMJC & Associates LLP, Company Secretaries to conduct secretarial audit for the financial year 2018-19.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form No. MGT 9 is attached herewith as **Annexure IV** and forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

Safety, Health and Environment Performance

Your Company is committed towards safety, health and environment. Your Company encourages involvement of all its employees in activities related to safety, health & environment including promotion of safety standards.

Corporate Social Responsibility (CSR)

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Particulars relating to energy conservation, Technology Absorption and Foreign Exchange Earnings and outgo, as required under section 134(3)(m) of Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) rules, are given in **Annexure V** to this report.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise or issue of sweat equity.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
- Disclosure of remuneration of employees under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the 'going concern' status and the Company's operations in future.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Pawan Goenka	**Nikhil Sohoni**
Director	Director

Mumbai, 24th April, 2018

ANNEXURE I

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Classic Legends Private Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);

(ii) Chief Financial Officer (CFO);

(iii) Company Secretary (CS);

(iv) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor. The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels :

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues :

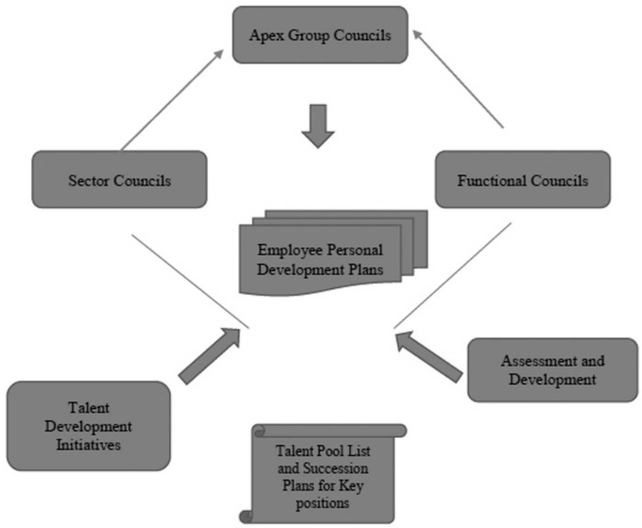
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach :

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Classic Legends Private Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Manager of the Company, the Company Secretary, and Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board, shall be determined by the Nomination and Remuneration Committee (NRC) from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Pawan Goenka	**Nikhil Sohoni**
Director	Director

Mumbai, 24th April, 2018

ANNEXURE II

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis: Nil

Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited Holding Company	Personnel Cost reimbursement for availing field expertise	1st April 2017 to 31st March 2018	Sharing CDMM related manpower resources for which the Company reimbursed Rs. 415.72 lacs	Not Applicable	Nil
2	Mahindra & Mahindra Limited Holding Company	1. Personnel Cost reimbursement for availing field expertise; 2. R & D service charges and Facility Cost	1st December 2017 to 31st March 2018	Sharing R & D related manpower resources, services and facility cost for which the Company reimbursed Rs. 74.82 lacs	Not Applicable	Nil
3	Mahindra Two Wheelers Limited Fellow subsidiary	1. Personnel Cost reimbursement for availing field expertise; 2. R & D service charges and Facility Cost	1st April 2017 to 30th November 2017	Sharing R & D related manpower resources, services and facility cost for which the Company reimbursed Rs. 268.68 lacs	Not Applicable	Nil
4	Mahindra Two Wheelers Limited Fellow subsidiary	Purchase of CTC Vechile	1st April 2017 to 31st March 2018	Transfer of Employe and therefore transfer of CTC Vechile Rs. 12.36 lacs	Not Applicable	NIL
5	Mahindra Racing SPA Fellow subsidiary	Consultancy charges	1st April 2017 to 31st March 2018	Carrying out certain development and modification works on the Mahiindra Mojo Motor cycle engine Rs. 93.49 lacs	Not Applicable	NIL
6	Tech Mahindra Ltd Associate of Holding Company	Consultancy charges	1st April 2017 to 31st March 2018	Service from design engineers for carrying out CAD work Rs. 14.21 lacs	Not Applicable	NIL
7	Ashish Joshi CEO	Managerial remuneration	1st April 2017 to 31st March 2018	Acting as Chief Executive Officer of Company Rs. 97.61 lacs	Not Applicable	NIL

For and on behalf of the Board

Mumbai, 24th April, 2018

Pawan Goenka
Director

Nikhil Sohoni
Director

ANNEXURE III

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Classic Legends Private Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Classic Legends Private Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment, Foreign Direct Investment. (External commercial Borrowing was not applicable during the Audit period).

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company**)

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015 (**Not Applicable to the Company**)

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company**)

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company**)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company**)

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company**) and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company**);

(vi) As identified, no law is specifically applicable to the company.

We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India

   (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not Applicable to the Company**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

We further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has

(a) in the Extra-Ordinary General Meeting of its members held on 17th April, 2017 increased the borrowing limits to Rupees Twenty Five Crores Only.

(b) in the Extra-Ordinary General Meeting of its members held on 02nd June, 2017 increased the borrowing limits to Rupees Forty Crores Only.

(c) Issued 9,22,13,330 Equity Shares on Right basis in the financial year 2017-18

For Makarand M. Joshi & Co

Kumudini Bhalerao

Partner

FCS No. 6667
CP No. 6690

Place: Mumbai
Date: 24th April, 2018

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To
The Members,
Classic Legends Private Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co.

Kumudini Bhalerao

Partner

FCS No. 6667

CP No. 6690

Place: Mumbai
Date: 24th April, 2018

ANNEXURE IV

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U34101MH2015PTC265665
ii.	Registration Date	:	17/06/2015
iii.	Name of the Company	:	Classic Legends Private Limited
iv.	Category/Sub-Category of the Company	:	Company limited by shares. Indian non-government company.
v.	Address of the Registered office and contact details	:	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai 400018 Tel.: +91-22-24905619 Fax: +91-22-24951236 Contact: mayekar.shweta@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NSDL Database Management Limited 4th Floor A Wing Trade world, Kamala Mills Compound, Senapati Bapat Marg. Lower Parel, Mumbai- 400013. Tel: 022 - 4914 2700 ; Fax: 022 - 49142503

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Design, Development, Sales,Marketing and related activities for Motorcycles & Two Wheeled Products	45401	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Holding Company	60%	2(46)
2.	BSA Company Limited Speedwell House, West Quay Road, Southampton, Hampshire, SO15 IGY	–	Subsidiary Company	100%	2(87)

IV. SHAREHOLDING PATTERN

(Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/HUF	–	40,00,000	40,00,000	40	–	1,84,42,665	1,84,42,665	18.04	(21.96)
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp.	–	60,00,000	60,00,000	60	1,13,28,000	5,00,00,000	6,13,28,000	60	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	37,76,000	1,86,66,665	2,24,42,665	21.96	21.96
Sub-total (A) (1)	**–**	**1,00,00,000**	**1,00,00,000**	**100**	**1,51,04,000**	**8,71,09,330**	**10,22,13,330**	**100**	**–**
(2) Foreign	–	–	–	–	–	–	–	–	–
NRIs–Individuals	–	–	–	–	–	–	–	–	–
Other -Individuals	–	–	–	–	–	–	–	–	–
Bodies Corp.	–	–	–	–	–	–	–	–	–
Banks/FI	–	–	–	–	–	–	–	–	–
Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**1,00,00,000**	**1,00,00,000**	**100**	**1,51,04,000**	**8,71,09,330**	**10,22,13,330**	**100**	–
B. Public Shareholding									
1. Institutions									
Mutual Funds	–	–	–	–	–	–	–	–	–
Banks/FI	–	–	–	–	–	–	–	–	–
Central Govt	–	–	–	–	–	–	–	–	–
State Govt(s)	–	–	–	–	–	–	–	–	–
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Companies	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRS & ADRS	–	–	–	–	–	–	–	–	–
Grand Total A+B+C	–	**1,00,00,000**	**1,00,00,000**	**100**	**1,51,04,000**	**8,71,09,330**	**10,22,13,330**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mr. Boman Irani	39,95,000	39.95	–	1,84,42,665	18.04	–	(21.91)
2	Mr. Anupam Thareja	5,000	0.05	–	–	–	–	(0.05)
3	Mahindra & Mahindra Limited	60,00,000	60	–	6,13,28,000	60	–	–
4	Phi Capital Trust – Phi Capital Growth Fund I	–	–	–	2,24,42,665	21.96	–	21.96
	Total	**1,00,00,000**	**100**	–	**10,22,13,330**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Increase/Decrease in Number of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	**Mr. Boman Irani**					
	At the beginning of the year	39,95,000	39.95			
	Increase - allotment of Equity Shares under Rights issue on 6th November, 2017			1,06,71,665	1,46,66,665	
	Increase - allotment of Equity Shares under Rights issue on 28th March, 2018			37,76,000	1,84,42,665	
	At the End of the year				1,84,42,665	18.04
2.	**Mr. Anupam Thareja**	5,000	0.05			
	At the beginning of the year					
	Decrease - Transfer of Shares to Phi Capital Management LLP on 29th May, 2017			5,000		
	At the End of the year				–	–
3.	**Phi Capital Management LLP**					
	At the beginning of the year	–	–			
	Increase - Transfer of Shares from Mr. Anupam Thareja on 29th May, 2017			5,000		
	Increase – Allotment of Equity shares under Rights issue during the year 5th September 2017			10,00,000		
	Decrease – Transfer of Shares to Phi Capital Trust – Phi Capital Growth Fund I on 12th October, 2017			10,05,000		

Sr. No.		Shareholding at the beginning of the year No. of shares	Shareholding at the beginning of the year % of total shares of the company	Increase/Decrease in Number of shares	Cumulative Shareholding during the year No. of shares	Cumulative Shareholding during the year % of total shares of the company
	At the End of the year				–	–
4.	**Mahindra & Mahindra Limited**					
	At the beginning of the year	60,00,000	60			
	Increase - allotment of Equity Shares under Rights issue on 5th September, 2017			4,20,00,000	4,80,00,000	
	Increase - allotment of Equity Shares under Rights issue on 12th October, 2017			20,00,000	5,00,00,000	
	Increase - allotment of Equity Shares under Rights issue on 28th March, 2018			1,13,28,000	6,13,28,000	
	At the End of the year				6,13,28,000	60
5.	**Phi Capital Trust – Phi Capital Growth Fund I**					
	At the beginning of the year	-	-			
	Increase - Transfer of Shares from Phi Capital Management LLP on 12th October, 2017			10,05,000		
	Increase – Allotment of Equity shares under Rights issue on 6th November, 2017			1,76,61,665	1,86,66,665	
	Increase – Allotment of Equity shares under Rights issue on 28th March, 2018			37,76,000	2,24,42,665	
	At the End of the year				2,24,42,665	21.96
	Total	**1,00,00,000**	**100**		**10,22,13,330**	**100**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year No. of shares	Shareholding at the beginning of the year % of total shares of the company	Cumulative Shareholding during the year No. of shares	Cumulative Shareholding during the year % of total shares of the company
1	–	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year No. of shares	Shareholding at the beginning of the year % of total shares of the company	Cumulative Shareholding during the year No. of shares	Cumulative Shareholding during the year % of total shares of the company
1	–	–	–	–	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year 01.04.2017				
i) Principal Amount	–	2,200	–	2,200
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	101	–	101
Total (i+ii+iii)	–	2,301	–	2,301
Change in Indebtedness during the financial year				
+ Addition	–	2,950	–	2,950
– Reduction	–	(5,251)	–	(5,251)
Net Change	–	**(2,301)**	–	**(2,301)**
Indebtedness at the end of the financial year 31.03.2018	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. In Lakh)
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of profit	–	–
	– others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	As per schedule V of the Companies Act, 2013	

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. Lakh)
1.	Independent Directors	Dr. Punita Kumari Sinha	Mr. Naveen Kumar Kshatriya	Mr. Nikhilesh Panchal	
	Fee for attending board/committee meetings	1.05	3.90	2.85	7.80
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1)	**1.05**	**3.90**	**2.85**	**7.80**
2	Other Non-Executive Directors				
	Fee for attending board/committee meetings	–	–	–	–
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	**1.05**	**3.90**	**2.85**	**7.80**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

					Rs. in Lakhs
Sr. No.		Key Managerial Personnel			
		CEO	Company Secretary	CFO	
		Ashish Joshi	Mangala Savla	Yogesh Shah	Total in
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96.84	–	–	96.84
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.77	–	–	0.77
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of profit	–	–	–	–
	– Others, specify...	–	–	–	–
5.	Others, please specify	–	1.73	5.13	6.86
	Total	**97.61**	**1.73**	**5.13**	**104.47**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Pawan Goenka
Director

Nikhil Sohoni
Director

Mumbai, 24th April, 2018

ANNEXURE V

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) CONSERVATION OF ENERGY:

(i) the steps taken or impact on conservation of energy: The Company has recently started the product development work.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) TECHNOLOGY ABSORPTION:

(i) the efforts made towards technology absorption: The Company has recently started the product development work.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(iv) the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review is as follows:

(Rs. in lakhs)

	Financial Year 2017-18	Financial Year 2016 -17
Total Foreign Exchange earned	**NIL**	NIL
Total Foreign Exchange used	**1,578**	3,079

For and on behalf of the Board

Pawan Goenka
Director

Nikhil Sohoni
Director

Mumbai, 24th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
CLASSIC LEGENDS PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Classic Legends Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its loss, total comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, April 24, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone Ind AS financial statements of **Classic Legends Private Limited** for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2. The Company does not have any inventories. Therefore the provisions of Clause 3(ii) of the Order are not applicable to the company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c)of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank during the year. The Company has not issued any debentures.

9. In our opinion and according to the information and explanations given to us, during the year, term loans were utilised for the purpose for which the term loans taken. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11. Based on the records examined by us and according to information and explanations given to us, the Company has not paid any managerial remuneration during the year. Accordingly the provisions of Clause 3(xi) of the Order is not applicable to the Company.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 187 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, April 24, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CLASSIC LEGENDS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Classic Legends Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, April 24, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. in Lakhs

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	**57.31**	–
(b) Capital work-in-progress		**114.02**	–
(c) Intangible assets under development		**3,057.90**	254.16
(d) Financial Assets			
(i) Investments	5	**2,806.52**	2,806.52
(ii) Others financial assets	6a	**1.38**	–
(e) Other non-current assets	7a	**362.90**	272.48
Total Non-Current Assets		**6,400.03**	3,333.16
Current assets			
(a) Financial Assets			
(i) Investments	8	**4,210.30**	–
(ii) Cash and cash equivalents	9	**111.66**	73.84
(iii) Loans	10	**1.56**	6.10
(iv) Other financial assets	6b	**0.05**	–
(b) Other current assets	7b	**0.42**	0.03
(c) Deferred Tax Assets (Net)	26	–	–
Total Current Assets		**4,323.99**	79.97
Total Assets		**10,724.02**	3,413.13
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	**10,119.00**	1,000.00
(b) Other Equity	12	**(268.13)**	(146.36)
Total Equity attributable to owners of the Company		**9,850.87**	853.64
LIABILITIES			
Non-current liabilities			
(a) Provisions	13a	**10.96**	0.68
Total Non-Current Liabilities		**10.96**	0.68
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	**–**	2,200.00
(ii) Trade payables	15		
(a) Total Outstanding dues of micros enterprises and small enterprises	30	**–**	–
(b) Total Outstanding dues of creditors other than micros enterprises and small enterprises		**29.67**	26.48
(b) Provisions	13b	**1.17**	0.94
(c) Other current liabilities	16	**831.35**	331.38
Total Current Liabilities		**862.19**	2,558.81
Total Equity and Liabilities		**10,724.02**	3,413.13
Significant accounting policy	1-3		

See accompanying notes to the financial statements

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 24th April, 2018
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Nikhil Sohani
Prakash Wakankar
Vincent Rodrigues
Amit Goyal
(Directors)

Ashish Joshi (Chief Executive Officer)
Yogesh Shah (Chief Financial Officer)
Mangala Savla (Company Secretary)

Date: 24th April, 2018
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Lakhs

	Particulars	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
I.	Revenue from operations		**–**	–
II.	Other Income	17	**85.57**	0.03
III.	**Total Revenue (I + II)**		**85.57**	0.03
IV.	**Expenses:**			
	Employee benefits expense	18	**84.22**	9.66
	Finance costs	19	**64.88**	100.70
	Depreciation and amortisation expense	4	**5.25**	-
	Other expenses	20	**50.83**	35.94
	Total Expenses (IV)		**205.18**	146.30
V.	**Loss before tax for the year (III - IV)**		**(119.61)**	(146.27)
VI.	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
	Total tax expense		**–**	–
VII.	**Loss after tax for the year (V - VI)**		**(119.61)**	(146.27)
VIII.	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities		**(2.16)**	(0.01)
IX.	**Total comprehensive income for the year**		**(121.77)**	(146.28)
X.	**Earnings per equity share** (Nominal value per share Rs. 10 each), Basic & Diluted (in Rs.)	21	**(0.23)**	(3.25)
	Significant accounting policy	1-3		
	See accompanying notes to the financial statements			

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 24th April, 2018
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Nikhil Sohani
Prakash Wakankar
Vincent Rodrigues
Amit Goyal
(Directors)

Ashish Joshi (Chief Executive Officer)
Yogesh Shah (Chief Financial Officer)
Mangala Savla (Company Secretary)

Date: 24th April, 2018
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Rs. in Lakhs

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Loss before tax for the year	(119.61)	(146.27)
Adjustments for:		
Depreciation	5.25	–
Finance costs	64.88	100.70
Gain on Mutual fund	(10.30)	–
Interest Income	(74.93)	(0.03)
Acturial Gain/Loss	(2.16)	(0.01)
Operating loss before Working Capital changes	(136.87)	(45.60)
Movements in working capital:		
Decrease/ (Increase) in Loans and advances	4.54	(6.10)
Decrease/ (Increase) in Non Current Other Financial Assets	(1.38)	–
Decrease/ (Increase) in Current Other Financial Assets	(0.05)	–
Decrease/ (Increase) in Other Current Assets	(0.39)	–
Decrease/ (Increase) in Other Non Current Assets	(362.90)	–
Increase / (Decrease) in trade payables	3.20	26.48
Increase/ (Decrease) in provisions	10.49	1.61
Increase/ (Decrease) in other current liabilities	600.67	(196.50)
Cash generated from operations	117.31	(220.12)
Income taxes paid	–	–
Cash flows from operating activities	117.31	(220.12)
Capex advances to supplier	–	(272.48)
Interest received	74.93	–
Payments for fixed assets	(62.56)	–
Payments for capital work in progress	(114.02)	
Payments for intangible assets under development	(2,531.25)	(254.16)
Investment in Mutual fund	(4,200.00)	–
Purchase of investment in share of subsidiary	–	(2,806.52)
Cash used in investing activities	(6,832.90)	(3,333.16)
Proceeds from issue of equity instruments of the Company	9,119.00	999.00
Proceeds from borrowings short term	2,950.00	2,200.00
Repayment of borrowings Short term	(5,150.00)	–
Interest paid	(165.58)	–
Cash flows from financing activities	6,753.42	3,199.00
Net cash inflow / (outflow)	37.82	(354.27)
Cash and cash equivalents at the begining of the year	73.84	0.97
Cash and cash equivalents at the end of the year	111.66	73.84

Notes:

1. Figures in brackets represent outflows of cash and cash equivalents.
2. Cash and cash equivalents comprise of :

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Cash on hand	–	–
Balances with Banks	11.66	73.84
Fixed Deposits with Banks	100.00	–
	111.66	73.84

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 24th April, 2018
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Nikhil Sohani
Prakash Wakankar
Vincent Rodrigues
Amit Goyal
(Directors)

Ashish Joshi (Chief Executive Officer)
Yogesh Shah (Chief Financial Officer)
Mangala Savla (Company Secretary)

Date: 24th April, 2018
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

Rs. in Lakhs

Particulars		**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
a.	**Changes in Equity**		
	Balance at the beginning of the year	**1,000.00**	1.00
	Shares issued during the year (net of expense)	**9,119.00**	999.00
	Shares bought back during the year	**–**	–
	Balance at the end of the year	**10,119.00**	1,000.00
b.	**Other Equity (Retained Earning)**		
	Opening Balance	**(146.36)**	(0.08)
	Loss for the year	**(119.61)**	(146.27)
	Other comprehensive income for the year	**(2.16)**	(0.01)
		(121.77)	(146.28)
	Closing Balance	**(268.13)**	(146.36)

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 24th April, 2018
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Nikhil Sohani
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(Directors)

Ashish Joshi (Chief Executive Officer)
Yogesh Shah (Chief Financial Officer)
Mangala Savla (Company Secretary)

Date: 24th April, 2018
Place: Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Company details

Classic Legends Private Limited (CLPL) was incorporated on 17th June'2015. On 18th October 2016, it became subsidiary of Mahindra and Mahindra Limited (M&M). However, w.e.f 1st July'2017 M&M became joint venturer of the Company. CLPL is engaged in Design, Development, Sales, Marketing and related activities for Motorcycles & Two Wheeled Products.

2. METHOD OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standard) Rules, 2016 and Companies (Indian Accounting Standard) Rules, 2017.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the latest annual financial statements of the Company prepared under the Act, for the financial year ended March 31, 2018.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency

3. SIGNIFICANT ACCOUTING POLICIES

3.01 Basis of accounting preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.04 Foreign Currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.05 Employee benefits

1. Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) **Compensated Absences:** The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilized compensated absence on the basis of an independent actuarial valuation.

3.06 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction where cost includes amount added/ deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery - 5 years

ii) Laptops – 3 years

iii) Vehicles - 8 years/ 10 Years

iv) Office equipment - 5 years

v) Assets costing less than Rs 5000 each - 1 year

3.07 Goodwill and Intangible Assets

Goodwill is initially recognized as the excess of the acquirer's interest in the net fair value of the identifiable net assets of acquired business. Subsequent to initial measurement, goodwill is measured at cost less accumulated impairment, if any. Goodwill is allocated to the cash generating unit which expected to benefit from the business combination.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Following summarizes the nature of intangible and the estimated useful life:

(a) Technical Know-how - 5 years

(b) Software Costs - 3 years

(c) Product development expenditure - 5 years

Intangible asset with indefinite useful lives are reviewed annually to determine whether indefinite-life assessment continues to be supportable.

Intangible assets under development

The Company expenses cost incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognized as intangible assets under development until the development phase is complete, upon which the amount is capitalized as intangible assets.

3.08 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at end of each reporting period whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

3.09 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.10 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

3.11 Current Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or

- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

Current liabilities include the current portion of long term financial liabilities. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

3.12 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.13 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property plant & equipment & Intangible assets utilized for research and development are capitalized and depreciated/amortized in accordance with the policies stated for Property plant & equipment & Intangible assets.

3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

3.15 Borrowing Costs:

Interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition or construction of those Qualifying assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalised with the Qualifying assets.

Note - 4 Property, Plant and Equipment

Rs. in Lakhs.

Description of Assets	Vehicles	Office Equipment	Computers	Total
I. Gross Block				
Balance as at April 1, 2017	–	–	–	–
Additions during the year	49.13	0.24	13.19	62.56
Disposals during the year	–	–	–	–
Balance as at March 31, 2018	**49.13**	**0.24**	**13.19**	**62.56**
II. Accumulated depreciation				
Balance as at April 1, 2017	–	–	–	–
Depreciation for the year	3.72	0.02	1.51	5.25
Eliminated on disposal of assets during the year	–	–	–	–
Balance as at March 31, 2018	**3.72**	**0.02**	**1.51**	**5.25**
III. Impairment				
Balance as at April 1, 2017	–	–	–	–
Impairment losses recognised during the year	–	–	–	–
Reversals of impairment losses recognised during the year	–	–	–	–
Balance as at March 31, 2018	**–**	**–**	**–**	**–**
Net block (I-II-III)				
Balance as at March 31, 2018	45.42	0.22	11.68	57.31
Balance as at March 31, 2017	–	–	–	–

Note - 5 Non-Current Investment

Rs. in Lakhs.

Particulars	As at 31st March, 2018 No. of Shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of Shares	As at 31st March, 2017 Amount
Unquoted investments in equity instruments of subsidiary				
BSA Company Limited	**1,20,000**	**2,806.52**	1,20,000	2,806.52
(Fully paid equity shares of GBP 1 each)				
Total	**1,20,000**	**2,806.52**	1,20,000	2,806.52

Note - 6a Other non current financial assets

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Finanacial assets at amortised cost		
Security Deposits	**1.38**	–
Total	**1.38**	–

Note - 6b Other current financial assets

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest accrued but not due on fixed deposit	**0.05**	–
Total	**0.05**	–

Note - 7a Other non-current assets

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Advances to suppliers		
(i) Advances to Foreign Supplier	**–**	272.48
(ii) Advances to Domestic Supplier	**10.10**	–
(b) Balances with government authorities		
(i) Advance Income Tax (TDS receivable)	**7.46**	–
(ii) GST Receivable	**345.34**	–
Total	**362.90**	272.48

Note - 7b Other current assets

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Int Accured But Not Due - Others	**–**	0.03
(b) Prepaid Expense	**0.42**	–
Total	**0.42**	0.03

Note 8 :- Current Investments

Rs. in Lakhs.

Particulars	As at March 31, 2018 Units	As at March 31, 2018 Face Value	As at March 31, 2018 Rs. in Lakhs.	As at March 31, 2017 Units	As at March 31, 2017 Face Value	As at March 31, 2017 Rs. in Lakhs.
Carried at fair value through profit & Loss account						
Investments in Mutual Funds (Quoted)						
ICICI MUTUAL FUND - Money Market fund Growth	**8,78,954**	**100**	**2,104.07**	–	–	–
ADITYA BIRLA SUN LIFE MUTUAL FUND - Floating rate fund STP	**4,33,680**	**100**	**1,002.12**	–	–	–
KOTAK MUTUAL FUND - Floater short term growth regular plan	**19,381**	**1,000**	**551.30**	–	–	–
MAHINDRA MUTUAL FUND - regular growth	**4,472**	**1,000**	**50.15**	–	–	–
RELIANCE MUTUAL FUND - Liquid fund treasury plan growth	**11,905**	**1,000**	**502.66**	–	–	–
Total	**13,48,392**	**–**	**4,210.30**	–	–	–

Note - 9. Cash & Cash Equivalent

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Cash in hand	**–**	–
(b) Balances with banks		
(i) In current account	**11.66**	73.84
(ii) In Fixed Deposit	**100.00**	–
Total	**111.66**	73.84

Note - 10 Current Loans

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Loans and Advance to employees	**1.56**	6.10
Total	**1.56**	6.10

Note - 11 - Share Capital

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised:		
11,00,00,000 (March 31, 2017, 1,00,00,000) equity shares of Rs 10/- each.	**11,000.00**	1,000.00
	11,000.00	1,000.00
Issued, Subscribed and Paid up:		
10,22,13,330 (March 31, 2017, 1,00,00,000) equity shares of Rs 10/- each.	**10,119.00**	1,000.00
Total	**10,119.00**	1,000.00

Rs. in Lakhs.

Reconciliation of the no. of shares outstanding at the beginning and at the end of the period:	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount
Balance as at beginning of the year	**1,00,00,000**	**1,000.00**	10,000	1.00
Add: Additional equity shares issued during the year	**9,22,13,330**	**9,221.33**	99,90,000	999.00
Less: Equity Shares forfeited/Bought back during the year	**–**	**–**	–	–
	10,22,13,330	**10,221.33**	1,00,00,000	1,000.00
Less: Share issue expense	**–**	**(102.33)**	–	–
Balance as at end of the year	**10,22,13,330**	**10,119.00**	1,00,00,000	1,000.00

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31st March, 2018 Number of shares	As at 31st March, 2018 % Shareholding	As at 31st March, 2017 Number of shares	As at 31st March, 2017 % Shareholding
Equity Shares:				
Mahindra & Mahindra Limited	**6,13,28,000**	**60.00%**	60,00,000	60.00%
Boman Irani	**1,84,42,665**	**18.04%**	39,95,000	39.95%
PHI Capital Trust	**2,24,42,665**	**21.96%**	5,000	0.05%
Total	**10,22,13,330**		1,00,00,000	

ii) The Company has only one class of Share i.e. Equity Shares having par value of Rs.10 each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, the holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held

Note 12 - Other equity

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Retained earnings		
Balance at the beginning of the year	**(146.36)**	(0.08)
Add :		
Loss for the year	**(119.61)**	(146.27)
Other comprehensive income for the year	**(2.16)**	(0.01)
Balance at the end of the year	**(268.13)**	(146.36)
Total	**(268.13)**	(146.36)

Note 13a - Non Current Provisions

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
Provision for compensated absences	**5.46**	0.20
Provision for Gratuity	**5.50**	0.48
Total	**10.96**	0.68

Note 13b - Current Provisions

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
Provision for compensated absences	**1.16**	0.95
Provision for Gratuity	**0.01**	–
Total	**1.17**	0.94

Note 14 - Current Borrowings

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured (Carried at amortised cost)		
Short Term Loans from		
- Financial Institution	**–**	2,200.00
Total	**–**	2,200.00

Note 15 - Trade Payables

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payable for goods & services		
- Total outstanding dues of micro and small enterprises	**–**	–
- Total outstanding dues of other than micro and small enterprises		
i) Acceptances	**–**	–
ii) Others than acceptances	**29.67**	26.48
Total	**29.67**	26.48

Note 16 - Other Current Liabilities

Rs. in Lakhs.

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Statutory remittances (Contribution to profession tax, withholding taxes, GST, etc.)	**111.59**	17.12
b) Capital creditors	**719.76**	213.56
c) Interest accrued but not due on unsecured loan	**–**	100.70
Total	**831.35**	331.38

Note 17 - Other income

Rs. in Lakhs.

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest - Employees Loan	**0.30**	0.03
Interest On Fixed Deposits	**74.64**	–
Net gain on foreign currency transaction and translation	**0.33**	–
Gain on Investments in Mutual Fund	**10.30**	–
Total	**85.57**	0.03

NOTE 18 - Employee benefits expense

Rs. in Lakhs.

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salaries and wages, including bonus	**83.55**	9.19
Contribution to other funds	**0.67**	0.47
Total	**84.22**	9.66

Note 19 - Finance cost

Rs. in Lakhs.

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest on delayed payment of statutory dues	**3.11**	–
Interest on unsecured Loan	**61.77**	100.70
Total	**64.88**	100.70

Note 20 - Other expenses

Rs. in Lakhs.

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Software Charges	**0.18**	–
Legal and professional Fees	**17.82**	9.92
Auditor Remuneration		
- Audit Fees	**2.50**	0.46
- Out of Pocket Expense	**0.01**	–
- Other services	**0.26**	–
Travelling Expenses	**5.89**	12.68
Promotional Expense	**8.02**	–
Rates and Taxes	**0.05**	0.03
Insurance	**0.01**	–
Freight and handling charges	**0.85**	–
Repairs and Maintenance	**2.75**	0.05
Rent including lease rentals	**1.33**	–
Other expenses	**11.16**	12.80
Total	**50.83**	35.94

Note 21: Disclosures under Ind AS 33

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Loss for the year (Rs. In Lakhs)	**(121.77)**	(146.27)
Weighted average number of equity shares	**5,36,20,965**	44,98,658
Face Value of Share	**10**	10
Earning per share		
Basic & Diluted in Rs.	**(0.23)**	(3.25)

Note 22 - Financial Instruments

Capital management

The company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio is as follows:

Rs. in Lakhs.

	31st March, 2018	31st March, 2017
Debt (A)	**–**	2,200.00
Equity (B)	**9,850.87**	853.64
Debt Ratio (A/B)	**0.00**	2.58

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Rs. in Lakhs.

Particulars	Carrying Amount		Fair Value	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Non-current Assets				
a) Investment	**2,806.52**	2,806.52	**2,806.52**	2,806.52
b) Other Financial Assets	**1.38**	–	**1.38**	–
Current Assets				
a) Investments	**4,200.00**	–	**4,210.30**	–
b) Cash & bank balances	**111.66**	73.84	**111.66**	73.84
b) Loans	**1.56**	6.10	**1.56**	6.10
c) Other Current Financial assets	**0.05**	–	**0.05**	–
Total Financial Assets	**7,121.18**	2,886.46	**7,131.47**	2,886.46
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Current Liabilities				
a) Borrowings	–	2,200.00	–	2,200.00
b) Trade Payables	**29.67**	26.48	**29.67**	26.48
Total Financial Liabilities	**29.67**	2,226.48	**29.67**	2,226.48

At the end of the reporting period, there are no significant concentrations of credit risk for financial assests designed at Fair Value Through Profit & Loss. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the *undiscounted* cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in Lakhs.

Particulars	31st March, 2018 Less than 1 Year	31st March, 2018 1-3 Years	31st March, 2017 Less than 1 Year	31st March, 2017 1-3 Years
Financial liabilities				
Borrowings	**–**	**–**	2,200.00	–
Trade payables	**29.67**	**–**	26.48	–
Total	**29.67**	**–**	26.48	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets & interest that will be earned on those assets.

Rs. in Lakhs.

Particulars	31st March, 2018 Less than 1 Year	31st March, 2018 1-3 Years	31st March, 2017 Less than 1 Year	31st March, 2017 1-3 Years
Non-derivative financial assets				
Loans & Advances to employees	**1.36**	**0.20**	6.00	0.10
Total	**1.36**	**0.20**	6.00	0.10

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. Non of financial asset of CLPL is having such risk at present.

a) Foreign Currency exchange rate risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

Foreign currency exposures that are not hedged by derivative instruments

Rs. in Lakhs.

Particulars	Currency	As at March 31, 2018 Foreign Currency Amount	As at March 31, 2018 Rupees Lakhs	As at March 31, 2017 Foreign Currency Amount	As at March 31, 2017 Rupees Lakhs
I. Trade receivables :	GBP	–	–	–	–
II. Bank balances :	GBP	–	–	–	–
III. Trade payables :	GBP	31,178	28.77	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before tax (Loss)	Effect on pre-tax equity (Loss)
31-Mar-18				
Based on YOY change between F17 & F18	GBP	+10%	(2.88)	(2.88)
Based on YOY change between F17 & F18	GBP	-10%	2.88	2.88
31-Mar-17				
Based on YOY change between F16 & F17	GBP	+10%	–	–
Based on YOY change between F16 & F17	GBP	-10%	–	–

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note 23 Fair Value Measurement

Financial assets/ financial liabilities	Fair value as at (Rs. Lakhs) 31st March, 2018	Fair value as at (Rs. Lakhs) 31st March, 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Investment in Mutual Fund	4,210.30	—	Level 1	Quoted market price	—	—
(ii) Equity investments	2,806.52	2,806.52	Level 3	Income approach-discounted cash flow	Terminal growth rate, weighted average cost of capital and rate of taxation	Increase or decrease in multiple will result in change in valuation

Note: Carrying amount of Investment in unquoted equity shares closely approximates the fair value.

Financial instruments not measured using fair value i.e.measured using amortized cost

Rs. in Lakhs.

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2018				
Non-Current Financial assets carried at amortised cost				
- Non Current Others financial assets	–	1.38	–	1.38
Current Financial assets carried at amortised cost				
- Cash and cash equivalents	–	111.66	–	111.66
- Loans & Advances to employees	–	1.56	–	1.56
- Other current financial assets	–	0.05	–	0.05
Total	–	**114.65**	–	**114.65**
Financial liabilities				
Current financial liabilities carried at amortised cost				
- Borrowings	–	–	–	–
- Trade Payables	–	29.67	–	29.67
Total	–	**29.67**	–	**29.67**
Financial assets				
As at 31st March 2017				
Current Financial assets carried at amortised cost				
- Cash and cash equivalents	–	73.84	–	73.84
- Loans & Advances to employees	–	6.10	–	6.10
- Other current financial assets	–	–	–	–
Total	–	**79.94**	–	**79.94**
Financial liabilities				
Current financial liabilities carried at amortised cost				
- Borrowings	–	2,200.00		2,200.00
- Trade Payables	–	26.48	–	26.48
Total	–	**2,226.48**	–	**2,226.48**

Financial instruments measured using fair value

Rs. in Lakhs.

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2018				
Current Financial assets				
Investments in Mutual Funds	4,210.30	—	—	4,210.30
Non current financial assets				
Investment in equity instruments	—	—	2,806.52	2,806.52
Total	**4,210.30**	–	**2,806.52**	**7,016.82**
Financial assets				
As at 31st March 2017				
Current Financial assets				
Investments in Mutual Funds	—	—	—	—
Non current financial assets				
Investment in equity instruments	—	—	2,806.52	2,806.52
Total	–	–	**2,806.52**	**2,806.52**

Note 24 - Employee benefits

(a) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. INR 0.67 Lakhs (March 31, 2017 0.47 Lakhs)

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Life expectancy

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31st March, 2018	Valuation as at 31st March, 2017
Discount rate(s) (%)	7.7	6.8
Expected rate(s) of salary increase(%)		
– Staff	10	10
– Workers	NA	NA
Average Longevity	6.33	6.02
Medical inflation	NA	NA

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Rs. in Lakhs.

Particulars	Unfunded Plan Gratuity 2018	Unfunded Plan Gratuity 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**0.50**	0.47
Net interest expense	**0.17**	–
Components of defined benefit costs reconised in profit or loss	**0.67**	0.47
Remeasurement on the net defined benefit liability		
Return / (Loss) on plan assets (excluding amount included in net interest expense)	**–**	–
Actuarial gains and (loss) arising form changes in financial assumptions	**0.30**	–
Actuarial gains and (loss) arising form experience adjustments	**(2.46)**	(0.01)
Others (Change in fair value of assets)		
Componenets of defined benefit costs recognised in other comprehensive income	**(2.16)**	(0.01)

Rs. in Lakhs.

Particulars			Unfunded Plan Gratuity 2018	Unfunded Plan Gratuity 2017
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**			
	1.	Present value of defined benefit obligation as at 31st March	**5.51**	0.48
	2.	Fair value of plan assets as at 31st March	**–**	–
	3.	Surplus/(Deficit)	**(5.51)**	(0.48)
	4.	Current portion of the above	**0.01**	–
	5.	Non current portion of the above	**5.50**	0.48
II.	**Change in the obligation during the year ended 31st March**			
	1.	Present value of defined benefit obligation at the beginning of the year	**0.48**	–
	2.	Trasfer in /(out)	**2.20**	
	3.	*Expenses Recognised in Profit and Loss Account*		
		– Current Service Cost	**0.50**	0.47
		– Past Service Cost	**–**	–
		– Interest Expense (Income)	**0.17**	–
	4.	*Recognised in Other Comprehensive Income*		
		Remeasurement gains / (losses) - Actuarial Gain (Loss) arising from:		
		i. Demographic Assumptions		
		ii. Financial Assumptions	**(0.30)**	–
		iii. Experience Adjustments	**2.46**	–
	5.	Benefit payments	**–**	–
	6.	Others (Specify)		
	5.	**Present value of defined benefit obligation at the end of the year**	**5.51**	0.47
III.	**Change in fair value of assets during the year ended 31st March**			
	1.	Fair value of plan assets at the beginning of the year	**–**	–
	2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
	3.	*Expenses Recognised in Profit and Loss Account*	**–**	–
		- Expected return on plan assets	**–**	–
	4.	*Recognised in Other Comprehensive Income*		
		Remeasurement gains / (losses) - Actual Return on plan assets in excess of the expected return	**–**	–
	5.	Contributions by employer (including benefit payments recoverable)	**–**	–
	6.	Benefit payments	**–**	–
	7.	**Fair value of plan assets at the end of the year**	**–**	–
IV.	The Major categories of plan assets			
	Debt instruments (quoted)		**0%**	0%
V.	Actuarial assumptions			
	1.	Discount rate (%)	**7.70**	6.80
	2.	Expected rate of return on plan assets (%)	**–**	–
	3.	Attrition rate (%)	**15.00**	15.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs.

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate				
	2018	1.00%	0.33	(0.37)
	2017	1.00%	0.02	(0.04)
Salary growth rate				
	2018	1.00%	(0.30)	0.28
	2017	1.00%	(0.03)	0.01
Life expectancy				
	2018	1.00%	0.04	(0.04)
	2017	1.00%	(0.01)	(0.01)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 5.51 Lakhs to the gratuity trusts during the next financial year of 2018. (Previous year Rs. Nil).

Maturity profile of defined benefit obligation:

	2018	2017
Within 1 year	**0.01**	0.00
1 - 2 year	**0.02**	0.01
2 - 3 year	**0.03**	0.01
3 - 4 year	**0.74**	0.02
4 - 5 year	**1.77**	0.02
5 - 10 years	**13.15**	5.46

Plan Assets

The fair value of Company's gratuity plan asset as of 31 March 2018 by category are as follows:

	2018	2017
Asset category:		
Cash and cash equivalents/Money market instruments/Others	**100%**	100%
Debt instruments (quoted)	**0%**	0%
	100%	100%

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 8.69 years (March 31, 2017 is 10.24 years)

Rs. in Lakhs.

VIII. Experience Adjustments :		**Period Ended 2018 Gratuity**	**Period Ended** 2017 Gratuity
1.	Defined Benefit Obligation	**5.51**	0.47
2.	Fair value of plan assets	**–**	–
3.	Surplus/(Deficit)	**(5.51)**	(0.48)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**2.46**	–
5.	Experience adjustment on plan assets [Gain/(Loss)]	**–**	–

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note 25 : Related Party Disclosures:

1) List of Related parties and relationships

Name of company/Individual	**Relation upto 30th June'2017**	**Relation from 1st July'2017**
Mahindra and Mahindra Limited	Holding Company	Joint Venturer
M/S BSA Company Ltd	Subsidiary Company	Subsidiary Company
Mahindra Two Wheelers Ltd.	Fellow Subsidiary	Fellow Subsidiary of Joint Venturer
Mahindra Integrated Business Solutions Ltd	Fellow Subsidiary	Fellow Subsidiary of Joint Venturer
Mahindra Logistics Limited	Fellow Subsidiary	Fellow Subsidiary of Joint Venturer
Mahindra Racing SPA	Fellow Subsidiary	Fellow Subsidiary of Joint Venturer
Tech Mahindra Limited	Associate of holding company	Associate of Joint Venturer
Mr. Ashish Joshi	Chief Executive Officer	Chief Executive Officer
Mr. Yogesh Shah	Chief Financial Officer	Chief Financial Officer

2) Related Party Transactions:

Rs. in Lakhs

Name of related party	**Nature of Transactions**	**Amount Current Year Transactions from 1st April'2017 to 30th June'17**	**Amount Current Year Transactions between 1st July'17 to 31st March'2018**	**Amount Outstanding as at 31st March 2018**		**Amount Previous Period**	**Amount Outstanding as at 31st March 2017**	
				Credit	**Debit**		**Credit**	**Debit**
1) Mahindra & Mahindra Limited	Purchase of Services	146.14	698.35	686.86	–	32.78	34.42	–
	Purchase of Fixed Assets	16.33	–	–	–	–	–	–
	Purchase of Goods	–	0.16	0.19	–	–	–	–
	Reimbursement of expenses paid	0.52	2.04	2.04	–	–	–	–
	Issue of Share capital	–	5,532.80	–	–	600.00	–	
2) Mahindra Two Wheelers Ltd	Reimbursement of expenses paid	–	0.08	0.08	–	171.16	183.15	–
3) Mahindra Integrated Business Solutions Ltd	Purchase of Services	0.15	0.68	0.31	–	–	–	–
4) Mahindra Racing SPA	Purchase of Services	46.87	46.62	–	–	–	–	–
5) Mahindra Logistics Limited	Reimbursement of Expenses Received	–	2.39	–	2.39	–	–	–
6) Tech Mahindra Ltd	Purchase of Services	2.70	9.46	–	–	–	–	–
7) Ashish Joshi	Managerial Remuneration*	–	97.61	–	–	26.23	–	–
8) Yogesh Shah	Managerial Remuneration	–	5.13	–	–	–	–	–

* Employee benefits payable (gratuity and leave encashment) are calculated on the basis of actuarial valuation. Amount payable for individual employee as at 31st March, 2018, cannot be separately indentified and therefore has not been included above.

Note: 26: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Rs. Lakhs

Particulars	As at 31st Mar'2018	As at 31st Mar'2017
Deferred Tax Liability		
Depreciation	**2.90**	–
Total	**2.90**	**–**
Deferred Tax Asset		
Section 40 (ia) disallowance	**6.70**	–
Provision for Gratuity	**1.43**	0.12
Provision for Leave encashment	**1.72**	0.30
Business Loss & Accu Depre carried forward*	**(6.95)**	(0.42)
Total	**2.90**	**–**
Deferred Tax assets / liability Net:	**–**	–

*Deferred tax assets on tax losses carried forward has been recognised to the extent of deferred tax liability in the books

ii) Current Tax:

No provision towards current tax has been made keeping in view the losses incurred by the Company during the year.

27 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2018 is 2448.33 Lakhs (Previous year Nil).

28 Contingent Liabilities

Contigent Liabilities as at the close of the year - Nil (Previous Year - Nil).

29 Segment reporting

The Company is engaged in the development of two wheeler vehicle which is the primary business segment. At present, the Company has no revenue generation. Accordingly, these financial statements has non applicability of IND AS 108 operating segment.

30 Dues to micro small and medium enterprises

The Company has no dues to micro, small and medium enterprises during the year ended March 31, 2018 (Previous Year - Nil).

31 Unsecured Borrowings

Unsecured loans obtained from the Tata Capital Finance in last financial year repaid during year. Subsequently unsecured loans from HDFC Bank Limited and Kotak Mahindra Bank Limited were obtained and repaid during the year.

32 Management Opinion

In the opinion of the management, current assets and loans and advances recoverable in cash or in kind are considered good and adequate provision has been made for all known liabilities in the accounts.

33 Earnings/Outgoings in Foreign Exchange

(A) Earnings in Foreign currencies- Nil (Previous Year - Nil)

(B) Expenditure in Foreign currencies

Rs. Lakhs

Particulars	For the year ended 31st Mar'2018	For the year ended 31st Mar'2017
Purchase of Vehicle	**6.22**	–
Product development expenditure.	**1,571.83**	272.48
Investment in subsidiary	**–**	2,806.52
Total	**1,578.05**	**3,079.00**

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 24th April, 2018
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Nikhil Sohani
Prakash Wakankar
Vincent Rodrigues
Amit Goyal
(Directors)

Ashish Joshi (Chief Executive Officer)
Yogesh Shah (Chief Financial Officer)
Mangala Savla (Company Secretary)

Date: 24th April, 2018
Place: Mumbai

FORM AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2016

Statement Containing salient features of the financial statements of subsidiaries/associate companies/joint ventures as included in the Consolidated Financial Statements

S No	Name of Subsidiary	The date since when subsidiary was acquired (DD/MM/YYYY)	Reporting Currency	Exchange Rate	Share Capital (Local Currency in Lacs)	Reserves & Surplus (Local Currency in Lacs)	Total Assets (Local Currency in Lacs)	Total Liabilities exclusing share capital and Reserves (Local Currency in Lacs)	Investments (excluding investment in Subsidiaries) (Local Currency in Lacs)	Gross Turnover (Local Currency in Lacs)	Profit/ (Loss) before Tax (Local Currency in Lacs)	Provision for Tax (Local Currency in Lacs)	Profit/ (Loss) after Tax (Local Currency in Lacs)	Proposed Dividend and Tax thereon (Local Currency in Lacs)	Proportion of ownership interest@	Proportion of voting power where different
1	BSA company Limited	21.10.2016	GBP	80.94	97.13	(63.67)	62.22	28.76	–	8.80	(15.93)	–	(15.93)	–	100%	100%

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Yogesh Shah
(Chief Financial Officer)
Ashish Joshi
(Chief Executive Officer)

Nikhil Sohani
(Director)
Prakash Wakankar
(Director)

Vincent Rodrigues
(Director)
Amit Goyal
(Director)
Mangala Savla
(Company Secretary)
Date: 24th April, 2018
Place: Mumbai

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of the design, assembly and marketing of motorcycles and related spare parts and licensing arrangements related thereto.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D S Gill

Mr A Joshi

Auditor

The auditors, Wilkins Kennedy LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr. A Joshi
Director

Date: 23rd April, 2018
Place: Winchester, U.K.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BSA COMPANY LIMITED

Opinion

We have audited the financial statements of **BSA Company Limited** (the 'company') for the year ended 31 March 2018 which comprise the Profit And Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the yearthen ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us toreport to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements isnot appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies

regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations,or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditors responsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Talbot (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP

Chartered Accountants
Statutory Auditor

23rd April, 2018
Athenia House
10-14 Andover Road
Winchester
Hampshire
S023 7BS

BALANCE SHEET AS AT 31ST MARCH, 2018

	Notes	2018 GBP	2018 INR in Lacs	2017 GBP	2017 INR in Lacs
Fixed Assets					
Intangible Assets	3	**34,020**	**31.31**	42,112	34.09
Current Assets					
Debtors	4	**23,191**	**21.34**	8,284	6.71
Cash at bank and in hands		**7,790**	**7.17**	26,458	21.42
		30,981	**28.51**	34,742	28.12
Creditors: amount falling due within one year	5	**(53,258)**	**(49.01)**	(35,521)	(28.75)
Net current liabilities		**(22,277)**	**(20.50)**	(779)	(0.63)
Total assets less current liabilities		**11,743**	**10.81**	41,333	33.45
Capital and reserves					
Called up share capital	6	**120,000**	**110.42**	120,000	97.13
Capital redemption reserve		**60,000**	**55.21**	60,000	48.56
Profit and loss reserve		**(168,257)**	**(154.83)**	(138,667)	(112.24)
Total Equity		**11,743**	**10.81**	41,333	33.45

Exchange rate: 1GBP = INR 92.02

These Financials statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 23rd April, 2018 and are signed on its behalf by:

Mr. A Joshi
Director

Company Registration No. 01531594

Date: 23rd April, 2018
Place: Winchester, U.K.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

		2018		2017	
Particulars	**Notes**	**GBP**	**INR in Lacs**	GBP	INR in Lacs
Turnover		**22,531**	**20.73**	32,281	26.13
Cost of Sales		**–**	**–**	(7,248)	(5.87)
Gross Profit		**22,531**	**20.73**	25,033	20.26
Distribution Cost		**(5,970)**	**(5.49)**	(17,748)	(14.37)
Administrative expenses		**(46,151)**	**(42.47)**	(36,237)	(29.33)
Profit / (Loss) on exceptional items	**2**	**–**	**–**	486,745	393.97
Profit / (Loss) before taxation		**(29,590)**	**(27.23)**	457,793	370.54
Taxation		**–**	**–**	–	–
Profit / (Loss) for the Financial year		**(29,590)**	**(27.23)**	457,793	370.54

Exchange rate: 1GBP = INR 92.02

Mr. A Joshi
Director

Company Registration No. 01531594

Date: 23rd April, 2018
Place: Winchester, U.K.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 1: Accounting Policies

Company information:

BSA Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Speedwell House, West Quay Road, Southampton, Hampshire, SO15 1GY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest GBP.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences: Straight line over 15 years

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. The company considers all of its financial assets basic.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.6 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Note 2: Exceptional Items

	2018		2017	
	GBP	**INR in Lacs**	GBP	INR in Lacs
Waiver of monies due......	–	–	486,745	393.97
	–	–	486,745	393.97

Before sale of its shareholding, the holding company, BSA - Regal Group Limited, waived an amount due to it GBP 486,745.

Note 3: Intangible fixed assets

	GBP	**INR in Lacs**
Cost:		
At 1st April '2017 and 31st March '2018	125,400	115.39
Amortisation and impairment:		
At 1st April '2017..	83,288	76.64
Amortisation charged for the year	8,092	7.45
At 31st March '2018..	**91,380**	**84.09**
Carrying amount		
At 31st March '2018..	**34,020**	**31.31**
At 31st March '2017..	42,112	38.75

Note 4: Debtors

	2018		2017	
	GBP	**INR in Lacs**	GBP	INR in Lacs
Amount falling due within one year:				
Trade debtors..................	**23,191**	**21.34**	22	0.02
Other debtors..................	**–**	**–**	8,262	6.69
	23,191	**21.34**	8,284	6.71

Note 5: Creditors

	2018		2017	
	GBP	**INR in Lacs**	GBP	INR in Lacs
Amount falling due within one year:				
Bank loans and overdrafts	**160**	**0.15**	–	–
Trade creditors................	**18,068**	**16.63**	10,338	8.37
Other taxation and social security............................	**1,512**	**1.39**	1,145	0.93
Accruals and deferred income............................	**33,518**	**30.84**	24,038	19.46
	53,258	**49.01**	35,521	28.75

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 6: Called up share capital

	2018		2017	
	GBP	**INR in Lacs**	GBP	INR in Lacs
Ordinary share capital				
Issued and fully paid				
1,20,000 Ordinary shares of GBP 1 each	**120,000**	**110.42**	120,000	97.13
	120,000	**110.42**	120,000	97.13

Note 7: Parent company

Until 8 October 2016, the company was a subsidiary undertaking of BSA-Regal Group Limited, a company incorporated in Great Britain. The entire share capital was purchased on that date by Classic Legends Private Limited, which is itself a subsidiary of Mahindra & Mahindra Limited.

The accounts of Classic Legends Private Limited are those of the smallest group of which the company is a member and for which group accounts are prepared. Their registered office is at 5th Floor, Mahindra Tower, P.K. Kurne Chowk, Worli, Mumbai City, MH 400018, India.

BOARD'S REPORT

Your Directors present their Eighteenth Report, together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the Year ended 31st March, 2018**	For the Year ended 31st March, 2017
Total Income	**43,870.70**	48,491.00
Profit/(Loss) before Interest, Depreciation and Tax	**(5,682.81)**	(5,293.57)
Interest	**485.19**	87.14
Profit/(Loss) before Depreciation and Tax	**(6,168.00)**	(5,380.31)
Depreciation	**375.10**	334.93
Profit/(Loss) before Tax	**(6,543.10)**	(5,715.23)
Provision for Tax		
– Current Year	**0.00**	29.87
– Deferred Tax	**(212.57)**	(683.43)
Profit/(Loss) for the year after provision for Tax	**(6,330.53)**	(5,061.67)
Balance of Profit/(Loss) brought forward from earlier years	**(3,821.79)**	(1,872.55)
Other Comprehensive Income / (Loss)	**(23.08)**	10.77
Transfer from reserves & other comprehensive income to Liability*	**–**	3,101.67
Profit/(Loss) carried to Balance Sheet	**(10,175.39)**	(3,821.79)
Net Worth	**8,970.56**	15,010.81

* The Company has not taken over losses related to period prior to demerger date, hence losses of Rs. 3,101.67 lakhs has been transferred to liability.

No material changes and commitments have occurred after the closure of the Financial Year 2017-18 till the date of this Report, which would affect the financial position of your Company.

Operations

During the year, the Company revisited its strategy to sharply define future focus areas, drawing from the learnings of various pilots that it had undertaken in the last few years. The Company evaluated and outlined measures to strengthen its Right to Win and Customer Value Proposition.

Given its vision of ***Delivering FarmTech Prosperity***, the Company is focusing on establishing its position as Farmers' Best Friend by ensuring improvement in productivity through its high-quality input products and advisory services and also by enabling better price realization by providing market linkage through its brand *Saboro*.

During the year, the Company strengthened its inputs product portfolio. The Company introduced first seed product from its own research, Hybrid Rice and received very encouraging feedback from the rice growing tracts. The Company also initiated co-marketing of high quality agrichemical products and launched a new Japanese molecule, through tie up with Indofil Industries. The Company launched 5 new agrichemical products, including the Japanese molecule and in the first year itself these products contributed to 12% of the overall revenue from the Crop Care business. The Company further enhanced its presence in the biological & Water Soluble Fertilizer portfolio, and registered a growth of 16% over Financial Year 2017. For its seed potato business housed under the subsidiary, Mahindra HZPC Private Limited, the Company completed registration of imported HZPC seed potato varieties and laid out demo plots for the trials.

Over the years, your Company has been working with farmers by providing them advisory services, soil testing services and by delivering best quality inputs through over 300 Samriddhi touchpoints. The Company further strengthened this farmer outreach program through its new initiative called Mahindra Agri Village. Working closely with these villages, over a period of 3 years, the Company strives to uphold these villages as role models for others to follow. The plan of action is to organize interventions to reduce cultivation expenses and generate savings to achieve sustainability and uplift farming as a whole. Your Company is further glad to inform you that since 2011, it has been honouring the true heroes of Agriculture, for their noteworthy contributions, through its unique concept of Mahindra Samriddhi India Agri Awards. During last year, the Company successfully organized the eighth edition of these awards, with the Honorable Union Minister of Agriculture, Shri Radha Mohan Singh as the Chief Guest at the ceremony. To take its advisory services to next level, last year, your Company had launched an integrated advisory app, **MyAgriGuru**. This app ensures that farmers get all the information related to crops at one point. Within a year of launch, the app has reached more than 4,00,000 farmers and its most important feature, Agri-Buzz witnesses over 300 interactions every day. To further build on this initiative, this year the Company launched advanced version of this app, which features India's first agri advisory ChatBot leveraging Machine Learning and Voice Recognition technologies. The farmer can interact with the Bot, which is currently trained for Sugarcane, by either typing or speaking a query. The Company believes that initiatives like MyAgriGuru will go a long way in empowering Indian farmers.

On the food businesses side, the Company continued its work with farmers in Maharashtra to export high quality grapes and ensured that its farmers were better prepared for the new strict Minimum Residual Level requirements that came in for Canada. During the year, the Company strengthened its presence in new markets like Canada & China and became one of the largest exporters to these markets. The Company is also nearing the completion of the construction of its grapes pack-house in Nashik, which will enable the Company to get premium retail programs going forward.

For its fruits business under its subsidiary Mahindra Greenyard Private Limited ('MGPL'), your Company is working towards modernizing the F&V supply chain in India and has operationalized its first Distribution Centre in Delhi. The Company will leverage its network of Mahindra Agri Villages to source and supply high quality fruits under ***Saboro*** brand.

Your Company's dairy business is progressing well and the business was able to more than double its volumes in the last year. The Company also expanded its portfolio by launching Value added Products like Lassi and Buttermilk in the Madhya Pradesh market to cater to the growing health conscious consumer segment.

Given the focus on new age businesses, your Company further strengthened its *Saboro* Health Food Café model and piloted a new format by opening three new corporate stores. The business strengthened its team and redesigned its product strategy to focus on seasonal variation.

The Company also took significant steps to strengthen its unique offering of organic produce procured directly from farmers under its e-commerce start-up, MeraKisan that it acquired last year.

Although the Company's financial performance was adversely impacted by some external factors like GST, price crash due to oversupply of grapes in Europe and unprecedented price crash for seed potato, the Company took this as an opportunity to revisit its business models to de-risk against these factors. Your Company has developed predictive analytical models to ensure better decision making in the forthcoming seasons.

The Company believes that with its revised strategy, it is much better placed to play an integral role in transforming Indian Agriculture.

Outlook for the Current Year

On the input business side, the Company would be strengthening its proprietary product portfolio and would increase the reach of its advisory services by leveraging MyAgriGuru, thus continuing its journey of ***Delivering FarmTech Prosperity***.

On the food businesses side, your Company would strengthen its presence in fixed margin markets for its grapes export business and will also look to strengthen its sourcing from Egypt. The Company would establish its Distribution Centre and Saboro Health Café models to provide disproportionate value to Indian consumers. The Company would be opening additional Saboro Health Food Café outlets in Mumbai. The Company would also further strengthen its Dairy business presence in the state of Madhya Pradesh and would expand to upcountry markets.

Your Company believes that its various initiatives taken to ensure farmer prosperity and delightful consumer experiences would further bear fruits in the current year.

Dividend

Your Directors have not recommended dividend for the year under review.

Performance and Financial Position of the Subsidiary Companies

As on 31st March, 2018, your Company has three direct subsidiaries namely Mahindra Greenyard Private Limited (formerly known as Mahindra UNIVEG Private Limited) ('MGPL') , Mahindra HZPC Private Limited ('MHZPC') and Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V.

MGPL was incorporated in 2014, to undertake the domestic development of the fresh Produce supply chain for distribution to Indian markets, imports of fresh Produce to India and exports (other than grapes which would remain with the Company). Your Company holds 60% of the share capital and voting power of MGPL. During the year, MGPL earned revenues of Rs. 2,075 lakhs and recorded a loss of Rs. 572.01 lakhs. MGPL, is trading in various imported and local fruits.

MHZPC is in the business of growing, wholesale, retail, trading of Seed potatoes, minitubers, etc. Your Company holds 59.95% of the share capital and voting power of MHZPC. During the year under review, MHZPC earned revenues of Rs. 1,192.83 lakhs and recorded a loss of Rs. 1,860.18 lakhs.

During the year under review, pursuant to the allotment of optionally convertible Preference shares by Merakisan Private Limited ('MKPL') to MGPL, MKPL became a subsidiary of MGPL as per the provisions of the Companies Act, 2013 w.e.f. 25th May, 2017, and in turn became an indirect subsidiary of your Company.

During the year under review, MKPL earned revenues of Rs. 280.58 lakhs and recorded a loss of Rs.199.44 lakhs.

During the year under review Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. was incorporated as a subsidiary of your Company on 17th November, 2017 in Netherlands.

A report on the performance and financial position of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1 which is attached to the financial statements and forms part of this Annual Report.

Share Capital

During the year under review there has been no change in the authorised and paid up share capital of your Company.

The authorised share capital of your Company as on 31st March, 2018 stood at Rs. 75,00,00,000 (Rupees Seventy Five Crores Only) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) Equity shares of Rs. 10 each.

The paid-up share capital of your Company as on 31st March, 2018 stood at Rs. 69,26,89,870 (Rupees Sixty Nine Crores Twenty Six Lakhs Eighty Nine Thousand Eight Hundred Seventy only) divided into 6,92,68,987 (Six Crores Ninety Two Lakhs Sixty Eight Thousand Nine Hundred and Eighty Seven) Equity Shares of the face value Rs.10 each.

Board of Directors

The Board comprises of six Directors out of which three are Independent Directors as under:

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non Independent
1.	Dr. Pawan Kumar Goenka	00254502	Non-Executive Director	Non Independent
2.	Mr. Ashok Sharma	02766679	Executive Director	Non Independent
3.	Mr. K. Chandrasekar	01084215	Non-Executive Director	Non Independent
4.	Mr. M. G. Bhide	00001826	Non-Executive Director	Independent
5.	Mr. Hardeep Singh	00088096	Non-Executive Director	Independent
6.	Ms. Aruna Bhinge	07474950	Non-Executive Director	Independent

Dr. Pawan Goenka retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 from Dr. Pawan Goenka that he is not disqualified from being appointed as a Director of the Company pursuant to section 164 of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company. Further, the Company has received declarations from Mr. M.G. Bhide, Mr. Hardeep Singh and Ms. Aruna Bhinge, the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Number of Meetings of the Board

Your Board of Directors met four times during the year under review i.e. on 2nd May 2017, 31st July 2017, 1st November, 2017 and 24th January, 2018. The gap between two consecutive Board Meetings did not exceed 120 days.

Director	Number of Board Meeting attended
Dr. Pawan Kumar Goenka	4
Mr. Ashok Sharma	4
Mr. K. Chandrasekar	3
Mr. M. G. Bhide	4
Mr. Hardeep Singh	4
Ms. Aruna Bhinge	4

Meeting of Independent Directors

The Independent Directors of the Company met on 1st November, 2017 without the presence of the Chairman, Managing Director and Chief Executive Officer, the other Non-Executive Directors, Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of the Board as a whole, review the performance of the Chairman of the Company, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March, 2018, the applicable accounting standards have been followed;

(b) the Directors had in consultation with Statutory Auditors, selected accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended on that date;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees, performance of the Directors individually (including Independent Directors). Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors. The Nomination and Remuneration Committee has also carried out an evaluation of the performance of the Directors individually.

Codes of Conduct

The Company had adopted Codes of Conduct for Corporate Governance ("the Code(s)") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

Key Managerial Personnel

The following have been designated as the Key Managerial Personnel of the Company pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Ashok Sharma, Managing Director and Chief Executive Officer
- Mr. Meghnad Mitra, Chief Financial Officer and
- Mr. Feroze Baria, Company Secretary.

On 31st July, 2017, Ms. Jyoti Walunj, resigned as Chief Financial Officer of the Company. Subsequently, Mr. Meghnad Mitra was appointed as Chief Financial Officer and Key Managerial Personnel of the Company with effect from 1st November, 2017.

Committees of the Board

Audit Committee

The Composition of the Audit Committee is as follows:

Director	Designation	Number of Audit Committee Meetings attended
Mr. M. G. Bhide	Chairman	4
Mr. K. Chandrasekar	Member	3
Mr. Hardeep Singh	Member	4

All the Members of the Committee possess strong accounting and financial management knowledge. The Audit Committee met four times during the year under review, i.e. on 2nd May, 2017, 31st July, 2017, 1st November, 2017 and 24th January, 2018.

All the recommendations of the Audit Committee were accepted by the Board.

Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee is as follows:

Director	Designation	Number of Corporate Social Responsibility Committee Meetings attended
Ms. Aruna Bhinge	Chairperson	2
Mr. Ashok Sharma	Member	2
Mr. K. Chandrasekar	Member	2

The CSR Committee met twice during the year under review, i.e. on 2nd May, 2017 and 24th January, 2018.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Director	Designation	Number of Nomination and Remuneration Committee Meetings attended
Mr. M. G. Bhide	Chairman	2
Dr. Pawan Goenka	Member	2
Mr. Hardeep Singh	Member	2

Pursuant to section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met twice during the year under review, i.e. on 2nd May, 2017 and 1st November, 2017.

Risk Management Committee

The Risk Management Committee was constituted at the meeting of the Board of Directors held on 31st July, 2017 comprising of Mr. Hardeep Singh (Chairman), Mr. M.G. Bhide (Member) and Mr. K. Chandrasekar (Member).

The Risk Management Committee met once during the year under review, i.e. on 1st November, 2017 which was attended by all the members of the Committee.

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder is implemented through the Company's Whistle Blower Policy to enable the Directors and employees of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism.

Company's Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved a Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees as provided under section 178(3) of the Companies Act, 2013. These policies were amended in accordance with the amendment made under the Companies Act. The policies as amended are attached to this Report as **Annexure I**.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

Corporate Social Responsibility Policy

Your Company has adopted a Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

Since the average net profits of the Company during the three immediately preceding financial years is NIL, the Company has not spent any amount on CSR activities.

The Annual Report on Corporate Social Responsibility activities of the Company is furnished in **Annexure II** and is attached to this Report.

Statutory Auditors

M/s. B S R & Co. LLP (Firm Registration No. 101248W/W-100022) Chartered Accountants, were appointed as Statutory Auditors for a period of 5 years i.e. from the conclusion of the 17th Annual General Meeting ("AGM") until the conclusion of the 22nd AGM.

M/s. B S R & Co. LLP have given a written consent to act as Statutory Auditors of your Company and have also confirmed that the said appointment would be in conformity with the provisions of sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to ratify the appointment of Auditors and fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Your Company had appointed M/s. M. Siroya & Co., Company Secretaries, a firm of practising Company Secretaries as Secretarial Auditor of the Company in accordance with Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of Section 204 of the Companies Act, 2013, the Company has annexed with this Report as **Annexure III**, a Secretarial Audit Report in prescribed Form MR 3 given by the Secretarial Auditor for the Financial Year 2017-18.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, your Board has also approved the appointment of M/s. M. Siroya & Co., Company Secretaries, to conduct secretarial audit for the Financial Year 2018-19.

Cost Auditor

As per provisions of section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted for the Financial Year 2018-19 by a Cost Accountant in practice. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee meeting held on 4th May, 2018, approved the appointment of M/s. D. C. Dave & Co., Cost Accountants as the cost auditors of the Company for the Financial Year 2018-19, at a remuneration of Rupees one lakh plus out of pocket expenses. The members are requested to approve the said remuneration.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure IV** and is attached to this Report.

Particulars of Employees as required under Section 197(12) read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being an unlisted company, the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of Public Deposits, Loans, Guarantees or Investments

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

There are no Loans or Guarantees which are required to be disclosed as covered under the provisions of section 186 of the Companies Act, 2013 and the details of investments made are given in Note No. 6 of the financial statements.

The loans/advances which are required to be disclosed in the Annual Accounts of the Company pursuant to Regulations 34(3) and 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent Company Mahindra & Mahindra Limited, are furnished separately.

Particulars of Transactions with Related Parties

There are no contracts or arrangements with related parties of the Company referred to under section 188(1) of the Companies Act, 2013 which are required to be disclosed in the Report.

Extract of Annual Return

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form No. MGT 9 is attached herewith as **Annexure V** and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors, Secretarial Auditors and Cost Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

Employee Stock Option Scheme

The Company has formulated the MASL Employee Stock Option Scheme - 2016. Details of the Employees Stock Option Scheme pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 are attached herewith as **Annexure VI**.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimise the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

Compliance with Secretarial Standards

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

General Disclosures

The Disclosure as required under section 197(14) of the Companies Act, 2013 was not applicable for the Financial Year under review.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme save and except ESOP Scheme referred to in this report.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the Bankers, Customers and all other stakeholders for their co-operation to the company during the year under review.

For and on behalf of the Board

Pawan Goenka
Chairman

Place: Mumbai
Date: 4th May, 2018

ANNEXURE I

POLICY FOR APPOINTMENT AND REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Agri Solutions Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource Department of the Company.

"Key Managerial Personnel" (KMP) refers to Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);

(ii) Chief Financial Officer (CFO);

(iii) Company Secretary (CS); and

(iv) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are Members of its Core Management Team excluding Board of Directors comprising of all Members of Management one level below the Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The First part of the Policy sets out the approach to appointment of Directors, Key Managerial Personnel and Senior Management Personnel in Mahindra Agri Solutions Limited.

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board Member, the NRC shall take, inter alia, into account the following criteria regarding qualifications, positive attributes and independence of Director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Member. The Board through the Chairman or Managing Director or Manager will interact with the new Member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in Senior Management Team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of the Chairman or Managing Director or Manager based on the business need and the suitability of the candidate.

II. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The second part of the Policy sets out the approach to compensation of Directors, Key Managerial Personnel and other employees in Mahindra Agri Solutions Limited.

Policy Statement

We have a well-defined Compensation Policy for Directors, Key Managerial Personnel and all employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders Resolution.

Managing Director or Executive Directors or Manager

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Managing Director or Executive Director or Manager as the case may be.

Key Managerial Personnel (KMPs)

The terms of remuneration of Key Managerial Personnel of the Company shall be determined in such manner and by such persons as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade.

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors) in accordance with the ESOP Scheme of the Company as may be formulated and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Pawan Goenka
Chairman

Place: Mumbai
Date: 4th May, 2018

ANNEXURE II

CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs.

The Company will focus its efforts within the constituencies of farmers, youth, girls and weaker sections of society through programs designed in the domains of health, environment and education.

The Company's commitment to CSR will be manifested by investing resources in any of the following areas -

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, weather resistant accommodation to migrant poor farm field workers and making available safe drinking water;
2. Promoting and instituting education including scholarships for higher education, special education and employment enhancing vocation skills especially among farmers, children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
6. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
7. Rural development projects.

(2) The Composition of the CSR Committee.

The CSR Committee of the Board comprises of the following Board members:

Director	Designation
Ms. Aruna Bhinge	Chairperson
Mr. Ashok Sharma	Member
Mr. K. Chandrasekar	Member

(3) Average net profit of the company for last three Financial Years: Nil.

(4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil

(5) Details of CSR spent during the Financial Year:

(a) Total amount to be spent for the Financial Year: Nil

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the Financial Year is detailed below: **Not Applicable**

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (As in Schedule VII)	Projects or programs 1) Local areas or Other 2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (Rs. In lakhs)	Amount spent on the project or programs 1) Direct expenditure on projects or programs 2) Overheads (Rs. In lakhs)	Cumulative Expenditure upto the reporting period (Rs. in lakhs)	Amount spent: direct or through implementing agency *
–	–	–	–	–	–	–	–

* Details of implementing agency:

(6) In case the company has failed to spend the two per cent, of the average net profit of the last three Financial Years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report – Since the average net profits of the Company during the three immediately preceding financial years is NIL, the Company has not spent any amount on CSR activities.

(7) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Aruna Bhinge
Chairperson CSR Committee

Ashok Sharma
Managing Director and Chief Executive Officer

Place: Mumbai
Date: 4th May, 2018

ANNEXURE III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Agri Solutions Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Agri Solutions Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder with respect to Overseas Direct Investment;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Based on the representation made by the Company and its officers, the Company has adequate system and process in place for compliance under the laws specifically applicable in relation to the business of the Company, a list whereof is enclosed herewith as an **Annexure-A**.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"): The Company is an unlisted Company and therefore compliance with listing Regulations is not applicable.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

(i) Labour Laws and other incidental laws related to workers/ employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(ii) Acts as prescribed under Direct Tax and Indirect Tax;

(iii) Stamp Acts and Registration Acts of respective States;

(iv) Labour Welfare Act of respective States; and

(v) Such other Local laws etc. of respective States as may be applicable.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at these meetings.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) Members of the Company at their Extra Ordinary General Meeting held on February 26, 2018 approved authority to borrow funds in excess of paid up capital and free reserves and mortgaging or charging the company's undertaking up to an amount not exceeding Rs.160 crores.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Mumbai
Date: 4th May, 2018

This report is to be read with our letter of even date which is annexed as **Annexure B** and forms an integral part of this report.

'Annexure A'

List of Laws applicable specifically to the Company

1. The Insecticide Act, 1968;
2. The Fertilizer (Control) Order, 1985 along with The Fertilizer (Movement Control) Order, 1973;
3. The Essential Commodities Act, 1955 and Pulses, Edible Oilseeds and Edible Oils (Control) Order, 1977 (under GSR No. 929 (E) dated September/ 29, 2016 issued by Department of Consumer Affairs, Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, GOI);
4. Legal Metrology Act, 2009 ("Act");
5. Legal Metrology (Packaged Commodities Rules) Rules, 2011;
6. The Seeds Act, 1966 and The Seeds (Control) Order, 1983, the Seeds Rules 1968;
7. The Food Safety and Standards Act, 2006;
8. The Food Safety and Standards Rules, 2011;
9. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
10. The Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
11. The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;
12. The Food Safety and Standards (Packing & Labelling) Regulations 2011;
13. The Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;
14. Food Safety and Standards (Laboratory and Sampling) Regulations, 2011;
15. Food Safety and Standards (Food Recall Procedure) Regulations, 2017;
16. Food Safety and Standards (Food or Health Supplements, Nutraceuticals, Foods for special dietary uses, Foods for Special Medicinal purposes, Functional Foods and Novel foods) Regulations, 2016;
17. Food Safety and Standards (Import) Regulation, 2017;
18. Food Safety and Standards (Organic Food) Regulations, 2017;
19. Food Safety and Standards (Approval for Non-specified Food and food ingredients) Regulations, 2017;
20. The Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011;
21. APMC Acts (various State enactments);
22. Maharashtra Legal Metrology Act (Enforcement) Rules, 2010;
23. The Agricultural Produce (Grading and Marketing) Act, 1937;
24. Pulses Grading and marking Rules, 2003;
25. The Pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1985;
26. The Ambadi Seeds Grading and Marking Rules, 1964;
27. The Cotton Seeds Grading and Marking Rules, 1982;
28. The Sunflower Seeds Grading and Marking Rules, 1982;
29. Groundnut Grading and Marking Rules, 1965;
30. The Soyabeans Grading and Marking Rules, 2012;
31. The Mustard Seeds and Rape Seeds (oil seed) Grading and Marking Rules, 2012;
32. Export (Quality Control and Inspection) Amendment Act, 1984: The Act facilitates export trade through quality control and inspection before the products are sold to international buyers;
33. Environment Protection Act, 1986: This Act incorporates rules for the manufacture, use, import and storage of hazardous microorganisms / substances / cells used as foodstuff; and
34. Companies Act (Section 66) – For the limited extent of offences committed by the Company.

'Annexure B'

To,

The Members,

Mahindra Agri Solutions Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Mumbai
Date: 4th May, 2018

ANNEXURE IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2018

(A) Conservation of energy:

(i) the steps taken/impact on conservation of energy:

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

(ii) the steps taken by the company for utilizing alternate sources of energy: Nil

(iii) the capital investment on energy conservation equipments: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(a) the details of technology imported:

(b) the year of import:

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

(iv) The expenditure incurred on Research and Development: Rs. 650.40 lakhs

(C) Foreign exchange earnings and Outgo: (in terms of actual inflow and outflow)

Foreign exchange earnings and outgo during the year under review are as follows:

(Rs. In lakhs)

Total Foreign Exchange Earned and Outgo:	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Foreign Currency Earnings	**11,892.17**	11,022.81
Foreign Exchange Outgo	**4,983.84**	5,952.79

For and on behalf of the Board

Pawan Goenka
Chairman

Place: Mumbai
Date: 4th May, 2018

ANNEXURE V

EXTRACT OF ANNUAL RETURN

Form No. MGT-9

As on the financial year ended on 31.03.2018

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U01400MH2000PLC125781
2.	**Registration Date**	11th April, 2000
3.	**Name of the Company**	Mahindra Agri Solutions Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/ Indian non-government Company
5.	**Address of the Registered office & contact details**	Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91-22-24901441 Fax: +91-22-24975081
6.	**Whether listed Company**	~~Yes~~/No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot Nos. 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad- 500032 Tel No: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacture & trading of insecticides, rodenticides, fungicides, herbicides etc.	20211	32.4%
2	Manufacture & trading of Seeds	0164	11.5%
3	Trading in Fruits	46301	36.6%
	Total		**80.5%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	98.4	2(46)
2	Mahindra Greenyard Private Limited (Formerly known as Mahindra UNIVEG Private Limited) Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U01403MH2014PTC255946	Subsidiary Company	60	2(87)
3	Mahindra HZPC Private Limited Mahindra Towers, Pandurang Budhkar Marg, Worli, Mumbai – 400 018.	U01403MH2013PTC242474	Subsidiary Company	59.95	2(87)
4	MeraKisan Private Limited Mahindra Towers, P. K Kurne Chowk, Worli, Mumbai - 400 018	U51909MH2016PTC283578	Subsidiary Company (Indirect)	*75.05	2(87)
5	Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. (w.e.f. 17th November, 2017) Keilestraat 9C, Havennummer 294, 3029 BP Rotterdam, the Netherlands	–	Subsidiary Company	100	2(87)

*In computing the criteria for determining a subsidiary Company as per provisions of section 2(87) of the Companies Act, 2013, the total share capital includes Convertible Preference Share Capital.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s).	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	6,81,63,980	7	6,81,63,987	98.4	6,81,63,980	7	6,81,63,987	98.4	-
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A) (1)	**6,81,63,980**	**7**	**6,81,63,987**	**98.4**	**6,81,63,980**	**7**	**6,81,63,987**	**98.4**	–
2. Foreign									
a. NRIs-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A) (2)	–	–	–	–	–	–	–	–	–
Total share-holding of promoter (A)=(A) (1)+(A) (2)	**6,81,63,980**	**7**	**6,81,63,987**	**98.4**	**6,81,63,980**	**7**	**6,81,63,987**	**98.4**	–
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s).	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B) (1)	–	–	–	–	–	–	–	–	–
2. Non- Institution									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual share-holders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	11,05,000	–	11,05,000	1.6	11,05,000	–	11,05,000	1.6	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies	–	–	–	–	–	–	–	–	–
Sub-Total B (2)	**11,05,000**	–	**11,05,000**	**1.6**	**11,05,000**	–	**11,05,000**	**1.6**	–
Total Public Shareholding (B)=(B) (1)+(B) (2)	**11,05,000**	–	**11,05,000**	**1.6**	**11,05,000**	–	**11,05,000**	**1.6**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**6,92,68,980**	**7**	**6,92,68,987**	**100**	**6,92,68,980**	**7**	**6,92,68,987**	**100**	–

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1st April, 2017]			Shareholding at the end of the year [As on 31st March, 2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	6,81,63,980	98.4	–	6,81,63,980	98.4	–	–
2.	Mahindra & Mahindra Limited Jointly with Mr. K. Chandrasekar*	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Limited Jointly with Mr. Ashok Sharma*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited Jointly with Mr. C. Krishnadas*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited Jointly with Mrs. Roshni Sagreiya*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited Jointly with Mr. V S Parthasarathy*	1	–	–	1	–	–	–
8.	Mahindra & Mahindra Limited Jointly with Mr. Bishwambhar Mishra*	1	–	–	1	–	–	–
	Total	**6,81,63,987**	**98.4**	–	**6,81,63,987**	**98.4**	–	-

* Held jointly with Mahindra & Mahindra Limited by its nominees to comply with the statutory provisions in respect of minimum number of Members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mahindra & Mahindra Limited**				
	At the beginning of the year	6,81,63,980	100		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			6,81,63,980	98.4
2.	**Mahindra & Mahindra Limited Jointly with Mr. K. Chandrasekar**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–
3.	**Mahindra & Mahindra Limited Jointly with Mr. Ashok Sharma**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–
4.	**Mahindra & Mahindra Limited Jointly with Mr. C. Krishnadas**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–
5.	**Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	**Mahindra & Mahindra Limited Jointly with Mrs. Roshni Sagreiya**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–
7.	**Mahindra & Mahindra Limited Jointly with Mr. V S Parthasarathy**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–
8.	**Mahindra & Mahindra Limited Jointly with Mr. Bishwambhar Mishra**				
	At the beginning of the year	1	–		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.): No Change	–	–	–	–
	At the end of the year			1	–

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Dr. Anish Shah	1,50,000	0.22	1,50,000	0.22
2.	Mr. V S Parthasarathy	1,50,000	0.22	1,50,000	0.22
3.	Mr. Rahul Shandilya	1,50,000	0.22	1,50,000	0.22
4.	Mr. Bharat Moossaddee	50,000	0.07	50,000	0.07
5.	Mr. S. Durgashankar	50,000	0.07	50,000	0.07
6.	Mr. Ketan Doshi	50,000	0.07	50,000	0.07
7.	Mr. P N Shah	30,000	0.04	30,000	0.04
8.	Mr. Rajeev Dubey	30,000	0.04	30,000	0.04
9.	Mr. Nikhil Madgavkar	30,000	0.04	30,000	0.04
10.	Ms. Rajashree Ansurkar	20,000	0.03	20,000	0.03
11.	Mr. Rajesh Jejurikar	20,000	0.03	20,000	0.03
12.	Mr. Ramesh Iyer	20,000	0.03	20,000	0.03
13.	Mr. Ramesh Ramchandran	20,000	0.03	20,000	0.03
14.	Mr. Vijay Paradkar	20,000	0.03	20,000	0.03
15.	Mr. Hemant Sikka	20,000	0.03	20,000	0.03

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Ashok Sharma***				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.): No change	–	–	–	–
	At the end of the year			1	0.00
2	**Mr. K. Chandrasekar***				
	At the beginning of the year	30,001	0.04		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.): No change	–	–	–	–
	At the end of the year			30,001	0.04
3	**Dr. Pawan Goenka**				
	At the beginning of the year	2,20,000	0.32		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.): No change	–	–	–	–
	At the end of the year			2,20,000	0.32

* 1 Equity share is held jointly with Mahindra & Mahindra Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amount in Rupees)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	22,56,17,074	68,05,479	–	23,24,22,553
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	22,94,081	–	22,94,081
Total (i+ii+iii)	**22,56,17,074**	**90,99,560**	–	**23,47,16,634**
Change in Indebtedness during the financial year				
• Addition	76,21,63,609	10,00,00,000	–	86,21,63,609
• Reduction	–	–	–	–
Net Change	**76,21,63,609**	**10,00,00,000**	–	**86,21,63,609**
Indebtedness at the end of the financial year				
i) Principal Amount	98,77,80,683	10,68,05,479	–	1,09,45,86,162
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	22,94,081	–	22,94,081
Total (i+ii+iii)	**98,77,80,683**	**10,90,99,560**	–	**1,09,68,80,243**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: (Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Ashok Sharma (Managing Director)	
1.	Gross Salary	1,41,99,996	1,41,99,996
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	**1,41,99,996**	**1,41,99,996**
	Ceiling as per the Act	As per provisions of Schedule V of the Companies Act, 2013	

B. Remuneration of other directors

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**Mr. M. G. Bhide**	**Mr. Hardeep Singh**	**Ms. Aruna Bhinge**	
	Fee for attending board/committee meetings	3,70,000	3,40,000	2,10,000	9,20,000
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1)	**3,70,000**	**3,40,000**	**2,10,000**	**9,20,000**
2	**Other Non-Executive Directors**	–	–	–	–
	Fee for attending board/committee meetings	–	–	–	–
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	**3,70,000**	**3,40,000**	**2,10,000**	**9,20,000**
	Total Managerial Remuneration	–	–		
	Overall Ceiling as per the Act	Within the prescribed limits of the Companies Act, 2013			

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Feroze Baria (Company Secretary)	Mr. Meghnad Mitra (Chief Financial Officer) From 1/11/2017	Ms. Jyoti Walunj (Chief Financial Officer) upto 31/7/2017	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	–	46,64,694	–	46,64,694
	b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	–	14,002	–	14,002
	c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–
5.	Others, please specify	2,50,000	–	17,24,521	19,74,521
	Total	**2,50,000**	**46,78,696**	**17,24,521**	**66,53,217**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	N. A.	N. A.	N. A.	N. A.	N. A.
Punishment	N. A.	N. A.	N. A.	N. A.	N. A.
Compounding	N. A.	N. A.	N. A.	N. A.	N. A.
B. DIRECTORS	N. A.	N. A.	N. A.	N. A.	N. A.
Penalty	N. A.	N. A.	N. A.	N. A.	N. A.
Punishment	N. A.	N. A.	N. A.	N. A.	N. A.
Compounding	N. A.	N. A.	N. A.	N. A.	N. A.
C. OTHER OFFICERS IN DEFAULT	N. A.	N. A.	N. A.	N. A.	N. A.
Penalty	N. A.	N. A.	N. A.	N. A.	N. A.
Punishment	N. A.	N. A.	N. A.	N. A.	N. A.
Compounding	N. A.	N. A.	N. A.	N. A.	N. A.

For and on behalf of the Board

Pawan Goenka
Chairman

Place: Mumbai
Date: 4th May, 2018

ANNEXURE VI

Details of the Employees Stock Option Scheme pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	ESOS 2016
(a)	options granted	35,69,977
(b)	options vested	–
(c)	options exercised	–
(d)	the total number of shares arising as a result of exercise of option	
(e)	options lapsed / Expired	4,65,004
(f)	the exercise price	47.50
(g)	variation of terms of options	–
(h)	money realized by exercise of options	–
(i)	total number of options in force as at 31st March 2018	31,04,973
(j)	(i) employee wise details of options granted to key managerial personnel	
	• Mr. Ashok Sharma	6,17,944
	• Mr. Meghnad Mitra	–
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	–
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	–

For and on behalf of the Board

Pawan Goenka
Chairman

Place: Mumbai
Date: 4th May, 2018

PARTICULARS OF LOANS/ADVANCES PURSUANT TO PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Loans and advances in the nature of loan from the Parent Company:

(Rs. in crores)

Name of the Company	Balance as on 31st March, 2018	Maximum outstanding during the year
Mahindra & Mahindra Limited	10.00	10.00

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA AGRI SOLUTIONS LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Agri Solutions Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2015 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated 25 May 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

v) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

vi) With respect to the adequacy of the internal financial controls over financials reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

vii) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

d. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959

Place: Mumbai
Dated: 4 May 2018

Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified once in three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties included in leasehold, freehold land and freehold building are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year and the material discrepancies noticed on such physical verification has been properly dealt in the financial statements.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Goods & Service Tax, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of income tax, sales tax, service tax and Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed during the course of audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration to the Directors appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date : 4 May 2018

Annexure B to the Independent Auditors' Report – 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Agri Solutions Limited ('the Company') as at 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date : 4 May 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Rs in Lakhs

		Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**3,120.09**	3,017.83
	(b) Capital Work-in-Progress	4	**1,824.07**	26.05
	(c) Other Intangible Assets	5 A	**291.34**	299.40
	(d) Intangible Assets Under Development	5 A	**114.88**	–
	(e) Financial Assets			
	(i) Investments (other than using equity method)	6	**1,878.15**	806.00
	(ii) Other Financial Assets	7	**71.97**	66.94
	(f) Deferred Tax Assets (Net)	8	**968.50**	745.46
	(g) Income Tax Assets (Net)	9	**39.93**	20.70
	(h) Other Non-current Assets	10	**41.77**	157.62
	SUB-TOTAL		**8,350.70**	5,140.00
	CURRENT ASSETS			
	(a) Biological assets other than bearer plant	11	**108.13**	61.53
	(b) Inventories	12	**8,646.68**	8,859.02
	(c) Financial Assets			
	(i) Trade Receivables	13	**18,863.19**	17,149.24
	(ii) Cash and Cash Equivalents	14	**312.21**	1,373.75
	(iii) Other Bank Balances	14	**77.69**	73.94
	(iv) Loans	15	–	–
	(v) Other Financial Assets	7	**1,215.64**	1,150.94
	(d) Other Current Assets	10	**1,847.57**	1,017.20
			31,071.11	29,685.62
	Assets held for sale	5 B	**83.10**	–
	SUB-TOTAL		**31,154.21**	29,685.62
	TOTAL ASSETS		**39,504.91**	34,825.62
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	16 A	**6,926.90**	6,926.90
	(b) Other Equity	16 B	**2,043.66**	8,083.93
	SUB-TOTAL		**8,970.56**	15,010.83
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	19 A	**1,293.75**	–
	(b) Provisions	17	**532.22**	549.14
	SUB-TOTAL		**1,825.97**	549.14
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	19 B	**9,527.81**	2,256.17
	(ii) Trade Payables	20	**16,334.19**	14,294.41
	(iii) Other Financial Liabilities	21	**917.21**	762.43
	(b) Provisions	17	**219.20**	184.43
	(c) Current Tax Liabilities (Net)	9	**40.23**	40.23
	(d) Other Current Liabilities	18	**1,669.74**	1,727.98
	SUB-TOTAL		**28,708.38**	19,265.65
	TOTAL EQUITY AND LIABILITY		**39,504.91**	34,825.62

The accompanying notes 1 to 41 forms integral part of financial statements

In terms of our report attached.
For B S R & Co. LLP
Firm Registration No : 101248W/W-100022
Chartered Accountants

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 04 May 2018

For and on behalf of Board of Directors
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Meghnad Mitra
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 04 May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rs. in Lakhs

	Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations	22	**43,480.95**	47,723.31
II	Other Income	23	**389.74**	767.69
III	**Total Revenue (I+II)**		**43,870.69**	48,491.00
IV	**EXPENSES**			
	(a) Cost of materials consumed	24 (a)	**2,998.16**	3,081.36
	(b) Purchases of Stock-in-trade		**28,467.58**	32,598.76
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24 (b)	**68.90**	1,391.51
	(d) Employee benefits expense	25	**4,784.17**	4,117.90
	(e) Finance costs	26	**485.19**	87.14
	(f) Depreciation and amortisation expense	27	**375.10**	334.93
	(g) Other expenses	28	**13,234.70**	12,594.64
	Total Expenses (IV)		**50,413.80**	54,206.24
V	**Loss before tax for the period (III-IV)**		**(6,543.11)**	(5,715.24)
VI	Tax Expense			
	(1) Current tax	29	–	29.87
	(2) Deferred tax	8	**(212.57)**	(683.43)
	Total tax expense		**(212.57)**	(653.56)
VII	**Loss after tax for the period**		**(6,330.54)**	(5,061.68)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	30	**26.68**	15.58
	(ii) Income tax relating to defined benefit plans that will not be reclassified to profit or loss	29	**(8.32)**	(4.81)
	(iii) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	33	**(60.22)**	–
	(iv) Income tax relating to Effective portion of gains and loss on designated portion of hedging instruments that will be reclassified to profit or loss	29	**18.79**	–
	Total Other comprehensive income		**(23.07)**	10.77
IX	**Total comprehensive loss for the period (VII-VIII)**		**(6,353.61)**	(5,050.91)
	Earnings per equity share: Basic and Diluted (in Rs.)	31	**(9.14)**	(9.37)

The accompanying notes 1 to 41 forms integral part of financial statements

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Managing Director & Chief Executive Officer

Manohar Bhide
Director

Meghnad Mitra
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 04 May 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Rs. in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flows from operating activities		
Loss before tax for the year	**(6,543.11)**	**(5,715.24)**
Adjustments for:		
Finance costs recognised in profit or loss	**485.19**	87.14
Interest income recognised in profit or loss	**(1.47)**	(97.31)
Gain on sale of Mutual Fund	**–**	(2.86)
Provision for doubtful debts	**495.23**	455.17
Depreciation and amortisation of non-current assets	**375.10**	334.93
Net foreign exchange (gain)/loss	**6.05**	(197.14)
Net (gain)/loss arising on financial assets (Biological assets) measured at fair value through profit or loss	**(36.26)**	(5.97)
Expenses recognised in respect of ESOP	**313.34**	60.71
(Profit)/Loss on Sale of Capital Asset	**0.99**	(0.90)
	(4,904.94)	(5,081.47)
Movements in working capital:		
Decrease/(Increase) in trade and other receivables	**(2,207.79)**	808.02
Decrease/(Increase) in inventories	**202.00**	1,287.35
(Increase)/decrease in other assets	**(901.87)**	(398.06)
Increase/(Decrease) in trade and other payables	**1,958.33**	2,578.34
	(949.33)	4,275.65
Cash used in operations	**(5,854.27)**	(805.82)
Income taxes refund/(paid)	**(19.23)**	18.77
Net cash used in operating activities	**(5,873.50)**	(787.05)
Cash flows from investing activities		
Interest received	**4.14**	104.50
Investment in Mutual Fund	–	(1,140.00)
Proceeds from redemption of Mutual Fund	–	1,142.86
Investment in Subsidiary	**(1,072.15)**	–
Bank balances not considered as cash and cash equivalents (Net)	**(3.75)**	7.17
Payment for Agri businesses purchase (Business Combination)	–	(26,006.00)
Proceeds from sale of property, plant and equipment	**12.63**	30.76
Payments for property, plant and equipment	**(2,275.41)**	(664.37)
Net cash used in investing activities	**(3,334.54)**	(26,525.08)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	–	26,530.87
Proceeds from borrowings	**7,621.64**	2,256.17
Repayment of borrowings	**–**	(2,500.00)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONT...)

Rs. in Lakhs

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Proceeds from Intercorporate Deposit	**1,000.00**	–
Interest paid	**(475.12)**	(112.76)
Net cash flow generated from financing activities	**8,146.52**	26,174.28
Net decrease in cash and cash equivalents	**(1,061.52)**	(1,137.85)
Cash and cash equivalents at the beginning of the year	**1,373.74**	2,511.59
Cash and cash equivalents at the end of the year (refer note 14)	**312.22**	1,373.74

The accompanying notes 1 to 41 forms integral part of financial statements

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Membership No: 113959

Mumbai
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Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 04 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(a) Equity Share Capital

Rs. in Lakhs

Equity share capital	Amount
As at 31st March, 2016	1,341.45
Rights Issue of Equity Share (refer note: 16A)	5,474.95
Preferential allotment of Equity share (refer note: 16A)	110.50
As at 31st March, 2017	**6,926.90**
Changes in equity share capital during the year	–
As at 31st March, 2018	**6,926.90**

(b) Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus				OCI	
	Capital Reserve for bargain purchase Business combination	Securities Premium Reserve	Employee Stock Option Outstanding	Retained Earnings	Effective portion of Cash Flow Hedges	Total
As at 31st March, 2016	**–**	**–**	**–**	**(1,872.55)**	**–**	**(1,872.55)**
Transfer from reserves & other comprehensive income to Liability*	–	–	–	3,101.70	–	3,101.70
Loss for the year	–	–	–	(5,061.68)	–	(5,061.68)
Other Comprehensive Income/(Loss)	–	–	–	10.77	–	10.77
Total Comprehensive Income for the year	**–**	**–**	**–**	**(5,050.91)**	**–**	**(5,050.91)**
Security premium on right issue and preferential allotments	–	20,945.43	–	–	–	20,945.43
Share issue (ESOP to employees)	–	–	60.71	–	–	60.71
Due to Business combination	(9,100.45)	–	–	–	–	(9,100.45)
As at 31st March, 2017	**(9,100.45)**	**20,945.43**	**60.71**	**(3,821.76)**	**–**	**8,083.93**
Loss for the year	–	–	–	(6,330.54)	–	(6,330.54)
Other Comprehensive Income/(Loss)	–	–	–	18.36	(41.43)	(23.07)
Total Comprehensive Income for the year	**–**	**–**	**–**	**(6,312.18)**	**(41.43)**	**(6,353.61)**
Share issue (ESOP to employees)	–	–	313.34	–	–	313.34
As at 31st March, 2018	**(9,100.45)**	**20,945.43**	**374.05**	**(10,133.94)**	**(41.43)**	**2,043.66**

* The Company has not taken over losses related to period prior to demerger date, hence losses of Rs. 3,101.67 lakhs transferred to liability.

In terms of our report attached.
For B S R & Co. LLP
Firm Registration No : 101248W/W-100022
Chartered Accountants

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 04 May 2018

For and on behalf of Board of Directors
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director & Chief Executive Officer

Manohar Bhide
Director

Meghnad Mitra
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 04 May 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Corporate Information

Mahindra Agri Solutions Limited (Formerly Known as Mahindra Shubhlabh Services Limited) ("the company") a Public Limited Company domiciled in India and incorporated on 11th April, 2000 under the provisions of the Companies Act, 1956 (CIN : U01400MH2000PLC125781).

The company is engaged in the business of Agri inputs products and Food businesses. Grapes, Banana Cultivation, Crop Care, Seeds, Dairy, Edible Oil, Pulses, etc. businesses are in operations during the year.

2. Significant accounting policies

2.1 Statement of compliance

The Separate financial statements of the Company have been prepared in accordance with IND ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted IND AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The Separate financial statements of the Company have been prepared in accordance with IND ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted IND AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments and agricultural produce that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for possible customer returns based on past trend, discount and incentive schemes.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Export Benefits:

Export benefits for sale of goods are accounted for in the year of export based on eligibility and accrual basis, when there is no uncertainty in receiving the same

2.4 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts.

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense/income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are expensed out in profit and loss statement.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.7.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries and wages, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2 Minimum Alternative Tax

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

2.8.3 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.8.4 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, plant and equipment

Property, plant and equipment (other than bearer plant) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administration purpose are carried at cost, less any recognised impairment loss.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Bearer Plant cost includes cost of plant and land preparation upto the planting. Bearer plant are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes based on the Company's expected usage pattern supported by technical assessment:

(a) Certain items of Plant and Equipment – 1 to 15 years
(b) Buildings (Roads) – 15 years
(c) Vehicles – 5 years
(d) Bearer Plant – 3 Years

2.10 Intangible assets

2.10.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.10.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software	3 years, 10 years
Non Compete Fees	5 years
Trademarks	10 years
Technical Knowhow	10 years

2.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.12 Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower

Biological assets growing on the bearer plant is estimated at fair value.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.14 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Classification of financial Assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments at FVTOCI: On initial recognition, the Company has made irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Reserves. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments.

For the impairment policy on financial assets measured at amortised cost.

2.14.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.14.3 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.14.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

2.14.5 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.14.6 Financial liabilities and equity instruments

2.14.6.1 Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.6.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

2.14.6.3 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

2.14.6.4 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.6.5 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'/'Other expenses'.

2.14.6.6 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

2.15 Derivative financial instruments and hedge accounting

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its exposure to foreign exchange.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IND AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.10	Property, Plant & Equipment – estimated useful life
Note No. 2.11.4 & 2.12	Intangible assets – impairment and estimated useful life
Note No. 2.4	Revenue Recognition – estimated sales return in future

Dealer discount and incentive related cost estimated based on schemes in operation and utilisation trend in past.

Fair value measurements and valuation processes

Some of the company's assets and liabilities, including biological assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the company uses market- observable data to the extent it is available for level- 3 inputs.

Note No. 4 - Property, Plant and Equipment and Capital work in - progress

Rs. in Lakhs

Carrying Amount of:	**As at 31st March, 2018**	As at 31st March, 2017
Land - Freehold	**841.13**	619.31
Building	**956.66**	1,080.69
Plant and Equipment	**882.88**	963.49
Computer Equipment	**20.33**	31.57
Office Equipment	**48.26**	11.34
Furniture and Fixtures	**76.97**	70.13
Vehicles	**248.99**	236.79
Bearer Plant	**18.62**	4.52
Leasehold Improvement	**26.24**	–
Total Tangible Assets	**3,120.09**	3,017.83
Capital work in progress	**1,824.07**	26.05
Total	**4,944.16**	3,043.88

Rs. in Lakhs

Description of Assets	Land - Freehold	Buildings	Plant and Equipment	Computer Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Bearer Plant	Leasehold Improvement	Total
I. Cost										
(a) Balance as at 1st April, 2016	**608.44**	**1,063.42**	**928.09**	**59.78**	**21.76**	**72.05**	**335.17**	–	–	**3,088.71**
Additions	10.87	115.17	234.28	21.66	0.35	15.77	148.36	5.53	–	551.99
Disposals			(4.15)				(24.71)			(28.86)
(b) Balance as at 31st March 2017	**619.31**	**1,178.59**	**1,158.22**	**81.44**	**22.11**	**87.82**	**458.82**	**5.53**	–	**3,611.84**
Additions	240.21		64.07	1.56	45.19	19.84	101.25	19.34	29.20	520.66
Reclassification to assets as held for sale - Note 5B	(18.38)	(89.61)								(107.99)
Disposals			(17.32)		(0.58)	(1.71)	(10.11)	(1.51)		(31.24)
(c) Balance as at 31st March 2018	**841.13**	**1,088.98**	**1,204.97**	**83.00**	**66.72**	**105.95**	**549.96**	**23.36**	**29.20**	**3,993.27**
II. Accumulated depreciation and impairment										
(d) Balance as at 1st April 2016	–	**47.24**	**66.02**	**33.19**	**6.63**	**5.81**	**145.51**	–	–	**304.40**
Depreciation expense for the year		50.66	128.77	16.68	4.14	11.88	76.66	1.01		289.79
Disposals			(0.05)				(0.14)			(0.19)
(e) Balance as at 31st March 2017	–	**97.90**	**194.74**	**49.87**	**10.77**	**17.70**	**222.03**	**1.01**	–	**594.01**

Rs. in Lakhs

	Description of Assets	Land - Freehold	Buildings	Plant and Equipment	Computer Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Bearer Plant	Leasehold Improvement	Total
	Depreciation expense for the year		59.32	134.02	12.79	7.90	11.56	88.54	4.59	2.96	321.68
	Reclassification to assets as held for sale - Note 5B	–	(24.89)								(24.89)
	Disposal			(6.67)		(0.20)	(0.28)	(9.61)	(0.87)		(17.62)
(f)	**Balance as at 31st March 2018**	**–**	**132.33**	**322.09**	**62.66**	**18.47**	**28.98**	**300.96**	**4.74**	**2.96**	**873.18**
III.	**Net carrying amount 31st March, 2018 (c)-(f)**	**841.13**	**956.66**	**882.88**	**20.33**	**48.26**	**76.97**	**248.99**	**18.62**	**26.24**	**3,120.09**
IV.	**Net carrying amount 31st March, 2017 (b)-(e)**	**619.31**	**1,080.69**	**963.49**	**31.57**	**11.34**	**70.13**	**236.79**	**4.52**	**–**	**3,017.83**

Note No. 5 A - Other Intangible Assets

Rs. in Lakhs

Carrying amount of:-	As at 31st March, 2018	As at 31st March, 2017
Computer Software	**78.67**	47.28
Non Compete Fees	**7.70**	14.10
Trademarks	**44.31**	51.46
Technical Knowhow	**160.67**	186.57
Total Intangible Assets	**291.34**	299.40
Intangible Assets under development	**114.88**	–
Total	**406.23**	299.40

Rs. in Lakhs

		Description of Assets	Computer Software	Non Compete Fees	Trademarks	Technical Knowhow (See note below)	Total
		Intangible Assets					
I.		**Cost**					
	(a)	**Balance as at 1st April, 2016**	**38.70**	**32.00**	**70.87**	**256.88**	**398.45**
		Additions from separate acquisitions	16.21	–	–	–	16.21
		Disposals	–	–	–	–	–
	(b)	**Balance as at 31st March, 2017**	**54.91**	**32.00**	**70.87**	**256.88**	**414.66**
		Additions from separate acquisitions	45.36				45.36
		Disposals					–
	(c)	**Balance as at 31st March, 2018**	**100.27**	**32.00**	**70.87**	**256.88**	**460.02**
II.		**Accumulated amortisation and impairment**					
	(d)	**Balance as at 1st April, 2016**	**1.95**	**11.50**	**12.27**	**44.40**	**70.12**
		Amortisation expense for the year	5.68	6.40	7.14	25.91	45.13
	(e)	**Balance as at 31st March, 2017**	**7.63**	**17.90**	**19.41**	**70.31**	**115.25**
		Amortisation expense for the year	13.97	6.40	7.14	25.90	53.42
	(f)	**Balance as at 31st March, 2018**	**21.61**	**24.30**	**26.55**	**96.21**	**168.67**
III.		**Net carrying amount 31st March, 2018 (c)-(f)**	**78.67**	**7.70**	**44.31**	**160.67**	**291.34**
IV.		**Net carrying amount 31st March, 2017 (c)-(g)**	**47.28**	**14.10**	**51.46**	**186.57**	**299.40**

Note 1: Significant Intangible Asset

The company holds a Technical know how for Seeds germination. The carrying amount of the Technical know how of Rs 160.67 Lakh (as at March 31st 2017 Rs 186.57 Lakh) will be fully amortised in balance 6 year.

Note No. 5 B - Assets Held for Sale

Board has approved in its meeting held on 24th January, 2018, to sell the land and building admeasuring approximately 3.02 acres consisting of Survey No. 174/5, 174/8, 174/10, 175/2, 175/5 located opposite Vinayaka Rice Mills at Vadipatti, Madurai District, Tamil Nadu - 625 221 based on the valuation report of HDFC Realty. The said property was neither currently used nor was likely to be used in future.

A. Fixed Assets as Assets held for sale

As at 31st March, 2018, assets held for sale has been stated at carrying amount (being lower of carrying amount and fair value)-

Rs. in Lakhs

Particular	**Note**	As at 31 March 2018
Property, Plant and Equipment	**5**	83.10
Total Assets held for Sale		**83.10**

B. Measurement of fair value

The value measurement for the assets held for sale has been categorised as a Level 3 fair value based on the inputs from Valuation Report by HDFC Reality.

Note No. 6 - Investments - Non Current

Rs. in Lakhs

Particular	**Face value Per share (Rs.)**	**As at 31st March, 2018** Nos	**Amounts Non-Current**	**As at 31st March, 2017** Nos	**Amounts Non-Current**
At Cost					
A. In Subsidiary Companies					
Equity shares-fully paid (Unquoted)					
Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited)	10	**6,258,000**	**625.80**	3,330,000	333.00
Mahindra HZPC Private Limited	10	**12,523,500**	**1,252.35**	4,730,000	473.00
B. Fair value through other comprehensive income - FVTOCI					
Unquoted Investments (all fully paid)					
Investments in Equity shares					
Fully paid up equity shares of Rs. 10 each of Vayugrid Marketplace Services Private Limited	10	**2,121,000**	**58.75**	2,121,000	58.75
Less: Diminution in Value of Investment			**(58.75)**		(58.75)
TOTAL INVESTMENTS (A) + (B)			**1,878.15**		806.00
Total impairment loss on value of investments			**58.75**		58.75

Note No. 7 - Other financial assets

Rs. in Lakhs

Particulars	**As at 31st March, 2018** Current	**Non-Current**	**As at 31st March, 2017** Current	Non-Current
Financial assets carried at FVTPL:				
– Derivatives not designated as hedging instruments	**–**	**–**	219.59	–
	–	**–**	219.59	–
Financial assets at amortised cost:				
Security Deposit	**45.70**	**39.44**	43.00	42.65
Export Incentive Receivable*	**1,123.26**	**–**	883.08	–
Interest Accrued on Bank Deposits	**1.77**	**–**	4.45	–
Share Application Money	**–**	**7.67**	–	–
Earmarked Bank Deposit with original maturity more than 12 months	**0.50**	**24.86**	0.82	24.29
Receivable from customers	**28.23**	**–**	–	–
Others	**16.18**	**–**	–	–
TOTAL	**1,215.64**	**71.97**	1,150.94	66.94

* The same has been regrouped in the current year pursuant to the clarification issued in ITFG 15 from other current assets.

Note: Derivatives not designated as hedging instruments, carried at FVTPL includes foreign currency forward contracts.

Note No. 8 - Deferred Tax Assets (Net)

Rs. in Lakhs

Particular	**As at 31st March, 2018**	As at 31st March, 2017
Deferred tax assets	**1,030.52**	774.33
Deferred tax liability	**(62.02)**	(28.87)
	968.50	745.46

(i) Movement in deferred tax balances

Rs. in Lakhs

Particulars	For the Year ended 31st March 2018 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	**228.46**	**7.79**	**(8.32)**	**227.93**
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	–	–	**18.79**	**18.79**
Other Temporary Differences - Provision for Doubtful Debts & Inventory	**545.88**	**237.92**	**–**	**783.80**
	774.34	**245.71**	**10.47**	**1,030.52**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(28.88)**	**(33.14)**		**(62.02)**
	(28.88)	**(33.14)**	–	**(62.02)**
Net Tax Asset (Liabilities)	**745.46**	**212.57**	**10.47**	**968.50**

Rs. in Lakhs

Particulars	For the Year ended 31st March 2017 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	18.89	214.37	(4.81)	228.45
Other Temporary Differences - Provision for Doubtful Debts & Inventory	48.87	497.01		545.88
	67.76	711.38	(4.81)	774.33
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	(0.92)	(27.95)		(28.87)
	(0.92)	(27.95)	–	(28.87)
Net Tax Asset (Liabilities)	66.84	683.43	(4.81)	745.46

(ii) Unrecognised deductible temporary differences unused tax losses and unused tax credits

Rs. in Lakhs

Particular	As at 31st March, 2018	As at 31st March, 2017
Unrecognised deductible temporary differences unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to following:		
– tax losses (revenue in nature)	**14,673.96**	6,589.53
	14,673.96	6,589.53

Note No. 9 - Income Tax Assets (Net)

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non - Current Tax assets		
Tax refund receivables	**19.64**	5.13
TDS Receivable	**20.29**	15.57
Total	**39.93**	20.70
Current tax liability		
Provision for tax	**40.23**	40.23
Total	**40.23**	40.23

Note No. - 10 Other current & Non - current assets

Rs. in Lakhs

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
(a) Capital advances				
(i) For Capital work in progress	**–**	**33.29**	–	148.25
(b) Advances other than capital advances				
(i) Balances with Government authorities (other than income taxes)	**1,033.39**	**4.00**	33.20	3.00
(ii) Advances to employees				
Considered good	**33.91**		52.64	
Considered doubtful	**51.48**			
Provision for doubtful advance	**(51.48)**			
(iii) Others				
Considered good	**780.27**	**4.48**	931.36	6.37
Considered doubtful	**149.02**	**–**	126.12	–
Provision for doubtful advance	**(149.02)**	**–**	(126.12)	–
Total	**1,847.57**	**41.77**	1,017.20	157.62

Notes:

The Company has provided for doubtful advances for FY18 of Rs. 74.38 lacs (for FY17 of Rs 4.52 lacs).

Others includes advances for supply of goods and services, prepaid expenses and others.

Note No. - 11 Biological assets other than bearer plant

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening stock	**61.53**	–
Add: Purchases or Input costs	**104.09**	84.63
Less: harvested	**93.75**	29.07
Add/Less: Gain/(Loss) on changes in Fair value	**36.26**	5.97
Closing stock	**108.13**	61.53

As at 31st March, 2018, the Company having cultivation plant on approximately 182 acre on operating lease. The period of Crop maturity is approx. 14~15 months. At period end, the unharvested banana crop is treated as a biological asset and stated at fair value as estimated costs to sell. Resultantant gain or loss movements are recognised in the Statement of profit and loss for the period.

Note No. - 12 Inventories (Lower of cost and net realisable value)

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Raw materials	**172.56**	269.40
(b) Work-in-progress	**326.98**	22.92
(c) Finished goods	**79.33**	49.52
(d) Stock-in-trade*	**5,891.59**	4,171.21
(e) Packing Materials, Stores & Spares	**319.94**	841.23
(f) Stock-in-transit	**1,856.28**	3,504.74
Total Inventories (at lower of cost and net realisable value)	**8,646.68**	8,859.02

* It includes inter-unit transfer of stock amounting to Rs 74.78 lacs (Previous year - Rs 52.82 lacs).

Notes:

The cost of inventories recognised as an expense during the year was Rs 31,581.24 Lakhs (for the year ended 31st March, 2017 Rs.37,133.16 Lakhs)

The cost of inventories recognised as an expense includes Rs 98.82 Lakhs (during 2016-2017: Rs 228.59 Lakhs) in respect of write downs of inventory to net realisable value, and has been reduced by Rs NIL (during 2016-2017 : Rs NIL) in respect of the reversal of such write downs.

The carrying amount of inventories pledged as security for working capital loan is Rs. 8,646.69 Lakhs (As at 31st March, 2017: Rs 8,859.03 Lakhs).

Note No. - 13 Trade receivables

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade receivables		
(a) Unsecured, considered good	**18,863.19**	17,149.24
(b) Doubtful	**1,862.29**	1,411.87
Less: Allowance for credit losses	**(1,862.29)**	(1,411.87)
TOTAL	**18,863.19**	17,149.24
Of the above, trade receivables from:		
– Related Parties	**566.79**	75.67
– Others	**18,296.40**	17,073.57
Total	**18,863.19**	17,149.24

Notes:

The Average credit period on sale of goods is as under :

– Agri Input businesses - Crop care and Seeds 90 days each
– Food businesses - Grapes Export - As per agreement with Consignment agent/Customers, Grapes Domestic - 15 days; Dairy, Pulses and Edible Oil 7 days

The Company does not normally enforce interest on overdue debts. However interest on overdue debts is charged on discretionary basis in respect of certain business/parties.

Note No. - 14 Cash and Bank Balances

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and Bank Balance		
A. Cash and cash equivalents		
(a) Balances with banks		
in Current Accounts	**267.34**	1,008.72
Fixed Deposits with original maturity upto 3 months	–	–
(b) Cheques, drafts on hand	**44.87**	364.82
(c) Cash on hand	–	0.21
Total Cash and cash equivalent	**312.21**	1,373.75
B. Other Bank Balances		
(a) Earmarked balances with banks:		
Fixed Deposits with maturity less than 3 months	**75.86**	72.27
Fixed Deposits with maturity greater than 3 months	**1.83**	1.67
Total Other Bank balances	**77.69**	73.94
Total Cash and Bank Balance	**389.90**	1,447.69

Reconciliation of Cash and Cash Equivalents

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total Cash and Cash Equivalents as per Balance Sheet	**312.21**	1,373.75
Total Cash and Cash Equivalents as per Statement of Cash flow	**312.21**	1,373.75

Note No. - 15 Loans

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long term loan		
– Considered good	**–**	–
– Doubtful	**98.22**	98.22
Less: Allowance for Credit Losses	**(98.22)**	(98.22)
TOTAL	**–**	–

Note:

The Company has evaluated the credit risk associated with the loan provided. In terms of such assessment, the entire principal amount of loan along with accrued interest thereon has been fully provided for.

Note No. - 16 A Equity Share Capital

Rs. in Lakhs

A. Equity share capital	
As at 31st March, 2016	1,341.45
Rights Issue of Equity Share	5,474.95
Preferential allotment of Equity share (refer note below)	110.50
As at 31st March, 2017	6,926.90
Changes in equity share capital during the period	–
As at 31st March, 2018	**6,926.90**

Notes:

During the previous year, the Company has issued 54,749,473 nos of equity share of Rs.10 each at a premium of Rs.37.50 on right basis based on Circular resolution dated 5 July 2016.

During the previous year, the Company has issued 1,105,000 nos of equity share of Rs.10 each at a premium of Rs.37.50 on preferential basis based on Circular resolution dated 27 February 2017.

Rs. in Lakhs

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount
Authorised:				
Equity shares of Rs 10 each with voting rights	**7,50,00,000**	**7,500.00**	7,50,00,000	7,500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**6,92,68,987**	**6,926.90**	6,92,68,987	6,926.90
Total	**6,92,68,987**	**6,926.90**	6,92,68,987	6,926.90

Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars	Opening Balance	Rights Issue	Preferential Allotment	Closing Balance
(a) Equity Shares with Voting rights				
Year Ended 31st March 2018				
No. of Shares	**6,92,68,987**	–	–	**6,92,68,987**
Amount	**6,926.90**	–	–	**6,926.90**
Year Ended 31 March 2017				
No. of Shares	1,34,14,514	5,47,49,473	1,105,000	6,92,68,987
Amount	1,341.45	5,474.95	110.50	6,926.90

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

Equity Shares with Voting rights

Particulars	No. of Shares
As at 31st March, 2018	
the Holding Company	**6,81,63,987**
Others	**1,105,000**
Total	**6,92,68,987**
As at 31st March, 2017	
the Holding Company	6,81,63,987
Others	1,105,000
Total	6,92,68,987

Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018 Number of shares held	As at 31st March, 2018 % holding in that class of shares	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**6,81,63,987**	**98.40%**	6,81,63,987	98.40%

Note No. - 16 B Other Equity

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
– Capital Reserve on Business combination	**(9,100.45)**	(9,100.45)
– Securities premium	**20,945.43**	20,945.43
– Share Option outstanding	**374.05**	60.71
– Retained Earnings	**(10,133.94)**	(3,821.76)
– Effective portion of Cash Flow Hedges	**(41.43)**	–
Total	**2,043.66**	8,083.93

Securities Premium Reserves

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the Year	**20,945.43**	–
Movement during the year on account of issue of shares	–	20,945.43
Balance at the end of the Year	**20,945.43**	20,945.43

Note No. - 17 Provisions

Rs. in Lakhs

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non- Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non- Current
Provision for employee benefits				
– Compensated Absences	**166.49**	**288.06**	151.92	313.01
– Gratuity	**52.71**	**244.16**	32.51	236.13
Total Provisions	**219.20**	**532.22**	184.43	549.14

Note:

The provision for employee benefits includes annual leaves and vested long service leave entitlements accrued and compensation claims made by employees. For other disclosure refer note no 30 on Defined benefit and contribution.

Note No. 18 - Other Liabilities

Rs. in Lakhs

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
a. Advances received from customers	**869.89**	–	759.26	–
b. Statutory dues				
– taxes payable (other than income taxes)	**13.35**	–	164.52	–
– Employee Recoveries and Employer Contributions	**41.21**	–	35.43	–
c. Employee dues	**597.73**	–	606.74	–
d. Others	**147.56**	–	162.03	–
TOTAL OTHER LIABILITIES	**1,669.74**	–	1,727.98	–

Notes:

There are no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note No. 19A - Long Term Borrowings

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
i. Term Loans from Banks	**1,350.00**	–
Less : Current maturities of Long Term Debt (Note - 21)	**56.25**	–
Total Current Borrowings	**1,293.75**	–

Notes:

i) Term Loan from HDFC banks is taken for setting up of a Packhouse, having interest rate of 7.85% p.a.

ii) Term Loan is secured by way of mortgage on Packhouse at Nashik.

iii) Term Loan is payable in 24 equated quarterly installments, commencing at the end of 4th quarter from the date of disbursement.

Note No. 19 B- Short Term Borrowings

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
i. Loans from Banks	**8,527.81**	**2,256.17**
ii. Inter Corporate Deposit	**1,000.00**	**–**
Total Current Borrowings	**9,527.81**	**2,256.17**

Notes:

i) Borrowings with banks are secured on First paripasu charge on the Company's present and future current assets.

ii) Borrowing facility are of Cash Credit (CC), Working Capital Demand Loan (WCDL), Packing Credit in Foreign Currency (PCFC) in nature.

iii) Repayment terms for CC is on demand to 12 months, for WCDL is 3 - 6 months and for PCFC is 6 months.

Note No. 20 - Trade Payables

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payable - Micro and small enterprises (Refer Note 40)	**101.71**	100.52
Trade payable - Other than micro and small enterprises	**14,181.38**	12,906.09
Acceptances (Refer Note Below)	**2,051.10**	1,287.80
Total	**16,334.19**	14,294.41

Note:

The Company has been into the arrangement with its suppliers and a group Company Mahindra & Mahindra Financial Services Limited (MMFSL). As per terms of this arrangement suppliers get their sales invoice realisation before due date from MMFSL and on due date of sales invoice of supplier the Company pay to MMFSL. This arrangement is to take care of Company's supplier's working capital need.

Note No. 21 - Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Financial Liabilities Measured at Amortised Cost - Current		
(a) Due to related parties - Services and Others	–	(46.07)
(b) Interest accrued	**14.77**	4.70
(c) Trade Deposit	**657.68**	692.88
(d) Creditors for capital supplies/services	**123.95**	35.39
(e) Current maturities of long term debt	**56.25**	68.05
(f) Others	**4.34**	7.48
Derivative financial instruments designated and effective as hedging instruments carried at fair value	**60.22**	–
Total other financial liabilities	**917.21**	762.43

Note No. 22 - Revenue from Operations

Rs. in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Revenue from sale of products (Including Excise duty of Rs.224.43 lakhs for the year ended 31st March, 2018 & Rs.771.88 lakhs for the year ended 31st March, 2017)	**42,857.33**	47,009.27
(b) Other operating revenue		
– Export Incentive	**618.98**	559.18
– Interest from customers	**(6.86)**	48.44
– Others	**11.50**	106.42
Total Revenue from Operations	**43,480.95**	47,723.31

Details of Gross revenue from Sale of Product:-

Rs in Lakhs

Traded Goods	Year ended 31st March, 2018	Year ended 31st March, 2017
Pulses	**3,933.69**	10,002.34
Grapes	**15,295.78**	13,371.78
Edible Oil	**1,838.75**	1,849.98
Crop Care	**14,140.37**	14,966.46
Seeds	**4,984.51**	4,582.90
Others	**2,664.23**	2,235.81
Total	**42,857.33**	47,009.27

Note No. 23 - Other Income

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Interest Income		
– Bank deposits (at amortised cost)	**1.47**	97.31
– Other non operating net off expenses directly attributable to such income	–	16.33
(b) Biological assets at fair value	**36.26**	5.97
(d) Other gains and losses		
– Gain on disposal of property, plant and equipment (Net)	–	0.90
– Foreign currency gains	–	493.01
(e) Other Non-Operating Income	**352.01**	154.17
Total Other Income	**389.74**	767.69

Note No. 24 (a) - Cost of materials consumed

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Opening stock	**269.40**	159.28
Add: Purchases	**2,901.32**	3,191.48
	3,170.72	3,350.76
Less: Closing stock	**172.56**	269.40
Cost of materials consumed	**2,998.16**	3,081.36

Note No. 24 (b) - Changes in inventories of finished goods, work-in-progress and stock-in-trade and Packing Material

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Inventories at the end of the year:		
Finished goods	**79.33**	49.52
Work-in-progress	**326.98**	22.92
Stock-in-trade	**5,891.59**	4,171.21
Goods in transit	**1,856.28**	3,504.74
Biological assets other than bearer plant	**108.13**	61.53
Packing Materials, Stores & Spares	**319.94**	841.23
	8,582.25	8,651.15
Inventories at the beginning of the year:		
Finished goods	**49.52**	2,198.44
Work-in-progress	**22.92**	31.90
Stock-in-trade	**4,171.21**	6,665.50
Goods in transit	**3,504.74**	–
Biological assets other than bearer plant	**61.53**	–
Packing Materials, Stores & Spares	**841.23**	1,146.82
	8,651.15	10,042.66
Net (increase)/decrease	**68.90**	1,391.51

Note No. 25 - Employee Benefits Expense

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Salaries and wages, including bonus*	**4,513.92**	3,840.99
(b) Contribution to provident and other funds (Refer Note No 30 for Defined benefit plan)	**231.74**	241.82
(c) Staff welfare expenses	**38.51**	35.09
Total Employee Benefit Expense	**4,784.17**	4,117.90

* Salary and wages includes Rs.321.70 lakhs (Previous year Rs. 124.35 lakhs) pertains to ESOP cost (Net).

Note No. 26 - Finance Cost

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Interest expense		
(i) Interest on bank overdrafts and loans (other than those from related parties)	**419.88**	77.43
(ii) Interest on loans from related parties	**43.81**	6.81
(b) Other Interest expenses	**21.50**	2.90
Total finance costs	**485.19**	87.14

Note:

The rate of Cash credit funds borrowed generally is between 8.00% to 8.75% per annum (for the year ended 31st March, 2017 is between 8.25% to 8.75% per annum)

Note No. 27 - Depreciation and amortisation expenses

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Depreciation and amortisation expenses:-		
Depreciation of property, plant and equipment pertaining to operations	**321.68**	289.79
Amortisation of intangible assets	**53.42**	45.14
Total depreciation and amortisation pertaining to operations	**375.10**	334.93

Note No. 28 - Other Expenses

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Stores and tools consumed	**52.26**	103.78
(b) Rent including lease rentals*	**467.73**	427.81
(c) Rates and taxes	**84.96**	172.03
(d) Insurance	**183.62**	163.25
(e) Repairs and maintenance - Buildings	**6.04**	2.25
(f) Repairs and maintenance - Machinery	**5.89**	6.76
(g) Repairs and maintenance - Others	**49.01**	76.90
(h) Advertisement	**244.17**	336.55
(i) Commission on sales/contracts (net)	**980.05**	907.95
(j) Freight outward	**2,783.61**	2,136.29
(k) Sales promotion expenses	**1,286.90**	1,059.10
(l) Travelling and Conveyance Expenses	**947.06**	961.39
(m) Subcontracting, Hire and Service Charges	**979.30**	876.50
(n) Clearing and forwarding charges	**2,057.88**	2,110.26
(o) Research and development expenses	**41.49**	99.10
(p) Provision for doubtful trade and other receivables, loans	**483.35**	338.35
(q) Bad debts written off	**11.88**	116.83
(r) CSR expenses	**0.06**	15.79
(s) Excise duty on sale of products	**224.43**	771.88

Rs in Lakhs

Particulars			Year ended 31st March, 2018	Year ended 31st March, 2017
(t)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**35.00**	40.25
	(ii)	For Other services	**4.50**	14.62
	(iii)	For reimbursement of expenses	**0.85**	0.13
(u)	Legal and other professional costs		**519.04**	737.65
(v)	Rebate, claim and discount (net)		**883.90**	516.39
(w)	Exchange Loss		**293.37**	–
(x)	Others		**608.35**	602.83
Total Other Expenses			**13,234.70**	12,594.64

* Operating leases relate to leases of rental premises with lease terms between 1-5 years. The Company does not have an option to purchase the leased land at the expiry of leased period.

Note No. 29 - Income tax recognised in profit and loss

Income Tax recognised in profit or loss

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax:		
In respect of current year	–	–
In respect of prior year	–	29.87
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(212.57)**	(243.04)
In respect of current year operations of business combination businesses	–	(440.39)
Total income tax expense on operations	**(212.57)**	(653.56)

(b) Income tax recognised in other Comprehensive income

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(8.32)**	(4.81)
Effective portion of gains and loss on designated portion of hedging instrument in a cash flow hedge	**18.79**	–
Total	**10.47**	(4.81)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(8.32)**	(4.81)
Effective portion of gains and loss on designated portion of hedging instrument in a cash flow hedge	**18.79**	–
Total	**10.47**	(4.81)

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs in Lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Loss before tax for the year	**(6,543.11)**	(5,715.24)
Income tax expense calculated at 31.2% (2017: 30.9%)#	**(2,041.45)**	(1,766.01)
Effect of income that is exempt from taxation	–	–
Effect of expenses that is non-deductible in determining taxable profit	**(671.05)**	(513.20)
Effect of tax incentives and concessions (research and development and other allowances)	–	–
Effect of current year losses for which no deferred tax asset is recognised	**2,499.94**	2,036.17
Changes in recognised deductible temporary differences	–	–
	(212.57)	(243.04)
Adjustments recognised in the current year in relation to the current tax of prior years	–	29.87
Income tax expense recognised In profit or loss from continuing operations	**(212.57)**	(213.18)

Notes:

Profit shown above is related to existing business. Loss on businesses added through business combination of Rs 3,101.67 lakhs in F16 not available to carry forward

\# The tax rate used for the year 2017-18 and 2016-17 in reconciliations above is at corporate tax rate of 30% + surcharge + cess payable by Corporate entities in India on taxable profits under the Indian tax law.

Note No. 30 - Employee Benefits Expense

(i) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs.164.93 lakhs for the year ended 31st March, 2018 (31st March, 2017 : Rs.146.65 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(ii) Defined Benefit Plans

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Rs in Lakhs

	Funded Plan Gratuity	
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Current Service Cost	**60.02**	72.03
Net interest expense	**20.36**	15.83
Components of defined benefit costs recognised in profit or loss	**80.38**	87.86
Changes in Financial Assumptions	**(12.86)**	(1.39)
Changes in demographic assumptions	**(12.13)**	–

Rs in Lakhs

Particulars	Funded Plan Gratuity Year ended 31st March, 2018	Funded Plan Gratuity Year ended 31st March, 2017
Experience adjustments	**0.93**	(14.61)
Actual return on plan assets less interest on plan assets	**(2.62)**	0.43
Total	**53.70**	72.28
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**321.83**	291.19
2. Fair value of plan assets as at 31st March	**(24.96)**	(22.54)
3. Surplus/(Deficit)	**296.87**	268.65
4. Current portion of the above	**52.71**	32.51
5. Non current portion of the above	**244.16**	236.14
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**291.19**	30.20
2. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**60.02**	72.03
– Interest Expense (Income)	**20.17**	18.13
3. *Recognised in Other Comprehensive Income*	**–**	–
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(12.13)**	–
ii. Financial Assumptions	**(12.86)**	(1.39)
iii. Experience Adjustments	**0.93**	(14.61)
4. Benefit payments	**(25.48)**	(8.21)
5. Others (Specify)	**–**	195.05
6. Present value of defined benefit obligation at the end of the year	**321.83**	291.19
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**22.54**	26.14
2. *Expenses Recognised in Profit and Loss Account*		
– Expected return on plan assets	**–**	–
3. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)	**–**	–
– Actual Return on plan assets in excess of the expected return	**2.62**	(0.43)
– Interest on plan assets	**(0.19)**	2.30
4. Contributions by employer (including benefit payments recoverable)	**25.48**	2.73
5. Benefit payments	**(25.48)**	(8.21)
6. Fair value of plan assets at the end of the year	**24.96**	22.54
IV. The Major categories of plan assets		
Life Insurance Corporation Fund	**24.96**	22.53

Rs in Lakhs

Particulars	Funded Plan Gratuity Year ended 31st March, 2018	Funded Plan Gratuity Year ended 31st March, 2017
V. Actuarial assumptions		
1. Discount rate	**7.60%**	7.65%
2. Salary Escalation	**8.50%**	9.50%
3. Attrition rate	**22.00%**	18.00%
4. Mortality rate	**The Indian Assured Lives Mortality (2006-08) Ult table**	The Indian Assured Lives Mortality (2006-08) Ult table

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**31st March, 2018**	**1.00%**	**(3.97%)**	**4.30%**
	31st March, 2017	1.00%	(4.98%)	5.48%
Salary growth rate	**31st March, 2018**	**1.00%**	**4.22%**	**(3.97%)**
	31st March, 2017	1.00%	5.33%	(4.94%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs.10 lakhs to the gratuity trusts during the next financial year

Maturity profile of defined benefit obligation:

Rs in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Within 1 year	**77.67**	55.05
1 - 2 year	**53.01**	41.84
2 - 3 year	**56.74**	38.28
3 - 4 year	**44.90**	43.19
4 - 5 year	**41.80**	34.87
5 - 6 year	**31.88**	34.58
6 - 7 year	**27.89**	27.35
7 - 8 year	**22.57**	25.59
8 - 9 year	**21.49**	21.78
10 year and above	**87.95**	148.44

Plan Assets

The fair value of Company's pension plan asset as of 31st March, 2018 & 31st March, 2017 by category are as follows:

Rs in Lakhs

	As at 31st March, 2018	As at 31st March, 2017
Asset category:		
Deposits with Insurance companies	**24.96**	22.54
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31st March, 2018 is 4.13 years (31st March, 2017 - 5.22 years)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs. 80.38 lakhs has been included in profit or loss under Contribution to provident and other funds.

Note No. 31 - Earnings per Share

Particulars	**Year ended 31st March, 2018 Per Share**	Year ended 31st March, 2017 Per Share
Basic and Diluted earnings per share (Rs.)	**(9.14)**	(9.37)

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs in Lakhs

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	**(6,330.54)**	(5,061.68)
Weighted average number of equity shares for the purpose of basic earnings per share	**6,92,68,987**	5,40,14,028
Basic earning per share (Rs.)	**(9.14)**	(9.37)

Note: Since there is a loss in the reported periods potential equity shares are not considered as dilutive therefore Diluted EPS is same as basic EPS

Note No. 32 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
	As at 31st March, 2018	As at 31st March, 2017				
Financial assets						
Investments						
Investments in equity instruments at FVTOCI-unquoted	**12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL**	12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefit to be derived from the ownership of these investees.	Short & long term revenue generation outlook of the entity , based on management experience.	Revenue generation by the entity would result in increase in fair value.
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency forward contracts	**–**	–	Level - 2	Discounted cash Flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	–	–

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs in Lakhs

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Opening balance (investment in Vayugrid Marketplace Services Private Limited) *		–
Total gains or losses:		
– in other comprehensive income		–
Closing balance	**–**	–

* The Investment in Vayugrid Market Place Services Private Limited fully provided for prior to date of transition. Accordingly there is no movement in fair value of this investment.

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

Rs in Lakhs

Particulars	As at 31st March, 2018 Carrying amount	Fair value (level 2)	As at 31st March, 2017 Carrying amount	Fair value (level 2)
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**18,863.19**	**18,863.19**	17,149.24	17,149.24
– Investments	**1,878.15**	**1,878.15**	806.00	806.00
– deposits and similar assets	**1,287.60**	**1,287.60**	1,217.88	1,217.88
Financial liabilities				
Financial liabilities at Amortised Cost				
– bank loans	**8,527.81**	**8,527.81**	2,256.17	2,256.17
– long term borrowings	**1,293.75**	**1,293.75**	–	–
– loans from related parties	**1,000.00**	**1,000.00**	–	–
– Payable to related Parties	–	–	(46.07)	(46.07)
– deposits and similar liabilities	**917.21**	**917.21**	808.49	808.49
– trade and other payables	**16,334.19**	**16,334.19**	14,294.41	14,294.41
Financial lease payables				
Total	**28,072.95**	**28,072.95**	17,313.00	17,313.00

Notes:

The carrying values of financial assets and liabilities represent their approximate fair value.

There were no transfer between level 1 and level 2 during the year.

Note No. 33 - Financial Instruments

i) Capital management

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' value by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March, 2018 and 31st March, 2017 are as follows:

Rs in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Borrowing from Bank	**9,877.81**	2,256.17
Borrowing from related party	**1,000.00**	–
Debt (A)	**10,877.81**	2,256.17
Equity Share Capital	**6,926.90**	6,926.90
Other Equity	**2,043.66**	8,083.93
Equity (B)	**8,970.56**	15,010.83
Debt Ratio (A/B)	**121%**	15%

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

ii) Categories of financial assets and financial liabilities

As at 31st March, 2018

Rs in lacs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	**71.97**	**–**	**–**	**71.97**
Current Assets				
Trade Receivables	**18,863.19**	**–**	**–**	**18,863.19**
Other Bank Balances	**77.69**	**–**	**–**	**77.69**
Loans	**–**	**–**	**–**	**–**
Other Financial Assets	**1,215.64**	**–**	**–**	**1,215.64**
Non-current Liabilities				
Borrowings	**1,293.75**	**–**	**–**	**1,293.75**
Current Liabilities				
Borrowings	**9,527.81**	**–**	**–**	**9,527.81**
Trade Payables	**16,334.19**	**–**	**–**	**16,334.19**
Other Financial Liabilities	**856.99**	**–**	**60.22**	**917.21**

As at 31st March 2017

Rs in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	66.94	–	–	66.94
Current Assets				
Trade Receivables	17,149.24	–	–	17,149.24
Other Bank Balances	73.94	–	–	73.94
Loans	–	–	–	–

Rs in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Other Financial Assets	1,150.94	–	–	1,150.94
Current Liabilities				
Borrowings	2,256.17	–	–	2,256.17
Trade Payables	14,294.41	–	–	14,294.41
Other Financial Liabilities	762.43	–	–	762.43

iii) Credit Risk

Credit risk management

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. Company also takes credit insurance for business specific customers. The Company's exposure and categorisation of its customers are continuously monitored. Credit exposure is controlled by customer credit limits which are reviewed and approved. The company also take security cheques from its domestic market customers.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
Ageing	**Expected credit loss (%)**	**Expected credit loss (Rs. in lakhs)**	Expected credit loss (%)	Expected credit loss (Rs. in lakhs)
Within the credit period	**0.48%**	**52.95**	0.03%	3.03
0-3 month past due	**0.36%**	**17.30**	0.11%	4.90
3-6 month past due	**1.34%**	**33.29**	1.84%	39.32
6 -12 month past due	**46.24%**	**351.68**	49.96%	435.43
>1 year		**1,406.65**		928.76
Total		**1,861.87**		1,411.44

Rs in Lakhs

Age of Receivables	**As at 31st March, 2018**	As at 31st March, 2017
Within the credit period	**11,094.85**	10,206.05
0-3 month past due	**4,868.42**	4,367.81
3-6 month past due	**2,485.93**	2,141.99
6 -12 month past due	**760.56**	871.49
>1 year	**1,515.71**	973.77
Total	**20,725.47**	18,561.11

Reconciliation of provision for doubtful Trade Receivables

Rs in Lakhs

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Balance as at beginning of the year	**1,411.44**	1,184.30
Impairment losses recognised in the year based on lifetime expected credit losses	**860.47**	338.35
Impairment losses reversed/ written back	**410.04**	111.21
Balance at end of the year	**1,861.87**	1,411.44

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The company has pledged an aggregated carrying amount of Rs 20,725.47 Lakhs (as at 31st March, 2017 Rs 18,561.11 Lakhs) for Bank loan.

iv) Liquidity Risk

(a) Liquidity risk management

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in Lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31-Mar-18				
Borrowings	**9,584.06**	**450.00**	**450.00**	**393.75**
Trade Payables	**16,334.19**	**–**	**–**	**–**
Other Financial Liabilities	**860.96**	**–**	**–**	**–**
Total	**26,779.21**	**450.00**	**450.00**	**393.75**
31-Mar-17				
Borrowings	2,256.17	–	–	–
Trade Payables	14,294.41	–	–	–
Other Financial Liabilities	762.43	–	–	–
Total	**17,313.01**	**–**	**–**	**–**

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
31-Mar-18				
Net settled:				
– foreign exchange forward contracts	**–**	**–**	**–**	**–**
Gross settled:				
– foreign exchange forward contracts	**(60.22)**	**–**	**–**	**–**
Total	**(60.22)**	**–**	**–**	**–**
31-Mar-17				
Net settled:				
– foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–
Gross settled:				
– foreign exchange forward contracts	219.59	–	–	–
Total	219.59	–	–	–

(C) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**20,468.73**	**–**	**–**	**1,950.12**
Fixed interest rate instruments	**–**	**–**	**–**	**–**
Total	**20,468.73**	**–**	**–**	**1,950.12**
31-Mar-17				
Non-interest bearing	19,747.87	–	–	872.94
Fixed interest rate instruments	–	–	–	–
Total	19,747.87	–	–	872.94

In the case of assets falling short of liabilities, banking facilities are available to honor the obligation through as cash credit, short term borrowing/long term borrowing and other necessary banking facilities.

The carrying amount of inventories pledged as security for working capital loan is Rs. 8,646.69 Lakhs (As at 31st March, 2016: Rs 8,859.03 Lakhs).

v) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses permitted derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Forex & investment Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

a) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by taking forward cover that are expected to occur within a maximum 12 month period for forecasted cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs in Lakhs

Particulars	Currency	As at 31st March, 2018	As at 31st March, 2017
Trade Receivables	USD	**240.11**	544.22
	EUR	**1,849.62**	1,337.41
	CAD	**71.90**	–
	GBP	**64.01**	–
Trade Payables	USD	**668.55**	80.04
	EUR	**15.48**	320.76
Advance Given	EUR	**14.82**	–
Advances Received	USD	**274.09**	–
	EUR	**–**	152.69

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs in Lakhs

Particulars	Currency	As at 31st March, 2018	As at 31st March, 2017
Trade Receivables	USD	**32.37**	544.22
	EUR	**–**	–
	CAD	**71.90**	–
	GBP	**64.01**	–
Trade Payables	USD	**668.55**	24.49
	EUR	**15.48**	320.76

Note:- Forward cover of EURO 45.62 lakhs (Rs 3,637,67 lakhs) and USD 3.22 lakhs (Rs 207.74 lakhs) as at 31st March, 2018 and EURO 89.12 lakhs and USD 0.85 lakhs as at 31st March, 2017.

b) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts.

Rs in Lakhs

Period	Currency	Change in rate	Effect on profit/(loss) before tax	Effect on pre-tax equity
As at 31st March, 2018	**USD**	**10%**	**(63.62)**	**(63.62)**
	USD	**3%**	**(19.09)**	**(19.09)**
	EUR	**10%**	**(1.55)**	**(1.55)**

Rs in Lakhs

Period	Currency	Change in rate	Effect on profit/ (loss) before tax	Effect on pre-tax equity
	EUR	**3%**	**(0.46)**	**(0.46)**
	CAD	**10%**	**7.19**	**7.19**
	CAD	**3%**	**2.16**	**2.16**
	GBP	**10%**	**6.40**	**6.40**
	GBP	**3%**	**1.92**	**1.92**
As at 31st March, 2017	USD	10%	51.97	51.97
	USD	3%	15.59	15.59
	EUR	10%	(32.08)	(32.08)
	EUR	3%	(9.62)	(9.62)

c) Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs in Lakhs

Period	Currency	Increase/ decrease in basis points	Effect on profit/(loss) before tax
As at 31st March, 2018	**INR**	**100**	**(108.78)**
As at 31st March, 2017	INR	100	(22.56)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Hedge Accounting - Forwards

It is the policy of the Company to enter into forward foreign exchange contracts to cover maximum up to 80% of the expected foreign currency exposure based on estimated cash flow. Forex Committee decide the time & quantum of hedging based on outlook.

(i) Details of Forward Foreign Currency Contracts outstanding at the end of reporting period

Rs in Lakhs

Outstanding Contracts	Average exchange rate	Notional value	Hedge ratio	Carrying amount included in Other Financial Assets / (Liabilities)	Change in the fair value of hedging instrument for the period	Change in the value of hedged item used to determine hedge effectiveness
31st March, 2018						
Cash Flow Hedges						
Sell Currency						
Maturing less than 1 year						
– USD / INR	**65.37**	210.73	1 : 1	(0.99)	(0.99)	0.99
– EUR / INR	**81.61**	3,722.92	1 : 1	(59.24)	(59.24)	59.24
				(60.22)	(60.22)	60.22
31st March, 2017						
Cash Flow Hedges						
Sell Currency						
Maturing less than 1 year						
– USD / INR	–	–	–	–	–	–
– EUR / INR	–	–	–	–	–	–

(ii) Details of hedge ineffectiveness in respect of Outstanding Contracts

Rs in Lakhs

Outstanding Contracts	Ineffectiveness recognisned in Profit or Loss		Effective portion recognisned in OCI	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Cash Flow Hedges	–	–	(84.02)	–

(iii) The movement in Cash flow hedge reserve for instruments designated in a cash flow hedge is as follows:

Rs in Lakhs

Particulars	Exchange Rate Risk hedges	
	31-Mar-18	31-Mar-17
Balance as the beginning of the year		
– Gross	–	–
– Deferred Tax	–	–
– Net	–	–
(Gains)/Losses transferred to Profit or Loss on occurrence of the forecast transaction	**21.01**	–
(Gains)/Losses transferred to Profit or Loss due to cash flows no longer expected to occur	**2.78**	–
Change in Fair Value of Effective Portion of cash flow hedges	**(84.02)**	–
Total	**(60.22)**	–

Rs in Lakhs

Particulars	Exchange Rate Risk hedges	
	31-Mar-18	31-Mar-17
Deferred Tax on the above	18.79	
Balance as the end of the year		
– Gross	(60.22)	–
– Deferred Tax	18.79	–
– Net	(41.43)	–
Of the above:		
Balance relating to continuing hedges	(41.43)	–
Balance relating to hedge accounting is no longer applied	–	–
Total	(41.43)	–

Offsetting of Financial Assets and Financial Liability

Rs in Lakhs

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Derivatives not designated as hedging instruments		
Gross Amount	**–**	222.94
Netting	**–**	3.35
Net Amount	**–**	**219.59**

Apart from the above, the Company did not have any other master netting arrangement.

Note No. 34 - Segment information

A. Product & services from which reportable segments derive their revenue

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the company reportable segments under IND AS 108 are as follows:

1) Input Business
2) Food Business
3) Other Business

The company is in the business of agricultural related products, Input business segment comprises of production and trading of Crop inputs. Food business comprises of trading of agricultural related outputs.

B. Segment revenue & results

The following is an analysis of the Company's revenue and results.

Rs in Lakhs

Particulars	Segment Revenue		Segment Profit/(Loss)	
	Year ended 31st March, 2018	Year ended 31st March, 2017	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Input Business	**19,127.18**	19,662.63	**(1,557.44)**	(623.01)
Food Business	**24,068.40**	27,857.01	**(2,536.51)**	(3,980.38)
Other Business	**285.37**	203.67	**(507.77)**	(546.87)
Total	**43,480.96**	47,723.31	**(4,601.72)**	(5,150.25)
Other income			**389.74**	767.69
Administration cost and directors' salary			**(1,845.93)**	(1,245.53)
Finance cost			**(485.19)**	(87.14)
Profit/(loss) before Tax			**(6,543.10)**	(5,715.23)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, director salary, other income as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

C. Segment assets and liabilities

Rs in Lakhs

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Segment Assets		
Input Business	**23,710.52**	20,898.93
Food Business	**10,462.81**	9,310.31
Other Business	**297.55**	199.43
Total segment assets	**34,470.88**	30,408.68
Unallocated	**5,034.03**	4,392.83
Total Assets	**39,504.92**	34,801.51
Segment Liabilities		
Input Business	**9,651.45**	8,642.27
Food Business	**5,725.92**	6,030.05
Other Business	**64.54**	70.68
Total segment Liabilities	**15,441.91**	14,742.99
Unallocated	**15,092.45**	5,047.70
Total Liabilities	**30,534.36**	19,790.69

For the purpose of monitoring segment performance:

(i) Unallocated asset includes investment in subsidiaries, current and deferred taxes, loan, cash and bank balances etc.

(ii) Unallocated liability includes borrowings, current and deferred taxes, other statutory dues etc.

D. Segment Depreciation and amortisation

Rs in Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Input Business	**232.54**	223.49
Food Business	**82.06**	78.46
Other Business	**24.93**	5.23
Unallocated	**35.57**	27.75
Total	**375.10**	334.93

Note No. 35 - Related Part Disclosures

List of Related Parties and Relationships:

Name of the Related Parties where control exists	**Relation**
Mahindra & Mahindra Limited	Holding Company
Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited)	Subsidiary Company
Mahindra HZPC Private Limited	Subsidiary Company
Mahindra Special Services Group	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Susten (formerly Mahindra EPC solar)	Fellow Subsidiary Company
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company
EPC Industries Ltd	Fellow Subsidiary Company
Mahindra First Choice wheels Ltd.	Fellow Subsidiary Company
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company
Mahindra International Pvt. Ltd.	Fellow Subsidiary Company
Kota Farm Services Limited.	Fellow Subsidiary Company
Mega One Stop Farm Services Ltd.	Fellow Subsidiary Company
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company
Mahindra Insurance Broker Ltd	Fellow Subsidiary Company
Mahindra First Choice Service Ltd.	Fellow Subsidiary Company
Swaraj Engines Limited	Associate
MeraKisan Private Limited	Associate
Origin Food Direct & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company
Tech Mahindra Limited	Fellow Subsidiary Company
Orizonte Business Solutions Limited	Fellow Subsidiary Company
Mr. Ashok Sharma	Key Managerial Personnel
Mr. Meghnad Mitra	Key Managerial Personnel (w.e.f. 09-10-2017)
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 1st Aug 2017)
Mr. Feroze Baria (as per Companies Act, 2013)	Key Managerial Personnel
Dr. Pawan Goenka	Chairman
Mr. K Chandrasekar	Director
Mr. Mahohar Bhide	Director
Mr. Hardeep Singh	Director
Ms. Aruna Bhinge	Director

Note No. 35 - Related Part Disclosures

Related Party Transactions and Balances

Rs in Lakhs

Name of the Related Parties where control exists	Relation	Year	Transaction: Sale of goods	Purchase of goods	Sale of property and other assets	Purchase of property and other assets	Rendering of services	Receiving of services	Management contract fees expenses	Other Expenses	Reimbursement of Expenses charged to the company	Interest on unsecured Loan	Rent
Mahindra & Mahindra Limited	Holding Company	**31-Mar-18**	**13.47**	–	–	**41.53**	**514.64**	**630.76**	–	–	**221.07**	**43.81**	**176.82**
		31-Mar-17	–	–	–	15.59	682.27	306.44	96.40	–	312.93	6.81	177.95
Mahindra Univeg Private Limited	Subsidiary Company	**31-Mar-18**	**88.85**	**0.03**	–	–	–	–	–	–	–	–	–
		31-Mar-17	141.13	4.52	–	–	–	–	–	–	–	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-18**	–	**3.81**	–	–	**16.81**	–	–	–	–	–	–
		31-Mar-17	–	29.07	–	–	2.10	–	–	–	7.45	–	–
Mahindra Special Services Group	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Bristlecone India Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	**5.22**	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	0.55	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	**30.92**	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	22.95	–	–	–	–	–
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company	**31-Mar-18**	–	–		–	–	–	–	–	–	–	–
		31-Mar-17											
Mahindra Logistics Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	**31.04**	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	150.29	–	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mahindra Susten(formerly mahindra EPC solar)	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	26.88	–	–	–	–	–	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	**38.81**	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	55.96	–	–	–	–	–	–
EPC Industries Ltd	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	17.16	–	–	2.27	–	–
Mahindra First Choice wheels Ltd.	Fellow Subsidiary Company	**31-Mar-18**	**1.57**	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	3.62	–	–
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	73.07	–	–	–	–	–	–	–	–	–
Mahindra Insurance Broker Ltd	Fellow Subsidiary Company	**31-Mar-18**	**1.58**		–								
		31-Mar-17			–								
Mahindra First Choice Service Ltd.	Fellow Subsidiary Company	**31-Mar-18**	**0.03**		–								
		31-Mar-17			–								
Mahindra International Pvt. Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Kota Farm Services Limited.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–

			Transaction										Rs in Lakhs
Name of the Related Parties where control exists	**Relation**	**Year**	**Sale of goods**	**Purchase of goods**	**Sale of property and other assets**	**Purchase of property and other assets**	**Rendering of services**	**Receiving of services**	**Management contract fees expenses**	**Other Expenses**	**Reimbursement of Expenses charged to the company**	**Interest on unsecured Loan**	**Rent**
Mega One Stop Farm Services Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Swaraj Engines Limited	Associate	**31-Mar-18**	–	–	–	–	–	–	–	–	**0.97**	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	0.97	–	–
Mera kisan Private Limited	Associate	**31-Mar-18**	–	46.42	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	89.93	–	–	–	–	–	–	–	–	–
Origin Food Direct & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-18**	3251.50	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	1664.34	–	–	–	–	–	–	–	1.48	–	–
TECH MAHINDRA LIMITED	Associate	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	1.75	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-18**	**0.03**	–	–	–	**6.83**	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	0.25	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. K Chandrasekar	Director	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. Hardeep Singh	Director	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. Aruna Bhinge	Director	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. Ashok Sharma	Key Managerial Personnel (w.e.f. March 2016)	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. Meghnad Mitra	Key Managerial Personnel (w.e.f. 09-10-2017)	**31-Mar-18**											
		31-Mar-17											
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 1st Aug 2017)	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–
Mr. Feroze Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-18**											
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–

Rs in Lakhs

Name of the Related Parties where control exists	Relation	Year	Transaction								Balances (Rs in Lakhs)			
			Staff welfare	Bill discounting	Business acquisition under common control *	Advance given & received back	Issue of Share Capital	Investment during the period	Director Sitting Fees	Remuneration	Trade payables	Trade receivables	Loans & advances taken	Other Receivables
Mahindra & Mahindra Limited	Holding Company	**31-Mar-18**	–	–	–	–	–	–	–	–	**2,474.98**	**477.72**	**1,068.05**	–
		31-Mar-17	1.44	–	26,006.00	–	26,006.00	–	–	–	1,480.73	–	–	–
Mahindra Univeg Private Limited	Subsidiary Company	**31-Mar-18**	–	–	–	–	–	**292.80**	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	75.67	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-18**	–	–	–	–	–	**779.35**	–	–	–	**15.13**	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	2.87
Mahindra Special Services Group	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Bristlecone India Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	**5.64**	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	**7.67**	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	8.79	–	–	–
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company	**31-Mar-18**	–	–	–	–	–	**7.67**	–	–	–	–	–	–
		31-Mar-17												
Mahindra Logistics Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	**4.68**	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	21.35	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra Susten(formerly mahindra EPC solar)	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	60.90	–	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	**1.86**	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	2.64	–	–
EPC Industries Ltd	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	**2.06**	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	18.87	–	–	–
Mahindra First Choice wheels Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	**0.15**	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	**2.02**	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	2.02	–	–
Mahindra Insurance Broker Ltd	Fellow Subsidiary Company	**31-Mar-18**						–						
		31-Mar-17						–						
Mahindra First Choice Service Ltd.	Fellow Subsidiary Company	**31-Mar-18**						–						
		31-Mar-17						–						
Mahindra International Pvt. Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Kota Farm Services Limited.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–

Rs in Lakhs (Transaction) | Rs in Lakhs (Balances)

Name of the Related Parties where control exists	Relation	Year	Transaction: Staff welfare	Bill discounting	Business acquisition under common control *	Advance given & received back	Issue of Share Capital	Investment during the period	Director Sitting Fees	Remuneration	Balances: Trade payables	Trade receivables	Loans & advances taken	Other Receivables
Mega One Stop Farm Services Ltd.	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Swaraj Engines Limited	Associate	**31-Mar-18**	–	–	–	–	–	–	–	–	**0.10**	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	0.22	–	–	–
Merakisan Private Limited	Associate	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	20.84	–	–	–
Origin Food Direct & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	–	**69.90**	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	188.91	–	–
Tech Mahindra Limited	Associate	**31-Mar-18**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-18**	–	–	–	–	–	–	–	–	**1.23**	–	–	–
		31-Mar-17	–	–	–	–	–	–	–	–	0.25	–	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-18**	–	–	–	–	–	–	–	–				
		31-Mar-17	–	–	–	–	104.50	–	–	–	–	–	–	–
Mr. K Chandrasekar	Director	**31-Mar-18**	–	–	–	–	–	–	–	–				
		31-Mar-17	–	–	–	–	14.25	–	–	–	–	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-18**	–	–	–	–	–	–	**3.71**	–				
		31-Mar-17	–	–	–	–	–	–	1.70	–	–	–	–	–
Mr. Hardeep Singh	Director	**31-Mar-18**	–	–	–	–	–	–	**3.41**	–				
		31-Mar-17	–	–	–	–	–	–	1.30	–	–	–	–	–
Mr. Aruna Bhinge	Director	**31-Mar-18**	–	–	–	–	–	–	**2.11**	–				
		31-Mar-17	–	–	–	–	–	–	1.30	–	–	–	–	–
Mr. Ashok Sharma	Key Managerial Personnel (w.e.f. March 2016)	**31-Mar-18**	–	–	–	–	–	–	–	**142.00**				
		31-Mar-17	–	–	–	–	–	–	–	57.73	–	–	–	–
Mr. Meghnad Mitra	Key Managerial Personnel (w.e.f. 09-10-2017)	**31-Mar-18**						–		**55.98**				
		31-Mar-17						–						
Ms. Jyoti Walunj (as per Companies Act, 2013)	Key Managerial Personnel (ceased w.e.f. 1st Aug 2017)	**31-Mar-18**	–	–	–	–	–	–	–	**17.25**				
		31-Mar-17	–	–	–	–	–	–	–	48.97	–	–	–	–
Mr. Feroze Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-18**								**2.50**				
		31-Mar-17	–	–	–	–	–	–	–	–	–	–	–	–

Note No. 36 - Employee Benefits Expense - ESOP

Share based payment

A. Name of the Plan:

This Plan shall be termed as the MASL Employees Stock Option Scheme - 2016 ("Plan"). The Plan has been approved by a Special Resolution at a General Meeting of the Shareholders held on 24th November, 2016. The Plan has been approved for Eligible Employees of Mahindra Agri Solutions Limited. The Plan has also been approved to reward eligible employees whether they are working in India or abroad or Directors of the Company (including Managing Director/ Whole Time Director(s) but excluding Independent Directors) or Directors and Employees of the Holding Company or of the Subsidiary Company(ies) or of the Subsidiaries of its Holding Company.

In respect of Employee Stock Option Scheme:

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Based on the criteria as may be decided by the Committee at its own discretion, including, but not limited to the date of joining of the Eligible Employee with the Company or the Group, performance evaluation, current compensation, criticality or any other criteria, KRA, future potential, such Eligible Employees, as determined by the Committee, may participate in the Plan. Employees joining the Company after the date of implementation of the Plan will be entitled to participate in the Plan, on a case to case basis and subject to such criteria as may be decided solely by the Committee.

The objective of the Plan is:

- To retain the best talent in the Industry
- To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Options to the Eligible Employees, to subscribe to the Equity Shares of the Company.

Details of the ESOP granted as per the above scheme

	Number of Options	**Grant Date**	**Exercise Price**	**Fair value of the option at Grant Date**
Equity Settled MASL Employees Stock Option Scheme - 2016	3,569,977	1st Feb '17	47.5	24.15

Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 14 months, 25% on the expiry of 26 months, 25% on the expiry of 38 months and 25% on the expiry of 50 months from the date of grant date.

The options may be exercised on any day over a period of 3 years from the date of vesting. Number of vested options exercisable is subject to a minimum of 250 or number of options vested whichever is lower.

Movement in Share Options

		Equity-settled share-based payments	
Particulars		**Number of Options**	**Weighted average exercise price**
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	3,569,977	47.50
2	Granted during the year	–	
3	Forfeited during the year	–	
4	Exercised during the year	–	
5	Expired during the year	465,004	
6	Outstanding at the end of the year	3,104,973	
7	Exercisable at the end of the year	–	

The share options outstanding at the end of the year had a weighted average exercise price of INR 47.50, and a weighted average remaining contractual life of 4.5 years.

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Employees Stock Option Scheme - 2016	
	31st March, 2018	31st March, 2017
Share price at grant date	**47.50**	47.50
Exercise price	**47.50**	47.50
Expected volatility (weighted-average)	**58.3**	58.3
Expected life/Option Life (weighted-average)	**2.66**	2.66
Expected dividends yield	**0.00%**	0.00%
Risk-free interest rate (based on government bonds)	**6.25%**	6.25%

Employee share based payment	**For the Year 31st March, 2018**	For the Year 31st March, 2017
MASL Plan 2016	**313.34**	60.71
Debit to Mahindra HZPC Private Limited	**(16.81)**	(2.10)
Total	**296.54**	58.61

The amount of Rs. 16.81 lacs (31st March, 2017 : Rs. 2.10 lacs) charged to its subsidiary Mahindra HZPC Private Limited, for options issued to its employees.

ESOP scheme of Parent Company:

Certain employees of the Company are also covered by share option schemes offered by Parent Company, Mahindra & Mahindra Limited. The Company treats such share based payment as an equity settled share based payments arrangement. Options granted under Parent's ESOP scheme vests in 4 or 5 equal instalments on expiry of 12 months, 24 months, 36 months, 48 months and where applicable 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on any day over a period of four or five years, as the case may be from the date of vesting. The parent Company charges the subsidiary for the equity it provides to the employees of the subsidiary over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge in FY 17-18 of Rs 24.61 Lakhs (FY 16-17 : Rs 65.74 lakhs) is recognised as share based payment expenses under Employee Benefit Expenses.

B. Name of the Plan:

This Plan shall be termed as the MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders. The Plan has been approved by Board of Director in its meeting held on 2nd May, 2017. The Plan has been approved for Eligible Employees whether they are working in India or abroad as mentioned in the Plan.

In respect of Bonus Grants for Business Leaders Scheme :

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Defined Business leaders as stated in the plan will be eligible for bonus grant. Actual vesting can be between 0 to 2x of grant based on business leaders performance. Performance of each Business shall be assessed based on the target (Revenue, PBT and ROC factors) on a cumulative basis from F18 to F20.

Bonus grant vesting will be happen on achieving the qualifying target. Qualifying target is based on 80% of revenue budget and stretch level is at 130% of revenue budget as set in the plan.

The objective of the Plan is:

– To retain the best talent in the Industry

– To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Additonal Options to the eligible Business Leaders, to subscribe to the Equity Shares of the Company based on certain business performance parameters.

Details of the ESOP granted as per the above scheme

	Number of Options	Grant Date	Exercise Price	Fair value of the option at Grant Date
MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders	191,824	2nd May, 2017	47.5	105.4

Options granted under MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders will be vested post 12 months of F20 assessment i.e. 31st March, 2021.

Movement in Share Options

	Particulars	MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders	
		Number of Options	Weighted average exercise price
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	–	
2	Granted during the year	191,824	47.50
3	Forfeited during the year	–	
4	Exercised during the year	–	
5	Expired during the year	–	
6	Outstanding at the end of the year	191,824	47.50
7	Exercisable at the end of the year	–	

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders	
	31st March, 2018	31st March, 2017
Share price at grant date	**132.69**	
Exercise price	**47.50**	
Expected volatility (weighted-average)	**55.57%**	
Expected life/Option Life (weighted-average)	**5.42**	
Expected dividends yield	**0.00%**	
Risk-free interest rate (based on government bonds)	**6.99%**	

We have not considered any provision for above scheme because based on Actual performance of F-18, Board approved budget of F-19 and projection for F-20, it evident that basic eligibility criterion & performance condition of Scheme for grant of options are not going to trigger in any business.

Note No. 37 - Capital commitments

Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2018 is Rs 307.61 Lakhs (as at March 31, 2017 is Rs 99.00 Lakhs).

Note No. 38 - Disclosure as per guidance note for dealings in SBN during demonetisation period

Rs in Lakhs

PARTICULARS	Specified Bank Notes (SBN)	Other denomination notes	Total
Closing Balance as at 8th November, 2016	**0.86**	0.16	1.02
Add: Permitted receipt	66.88	15.85	82.73
Add: Receipt from third party without authorisation accepted by bank	8.81	–	8.81
Less: Permitted payments	–	0.11	0.11
Less: Amount deposited in bank	76.55	15.22	91.77
Closing balance as at 30th December, 2016	–	**0.68**	**0.68**

The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 has not been made since the requirement does not pertain to financial year ended 31st March, 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the period ended 31st March, 2017 have been disclosed.

Note No. 39 - Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes' and Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Note No. 40 - Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Rs in Lakhs

Sr. No.	**Particulars**	**As at 31st March, 2018**	**As at 31st March, 2017**
I	Dues remaining unpaid as at the year-end:		
	– Principal	101.71	100.52
	– Interest	0.44	0.77
II	Interest paid in terms of Section 16 of the MSMED Act	0.19	NIL
III	Amount of interest due and payable for the period of delay in making payments	11.01	1.60
IV	Amount of interest accrued and remaining unpaid as at the year end	15.84	1.72
V	Amount of interest due and payable on previous year's outstanding amount	4.84	0.12
VI	Amount of interest written back during the period as the same is not payable	NIL	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 41 - Research and Development expenditure

Rs in Lakhs

PARTICULARS		**As at 31st March 2018**	As at 31st March 2017
(a)	**In recognised Research & Development units**		
(i)	debited to the Statement of profit and loss account other than depreciation and amortisation	**423.89**	448.33
(ii)	Depreciation and Amortisation	**25.67**	40.45
(iii)	Capital expenditure	**200.84**	121.39
	Total	**650.40**	610.17

In terms of our report attached.

For **B S R & Co. LLP**
Firm Registration No : 101248W/W-100022
Chartered Accountants

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 04 May, 2018

For and on behalf of Board of Directors
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director &
Chief Executive Officer

Manohar Bhide
Director

Meghnad Mitra
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai
Date: 04 May, 2018

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5
of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Rs in lacs

Sl. No.	Particulars	Details	Details	Details
1.	Name of the subsidiary	Mahindra Greenyard Private Limited	MHZPC Private Limited	MeraKisan Private Limited *
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2018 Same as Holding Company	31st March, 2018 Same as Holding Company	31st March, 2018 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
4.	Share capital	Rs. 1,043.00	Rs. 2,089.00	Rs. 150.73
5.	Reserves & surplus	(-) Rs. 639.70	(-) Rs. 1,888.36	(-) Rs. 255.46
6.	Total assets	Rs. 711.47	Rs. 4,227.73	Rs. 106.05
7.	Total Liabilities	Rs. 308.17	Rs. 4,027.09	Rs. 210.78
8.	Investments	Rs. 313.00	Nil	Nil
9.	Turnover	Rs. 2,093.78	Rs. 1,192.83	Rs. 280.58
10.	Profit before taxation	(-) Rs. 576.83	(-) Rs. 1,858.26	(-) Rs. 199.44
11.	Provision for taxation	Nil	Rs. 1.92	Nil
12.	Profit after taxation	(-) Rs. 576.83	(-) Rs. 1,860.18	(-) Rs. 199.44
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	60%	59.95%	75.05%

*Shareholding is through a subsidiary,Mahindra Greenyard Private Limited.

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V.

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

For and on behalf of Board of Directors

Ashok Sharma
Managing Director &
Chief Executive Officer

Manohar Bhide
Director

Meghnad Mitra
Chief Financial Officer

Feroze Baria
Company Secretary

Mumbai

Date: 4th May, 2018

DIRECTORS' REPORT

Your Directors are pleased to present the 36th Annual Report on business and operations of your Company alongwith the audited financial statements and accounts for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

Highlights for the financial year are as under:

(Rs. in Lakhs)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017*
Revenue from Operations	**20480.67**	20146.48
Other Income	**179.35**	158.94
Total Income	**20660.02**	20305.42
Profit Before Interest, Depreciation & Tax	**1400.44**	1,425.57
Finance Cost	**50.11**	152.89
Depreciation	**313.94**	304.78
Profit Before Tax	**1036.39**	967.90
Tax expense	**542.53**	(22.57)
Profit After Tax	**493.86**	990.47
Other Comprehensive Income/ (loss) for the year	**0.71**	(2.21)
Profit for the year attributable to owners of the Company	**494.57**	988.26

* Figures have been regrouped as per Indian Accounting Standards (IND AS).

Operations and Financial Overview

During the year under review, your Company's turnover was at Rs. 204.81 crore as compared to Rs. 201.46 crore for the previous year.

The Company made a Profit Before Tax of Rs. 10.37 Crore for the year 2017-18 as compared to Rs. 9.68 Crores in the previous year. The Profit After Tax was at Rs. 4.94 crore vs. Rs. 9.88 crore in the previous year.

The year under review saw countrywide implementation of Goods and Services Tax (GST). This is a welcome reform that was introduced by the Central Government. Though it impacted your Company's performance in the immediate months after introduction, the impact was mitigated due to implementation of core strategies and acceleration of business in project markets in the remaining months, coupled with improved operational efficiencies.

Indian economy continued to grow at a strong pace and is expected to show an improvement over the previous year. It is expected that the economy will grow at 7.2% in 2017-18, slightly higher than 7.1% in the previous financial year. As mentioned earlier, the long awaited GST Act was finally implemented successfully. Consumer spending got a temporary shock upon its implementation. It also impacted the Company's quarter wise performance. However, as the year progressed, demand recovered and achieved normalcy by 4th quarter. In this economic scenario, your Company delivered a marginal growth in revenue and Operating Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA).

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report which forms part of this report.

Dividend

Your Directors are pleased to recommend a maiden dividend of 5% i.e. Rs. 0.50 per equity share of Rs. 10 each for the year ended on 31st March, 2018 after 22 years. The dividend, if approved by the members, would involve a cash outflow of Rs. 1.67 crores (inclusive of tax on dividend).

Corporate Governance & Management Discussion and Analysis Report

Your Company believes that sound practices of good Corporate Governance. Transparency, Accountability, and Responsibility are the fundamental guiding principles for all decisions, transactions, and policy matters of the Company. A Report on Corporate Governance, alongwith a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

Further, the Management Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Annexure I to this Report.

Stock Options

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees Stock Option Scheme of the Company. The Stock Option Scheme, 2014 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and there have been no material changes in the said scheme during the year under review.

During the year under review 37,389 nos. of Stock Options got vested under the Employees Stock Option Scheme - 2014, and were exercised immediately after vesting. Accordingly, the Company made the allotment of 37,389 Equity Shares.

The Nomination and Remuneration Committee of the Board of Directors further granted 11,129 Stock Options during the year under review, comprising about 0.04% of the current paid up capital.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2018 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) are provided in Annexure II to this Report.

Voting rights on the shares issued to employees under the ESOS are either exercised by them directly or through their appointed proxy.

Share Capital

During the year, with the allotment of 37,389 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 2,76,72,561 equity shares of Rs. 10/- each to 2,77,09,950 equity shares of Rs. 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank pari passu with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 27,70,99,500 divided into equity shares of Rs. 10 each as on 31st March, 2018.

Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited (M & M) hold 1,51,44,433 equity shares which represents 54.65 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M&M. The Company does not have any subsidiary company.

Contracts and arrangements with Related Parties

During the financial year, all contracts/arrangements/ transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All related party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as the transactions which cannot be foreseen and accordingly, the required disclosures are made to the Committee on quarterly basis for approval of the Committee.

The Company's major related party transactions are generally with its holding and associate companies. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sales transactions through tenders or otherwise. All related party transactions are negotiated on an arms-length basis, and are intended to promote the Company's interests.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.epcmahindra.com/pdf/EPC_Policy_on_Related Party_Transactions.pdf. The related party transactions have been set out in the Note No. 31 to the financial statement.

Risk Management

The Company has constituted a Risk Management Committee comprising Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga. Mr. Nikhilesh Panchal is the Chairman of this Committee. The Company has adopted the Risk Management Policy. The Committee is entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed.

There is an adequate mechanism in place about risks and uncertainties that can impact itsability to achieve its strategic objectives, risk assessment, risk mitigation and minimization procedures and its periodical review.

Industrial relations

Employees at all levels have contributed to the performance of your Company. Your Directors place on record the cooperation of employees during the year under report. The Directors also place on record the unstinted cooperation extended by the staff members during the period under review.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources / Industrial Relations during the year.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and your Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards. This is also demonstrated by the fact that there has been no single incidence of accident for the last 1260 days.

The Safety Committee, constituted for the same, regularly reviews the adherence of safety norms. Some of the programs undertaken by the Company include behaviour based safety training, Knowledge based fire extinguisher training, fire fighting training and Safety awareness, etc.

Various health checkup programs for employees were regularly undertaken by the Company during the year.

Requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

Directors and Key Managerial Personnel

a) **Key Managerial Personnel (KMP)**

In accordance with the provisions of Section 203 of the Act, the following persons have been designated as KMP of the Company as at 31st March, 2018:

Name of the KMP	Designation
Mr. Ashok Sharma	Managing Director
Mr. Sanjeev Mohoni	Chief Executive Officer (CEO)
Ms. Sunetra Ganesan	Chief Financial Officer (CFO)
Mr. Ratnakar Nawghare	Company Secretary (CS)

b) Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Non independent Director Ms. Sangeeta Prasad would retire and, being eligible, has offered herself for reappointment.

The Company has received declarations from all the Independent Directors of the Company under Section 149(7) of the Act confirming that they meet the criteria of independence as laid down - in Section 149(6) of the Companies Act, 2013.

The information required pursuant to Section 197(12) read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of remuneration of a director to the median remuneration of the employees of the Company for the financial year is given in the Annexure III to this Report.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, which includes criteria for performance evaluation of the non-executive directors and executive director. The statement indicating the manner in which formal annual evaluation of the Directors, the Board and Board level committees is given in detail in the Report on Corporate Governance, which forms part of this Annual Report.

The Company had on the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, followed a process of evaluation by the Board for its own performance and that of its Committees and individual Directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company. During the year, the Independent Directors of the Company met on 27th April, 2017.

The following policies of the Company are attached herewith marked as Annexure IV and Annexure V:

a) Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management.

b) Policy for Remuneration of the Directors, Key Managerial Personnel and other employees.

Significant and material orders passed by the Regulators or Courts or Tribunals

During the previous year, the Director Horticulture – Maharashtra had issued the Order dated 30th July, 2016 de-registering the Company in the State of Maharashtra for a period of 10 years and also restricting to participate in any subsidy related business in the State on account of failure of samples in testing.

The Company had taken up the matter at the appropriate levels and based on the merits, the samples were subsequently retested and passed at the recognized laboratory. Subsequently, the Department of Horticulture had registered the Company as per Order dated 26th September, 2017 for a period of 5 years from 2017-18 and accordingly, the earlier order of July, 2016 stands set aside.

Further the Order dated 28th March, 2017 from the Director Horticulture and Farm forestry, Madhya Pradesh inter alia, de-registering the Company in the State of Madhya Pradesh from participating in State Sponsored Horticulture Subsidy Scheme in the country for a period of 1 year was stayed vide its Order dated 1st April, 2017. Subsequently based on the merits of the matter, the said order was cancelled vide Order dated 29th June, 2017 by the Director Horticulture, Madhya Pradesh.

Directors' Responsibility Statement

Pursuant to section 134(5)(e) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, state that:

a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: http://www.epcmahindra.com/pdf/EPC_CSR_Policy.pdf

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified few focus areas of engagement, which are as under:

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Disaster Response: Managing and responding to disaster.

During the year under review, your Company initiated few projects such as supply of drinking water pipe line, upgradation of the toilet facilities of a school in the rural area, medical check-up camps. These projects were mainly implemented directly through employee participation.

During the year under review, the Company has spent Rs. 16.44 lacs, which is over 2% of the average net profits of last three financial years, on CSR activities.

The Annual Report on CSR activities is annexed herewith, marked as Annexure VI.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder

During the year under review, there were no complaints reported/resolved pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

Vigil Mechanism/Whistle Blower policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a vigil mechanism policy. Whistle Blower or Complainant, as the case may be under the said Policy, shall be entitled to direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.This policy is explained in the Report on Corporate Governance and also posted on the website of the Company.

Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office under second term of five years until the conclusion of the Annual General Meeting to be held in the year 2021 as per the Resolution passed by the Shareholders on July 29, 2016 subject to the ratification by members in every Annual General Meeting. The Auditors are eligible for reappointment under Section 139(1) of the Companies Act, 2013 and have furnished a certificate to this effect. The Directors recommend for ratification of their reappointment as Auditors of the Company.

Cost Auditors

The Company had filed the Cost Audit Report as per the Companies (Cost Accounting Records) Rules, 2011 prescribed under Section 148(6) of Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 pertaining to the financial year 2016-17 before the due date of filing.

Pursuant to section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2018-19. M/s Shilpa & Company have confirmed that their appointment is within the limits of section 139 of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under Sections 141(3) and 148(5) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

The Directors recommend the remuneration payable to the Cost Auditors of the Company for the year 2018-19. The approval from Shareholders for the remuneration payable to the Cost Auditors is being sought at the ensuing Annual General Meeting.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Rules therein, the Secretarial Audit Report for the financial year ended on 31st March, 2018 issued by Mr. Sachin Bhagwat, Practising Company Secretary is attached as Annexure VII to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Public Deposits & Loans/Advances

During the year, the Company did not accept any fixed deposit. There were unclaimed/unpaid deposits and unclaimed/unpaid interest warrants outstanding as on 31st March, 2018 amounting to Rs. 0.16 lacs. Your Company has neither made any loans or advances nor did any guarantees or securities which are required to be disclosed in the Annual Accounts of the Company.

Uses & Application of Funds raised under Rights Issue

In the year 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note No – 34 to the Financial Statement. With this, the Rights Issue proceeds of Rs. 41.43 crores have been fully utlised.

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under sub-section(3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure VIII to this Report.

DISCLOSURES:

Audit Committee

The Audit Committee comprises Independent Directors namely M/s. Vinayak Patil (Chairman), S Durgashankar and Anand Daga as other members.

All the recommendations made by the Audit Committee were accepted by the Board.

CSR Committee

The CSR Committee comprises M/s Ashok Sharma (Chairman), S Durgashankar and Vinayak Patil as other members.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Directors namely M/s. Anand Daga (Chairman), S Durgashankar and Vinayak Patil as other members.

Meetings of the Board

Four meetings of the Board of Directors were held during the year. For further details, please refer the Report on Corporate Governance of this Annual Report.

Extract of Annual Return

Pursuant to Sub- section 3(a) of Section 134 and Sub-section 3 of Section 92 of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extracts of Annual Return of the Company as at 31st March, 2018 is annexed herewith as Annexure IX to this Report.

Statement of deviation(s) or variation(s)

During the year under review, there were no deviations of funds reported to the Audit Committee in respect of the funds raised in the year 2012, under the Rights Issue.

General

Your Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

Further, your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. There were no frauds reported by auditors (including Secretarial and Cost auditor) to the Audit Committee or Board and also not reported to the Central Government.
5. There were no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

Particulars of Employees

Particulars of employees as required under Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report and marked as Annexure III(B) and (C). In accordance with the provisions of Section 136 of the Act, the Annual Report and Accounts are being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Acknowledgements

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and continued support received from customers, vendors, suppliers, bankers, business associates and shareholders.

For and on behalf of the Board

Vinayak Patil	**Ashok Sharma**
Director	Managing Director

Place : Nashik
Dated : 3rd May, 2018

ANNEXURE I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Company Profile

EPC Industrié Limited became part of Mahindra Group of companies pursuant to Mahindra and Mahindra Limited (M&M) acquiring control and management stake in 2011. The Agriculture business vertical of M&M complements the Company's business and provides management bandwidth and competence in marketing and operations, thereby enhancing the scope for development of synergies to create value for the business.

EPC Industrié Limited is engaged in the business of manufacturing Irrigation systems. The Company's products are popular amongst farmer community for their superior quality. The Company's product portfolio includes mainly Drip Irrigation Systems and Sprinkler Irrigation Systems, consisting of online drippers, inline drip lateral, plain laterals, drip fittings, filters, fertigation equipment, pipe fittings, sprinkler nozzles etc. The Company also manufactures specialised pipes for water and gas distribution, besides pipes required for industrial and agricultural use.

Besides Micro Irrigation Systems, the Company also undertakes activities in the following:

- Greenhouse/Polyhouses, Hi-tech Polyhouses
- Range of Pumps required for agriculture and domestic use
- Landscape products
- Automation products

Overview

While water remains one of the most abundant resources on earth, less than 1 percent of the total supply is reliably available for human consumption. The per capita availability of water in India has significantly come down and is likely to come down further with the growing population and demand. As per the Ministry of Water Resources, per capita water availability in 2025 and 2050 is estimated to come down by almost 36 percent and 60 percent respectively from the 2001 levels. The demand for water in the country is projected to very soon overtake the availability of water. The rapid increase in population, urbanization and industrialization has led to a significant increase in water requirement. In the next decade, the demand in water is expected to grow by 20 percent.

Water sector, hence, must adapt to changing climatic conditions by seeking alternative water resources and developing improved water management approaches that will reduce pressure on already stressed systems. Furthermore, there is a need to develop and implement technologies and policies that will reduce and mitigate fast depleting water resources.

Competition among agriculture, industry and cities for limited water supplies is already constraining development efforts. As population expands and economies grow, the competition for limited supplies will intensify, resulting in a potential conflict among water users in the days to come. Producing more sustainably, with less use of water, is a challenge before the planners and policy makers which requires demand management mechanisms to reallocate existing supplies, encourage more efficient use and promote more water saving technologies.

Micro Irrigation Systems is one of the most effective water saving technologies being used for optimum usage of water and increasing efficiency of agriculture. Over a period, micro irrigation has proved to deliver many other economic and social benefits to the community. It reduces soil erosion, weed problems, cost of cultivation, labour, energy use and wastage of fertilisers/ nutrient loss, besides increasing productivity of crops.

Industry Structure and Developments

The market size of the Micro Irrigation System Industry in India has been broadly segmented on the basis of types of micro irrigation system (drip and sprinkler irrigation system), by States, by crop types, by type of drip and sprinkler equipments, by applications of micro irrigation system and by organizational structure of the industry. It has been further segmented into project market and open market.

The adoption of micro irrigation technology in our country has helped in achieving higher cropping and irrigation intensity and higher farm productivity in recent years.

Micro Irrigation, an essential technological intervention for saving and conserving water, finds a special importance in Hon'ble Prime Minister's flagship scheme "Pradhan Mantri Krishi Sinchai Yojana" which has been implemented with an aim to extend irrigation coverage – "Har Khet Ko Pani" and improving water use efficiency – "Per Drop More Crop" in a focused manner.

The scheme focuses on providing end-to-end solution for the irrigation supply chain. One key differentiator for micro irrigation is that when compared to other components of this scheme which include creating infrastructure to bring water to farms and watershed development, micro irrigation presents a quick-win opportunity for all the stakeholders where the implementation can be seen on ground within months.

With the need to increase productivity while saving water, micro irrigation will play a key role for the future of Indian agriculture.

Opportunities and Outlook

The Indian economy is well poised to grow in the coming years. The outlook for the manufacturing and service sector is positive, however, the third sector, agriculture continues to face significant challenges. Micro irrigation system can go a long way in addressing the challenges faced by agriculture sector. It is one of the most efficient solutions and a low hanging fruit for the government, industry and farmers.

Micro irrigation system market in India has been growing steadily and with the encouragement from the Government, it is expected to grow further in the years to come. Although, adoption of micro irrigation techniques by farmers is growing at a fast pace, the market penetration is still very low. Micro irrigation system sales in India are driven by strong demand in many States such as Gujarat, Rajasthan, Madhya Pradesh, Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu, and Chhattisgarh. Many States have undertaken mega projects for implementation of the Micro Irrigation Scheme.

The Indian micro irrigation market is majorly contributed by drip irrigation system in terms of revenue, as compared to sprinkler irrigation. The drip and sprinkler irrigation methods differ in terms of flow rate, pressure requirement, wetted area and mobility. However, both the irrigation methods have enormous potential for growth in India.

The micro irrigation market is highly competitive with the presence of large and small scale drip and sprinkler irrigation equipment manufacturers. Presently, there are nearly 200 micro irrigation companies in the country.

Your Company is presently a major supplier of micro irrigation systems (MIS) in India. Our strong brand name, expertise in agronomy services, and widespread network has contributed to our growth.

Operations and Financial Performance

During the year 2017-18, your Company achieved Sales Turnover of Rs. 204.81 crores as compared to Rs. 201.46 crores in the preceding year. The major factors contributing to this performance were: focus on project markets, deployment of cost control measures and effective working capital management.

These initiatives enabled your Company to achieve this performance despite some challenges owing to the delay in roll-out of pricing guidelines and its effect on issue of new work-orders by the concerned agencies and sluggishness in demand for some months, coupled with de-registration of the Company in the State of Maharashtra as MI supplier during the first 7 months of the year under review. Changes in applicable GST rates have also resulted in pushing the customers to wait and watch for purchase of new MI system. These factors have led to significant decline in Sales volume during the transition phase.

During the year under review, the Company's Vadodara plant became operational. This will majorly cater to customers demand in the nearby States, thereby improving market share and reducing delivery time. The Company will continue its policy to be in close proximity of customers in the years to come.

In order to facilitate farmers in achieving "Farm Tech Prosperity", the Company's Agri Helpline continues to provide online support besides undertaking initiatives such as Demo Plots, farmer meetings, success stories, Agri Village and agronomical services for farmers to improve farm productivity. These value added services will certainly open up more business opportunities and generate revenues in the years to come.

The Company's initiatives towards various techniques such as 1S 2S, TMW, Total Productive Maintenance (TPM), Total Quality Management (TQM) Continuous Improvement Team (CIT), Mahindra Yellow Belt Programme, Kaizen, Parivartan, Quality Parameters on all machines etc. continued to receive paramount importance. These measures have resulted in improvement in production efficiencies and reduction in rejections.

Risks, Concerns and Threats

The major risks and threats to the Micro Irrigation industry are delay in the implementation of Mega Projects which may slowdown demand and the delay in release of subsidy by the government which affects the Company's working capital. In case of Mega Projects, the risk gets somewhat reduced due to commitments made by the State Governments to the farmers and the strong demands from farmer community ensure that the funds flow regularly. However, these delays require management of working capital cycles and need continuous infusion of funds into the business.

Further, the major challenge is availability of raw material at right price and at right time. Further, the change in climatic conditions and seasonality in agriculture sector are adding ambiguity to the Micro Irrigation business.

Competition from unorganized sector is another major concern for the organized players in the industry. However, this will be reduced in the years to come due to implementation of new tax regime.

The demand for MI system in agriculture will amplify exponentially in view of the effective implementation of PMKSY Scheme. With the stable government at Centre, there is a healthy competition amongst different States for implementation of PMKSY scheme and bring more area under Irrigation.

Internal Control Systems

The Company has an effective and reliable internal financial control system commensurate with the nature of its business, size and complexity of its operations. The internal financial control system provides for well-documented policies and procedures that are aligned with Mahindra Group's standards, processes and policies, adhere to statutory requirements for orderly and efficient conduct of business, safeguarding of assets, detection and prevention of frauds and errors, adequacy and completeness of accounting records and timely preparation of reliable financial information. This also identifies opportunities for improvement and ensures that good practices are imbibed in the processes that develop and strengthen the internal financial control systems and enhance the reliability of Company's financial statements.

The internal control framework comprises of elements like entry level controls, Risk Control Matrix, management testing programs and a strong emphasis on integrity and ethics as a part of work culture.

Internal audits are conducted periodically, covering major areas of business and the Company continuously upgrades systems in line with the best accounting practices. The reports of Internal Auditors are reviewed by the Audit Committee of the Board. The Audit Committee discusses significant findings, recommendations of internal and external auditors with reference to significant risk areas and adequacy of internal controls and based on that, corrective measures are initiated.

Based on management's assessment and testing of controls, it is concluded that the Company has proper internal financial controls which are considered adequate and are operating effectively.

Human Resources and Industrial Relations

During the year under review, Human Resources (HR) continued its transformation initiatives, in a volatile and uncertain business environment, to cater to the organizational requirements.

HR continued its catalyst role and enabled the process of change over to global tools to focus on personnel planning for mid and long term.

The Company continued its efforts to foster and drive younger generation towards future leadership. The Company also continues to attract and nurture fresh talent from leading agricultural colleges. The Company, through its Integrated Talent Management initiatives, continues to enable learning, networking and collaboration by emphasizing on cross entity movement between different Mahindra Group legal entities enabling holistic development and encouraging integration across different entities/locations.

The various human resource initiatives such as increasing productivity of sales force through building crop specific capability, mark to market studies for remuneration of employees, investment in assessing and identifying development areas for sales force, capability road map planning for employees, introduction of employee friendly policies are yielding better employee engagement score which is critical for business performance.

The safety, training, welfare and development of employees continues to receive the highest priority.

As on 31st March, 2018, the total number of employees in your Company was 359.

Industrial relations in both the Plants remained cordial during the year under review. Transitioning from 'Industrial Relations' to 'Employee Relations', a more focused approach on increased Employee Engagement and increased collaboration between two plants and amongst all level of employees has been adopted.

The Company, during the year under review, successfully concluded the long-term wage settlement with the Workers union to take effect from 1st April, 2016 for a period of 4 years in an amicable and fair manner.

Cautionary Note

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements and risks and opportunities may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

ANNEXURE II TO DIRECTORS' REPORT

Disclosures with respect to Employees Stock Option Scheme of the Company pursuant to the provisions of the Companies Act, 2013.

Particulars	Employees Stock Option Scheme, 2014	
(a) Options granted	2,28,213	
(b) Options vested	65,586	
(c) Options exercised	65,586	
(d) The total number of shares arising as a result of exercise of option	65,586	
(e) Options lapsed	32,777	
(f) Exercise price	Rs. 10	
(g) Variation of terms of options	Nil	
(h) Money realised by exercise of options	Rs. 6,55,860	
(i) Total number of options in force	1,29,850	
(j) Employee wise details of options*		
(i) Key Managerial Personnel	1) Sanjeev Mohoni – 45,000 2) Ratnakar Nawghare – 7,029	
	Year of Grant 2014	1) Kiran Soman – 16,862 2) Kedarnath Keskar – 4,688 3) Makarand Mallikar – 4,675 4) Ranveer Singh Malhotra – 4,644 5) Arvind Gulghane – 4,024
	2015	1) G. Ragupathi – 3,228
	2016	1) Padamkumar Gandhi – 7,896 M&M Deputies 1) Abhijit Page – 28,658 2) Milind Khapre – 22,320 3) Tejas Joshi – 9,972
	2017	1) Sudheendra Katti – 3,432 2) Shivaji Sangle – 3,345
(ii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	
(k) Basic and Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Basic Earnings per Share - Rs. 1.78 & Diluted Earnings per Share - Rs. 1.77 respectively.	

Particulars	Employees Stock Option Scheme, 2014		
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the fair value method been used, in respect of stock options granted under the Employees Stock Option Scheme, 2014.		
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	**Options Grants Date**	**Exercise Price (Rs.)**	**Fair Value (Rs.)**
	28th October, 2014 and 31st October, 2015 22nd November, 2016 22nd November, 2017	10	170.97 131.75 169.43
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the Stock Options granted on 28th October, 2014, 31st October, 2015, 22nd November, 2016 and 22nd November, 2017 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:		
(i) risk-free interest rate	8.06%, 6.33% and 6.68% respectively		
(ii) expected life	3.50 yrs., 5.50 yrs. and 3.5 yrs. respectively		
(iii) expected volatility,	55%, 49% and 44% respectively		
(iv) expected dividends and	Nil		
(v) the price of the underlying share in market at the time of option grant.	Rs. 177.75, Rs. 158.3, Rs.135.4 and Rs. 172.55 respectively.		

* The employees who have resigned are not considered.

ANNEXURE III TO DIRECTORS' REPORT

A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	6.49%
2	The percentage increase in remuneration of each Director, CEO, CFO & CS.	MD – Nil% CEO – 6% CFO – 14% CS – 5%
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees in the financial year was increased by 5%. The calculation of % increase in median remuneration is done based on comparable employees.
4	The number of permanent employees on the rolls of the company.	There were **359** permanent employees as on 31st March, 2018.
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is 5.2% whereas the average percentage change in Non – Managerial employees is 5.1% in 2017-18.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms that the remuneration is as per the remuneration policy of the Company.

ANNEXURE IV TO DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means EPC Industrié Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Whole Time Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

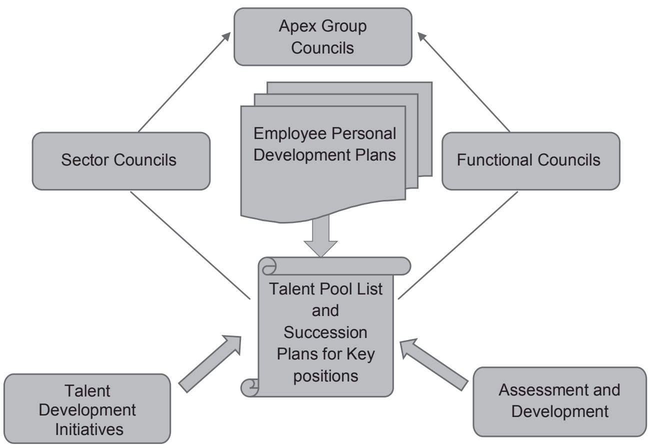
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

ANNEXURE V TO DIRECTORS' REPORT

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in EPC Industrié Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Whole Time Director or Executive Director or CEO:

The remuneration to Whole Time Director or Executive Director or CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance or alternatively, the NRC may recommend to pay the consolidated remuneration.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the Audit Committee from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised by the Whole Time Director or such other person as may be authorised by the Board from time to time.

The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

ANNEXURE VI TO DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-18

1	Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Refer Sections: (a) Corporate Social Responsibility and (b) Disclosures: CSR Committee in the Annual Report
2	Average net profit of the Company for last three financial years	Rs. 7,57,01,625
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	Rs. 15,14,033
4	Details of CSR spent during the financial year	Rs. 16,44,000
5	Total amount to be spent for the financial year	Rs. 16,44,000
6	Amount unspent, if any	Rs. Nil
7	Manner in which the amount spent during the financial year	Details given below

These projects were implemented under the monitoring of CSR Committee. The details of CSR spent during the financial year under the aforesaid CSR activities are mentioned below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programms (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programms Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Supply of drinking water pipe line	Rural Dev.	At. Khadked Village Tal. Igatpuri Dist - Nashik	2,23,000	2,23,000	2,23,000	Through NGO
2	School Building Renovation work	Education	At. Sukhdev Primary School Vilholi Dist - Nashik	4,72,000	4,72,000	4,72,000	Through NGO
3	AGA Khan Rural support program	Rural Dev.	At. Rajkot, Sundernagar Dist - Morbi	1,69,000	1,69,000	1,69,000	Direct
4	Nanhi kali	Education	K. C. Mahindra trust*	7,80,000	7,80,000	7,80,000	Direct
	Total					16,44,000	

* The K. C. Mahindra Education Trust was founded by the late Mr. K. C. Mahindra in the year 1953, with an objective of promoting literacy and higher learning in the country.

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Vinayak Patil
Director

Ashok Sharma
Managing Director
& Chairman of CSR Committee

Place : Nashik
Dated : 3rd May, 2018

ANNEXURE VII TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT
For the financial year ended 31 March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
EPC Industrié Limited
Plot No. H-109, M.I.D.C. Ambad
Nashik 422010.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EPC Industrié Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings (Not applicable to the Company during the audit period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period).

I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no law was applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) Listing Agreements entered into by the Company with BSE Ltd. and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and generally complied with the Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of the Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place : Pune
Date : 30 April, 2018

Sachin Bhagwat
ACS: 10189
CP: 6029

ANNEXURE VIII TO DIRECTORS' REPORT

PARTICULARS AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2018

A. Conservation of Energy

Your Company has always been giving priority to the conservation of energy and technology upgradation. To conserve energy and reduce energy cost, various initiatives were taken during the year.

(a) the steps taken or impact on conservation of energy:

- New designed extruders and downstream equipment for higher output in place of old one.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Installation of newly designed moulds and high speed machines.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area, efficient production planning and improved preventive maintenance resulting into higher up time.
- Various measures to improve productivity thereby reduction in consumption of power.
- Replacement of existing lighting with energy efficient lighting.

(b) the steps taken by the company for utilising alternate sources of energy:

The Company has explored the potential of using the alternate sources of energy through pilot projects which may be considered for implementation in future and your Company would continue to explore alternative sources of energy in future.

(c) the capital investment on energy conservation equipments:

Nil

B. Technology Absorption

(i) the efforts made towards technology absorption

Technology is the key enabler and core facilitator to achieve goals of your Company. Since inception, your Company has been at the forefront of leveraging technology to provide better products and services to its customers. The Company's efforts are always focused on making in-house developments, improvement in products and processes, reduction in costs.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution

Technology has responded by being a true strategic partner with business. Many first mover implementations/developments have provided business, long lasting advantages to the Company.

Apart from product development, product improvement and effective cost management, technology has played a major role in ensuring high level of customer satisfaction and providing competitive advantage.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil

(a) the details of technology imported - NA

(b) the year of import - NA

(c) whether the technology been fully absorbed - NA

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

(iv) Expenditure of Research and Development:

			(Rs. In Thousands)
		2017-18	2016-17
(a)	Capital Expenditure	**Nil**	Nil
(b)	Recurring Expenditure	**487**	1076
(c)	Total	**487**	1076
(d)	Total R&D expenditure as a % of total turnover	**0.02**	0.01

C. Foreign Exchange Earnings & Outgo

The Company is assessing the potential countries where the exports business can be explored.

The details of foreign exchange earned and outgo during the year are as under:

	(Rs. In Thousands)
Foreign Exchange earnings :	8,045.74
Foreign exchange outgo :	14,321.50

For and on behalf of the Board

Vinayak Patil
Director

Ashok Sharma
Managing Director

Place : Nashik
Dated : 3rd May, 2018

ANNEXURE IX TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-		L25200MH1981PLC025731
ii)	Registration Date:-		28/11/1981
iii)	Name of the Company:-		EPC Industrié Limited
iv)	Category/Sub-Category of the Company:-		Public Limited
v)	Address of the Registered office and contact details:-		Plot No. H-109, MIDC Ambad, Nashik - 422 010 Ph No: 0253-2381081/6642000
vi)	Whether listed company: Yes/No		Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:-		Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda Hyderabad, Telangana-500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Micro Irrigation Systems - Drip and Sprinklers	842400	96.6

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Holding	54.65	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
a) Individual/HUF	15144433	0	15144433	54.73	15144433	0	15144433	54.65	0.08
b) Central Govt.	0	0	0	0	0	0	0		
c) State Govt(s)									
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	–
e) Banks/FI	0	0	0	0	0	0	0		
f) Any other	0	0	0	0	0	0	0		
Sub-Total									
(A)(1):-	15144433	0	15144433	54.73	15144433	0	15144433	54.65	(0.08)

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0		
b) Other-Individuals	0	0	0	0	0	0	0		
c) Bodies Corp.	0	0	0	0	0	0	0		
d) Banks/FI	0	0	0	0	0	0	0		
e) Any other	0	0	0	0	0	0	0		
Sub-Total									
(A)(2):-	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**15144433**	**0**	**15144433**	**54.73**	**15144433**	**0**	**15144433**	**54.65**	**(0.08)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	553569	0	553569	2.00	526000	0	526000	1.90	(0.10)
b) Banks/FI	0	200	200	0.00	0	200	200	0.00	–
c) Central Govt(s)	0	0	0	0	0	0	0	0.00	–
d) Venture Capital Funds	0	0	0	0	0	0	0	0.00	–
e) Insurance Companies	0	0	0	0	0	0	0	0.00	–
f) FIIs	0	0	0	0	0	0	0		–
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	–
h) Others (specify)	0	0	0	0.00	0	0	0	0.00	–
Sub-Total (B)(1):-	**553569**	**200**	**553769**	**2.00**	**526000**	**200**	**526200**	**1.90**	**(0.10)**
2. Non-Institutions									
a) Bodies corp.	2682993	4460	2687453	9.71	1985348	4460	1989808	7.18	(2.53)
i) Indian	0	0	0	0	0	0	0	0.00	–
ii) Overseas	0	0	0	0	0	0	0	0.00	–
b) Individuals									–
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	4363192	590030	4953222	17.90	6067906	572010	6639916	23.96	6.06
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	3981903	0	3981903	14.39	2833643	0	2833643	10.23	(4.16)
c) Others (specify) NRI	246481	105300	351781	1.27	471750	104200	575950	2.08	0.81
Sub-Total (B)(2):-	**11274569**	**699790**	**11974359**	**43.27**	**11358647**	**680670**	**12039317**	**43.45**	**0.18**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**26972571**	**699790**	**27672561**	**100.00**	**27029080**	**680870**	**27709950**	**100.00**	**–**
C. Shares held by custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**–**
Grand Total (A+B+C)	**26972571**	**699990**	**27672561**	**100.00**	**27029080**	**680870**	**27709950**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Mahindra and Mahindra Ltd.	15144433	54.73	Nil	15144433	54.65	Nil	0.08 Due to allotment of 37,389 shares under ESOP Scheme-2014

(iii) Change in Promoters Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	No change*			
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	No change*			
	At the end of the year	No change*			

* The shareholding of Promoters has not changed in absolute terms.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
1	SCIL VENTURES LIMITED	647697	2.34	01/04/17	0	Nil	647697	2.34
				24/11/17	-647697	Transfer	0	
				31/03/18			**0**	**0.00**
2	SBI MAGNUM COMMA FUND	553569	2.00	01/04/17		Transfer	553569	2.00
				28/04/17	62070	Transfer	615639	2.22
				05/05/17	122930	Transfer	738569	2.67
				16/03/18	-6000	Transfer	732569	2.64
				23/03/18	-51826	Transfer	680743	2.46
				30/03/18	-154743	Transfer	526000	1.90
				31/03/18			**526000**	**1.90**

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
3	RAJASHEKAR SWAMINATHAN IYER	445800	1.61	01/04/17	0	Nil	445800	1.61
				21/04/17	-90000	Transfer	355800	1.28
				28/04/17	-5000	Transfer	350800	1.27
				09/06/17	-150800	Transfer	200000	0.72
				16/06/17	-10500	Transfer	189500	0.68
				23/06/17	-32127	Transfer	157373	0.57
				07/07/17	-7373	Transfer	150000	0.54
				14/07/17	-25000	Transfer	125000	0.45
				21/07/17	-35000	Transfer	90000	0.32
				28/07/17	-15000	Transfer	75000	0.27
				04/08/17	-8000	Transfer	67000	0.24
				15/09/17	-1000	Transfer	66000	0.24
				10/11/17	-66000	Transfer	0	0.00
				31/03/18			**0**	**0.00**
4	PACE STOCK BROKING SERVICES PVT. LTD.	356000	1.29	01/04/17	0	Transfer	356000	1.28
				07/04/17	-356000	Transfer	0	0.00
				28/04/17	200	Transfer	200	0.00
				12/05/17	-100	Transfer	100	0.00
				19/05/17	-100	Transfer	0	0.00
				26/05/17	100	Transfer	100	0.00
				09/06/17	400	Transfer	500	0.00
				21/07/17	-300	Transfer	200	0.00
				13/10/17	-200	Transfer	0	0.00
				31/03/18			**0**	**0.00**
5	MUKUL MAHAVIR PRASAD AGRAWAL	320269	1.16	01/04/17			320269	1.16
				08/12/17	-27515	Transfer	292754	1.06
				15/12/17	-124761	Transfer	167993	0.61
				22/12/17	-167993	Transfer	0	0.00
				31/03/18			**0**	**0.00**
6	AADI FINANCIAL ADVISORS LLP	296667	1.07	01/04/17			296667	1.07
				23/06/17	-16974	Transfer	279693	1.01
				05/01/18	-86569	Transfer	193124	0.70
				12/01/18	-95000	Transfer	98124	0.35
				19/01/18	-25000	Transfer	73124	0.26
				31/03/18			**73124**	**0.26**

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
7	PARAM CAPITAL RESEARCH PVT. LTD	280000	1.01	01/04/17			280000	1.01
				29/09/17	-37500	Transfer	242500	0.88
				22/12/17	-242500	Transfer	0	0.00
				31/03/18			**0**	**0.00**
8	VALLABH BHANSHALI	198333	0.72	01/04/17	0	Nil	198333	0.72
				05/01/18	-45501	Transfer	152832	0.55
				12/01/18	-40000	Transfer	112832	0.41
				19/01/18	-3656	Transfer	109176	0.39
				31/03/18			**109176**	**0.39**
9	SUNIL KUMAR GUPTA	132000	0.48	01/04/17	0	Nil	132000	0.48
				26/05/17	-2000	Transfer	130000	0.47
				16/06/17	-4000	Transfer	126000	0.45
				20/10/17	-1000	Transfer	125000	0.45
				27/10/17	-1000	Transfer	124000	0.45
				05/01/18	-2000	Transfer	122000	0.44
				31/03/18			**122000**	**0.44**
10	SNEHLATA RAJESH NUWAL	105527	0.38	01/04/17	0	Nil	105527	0.38
				21/04/17	-92528	Transfer	12999	0.05
				30/06/17	-12999	Transfer	0	0.00
				31/03/18			**0**	**0.00**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
	Directors							
1	ASHOK SHARMA	Nil	NA	NA	Nil	NA	Nil	NA
2	S DURGASHANKAR	Nil	NA	NA	Nil	NA	Nil	NA
3	NIKHILESH PANCHAL	Nil	NA	NA	Nil	NA	Nil	NA
4	SANGEETA PRASAD	Nil	NA	NA	Nil	NA	Nil	NA
5	ANAND DAGA	Nil	NA	NA	Nil	NA	Nil	NA
6	VINAYAK PATIL	Nil	NA	NA	Nil	NA	Nil	NA

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	Key Managerial Personnel							
1	SANJEEV MOHONI	Nil	NA	01/04/17	Nil	NA	Nil	NA
				01/12/17	9000	ESOS Allotment	9000	0.03
				31/03/18			**9000**	**0.03**
2	SUNETRA GANESAN			01/04/17	Nil	NA	Nil	NA
				31/03/18	**Nil**	**NA**	**Nil**	**NA**
3	RATNAKAR NAWGHARE	6762	0.02	01/04/17	0	0	6762	0.02
				01/12/17	1406	ESOS Allotment	8168	0.03
				31/03/18			**8168**	**0.03**

At the end of the year (or on the date of separation, if separated during the year)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	2,684,436	–	2,684,436
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**2,684,436**	–	**2,684,436**
Change in indebtedness during the financial year				
i) Addition	41,186,697	–	–	–
ii) Reduction	6,514,485	611,406	–	611,406
Net Change	**47,701,182**	**611,406**	–	**611,406**
Indebtedness at the end of the Financial year				
i) Principal Amount	34,672,212	2,073,030	–	2,073,030
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**34,672,212**	**2,073,030**	–	**2,073,030**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Ashok Sharma - MD	Total Amount in Rs.
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	2,400,000	2,400,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	–	–
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	–	–
2	Stock option	–	–
3	Sweat Equity	–	–
4	Commission – as % of profit	–	–
	– others, specify	–	–
5	Others, please specify	–	–
	Total (A)	**2,400,000**	**2,400,000**
	Ceiling as per the Act*	–	–

* The Remuneration paid to Managing Director is within the prescribed ceiling under the Companies Act, 2013.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			
		Mr. Vinayak Patil	Mr. Nikhilesh Panchal	Mr. Anand Daga	**Total Amount in Rs.**
1	Independent Directors				
	* Fees for attending board/committee meetings	313,500	307,500	273,500	894,500
	* Commission	345,469	345,469	345,469	1,036,406
	* Others, please specify	–	–	–	–
		–	–	–	–
	Total (1)	**658,969**	**652,969**	**618,969**	**1,930,906**
2	Other Non-Executive Directors				
	* Fees for attending board/committee meetings	–	–	–	–
	* Commission	–	–	–	–
	* Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	**658,969**	**652,969**	**618,969**	**1,930,906**
	Total Managerial Remuneration				**4,330,906**
	Overall Ceiling as per the Act **				

** Within the prescribed ceiling under the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				(Rupees)
		Chief Executive Officer	**Chief Financial Officer**	**Company Secretary**		**Total**
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	10,466,849	5,466,666	2,588,053		18,521,568
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	198,151		257,345		455,496
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.					
	Total	**10,665,000**	**5,466,666**	**2,845,398**	–	**18,977,064**
2	Stock Options Outstanding (Nos.)	36,000	–	2,811		38,811
3	Sweat Equity	–	–	–	–	–
4	Commission – as % of profit	–	–	–	–	–
	– others, specify		–	–	–	–
5	Others, please specify	2,288,404	–	228,545	–	2,516,949
	Total	**12,953,404**	**5,466,666**	**3,073,943**	–	**18,977,064**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

REPORT ON CORPORATE GOVERNANCE

(1) PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices and have implemented all the stipulations prescribed.

A detailed report on corporate governance pursuant to the requirements of the listing agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. A certificate from the statutory auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.

(2) BOARD OF DIRECTORS

The composition of the Board of Directors is in conformity with the Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

(a) Composition and Category of Directors:

Currently, the Board comprises of six Directors, out of which one is Executive Director and five are Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the applicable provisions of the Companies Act, 2013. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Apart from reimbursement of expenses incurred and the commission paid in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocates & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 1.96 lakhs/- (including out of pocket expenses).

The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 public limited companies (as specified in Section 165 of the Companies Act, 2013) or act as an independent director in more than 7 listed companies or 3 listed companies in case he serves as Whole Time Director in any listed company (as specified in applicable Regulation 25 of the Listing Regulations), across all the Companies in which he/she is a Director.

Sr. No.	Directors	Category	Director Identification number (DIN)	Total Number of Directorships of public companies#, Committee Chairmanships and Memberships, as on 31st March, 2018.		
				Directorships$	Committee Chairmanships+	Committee Memberships+
	EXECUTIVE					
1.	Mr. Ashok Sharma Managing Director	Executive Director	02766679	2	–	1
	NON-EXECUTIVE					
2.	Mr. Vinayak Patil	Independent	00616009	1	2	–
3.	Mr. S. Durgashankar	Non-Independent	00044713	5	-	3
4.	Mr. Nikhilesh Panchal	Independent	00041080	5	2	3
5.	Mr. Anand Daga	Independent	00696171	1	–	1
6.	Ms. Sangeeta Prasad	Non-Independent	02791944	9	–	1

Excludes private limited companies/ foreign companies and companies under Section 8 of the Companies Act, 2013.

$ Includes Directorship in EPC Industrié Limited

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including that of EPC Industrié Limited

The Senior Management personnel also have made disclosures to the Board confirming that there are no material, financial and / or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

(b) Number and dates of Board meetings held and Attendance of the Directors at Meetings of the Board and at the Annual General Meeting.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, four Board Meetings were held on the following dates – 27th April, 2017, 28th July, 2017, 3rd November, 2017 and 30th January, 2018. The gap between two Meetings did not exceed four months. These meetings were well attended. The 35th Annual General Meeting of the Company was held on 28th July, 2017.

The attendance of the Directors at these meetings is as under:

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. Ashok Sharma	4	Yes
Mr. Vinayak Patil	4	Yes
Mr. S. Durgashankar	4	Yes
Mr. Nikhilesh Panchal	3	Yes
Mr. Anand Daga	4	Yes
Ms. Sangeeta Prasad	2	No

(c) Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/ half yearly/ annual results, risk management, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Chief Financial Officer.

(d) Code of Conduct

Your Company had adopted Code of Ethics (“Code”) recommended by Bombay Chamber of Commerce and Industry for its Directors and Senior Management personnel and employees. The Code of Ethics has been posted on the Company’s website http://www.epcmahindra.com. This Code enunciates the underlying principles governing the conduct of the business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s culture. The Code further provides the duties of Independent Directors as laid down in the Companies Act, 2013.

All Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Managing Director is enclosed at the end of this Report.

(e) Directors seeking appointment/re-appointment

Ms. Sangeeta Prasad is liable to retire by rotation and being eligible for reappointment at the ensuing Annual General Meeting of the Company and has offered herself for reappointment. The brief profile of Ms. Sangeeta Prasad alongwith other details are as follows:

1) Ms. Sangeeta Prasad

Ms. Sangeeta Prasad (DIN: 02791944) age 50 years has a Bachelor’s degree in Electrical Engineering and has done Masters in Business Administration from IIM Lucknow. She is a Chevening scholar from UK and completed General Management Programme at INSEAD, Fontainbleau. Ms. Sangeeta Prasad’s first appointment on the Company’s Board was on 28th October, 2014.

Ms. Prasad is CEO of Mahindra Lifespace Developers Limited and heading the Integrated Business Cities and Industrial Clusters as part of the Company’s mission of transforming urban landscapes by creating sustainable communities. Mahindra Lifespace Developers Ltd. is the real estate and infrastructure development arm of the Mahindra Group. She is also a Member of the Group Executive Board, Mahindra Group and Co-Chairperson, Group Diversity Council, Mahindra Group.

She has a rich and varied experience of over 23 years of different business functions.

Ms. Prasad has been awarded Leadership award in the International Women Leaders Forum in 2013. Further, she was also recognized amongst the top 30 Emerging Woman Leaders in a survey conducted by Business Today Magazine in the year 2010. Ms. Prasad was also one of the Speakers at the World Economic Forum, Davos, 2012 on “URBANISATION – Trends, Challenges and Opportunities”. She was also a speaker at the 2015 United Nations Climate Change Conference, or ‘COP 21’, in Paris, and at the eighth Clean Energy Ministerial (CEM8) held in Beijing in 2017. Ms. Prasad is a Member, Board of Governors, IIM Lucknow. She was part of the CEO delegation at the ‘Make in India’ summit in the Hannover Messe exposition in Germany. She was part of a panel discussion on Smart Cities in the Summit along with eminent Corporate and government representatives from India and Germany.

Ms. Sangeeta Prasad is on the Board of following other Companies:

i) Mahindra Integrated Township Limited

ii) Mahindra World City (Jaipur) Limited

iii) Knowledge Township Limited

iv) Mahindra World City (Maharashtra) Limited

v) Mahindra World City Developers Limited

vi) Industrial Township (Maharashtra) Limited

vii) Maharashtra Industrial Park Chennai Limited

viii) Mahindra Residential Developers Limited

ix) Industrial Cluster Private Limited

Ms. Sangeeta Prasad is the chairman/member of the following committees of the Company and of other companies.

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/ Member)
1	Mahindra Integrated Township Limited	Audit Committee	Member
2	Knowledge Township Limited	Nomination and Remuneration Committee	Member
		Audit Committee	Member
3	Mahindra World City Developers Limited	Corporate Social Responsibility Committee	Member
4	Mahindra Residential Developers Limited	Corporate Social Responsibility Committee	Member
		Nomination and Remuneration Committee	Member
5	Mahindra World City (Jaipur) Limited	Contract Committee	Member
		Loan and Investment Committee	Member
		Corporate Social Responsibility Committee	Member
		Capital Issue Committee	Member
6	Mahindra Industrial Park Chennai Limited	Nomination and Remuneration Committee	Chairperson

Ms. Sangeeta Prasad does not hold any shares in the Company.

(f) Disclosure on relationships between Directors inter-se

The Directors have made disclosure that there are no relationships between directors inter-se.

(g) Number of Shares and Convertible instruments held by Non-executive Directors.

The Non-executive Directors have made disclosure that they are not holding any Shares of the Company.

(h) Web link where details of familiarization programmes imparted to independent directors is disclosed.

During the year under review the Company has taken steps to familiarize its directors including Independent Directors by periodic presentations about the Company operations, business model, business strategy and risks involved, industry in which the Company operates and their roles and responsibilities. The details of such programme is posted on the Company website: http://www.epcmahindra.com/corporategovernance.aspx.

(3) Risk Management

The assessment of various risks pertaining to the various aspects of business and the steps taken to mitigate risks is reviewed and monitored in the meetings of the Risk Management Committee and the Meeting of the Board of Directors. The Company has adopted Risk Management Policy and the Risk Management Committee monitors the same. The details of the Risk Management Committee and its broad terms of reference are given in this report.

(4) Audit Committee

(a) Brief description of terms of reference

The Board of Directors of the Company has an Audit Committee which comprises three Non Executive Directors and majority of whom are Independent Directors namely, Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary of the Audit Committee.

The terms of reference of this Committee are very wide. The broad terms of reference of the Audit Committee include:

a) Review of the Company’s financial reporting process and its financial statements.

b) Review of accounting and financial policies and practices.

c) Review of the internal control and internal audit system.

d) Discussing with statutory Auditors to ascertain any area of concern.

e) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

f) review and monitor the auditor's independence and performance, and effectiveness of audit process;

g) examination of the financial statement and the auditors' report thereon;

h) approval or any subsequent modification of transactions of the company with related parties;

i) scrutiny of inter-corporate loans and investments;

j) valuation of undertakings or assets of the company, wherever necessary;

k) evaluation of internal financial controls and risk management systems;

l) Monitoring the end use of funds raised through public offers and related matters

m) Review of the financial statements before their submission to the Board

n) If required, discuss with the internal and statutory auditors and the management of the company any issues related to internal control system, scope of audit and financial statements and the observations of the auditors.

o) Investigate into any matter in relation to the items specified above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.

p) Establish vigil mechanism as may be prescribed to enable directors and employees to report genuine concerns and also shall provide for adequate safeguards against victimization of persons who use such mechanism.

q) Review the uses/application of funds raised by the Company either by public/rights issue of shares or any other securities.

Generally all items under Regulation 18(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement are covered in the terms of reference and Role of the Audit Committee. The Audit Committee has been granted powers as prescribed under Regulation 18(2)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) Meetings and Attendance during the year

The meetings of the Audit Committee are also attended by the Managing Director, Statutory Auditors, Chief Executive Officer, Chief Financial Officer, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 35th Annual General Meeting of the Company held on 28th July, 2017.

The Committee met four times during the year under review. The Committee Meetings were held on the following dates – 27th April, 2017, 28th July, 2017, 3rd November, 2017 and 30th January, 2018. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	4
Mr. S. Durgashankar	4
Mr. Anand Daga	4

5. Nomination and Remuneration Committee

(a) Brief description of terms of reference

The Company has Nomination and Remuneration Committee pursuant to Section 178 of the Companies Act, 2013.

The Terms of Reference of the Nomination and Remuneration Committee is to:

i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal; and shall carry out evaluation of every Director's performance.

ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

iii) Review performance of the Managing Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme.

The Committee also administers the Company's ESOP Scheme and takes appropriate decisions in terms of the said scheme.

The Company has adopted the policy on directors and Key Managerial Personnel and other employees, appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has further determined the criteria for evaluation of Independent Directors performance and the performance of Chairman, Board and committees.

(b) Composition, Name of members and Chairperson

The Committee comprises three Non-Executive Directors majority of whom are Independent Directors namely Mr. Anand Daga – Chairman, Mr. S. Durgashankar and Mr. Vinayak Patil.

(c) Meetings and Attendance during the year

The Committee met on 27th April, 2017, and 22nd November, 2017 and the meeting was generally attended by all the members of the Committee. The attendance of the meeting is as under.

Members	Number of Meetings attended
Mr. Anand Daga	2
Mr. S. Durgashankar	1
Mr. Vinayak Patil	2

(d) Independent Directors and performance evaluation

In accordance with the provisions of the Companies Act, 2013, the Company has appointed three Independent Directors in the Annual General Meeting held on 31st July, 2014 for a period of 5 years. The terms of their appointment are available on the website of the Company.

The Nomination and Remuneration Committee has laid down the evaluation criteria for Independent Directors and the same has been done by the entire Board of Directors. The performance criteria includes whether a directors possesses sufficient skills, experience and level of preparedness to add value to discussions and decisions, challenge views constructively, knowledge about Company's business, the industry in which company operates and global trends etc.

The Independent Directors had a meeting on 27th April, 2017 without the attendance of non-independent directors and members of management to review performance of non-independent directors and the Board as a whole and performance of chairman of the Board of Directors and for assessment of quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the board of directors to effectively and reasonably perform their duties.

The Company had organized programmes at regular intervals to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. Quarterly updates on relevant statutory changes on important laws are regularly circulated to Directors. Plant visits are organized for the Directors to enable them to understand the operations of the Company.

6. Stakeholders Relationship Committee:

The Company has Stakeholders Relationship Committee under the provisions of The Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Vinayak Patil, Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company. The Stakeholders Relationship Committee resolves the grievances of security holders of the Company.

As per Section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company.

During the year under review, there were two complaints received from the Shareholder. There were no investor complaints remaining unresolved and pending as at 31st March, 2018.

The Committee met two times on 28th July, 2017 and 30th January, 2018 during the year under review.

7. Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee is a committee constituted by the Board with powers, inter alia, to make donations/contributions to any charitable and/or CSR projects or programs to be implemented directly or through an executing agency or other Not for Profit Agency with minimum three years proven track record or through a corporate foundation or other reputed Non-Governmental Organisation, of atleast two percent of the Company's average net profits during the three immediately preceding financial years in pursuance of its CSR Policy for the Company's CSR initiatives.

The scope of functions of the Committee includes, inter alia, recommendation to the Board for its approval an amount of expenditure to be incurred on the CSR activities as enumerated in the Schedule VII of the Companies Act, 2013 and also referred to in the CSR Policy of the Company, as also to monitor the CSR Policy from time to time, etc.

The CSR Policy for your Company as duly amended is displayed on the Company's website: http://www.epcmahindra.com.

Mr. Ashok Sharma – Managing Director is the Chairperson of the Committee. Mr. Vinayak Patil and Mr. S Durgashankar are the other members of the Committee. The Committee Meeting was held on 27th April, 2017 and was attended by all the members.

8. Risk Management Committee

The Company has Risk Management Committee in accordance with the Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga are the other members of the Committee. During the year one meeting was held on 27th April, 2017.

The broad roles and responsibilities of the Committee would be:

a) Assessment of the Company's risk profile and key areas of risk in particular.

b) Recommending to the Board and adopting risk assessment and rating procedures.

c) Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

d) Assessing and recommending to the Board acceptable levels of risk.

e) Review and monitoring of Risk management and risk mitigations measures.

9. Remuneration of Directors

(a) Pecuniary relationship or transactions of the non-executive directors.

Apart from reimbursement of expenses incurred and the commission paid in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Non-executive Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the Non- executive independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

(b) Criteria of making payments to non-executive directors.

The Non-executive independent Directors are paid sitting fees of Rs. 30,000 for attending the meetings of the Board of Directors and Rs.20,000 for attending Committee meetings of the Board and reimbursement of expenses incurred for attending the Meetings of the Board of Directors of the Company and its Committees thereof. The sitting fees paid to Non-Executive Directors for the year ended 31st March, 2018 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings and Committee Meetings held during the year ended 31st March, 2018 (Rs. in Lakhs)
Mr. Ashok Sharma	Nil
Mr. Vinayak Patil	3.13
Mr. S. Durgashankar	Nil
Mr. Nikhilesh Panchal	1.57
Mr. Anand Daga	2.73
Ms. Sangeeta Prasad	Nil

None of the Directors are holding any shares of the Company.

Further the Independent Directors shall be entitled to receive a commission of Rs. 5 lacs each or 1% of annual Net Profit of the Company computed in accordance with the provisions of Section 197 read with Section 198 of the Act or Rules framed thereunder whichever is lower from time to time commencing from the FY – 2015-16 in lieu of their services to the Company. The Shareholders in the Annual General Meeting dated 31st July, 2015 had accorded their consent for the same. Accordingly, the commission of Rs.9.58 lakhs was paid in the year 2017-18 and the commission of Rs. 10.36 lakhs is payable equally to Independent Directors for FY 2017-18.

(c) Disclosures with respect to Remuneration:

(i) Elements of remuneration package

During the year under review, the consolidated remuneration of Rs. 28.14 lakhs per annum (including taxes) was paid to Mr. Ashok Sharma.

(ii) Details of fixed component and performance linked incentives along with the performance criteria.

There are no variable components of the remuneration payable to Mr. Ashok Sharma and Mr. Ashok Sharma is also receiving remuneration from Mahindra and Mahindra Limited and Mahindra Agri Solutions Limited.

Mr. Ashok Sharma is re-appointed as Managing Director of the Company with effect from 1st October, 2017 till 30th September, 2020 on a consolidated remuneration of Rs. 28.14 lakhs per annum.

The detailed criteria for the evaluation of Board and Directors' performance is in place. All board members annually provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members also provide a self-evaluation of their performance annually. The performance of executive director is being evaluated by the Nomination and Remuneration Committee and the performance of Independent Directors is evaluated by the Board. The Director being evaluated does not participate in the meeting at the time of their respective evaluation.

(iii) Service contracts, notice period, severance fees

The appointment letter is issued to Directors as per the policy of the Company and the appointment can be terminated by either party by giving three month's notice in writing as per the Company's policy. There is no separate provision for payment of severance fees.

(iv) Stock option details

During the year under review, the Company has not issued any stock options to any Directors.

10. General Body Meetings:

(a) Location and time, where last three annual general meetings held and Special Resolution passed

Year ended	Date	Time	Special Resolution passed
31st March, 2015	Friday 31st July, 2015	2.30 p.m.	1. Alteration of Articles of Association pursuant to the provisions of Section 14 and other relevant provisions, if any, of the Companies Act, 2013.
			2. Commission to Independent Non-Executive Directors of the Company.

Year ended	Date	Time	Special Resolution passed
31st March, 2016	Friday 29th July, 2016	2.30 p.m.	1. Re-designation of Mr. Ashok Sharma as a Managing Director and revision in remuneration.
			2. Keeping Register of Members, other Registers and statutory documents at a place other than the registered office of the Company.
31st March, 2017	Friday 28th July, 2017	2.30 p.m.	Re-appointment of Mr. Ashok Sharma (DIN: 02766679) as a Managing Director for a period of 3 years with effect from 1st October, 2017 to 30th September, 2020.

All the above Meetings were held at Plot No. H-109, MIDC Ambad, Nashik- 422 010.

No Extraordinary General Meeting was held during the past three years.

(b) Postal Ballot

During the year under review, the Company has not passed any special resolution through postal ballot. Further, the Company does not have any proposal for passing any special resolution through postal ballot, at the ensuing Annual General Meeting.

11. Means of Communication

Your Company from time to time and as may be required, communicates with its security-holders and investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchange, press release, Annual Report, uploading relevant information on its website and publishing financial results in newspapers. The financial results are published in newspapers namely, Business Standard, Free Press Journal, Navshakti and Deshdoot which are national and local dailies respectively.

Your Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 of the Listing Regulations, including material information having a bearing on the performance/ operations of the Company and other price sensitive information.

No presentations were made to institutional investors / analysts.

12. General Shareholder Information:

(a) 36th Annual General Meeting

Date : 31st July, 2018
Time : 2.30 p.m.
Venue: Plot No. H-109, MIDC Ambad, Nashik- 422 010

(b) Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for:

Quarter ending
30th June, 2018 – Second week of August, 2018

Half-year ending
30th September, 2018 - Second week of November, 2018

Quarter ending
31st December, 2018 - Second week of February, 2019

Year ending
31st March, 2019 - End May, 2019

Note: The above dates are indicative.

(c) Listing of Equity Shares on Stock Exchange

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400001. The requisite listing fees have been paid in full to the Stock Exchange.

(d) Stock Code

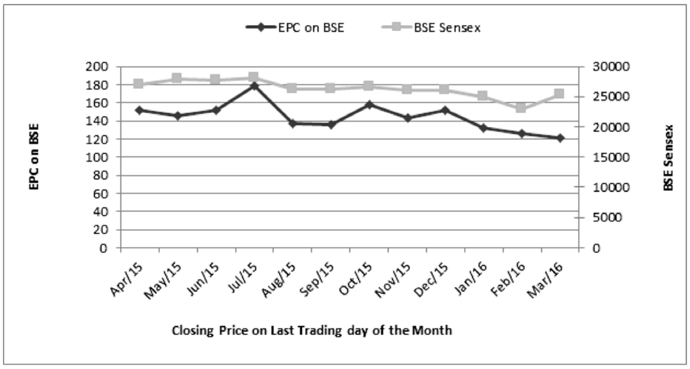
1. Bombay Stock Exchange Limited (BSE): 523754
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

(e) Stock Price Data of Equity Shares listed on Bombay Stock Exchange Limited:

Month	High Price	Low Price
April, 2017	175.75	144.00
May, 2017	177.00	156.10
June, 2017	205.00	161.50
July, 2017	215.00	185.05
August, 2017	196.90	166.00
September, 2017	192.40	163.25
October, 2017	185.00	165.90
November, 2017	188.00	161.20
December, 2017	186.00	160.95
January, 2018	208.70	175.05
February, 2018	192.95	151.00
March, 2018	159.00	128.00

(f) Stock Performance

The performance of the Company's shares relative to the BSE Sensitive Index is given in the chart below:



(g) Suspension of Securities

Your Company's Shares were not suspended during the year under review.

(h) Registrar and Transfer Agent

Karvy Computershare Private Limited,
Unit: EPC Industrié Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad, Telangana-500 032

Contact details:-
Telephone number: +91 40 67162222
Investor Service Toll Free No: 1800-3454-001
Fax number: +91 40 2342 0814
Email: einward.ris@karvy.com

(i) Share Transfer System

Trading in Equity Shares of the Company through Bombay Stock Exchange is permitted only in dematerialized form.

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board of Directors with a view to expedite the process of share transfer had authorised Mr. Ashok Sharma, Managing Director to approve the share transfers, issue of duplicate shares etc. and the same gets confirmed by the Board in their subsequent meeting.

As of date, there are no pending share transfers pertaining to the year under review.

(j) Distribution of Shareholding as on 31st March, 2018:

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	17,376	85.40	26,31,642	9.50
501 – 1,000	1,533	7.53	12,39,011	4.47
1,001 - 5,000	1,191	5.85	26,80,489	9.67
5,001 - 10,000	121	0.59	8,93,730	3.23
10,001– 1,00,000	116	0.57	33,25,342	12.00
1,00,001 & above	10	0.05	1,69,39,736	61.13
TOTAL	**20347**	**100.00**	**2,77,09,950**	**100.00**

Shareholding Pattern as on 31st March, 2018:

Category	No. of shares held	%
Promoters	1,51,44,433	54.65
Banks	200	0.00
Private Corporate Bodies	19,89,808	7.18
Indian Public	94,73,559	34.19
NBFC	5,050	0.02
Mutual Funds	5,26,000	1.90
NRIs/OCBs/Others	5,70,900	2.06
GRAND TOTAL	**2,77,09,950**	**100.00**

(k) Dematerialisation of Shares and liquidity

97.54% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March, 2018. The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

(l) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity

Nil

(m) Commodity price risk or foreign exchange risk and hedging activities

This year under review, saw firming up of raw material prices led by increase in crude oil. The uptrend in raw material prices is expected to continue in the coming financial year. The commodities like Steel saw sharp increases on account of rise in international prices and antidumping duties imposed by the Government. Your Company continues to watch the market situation closely and continues to focus on mitigating inflationary impact through cost reduction measures.

The nature of business of the Company does not involve/ require any hedging activities.

(n) Plant Locations

Your Company's manufacturing facilities are located at Plot No. H - 109, MIDC Ambad, Nashik - 422 010 & at Plot No. 367-368, GIDC, Manjusar, Savli, Dist. Vadodara - 391775.

(o) Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited,
Unit: **EPC Industrié Limited**
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad, Telangana - 500 032
Contact details:-
Telephone number: +91 40 67162222
Investor Service Toll Free No: 1800-3454-001
Fax number: +91 40 2342 0814
Email: einward.ris@karvy.com

For all matters relating to transfer/ dematerialization of shares and any other query relating to Equity Shares of the Company.

The Registrar and Transfer Agents also have an office at:

Karvy Computershare Private Limited,
24-B, Raja Bahadur Mansion, Ground Floor,
Ambalal Doshi Marg, Behind BSE,
Fort, Mumbai – 400 023.
Tel.:+91 22 66235454 /412/427

Your Company has also designated **rvnawghare@epcind.com** as an exclusive email ID for Investors for the purpose of registering complaints. Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialized form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrié Limited
Plot No. H-109, MIDC Ambad, Nashik- 422 010.
Telephone Nos.: +91-253-2381081 / 82
Fax: +91-253-2382975
Email: rvnawghare@epcind.com
Your Company can also be visited at its website: www.epcmahindra.com

(p) Dates of Book Closure and Dividend Payment Date

The Book Closure for dividend will be Wednesday, 25th July, 2018 to Tuesday, 31st July, 2018 (both days inclusive) and the Dividend would be paid/dispatched after 31st July, 2018.

(q) Registered Office

Plot No. H-109, MIDC Ambad, Nashik - 422 010.

(r) Corporate Identity Number:

L25200MH1981PLC025731

13. Other Disclosures

(a) Disclosure on materially significant Related Party transactions

During the financial year 2017-18 there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 31 to the Financial Statements.

All the transactions with related parties were in the ordinary course of business and on arms length basis. In terms of Regulation 23(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company started obtaining prior approval of the audit committee for entering into any transaction with related parties. The audit committee granted omnibus approval for certain transactions to be entered with the related parties, during the year. The policy on Related Transaction is incorporated on the Company website: http://www.epcmahindra.com/InvestorInformation.aspx.

(b) Web link where policy on dealing with Related Party Transactions.

The policy on Related Party Transaction is incorporated on the Company website:
http://www.epcmahindra.com/InvestorInformation.aspx

c) Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities.

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets except as detailed below:

The Company and the erstwhile Promoter's group company had filed the revised consent application on 8th January, 2014, in terms of SEBI Circular dated May 25, 2012 (Ref CIR/EFD/1/2012) ("May Circular 2012") seeking settlement for non-disclosure in respect of the transaction dated 31st March, 2003 and for delay in yearly disclosure as of 31st March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

SEBI vide its letter dated 27th November, 2013 issued a notice of Inquiry against aforesaid delays. The Company in response to it, filed the consent application in January, 2014.

The SEBI had returned the Consent application, however, provided the opportunity for personal hearing to settle the matter. Accordingly, SEBI vide order dtd. 29-09-2017 has imposed the penalty of Rs. 2 lacs and the said penalty has been paid by the Company and closed the matter.

(d) Details of establishment of vigil mechanism, whistle blower policy etc.

In terms of the provisions of Section 177(9) of the Companies Act, 2013 the Company has implemented a vigil mechanism which includes implementation of the whistleblower policy. No employee has been denied access to the Chairman of the Audit Committee. The Company in conjunction with the Corporate Disclosure and Investigation policy of its ultimate holding Company has informed its employees that any non-compliant behaviour of directors or employees including the non-compliance of its code of conduct to the notice of the management for investigation and necessary action, may be reported by them using the speak-up line number provided therein. The policy is posted on the Company website: http://www.epcmahindra.com/InvestorInformation.aspx

(e) Disclosure on Director's performance evaluation criteria

The Company has introduced the board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

(f) Code of Conduct for Prevention of Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the Code of Conduct for prevention of Insider Trading.

The Code lays down Guidelines, which advise designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Under the said Code, the Company has appointed Mr. Ratnakar Nawghare as the Compliance Officer. All Board members and Senior Management personnel have affirmed compliance with the Code. The Code of Conduct of the Company is also posted on the investor relation page of the Company's website www.epcmahindra.com

(g) Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements.

Your Company has complied with the mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance. Your Company has adopted the non- mandatory requirements as mentioned below:

1) Unmodified Opinion in Audit Report

During the year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices, compliance with Accounting Standards and internal control over financial reporting to ensure financial statements with unmodified audit qualifiactions.

2) Reporting of Internal Auditor

The Internal Auditor of the Company reports to the Audit Committee.

(h) Disclosures with respect to demat suspense account/ unclaimed suspense account

There are no shares in the demat suspense account/ unclaimed suspense account at the beginning and at the end of the financial year 2017-18.

(i) CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) (a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the Chief Executive Officer and the Chief Financial Officer is published in this Report.

Nashik May 3, 2018

DECLARATION BY THE MANAGING DIRECTOR UNDER SCHEDULE V(D) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IS ANNEXED.

To
The Members of EPC Industrié Limited,

I, Ashok Sharma, Managing Director of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31st March, 2018.

Nashik,
3rd May, 2018

Ashok Sharma
Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
EPC INDUSTRIÉ LIMITED,

1. This certificate is issued in accordance with the terms of our engagement letter reference no. KGV/2017-18/033 dated 1 August, 2017.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of **EPC Industrié Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2018.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 3 May, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of EPC Industrié Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "A". Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements in accordance with generally accepted accounting principles – [Refer Note 32 to the Ind AS financial statements].

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 3 May, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' section of our report of even date to the members of EPC Industrié Limited on the Ind AS financial statements for the year ended 31 March, 2018)

Report on the internal financial controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **EPC Industrié Limited** ("the Company") as of 31 March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the " Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 3 May, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of EPC Industrié Limited on the Ind AS financial statements for the year ended 31 March, 2018)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

   (b) The Company has a programme of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed /conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of buildings whose title deeds have been pledged as security for loans availed from banks are held in the name of the Company based on the confirmations directly received by us from the bank. In respect of immovable properties of land that have been taken on lease and disclosed as prepaid asset in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except stock lying with third parties for which confirmations have been obtained and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

4. The Company has not granted any loans, made investments or provided guarantees to which the provisions of Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of the Order is not applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

6. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and services tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

   (c) Details of dues of income-tax, goods and services tax, sales tax, service tax, customs duty, excise duty, and value added tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (Rs. in lakhs)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35.76
		Commissioner of Central Excise	FY 1997-98	8.12
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 1992-93	24.20

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has not borrowed from financial institutions and has not issued any debentures.

9. In our opinion and according to the information and explanations given to us, money raised by way of further public offer (rights offer) in the earlier years, have been applied by the Company during the year for the purposes as revised with appropriate approvals, other than temporary deployment pending application of proceeds.

The Company has not raised moneys by way of public offer of debt instruments or term loans.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence, provisions of Section 192 of the Act are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, 3 May, 2018

CEO AND CFO CERTIFICATION

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer, to the best of our knowledge and belief certify that:

A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief, We confirm that:
   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2018 are fraudulent, illegal or violative of the Company's code of conduct/ethics.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee that:
   1) there has not been any significant change in internal control over financial reporting during the year under reference;
   2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and
   3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Sunetra Ganesan
Chief Financial Officer

Sanjeev Mohoni
Chief Executive Officer

Nashik, 3rd May, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
I NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2	**2,438.96**	2,446.74
(b) Capital Work-in-Progress		**2.52**	59.94
(c) Investment Property	3	**0.65**	0.65
(d) Other Intangible Assets	4	**67.66**	96.93
(e) Financial Assets			
(i) Trade Receivables	5	**1,008.97**	116.44
(ii) Other Financial Assets	6	**47.23**	37.86
(f) Income Tax Assets (Net)		**12.74**	131.30
(g) Deferred Tax Assets (Net)	7	**218.28**	399.74
(h) Other Non-Current assets	8	**527.65**	583.82
Total Non-Current Assets		**4,324.66**	3,873.42
II CURRENT ASSETS			
(a) Inventories	9	**3,469.71**	3,249.65
(b) Financial Assets			
(i) Investments	10	**–**	450.82
(ii) Trade Receivables	5	**10,715.00**	9,121.70
(iii) Cash and Cash Equivalents	11	**82.71**	689.14
(iv) Bank Balances other than (iii) above	11	**372.08**	490.31
(v) Other Financial Assets	6	**127.06**	101.98
(c) Other Current Assets	8	**527.18**	326.13
Total Current Assets		**15,293.74**	14,429.73
III Total Assets (I + II)		**19,618.40**	18,303.15
EQUITY AND LIABILITIES			
IV EQUITY			
(a) Equity Share Capital	12	**2,771.19**	2,767.45
(b) Other Equity		**11,223.22**	10,650.78
Total Equity		**13,994.41**	13,418.23
LIABILITIES			
V NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
Borrowings	13	**14.62**	20.73
(b) Provisions	16	**83.95**	74.58
Total Non-Current Liabilities		**98.57**	95.31
VI CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	15	**346.72**	–
(ii) Trade Payables	17	**3,830.27**	3,388.50
(iil) Other Financial Liabilities	14	**648.67**	565.23
(b) Provisions	16	**224.84**	230.11
(c) Current Tax Liabilities (Net)		**30.16**	21.85
(d) Other Current Liabilities	18	**444.76**	583.92
Total Current Liabilities		**5,525.42**	4,789.61
VII Total Liabilities (V+VI)		**5,623.99**	4,884.92
VIII Total Equity and Liabilities (IV+VII)		**19,618.40**	18,303.15
See accompanying notes to the financial statements	**1-40**		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : May 03, 2018

For and on behalf of the Board of Directors

Ashok Sharma	Managing Director
S. Durgashankar	Directors
Sangeeta Prasad	
Anand Daga	
Vinayak Patil	
Nikhilesh Panchal	
Sanjeev Mohoni	Chief Executive Officer
Sunetra Ganesan	Chief Financial Officer
R. V. Nawghare	Company Secretary

Place : Nashik
Date : May 03, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Lakhs

Particulars		Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	19	20,480.67	20,146.48
II	Other Income	20	179.35	158.94
III	**Total Income (I + II)**		20,660.02	20,305.42
IV	**EXPENSES**			
	(a) Cost of materials consumed	21(a)	10,828.99	11,164.10
	(b) Purchases of Stock-in-trade	21(b)	451.09	696.32
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21(c)	(111.14)	(421.40)
	(d) Excise duty on sale of goods		13.93	43.85
	(e) Employee benefit expense	22	2,386.99	2,322.55
	(f) Finance costs	23	50.11	152.89
	(g) Depreciation, amortisation and impairment expense	2,4	313.94	304.78
	(h) Other expenses	24	5,689.72	5,074.43
	Total Expenses (IV)		19,623.63	19,337.52
V	**Profit before tax (III - IV)**		1,036.39	967.90
VI	**Tax Expense**			
	(1) Current tax	7	326.24	460.46
	(2) Deferred tax	7	114.62	(162.32)
	(3) Short/(Excess) provision for tax relating to prior years		101.67	(320.71)
	Total tax expense (VI)		542.53	(22.57)
VII	**Profit after tax for the year from continuing operations (V - VI)**		493.86	990.47
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		1.00	(3.38)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.29)	1.17
	Total Other comprehensive (loss)/income for the year		0.71	(2.21)
IX	**Profit for the year attributable to owners of the Company (VII + VIII)**		494.57	988.26
X	**Earnings per equity share**	25		
	(1) Basic (Face value Rs.10 per share)		1.78	3.58
	(2) Diluted		1.77	3.56
See accompanying notes to the financial statements		1-40		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : May 03, 2018

For and on behalf of the Board of Directors

Ashok Sharma — Managing Director
S. Durgashankar, **Sangeeta Prasad**, **Anand Daga**, **Vinayak Patil**, **Nikhilesh Panchal** — Directors
Sanjeev Mohoni — Chief Executive Officer
Sunetra Ganesan — Chief Financial Officer
R. V. Nawghare — Company Secretary

Place : Nashik
Date : May 03, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Lakhs

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit before tax for the year	**1,036.39**	967.90
Adjustments for:		
Finance costs recognised in profit or loss	**50.11**	152.89
Interest Income recognised in profit or loss	**(64.22)**	(107.07)
Profit on sale of current investments	**(77.59)**	(7.22)
Unrealised Profit arising on investments mandatorily measured at fair value	**–**	(0.82)
Dividend income	**–**	(0.06)
Liabilities no longer required written-off	**(33.50)**	(32.83)
Loss on disposal of property, plant and equipment	**5.92**	2.83
Impairment (Gain)/Loss recognised on financial assets	**(165.91)**	248.19
Bad trade and other receivables, loans and advances written off	**486.30**	42.24
Depreciation and amortisation expense	**313.94**	304.78
Expense recognised in respect of equity-settled share-based payments	**77.87**	47.80
	1,629.31	1,618.63
Movements in working capital:		
Increase in trade receivables	**(2,806.22)**	(1,899.07)
Increase in inventories	**(220.06)**	(466.73)
(Increase)/Decrease in other Non current assets	**(28.59)**	1.58
Increase in other current assets	**(224.34)**	(49.58)
Increase in trade payables	**475.27**	794.31
Increase/(decrease) in provisions	**5.10**	57.23
(Decrease) in other current liabilities	**(65.08)**	(370.70)
	(2,863.92)	(1,932.96)
Cash used in operations	**(1,234.61)**	(314.33)
Income taxes paid (net)	**(234.49)**	(186.94)
Net cash used in operating activities	**(1,469.10)**	(501.27)
Cash flows from investing activities		
Payments to acquire financial assets	**(163.31)**	(287.50)
Proceeds on sale of financial assets	**11.85**	4.27
Interest received	**62.42**	114.33
Purchase of Current Investment	**(6,180.00)**	(2,470.00)
Sale of Current Investment	**6,708.41**	2,027.28
Bank balance not considered as cash and cash equivalents matured (net)	**118.23**	251.20
Net cash generated from (used in) investing activities	**557.60**	(360.42)
Cash flows from financing activities		
Proceeds from issue of equity instruments	**3.74**	1.41
Proceeds from borrowings	**346.32**	–
Repayment of borrowings	**(6.11)**	(17.41)
Interest paid	**(38.88)**	(49.00)
Net cash generated from/(used in) financing activities	**305.07**	(65.00)
Net (decrease) in cash and cash equivalents	**(606.43)**	(926.69)
Cash and cash equivalents at the beginning of the year	**689.14**	1,615.83
Cash and cash equivalents at the end of the year	**82.71**	689.14

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : May 03, 2018

For and on behalf of the Board of Directors

Ashok Sharma Managing Director
S. Durgashankar
Sangeeta Prasad
Anand Daga
Vinayak Patil
Nikhilesh Panchal } Directors
Sanjeev Mohoni Chief Executive Officer
Sunetra Ganesan Chief Financial Officer
R. V. Nawghare Company Secretary

Place : Nashik
Date : May 03, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

	Rs. in Lakhs
A. Equity share capital	
As at March 31, 2016	2,765.85
Changes in equity share capital during the year	
Issue of equity shares under employee share option plan (Refer note 22)	1.41
As at March 31, 2017	2,767.26
Changes in equity share capital during the year	
Issue of equity shares under employee share option plan (Refer note 22)	3.74
As at March 31, 2018	**2,771.00**
B. Forfeited shares	
As at March 31, 2016	0.19
Changes during the year	–
As at March 31, 2017	0.19
Changes during the year	–
As at March 31, 2018	**0.19**

C. Other Equity

Particulars	**Reserves and Surplus**					
	Capital Reserve	**Securities Premium Reserve**	**General Reserve**	**Share based payments (ESOP)**	**Retained earnings**	**Total**
Balances as at March 31, 2016	40.00	9,185.54	425.44	48.56	(84.82)	9,614.72
Profit for the year	–	–	–	–	990.47	990.47
Issue of Shares towards ESOP	–	24.09	–	(24.09)	–	–
Recognition of Share based payments	–	–	–	47.80	–	47.80
Other Comprehensive loss for the year (net of tax)	–	–	–	–	(2.21)	(2.21)
Balances as at March 31, 2017	40.00	9,209.63	425.44	72.27	903.44	10,650.78
Profit for the year	–	–	–	–	493.86	493.86
Issue of Shares towards ESOP	–	53.92	–	(53.92)	–	–
Recognition of Share based payments	–	–	–	77.87	–	77.87
Other Comprehensive loss for the year (net of tax)	–	–	–	–	0.71	0.71
Balances as at March 31, 2018	**40.00**	**9,263.55**	**425.44**	**96.22**	**1,398.01**	**11,223.22**

Remeasurement gain (net) on defined benefit plans Rs. 0.71 lakhs (March 31, 2017 loss Rs. 2.21 lakhs) is recognised as part of retained earnings. For nature of reserves refer note no. 37.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : May 03, 2018

For and on behalf of the Board of Directors

Ashok Sharma Managing Director
S. Durgashankar
Sangeeta Prasad
Anand Daga
Vinayak Patil
Nikhilesh Panchal
Directors
Sanjeev Mohoni Chief Executive Officer
Sunetra Ganesan Chief Financial Officer
R. V. Nawghare Company Secretary

Place : Nashik
Date : May 03, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE NO. 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information:

EPC Industrié Limited is a Public Limited Company listed on the Bombay Stock Exchange Limited. It was incorporated on November 28, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Landscape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

B. Statement of compliance:

The financial statements have been prepared in accordance with IND AS's notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

C. Basis of preparation and presentation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

D. Functional and presentation currency:

These financial statements are presented in Indian Rupees ('Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee in lakhs (two decimals), unless otherwise indicated.

E. Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from April 1, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 40 – 'Investment Property':

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

F. Property, Plant and equipment:

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Depreciation on all property, plant and equipment, is provided on Straight Line Method as per the estimated useful life. Leasehold Assets are depreciated over the shorter of the lease term and their useful lives. Depreciation on additions to assets or on sale / disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale / scrapped as the case may be.

Property, Plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Estimated useful life of the assets are as follows

Assets	Useful life
Buildings	
Factory Building	30 Years
Office Building	60 Years
Extrusion Machines	19 Years
Other Machineries	15 Years
Electrical Installations, factory Equipment's, furniture	10 Years
Vehicles - Two Wheelers	10 Years
Moulds and Dies	6 Years
Office Equipment	5 Years
Computers	3 Years
Vehicles - Cars	8 Years
Vehicles - Cars (For employee use)	5 Years

The estimated useful lives, residual values and depreciation method are renewed at the end the of each reporting period, with the effect of any changes in estimated accounted for on prospective basis.

G. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets under development:

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

H. Impairment of Assets:

The carrying value of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss of the amount. They are arrived at cost less accumulated amortisation and accumulated impairment losses.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

I. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

J. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non - Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

K. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised with reference to the stage of completion of the contract.

The use of the percentage of completion method reflects the pattern in which the obligations to the customer are fulfilled. The Company has used an input-based approach since the input measures are a reasonable surrogate for output measures. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated.

L. Other income:

Dividend income from investments is recognised when the shareholders right to receive payment has been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

These income are recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

M. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the statement profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

N. Employee benefits:

a) Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respected of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services. Liabilities recognised in respect of other long -term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

b) Post-employment benefits

(i) Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

(ii) Defined benefit plans

The employees' gratuity fund scheme, managed by Life Insurance Corporation (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

(iii) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to the equity-settled employee benefits reserve.

O. Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of operating leases, lease payments are recognised as expenses and lease receipts are recognised as income on a straight line basis over the lease term. Initial direct costs are recognised immediately as expenses.

P. Borrowing Costs:

All borrowing costs are charged to the Statement of Profit and Loss except, borrowing costs that are attributable to the acquisition or construction of qualifying assets which are those that necessarily take a substantial period of time to get ready for their intended use or sale, which are capitalised as part of the cost of such assets.

Q. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

R. Taxes on income:

Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as a component of deferred tax asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

S. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

T. Financial instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

U. Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised

V. Use of judgements and estimates:

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

– useful life of property, plant and equipment and intangible assets

– estimation of define benefit obligation (Refer Note 30)

– provision for warranty claims (Refer Note 16)

– income taxes - current and deferred taxes (Refer Note 7)

– impairment of trade receivables (Refer Note 5)

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the financial statements for the year ended March 31, 2018 (CONTD.)

NOTE NO. 2 PROPERTY, PLANT AND EQUIPMENT

Rs. in Lakhs

Description of Assets		Buildings	Plant and Equipment	Electrical Installations	Factory Equipments	Moulds and Dies	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I.	**Gross Carrying Amount**										
	Balance as at March 31, 2017	**924.95**	**3,671.38**	**136.84**	**134.39**	**1,019.96**	**43.63**	**95.45**	**124.17**	**138.21**	**6,288.98**
	Additions	10.90	64.96	11.91	1.09	130.25	2.63	7.35	6.81	37.42	273.32
	Disposals	–	–	–	–	–	12.72	–	74.35	17.42	104.49
	Balance as at March 31, 2018	935.85	3,736.34	148.75	135.48	1,150.21	33.54	102.80	56.63	158.21	6,457.81
II.	**Accumulated depreciation**										
	Balance as at March 31, 2017	**510.81**	**1,956.91**	**111.09**	**102.25**	**906.12**	**36.12**	**64.90**	**105.03**	**49.01**	**3,842.24**
	Depreciation expense for the year	34.93	127.15	8.92	4.59	51.97	3.11	5.35	8.80	19.53	264.35
	Eliminated on disposal of assets	–	–	–	–	–	11.38	–	68.97	7.39	87.74
	Balance as at March 31, 2018	**545.74**	**2,084.06**	**120.01**	**106.84**	**958.09**	**27.85**	**70.25**	**44.86**	**61.15**	**4,018.85**
III.	**Net carrying amount (I-II)**	**390.11**	**1,652.28**	**28.74**	**28.64**	**192.12**	**5.69**	**32.55**	**11.77**	**97.06**	**2,438.96**

Description of Assets		Buildings	Plant and Equipment	Electrical Installations	Factory Equipments	Moulds and Dies	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I.	**Gross Carrying Amount**										
	Balance as at March 31, 2016	**921.31**	**3,648.65**	**136.84**	**132.87**	**1,019.96**	**41.97**	**94.85**	**116.34**	**103.60**	**6,216.39**
	Additions	3.64	22.73	–	1.52	–	1.66	0.60	9.51	41.74	81.40
	Disposals	–	–	–	–	–	–	–	1.68	7.13	8.81
	Balance as at March 31, 2017	924.95	3,671.38	136.84	134.39	1,019.96	43.63	95.45	124.17	138.21	6,288.98
II.	**Accumulated depreciation**										
	Balance as at March 31, 2016	**475.29**	**1,813.74**	**104.29**	**97.48**	**859.66**	**33.08**	**60.05**	**97.81**	**35.98**	**3,577.38**
	Depreciation expense for the year	35.52	143.17	6.80	4.77	46.46	3.76	4.85	8.10	16.53	269.96
	Eliminated on disposal of assets	–	–	–	–	–	0.72	–	0.88	3.50	5.10
	Balance as at March 31, 2017	510.81	1,956.91	111.09	102.25	906.12	36.12	64.90	105.03	49.01	3,842.24
III.	**Net carrying amount (I-II)**	**414.14**	**1,714.47**	**25.75**	**32.14**	**113.84**	**7.51**	**30.55**	**19.14**	**89.20**	**2,446.74**

Assets pledged as security and restriction on titles.

A second pari passu charge on the fixed assets is created towards credit facilities availed from banks.

NOTE NO. 3 INVESTMENT PROPERTY

Rs. in Lakhs

	Description of Assets	Investment Property	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2017	22.91	22.91
	Additions	–	–
	Disposals	–	–
	Balance as at March 31, 2018	22.91	22.91
II.	**Accumulated amortisation and impairment**		
	Balance as at March 31, 2017	22.26	22.26
	Depreciation expense for the year	–	–
	Eliminated on disposal of assets	–	–
	Balance as at March 31, 2018	**22.26**	**22.26**
III.	**Net carrying amount (I-II)**	**0.65**	**0.65**

Rs. in Lakhs

	Description of Assets	Investment Property	Total
I.	**Gross carrying Amount**		
	Balance as at March 31, 2016	22.91	22.91
	Additions	–	–
	Disposals	–	–
	Balance as at March 31, 2017	**22.91**	**22.91**
II.	**Accumulated amortisation and impairment**		
	Balance as at March 31, 2016	22.26	22.26
	Depreciation expense for the year	–	–
	Eliminated on disposal of assets	–	–
	Balance as at March 31, 2017	**22.26**	**22.26**
III.	**Net carrying amount (I-II)**	**0.65**	**0.65**

The Company's investment properties consist of only one commercial property in India at Bhopal.

The fair value of the property has not been ascertained. In view of the management, considering the location and use of the property, the fair value is not likely to be material different from the carrying value.

Information regarding income and expenditure of Investemt property:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rental income derived from investment properties (included in other income)	**2.99**	2.97
Direct operating expenses (including repairs and maintenance) that generate rental income	**–**	–
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**–**	–

NOTE NO. 4 OTHER INTANGIBLE ASSETS

Rs. in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2017	203.51	203.51
	Additions	21.34	21.34
	Disposals	20.33	20.33
	Balance as at March 31, 2018	**204.52**	**204.52**
II.	**Accumulated amortisation**		
	Balance as at March 31, 2017	106.58	106.58
	Amortisation expense for the year	49.59	49.59
	Eliminated on disposal of assets	19.31	19.31
	Balance as at March 31, 2018	**136.86**	**136.86**
III.	**Net carrying amount (I-II)**	**67.66**	**67.66**

Rs. in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2016	152.77	152.77
	Additions	118.48	118.48
	Disposals	67.74	67.74
	Balance as at March 31, 2017	203.51	203.51
II.	**Accumulated amortisation**		
	Balance as at March 31, 2016	136.11	136.11
	Amortisation expense for the year	34.82	34.82
	Eliminated on disposal of assets	64.35	64.35
	Balance as at March 31, 2017	**106.58**	**106.58**
III.	**Net carrying amount (I-II)**	96.93	96.93

NOTE NO. 5 TRADE RECEIVABLES

Rs. in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Unsecured, considered good	**10,715.00**	**1,008.97**	9,121.70	116.44
Doubtful	**889.50**	**179.70**	1,225.56	9.55
	11,604.50	**1,188.67**	10,347.26	125.99
Less: Allowance for doubtful debts (expected credit loss)	**(889.50)**	**(179.70)**	(1,225.56)	(9.55)
Total	**10,715.00**	**1,008.97**	9,121.70	116.44

Refer Note 26 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Debts due from a private Company in which a director is a director or member.

(Classified as Current)

Name	As at March 31, 2018	As at March 31, 2017
Mahindra HZPC Private Limited	**27.87**	27.87

NOTE NO. 6 OTHER FINANCIAL ASSETS

Rs. in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	**Non-Current**	Current	Non- Current
Security deposits	**107.26**	**47.23**	95.92	37.86
Insurance and Other claims	**–**	**–**	0.96	**–**
Interest accrued on deposits	**6.89**	**–**	5.10	**–**
Other Receivables	**12.91**	**–**	–	**–**
Total	**127.06**	**47.23**	101.98	37.86

NOTE NO. 7 CURRENT TAX AND DEFERRED TAX

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax:		
In respect of current year	**326.24**	460.46
In respect of prior years	**35.78**	(244.29)
Deferred Tax:		
In respect of current year	**114.62**	(162.32)
In respect of prior years	**65.89**	(76.42)
Total income tax expense recognised in the current year relating to continuing operations	**542.53**	(22.57)

(b) Income tax recognised in other Comprehensive income

Particulars	2018	2017
Deferred Tax		
Remeasurement of defined benefit obligations	**(0.29)**	1.17
	(0.29)	1.17
Income taxes related to items that will not be reclassified to profit or loss	**(0.29)**	1.17
Total	**(0.29)**	1.17

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit before tax from continuing operations	**1,036.39**	967.90
Income tax expense calculated at 33.063% (2017: 34.608%)	**342.66**	334.97
Effect of income that is exempt from taxation	**–**	(44.92)
Effect on expense that is non-deductible in determining taxable profit	**13.18**	8.09
Effect of tax rate difference	**85.02**	–
	440.86	298.14
Adjustments recognised in the current year in relation to the current tax of prior years	**101.67**	(320.71)
Income tax expense recognised In profit or loss from continuing operations	**542.53**	(22.57)

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 33.063% and 34.608% respectively payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) Amounts on which deferred tax asset has not been created: Nil

(e) Movement in deferred tax assets / (Liabilities) for the year ended March 31, 2018

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	375.06	(30.77)	–	–	344.29
Warranty Discounting	2.43	(2.43)	–	–	–
FVTPL financial asset	0.28	(0.28)	–	–	–
	377.77	**(33.48)**	**–**	**–**	**344.29**
Tax effect of items constituting deferred tax assets					
Employee Benefits	55.49	10.70	(0.29)	–	65.90
Provision for receivables and advances	443.80	(118.60)	–	–	325.20
Other items	211.69	(40.22)	–	–	171.47
	710.98	(148.12)	(0.29)	–	562.57
Net Deferred Tax Asset (Liabilities)	**333.21**	**(114.64)**	**(0.29)**	**–**	**218.28**
Minimum Alternate Tax Credit	66.53	(65.90)	–	0.63	–
Total	**399.74**	**(180.54)**	**(0.29)**	**0.63**	**218.28**

(f) Movement in deferred tax assets / (Liabilities) for the year ended March 31, 2017

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	406.63	(31.57)	–	–	375.06
Warranty Discounting	6.55	(4.12)	–	–	2.43
FVTPL financial asset	–	0.28	–	–	0.28
	413.18	**(35.41)**	**–**	**–**	**377.77**
Tax effect of items constituting deferred tax assets					
Employee Benefits	34.97	19.35	1.17	–	55.49
Provision for receivables and advances	358.29	85.51	–	–	443.80
Other items	189.64	22.05	–	–	211.69
	582.90	126.91	1.17	–	710.98
Net Deferred Tax Asset (Liabilities)	**169.72**	**162.32**	**1.17**	**–**	**333.21**
Minimum Alternate Tax Credit	164.47	76.42	–	(174.36)	66.53
Total	**334.19**	**238.74**	**1.17**	**(174.36)**	**399.74**

NOTE NO. 8 OTHER NON FINANCIAL ASSETS

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
(a) Prepayments	**29.70**	**5.69**	74.61	4.85
(b) Prepayments Land Lease	**4.32**	**305.32**	4.32	309.63
(c) Balances with government authorities	**411.25**	**191.45**	159.25	166.79
(d) Others				
(i) Capital advances	**–**	**20.75**	–	96.14
(ii) Advance to Creditors				
Considered Goods	**72.99**	**–**	80.30	1.00
Doubtful	**–**	**21.92**	–	21.92
Less : Provision for Doubtful advances	**–**	**(21.92)**	–	(21.92)
	72.99	**–**	80.30	1.00
(iii) Advances to employees				
Considered Goods	**8.92**	**–**	7.65	–
Doubtful	**25.31**	**–**	25.31	–
Less : Provision for Doubtful advances	**(25.31)**	**–**	(25.31)	–
	8.92	**–**	7.65	–
(iv) Balance with LIC (Gratuity)	**–**	**4.44**	–	5.41
Total	**527.18**	**527.65**	326.13	583.82

Leasehold Land at Nashik with carrying amount of Rs. 309.64 lakhs (March 31, 2017: Rs. 313.95 lakhs) has been provided as security for bank facilities under a mortgage.

NOTE NO. 9 INVENTORIES

[Lower of cost and net realisable value]

Rs. in Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Raw materials and components	**1,698.17**	1,589.25
(b)	Work-in-progress	**91.16**	93.13
(c)	Finished and semi-finished goods	**1,245.90**	1,289.75
(d)	Stock-in-trade of goods acquired for trading	**434.48**	277.52
Total		**3,469.71**	3,249.65

Included above, goods-in-transit:

Rs. in Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	Raw materials and Components	**–**	50.95
(ii)	Stock-in-trade of goods acquired for trading	**–**	3.69
Total		**–**	54.64

All inventories are pledged as security for credit facilities from banks.

Mode of valuation of inventories is stated in Note 1(l).

The amount of inventories recognised as on expense in respect of write-down of inventory to net realisable values is Rs.49.88 lakhs (year ended March 31, 2017 Rs. 44.98 lakhs).

NOTE NO. 10 INVESTMENTS

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Quantity	**Amounts Current**	Quantity	Amounts Current
Unquoted				
Investments Carried at FVTPL				
Units of Mutual fund				
- UTI Money Market Fund	–	–	**5,520**	**100.28**
- Birla Sunlife Floating Rate Fund	–	–	**23,148**	**50.05**
- DSP Black Rock Liquidity Fund	–	–	**4,326**	**100.29**
- Franklin India TMA - Super IP	–	–	**4,126**	**100.10**
- L & T Liquid Fund	–	–	**4,499**	**100.10**
Total		–		450.82

Categorywise details

Financial assets at FVTPL	–	450.82

NOTE NO. 11 CASH AND BANK BALANCES

Rs. in Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Cash and cash equivalents		
Balances with banks - Current Accounts	**82.64**	279.34
Cash on hand	**0.07**	0.03
Balance with bank - Deposit Accounts	**–**	409.77
Total Cash and cash equivalents	**82.71**	689.14
Other Bank Balances		
Earmarked balances with banks	**32.50**	31.96
Balances with Banks - on margin accounts	**339.58**	458.35
Total Other Bank Balances	**372.08**	490.31

NOTE NO. 12 - EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Rs. in Lakhs	As at March 31, 2017 No. of shares	As at March 31, 2017 Rs. in Lakhs
Authorised				
Equity shares of Rs. 10 each	**3,20,00,000**	**3,200.00**	3,20,00,000	3,200.00
Preference share of Rs. 100 each	**18,00,000**	**1,800.00**	18,00,000	1,800.00
Issued				
Equity shares of Rs. 10 each	**2,77,13,850**	**2,771.39**	2,76,76,461	2,767.65
Subscribed and fully paid up				
Equity shares of Rs. 10 each	**2,77,09,950**	**2,771.00**	2,76,72,561	2,767.26
Forfeited shares (Amount originally paid up)	**3,900**	**0.19**	3,900	0.19
Total	**–**	**2,771.19**	–	**2,767.45**

Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars		Opening Balance	Issued during the year	Closing Balance
March 31, 2018				
	No. of Shares	**2,76,72,561**	**37,389**	**2,77,09,950**
	Amount	**2,767.26**	**3.74**	**2,771.00**
March 31, 2017				
	No. of Shares	**2,76,58,472**	**14,089**	**2,76,72,561**
	Amount	2,765.85	1.41	2,767.26

Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company

Particulars	As at March 31, 2018	As at March 31, 2017
Mahindra and Mahindra Ltd, the Holding Company	**1,51,44,433**	1,51,44,433

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2018 Number of shares held	As at March 31, 2018 % holding in that class of shares	As at March 31, 2017 Number of shares held	As at March 31, 2017 % holding in that class of shares
Equity shares				
Mahindra and Mahindra Limited	**1,51,44,433**	**54.65%**	1,51,44,433	54.73%

(iv) Shares reserved for issuance as follows:

Particulars	No. of shares As at March 31, 2018	No. of shares As at March 31, 2017
Outstanding employee stock options granted / available for grant.	**4,87,179**	5,24,568

NOTE NO. 13 - NON-CURRENT BORROWINGS

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured Borrowings - at amortised Cost		
Deferred payment liabilities	**14.62**	20.73
Total	**14.62**	20.73

Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years from the year of availment of respective incentive. These loans are repayable:

(i) In the second year – Rs. 6.11 lakhs (As at March 31, 2017 Rs. 6.11 lakhs)

(ii) In the third to fifth year – Rs. 8.51 lakhs (As at March 31, 2017 Rs. 14.62 lakhs)

NOTE NO. 14 - OTHER CURRENT FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt	**6.11**	6.11
Interest payables to vendors/others	**166.11**	154.73
Unpaid matured deposits and interest accrued thereon (Refer note (i) below)	**0.36**	0.91
Security Deposits	**428.75**	396.82
Others (Refer note (ii) below)	**47.34**	6.66
Total	**648.67**	565.23

Notes-

(i) There are no amounts due for transfer to Investor Education and Protection Fund

(ii) Others include payable for capital assets, retention money and accruals towards claims

NOTE NO. 15 - SHORT TERM BORROWINGS

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Secured Borrowings - at amortised cost		
Loans repayable on demand from Bank	**346.72**	–
Total	**346.72**	–

Note:

Loans repayable on demand is secured by way of first charge on entire stock and debtors of the Company both present and future. The above loan is also secured by way of second charge on fixed assets. The Interest rate is 9.85%

NOTE NO. 16 - PROVISIONS

Rs. in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
a. Provision for employee benefits				
Compensated absences	**165.57**	**–**	156.95	–
b. Other Provisions				
Warranty	**59.27**	**83.95**	73.16	74.58
Total	**224.84**	**83.95**	230.11	74.58

Details of movement in Warranty Provisions is as follows:

Particulars	Rs. in Lakhs
Balance at March 31, 2016	**143.05**
Additional provisions recognised	79.54
Amounts used during the year	(26.92)
Unused amounts reversed during the year	(57.00)
Unwinding of discount	9.07
Balance at March 31, 2017	**147.74**
Additional provisions recognised	60.67
Amounts used during the year	(56.52)
Unused amounts reversed during the year	(16.04)
Unwinding of discount	7.37
Balance at March 31, 2018	**143.22**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 6 months to 5 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within five years after the reporting date.

NOTE NO. 17 - TRADE PAYABLES

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Trade payable – Micro and small enterprises	**310.91**	400.02
Trade payable – Other than micro and small enterprises	**3,519.36**	2,988.48
Total	**3,830.27**	3,388.50
Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:		
(a) Dues remaining unpaid as at March 31		
Principal	**310.91**	400.02
Interest on the above	**0.64**	0.28
(b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	**946.86**	1,171.29

	Interest paid in terms of Section 16 of the Act	**15.21**	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**8.63**	6.03
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**51.94**	53.09
(e)	Amount of interest accrued and remaining unpaid as at March 31	**60.57**	59.40
	Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

The average credit period on purchases of goods and availment of services is 15 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Interest is charged on the over due balances as per terms agreed with vendors.

NOTE NO. 18 - OTHER NON - FINANCIAL LIABILITIES

Rs. in Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Advances received from customers	**171.88**	339.78
(b)	Statutory dues		
	- taxes payable (other than income taxes)	**136.44**	101.11
	- Employee Recoveries and Employer Contributions	**6.43**	7.62
(c)	Provision for liabilities	**7.07**	7.07
(d)	Deferred revenue arising from government grant	**122.94**	128.34
	Total	**444.76**	583.92

NOTE NO. 19 - REVENUE FROM OPERATIONS

Rs. in Lakhs

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Revenue from sale of products (including excise duty)	**20,319.76**	19,711.16
(b)	Revenue from rendering of services	**89.07**	375.74
(c)	Other operating revenue	**71.84**	59.58
Total		**20,480.67**	20,146.48

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Sale of products comprises		
Manufactured goods	**19,779.49**	18,809.15
Total - Sale of manufactured goods	**19,779.49**	18,809.15
Traded goods		
Pumps	**285.80**	659.91
Green Houses	**220.83**	242.10
Landscape	**33.64**	–
Total - Sale of traded goods	**540.27**	902.01
Total - Sale of products	**20,319.76**	19,711.16

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(ii) Sale of services comprises		
Agronomy Services	**8.34**	7.53
Installation Services	**46.59**	93.01
Landscape Projects	**34.14**	275.20
Total - Sale of services	**89.07**	375.74
(iii) Other operating revenues comprise:		
Sale of scrap	**21.80**	21.95
Government Grant Incentives	**5.40**	9.95
Processing Charges	**44.64**	27.68
Total - Other operating revenues	**71.84**	59.58

NOTE NO. 20 - OTHER INCOME

Rs. in Lakhs

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Interest Income		
	1) Bank deposits (at amortised cost)	**36.11**	91.90
	2) Interest on Security Deposit (at amortised cost)	**5.20**	2.98
	3) Interest on tax refunds	**22.91**	12.19
(b)	Operating lease rental income	**2.99**	2.97
(c)	Net Gain on current investments		
	1) On sale of other current investments	**77.59**	7.22
	2) Unrealised Profit arising on financial assets mandatorily measured at FVTPL	**–**	0.82
	3) Dividend Income	**–**	0.06
(d)	Liabilities no longer required written back	**33.50**	32.83
(e)	Miscellaneous income	**1.05**	7.97
Total		**179.35**	158.94

NOTE NO. 21 (A) - COST OF MATERIALS CONSUMED

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	**1,589.25**	1,543.92
Add: Purchases	**10,937.91**	11,209.43
	12,527.16	12,753.35
Less: Closing stock	**1,698.17**	1,589.25
Cost of materials consumed	**10,828.99**	11,164.10

NOTE 21 (B) PURCHASES OF FINISHED, SEMI-FINISHED AND OTHER PRODUCTS (TRADED GOODS)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Stock-in-trade - Pumps, Greenhouses & Landscape	**451.09**	696.32
Total	**451.09**	696.32

NOTE 21 (C) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year:		
Finished goods	**1,245.90**	1,289.75
Work-in-progress	**91.16**	93.13
Stock-in-trade	**434.48**	277.52
	1,771.54	1,660.40
Inventories at the beginning of the year:		
Finished goods	**1,289.75**	958.21
Work-in-progress	**93.13**	60.29
Stock-in-trade	**277.52**	220.50
	1,660.40	1,239.00
Net (increase)	**(111.14)**	(421.40)

NOTE NO. 22 - EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages, including bonus	**2,049.26**	2,057.36
(b) Contribution to provident and other funds (Refer Note No. 30)	**142.40**	113.86
(c) Share based payment transactions expenses	**77.87**	47.80
(d) Staff welfare expenses	**117.46**	103.53
Total Employee Benefit Expense	**2,386.99**	2,322.55

Pursuant to the “Employees Stock Option Scheme – 2014” (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424, 3,228, 1,33,432 and 11,129 stock options to the eligible employees on October 28, 2014, October 31,2015 , November 22,2016 and November 22,2017 respectively as per the recommendations of the Nomination and Remuneration Committee, at an exercise price of Rs 10/- each. In respect of the options granted in 2014, 2016 and 2017 the equity settled options vest in 5 tranches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months respectively from the date of grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all options vested but not exercised till that date. In respect of options granted in 2015, the equity settled options vest in 4 tranches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months respectively from the date of grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all options vested but not exercised till that date.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option representing share based payment expenses is expected over the vesting period.

		Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled						
1	Series 1 Granted on October 28, 2014	80,424	October 28, 2014	October 28, 2019	10	170.97
2	Series 2 Granted on October 31, 2015	3,228	October 31, 2015	October 31, 2019	10	170.97
3	Series 3 Granted on November 22, 2016	133,432	November 22, 2016	November 22, 2021	10	131.75
4	Series 4 Granted on November 22, 2017	11,129	November 22, 2017	November 22, 2022	10	169.43

Movement in Stock Options

	Particulars	**Year ended 31 March, 2018**		Year ended 31 March, 2017	
		Number of Shares	**Weighted average exercise price**	Number of Shares	Weighted average exercise price
1	Outstanding at the beginning of the year	**169,067**	**10**	56,359	10
2	Granted during the year	**11,129**	**10**	133,432	10
3	Exercised during the year	**(37,389)**	**10**	(14,089)	10
4	Expired during the year	**(12,957)**	**10**	(6,635)	10
5	Outstanding at the end of the year	**129,850**	**10**	**169,067**	**10**

Share Options Exercised in the Year

Particulars	Year end March 31, 2018			Year end March 31, 2017		
	Number Exercised	**Exercise Date**	**Share Price at Exercise Date**	Number Exercised	Exercise Date	Share Price at Exercise Date
Equity Settled						
1 Series 1 Granted on October 28, 2014	**11,070**	**November 22, 2017**	**172.55**	11,070	November 22, 2016	135.40
2 Series 1 Granted on October 28, 2014	**–**	**–**	**–**	2,212	January 31, 2017	150.80
3 Series 2 Granted on October 31, 2015	**807**	**November 22, 2017**	**172.55**	807	November 22, 2016	135.40
4 Series 3 Granted on November 22, 2016	**25,512**	**November 22, 2017**	**172.55**	–	–	–

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

Particulars	Series 1		Series 2		Series 3		Series 4	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Share price at grant date	**177.75**	177.75	**158.30**	158.30	**135.40**	135.40	**172.55**	–
Exercise price	**10**	10	**10**	10	**10**	10	**10**	–
Expected volatility (weighted-average)	**55%**	55%	**55%**	55%	**49%**	49%	**44%**	–
Expected life / Option Life (weighted-average)	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**5.50 Year**	5.50 Year	**3.50 Year**	–
Expected dividends yield	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	–
Risk-free interest rate (based on-government bonds)	**8.06%**	**8.06%**	**8.06%**	**8.06%**	**6.33%**	**6.33%**	**6.68%**	–

The fair value of the employee share options has been measured using the Black-Scholes option Pricing formula.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The Holding Company has recovered Rs. 0.23 lakhs (March 31, 2017 Rs. 1.55 lakhs) as ESOP cost from the Company in respect of employees deputed to the Company.

NOTE NO. 23 - FINANCE COST

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest Cost		
- On credit facilities from Banks	**2.32**	21.37
- On trade creditors	**17.11**	16.93
- On government Grant	**10.21**	95.32
- On delayed payment of taxes	**6.86**	1.87
(b) Other borrowing cost		
Processing fees / Guarantee Commission	**6.24**	8.33
Unwinding of discount on provisions	**7.37**	9.07
Total finance costs	**50.11**	152.89

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses		
On Financial Liability at Amortised Cost	**19.43**	38.30

NOTE NO. 24 - OTHER EXPENSES

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores consumed	**62.68**	20.79
Power & Fuel	**407.91**	426.40
Rent including lease rentals	**215.30**	202.99
Rates and taxes	**3.76**	14.08

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurance	**19.43**	19.05
Repairs and maintenance - Buildings	**2.30**	12.74
Repairs and maintenance - Machinery	**59.73**	90.49
Repairs and maintenance - Others	**70.45**	47.15
Commission on sales	**1,774.92**	1,298.33
Freight outward	**866.20**	768.18
Travelling and Conveyance Expenses	**414.69**	425.02
Subcontracting, Hire and Service Charges	**282.50**	118.53
Expenditure on corporate social responsibility (CSR)	**8.64**	7.83
Donations and Contributions for CSR activity	**7.80**	7.12
Provision for doubtful trade and other receivables, loans	**(165.91)**	248.19
Bad trade and other receivables, loans and advances written off	**486.30**	42.24
Net loss on foreign currency transactions	**3.52**	6.11
Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**31.25**	28.75
(ii) For Other services	**5.61**	9.12
(iii) For Cost auditors for Cost audit	**1.50**	1.73
(iv) For reimbursement of expenses	**0.38**	0.37
Legal and other professional costs	**486.72**	532.02
Site Expenses	**208.81**	218.37
Warranty Claim	**44.62**	22.54
Loss on sale / written off assets	**5.92**	2.83
Directors' Fees and Commission	**17.81**	19.68
Other General Expenses	**366.88**	483.78
Total Other Expenses	**5,689.72**	5,074.43

NOTE NO. 25 - EARNINGS PER SHARE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year for basic and diluted EPS (Rs. in Lakhs)	**493.86**	990.47
Weighted average number of Equity shares used in computing basic EPS	**2,76,85,841**	2,76,63,066
Effect of potential Equity share on employee stock options	**1,21,618**	1,57,956
Weighted average number of equity shares used in computing of diluted EPS	**2,78,07,459**	2,78,21,022
Basic Earnings per share (Rs.) (Face value of Rs. 10 per share)	**1.78**	3.58
Diluted Earnings per share	**1.77**	3.56

Note No. 26 - Financial Instruments

I Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	March 31, 2018	March 31, 2017
Equity	**13,994.41**	13,418.23
Less: Cash and cash equivalents	**(82.71)**	(689.14)
	13,911.70	12,729.09

II Categories of financial assets and financial liabilities

As at March 31, 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	1,008.97	–	–	**1,008.97**
Other Financial Assets	47.23	–	–	**47.23**
Current Assets				
Investments	–	–	–	**–**
Trade Receivables	10,715.00	–	–	**10,715.00**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at March 31, 2018
Cash and Cash Equivalents	82.71	–	–	**82.71**
Other Bank Balances	372.08	–	–	**372.08**
Other Financial Assets	127.06	–	–	**127.06**
Non-current Liabilities				
Borrowings	14.62	–	–	**14.62**
Current Liabilities				
Borrowings	346.72	–	–	**346.72**
Trade Payables	3,830.27	–	–	**3,830.27**
Other Financial Liabilities	648.67	–	–	**648.67**

As at March 31, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	116.44	–	–	116.44
Other Financial Assets	37.86	–	–	37.86
Current Assets				
Investments	–	450.82	–	450.82
Trade Receivables	9,121.70	–	–	9,121.70
Cash and Cash Equivalents	689.14	–	–	689.14
Other Bank Balances	490.31	–	–	490.31
Other Financial Assets	101.98	–	–	101.98
Non-current Liabilities				
Borrowings	20.73	–	–	20.73
Current Liabilities				
Trade Payables	3,388.50	–	–	3,388.50
Other Financial Liabilities	565.23	–	–	**565.23**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The company has dealings with government organisation for subsidy related transaction and with private parties. For private non government parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy non government parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored and controlled by counterparty limits that are reviewed by Credit Control function based on the approved process.

No interest is charged on overdue balance.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. There are no non government customers who represent more than 5% of the total balance of trade receivable.

The Company applies the simplified approach to provide expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of Rs. 428.75 lakhs (March 31, 2017 Rs. 396.82 lakhs) and bank guarantees of Rs. 50.25 lakhs (March 31,2017 Rs. 91 lakhs) which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The loss allowance provision is determined as follows:

Rs. in Lakhs

As at March 31, 2018

Particulars	**Not due**	**Less than 1 Year**	**More than 1 Year**	**Non-Current**	**Total**
Project					
Expected loss rate	0.00%	1.48%	37.63%	15.12%	
Gross carrying amount	73.16	8,016.70	1,039.65	935.15	**10,064.66**
Loss allowance provision	–	118.61	391.19	141.37	**651.17**
Non Project					
Expected loss rate	–	3.08%	40.98%	15.12%	
Gross carrying amount	–	1,674.27	800.72	253.52	**2,728.51**
Loss allowance provision	–	51.54	328.16	38.33	**418.03**

Rs. in Lakhs

As at March 31, 2017

Particulars	**Not due**	**Less than 1 Year**	**More than 1 Year**	**Non-Current**	**Total**
Project					
Expected loss rate	7.58%	1.99%	54.86%	7.58%	
Gross carrying amount	125.99	6,084.61	1,295.62	99.12	7,605.34
Loss allowance provision	9.55	121.36	710.78	7.51	849.20
Non Project					
Expected loss rate	–	0.00%	58.82%	7.58%	
Gross carrying amount	–	2,181.72	668.87	26.87	2,877.46
Loss allowance provision	–	–	393.41	2.04	395.45

Reconciliation of loss allowance provision for Trade Receivables

Rs. in Lakhs

Particulars	**March 31, 2018**	March 31, 2017
Balance as at beginning of the year	**1,235.10**	986.91
Impairment losses recognised in the year based on lifetime expected credit loss		
- On receivables originated in the year	**320.39**	676.68
- Amounts written off during the year as uncollectible	**(486.30)**	(42.24)
- Amounts Recovered during the year	**–**	(386.25)
Balance at end of the year	**1,069.19**	1,235.10

The loss allowance provision has changed during the year due to recovery from debtors and business circumstances.

During the year, the company has made written off Rs. 486.30 (March 31, 2017 Rs. 42.24 lakhs) of trade receivables.

The Credit risk on bank balances and investment in mutual funds is limited as the counterparties are banks and fund houses with high credit ratings.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2018				
Non-interest bearing	4,478.94	6.11	8.51	–
Interest bearing	346.72	–	–	–
Total	**4,825.66**	**6.11**	**8.51**	**–**
March 31, 2017				
Non-interest bearing	3,953.73	12.23	8.50	–
Interest bearing	–	–	–	–
Total	**3,953.73**	**12.23**	**8.50**	**–**

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
March 31, 2018				
Non-interest bearing	9,836.25	2,129.99	–	–
Fixed interest rate instruments	267.31	72.27	47.23	–
Total	**10,103.56**	**2,202.26**	**47.23**	**–**
March 31, 2017				
Non-interest bearing	9,046.96	1,093.18	–	–
Fixed interest rate instruments	645.41	187.71	31.28	3.71
Total	**9,692.37**	**1,280.89**	**31.28**	**3.71**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. As at the year end, there were no material foreign currency exposure.

NOTE NO. 27 - FAIR VALUE MEASUREMENT

a) The directors consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value, recognised in the financial statement approximate their fair values.

b) Fair value of financial assets that are measured at fair value on recurring basis.

Particulars	Fair Value as at			
	As at March 31, 2018	As at March 31, 2017	**Fair Value hierarchy**	**Valuation technique (s) and key input (s)**
Financial assets				
Investment in units of Mutual Funds	–	450.82	Level 1	Net asset value (NAV) published by Assets Management Company.

NOTE NO. 28 - LEASES

Rs. in Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Details of leasing arrangements		
As Lessee		
<u>Operating Lease</u>		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 11 months to 36 months and may be renewed for further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 10% every year.		
Future Non-Cancellable minimum lease commitments		
not later than one year	**14.81**	15.15
later than one year and not later than five years	**14.83**	24.08
later than five years	**–**	–
As Lessor		

Rs. in Lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
<u>Operating Lease</u>		
The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 18 months from and may be renewed for a further period of based on mutual agreement of the parties.		
Future Non-Cancellable minimum lease commitments		
not later than one year	**–**	1.97

NOTE NO. 29 - SEGMENT INFORMATION

The Company is engaged in the business of Precision Farming Products and Services and in a single geography viz, India. The Information reported to the chief operating decision maker (CODM) [Viz, The Managing Director] for assessment of performance of business and allocation of resources is under this segment.

Accordingly, The Company has identified a single segment under Ind AS 108 -"Operating Segments".

There is no single customer who accounts for 10% more of the company revenues.

Refer Note 19 for the analysis of revenue from it major products and services.

NOTE NO. 30 - EMPLOYEE BENEFITS

(a) Defined Contribution Plan

The Company's contribution to Provident Fund Rs. 75.65 lakhs (year ended March 31, 2017 : Rs.75.47 lakhs) and Superannuation Fund Rs. 28.28 lakhs (year ended March 31, 2017 : Rs.18.74 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Through its defined plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets under perform compared to the government bond discount rate, this will create or increase a deficit. The defined benefit plans hold on investment with LIC, which are expected to perform in line with government bonds in the long-term.

The company believes that due to the long-term nature of the plan liabilities, investments of funds with LIC is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan assets.

Life expectancy

The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Defined benefit plans - as per actuarial valuation

		Rs. in Lakhs
	Funded Plan	
	Gratuity	
Particulars	**2018**	2017
Ia. Expense recognised in the Statement of Profit and Loss		
1. Current service cost	**24.90**	20.34
2. Interest cost	**13.33**	12.80
3 Expected return on plan assets	**(14.53)**	(14.37)
	23.70	18.77
Ib. Included in other Comprehensive Income		
1. Return on plan assets	**(2.12)**	2.01
2. Actuarial (Gain)/Loss on account of:		
- Demographic Assumptions	**0.01**	(5.35)
- Financial Assumptions	**(9.41)**	5.59
- Experience Adjustments	**10.52**	1.14
	(1.00)	3.39
Remeasurement on the net defined benefit liability:		

		Rs. in Lakhs
	Funded Plan	
	Gratuity	
Particulars	**2018**	2017
Return on plan assets (excluding amount included in net interest expense)	**(2.12)**	2.01
Actuarial gains and loss arising from changes in financial assumptions	**(9.41)**	5.59
Actuarial gains and loss arising from experience adjustments	**10.52**	1.14
- Demographic Assumptions	**0.01**	(5.35)
Acturial gains and loss arising from components of defined benefit costs recognised in other comprehensive income	**(1.00)**	3.39
Total	**22.70**	22.16
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**235.88**	202.06
2. Fair value of plan assets as at 31st March	**240.32**	207.47
3. Surplus/(Deficit)	**4.44**	5.41
4. Current portion of the above	**–**	–
5. Non current portion of the above	**4.44**	5.41
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**202.06**	175.58
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**24.90**	20.34
- Interest Cost	**13.33**	12.80
3. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Demographic Assumptions	**0.01**	(5.35)
- Financial Assumptions	**(9.41)**	5.59
- Experience Adjustments	**10.52**	1.14
4. Benefit payments	**(5.53)**	(8.04)
5. Present value of defined benefit obligation at the end of the year	**235.88**	202.06
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**207.47**	175.34
2. Adjustment to Opening Fair Value of the Asset	**3.25**	14.77
3. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	**14.53**	14.37
4. Recognised in Other Comprehensive Income		

Rs. in Lakhs

Particulars	Funded Plan Gratuity 2018	2017
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	**2.12**	(2.01)
5. Contributions by employer (including benefit payments recoverable)	**14.25**	5.00
6. Benefit payments	**(1.30)**	–
7. Fair value of plan assets at the end of the year	**240.32**	207.47
IV. The Major categories of plan assets		
- Funds Managed By Insurer (LIC of India)	**240.32**	207.47
V. Actuarial assumptions		
1. Discount rate	**7.24%**	6.69%
2. Salary escalation	**5.90%**	6.50%

The sensitivity analysis of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	2018	1.00%	8.01	8.62
	2017	1.00%	7.19	7.76
Salary growth rate	2018	1.00%	7.71	7.29
	2017	1.00%	6.90	6.52

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 26.74 lakhs to the gratuity trusts during the next financial year of 2019.

Rs. in Lakhs

Maturity profile of defined benefit obligation:	2018	2017
Within 1 year	**62.95**	49.08
1 - 2 year	**57.54**	58.68
2 - 3 year	**78.12**	46.82
3 - 4 year	**55.30**	53.83
4 - 5 year	**51.94**	44.72
5 - 10 year	**262.60**	90.75

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE NO. 31 - RELATED PARTY DISCLOSURES

Name of the parent Company	Relationship
Mahindra and Mahindra Ltd.	Parent Company
Other related parties with whom transaction have been undertaken	
Mahindra Logistics Ltd.	Fellow subsidiary
Mahindra HZPC Pvt Ltd.	Fellow subsidiary
Mahindra Susten Pvt Ltd.	Fellow subsidiary
Mahindra Agri Solutions Ltd.	Fellow subsidiary
Mahindra Lifespace Developers Ltd.	Fellow subsidiary
Mahindra Residential Developers Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Pvt Ltd.	Fellow subsidiary
Mahindra World City (Jaipur) Limited	JV of Parent
Mahindra & Mahindra South Africa (Pty) Ltd.	Fellow subsidiary
Mr. Ashok Sharma	Key Management Personnel (Managing Director)
Mr. Sanjeev Mohoni	Key Management Personnel (Chief Executive Officer)
Ms. Sunetra Ganesan	Key Management Personnel (Chief Financial Officer)
Mr. Mayur Bumb	Key Management Personnel (Chief Financial Officer) up to December 9, 2016

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of goods		
Mahindra and Mahindra Ltd.	**–**	–
Mahindra HZPC Pvt Ltd.	**–**	69.47
Mahindra Lifespace Developers Ltd.	**36.65**	15.35
Mahindra Residential Developers Ltd.	**–**	14.14
Mahindra Susten Pvt Ltd.	**142.60**	167.60
Mahindra Agri Solutions Ltd.	**–**	17.16
Mahindra World City (Jaipur) Limited	**58.24**	–
Mahindra & Mahindra South Africa (Pty) Ltd.	**40.72**	–
Purchase of Intangible Assets		
Mahindra and Mahindra Limited	**–**	85.50
Remuneration		
Mr. Ashok Sharma	**28.69***	27.58*
Mr. Sanjeev Mohoni	**129.53***	139.90*
Ms. Sunetra Ganesan	**54.67**	6.56
Mr. Mayur Bumb	**–**	34.50
Management contract fees expenses (Including for deputation of personnel)		
Mahindra and Mahindra Limited	**234.45**	192.69
Mahindra Logistics Limited	**4.63**	3.96
Travelling Expense		
Mahindra and Mahindra Limited	**4.86**	–

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent earned		
Mahindra Agri Solutions Ltd.	**–**	2.27
Reimbursement of Expenses to		
Mahindra and Mahindra Limited	**8.97**	4.14
Professional Fees		
Mahindra and Mahindra Limited	**88.43**	85.85
Mahindra Integrated Business Solutions Pvt Ltd	**0.49**	3.32
Credit Note given for Expenses		
Mahindra Susten Pvt. Ltd.	**11.80**	–

Nature of Balances with Related Parties	As at March 31, 2018	As at March 31, 2017
Trade payables		
Mahindra and Mahindra Limited	**56.01**	11.91
Mahindra Integrated Business Solutions Pvt. Ltd.	**0.45**	–
Trade Receivables		
Mahindra HZPC Pvt. Ltd.	**27.87**	27.87
Mahindra Susten Pvt. Ltd.	**73.87**	81.38
Mahindra Agri Solutions Ltd.	**2.06**	18.45
Mahindra Lifespace Developers Ltd.	**31.06**	(2.68)
Mahindra World City (Jaipur) Limited	**58.24**	–
Mahindra & Mahindra South Africa (Pty) Ltd.	**33.98**	–

* Company has incurred Rs. 135.34 lakhs (March 31, 2017 Rs.157.92 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Limited.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	Year ended March 31, 2018				Year ended March 31, 2017			
	Directors	Managing Director	Chief Executive Officer	Chief Financial Officer	Directors	Managing Director	Chief Executive Officer	Chief Financial Officer
Remuneration	**–**	**28.69**	**106.65**	**54.67**	–	27.58	130.34	37.76
Fees for attending board committee meetings	**7.45**	**–**	**–**	**–**	10.11	–	–	–
Commission to independent directors	**10.36**	**–**	**–**	**–**	9.57	–	–	–
Short-term employee benefits	**–**	**–**	**–**	**–**	–	–	–	–
Share-based payment	**–**	**–**	**22.88**	**–**	–	–	9.57	3.30

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefits accounted as per actuarial valuation.

NOTE NO. 32 - CONTINGENT LIABILITIES AND COMMITMENTS

Rs. in Lakhs

Contingent liabilities (to the extent not provided for)		As at March 31, 2018	As at March 31, 2017
Contingent liabilities			
(a)	Claims against the Company not acknowledged as debt	**29.99**	37.93
(b)	Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	**20.46**	18.42
(c)	Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal / Department is in appeal		
	Excise Duty:	**43.88**	43.88
(d)	Non-current non-financial asset includes refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities.	**166.79**	166.79

Rs. in Lakhs

Contingent liabilities (to the extent not provided for)	As at March 31, 2018	As at March 31, 2017

The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".

The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.

The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

NOTE NO. 33 - COMMITMENTS

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets.	**80.81**	25.81

NOTE NO. 34 - RIGHT ISSUE

In June 2012, the Company had raised Rs. 4,143.28 lakhs through Rights Issue. The purpose of the Rights Issue and its actual utilisation as on March 31, 2018 is mentioned as under :

Rs. in Lakhs

Particulars	Actual Utilisation	Proposed Utilisation
Issue related expenses	**130.18**	130.18
Capital expenditure	**219.27**	219.27
Working capital requirements	**3,027.66**	3,027.66
General corporate purposes	**766.17**	766.17
Total	**4,143.28**	4,143.28

NOTE NO. 35 -

The Director Horticulture, Pune, Maharashtra has vide letter dated September 26, 2017, registered the Company for five years from 2017-18 under the MIS schemes thereby making the Company eligible to participate in subsidy related business in the State.

NOTE NO. 36 -

The Board has recommended a dividend of Rs.0.50 per equity share, subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting scheduled to be held on 31st July, 2018.

NOTE NO. 37 - NATURE OF RESERVES

Securities Premium Account- The Securities Premium is created on issue of shares at a premium.

General Reserve - The general reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/ utilised by the Company in accordance with the Companies Act, 2013.

Employee Stock Options Outstanding - The Employee Stock Options Outstanding represents reserve in respect of equity settled share options granted to the company's employees in pursuance of the Employee Stock Option Plan.

Details of Dividend Proposed Rs. in Lakhs

Particulars	2018	2017
Dividend per share (Rupees)	**0.50**	–
Dividend on Equity Shares	**138.55**	–
Dividend Distribution Tax	**28.21**	–
Total Dividend including Dividend Distribution Tax	**166.76**	–

Note No. 38 - Event occuring after the Reporting Period

No material events have occured between the Balance sheet date and before the approvals of financials statements by Board of Directors.

Note No. 39 - Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Note No. 40 - Approval of financial statements

The financial statements of the Company were approved by the Board of Directors and authorised for issue on May 03, 2018.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Nashik
Date : May 03, 2018

For and on behalf of the Board of Directors

Ashok Sharma	Managing Director
S. Durgashankar	Directors
Sangeeta Prasad	Directors
Anand Daga	Directors
Vinayak Patil	Directors
Nikhilesh Panchal	Directors
Sanjeev Mohoni	Chief Executive Officer
Sunetra Ganesan	Chief Financial Officer
R. V. Nawghare	Company Secretary

Place : Nashik
Date : May 03, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fifth Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS **(Rs. in lakhs)**

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Income	1,192.83	1,207.45
Total Expenditure	3,051.09	1,981.08
Profit/(Loss) before Taxation	(1,858.26)	(773.63)
Provision for Tax:		
Current Tax	–	–
Deferred Tax	1.92	(0.47)
Profit/(Loss) after Taxation	(1,860.19)	(773.16)
Other Comprehensive Income (Actuarial Loss)	(0.76)	(3.33)
Total Comprehensive Income	(1,860.95)	(776.49)
Balance of Profit/(Loss) from earlier years	(718.17)	58.32
Balance carried forward	(2,579.12)	(718.17)
Amount carried forward to Reserve	–	–
Net worth	200.64	780.83

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

The F.Y. 18 was one of the most difficult years for the potato industry, with prices plummeting to historic lows and players across the value chain suffering losses. The impact witnessed by potato seed players was even worse given their higher cost structures.

Highest ever production in the last crop, clubbed with carryover stocks from previous season due to demonetization resulted in a glut in the industry. Since farmers were not able to recover their cost of production, they preferred to plant the leftover potatoes rather than buying new seeds, which resulted in most of the seed players being stuck with stocks. However, with farmers planting leftover stocks in Rabi 2017, the yields of crops are lower by approximately 10% and the sentiments for the new crop season are on the higher side.

Despite a challenging year, your Company continued to deliver its promise of ***FarmTech Prosperity*** by building its agronomy capability, which resulted in significant value delivery to farmers in terms of know-how and improved productivity. Your Company also stabilized the operations of its Aeroponics facility, through in-house R&D as well as with help from competent global experts. The Company put in place robust processes and controls and ensured highest standards of safety in the plant to deliver consistent quality and productivity. Leveraging HZPC's technical expertise, your Company achieved a significant milestone by re-designing its Palampur facility operations to run three cycles in a year, making it the only Company in India to do so.

Your Company also made a significant progress in strengthening its **Right to Win** through new varieties. It got a good first response from the farmers as well as the industry, during showcase events organized in the key markets like Punjab, Gujarat and West Bengal. Crisps varieties and table varieties have shown significantly better results in the trials in Gujarat and West Bengal respectively, and thus production plans for these have been upwardly revised. International Potato majors have confirmed their long term orders for supply of mini-tubers/ seeds from the new facility, showing the trust they have on the Company's commitment to technology and quality.

During the year, your Company also switched to SAP as an efficient ERP.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

During the year under review, the authorized share capital of your Company increased from Rs. 8,00,00,000 (Rupees Eight Crores Only) divided into 80,00,000 (Eighty Lakhs)Equity Shares of Rs. 10 each to Rs. 28,00,00,000 (Rupees Twenty Eight Crores Only) divided into 2,80,00,000 (Two Crores Eighty Lakhs) equity shares of Rs. 10 each.

Further, the Company has also issued and allotted 1,30,00,000 (One Crore Thirty Lakhs) Equity Shares of Rs. 10 each on Rights basis to the existing shareholders of the Company.

The paid-up share capital of your Company as on 31st March 2018 stood at Rs. 20,89,00,000 (Rupees Twenty Crores Eighty Nine Lakhs only) divided into 2,08,90,000 (Two Crores Eight Lakhs Ninety Thousand) Equity Shares of Rs. 10 each.

BOARD OF DIRECTORS

COMPOSITION

The composition of the Board of Directors of the Company is as follows: -

Sr. No.	Directors	DIN	Category (Executive/ Non-executive)	Independent/ Non Independent
1	Mr. Ashok Sharma, Chairman	02766679	Non-executive	Non Independent
2	Mr. S. Durgashankar	00044713	Non-executive	Non Independent
3	Mr. Vikram Puri#	00234881	Non-executive	Non Independent
4	Mr. Hermanus Verveld	06951085	Non-executive	Non Independent
5	Mr. Backx Gerardus Francisco	06956234	Non-executive	Non Independent
6	Mr. Meghnad Mitra*	01802612	Non-executive	Non Independent
7	Mr. Chetan Mathur*	00437558	Non-executive	Independent

Resigned w.e.f. 16th April, 2018

* Appointed w.e.f. 24th April, 2018

Mr. Ashok Sharma (DIN: 02766679) is the Chairman of the Board.

Mr. Backx Geradus (DIN: 06956234) and Mr. S. Durgashankar (DIN: 00044713) retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Mr. Vikram Puri, Director, resigned from the Company with effect from 16th April, 2018.The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. Vikram Puri during his tenure as Director of the Company.

The Board at its meeting held on 24th April, 2018 also had appointed Mr. Meghnad Mitra as an Additional Director of the Company to hold office upto the date of the ensuing Annual General Meeting of the Company.

The Board at its meeting held on 24th April, 2018 also appointed Mr. Chetan Mathur as an Additional Director (Independent and Non-Executive) of the Company for a period of 3 years with effect from 24th April, 2018 and he would not be liable to retire by rotation.

Mr. Chetan Mathur has given a declaration to the effect that he meets the criteria of independence as laid down under Section 149 of the Companies Act, 2013. The Company has received notices pursuant to Section 160 of the Companies Act, 2013, from a shareholder, proposing candidatures of Mr. Meghnad Mitra as Director of the Company and Mr. Chetan Mathur for his appointment as Director (Independent and Non-Executive) at the ensuing Annual General Meeting.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

BOARD MEETINGS

The Board met 5 (Five) times during the year under review, i.e. on 24th April 2017, 15th May, 2017, 14th July 2017, 16th October, 2017 and 19th January 2018. The gap between two consecutive Board Meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:

Sr. No.	Name of Director	No of meetings attended out of Five meetings
1	Mr. Ashok Sharma	5
2	Mr. Vikram Puri*	5
3	Mr. S. Durgashankar	2
4	Mr. Hermanus Verveld	4
5	Mr. Backx G. Francisco	5

**Resigned with effect from 16th April, 2018.*

GENERAL MEETINGS

The 4th Annual General Meeting (AGM) of the Company was held on 31st July, 2017. During the year, two Extra Ordinary General Meetings were held on 19th May, 2017 and 26th February, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from the operating management, and after due enquiry, confirm that:

a. in the preparation of the annual financial statements for the year ended 31st March 2018 the applicable accounting standards have been followed;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2018 and of the loss of the Company for the financial year ended on that date;

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis; and

e. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee was constituted at the Meeting of the Board of Directors held on 24th April, 2018 with Mr. S. Durgashankar (Chairman) and Mr. Chetan Mathur (Member).

Further, the Committee would be re-constituted with the induction of Dr. R. R. Hanchinal as a member of the Committee post receipt of his Director Indentification Number and appointment as an Additional Director of the Company.

The current composition of the Audit Committee is as follows:

Committee Member	Designation
Mr. S. Durgashankar	Chairman
Mr. Chetan Mathur	Member

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) was constituted at the Meeting of the Board of Directors held on 24th April, 2018 with Mr. Backx Gerardus (Chairman), Mr. Ashok Sharma (Member), and Mr. Chetan Mathur(Member).

Further, the Committee would be re-constituted with the induction of Dr. R. R. Hanchinal as a member of the Committee post receipt of his Director Indentification Number and appointment as an Additional Director of the Company.

The current composition of the NRC is as follows:

Committee Member	Designation
Mr. Backx Gerardus	Chairman
Mr. Ashok Sharma	Member
Mr. Chetan Mathur	Member

KEY MANAGERIAL PERSONNEL

During the year under review, there are no changes in the Key Managerial personnel of the Company.

Mr. Davinder Singh, Mr. Kuldeep Singh and Ms. Vibha Swaminathan continue to act as the Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company respectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, and senior management and employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

STATUTORY AUDITORS

At an Extra Ordinary General Meeting of the Company held on 10th November, 2014, M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, (ICAI Registration Number - 105102W) were appointed as the Statutory Auditors of your Company to hold office till the conclusion of 6th Annual General Meeting (i.e. financial year 2018-19).

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Registration Number 105102W) have expressed their willingness to act as the Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to ratify the appointment of the Statutory Auditors of the Company and fix their remuneration at the ensuing Annual General Meeting.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143 (12) of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure I** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees during the year under review which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

The loans/advances which are required to be disclosed in the Annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, as applicable to the ultimate parent Company, Mahindra & Mahindra Limited, are furnished separately.

INTERNAL FINANCIAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same are in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Board.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 which are required to be disclosed in the Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2018 in form MGT-9 is annexed as **Annexure II** and forms part of this report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Ashok Sharma — Director
Meghnad Mitra — Director

Mohali, 24th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: Nil

(b) the steps taken by the company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipment: Nil

The operations of your Company are not energy-intensive. However, adequate measures like use of LEDs, and optimizing processes to use Sunlight during day time, have been initiated to reduce energy consumption.

There is no capital investment on energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption – Aeroponics technology processes stabilized with help from International experts. Agronomy technology absorbed from HZPC, Netherlands, for production of new varieties, which use half the fertilizers than that of traditional varieties, without compromising on yields or quality. Automation use in Potato farming and post-harvest management.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:- Better size distribution for Aerotubers, 50% reduction in the Nitrogen fertilizers for the Farmers, automation to reduce risk associated to manual errors.

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

(a) the details of technology imported:- Aeroponics, automation of processes and agronomy of new varieties.

(b) the year of import-2016-2018.

(c) whether the technology been fully absorbed:- Aeroponics and automation of processes – yes, Agronomy – 70%.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: - Agronomy skills improved with respect to mechanization, irrigation, fertilization and reasonably completed for post-harvest management. However your company believes that agronomy technologies keeps evolving and hence requires continuous learning and improvement.

iv. the expenditure incurred on Research and Development : - The company is engaged in R&D activities for production of Aerotubers and Minitubers, and best quality seed potato production, with special focus on environment sustainability by optimizing the use of resources, mainly fertilizers and irrigation. Company, through its R&D is able to find right solution for paddy straw management, without burning the same.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**2.19**	Nil
Total Foreign Exchange Used	**1.51**	8.59

For and on behalf of the Board

Ashok Sharma — **Director**

Meghnad Mitra — **Director**

Mohali, 24th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U01403MH2013PTC242474
2.	**Registration Date**	25th April, 2013
3.	**Name of the Company**	Mahindra HZPC Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/ Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, Near Doordarshan Kendra, Pandurang Budhkar Marg, Worli, Mumbai 400018, Tel: 022-24905633
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 PH: + 91 40 67162222 Fax: +91 40 23001153 Toll Free No. 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Products/Services	NIC Code of the Product	% to total turnover of the Company
1.	Trading in seed potatoes	01135	98.47

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary Associate of the Company	% of shares held	Applicable Section
1.	Mahindra Agri Solutions Limited Address: Mahindra Towers Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai 400018.	U01400MH2000PLC125781	Holding Company	59.95	2(46)
2.	Mahindra & Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	47,30,000	–	47,30,000	59.95%	1,25,23,500	–	1,25,23,500	59.95%	–
e. Banks/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total -(A)(1)	**47,30,000**	**–**	**47,30,000**	**59.95%**	**1,25,23,500**	**–**	**1,25,23,500**	**59.95%**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	31,60,000	31,60,000	40.05%	–	83,66,500	83,66,500	40.05%	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	**–**	**31,60,000**	**31,60,000**	**40.05%**	**–**	**83,66,500**	**83,66,500**	**40.05%**	**–**
Total Shareholder of Promoters (1+2)	**47,30,000**	**31,60,000**	**78,90,000**	**100%**	**1,25,23,500**	**83,66,500**	**2,08,90,000**	**100%**	**–**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body corp.	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others									
Sub-total-(B)(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**47,30,000**	**31,60,000**	**78,90,000**	**100%**	**1,25,23,500**	**83,66,500**	**2,08,90,000**	**100%**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	HZPC SBDA B.V. (formerly known as Participatie Maatschappij Buitenland B V)	31,60,000	40.05%	–	83,66,500	40.05%	–	–
2.	Mahindra Agri Solutions Limited	47,30,000	59.95%	–	1,25,23,500	59.95%	–	–

iii. Change in Promoter's Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Increase/Decrease during the year	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company		No. of Shares	% of total Shares of the company
1	Mahindra Agri Solutions Limited					
	At the Beginning of the Year	47,30,000	59.95%		–	–
	Increase - Allotment of Equity Shares under Rights issue on 14th July, 2017			59,95,000	1,07,25,000	
	Increase – Allotment of Equity shares under Rights issue on 28th March, 2018			17,98,500	1,25,23,500	
	At the end of the year	–	–		1,25,23,500	59.95%
2	HZPC SBDA B.V. (formerly known as Participatie Maatschappij Buitenland B V)					
	At the Beginning of the Year	31,60,000	40.05%		–	–
	Increase – Allotment of Equity shares under Rights issue on 14th July, 2017			40,05,000	71,65,000	
	Increase – Allotment of Equity shares under Rights issue on 28th March, 2018			12,01,500	83,66,500	
	At the end of the year	–	–		83,66,500	40.05%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Nil	Nil	Nil	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year 01.04.2017				
1) Principal Amount	1877.48	–	–	1877.48
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	7.90	–	–	7.90
Total of (1+2+3)	**1885.38**	–	–	**1885.38**
Change in Indebtedness during the Financial Year				
+ Addition	773.04	–	–	773.04
– Reduction	–	–	–	–
Net change	773.04	–	–	773.04
Indebtedness at the end of the Financial Year-31.03.2018				
1) Principal Amount	2651.16	–	–	2651.16
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	7.26	–	–	7.26
Total of (1+2+3)	**2658.42**	–	–	**2658.42**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17 (2) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of profit			
	– Others, specify			
5.	Others, please specify Provident Fund and other Funds	–	–	–
	Performance Bonus	–	–	–
	Total (A)	**–**	**–**	**–**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration to other directors:

I. Independent Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors						Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)							
Total (B)=(1+2)							
Ceiling as per the Act	Within the prescribed limits under the Companies Act, 2013						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Mr. Davinder Singh, CEO	Mr. Kuldeep Singh, CFO	Ms. Vibha Swaminathan, CS	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	46,10,117	25,76,671	–	**71,86,788**
	(b) Value of perquisites u/s 17 (2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of profit				
	– Others, specify	–	–	–	–
5.	Others, please specify Provident Fund and other Funds	–	–	–	–
	Performance Bonus	–	–	–	–
	Others	–	–	2,40,000	**2,40,000**
	Total (C)	**46,10,117**	**25,76,671**	**2,40,000**	**74,26,788**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Ashok Sharma Director

Meghnad Mitra Director

Mohali, 24th April, 2018

PARTICULARS OF LOANS/ADVANCES PURSUANT TO PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Loans and advances in the nature of loan from the Ultimate Parent Company:

(Rs. in crores)

Name of the Company	Balance as on 31st March, 2018	Maximum outstanding during the year
Mahindra & Mahindra Limited	–	5.00

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA HZPC PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra HZPC Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, based on our audit on the separate financial statements, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under.

e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company does not have any pending litigations which would impact its financial position;

   (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

   (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 24th April, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Fixed Assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is at reasonable intervals considering the size of the Company.

c) The title deeds of immovable properties are held in the name of the Company.

(ii) In respects of Inventory:

a) The inventories have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.

c) The company is maintaining proper records for inventory and discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans or made investments or provided any guarantees or securities to the parties covered under section 185 and 186 of the Companies Act, 2013. Therefore, the requirements of clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) On the basis of information given to us, the Central Government of India, has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act 2013, for any of the products of the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Service tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service tax and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks. The Company has not taken any loans or borrowings from financial Institutions, and Government or has not issued debenture.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order are not applicable to the Company and not commented upon.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not paid/provided managerial remuneration.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the Company is not required to be registered under section 45-1 of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 24th April, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Control Over Financial Reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra HZPC Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 24th April, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Amount in Rs.

Particulars			Note No.	As at March 31, 2018	As at March 31, 2017
	ASSETS				
1	**Non-current assets**				
	(a) Property, Plant and Equipment		1	**194,471,208**	202,809,131
	(b) Capital work-in-progress		2	**–**	506,000
	(c) Other Intangible assets		3	**863,221**	521,587
	(d) Financial Assets				
		(i) Loans	4	**487,850**	487,850
		(ii) Other financial assets	5	**–**	500,255
	(e) Deferred tax assets (net)		6	**–**	192,454
2	**Current assets**				
	(a) Inventories		7	**181,844,100**	179,022,796
	(b) Financial Assets				
		(i) Trade receivables	8	**30,192,668**	9,222,518
		(ii) Cash and cash equivalents	9	**1,122,318**	2,004,301
		(iii) Bank balances other than (ii) above		**–**	–
		(iv) Loans	10	**612,249**	742,013
	(c) Current Tax Assets (Net)		11	**1,101,218**	854,088
	(d) Other current assets		12	**12,078,447**	7,134,053
	Total Assets (1+2)			**422,773,276**	403,997,045
	EQUITY AND LIABILITIES				
1	**Equity**				
	(a) Equity Share capital		13	**208,900,000**	78,900,000
	(b) Other Equity			**(188,836,240)**	(817,343)
	LIABILITIES				
2	**Non-current liabilities**				
	(a) Financial Liabilities				
		(i) Borrowings	14	**100,726,164**	100,789,863
	(a) Provisions		15	**4,486,469**	2,923,998
3	**Current liabilities**				
	(a) Financial Liabilities				
		(i) Borrowings	16	**165,115,759**	87,748,180
		(ii) Trade payables	17	**99,623,432**	109,060,359
		(iii) Other financial liabilities	17.1	**2,786,959**	5,796,168
	(b) Provisions		15	**370,507**	210,283
	(c) Other current liabilities		18	**29,600,227**	19,385,537
Total Equity and Liabilities (1+2+3)				**422,773,276**	403,997,045

See accompanying notes to the financial statements

As per our Report of even date attached

For **B. K. Khare & Co.**

Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

Gerard Backx

Herman Verveld
Meghnad Mitra
Kuldeep Singh (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

Place: Mohali
Date: 24th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Amount in Rs.

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Continuing Operations			
I Revenue from operations	19	**118,956,491**	120,626,496
II Other Income	20	**326,487**	118,483
III Total Income (I + II)		**119,282,978**	120,744,979
IV EXPENSES			
(a) Purchases of Stock-in-trade	21 a	**195,092,867**	189,681,595
(b) Changes in inventories of stock-in-trade and work-in-progress	21 b	**(5,048,345)**	(68,374,584)
(c) Cost of Packing materials consumed	21 c	**15,573,019**	10,445,804
(d) Employee benefit expense	22	**23,560,125**	15,954,119
(e) Finance costs	23	**18,034,480**	9,987,647
(f) Depreciation and amortisation expense	1	**11,735,399**	6,269,011
(h) Other expenses	24	**46,161,876**	34,144,822
Total expenses (IV)		**305,109,421**	198,108,414
V (Loss)/Profit before exceptional items and tax (I - IV)		**(185,826,443)**	(77,363,435)
VI Exceptional Items		**–**	–
VII (Loss)/Profit before tax (V - VI)		**(185,826,443)**	(77,363,435)
VIII Tax expense			
(1) Current tax		**–**	–
(2) Deferred tax	6	**192,454**	(47,250)
Total tax expense		**192,454**	(47,250)
IX (Loss)/Profit before continuing operations (VII - VIII)		**(186,018,897)**	(77,316,185)
X (Loss)/profit for the year		**(186,018,897)**	(77,316,185)
XI Other Comprehensive Income			
A (i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities/(asset)		**(76,022)**	(333,218)
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
B (i) Items that may be reclassified to profit or loss		**–**	–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XII Total Comprehensive Income for the year (X + XI)		**(186,094,919)**	(77,649,403)
XIII Earnings per equity share (for continuing operation):			
(1) Basic	25	**(13.65)**	(9.84)
(2) Diluted	25	**(13.65)**	(9.84)

As per our Report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board of Directors of
Mahindra HZPC Private Limited

Ashok Sharma
Gerard Backx

Herman Verveld
Meghnad Mitra
Kuldeep Singh (CFO)
Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

Place: Mohali
Date: 24th April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in Rs.

		Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash Inflow/(Outflow) from operating activities**		
	Loss before tax for the year	**(185,902,465)**	(77,363,435)
	Adjustments for:		
	Interest on deposit with bank	**(106,677)**	(79,558)
	Interest expenses on borrowings	**18,034,480**	9,987,647
	Actuarial (Loss)/Gain recognised in the year (employee benefit)	**76,022**	(333,218)
	Depreciation and amortisation of non-current assets	**11,735,399**	6,269,011
	Operating Loss before working capital changes	**(156,163,242)**	(61,519,553)
	Adjustments for:		
	Increase in trade and other receivables	**(20,970,150)**	42,291,013
	(Increase)/decrease in inventories	**(2,821,304)**	(71,107,848)
	(Increase)/decrease in other assets	**(5,061,759)**	(1,127,475)
	Increase/(decrease) in trade and other payables	**(2,231,446)**	49,738,192
	Increase/(decrease) in provisions	**1,722,695**	1,869,105
		(29,361,964)	21,662,987
	Cash generated from operations	**(185,525,206)**	(39,856,566)
	Income tax paid	**–**	–
	Net cash (outflow) by operating activities	**(185,525,206)**	(39,856,566)
B.	**Cash Inflow/(Outflow) from investing activities**		
	Purchase of property, plant and equipment	**(3,233,110)**	(123,390,294)
	Interest received on fixed deposits with bank	**106,677**	79,558
	Purchase of intangible assets	**–**	(521,873)
	Net cash (outflow) by investing activities	**(3,126,433)**	(123,832,609)
C.	**Cash Inflow/(Outflow) from financing activities**		
	Proceeds from issue of equity share capital	**128,000,000**	–
	Proceeds from maturity of fixed deposits	**500,255**	4,000,000
	Proceeds from borrowings	**77,367,578**	71,648,842
	Proceeds from Long term borrowings	**–**	100,000,000
	Finance cost	**(18,098,179)**	(9,987,646)
	Net cash inflow from financing activities	**187,769,655**	165,661,196
	Net changes in cash and cash equivalents	**(881,983)**	1,972,021
	Cash and cash equivalents at the beginning of the year	**2,004,301**	32,280
	Cash and cash equivalents at the end of the year	**1,122,318**	2,004,301
		1,122,318	2,004,301

As per our Report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
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For and on behalf of the Board of Directors of
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Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

Place: Mohali
Date: 24th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity share capital

Amount. in Rs.

Balance as at March 31, 2017	Changes in equity share capital during 2017-18	Balance as at March 31, 2018
78,900,000	130,000,000	208,900,000

B. Other Equity

Amount. in Rs.

Particulars	Reserves and Surplus			
	Share premium reserve	Retained earnings	Other Comprehensive Income	Total
Balance as at 31st March 2017	71,000,000	(72,150,561)	333,218	(817,343)
Share issue costs	(2,000,000)	–	–	(2,000,000)
Total Comprehensive income for the year	–	(185,942,875)	(76,022)	(186,018,897)
Balance as at 31st March 2018	**69,000,000**	**(258,093,436)**	**257,196**	**(188,836,240)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

Mahindra HZPC Private Limited (Joint Venture with HZPC) is engaged in the business of contract growing, corporate farming, wholesale, retail trading of potato seeds, minitubers, table potato and processing potato, tissue culture plants and services.

2 Significant Accounting Policies

Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs under section 133 of Companies Act, 2013.

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except defined benefit plans - plan assets which has been fair valued. The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. Company's financial statements are presented in Indian Rupees (XX) which is also its functional currency.

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.2.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.2.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.4 Employee benefits

Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined Benefit Plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

2.4.1 Employee Share based compensation

Certain employees of the company / holding company on deputation are covered under the stock option plans of the holding company. These plans are assessed, managed and administered by the holding company.

The fair value of options granted under the Employee stock Option scheme applicable to eligible employees of the Company is charged in the statement of Profit and loss on a straight line basis over the service period / option vesting period with a corresponding increase in equity net of reimbursements, if any.

2.5 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Freehold land is not depreciated

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6.1 Intangible Assets:

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised. Intangible assets are amortized over the period of five years.

2.6.2 Impairment of non-financial assets - property, plant and equipment and intangible assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such indication exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.9 Basis for classification of current and Non current assets

The basis for classification of current and non current assets is as per Ind AS 1- Presentation of financial statement

Current and Non current assets

An entity shall classify an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

Current and Non current liabilities

An entity shall classify a liability as current when:

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

2.10 Foreign Currency Transactions

In preparing the financial statements of entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. At the end of each reporting period, monetary items

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2.13 Depreciation / amortisation and useful lives of property plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

2.14 Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

2.15 Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of fundsresulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

2.16 Biological assets and agricultural produce

The Company's operations include activities which are agricultural in nature and are subject to the recognition, measurements and disclosure requirements of Ind AS 41 - Agriculture. Biological Assets are recognised when the Company controls the assets as a result of past events and it is probable that the future economic benefits associated with the asset will flow to the Company and fair value can be measured reliably. On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Cost to sell includes the incremental cost to sell including commission to traders, brokers and dealers and estimated cost to transport to the market but excludes finance costs and income taxes. harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested.

Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise. Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories.

2.17 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Note No. 1 - Tangible Assets

Amount in Rs.

Description of Assets	**Land - Freehold**	**Building**	**Plant and Equipment - Freehold**	**Electrical Installation and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Computers**	**Vehicles - Freehold**	**Total**
I. Gross Block									
Balance as at 1st April 2017	32,177,030	59,999,982	84,042,651	12,470,342	2,131,740	8,175,515	1,760,423	9,653,361	210,411,044
Additions during the year			2,651,051	-	133,314	269,154	179,591	–	3,233,110
Balance as at 31 March, 2018	**32,177,030**	**59,999,982**	**86,693,702**	**12,470,342**	**2,265,054**	**8,444,669**	**1,940,014**	**9,653,361**	**213,644,154**
II. Accumulated depreciation and impairment									–
Balance as at 1 April, 2017	–	885,074	2,953,218	590,718	147,406	265,577	504,270	2,255,650	7,601,912
Depreciation/amortisation expense for the year 2017-18	–	**1,816,978**	**5,603,931**	**1,184,682**	**430,301**	**782,880**	**348,884**	**1,403,377**	**11,571,033**
Balance as at 31 March, 2018	–	**2,702,051**	**8,557,149**	**1,775,400**	**577,707**	**1,048,457**	**853,154**	**3,659,027**	**19,172,946**
Net block (I-II)									
Balance as on 31st March 2017	32,177,030	59,114,908	81,089,433	11,879,624	1,984,333	7,909,938	1,256,153	7,397,712	202,809,131
Balance as on 31st March 2018	**32,177,030**	**57,297,930**	**78,136,553**	**10,694,941**	**1,687,346**	**7,396,212**	**1,086,860**	**5,994,334**	**194,471,208**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 2 - Capital Work in progress

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Computer software	–	506,000
Total	–	506,000

Note No. 3 - Intangible Assets

Amount in Rs.

Description of Assets	Intangible Assets
I. Gross Block	
Balance as at 1 April, 2017	521,873
Additions	506,000
Balance as at 31 March, 2018	**1,027,873**
II. Accumulated depreciation and impairment for the year	
Balance as at 1 April, 2017	286
Depreciation / amortisation expense for the year	164,366
Balance as at 31 March, 2018	**164,652**
Net block (I-II)	
Balance as on 31st March 2017	521,587
Balance as on 31st March 2018	**863,221**

Note No. 4 - Loans

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
a) Security Deposits		
- Unsecured, considered good	**487,850**	487,850
Total	**487,850**	487,850

Note No. 5 - Other financial assets

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortised cost		
a) Bank Deposit with more than 12 months maturity	–	500,255
Total	–	500,255

Note - 6: Current Tax and Deferred Tax

(a) Income Tax Expense

Amount. in Rs.

Particulars	Continuing Operations For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current Tax:		
In respect of current year	–	–
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**192,454**	(47,250)
Total Tax Expense recognised in profit and loss account	**192,454**	(47,250)

Note - 7: Inventories

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Work-in-progress	**23,249,463**	5,452,054
(b) Stock-in-trade of goods acquired for trading	**145,423,605**	163,151,772
(c) Agricultural produce (including biological assets)	**13,171,031**	10,418,969
Total Inventories at the lower of cost and net realisable value	**181,844,100**	179,022,796

Notes

1) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 19,00,44,522 (March 31 2017: Rs.12,13,07,015)
2) Mode of valuation of inventories is stated in Note 2.7 Accounting Policies.
3) WIP comprises of tubers(seed potatoes) and are valued at cost .

   Inventory comprising of traded as well as company product (grown through contract manufacturing) is valued at Cost or Net Realisable Value (NRV) whichever is lower. Having regard to the nature of business, uncertainties involved, long period time for final sale etc. while arriving at NRV, based on present market conditions and future pricing arrangements management is confident of realising value higher than cost. The auditors have relied upon the representation made by management in this behalf.

Note No. 8 - Trade receivables

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables		
(a) Secured, considered good	–	–
(b) Unsecured, considered good	**30,192,668**	9,222,518
(c) Doubtful	**7,136,548**	6,788,642
Less Provision for doubtful debts	**(7,136,548)**	(6,788,642)
Total	**30,192,668**	9,222,518
Of the above, trade receivables from:		
– Related parties	–	–
– Others	**30,192,668**	9,222,518
Total	**30,192,668**	9,222,518

Note No. 8a - Movement in the allowance for doubtful debts

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year - April 1, 2017	**6,788,642**	–
Addition during the year	**347,472**	6,788,642
Balance at end of the year - March 31, 2018	**7,136,114**	6,788,642

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 9 - Cash and Bank Balances

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
(a) Balances with banks	**1,118,827**	–
(b) Fixed Deposits with maturity less than 3 months	–	2,000,000
(c) Cash on hand	**3,491**	4,301
Total Cash and cash equivalent	**1,122,318**	2,004,301

Note No. 10 - Loans

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
a) Security Deposits		
– Unsecured, considered good	**21,000**	21,000
Total (A)	**21,000**	21,000
b) Other Loans		
– Secured, considered good	–	–
– Unsecured, considered good	591,249	721,013
– Doubtful	–	–
Less: Allowance for Credit Losses	–	–
Total (B)	591,249	721,013
Grand Total	**612,249**	742,013

Note No. 11 - Current Tax Assets (Net)

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Advance income tax (net of provisions)	**1,101,218**	854,088
Total	**1,101,218**	854,088

Note No.12 - Other current assets

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Advances other than capital advances		
(i) Prepaid Expenses	**243,527**	407,438
(ii) Advances to Supplier	**11,094,696**	5,982,475
(iii) For Advances to suppliers considered doubtful	**4,611,178**	4,611,178
Less: Provision for doubtful advances	**(4,611,178)**	(4,611,178)
(iv) Balances with government authorities (other than income taxes)	**740,224**	740,224
(v) Intt. Accured on Fixed Depoists	**–**	3,916
Total	**12,078,447**	7,134,053

Note No.13 - Equity Share Capital

Amount In Rs.

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount
Authorised:				
Equity shares of Rs: 10/- each with voting rights	**28,000,000**	**280,000,000**	8,000,000	80,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs: 10/- each with voting rights	**20,890,000**	**208,900,000**	7,890,000	78,900,000
Total	**20,890,000**	**208,900,000**	7,890,000	78,900,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended March 31, 2018			
No. of Shares	**7,890,000**	**13,000,000**	**20,890,000**
Amount	**78,900,000**	**130,000,000**	**208,900,000**

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company

Particulars	No. of Shares Equity Shares with Voting rights
As at March 31, 2018	
Mahindra Agri Solutions Limited, Holding Company	**12,523,500**
As at March 31, 2017	
Mahindra & Mahindra Limited, Holding Company	4,730,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at March 31, 2018 Number of shares held	As at March 31, 2018 % holding in that class of shares	As at March 31, 2017 Number of shares held	As at March 31, 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solutions Limited	**12,523,500**	**59.95%**	4,730,000	59.95%
HZPC SBDA B.V.	**8,366,500**	**40.05%**	3,160,000	40.05%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note - 14: Non Current Borrowings

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
A. Secured Borrowings:		
(i) Term Loan from banks	**100,000,000**	100,000,000
(ii) Interest accured but not due	**726,164**	789,863
Total Secured Borrowings	**100,726,164**	100,789,863

Term loans from Banks include:

(i) Term Loan of Rs.10 crore (rate of interest 8.30% p.a.) which is secured by way of first charge on Aeroponic facility assets (excluding land) of the Company and the same is repayable in eight equal quarterly installments starting from January 2020.

Note - 15: Provisions

Particulars	As at March 31, 2018			As at March 31, 2017		
	Current	Non-Current	Total	Current	Non-Current	Total
(a) Provision for employee benefits						
(1) - Compensated absences	**329,919**	**2,748,719**	**3,078,638**	188,089	1,657,982	1,846,071
(2) - Gratuity	**40,588**	**1,737,750**	**1,778,338**	22,194	1,266,016	1,288,210
Total Provisions	**370,507**	**4,486,469**	**4,856,976**	210,283	2,923,998	3,134,281

(i) Details of movement in other provisions

Amount in Rs.

Particulars	Compensated absences (Current)	Gratuity (Current)	Compensated absences (Non Current)	Gratuity (Non Current)	Total
Balance at April 1, 2017	188,089	22,194	1,657,982	1,266,016	3,134,281
Additional provisions recognised	141,830	18,394	1,090,737	471,734	1,722,695
Balance at March 31, 2018	**329,919**	**40,588**	**2,748,719**	**1,737,750**	**4,856,976**

Note - 16: Current Borrowings

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
A. Secured Borrowings		
(a) Cash Credit facility from Bank	**165,115,759**	87,748,180
Total Secured Borrowings	**165,115,759**	87,748,180

Note:

1 Cash credit facility is secured by first charge on inventory and debtors.

Note - 17: Trade Payables

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payable for goods & services-others	**93,863,795**	105,819,698
Trade payable-MSME	**–**	–
Payable to Related parties	**5,759,637**	3,240,661
Total trade payables	**99,623,432**	109,060,359

Note - 17.1: Other financial liabilities

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Purchases (to related party, previous year nil)	**2,786,959**	5,796,168
Total trade payables	**2,786,959**	5,796,168

Note - 18: Other Current Liabilities

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2015
a. Other Advances		
(i) Adance received from customers	**9,616,802**	8,524,967
b. Others		
(ii) Trade deposits	**415,926**	415,926
(iii) Taxes payable (other than income taxes)	**1,335,349**	1,357,857
- Employee Recoveries and Employer Contributions		
Total Other Current Liabilities	**29,600,227**	19,385,537

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note no -19 Revenue from Operations

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Revenue from sale of products	**117,454,011**	120,019,149
(b) Other operating revenue	**1,502,480**	607,348
Total Revenue from Operations	**118,956,491**	120,626,496

Note no -20 Other Income

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Interest Income		
- Interest on bank deposit	**106,677**	79,558
(b) Misc. Income	**219,810**	38,925
Total Other Income	**326,487**	118,483

Note 21 .a Purchases of stock in trade

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Purchases	**195,092,867**	189,681,595
	195,092,867	189,681,595

Note 21 .b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Inventories at the end of the year:		
	179,883,979	174,835,634
	179,883,979	174,835,634
Inventories at the beginning of the year:		
	174,835,634	106,461,050
	174,835,634	106,461,050
Net (increase)/decrease	**(5,048,345)**	(68,374,584)

Note 21 .c Cost of Packing materials consumed

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Opening stock	**4,187,165**	1,453,897
Add: Purchases	**13,345,974**	13,179,072
Less: Closing stock	**1,960,121**	4,187,165
Cost of packing material consumed	**15,573,019**	10,445,804

Note no -22 Employee Benefits Expense

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Salaries and wages	**20,768,605**	13,260,056
(b) Contribution to provident and other funds	**2,424,971**	1,975,277
(c) Staff welfare expenses	**366,549**	718,786
Total Employee Benefit Expense	**23,560,125**	15,954,119

Note 22.1 : Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 823,181/- (2017: Rs. 886,566/-) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Note: Where required by Ind AS 24 an entity discloses information about contributions to defined contribution plans for key management personnel.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Amount in Rs.

Particulars	Unfunded Plan Gratuity 2018	2017
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
1. Current service cost	**472,282**	245,338
2. Interest cost	**93,868**	33,515
Ib. Included in other Comprehensive Income		
1. Actuarial (Gain)/Loss on account of:		
- Financial Assumptions	**(168,214)**	88,911
- Experience Adjustments	**92,192**	244,307
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**472,282**	245,338
Net interest expense	**93,868**	33,515
Components of defined benefit costs reconised in profit or loss	**566,150**	278,853
Actuarial gains and loss arising form changes in financial assumptions	**(168,214)**	88,911
Actuarial gains and loss arising form experience adjustments	**92,192**	244,307
Componenets of defined benefit costs recognised in other comprehensive income	**(76,022)**	333,218
Total	**490,128**	612,071

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amount in Rs.

Particulars	Unfunded Plan Gratuity 2018	2017
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**1,778,338**	1,288,210
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(1,778,338)**	(1,288,210)
4. Current portion of the above	**40,588**	22,194
5. Non current portion of the above	**1,737,750**	1,266,016
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**1,288,210**	431,142
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**472,282**	245,338
- Interest Expense (Income)	**93,868**	33,515
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**(76,022)**	333,218
4. Others (Liabilities assumed on acquisition)	**–**	244,997
5. Present value of defined benefit obligation at the end of the year	**1,778,338**	1,288,210
III. Actuarial assumptions		
1. Discount rate	**8.00%**	7.35%
2. Expected rate of return on plan assets	**0.00%**	0.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2018**	**2,000,630**	**1,556,046**
	2017	1,463,477	1,112,943
Salary growth rate	**2018**	**2,000,630**	**1,556,046**
	2017	1,449,236	1,127,184

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Note no -23 Finance Cost

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Interest expense	**18,034,480**	9,987,361
Total finance costs	**18,034,480**	9,987,361

Note no -24 Other Expenses

Amount in Rs.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Cold store charges	**22,449,233**	10,225,627
(b) License & registration charges	**–**	7,390
(c) Repairs and maintenance – Others	**716,591**	576,680
(d) Insurance charges	**1,086,883**	567,948
(e) Mobile & Communication Expenses	**328,331**	528,595
(f) Freight outward	**5,583,661**	269,615
(g) Business promotion expenses	**938,136**	409,476
(h) Travelling and Conveyance Expenses	**5,300,510**	5,351,524
(i) Legal & Professional Charges	**2,415,171**	1,806,133
(j) Manpower Charges	**3,867,094**	5,399,463
(k) Bank Charges	**6,213**	4,776
(l) Provision for doubtful trade and other receivables, loans	**347,472**	3,373,142
(m) Miss. Expenses	**2,538,481**	2,820,712
(n) Inauguration expenses Gigha Majra Facility	**–**	2,233,486
(o) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**413,000**	402,500
(ii) For Taxation matters	**171,100**	167,756
Total Other Expenses	**46,161,876**	34,144,822

Note 25: Earning Per Share

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
		Per Share
Basic Earnings per share		
From continuing operations	**(13.65)**	(9.84)
Total basic earnings per share	**(13.65)**	(9.84)
Diluted Earnings per share		
From continuing operations	**(13.65)**	(9.84)
Total diluted earnings per share	**(13.65)**	(9.84)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profits used in the calculation of basic earnings per share from continuing operations	**(186,094,919)**	(77,649,403)
Weighted average number of equity shares	**13,633,169**	7,890,000
Earnings per share from continuing operations - Basic & Diluted	**(13.65)**	(9.84)

Note 26 : Segment information

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in seed potatoes'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Ind AS on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company, at present, does not have any Secondary Segment.

Note -27 Related Party Transactions

Related Party Disclosures:

A. List of Related Parties and Relationships:

Name of the Related Parties where control exists	**Description of Relationship**
Mahindra Agri Solutions Limited (MASL)	Holding Company

Name of the Related Parties where transactions have taken place during the period	**Description of Relationship**
Mahindra and Mahindra Ltd.(MMHO)	Ultimate Holding Company
Mahindra and Mahindra Ltd. (MMAD)	Ultimate Holding Company
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	Ultimate Holding Company
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Limited)	Fellow Subsidiary Company
HZPC Holland B.V.	Joint Venture Partner
Swaraj Engines Limited	Associate of Holding company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
EPC Industries Limited	Fellow Subsidiary Company
Solentum B.V	Subsidiary of Joint Venture Partner

Additional Disclosure of Key Management Personnel:-

Key Management Personnel	**Description of Relationship**
Mr. Davinder Singh Dosanjh (CEO)	KMP of the company
Mr. Kuldeep Singh (CFO)	KMP of the company
Ms. Vibha Swaminathan	KMP of the company

Details of transaction between the Company and its related parties are disclosed below:

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**Subsidiary of Joint Venture Partner**	**KMP of the Company**
Nature of transactions with Related Parties								
Mahindra Integrated Business Solutions Pvt. Ltd.(Formerly known as Mahindra BPO Services Limited):	31-03-2018			97,100				
-Professional Fees	31-03-2017			1,19,715				
Swaraj Engine Limited:	31-03-2018				–			
Office Rent Charges	31-03-2017				57,022			
Electricity	31-03-2018				–			
	31-03-2017			–	31,174			
Mahindra and Mahindra Limited (MMHO):	31-03-2018		11,43,913					
Professional Fees	31-03-2017		19,09,782					
Inter company borrowings	31-03-2018		50,000,000					
Interest on inter company borrowing	31-03-2018		9,42,740					
Mahindra and Mahindra Limited (MMTD):								
Cost allocation for employees	31-03-2018		2,45,319					
	31-03-2017		10,91,504					
EPC Industries Limited:	31-03-2018			–				
Assets Purchased (Green House)	31-03-2017			69,47,064				
Mahindra First choice service limited (MFCSL):	31-03-2018			–				
Repair & Maintenance vehicle	31-03-2017			20,900				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**Subsidiary of Joint Venture Partner**	**KMP of the Company**
Nature of transactions with Related Parties								
Mahindra Agri Solutions Limited (MASL):	31-03-2018	3,80,683						
Sales	31-03-2017	29,06,969						
Business support service charges	31-03-2018	–						
Professional fees	31-03-2017	5,21,391						
ESOP	31-03-2018	16,80,671						
	31-03-2017	2,10,039						
HZPC Holland B.V.								
Professional Fees Paid	31-03-2018					2,19,499		
	31-03-2017					5,41,234		
Business Promotion Expenses	31-03-2018					–		
	31-03-2017					1,37,173		
Solentum B.V.								
Purchase solentum device	31-03-2018						38,30,704	
	31-03-2017						–	
Davinder Singh Dosanjh (CEO)	31-03-2018							46,10,117
Gross Salary	31-03-2017							46,13,605
Kuldeep Singh (CFO)	31-03-2018							25,76,671
Gross Salary	31-03-2017							23,19,988
Ms. Vibha Swaminathan (CS)	31-03-2018							2,40,000
Gross Salary								

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Altimate Holding Company**	**Subsidiaries**	**Associates**	**Joint ventures**		**KMP of the Company**
PAYABLE								
Mahindra Integrated Business Solutions Pvt. Ltd. (Formerly known as Mahindra BPO Services Limited	31-03-2018			8,748				
	31-03-2017			33,705				
Mahindra and Mahindra Ltd.(MMHO)	31-03-2018		6,61,745					
	31-03-2017		4,19,893					
EPC Industries Ltd.- (Nasik)	31-03-2018			27,86,959				
	31-03-2017			27,87,063				
HZPC Holland B.V.	31-03-2018					Nil		
Solentum B.V.	31-03-2018						3,507,731	
Mahindra Agri Solutions Limited (MASL)	31-03-2018	15,12,604						
	31-03-2017	2,87,014						
Mahindra and Mahindra Ltd.- Tractor FES (MMTD) Payable	31-03-2018		68,809					
- Receivable	31-03-2017		1,96,135					

Note No. 28 - Financial Risk Management

Financial Risk Management Framework

The company activities expose it to avariety of financial risks: market risk, credit risk and liquidity risk. The company primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is price risk. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CREDIT RISK

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The company does not have significant credit risk exposure to any single counterparty.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

Ageing	For the year ended 31st March, 2018	
	Expected credit loss (%)	Expected credit loss (Rs. In lakhs)
0-3 month past due	2.20%	309,129.61
3-6 month past due	24.46%	5,182,150.15
>180 Days	66.67%	1,399,230.30
Total		**6,890,510.06**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

All such transactions are carried out within the guidelines set by the Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders, except where exemption is provided by lender.

(ii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31 March, 2018 INR**	31 March, 2017 INR
Secured Bank Overdraft facility		
- Expiring within one year	**165,115,759**	87,748,180
- Expiring beyond one year	**–**	–
Term Loan		
- Expiring within one year	**–**	–
- Expiring beyond one year	**100,726,164**	100,789,863
	265,841,923	188,538,043

Categories of financial assets and financial liabilities

	For the year ended 31 March, 2018 Amortised Costs	For the year ended 31 March, 2017 Amortised Costs
Non-current Assets		
Loans	**487,850**	487,850
Other Financial Assets		
- Non Derivative Financial Assets	**–**	500,255
Current Assets		
Trade Receivables	**30,192,668**	9,222,518
Cash and cash equivalents	**1,122,318**	2,004,301
Other Bank Balances	**–**	–
Loans	**612,249**	742,013
Non-current Liabilities		
Borrowings	**100,726,164**	100,789,863
Trade Payables	**–**	–
Other Financial Liabilities	**4,486,469**	2,923,998
Current Liabilities		
Borrowings	**165,115,759**	87,748,180
Trade Payables	**99,623,432**	109,060,359
Other Financial Liabilities	**29,970,734**	19,595,820

As per our Report of even date attached

For **B. K. Khare & Co.**

Chartered Accountants
Firm Regn. No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Date: 24th April, 2018

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma
Gerard Backx

Herman Verveld
Meghnad Mitra
Kuldeep Singh (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

Place: Mohali
Date: 24th April, 2018

DIRECTORS' REPORT

To the Members,

Your Directors present their Fourth Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

THE COMPANY

Your Company is carrying on the business of whole-sale of fruits and vegetables. The Company is a subsidiary of Mahindra Agri Solutions Limited which in turn is a subsidiary of Mahindra & Mahindra Limited.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS **(Rs. In Lakhs)**

Particulars	**For the Year ended 31st March, 2018**	For the Year ended 31st March, 2017
Gross Income	**2,093.78**	3,782.14
Profit/(Loss) Before Interest and Depreciation	**(561.76)**	(365.34)
Finance Charges	**–**	–
Gross Profit/(Loss)	**(561.76)**	(365.34)
Provision for Depreciation	**12.00**	6.57
Net Profit/(Loss) Before Tax	**(573.76)**	(371.91)
Provision for Tax	**–**	–
Net Profit/(Loss) After Tax	**(573.76)**	(371.91)
Balance of Profit/(Loss) brought forward	**(593.79)**	(226.54)
Other Comprehensive Income/(Loss)	**1.85**	4.66
Surplus/(Deficit) carried to Balance Sheet	**(1,165.70)**	(593.79)
Net Worth	**403.30**	487.21

No material changes and commitments have occurred after the closure of year under review till the date of this Report which would affect the financial position of the Company.

OPERATIONS

In the financial year 2017-18, your Company encountered some challenges (external as well as internal) in its operations of imported fruits. Your Company's profitability was impacted due to very low market prices, sub-par quality of supplies and inadequate distribution structure. Specific efforts were put to mitigate the losses by selling more to modern trade and by entering new markets. However, Company could achieve only limited success.

The Company, however, made significant progress in stabilizing its banana business. Through superior quality and packaging, Company took steps to continue to develop "*Saboro*" as a premium fruit brand in the Banana business. The brand continued to get good visibility and recognition in the market. Banana business recorded a rather stable Net Variable Margin (NVM), with negligible PDDs and with negative working capital.

Given the challenges in the imports business, the Company has taken cognizance of the need to pivot the imported fruits business model and develop more strategic distribution channels and also appoint less, but committed distributors in multiple markets.

In the forthcoming financial year, the Company will take steps in expanding its sourcing from Egypt, Chile, Iran & USA for Apples/Kiwis/Oranges. Simultaneously, the Company will move to pre-booking business model for imported fruit and enhance its sale and engagement to MT retailers.

The Company will also initiate the operations of its first integrated Distribution Centre in Delhi. This will be a strategic distribution channel to service long term partners like small/ medium modern trade retailers and other organised fresh B2B customers. This will also enable your Company to sell more volumes of various ripened fruits to General Trade (GT) and Modern Trade (MT). Post learnings from the first Distribution Centre (DC), your Company will expand this concept and set up DCs across seven cities in India over the next 2-3 years.

DIVIDEND

In view of the losses incurred, your Directors do not recommend any dividend for the year ended 31st March, 2018.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

During the year under review, pursuant to the allotment of optionally convertible Preference shares by Merakisan Private Limited (MKPL) to the Company, "MKPL" became a subsidiary of the Company as per the provisions of the Companies Act 2013 w.e.f. 25th May, 2017.

A Report on the performance and financial position of the Subsidiary Company and its contribution to the overall performance of the Company, is provided in Form AOC-1 which is attached to the financial statements and forms part of this Annual Report.

SHARE CAPITAL

As on 31st March, 2018, the Authorised Share Capital of the Company is Rs. 17,00,00,000 (Rupees Seventeen Crores Only) divided in 1,70,00,000 (One Crore Seventy Lakhs) Equity Shares of Rs. 10 each.

During the year under review, the Company had allotted 48,80,000 (Forty Eight Lakhs Eighty Thousand) Equity shares of Rs. 10 each to the existing shareholders of the Company on Rights basis.

As on 31st March, 2018, the paid up share capital of the Company is Rs.10,43,00,000 (Rupees Ten Crores Forty Three Lakhs Only) divided into 1,04,30,000 (One Crore Four Lakhs Thirty Thousand) Equity shares of Rs. 10 each.

BOARD OF DIRECTORS

The Board comprises of the following directors:

Sr. No.	Name of Director & DIN	Designation	Category	
1.	Mr. Ashok Sharma (DIN:02766679)	Chairman	Non Executive	Non Independent
2.	Mr. Vikram Puri* (DIN:00234881)	Director	Non Executive	Non Independent
3.	Mr. Nikhil Sohoni (DIN:06852639)	Director	Non Executive	Non Independent
4.	Mr. Hein Carlos Deprez (DIN:06910718)	Director	Non Executive	Non Independent
5.	Mr. Frederic Rosseneu (DIN:08122345)#	Director	Non Executive	Non Independent
6.	Mr. S. Nagarajan** (DIN:03060429)	Director	Non Executive	Independent
7.	Mr. Ravindra Dhariwal** (DIN: 00003922)	Director	Non Executive	Independent

* Resigned as Director w.e.f. 16th April, 2018.

Appointed as an Additional Director w.e.f. 30th April, 2018.

**Appointed as Additional Directors (Independent & Non-Executive) w.e.f. 2nd May, 2018.

During the year under review, Ms. Marleen Vaesen and Mr. Vikram Puri resigned from the Board of Directors of the Company with effect from 31st January, 2018 and 16th April, 2018 respectively.The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Ms. Marleen Vaesen and Mr. Vikram Puri during their tenure as Directors of the Company.

Subsequently, Mr. Frederic Rosseneu (DIN : 08122345) was appointed as an Additional Director of the Company with effect from 30th April, 2018 to hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to section 160 of the Companies Act, 2013 from, a shareholder proposing candidature of Mr. Frederic Rosseneu for his appointment as Director at the ensuing Annual General Meeting.

Mr. S. Nagarajan (DIN:03060429) and Mr. Ravindra Dhariwal (DIN: 00003922) were appointed as Additional Directors (Independent and Non-Executive) of the Company for a period of 3 consecutive years with effect from 2nd May, 2018 and they would not be liable to retire by rotation. Mr. S. Nagarajan and Mr. Ravindra Dhariwal have given declarations to the effect that they meet the criteria of independence as laid down under section 149 of the Companies Act, 2013. The Company has received notices pursuant to Section 160 of the Companies Act, 2013, from a shareholder, proposing candidatures of Mr. S. Nagarajan and Mr. Ravindra Dhariwal for their appointment as Independent Directors at the ensuing Annual General Meeting.

In accordance with Section 152(6) of the Companies Act, 2013 Mr. Ashok Sharma (DIN:02766679) and Mr. Nikhil Sohoni (DIN: 06852639) retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2013 from Mr. Ashok Sharma and Mr. Nikhil Sohoni that they are not disqualified from being appointed as Directors of the Company pursuant to section 164 of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

BOARD MEETINGS

The Board of Directors met four times during the year i.e. on 26th April, 2017,12th July, 2017, 9th November, 2017 and 23rd January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of the Director	No. of meetings attended
Mr. Ashok Sharma	4
Mr. Vikram Puri#	4
Mr. Nikhil Sohoni	3
Mr. Hein Deprez	2
Ms. Marleen Vaesen*	3

#Resigned with effect from 16th April, 2018.

*Resigned with effect from 31st January, 2018.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company was held on 31st July, 2017.

AUDIT COMMITTEE

The Audit Committee was constituted at the Meeting of the Board of Directors held on 2nd May, 2018.

The Composition of the Audit Committee is as follows:

Committee Member	Designation
Mr. Nikhil Sohoni	Member
Mr. S. Nagarajan	Member
Mr. Ravindra Dhariwal	Member

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) was constituted at the Meeting of the Board of Directors held on 2nd May, 2018.

The Composition of the NRC is as follows:

Committee Member	Designation
Mr. Ashok Sharma	Member
Mr. Frederic Rosseneu	Member
Mr. S. Nagarajan	Member
Mr. Ravindra Dhariwal	Member

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2018 and of the loss of the Company for the financial year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts have been prepared on a going concern basis; and

(e) that proper systems have been identified to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Sachin Kamra was appointed as the Manager of the Company under the provisions of the Companies Act, 2013 with effect from 26th April, 2017 for a period of three years.

Further, Mr. Anil Saboo resigned as the Chief Financial Officer of the Company with effect from 9th November, 2017 and subsequently Mr. Prem Rathi was appointed as the Chief Financial Officer of the Company with effect from 10th November, 2017.

Further, Mr. Sachin Kamra, resigned as the Manager of the Company with effect from 9th November, 2017 and subsequently, Mr. Ravindranath Kamma was appointed as the Chief Executive Officer of the Company with effect from 10th November, 2017.

Mr. Feroze Baria continues to act as the Company Secretary of the Company.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

STATUTORY AUDITORS

M/s. B. K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), were appointed as Auditors for a period of 5 years i.e. from the conclusion of the first Annual General Meeting until the conclusion of the sixth Annual General Meeting ("AGM"). In view of the same, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing AGM of the Company.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B.K. Khare & Co; Chartered Accountants, to the effect that their re-appointmentwould be in conformity with the conditions and criteria specified in the said sections.

The Members are requested to ratify the appointment of Auditors and fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 is given as **Annexure** I to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate parent Company, Mahindra & Mahindra Limited.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review and details of investments made are provided in note no. 5 to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of the Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of the Companies Act, 2013 are furnished in form AOC – 2 as **Annexure II** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as **Annexure III** which forms a part of this Annual Report.

INTERNAL CONTROLS

Your Company has implemented a proper system of internal control with reference to financial statements and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

CORPORATE SOCIAL RESPONSIBILITY(CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company at all levels. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

Ashok Sharma Director

Frederic Rosseneu Director

Delhi, 2nd May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, however adequate measures are taken to contain and bring saving in power consumption through better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and outgo:

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 497.93 Lakhs (Previous Year Rs. 1,458.58 Lakhs).

For and on behalf of the Board

Ashok Sharma	**Frederic Rosseneu**
Director	Director

Delhi, 2nd May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions/ arrangements	Name of the related party	Nature of relationship	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or transactions including the value, if any. (Rs. in Lacs)	Date of approval by the Board, if any	Amount paid as advances, if any
1.	Purchase of fruits	Greenyard Fresh NL B.V.(Formerly known as Univeg BV) & its fellow subsidiaries	JV Partner	Ongoing	At prevailing Market Rate	Not Applicable	NIL

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Ashok Sharma Director

Frederic Rosseneu Director

Delhi, 2nd May, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	**CIN:-**	U01403MH2014PTC255946
ii)	**Registration Date**	09/07/2014
iii)	**Name of the Company**	MAHINDRA GREENYARD PRIVATE LIMITED (Formerly known as Mahindra UNIVEG Private Limited)
iv)	**Category/Sub-Category of the Company**	Company limited by shares (Indian Non-Government Company)
v)	**Address of the Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018, Maharashtra. Tel: +91 22 2490 5633 Fax: +91 22 2490 0833.
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main product/ services	NIC Code of the Product/service	% to total turnover of the Company
1.	WHOLESALE OF FRUITS & VEGETABLES	46301	99.50%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Agri Solutions Limited. Mahindra Towers, Dr. G M Bhosale Marg, P. K. Kurne Chowk , Worli, Mumbai - 400 018.	U01400MH2000PLC125781	Holding Company	60%	2(46)
2	Mahindra & Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3	MeraKisan Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U51909MH2016PTC283578	Subsidiary Company	*75.05%	2(87)

* In computing the criteria for determining a subsidiary as per provisions of section 2(87) of the Companies Act, 2013, the total share capital includes Convertible Preference Share Capital.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	33,29,999	33,29,999	60%	–	62,57,999	62,57,999	60%	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	1*	1*	0%	–	1*	1*	0%	–
Sub-total (A)(1):-	–	**33,30,000**	**33,30,000**	**60%**	–	**62,58,000**	**62,58,000**	**60%**	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	22,20,000	22,20,000	40%	–	41,72,000	41,72,000	40%	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	22,20,000	22,20,000	40%	–	41,72,000	41,72,000	40%	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**55,50,000**	**55,50,000**	**100%**	–	**1,04,30,000**	**1,04,30,000**	**100%**	–
B. Public									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital	–	–	–	–	–	–	–	–	–
f) Insurance	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**55,50,000**	**55,50,000**	**100%**	–	**1,04,30,000**	**1,04,30,000**	**100%**	–

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited.

(ii) Shareholding of Promoters:

		Shareholding at the beginning of the year			Shareholding at the end of the year			
Sr. No.	Shareholder's Name	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% of change in shareholding during the year
1.	Mahindra Agri Solutions Limited	33,29,999	60%	–	62,57,999	60%	–	0%
2.	Mr. Ashok Sharma (*Nominee of Mahindra Agri Solutions Limited*)	1*	0%	–	1*	0%	–	0%
3.	@Greenyard Fresh Holding NL B.V.	22,20,000	40%	–	41,72,000	40%	–	0%
	Total	**55,50,000**	**100%**	**–**	**1,04,30,000**	**100%**	**–**	**0%**

@ pursuant to merger between Greenyard Fresh Holding NL B.V., Greenyard Sourcing Connections B.V. and Greenyard Fresh NL B.V., all assets of Greenyard Fresh NL B.V. have been transferred by right under universal title to Greenyard Fresh Holding NL B.V. with effect from 22nd July, 2017 . Subsequently name of Greenyard Fresh NL B.V. was substituted with Greenyard Fresh Holding NL B.V as shareholder of the Company.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

		Shareholding at the beginning of the year		Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)	Cumulative Shareholding during the year	
Sr. No.		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
1	**Mahindra Agri Solutions Limited**					
	At the beginning of the year	33,29,999	60%			
	Increase : Allotment of 29,28,000 Equity shares on rights basis on 26th April, 2017			29,28,000		
	At the end of the year				62,57,999	60%
2	**Mr. Ashok Sharma**					
	At the beginning of the year	1*	0%			
	No Change			–		
	At the end of the year				1*	0%
3	**@Greenyard Fresh Holding NL B.V.**					
	At the beginning of the year	22,20,000	40%			
	Increase : Allotment of 19,52,000 Equity shares on rights basis on 26th April, 2017			19,52,000		
	At the end of the year				41,72,000	40%

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited

@Pursuant to merger between Greenyard Fresh Holding NL B.V., Greenyard Sourcing Connections B.V. and Greenyard Fresh NL B.V., all assets of Greenyard Fresh NL B.V. have been transferred by right under universal title to Greenyard Fresh Holding NL B.V. with effect from 22nd July, 2017. Subsequently name of Greenyard Fresh NL B.V. was substituted with Greenyard Fresh Holding NL B.V as shareholder of the Company.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	NIL	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**Mr. Ashok Sharma**				
	At the beginning of the year	1*	0%		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc): No Change	–	–	–	–
	At the end of the year			1*	0%

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Agri Solutions Limited

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Amt in Rs.)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	9,22,000	NIL	NIL	9,22,000
• Reduction	NIL	NIL	NIL	NIL
Net change	**9,22,000**	**NIL**	**NIL**	**9,22,000**
Indebtedness at the end of the financial year				
i) Principal Amount	9,22,000	NIL	NIL	**9,22,000**
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**9,22,000**	**NIL**	**NIL**	**9,22,000**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Sachin Kamra, Manager (upto 9th November, 2017)	Total Amount
	Gross Salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–

Sr. No.	Particulars of Remuneration	Mr. Sachin Kamra, Manager (upto 9th November, 2017)	Total Amount
	(c) Profits in lieu of salary under Section 17(3) of the IncomeTax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– As % of Profit	–	–
	– Others, specify...	–	–
5.	Others, Contribution to PF	–	–
	Total (A)	–	–
	Ceiling as per the Act	In accordance with the provisions of Schedule V of the Companies Act, 2013	

B. Remuneration of other Directors: NIL

Particulars of Remuneration	Name of Directors					TOTAL
	Mr. Ashok Sharma	Mr. Hein Deprez	Mr. Vikram Puri (upto 16th April, 2018)	Mr. Nikhil Sohoni	Ms. Marleen Vaesen (Director) (upto 31st January, 2018)	
1. Independent Directors						
• Fee for attending board/committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (1)						
2. Other Non-Executive Directors	–	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (2)						
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–
Ceiling as per the Act	Within the prescribed limits under the Companies Act, 2013					

C. Remuneration to Key Managerial Personnel other than Md/Manager/Wtd

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. Anil Saboo (Chief Financial Officer) (upto 9th November, 2017)	Mr. Prem Rathi (Chief Financial Officer) (w.e.f. 10th November, 2017)	Mr. Ravindranath Kamma (Chief Executive Officer) (w.e.f. 10th November, 2017)	Mr. Feroze Baria (Company Secretary)	
1.	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	49.28	–	49.28
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	0.05	–	0.05

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. Anil Saboo (Chief Financial Officer) (upto 9th November, 2017)	Mr. Prem Rathi (Chief Financial Officer) (w.e.f. 10th November, 2017)	Mr. Ravindranath Kamma (Chief Executive Officer) (w.e.f. 10th November, 2017)	Mr. Feroze Baria (Company Secretary)	
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission	–	–	–	–	–
	– As % of Profit	–	–	–	–	–
	– Others, specify...	–	–	–	–	–
5.	Others: Contribution to PF	–	–	–	–	
	Others	13.32	3.05	–	2.50	18.87
	Total	**13.32**	**3.05**	**49.33**	**2.50**	**68.20**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Ashok Sharma Director

Frederic Rosseneu Director

Delhi, 2nd May, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of MAHINDRA GREENYARD PRIVATE LIMITED (Formerly known as Mahindra Univeg Private Limited)

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Greenyard Private Limited** (Formerly known as Mahindra Univeg Private Limited) ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with

Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, May 2, 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited) for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) The Company does not own any immovable property and hence the provisions of para 3(i)(c) of the Order are not applicable to the Company.

2. (i) The management has conducted physical verification of inventory at reasonable intervals during the year.

   (ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. The Company has complied with the requirements of section 185 and 186 of the Companies Act, 2013 in respect of Investment made by the Company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013.. Accordingly the provisions of Clause 3(vi) of the Order are not applicable to the company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods & Service Tax and other statutory dues applicable to it with the concerned authorities. The provisions of Excise Duty are not applicable to the operations of the Company.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax and Goods & Service Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax, Goods & Service and Cess Tax which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or Government or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, one fraud is committed by an employee for a value of Rs 1.24 lacs have been noticed or reported during the year.

11. No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. Based on the records examined by us and according to the information and explanations given to us, the transactions with related party are in compliance with section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Company is not required to have an audit committee and hence the provision of section 177 of the Companies Act, 2013 are not applicable to the Company.

14. Based on the records examined by us and according to the information and explanations given to us, the requirement of section 42 of the Companies Act, 2013 have been complied with in respect of private placement of shares issued during the year and the amount raised have been used for the purpose for which the funds were raised by the Company. The Company has not made any preferential allotment or private placement of debentures during the year under review.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, May 2, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA GREENYARD PRIVATE LIMITED (FORMERLY KNOWN AS MAHINDRA UNIVEG PRIVATE LIMITED)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Greenyard Private Limited ("the Company") (Formerly known as Mahindra Univeg Private Limited) as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, May 2, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

Rs. in lacs

Particulars			Note No.	As at 31st March 2018	As at 31st March 2017
I	**ASSETS**				
1	**NON-CURRENT ASSETS**				
	(a)	Property, Plant and Equipment	3	**18.56**	7.45
	(b)	Other Intangible Assets	4	**3.13**	3.53
	(c)	Financial Assets			
		(i) Investments	5	**313.00**	120.00
		(ii) Other Financial Assets	7	**9.78**	5.00
	(d)	Other Non-current Assets	9	**34.74**	34.15
	SUB-TOTAL			**379.22**	170.13
2	**CURRENT ASSETS**				
	(a)	Inventories	10	**83.93**	259.46
	(b)	Financial Assets			
		(i) Trade Receivables	6	**130.84**	423.92
		(ii) Cash and Cash Equivalents	11	**36.35**	108.13
		(iii) Other Bank Balances	11	**4.25**	4.25
		(iv) Other Financial Assets	7	**3.79**	9.27
	(c)	Current Tax Assets (Net)	8	**3.25**	1.77
	(d)	Other Current Assets	9	**69.84**	80.28
	SUB-TOTAL			**332.25**	887.09
	TOTAL ASSETS			**711.47**	1,057.22
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a)	Equity Share Capital	12	**1,043.00**	555.00
	(b)	Other Equity	SOCE - B	**(639.70)**	(67.79)
	SUB-TOTAL			**403.30**	487.21
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a)	Provisions	16	**10.58**	6.56
	SUB-TOTAL			**10.58**	6.56
3	**CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Short Term Borrowings	13	**9.22**	–
		(ii) Trade Payables	14	**278.68**	531.20
		(iii) Other Financial Liabilities	15	**0.38**	21.47
	(b)	Provisions	16	**1.06**	0.34
	(c)	Other Current Liabilities	17	**8.26**	10.45
	SUB-TOTAL			**297.60**	563.46
	TOTAL			**711.47**	1,057.22

The accompanying notes 1 to 29 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: May 2, 2018

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Director

Frederic Rosseneu
Director

Ravindranath Kamma
Chief Executive Officer

Prem Rathi
Chief Financial Officer

Feroze Baria
Company Secretary

Place: Delhi
Date: May 2, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Rs. in lacs

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
I. Revenue from operations	18	**2,074.56**	3,757.66
II. Other Income	19	**19.22**	24.48
III. **Total Revenue (I + II)**		**2,093.78**	3,782.14
IV. **EXPENSES**			
(a) Purchases of Stock-in-trade	19(a)	**1,889.04**	3,154.54
(b) Changes in inventories of stock-in-trade	19(b)	**164.47**	335.28
(c) Employee benefit expense	20	**198.80**	227.02
(d) Depreciation and amortisation expense	3, 4	**12.00**	6.57
(e) Other expenses	21	**403.33**	430.62
Total Expenses (IV)		**2,667.64**	4,154.04
V. **Profit/(loss) before tax (III - IV)**		**(573.86)**	(371.91)
VI. **Tax Expense**			
(1) Current tax		**–**	–
Total tax expense		**–**	–
VII. **Profit/(loss) after tax for the period (V - VI)**		**(573.86)**	(371.91)
VIII. **Other comprehensive income**			
(i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities/(asset)		**1.85**	4.66
Total other comprehensive income for the period		**1.85**	4.66
Total comprehensive income for the period		**(572.01)**	(367.25)
IX. **Earnings per equity share:**	22		
(1) Basic		**(5.69)**	(6.70)
(2) Diluted		**(5.69)**	(6.70)

The accompanying notes 1 to 29 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: May 2, 2018

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Director

Frederic Rosseneu
Director

Ravindranath Kamma
Chief Executive Officer

Prem Rathi
Chief Financial Officer

Feroze Baria
Company Secretary

Place: Delhi
Date: May 2, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

Rs. in lacs

	Particulars	Note No.	**Year ended 31st March 2018**	Year ended 31st March 2017
A	**Cash flows from operating activities**			
	Profit/(loss) before tax for the year	PL	**(572.01)**	(367.25)
	Adjustments for:			
	Investment income recognised in profit or loss		**14.77**	(24.48)
	Depreciation and amortisation of non-current assets	3 & 4	**12.00**	6.57
	Loss on disposal of property, plant and equipment		**0.20**	0.16
			(545.04)	(385.00)
	Movements in working capital:			
	(Increase)/Decrease in trade and other receivables		**293.08**	562.04
	(Increase)/Decrease in inventories		**175.53**	347.28
	(Increase)/Decrease in other assets		**9.00**	(75.79)
	Increase/(Decrease) in trade and other payables		**(271.06)**	(482.04)
	Net cash generated by operating activities		**(338.49)**	(33.50)
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		**(22.91)**	(7.67)
	Interest Received		**(14.59)**	24.48
	Investment in Mera kisan		**(193.00)**	(120.00)
	Net cash (used in)/generated by investing activities		**(230.51)**	(103.19)
C	**Cash flows from financing activities**			
	Equity infusion during the year		**488.00**	–
	Short term Borrowing		**9.22**	–
	Net cash used in financing activities		**497.22**	–
	Net increase in cash and cash equivalents		**(71.77)**	(136.69)
	Cash and cash equivalents at the beginning of the year		**108.13**	244.82
	Cash and cash equivalents at the end of the year		**36.36**	108.13

The accompanying notes 1 to 29 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: May 2, 2018

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Director

Frederic Rosseneu
Director

Ravindranath Kamma
Chief Executive Officer

Prem Rathi
Chief Financial Officer

Feroze Baria
Company Secretary

Place: Delhi
Date: May 2, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity share capital

Particulars	No of Shares	Rupees in Lacs
Balance as at 1st April 2016	55,50,000	555.00
Changes in equity share capital during the year	–	–
Balance as at 31st March 2017	55,50,000	555.00
Changes in equity share capital during the year	48,80,000	488.00
Balance as at 31st March 2018	**1,04,30,000**	**1,043.00**

B. Other Equity

Rs. in lacs

	Reserves & Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
Balance as at 1st April 2016	526.00	(226.54)	299.46
Profit/(Loss) for the period	–	(371.91)	(371.91)
Other Comprehensive Income/(Loss)	–	4.66	4.66
Balance as at 31st March 2017	526.00	(593.79)	(67.79)
As at 1st April 2017	526.00	(593.69)	(67.69)
Profit/(Loss) for the period	–	(573.86)	(573.86)
Other Comprehensive Income/(Loss)	–	1.85	1.85
Balance as at 31st March 2018	**526.00**	**(1,165.70)**	**(639.70)**

The accompanying notes 1 to 29 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: May 2, 2018

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Director

Frederic Rosseneu
Director

Ravindranath Kamma
Chief Executive Officer

Prem Rathi
Chief Financial Officer

Feroze Baria
Company Secretary

Place: Delhi
Date: May 2, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Corporate Information

Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited)is a Joint Venture company formed by Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited) and Greenyard Fresh NL BV with 60:40 sharing basis and incorporated on 9th July 2014 under the provisions of the Companies Act, 1956 (CIN:U01403MH2014PTC55946). The Company deals in sourcing, storing and distribution of fresh fruits in domestic market.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.5 Employee benefits

1.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurementrecognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

1.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.6 Taxation

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

1.7 Property, plant and equipment

Furniture & Fixtures, equipment and Vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.8 Intangible assets

1.8.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.8.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software 10 years

1.8.4 Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

1.12.1 Impairment of financial assets

This being the second full year of operations, there is no trend to depict expected credit losses. The company deals in fresh fruits which is a seasonal business & the commodity is perishable in nature. The Company has used the practical expedient as permitted by IND AS 109 and has maintained a policy of providing for debtors outstanding for a period exceeding 180 days. This policy will be regularly reviewed in line with the type of business that the company is in.

1.12.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

1.12.3 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

1.13 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

1.13.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.13.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

1.13.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

1.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.15 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.15.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.15.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 3 - Property, Plant and Equipment

Rs. in Lacs

Description of Assets	Plant and Equipment	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount					
Balance as at 1st April 2017	6.34	0.48	7.64	0.07	14.52
Additions during the year	22.41	0.15	0.35	–	22.91
Disposals during the year	–	–	0.45	–	0.45
Balance as at 31st March 2018	**28.75**	**0.63**	**7.53**	**0.07**	**36.98**
II. Accumulated depreciation and impairment					
Balance as at 1st April 2017	3.89	0.04	3.11	0.02	7.07
Depreciation expense for the year	9.11	0.06	2.42	0.01	11.60
Eliminated on disposal of assets			0.25		0.25
Balance as at 31st March 2018	**13.00**	**0.10**	**5.28**	**0.03**	**18.41**
III. Net carrying amount (I-II)	**15.74**	**0.53**	**2.25**	**0.04**	**18.56**

Rs. in Lacs

Description of Assets	Plant and Equipment	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount					
Balance as at 1st April 2016	1.42	0.08	5.28	0.31	7.09
Additions during the year	4.91	0.39	2.36	–	7.67
Disposals during the year	–	–	–	0.24	0.24
Balance as at 31st March 2017	6.34	0.48	7.64	0.07	14.52
II. Accumulated depreciation and impairment					
Balance as at 1st April 2016	0.03	0.01	0.87	0.04	0.95
Depreciation expense for the year	3.87	0.03	2.24	0.06	6.20
Eliminated on disposal of assets	–	–	–	0.08	0.08
Balance as at 31st March 2017	3.89	0.04	3.11	0.02	7.07
III. Net carrying amount (I-II)	2.44	0.44	4.52	0.05	7.45

Note No. 4 - Other Intangible Assets

Rs. in Lacs

Description of Assets	Computer Software	Assets under Development	Total
Intangible Assets			
Cost			
Balance as at 1st April 2017	3.90	–	3.90
Additions during the year	–	–	–
Disposals during the year	–	–	–
Balance as at 31st March, 2018	**3.90**	**–**	**3.90**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2017	0.37		0.37
Depreciation expenses for the year	0.40		0.40
Balance as at 31st March, 2018	**0.77**	**–**	**0.77**
III. Net carrying amount (I-II)	**3.13**	**–**	**3.13**

Rs. in Lacs

Description of Assets	Computer Software	Assets under Development	Total
Intangible Assets			
Cost			
Balance as at 1st April 2016	–	3.90	3.90
Transfer from CWIP	3.90	–	3.90
Capitalised	–	(3.90)	(3.90)
Balance as at 31st March, 2017	3.90	–	3.90
II. Accumulated depreciation and impairment			
Balance as at 1st April 2016	–	–	–
Depreciation expenses for the year	0.37	–	0.37
Balance as at 31st March, 2017	0.37	–	0.37
III. Net carrying amount (I-II)	3.53	–	3.53

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 5 - Investments

Rs. in Lacs

Particular	As at 31st March 2018 QTY Nos.	As at 31st March 2018 Amounts Current	As at 31st March 2018 Amounts Non Current	As at 31st March 2017 QTY Nos.	As at 31st March 2017 Amounts Current	As at 31st March 2017 Amounts Non Current
A. COST						
I. Unquoted Investments						
Investments in Equity Instruments (Fully paid up)						
- Mera Kisan	**5,00,000**	**–**	**50.00**	5,00,000	–	50.00
Investments in OCPS* (Fully paid up)						
- Mera Kisan	**25,30,000**	**–**	**253.00**	4,00,000	–	40.00
Share Application in OCPS						
- Mera Kisan	**–**	**–**	**10.00**	–	–	30.00
TOTAL INVESTMENTS	**30,30,000**	**–**	**313.00**	9,00,000	–	120.00

* OCPS - Optionally Convertible Preference share

Note No. 6 - Trade receivables

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
(a) Secured, considered good	**–**	**–**	–	–
(b) Unsecured, considered good	**130.84**	**–**	423.92	–
(c) Doubtful	**121.28**	**–**	109.61	–
Less: Allowance for Credit Losses	**121.28**	**–**	109.61	–
TOTAL TRADE RECEIVABLES	**130.84**	**–**	423.92	–
Of the above, trade receivables from:				
- Related Parties	**6.04**		2.85	–
- Others	**124.80**		421.07	–
Total	**130.84**	**–**	423.92	–

Note No. 7 - Other financial assets

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non–Current
Financial assets at amortised cost				
a) Security Deposit	**3.00**	**9.78**	–	5.00
b) Other Financial assets				
Accrued Interest	**0.79**	**–**	0.61	–
Insurance Claim Receivable	**–**	**–**	3.62	–
Others	**–**	**–**	5.04	–
TOTAL OTHER FINANCIAL ASSETS	**3.79**	**9.78**	9.27	5.00

Note No. 8 - Current Tax Assets (Net)

Rs. in Lacs

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Tax Deducted at Source	**3.25**	1.77
TOTAL	**3.25**	1.77

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 9 - Other assets (Non Financials)

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
(a) Advances other than capital advances				
(i) Security Deposits		**5.00**	–	5.00
(ii) Balances with government authorities		**29.74**	–	29.15
(iii) Other advances				
Staff Advance	**0.89**		0.47	–
Advance to supplier	**67.36**		73.48	–
Prepaid Expenses	**1.59**		6.32	–
TOTAL OTHER ASSETS	**69.84**	**34.74**	80.28	34.15

Note No. 10 - Inventories

Rs. in Lacs

Particulars	As at 31st March 2018	As at 31st March 2017
Stock-in-trade of goods acquired for trading	**75.02**	248.40
Packing Material Stock	**8.91**	11.06
TOTAL INVENTORIES (at lower of cost and net realisable value)	**83.93**	259.46
Included above, goods-in-transit:		
Stock-in-trade of goods acquired for trading	**68.36**	119.51
Total goods-in-transit	**68.36**	119.51

* In the opinion of the Board, the realisable value of the inventory is higher than the carrying cost.

Note No. 11 - Cash and Bank Balances

Rs. in Lacs

Particulars	As at 31st March 2018	As at 31st March 2017
(a) Balances with banks in current account	**31.88**	51.40
(b) Fixed Deposits with maturity less than 3 months	**2.12**	53.48
(c) Cash on hand	**2.35**	3.25
Total Cash and cash equivalent	**36.35**	108.13
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	**4.25**	4.25
Total Other Bank balances	**4.25**	4.25
TOTAL CASH & BANK BALANCES	**40.61**	112.38

Note No. 12 - Equity Share Capital

Particulars	As at 31st March 2018 No. of shares	As at 31st March 2017 Value (Rs in Lacs)	As at 31st March 2018 No. of shares	As at 31st March 2017 Value (Rs in Lacs)
Authorised:				
Equity shares of Rs. 10 each with voting rights	**17,000,000**	1,700.00	**17,000,000**	1,700.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**10,430,000**	1,043.00	**5,550,000**	555.00
Total	**10,430,000**	1,043.00	**5,550,000**	555.00

Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Year Ended 31st March 2018			
No. of Shares	**55,50,000**	**48,80,000.00**	**1,04,30,000**
Amount in Lacs	**555.00**	**488.00**	**1,043.00**
Year Ended 31st March 2017			
No. of Shares	55,50,000	–	55,50,000
Amount in Lacs	555.00	–	555.00

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March 2018 Number of shares held	As at 31st March 2018 % holding in that class of shares	As at 31st March 2017 Number of shares held	As at 31st March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solution Limited	**62,58,000**	**0.60**	33,30,000	0.60
Greenyard Fresh NL BV	**41,72,000**	**0.40**	22,20,000	0.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 13 Short Term Borrowing

Rs. in Lacs

Particulars	As at 31st March 2018	As at 31st March 2017
(a) CC facility from HDFC Bank	**9.22**	–
Total Short Term Borrowing	**9.22**	–

Note No. 14 - Trade Payables

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
Trade payable - Micro and small enterprises	**0.29**		0.29	–
Trade payable - Other than micro and small enterprises	**278.39**		530.91	–
TOTAL TRADE PAYABLES	**278.68**	–	531.20	–

13 (a) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 15 - Other financial liabilities

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
a) Other Financial liabilities				
Others	**0.38**		21.47	–
TOTAL OTHER FINANCIAL LIABILITIES	**0.38**	–	21.47	–

Note No. 16 - Provisions

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
Provision for employee benefits				
Leave Encashment	**0.88**	**5.77**	0.34	2.30
Gratuity	**0.18**	**4.80**	–	4.26
TOTAL PROVISIONS	**1.06**	**10.58**	0.34	6.56

Note No. 17 - Other Liabilities

Rs. in Lacs

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
a. Advances received from customers	**4.00**	–	0.21	–
b. Statutory dues	**4.26**		10.24	
TOTAL OTHER LIABILITIES	**8.26**	–	10.45	–

Note No. 18 - Revenue from Operations

Rs. in Lacs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Revenue from sale of products	**2,074.56**	3,757.66
TOTAL REVENUE FROM OPERATIONS	**2,074.56**	3,757.66

Note No. 19 - Other Income

Rs. in Lacs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest Income from Fixed Deposits	**14.77**	17.70
Foreign Exchange Gain	**4.15**	6.60
Other Income	**0.30**	0.17
TOTAL OTHER INCOME	**19.22**	24.48

Note No. 19(a) - Purchase of Stock-in-trade

Rs. in Lacs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Purchase of Stock - in - trade	**1,889.04**	3,154.54
TOTAL PURCHASE STOCK-IN-TRADE	**1,889.04**	3,154.54

Note No. 19(b) - Changes in inventories of stock-in-trade

Rs. in Lacs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Inventories at the end of the year:		
Stock-in-trade	**83.93**	248.40
	83.93	248.40
Inventories at the beginning of the year:		
Stock-in-trade	**248.40**	583.68
	248.40	583.68
NET (INCREASE)/DECREASE	**164.47**	335.28

Note No. 20 - Employee Benefits Expense

Rs. in Lacs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
(a) Salaries and wages, including bonus	**184.02**	214.10
(b) Contribution to provident and other funds	**9.41**	9.16
(c) Employee stock option expense	**2.61**	–
(d) Staff welfare expenses	**2.77**	3.76
TOTAL EMPLOYEE BENEFIT EXPENSE	**198.80**	227.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 21 - Other Expenses

Rs. in Lacs

	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
(a)	Stores consumed	**63.56**	58.62
(b)	Rent Expenses	**63.33**	64.74
(c)	Rates and taxes	**2.39**	0.89
(d)	Insurance	**6.21**	7.12
(e)	Repairs and maintenance - Others	**0.75**	0.81
(f)	Sales promotion expenses	**0.99**	0.23
(g)	Travelling and Conveyance Expenses	**35.92**	33.26
(h)	Hire and Service Charges	**66.10**	57.52
(i)	Legal and other professional costs	**43.86**	29.62
(j)	Commission, discounts and rebates	**28.18**	48.09
(k)	Bad Debts Written Off	**52.38**	–
(l)	Provision for doubtful trade and other receivables, loans	**11.66**	88.16
(m)	Auditors remuneration and out-of-pocket expenses	**3.89**	3.58
	(i) As Auditors	**2.95**	2.66
	(ii) For Taxation matters	**0.94**	0.92
(n)	Other expenses	**24.09**	37.97
	TOTAL OTHER EXPENSES	**403.33**	430.62

Note No. 22 - Earnings per Share

Particulars	For the year ended 31st March 2018 Rs. per Share	For the year ended 31st March 2017 Rs. per Share
Basic Earnings per share		
From continuing operations	**(5.69)**	(6.70)
Diluted Earnings per share		
From continuing operations	**(5.69)**	(6.70)

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Rs.

	For the year ended 31st March 2018	For the year ended 31st March 2017
Profit/(loss) for the year attributable to owners of the Company	**(5,73,86,068)**	(3,71,90,888)
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(5,73,86,068)**	(3,71,90,888)
Profits used in the calculation of basic earnings per share	**(5,73,86,068)**	(3,71,90,888)
Weighted average number of equity shares	**1,00,82,384**	55,50,000
Earnings per share - Basic & Diluted	**(5.69)**	(6.70)

Note No. 23 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of net debt to equity of the company.

	31-Mar-18	31-Mar-17
Equity	**403.30**	487.21
Net Debt		
Short Term Borrowings	**9.22**	–
Less: Cash and cash equivalents	**40.61**	112.38
Net Debt	**(31.39)**	(112.38)
Total Capital	**371.91**	374.82

Categories of financial assets and financial liabilities

Rs. in lacs			**As at 31st March 2018**	
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**313.00**			**313.00**
Other Financial Assets	**9.78**			**9.78**
Current Assets				
Trade Receivables	**130.84**			**130.84**
Other Bank Balances	**4.25**			**4.25**
Other Financial Assets	**3.79**			**3.79**
Current Liabilities				
Trade Payables	**278.68**			**278.68**
Short Term Borrowing	**9.22**			
Other Financial Liabilities	**0.38**			**0.38**

Rs. in lacs			As at 31st March 2017	
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	120.00			120.00
Other Financial Assets	5.00			5.00
Current Assets				
Trade Receivables	423.92			423.92
Other Bank Balances	4.25			4.25
Other Financial Assets	9.27			9.27
Current Liabilities				
Trade Payables	531.20			531.20
Other Financial Liabilities	21.47			21.47

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropraite, credit guarantee insurance cover is purchased.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

	As at 31st March 2018			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**0.0%**	**0.6%**	**99.5%**	**48.1%**
Gross carrying amount	**–**	**131.01**	**121.10**	**252.11**
Loss allowance provision	**–**	**0.74**	**120.54**	**121.28**

	As at 31st March 2017			
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	1.2%	82.7%	20.5%
Gross carrying amount	–	407.10	126.44	533.53
Loss allowance provision	–	5.00	104.62	109.61

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows -

Rs. in Lacs

Particulars	Currency	**31-Mar-18**	31-Mar-17
Trade Payables	USD	**3.03**	42.12
	EUR	**-**	21.76

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Rs. in Lacs

Particulars	Currency	**31-Mar-18**	31-Mar-17
Trade Payables	USD	**3.03**	42.12
	EUR	**-**	21.76

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

In Lacs

	Currency	**Change in rate**	**Effect on profit before tax**	**Effect on pre-tax equity**
31-Mar-18	**USD**	**+10%**	**-0.30**	**-0.30**
	USD	**-10%**	**0.30**	**0.30**
	EUR	**+10%**	**0.00**	**0.00**
	EUR	**-10%**	**0.00**	**0.00**
31-Mar-17	USD	+10%	-4.21	-4.21
	USD	-10%	4.21	4.21
	EUR	+10%	-2.18	-2.18
	EUR	-10%	2.18	2.18

Note No. 24 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rs. in Lacs

Financial assets/financial liabilities measured at Fair value	**Fair value as at**			**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
	31-Mar-18	31-Mar-17	1-Apr-16				
Financial assets							
Investments							
1) Equity investments	**313.00**	120.00	–	Level 3	Market Multiple approach	Market mutliple used by benchmarking for valuation	Increase in multiple will result in increase in valuation
Investments in Equity Instruments (Fully paid up)	**50.00**	50.00					
Investments in OCPS* (Fully paid up)	**253.00**	40.00					
Share Application in OCPS	**10.00**	30.00					

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

Rs. in lacs

	Fair value hierarchy as at 31 March 2018			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at Amortised Cost				
– trade and other receivables		**130.84**		**130.84**
– deposits and similar assets		**4.25**		**4.25**
– others		**13.57**		**13.57**
Total	**–**	**148.66**	**–**	**148.66**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		**279.06**		**279.06**
– Short Term Borrowing		**9.22**		**9.22**
Total	**–**	**288.27**	**–**	**288.27**

	Fair value hierarchy as at 31 March 2017			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– trade and other receivables		423.92		423.92
– deposits and similar assets		14.27		14.27
– others		116.20		116.20
Total	–	554.39	–	554.39
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		552.67		552.67
Total	–	552.67	–	552.67

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and other Funds aggregating Rs. 6,84,212/- (P.Y. - Rs. 9,16,380/-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-18	**31-Mar-17**
Discount rate(s)	**7.75%**	7.35%
Expected rate(s) of salary increase	**8.00%**	9.50%

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Rs in lacs

	Unfunded Plans Gratuity	
Particulars	**2018**	2017
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Service Cost		
Current Service Cost	**2.26**	3.53
Net interest expense	**0.31**	0.40
Components of defined benefit costs recognised in profit or loss	**2.57**	3.92
Ib. Included in other Comprehensive Income		
Actuarial gains and loss arising form changes in financial assumptions	**(1.48)**	0.39
Actuarial gains and loss arising form changes in demographic assumptions	**–**	–
Actuarial gains and loss arising form experience adjustments	**(0.36)**	(5.05)
Components of defined benefit costs recognised in other comprehensive income	**(1.85)**	(4.66)
Total	**0.72**	(0.73)
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of unfunded defined benefit obligation as at 31st March	**4.98**	4.26
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(0.00)**	(0.00)
4. Current portion of the above	**0.18**	0.04
5. Non current portion of the above	**0.00**	0.00
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**4.26**	4.99
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**2.26**	3.53
- Past Service Cost	**–**	–
- Interest Expense (Income)	**0.31**	0.40
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**(1.48)**	0.39
iii. Experience Adjustments	**(0.36)**	(5.05)
4. Benefit payments	**–**	–
5. Present value of defined benefit obligation at the end of the year	**4.98**	4.26
III. Actuarial assumptions		
1. Discount rate	**8%**	7%
2. Attrition rate	**8%**	10%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs in lacs

		Impact on defined benefit obligation	
Principal assumption	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate			
2018	**1.00%**	**4.37**	**5.71**
2017	1.00%	3.68	4.97
Salary growth rate			
2018	**1.00%**	**5.70**	**4.37**
2017	1.00%	4.95	3.68

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	**2018**	2017
Within 1 year	**0.18**	0.04
1 - 2 year	**0.11**	0.13
2 - 3 year	**0.22**	0.08
3 - 4 year	**0.26**	0.21
4 - 5 year	**0.29**	0.23
5 - 10 years	**15.79**	14.69

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 26 - Related Party Transactions

Name of the Parent Company	Mahindra Agri Solutions Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Integrated Business Solutions Mahindra Logistics Limited
Name of the Associate	Mera Kisan
Name of the Joint Venture	Greenyard Fresh NL BV
Name of KMP of the Company	Mr Ravindranath Kamma (Chief Executive Officer) Mr Anil Saboo (Chief Financial Officer upto 09.11.17) Mr Prem Rathi (Chief Financial Officer from 10.11.17)

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lacs

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties							
Purchase of goods	**31-Mar-18**	**88.85**				**73.45**	
	31-Mar-17	141.13	–	–	–	438.92	–
Sale of goods	**31-Mar-18**	**0.03**	**1.07**		**10.15**		
	31-Mar-17	4.52	0.84	–	–	–	–
Receiving of services	**31-Mar-18**		**32.05**	**14.98**			**65.70**
	31-Mar-17	–	64.10	56.20	–	21.76	81.33
Investment	**31-Mar-18**				**193.00**		
	31-Mar-17				120.00		
Issue of share capital	**31-Mar-18**		**292.80**			**195.20**	
	31-Mar-17		–			–	
Settlement of liabilities by the Company on behalf of related parties	**31-Mar-18**						
	31-Mar-17	–	–	–	27.69	–	–
Other transactions	**31-Mar-18**						
	31-Mar-17	(2.06)	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Nature of Balances with Related Parties	Balance as on	Parent Company	Ultimate Holding Company	Fellow Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company
Investment	**31-Mar-18**				**313.00**		
	31-Mar-17				120.00		
Trade payables	**31-Mar-18**	**–**	**33.69**	**9.92**	**–**	**–**	
	31-Mar-17	75.67	77.08	9.09	–	44.14	–
Trade Receivable	**31-Mar-18**				**6.04**	**1.79**	
	31-Mar-17	–	0.68	–	0.02	–	–

Note No. 27 - Additional Information to the Financial Statements

27(a) - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**31-Mar-18** **Rs. in lacs**	31-Mar-17 Rs. in lacs
(i) Principal amount remaining unpaid to MSME suppliers as on	**0.29**	0.29
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**0.17**	0.04
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**0.17**	0.65
(v) The amount of interest accrued and remaining unpaid as on	**0.82**	0.65

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 27(b) Recent accounting Pronouncement

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – Income Taxes:

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – The Effect of Changes in Foreign Exchange Rates:

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - Investments in Associates and Joint Ventures:

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's financial statements.

Amendment to Ind AS 40 – Investment Property:

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company's Financial Statements.

Note No. 28

The Company has made cumulative losses of Rs. 1165.70 Lakhs at the balance sheet date from the date of incorporation. These accounts have been prepared on the going concern basis, on the understanding that the shareholders will continue to financially support the company for the foreseeable future.

Note No. 29 - Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

The accompanying notes 1 to 29 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: May 2, 2018

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Director

Frederic Rosseneu
Director

Ravindranath Kamma
Chief Executive Officer

Prem Rathi
Chief Financial Officer

Feroze Baria
Company Secretary

Place: Delhi
Date: May 2, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Merakisan Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2018 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	Rs. 150.73
5.	Reserves & surplus	(-) Rs. 255.46
6.	Total assets	Rs. 106.05
7.	Total Liabilities	Rs. 210.78
8.	Investments	Nil
9.	Turnover	Rs. 280.58
10.	Profit before taxation	(-) Rs. 199.44
11.	Provision for taxation	Nil
12.	Profit after taxation	(-) Rs. 199.44
13.	Proposed Dividend	Nil
14.	% of shareholding	75.05%

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Nil
2) Names of subsidiaries which have been liquidated or sold during the year: Nil

For **Mahindra Greenyard Private Limited**

Ashok Sharma
Director

Frederic Rosseneu
Director

Ravindranath Kamma
Chief Executive Officer

Prem Rathi
Chief Financial Officer

Feroze Baria
Company Secretary

Place: Delhi
Date: May 2, 2018

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st October 2017.

Performance Financial Highlights:

The Financial Statement as at October 31st, 2017 reports share in result of participating interest of Euro 954,772 (INR: 77,011,910) previous year Euro 1,010,296 (INR 81,490,475). The break-up of profit from subsidiary is as follows:

Share in result of participating interests:

	31-10-2017	31-10-2016	31-10-2017	31-10-2016
	Euro	Euro	INR	INR
Origin Fruit Direct B.V.	923,554	908,346	74,493,866	73,267,188
Origin Direct Asia Ltd	17,115	109,042	1,380,496	8,795,328
Origin Fruit Services Ltd	14,103	(7,092)	1,137,548	(572,041)
Total	**954,772**	**1,010,296**	**77,011,910**	**81,490,475**

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations.

Dividends

No dividends have been declared or paid to shareholders during the year.

Auditors

There is no need to provide an audit because OFD Holding B.V. has used the possibility of exemption of an expert report under art. 2:393 paragraph 1 BW2 under Art. 2:396 paragraph 7 of the Civil Code.

Conclusion

It is the view of the director(s) that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st December 2017.

C.AM. van De Klundert **Ashok Sharma**

N. V. Madgavkar **J. E. Prihti**

C. P. Conradie

Date: 18-4-2018

AUDITOR'S REPORT

To the management of
OFD Holding B.V.
Keilestraat 9c
3029 BP Rotterdam

Schiedam, April 18, 2018

Concerns: your financial statements 2016/2017

Dear management,

We hereby send you the on regarding the financial statements for the year 2016/2017 of your company.

Audit

In accordance with your instructions we have compiled the annual account 2016/2017 of your company, including the balance sheet with counts of € 5,703,983 (Rs. 460,083,269) and the profit and loss account with a post-tax result of €1,629,911 (Rs. 131,468,621).

Accountant's compilation report

The financial statements of OFD Holding B.V. at Rotterdam have been compiled by us using the information provided by you . The financial statements comprise the balance sheet as at October 31, 2017 and the profit and loss account for the year 2016/2017 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of OFD Holding B.V. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the "Verordening Gedrags- en Beroepsregels Accountants" (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer you to www.nba.nl/uitleg-samenstellingsverklaring.

FISCAL POSITION

Taxable amount 2016/2017

The taxable amount for 2016/2017 has been calculated as follows:

	2016/2017		2015/2016		**2016/2017**		2015/2016	
	€	€	€	€	₹	₹	₹	₹
Result before taxes		896,103		-26,470		72,279,668		-2,135,070
Differences in valuation:								
Depreciation of non-deductible goodwill		27,754		27,754		2,238,638		2,238,638
Taxable amount 2016/2017		923,857		1,284		74,518,306		103,567

Taxable amount 2016/2017

Corporate income tax calculation

The corporate income tax due amounts to:

	2016/2017		2015/2016		**2016/2017**		2015/2016	
	€	€	€	€	₹	₹	₹	₹
20.0% of € 200,000		40,000		256		3,226,400		20,649
25.0% of € 723,855		180,964		–		14,596,556		–
Corporate income tax 2016/2017		220,964		256		17,822,956		20,649

The corporate income tax to be paid on the balance sheet date is € 220,964. The amount consists of the following elements:

	2016/2017		2015/2016		**2016/2017**		2015/2016	
	€	€	€	€	₹	₹	₹	₹
Carrying amount as of November 1	256		118		20,649		9,518	
Corporate income tax 2016/2017	220,964		256		17,822,956		20,649	
		221,220		374		17,843,605		30,167
Payments on tax liability 2016/2017		-256		-118		-20,649		-9,518
Carrying amount as of October 31		220,964		256		17,822,956		20,649

We will gladly provide further explanations upon request.

Sincerely yours,

M&R Accountants

P. Breeman

Accountant Administratieconsulent

BALANCE SHEET AS AT OCTOBER 31, 2017
(after appropriation of results)

	October 31, 2017		October 31, 2016		**October 31, 2017**		October 31, 2016	
	€	€	€	€	₹	₹	₹	₹
Assets								
Fixed assets								
Intangible fixed assets								
Goodwill	62,450		90,204		5,037,217		7,275,855	
Financial fixed assets								
Participations in group companies	5,624,652		4,669,880		453,684,430		376,672,521	
		5,687,102		4,760,084		458,721,647		383,948,375
		5,687,102		4,760,084		458,721,647		383,948,375
Current assets								
Receivables, prepayments and accrued income								
Receivables from participants and from companies in which participation takes place		12,989		10,140		1,047,693		817,892
Cash and cash equivalents		3,892		–		313,929		–
		16,881		10,140		1,361,621		817,892
		5,703,983		4,770,224		460,083,269		384,766,268
Equity and liabilities								
Equity								
Issued share capital	31,390		28,541		2,531,917		2,302,117	
Share premium reserve	2,402,318		2,402,318		193,770,970		193,770,970	
Other reserves	1,960,200		2,330,289		158,109,732		187,961,111	
		4,393,908		4,761,148		354,412,619		384,034,198
Non-current liabilities								
Loans from group companies		1,068,833			–	86,212,070		0
Current liabilities								
Loans from participations in group companies	11,458		0		924,202		0	
Taxes and social securities	220,964		256		17,822,956		20,649	
Other liabilities	8,820		8,820		711,421		711,421	
		241,242		9,076		19,458,580		732,070
		5,703,983		4,770,224		460,083,269		384,766,268

PROFIT AND LOSS ACCOUNT 2016/2017

	2016/2017		2015/2016		**2016/2017**		2015/2016	
	€	€	€	€	₹	₹	₹	₹
Other operating income		–		27,443		0		22,13,552
Expenses								
Amortisation and depreciation	27,754		27,754		2,238,638		2,238,638	
Other operating expenses	11,185		29,024		902,182		2,341,076	
		38,939		56,778		3,140,820		4,579,713
Operating result		(38,939)		(29,335)		(3,140,820)		(2,366,161)
Financial income and expenses		935,042		2,865		75,420,488		231,091
Result before tax		896,103		(26,470)		72,279,668		(2,135,070)
Taxes		(220,964)		(256)		(17,822,956)		(20,649)
		675,139		(26,726)		54,456,712		(2,155,719)
Share in result of participating interests		954,772		1,010,296		77,011,910		81,490,475
Result after tax		1,629,911		983,570		131,468,621		79,334,756

NOTES TO THE FINANCIAL STATEMENTS

General

Activities

The main activities of the company are to participate in and to hold the shares of group companies.

Registered address

The registered and actual address of OFD Holding B.V. (CoC file 24264988) is Keilestraat 9c in Rotterdam.

General accounting principles for the preparation of the annual accounts

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenues from goods are recognised upon delivery. The cost price of these goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

Principles of valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the nett asset value. Participating interests without such influence, are valued at the acquisition price, taking into account a provision for value decreases.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and Cash Equivalent

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Determination of the result

The result is determined based upon the difference between the nett turnover and the costs and other expenses taking into account the aforementioned valuation principles.

Amortisation and depreciation

The depreciation of the intangible fixed assets is calculated using fixed percentages of the purchase price or the research and development costs.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

Notes to the balance sheet as of October 31, 2017

Assets

Fixed assets

Intangible fixed assets

	Goodwill	**Goodwill**
	€	₹
Carrying amount as of November 1, 2016		
Purchase price	277,543	22,386,618
Cumulative depreciation and impairment	(187,339)	(15,110,764)
	90,204	7,275,855
Movement		
Amortization	(27,754)	(2,238,638)
Carrying amount as of October 31, 2017		
Purchase price	277,543	22,386,618
Cumulative depreciation and impairment	(215,093)	(17,349,401)
	62,450	5,037,217
Amortisation rates	%	%
Goodwill	10	10

	10/31/2017	10/31/2016	**10/31/2017**	10/31/2016
	€	€	₹	₹
Participations in group companies				
Origin Fruit Direct B.V. at Rotterdam (100%)	4,662,732	3,739,178	376,095,963	301,602,097
Origin Direct Asia Ltd at Hong Kong (100%)	914,353	897,238	73,751,713	72,371,217
Origin Fruit Services Ltd at Chile (100%)	47,567	33,464	3,836,754	2,699,206
	5,624,652	4,669,880	**453,684,430**	376,672,521

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Origin Fruit Direct B.V.				
Carrying amount as of November 1	3,739,178	1,642,449	301,602,097	132,479,936
Investments	0	1,188,383	0	95,854,973
Share in result	923,554	908,346	74,493,866	73,267,188
Carrying amount as of October 31	4,662,732	3,739,178	376,095,963	301,602,097

NOTES TO THE FINANCIAL STATEMENTS

Concerns a 100% participation in Origin Fruit Direct B.V. at Rotterdam

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Origin Direct Asia Ltd				
Carrying amount as of November 1	897,238	377,260	72,371,217	30,429,792
Investments	0	410,936	0	33,146,098
Share in result	17,115	109,042	1,380,496	8,795,328
Carrying amount as of October 31	914,353	897,238	73,751,713	72,371,217

Concerns a 100% participation in Origin Direct Asia Ltd at Hong Kong

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Origin Fruit Services Ltd				
Carrying amount as of November 1	33,464	40,556	2,699,206	3,271,247
Share in result	14,103	(7,092)	1,137,548	(572,041)
Carrying amount as of October 31	47,567	33,464	3,836,754	2,699,206

Concerns a 100% participation in Origin Fruit Services Ltd at Chile

Current assets

Receivables, prepayments and accrued income

Receivables from participants and from companies in which participation takes place

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Current account Origin Direct Coöperatief U.A.	9,346	10,140	753,848	817,892
Receivable from STAK	3,643	0	293,844	0
	12,989	10,140	1,047,693	817,892

In 2016/2017 no interest is calculated.

Cash and cash equivalents

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Rabobank	3,892	0	313,929	0

Equity and liabilities

Equity

	10/31/2017	10/31/2016	**10/31/2017**	10/31/2016
	€	€	₹	₹
Issued share capital				
Subscribed and paid up 31,390 ordinary shares at par value € 1.00	31,390	28,541	2,531,917	2,302,117

The statutory share capital amounts to € 92,000.

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Share premium reserve				
Carrying amount as of November 1	2,402,318	802,999	193,770,970	64,769,899
Allocation	–	1,599,319	0	129,001,071
Carrying amount as of October 31	2,402,318	2,402,318	193,770,970	193,770,970

Other reserves

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Carrying amount as of November 1	2,330,289	1,235,419	187,961,111	99,648,897
Allocation of financial year nett result	1,629,911	983,570	131,468,621	79,334,756
Allocation legal and statutory reserves	–	377,260	0	30,429,792
Dividend to be paid	–	(265,960)	0	(21,452,334)
Own shares acquired/sold	(2,000,000)	–	(161,320,000)	0
Carrying amount as of October 31	1,960,200	2,330,289	158,109,732	187,961,111

Non-current liabilities

	10/31/2017	10/31/2016	**10/31/2017**	10/31/2016
	€	€	₹	₹
Loans from group companies				
Origin Fruit Direct B.V.	1,068,833	0	86,212,070	0

In 2016/2017 € 8,833 interest is calculated (1,815% (Euribor 12mth plus 2%)).

Current liabilities

	10/31/2017	10/31/2016	**10/31/2017**	10/31/2016
	€	€	₹	₹
Loans from participations in group companies				
Origin Fruit Direct B.V.	11,458	–	924,202	0

In 2016/2017 no interest is calculated.

Taxes and social securities				
Corporate income tax	220,964	256	17,822,956	20,649

Other liabilities and Accruals and deferred income

Other liabilities				
Other	8,820	8,821	711,421	711,502

Notes to the profit and loss account 2016/2017

Amortisation and depreciation

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	₹	₹
Amortisation of intangible fixed assets				
Goodwill	27,754	27,754	2,238,638	2,238,638
Other operating expenses				
General expenses	11,185	29,024	902,182	2,341,076

NOTES TO THE FINANCIAL STATEMENTS

	2016/2017	2015/2016	2016/2017	2015/2016
	€	€	₹	₹
General expenses				
Accounting costs	6,400	10,873	516,224	877,016
Consultancy fees	–	18,151	0	1,464,060
Consultancy fees	4,785	–	385,958	0
	11,185	29,024	902,182	2,341,076
Financial income and expenses				
Interest and similar income	–	2,873	0	231,736
Changes in value of financial assets and of securities	944,277	–	76,165,383	0
Interest and similar income	(9,235)	(8)	(744,895)	(645)
	9,35,042	2,865	75,420,488	231,091
Interest and similar expenses				
Interest loan RAT 40 Limited	–	2,873	0	231,736
Changes in value of financial assets and of securities				
Other value changes				
Release receivable Origin Global Holdings Ltd	9,44,277	0	76,165,383	0

The company received from Origin Global Holdings Ltd a loan the purchase the shares back from Origin Global Holdings Ltd. This loan will not be repaid and is therefore released.

	2016/2017	2015/2016	2016/2017	2015/2016
	€	€	₹	₹
Interest and similar expenses				
Interest and costs bank	385	0	31,054	0
Interest taxes	17	8	1,371	645
Interest payable Origin Fruit Direct B.V.	8,833	0	712,470	0
	9,235	8	744,895	645
Taxes				
Corporate income tax	220,964	(256)	17,822,956	(20,649)
Share in result of participating interests				
Share in result of Origin Fruit Direct B.V.	923,554	908,346	74,493,866	73,267,188
Share in result of Origin Direct Asia Ltd	68,752	109,042	5,545,536	8,795,328
Share in result of Origin Fruit Services Ltd	(1,592)	(7,092)	(128,411)	(572,041)
Exchange result Origin Direct Asia Ltd	(51,637)	0	(4,165,040)	0
Exchange result Origin Fruit Services Ltd	15,695	0	1,265,959	0
	954,772	1,010,296	77,011,910	81,490,475

Signing of the financial statements

Rotterdam, April 18, 2018

Management:

C.A.M. van de Klundert　　J.E. Prihti

N.V. Madgavkar　　A.H. Sharma

C.P. Conradie

OTHER INFORMATION

Financial Presentation in 'FC' and 'Indian Rupees'

The Financial Information in this financial statements is shown in Euro 'FC' and Indian Rupees 'Rs'. 'FC' amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of FC 1 = Rs 80.66.

Provisions of the Articles of Association relating to profit appropriation

In article 20 of association of the company is stated that the amount of distributable profits shall be at the unrestricted disposal of the general meeting of shareholders.

The company can only do payments of the distributable profits to shareholders or other entitled persons as far as capital and reserves exceed the paid up and called up part of the capital plus the legal reserves.

Appropriation of the result for the 2015/2016 financial year

The annual account for 2015/2016 was adopted by the General Meeting held on September 18, 2017.

The General Meeting has determined the appropriation of the result as it was proposed.

Appropriation of the profit for 2016/2017

The board of directors proposes to add the profit for 2016/2017 of € 1,629,911 (Rs. 131,468,621) to the other reserves.

This proposal has been processed in the annual account in advance of the adoption by the General Meeting.

Audit

There is no need to provide an audit because OFD Holding B.V. has used the possibility of exemption of an expert report under art. 2: 393 paragraph 1 BW2 under Art. 2: 396 paragraph 7 of the Civil Code.

DIRECTOR'S REPORT

The sole director has the pleasure in presenting his annual report to the shareholders together with the audited consolidated financial statements of Origin Direct Asia Limited (the "Company") and its subsidiary (collectively referred to as the "Group") for the year ended 31 0ctober 2017.

Principal activity

The principal activity of the Company is the trading of fresh fruits .The principal activities of its subsidiary and associate are set out in notes 12 and 25 to the consolidated financial statements.

Business review

Pursuant to section 388(3)(b) of the Hong Kong Companies Ordinance (Cap. 622), the company is exempted from the preparation of a busi ness review as required under Schedule 5 of the Hong Kong Companies Ordinance (Cap. 622) as the company is a wholly owned subsidiary of another body corporate in the financial year.

Results, state of affairs and dividends

The results of the Group for the year ended 31 October 2017 and the state of the affairs of the Company and of the Group as at that date are shown in the consolidated financial statements on pages 7 to 35.

The sole director does not recommend the payment of any dividend for the year.

Plant and equipment

Details of movements in plant and equipment of the Group during the year are shown in note 11 to the consolidated financial statements.

Reserve

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 10.

Share capital

There was no movement in the Company's share capital during the year under review.

Directors

Directors of the company who held office during the year and up to the date of this report were as follows:-

Mr. Johan Wilhelm RIEKERT	(Resigned on 30 April 2017)
Mr. Cornelis Adrianus Maria van de Klundert	(Appointed on 30 April 2017)

Mr. Jason Dean BOSCH is the director of the subsidiary of the Group during the year and up to the date of this report.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Director's Report, there was or is, any permitted indemnity provision being in force for the benefit of the sole director of the Company.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Director's interest in contracts

No contracts of significance in relation to the Company's business to which the Company or its subsidiary was a party and in which the sole director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Director's right acquire shares and debentures

At no time during the period was the Company or its subsidiary a party to any arrangements to enable the sole director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

Auditor

The consolidated financial statements have been audited by Fung, Yu & Co .CPA Limited, Certified Public Accountants (Practising), who will now retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Mr. Corne Adrianus Maria van de Klundert
Sole **Director**

Date: 16.04.2018

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE MEMBER OF ORIGIN DIRECT ASIA LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

Opinion

We have audited the consolidated financial statements of Origin Direct Asia Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 7 to 35, which comprise the consolidated statement of financial position as at 31 October 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The sole director is responsible for the other information. The other information comprises all the information included in the director's report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Sole Director and Those Charged with Governance for the Consolidated Financial Statements

The sole director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the sole director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the sole director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fung, Yu & Co. CPA Limited
Certified Public Accountants (Practising)

LAU Vui Cheong
Practising Certificate Number: P03455

Date: 16.04.2018

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	2017 USD	2016 USD	2017 Rs	2016 Rs
Turnover	5	**13,112,234**	16,019,962	**851,180,670**	1,039,935,833
Cost of sales		**(11,830,815)**	(14,007,414)	**(767,997,356)**	(909,291,280)
Gross profit		**1,281,419**	2,012,548	**83,183,314**	130,644,553
Other income	6	**5,136**	1,179	**333,403**	76,535
		1,286,555	2,013,727	**83,516,718**	130,721,088
Selling expenses		**(426,127)**	(865,560)	**(27,662,034)**	(56,187,827)
Administrative and other operating expenses		**(716,901)**	(1,058,837)	**(46,537,628)**	(68,734,404)
Profit from operations		**143,527**	89,330	**9,317,055**	5,798,857
Finance cost	7	**(25,702)**	(20,458)	**(1,668,445)**	(1,328,031)
Profit before taxation	8	**117,825**	68,872	**7,648,610**	4,470,826
Taxation	9	**18,101**	(2,851)	**1,175,026**	(185,073)
Profit for the year		**135,926**	66,021	**8,823,636**	4,285,753
Other comprehensive income for the year					
Items that may be reclassified subsequently to profits or loss:-					
Exchange difference arising from translation of financial statements of the PRC subsidiary		**(55,994)**	51,193	**(3,634,851)**	3,323,194
Total comprehensive income for the year		**79,932**	117,214	**5,188,786**	7,608,947

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2017

	Notes	**2017 USD**	2016 USD	**2017 Rs**	2016 Rs
Non-current assets					
Plant and equipment	11	**10,983**	8,700	**712,961**	564,761
Interest in an associate	12	**1**	1	**65**	65
Deferred tax asset	17	**16,201**	–	**1,051,688**	–
		27,185	8,701	**1,764,714**	564,825
Current assets					
Inventories	13	**137,229**	17,730	**8,908,221**	1,150,943
Trade and other receivables		**1,173,893**	774,248	**76,203,264**	50,260,309
Rental and other deposits		**2,800**	–	**181,762**	–
Prepayment		**69,677**	31,418	**4,523,082**	2,039,499
Amount due from a former director	14	**10,066**	–	**653,434**	–
Amount due from an associate	15	**96,993**	42,631	**6,296,301**	2,767,391
Prepaid income tax		**80,463**	–	**5,223,256**	–
Cash at bank and in hand		**417,551**	1,285,455	**27,105,323**	83,445,311
		1,988,672	2,151,482	**129,094,643**	139,663,454
Deduct:					
Current liabilities					
Trade and other payables		**762,662**	780,469	**49,508,204**	50,664,145
Accrued expenses		**38,276**	94,322	**2,484,687**	6,122,913
Amount due to a former director	14	**–**	47,686	**–**	3,095,537
Amount due to a fellow subsidiary	16	**151,883**	182,824	**9,859,485**	11,868,020
Provision for taxation		**–**	70,903	**–**	4,602,668
		952,821	1,176,204	**61,852,375**	76,353,283
Net current assets		**1,035,851**	975,278	**67,242,268**	63,310,171
		1,063,036	983,979	**69,006,982**	63,874,997

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2017

	Notes	**2017 USD**	2016 USD	**2017 Rs**	2016 Rs
Share capital					
Issued and fully paid:					
10,000 ordinary shares		**1,290**	1,290	**83,740**	83,740
Exchange reserve		**(63,438)**	(7,444)	**(4,118,078)**	(483,227)
Retained profit		**1,125,184**	989,258	**73,041,319**	64,217,683
Shareholders' fund		**1,063,036**	983,104	**69,006,982**	63,818,196
Non-current liability					
Deferred tax liability	17	**–**	875	**–**	56,801
		1,063,036	983,979	**69,006,982**	63,874,997

Approved and authorized for issue by the sole director on: 16.04.2018

Mr. Cornelis Adrianus Maria van de Klundert
Sole Director

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017

	Share capital USD	Exchange reserve USD	Retained profits USD	Total equity USD	Share capital Rs	Exchange reserve Rs	Retained profits Rs	Total equity Rs
Balance at 1 November 2015	1,290	(58,637)	923,237	865,890	83,740	(3,806,421)	59,931,930	56,209,249
Profit for the year	–	–	66,021	66,021	–	–	4,285,753	4,285,753
Other comprehensive income for the year	–	51,193	–	51,193	–	3,323,194	–	3,323,194
Total comprehensive income for the year	–	51,193	66,021	117,214	–	3,323,194	4,285,753	7,608,947
Balance at 31 October 2016	1,290	(7,444)	989,258	983,104	83,740	(483,227)	64,217,683	63,818,196
Profit for the year	–	–	135,926	135,926	–	–	8,823,636	8,823,636
Other comprehensive income for the year	–	(55,994)	–	(55,994)	–	(3,634,851)	–	(3,634,851)
Total comprehensive income for the year	–	(55,994)	135,926	79,932	–	(3,634,851)	8,823,636	5,188,786
Balance at 31 October 2017	**1,290**	**(63,438)**	**1,125,184**	**1,063,036**	**83,740**	**(4,118,078)**	**73,041,319**	**69,006,982**

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2017

	2017 USD	2016 USD	2017 Rs	2016 Rs
Cash flows from operating activities				
Profit from operations	**143,527**	89,330	**9,317,055**	5,798,857
Adjustments for:-				
Depreciation	**3,063**	5,455	**198,835**	354,111
Interest income	**(640)**	(618)	**(41,546)**	(40,117)
Gain on disposal of plant and equipment	**(148)**	–	**(9,607)**	–
Effect of foreign exchange differences	**(61,272)**	61,251	**(3,977,472)**	3,976,109
Operating profit before working capital changes	**84,530**	155,418	**5,487,265**	10,088,959
(Increase)/decrease in inventories	**(119,499)**	1,665	**(7,757,278)**	108,083
(Increase)/decrease in trade and other receivables	**(399,645)**	769,557	**(25,942,955)**	49,955,793
(Increase)/decrease in rental and other deposit	**(2,800)**	2,642	**(181,762)**	171,505
(Increase)/decrease in prepayment	**(38,259)**	16,981	**(2,483,583)**	1,102,322
Increase in amount due from a former director	**(10,066)**	–	**(653,434)**	–
(Increase)/decrease in amount due from an associate	**(54,362)**	5,457	**(3,528,909)**	354,241
(Decrease)/increase in trade and other payables	**(17,807)**	86,648	**(1,155,941)**	5,624,755
(Decrease)/increase in accrued expenses	**(56,046)**	37,163	**(3,638,226)**	2,412,436
Decrease in amount due to a director	**(47,686)**	(33,631)	**(3,095,537)**	(2,183,156)
Decrease in amount due to a fellow subsidiary	**(30,941)**	(115,310)	**(2,008,535)**	(7,485,349)
Cash (used in)/generated from operations	**(692,581)**	926,590	**(44,958,896)**	60,149,590
Income tax paid	**(151,366)**	(858)	**(9,825,924)**	(55,697)
Interest paid	**(22,920)**	(20,000)	**(1,487,852)**	(1,298,300)
Net cash (used in)/generated from operating activities	**(866,867)**	905,732	**(56,272,671)**	58,795,593
Cash flows from investing activities				
Acquisition of plant and equipment	**(5,815)**	(34)	**(377,481)**	(2,210)
Proceeds from sales of plant and equipment	**660**	–	**42,844**	–
Interest received	**640**	618	**41,546**	40,117
Net cash used in investing activities	**(4,515)**	584	**(293,091)**	37,907
Net (decrease)/increase in cash and cash equivalents	**(871,382)**	906,316	**(56,565,763)**	58,833,500

	2017 USD	2016 USD	2017 Rs	2016 Rs
Cash and cash equivalents at beginning of year	**1,288,826**	395,811	**83,664,137**	25,694,071
Effect of exchange rate changes	**–**	(13,301)	**–**	(863,434)
Cash and cash equivalents at end of year	**417,444**	1,288,826	**(27,098,374)**	83,664,137
Analysis of the balances of cash and cash equivalents				
Cash at bank and in hand	**417,551**	1,285,455	**27,105,323**	83,445,311

ORIGIN DIRECT ASIA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. General information

Origin Direct Asia Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at 7/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong. The principal activity of the Company is the trading of fresh fruit. The principal activities of its subsidiary and associate are set out in notes 12 and 25 to the consolidated financial statements.

The immediate parent of the Company is OFD Holding B.V., a company incorporated in Netherlands, who holds 100% shares in capital of the Company. The ultimate parent of the Company is Mahindra & Mahindra Ltd., a listed company incorporated in India.

2. Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted, for the first time, all of new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to its operation and effective for the accounting year ended 31 October 2017. The adoption of these new and revised HKFRSs does not have material effect on these consolidated financial statements.

3. New and revised HKFRSs issued but not yet effective

Up to the date of these consolidated financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and consolidated financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 October 2017. The Group is not yet in a position to state whether the adoption of them would have a significant impact on the Group's results of operations and financial position.

4. Significant accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The consolidated financial statements are presented in United States dollars, which is the same as the functional currency of the Group. All amounts are rounded to the nearest one.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and its subsidiary made up to 31 October 2017. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

(c) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:-

(i) Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

(ii) Bank interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

(d) Taxation

Income tax for the year comprises current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit and loss and other comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for by using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which cases, the deferred tax is recognised in other comprehensive income or directly in equity respectively.

(e) Translation of foreign currencies

(i) <u>Functional and presentation currency</u>

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of preparation for the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the Group's functional currency and the presentation currency for the consolidated financial statements.

Financial Presentation in 'FC' and 'Indian Rupees

The Financial Information in this financial statements is shown in USD 'FC' and Indian Rupees 'Rs'. 'FC' amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of FC 1 = INR 64.915

(ii) <u>Transactions and balances</u>

In preparing the consolidated financial statements of the individual entity, transactions in currencies other than the Group's functional currency (foreign currencies) are initially recorded at the rates of exchange ruling at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income or directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income or directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foregin operations are expressed in United States dollars using exchange rate ruling at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognized in the profit or loss in the period in which the foreign operation is disposed of.

(f) Borrowing costs

Borrowing costs are expensed when incurred, unless relating to the acquisition, construction and production of a qualifying asset where they are capitalised as part of cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(g) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the period in which it is incurred.

The gain or loss on disposal of an item of plant and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in profit or loss.

Depreciation is provided to write off the cost of plant and equipment, after deducting estimated scrap value, over their estimated useful lives by using the straight-line method at the following annual rates:

Computer equipment	20% - 30%
Furniture and fixtures	25%
Office equipment	18% - 33.33%

(h) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The entire carrying amount of an investment in an assoicate (including goodwill) will be subject to test and review annually for any indication that the investment is impaired by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

(i) Financial assets

The Group classifies its financial assets into the following categories: held-to-maturity securities, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are the only category of financial assets recognized in the consolidated financial statements during the year.

Loans and receivables (including trade and other receivables, rental and other deposits, amount due from related parties and bank and cash balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and thereafter stated at amortised cost less any impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, the receivables are stated at cost less any impairment losses for bad and doubtful debts.

Financial assets are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

(j) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(k) Impairment of investment in an associate and non-financial assets

At the end of each reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Financial liabilities

Financial liabilities measured at amortised cost (including trade and other payables, accrued expenses and amount due to related parties) are initially recognised at fair value less directly attributable transaction costs and are subsequent measured at amortised cost, using the effective interest method, unless the balances are interest-free loans obtained from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, they are stated at cost.

Financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The Group derecognises financial liabilities when the obligation specified in the contract is discharged or cancelled or expired.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease rentals payable are charged to profit or loss on a straight-line basis over the respective lease terms.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Related parties

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

- (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

5. Turnover

	2017	2016	**2017**	2016
	USD	USD	**Rs**	Rs
Revenue from sale of goods	**13,112,234**	16,019,962	**851,180,670**	1,039,935,833

6. Other income

	2017	2016	**2017**	2016
	USD	USD	**Rs**	Rs
Bank interest income	**640**	618	**41,546**	40,117
Gain on disposal of plant and equipment	**148**	–	**9,607**	–
Sundry income	**4,348**	561	**282,250**	36,417
	5,136	1,179	**333,403**	76,535

7. Finance cost

	2017 USD	2016 USD	2017 Rs	2016 Rs
Bank interest expenses	**2,782**	458	**180,594**	29,731
Interest on loan from a fellow subsidiary	**22,920**	20,000	**1,487,852**	1,298,300
	25,702	20,458	**1,668,445**	1,328,031

8. Profit before taxation

Profit before taxation is arrived at after charging, inter alia, the following items:

	2017 USD	2016 USD	2017 Rs	2016 Rs
Auditor's remuneration	**19,464**	19,328	**1,263,506**	1,254,677
Depreciation	**3,063**	5,455	**198,835**	354,111
Net exchange loss	**12,268**	323,799	**796,377**	21,019,412
Operating lease rental	**66,010**	53,787	**4,285,039**	3,491,583
Staff costs				
– Gross salaries	**435,872**	471,892	**28,294,631**	30,632,869

9. Taxation

	2017 USD	2016 USD	2017 Rs	2016 Rs
Current tax:				
Hong Kong profits tax for the period	–	1,787	–	116,003
PRC enterprises income tax for the year	–	1,062	–	68,940
Over provision in prior years	**(1,025)**	–	**(66,538)**	–
	(1,025)	2,849	**(66,538)**	184,943
Deferred tax:				
Origination and reversal of temporary differences	**(17,076)**	2	**(1,108,489)**	130
Total income tax (credit)/charge	**(18,101)**	2,851	**(1,175,026)**	185,073

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company incurred a tax loss for the year (2016: 16.5%).

No PRC enterprise income tax has been provided in the consolidated financial statements as the Company's subsidiary incurred a tax loss for the year (2016: 25%).

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 USD	2016 USD	2017 Rs	2016 Rs
Profit before taxation	**117,825**	68,872	**7,648,610**	4,470,826
Notional tax charge / (credit) on profit before taxation, calculated at application tax rate	**19,442**	(3,897)	**1,262,077**	(252,974)
PRC enterprises income tax	–	1,062	–	68,940
Tax effect of non-deductible expenses	**74,083**	80,839	**4,809,098**	5,247,664
Tax effect of non-taxable offshore profit	**(111,266)**	(75,714)	**(7,222,832)**	(4,914,974)
Tax effect of recognition of temporary differences not previously recognized	**(16,751)**	561	**(1,087,391)**	36,417
Tax effect of unused tax losses not recognised	**17,416**	–	**1,130,560**	–
Overprovision in prior period	**(1,025)**	–	**(66,538)**	–
Total income tax (credit) / charge	**(18,101)**	2,851	**(1,175,026)**	185,073

10. Director's remuneration

Particulars of the sole director's remuneration for the year disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:-

	2017 USD	2016 USD	2017 Rs	2016 Rs
Fee	–	–	–	–
Other emoluments				
– Salary and allowance	–	–	–	–
– Contributions to Mandatory Provident Fund	–	–	–	–
– Quarter expenses	–	–	–	–
Retirement benefit	–	–	–	–
Compensation for loss of office	–	–	–	–
Key Management personnel's remuneration	–	–	–	–

11. Plant and equipment

	Computer equipment USD	Furniture and fixtures USD	Office equipment USD	Total USD	Computer equipment Rs	Furniture and fixtures Rs	Office equipment Rs	Total Rs
Cost								
At 1 November 2015	32,308	665	2,378	35,351	2,097,274	43,168	154,368	2,294,810
Additions	3,405	–	–	3,405	221,036	–	–	221,036
Disposal	(751)	–	–	(751)	(48,751)	–	–	(48,751)
Exchange realignment	(1,094)	–	(98)	(1,192)	(71,017)	–	(6,362)	(77,379)
At 31 October 2016	33,868	665	2,280	36,813	2,198,541	43,168	148,006	2,389,716
Additions	2,862	2,255	698	5,815	185,787	146,383	45,311	377,481
Disposal	(971)	–	–	(971)	(63,032)	–	–	(63,032)
Exchange realignment	306	–	28	334	19,864	–	1,818	21,682
At 31 October 2017	**36,065**	**2,920**	**3,006**	**41,991**	**2,341,159**	**189,552**	**195,134**	**2,725,846**

	Computer equipment USD	Furniture and fixtures USD	Office equipment USD	Total USD	Computer equipment Rs	Furniture and fixtures Rs	Office equipment Rs	Total Rs
Accumulated depreciation								
At 1 November 2015	21,776	665	1,305	23,746	1,413,589	43,168	84,714	1,541,472
Charge for the period	5,201	–	254	5,455	337,623	–	16,488	354,111
Written back upon Disposal	(244)	–	–	(244)	(15,839)	–	–	(15,839)
Exchange realignment	(810)	–	(34)	(844)	(52,581)	–	(2,207)	(54,788)
At 31 October 2016	25,923	665	1,525	28,113	1,682,792	43,168	98,995	1,824,955
Charge for the year	2,276	501	286	3,063	147,747	32,522	18,566	198,835
Written back upon disposal	(458)	–	–	(458)	(29,731)	–	–	(29,731)
Exchange realignment	270	–	20	290	17,527	–	1,298	18,825
At 31 October 2017	**28,011**	**1,166**	**1,831**	**31,008**	**1,818,334**	**75,691**	**118,859**	**2,012,884**
Net book value								
At 31 October 2017	**8,054**	1,754	**1,175**	**10,983**	**522,825**	113,861	**76,275**	**712,961**
At 31 October 2016	7,945	–	755	8,700	515,750	–	49,011	564,761

12. Interest in an associate

	2017 USD	2016 USD	2017 Rs	2016 Rs
Investment in a subsidiary:				
Unlisted shares, at cost	**645**	645	**41,870**	41,870
Share of post acquisition profit or loss and other comprehensive income, net of dividends received	**(644)**	(644)	**(41,805)**	(41,805)
End of the year	**1**	1	**65**	65

At 31 October 2017, the Company has interests in the following:-

Name of associate	HDG-Asia Limited
Form of business structure	Incorporated
Place of incorporation	Hong Kong
Class of shares held	Ordinary
Percentage of issued/registered capital held	50% (2016: 50%)
Nature of business	Quality inspectors and surveyors of fresh fruit and vegetables

Based on the audited financial statements of HDG-Asia Limited made up to 31 October 2017, the financial information in respect of the Group's associate is summarised as follows:-

	2017 USD	2016 USD	2017 Rs	2016 Rs
HDG-Asia Limited				
Current assets	**26,950**	14,848	**1,749,459**	963,858
Non-current assets	**485**	1,315	**31,484**	85,363
Current liabilities	**112,869**	97,334	**7,326,891**	6,318,437
Non-current liabilities	–	–	–	–

	2017 USD	2016 USD	2017 Rs	2016 Rs
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	**15,298**	4,182	**993,070**	271,475
Current financial liabilities (excluding trade and other payables and provision)	–	–	–	–
Non-current financial liabilities (excluding trade and other payables and provision)	–	–	–	–
Revenue	**152,264**	119,381	**9,884,218**	7,749,618
Loss for the year	**(4,262)**	(36,749)	**(276,668)**	(2,385,561)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	**(4,262)**	(36,749)	**(276,668)**	(2,385,561)
Dividends received from the associate during the year	–	–	–	–

The summarised financial information in respect of the Group's interest in the above associate is set out below:-

	2017 USD	2016 USD	2017 Rs	2016 Rs
Net liabilities of the associate	**(85,434)**	(81,171)	**(5,545,948)**	(5,269,215)
Proportion of the Company's ownership interest in the associate	**50%**	50%	**50%**	50%
Group's share of net liabilities of the associate	**(42,717)**	(40,586)	**(2,772,974)**	(2,634,608)

The Group had discontinued recognition of its share of loss of an associate since 31 October 2015 because its cumulative share of losses in this associate had exceeded its investment cost less subsequent accumulated impairment losses. The Group will not resume recognition of its share of any future profits in this associate until its share of such profits equals the cumulative share of losses not recognised in past years.

13. Inventories

	2017 USD	2016 USD	2017 Rs	2016 Rs
Merchandise - Fruits	**137,229**	17,730	**8,908,221**	1,150,943

14. Amount due from/(to) a former director

	Maximum balance outstanding during the year USD	2017 USD	2016 USD	2017 Rs	2016 Rs
Mr. Jason Dean BOSCH	**10,066**	**10,066**	(47,686)	**653,434**	(3,095,537)

The above amount is unsecured, interest free and with no fixed repayment terms.

15. Amount due from an associate

The amount is unsecured, interest free and with no fixed repayment terms.

16. Amount due to a fellow subsidiary

The amount is unsecured, at 4% interest per annum on the average outstanding balance and with no fixed repayment terms.

17. Deferred taxation

The component of deferred tax liability recognised in the consolidated statement of financial position and the movements during the year are as follows:-

	Accelerated tax depreciation USD	Unused tax losses USD	Total USD	Accelerated tax depreciation Rs	Unused tax losses Rs	Total Rs
At 1 November 2015	**873**	–	**873**	**56,671**	**–**	**56,671**
Debited to profit or loss	**2**	–	**2**	**130**	**–**	**130**
At 31 October 2016	**875**	–	**875**	**56,801**	**–**	**56,801**
Debited / (credited) to profit or loss	**340**	(17,416)	**(17,076)**	**22,071**	**(1,130,560)**	**(1,108,489)**
At 31 October 2017	**1,215**	(17,416)	**(16,201)**	**78,872**	**(1,130,560)**	**(1,051,688)**

Deferred tax asset amounts to approximately USD539,700; INR. 35,034,626 (2016: USD102,000; INR. 6,621,330) arising from unused tax losses of the Company's subsidiary has not been recognised in the consolidated financial statements due to the uncertainty of future profit stream against which the asset can be utilised.

18. Financial instruments

The carrying amounts of each of the categories of financial instruments of the Group as at end of the reporting period are as follows:

	2017 USD	2016 USD	2017 Rs	2016 Rs
Financial assets				
Loans and receivables (including bank balances)	**1,701,303**	2,102,334	**110,440,084**	136,473,012
Financial liabilities				
Financial liabilities measured at amortised cost	**952,821**	1,105,301	**61,852,375**	71,750,614

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

19. Risks related to financial instruments

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the end of the reporting period are as follows:-

Currency risk

The Group's foreign currency risk primarily relates to trade and other receivables, bank deposits and trade and other payables that are denominated in a currency other than its functional currency. The currency giving rise to this risk is primarily Renminbi (RMB). The Group has not used any forward exchange contracts, currency borrowings or other means to hedge its foreign currency exposure. United States dollars against RMB was relatively stable during the year and as result, the Group considers it has no material foreign currency risk.

The sole director considers that any reasonable changes in foreign exchange would not result in significant change in the Group's results and therefore no sensitivity analyse is presented for foreign exchange risk.

Credit risk

The carrying amounts of trade and other receivables and bank deposits as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the end of the reporting period. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. At the end of the reporting period, the Group has a concentration of credit risk as the trade receivables accounted for 59% of the Group's current assets.

An analysis of the age of trade receivables that were past due as at the end of the reporting period but not impaired is as follows:-

	2017 USD	2016 USD	2017 Rs	2016 Rs
0 to 180 days	**523,953**	443,326	**34,012,409**	28,778,507
Over 180 days	–	–	–	–
	523,953	443,326	**34,012,409**	28,778,507

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the sole director believes that no provision for doubtful debt is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis for the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:-

At 31 October 2017	Amounts due to related parties USD	Payables and accruals USD	Total financial liabilities USD	Amounts due to related parties Rs	Payables and accruals Rs	Total financial liabilities Rs
Carrying amount	**151,883**	**800,938**	**952,821**	**9,859,485**	**51,992,890**	**61,852,375**
Without fixed repayment terms	**151,883**	**–**	**151,883**	**9,859,485**	**–**	**9,859,485**
Within 3 months	**–**	**800,938**	**800,938**	**–**	**51,992,890**	**51,992,890**
Total contractual undiscounted cash flows	**151,883**	**800,938**	**952,821**	**9,859,485**	**51,992,890**	**61,852,375**

At 31 October 2016	Amounts due to related parties USD	Payables and accruals USD	Total financial liabilities USD	Amounts due to related parties Rs	Payables and accruals Rs	Total financial liabilities Rs
Carrying amount	230,510	874,791	1,105,301	14,963,557	56,787,058	71,750,614
Without fixed repayment terms	230,510	–	230,510	14,963,557	–	14,963,557
Within 3 months	–	874,791	874,791	–	56,787,058	56,787,058
Total contractual undiscounted cash flows	230,510	874,791	1,105,301	14,963,557	56,787,058	71,750,614

20. Capital management

The Group's primary objectives when managing capital, which comprises all capital and reserves attributable to the equity holders are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximize shareholder value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the equity holders, issue new shares or sell assets to reduce debt. The Group's overall policy on managing capital remained the same as in the previous year.

21. Critical accounting estimates and judgements

In preparing these consolidated financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether plant and equipment and investment in an associate have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of plant and equipment as at 31 October 2017 was USD10,983; INR. 712,961 (2016: USD8,700; INR. 564,761). The Group depreciates the assets on a straight-line basis, after deducting estimated scrap value, over their estimated useful life. The estimated useful life reflects the sole director's estimate of the periods that the Group intends to derive future economic benefits from the use of the assets.

Income taxes

No deferred tax asset was recognised in the Group's consolidated statement of financial position at 31 October 2017 in relating to the estimated unused tax losses arising from the Company's subsidiary of USD539,700; INR. 35,034,626 (2016: USD102,000; INR. 6,621,330) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

Provision

The Group recognises provisions when it has present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provision are reviewed at the end of each reporting period and adjusted to reflect the Group's current best estimate.

22. Operating lease commitments

At the end of the reporting period, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2017 USD	2016 USD	2017 Rs	2016 Rs
Within one year	**37,650**	19,564	**2,444,050**	1,269,997
In the second to fifth year inclusive	**56,103**	–	**3,641,926**	–
After fifth year	**–**	–	**–**	–
	93,753	19,564	**6,085,976**	1,269,997

23. Related party transactions

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related party.

	2017 USD	2016 USD	2017 Rs	2016 Rs
Company controlled by the immediate parent				
Commission fee paid	**11,226**	35,700	**728,736**	2,317,466
Interest paid	**22,920**	20,000	**1,487,852**	1,298,300

24. Statement of financial position and reserve movement of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

	2017 USD	2016 USD	2017 Rs	2016 Rs
Non-current assets				
Plant and equipment	7,492	5,457	486,343	354,241
Interest in an associate	1	1	65	65
Interest in a subsidiary	1	1	65	65
Deferred tax asset	16,201	–	1,051,688	–
	23,695	5,459	1,538,161	354,371
Current assets				
Trade and other receivables	523,953	446,687	34,012,409	28,996,687
Rental and other deposits	2,800	–	181,762	–
Prepayment	4,325	–	280,757	–
Amount due from a former director	10,066	–	653,434	–
Amount due from an associate	96,993	42,631	6,296,301	2,767,391
Prepaid income tax	80,463	–	5,223,256	–
Cash at bank and in hand	177,374	1,121,487	11,514,233	72,801,329
	895,974	1,610,805	58,162,152	104,565,407
Deduct:				
Current liabilities				
Trade and other payables	472,233	490,545	30,655,005	31,843,729
Accrued expenses	34,068	89,452	2,211,524	5,806,777

	2017 USD	2016 USD	2017 Rs	2016 Rs
Amount due to a former director	–	47,686	–	3,095,537
Amount due to a fellow subsidiary	151,883	182,824	9,859,485	11,868,020
Amount due to a subsidiary	223,911	473,592	14,535,183	30,743,225
Provision for taxation	–	70,903	–	4,602,668
	882,095	1,355,002	57,261,197	87,959,955
Net current assets	13,879	255,803	900,955	16,605,452
	37,574	261,262	2,439,116	16,959,823

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

	2017 USD	2016 USD	2017 Rs	2016 Rs
Share capital				
Issued and fully paid:				
10,000 ordinary shares	1,290	1,290	83,740	83,740
Retained profit	36,284	259,097	2,355,376	16,819,282
Shareholders' fund	37,574	260,387	2,439,116	16,903,022
Non-current liability				
Deferred tax liability	–	875	–	56,801
	37,574	261,262	2,439,116	16,959,823

A summary of reserve movement of the Company is as follow:-

	Share capital USD	Retained profits USD	Total equity USD	Share capital INR	Retained profits INR	Total equity INR
Balance at 1 November 2015	1,290	**110,685**	**111,975**	**83,740**	**7,185,117**	**7,268,857**
Profit for the year	–	**148,412**	**148,412**	**–**	**9,634,165**	**9,634,165**
Other comprehensive income for the year	–	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	–	**148,412**	**148,412**	**–**	**9,634,165**	**9,634,165**
Balance at 31 October 2016	1,290	**259,097**	**260,387**	**83,740**	**16,819,282**	**16,903,022**
Loss for the year	**–**	**(222,813)**	**(222,813)**	**–**	**(14,463,906)**	**(14,463,906)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**(222,813)**	**(222,813)**	**–**	**(14,463,906)**	**(14,463,906)**
Balance at 31 October 2017	**1,290**	**36,284**	**37,574**	**83,740**	**2,355,376**	**2,439,116**

25. Subsidiary

The following is the details of the Company's subsidiary at the end of the reporting period:

Name of subsidiary	Place of incorporation	Class of shares	Percentage of registered capital held	Principal activity
Origin Direct Asia (Shanghai) Trading Company Limited (弗締(上海)貿易 有限公司)	P.R.C.	Ordinary shares	100%	Wholesale, import and export, and agent service of prepackaged foods and edible agricultural products

Approved and authorized for issue by the sole director on: 16.04.2018

Mr. Cornelis Adrianus Maria van de Klundert
Sole Director

DIRECTORS' REPORT

Annual accounts

The Directors are required by Part 9 of Book 2 of the Civil Code in the Netherlands to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and cash flows for that year.

The Directors consider that, in preparing the accounts, Origin Fruit Direct B.V. used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Dutch Financial Reporting Standards and accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that Origin Fruit Direct B.V. keep accounting records which disclose with reasonable accuracy its financial position and which enable the Directors to ensure that the accounts comply with the relevant legislation. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities within the company.

This statement, which should be read in conjunction with the Auditors' report, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

Dutch law sets out additional responsibilities for the Directors regarding disclosure of information to auditors. Disclosure in respect of these responsibilities is made here.

Directors' responsibility statement

Each of the Directors confirms that, to the best of his or her knowledge:

- the financial statements which have been prepared in accordance with Dutch Financial Reporting Standards and accounting standards and Part 9 of Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the entity, together with a description of the principal risks and uncertainties they face.

Directors

The Company Director is OFD Holding BV and is represented by

Corne van de Klundert - Managing Director

Going concern

The activities of the company, together with the factors likely to affect its future development, performance and position are set out here. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review 2016/17 below.

In addition, we describe in the notes to the Annual Financial Statements the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risk.

This financial year covers 12 months starting the 1st of November 2016. Turnover for this period was € 47,597 mln (Rs. 3839.2 mln) which is 16% lower than the turnover of the previous financial year.

During the year, there was significant change in shareholder of the parent company (Origin Fruit Direct Holding BV). Mahindra & Mahindra Limited, thru its subsidiary Mahindra Overseas Investment Mauritius Limited acquired 60% stake in OFD Hold co on 22nd February 2017. As a result, the company became subsidiary of Mahindra & Mahindra Limited.

The period under review was largely characterized by good trading conditions for fruit. There have been a few periods of oversupply in the market that caused lower sales prices, such as for grapes from India and from Chile.

The grape season that started in October 2016 went well. The volumes from Brazil and Peru were good with better realization. Volumes from South Africa and India were increased substantially resulting in dropping the prices. Further during the year top line was impacted adversely due to lower supply of grapes from South Africa mainly from Afrifresh compared to previous year.

The citrus season from South Africa started slow due to an important loss of orange volumes caused by adverse weather conditions. Later volumes picked up and overall we arrived at relatively normal import volumes. Prices have been good for oranges, grapefruit and mandarins. Lemons, have been selling for much lower prices caused by a substantially increased offers.

At customer level we kept our positions with all key retail customers except for one large German retailer where we lost our program. At the same time we have substantially increased our business with one of the largest retailers in Eastern Europe.

The Directors deem the company to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Internal and disclosure controls and procedures

The directors acknowledge responsibility for the company's system of internal financial control and believe the established systems including the computerization of the company's financial accounts are appropriate to the business.

No material losses or contingencies have arisen during the trading period that would require further disclosure by the directors.

The company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine and credit.

Financial review

The Directors are pleased to present the Annual Report and Audited Statements of Accounts for the period ended on 31st October 2017.

The principal activity of the company is the import and export of fresh fruit.

FINANCIAL RESULTS

	(EUR '000)		(INR '000)	
Particulars	**2016/17 (12 months)**	2015/16 (12 months)	**2016/17 (12 months)**	2015/16 (12 months)
Net Turnover	**47597.4**	55993.4	**3,839,206**	4,516,428
Cost of Sales	**43831.1**	51818.2	**3,535,417**	4,179,656
Operating Income	**3766.3**	4175.2	**303,790**	336,772
Total Expenditure	**2453.9**	2856.2	**197,932**	230,381
Profit before	**1312.4**	1319.0	**105,858**	106,391
Interest paid	**74.3**	87.4	**5,993**	7,050
Depreciation	**19.5**	33.4	**1,573**	2,694
Profit before Tax	**1218.6**	1198.2	**98,292**	96,647
Provision for Taxation	**295.1**	289.8	**23,803**	23,375
Profit after Current Tax	**923.5**	908.4	**74,490**	73,272

Under current market environment the performance of the company was satisfactory.

The company remained profitable through a well-managed operating margin (7.9% in 2016/17 and 7.4% in 2015/16). Operating expenses year-on-year increased in line with the company's turnover growth.

Financial instruments and risk management

The Company has exposure to market risk. counterparty credit risk and liquidity risk. Origin Fruit Direct engages in risk management activities with the objective of protecting earnings. cash flow and. ultimately. shareholder value.

The Company imports, exports, purchases and sells fresh fruit. These activities expose the Company to market risk from changes in fruit prices. foreign exchange rates and interest rates which affect the Company's earnings.

Market risk

The Company uses derivatives as part of its overall risk management strategy to manage the exposure to market risk that results from these activities.

Derivative contracts used to manage market risk generally consist of the following:

- Forward exchange contracts - the Company has not entered into any foreign currency forward exchange contracts during the past financial period.
- Swaps - The Company has currently no interest swap agreements running.

Counterparty credit risk

Counterparty credit risk represents the financial loss the Company would experience if a buyer failed to meet its payment obligations in accordance with the terms and conditions of the Company.

Counterparty credit risk is managed through established credit management techniques. including conducting financial and other assessments to establish and monitor a counterparty's creditworthiness. setting exposure limits. monitoring exposures against these limits. using debtor/creditor netting arrangements and obtaining financial assurances where warranted. In general financial assurances include guarantees. cash payments and taking out credit insurance. The Company monitors and manages its exposure of counterparty credit risk on an ongoing basis. The Directors believe these measures minimize its counterparty credit risk.

Liquidity and cash flow risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that sufficient cash and credit facilities are available to meet its operating. financing and expenditure obligations when due. under both normal and stressed economic conditions.

Management continuously forecasts cash flows for a period of 12 months to identify financing requirements. These requirements are then managed through a combination of own accumulated funds and a credit facility from the Abn AmroBank.

Business Risk:

The Company is involved in trading of fresh fruits dealing with various geographies. The retail trading environment will continue to be competitive, driven by new entrants, technology disruption, as well as be affected by changing customer needs and expectations and other external and internal risk drivers. Failure to successfully respond to these factors, our competitors and the changing marketplace may adversely impact on market share and business performance. With overall objective of increasing its operation and overcome the challenges and to reduce the risk, the company has appointed Procurement Manager and Sales Director who will be constantly engaged with respective stakeholders.

Subsequent events and Future expectations

No subsequent events that require specific reporting by the Directors. The company in general do not plan or foresee any future changes in its current finance and investment structures except. The Directors do also not anticipate any major changes to the Company's future operating environment and therefore a continuation of turnover and profitability levels is budgeted for.

Dividend

Based on retained earnings and the current year's results the Directors do not recommend the declaration of a dividend.

Auditors

The firm Van Oers Audit B.V. is the appointed Auditors of the Company. The Board recommends their reappointment.

Conclusion

It is the view of the directors that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st October 2017. Suitable accounting policies have been established and applied consistently and disclose with reasonable accuracy the financial position of the company.

Rotterdam. 29th January 2018

Directors:	Chief Financial Officer
Origin Fruit Direct Holding BV	Origin Fruit Direct Holding BV
Represented by	Represented by
Corne van de Klundert	Sanjay Parmar
Managing Director	

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of
Origin Fruit Direct B.V.
P.O. Box 6284
3002 AG ROTTERDAM

A. Report on the audit of the financial statements 2016/2017 included in the annual report

Our opinion

We have audited the financial statements 2016/2017 of Origin Fruit Direct B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Origin Fruit Direct B.V. as at 31 October 2017 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 October 2017;
2. the profit and loss account for the year then ended and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Origin Fruit Direct B.V. in accordance with the Verordeninginzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Breda, 29 January 2018.

Van Oers Audit BV

R.M. Rademakers RA

BALANCE SHEET AS AT 31 OCTOBER 2017

ASSETS	**10/31/2017**		10/31/2016		**10/31/2017**		10/31/2016	
	€	€	€	€	Rs	Rs	Rs	Rs
Fixed assets								
Tangible fixed assets								
Plant and machinery	**4,124**		13,916		**332,642**		1,122,465	
Inventory	**25,641**		20,306		**2,068,203**		1,637,882	
Vehicles	**11,513**		19,245		**928,639**		1,552,302	
		41,278		53,467		**3,329,483**		4,312,648
Current assets								
Inventories		**12,600**		200,650		**1,016,316**		16,184,429
Receivables Trade debtors	**6,348,320**		7,482,577		**512,055,491**		603,544,661	
Receivables from shareholders	**1,080,291**		–		**8,713,6272**		–	
Receivables from associated companies	**333,669**		197,833		**2,691,3742**		1,595,7210	
Taxes and social security premiums	**122,098**		113,702		**9,848,425**		9,171,203	
Other receivables and prepaid expenses	**4,451,034**		3,314,613		**359,020,402**		267,356,685	
		12,335,412		1,110,8725		**994,974,332**		896,029,759
Cash		**553,730**		856,541		**44,663,862**		69,088,597
		12,943,020		12,219,383		**1,043,983,993**		985,615,433

LIABILITIES	**10/31/2017**		10/31/2016		**10/31/2017**		10/31/2016	
	€	€	€	€	₹	₹	₹	₹
Shareholders' equity								
Share capital	**13,620**		13,620		**1,098,589**		1,098,589	
Other reserves	**3,725,558**		2,817,212		**300,503,508**		227,236,320	
Result for the year	**923,554**		908,346		**74,493,866**		73,267,188	
		4,662,732		3,739,178		**376,095,963**		301,602,097
Current liabilities								
Amounts owed to credit institutions	**2,906,852**		3,672,609		**234,466,682**		296,232,642	
Trade creditors	**4,524,854**		2,484,531		**364,974,724**		200,402,270	
Taxes and social security premiums	**222,779**		153,693		**17,969,354**		12,396,877	
Other liabilities and accrued liabilities	**625,803**		2,169,372		**50,477,270**		17,498,1546	
		8,280,288		8,480,205		**667,888,030**		684,013,335
		12,943,020		12,219,383		**1,043,983,993**		985,615,433

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1-11-2016 UNTIL 31-10-2017

	2016/2017		2015/2016		**2016/2017**		2015/2016	
	€	€	€	€	Rs	Rs	Rs	Rs
Net turnover	**47,597,385**		55,993,427		**3,839,205,074**		4,516,429,822	
Cost of sales	**(43,831,056)**		(51,818,168)		**(3,535,412,977)**		(4,179,653,431)	
Gross margin		**3,766,329**		4,175,259		**303,792,097**		336,776,391
Personnel expenses	**1,639,254**		2,316,302		**132,222,228**		186,832,919	
Depreciation	**19,545**		33,376		**1,576,500**		2,692,108	
Other operating expenses	**814,566**		540,004		**65,702,894**		43,556,723	
Total operating expenses		**2,473,365**		2,889,682		**199,501,621**		233,081,750
Operating result		**1,292,964**		1,285,577		**104,290,476**		103,694,641
Financial income and expense		**(74,315)**		(87,393)		**(5,994,248)**		(7,049,119)
Result from operational activities before taxation		**1,218,649**		1,198,184		**98,296,228**		96,645,521
Corporate income tax		**(295,095)**		(289,838)		**(23,802,363)**		(23,378,333)
Resultaat na belastingen		**923,554**		908,346		**74,493,866**		73,267,188

CASH FLOW STATEMENT FOR THE PERIOD 1-11-2016 UNTIL 31-10-2017

	2016/2017		2015/2016		**2016/2017**		2015/2016	
	€ '000	**€ '000**	€ '000	€ '000	**Rs**	**Rs**	Rs	Rs
Cash flow from Operating activities								
Operating result		**1,293**		1,286		**104,293**		103,729
Adjustments for								
Depreciation of tangible assets		**25**		34		**2,017**		2,742
Changes in working capital								
Stocks	**188**		(80)		**15,164**		(6,453)	
Receivables	**(1,227)**		851		**(98,970)**		68,642	
Short term liabilities (excluding banks)	**531**		(1,317)		**42,830**		(106,229)	
		(508)		(546)		**(40,975)**		(44,040)
Cash flow from operating activities		**810**		774		**65,335**		62,431
Interest received	**29**				**2,339**		0	
Interest paid	**(103)**		(117)		**(8,308)**		(9,437)	
Corporate income tax	**(261)**		(267)		**(21,052)**		(21,536)	
Cash flow from operating activities		**475**		390		**38,314**		31,457
Cash flow from investing activities								
Investments in tangible assets	**(15)**		(15)		**(1,210)**		(1,210)	
Disposal of tangible fixed assets	**3**				**242**			
Cash flow from investing activities		**(12)**		(15)		**(968)**		(1,210)
Cash flow from financing activities								
Decrease of long-term liabilities		**–**		(1,200)		**–**		(96,792)
Movements cash		**463**		(825)		**37,346**		(66,545)
Turnover movement cash and cash equivalents								
Balance as at beginning of financial year		**(2,816)**		(1,991)		**(227,139)**		(160,594)
Movements during financial year		**463**		(825)		**37,346**		(66,545)
Balance at financial year end		**(2,353)**		(2,816)		**(189,793)**		(227,139)

NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Origin Fruit Direct B.V. is Keilestraat 9C, 3029 BP in Rotterdam. Origin Fruit Direct B.V. is registered at the trade register under number 24067527.

General notes

Description of the most important activities of the entity

Origin Fruit Direct B.V.'s main activities are trading (in- and export) in fruit, vegetable and wine.

Group structure

Disclosure of group structure

Origin Fruit Direct B.V. is part of a group. The head of this group is Mahindra & Mahindra Ltd. The financial statements of Origin Fruit Direct B.V. are included in the consolidated financial statements of Mahindra & Mahindra Ltd.

Estimates

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Origin Fruit Direct B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

Description of the accounting standards used to prepare the financial statements

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are teaken into account if they have become known before preparation of the financial statements.

Foreign currency translation

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Financial Presentation in 'FC' and 'Indian Rupees

The Financial Information in this financial statements is shown in Euro 'FC' and Indian Rupees 'Rs'. 'FC' amounts as at and for the year ended 31st Oct 2017 and 31st Oct 2016 have been translated for convenience into Indian Rupees at the closing exchange rate of FC 1 = Rs 80.66.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and payables, and financial derivatives.

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item.

Financial derivatives whose underlying value is not listed are recognised at cost. If the fair value is lower than the cost price or negative as at balance sheet date, the derivative is written down to the lower fair value and recognised in the profit and loss account, unless cost price hedge accounting has been applied. When determining the lower fair value the effect of current interest is not taken into account.

The profit or loss from the revaluation to fair value as at balance sheet date is recognised directly in the profit and loss account. If, however, financial derivatives are eligible for hedge accounting, and hedgheaccounting is applied, recognition of this profit or loss depends on the nature of the hedge.

Accounting policies for the balance sheet

Property, plant and equipment

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreements is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

Inventories

Inventories for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories for resale is based on FIFO prices.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Current liabilities

Upon initial recognition, loans and liabilities recorded are stated at fair value and then valued at amortised cost.

Accounting policies for the income statement

Revenue recognition

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transfered to the buyer. The cost price of these goods is allocated to the same period.

Pension costs

The pension plans of Origin Fruit Direct B.V. are financed through contributions to industry pension funds. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high quality corporate bonds.

Additions to and release of the obligations are recognized in the profit and loss account.

A pension receivable is included in the balance sheet when the group has the right of disposal over the pension receivable and it is probable that to future economic benefits which the pension receivable holds will accrue to the group, and the pension receivable can be reliably established.

As at year-end 2016/2017 (and 2015/2016) no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution due to the pension provider.

The industry pension fund AVH has stated that the funding ratio is 95% as per October 2017. Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Income tax expense

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies for the cash flow statement

Cash flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash, securities and short-term liabilities to credit institutions. Interest received and paid, and corporate income taxes are presented under the cash flow from operating activities.

NOTES TO THE BALANCE SHEET

Fixed assets (€)

Tangible fixed assets

	Plant and machinery	Inventory	Vehicles	Total
Balance as at 1 November 2016				
Acquisition cost	49,016	338,242	90,318	477,576
Accumulated depreciation	(35,100)	(317,936)	(71,073)	(424,109)
Book value as at 1 November 2016	13,916	20,306	19,245	53,467
Movements				
Investments	–	15,350	–	15,350
Depreciation	(9,792)	(10,015)	(5,232)	(25,039)
Disposal of actual cost		–	(42,521)	(42,521)
Disposal accumulated depreciation	–	–	40,021	40,021
Balance movements	(9,792)	5,335	(7,732)	(12,189)
Balance as at 31 October 2017				
Acquisition cost	49,016	353,592	47,798	450,406
Accumulated depreciation	(44,892)	(327,951)	(36,285)	(409,128)
Book value as at 31 October 2017	4.124	25.641	11.513	41.278
Depreciation percentages	20%	20%	20%	

Fixed assets (Rs.)

Tangible fixed assets

	Plant and machinery	Inventory	Vehicles	Total
Balance as at 1 November 2016				
Acquisition cost	3,953,631	27,282,600	7,285,050	38,521,280
Accumulated depreciation	(2,831,166)	(25,644,718)	(5,732,748)	(34,208,632)
Book value as at 1 November 2016	1,122,465	1,637,882	1,552,302	4,312,648
Movements	–	1,238,131	–	1,238,131
Investment				
Depreciation	(789,823)	(807,810)	(422,013)	(2,019,646)
Disposal of actual cost	–	–	(3,429,744)	(3,429,744)
Disposal accumulated depreciation	–	–	3,228,094	3,228,094
Balance movements	(789,823)	430,321	(623,663)	(983,165)
Balance as at 31 October 2017	3,953,631	28,520,731	3,855,387	36,329,748
Acquisition cost				
Accumulated depreciation	(3,620,989)	(26,452,528)	(2,926,748)	(33,000,264)
Book value as at 31 October 2017	332,642	2,068,203	928,639	3,329,483
Depreciation percentages	20%	20%	20%	

Current assets

	31-10-2017	31-10-2016	**31-10-2017**	31-10-2016
Inventories	€	€	**Rs.**	Rs.
Finished goods for resale	**12,600**	200,650	**1,016,316**	16,184,429

A provision for obsolescence finished goods is not deemed necessary.

Receivables

	31-10-2017	31-10-2016		
Trade debtors	€	€	**Rs.**	Rs.
Trade debtors	**6,413,320**	7,498,936	**517,298,391**	604,864,178
Provision for doubtful debts	**(65,000)**	(16,359)	**(5,242,900)**	(1,319,517)
	6,348,320	7,482,577	**512,055,491**	603,544,661

The trade debtors are advanced up to 90% by factoringcompany ABN AMRO Commercial Finance. Credit control is taken care of by Origin Fruit Direct B.V. ABN AMRO Commercial Finance reserves the right to take over credit control. The securities are described under amounts owed to credit institutions.

	31-10-2017	31-10-2016	**31-10-2017**	31-10-2016
	€		**Rs.**	.
Receivables from shareholders				
OFD Holding B.V.	1,080,291	–	87,136,272	–

No interest has been taken into account on receivables from shareholders. No special conditions on the facility or repayments were agreed upon for the receivables from shareholders.

	31-10-2017	31-10-2016	**31-10-2017**	31-10-2016
	€	€	**Rs.**	Rs.
Receivables from associated companies				
Origin Direct Asia Limited	**302,692**	166,856	**24,415,137**	13,458,605
Origin Fruit Services South America SpA	**30,977**	30,977	**2,498,605**	2,498,605
	333,669	197,833	**26,913,742**	15,957,210

The annual interest on receivable from Origin Direct Asia Limited is 4% (2015/2016: 4%) a year calculated over the average outstanding amount. The annual interest on Origin Fruit Services South America SpA is 0% (2015/2016: 0%) a year calculated over the average outstanding amount.

	31-10-2017	31-10-2016	**31-10-2017**	31-10-2016
	€	€	**Rs.**	Rs.
Taxes and social security premiums				
Value added tax	**122,098**	100,386	**9,848,425**	8,097,135
Social security contributions		13,316	**–**	1,074,069
	122,098	113,702	**9,848,425**	9,171,203

NOTES TO THE FINANCIAL STATEMENTS

	31-10-2017	31-10-2016	31-10-2017	31-10-2016
	€	€	Rs.	Rs.
Accrued income and prepaid expenses				
Prepayments	**2,989,702**	1,782,077	**241,149,363**	143,742,331
To settle up parcels	**1,135,631**	1,423,294	**91,599,996**	114,802,894
Prepayments on fixed assets	**213,790**	48,289	**17,244,301**	3,894,991
Preypayments contribution costs	**98,240**	29,888	**7,924,038**	2,410,766
Amounts to be received		23,404	–	1,887,767
Preypayments assurance costs	**7,139**	3,816	**575,832**	307,799
Prepayments personnel	**6,352**	3,665	**512,352**	295,619
Caution money	**180**	180	**14,519**	14,519
	4,451,034	3,314,613	**359,020,402**	267,356,685

Cash				
Deutsche Bank	**542,706**	847,897	**43,774,666**	68,391,372
Cash	**11,024**	8,644	**889,196**	697,225
	553,730	856,541	**44,663,862**	69,088,597

Shareholders' equity

Share capital

The authorized share capital is divided into 300 ordinary shares with a nominal value of € 227. The issued and the paid-up capital is divided in 60 shares.

	2016/2017	2015/2016	2016/2017	2015/2016
	€	€	Rs.	Rs.
Other reserves				
Balance as at 1 November	**2,817,212**	2,038,667	227,236,320	164,438,880
Appropriation of result	**908,346**	778,545	73,267,188	62,797,440
Balance as at 31 October	**3,725,558**	2,817,212	300,503,508	227,236,320
Result for the year				
Balance as at 1 November	**908,346**	778,545	73,267,188	62,797,440
Transfer of result to other reserves	**(908,346)**	(778,545)	(73,267,188)	(62,797,440)
Result for the year	**923,554**	908,346	74,493,866	73,267,188
Balance as at 31 October	**923,554**	908,346	74,493,866	73,267,188

Current liabilities

	31-10-2017	31-10-2016	31-10-2017	31-10-2016
	€	€	Rs.	Rs.
Amounts owed to credit institutions				
Amounts owed to credit institutions	**2,906,852**	3,672,609	**234,466,682**	296,232,642
Amounts owed to credit institutions				
ABN AMR() Commercial Finance	**2,906,852**	3,672,609	**234,466,682**	296,232,642

Amounts owed to credit institutions

For the total credit facility, including the credit in current account to a maximum of € 8.000.000, the following securities have been agreed upon:

- pledge on all receivables;
- No dividend payouts will take place if the guaranteed equity is less then 20% of the balance total;
- Debt guarantee by OFD Holding B.V.

	31-10-2017	31-10-2016	31-10-2017	31-10-2016
	€	€	Rs.	Rs.
Taxes and social security premiums				
Corporate income tax	**104,754**	70,880	**8,449,458**	5,717,181
Wage tax	**60,362**	45,877	**4,868,799**	3,700,439
Social security contributions	**9,156**	–	**738,523**	–
Other taxes	**48,507**	36,936	**3,912,575**	2,979,258
	222,779	153,693	**17,969,354**	12,396,877

	31-10-2017	31-10-2016	31-10-2017	31-10-2016
	€	€	Rs.	Rs.
Other liabilities and accrued liabilities				
Holiday days and allowance	**131,804**	166,872	**10,631,311**	13,459,896
Invoices to be received	**115,154**	1,526,015	**9,288,322**	123,088,370
Accrual commission	**109,947**	181,972	**8,868,325**	14,677,862
Bonus provision	**108,168**	223,120	**8,724,831**	17,996,859
Accrual loyalty discount	**73,823**	51,195	**5,954,563**	4,129,389
Professional fee	**52,528**		**4,236,908**	–
Accrual accounting costs	**13,250**	17,000	**1,068,745**	1,371,220
Other	**21,129**	3,198	**1,704,265**	257,951
	625,803	2,169,372	**50,477,270**	174,981,546

Off-balance-sheet rights, obligations and arrangements

Disclosure of off-balance sheet commitments

The annual commitment in respect of contracts for rent of housing of employees amounts to € 17.118 (Rs. 1,380,738).

Disclosure of operating leases

The obligations for leases entered into with third parties are € 381.006 (Rs. 30,731,944). Of this amount € 89.321 (Rs. 7,204,632) due after one year and nil is due after five years.

Proposal appropriation of result

The board of directors proposes that the result for the financial year 2016/2017 amounting to € 923.554 (Rs. 74,493,866) should be transferred to the other reserves without payment of dividend. This proposition has not yet been reflected in the financial statements and will be decided on in the Meeting of Shareholders for the adoption of the financial statements.

NOTES TO THE PROFIT AND LOSS ACCOUNT

	2016 /2017	2015 /2016	2016 /2017	2015 /2016
	€	€	Rs.	Rs.
Salaries en wages	**1,288,690**	1,934,170	**103,945,735**	156,010,152
Social security contributions	**218,728**	245,229	**17,642,600**	19,780,171
Pension contributions	**89,821**	82,182	**7,244,962**	6,628,800
Other personnel expenses	**42,015**	54,721	**3,388,930**	4,413,796
	1,639,254	2,316,302	**132,222,228**	186,832,919

Remuneration of (former) directors

The remuneration of (former) directors of the company amounts to approximately € 270.000 (Rs.21,778,200) (2015/2016:€ 323.000 ((Rs. 26,053,180)).

NOTES TO THE FINANCIAL STATEMENTS

Average number of employees

2016/2017

	Active within the Netherlands	Active outside the Netherlands	Total
Back office	1,00		1,00
Commerce	7,00		7,00
Finance	4,00		4,00
General manager	1,00		1,00
Logistics & Quality	4,00		4,00
Average number of employees	**17,00**		**17,00**

2015/2016

	Active within the Netherlands	Active outside the Netherlands	Total
Back office	1,00	–	1,00
Commerce	8,00	–	8,00
Finance	4,00	–	4,00
General manager	1,00	–	1,00
Logistics & Quality	4,00	–	4,00
Average number of employees	**18,00**	**–**	**18,00**

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	**Rs.**	Rs.
Other operating expenses				
Housing expenses	**70,476**	38,360	**5,684,594**	3,094,118
Selling expenses	**195,911**	132,776	**15,802,181**	10,709,712
Car expenses	**135,588**	104,949	**10,936,528**	8,465,186
Office expenses	**198,392**	187,169	**16,002,299**	15,097,052
General expenses	**214,199**	76,750	**17,277,291**	6,190,655
	814,566	540,004	**65,702,894**	43,556,723

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	**Rs.**	Rs.
Financial income and expense				
Other interest and similar income	**28,541**	66,794	**2,302,117**	5,387,604
Other interest expenses	**(102,856)**	(154,187)	**(8,296,365)**	(12,436,723)
	(74,315)	(87,393)	**(5,994,248)**	(7,049,119)

In the other interest and similar income€ 28.541 ; (Rs. 2,302,117) (2015/2016: € 66.794; Rs. 5,387,604) is included from associated companies and shareholders.

	2016/2017	2015/2016	**2016/2017**	2015/2016
	€	€	**Rs.**	Rs.
Corporate income tax				
Corporate income tax	**(295,095)**	(289,838)	**(23,802,363)**	(23,378,333)

Rotterdam, 29 January 2018
Origin Fruit Direct B.V.

C.A.M. van de Klundert	S.V. Parmar
On behalf of	On behalf of
OFD Holding B.V.	OFD Holding B.V.

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

Article 20 of the Articles of Association stipulates that the appropriation of the net result for the year is decided upon at the General Meeting.

Profit distributions to the shareholders may only be done as far as the shareholders' equity exceeds the paid up and called up part of the share capital, increased with the legal reserves.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st December 2017.

Performance Financial Highlights:

Your Company is engaged in the importation and exportation, distribution, consignment, brokerage and sale, wholesale and retail of all kinds of fruits or fruits of the country or abroad, raw materials and products elaborated or elaborated both in Chile and in the Foreign.

	Jan-Dec 17	Jan-Dec 16	**Jan-Dec 17**	Jan-Dec 16
	Chilean Peso	Chilean Peso	**INR**	INR
Revenues	**167,980,197**	300,259,519	**18,192,995**	32,519,429
Net Profit	**(12,686,396)**	10,899,290	**(1,373,993)**	1,180,441

The Financial Statement as at December 31st, 2017 reports Revenues of CP 167,980,197 (INR 18,192,995) against previous year of CP 300,259,519 with a Net loss of CP 12,686,396 (INR 1,373,993) against net profit of previous year of CP 10,899,290 (INR 1,373,993)

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

Your Company's holding company is Origin Fruit Direct Holding BV which is based in Netherlands.

Auditors

There is no need to provide an audit for Origin Fruit Service as per local Chilean law.

Conclusion

It is the view of the director(s) that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st December 2017.

Francisco Echeverria
Director

Date: 31-12-2017

INCOME STATEMENT FOR THE PERIOD 31 DECEMBER 2016/2017

	Chilean Peso		Rs. Inr	
	Jan-Dec 16	**Jan-Dec 17**	Jan-Dec 16	Jan-Dec 17
Turnover:	**311,459,289**	**168,095,810**	**33,732,413**	**18,205,517**
Sales	300,259,519	167,980,197	32,519,429	18,192,995
Commission received	–	–	–	–
Other income	11,199,770	115,613	1,212,984	12,521
Procurement fee	–	–	–	–
Cost of sales:	**6,369,986**	**7,627,387**	**689,898**	**826,080**
Purchases	–	–	–	–
Costs related to sales	6,369,986	7,627,387	689,898	826,080
Other direct product related costs	–	–	–	–
Commission Paid	–	–	–	–
Operating Profit	**305,089,303**	**160,468,423**	**33,042,516**	**17,379,437**
Gross Margin	**98.0%**	**95.5%**	**98.0%**	**95.5%**
Personnel costs:	157,619,179	95,581,998	17,070,851	10,351,951
Salaries	114,383,051	82,666,152	12,388,188	8,953,108
Allowances	–	–	–	–
Bonusses	–	–	–	–
Other personnel costs	39,876,156	9,797,863	4,318,763	1,061,152
Social security contributions	3,359,972	3,117,983	363,900	337,691
Selling costs:	**53,475**	**82,600**	**5,792**	**8,946**
Advertising	–	82,600	–	8,946
Publications	–	–	–	–
Representation	53,475	–	5,792	–
Other sales costs	–	–	–	–
Entertainment	–	–	–	–
Travelling costs:	**66,898,347**	**36,497,230**	**7,245,386**	**3,952,811**
Travelling expenses	58,018,489	30,428,664	6,283,658	3,295,558
Car costs	7,630,597	4,584,815	826,427	496,556
Parking	1,249,261	1,483,751	135,300	160,697
Housing costs:	**10,647,243**	**9,907,077**	**1,153,143**	**1,072,980**
Office rental	10,330,652	9,592,628	1,118,855	1,038,924
Electricity	282,000	274,300	30,542	29,708
Cleaning costs offices	–	–	–	–
Water	34,591	40,149	3,746	4,348
Office costs:	**36,372,385**	**19,367,458**	**3,939,290**	**2,097,581**
Mobilization	133,288	189,638	14,436	20,539
Office supplies	2,470,886	1,224,868	267,608	132,659
Maintenance office equipment	–	–	–	–
Other office costs	23,968,850	12,171,632	2,595,932	1,318,241
Computers costs	–	–	–	–
Postage/Courier	203,943	130,982	22,088	14,186
Telephones	9,595,418	5,650,338	1,039,226	611,956
Internet	–	–	–	–
Cell phones	–	–	–	–

INCOME STATEMENT FOR THE PERIOD 31 DECEMBER 2016/2017

	Chilean Peso		Rs. Inr	
	Jan-Dec 16	**Jan-Dec 17**	Jan-Dec 16	Jan-Dec 17
General expenses:	**3,640,430**	**3,989,180**	**394,275**	**432,046**
Accounting fees	3,640,430	3,989,180	394,275	432,046
Audit fee	–	–	–	–
Income tax paid readjustment	–	–	–	–
Insurances	–	–	–	–
Depreciation:	**9,935,332**	**5,873,464**	**1,076,040**	**636,122**
Computers Equipment	193,849	111,028	20,995	12,025
Furniture and Useful	175,078	7,460	18,962	808
Vehicles	9,566,405	5,754,976	1,036,084	623,289
Operating Expenses	**285,166,391**	**171,299,007**	**30,884,776**	**18,552,437**
Operating Result	**19,922,912**	**(10,830,584)**	**2,157,739**	**(1,173,000)**
Bank interest and costs:	**2,074,115**	**1,855,812**	**224,636**	**200,993**
Interest paid bank	–	–	–	–
Interest received	–	–	–	–
Bank charges	1,593,685	1,482,553	172,603	160,567
Exchange rate difference	480,430	373,259	52,033	40,426
Results before tax	**17,848,797**	**(12,686,396)**	**1,933,103**	**(1,373,993)**
Company tax provision	**6,949,506**	**–**	**752,662**	**–**
Results after tax	**10,899,290**	**(12,686,396)**	**1,180,441**	**(1,373,993)**

Francisco Echeverria
Director

Date: 31/12/2017

BALANCE SHEET AS AT 31 DECEMBER 2016/2017

	Chilean Peso				Rs. Inr			
	31-12-2016		31-12-2017		31-12-2016		31-12-2017	
ASSETS								
Fixed assets								
Computer equipment	1,790,756		1,101,917		193,947		119,342	
Furniture and Useful	5,302,977		4,462,767		574,336		483,337	
Vehicles	28,774,882		28,774,882		3,116,446		3,116,446	
Computer equipment Accumulated Depreciation	(1,790,756)		(111,028)		(193,947)		(12,025)	
Forniture and Useful Accumulated Depreciation	(5,295,517)		(4,462,767)		(573,528)		(483,337)	
Vehicles Accumulated Depreciation	(4,795,814)		(10,550,790)		(519,408)		(1,142,697)	
		23,986,528		19,214,981		2,597,847		2,081,067
Current assets								
Stock								
Receivables								
Customers	5,899,958		5,899,958		638,991		638,991	
Accounts Receivables OFD	0				–		–	
Accounts Receivables ODA	0				–		–	
Funds By Render	370,787		184,323		40,158		19,963	
Salary Advance	250,000				27,076		–	
Advance Suppliers	5,325,897		5,325,897		576,818		576,818	
		11,846,642		11,410,178		1,283,044		1,235,773
Recoverable Taxes								
Monthly Provisional Payments	16,716,392		9,238,911		1,810,459		1,000,615	
		16,716,392		9,238,911		1,810,459		1,000,615
Cash and bank								
Bank	26,587,880		20,741,578		2,879,585		2,246,404	
Cash	0		0		–		–	
		26,587,880		20,741,578		2,879,585		2,246,404
		79,137,442		**60,605,648**		**8,570,934**		**6,563,859**
LIABILITIES								
Shareholders' equity								
Share capital	1,000,000		1,000,000		108,304		108,304	
Legal reserve	148,153		148,153		16,046		16,046	
Other reserves	0		0		0		0	
Undistributed profits	23,654,678		35,333,932		2,561,906		3,826,821	
		24,802,831		36,482,085		2,686,256		3,951,171
Long term liabilities								
Unsecured loan								
Lease liabilities								
Short term liabilities								
Accounts Payable								
Suppliers	0		948,807		–		102,760	
Accounts Payable OFD B.V.	26,191,700		26,191,700		2,836,676		2,836,676	

BALANCE SHEET AS AT 31 DECEMBER 2016/2017 (CONTD...)

	Chilean Peso				Rs. Inr			
	31-12-2016		31-12-2017		31-12-2016		31-12-2017	
Credit Cards payable	3,958,127		4,659,593		428,683		504,654	
Accounts Payable	0		0		0		0	
		30,149,827		31,800,100		3,265,359		3,444,091
Provisions and Withholdings								
Provision of monthly provisional payments	1,725,000		1,255,239		186,825		135,948	
Company Tax Provision	6,949,506				752,662		–	
Provision Expenses	0				0		0	
Employee Retention	0		1,960,168		0		212,295	
Fees Payables	4,533,210		1,730,674		490,967		187,440	
Salary Payable	70,000		56,000		7,581		6,065	
Retention of Second Category	7,778		7,778		842		842	
		13,285,494		5,009,859		1,438,878		542,590
		68,238,152		**73,292,044**		**7,390,492**		**7,937,851**
Net income		**10,899,290**		**(12,686,396)**		**1,180,441**		**(1,373,993)**

Francisco Echeverria
Director

Date: 31/12/2017

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Incorporation of a Company by Shares.

Origin Fruit Services South America SpA Juan Carlos Álvarez Domínguez, Alternate Notary of the first notary of Santiago, with office at Calle Huérfanos 1160 office 101 and 102, Santiago, certifies by public deed dated May 27, 2013, before The holder, OFD Holding BV, a company incorporated under the laws of the Netherlands; Edmundo Eluchans number 2255 department 161 commune of Viña del Mar, fifth region Incorporates a Stock Company named **"ORIGIN FRUIT SERVICES SOUTH AMERICA SpA".** Purpose, the importation and exportation, distribution, consignment, brokerage and sale, wholesale and retail of all kinds of fruits or fruits of the country or abroad, raw materials and products elaborated or elaborated both in Chile and in the Foreign; The acquisition and alienation of all kinds of movable and immovable property, rights, privileges, patents of invention or trademarks; The use of licenses that are allowed, directly or indirectly related to the indicated item; Provision of Services and all other activities that are related, currently or in the future, with the aforementioned; And any other business that will agree the partner Capital $ 1,000,000. Divided into one thousand shares with no par value, all of them in a single series, fully subscribed and paid upon incorporation by partner OFD HOLDING B.V. Domicile: the company's address is the city of Santiago, metropolitan region, without prejudice to installing agencies, branches or establishments in the rest of the country or abroad. Duration: The duration of the company will be indefinite. Partner limits his liability to the amount of the contribution. Other pacts in extracted writing.

NOTE 2. Basis of presentation and Regulatory Framework.

The financial statements for the years ended December 31, 2017 and 2016 have been prepared in accordance with accounting principles generally accepted in Chile.

NOTE 3. Bases of Conversion.

Assets and Liabilities in development units and foreign currency have been converted into pesos at the exchange rate in effect at the closing date of each year.

The Financial Information in this financial statements is shown in Chilean Peso 'FC' and Indian Rupees 'Rs'. 'FC' amounts as at and for the year ended 31 December 2017 and 31 December 2016 have been translated for convenience into Indian Rupees at the closing exchange rate of FC 1 = Rs 0.11.

NOTE 4. Income Tax.

The company determines and records the income tax taking into consideration the current tax rules.

NOTE 5. Accounting Changes.

During fiscal years 2017 and 2016 the company has not made any accounting changes.

Francisco Echeverria
Director

Date: 31/12/2017

DIRECTOR'S REPORT

Principal activity

The principal activity of the Company is the trading of fresh fruits.

Results, state of affairs and dividends

Financial Performance

The Director(s) consider that, in preparing the accounts, the Company have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all local law and accounting standards which they consider to be applicable have been followed. It is the view of the directors that the company accounts presented represent a true and fair view of the state of affairs of the company and result for the 12 months to 31st December 2017.

The Company achieved Revenue of RMB 45,329,611 (INR: 468,563,123) against previous year figures of RMB 50,660,337 (INR: 523,666,186). The profits of the company were at RMB 1,511,976 (INR 15,628,996). against previous year RMB 180,140 (INR 1,862,068).

	RMB		INR	
	For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016	**For the Year Ended 31-Dec-2017**	For the Year Ended 31-Dec-2016
Sales	**45,329,611**	50,660,377	**468,563,123**	523,666,185
PBT	**1,511,976**	180,140	**15,628,994**	1,862,071
PAT	**1,511,976**	180,140	**15,628,994**	1,862,071

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations.

Dividends

No dividends have been declared or paid to shareholders during the year.

Directors

Mr. Bosch Jason Dean is the sole director who held office during the year and up to the date of this Report.

Mr. Bosch Jason Dean
Sole Director

Date: February 8, 2018

AUDIT REPORT

XJY [2018] NO.27

To Origin Direct Asia (Shanghai) Trading Company Limited,

I. Audit opinion

We have audited the financial statements of Origin Direct Asia (Shanghai) Trading Company Limited (hereinafter referred to as ODA Trading), including balance sheet on December 31, 2017, profit statement, cash flow statement, statement of changes in owners' equity and notes to financial statements of year 2017.

In our opinion, the accompanying financial statements have been prepared in accordance with provisions of accounting standards for business enterprises in all material respects, and they reflect fairly the financial status of ODA Trading on December 31, 2017 as well as the operating results and cash flow of year 2017.

II. Basis of forming audit opinion

We have executed audit according to provisions of the auditing standards for certified public accountants of China. The "Responsibility of certified public accountants toward audit of financial statements" in the audit report further elaborates on our responsibilities under the standard. According to professional ethics and code of practice of certified public accountants of China, we are independent of ODA Trading and have performed other responsibilities in respect of professional ethics. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

III. Material uncertainty related to going concern

We remind users of financial statements that ODA Trading incurred a net loss of RMB 1,144,703.50 in 2017 as stated in Note VIII to the financial statements. On December 31, 2017, ODA Trading's current liabilities exceeded total current assets by RMB 1,144,703.50. As stated in Note VIII to the financial statements, these matters or circumstances as well as other matters stated in Note VIII to the financial statements indicate a material uncertainty which may give rise to significant doubts about ODA Trading's ability to continue as a going concern. Such matters do not affect the published audit opinion.

IV. Responsibility of management and governance toward financial statements

The management of ODA Trading (hereinafter referred to as management) is responsible for preparing financial statements according to provisions of accounting standards for business enterprises to realize fair presentation, and is also responsible for planning, implementing and maintaining necessary internal control so as to ensure that there is no material misstatement caused by fraud or error in the financial statements.

When preparing financial statements, management is responsible for assessing the ability to continue as a going concern of ODA Trading, disclosing matters related to going concern (if applicable) and applying the going concern assumption unless management plans to liquidate ODA Trading, ceases operations or has no other realistic option.

Governance is responsible for supervising the financial reporting process of ODA Trading.

V. Responsibility of certified public accountants toward audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error or not, and to issue audit reports that contain audit opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that a material misstatement will always be found when existing in an audit performed in accordance with auditing standards. The misstatement can be caused by fraud or error, and is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect economic decision made by users of the financial statements based on the financial statements.

In the process of performing audit in accordance with auditing standards, we have applied professional judgment and maintained professional doubt. At the same time, we have also performed the following tasks:

(I) Identify and assess the risk of material misstatement of financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for the publication of audit opinion. Because a fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal control, the risk of failing to discover a material misstatement due to fraud is higher than the risk of failing to discover a material misstatement due to a mistake.

(II) Understand the internal control related to audit so as to design appropriate audit procedures, but not for the purpose of expressing an opinion on effectiveness of internal control.

(III) Appraise appropriateness of the accounting policies selected by management and reasonableness of making accounting estimates and related disclosures.

(IV) Draw a conclusion on appropriateness of management using the going concern assumption. At the same time, based on audit evidence obtained, draw a conclusion as to whether there is any material uncertainty about the issues or circumstances that may give rise to major doubts about the ability to continue as a going concern of ODA Trading or not. If we conclude that there is a material uncertainty, the auditing standards require us to remind users of the statements to pay attention to relevant disclosures in financial statements in the audit report; if the disclosures are not sufficient, we should issue an unqualified opinion. Our conclusion is based on the information available up to the date of audit report. However, future events or circumstances may make ODA Trading unable to continue as a going concern.

(V) Assess overall presentation, structure and content of the financial statements, and assess whether the financial statements have fairly reflected relevant transactions and events or not.

Shanghai Trust & Best Certified Public Accountants

Shanghai • China

Certified Public
Accountant of the P.R.C:
(Signature & Seal)
February 8, 2018

BALANCE SHEET

Item	As at: 31-Dec-2017		As at: 31-Dec-2016	
	At end of year	Beginning of year	At end of year	Beginning of year
	RMB	RMB	INR	INR
Current assets:				
Currency fund	561,963.87	2,315,363.00	5,808,908.13	23,933,444.26
Deposit reservation for balance	–	–	–	–
Lending funds	–	–	–	–
Fair value measurement	–	–	–	–
Derivative financial assets	–	–	–	–
Note receivable	–	–	–	–
Accounts receivable	2,637,008.00	380,939.93	27,258,224.29	3,937,699.87
Prepayment	387,510.67	154,566.04	4,005,620.29	1,597,718.24
Premiums receivable	–	–	–	–
Reinsurance accounts receivable	–	–	–	–
Reinsurance reserve fund receivable	–	–	–	–
Interest receivable	–	–	–	–
Dividend Receivable	–	–	–	–
Other receivable	500,940.18	571,447.93	5,178,118.45	5,906,942.96
Redemptory monetary capital for sale acquired	–	–	–	–
Inventory	–	100,402.84	–	1,037,844.08
Raw material	–	–	–	–
Merchandise inventory (finished product)	–	100,402.84	–	1,037,844.08
Classified as available for sale assets	–	–	–	–
Non-current assets matured within one year	–	–	–	–
Other current assets	–	–	–	–
TOTAL CURRENT ASSETS	**4,087,422.72**	**3,522,719.74**	**42,250,871.17**	**36,413,649.41**
Non-current assets:				
Make loans and advances	–	–	–	–
Available-for-sale financial assets	–	–	–	–
Held-to-maturity investment	–	–	–	–
Long-term receivables	–	–	–	–
Long-term equity investments	–	–	–	–
Investment property	–	–	–	–
Original value of fixed assets	111,147.84	103,720.84	1,148,912.99	1,072,141.58
Less: Accumulated depreciation	89,152.62	82,814.03	921,552.80	856,032.07
Net value of fixed assets	21,995.22	20,906.81	227,360.19	216,109.51
Less: fixed assets depreciation reserves	–	–	–	–
Net value of fixed assets	21,995.22	20,906.81	227,360.19	216,109.51
Construction in progress	–	–	–	–
Construction supplies	–	–	–	–
Disposal of fixed assets	–	–	–	–
Productive biological assets	–	–	–	–
Oil and gas assets	–	–	–	–
Intangible assets	–	–	–	–
Development expenditure	–	–	–	–
Goodwill	–	–	–	–
Long-term deferred expenses	–	–	–	–
Deferred income tax assets	–	–	–	–
Other non-current assets	–	–	–	–
Physical assets reserve specifically authorized	–	–	–	–
TOTAL NON-CURRENT ASSETS	**21,995.22**	**20,906.81**	**227,360.19**	**216,109.51**
TOTAL ASSETS	**4,109,417.94**	**3,543,626.55**	**42,478,231.36**	**36,629,758.92**

BALANCE SHEET

Item	As at: 31-Dec-2017		As at: 31-Dec-2016	
	At end of year	Beginning of year	At end of year	Beginning of year
	RMB	RMB	INR	INR
Current liabilities				
Short-term borrowing	–	–	–	–
Borrowings from central bank	–	–	–	–
Deposit from customers and interbank	–	–	–	–
Borrowing funds	–	–	–	–
Financial assets measured as fair value and the variation included in current profit and loss	–	–	–	–
Financial derivative liabilities	–	–	–	–
Notes payable	–	–	–	–
Accounts payable	6,131,571.36	7,504,743.75	63,380,826.83	77,575,035.20
Advances from customers	495,680.69	78,330.00	5,123,752.16	809,681.54
Financial assets sold for repurchase	–	–	–	–
Handling charges and commissions payable	–	–	–	–
Employee benefit liabilities	25,179.00	32,987.20	260,270.29	340,982.09
Including: Accrued payroll	25,179.00	32,987.20	260,270.29	340,982.09
Welfare benefits payable	–	–	–	–
Including: bonus and allowance bond	–	–	–	–
Taxes and surcharges payable	(1,400,393.91)	(1,415,754.63)	(14,475,591.77)	(14,634,372.46)
Including: Taxes payable	(1,400,393.91)	(1,415,754.63)	(14,475,591.77)	(14,634,372.46)
Interests payable	–	–	–	–
Dividends payable	–	–	–	–
Other payables	2,084.30	–	21,544.99	–
Dividend payable for reinsurance	–	–	–	–
Reserve fund for insurance contract	–	–	–	–
Receiving from vicariously traded securities	–	–	–	–
Funds received as stock underwrite	–	–	–	–
Liabilities held for sale	–	–	–	–
Non-current liabilities maturing within one year	–	–	–	–
Other current liabilities	–	–	–	–
TOTAL CURRENT LIABILITIES	**5,254,121.44**	**6,200,306.32**	**54,310,802.50**	**64,091,326.37**
NON-CURRENT LIABILITIES:				
Long-term loans	–	–	–	–
Debentures payable	–	–	–	–
Long-term payable	–	–	–	–
Long-term Payroll Payable	–	–	–	–
Specific payable	–	–	–	–
Anticipation liabilities	–	–	–	–
Deferred Profits	–	–	–	–
Deferred tax liabilities	–	–	–	–
Other non-current liabilities	–	–	–	–
Authorized reserve fund	–	–	–	–
TOTAL NON-CURRENT LIABILITIES	–	–	–	–
TOTAL LIABILITIES	**5,254,121.44**	**6,200,306.32**	**54,310,802.50**	**64,091,326.37**
OWNERS' (OWNER'S)/SHAREHOLDERS' EQUITY				
Registered capital	925,876.00	925,876.00	9,570,595.04	9,570,595.04
National capital	–	–	–	–
Including: State-owned legal person's capital	–	–	–	–
Collective capital	–	–	–	–

BALANCE SHEET

Item	As at: 31-Dec-2017		As at: 31-Dec-2016	
	At end of year	Beginning of year	At end of year	Beginning of year
	RMB	RMB	INR	INR
Private capital	–	–	–	–
Including: Personal capital	–	–	–	–
Foreign businessmen's capital	925,876.00	925,876.00	9,570,595.04	9,570,595.04
Less: Returned investment	–	–	–	–
Registered capital–net book value	925,876.00	925,876.00	9,570,595.04	9,570,595.04
Other equity instruments	–	–	–	–
Preferred stock	–	–	–	–
Perpetual capital securities	–	–	–	–
Capital surplus	–	–	–	–
Less: Treasury stock	–	–	–	–
Other consolidated income	–	–	–	–
Including: transition reserve	–	–	–	–
Special reserve	–	–	–	–
Surplus reserves	–	–	–	–
Including: legal accumulation fund	–	–	–	–
Optional accumulation fund	–	–	–	–
Reserved funds	–	–	–	–
Enterprise expension funds	–	–	–	–
Capital redemption	–	–	–	–
General risk preparation	–	–	–	–
Undistributed profit	(2,070,579.50)	(3,582,555.77)	(21,403,166.18)	(37,032,162.48)
Total owner's equity vest in parent company	(1,144,703.50)	(2,656,679.77)	(11,832,571.14)	(27,461,567.45)
Minority stockholder's interest	–	–	–	–
TOTAL OWNERS' EQUITY	**(1,144,703.50)**	**(2,656,679.77)**	**(11,832,571.14)**	**(27,461,567.45)**
TOTAL LIABILITIES & OWNERS' EQUITY	**4,109,417.94**	**3,543,626.55**	**42,478,231.36**	**36,629,758.92**

INCOME STATEMENT

Item	For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016	For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016
	RMB	RMB	INR	INR
OVERALL SALES	45,329,611.02	50,660,377.08	468,563,123.19	523,666,185.80
Including: Sales from operations	45,329,611.02	50,660,377.08	468,563,123.19	523,666,185.80
Interest income	–	–	–	–
Insurance premiums earned	–	–	–	–
Handling charges and commissions income	–	–	–	–
OVERALL COSTS	**43,810,832.22**	**50,482,485.19**	**452,863,810.49**	**521,827,352.91**
Including: Cost of operations	39,276,780.21	41,402,637.72	405,996,221.67	427,970,785.58
Interest expenses	–	–	–	–
Handling charges and commissions expenses	–	–	–	–
Surrender value	–	–	–	–
Net payments for insurance claims	–	–	–	–
Reserve fund for insurance contracts	–	–	–	–
Bond insurance expense	–	–	–	–
Reinsurance expense	–	–	–	–
Business tax and surcharges	25,381.90	–	262,367.62	–
Selling expenses	3,181,452.61	5,678,740.44	32,886,039.34	58,700,004.18
Administration expenses	1,683,638.47	1,521,726.93	17,403,434.14	15,729,786.93
Including: research and development expenses	–	–	–	–
Funds for Party construction work				
Financial expenses	(356,420.97)	1,879,380.10	(3,684,252.28)	19,426,776.22
Including: Interest expense	–	–	–	–
Interest income	4,252.61	4,462.85	43,958.38	46,131.59
Gain or loss on foreign exchange transactions (less exchange gain)	(372,249.12)	1,880,846.55	(3,847,864.70)	19,441,934.62
Impairment loss on assets	–	–	–	–
Others	–	–	–	–
Plus: Gain or loss from changes in fair values (loss expressed with "–")	–	–	–	–
Investment income (loss expressed with "–")	–	–	–	–
Including: Investment income from joint ventures and affiliates (loss expressed with "–")	–	–	–	–
Gain on foreign exchange transactions (loss expressed with "–")	–	–	–	–
Other Incomes (loss expressed with "–")	–	–	–	–
PROFIT FROM OPERATIONS (loss expressed with "–")	**1,518,778.80**	**177,891.89**	**15,699,312.70**	**1,838,832.89**
Plus: Non-operating profit	300.02	3,682.22	3,101.25	38,062.37
Including: Gains from disposal of non-current assets	–	–	–	–
Gains from exchange of non-monetary assets	–	–	–	–
Government grant income	–	–	–	–
Gains from debt restructuring	–	–	–	–

INCOME STATEMENT

Item	For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016	For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016
	RMB	RMB	INR	INR
Less: Non-operating expenses	7,102.55	1,434.40	73,417.64	14,827.11
Including: Losses from disposal of non-current assets	–	1,434.40	–	14,827.11
Losses from exchange of non-monetary assets	–	–	–	–
Losses from debt restructuring	–	–	–	–
PROFIT BEFORE TAX (LOSS EXPRESSED WITH "–")	1,511,976.27	180,139.71	15,628,996.31	1,862,068.15
Less: Income tax expenses	–	–	–	–
NET PROFIT (LOSS EXPRESSED WITH "–")	**1,511,976.27**	**180,139.71**	**15,628,996.31**	**1,862,068.15**
Net profit belonging to parent company	1,511,976.27	180,139.71	15,628,996.31	1,862,068.15
Minority interest	–	–	–	–
Income from continuing operations	1,511,976.27	180,139.71	15,628,996.31	1,862,068.15
Income from discontinued operations	–	–	–	–
Net of tax from other comprehensive income	–	–	–	–
Net of tax from other comprehensive income attributed to the parent company owners	–	–	–	–
Other comprehensive income cannot reclassified into the profit and loss	–	–	–	–
Including: 1. Remeasure the variation of net indebtedness or net asset of defined benefit plans	–	–	–	–
2. Share in other comprehensive income that cannot be classified into profit and loss under equity method	–	–	–	–
Other comprehensive income that will be reclassified into the profit and loss	–	–	–	–
Including: 1. Share in other comprehensive income that will be classified into profit and loss under equity method	–	–	–	–
2. Changes in fair value through profit and loss of available-for-sale financial assets	–	–	–	–
3. Held-to-maturity investment reclassified into available-for-sale financial assets				
4. Effective part of cash-flow hedge profit and loss				
5. Balance arising from the translation of foreign currency financial statements				
Net of tax from other comprehensive income belonging to the minority shareholders				
TOTAL CONSOLIDATED INCOME	**1,511,976.27**	**180,139.71**	**15,628,996.31**	**1,862,068.15**
Total comprehensive income attributed to the parent company owners	1,511,976.27	180,139.71	15,628,996.31	1,862,068.15
Total comprehensive income belonging to the minority shareholders	–	–	–	–
EARNINGS PER SHARE (EPS):	–	–	–	–
Basic EPS	–	–	–	–
Diluted EPS	–	–	–	–

CASH FLOW STATEMENT

Item		For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016	For the Year Ended 31-Dec-2017	For the Year Ended 31-Dec-2016
		RMB	RMB	INR	INR
I.	**Cash Flow from operating activities**				
	Cash from sale and render service	47,778,796.76	59,317,727.04	493,879,866.35	613,155,480.87
	Net increase of customer's deposit and deposit taking of interbank	–	–	–	–
	Net increase borrowings from central bank	–	–	–	–
	Net increase borrowing funds to other financing institution	–	–	–	–
	Cash from original insurance contract premium	–	–	–	–
	Net cash from reinsurance business	–	–	–	–
	Net increase of insured deposit and investment	–	–	–	–
	Net increase of financial assets disposal measured as fair value? and? the? variation? included? in? current? profit? and loss	–	–	–	–
	Cash for interest & commission	–	–	–	–
	Net increase of loans	–	–	–	–
	Net increase of repurchasing business funds	–	–	–	–
	Refund of taxes and levies	6,970.45	–	72,052.15	–
	Other cash received relating to operating activities	480,806.83	8,145.07	4,970,004.04	84,193.96
	Cash inflows from operating activities	**48,266,574.04**	**59,325,872.11**	**498,921,922.54**	**613,239,674.83**
	Cash inflows from operating activities	31,009,444.44	48,112,303.11	320,538,425.29	497,327,254.79
	Net increase of customer loans and advances	–	–	–	–
	Net increase depositing in central bank and other banks	–	–	–	–
	Cash paid for original insurance contract compensation payment	–	–	–	–
	Cash for payment of interest, commission	–	–	–	–
	Cash paid for policy dividend	–	–	–	–
	Cash paid to employee and for employee	1,362,759.40	1,476,827.16	14,086,571.37	15,265,666.99
	Payments of all types of taxes	206,856.11	18,770.45	2,138,230.24	194,026.39
	Other cash paid relating to operating activities	17,440,913.22	7,757,115.37	180,283,231.77	80,183,750.16
	Cash inflows from operating activities	**50,019,973.17**	**57,365,016.09**	**517,046,458.66**	**592,970,698.32**
	Net cash flows from operating activities	**(1,753,399.13)**	**1,960,856.02**	**(18,124,536.13)**	**20,268,976.51**
2.	**Cash Flows from Investing Activities**				
	Cash from recouping the capital outlay	–	–	–	–
	Cash from investment income	–	–	–	–
	Net cash from disposal of fixed assets, Intangible assets & other long-term assets	–	2,000.00	–	20,673.60
	Net cash received disposal subsidiary and other business units	–	–	–	–

CASH FLOW STATEMENT

Item	For the Year Ended 31-Dec-2017 RMB	For the Year Ended 31-Dec-2016 RMB	For the Year Ended 31-Dec-2017 INR	For the Year Ended 31-Dec-2016 INR
Proceeds from other investment activities	–	–	–	–
Cash inflow from investment activities	**–**	**2,000.00**	**–**	**20,673.60**
Cash paid to acquire fixed assets, intangible assets and other long-term assets	–	–	–	–
Cash paid to acquire investments	–	–	–	–
Net increase in pledged loans	–	–	–	–
Cash inflow from investment activities	–	–	–	–
Other cash payments relating to investing activities	–	–	–	–
Cash inflow from investment activities	**–**	–	**–**	–
Cash inflow from investment activities	**–**	**2,000.00**	**–**	**20,673.60**
3. Cash flows from financing activities				
Cash received from capital contribution	–	–	–	–
Including: cash inflows from minority investment in subsidiaries	–	–	–	–
Cash received from borrowings	–	–	–	–
Cash received from issuing bonds	–	–	–	–
Other cash received relating to financing activities	–	–	–	–
Cash inflow from investment activities	–	–	–	–
Cash repayments of amounts borrowed	–	–	–	–
Cash payments for interest expenses and distribution of dividends or profit	–	–	–	–
Including: dividends and earnings paid to minorities by subsidiaries	–	–	–	–
Other cash payments relating to financing activities	–	–	–	–
Cash inflow from investment activities	**–**	**–**	**–**	**–**
Net cash flows from financing activities	**–**	**–**	**–**	**–**
4. Effect of Foreign Exchange Rate Changes on Cash				
5. Net Increase in Cash and Cash Equivalents	**(1,753,399.13)**	**1,962,856.02**	**(18,124,536.13)**	**20,289,650.11**
Plus: Initial cash and cash equivalents balance	2,315,363.00	352,506.98	23,933,444.26	3,643,794.15
6. The final cash and cash equivalents balance	**561,963.87**	**2,315,363.00**	**5,808,908.13**	**23,933,444.26**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2017

M Unit: RMB ¥

Item	Current year balance Total equity of parent company Paid-in capital (or stock)	Other equity instruments	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	others	Sub-total	* Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13
Balance at the end of last year	**925,876.00**	–	–	–	–	–	–	–	**(3,582,555.77)**	–	**(2,656,679.77)**	–	**(2,656,679.77)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the beginning of this year	**925,876.00**	–	–	–	–	–	–	–	**(3,582,555.77)**	–	**(2,656,679.77)**	–	**(2,656,679.77)**
Increase or decrease changes in current year	–	–	–	–	–	–	–	–	1,511,976.27	–	1,511,976.27	–	1,511,976.27
(–) Total consolidated income	–	–	–	–		–	–	–	1,511,976.27	–	1,511,976.27	–	1,511,976.27
Capital contributed/reduced by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Common stocks invested by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Holders of other equity instruments invested capital	–	–	–	–	–	–	–	–	–	–	–	–	–
3. The amount of share-based payments recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Extraction and use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Surplus reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
Discretionary accumulation	–	–	–	–	–	–	–	–	–	–	–	–	–
Reserve fund	–	–	–	–	–	–	–	–	–	–	–	–	–
Enterprise expansion funds	–	–	–	–	–	–	–	–	–	–	–	–	–
Profits capitalised on return of investment	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Provision for normal risks	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers within the owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital surplus conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Carryover the changes in net debt or net assets from the re measurement	–	–	–	–	–	–	–	–	–	–	–	–	–
5. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the end of this report period	**925,876.00**	–	–	–	–	–	–	–	**(2,070,579.50)**	–	**(1,144,703.50)**	–	**(1,144,703.50)**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2017 (CONTD...)

M Unit: RMB ¥

Item	Prior year balance Total equity of parent company Paid-in capital (or stock)	Other equity instruments	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	others	Sub-total	* Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13
Balance at the end of last year	**925,876.00**	–	–	–	–	–	–	–	**(3,762,695.48)**	–	**(2,836,819.48)**	–	**(2,836,819.48)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the beginning of this year	**925,876.00**	–	–	–	–	–	–	–	**(3,762,695.48)**	–	**(2,836,819.48)**		**(2,836,819.48)**
Increase or decrease changes in current year	–	–	–	–	–		–	–	180,139.71	–	180,139.71	–	180,139.71
(-) Total consolidated income	–	–	–	–	–	–	–	–	180,139.71	–	180,139.71	–	180,139.71
Capital contributed/reduced by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Common stocks invested by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Holders of other equity instruments invested capital	–	–	–	–	–	–	–	–	–	–	–	–	–
3. The amount of share-based payments recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Extraction and use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Surplus reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
Discretionary accumulation	–	–	–	–	–	–	–	–	–	–	–	–	–
Reserve fund	–	–	–	–	–	–	–	–	–	–	–	–	–
Enterprise expansion funds	–	–	–	–	–	–	–	–	–	–	–	–	–
Profits capitalised on return of investment	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Provision for normal risks	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers within the owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital surplus conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Carryover the changes in net debt or net assets from the re measurement	–	–	–	–	–	–	–	–	–	–	–	–	–
5. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the end of this report period	**925,876.00**			–	–	–	–	–	**(3,582,555.77)**	–	**(2,656,679.77)**	–	**(2,656,679.77)**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2017 (CONTD...)

M Unit: INR

Item	Current year balance Total equity of parent company												
	Paid-in capital (or stock)	Other equity instruments	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	others	Sub-total	* Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13
Balance at the end of last year	**9,570,595.04**	–	–	–	–	–	–	–	**(37,032,162.48)**	–	**(27,461,567.45)**	–	**(27,461,567.45)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the beginning of this year	**9,570,595.04**	–	–	–	–	–	–	–	**(37,032,162.48)**	–	**(27,461,567.45)**	–	**(27,461,567.45)**
Increase or decrease changes in current year	–	–	–	–	–	–	–	–	15,628,996.31	–	15,628,996.31	–	15,628,996.31
(–) Total consolidated income	–	–	–	–	–	–	–	–	15,628,996.31	–	15,628,996.31	–	15,628,996.31
Capital contributed/reduced by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Common stocks invested by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Holders of other equity instruments invested capital	–	–	–	–	–	–	–	–	–	–	–	–	–
3. The amount of share-based payments recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Extraction and use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Surplus reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
Discretionary accumulation	–	–	–	–	–	–	–	–	–	–	–	–	–
Reserve fund	–	–	–	–	–	–	–	–	–	–	–	–	–
Enterprise expansion funds	–	–	–	–	–	–	–	–	–	–	–	–	–
Profits capitalised on return of investment	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Provision for normal risks	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers within the owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital surplus conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Carryover the changes in net debt or net assets from the re measurement	–	–	–	–	–	–	–	–	–	–	–	–	–
5. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the end of this report period	**9,570,595.04**	–	–	–	–	–	–	–	**(21,403,166.17)**	–	**(11,832,571.14)**	–	**(11,832,571.14)**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2017 (CONTD...)

M Unit: INR

	Prior year balance												
	Total equity of parent company												
Item	Paid-in capital (or stock)	Other equity instruments	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	others	Sub-total	* Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13
Balance at the end of last year	**9,570,595.04**	–	–	–	–	–	–	–	**(38,894,230.64)**	–	**(29,323,635.60)**	–	**(29,323,635.60)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the beginning of this year	**9,570,595.04**	–	–	–	–	–	–	–	**(38,894,230.64)**	–	**(29,323,635.60)**	–	**(29,323,635.60)**
Increase or decrease changes in current year	–	–	–	–	–	–	–	–	1,862,068.15	–	1,862,068.15	–	1,862,068.15
(–) Total consolidated income	–	–	–	–	–	–	–	–	1,862,068.15	–	1,862,068.15	–	1,862,068.15
Capital contributed/reduced by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Common stocks invested by owners	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Holders of other equity instruments invested capital	–	–	–	–	–	–	–	–	–	–	–	–	–
3. The amount of share-based payments recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Extraction and use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Use of special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Surplus reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
Discretionary accumulation	–	–	–	–	–	–	–	–	–	–	–	–	–
Reserve fund	–	–	–	–	–	–	–	–	–	–	–	–	–
Enterprise expansion funds	–	–	–	–	–	–	–	–	–	–	–	–	–
Profits capitalised on return of investment	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Provision for normal risks	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers within the owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital surplus conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Carryover the changes in net debt or net assets from the re measurement	–	–	–	–	–	–	–	–	–	–	–	–	–
5. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance at the end of this report period	**9,570,595.04**	–	–	–	–	–	–	–	**(37,032,162.49)**	–	**(27,461,567.45)**	–	**(27,461,567.45)**

Notes to Financial Statements of 2017

Origin Direct Asia (Shanghai) Trading Company Limited All amounts in RMB unless otherwise stated.

I. Basic Information of the Company

Origin Direct Asia (Shanghai) Trading Company Limited is an enterprise invested and founded by Origin Direct Asia Limited. On February 11, 2010, Shanghai Municipal People's Government approved its establishment and issued the Approval Certificate for the Establishment of Enterprises with Investments of Taiwan, Hong Kong, Macao and Overseas Chinese in PRC (No. 0438 [2010] Certificate for Wholly-owned Foreign Investment Enterprise in Jing'an District in Shanghai). The Company was founded on May 28, 2010. It now possesses a Business License for Enterprise's Legal Person issued by Shanghai Administration for Industry & Commerce (Unified social code 91310000551501987A). Its registered capital totals 140,000 U.S. dollars (INR 9,088,100), and its operation period is 20 years.

The Company mainly engages in the wholesale, import & export, and agent service with commission (excluding auction) of prepackaged foods (including frozen foods and refrigerated foods; excluding delicatessen and braised foods) and edible agricultural products (excluding unprocessed pork products). It also offers after-sale services regarding those products aforementioned. (Excluding goods subject to the state-run trade administration; for goods subject to administration of quotas and license, related applications shall be transacted in line with corresponding state provisions.) (Operating with administrative permits where they are applicable.)

II. Primary Accounting Policies and Estimates of the Company

1. **Accounting Standard & Accounting System:** The Company adopts the Accounting Standards for Enterprises and Accounting System for Business Enterprises and corresponding supplementary provisions launched by the state.

2. **Fiscal Year:** From January 1 to December 31 of a calendar year.

3. **Recording Currency:** RMB.

4. **Base of Accounting:** Accrual Basis; **Valuation Principle:** Based on Historical Cost

5. **Translation Method of Transactions in Foreign Currency**

Within a fiscal year, the amount of an economical business involving foreign currency shall be translated into RMB and recorded based on the market exchange rate (medium rate) on the first date of the month when related business occurs launched by People's Bank of China and cross exchange rate provided by State Administration of Foreign Exchange. At the end of each month, balance in foreign currency in foreign currency account shall be adjusted based on market exchange rate (medium rate) and cross exchange rate at the end of that month. For the difference incurred (profit and loss), if the special borrowing in foreign currency is related to the acquisition and construction of fixed assets, principle and interest incurred before they are ready for the intended use shall be capitalized. For those incurred during preparation period shall be recorded as long-term deferred expense. The rest shall be recorded as current expense.

6. **Recognition Standard of Cash Equivalents**

The Company recognizes short-term (expires within 3 months after they are purchased) and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value it holds as cash equivalents.

7. **Accounting Method for Bad Debt Losses of Accounts Receivable**

(1) Recognition Standard of Bad Debt Losses

(i) Accounts receivable whose collection is still not possible after the use of the bankruptcy assets for settlement or the estate for repayment due to the bankruptcy or death of the debtor;

(ii) Accounts receivable with obvious features that its collection is impossible due to the failure of the debtor to fulfill repayment obligations.

All accounts receivable mentioned above that are for sure irrecoverable shall be recognized as bad debt write-off after being approved by authorized department.

(2) Measurement Method of Bad Debts Losses

Losses on bad debts shall be measured by adopting allowance method. The Company shall withdraw bad debts provisions on all accounts receivable and all other accounts receivable by adopting the specific identification method.

8. **Accounting Method of Inventories**

(1) Classification of the Company's Inventories

Inventories are those finished products or merchandises or those in the process of production for the purpose of selling, and materials and goods used in the production or services providing process as well as others under the Company's possession during the normal production and operation process. Inventories of the Company can be classified as: commodities in storage and low-value consumables.

(2) Determination Method of Entry Value of Inventories Acquired

All inventories shall be initially accounted with their actual costs when they are acquired.

(3) Measurement Method of Inventories on Delivery

Normally, inventories shall be accounted based on their actual costs, while inventories on delivery shall be accounted with First-in First-out method.

(4) Amortization Method of Low-value Consumables

Low-value consumables are amortized on on-off amortization.

(5) Inventory System

The Company uses perpetual inventory system.

(6) Recognition Standard of Depreciation Provision and Related Withdrawing Method

At the end of year, the Company accounts inventories depending on which is lower between the cost and the net realizable value. When the cost of inventories can't be recovered because the inventories suffer from disuse or all or part is stale or out of date, or the sales price is lower than the cost, impairment provision on the exceeding part shall be withdrawn. Related depreciation provisions shall be accounted according to the difference between the cost of individual inventory item and corresponding net realized value. For inventories with huge quantity but lower unit price, cost and net realized value shall be determined based on categories.

Net realized value of inventories shall be determined based on the amount after deducting estimated cost for completion and estimated expense for sales from the estimated sales price during the Company's normal production and operation process.

9. **Measure and Depreciation Policies of Fixed Assets and Method to Withdraw Corresponding Impairment Provisions**

(1) Standards to Recognize Fixed Assets: Fixed assets refer to as tangible assets having all features as follows synchronously: (i) held for the purpose of producing goods, providing services, lease or for operation and management; (ii) having more than one year of service life; and (iii) respective value is high. Detailed standards are: (i) buildings, structures, machines, machinery and transportation facilities with a service life over a year as well as other equipments, appliances and tools related to production and operation; and (ii) articles that are not major devices of production and operation and bear the unit value of over RMB 2,000 and a service life over 2 years.

(2) **Classification of Fixed Assets:** Electrical Equipments

(3) **Measurement of Fixed Assets and Methods for Impairment Examination and Withdrawing Impairment Provisions:** Fixed assets shall be recorded at actual costs or determined values. At the end of each year, the Company will take the impairment examination each by each. When recoverable amount is lower than carrying value, related difference shall be recognized as impairment provision and be recorded into current profits and losses. Impairment provisions of fixed assets shall be withdrawn on a single item assets base.

(4) **Depreciation Method of Fixed Assets**

Straight-line method is adopted in depreciation of fixed assets. Depreciation rate of each category of fixed assets was determined according to their original costs and their estimated economical usable lives after deducting their retained values (10% of original costs). Depreciation rate of each category of fixed assets is:

Category	Depreciation Age (Years)	Annual Depreciation Rate (%)
Electrical Equipments	3	30
Office furniture	5	18

For a fixed asset whose provision for depreciation had been made, when making depreciation, its depreciation rate and amount shall be re-determined based on its carrying amount and retained usable life. For a fixed asset whose provision for depreciation had been made, when its value resumes, its depreciation rate and amount shall be re-determined based on its resumed carrying amount and retained usable life.

10. **Recognition Method of Revenues**

(1) **From Selling Goods**

The Company recognizes related amount as operating revenue when it already transferred the significant risks and rewards of ownership of the goods to the buyer, when it retains neither continuous management right nor actual control over the sold goods, when relevant economic benefits may flow into the company, and when relevant amount of revenue and relevant costs incurred can be measured in a reliable way.

11. **Accounting Treatment on Lease Business**

(1) **The Company's Accounting Treatment on Operating Lease Business as the Lessee**

The rents from operating leases shall be recognized as the expense by using straight-line method over each period of the lease term.

12. **Accounting Treatment Method on Income Tax**

The Company adopts the tax payable method.

13. **Taxes**

Tax types and rates available for the Company are:

Tax Type	Income Tax	Value-added Tax
Tax Rate	25%	11%-13%
Tax Base	Income Tax Payable	Output Tax for the Period Deducting Input Tax for the Period

III. **Changes on Significant Accounting Policies & Estimates and Explanations on Corrections of Material Accounting Errors**

Till the date of these financial statements, the Company conducted no change on significant accounting policies and estimates and had no correction on material accounting errors.

IV. **Notes to Items in Financial Statements**

1. **Cash and Cash Equivalents**

Item	Ending Amount (RMB ¥)	Beginning Amount (RMB ¥)	Ending Amount (INR)	Beginning Amount (INR)
Cash	39,368.29	22,161.16	406,942	229,075
Deposit in Bank	522,595.58	2,293,201.84	5,401,966	23,704,369
Total	**561,963.87**	**2,315,363.00**	**5,808,908**	**23,933,444**

2. **Account Receivable**

Analysis on account receivable based on ageing:

	Ending Balance (RMB ¥)			Beginning Balance (RMB ¥)		
Ageing	**Amount**	**Percentage in Total %**	**Bad Debt Provision**	**Amount**	**Percentage in Total %**	**Bad Debt Provision**
within a Year	2,510,362.00	95.20	–	380,939.93	100.00	–
1 to 2 Years	126,646.00	4.80	–	–	–	–
Total	**2,637,008.00**	**100.00**	**–**	**380,939.93**	**100.00**	**–**

	Ending Balance (INR)			Beginning Balance (INR)		
Ageing	**Amount**	**Percentage in Total %**	**Bad Debt Provision**	**Amount**	**Percentage in Total %**	**Bad Debt Provision**
within a Year	25,949,110	95.20	–	3,937,700	100.00	–
1 to 2 Years	1,309,114	4.80	–	–	–	–
Total	**27,258,224**	**100.00**	**–**	**3,937,700**	**100.00**	**–**

Information of debtors regarding huge amount in account receivable at the end of year:

Name of Debtor	Balance at End of Year (RMB ¥)	Balance at End of Year (INR)	Type or Content	Ageing
Beijing Xie Shou Chang Tong International Trade Co., Ltd.	870,292.00	8,996,034.35	Payment for Goods	Within a Year
Hangzhou Ye Shi Brother Fruit Supermarket Chain Co.	619,350.00	6,402,097.08	Payment for Goods	Within a Year
Shanghai Hong Fu Trade Co., Ltd.	500,000.00	5,168,400.00	Payment for Goods	Within a Year

3. **Other Account Receivable**

Analysis on other account receivable based on ageing:

Ageing	Ending Balance			Beginning Balance		
	Amount (RMB ¥)	Percentage in Total (%)	Bad Debt Provision	Amount (RMB ¥)	Percentage in Total (%)	Bad Debt Provision
Within a Year	249,822.38	49.87	–	263,622.17	46.13	–
1 to 2 Years	177,997.80	35.53	–	167,891.40	29.38	–
2 to 3 Years	15,000.00	2.99	–	70,214.36	12.29	–
Over 3 years	58,120.00	11.61	–	69,720.00	12.20	–
Total	**500,940.18**	**100.00**	**–**	**571,447.93**	**100.00**	**–**

Ageing	Ending Balance			Beginning Balance		
	Amount (INR)	Percentage in Total (%)	Bad Debt Provision	Amount (INR)	Percentage in Total (%)	Bad Debt Provision
Within a Year	2,582,363.98	49.87	–	2,725,009.65	46.13	–
1 to 2 Years	1,839,927.66	35.53	–	1,735,459.82	29.38	–
2 to 3 Years	155,052.00	2.99	–	725,791.80	12.29	–
Over 3 years	600,774.82	11.61	–	720,681.70	12.20	–
Total	**5,178,118.45**	**100.00**	**–**	**5,906,942.96**	**100.00**	**–**

Information of debtors regarding huge amount in other account receivable at the end of year:

Name of Debtor	Balance at End of Year (RMB ¥)	Balance at End of Year (INR)	Type of Content	Ageing
Jason	379,211.87	3,919,837.26	Loan	In 2 Years
Shanghai Hongshen Freight Forwarding Co,. Ltd	50,000.00	516,840.00	Freight	Over 3 years

4. **Fixed Assets**

(1) **Original Cost:**

Item	Beginning Balance (RMB ¥)	Current Increase (RMB ¥)	Currrent Decrease (RMB ¥)	Ending Balance (RMB ¥)
Electrical Equipments	93,673.84	2,799.00	–	96,472.84
Office Furniture	10,047.00	4,628.00	–	14,675.00
Total	**103,720.84**	**7,427.00**	**–**	**111,147.84**

Item	Beginning Balance (INR)	Current Increase (INR)	Currrent Decrease (INR)	Ending Balance (INR)
Electrical Equipments	968,287.75	28,932.70	–	997,220.45
Office Furniture	103,853.83	47,838.71	–	151,692.54
Total	**1,072,141.58**	**76,771.41**	**–**	**1,148,912.99**

(2) Accumulated Depreciation:

Item	Beginning Balance (RMB ¥)	Current Increase (RMB ¥)	Currrent Decrease	Ending Balance (RMB ¥)
Electrical Equipments	77,818.69	4,117.61	–	81,936.30
Office Furniture	4,995.34	2,220.98	–	7,216.32
Total	**82,814.03**	**6,338.59**	**–**	**89,152.62**

Item	Beginning Balance (INR)	Current Increase (INR)	Currrent Decrease	Ending Balance (INR)
Electrical Equipments	804,396.23	42,562.91	–	846,959.15
Office Furniture	51,635.83	22,957.83	–	74,593.66
Total	**856,032.07**	**65,520.74**	**–**	**921,552.80**

(3) Net Value:

Item	Beginning Balance (RMB ¥)	Ending Balance (RMB ¥)
Electrical Equipments	15,855.15	14,536.54
Office Furniture	5,051.66	7,458.68
Total	**20,906.81**	**21,995.22**

Item	Beginning Balance (INR)	Ending Balance (INR)
Electrical Equipments	163,891.51	150,261.31
Office Furniture	52,218.00	77,098.88
Total	**216,109.51**	**227,360.19**

5. Account Payable

Analysis on account payable based on ageing:

	Ending Balance (RMB ¥)		Beginning Balance (RMB ¥)	
Ageing	**Amount**	**Percentage**	**Amount**	**Percentage**
within a Year	6,131,571.36	100.00	7,504,743.75	100.00
Total	**6,131,571.36**	**100.00**	**7,504,743.75**	**100.00**

	Ending Balance (INR)		Beginning Balance (INR)	
Ageing	**Amount**	**Percentage**	**Amount**	**Percentage**
within a Year	63,380,826.83	100.00	77,575,035.20	100.00
Total	**63,380,826.83**	**100.00**	**77,575,035.20**	**100.00**

Information on creditors lending huge amount in account payable at the end of year:

Name of Debtor	Balance at End of Year (RMB ¥)	Balance at End of Year (INR)	Type or Content	Ageing
ODA HK	6,105,898.01	63,115,446.55	Payment for Goods	Within 1 Year

6. Tax Payable

Type	Ending Balance (RMB ¥)	Beginning Balance (RMB ¥)
Value-added Tax	(1,438,229.46)	(1,418,710.22)
Individual Income Tax	12,345.65	9,926.04
Corporate income tax	–	(6,970.45)
Stamp duty	25,381.90	–
Total	**(1,400,393.91)**	**(1,415,754.63)**

Type	Ending Balance (INR)	Beginning Balance (INR)
Value-added Tax	(14,866,690.28)	(14,664,923.80)
Individual Income Tax	127,614.51	102,603.49
Corporate income tax	–	–
Stamp duty	262,367.62	–
Total	**(14,475,591.77)**	**(14,634,372.46)**

7. **Paid-in Capital**

Name of Investor	Beginning Balance				Ending Balance	
	Invested Amount (RMB ¥)	Percentage	Current Increase	Current Decrease	Invested Amount (RMB ¥)	Percentage
Origin Direct Asia Limited	925,876.00	100.00%	–	–	925,876.00	100.00%
Total	**925,876.00**	**100.00%**	**–**	**–**	**925,876.00**	**100.00%**

Name of Investor	Beginning Balance				Ending Balance	
	Invested Amount (INR)	Percentage	Current Increase	Current Decrease	Invested Amount (INR)	Percentage
Origin Direct Asia Limited	9,570,595.04	100.00%	–	–	9,570,595.04	100.00%
Total	**9,570,595.04**	**100.00%**	**–**	**–**	**9,570,595.04**	**100.00%**

Details in above paid-in capital item had already been reviewed by Shanghai Yonghua Certified Public Accountants and related Capital Verification Report (No. 141 [2011] Capital Verification Report of Shanghai Yonghua) was also issued by this office on August 24, 2011.

8. **Undistributed Profit**

Item	Amount (RMB ¥)	Amount (INR)
Beginning Balance of Current Year	(3,582,555.77)	(37,032,162.48)
Current Increase	1,511,976.27	15,628,996.31
Including: Transfer-in of Net Profits of Current Year	1,511,976.27	15,628,996.31
Ending Balance of Current Year	**(2,070,579.50)**	**(21,403,166.18)**

9. **Revenue of Main Business**

Item	Amount of Current Year (RMB ¥)	Amount of Last Year (RMB ¥)
Revenue of Fruit Trading	45,329,611.02	50,660,377.08
Total	**45,329,611.02**	**50,660,377.08**

Item	Amount of Current Year (INR)	Amount of Last Year (INR)
Revenue of Fruit Trading	468,563,123.19	523,666,185.80
Total	**468,563,123.19**	**523,666,185.80**

10. Cost of Main Business

Item	Amount of Current Year (RMB ¥)	Amount of Last Year (RMB ¥)
Cost of Fruit Trading	39,276,780.21	41,402,637.72
Total	**39,276,780.21**	**41,402,637.72**

Item	Amount of Current Year (INR)	Amount of Last Year (INR)
Cost of Fruit Trading	405,996,221.67	427,970,785.58
Total	**405,996,221.67**	**427,970,785.58**

11. Sales Expense

Item	Amount of Current Year (RMB ¥)	Amount of Last Year (RMB ¥)
Accumulative Amount of Current Year	**3,181,452.61**	**5,678,740.44**
Main Items Include:		
Logistics service fee	2,225,425.30	4,350,518.00
The sales salary	606,124.01	732,109.65
Housing Rental Fees	81,716.00	160,974.00

Item	Amount of Current Year (INR)	Amount of Last Year (INR)
Accumulative Amount of Current Year	**32,886,039.34**	**58,700,004.18**
Main Items Include:		
Logistics service fee	23,003,776.24	44,970,434.46
The sales salary	6,265,382.67	7,567,671.03
Housing Rental Fees	844,681.95	1,663,956.04

12. Administrative Expense

Item	Amount of Current Year (RMB ¥)	Amount of Last Year (RMB ¥)
Accumulative Amount of Current Year	**1,683,638.47**	**1,521,726.93**
Main Items Include:		
Rents for Houses	243,155.96	221,011.54
Wages of Employees	839,477.64	645,368.93
Financial service fee	65,516.00	64,850.00
Social insurance premium	201,610.80	233,507.40

Item	Amount of Current Year (INR)	Amount of Last Year (INR)
Accumulative Amount of Current Year	**17,403,434.14**	**15,729,786.93**
Main Items Include:		
Rents for Houses	2,513,454.53	2,284,552.09
Wages of Employees	8,677,512.47	6,671,049.56
Financial service fee	677,225.79	670,341.48
Social insurance premium	2,084,010.52	2,413,719.29

13. Financial Expense

Item	Amount of Current Year (RMB ¥)	Amount of Last Year (RMB ¥)
Interest Expense	–	–
Less: Interest Income	4,252.61	4,462.85
Exchange Loss	–	1,880,846.55
Less: Exchange Income	372,249.12	–
Bank Commission	20,080.76	2,996.40
Total	**(356,420.97)**	**1,879,380.10**

Item	Amount of Current Year (INR)	Amount of Last Year (INR)
Interest Expense	–	–
Less: Interest Income	43,958.38	46,131.59
Exchange Loss	–	19,441,934.62
Less: Exchange Income	3,847,864.70	–
Bank Commission	207,570.80	30,973.19
Total	**(3,684,252.28)**	**19,426,776.22**

V. Relationship and Corresponding Transactions with Related Parties

1. Related Parties Having a Relationship of Controlling

(1) Information of Related Parties Having a Relationship of Controlling

Name of Enterprise	Origin	Relationship with the Company	Economical Characteristic or Type
Origin Direct Asia Limited	Hong Kong	Investor	Legal Representative in Hong Kong

(2) Quantities and Changes of Shares Held by Related Parties Having a Relationship of Controlling

Name of Enterprise	Beginning Amount		Current Increase	Current Decrease	Ending Amount	
	Amount (RMB ¥)	Percentage			Amount (RMB ¥)	Percentage
Origin Direct Asia Limited	925,876.00	100.00%	–	–	925,876.00	100.00%
Total	**925,876.00**	**100.00%**	**–**	**–**	**925,876.00**	**100.00%**

Name of Enterprise	Beginning Amount		Current Increase	Current Decrease	Ending Amount	
	Amount (INR)	Percentage			Amount (INR)	Percentage
Origin Direct Asia Limited	9,570,595.04	100.00%	–	–	9,570,595.04	100.00%
Total	**9,570,595.04**	**100.00%**	**–**	**–**	**9,570,595.04**	**100.00%**

(3) The Final Transaction Balance of the Related Party in the Relationship of Controlling

Type	Ending Balance (RMB ¥)	Beginning Balance (RMB ¥)
Account Payable	6,105,898.01	6,398,426.96
Total	**6,105,898.01**	**6,398,426.96**

Type	Ending Balance (INR)	Beginning Balance (INR)
Account Payable	63,115,446.55	66,139,259.80
Total	**63,115,446.55**	**66,139,259.80**

VI. Contingencies

Till December 31, 2017, the Company had no contingency such as mortgage or promise needed to be disclosed.

VII. Subsequent Events

Till these financial statements were signed and issued, the Company had no subsequent event that would affect the reading and understanding of them.

VIII. Explanation on going concern

Origin Direct Asia (Shanghai) Trading Company Limited On December 31, 2017, current liabilities are greater than total assets by RMB 1,144,703.50 (INR 11,832,571.14). The Company's stockholders undertake continuing support to the Company in the operations of year 2018 and the following years to assure the capital needed for development of business, to assure the ability of the Company as a going concern, and to gradually turn losses into gains.

IX. Approval of Accounting Statement

The Accounting Statement of 2017 was already approved by authorized department of the Company.

Origin Direct Asia (Shanghai) Trading Company Limited

Legal Representative (Signature & Stamp):

February 8, 2018

DIRECTORS' REPORT

To the Members,

Your Directors present their Second Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

THE COMPANY

The Company was incorporated on 13th July, 2016 to inter alia carry on the business of procuring agricultural produce including fruits and vegetables from the farmers and selling to customers, facilitated by a digital technology platform. Pursuant to the allotment of optionally convertible Preference shares by the Company to Mahindra Greenyard Private Limited (MGPL) on 25th May, 2017, the Company had become a subsidiary Company of MGPL in accordance with the provisions of the Companies Act, 2013.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Amount in Rs)

Particulars	**For the Year ended 31st March, 2018**	For the Period ended 31st March, 2017
Gross Income	**2,80,58,313**	1,45,82,689
Profit/(Loss) Before Interest and Depreciation	**(1,90,69,959)**	(64,68,486)
Finance Charges	**6,30,914**	29,590
Gross Profit/(Loss)	**(1,97,00,872)**	(64,98,076)
Provision for Depreciation	**2,43,371**	8,913
Net Profit/(Loss) Before Tax	**(1,99,44,243)**	(65,06,989)
Provision for Tax	**–**	(1,25,724)
Net Profit/(Loss) After Tax	**(1,99,44,243)**	(63,81,265)
Balance of Profit/(Loss) brought forward	**(63,81,265)**	–
Balance available for appropriation	**(2,63,25,507)**	(63,81,265)
Proposed Dividend on Equity Shares	**–**	–
Tax on proposed Dividend	**–**	–
Transfer to General Reserve	**–**	–
Surplus/(Deficit) carried to Balance Sheet	**(2,63,25,507)**	(63,81,265)
Net Worth	**(1,04,72,787)**	(8,74,936)

No material changes and commitments have occurred after the closure of period under review till the date of this Report which would affect the financial position of the Company.

OPERATIONS

The Company was incorporated to carry on the business of procuring agricultural produce, including fruits & vegetables from the farmers and selling directly to the customers, facilitated by a digital technology platform. In line with the larger vision of ***Delivering FarmTech Prosperity***, your Company strives to provide a fair return to the farmers by providing them adequate market linkage and ensuring timely payment.

Your Company, in the current year, is focusing on expanding its scale of operations both in Maharashtra and outside Maharashtra.

During the current year, your Company also started its footprint in organic grocery like spices, dry fruits, puffed grain etc. under the retail as well as B2B segment. Your Company opened over 20 franchise stores for organic produce in states like Gujarat, Maharashtra and Bangalore. Going forward, your Company plans to strengthen its supply chain for organic produce to scale this up faster.

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2018.

SHARE CAPITAL

During the year under review, the Company has allotted 21,30,000 (Twenty One Lakh Thirty Thousand) Optionally Convertible Preference Shares (OCPS), upon conversion of warrants, allotted on rights basis to Mahindra Greenyard Private Limited. As on 31st March, 2018, 25,30,000 (Twenty Five Lakhs Thirty Thousand) OCPS have been allotted to MGPL.

As on 31st March, 2018, the paid up Equity share capital of the Company stood at Rs. 1,50,73,040 (Rupees One Crore Fifty Lakhs Seventy Three thousand and Forty Only) and the paid up Optionally Convertible Preference share capital stood at Rs. 2,53,00,000 (Rupees Two Crores Fifty Three Lakhs only).

Further, Company has received share application money of Rs. 10,00,000/- (Rupees Ten Lakhs only) for 1,00,000 (One Lakh) OCPS for which allotment was pending as on 31st March, 2018 and which was allotted at the Board Meeting held on 25th April, 2018.

BOARD OF DIRECTORS:

Sr. No.	Name of Director & DIN	Designation	Category	
1.	Mr. Ashok Sharma (DIN: 02766679)	Chairman	Non Executive	Non Independent
2.	Mr. Prashanth Patil (DIN: 07560367)	Whole-Time Director and CEO	Executive	Non Independent
3.	Mr. Sudhakar Patil (DIN: 07560228)	Director	Non Executive	Non Independent

In accordance with Section 152(6) of the Companies Act, 2013 Mr. Ashok Sharma retires at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

The Board recommends his re-appointment.

BOARD MEETINGS

The Board of Directors met four times during the year i.e. on 25th May, 2017, 21st July, 2017, 9th November, 2017 and 22nd January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as follows:

Name of the Director	No. of meetings attended
Mr. Ashok Sharma	4
Mr. Prashanth Patil	4
Mr. Sudhakar Patil	1

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company was held on 21st July, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the period ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos. Your Company has, for the year, received declarations from Directors and Senior Management and Employees, affirming compliance with the respective Codes.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Prashanth Patil is the Whole Time Director designated as a Chief Executive Officer (CEO) and Key Managerial Personnel of your Company.

AUDITORS

M/s. B.K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), were appointed as the Statutory Auditors of the Company at the first Annual General Meeting (AGM) of the members held on 21st July 2017 to hold office from the conclusion of the first AGM until the conclusion of the Sixth AGM.

Pursuant to the provisions of Section 139 of Companies Act, 2013, the Members are requested to ratify the appointment of Statutory Auditors at the ensuing AGM and fix their remuneration.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, the Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

The Members are requested to ratify the appointment of M/s. B.K. Khare & Co, Chartered Accountants and fix their remuneration.

The Auditors Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 (3) of The Companies (Accounts) Rules, 2014 is given as **Annexure I** to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate parent Company, Mahindra & Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/ arrangements / transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure II** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as **Annexure III** which forms a part of this Report.

INTERNAL CONTROLS

Your Company has implemented a proper system of internal control with reference to financial statements and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

COMPLIANCE UNDER SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

Ashok Sharma
Director

Prashanth Patil
Wholetime Director and Chief Executive Officer

Place: Mumbai
Date: 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, however adequate measures are taken to contain and bring saving in power consumption through better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

Ashok Sharma
Director

Prashanth Patil
Wholetime Director and
Chief Executive Officer

Place: Mumbai
Date: 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. Lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Agri Solutions Limited Ultimate Holding Company	Sale of Goods	01-04-2017 to 31-03-2018	34.80	NA	NA
2	Mr. Prashant Patil Wholetime Director and CEO	Directors Remuneration	01-04-2017 to 31-03-2018	60.00	NA	NA

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Ashok Sharma
Director

Prashanth Patil
Wholetime Director and
Chief Executive Officer

Place: Mumbai
Date: 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	**CIN:-**	U51909MH2016PTC283578
ii)	**Registration Date**	13/07/2016
iii)	**Name of the Company**	MERAKISAN PRIVATE LIMITED
iv)	**Category/Sub-Category of the Company**	Company Limited By Shares (Non-Government Company)
v)	**Address of the Registered office and contact details**	Mahindra Towers, P K Kurne, Worli, Mumbai-400018, Maharashtra.
vi)	**Whether listed Company (Yes/No)**	No
vii	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main product/Services	NIC Code of the Product/ Service	% of Total Turnover of the Company
1	Wholesale and Retail of cereals, pulses, fruits and vegetables and other grocery items.	46201, 46301, 47211 & 47212	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Mahindra Greenyard Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai 400018	U01403MH2014PTC255946	Holding	75.05*	2(46)
2.	Mahindra Agri Solutions Limited Mahindra Towers Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai 400018	U01400MH2000PLC125781	Ultimate Holding Company	–	2(46)
3.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

* In computing the criteria for determining a holding Company, the total share capital includes Convertible Preference Share Capital.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	5,00,000	5,00,000	33.17	–	5,00,000	5,00,000	33.17	–
e) Banks/FI	–	–	–	–	–	–	–	–	
f) Any Other...	–	–	–	–	–	–	–	–	
Sub-total (A)(1):-	**–**	**5,00,000**	**5,00,000**	**33.17**	**–**	**5,00,000**	**5,00,000**	**33.17**	**–**
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other- Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**–**	**5,00,000**	**5,00,000**	**33.17**	**–**	**5,00,000**	**5,00,000**	**33.17**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	10,07,304	10,07,304	66.83	–	10,07,304	10,07,304	66.83	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	**10,07,304**	**10,07,304**	**66.83**	–	**10,07,304**	**10,07,304**	**66.83**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**10,07,304**	**10,07,304**	**66.83**	–	**10,07,304**	**10,07,304**	**66.83**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**15,07,304**	**15,07,304**	**100**	–	**15,07,304**	**15,07,304**	**100**	–

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Greenyard Private Limited *(Formerly known as Mahindra UNIVEG Private Limited)*	4,99,999	33.17	–	4,99,999	33.17	–	–
2.	Mr. Nikhil Sohoni *(Nominee of Mahindra Greenyard Private Limited)*	1	0	–	1	0	–	–
	Total	**5,00,000**	**33.17**		**5,00,000**	**33.17**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mahindra Greenyard Private Limited** *(Formerly known as Mahindra UNIVEG Private Limited)*				
	At the beginning of the year	5,00,000*	33.17	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): **No Change**	–	–	–	–
	At the end of the year	–	–	**5,00,000***	**33.17**

* Includes 1 share held by Mr. Nikhil Sohoni as a nominee of Mahindra Greenyard Private Limited to comply with the statutory provisions of the Companies Act, 2013 with regard to minimum number of members.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	NIL	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**Mr. Prashanth Patil**				
	At the beginning of the year	10,07,304	66.83	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): **No Change**	–	–	–	–
	At the end of the year	–	–	**10,07,304**	**66.83**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Mr. Prashanth Patil (Wholetime Director)	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	60,00,000	60,00,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify...	–	–
5.	Others, Contribution to PF	–	–
	Total (A)	**60,00,000**	**60,00,000**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other Directors: NIL

(Rs. in lakhs)

Particulars of Remuneration	Name of Directors	
		Total
1. Independent Directors	–	–
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others, please specify	–	–
Total (1)		
2. Other Non-Executive Directors	–	–
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others, please specify	–	–
Total (2)		
Total B = (1+2)	–	–
Total Managerial Remuneration	–	–
Ceiling as per the Act	Within the prescribed limits under the Companies Act, 2013	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: NIL

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify...	–	–
5.	Others: Contribution to PF	–	–
	Others: Retainer-ship	–	–
	Total	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Ashok Sharma
Director

Prashanth Patil
Wholetime Director and
Chief Executive Officer

Place: Mumbai
Date: 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **MeraKisan Private Limited**

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **MeraKisan Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting

Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. In our opinion, considering the nature of business, size of operation and organizational structure of the entity, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial reporting operating effectively as at March 31, 2018, based on internal control over Financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note of Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact on pending litigations on its financial position.

ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai,
April 25, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 10 of our report of even date on the financial statements of MeraKisan Private Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, reporting under clause 3(iii) (a), (b) & (c) of the Order is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, reporting under Clause 3(iv) of Order is not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. Therefore, reporting under Clause 3(v) of Order is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods & service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess as at March 31, 2018

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any funds from banks or financial institutions. Therefore, reporting under Clause 3(viii) of Order is not applicable to the company.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, reporting under Clause 3(ix) of Order is not applicable to the company.

X. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we have been informed of any such instance by the Management.

XI. As the Company is a Private Limited Company, provisions of Section 197 read with Schedule V of the Act are not applicable to the Company, therefore, reporting under Clause 3(xi) of Order is not applicable to the company.

XII. The Company is not a 'Nidhi Company'; therefore, reporting under Clause 3(xii) of Order is not applicable to the company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment during the year on various dates. In regards, the above preferential allotment the requirements of the Act have been complied with and the amounts raised have been used for the purposes for which the funds were raised.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under Clause 3(xvi) of Order is not applicable to the company.

For B. K. Khare & Co.

Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai,
April 25, 2018

BALANCE SHEET AS AT 31 MARCH 2018

Figures in Rupees

		Note No.	As at 31 March 2018	As at 31 March 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	**20,02,489**	1,77,727
	(b) Deferred Tax Assets (Net)	4	**1,25,724**	1,25,724
	(c) Other Non-current Assets	5	**6,94,011**	1,69,011
	SUB-TOTAL		**28,22,224**	4,72,462
	CURRENT ASSETS			
	(a) Inventories	6	**4,44,029**	5,08,454
	(b) Financial Assets			
	(i) Trade Receivables	7	**46,64,798**	30,63,432
	(ii) Cash and Cash Equivalents	8	**3,29,439**	33,33,459
	(c) Other Current Assets	5	**23,44,788**	5,89,928
	SUB-TOTAL		**77,83,054**	74,95,273
	Non-Current Assets Classified as Held for Sale		**–**	
	TOTAL ASSETS		**1,06,05,278**	79,67,735
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	9	**1,50,73,040**	1,50,73,040
	(b) Other Equity	10	**(2,55,45,827)**	(1,59,47,976)
	SUB-TOTAL		**(1,04,72,787)**	(8,74,936)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	11	**1,34,15,896**	18,53,335
	(b) Other Non-current Liabilities	15	**10,00,000**	30,00,000
	SUB-TOTAL		**1,44,15,896**	48,53,335
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**26,21,821**	33,58,478
	(ii) Other Financial Liabilities	13	**4,00,000**	–
	(b) Provisions	14	**26,32,444**	1,14,680
	(d) Other Current Liabilities	15	**10,07,906**	5,16,178
	SUB-TOTAL		**66,62,171**	39,89,336
	Liabilities Associated with Assets Held for Sale		**–**	
	TOTAL		**1,06,05,278**	79,67,735

The accompanying notes 1 to 24 are an integral part of the Financial Statements

As per Report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner

Membership No. 111212

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Prashant Patil
Director

Ashok Sharma
Director

Prem Rathi
Finance Controller

Place : Mumbai
Date : 25 April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Figures in Rupees

	Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
	Continuining Operations			
I	Revenue from operations	**16**	**2,80,58,313**	1,45,82,689
II	Other Income		**–**	–
III	**Total Revenue (I + II)**		**2,80,58,313**	1,45,82,689
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**2,60,59,251**	1,45,07,214
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade	**17**	**64,425**	(5,08,454)
	(c) Employee benefit expense	**18**	**1,34,92,449**	44,44,845
	(d) Finance costs	**19**	**6,30,914**	29,590
	(e) Depreciation and amortisation expense	**3**	**2,43,371**	8,913
	(f) Other expenses	**20**	**75,12,147**	26,07,569
	Total Expenses (IV)		**4,80,02,556**	2,10,89,678
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(1,99,44,243)**	(65,06,989)
	Exceptional Items			
VI	**Share of profit / (loss) of joint ventures and associates**		**–**	–
	(1) Share of profit / (loss) of joint ventures and associated		**–**	–
VII	**Profit/(loss) before tax (V - VI)**		**(1,99,44,243)**	(65,06,989)
VIII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	**4**	**–**	(1,25,724)
	Total tax expense		**–**	(1,25,724)
IX	**Profit/(loss) after tax from continuing operations**		**(1,99,44,243)**	(63,81,265)
X	Discontinued Operations		**–**	–
	(1) Profit/(loss) from discontinued operations		**–**	–
	(2) Tax Expense of discontinued operations		**–**	–
XI	**Profit/(loss) after tax from discontinued operations**		**–**	–
XII	**Profit/(loss) for the period**		**(1,99,44,243)**	(63,81,265)
XIII	**Profit/(Loss) from continuing operations for the period attributable to:**			
	Owners of the Company		**(1,99,44,243)**	(63,81,265)
	Non controlling interests		**–**	–
			(1,99,44,243)	(63,81,265)
XIV	**Profit/(Loss) from discontinued operations for the period attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
			–	–
XV	**Other comprehensive income**		**–**	–
	A (i) Items that will not be recycled to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the period**		**(1,99,44,243)**	(63,81,265)
XVII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	**21**	**(13.23)**	(5.98)
	(2) Diluted	**21**	**(6.83)**	(5.46)
XIX	**Earnings per equity share (for discontinued operation):**			
	(1) Basic		**–**	–
	(2) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	**21**	**(13.23)**	(5.98)
	(2) Diluted	**21**	**(6.83)**	(5.46)

As per Report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner

Membership No. 111212

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Prashant Patil
Director

Ashok Sharma
Director

Prem Rathi
Finance Controller

Place : Mumbai
Date : 25 April 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities			
Loss before tax for the year	PL	(1,99,44,243)	(65,06,989)
Adjustments for:			
Finance costs recognised in profit or loss	19	6,30,914	29,590
Depreciation and amortisation of non-current assets	3	2,43,371	8,913
		(1,90,69,959)	(64,68,486)
Movements in working capital:			
Increase in trade and other receivables	7	(16,01,366)	(30,63,432)
(Increase)/decrease in inventories	6	64,425	(5,08,454)
(Increase)/decrease in other assets	5	(22,79,860)	(7,58,939)
Increase in trade and other payables	12	(7,36,657)	33,58,478
Increase/(decrease) in provisions	14	25,17,764	1,14,680
(Decrease)/increase in other liabilities	15	8,91,728	5,16,178
Cash generated from operations		(11,43,966)	(3,41,489)
Income taxes paid		–	–
Net cash generated by operating activities		(2,02,13,924)	(68,09,974)
Cash flows from investing activities			
Payments for property, plant and equipment	3	(20,68,133)	(1,86,640)
Net cash (used in)/generated by investing activities		(20,68,133)	(1,86,640)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	10	1,03,46,391	50,00,000
Payment for share issue costs		–	(16,69,926)
Proceeds from issue of redeemable preference shares	11	95,62,561	70,29,590
Interest paid	18	(6,30,914)	(29,590)
Net cash used in financing activities		1,92,78,038	1,03,30,074
Net increase in cash and cash equivalents		(30,04,019)	33,33,460
Cash and cash equivalents at the beginning of the year		33,33,460	–
Effects of exchange rate changes on the balance of cash held in foreign currencies		–	–
Cash and cash equivalents at the end of the year		3,29,439	33,33,460

As per Report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner

Membership No. 111212

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Prashant Patil
Director

Ashok Sharma
Director

Prem Rathi
Finance Controller

Place : Mumbai
Date : 25 April 2018

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Corporate Information

Merakisan Private Limited ("the company") a private limited company domiciled in India and incorporated as on 13 July 2016 under provision of Companies Act, 2013, (CIN: U51909MH2016PTC283578)

The Company was incorporated to carry on the business of procuring agricultural produce including fruits and vegetables from the farmers and selling to customers, facilitated by a digital technology platform

2. Significant accounting policies

2.1 Use of estimate –

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

2.2 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

2.3 Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

2.4 Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

2.5 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

2.6 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.7 Going Concern

During the current year the Company has continued to incur losses and as at the year end it's net-worth is substantially eroded with the accumulated losses aggregating to Rs 255.45 Lacs. However, the Company is able to operate uninterruptedly with the continued support from the Parent company with infusion of funds by way of Optionally Convertible Preference Shares. Also, based on the future business plans and the turnaround strategy adopted, in the opinion of the management, the Company will be able to generate profits in the future in excess of its accumulated losses and continue to operate as a going concern.

The principal accounting policies are set out below.

2.8 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Business combination/s involving entities or businesses under common control has been accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying values.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Alternatively, it is transferred to General Reserve, if any.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

2.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.9.1. *Sale of goods*

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.10.1 The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.11 Employee benefits

2.11.1 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.13 Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

All Property, plant and equipments are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.14 Intangible assets

2.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.14.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.14.3 Derecognising of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognising of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.15 Critical accounting judgements and key sources of estimation uncertainity

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.19 Financial instruments

Financial assets and financial liabilities are recognised when a company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.20 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.21 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cashflows by operating, investing and financing activites of the Company.

2.22 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.22.1 Classification of financial assets

The company has not debt instruments. All other financial assets are subsequently measured at fair value.

For the impairment policy on financial assets measured at amortised cost.

2.22.2 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example,prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.22.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.23 Current vs non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.24 Financial liabilities and equity instruments

2.24.1 Classification as debt or equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.24.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.24.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.25 Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

2.26 Ind AS 115 – 'Revenue from contracts with customers:

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Note No. 3 - Property, Plant and Equipment

Description of Assets	**Office Equipment**	**Furniture and Fixtures**	**Computers and EDP Equipment**	**Cold Storage**	**Mobile**	**Vehicle**	**Total**
I. Gross Carrying Amount							
Balance as at 1 April 2017	49,507	45,833	91,300				1,86,640
Additions	6,24,315	2,33,056	3,97,417	2,67,501	11,490	5,34,354	20,68,133
Acquisitions through business combinations							–
Disposals							–
Reclassified as held for sale							–
Others [describe]							–
Balance as at 31 March 2018	**6,72,649**	**2,77,882**	**4,81,984**	**2,67,501**	**11,490**	**5,34,354**	**22,54,773**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2017	1,173	1,007	6,733				8,913
Depreciation expense for the year	86,097	18,843	91,398	24,208	1,366	21,459	2,43,371
Eliminated on disposal of assets	–	–	–				–
Eliminated on reclassification as held for sale	–	–	–				–
Impairment losses recognised in profit or loss	–	–	–				–
Reversals of impairment losses recognised in profit or loss	–	–	–				–
Others [describe]	–	–	–				–
Balance as at 31 March 2018	**87,270**	**19,850**	**98,131**	**24,208**	**1,366**	**21,459**	**2,52,284**
III. Net carrying amount (I-II)	**5,85,379**	**2,58,032**	**3,83,853**	**2,43,293**	**10,124**	**5,12,895**	**20,02,489**

For the FY 2016-17

Description of Assets	**Office Equipment**	**Furniture and Fixtures**	**Computers and EDP Equipment**	**Total**
I. Gross Carrying Amount				
Balance as at 1 April 2016				
Additions	49,507	45,833	91,300	1,86,640
Acquisitions through business combinations				–
Disposals				–
Reclassified as held for sale				–
Others [describe]				–
Balance as at 31 March 2017	**49,507**	**45,833**	**91,300**	**1,86,640**

Description of Assets	Office Equipment	Furniture and Fixtures	Computers and EDP Equipment	Total
II. Accumulated depreciation and impairment				**–**
Balance as at 1 April 2016				–
Depreciation expense for the year	1,173	1,007	6,733	8,913
Eliminated on disposal of assets	–	–	–	–
Eliminated on reclassification as held for sale	–	–	–	–
Impairment losses recognised in profit or loss	–	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–	–
Others [describe]	–	–	–	–
Balance as at 31 March 2017	**1,173**	**1,007**	**6,733**	**8,913**
III. Net carrying amount (I-II)	**48,334**	**44,826**	**84,567**	**1,77,727**

Note No. 4: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Particulars	For the Year ended 31 March 2018			For the Year ended 31 March 2017		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	**7,313**	**–**	**7,313**	–	7,313	7,313
	7,313	**–**	**7,313**	–	7,313	7,313
Tax effect of items constituting deferred tax assets						
Other Temporary Differences (Preliminary Expenses)	**1,19,445**	**–**	**1,19,445**	–	1,19,445	1,19,445
Interest on Debt Component of OCPS	**8,839**	**–**	**8,839**	–	8,839	8,839
Other Temporary Differences (Operating Lease Expenses)	**4,753**	**–**	**4,753**	–	4,753	4,753
	1,33,037	**–**	**1,33,037**	–	1,33,037	1,33,037
Net Tax Asset (Liabilities)	**(1,25,724)**	**–**	**(1,25,724)**	–	(1,25,724)	(1,25,724)

Note No. 5 - Other current and non current assets

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	**–**		–	75,000
(b) Advances other than capital advances				
(i) Security Deposits		**6,53,000**	2,40,000	53,000
(ii) Balances with government authorities (other than income taxes)	**17,090**	**25,000**	–	25,000
(iii) Other advances	**22,95,717**	**–**	3,33,175	–
(c) Pre-paid Expenses	**31,981**	**16,011**	16,753	16,011
	23,44,788	**6,94,011**	5,89,928	1,69,011

Note No. 6 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Stock-in-trade of goods acquired for trading	**4,44,029**	5,08,454
Total Inventories (at lower of cost and net realisable value)	**4,44,029**	5,08,454

Note No. 7 - Trade receivables

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
(a) Secured, considered good				
(b) Unsecured, considered good	**49,66,656**		30,63,432	
(c) Doubtful				
Less: Allowance for Credit Losses	**(3,01,859)**			
TOTAL	**46,64,798**	**–**	30,63,432	–
Of the above, trade receivables from:				
- Related Parties	**3,815**		20,83,549	
- Others	**46,60,983**		9,79,883	
Total	**46,64,798**		30,63,432	

Note No. 8 - Cash and Bank Balances

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**3,29,439**	33,33,459
(b) Cheques, drafts on hand	**–**	
(c) Cash on hand	**–**	
(d) Others	**–**	
Total Cash and cash equivalent	**3,29,439**	33,33,459

Note No. 9 - Equity Share Capital

Particulars		As at 31 March 2018 No. of shares	
Authorised:			
	Equity shares of Rs. 10 each with voting rights	**15,07,400**	**1,50,74,000**
	Equity shares of 10 each with differential voting rights	–	–
	Preference shares of Rs. 10 each	**76,50,000**	**7,65,00,000**
Issued, Subscribed and Fully Paid:			
	Equity shares of Rs. 10 each with voting rights	**15,07,304**	**1,50,73,040**
	Equity shares of ` 10 each with differential voting rights	–	–
	Preference shares of Rs. 10 each	–	–
Total		**15,07,304**	**1,50,73,040**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*							
Year Ended 31 March 2018							
	No. of Shares	**15,07,304**	**–**				**15,07,304**
	Amount	**1,50,73,040**	**–**				**1,50,73,040**
Year Ended 31 March 2017							
	No. of Shares		15,07,304				15,07,304
	Amount		1,50,73,040				1,50,73,040
	Amount						
(c) Preference Shares							
Year Ended 31 March 2018							
	No. of Shares	**4,00,000**	**21,30,000**				**25,30,000**
	Amount	**40,00,000**	**2,13,00,000**				**2,53,00,000**
Year Ended 31 March 2017							
	No. of Shares		4,00,000				4,00,000
	Amount		40,00,000				40,00,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2018 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Prashant V. Patil	**10,07,304**	**24.95%**
Mahindra Greenyard Private Limited	**5,00,000**	**12.38%**
Equity shares with differential voting rights		
Shareholder 1		
Optionally Convertible Preference Shares		
Mahindra Greenyard Private Limited	**25,30,000**	**62.67%**

(iii) As at 31 March 2017 5020000 shares were reserved for issuance as follows:

Particulars	No. of shares As at 31 March 2018
a. Outstanding employee stock options granted / available for grant.	–
b. Outstanding share warrants	**50,20,000**
c. Convertible securities [convertible bonds / debentures]	–

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date:

Particulars	Aggregate number of shares As at 31 March 2018
Equity shares with voting rights	
a. Fully paid up pursuant to contract(s) without payment being received in cash	**10,07,304**

Note : 10. Other Equity

Statement Of Changes In Equity for the year ended 31 March 2018

A. Equity share capital

	Rupees
As at 1 April 2016	–
Changes in equity share capital during the year	–
As at 31 March 2017	1,50,73,040
Changes in equity share capital during the year	–
As at 31 March 2018	**1,50,73,040**

For the year 2018

B. Other Equity

	Equity component of compound financial instruments	Reserves and Surplus: * Capital Reserve	Other Reserve (specify nature)#	Retained Earnings	Total
As at 31 March 2016	–	–	–	–	–
Profit / (Loss) for the period	–	–	–	(63,81,265)	(63,81,265)
Other Comprehensive Income / (Loss)	–	–	–	–	–
Total Comprehensive Income for the year	–	–	–	(63,81,265)	(63,81,265)
Transfers to Reserves	–	(1,00,73,040)	–	–	(1,00,73,040)
Equity Share Issuance Costs	–	–	(16,69,926)	–	(16,69,926)
Any other changes (to be specified)	21,76,255	–	–	–	21,76,255
As at 31 March 2017	21,76,255	(1,00,73,040)	(16,69,926)	(63,81,265)	(1,59,47,976)
Profit / (Loss) for the period	–	–	–	(1,99,44,243)	(1,99,44,243)
Total Comprehensive Income for the year	21,76,255	(1,00,73,040)	(16,69,926)	(2,63,25,507)	(3,58,92,218)
Transfers to Reserves	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–
Any other changes (to be specified)	1,03,46,391	–	–	–	1,03,46,391
As at 31 March 2018	**1,25,22,646**	**(1,00,73,040)**	**(16,69,926)**	**(2,63,25,507)**	**(2,55,45,827)**

Note

* Capital Reserve includes the difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.

Optionally convertible preference shares: The Board Of Directors of the Company at their meeting held on 8th September, 2016 had resolved to create, offer, issue on right basis up to 76,50,000 unpaid warrants, convertible into OCPS and then in turn convertible into Equity share, pursuant to the provisions of the Companies Act 2013, Each warrant is convertible into one Optionally Convertible Preference Share ("OCPS") issued at par at Rs 10/- (Rupees Ten Only) each. Each OCPS is further convertible into one Equity Share of Rs 10/- (Rupees Ten Only) each. The said unpaid warrants were allotted on 28th September, 2016.

During the year, 21,30,000 warrants (FY 2016-17 - 4,00,000) were converted into OCPS. As on 31.03.2018, 25,30,000 OCPS were allotted to MGPL upon conversion of equal number of warrants. The Company has received application for conversion of 1,00,000 warrants into OCPS which is pending allotment. The balance warrants may be converted into equivalent number of OCPS at any time on or before 28th September, 2022.

OCPS shall be redeemable at any time after 1 April 2019 (the "Conversion Period Commencement Date") at the option of the holders of the OCPS (MGPL) at Rs. 10.5 (Rupees Ten and a Half) each.

The OCPS can be converted into equivalent number of Equity shares at any time from the Conversion Period Commencement Date until 28th September, 2022 on the basis of a ratio of 1 Equity Share: 1 OCPS. Without prejudice to MGPL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs.10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner.

Equity component of compound financial instruments includes equity component of such 25,30,000 Optionally Convertible Preference Shares derived as per the requirements of Paras 28 & 29 and of IND As 32 "Financial Instruments Presentation"

Note No. 11 - Non Current Borrowings

Particulars	**As at 31 March 2018**	As at 31 March 2017
Borrowings		
Redeemable preference shares (at fair value)	**1,34,15,896**	18,53,335
Total Borrowings	**1,34,15,896**	18,53,335

Note No. 12 - Trade Payables

Particulars	**As at 31 March 2018 Current**	**As at 31 March 2018 Non-Current**	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**26,21,821**	–	33,58,478	–
Total trade payables	**26,21,821**	–	33,58,478	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business

Note No. 13 - Other Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost-Current		
a) Trade Deposits	**4,00,000**	–
Total other financial liabilities	**4,00,000**	–

Note No. 14 - Provisions

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**4,91,483**		–	
(2) Other Provisions	**21,40,961**	–	1,14,680	–
Total Provisions	**26,32,444**	**–**	1,14,680	–

Note No. 15 - Other Liabilities

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
a. Advances received from customers	**1,46,072**	–	993	–
- Payments to Employees	**1,77,926**		2,60,911	
- Employee Reimbursements	**2,85,913**		90,764	
b. Statutory dues				
- taxes payable (other than income taxes)	**3,97,995**	–	1,61,110	–
- Employee Recoveries and Employer Contributions			2,400	
c OCPS Issues subscribed and Paid up				
d Share Application Money -OCPS		**10,00,000**		30,00,000
TOTAL OTHER LIABILITIES	**10,07,906**	**10,00,000**	5,16,178	30,00,000

Application money received towards the conversion of 1,00,000 (FY 2016-17- 3,00,000) warrants to OCPS, warrants may be converted into equivalent number of OCPS at any time on or before 28th September, 2021. In the event the warrants are not converted into OCPS within the said period the balance warrants shall lapse. OCPS shall be redeemable at the option of the holders of the OCPS (MGPL) at RS 10.5 (Rupees Ten and a Half) each. The OCPS can be converted into equivalent number of Equity shares at any time on or before 28th September, 2022. Without prejudice to MGPL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs.10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner

Note No. 16 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Revenue from sale of products	**2,80,54,538**	1,44,82,689
(b) Other operating revenue	**3,775**	1,00,000
Total Revenue from Operations	**2,80,58,313**	1,45,82,689

Note 17 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	As at 31 March 2018	As at 31 March 2017
Inventories at the end of the year:		
Traded Goods	**4,44,029**	5,08,454
	4,44,029	5,08,454
Inventories at the beginning of the year:		
Traded Goods	**5,08,454**	–
	5,08,454	–
Net (increase) / decrease	**64,425**	(5,08,454)

Note No. 18 - Employee Benefits Expense

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Salaries and wages, including bonus	**1,27,59,452**	44,39,789
(b) Contribution to provident and other funds	**6,46,917**	–
(c) Staff welfare expenses	**86,080**	5,056
Total Employee Benefit Expense	**1,34,92,449**	44,44,845

Note No. 19 - Finance Cost

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Interest expense	**6,08,952**	29,590
(b) Bank Charges	**21,962**	–
Total finance costs	**6,30,914**	29,590

Note No. 20 - Other Expenses

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Stores and Tools consumed	**–**	61,060
(b) Administrative Expenses	**2,32,143**	1,05,217
(c) Power & Fuel	**88,100**	1,860
(d) Rent including lease rentals	**9,45,051**	1,69,913
(e) Rates and taxes	**2,500**	5,875
(f) Insurance	**12,184**	8,575
(g) Repairs and maintenance - Others	**92,694**	51,218
(h) Advertisement	**44,585**	6,900

Particulars		As at 31 March 2018	As at 31 March 2017
(i)	Freight outward & Inward	**11,02,813**	4,64,762
(j)	Sales promotion expenses	**8,17,597**	3,19,300
(k)	Travelling and Conveyance Expenses	**10,61,746**	3,00,034
(l)	Subcontracting, Hire and Service Charges	**2,72,700**	90,000
(m)	Company Incorporation Expenses	**–**	4,99,852
(n)	Interest on TDS	**6,371**	–
(o)	Brokrage	**68,000**	–
(p)	Printing and Stationery Expenses	**3,02,681**	–
(q)	Medical Expenses-Employee	**7,800**	–
(r)	Lodging and Boarding Exp.	**2,30,123**	–
(s)	Provision for Doubtful Debts	**3,01,859**	–
(t)	Loading & Unloading	**71,744**	–
(u)	Licence Fees	**7,220**	–
(v)	Registration Charges	**24,551**	–
(w)	Packing Expenses	**5,71,487**	–
(x)	Payment to Auditors		–
	(i) As Auditors	**1,18,000**	1,15,000
(y)	Legal and other professional costs	**11,30,199**	4,08,005
Total Other Expenses		**75,12,148**	26,07,570

Note No. 21 - Earnings per Share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(13.23)**	(5.98)
From discontinuing operations	**–**	
Total basic earnings per share	**(13.23)**	(5.98)
Diluted Earnings per share		
From continuing operations	**(6.83)**	(5.46)
From discontinuing operations	**–**	
Total diluted earnings per share	**(6.83)**	(5.46)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit / (loss) for the year attributable to owners of the Company	**(1,99,44,243)**	(63,81,265)
Less: Preference dividend and tax thereon	**–**	
Profit / (loss) for the year used in the calculation of basic earnings per share	**(1,99,44,243)**	(63,81,265)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations	**(1,99,44,243)**	(63,81,265)
Weighted average number of equity shares	**15,07,304**	10,67,257
Earnings per share from continuing operations - Basic	**(13.23)**	(5.98)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit / (loss) for the year used in the calculation of basic earnings per share	**(1,99,44,243)**	(63,81,265)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**(1,99,44,243)**	(63,81,265)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	–	
Profits used in the calculation of diluted earnings per share from continuing operations	**(1,99,44,243)**	(63,81,265)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**15,07,304**	10,67,257
Add: Effect of Warrants,	**–**	0
ESOPs		
Convertible bonds		
OCPS Issued	**21,30,000**	4,00,000
Weighted average number of equity shares used in the calculation of Diluted EPS	**29,20,601**	11,67,715

Note: The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

Note No. 22 - Leases

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Details of leasing arrangements		
Operating Lease		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 3 years from Sept 16 to Aug 19 and may be renewed based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 10% every 12 months.		
<Where relevant, state restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing etc.>		
Future Non-Cancellable minimum lease commitments		
not later than one year	**–**	0
later than one year and not later than five years	**–**	2,64,000
later than five years	**–**	6,09,840

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**9,45,051**	1,69,913
Sub-lease payments		
Contingent rents (state basis)		
Future minimum sublease payments expected to be received under non-cancellable subleases		
Sublease payments received / receivable recognised in the Statement of Profit and Loss		
Liabilities in respect of Operating Leases		
Onerous Lease contracts		
Current	–	4,753
Non-Current		
Lease Incentives		
Current		
Non-Current		

Note No. 23 - Previous year's figures have been re-grouped/re-arranged whereever necessary

Note No. 24 - Related Party Transactions

Name of the parent Company	Mahindra & Mahindra Limited
Name of Associates	Mahindra Greenyard Private Limited (formarly known as Mahindra Univeg Private Limited
Name of Associates	Mahindra Agri Solutions Limited
Name of Associates	Mahindra Integrated Business Solutions Limited
KMP	Prashant V Patil

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Nature of transactions with Related Parties								
Sale of goods	31-Mar-18		**34,80,659**				**14,902**	
	31-Mar-17		89,93,423					
Purchase of goods	31-Mar-18		**10,14,833**				–	
	31-Mar-17						–	
Purchase of property and other assets	31-Mar-18							
	31-Mar-17						1,00,73,040	
Receiving of services	31-Mar-18		**1,00,000**		**42,649**			
	31-Mar-17				62,296			
Equity contribution by the Company	31-Mar-18							
	31-Mar-17		90,00,000				1,00,73,040	
Settlement of liabilities on behalf of the Company	31-Mar-18							
	31-Mar-17		27,69,007				8,79,507	
Reimbursement of expenses	31-Mar-18		**18,19,016**		**1,849**		**9,69,975**	
	31-Mar-17							
Remuneration	31-Mar-18						62,72,739	
	31-Mar-17							
Collection of Trade Receivables on behalf of the Company	31-Mar-18							
	31-Mar-17						8,44,069	

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Trade payables	31-Mar-18		**6,04,500**				**35,439**	
	31-Mar-17						74,850	
Trade Receivable	31-Mar-18						**3,815**	
	31-Mar-17		20,85,349					
Other balances	31-Mar-18		**1,00,000**		**3,000**		**1,20,101**	
	31-Mar-17						35,438	
Provision of bad & doubtful debts related to amout due from related parties	31-Mar-18							
	31-Mar-17							

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	Year ended 31/03/2018	Year ended 31/03/2017
Short-term employee benefits	**62,72,739**	27,06,907
Post-employment benefits	**0**	
Other long-term benefits	**0**	
Termination benefits	**0**	
Share-based payment	**0**	

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note: Above disclosure is not required for the transactions/ balances with governments and an entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting company and the that entity. However following disclosures shall be provided:

(a) name of the government and the nature of its relationship with the reporting company;

(b) (i) the nature and amount of each individually significant transaction; and

(b) (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

As per Report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner

Membership No. 111212

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Prashant Patil
Director

Ashok Sharma
Director

Prem Rathi
Finance Controller

Place : Mumbai
Date : 25 April 2018

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

The Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2018.

	Year ended March 31, 2018 USD	**Year ended March 31, 2018 INR**	Year ended March 31, 2017 USD	Year ended March 31, 2017 INR
Total income	**15,516,270**	**1,007,316,248**	211,931	13,758,561
Profit/(Loss) before taxes	**14,852,487**	**964,223,455**	(3,266,459)	(212,058,518)
Profit/(Loss) after taxes	**13,647,287**	**885,981,871**	(3,266,459)	(212,058,518)

(1) Review for the year ended March 31, 2018:

The Company and its subsidiaries worldwide reported increased revenues during the year, contributed by significant deal closures in North America geography.

(2) Outlook for the current year ended March 31, 2019:

The Company expects an improved general business across all geographies it operates in and especially in North America. The Company expects to have an improved financial performance during the current year.

(3) Acknowledgement:

The Board acknowledges the continued support the company receives from its employees worldwide and its parent holding company, Mahindra & Mahindra Ltd.

Ulhas N. Yargop
Chairman

Place: San Jose, CA, USA
Date: May 11, 2018

INDEPENDENT AUDITOR'S REPORT

Grant Thornton India LLP
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To the Board of Directors and Shareholders
Bristlecone Limited

We have audited the accompanying special purpose parent-only financial statements of Bristlecone Limited (the 'Company', a Cayman Island corporation and subsidiary of Mahindra & Mahindra Limited), which comprise the Statements of assets and liabilities as of March 31, 2018 and 2017, and the related Statements of revenues and expenses, cash flows and changes in stockholders' equity, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose parent-only financial statements in accordance withgroup accounting policies of Bristlecone Limited and its subsidiaries as described in note A(3); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose parent – only financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose parent-only financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Company as of March 31, 2018 and 2017 and the revenues, expenses and cash flows for the years then ended, on the basis ofgroup accounting policies of Bristlecone Limited and its subsidiaries as described in Note A (3).

Basis of accounting

As discussed in Note A (3.1), the accompanying specialpurpose parent-only financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra & Mahindra Limited, the Holding Company on the basis ofgroup accounting policies of Bristlecone Limited and its subsidiaries as described in Note A(3), and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on use

This report is intended solely for the information and use of the Board of Directors and management of Bristlecone Limited and Mahindra & Mahindra Limited for the purpose of meeting the requirements of consolidation of the attached special purpose parent-only financial statements with the financial statements of Mahindra & Mahindra Limited, the Holding Company and is not intended to be and should not be used by anyone other than these specified parties or for any other purpose.

Grant Thornton India LLP

Place: Mumbai, India

Date: May 10, 2018

STATEMENTS OF ASSETS AND LIABILITIES

	Note Ref.	**As at March 31, 2018 US$**	**As at March 31, 2018 INR (Refer note M)**	As at March 31, 2017 US$	As at March 31, 2017 INR (Refer note M)
ASSETS					
Current assets					
Cash and cash equivalents	B	**410,129**	**26,625,575**	131,973	8,567,687
Loan to Subsidiary Company	C	**–**	**–**	54,814	3,558,525
Others current assets		**–**	**–**	5,708	370,563
Total current assets		**410,129**	**26,625,575**	192,495	12,496,775
Non-current assets					
Investments in subsidiaries	D	**29,385,215**	**1,907,688,158**	29,079,490	1,887,840,491
Total non-current assets		**29,385,215**	**1,907,688,158**	29,079,490	1,887,840,491
Total assets		**29,795,344**	**1,934,313,733**	29,271,985	1,900,337,266
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Amounts payable to Subsidiary Company		**905,200**	**58,765,584**	4,552,677	295,559,791
Other liabilities, related party		**4,247,150**	**275,724,978**	5,665,087	367,777,448
Other liabilities, others		**65,047**	**4,222,852**	65,047	4,222,852
Loan from Holding Company	F	**7,500,000**	**486,900,000**	11,100,000	720,612,000
Total current liabilities		**12,717,397**	**825,613,414**	21,382,811	1,388,172,091
Non-current liabilities					
Loan from Subsidiary Company	G	**–**	**–**	4,500,000	292,140,000
Total non-current liabilities		**–**	**–**	4,500,000	292,140,000
Stockholders' equity					
Common stock		**10,132**	**657,770**	10,109	656,276
Series A preferred stock		**8,076**	**524,294**	8,076	524,294
Series B preferred stock		**6,920**	**449,246**	6,920	449,246
Additional paid-in-capital		**16,854,632**	**1,094,202,710**	16,813,169	1,091,510,931
Accumulated surplus/(deficit)		**198,187**	**12,866,299**	(13,449,100)	(873,115,572)
Total stockholders' equity		**17,077,947**	**1,108,700,319**	3,389,174	220,025,175
Total liabilities and stockholders' equity		**29,795,344**	**1,934,313,733**	29,271,985	1,900,337,266

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF REVENUES AND EXPENSES

	Year ended March 31, 2018 US$	**Year ended March 31, 2018 INR (Refer note M)**	Year ended March 31, 2017 US$	Year ended March 31, 2017 INR (Refer note M)
Income	**15,516,270**	**1,007,316,248**	211,931	13,758,561
Total Income	**15,516,270**	**1,007,316,248**	211,931	13,758,561
Expenses				
Salaries, bonus and other remuneration	**39,167**	**2,542,722**	34,239	2,222,796
General and administrative expenses	**54,187**	**3,517,820**	92,177	5,984,131
Provision for losses (impairment of investments) in subsidiary company	**(206,702)**	**(13,419,094)**	2,480,432	161,029,645
Interest expense	**777,131**	**50,451,345**	871,542	56,580,507
Total expenses	**663,783**	**43,092,793**	3,478,390	225,817,079
Net income/(loss) before tax	**14,852,487**	**964,223,455**	(3,266,459)	(212,058,518)
Income tax				
Foreign taxes	**1,205,200**	**78,241,584**	–	–
Net income/(loss)	**13,647,287**	**885,981,871**	(3,266,459)	(212,058,518)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	Year ended March 31, 2018 US$	**Year ended March 31, 2018 INR (Refer note M)**	Year ended March 31, 2017 US$	Year ended March 31, 2017 INR (Refer note M)
Cash flow from operating activities				
Net income/(loss)	**13,647,287**	**885,981,871**	(3,266,459)	(212,058,518)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities				
Stock compensation expense	**39,167**	**2,542,722**	34,239	2,222,796
Provision for losses (impairment of investments) in subsidiary company	**(206,702)**	**(13,419,094)**	2,480,432	161,029,645
Loan to Subsidiary Company	**–**	**–**	(54,814)	(3,558,525)
Receipt of Loan granted to Subsidiary Company	**54,814**	**3,558,525**		
Changes in assets and liabilities				
Decrease/(increase) in other current assets	**5,708**	**370,563**	(5,708)	(370,563)
(Decrease) in current liabilities, related party	**(5,065,414)**	**(328,846,677)**	(628,457)	(40,799,427)
Net cash provided by/(used in) operating activities	**8,474,860**	**550,188,010**	(1,440,767)	(93,534,592)
Cash flow from investing activities				
Investments in subsidiary	**(99,023)**	**(6,428,573)**	(13,703)	(889,599)
Net cash (used in) investing activities	**(99,023)**	**(6,428,573)**	(13,703)	(889,599)
Cash flow from financing activities				
Proceeds from issue of common stock	**2,319**	**150,551**	56,009	3,636,103
Repayment of short term and long term debt	**(8,100,000)**	**(525,852,000)**	(3,500,000)	(227,220,000)
Proceeds from long term debt	**–**	**–**	4,500,000	292,140,000
Net cash (used in)/provided by financing activities	**(8,097,681)**	**(525,701,449)**	1,056,009	68,556,103
Net increase/(decrease) in cash and cash equivalents	**278,156**	**18,057,888**	(398,461)	(25,868,088)
Cash and cash equivalents at the beginning of the year	**131,973**	**8,567,687**	530,434	34,435,775
Cash and cash equivalents at the end of the year	**410,129**	**26,625,575**	131,973	8,567,687
Supplemental disclosures				
Interest paid	**2,197,025**	**142,630,863**	1,500,000	97,380,000
Foreign taxes paid	**300,000**	**19,476,000**	–	–
Interest received	**562**	**36,845**	807	52,390
Dividend received	**15,516,177**	**1,007,310,211**	211,118	13,705,781

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in US$

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated deficit/ Surplus	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 2016	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**9,615,456**	**9,615**	**16,723,415**	**(10,182,641)**	**6,565,385**
Stock issued during the year	–	–	–	–	–	–	493,785	494	55,515	–	56,009
Stock compensation expense	–	–	–	–	–	–	–	–	34,239	–	34,239
Net loss for the year	–	–	–	–	–	–	–	–	–	(3,266,459)	(3,266,459)
Balance as at March 31, 2017	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,109,241**	**10,109**	**16,813,169**	**(13,449,100)**	**3,389,174**
Stock issued during the year	–	–	–	–	–	–	22,518	23	2,296	–	2,319
Stock compensation expense	–	–	–	–	–	–	–	–	39,167	–	39,167
Net profit for the year	–	–	–	–	–	–	–	–	–	13,647,287	13,647,287
Balance as at March 31, 2018	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,131,759**	**10,132**	**16,854,632**	**198,187**	**17,077,947**

Amount in INR

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated deficit/ Surplus	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 2016	**21,000,000**	**1,363,320**	**14,995,526**	**973,540**	**37,000,000**	**2,402,040**	**9,615,456**	**624,206**	**1,085,684,102**	**(661,057,054)**	**426,224,794**
Stock issued during the year	–	–	–	–	–	–	493,785	32,070	3,604,033	–	3,636,103
Stock compensation expense	–	–	–	–	–	–	–	–	2,222,796	–	2,222,796
Net loss for the year	–	–	–	–	–	–	–	–	–	(212,058,518)	(212,058,518)
Balance as at March 31, 2017	**21,000,000**	**1,363,320**	**14,995,526**	**973,540**	**37,000,000**	**2,402,040**	**10,109,241**	**656,276**	**1,091,510,931**	**(873,115,572)**	**220,025,175**
Stock issued during the year	–	–	–	–	–	–	22,518	1,494	149,057	–	150,551
Stock compensation expense	–	–	–	–	–	–	–	–	2,542,722	–	2,542,722
Net profit for the year	–	–	–	–	–	–	–	–	–	885,981,871	885,981,871
Balance as at March 31, 2018	**21,000,000**	**1,363,320**	**14,995,526**	**973,540**	**37,000,000**	**2,402,040**	**10,131,759**	**657,770**	**1,094,202,710**	**12,866,299**	**1,108,700,319**

(The accompanying notes are an integral part of these financial statements)

NOTES TO SPECIAL PURPOSE PARENT-ONLY FINANCIAL STATEMENTS

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone Limited (the "Company") is the Holding Company for the Bristlecone Group, which comprises of the Company and its wholly owned subsidiaries, Bristlecone India Limited, Bristlecone Inc., Bristlecone UK Ltd, Bristlecone GmbH, Bristlecone (Singapore) Pte. Limited, Bristlecone (Malaysia) SDN BHD, Bristlecone Consulting Limited (Canada), Bristlecone International AG (Switzerland) and Bristlecone Middle East DMCC (UAE).The Group is engaged in providing technology solutions and consulting services with principal operations in the United States of America, India, Singapore, Malaysia,Germany, Switzerland, Canada, United Kingdom and UAE.The Group's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Group also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of 'The Cayman Islands' on February 3, 2004. The Company commenced commercial operations on May 17, 2004 and is a subsidiary of Mahindra & Mahindra Limited ("Holding Company"), an Indian Company, which is also the Group's ultimate Holding Company.

In 2004, pursuant to a Contribution Agreement, the Company acquired the business of Mahindra Consulting Limited, Mahindra Consulting Inc., Mahindra Intertrade (UK) Limited,(all subsidiaries of Mahindra & Mahindra Limited), and Bristlecone Inc. The consideration was settled through the issue of Common Stock and Preferred Stock to Mahindra & Mahindra Limited and the issue of Common Stock, PreferredStock and cash payments to the erstwhile shareholders of Bristlecone Inc.

The Company does not have active commercial operations. It engages in financing and treasury functions for the Group as a whole.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying special purpose parent-only financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the group accounting policies of Bristlecone Limited and its subsidiaries and described hereinthese notes to reflect the financial position, revenues and expenses and cash flows of the Company.

These special purpose parent – only financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra & Mahindra Limited, the Holding Company and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

These special purpose financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements have been presented in the United States Dollars ('$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with the accounting policies stated herein, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of other income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for expected forfeitures of employee stock options and realization of carrying value of investments represent certain of these particularly sensitive estimates.

3.3. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments and deposits with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises cash on hand and balance with banks.

3.4. INVESTMENTS

Investments in subsidiaries are carried at cost. Cost is determined based on the cash paid and other liabilities assumed by the Company. Consideration that has been settled by issue of the Company's shares is also considered in arriving at the cost of investments. Provision for impairment is made, whenever the estimated fair value of investments is expected to be lower than the carrying value of investments.

3.5. DIVIDEND INCOME

Dividend received from subsidiaries is recorded as income for the year and is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the Company and the amount of the dividend can be measured reliably. The taxes withheld as per the applicable tax laws in respective jurisdictions are recorded as tax expense for the year.

3.6. INTEREST EXPENSE

Interest expense on inter corporate deposits availed from the Holding Companyand loan from Subsidiary Company is recorded on accrual basis.

3.7. STOCK COMPENSATION

The Company accounts for equity-settled options granted to employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for the awards is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock awards on the date of grant.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2018 US$	**As at March 31, 2018 INR (Refer note M)**	As at March 31, 2017 US$	As at March 31, 2017 INR (Refer note M)
Balance in checking and money market accounts	**410,129**	**26,625,575**	131,973	8,567,687

The balances of the Company are held in checking accounts and money market accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2018, all non-interest-bearing transaction accounts are fully guaranteed by the FDIC for US$ 250,000 per tax ID for balances held in checking and money market accounts.

As at March 31, 2018, the Company has US$ 160,129 (INR 10,395,575) [2017: US$ NIL (INR NIL)] as balances in excess of the federally insured amounts.

NOTE C - LOAN TO SUBSIDIARY COMPANY

Unsecured loan granted to subsidiary (Bristlecone Middle East DMCC) has been fully repaid during the year. The loan was granted at an interest rate of 2.35% p.a. Balance outstanding as on March 31, 2018 US$ NIL (INR NIL) [2017: US$ 54,814(INR: 3,558,525)].

NOTE D - INVESTMENTS

Investments as at year end comprise of investment in subsidiary companies:

	As at March 31, 2018 US$	As at March 31, 2018 INR (Refer note M)	As at March 31, 2017 US$	As at March 31,2017 INR (Refer note M)
Bristlecone India Limited	**5,141,789**	**333,804,942**	5,141,789	333,804,942
Bristlecone Inc.	**23,214,889**	**1,507,110,594**	23,214,889	1,507,110,594
Bristlecone UK Limited (net)	**826,810**	**53,676,505**	620,108	40,257,411
Bristlecone (Malaysia) SDN. BHD.	**129,262**	**8,391,689**	30,239	1,963,116
Bristlecone Consulting Ltd.	**1**	**65**	1	65
Bristlecone International AG.	**58,761**	**3,814,764**	58,761	3,814,764
Bristlecone Middle East DMCC	**13,703**	**889,599**	13,703	889,599
	29,385,215	**1,907,688,158**	29,079,490	1,887,840,491

The Company has investment of US$ 4,134,053 (INR 268,382,721) [2017 US$ 4,134,053 (INR 268,382,721)] in Bristlecone UK Limited, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2018, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2018 are GBP 1,925,486 (INR 177,183,222) [2017:GBP 2,110,752 (INR 194,231,399)].

During the year, considering the current and expected future operations of Bristlecone UK Limited, the management has reversed provision towards impairment of US$ 206,702 (INR 13,419,094). Accordingly, the cumulative provision towards impairment of the value of investments is US$ 3,307,243 (INR 214,706,216) [2017: US$ 3,513,945 (INR 228,125,310)], which represents difference between total investment value and the estimated fair value of investments in the subsidiary.

NOTE E – DIVIDEND INCOME

During the current year, Bristlecone (Malaysia) SDN. BHD.paid a dividend of US$ 103,615 (INR 6,726,686) [2017: US$ 211,118 (INR 13,705,781)] and Bristlecone Inc.paid a dividend of US$ 15,412,562 (INR: 1,000,583,525) [2017: US$ NIL (INR NIL)]. The taxes on dividend amounting to US$ 1,205,200 (INR 78,241,584) [2017: US$ NIL (INR NIL)] are classified as foreign taxes under income tax expenses.

NOTE F – LOAN FROM HOLDING COMPANY

Loan comprises of inter corporate deposits of US$ 7,500,000 (INR 486,900,000) [2017: US$ 11,100,000 (INR 720,612,000)] from the Holding Company, received on various dates during the earlier years. The loan bears an interest rate of 6% p.a. [2017: 6% p.a.] as at March 31, 2018 and is repayable on demand. No demand hasbeen raised by the Holding Company in relation to the balance as at March 31, 2018 till the date of the financial statements.

NOTE G – LOAN FROM SUBSIDIARY COMPANY

Loan comprises unsecured loan of US$ NIL(INR NIL) [2017: US$ 4,500,000 (INR: 292,140,000)] being inter corporate deposits from the Subsidiary Company, received on March 24, 2017 and March 27, 2017. The loan was granted at an interest rate of 2.35% p.a. The loan has been fully repaid during the year.

NOTE H – STOCKHOLDERS' EQUITY

The Company's authorized share capital comprise of 9,000,000 Series A Preferred Stock at par of US$ 0.001 each, 12,000,000 Series B Preferred Stock at par of US$ 0.001 each and 37,000,000 Common Stock at par of US$ 0.001 each as at March 31, 2018 of which 8,075,526 Series A Preferred Stock, 6,920,000 Series B Preferred Stock and 10,131,759Common Stock were issued and outstanding as at March 31, 2018.

Conversion of Preferred Stock

Each Series A Preferred Stock and Series B Preferred Stockare entitled to be converted, without payment of any additional consideration, into one fully paid Common Stock.

Voting

Every member, present in person or by proxy, is entitled to one vote for each Common Stock held. Each Series APreferred Stockholder and Series B Preferred Stockholderisentitled to votes derived based on ratio of conversion between Preferred Stock and Common Stock on the record date of the Meeting or if no record date is established, the date the poll is taken.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, holders of Series A & B PreferredStock are entitled to an amount of one hundred and fifty percent (150%) of the original purchase price of such Stock (as adjusted for any recapitalization, stock combinations, dividends, stock splits and the like) in preference to any distribution to holders of Common Stock.

Additional Paid in Capital

Additional Paid in Capital comprises the capital contributions relating to the issue of the Company's Common Stock and Preferred Stock and amounts adjusted on accounting for the Group reorganization involving acquisition of stake in various subsidiary companies and on accounting for stock compensation.

NOTE I – STOCK COMPENSATION

Bristlecone Limited has four Stock Option Plans:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limitedunder 2004 stock option plan based on the exchange criteria set out in the transaction documents.

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan and Bristlecone Limited 2005 Stock Option Plan for Bristlecone India employees:

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 cent of the Shares subject to the Option, vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2018	Weighted average exercise price March 31, 2018	Options outstanding Year ended March 31, 2017	Weighted average exercise price March 31, 2017
Stock Option 2008 Plan				
Outstanding at April 1	**1,101,585**	**US$ 0.54**	1,646,845	US$ 0.41
Granted	**818,000**	**US$ 2.09**	185,000	US$ 0.82
Exercised	**22,518**	**US$ 0.10**	445,885	US$ 0.10
Expired/forfeited	**117,459**	**US$ 0.73**	284,375	US$ 0.66
Outstanding at March 31	**1,779,608**		1,101,585	

	Options outstanding Year ended March 31, 2018	Weighted average exercise price March 31, 2018	Options outstanding Year ended March 31, 2017	Weighted average exercise price March 31, 2017
Stock Option 2004 Amended Plan				
Outstanding at April 1	–	–	67,900	US$ 0.10
Granted	–	–	–	–
Exercised	–	–	47,900	US$ 0.10
Expired/forfeited	–	–	20,000	US$ 0.10
Outstanding at March 31	–		–	
Stock Option 2005 Plan				
Outstanding at April 1				
Granted	–	–	–	–
Exercised	–	–	–	–
Expired/forfeited	–	–	–	–
Outstanding at March 31	–	–	–	–
	–		–	

The Company has a total option pool of 2,250,144 options as at March 31, 2018 towards all the above options and the unallocated options against this pool as at March 31, 2018 is 470,536 options.

Additional information on outstanding options:

Exercise price range for the options outstanding is given below:

Grant Price	No of options outstanding	
	March 31, 2018	March 31, 2017
US$ 0.10	331,042	395,960
US$ 0.77	635,566	690,625
US$ 1.26	15,000	–
US$ 1.41	50,000	15,000
US$ 2.14	748,000	–

Options outstanding that have vested and are expected to vest as of the end of the year, are as follows:

	March 31, 2018			March 31, 2017		
	Outstanding Options	Weighted average exercise price (in US$)	Weighted average remaining contract term (in years)	Outstanding options	Weighted average exercise price (in US$)	Weighted average remaining contract term (in years)
Stock Option 2008 Plan						
Vested	850,443	0.53	6.13	725,827	**0.42**	6.56
Expected to vest	929,165	1.90	9.30	375,758	**0.77**	8.31
Stock Option 2004 Amended Plan						
Vested	–	–	–	–	–	–
Stock Option 2005 Plan						
Vested	–	–	–	–	–	–

Stock compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend yield	0 percent	0 percent
Expected life	6.25 years	6.25 years
Risk free interest rate	2.22 percent	1.36 percent
Volatility	30 percent	31percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

Additional disclosures pertaining to compensation expenses, net of costs allocated to Group entities:

The Company has recognized stock compensation expense of US$ 39,167 (INR 2,542,722) [2017: US$ 34,239 (INR 2,222,796)] for the year ended March 31, 2018. The Company received an amount of US$ 2,319 (INR 150,551) [2017: US$56,009 (INR 3,636,103)] for exercise of stock options in the current year.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2018 was approximately US$ 108,483 (INR 7,042,716) [2017: US$ 49,432 (INR 3,209,125)] and is expected to be recognized over a weighted average period of 2.63 years.

The aggregate fair value of all options granted during the year is US$ 99,867 (INR 6,483,366)and weighted average grant date fair value of options vested during the year is US$ 0.88 (INR 57).

NOTE J – CONTINGENCIES

The Company may be subject to legal claims in the normal course of business. Management believes that there are no such claims that would be material to the financial condition or results of operations.

NOTE K – RELATED PARTY TRANSACTIONS

The Company had the following transactions with its parent, subsidiaries and key management personnel:

1. List of related parties and relationships (where there are transactions):

Name of related party and relationship
Holding Company
Mahindra & Mahindra Limited
Subsidiary Companies
Bristlecone Inc.
Bristlecone (Malaysia) Sdn Bhd
Bristlecone Middle East DMCC

2. Related party balances:

		March 31, 2018		March 31, 2017	
Nature of transaction	**Name of related party**	**Amount (in US$)**	**Amount (in INR) (Refer note M)**	Amount (in US$)	Amount (in INR) (Refer note M)
Interest payable as at year end	Mahindra & Mahindra Ltd.	**4,247,150**	**275,724,978**	5,665,087	367,777,448
Principal amount of loan repayable as at year end	Mahindra & Mahindra Ltd.	**7,500,000**	**486,900,000**	11,100,000	720,612,000

Nature of transaction	Name of related party	March 31, 2018 Amount (in US$)	March 31, 2018 Amount (in INR) (Refer note M)	March 31, 2017 Amount (in US$)	March 31, 2017 Amount (in INR) (Refer note M)
Amount payable as at year end	Bristlecone Inc.	**905,200**	**58,765,584**	4,550,718	295,432,613
Interest payable as at year end	Bristlecone Inc.	–	–	1,959	127,178
Principal amount of loan repayable as at year end	Bristlecone Inc.	–	–	4,500,000	292,140,000
Amount receivable as at year end	Bristlecone Middle East DMCC	–	–	4,901	318,173
Interest receivable as at year end	Bristlecone Middle East DMCC	–	–	807	52,390
Principal amount of loan receivable as at year end	Bristlecone Middle East DMCC	–	–	54,814	3,558,525

3. Related Party Transactions:

Nature of transaction	Name of related party	March 31, 2018 Amount (in US$)	March 31, 2018 Amount (in INR) (Refer note M)	March 31, 2017 Amount (in US$)	March 31, 2017 Amount (in INR) (Refer note M)
Payment of interest during the year	Mahindra & Mahindra Ltd.	**2,090,785**	**135,733,762**	1,500,000	97,380,000
Repayment of principal amount of loan during the year	Mahindra & Mahindra Ltd.	**3,600,000**	**233,712,000**	3,500,000	227,220,000
Interest expense for the year	Mahindra & Mahindra Ltd.	**672,850**	**43,681,422**	869,583	56,453,329
Dividend received during the year	Bristlecone (Malaysia) Sdn Bhd	**103,615**	**6,726,686**	211,118	13,705,781
Dividend received during the year	Bristlecone Inc.	**15,412,562**	**1,000,583,525**	–	–
Interest expense	Bristlecone Inc.	**104,281**	**6,769,923**	1,959	127,178
Payment of interest during the year	Bristlecone Inc.	**106,240**	**6,897,100**		
Loan taken during the year	Bristlecone Inc.	–	–	4,500,000	292,140,000
Repayment of loan during the year	Bristlecone Inc.	**4,500,000**	**292,140,000**	–	–
Interest income	Bristlecone Middle East DMCC	**562**	**36,485**	807	52,390
Reimbursement of expenses received/ receivable	Bristlecone Middle East DMCC	–	–	4,901	318,173
Loan repaid	Bristlecone Middle East DMCC	**54,814**	**3,558,525**	–	–
Loan granted	Bristlecone Middle East DMCC	–	–	54,814	3,558,525

NOTE L – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, current assets and current liabilities approximated their fair values due to their short maturities.

NOTE M – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2018 along withcomparatives for the year ended March 31, 2017 have been translated into Indian Rupees ("INR") at the rate of 1 US$ = 64.92 INR. The convenience translation should not be construed as a representationthat the Indian Rupee amounts or the US$ amounts referred to in these financial statements have been, couldhave been, or could in the future be, converted into US$ or INR, as the case may be, at this or at any other rateof exchange, or at all.

NOTE N – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 10, 2018, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Seventh Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Revenue	**31,760.87**	27,165.97
Profit before Depreciation, Interest, Taxation and prior period items	**4,718.34**	2,564.84
Depreciation	**(423.07)**	(399.68)
Profit before Interest, Taxation and prior period items	**4,295.27**	2,165.16
Interest	**(13.65)**	(23.64)
Profit before Taxation and prior period items	**4,281.62**	2,141.52
Provision for Taxation for the year		
— Current Tax	**(1440.00)**	(900.00)
— Deferred Tax	**(10.28)**	143.10
Profit for the year after Taxation	**2,831.34**	1,384.62
Other Comprehensive Income	**17.22**	(0.06)
Total comprehensive income for the year	**2,848.56**	1,384.56
Balance of Profit for earlier years	**5,541.11**	4,156.55
Balance of Profit carried forward	**8,389.67**	5,541.11
Net Worth	**10,382.95**	7,534.39

There are no material changes and commitments affecting the financial position of the Company after the end of financial year till the date of this report.

OPERATIONS

During the year under review, revenue increased from Rs. 27,165.97 lakhs to Rs. 31,760.87 lakhs, registering a growth of 16.91% over the previous year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to Rs. 4,718.34 lakhs as against Rs. 2,564.84 lakhs in the previous year. The net profit after tax was Rs. 2,831.34 lakhs as compared to Rs. 1,384.62 lakhs in the previous year. The increase in profit is mainly on account of increased revenues and controlled overheads during the year.

DIVIDEND

In order to conserve the resources of the Company, your Directors do not recommend any dividend for the year under review.

RESERVES

The Company does not propose to transfer any amount to reserves.

OUTLOOK FOR THE CURRENT YEAR

The Company will continue to focus on increasing its market share in the markets your Company operates in, through increased business with its existing clients and identifying new customers for its offerings. Driving operational efficiencies within the organization and cost reduction will continue to be the focus areas for the year ahead. The Company expects that these measures would help in increasing revenues and lowering costs which would reflect in improved margins for the current year.

SHARE CAPITAL

During the year under review, the authorised share capital of your Company stood at Rs. 25,00,00,000 divided into 25,00,000 Equity Shares of Rs. 100 each. The paid-up Equity Share Capital as on 31st March, 2018 was Rs. 19,04,94,400/- divided into 19,04,944 Equity Shares of Rs. 100/- each which was the same as on 31st March 2017.

During the year under review, the Company has not issued any shares or any convertible instruments.

HOLDING COMPANY

Bristlecone Limited, Cayman Islands, is the Holding Company of your Company.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY COMPANIES

As on 31st March, 2018 your Company has the following two subsidiaries:

1. **Bristlecone GmbH** was incorporated in 2004, in Frankfurt am Main, to cater to the requirements of customers based in Germany. Your Company holds 100% of the share capital and voting power of Bristlecone GmbH. During the year, the Company earned revenue of Rs. 7,401.95 lakhs (previous year Rs. 9,352.28 lakhs) and recorded a profit of Rs. 328.62 lakhs (previous year profit of Rs. 772.04 lakhs).
2. **Bristlecone Singapore Pte. Ltd.** was incorporated in 2003, in the Republic of Singapore, to pursue business in the Asia Pacific region. Your Company holds 100% of the share capital and voting power of Bristlecone Singapore Pte Ltd. During the year, the Company has earned revenue of Rs. 652.74 lakhs (previous year Rs. 83.68 lakhs) and registered a profit of Rs. 48.89 lakhs (previous year profit of Rs. 4.51 lakhs).

A report on performance and financial position of the subsidiary companies and their contribution to the overall performance of the Company is provided in Form AOC-1 which is attached to the financial statements and forms part of this Annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R 742(E) dated 27th July, 2016, exempted a wholly owned subsidiary Company from preparation and presentation of Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared Consolidated Financial Statements since it has met all requirements mentioned in the aforesaid notification.

COMPOSITION OF BOARD OF DIRECTORS:

Sr. No.	Name of Director	DIN	Designation	Executive/Non-Executive	Independent/ Non-Independent
1.	Mr. Ulhas Yargop	00054530	Chairman	Non-Executive	Non-Independent
2.	Mr. K. Chandrasekar	01084215	Director	Non-Executive	Non-Independent
3.	Mr. P. R. Barpande	00016214	Director	Non-Executive	Independent
4.	Mr. Nikhilesh Panchal	00041080	Director	Non-Executive	Independent
5.	Mr. Mandar Vartak	07562453	Director	Non-Executive	Non-Independent

Mr. Mandar Vartak (DIN: 07562453) was appointed at the 26th Annual General Meeting held on 2nd August, 2017 as Director of the Company.

Mr. Ulhas Yargop (DIN: 00054530) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Company has received declarations from all the Directors in Form DIR-8 as prescribed under Section 164 of the Companies Act, 2013 read with the Rule 14(1) of Companies (Appointment and Qualifications of Directors) Rules, 2014 that they are not disqualified from being appointed as Directors of the Company pursuant to Section 164 of the Companies Act, 2013.

Mr. P. R. Barpande (DIN: 00016214) and Mr. Nikhilesh Panchal (DIN: 00041080), Independent Directors, have furnished disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013.

MEETINGS OF THE BOARD

Your Board of Directors met five times during the year under review viz; on 24th April, 2017, 2nd August, 2017, 2nd November, 2017, 2nd January, 2018 and 18th January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance of the Directors at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended
Mr. Ulhas Yargop	4
Mr. K. Chandrasekar	4
Mr. P. R. Barpande	5
Mr. Nikhilesh Panchal	4
Mr. Mandar Vartak	5

GENERAL MEETING

The 26th Annual General Meeting of the Company was held on 2nd August, 2017. No Extra-Ordinary General Meeting was held during the year.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management and after due enquiry, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed;

b) That such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2018 and of the profit of the Company for the financial year ended on that date;

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) That the annual accounts have been prepared on a going concern basis;

e) That proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2 (51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of your Company consists of Mr. Bhaskar Ramanasundaram as Chief Executive Officer, Mr. Harsh Vaish as Chief Financial Officer and Ms. Grisma Biswal as Company Secretary.

During the year under review, Ms. Payal Vyas resigned from the office of the Company Secretary of the Company with effect from 3rd May, 2017. Ms. Grisma Biswal was appointed as the Company Secretary with effect from 2nd August, 2017.

CODES OF CONDUCT

The Board of Directors of the Company has adopted separate Codes of Conduct for its Directors and Senior Management Personnel and Employees ("Codes") enunciating the underlying principles governing the conduct of its business and seeking to reiterate the fundamental precept that good governance must be an integral part of its ethos.

Pursuant to the above Codes of Conduct, all the Board Members, Senior Management Personnel and Employees of your Company have affirmed compliance with the respective Codes, on an annual basis.

EVALUATION OF PERFORMANCE OF DIRECTORS

The Nomination and Remuneration Committee carried out an evaluation of the performance of individual Directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Board of Directors of the Company carried out an annual evaluation of overall performance of the Independent Directors.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once during the year on 2nd November, 2017, without the presence of Non-Independent

Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. P. R. Barpande (Chairman), Mr. Nikhilesh Panchal and Mr. K. Chandrasekar as its members. The Audit Committee consists of three directors with independent directors forming a majority. The Board has accepted all recommendations of the Audit Committee made from time to time.

The Audit Committee met three times during the year under review viz. on 24th April, 2017, 2nd November, 2017 and 18th January, 2018.

The attendance at the meetings of the Audit Committee was as follows:

Name of Director	Designation	No. of meetings attended
Mr. P. R. Barpande	Chairman	3
Mr. Nikhilesh Panchal	Member	3
Mr. K. Chandrasekar	Member	2

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Nikhilesh Panchal (Chairman), Mr. P. R. Barpande, Mr. Ulhas Yargop and Mr. Mandar Vartak as its members. All the members of the Committee are Non-Executive Directors out of which not less than one half of the members are Independent Directors.

The Nomination and Remuneration Committee met three times during the year under review viz. on 24th April, 2017, 2nd August, 2017 and 18th January, 2018.

The attendance at the meetings of the Nomination and Remuneration Committee was as follows:

Name of Director	Designation	No. of meetings attended
Mr. Nikhilesh Panchal	Chairman	3
Mr. P.R. Barpande	Member	3
Mr. Ulhas Yargop	Member	2
Mr. Mandar Vartak	Member	3

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company's Corporate Social Responsibility Committee comprises of Mr. Ulhas Yargop (Chairman), Mr. Mandar Vartak and Mr. Nikhilesh Panchal as its members. All the members of the Committee are Non-Executive Directors and Mr. Nikhilesh Panchal is an Independent Director.

The Corporate Social Responsibility Committee met once on 24th April, 2017 during the year under review which was attended by all the Members.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility ('CSR') Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organization, by encouraging employees to participate in the Company's CSR and give back to society in an organized manner.

Annual Report on Corporate Social Responsibility activities of the Company is furnished as **Annexure I** and forms part of this report.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has devised appropriate systems and frame work for adequate internal Control Systems with reference to the financial statements. The Company's internal control system including internal financial controls, are commensurate with the nature of its business and the size and complexity of its operations and the same are adequate and operating effectively. These systems are periodically tested and no reportable material weakness in the design or operation were observed. The Audit Committee reviews adequacy and effectiveness of the Company's internal controls system including internal financial controls.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including therein identification of elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency, your Company has adopted the following Policies as required under Section 178(3) of the Companies Act, 2013:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

During the year under review, the Board of Directors on the recommendation of the Nomination and Remuneration Committee had amended the aforesaid policies in order to align the same with the revised Secretarial Standard on Meetings of the Board of Directors and various amendments in the Companies Act, 2013.

These policies as amended are provided as **Annexure II** and forms part of this report.

STATUTORY AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants (ICAI Firm Registration No. 105102W) were appointed as Statutory Auditors of the Company at its 26th Annual General Meeting (AGM) held on 2nd August, 2017 from the conclusion of the 26th AGM till the conclusion of the 31st AGM to be held in the year 2022. In terms of Section 139 (1) of the Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from M/s. B. K. Khare & Co., to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to ratify the appointment of Auditors at the forthcoming AGM and fix their remuneration.

The Auditors' Report for the year does not contain any qualification, reservation or adverse remark or disclaimer.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143 (12) of the Companies Act, 2013.

SECRETARIAL AUDITORS

Your Directors have appointed M/s. MMJC & Associates LLP as Secretarial Auditor of the Company in accordance with Section 204 of the Companies Act, 2013.

In terms of the provisions of Section 204(1) of the Companies Act, 2013, the Company has annexed with this Directors' Report as **Annexure III** a Secretarial Audit Report for the year under review in the prescribed Form MR – 3.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth, Chartered Accountant was appointed as the Internal Auditor of your Company for the year ended 31st March, 2018.

COST AUDITOR

The provisions relating to appointment of Cost Auditors are not applicable to your Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as **Annexure IV** and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the ultimate holding Company, Mahindra & Mahindra Limited.

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in **Annexure V** which forms part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length. Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in Form AOC – 2 as **Annexure VI** and forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure VII** and forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, three complaints were received and two complaints were resolved as on 31st March, 2018 and one complaint was resolved subsequent to the end of the financial year as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3) (c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

The Board acknowledges the continued support received from its holding company, Bristlecone Limited and its ultimate holding company, Mahindra & Mahindra Limited and all employees of the Company.

For and on behalf of the Board

Ulhas Yargop
Chairman

Mumbai, 25th April 2018

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

  During the year under review, your Company have contributed to CSR through two Implementation Agencies viz, Roshni and K C Mahindra Education Trust.

(2) The Composition of the CSR Committee:

Mr. Ulhas Yargop (Chairman)

Mr. Mandar Vartak

Mr. Nikhilesh Panchal

(3) Average net profit of the Company for last three financial years: Rs. 2,728.10 lakhs

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): Rs. 54.58 lakhs

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year - Rs. 54.58 lakhs

(b) Amount unspent, if any – NIL

(c) Manner in which the amount spent during the financial year is detailed below:

(Rs. in lakhs)

Sr. No.	Particulars	(1)	(2)	TOTAL
(1)	CSR project or activity identified	Contribution to Roshni	Contribution to K.C. Mahindra Education Trust	–
(2)	Sector in which the project is covered	Education of Girl Child	Education of Girl Child	–
(3)	Projects or programme			
	(1) Local area or other	Other	Other	–
	(2) Specify the state and district where projects or programs was undertaken	New Delhi	Pan India	
(4)	Amount outlay (budget) project or programme wise	11.50	43.08	54.58
(5)	Amount spent on the project or programme Sub Heads;			
	(1) Direct expenditure on projects or programmes	11.50	43.08	54.58
	(2) Overheads	Nil	Nil	Nil
(6)	Cumulative expenditure up to the reporting period	11.50	43.08	54.58
(7)	Amount Spent direct or through implementing agency*	Paid to Implementing agency – Roshni	Paid to Implementing agency – K.C. Mahindra Education Trust	–

* Details of implementing agency:

i. Roshni: Founded in 2008 by Ms. Saima Hasan, Roshni is a registered Charitable Trust dedicated to alleviating poverty in India by empowering girls to realize their highest potential. The barriers to underprivileged girls' entry into the Indian competitive mainstream are their fundamental lack of awareness, life skills, employability skills and self-confidence. Through employability and life skills training, Roshni seeks to develop this pool of underprivileged and untapped talent. Developing the foundation skill set enables improved accessibility, increased inclusiveness and upward mobility. Roshni works in partnership with various government and government-aided schools in Delhi and Uttar Pradesh and conducts training programs for underprivileged girl students of Grade 9 to 12.

ii. The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the Trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

(6) In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable

(7) Your Company's CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Ulhas Yargop — Chairman - CSR Committee

Mandar Vartak — Director

Mumbai, 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Bristlecone India Ltd.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD);

(ii) Chief Financial Officer (CFO);

(iii) Company Secretary (CS);

(iv) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(v) such other officer as may be prescribed.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:

1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Bristlecone India Limited (Bristlecone).

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all other employees. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular benchmarking over the years with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board shall be determined by the Board and revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For Leadership Team, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

b. For all other employees, we benchmark with a set of comparators from the same industry.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees in accordance with the ESOP Scheme of the Holding Company, Bristlecone Limited and subject to the compliance of the applicable statutes and regulations.

The Company may also grant loans to employees including employees who are related parties under the Companies Act, 2013 read with relevant rules made thereunder, as a condition of service, in accordance with the Company Loan/Salary Advance Scheme as approved by the Board from time to time.

We, at all times, act in compliance with all the applicable statutory requirements regarding compensation and benefits.

For and on behalf of the Board

Ulhas Yargop
Chairman

Mumbai, 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. MR.3
SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Bristlecone India Limited
Gateway Building, Apollo Bunder
Mumbai - 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bristlecone India Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment;

(Foreign Direct Investment and External Commercial Borrowings not applicable to the Company during the Audit Period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company**)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015 (**Not Applicable to the Company**)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company**)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company**)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company**)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company**) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company**);

(vi) As identified, no law is specifically applicable to the company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not Applicable to the Company**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has in the Annual General Meeting of its members held on 02nd August, 2017, authorized the Board to mortgage and create charges on Company's undertaking under section 180(1)(a) of the Companies Act, 2013 to secure the amounts borrowed by the Company from time to time provided that the maximum extent of indebtedness secured by the properties of the Company does not exceed Rupees 60 (Sixty) Crores only at any time.

For MMJC & Associates LLP

Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346

Place: Mumbai
Date: 25th April, 2018

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To
The Members,
Bristlecone India Limited
Gateway Building, Apollo Bunder
Mumbai - 400001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MMJC & Associates LLP

Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346

Place: Mumbai
Date: 25th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U30007MH1991PLC064368
2.	Registration Date	10/12/1991
3.	Name of the Company	BRISTLECONE INDIA LIMITED
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non – Government Company
5.	Address of the Registered office and contact details	Gateway Building Apollo Bunder, Mumbai 400001, Maharashtra Tel: +91 22 22021031/+91 22 2490 5828 Fax: +91 22 2287 5485
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Celenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: 040-67162222, Fax: 040-23001153 Email Id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: -

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	IT Services	620	98.45%
2	Sale of Products	465	1.55%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Bristlecone Limited M&C Corporate Services Ltd., P.O. Box 309GT, Ugland House, South Church St. George Town, Grand Cayman, Cayman Islands.	Not Applicable	Holding	100%	2(46)
2.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3.	Bristlecone GmbH De-Saint-Exupéry-Straße 8, Condor Platz, 60549 Frankfurt am main, Germany	Not Applicable	Subsidiary	100%	2(87)
4.	Bristlecone Singapore Pte. Ltd. 3, Anson Road, #27-01 Springleaf tower, Singapore 079909	Not Applicable	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	–	–	–	–	–	–	–	–
(2) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	19,04,944*	19,04,944*	100	–	19,04,944*	19,04,944*	100	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	**19,04,944***	**19,04,944***	**100**	–	**19,04,944***	**19,04,944***	**100**	–
Total shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**19,04,944***	**19,04,944***	**100**	–	**19,04,944***	**19,04,944***	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (Trust)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**19,04,944***	**19,04,944***	**100**	–	**19,04,944***	**19,04,944***	**100**	–

Note: * The shareholding includes 36 shares held by Bristlecone Limited jointly with individuals for the purpose of complying with the minimum number of shareholders required for a public company.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Bristlecone Ltd.	19,04,908	100	Nil	19,04,908	100	Nil	0.00
2	Bristlecone Ltd. Jointly with Mr. Ulhas N. Yargop**	1	0.00	Nil	1	0.00	Nil	0.00
3	Bristlecone Ltd. Jointly with Mr. Anjanikumar Choudhari**	1	0.00	Nil	1	0.00	Nil	0.00
4	Bristlecone Ltd., Jointly with Mr. K. Chandrasekar**	10	0.00	Nil	10	0.00	Nil	0.00
5	Bristlecone Ltd. Jointly with Mr. Narayan Shankar**	22	0.00	Nil	22	0.00	Nil	0.00
6	Bristlecone Ltd. Jointly with Mr. S. Venkatraman**	1	0.00	Nil	1	0.00	Nil	0.00
7	Bristlecone Ltd. Jointly with Mr. Krishnadas Chillara**	1	0.00	Nil	1	0.00	Nil	0.00
	Total	**19,04,944**	**100**	**Nil**	**19,04,944**	**100**	**Nil**	**0.00**

iii. Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Shareholding at the end of the year (As on 31st March, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Not applicable					

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP / Name of the Director/KMP	Shareholding at the beginning of the year (As on 1st April, 2017) No. of shares	% of total shares of the Company	Shareholding at the end of the year (As on 31st March, 2018) No. of shares	% of total shares of the Company
1.	Mr. Ulhas Yargop**	1	0.00	1	0.00
2.	Mr. K. Chandrasekar**	10	0.00	10	0.00
3.	Mr. Mandar Vartak	NIL	0.00	NIL	0.00
4.	Mr. Nikhilesh Panchal	NIL	0.00	NIL	0.00
5.	Mr. P. R. Barpande	NIL	0.00	NIL	0.00
6.	Mr. Bhaskar Ramanasundaram	NIL	0.00	NIL	0.00
7.	Mr. Harsh Vaish	NIL	0.00	NIL	0.00
8.	Ms. Payal Vyas*	NIL	0.00	NIL	0.00
9.	Ms. Grisma Biswal#	NIL	0.00	NIL	0.00

Note: **The shares are held by Bristlecone Limited jointly with individuals by for the purpose of complying with the minimum number of shareholders required for a public company.

* Resigned from the office of Company Secretary w.e.f. 3rd May, 2017

\# Appointed as Company Secretary w.e.f. 2nd August, 2017

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Rs.)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year (01.04.2017)				
1) Principal Amount	Nil	Nil	Nil	Nil
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1+2+3)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year (31.03.2018)				
1) Principal Amount	Nil	Nil	Nil	Nil
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1+2+3)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(In Rs.)

Sr. No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross Salary		
	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of profit	–	–
	– Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	

B. Remuneration of other Directors:

I. Independent Directors:-

(Rs. In Lakhs)

Remuneration	Name of Directors		Total Amount
	Mr. P. R. Barpande	Mr. Nikhilesh Panchal*	
Fee for attending Board/Committee meetings	1.60	1.50	3.10
Commission	3.00	3.00	6.00
Others	–	–	–
Total (1)	**4.60**	**4.50**	**9.10**

*Note: The sitting fees and commission was paid/payable to Khaitan & Co. in which Mr. Nikhilesh Panchal is a Partner

II. Other Non-Executive Directors:

(Rs. In Lakhs)

Other Non-Executive Directors	Mr. Ulhas Yargop	Mr. K. Chandrasekar	Mr. Mandar Vartak	Total Amount
Fee for attending Board/Committee meetings	NIL	NIL	NIL	NIL
Commission	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL
Total (2)	**NIL**	**NIL**	**NIL**	**NIL**
Total B = (1+2)	**9.10**			
Total Managerial Remuneration (A+B)*	**6.00**			
Overall Ceiling as per the Act (For point No. B)	For Commission paid to Independent Directors: 3% of the Net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e Rs. 128.46 Lakhs; For meetings of the Board or Committee thereof: Rs. 1 lakh per meeting of the Board or Committee thereof			

* Excluding fees for attending Board/Committee meetings

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Person			
		Mr. Bhaskar Ramanasundaram (CEO)	Mr. Harsh Vaish (CFO)	Company Secretary*	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	54.96	68.08	–	123.04
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.37	–	–	0.37
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of profit	–	–	–	–
	– Others, specify	–	–	–	–
5.	Others, please specify (Contribution to Provident Fund)	1.04	1.65	–	–
6.	Others – Professional fees towards Secretarial Services	–	–	1.32	1.32
	Total (C)	**56.37**	**68.73**	**1.32**	**124.73**

* Amount includes payment made to Ms. Payal Vyas who has resigned from the office of Company Secretary w.e.f 3rd May, 2017 and to Ms. Grisma Biswal who was appointed as Company Secretary w.e.f. 2nd August, 2017

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	Not applicable					
Punishment						
Compounding						
B. DIRECTORS						
Penalty	Not applicable					
Punishment						
Compounding						
C. OTHER OFFICERS IN DEFAULT						
Penalty	Not applicable					
Punishment						
Compounding						

For and on behalf of the Board

Ulhas Yargop
Chairman

Mumbai, 25th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013 is as under:

Details of Investments:

Sr. No.	Particulars of the loans given, investment made or guarantee given or security provided	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security	Amount (Rs. in lakhs)
A	**Investments made**	NOT APPLICABLE	NIL
B	Guarantees given	NOT APPLICABLE	NIL
C	Loans given		
	Loan to CEO (Date of granting of loan- 2nd January, 2018)	Personal	21.00

For and on behalf of the Board

Ulhas Yargop
Chairman

Mumbai, 25th April, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name of the related party	Transaction Value (Rs. in lakhs)	Nature of contracts /transactions / arrangements	Duration of contracts / transactions/ arrangements	Salient terms of contracts / arrangements/ transactions including the value if any	Date of approval by the Board if any	Amount paid as advance if any
1	Mahindra & Mahindra Limited (Ultimate Holding Company)	7,796.05	Professional Services	FY 2017-18	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arms length basis	NOT APPLICABLE	NIL
2	Bristlecone Inc. (Fellow Subsidiary Company)	10,637.87	Professional Services	FY 2017-18		NOT APPLICABLE	NIL
3	Bristlecone GmbH (Subsidiary Company)	5,441.62	Professional Services	FY 2017-18		NOT APPLICABLE	NIL

Note: The above referred transactions are at arm's length and in the ordinary course of business. Accordingly Board approval is not required as per proviso to sub-section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board

Ulhas Yargop
Chairman

Mumbai, 25th April, 2018

ANNEXURE VII TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

(A) Conservation of energy:

Steps taken / impact on conservation of energy, with special reference to the following:

i. Steps taken by the Company for utilizing alternate sources of energy including waste generated -

The operations of your Company are not energy-intensive. However, we continue to make efforts to reduce energy consumption

ii. Capital investment on energy conservation equipment - **Nil**

(B) Technology absorption:

1. Efforts, in brief, made towards technology absorption - **None**
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. – **Not Applicable**
3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: **Not Applicable**
   a) Details of technology imported: **NA**
   b) Year of import: **NA**
   c) Whether the technology been fully absorbed: **NA**
   d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **NA**
4. Expenditure incurred on Research and Development: **None**

(C) Foreign exchange earnings and outgo:

Foreign exchange earnings and outgo during the year under review are as follows:

(Rupees in lakhs)

Total Foreign Exchange Earnings and Outgo	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Foreign Currency Earnings	**18,579.10**	14,512.86
Foreign Exchange Outgo	**308.01**	391.92

For and on behalf of the Board

Ulhas Yargop
Chairman

Mumbai, 25th April, 2018

INDEPENDENT AUDITORS' REPORT

To The Members of Bristlecone India Limited

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **BRISTLECONE INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under Section 143(11) of the Act.

We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the Auditors' Judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers Internal Financial Control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

As required by Section 143 (3) of the Act, we report to the extent applicable that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended)

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure II. Our report expresses and unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2016 as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, of pending litigations as at 31st March, 2018 on its financial position in its standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts as at 31stMarch, 2018 for which there were any material foreseeable losses that need provision.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Mumbai, 25th April 2018

Annexure I to the Independent Auditors' Report referred to in our report of even date:

The Annexure referred to in the Independent Auditor's Report to the members of the Company on standalone Ind AS financial statements for the year ended 31st March, 2018 we report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. The fixed assets are physically verified by the Management annually to cover all the items which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed to us no material discrepancies as compared to book records were noticed on assets verified during the year.

   c. In respect of immovable properties of buildings that have been taken on lease and disclosed as fixed assets in the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

2. The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Therefore, reporting under clause 3 (iii) (a), (iii) b and (iii) c of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of investments made. The Company during the year has not granted directly or indirectly any loans to parties covered under Section 185 of the Act.

5. According the information and explanations given to us the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder to the extent notified.

6. The Company is not required to maintain the cost records required to be maintained under section 148(1) of the Act and the pursuant rules made thereunder, hence reporting under clause 3(vi) of the Order is not applicable.

7. According to the information and explanations given to us, in respect of statutory dues:

   a. According to the records of the Company examined by us and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax, Sales tax, Service tax, Customs duty, Excise duty, Value Added Tax (VAT), Cess and other applicable statutory dues with the appropriate authorities during the year.

   b. There are no arrears of outstanding undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax, Sales tax, Service tax, Customs duty, Excise duty, Value Added Tax (VAT), Cess and other applicable statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.

   c. According to the information and explanations given to us and records of the Company examined by us, particulars of dues of Income Tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax and Cess which have not been deposited as on 31st March 2018 on account of disputes are as under:

(In Lakhs)

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved	Amount paid under protest
Income Tax Act, 1961	Income Tax	High Court	AY 2008-09	–	74.40
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2009-10	330.79	10.00
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2010-11	107.01	107.01
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2011-12	277.30	16.93
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2012-13	3.82	–
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2013-14	4.18	4.18
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2014-15	17.88	17.88
Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	FY 2006-07 FY 2007-08	194.21	–

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any funds from financial institutions, banks and government nor has issued any debentures. Hence, reporting under clause 3(viii) of the Order is not applicable.

9. Based on the records examined by us and according to the information and explanations given to us, the Company has not raised moneys by way of an initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of fraud by the Company or material fraud on the Company by its officers or employees, was noticed or reported to us by the management during the year.

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. As the Company is not a Nidhi Company reporting under clause 3(xii) of the Order is not applicable.

13. In our opinion and according to the information and explanation given to us the Company is in compliance with the provisions of Section 177 and section 188 of the Act, where applicable, for all the transactions with related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by applicable Accounting Standards.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year hence reporting under clause 3 (xiv) of the Order is not applicable.

15. The Company has not entered into any non-cash transactions with its Directors or persons connected with them. Hence reporting under clause 3 (xv) of the Order is not applicable.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence reporting under clause 3 (xvi) of the Order is not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Mumbai, 25th April 2018

Annexure II to the Independent Auditors' Report referred to in our report of even date:

Referred to in paragraph "f" of Report on Other Legal and Regulatory Requirements in the Independent Auditors' Report of even date to the members of Bristlecone India Limited on the standalone Ind AS financial statements for the year ended 31st March 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls over financial reporting of Bristlecone India Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Mumbai, 25th April 2018

BALANCE SHEET AS AT 31 MARCH, 2018

₹ in Lakhs

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**843.61**	846.48
(b) Intangible Assets	5	**85.71**	81.73
(c) Financial Assets			
(i) Investments	6	**527.77**	452.55
(ii) Other Financial Assets	8	**95.68**	72.23
(d) Deferred Tax Assets (Net)	9	**545.81**	565.20
(e) Other Non-current Assets	10	**569.54**	437.94
SUB-TOTAL		**2,668.12**	2,456.13
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	11	**7,584.00**	5,684.37
(ii) Cash and Cash Equivalents	12	**846.11**	1,639.21
(iii) Other Bank Balances	12	**985.02**	1,755.43
(iv) Loans	7	**26.02**	8.01
(v) Other Financial Assets	8	**2,671.04**	2,030.46
(b) Other Current Assets	10	**609.16**	351.92
SUB-TOTAL		**12,721.35**	11,469.40
TOTAL ASSETS		**15,389.47**	13,925.53
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	13	**1,904.94**	1,904.94
(b) Other Equity	14	**8,478.01**	5,629.45
SUB-TOTAL		**10,382.95**	7,534.39
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(b) Provisions	16	**999.02**	939.89
SUB-TOTAL		**999.02**	939.89
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables			
– Total outstanding dues of Micro Enterprises and Small Enterprises	18	**4.86**	–
– Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	18	**2,775.43**	4,511.21
(ii) Other Financial Liabilities	15	**11.73**	77.68
(b) Provisions	16	**302.85**	298.43
(c) Current Tax Liabilities (Net)		**101.78**	106.40
(d) Other Current Liabilities	17	**810.85**	457.53
SUB-TOTAL		**4,007.50**	5,451.25
TOTAL		**15,389.47**	13,925.53

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Mumbai, 25th April, 2018

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Mumbai, 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

(₹ In Lakhs)

	Particulars	Notes No.	**Year ended 31 March, 2018**	Year ended 31 March, 2017
I	Revenue from operations	19	**31,477.27**	26,714.36
II	Other income	20	**283.60**	451.61
III	**Total Revenue [I+II]**		**31,760.87**	27,165.97
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**448.42**	3,089.23
	(b) Employee benefit expense	21	**18,722.95**	16,062.50
	(c) Finance costs	22	**13.65**	23.64
	(d) Depreciation and amortisation expense	4&5	**423.07**	399.68
	(e) Other expenses	23	**7,871.16**	5,449.40
	Total Expenses (IV)		**27,479.25**	25,024.45
V	**Profit before tax (III-IV)**		**4,281.62**	2,141.52
VI	**Tax expense**			
	(a) Current tax	9	**1,440.00**	900.00
	(b) Deferred tax	9	**10.28**	(143.10)
	Total tax expense		**1,450.28**	756.90
VII	**Profit for the year (V-VI)**		**2,831.34**	1,384.62
VIII	**Other comprehensive income**			
	Items that will not be reclassified to the statement of profit or loss Remeasurements of the defined benefit plans net of income tax relating to items that will not be reclassified to profit or loss		**17.22**	(0.06)
IX	**Total comprehensive income for the year (VII+VIII)**		**2,848.56**	1,384.56
X	**Earnings per equity share:**			
	Basic and Diluted	24	**148.63**	72.69

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Mumbai, 25th April, 2018

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Mumbai, 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

a. Equity share capital

(₹ In Lakhs)

Particulars	Equity Share Capital
As at 1 April, 2016	**1,904.94**
Changes in equity share capital during the year	**–**
As at 31 March, 2017	**1,904.94**
Changes in equity share capital during the year	**–**
As at 31 March, 2018	**1,904.94**

b. Other Equity

(₹ In Lakhs)

Particulars	Reserves and Surplus		
	Capital Reserve	Retained Earnings	Total
As at 1 April, 2016	**88.34**	**4,156.55**	**4,244.89**
Profit/(Loss) for the year	–	1,384.62	**1,384.62**
Other Comprehensive Income/(Loss)	–	(0.06)	**(0.06)**
Total Comprehensive Income for the year	–	1,384.56	**1,384.56**
As at 31 March, 2017	**88.34**	**5,541.11**	**5,629.45**
Profit/(Loss) for the year	–	2,831.34	**2,831.34**
Other Comprehensive Income/(Loss)	–	17.22	**17.22**
Total Comprehensive Income for the year	–	2,848.56	**2,848.56**
As at 31 March 2018	**88.34**	**8,389.67**	**8,478.01**

See accompanying notes to the financial statements

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Mumbai, 25th April, 2018

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Mumbai, 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018

(₹ In Lakhs)

Particulars	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Cash flows from operating activities		
Profit before tax for the year	**4,281.62**	2,141.52
Adjustments for:		
Finance costs recognised in profit or loss	**13.65**	23.64
Interest income	**(120.41)**	(186.09)
Income from Short Term Investments	**(9.02)**	–
Impairment of investment carried at cost written back	**(75.22)**	–
Liabilities/provisions no longer required written back	**–**	(265.52)
(Gain)/Loss on disposal of property, plant and equipment	**(1.53)**	0.33
Depreciation and amortisation	**423.07**	399.68
Net foreign exchange (gain)/loss	**(73.25)**	15.93
	4,438.91	2,129.49
Movements in working capital:		
Increase in trade and other receivables	**(1,826.38)**	(3,030.25)
Increase in other assets	**(977.28)**	(907.58)
Increase in trade and other payables	**(1,730.92)**	2,579.52
Increase in Other liabilities	**343.52**	191.94
Increase in provisions	**89.88**	220.16
	(4,101.18)	(946.21)
Cash generated from operations	**337.73**	1,183.28
Income taxes paid	**(1,559.30)**	(965.86)
Net cash (outflow)/inflow from operating activities	**(1,221.57)**	217.42
Cash flows from investing activities		
Payments for property, plant and equipment	**(486.55)**	(373.76)
Proceeds from disposal of property, plant and equipment	**7.75**	1.20
Interest received	**141.49**	237.09
Income from Short Term Investments	**9.02**	–
Fixed deposits with bank (net)	**770.41**	987.07
Net cash inflow from investing activities	**442.12**	851.60

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018

(₹ In Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flows from financing activities		
Interest paid	**(13.65)**	(23.64)
Net cash outflow from financing activities	**(13.65)**	(23.64)
Net increase in cash and cash equivalents	**(793.10)**	1,045.38
Cash and cash equivalents at the beginning of the year	**1,639.21**	593.83
Cash and cash equivalents at the end of the year	**846.11**	1,639.21
Net (decrease)/increase in cash and cash equivalents	**(793.10)**	1,045.38

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Mumbai, 25th April, 2018

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Mumbai, 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

1 Corporate information

Bristlecone India Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in Business Consulting, Software Implementation and related support activities.

The financial statements prepared herewith are the separate financial statements of the Company and the Company has elected not to present its consolidated financial statements since its ultimate parent produces consolidated financial statements that are available for public use and comply with IND AS.

2 Statement of Compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

3 Significant accounting policies

3.01 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The financial statements have been prepared on a historical cost basis. The financial statements are presented in Indian Rupees (INR or Rs.) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. (Refer Note No. 9)

3.03 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

Service Tax, GST, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from software services performed on ‘time and material’ basis is recognised as and when services are performed. Revenues from fixed price contracts are recognized over the life of the contract using the proportionate completion method, with man hours input determining the degree of completion. The estimation of man hours required to complete the project requires significant judgment. When adjustments in estimated project man hours are identified, anticipated losses, if any, are recognized in the period in which they are determined.

Interest income

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company’s right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the company and the amount of the dividend can be measured reliably.

3.04 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term."

3.05 Foreign currencies

The functional currency of Bristlecone India Limited is Indian Rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

3.06 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.07 Employee benefits

1. Defined Contribution Plan:

   Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined Benefit Plan:

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

   - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
   - net interest expense or income; and
   - remeasurement.

   (i) Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

   (ii) Compensated Absences: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

3.08 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

3.09 Property, plant and equipment

All Property, plant and equipments are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

		Useful life
A	**Owned assets**	
	Leasehold improvement*	5 years
	Furniture and fittings	10 years
	Office equipment	5 years
	Office equipment -mobile handset*	3 years
	Computer and equipment	
	IT equipment -server	6 years
	IT equipment – non server	3 years
	Vehicles	8 years

* For these class of assets, based on internal assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful life for these assets is different from the useful lives as prescribed under Part C of Scheduled II of the companies Act 2013.

3.10 Intangible assets

Intangible assets are amortised on a straight line basis over their useful life of 5 years, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the change in pattern if any.

3.11 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.13 EPS

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.14 Business Segments

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3.15 Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cashflows by operating, investing and financing activites of the Company.

3.16 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

3.17 Share Capital

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability, or

– In the absence of a principal market, in the most advantageous market for the asset or liability "

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable"

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Service Tax, GST, Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Service Tax, GST, sales/ value added taxes paid, except:

– When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

– When receivables and payables are stated with the amount of tax included the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Derivatives & Hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

Derivatives that are not designated as hedges:

The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges as in case of such transactions, the underlying is re-stated at closing exchange rates. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendments also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company."

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures':

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's standalone financial statements.

Amendment to Ind AS 40 – 'Investment Property':

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Note No. 4 – Property, Plant and Equipment

₹ in Lakhs

Description of Assets	Owned Assets					Total
	Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	
I. Gross Carrying Amount						
Balance as at 1 April, 2017	504.83	1,819.76	325.71	411.57	83.52	**3,145.39**
Additions	–	374.81	5.68	23.19	–	**403.68**
Disposals	–	(119.38)	(2.33)	(3.67)	–	**(125.38)**
Balance as at 31 March, 2018	**504.83**	**2,075.19**	**329.06**	**431.09**	**83.52**	**3,423.69**
II. Accumulated depreciation and impairment						
Balance as at 1 April, 2017	**460.91**	**1,278.03**	**265.40**	**251.38**	**43.19**	**2,298.91**
Depreciation expense for the year	42.90	282.67	33.22	31.13	10.41	**400.33**
Eliminated on disposal of assets	–	(114.70)	(2.15)	(2.31)	–	**(119.16)**
Balance as at 31 March, 2018	**503.81**	**1,446.00**	**296.47**	**280.20**	**53.60**	**2,580.08**
III. Net carrying amount (I-II)	1.02	629.19	32.59	150.89	29.92	**843.61**

₹ in Lakhs

Description of Assets	Owned Assets					Total
	Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	
I. Gross Carrying Amount						
Balance as at 1 April, 2016	504.83	1,537.83	342.64	411.34	83.52	**2,880.16**
Additions	–	292.63	6.36	0.85	–	**299.84**
Disposals	–	(10.70)	(23.29)	(0.62)	–	**(34.61)**
Balance as at 31 March, 2017	**504.83**	**1,819.76**	**325.71**	**411.57**	**83.52**	**3,145.39**
II. Accumulated depreciation and impairment						
Balance as at 1 April, 2016	391.22	1,076.81	234.98	210.38	32.78	**1,946.17**
Depreciation expense for the year	69.69	210.87	53.23	41.62	10.41	**385.82**
Eliminated on disposal of assets	–	(9.65)	(22.81)	(0.62)	–	**(33.08)**
Balance as at 31 March, 2017	**460.91**	**1,278.03**	**265.40**	**251.38**	**43.19**	**2,298.91**
III. Net carrying amount (I-II)	**43.92**	**541.73**	**60.31**	**160.19**	**40.33**	**846.48**

Note No. 5 – Intangible Assets

(₹ in Lakhs)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2017	**99.29**
Additions	**26.72**
Balance as at 31 March, 2018	**126.01**
II. Accumulated Amortisation	
Balance as at 1 April, 2017	**17.56**
Amortisation expense for the year	**22.74**
Balance as at 31 March, 2018	**40.30**
III. Net carrying amount (I-II)	**85.71**

(₹ in Lakhs)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2016	**58.68**
Additions	**40.61**
Balance as at 31 March, 2017	**99.29**
II. Accumulated Amortisation	
Balance as at 1 April, 2016	**3.70**
Amortisation expense for the year	**13.86**
Balance as at 31 March, 2017	**17.56**
III. Net carrying amount (I-II)	**81.73**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Note No. 6 – Investments

Non-Current, Unquoted, Carried at Cost

Particulars	As at 31 March, 2018 Qty	As at 31 March, 2018 Amounts (₹ in Lakhs)	As at 31 March, 2017 Qty	As at 31 March, 2017 Amounts (₹ in Lakhs)
Cost				
Investments in Equity Instruments				
– Subsidiaries				
Bristlecone (Singapore) Pte. Ltd. [see note (i) below]	**1,670,000**	**501.47**	1,670,000	501.47
Bristlecone GmbH [see note (ii) below]	**1**	**277.04**	1	277.04
Total Investments Carried at Cost (A)		**778.51**		778.51
Impairment				
Impairment value for investment carried at cost		**250.74**		325.96
Total Impairment value for investment carried at cost (B)	**–**	**250.74**	–	325.96
Total Investment at Carried Value (A) – (B)	**–**	**527.77**	–	452.55
Other disclosures				
Aggregate amount of unquoted investments		**778.51**		778.51
Aggregate amount of impairment in value of investments		**250.74**		325.96

(i) The Company has investment of SGD 1,670,000 (₹ 501.47 lakhs) in Bristlecone (Singapore) Pte. Ltd., a wholly owned subsidiary company. The accumulated losses as at 31 March, 2018 of the subsidiary on the basis of audited financial statements for the year ended 31 March, 2018 are SGD 1,541,765 (previous year SGD 1,640,222). During the year, the subsidiary company achieved significant improvement in its business operations and earned profits which resulted in improved financial position. Considering the healthy volume in pipeline, the Management of the Company believes that there is an improvement in the value of investment in the subsidiary company. Accordingly, the Company has reversed the provision amounting to ₹ 75.22 lakhs. However, considering the accummulated losses the Company continues to carry provision of ₹ 250.74 lakhs i.e. 50% of the value of investment (previous year ₹ 325.96 lakhs i.e. 65% of the value of investment) as at the year ended 31 March, 2018.

(ii) Includes ₹ 248.54 Lakhs (previous year ₹ 248.54 Lakhs) invested towards capital reserve of the company in accordance with German Commercial Code.

Note No. 7 – Loans

(₹ in Lakhs)

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non-Current	As at 31 March, 2017 Current	As at 31 March, 2017 Non-Current
(a) **Other Loans**				
– Unsecured, considered good	**26.02**	**–**	8.01	–
Total Loans	**26.02**	**–**	8.01	–

Note No. 8 – Other financial assets

(₹ in Lakhs)

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non-Current	As at 31 March, 2017 Current	As at 31 March, 2017 Non-Current
Financial assets at amortised cost				
Other Current Financial Assets				
– Interest Accrued	**8.63**	**–**	29.71	–
– Unbilled Revenue	**2,439.38**	**–**	1,787.99	–
– Claims Receivable	**148.52**	**–**	86.45	–
– Security Deposits	**74.51**	**95.68**	126.31	72.23
Total Other Financial Assets	**2,671.04**	**95.68**	2,030.46	72.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Note No. 9 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Current Tax:		
In respect of current year	**1,440.00**	900.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**10.28**	(143.10)
Total	**1,450.28**	756.90

(b) Income tax recognised in other Comprehensive income

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Deferred tax		
Income taxes related to items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligations	**(9.11)**	0.03
Total	**(9.11)**	0.03

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before tax from continuing operations	**4,281.62**	2,141.52
Income tax expense calculated at 34.61% (2017: 34.61%)	**1,481.78**	741.14
Effect of change in tax rate	**(1.83)**	–
Effect of Income not offered to tax	**(26.03)**	–
Effect of expenses that is non-deductible in determining taxable profit	**10.67**	15.76
Changes in recognised deductible temporary differences	**(14.31)**	–
Income tax expense recognised in profit or loss	**1,450.28**	756.90

The tax rate used for the 31 March, 2018 and 31 March, 2017 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) An Explanation of changes in the applicable tax rates compared to previous accounting period

The increase of the Corporate income tax rate from 34.61% to 34.94% was substantively enacted on 28 February, 2018 and is effective from 1 April, 2018. As a result, the relevant deferred tax balances have been remeasured.

The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

(e) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable to reasonably estimate the future taxable profit against which the Company can use the benefit therefrom.

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Deductible Temporary differences (will never expire)		
Impairment value for investment carried at cost	**250.74**	325.96
Total	**250.74**	325.96

(f) Movement in deferred tax balances

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2018			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Depreciation	**45.07**	**(12.83)**	–	**32.24**
Provision for doubtful Trade receivables	**6.73**	**0.30**	–	**7.03**
Expenses covered under Section 43B	**428.57**	**35.42**	**(9.11)**	**454.88**
Expenses disallowed under Section 40(a)(ia)	**83.28**	**(32.07)**		**51.21**
Deferred Income	**1.55**	**(1.10)**		**0.45**
Net Tax Asset	**565.20**	**(10.28)**	**(9.11)**	**545.81**

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Depreciation	40.58	4.49	–	45.07
Provision for doubtful Trade receivables	2.10	4.63	–	6.73
Expenses covered under Section 43B	352.36	76.18	0.03	428.57
Expenses disallowed under Section 40(a)(ia)	25.41	57.87	–	83.28
Deferred Income	1.62	(0.07)	–	1.55
Net Tax Asset	422.07	143.10	0.03	565.20

Note No. 10 – Other Assets

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Current	**Non-Current**	Current	Non-Current
Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**285.80**	**–**	117.91	–
(ii) Prepaid expenses	**179.95**	**37.89**	142.11	20.97
(iii) Travel advances to employees	**137.07**	**–**	71.20	–
(iv) Other advances	**6.34**	**–**	20.70	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

(₹ in Lakhs)

Particulars		As at 31 March, 2018		As at 31 March, 2017	
		Current	Non-Current	Current	Non-Current
(v)	Advance Tax (net of provision ₹ 4,116.68 Lakhs (As at 31 March, 2017 ₹ 1,871.68 Lakhs; As at 1 April, 2015 ₹ 1,871.68 Lakhs)	–	**186.53**	–	116.85
(vi)	Fringe benefits tax paid	–	**11.42**	–	11.42
(vii)	Tax payments under dispute	–	**333.70**	–	288.70
	Total Other Assets	**609.16**	**569.54**	351.92	437.94

Note No. 11 – Trade Receivables

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Current	Non-Current	Current	Non-Current
Trade receivables				
(a) Unsecured, considered good	**7,584.00**	–	5,684.37	–
(b) Doubtful	**20.13**	–	19.42	–
Less: Allowance for Credit Losses	**(20.13)**	–	(19.42)	–
Total	**7,584.00**	–	5,684.37	–
Of the above, trade receivables from:				
– Related Parties	**5,888.55**	–	4,937.64	–
– Others	**1,695.45**	–	746.73	–
Total	**7,584.00**	–	5,684.37	–

Refer Note 27 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

11. (a) Movement in the allowance for doubtful debts

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Balance at beginning of the year	**19.42**	6.05
Impairment losses recognised in the year based on lifetime ECL		
– On receivables originated in the year	**–**	–
– Other receivables	**0.71**	13.37
Balance at end of the year	**20.13**	19.42

The average credit period on provision of services and sales of products is 60 days. No interest is charged on trade receivables.

Refer Note 27 for disclosures related to the trade balances from the Company's largest customers and related disclosures.

The company provides a loss allowance on a case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for all customers. In addition, a larger number of customers that are due for collection are assessed for impairment collectively.

Note No. 12 – Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Cash and cash equivalents		
(a) Balances with banks	**846.11**	839.21
(b) Others (Deposit account Less than 3 months)	–	800.00
Total Cash and cash equivalents	**846.11**	1,639.21
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months*	**985.02**	1,755.43
Total Other Bank balances	**985.02**	1,755.43

* Includes Fixed Deposit of Rs. 175.00 lakhs (31 March, 2017: Rs. Nil) having lien against SBLC facility.

Note No. 13 – Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	No. of shares	Amount (₹ in Lakhs)	No. of shares	Amount (₹ in Lakhs)
Authorised:				
2,500,000 Equity shares of 100 each with voting rights	**2,500,000**	**2,500.00**	2,500,000	2,500.00
Issued:				
1,924,130 Equity shares of 100 each with voting rights	**1,924,130**	**1,924.13**	1,924,130	1,924.13
Subscribed and Fully Paid:				
1,904,944 Equity shares of 100 each with voting rights	**1,904,944**	**1,904.94**	1,904,944	1,904.94
Total		**1,904.94**		1,904.94

(i) The Company has only one class of shares i.e. equity shares having a par value of Rs. 100. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets after deducting all its liabilities, in proportion to the number of equity shares held.

(ii) Details of shares held by the holding company:

All the above shares are held by Bristlecone Limited, Cayman Island, the holding company, including 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held*	% holding in that class of shares	Number of shares held*	% holding in that class of shares
Equity shares with voting rights				
Bristlecone Limited, Cayman Island	**1,904,944**	**100%**	1,904,944	100%

* Includes 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Note No. 14 – Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		
	Capital Reserve	Retained Earnings	Total
As at 1 April, 2016	88.34	4,156.55	4,244.89
Profit/(Loss) for the year	–	1,384.62	1,384.62
Other Comprehensive Income/(Loss)	–	(0.06)	(0.06)
Total Comprehensive Income for the year	–	1,384.56	1,384.56
As at 31 March, 2017	88.34	5,541.11	5,629.45
Profit/(Loss) for the year	–	2,831.34	2,831.34
Other Comprehensive Income/(Loss)	–	17.22	17.22
Total Comprehensive Income for the year	–	2,848.56	2,848.56
As at 31 March, 2018	**88.34**	**8,389.67**	**8,478.01**

Note No. 15 – Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Current	Non-Current	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Payable on Purchase of Fixed Assets	**5.33**	–	61.48	–
(b) Security Deposits	–	–	16.20	–
Measured at Fair Value through Profit and Loss				
(a) Foreign currency forward contracts	**6.40**	–	–	–
	6.40	–	–	–
Total other financial liabilities	**11.73**	–	77.68	–

Note No. 16 – Provisions

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits				
(i) Gratuity	**139.06**	**521.41**	107.94	454.04
(ii) Compensated absences	**163.79**	**477.61**	190.49	485.85
Total Provisions	**302.85**	**999.02**	298.43	939.89

Note No. 17 – Other Liabilities

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Current	Non-Current	Current	Non-Current
(a) Advance from Customers	**198.88**	–	110.40	–
(b) Statutory dues				
(i) Taxes payable (other than income taxes)	**249.76**	–	130.93	–
(ii) Employee Recoveries and Employer Contributions	**92.97**	–	81.58	–
(iii) TDS Payable	**269.24**	–	134.62	–
Total Other Liabilities	**810.85**	–	457.53	–

Note No. 18 – Trade Payables

(₹ in Lakhs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Current	Non-Current	Current	Non-Current
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	**4.86**	–	–	–
(b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**2,775.43**	–	4,511.21	–
Total trade payables	**2,780.29**	–	4,511.21	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 27.

This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

Note No. 19 – Revenue from Operations

The following is an analysis of the company's revenue for the year from operations.

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Revenue from rendering of services	**30,987.31**	23,609.67
(b) Revenue from sale of products	**486.96**	3,099.96
(c) Other operating revenue (towards usage of IT and Mobile Equipments)	**3.00**	4.73
Total Revenue from Operations	**31,477.27**	26,714.36

Note No. 20 – Other Income

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Interest Income (On Fixed Deposits)	**107.05**	170.41
(b) Interest Income (On Financial Assets at Amortised Cost)	**13.36**	15.68
(c) Profit on sale of capital assets (net of loss on assets sold/ scrapped/written off)	**1.53**	–
(d) Net gain on foreign currency transactions and translation	**77.42**	–
(e) Liabilities/provisions no longer required written back	**–**	265.52
(f) Income from Short Term Investments	**9.02**	–
(g) Impairment value for investment carried at cost written back	**75.22**	**–**
Total Other Income	**283.60**	451.61

Note No. 21 – Employee Benefits Expense

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Salaries and wages, including bonus	**17,774.71**	15,239.11
(b) Contribution to provident and other funds	**559.20**	471.33
(c) Gratuity	**172.41**	150.27
(d) Staff welfare expenses	**216.63**	201.79
Total Employee Benefit Expense	**18,722.95**	16,062.50

Note No. 22 – Finance Cost

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Interest Expenses		
(a) On Financial Liability at Amortised Cost		
(i) Cash Credit Account	**10.24**	4.06
(b) Other Finance Cost (interest on delayed payment of taxes)	**3.41**	19.58
Total Finance Cost	**13.65**	23.64

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Note No. 23 – Other Expenses

(₹ In Lakhs)

	Particulars	As at 31 March, 2018	As at 31 March, 2017
(a)	Power	**93.50**	90.89
(b)	Rent [net of recovery ₹ 28.62 lakhs (Previous year : ₹ 64.80 lakhs)]	**487.89**	462.04
(c)	Rates and taxes	**18.30**	32.11
(d)	Communication expenses	**277.08**	305.23
(e)	Travelling and conveyance	**1,427.94**	1,145.37
(f)	Recruitment expenses	**368.77**	223.29
(g)	Repairs and maintenance–computer and office equipment	**86.15**	35.50
(h)	Repairs and maintenance–Others	**21.53**	22.23
(i)	Insurance	**11.53**	12.25
(j)	Legal and other professional costs	**2,286.30**	601.15
(k)	Subcontracting expenses	**1,727.87**	1,547.28
(l)	Software expenses	**585.15**	332.48
(m)	Training expenses	**59.35**	121.66
(n)	Provision for doubtful debts and Bad debts written off (See note below)	**8.23**	13.37
(o)	Commission on sales	**6.06**	39.00
(p)	Loss on write off/sale of fixed assets (net)	–	0.33
(q)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013.	**54.58**	50.55
(r)	Net loss on foreign currency transactions and translation (other than considered as finance cost)	–	81.79
(s)	Miscellaneous expenses	**350.93**	332.88
	Total Other Expenses	**7,871.16**	5,449.40

Provision for doubtful debts and Bad debts written off

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Bad debts written off	**7.51**	–
Add/(Less):- Provision for the doubtful debts	**0.72**	13.37
	8.23	13.37

Note No. 24 – Earnings per Share

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ In Lakhs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit for the year attributable to the owners of the company	**2,831.34**	1,384.62
Profit for the year used in the calculation of basic and diluted earnings per share	**2,831.34**	1,384.62
Weighted average number of equity shares	**1,904,944**	1,904,944
Earnings per share from continuing operations - Basic and Diluted (₹.)	**148.63**	72.69

Note No. 25 – Disclosure of interest in Subsidiaries

(a) Details of the Company's material subsidiaries at the end of the reporting year are as follows:

(₹ In Lakhs)

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company		Quoted (Y/N)
			As at 31 March, 2018	As at 31 March, 2017	
Bristlecone (Singapore) Pte. Ltd.	Sale of services	Singapore	100%	100%	N
Bristlecone GmbH	Sale of services	Germany	100%	100%	N

Investments in subsidiary companies are accounted at Cost in accordance with para 10 of Ind AS 27 Separate Financial Statements.

Note No. 26 – Operating Lease

(1) The Company has taken office premises / guest houses on operating lease. The lease term is on the basis of individual agreements entered into with the landlord. Certain agreements provide for increase in rent. There are no restrictions imposed by lease arrangements. The lease rental expense recognised in the statement of profit and loss for the year ₹ 487.89 Lakhs (previous year ₹ 462.04 Lakhs) [net of recovery].

The future minimum lease payments under non-cancellable operating leases for each of the following years:

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Not later than one year	**181.87**	–
Later than one year but not later than five years	–	–
Later than five years	–	–
	181.87	–

(2) During the year the Company has given a part of its leased premises on sub-lease. The rent received on account of sub-lease is ₹ 28.62 Lakhs (previous year ₹ 64.80 Lakhs).

Note No. 27 – Financial Instruments

Capital Management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Equity	**10,382.95**	7,534.39
Less: Cash and cash equivalents	**846.11**	1,639.21
	9,536.84	5,895.18

Categories of financial assets and financial liabilities

Amortised Costs

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Non-current Assets		
Investments	**527.77**	452.55
Other Financial Assets		
– Non Derivative Financial Assets	**95.68**	72.23
Current Assets		
Trade Receivables	**7,584.00**	5,684.37
Cash and Cash Equivalents	**846.11**	1,639.21
Other Bank Balances	**985.02**	1,755.43
Loans	**26.02**	8.01
Other Financial Assets		
– Non Derivative Financial Assets	**2,671.04**	2,030.46
Current Liabilities		
Trade Payables	**2,780.29**	4,511.21
Other Financial Liabilities		
– Non Derivative Financial Liabilities	**5.33**	77.68

Fair Value through Profit and Loss

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Current Liabilities		
Other Financial Liabilities		
– Derivative Financial Instruments	**6.40**	–

Fair Value of Financial Assets/Liabilities

At Amortised Cost

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Non-current Assets		
Investments	**527.77**	452.55
Other Financial Assets		
– Non Derivative Financial Assets	**95.68**	72.23
Current Assets		
Trade Receivables	**7,584.00**	5,684.37
Cash and Cash Equivalents	**846.11**	1,639.21
Other Bank Balances	**985.02**	1,755.43
Loans	**26.02**	8.01
Other Financial Assets		
– Non Derivative Financial Assets	**2,671.04**	2,030.46

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Current Liabilities		
Trade Payables	**2,780.29**	4,511.21
Other Financial Liabilities		
– Non Derivative Financial Liabilities	**5.33**	77.68

Fair Value through Profit and Loss

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Current Liabilities		
Other Financial Liabilities		
– Derivative Financial Instruments	**6.40**	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Of the trade receivable balances following are due from the Company's largest customers.

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Bristlecone International AG	**89.78**	457.90
Bristlecone GmbH	–	709.17
Bristlecone (Malaysia) Sdn Bhd	**145.80**	76.86
Mahindra and Mahindra Limited	**422.51**	2,588.18
Bristlecone Inc.	**4,489.08**	733.39
Bristlecone (Singapore) Pte. Ltd.	**442.82**	14.27
SAP Labs India Private Ltd.	**600.70**	10.60

Apart from above customers who represent more than 5% of the total balance of trade receivables, the Company does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 March, 2018 and 31 March, 2017, no liability has been recognised in this respect.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

The company provides a loss allowance on a case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for all customers. In addition, a larger number of customers that are due for payment are assessed for impairment collectively.

Reconciliation of loss allowance provision for Trade Receivables

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Balance as at beginning of the year	**19.42**	6.05
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	–	–
– Other receivables	**0.71**	13.37
Balance at end of the year	**20.13**	19.42

During the year, the company has made write off of ₹ 7.51 lakhs (31 March, 2017: ₹ Nil) of trade receivable. These trade receivables are not subject to enforcement activity.

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Chief Financial Officer, who has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ In Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2018				
Trade Payables	2,780.29	–	–	–
Other Financial Liabilities	5.33	–	–	–
Total	**2,785.62**	–	–	–
31 March 2017				
Trade Payables	4,511.21	–	–	–
Other Financial Liabilities	77.68	–	–	–
Total	**4,588.89**	–	–	–

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

(₹ In Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial Instruments				
31 March 2018				
Forward Exchange Contracts	6.40	–	–	–
31 March 2017				
Forward Exchange Contracts	–	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(₹ In Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Secured Bank Overdraft facility		
– Expiring within one year	1,000.00	1,000.00
	1,000.00	1,000.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(₹ In Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31 March 2018				
Investments	–	–	–	527.77
Loans	26.02	–	–	–
Trade Receivables	7,584.00	–	–	–
Cash and Cash Equivalents	846.11	–	–	–
Other Bank Balances	985.02	–	–	–
Other Financial Assets	2,671.04	95.68	–	–
Total	**12,112.19**	**95.68**	–	**527.77**
31 March 2017				
Investments	–	–	–	452.55
Loans	8.01	–	–	–
Trade Receivables	5,684.37	–	–	–
Cash and Cash Equivalents	1,639.21	–	–	–
Other Bank Balances	1,755.43	–	–	–
Other Financial Assets	2,030.46	72.23	–	–
Total	**11,117.48**	**72.23**	–	**452.55**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Balances in Functional Currency (INR)

(₹ In Lakhs)

Particulars	**Currency**	**As at 31 March, 2018**	As at 31 March, 2017
Trade Receivables	USD	**4,971.92**	1,387.71
	MYR	**145.80**	77.55
	SGD	**442.82**	14.50
	EUR	–	688.80
	CHF	–	0.65
Advance from Customers	EUR	**108.99**	–
Trade Payables	SGD	**24.85**	23.21
	USD	**57.44**	–

Balances in Respective Foreign Currency

(₹ In Lakhs)

Particulars	**Currency**	**As at 31 March, 2018**	As at 31 March, 2017
Trade Receivables	USD	**7,629,501**	2,114,664
	MYR	**865,147**	524,360
	SGD	**891,134**	30,744
	EUR	–	995,752
	CHF	–	1,000
Advance from Customers	EUR	**135,664**	–
Trade Payables	SGD	**50,000**	50,000
	USD	**88,133**	–

Of the above foreign currency exposures, the following exposures are not hedged by derivatives:

Balances in Functional Currency (INR)

(₹ In Lakhs)

Particulars	**Currency**	**As at 31 March, 2018**	As at 31 March, 2017
Trade Receivables	USD	**4,385.42**	1,387.71
	MYR	**145.80**	77.55
	SGD	**442.82**	14.50
	EUR	–	688.80
	CHF	–	0.65
Advance from Customers	EUR	**108.99**	–
Trade Payables	SGD	**24.85**	23.21
	USD	**57.44**	–

Balances in Respective Foreign Currency

(₹ In Lakhs)

Particulars	**Currency**	**As at 31 March, 2018**	As at 31 March, 2017
Trade Receivables	USD	**6,729,501**	2,114,664
	MYR	**865,147**	524,360
	SGD	**891,134**	30,744
	EUR	–	995,752
	CHF	–	1,000
Advance from Customers	EUR	**135,664**	–
Trade Payables	SGD	**50,000**	50,000
	USD	**88,133**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, SGD, MYR and CHF exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ In Lakhs)

Particulars	**Currency**	**Change in rate**	**Effect on profit before tax**
For the year ended on 31 March, 2018	USD	+10%	432.80
	USD	–10%	(432.80)
	MYR	+10%	14.58
	MYR	–10%	(14.58)
	SGD	+10%	41.80
	SGD	–10%	(41.80)
	EUR	+10%	(10.90)
	EUR	–10%	10.90
	CHF	+10%	–
	CHF	–10%	–
For the year ended on 31 March, 2017	USD	+10%	138.77
	USD	-10%	(138.77)
	MYR	+10%	7.75
	MYR	-10%	(7.75)
	SGD	+10%	(0.87)
	SGD	-10%	0.87
	EUR	+10%	68.88
	EUR	-10%	(68.88)
	CHF	**+10%**	**0.06**
	CHF	**-10%**	**(0.06)**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to the risk of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Note No. 28 – Segment information

The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3.

Geographic information

The company operates in 2 principal geographical areas - India (country of domicile) and outside India. The Company's revenue from external customers by location of operations and information about its non current assets by location of assets are details below:

(₹ In Lakhs)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Revenue from external customers		
India	**12,898.17**	12,201.50
Outside India	**18,579.10**	14,512.86
Total revenue per statement of profit or loss	**31,477.27**	**26,714.36**

Non-current operating assets:

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
India	**929.32**	928.21
Outside India	–	–
Total	**929.32**	**928.21**

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Revenue from major services

The Company's business activity falls within a single line of services viz. Business Consulting, Software Implementation and related support activities.

Information about major customers

Included in revenues arising from sale of services & products are revenue of approx. ₹ 24,315.73 lakhs (31 March, 2017: ₹ 21,137.52 lakhs) which arose from sales to the Company's top 3 customers. No other customer contributed to 10% or more to the Company's revenue for both the years 2017-18 and 2016-17.

Note No. 29 – Contingent liabilities and commitments

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Contingent liabilities		
(a) Income tax matters under litigations (including interest)	**704.21**	653.83
(b) Service tax matters under litigations (including interest)	**194.21**	187.28
(c) Standby Letter of Credit Issued in favour of subsidiary company	**161.50**	–

Note: As on 31 March, 2018 the company's management does not expect any outflow in respect of these pending litigations related to tax matters stated above based on the legal advice obtained.

Capital Commitments as at 31 March, 2018 ₹ 185.18 Lakhs (Previous Year ₹ 49.77 Lakhs).

Note No. 30 - Employee benefits

(a) Defined Contribution Plan

Contribution for the year to Defined Contribution Plan is recognised in the Statement of Profit and Loss included under employee benefits expense note 21. Contribution to provident and other funds as disclosed in note 21 are as under:

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Employer's Contribution to Provident Fund	**285.04**	233.60
Employer's Contribution to Family Pension Fund	**216.49**	187.99
Employer's Contribution to Superannuation Fund	**6.00**	5.44

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is as per the amount calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

<u>Changes in bond yields</u>

A decrease in government bond yields will increase plan liabilities.

<u>Life expectancy</u>

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at	
	31 March, 2018	**31 March, 2017**
Discount rate(s)	7.25%	6.75%
Expected rate(s) of salary increase	6.00%	6.00%
Rate of Leaving Service	Age 21-44 Year -25% Age 45-59 Year- 10%	Age 21-44 Year -25% Age 45-59 Year- 10%
Mortality Rate	As per Indian Assured Lives Mortality (2006-08) Ult table	As per Indian Assured Lives Mortality (2006-08) Ult table

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

Defined benefit plans – as per actuarial valuation

Gratuity (Unfunded)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

(₹ In Lakhs)

Particulars	**For the Year Ended**	
	31 March, 2018	**31 March, 2017**
Service Cost		
Current Service Cost	**138.12**	118.70
Net interest expense	**34.29**	31.57
Components of defined benefit costs recognised in profit or loss	**172.41**	150.27
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising form changes in financial assumptions	**(15.44)**	(4.13)
Actuarial gains and loss arising form experience adjustments	**(10.89)**	4.22
Components of defined benefit costs recognised in other comprehensive income	**(26.33)**	0.09
Total	**146.08**	**150.36**

(₹ In Lakhs)

	Particulars	**As at**	
		31 March, 2018	**31 March, 2017**
I.	**Net Liability recognised in the Balance Sheet as at 31 March**		
1.	Present value of defined benefit obligation	660.47	561.98
2.	Fair value of plan assets	–	–
3.	**Surplus/(Deficit)**	**660.47**	**561.98**
4.	Current portion of the above	139.06	107.94
5.	Non current portion of the above	521.41	454.04
II.	**Change in the obligation during the year ended 31 March**		
1.	Present value of defined benefit obligation at the beginning of the year	561.98	460.15
2.	Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	138.12	118.70
	– Interest Expense (Income)	34.29	31.57
3.	Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial Gain (Loss) arising from:	(26.33)	0.09
4.	Benefit payments	(47.60)	(48.53)
5.	**Present value of defined benefit obligation at the end of the year**	**660.46**	**561.98**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ In Lakhs)

Principal Assumption	**For the year ended**	**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate	31 March 2018	100 basis points	-4.37%	4.79%
	31 March 2017	100 basis points	-4.48%	4.91%
Salary growth rate	31 March 2018	100 basis points	4.80%	-4.46%
	31 March 2017	100 basis points	4.90%	-4.55%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

Maturity profile of defined benefit obligation:

(₹ In Lakhs)

Maturity Profile	**As at 31 March, 2018**	As at 31 March, 2017
Expected benefits for Year 1	**139.06**	107.94
Expected benefits for Year 2	**124.94**	105.19
Expected benefits for Year 3	**106.59**	93.72
Expected benefits for Year 4	**94.41**	78.83
Expected benefits for Year 5	**83.61**	67.03
Expected benefits for Year 6	**68.82**	58.44
Expected benefits for Year 7	**49.46**	49.80
Expected benefits for Year 8	**50.52**	34.40
Expected benefits for Year 9	**33.97**	36.53
Expected benefits for Year 10 and above	**233.33**	186.63

The weighted average duration of the defined benefit obligation as at 31 March, 2018 is 4.57 years (31 March, 2017: 4.69 years)

Experience Adjustments :

(₹ In Lakhs)

	Particulars	**For the Year Ended**	
		31 March, 2018	**31 March, 2017**
	Gratuity		
1.	Defined Benefit Obligation	**660.47**	561.98
2.	Experience adjustment on plan liabilities [(Gain)/Loss]	**(10.89)**	4.22

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in Profit or Loss.

(c) Compensated Absences:

Compensated absences charged to Statement of Profit and Loss ₹ 92.16 lakhs (previous year ₹ 205.22 lakhs) and liability as at 31 March, 2018 ₹ 641.40 lakhs (As at 31 March, 2017 ₹ 676.34 lakhs)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

32 **Related Party Transactions**

Name of the Related Party and Nature of Relationship

Holding company and ultimate holding company

Bristlecone Limited (Holding company)

Mahindra and Mahindra Limited (Ultimate Holding company)

Subsidiary companies

Bristlecone (Singapore) Pte. Ltd.

Bristlecone GmbH

Fellow subsidiaries (where there are transactions)

Bristlecone Inc.

Bristlecone Consulting Ltd

Bristlecone UK Limited

Bristlecone (Malaysia) Sdn. Bhd.

Bristlecone International AG

Bristlecone Middle East DMCC

Mahindra First Choice Services Limited

Mahindra First Choice Wheels Limited

Mahindra Lifespace Developers Limited

Mahindra Retail Private Limited

Mahindra Agri Solutions Limited
(formerly known as Mahindra Shubhlabh Services Limited)

Mahindra USA Inc.

Mahindra Integrated Business Solutions Private Limited

Mahindra Holidays & Resorts India Limited

Mahindra Susten Private Limited

Mahindra Trucks and Buses Limited

Mahindra Logistics Limited (wef 1 October 2017)

Mahindra and Mahindra Financial Services Limited

Mahindra MSTC Recycling Private Limited

Mahindra Automobile Distributor Private Limited

Others (where there are transactions)

Associates of the ultimate holding company

Mahindra CIE Automotive Limited

Joint Venture of the ultimate holding company

Mahindra Logistics Limited (till 30 September 2017)

Subsidiary of Joint Venture of the ultimate holding company

Mahindra Aerostructures Private Limited

Post Employment benefit plan

Mahindra Consulting Ltd Employee's Superannuation Scheme

Key Managerial Personnel

Bhaskar Ramanasundaram - Chief Executive Officer

Harsh Vaish - Chief Financial Officer

Payal Vyas - Company Secretary (till 5 May 2017)

Grisma Biswal - Company Secretary (wef 2 August 2017)

Details of transaction between the Company and its related parties are disclosed below:

(₹ in Lakhs)

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Reimbursement of expenses paid	31-Mar-18	35.99	–	–	–
	31-Mar-17	37.87	–	–	17.63
Reimbursement of expenses received	31-Mar-18	17.13	1.18	588.10	–
	31-Mar-17	13.54	85.29	527.45	1.59
Income from services rendered	31-Mar-18	7,796.05	5,872.83	12,820.56	106.05
	31-Mar-17	5,817.14	5,664.88	9,241.08	48.25
Income from sale of product/hardware	31-Mar-18	462.75	–	–	–
	31-Mar-17	2,968.55	–	131.42	–
Income from sub-lease	31-Mar-18	–	–	28.62	–
	31-Mar-17	–	–	64.80	–
Professional fees	31-Mar-18	–	–	20.17	–
	31-Mar-17	–	–	17.68	–
Business Promotion Expenses	31-Mar-18	–	24.78	–	–
	31-Mar-17	–	23.21	–	–
Rent Expenses	31-Mar-18	0.95	–	–	–
	31-Mar-17	0.55	–	–	–
Subcontracting Charges	31-Mar-18	–	–	57.44	–
	31-Mar-17	–	–	–	–
Other expenses	31-Mar-18	3.54	–	13.71	–
	31-Mar-17	0.77	–	10.83	–
Contribution for the year	31-Mar-18	–	–	–	6.00
	31-Mar-17	–	–	–	5.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (contd.)

(₹ in Lakhs)

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Receivable balance at the year end.	31-Mar-18	422.51	442.82	5,022.43	0.79
	31-Mar-17	2,588.18	723.44	1,602.67	23.35
Payable balance at the year end.	31-Mar-18	12.95	24.78	59.42	
	31-Mar-17	16.43	23.21	1.75	–
Provision for doubtful trade receivables as at the year end.	31-Mar-18	–	–	–	–
	31-Mar-17	–	–	–	–
Security deposits received	31-Mar-18	–	–	–	–
	31-Mar-17	–	–	16.20	–
Unbilled Revenues as at the year end	31-Mar-18	1,536.20	–	40.77	10.14
	31-Mar-17	1,323.18	–	23.34	0.52
Income received in advance	31-Mar-18	85.11	–	–	0.48
	31-Mar-17	89.75	–	0.48	–

Company has incurred ₹ 0.50 lakhs (31 March, 2017: ₹ 3.27 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Ltd.

Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Salaries, bonus, etc.	125.10	130.49
Post-employment benefits	1.43	1.74
Other long-term benefits	2.10	3.14

Loan granted to key managerial personnel

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Loan granted during the year	21.00	–
Balance outstanding	21.00	–
Interest Charged during the year	0.42	–
Accrued Interest thereon	0.42	–

Note No. 32 – Additional Information to the Financial Statements

(a) Expenditure in foreign currency on account of:-

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Travelling	**157.70**	138.86
Subscription expenses	**21.10**	10.21
Software purchase expenses	–	141.70
Subcontracting expenses	**104.44**	66.99
Business promotion expenses	**24.77**	23.21
Training expenses	–	10.95
	308.01	391.92

(b) Earnings in foreign exchange

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Professional and consultancy fees in respect of services rendered (including unbilled revenue)	**18,579.10**	14,512.86

(c) Remuneration to auditors (excluding Service Tax/GST)

₹ in Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
As auditor		
Audit Fee	**12.00**	16.00
Tax audit fee	**1.50**	–
In other capacities		
Taxation matters & Others	**14.40**	3.10
Reimbursement of expenses	–	0.18
	27.90	19.28

(d) CSR

Pursuant to Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on 12 November, 2014 to undertake CSR projects. The CSR committee has identified, various long term projects. The Company has spent Rs. 54.58 lakhs on CSR activities during the year ended 31 March, 2018. (Rs 50.55 lakhs for the year ended 31 March, 2017).

(e) Previous Year Groupings

Previous Year's figures have been regrouped/rearranged wherever necessary in order to confirm to current year's groupings and classifications.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Mumbai, 25th April, 2018

For and on behalf of the Board of Directors

Ulhas N. Yargop Director	**K. Chandrasekar** Director
Mandar Vartak Director	**P. R. Barpande** Director
Nikhilesh Panchal Director	**Bhaskar Ramanasundaram** Chief Executive Officer
Harsh Vaish Chief Financial Officer	**Grisma Biswal** Company Secretary

Mumbai, 25th April, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Particulars	Details	
	Name of the subsidiary	**Bristlecone (Singapore) Pte. Ltd.**	**Bristlecone GmbH**
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended 31 March, 2018	Year ended 31 March, 2018
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency: SGD Exchange Rate 1 SGD = 49.66 INR	Reporting Currency: EURO Exchange Rate 1 EURO = 80.66 INR
3.	Share capital	82,932,200	38,313,500
4.	Reserves & surplus	(76,564,050)	264,450,591
5.	Total assets	64,172,936	395,343,145
6.	Total Liabilities	64,172,936	395,343,145
7.	Investments	–	–
8.	Turnover	65,274,296	740,194,570
9.	Profit before taxation	4,889,375	44,017,457
10.	Provision for taxation	–	11,155,676
11.	Profit after taxation	4,889,375	32,861,781
12.	Proposed Dividend	Nil	Nil
13.	% of shareholding	100%	100%

1. Names of subsidiaries which are yet to commence operations: **None**
2. Names of subsidiaries which have been liquidated or sold during the year: **None**

Part "B": Associates and Joint Ventures: Not Applicable

NIL

For and on behalf of the Board

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Mumbai, 25 April, 2018

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

The Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2018.

	Year ended March 31, 2018 CAD	**Year ended March 31 , 2018 INR**	Year ended March 31, 2017 CAD	Year ended March 31, 2017 INR
Total Income..	**26,123**	**13,18,428**	–	–
Profit/(Loss) before tax	**(10,807)**	**(545,429)**	1,410	71,163
Profit/(Loss) after tax	**(10,807)**	**(545,429)**	1,036	52,287

Review of Operations:

Bristlecone Consulting Ltd., Canada was incorporated on June 1, 2010 under the laws of British Columbia, Canada. During the fiscal year under review, the Company had a revenue of CAD 26,123 (INR 13,18,428). The Loss after tax for the year was at **CAD 10,807** (INR 545,429) as compared to a Profit after tax of **CAD 1,036** (INR 52,287) in the previous year.

Outlook for the current year:

The Company will pursue opportunities during the year which are expected to have a positive impact on the business.

Acknowledgement

The Board acknowledges the continued support the Company receives from its holding company, Bristlecone Limited.

Irfan Khan
Director

Place : San Jose, California
Date : May 9, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bristlecone Consulting Limited

Opinion

We have audited the accompanying financial statements of Bristlecone Consulting Limited (the 'Company') (a wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheets as at 31 March 2018 and 2017, and the statements of Operations, changes in stockholders' equity, and statements of cash flows for each of the two years in the year ended March 31, 2018, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018 and 2017, its financial performance and cash flows for each of the two years in the year ended 31 March 2018, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Grant Thornton India LLP

Mumbai, India
Date: May 9, 2018

BALANCE SHEETS

Particulars	Notes	**As at March 31, 2018 (CAD$)**	**As at March 31, 2018 (INR) (refer Note F)**	As at March 31, 2017 (CAD$)	As at March 31, 2017 (INR) (refer Note F)
ASSETS					
Current assets					
Cash and cash equivalents	B	**684,341**	**34,538,690**	722,706	36,474,972
Unbilled Revenue		**26,123**	**1,318,427**	–	–
Other current assets		**150**	**7,571**	150	7,571
Total current assets		**710,614**	**35,864,688**	722,856	36,482,543
Total assets		**710,614**	**35,864,688**	722,856	36,482,543
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Creditors				–	–
– Due to related party	D	**2,387**	**120,472**	–	–
Accrued expenses and other current liabilities	C	**8,271**	**417,437**	12,093	610,335
Total current liabilities		**10,658**	**537,909**	12,093	610,335
Total liabilities		**10,658**	**537,909**	12,093	610,335
Stockholders' equity					
Common stock, no par value		**1**	**50**	1	50
Additional paid-in capital		**–**	**–**	–	–
Retained earnings		**699,955**	**35,326,729**	710,762	35,872,158
Total stockholders' equity		**699,956**	**35,326,779**	710,763	35,872,208
Total liabilities and stockholders' equity		**710,614**	**35,864,688**	722,856	36,482,543

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF OPERATIONS

Particulars	Notes	Year ended March 31, 2018 (CAD$)	Year ended March 31, 2018 (INR) (refer Note G)	Year ended March 31, 2017 (CAD$)	Year ended March 31, 2017 (INR) (refer Note G)
Revenues		**26,123**	**1,318,428**	–	–
Operating expenses					
Cost of revenues		**2,387**	**120,472**	–	–
Selling, general and administrative expenses		**15,210**	**767,649**	14,091	711,173
Depreciation		**–**	**–**	62	3,129
Total operating expenses		**17,597**	**888,121**	14,153	714,302
Operating Income/(Loss)		**8,526**	**430,307**	(14,153)	(714,302)
Other income/(expense)					
– Foreign exchange gain		**(19,333)**	**(975,736)**	15,563	785,465
Net profit/(loss) before tax		**(10,807)**	**(545,429)**	1,410	71,163
Income tax expense					
Current tax expense			**–**	374	18,876
Net profit/(loss)		**(10,807)**	**(545,429)**	1,036	52,287

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Particulars	Common stock Issued and outstanding		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)
Balance as at April 1, 2016	1	1	–	709,726	709,727
Profit for the year	–	–	–	1,036	1,036
Balance as at March 31, 2017	**1**	**1**	**–**	**710,762**	**710,763**
Loss for the year	–	–	–	(10,807)	(10,807)
Balance as at March 31, 2018	**1**	**1**	**–**	**699,955**	**699,956**

Particulars	Common stock Issued and outstanding		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)
Balance as at April 1, 2016	1	50	–	35,819,871	35,819,921
Profit for the year	–	–	–	52,287	52,287
Balance as at March 31, 2017	**1**	**50**	**–**	**35,872,158**	**35,872,208**
Loss for the year	**–**	**–**	–	(545,429)	(545,429)
Balance as at March 31, 2018	**1**	**50**	**–**	**35,326,729**	**35,326,779**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

Particulars	Year ended March 31, 2018 (CAD$)	Year ended March 31, 2018 (INR) (refer Note F)	Year ended March 31, 2017 (CAD$)	Year ended March 31, 2017 (INR) (refer Note F)
Cash flow from operating activities				
Net profit/(loss)	**(10,807)**	**(545,429)**	1,036	52,287
Adjustments to reconcile net profit/ (loss) to net cash generated from/ (used in) operating activities				
Depreciation	**–**	**–**	62	3,129
Changes in assets and liabilities				
Accrued expenses and other current liabilities	**(3,822)**	**(192,898)**	3,177	160,343
Accounts payable to related party	**2,387**	**120,472**		
Unbilled Revenue	**(26,123)**	**(1,318,427)**	1,999	100,890
Net cash generated from/(used in) operating activities	**(38,365)**	**(1,936,282)**	6,274	316,649
Net increase/(decrease) in cash and cash equivalents	**(38,365)**	**(1,936,282)**	6,274	316,649
Cash and cash equivalents at the beginning of the year	**722,706**	**36,474,972**	716,432	36,158,323
Cash and cash equivalents at the end of the year	**684,341**	**34,538,690**	722,706	36,474,972

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone Consulting Limited (the “Company”) is engaged in providing technology solutions and consulting services, with operations and customers primarily in North America. The Company’s primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of Canada on June 1, 2010. The Company is a wholly-owned subsidiary of Bristlecone Limited, a Cayman Islands Company. Mahindra & Mahindra Limited, an Indian Company is the Company’s ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in Canadian Dollars (‘CAD$’), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company’s financial statements in conformity with accounting principles generally accepted in the United States of America, the Company’s management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of operations.

3.4. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.5. REVENUE RECOGNITION

Revenue is recognized when the provision of services is complete and there are either no unfulfilled obligations on the Company or any obligations are inconsequential or perfunctory and will not affect the customer’s final acceptance of the services including the satisfaction of the following criteria:

(i) persuasive evidence of an arrangement exists;

(ii) delivery has occurred;

(iii) the fee is fixed and

(iv) collectability is reasonably assured.

Revenue from Services

Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-days incurred to date in relation to the estimated total man-days for each of such contracts. This method is used because the management considers man-days to be the best available measure of progress on these contracts. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as “Unbilled revenue”.

3.6. INCOME TAXES

The Company accounts for income taxes and the related accounts in accordance with ASC 740, “Income Taxes.” Deferred income tax assets and liabilities, if any, are computed annually, for differences between financial statements’ base and tax base of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realised. Tax expense comprises of tax payable or refundable for the period plus or minus the changes during the period in deferred tax assets and liabilities.

Further, ASC 740-10 requires the Company to recognize a provision for uncertainty in income taxes based on minimum recognition threshold. The Company applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2018 CAD$	**As at March 31, 2018 INR (refer Note F)**	As at March 31, 2017 CAD$	As at March 31, 2017 INR (refer Note F)
Bank balances	**684,341**	**34,538,690**	722,706	36,474,972

NOTE C - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Other current assets comprise of the following:

	As at March 31, 2018 CAD$	**As at March 31, 2018 INR (refer Note F)**	As at March 31, 2017 CAD$	As at March 31, 2017 INR (refer Note F)
Other accruals	**8,057**	**406,636**	11,612	586,059
Provision for tax........................	**214**	**10,801**	481	24,276
	8,271	**417,437**	12,093	610,335

NOTES TO FINANCIAL STATEMENTS

NOTE D - RELATED PARTY TRANSACTIONS

1. List of related parties and their relationships (where there are transactions):

Name of related party	Relationship
Bristlecone Limited	Holding company
Bristlecone India Limited	Fellow subsidiary

2. Related party transactions and balances:

Nature of transaction/ balance	Name of related party	March 31, 2018		March 31, 2017	
		Amount	Amount	Amount	Amount
		CAD$	In INR (refer Note F)	In CAD$	In INR (refer Note F)
Subcontracting services received	Bristlecone India Limited	2,387	120,472	–	–
Amount payable as at year end	Bristlecone India Limited	2,387	120,472	–	–

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses approximated their fair values due to their short maturities.

NOTE F - CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2018 along with comparatives for the year ended March 31, 2017 have been translated into Indian Rupees ("INR") at the rate of 1 CAD$ = 50.47 INR. The convenience translation should not be construed as a representation that the CAD$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or CAD$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE G - STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of unlimited number of common shares without nominal or par value, out of which 1 common share was issued and outstanding as at March 31, 2018 and March 31, 2017 which is held entirely by the Holding Company, Bristlecone Limited.

NOTE H - CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies". It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE I - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through April 24, 2018, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2018.

Principal activities

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein.

There have been no significant changes in the nature of these activities during the financial year.

Financial results

	RM	INR
Loss of the year	**(959,281)**	(16,202,256)

Dividends

The Company declared and paid the following dividends since the end of the previous financial year:

	RM	INR
First single tier interim dividend of RM4.50 per share on 100,000 ordinary shares declared on 31st August 2017 in respect of financial year ended 31 March 2018, paid on 5th September 2017.	**450,000**	7,600,500
	450,000	7,600,500

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares and debentures

On 25th September 2017, the company increased its issued and paid up share capital by issuing 400,000 ordinary shares with no par value at an issue price of RM1 per share amounting to RM400,000. The new shares issued rank paripassu in all respects with the existing shares of the company

There were no issue of debentures by the company during the financial year.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Irfan Ahmad Khan
Kulashekar Raghavan
Harsh Vaish
Razali bin Abdul Rashid
Nor Hazlin binti Dahari

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

Directors' interests

According to the Register of Directors' shareholdings, particulars of interests in the shares of the Company's related corporations during the financial year of those Directors who held office at the end of the financial year were as follows:

	At 1.4.2017	Bought/ alloted	Sold/ exercised	At 31.3.2018
The ultimate holding corporation				
Mahindra & Mahindra Ltd (Equity shares)				
Kulashekar Raghavan	7,260	7,260	–	14,520
The immediate holding corporation				
Bristlecone Limited (Options)				
Harsh Vaish	20,000	5,000	–	25,000
Kulashekar Raghavan	60,000	–	–	60,000
Irfan Ahmad Khan	416,667	567,000	–	983,667
Bristlecone Limited (Equity shares)				
Kulashekar Raghavan	125,000	–	–	125,000
Irfan Ahmad Khan	388,081	–	–	388,081
The related corporation				
Mahindra & Mahindra Financial Services Ltd. (Equity shares)				
Kulashekar Raghavan	180	–	–	180

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or a related corporation a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other statutory information

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

Immediate and ultimate holding company

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, and Mahindra & Mahindra Ltd, a corporation incorporated in India, as the ultimate holding corporation.

Auditors

The auditors, SSY Partners, have indicated their willingness to continue in office.

Details of auditors' remuneration are set out in Note 14 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 April 2018.

Kulashekar Raghavan — **Harsh Vaish**
Director — *Director*

Place : Mumbai
Date: 25th April 2018

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Kulashekar Raghavan and Harsh Vaish, being two of the Directors of Bristlecone (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out herein are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Company Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 April 2018.

Kulashekar Raghavan — **Harsh Vaish**
Director — *Director*

Place : Mumbai

Date: 25th April 2018

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Kulashekar Raghavan, being the Director primarily responsible for the financial management of Bristlecone (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out herein are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the India Notary Act 1952.

Subscribed and solemnly declared by the above named Kulashekar Raghavan at Mumbai in the state of Maharashtra, India on 25 April 2018.

Kulashekar Raghavan
Director

Before me,

Independent Auditors' Report to the Members of Bristlecone (Malaysia) Sdn. Bhd.

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Bristlecone (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out herein.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the Members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SSY Partners	**Michelle Yong Voon Sze**
AF: 0040	No. 2864/07/18 (J)
Chartered Accountants	*Partner*

Shah Alam
25 April 2018

Statement of Financial Position as at 31 March 2018

	Note	**2018 RM**	**2018 INR**	2017 RM	2017 INR
ASSETS					
Non-current assets					
Property, plant and equipment	6	**580**	**9,796**	773	13,056
Deferred tax assets	7	**16,000**	**270,240**	75,000	1,266,750
		16,580	**280,036**	75,773	1,279,806
Current assets					
Trade receivables	8	**165,804**	**2,800,430**	1,207,551	20,395,536
Other receivables and deposits	9	**17,277**	**291,809**	32,207	543,976
Tax recoverable		**321,022**	**5,422,062**	148,319	2,505,108
Fixed deposits with a licensed bank	10	**924,526**	**15,615,244**	895,888	15,131,548
Cash and bank balances		**1,963,922**	**33,170,643**	1,280,819	21,633,033
		3,392,551	**57,300,188**	3,564,784	60,209,201
TOTAL ASSETS		**3,409,131**	**57,580,224**	3,640,557	61,489,007
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	11	**500,000**	**8,445,000**	100,000	1,689,000
Retained earnings		**1,132,500**	**19,127,925**	2,541,781	42,930,681
TOTAL EQUITY		**1,632,500**	**27,572,925**	2,641,781	44,619,681
Current liabilities					
Trade payables	12	**936,544**	**15,818,230**	616,138	10,406,570
Other payables and accruals	13	**840,087**	**14,189,069**	382,638	6,462,756
TOTAL LIABILITIES		**1,776,631**	**30,007,299**	998,776	16,869,326
TOTAL EQUITY AND LIABILITIES		**3,409,131**	**57,580,224**	3,640,557	61,489,007

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2018

	Note	**2018 RM**	**2018 INR**	2017 RM	2017 INR
Revenue		**5,063,156**	**85,516,705**	4,837,855	81,711,371
Cost of services		**(4,096,700)**	**(69,193,263)**	(4,141,112)	(69,943,382)
Gross profit		**966,456**	**16,323,442**	696,743	11,767,989
Other operating income		**26,982**	**455,726**	41,959	708,688
Administrative expenses		**(1,743,067)**	**(29,440,402)**	(315,152)	(5,322,917)
(Loss)/Profit before taxation	14	**(749,629)**	**(12,661,234)**	423,550	7,153,760
Taxation	15	**(209,652)**	**(3,541,022)**	(122,748)	(2,073,214)
(Loss)/Profit for the year		**(959,281)**	**(16,202,256)**	300,802	5,080,546

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2018

	Note	Share capital	Share capital	Retained earnings	Retained earnings	Total	Total
		RM	INR	RM	INR	RM	INR
At 1 April 2017		**100,000**	**1,689,000**	**2,541,781**	**42,930,681**	**2,641,781**	**44,619,681**
Shares issued	11	400,000	6,756,000	**–**	**–**	**400,000**	**6,756,000**
Dividends paid	16	–	–	**(450,000)**	**(7,600,500)**	**(450,000)**	**(7,600,500)**
Loss for the year		–	–	**(959,281)**	**(16,202,256)**	**(959,281)**	**(16,202,256)**
At 31 March 2018		**500,000**	**8,445,000**	**1,132,500**	**19,127,925**	**1,632,500**	**27,572,925**
At 1 April 2016		100,000	1,689,000	3,140,979	53,051,135	3,240,979	54,740,135
Dividends paid	16	–	–	(900,000)	(15,201,000)	(900,000)	(15,201,000)
Profit for the year		–	–	300,802	5,080,546	300,802	5,080,546
At 31 March 2017		100,000	1,689,000	2,541,781	42,930,681	2,641,781	44,619,681

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2018

	2018 RM	2018 INR	2017 RM	2017 INR
Cash flows from operating activities				
(Loss)/Profit before taxation	(749,629)	(12,661,234)	423,550	7,153,760
Adjustments for:				
Allowance for doubtful debts	1,479,198	24,983,654	–	–
Bad debts written-off	–	–	31,830	537,609
Depreciation of property, plant and equipment	193	3,260	258	4,358
Fixed Deposits Interest Income	(26,982)	(455,726)	(25,326)	(427,756)
Net loss/(gain) on foreign exchange – unrealised	14,773	249,516	(2,062)	(34,827)
Reversal of allowance for doubtful debts	–	–	(31,830)	(537,609)
Operating profit before working capital changes	717,553	12,119,470	396,420	6,695,535
(Increase)/decrease in trade and other receivables	(437,294)	(7,385,896)	2,825,492	47,722,560
(Increase)/decrease in trade and other payables	777,855	13,137,972	(1,590,329)	(26,860,657)
Cash generated from operations	1,058,114	17,871,546	1,631,583	27,557,438
Tax paid	(323,355)	5,461,466	(297,773)	(5,029,386)
Net cash generated from operating activities	734,759	12,410,080	1,333,810	22,528,052
Cash flows from investing activities				
Fixed deposits interest received	26,982	455,726	25,326	427,756
Net cash generated in investing activities	26,982	455,726	25,326	427,756
Cash flows from financing activities				
Proceeds from issuance of shares	400,000	6,756,000	–	–
Dividends paid	(450,000)	7,600,500	(900,000)	15,201,000
Net cash used in financing activities	(50,000)	844,500	(900,000)	15,201,000
Net increase in cash and cash equivalents	711,741	12,021,306	459,136	7,754,808
Cash and cash equivalents at beginning of the year	2,176,707	36,764,581	1,717,571	29,009,773
Cash and cash equivalents at end of the year	2,888,448	48,785,887	2,176,707	36,764,581
Cash and cash equivalents comprise:				
Fixed Deposits with a Licensed Bank (Note 10)	924,526	15,615,244	895,888	15,131,548
Cash at Bank	1,963,922	33,170,643	1,280,819	21,633,033
	2,888,448	48,785,887	2,176,707	36,764,581

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2018

1. Corporate information

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 41/F, Vista Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, and Mahindra & Mahindra Ltd, a corporation incorporated in India, as the ultimate holding corporation.

There were no employees in the Company at the end of the current and previous financial years.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 April 2018.

2. Basis of preparation of the financial statements

The financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Property, plant and equipment and depreciation

All items of property, plant and equipment is initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit and loss as incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer	25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial yearend, and adjusted prospectively, if appropriate to ensure that the Amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised, and any unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(b) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the year end.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services costs.

(e) Provision for liabilities

Provision for liabilities is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(f) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(g) Revenue recognition

Revenue from service income is recognised upon delivery of services and customers' acceptances, if any, or performance of services.

Revenue recognised on work completed but not invoiced is classified as "accrued billings" under trade receivables.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(i) Impairment of assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(j) Foreign currency

i Reporting currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

ii Foreign currency transactions and balances

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transactions dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the financial year end, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2018 RM	2017 RM
1 United States Dollar (USD)	**3.86**	4.42

(k) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

i Financial assets at 'fair value through profit or loss'

Financial assets are classified as at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as financial assets at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

– it is acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial assets (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significant reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or
- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

ii 'Held-to-maturity' investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that and the Company has the positive intention and ability to hold the investments to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

iii Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

iv Available-for-sale' financial assets

Financial assets are classified as 'available-for-sale' financial assets when the financial assets are either designated as such upon initial recognition or are not classified in any of the three preceding categories.

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary instruments, until the 'available-for-sale' financial assets are derecognised.

The cumulative gain or loss previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the financial assets are derecognised.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

v Investment in unquoted equity instruments carried at cost

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

vi Reclassifications of financial assets

The Company does not reclassify derivative out of the financial assets at 'fair value through profit or loss' category while they are held or in issue. Equally, the Company does not reclassify other financial assets out of the financial assets at 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as financial assets at 'fair value through profit or loss'. Other financial assets are not reclassified into the financial assets at 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

vii Impairment of financial assets

At the end of each reporting year, the Company assesses whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale' financial assets, objective evidence that the financial assets are impaired include the disappearance of an active trading market for the financial assets because of, significant financial difficulties, and a significant and/or prolonged decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulties of the issuer; or
- default or significant delay in payments and delinquency in interest or principal payments; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade and other receivables, and staff loan receivables which are reduced through the use of an allowance account, and when these becomes uncollectible. Any impairment loss is recognised in profit or loss immediately.

If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

viii Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Company transfers the financial assets and the transfer qualifies for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised on the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

i Financial liabilities at 'fair value through profit or loss'

Financial liabilities are classified as financial liabilities at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as financial liabilities at 'fair value through profit or loss'.

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities (other than 'held for trading') are designated as financial liabilities at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial liabilities at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii Financial liabilities at amortised cost using the effective interest method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

iii Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(l) Leases

i Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

ii Finance lease

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reduction of the outstanding liabilities. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with the depreciation for property, plant and equipment as described in Note 3(a).

iii Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the terms of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of lease of land and buildings, the minimum lease payments or up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings elements of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

(m) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Company makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

(n) Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

MFRS that have been issued and effective for financial year of the company begaining 1 January 2017, have been adopted, and the adoptions are not expected to have any or significate impact to the financial statements.

Amendments to MFRS 12:	Disclosures of Interests in other entities
Amendments to MFRS 107:	Statement of cash flows
Amendments to MFRS 112:	Income Taxes

MFRSs that have been issued but not effective

The following new & revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2018, have not been adopted, and the adoptions are not expected to have any significant impact to the financial statements:

MFRS 9:	Financial Instruments: Recognition and Measurement
MFRS 15:	Revenue from Contracts with Customers
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 2:	Share-based Payment
Amendments to MFRS 4:	Insurance Contracts
Amendments to MFRS 128:	Investment in Associates and Joint Ventures
Amendments to MFRS 140:	Investment Property
IC Interpretation 22:	Foreign Currency Transaction and Advance Consideration

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS, including MFRS 111: Construction Contracts, MFRS 118: Revenue, IC Interpretation 13: Customer Loyalty Programmes, IC Interpretation 15: Agreements for Construction of Real Estate, IC Interpretation 18: Transfers of Assets from Customers and IC Interpretation 131: Revenue – Barter Transaction Involving Advertising Services.

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2019, has not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements except for MFRS 16.

MFRS 16:	Leases
Amendments to MFRS 3:	Business Combinations
Amendments to MFRS 9:	Financial Instruments: Recognition and Measurement
Amendments to MFRS 11:	Joint Arrangements
Amendments to MFRS 112:	Income Taxes
Amendments to MFRS 119:	Employee Benefits

Amendments to MFRS 123:	Borrowings Costs
Amendments to MFRS 128:	Investment in Associates and Joint Ventures
IC Intrepretation 23:	Uncertainty over Income Tax Treatments

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2021, has not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

MFRS 17:	Insurance Contracts

MFRSs that have been issued but effective dates have been deferred

MFRS 10:	Consolidated Financial Statements
MFRS 128:	Investments in Associates and Joint Ventures

5. Significant accounting estimates

Key Sources of Estimation Uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Allowances for doubtful debts

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debt is made for any account considered to be doubtful for collection. The allowance for doubtful debt is made based on a review of all outstanding accounts at the end of the reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

(b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred tax assets

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Fair value estimates of certain financial instruments

The Company carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

6. Property, plant and equipment

	Computer RM	Computer INR
Carrying amount		
At 1 April 2017	**773**	**13,056**
Depreciation charge	**(193)**	**(3,260)**
At 31 March 2018	**580**	**9,796**
At 31 March 2018		
Cost	**1,499**	**25,318**
Accumulated depreciation	**(919)**	**(15,522)**
Carrying amount	**580**	**9,796**
At 31 March 2017		
At 1 April 2016	1,499	25,318
Depreciation charge	(726)	(12,262)
At 31 March 2017	773	13,056
Depreciation – 2017	(258)	(4,358)

7. Deferred tax assets

	2018 RM	2018 INR	2017 RM	2017 INR
Deferred tax assets				
At beginning of the year	**75,000**	**1,266,750**	–	–
Recognised in the statement of comprehensive income (Note 15)	**(59,000)**	**996,510**	75,000	1,266,750
At end of the year	**16,000**	**270,240**	75,000	1,266,750
Presented after appropriate offsetting as follows:				
Deferred tax assets	**16,000**	**270,240**	75,000	1,266,750
Deferred tax liabilities	**–**	**–**	–	–
	16,000	**270,240**	75,000	1,266,750

Deferred tax represents temporary differences between the tax bases of assets and liabilities and their carrying amounts at the financial year end in the financial statements.

8. Trade receivables

	2018 RM	2018 INR	2017 RM	2017 INR
Trade receivables	**1,645,002**	**27,784,084**	1,018,452	17,201,654
Less: Allowance for doubtful debts	**(1,479,198)**	**24,983,654**	–	–
	165,804	**2,800,430**	1,018,452	17,201,654
Accrued billings	**–**	**–**	189,099	3,193,882
	165,804	**2,800,430**	1,207,551	20,395,536

The currency exposure profile of trade receivables of the Company is as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
Ringgit Malaysia	**92,207**	**1,557,377**	1,062,369	17,943,412
United States Dollar	**73,597**	**1,243,053**	145,182	2,452,124
	165,804	**2,800,430**	1,207,551	20,395,536

The ageing analysis of the trade receivables is as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
Neither past due nor impaired	71,821	1,213,057	425,490	7,186,526
Past due, not impaired				
– 1 to 30 days past due, not impaired	–	–	111,814	1,888,538
– 31 to 60 days past due, not impaired	26,515	447,838	481,148	8,126,590
– 61 to 90 days past due, not impaired	35,353	597,112	–	–
– 91 to 180 days past due, not impaired	32,115	542,423	–	–
	93,983	1,587,373	592,962	10,015,128
Past due and impaired	1,479,198	24,983,654	–	–
	1,645,002	27,784,084	1,018,452	17,201,654

The normal trade credit terms granted to customers ranged from 30 to 60 (2017: 30 to 60) days or contractual periods based on project contract sales.

The balances of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

9. Other receivables and deposits

	2018 RM	2018 INR	2017 RM	2017 INR
Loan and advances	14,759	249,280	28,033	473,477
Rental deposits	2,518	42,529	2,518	42,529
Interest receivables	–	–	1,656	27,970
	17,277	291,809	32,207	543,976

10. Fixed deposits with a licensed bank

Deposits with a licensed bank is pledged as securities for trade trading which bear interest at the rate of 2.95% (2017: 2.95%) per annum and have a maturity period of one month.

11. Share capital

	2018 Unit	2018 RM	2018 INR	2017 Unit	2017 RM	2017 INR
At beginning/end of the year	500,000	500,000	8,445,000	500,000	500,000	8,445,000
Adjustments for the effects of companies Act 2016	(500,000)	(500,000)	(8,445,000)	–	–	–
At End of the year	–	–	–	500,000	500,000	8,445,000
At beginning/end of the year	100,000	100,000	1,689,000	100,000	100,000	1,689,000
Issue of shares	400,000	400,000	6,756,000	–	–	–
At end of the year	500,000	500,000	8,445,000	100,000	100,000	1,689,000

The new companies Act, 2016 which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

On 25th September 2017, the company increased its issued and paid-up share capital by issuing 400,000 ordinary shares with no par value at an issue price of RM 1 per share amounting to RM 400,000. The new shares issued rank paripassu in all respects with the existing shares of the Company.

12. Trade payables

	2018 RM	2018 INR	2017 RM	2017 INR
Amount due to related				
Bristlecone India Limited	865,147	14,612,335	524,360	8,856,440
Bristlecone Inc.	71,397	1,205,895	91,778	1,550,130
	936,544	15,818,230	616,138	10,406,570

Amount due to related corporation is unsecured, interest free and repayable upon demand.The normal trade credit terms granted to the Company ranged from 30 to 90 (2017: 30 to 90) days.

The currency exposure profile of trade payables of the Company is as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
Ringgit Malaysia	865,147	14,612,335	524,360	8,856,440
United States Dollar	71,397	1,205,895	91,778	1,550,130
	936,544	15,818,230	616,138	10,406,570

13. Other payables and accruals

	2018 RM	2018 INR	2017 RM	2017 INR
Advance billings	–	–	254,192	4,293,303
Other payables	250,700	4,234,323	51,264	865,849
Provision for expenses	589,387	9,954,746	77,182	1,303,604
	840,087	14,189,069	382,638	6,462,756

Advance billing represents invoices issued to customers of which goods or services sold have not been completed and have been included under trade receivables.

14. Profit before taxation

	2018 RM	2018 INR	2017 RM	2017 INR
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
– current year	15,000	253,350	15,000	253,350
– under provision in prior year	–	–	3,000	50,670
Bad debts written-off	–	–	31,830	537,609
Allowance for doubtful debts	1,479,198	24,983,654	–	–
Depreciation of property, plant and equipment	193	3,260	258	4,358
Loss on foreign exchange – realised	24,903	420,612	27,845	470,302
Loss on foreign exchange – unrealised	14,773	249,516	1,547	26,129
Rental of premises	7,068	119,379	7,068	119,379
and crediting:				
Gain on foreign exchange – unrealised	–	–	3,609	60,956
Gain on foreign exchange – realised	–	–	513	8,665
Reversal of allowance for doubtful debts	–	–	31,830	537,609
Fixed deposits interest income	26,982	455,726	25,326	427,756

15. Taxation

	2018 RM	2018 INR	2017 RM	2017 INR
Malaysian income tax				
Current year	140,000	2,364,600	187,000	3,158,430
Under provision in prior years	10,652	179,912	10,748	181,534
	150,652	2,544,512	197,748	3,339,964
Deferred tax (Note 7)				
Related to reversal and origination of temporary differences	59,000	996,510	(75,000)	(1,266,750)
	209,652	3,541,022	122,748	2,073,214

The reconciliation of income tax expense applicable to the results of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Companyis as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
(Loss)/Profit before taxation	(749,629)	12,661,234	423,550	7,153,760
Tax at Malaysian statutory tax rate of 24%	(179,911)	(3,038,697)	101,652	1,716,902
Tax effects of expenses not deductible for tax purposes	378,911	6,399,807	85,348	1,441,528
Under provision of income tax in prior years	10,652	179,912	10,748	181,534
Deferred tax assets recognised relating to temporary differences	–	–	(75,000)	(1,266,750)
Tax expense for the year	209,652	3,541,022	122,748	2,073,214

16. Dividends

	2018 RM	2018 INR	2017 RM	2017 INR
First single tier dividends of RM4.5 per share on 100,000 ordinary shares declared on 31 August 2017 in respect of financial year ended 31 March 2018, paid on 5 September 2017.	450,000	7,600,500	–	–
Final single tier dividends of RM6 per share on 100,000 ordinary shares declared on 29 August 2016 in respect of financial year ended 31 March 2016, paid on 2 September 2016.	–	–	600,000	10,134,000
First single tier dividends of RM3 per share on 100,000 ordinary shares declared on 11 January 2017 in respect of financial year ended 31 March 2017, paid on 13 January 2017.	–	–	300,000	5,067,000
	450,000	7,600,500	900,000	15,201,000

17. Significant related party transactions

The Company has transactions with its related corporations and the financial statements reflect the effects of these transactions on the basis that these transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Significant transactions with related corporations during the year comprise the following:

	2018 RM	2018 INR	2017 RM	2017 INR
Expenses				
Service charges by related corporations:				
Bristlecone India Limited	2,168,874	36,632,282	2,447,299	41,334,880
Bristlecone (Singapore) Pte. Ltd.	–	–	171,482	2,896,331
Management fee charged by related corporation:				
Bristlecone Inc.	73,744	1,245,536	–	–

18. Non-cancellable operating lease commitment

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at financial year end but not recognised as liabilities are as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
Rental of virtual office				
Future minimum rentals payments:				
Not later than 1 year	7,428	125,459	5,931	100,175

19. Financial risk management policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

The Company's concentration of credit risks relates to the amount owing by two (2017: two) major customers which constituted 100% (2017:73%) of its trade receivables at the end of the reporting period.

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	2018 RM	2018 INR	2017 RM	2017 INR
Domestic	92,207	1,557,376	1,062,369	17,943,412
United States Dollar	73,597	1,243,054	145,182	2,452,124
	165,804	2,800,430	1,207,551	20,395,536

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

(b) Foreign currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Increase/(decrease) in the Company's results		Increase/(decrease) in the Company's results	
	2018 RM	2018 INR	2017 RM	2017 INR
Effects on profit before taxation:				
USD				
– strengthened by 5% (2017: 5%)	110	1,858	2,670	45,096
– weakened by 5% (2017: 5%)	(110)	(1,858)	(2,670)	(45,096)

(c) Liquidity and cash flow risks

The Company relies on its management of working capital to ensure that the cash flow within the operating cycle are sustainable. In the event of additional funds required to operate the Company, the financial support from its holding company and related companies is necessary to meet its short term funding needs.

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

20. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables [L&R]

(b) Other financial liabilities [OFL]

	Carrying amount RM	Carrying amount INR	L&R RM	L&R INR	OFL RM	OFL INR
2018						
Non-derivative financial assets						
Trade receivables	**165,804**	**2,800,430**	**165,804**	**2,800,430**	**–**	**–**
Other receivables and deposits	**17,277**	**291,809**	**17,277**	**291,809**	**–**	**–**
Fixed deposits with a licensed bank	**924,526**	**15,615,244**	**924,526**	**15,615,244**	**–**	**–**
Cash and bank balances	**1,963,922**	**33,170,643**	**1,963,922**	**33,170,643**	**–**	**–**
	3,071,529	**51,878,126**	**3,071,529**	**51,878,126**	**–**	**–**
Non-derivative financial liabilities						
Trade payables	**936,544**	**15,818,230**	**–**	**–**	**936,544**	**15,818,230**
Other payables and accruals	**840,087**	**14,189,069**	**–**	**–**	**840,087**	**14,189,069**
	1,776,631	**30,007,299**	**–**	**–**	**1,776,631**	**30,007,299**
2017						
Non-derivative financial assets						
Trade receivables	1,207,551	20,395,536	1,207,551	20,395,536	–	–
Other receivables and deposits	32,207	543,976	32,207	543,976	–	–
Fixed deposits with a licensed bank	895,888	15,131,548	895,888	15,131,548	–	–
Cash and bank balances	1,280,819	21,633,033	1,280,819	21,633,033	–	–
	3,416,465	57,704,093	3,416,465	57,704,093	–	–
Non-derivative financial liabilities						
Trade payables	616,138	10,406,570	–	–	616,138	10,406,570
Other payables and accruals	382,638	6,462,756	–	–	382,638	6,462,756
	998,776	16,869,326	–	–	998,776	16,869,326

21. Fair values of the financial instruments

The fair values of the financial instruments of the Company as at 31 March 2018 are not materially different from their carrying values.

22. Translation into Indian Rupees

The Financial information is these financial statement is represented in Malaysian Ringgit 'RM' and Indian Rupees 'INR'. 'RM' amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of RM 1 = 16.89 as at 31 March 2018.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Bristlecone International AG was incorporated on 21st June, 2011 under the laws of Switzerland. Your Directors' present their Report together with the audited accounts for the year ended 31st March, 2018.

Financial Results

Particulars	Year ended 31st March, 2018 (CHF)	Year ended 31st March, 2018 (INR)	Year ended 31st March, 2017 (CHF)	Year ended 31st March, 2017 (INR)
Gross Sales	2,610,783	179,125,828	3,612,933	247,883,305
Other Income	99,361	6,817,179	33,193	2,277,382
Total	2,710,144	185,943,007	3,646,126	250,160,687
Profit/(Loss) before Interest, Depreciation, Taxation	161,190	11,059,239	669,398	45,927,404
Less: Depreciation	1,312	90,038	2,755	189,018
Profit/(Loss) before Tax	159,878	10,969,201	666,643	45,738,386
Tax on Income	20,759	1,424,241	30,110	2,065,847
Net Profit/(Loss) after Tax	139,119	9,544,960	636,533	43,672,539
Balance of Profit for earlier years	1,448,056	99,351,150	811,523	55,678,611
Profit & Loss Account Balance carried forward	1,587,175	108,896,110	1,448,056	99,351,150

Share Capital

The Company's share capital is CHF 100,000 (INR 6,861,000) [Previous year CHF 100,000 (INR 6,861,000)] of which CHF 50,000 (INR 3,430,500) [Previous year CHF 50,000 (INR 3,430,500)] is non-paid-up.

Directors' Responsibility Statement

The Directors state as an averment of the responsibility that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the annual accounts on a going concern basis; and

(v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Management and Representative Authority

Mr. Irfan Khan, Mr. Kulashekar Raghavan and Mr. Srinivas Nair are Directors of the Company.

Auditors

The auditors BDO Ltd., Hodlerstrasse 5, CH-3001 Berne, have expressed their willingness to accept re-appointment.

For and on behalf of the Board

Kulashekar Raghavan
Director

Place: Schaffhausen
Date: 27th April, 2018

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2017/18

(for the period of 1 April 2017 until 31 March 2018)

Report of the statutory auditor on the limited statutory examination to the general shareholders' meeting of **Bristlecone International AG, Schaffhausen**

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Bristlecone International AG for the financial year ended 31 March 2018.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Berne, 27 April 2018

BDO Ltd

Matthias Hildebrandt
Licensed Audit Expert

Thomas Bigler
Auditor in Charge
Licensed Audit Expert

Enclosures

Financial statements

Proposed appropriation of available earnings

BALANCE SHEET AS PER 31 MARCH

ASSETS	2018 CHF	2018 INR	2017 CHF	2017 INR
Current assets				
Cash and cash equivalents	**993,971.24**	**68,196,366.78**	253,414.99	17,386,802.46
Accounts receivables due from				
group companies	**24,294.03**	**1,666,813.40**	11,497.63	788,852.39
third parties	**745,855.46**	**51,173,143.10**	1,089,786.86	74,770,276.47
Other receivables	**31,707.80**	**2,175,472.16**	46,432.81	3,185,755.09
Services in progress	**304,529.59**	**20,893,775.17**	1,153,146.26	79,117,364.90
Accrued income and prepaid expenses	**2,079.15**	**142,650.48**	5,636.90	386,747.71
	2,102,437.27	**144,248,221.09**	2,559,915.45	175,635,799.02
Non current assets				
Financial assets	**6,033.42**	**413,952.95**	6,000.00	411,660.00
Office equipment	**2,251.16**	**154,452.09**	3,563.48	244,490.36
Non paid up share capital	**50,000.00**	**3,430,500.00**	50,000.00	3,430,500.00
	58,284.58	**3,998,905.04**	59,563.48	4,086,650.36
TOTAL ASSETS	**2,160,721.85**	**148,247,126.13**	2,619,478.93	179,722,449.38
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Accounts payable due to group companies	**201,184.38**	**13,803,260.31**	902,174.36	61,898,182.84
Other payables	**48,078.68**	**3,298,678.23**	10,525.25	722,137.40
Deferred income and accrued expenses	**174,283.31**	**11,957,577.91**	108,722.92	7,459,479.54
Short term liabilities	**423,546.37**	**29,059,516.45**	1,021,422.53	70,079,799.78
Shareholder's equity				
Share capital	**100,000.00**	**6,861,000.00**	100,000.00	6,861,000.00
Statutory reserves	**50,000.00**	**3,430,500.00**	50,000.00	3,430,500.00
Voluntary retained earnings				
– Balance brought forward from prior year	**1,448,056.40**	**99,351,149.60**	811,523.26	55,678,610.86
– Result for the period	**139,119.08**	**9,544,960.08**	636,533.14	43,672,538.74
Total voluntary retained earnings	**1,587,175.48**	**108,896,109.68**	1,448,056.40	99,351,149.60
Total shareholder's equity	**1,737,175.48**	**119,187,609.68**	1,598,056.40	109,642,649.60
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**2,160,721.85**	**148,247,126.13**	2,619,478.93	179,722,449.38

Bristlecone International AG

Schaffhausen,
Date : 27th April, 2018

R. Kulashekar

INCOME STATEMENT FOR THE YEAR ENDED

	2017/18 CHF	2017/18 INR	2016/17 CHF	2016/17 INR
Income from services	**3,677,093.70**	**252,285,398.76**	3,516,370.02	241,258,147.07
Changes services in progress	**(848,616.67)**	**(58,223,589.73)**	96,562.57	6,625,157.93
Provision for doubtful debts	**(217,693.94)**	**(14,935,981.22)**	0.00	0.00
Net income	**2,610,783.09**	**179,125,827.81**	3,612,932.59	247,883,305.00
Services expenses	**(1,965,079.71)**	**(134,824,118.90)**	(2,585,907.18)	(177,419,091.62)
Gross result I	**645,703.38**	**44,301,708.91**	1,027,025.41	70,464,213.38
Personnel expenses	**(378,086.34)**	**(25,940,503.79)**	(149,459.03)	(10,254,384.05)
Gross result II	**267,617.04**	**18,361,205.12**	877,566.38	60,209,829.33
Rental expenses	**(24,044.01)**	**(1,649,659.53)**	(21,888.40)	(1,501,763.12)
Administrative expenses	**(32,614.26)**	**(2,237,664.38)**	(39,941.89)	(2,740,413.07)
Consulting, accounting and audit fees	**(43,499.98)**	**(2,984,533.63)**	(37,037.20)	(2,541,122.29)
Operating result before depreciation	**167,458.79**	**11,489,347.58**	778,698.89	53,426,530.85
Depreciation	**(1,312.32)**	**(90,038.28)**	(2,754.96)	(189,017.81)
Operating result (level EBIT)	**166,146.47**	**11,399,309.30**	775,943.93	53,237,513.04
Financial income	**98,380.36**	**6,749,876.50**	31,295.80	2,147,204.84
Financial expenses	**(105,630.20)**	**(7,247,288.02)**	(142,493.94)	(9,776,509.22)
Other income	**980.95**	**67,302.98**	1,897.35	130,177.18
Result before taxes	**159,877.58**	**10,969,200.76**	666,643.14	45,738,385.84
Taxes	**(20,758.50)**	**(1,424,240.68)**	(30,110.00)	(2,065,847.10)
Result for the year	**139,119.08**	**9,544,960.08**	636,533.14	43,672,538.74

Bristlecone International AG

Schaffhausen,
Date : 27th April, 2018

R. Kulashekar

NOTES TO THE FINANCIAL STATEMENTS AS PER 31 MARCH 2018

Accounting principles applied in the preparation for the financial statements

These financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013).

Disclosure on balance sheet items	**31-Mar-2018 CHF**	**31-Mar-2018 INR**	31-Mar-2017 CHF	31-Mar-2017 INR
Services in progress	**304,529.59**	**20,893,775.17**	1,153,146.26	79,117,364.90

The services in progress are valued as below:

a) Fixed Price Projects - Based on the percentage-of-completion method

b) Time & Material Projects - Based on the efforts and customer approved billing rate card

Full-time equivalents

The annual average number of full-time equivalents for the reporting period, as well as the previous year, were below 10.

Translation into Indian Rupees

The Financial Information in this financial statements is presented in Swiss Franc (CHF) and Indian Rupees (INR). CHF amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of CHF 1 = INR 68.61 as at 31 March 2018.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31-Mar-2018 CHF	**31-Mar-2018 INR**	31-Mar-2017 CHF	31-Mar-2017 INR
Balance brought forward from prior year	**1,448,056.40**	**99,351,149.60**	811,523.26	55,678,610.86
Result for the period	**139,119.08**	**9,544,960.08**	636,533.14	43,672,538.74
Total voluntary retained earnings	**1,587,175.48**	**108,896,109.68**	1,448,056.40	99,351,149.60
Motion of the board of directors:				
Balance to be carried forward to new period	**1,587,175.48**	**108,896,109.68**	1,448,056.40	99,351,149.60

Bristlecone International AG

Schaffhausen,
Date : 27th April, 2018

R. Kulashekar

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing IT consulting services for supply chain and analytics solutions.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

Irfan Khan

Kulashekar Raghavan

Harsh Vaish

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Butler & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Harsh Vaish
Director

Place: Pune
Date: 27 April 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRISTLECONE UK LIMITED

Opinion

We have audited the financial statements of Bristlecone UK Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

— give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

— the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

— the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

— the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Mukesh Desai (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants
& Statutory Auditor

Third Floor
126-134 Baker Street
London W1U 6UE

Date: 27 April 2018

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018 £**	**2018 INR**	2017 £	2017 INR
TURNOVER		**2,81,292**	**2,58,84,497**	1,77,409	1,63,25,219
COST OF SALES		**51,614**	**47,49,520**	98,435	90,58,033
GROSS PROFIT		**2,29,678**	**2,11,34,977**	78,974	72,67,186
Administrative Expenses		**44,560**	**41,00,411**	1,55,851	1,43,41,372
OPERATING PROFIT/LOSS	**4**	**1,85,118**	**1,70,34,566**	(76,877)	(70,74,186)
Interest receivable and similar income		**183**	**16,827**	2,039	1,87,615
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,85,301**	**1,70,51,393**	(74,838)	(68,86,571)
Tax on profit/(loss) on ordinary activities	**5**	**35**	**3,221**	–	–
		1,85,266	**1,70,48,172**	(74,838)	(68,86,571)

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

BALANCE SHEET 31 MARCH 2018

	Notes	2018 £	2018 INR	2017 £	2017 INR
CURRENT ASSETS					
Debtors	7	1,69,533	1,56,00,421	55,975	51,50,820
Cash at bank		3,49,643	3,21,74,149	2,44,520	2,25,00,730
		5,19,176	4,77,74,570	3,00,495	2,76,51,550
CREDITORS					
Amounts falling due within one year	8	94,662	87,10,797	61,247	56,35,949
NET CURRENT ASSETS		4,24,514	3,90,63,773	2,39,248	2,20,15,601
TOTAL ASSETS LESS CURRENT LIABILITIES		4,24,514	3,90,63,773	2,39,248	2,20,15,601
CAPITAL AND RESERVES					
Called up share capital	9	23,50,000	21,62,47,000	23,50,000	21,62,47,000
Retained Earnings	10	(19,25,486)	(17,71,83,227)	(21,10,752)	(19,42,31,399)
SHAREHOLDERS' FUNDS		4,24,514	3,90,63,773	2,39,248	2,20,15,601

The financials statements were authorised for issue by the Board of Directors on 27th April 2018 and were signed on its behalf by:

Harsh Vaish
Director

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up Share capital £	Called up Share capital INR	Retained Earnings £	Retained Earnings INR	Total Equity £	Total Equity INR
Balance as at 1 April 2016	**23,50,000**	**21,62,47,000**	**(20,35,914)**	**(18,73,44,829)**	**3,14,086**	**2,89,02,171**
Changes in equity						
Total comprehensive income	–	–	(74,838)	(68,86,571)	(74,838)	(68,86,571)
Balance as at 31 March 2017	**23,50,000**	**21,62,47,000**	**(21,10,752)**	**(19,42,31,399)**	**2,39,248**	**2,20,15,601**
Changes in equity						
Total comprehensive income	–	–	1,85,266	1,70,48,172	1,85,266	1,70,48,172
Balance as at 31 March 2018	**23,50,000**	**21,62,47,000**	**(19,25,486)**	**(17,71,83,227)**	**4,24,514**	**3,90,63,773**

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. STATUTORY INFORMATION

Bristlecone UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents the invoiced amounts of services provided and it is stated net of Value Added Tax.

Revenue for software services is recognised on the basis of services rendered. For time and material contracts, invoices are raised on the basis of customer approved timesheets. For fixed price projects, invoices are raised for prescribed milestones achieved on the basis of acceptance/ sign-off received from the customer. Revenue on fixed price contracts is recognised based on the percentage completion method.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	–	50% on cost
Computer equipment	–	50% on cost

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company contributes to employee's personal pension plans. Contributions payable to the pension schemes are charged to profit or loss in the period to which they relate.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future with the continuous support from the parent company.

3. EMPLOYEES AND DIRECTORS

	2018 £	**2018 INR**	2017 £	2017 INR
Wages and salaries	**24,583**	**22,62,128**	98,077	90,25,046
Social security costs		**–**	7,348	6,76,163
Other pension costs	**326**	**29,999**	5,600	5,15,312
Bonus	**–**	**–**	–	–
	24,909	**22,92,127**	1,11,025	1,02,16,521

The average monthly number of employees during the year was as follows:

	2018	2017
Management	**3**	3
Administrative	**1**	1
Sales and Marketing	**1**	1
	5	5

4. OPERATING PROFIT/(LOSS)

The operating profit (2017 - operating loss) is stated after charging/(crediting):

	2018 £	**2018 INR**	2017 £	2017 INR
Auditors' remuneration	**2,455**	**2,25,909**	2,145	1,97,383
Foreign exchange differences	**(749)**	**(68,923)**	3,936	3,62,191

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	**2018 INR**	2017 £	2017 INR
Current tax:				
UK corporation tax	**35**	**3,221**	–	–
Tax on profit/ (loss)	**35**	**3,221**	–	–

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	**2018 INR**	2017 £	2017 INR
Profit/(loss) before tax	**1,85,301**	**1,70,51,393**	(74,838)	(68,86,571)
Loss on ordinary activities				
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	**35,207**	**32,39,748**	(14,968)	(13,77,314)
Effects of:				
Expenses not deductible for tax purposes	**–**	**–**	48	4,417
Income not taxable for tax purposes	**(97)**	**(8,926)**	(408)	(37,544)
Capital allowances in excess of depreciation rate	**–**	**–**	(126)	(11,595)
Tax losses carried forward			15,454	14,22,036
Tax losses brought forward	**(35,075)**	**(32,27,602)**		
Total Tax Charge	**35**	**3,221**	–	–

6. TANGIBLE FIXED ASSETS

	Plant and machinery	Plant and machinery	Computer equipment	Computer equipment	Totals	Totals
	£	INR	£	INR	£	INR
COST						
At 1 April 2017 and 31 March 2018	104	9,570	26,195	24,10,464	26,299	24,20,034
DEPRECIATION						
At 1 April 2017 and 31 March 2018	104	9,570	26,195	24,10,464	26,299	24,20,034
NET BOOK VALUE						
At 31 March 2018	–	–	–	–	–	–
At 31 March 2017	–	–	–	–	–	–

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	**2018 INR**	2017 £	2017 INR
Amounts owed by group undertakings	**1,63,326**	**1,50,29,253**	–	–
Other Debtors	**449**	**41,317**	449	41,317
VAT	**–**	**–**	270	24,845
Prepayments and Accrued Income	**5,758**	**5,29,851**	55,256	50,84,658
	1,69,533	**1,56,00,421**	55,975	51,50,820

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	**2018 INR**	2017 £	2017 INR
Amounts owed to group undertakings	**31,933**	**29,38,474**	52,457	48,27,093
Tax	**35**	**3,221**	–	–
VAT	**43,609**	**40,12,900**	–	–
Other creditors	**18,980**	**17,46,540**	8,790	8,08,856
Accrued expenses	**105**	**9,662**	–	–
	94,662	**87,10,797**	61,247	56,35,949

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value	**2018 £**	**2018 INR**	2017 £	2017 INR
2,350,000	Ordinary	£1	**23,50,000**	**21,62,47,000**	23,50,000	21,62,47,000

10. RESERVES

	Retained earnings £	**Retained earnings INR**
At 1 April 2017	(21,10,752)	(19,42,31,399)
Profit for the year	1,85,266	1,70,48,172
At 31 March 2018	**(19,25,486)**	**(17,71,83,227)**

11. ULTIMATE PARENT COMPANY

In the opinion of the directors, the immediate parent company is Bristlecone Limited, a company incorporated in the Cayman Islands.

The directors consider the company's ultimate holding company and controlling party to be Mahindra & Mahindra Limited which is incorporated in India.

12. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

13. FOREIGN CURRENCY TRANSLATION

The Financial Information in this financial statement is represented in Great Britain Pound 'GBP' and Indian Rupees 'INR'. 'GBP' amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of GBP 1 = INR 92.02 as at 31 March 2018.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

The Directors are pleased to present their report together with the Audited Accounts of your Company for the period ended March 31, 2018.

	Year ended March 31, 2018 USD	**Year ended March 31, 2018 INR**	Year ended March 31, 2017 USD	Year ended March 31, 2017 INR
Revenues	**52,135,111**	**3,384,611,406**	39,115,253	2,539,362,225
Profit before tax	**3,293,318**	**213,802,205**	4,254,059	276,173,511
Profit after tax...	**691,047**	**44,862,772**	2,326,845	151,058,778

Review of Operations:

Revenues from Operations for the year ended March 31, 2018 was **$ 52.14 m** (INR 3,385 m) as compared to **$ 39.12 m** (INR 2,539 m) for the same period in the previous year. During the year the Company revenues grew 33%. Profits before tax for the year ended March 31, 2018 was at **$ 3.29 m** (INR 214 m) as compared to **$ 4.25 m** (INR 276 m) in the previous year. The profit after tax for the year ended March 31, 2018 was $ 0.69 m (INR 44.86 m) as against the profit after taxes of $ 2.33 m (INR 151 m) in the previous year.

Outlook for the current year:

Despite the uncertainties in the markets the Company operates in, it expects an improvement in its revenues and profits in the coming financial year with the introduction of new service offerings and continued focus on controlling costs.

Acknowledgement:

The Board acknowledges the continued support the Company receives from its employees and its holding company, Bristlecone Limited.

Irfan Khan
Chairman

Place: San Jose, CA, USA
Date: May 9, 2018

Independent auditor's report

To the Board of Directors and Shareholders of Bristlecone, Inc.

Opinion

We have audited the accompanying financial statements of Bristlecone, Inc. (the 'Company') (a California Corporation and a wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheets as at March 31, 2018 and 2017, and the statements of earnings, changes in stockholders' equity, and statements of cash flows, for each of the two years in the year ended March 31, 2018, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and 2017, its financial performance and cash flows for each of the two years in the year ended March 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Grant Thornton India LLP

Place: Mumbai, India
Date: May 9, 2018

BALANCE SHEETS

Particulars	Notes	As at March 31, 2018 (US$)	As at March 31, 2018 (INR) (refer Note S)	As at March 31, 2017 (US$)	As at March 31, 2017 (INR) (refer Note S)
ASSETS					
Current assets					
Cash and cash equivalents	B	**3,994,148**	**259,300,088**	3,096,538	201,027,247
Accounts receivable					
– Due from related parties		**499,654**	**32,437,538**	97,830	6,351,124
– Others		**11,809,617**	**766,680,336**	5,486,440	356,179,685
Unbilled revenue					
– Due from related party		**233,378**	**15,150,900**	51,000	3,310,920
– Others		**4,032,175**	**261,768,801**	4,925,039	319,733,532
Loan to related parties	I	**30,000**	**1,947,600**	130,000	8,439,600
Other current assets					
– Due from related parties		**1,169,585**	**75,929,458**	4,989,245	323,901,785
– Others	D	**791,966**	**51,414,433**	745,834	48,419,543
Total current assets		**22,560,523**	**1,464,629,154**	19,521,926	1,267,363,436
Non-current assets					
Property and equipment, net	E	**830,628**	**53,924,370**	929,235	60,325,936
Intangible assets, net	E	**959,464**	**62,288,403**	1,340	86,993
Deferred tax assets, net	H	**1,213,442**	**78,776,655**	3,002,099	194,896,267
Loan to related parties	I	**740,000**	**48,040,800**	4,770,000	309,668,400
Other assets		**136,161**	**8,839,571**	125,561	8,151,420
Total non-current assets		**3,879,695**	**251,869,799**	8,828,235	573,129,016
Total assets		**26,440,218**	**1,716,498,953**	28,350,161	1,840,492,452
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable:					
– Due to related parties		**6,890,327**	**447,320,029**	1,130,984	73,423,481
– Others		**294,678**	**19,130,496**	282,796	18,359,116
Employee related liabilities		**3,559,583**	**231,088,128**	2,716,707	176,368,618
Accrued expenses and other current liabilities	F	**4,648,879**	**301,805,225**	1,010,190	65,581,534
Unearned revenue		**948,701**	**61,589,669**	1,393,117	90,441,156
Short term borrowing	G	**1,500,000**	**97,380,000**	1,000,000	64,920,000
Total current liabilities		**17,842,168**	**1,158,313,547**	7,533,794	489,093,905
Non-current liabilities					
Obligation under capital leases		**–**	**–**	2,523	163,794
Long term borrowing – related party	J	**2,500,000**	**162,300,000**	–	–
Deferred rent and lease incentive		**325,763**	**21,148,534**	483,593	31,394,858
Total non-current liabilities		**2,825,763**	**183,448,534**	486,116	31,558,652
Total liabilities		**20,667,931**	**1,341,762,081**	8,019,910	520,652,557
Stockholders' equity	K				
Series A Preferred stock, no par value		**774,518**	**50,281,709**	774,518	50,281,709
Series B Preferred stock, no par value		**5,939,606**	**385,599,222**	5,939,606	385,599,222
Common stock, no par value		**136,664**	**8,872,227**	136,664	8,872,227
Additional paid-in capital		**18,114,131**	**1,175,969,384**	17,950,580	1,165,351,653
Accumulated deficit		**(19,192,632)**	**(1,245,985,670)**	(4,471,117)	(290,264,916)
Total stockholders' equity		**5,772,287**	**374,736,872**	20,330,251	1,319,839,895
Total liabilities and stockholders' equity		**26,440,218**	**1,716,498,953**	28,350,161	1,840,492,452

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF EARNINGS

Particulars	Notes	Year ended March 31, 2018 (US$)	Year ended March 31, 2018 (INR) (refer Note S)	Year ended March 31, 2017 (US$)	Year ended March 31, 2017 (INR) (refer Note S)
Revenues		**52,135,111**	**3,384,611,406**	39,115,253	2,539,362,225
Operating expenses					
Cost of revenues		**37,389,776**	**2,427,344,258**	25,745,846	1,671,420,322
Selling, general and administrative expenses		**11,003,122**	**714,322,680**	8,815,408	572,296,287
Depreciation and amortization		**415,451**	**26,971,079**	282,187	18,319,580
Total operating expenses		**48,808,349**	**3,168,638,017**	34,843,441	2,262,036,189
Operating profit		**3,326,762**	**215,973,389**	4,271,812	277,326,036
Interest expense		**33,444**	**2,171,184**	17,753	1,152,525
Net profit before tax		**3,293,318**	**213,802,205**	4,254,059	276,173,511
Income tax expense	H				
Current tax		**813,614**	**52,819,821**	205,784	13,359,497
Deferred tax		**1,788,657**	**116,119,612**	1,721,430	111,755,236
Net profit		**691,047**	**44,862,772**	2,326,845	151,058,778

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Amount (US$)	Amount (US$)	Amount (US$)
Balance as at April 1, 2016	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,784,920	(6,797,962)	17,837,746
Stock based compensation expense	–	–	–	–	–	–	–	–	165,660	–	165,660
Profit for the year	–	–	–	–	–	–	–	–	–	2,326,845	2,326,845
Balance as at March 31, 2017	**4,494,500**	**–**	**3,615,535**	**6,714,124**	**30,000,000**	**–**	**8,492,157**	**136,664**	**17,950,580**	**(4,471,117)**	**20,330,251**
Stock based compensation expense	–	–	–	–	–	–	–	–	163,551	–	163,551
Profit for the year										691,047	691,047
Final dividend payout	–	–	–	–	–	–	–	–	–	(15,412,562)	(15,412,562)
Balance as at March 31, 2018	**4,494,500**	**–**	**3,615,535**	**6,714,124**	**30,000,000**	**–**	**8,492,157**	**136,664**	**18,114,131**	**(19,192,632)**	**5,772,287**

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (INR) (refer note S)	Shares	Amount (INR) (refer note S)	Shares	Amount (INR) (refer note S)	Shares	Amount (INR) (refer note S)	Amount (INR) (refer note S)	Amount (INR) (refer note S)	Amount (INR) (refer note S)
Balance as at April 1, 2016	4,494,500	–	3,615,535	435,880,930	30,000,000	–	8,492,157	8,872,227	1,154,597,006	(441,323,693)	1,158,026,470
Stock based compensation expense	–	–	–	–	–	–	–	–	10,754,647	–	10,754,647
Profit for the year	–	–	–	–	–	–	–	–	–	151,058,777	151,058,777
Balance as at March 31, 2017	**4,494,500**	**–**	**3,615,535**	**435,880,930**	**30,000,000**	**–**	**8,492,157**	**8,872,227**	**1,165,351,653**	**(290,264,916)**	**1,319,839,894**
Stock based compensation expense	–	–	–	–	–	–	–	–	10,617,731	–	10,617,731
Profit for the year	–	–	–	–	–	–	–	–	–	44,862,771	44,862,771
Final dividend payout	–	–	–	–	–	–	–	–	–	(1,000,583,525)	(1,000,583,525)
Balance as at March 31, 2018	**4,494,500**	**–**	**3,615,535**	**435,880,930**	**30,000,000**	**–**	**8,492,157**	**8,872,227**	**1,175,969,384**	**(1,245,985,670)**	**374,736,871**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

Particulars	Year ended March 31, 2018 (US$)	Year ended March 31, 2018 (INR) (refer Note S)	Year ended March 31, 2017 (US$)	Year ended March 31, 2017 (INR) (refer Note S)
Cash flow from operating activities				
Net profit	**691,047**	**44,862,772**	2,326,845	151,058,778
Adjustments to reconcile net profit to net cash from/(used in) operating activities				
Depreciation and amortization	**415,451**	**26,971,079**	282,187	18,319,580
Deferred tax charge	**1,788,657**	**116,119,612**	1,721,430	111,755,236
Unrealised exchange loss/(gain), net	**(297)**	**(19,282)**	59	3,830
Stock compensation expense	**163,551**	**10,617,731**	165,660	10,754,647
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	**(6,014,218)**	**(390,443,033)**	(3,368,650)	(218,692,758)
Other current assets, related parties	**3,819,660**	**247,972,327**	(438,527)	(28,469,173)
Other current assets and other assets	**(56,732)**	**(3,683,041)**	(139,604)	(9,063,092)
Accounts payable, related parties	**5,759,343**	**373,896,548**	655,645	42,564,474
Accounts payable	**11,882**	**771,379**	(23,751)	(1,541,915)
Other liabilities	**3,876,796**	**251,681,596**	(66,984)	(4,348,601)
Repayment by related parties	**4,630,000**	**300,579,600**	–	–
Loan to related parties	**(500,000)**	**(32,460,000)**	(4,900,000)	(318,108,000)
Net cash provided by/(used in) financing activities	**14,585,140**	**946,867,288**	(3,785,690)	(245,766,994)
Cash flow from investing activities				
Purchase of equipment and software	**(435,582)**	**(28,277,983)**	(157,377)	(10,216,915)
Deferred development costs	**(839,386)**	**(54,492,939)**	–	–
Net cash (used in) investing activities	**(1,274,968)**	**(82,770,922)**	(157,377)	(10,216,915)
Cash flow from financing activities				
Proceeds from term loan	**3,900,000**	**253,188,000**	1,000,000	64,920,000
Repayment of term loan	**(900,000)**	**(58,428,000)**	(1,000,000)	(64,920,000)
Dividend paid	**(15,412,562)**	**(1,000,583,525)**	–	–
Finance lease payments	**–**	**–**	(38,392)	(2,492,409)
Net cash (used in) financing activities	**(12,412,562)**	**(805,823,525)**	(38,392)	(2,492,409)
Net increase/(decrease) in cash and cash equivalents	**897,610**	**58,272,841**	(3,981,459)	(258,476,318)
Cash and cash equivalents at the beginning of the year	**3,096,538**	**201,027,247**	7,077,997	459,503,565
Cash and cash equivalents at the end of the year	**3,994,148**	**259,300,088**	3,096,538	201,027,247
Supplemental cash flow information				
Interest paid	**29,451**	**1,911,959**	17,753	1,152,525
Interest received	**106,240**	**6,897,101**	–	–
Income taxes paid	**186,655**	**12,117,643**	87,146	5,657,518

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone, Inc. (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in the United States of America (the 'US' or 'USA'). The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of the State of California in 1998. In May 2004, the Company became a wholly-owned subsidiary of Bristlecone Limited, a Cayman Island Company. The Company's then stockholders and stock option holders, in exchange for their stock interest in Bristlecone, Inc., received cash, common stock, preferred stock, warrants and common stock options of Bristlecone Limited. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in United States Dollars ('US$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowance for uncollectible amounts, useful lives of assets, efforts to completion for fixed price projects and realization of deferred tax assets, provision for variable pay represent certain of these particularly sensitive estimates.

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of earnings.

3.4. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.5. DIVIDENDS

Final dividends on common stock and preferred are recorded as a liability on the date of declaration by the Board of Directors.

3.6. ACCOUNTS RECEIVABLE

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment.

Accounts are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

3.7. PROPERTY, EQUIPMENT AND SOFTWARE:

Equipment and software are stated at historical cost less accumulated depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

Depreciation/ amortization is calculated on the straight-line method over the estimated useful life of the respective assets. Assets under capital leases and leasehold improvements are amortized over lower of their estimated useful lives and the term of the lease.

The Company has determined the estimated useful lives of assets for depreciation/ amortization purposes as follows:

Computers	3 – 5 years
Furniture and fixtures	5 – 7 years
Office equipment	3 – 5 years
Software	3 years
Leased furniture and fixtures	6 years
Leased computers	3 years
Leased office equipment	3 years
Leasehold improvements	Over the shorter of primary lease period and the useful life of the asset

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation and amortisation are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of earnings.

3.8. SOFTWARE DEVELOPMENT COSTS

Costs related to research are expensed as incurred.

Development costs of new software products, are capitalised as deferred development costs if they can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the product. Otherwise, development costs are expensed as incurred. Expenditures capitalized include the direct manpower costs and overhead costs that are directly attributable to preparing the asset for its intended use.

Deferred development costs are depreciated, commencing when the product is available for general release and sale, over the estimated product life of three years using straight-line method.

Subsequent to initial measurement, deferred development costs are stated at costs less accumulated depreciation and accumulated impairment losses.

3.9. IMPAIRMENT OF LONG LIVED ASSETS

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured at the amount by which the carrying value of the assets exceeds its fair value.

Management has performed its impairment review and concludes that the Company's long lived assets are not impaired as of March 31, 2018.

3.10. REVENUE RECOGNITION

Revenue is recognized when the provision of services is complete and there are either no unfulfilled obligations on the Company or any obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the services including the satisfaction of the following criteria: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectability is reasonably assured.

Revenue from Services

Revenues with respect to time and material contracts are recognized as related costs are incurred and services are performed in accordance with the terms of the specific contracts.

Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-days incurred to date in relation to the estimated total man-days for each of such contracts. This method is used because the management considers man-days to be the best available measure of progress on these contracts. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as "Unbilled revenue". Billings on uncompleted contracts in excess of accrued cost and accrued margins, if any, are classified as "Unearned revenue".

Revenue from Multiple element arrangements

The Company also derives revenues from projects involving multiple-element revenue arrangements, which may include any combination of services, software, hardware and/or financing. The revenue from such projects is accounted for in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standard Codification ('ASC') 605-25, "*Multiple-Element Arrangements*." To the extent that a deliverable in a multiple-element arrangement is subject to specific guidance, such as software which is subject to ASC 985-605, "*Software: Revenue recognition*" on whether and/or how to separate multiple deliverable arrangements into separate units of accounting (separability) and how to allocate the arrangement consideration among those separate units of accounting (allocation), that deliverable is accounted for in accordance with such specific guidance. For all other deliverables in multiple-element arrangements, the separability and allocation is assessed on the basis of principles enumerated in ASC 605-25.

Revenue from hosting arrangements

Hosting arrangements entered into by the Company typically do not have a software element. After the arrangement consideration has been allocated to each unit of accounting, the Company applies the appropriate revenue recognition method for each unit based on the nature of the arrangement and the services included in each unit of accounting. All deliverables that do not meet the separation criteria of ASC 605-25 are combined into one unit of accounting and the most appropriate revenue recognition method is applied. The Company has adopted a policy of combining the setup fee and related services together and recognizing them over the contractual life.

Revenue – Gross versus Net

The Company evaluates the criteria outlined in ASC 605-45, "*Principal Agent Considerations*", in determining whether it is appropriate to record the gross amount of software consulting revenues and related costs or the net amount of consultancy charges earned as a sub-contractor. In contracts with customers, the Company is not the primary obligor and hence does not take contractual risk and the amounts earned as consultancy charges are based on a fixed rate. Accordingly, the Company does not reflect the revenues or the cost of sales for acting as the flow-through entity for providing these services, and instead presents these amounts on a net basis. During the years ended March 31, 2018 and March 31, 2017, the Company has not entered into any such transactions that will require recognition of revenue on net basis in accordance with ASC 605-45 "*Principal Agent Considerations*".

Reimbursements

In accordance with ASC 605-45, "*Principal Agent Considerations*", the Company has accounted for reimbursements received for out of pocket expenses incurred, on a gross basis in the statements of earnings. The Company typically incurs travel related costs that are billed to and reimbursed by customers. Accordingly, revenues include reimbursements of out-of-pocket expenses amounting to US$ 1,353,020 (INR 87,838,058) [2017: US$ 1,559,865 (INR 101,266,436)]

3.8. COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, stock compensation expense, sub-contractor fees, off-shore consultancy charges, project related travel and other costs, including those reimbursed by customers.

3.9. EMPLOYEE BENEFITS

Contributions to defined contribution plans are charged to statements of earnings in the year in which they accrue.

The Company's liability towards compensated absences is determined on an arithmetical basis for the entire unavailed vacation balance standing to the credit of each employee as at year-end.

The Company has a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board and expense is recorded in the year to which such contributions pertain.

3.10. STOCK COMPENSATION

The employees of the Company participate in various stock compensation plans which are operated by the Holding Company, based on which the employees of the Company have been granted stock options of the Holding Company. The Company accounts for stock compensation in accordance with ASC 718, "Stock Compensation".

The Company applies the same accounting principles as the Holding Company for recording stock compensation in respect of stock of the Holding Company granted to employees of the Company for the purposes of reporting in the separate financial statements of the Company. An amount equal to such compensation expense for the year is recorded as a capital contribution in stockholders' equity in the separate financial statements of the Company.

The Company accounts for the equity-settled options granted to its employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock based compensation transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for all awards granted, modified or settled, that the Company expects to vest is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock-based awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock-based awards on the date of grant.

3.11. INCOME TAXES

The Company applies the asset and liability method of accounting for income taxes as described in ASC 740, "*Income Taxes*". Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this update simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The amendments are effective for financial statements issued for annual periods beginning after December 15, 2017. Early adoption is allowed for any annual financial statements that have not been issued. The Company has elected to early adopt this ASU from the year ended March 31, 2016 on a retrospective basis. The early adoption of this ASU did not have a material effect on the financial statements.

Further, ASC 740-10 requires the Company to recognize a provision for uncertainty in income taxes based on minimum recognition threshold. The Company applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement.

'The Tax Cuts and Jobs Act' of 2017 was signed into law on December 22, 2017, reducing the statutory corporate federal income tax rate from 35% to 21%, effective January 1, 2018. The impact of the rate change on deferred tax assets and liabilities existing at that date of the enactment for the Company was considered in earnings during the year ended March 31, 2018.

3.13. LEASES

The Company classifies all leases at the inception date as either a capital lease or an operating lease. Lease of assets under which there is transfer of substantially the entire risk and rewards incident to ownership as per ASC 840 "*Leases*" are classified as capital leases, otherwise all leases are classified as operating lease.

Assets under capital leases are capitalized and lease payments are appropriated towards the lease obligation and interest on the obligation amount.

Lease rental expenses on operating leases are charged to expense over the lease term as they become payable. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rental expense for these leases is recognized on a straight-line basis over the primary lease term.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2018 US$	**As at March 31, 2018 INR (refer Note S)**	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Balance in checking and money market accounts	**3,994,148**	**259,300,088**	3,096,538	201,027,247

Cash balances of the Company are held in checking accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2018, all non-interest-bearing transaction accounts are guaranteed by the FDIC for US$ 250,000 per tax ID for State Bank of India, California and Silicon Valley Bank.

As at March 31, 2018, the Company has US$ 3,494,148 (INR 226,840,088) [2017 US$ 2,596,538 (INR 168,567,247)] as balances in excess of the federally insured amounts.

NOTE C - PROVISION FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLES

The allowance for uncollectible amounts reflected the following activity during the year:

	As at March 31, 2018 US$	**As at March 31, 2018 INR (refer Note S)**	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Balance at the beginning of the year	–	–	–	–
Add: Allowance created during the year	**9,061**	**588,240**	–	–
Less: Written off during the year	**9,061**	**588,240**	–	–
Balance at the end of the year	–	–	–	–

NOTE D - OTHER CURRENT ASSETS

Other current assets comprises of the following:

	As at March 31, 2018 US$	**As at March 31, 2018 INR (refer Note S)**	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Prepaid expenses	**315,425**	**20,477,391**	273,088	17,728,873
Prepaid expenses – software licenses	**247,765**	**16,084,904**	319,650	20,751,678
Deferred costs	–	–	110,292	7,160,157
Others	**228,776**	**14,852,138**	42,804	2,778,835
	791,966	**51,414,433**	745,834	48,419,543

NOTE E - PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS, NET

(a) Property and equipment consist of the following:

	As at March 31, 2018 US$	**As at March 31, 2018 INR (refer Note S)**	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Computers	**669,944**	**43,492,764**	422,464	27,426,362
Furniture and fixtures	**246,602**	**16,009,402**	246,602	16,009,402
Office equipment	**16,080**	**1,043,914**	16,080	1,043,914
Lease hold improvements	**813,981**	**52,843,647**	813,981	52,843,647
Capital lease – Computers	**266,945**	**17,330,069**	266,945	17,330,069
Capital lease – Furniture and fixtures	**23,534**	**1,527,827**	23,534	1,527,827
Capital lease – Office equipment	**278,801**	**18,099,761**	278,801	18,099,761
	2,315,887	**150,347,384**	2,068,407	134,280,982
Less: Accumulated depreciation and amortization	**(1,485,259)**	**(96,423,014)**	(1,139,172)	(73,955,046)
	830,628	**53,924,370**	929,235	60,325,936

Depreciation and amortization expense for the year ended March 31, 2018 was US$ 346,087 (INR 22,467,968) and March 31, 2017 was US$ 281,856 (INR 18,298,092).

(b) Intangible assets consist of the following:

	As at March 31, 2018 US$	As at March 31, 2018 INR (refer Note S)	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Software	**244,914**	**15,899,817**	56,812	3,688,235
Software development costs	**839,386**	**54,492,939**	–	–
	1,084,300	**70,392,756**	56,812	3,688,235
Less: Accumulated amortization	**(124,836)**	**(8,104,353)**	(55,472)	(3,601,242)
	959,464	**62,288,403**	1,340	86,993

Amortization expense for the year ended March 31, 2018 was US$ 69,364 (INR 4,503,111) and March 31, 2017 was US$ 331 (INR 21,488)

NOTE F - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprises of the following:

	As at March 31, 2018 US$	As at March 31, 2018 INR (refer Note S)	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Provision for tax	**696,204**	**45,197,564**	66,245	4,300,625
Withholding taxes	**1,205,200**	**78,241,584**	–	–
Other accruals	**2,585,646**	**167,860,138**	782,320	50,788,214
Obligations under capital lease	–	–	17,487	1,135,256
Interest on loan from related party	**3,993**	**259,226**	–	–
Deferred rent and lease incentive	**157,836**	**10,246,713**	144,138	9,357,439
	4,648,879	**301,805,225**	1,010,190	65,581,534

NOTE G - SHORT TERM BORROWING

Short term borrowing comprises of the following:

	As at March 31, 2018 US$	As at March 31, 2018 INR (refer Note S)	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Line of credit	**1,500,000**	**97,380,000**	1,000,000	64,920,000

The Company has a revolving line of credit amounting to US$ 1,500,000 (INR 97,380,000) from State Bank of India (California). The terms of the Line of Credit provide a ceiling for the total limit at the lower of US$ 1,500,000 or aggregate of eligible receivables. It bears an interest rate of 5.75% p.a. which is 100 basis points above WSJ Prime with a floor rate of 4.75% p.a. [WSJ Prime as at March 31, 2018].

As of March 31, 2018, the Company has drawn US$ 1,500,000 (INR 97,380,000) [2017: US$ 1,000,000 (INR 64,920,000)] against the said line of credit.

The line of credit is secured by a charge on the current assets of the Company. The agreement does not contain any financial covenants.

The remaining availability on the line of credit was US$ NIL (INR NIL) as at March 31, 2018 and US$ 500,000 (INR 32,460,000) as at March 31, 2017.

Interest expense for the year ended March 31, 2018 towards the line of credit was US$ 29,451 (INR 1,911,959) [2017: US$ 17,753 (INR 1,152,525)].

NOTE H - INCOME TAXES

Income tax expense for the year comprises of the following:

	Year ended March 31, 2018 US$	Year ended March 31, 2018 INR (refer Note S)	Year ended March 31, 2017 US$	Year ended March 31, 2017 INR (refer Note S)
Current tax expense	**813,614**	**52,819,821**	205,784	13,359,497
Deferred tax expense/(credit)	**1,788,657**	**116,119,612**	1,721,430	111,755,236
	2,602,271	**168,939,433**	1,927,214	125,114,733

The difference between the amount of income tax expense that would result from applying domestic federal statutory income tax rates to the net profit and the net deferred tax assets is related to certain non-deductible expenses, state income taxes and the change in the valuation allowance. Permanent differences are primarily on account of non-deductible meals and entertainment expenses. During the year, the Company utilised carry forward Net Operating Losses (NOL) of US$ 2,978,930 (INR 193,392,136) [2017 US$ 3,515,655 (INR 228,236,323).

Following is the summary of deferred tax assets and liabilities:

	As at March 31, 2018 US$	As at March 31, 2018 INR (refer Note S)	As at March 31, 2017 US$	As at March 31, 2017 INR (refer Note S)
Deferred tax assets				
Net operating loss carry forwards	**853,192**	**55,389,225**	2,794,685	181,430,950
Accrued payroll	**959,274**	**62,276,068**	1,086,492	70,535,061
Sub-total	**1,812,466**	**117,665,293**	3,881,177	251,966,011
Valuation allowance	**(566,149)**	**(36,754,393)**	(838,739)	(54,450,936)
Total deferred tax asset	**1,246,317**	**80,910,900**	3,042,438	197,515,075
Deferred tax liability				
Equipment and software	**(32,875)**	**(2,134,245)**	(40,339)	(2,618,808)
Net deferred tax asset	**1,213,442**	**78,776,655**	3,002,099	194,896,267

As at March 31, 2018, the Company has US$ 2,830,612 (INR 183,763,331) [2017: US$ 6,985,525 (INR 453,500,283)] in US Federal Net Operating Loss ("NOL") carryovers, which can be carried forward for future utilization within 20 years from the year in which such losses are generated subject to certain limitations under US tax laws.

As at March 31, 2018, the Company also has US$ 2,197,094 (INR 142,635,365) [2017: US$ 3,395,838 (INR 220,457,803)] in State Operating Losses carried forward, which can be carried forward for future utilization within 5-17 years.

The carry forward of the NOLs prior to the date of change of ownership will be impacted by Sec 382 limitation under the International Revenue Code. In terms of this limitation, while the carry forward of any of the NOL's will not be restricted, there will be a limitation on the annual amounts available for set-off under the Code, (currently computed as the value of Bristlecone Inc. prior to the Transaction * 4.45%).

During the year ended March 31, 2018, the Company has not reversed any valuation allowance. During the year, consequent to the change in rate of income tax, the net change in valuation allowances is US$ 272,590 (INR 17,696,543) [2017: US$ NIL (INR NIL)] [2017: US$ (INR)]. In evaluating the Company's ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, Company's future plans and results of recent operations. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income. Using all available evidence, the Company determined that it was uncertain that it will realize the deferred tax asset for certain of these carry forwards within the carry forward period.

No statutes have been extended on any of the Company's federal income tax filings. The statute of limitation on the Company's March 2015, March 2016 and March 2017 Federal income tax returns will expire on December 15, 2018, December 15, 2019 and December 15, 2020, respectively.

The Company is currently not under examination by any state authority for income tax purposes and no statutes of limitation for state income tax filings have been extended. As of March 31, 2018, the Company does not have any uncertain tax position in respect of unrecognized tax positions as per ASC 740-10.

NOTE I - LOAN TO RELATED PARTIES

The Company has granted an unsecured loan of US$ 500,000 (INR 32,460,000) [2017: US$ NIL (INR NIL)] being inter-corporate deposits to a Fellow Subsidiary Company (Bristlecone Middle East DMCC), on April 6, 2017 and January 17, 2018. The loan bears an interest rate of 2.35% p.a. as at March 31, 2018 and is repayable on demand.

Loans to related parties also comprise of a secured loan of US$ 270,000 (INR 17,528,400) [2017: US$ 300,000 (INR 19,476,000)] granted to a Key Management Personnel (Irfan Khan) on August 8, 2016. The loan is secured by 388,081 shares of the Common Stock of the Company held by the Key Management Personnel which were issued on exercise of employee stock options granted to him. The loan bears an interest rate of 2.5% p.a. as at March 31, 2018 [2017: 2.5% p.a.] and is repayable as per the agreed upon repayment schedule within four years from the date of the grant of loan.

Unsecured loan of US$ 100,000 (INR 6,492,000) granted to Fellow Subsidiary Company (Bristlecone (Singapore) Pte. Ltd.), during previous year has been repaid on October 31, 2017 along with interest.

Unsecured loan of US $ 4,500,000 (INR 292,140,000) granted to Holding company (Bristlecone Limited) has been repaid on March 26, 2018 along with the interest.

NOTE J - LOAN FROM RELATED PARTY

During the year, the Company has obtained an unsecured loan of US $ 2,500,000 (INR 162,300,000) [2017: US $ NIL (INR NIL)] from Bristlecone GmbH on March 22, 2018 bearing interest rate 5.75% p.a. which is repayable in two years.

NOTE K - STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of 4,494,500 preferred stock at no par value and 30,000,000 common stock at no par value as at March 31, 2018 and March 31, 2017; of which 865,540 preferred stock Series A, 2,749,995 preferred stock series B and 8,492,157 common stock were issued and outstanding as at March 31, 2018 and March 31, 2017.

Conversion of preferred stock

Each preferred stock series A and preferred stock series B is entitled to be converted, without payment of any additional consideration, into one fully paid common stock.

Voting

Every holder of preferred stock series A and preferred stock series B is entitled to one vote for each common stock held into which such Series A or Series B preferred stock could be converted.

Liquidation

In the event of a liquidation, dissolution or winding up of the Company:

(a) holders of Preferred Stock series A and Preferred Stock series B, shall on a pari passu basis, in preference to any distribution to holders of Common Stock receive an amount per stock equal to (i) US$ 0.94 for each outstanding stock of preferred stock Series A and (ii) US$ 2.21 for each outstanding stock of preferred stock Series B subject to appropriate adjustments for stock splits, stock dividends, combinations or recapitalization etc. If upon the occurrence of such event, the assets available for distribution shall be insufficient to permit the payment of the full aforesaid preferential amounts, then the available funds shall be distributed rateably in proportion to the preferential amount each such holder is otherwise entitled to receive pursuant to this clause.

(b) Upon the completion of distribution required by clause (a) above, the remaining assets available for distribution shall be distributed among the holders of Series A Preferred Stock, Series B Preferred Stock and Common Stock pro rata based on the number of stocks of Common Stock held by each, provided that the Common Stock holders shall not receive any distribution unless the Series A Preferred Stock holders have received an aggregate of US$ 0.47 per stock and the Series B Preferred Stock holders have received an aggregate of US$ 1.11 per stock (not including amounts paid pursuant to clause (a) above).

Dividend

During the year, the Board of Directors vide resolution dated March 26, 2018, have declared a dividend of US$ 0.0752 per share of Series A Preferred Stock; US$ 0.1768 per share of Series B Preferred Stock and US$ 1.75 per share of Common Stock. Consequently, the Company distributed total dividend of US$ 15,412,562 (INR 1,000,583,525) [2017: US$ NIL (INR NIL)] to the Holding Company (Bristlecone Limited).

NOTE L - EMPLOYEE BENEFIT PLANS

Accrual for compensated absences at current employee compensation rates as at March 31, 2018 is US$ -680,760 (INR 44,194,939) [2017: US$ 847,164 (INR 54,997,887)].

The Company in the current year made a contribution of US$ 156,879 (INR 10,184,585) [2017: US$ 142,997 (INR 9,283,365)] to 401(k) plan.

NOTE M - STOCK COMPENSATION

Bristlecone Limited, the Holding Company has three Stock Option Plans under which the options are granted to the employees of the Company:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

   Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

   Features of these plans are as under:

   Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan:

   Options granted under this plan include incentive stock options and non-statutory stock options. As per this plan, 25 cent of the Stocks subject to the Option vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Stock as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Stock determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2018	**Weighted average exercise price March 31, 2018**	Options outstanding Year ended March 31, 2017	Weighted average exercise price March 31, 2017
Stock Option 2008 Plan				
Outstanding at April 1	**841,710**	**US$ 0.59**	1,434,470	US$0.43
Granted	**704,650**	**US$ 2.12**	125,000	US$0.82
Exercised	**22,518**	**US$ 0.10**	445,885	US$0.10
Expired/forfeited	**72,459**	**US$ 1.03**	271,875	US$0.66
Outstanding at March 31	**1,451,383**		841,710	
Stock Option 2004 Amended Plan				
Outstanding at April 1	–	–	35,350	US$ 0.10
Granted	–	–	–	–
Exercised	–	–	15,350	US$0.10
Expired / Forfeited	–	–	20,000	US$0.10
Outstanding at March 31	–		–	

Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise Price (US$)	**No of options outstanding**	
	March 31, 2018	March 31, 2017
US$ 0.10	**201,167**	231,085
US$ 0.77	**560,566**	605,625
US$ 1.41	**15,000**	5,000
US$ 2.14	**674,650**	–

Options outstanding that have vested and are expected to vest are as follows:

	March 31, 2018			March 31, 2017		
	Outstanding options	**Weighted average exercise price in US$**	**Weighted average remaining contract Term (in years)**	Outstanding options	Weighted average exercise price in US$	Weighted average remaining contract term (in years)
Stock Option 2008 Plan						
Vested	**647,956**	**0.57**	**6.24**	534,602	0.49	6.83
Expected to vest	**803,427**	**1.93**	**9.33**	307,108	0.77	8.35
Stock Option 2004 Amended Plan						
Vested	–	–	–	–	–	–

Stock based compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend yield	0 percent	0 percent
Expected life	6.25 years	6.25 years
Risk free interest rate	2.22 percent	1.36 percent
Volatility	30 percent	31 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

The Company has recognized stock compensation expense of US$ 163,551 (INR 10,617,731) [2017: US$ 165,660 (INR 10,754,647)] for the year ended March 31, 2018.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2018 was approximately US$ 721,196 (INR 46,820,044) [2017: US$ 282,613 (INR 18,347,236)] and is expected to be recognized over a weighted average period of 3.52 years.

The aggregate fair value of all options granted during the year is US$ 635,853 (INR 41,279,577) and weighted average grant date fair value per option that vested during the year is US$ 0.92 (INR 60).

There have been no modifications or cancellations of these plans during the current or preceding year.

NOTE N - CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies". It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE O - CAPITAL AND OPERATING LEASES

The Company uses office space under operating lease expiring through the financial year 2020-21 which contains an annual rent escalation clause. The rental expense on this lease is recognized on a straight line basis. Total rent expense was US$ 311,832 (INR 20,244,133) [2017: US$ 324,966 (INR 21,096,793)] for the year ended March 31, 2018.

Future minimum lease payments under operating leases consisted of the following as of March 31, 2018:

Year ending March 31	**In US$ Operating lease**	**In INR Operating lease**
2019	479,798	31,148,486
2020	478,449	31,060,909
2021	409,980	26,615,902
Total minimum payments	1,368,227	88,825,297

NOTE P - RELATED PARTY TRANSACTIONS

1. **List of related parties and their relationships (where there are transactions):**

Name of related party	**Relationship**
Mahindra & Mahindra Limited	Ultimate Holding Company
Tech Mahindra (Americas) Inc.	Affiliate of the Ultimate Holding Company
Mahindra USA Inc.	Fellow subsidiary
Mahindra Automotive North America Inc.	Fellow subsidiary
Mahindra Tractor Assembly, Inc.	Fellow subsidiary
Mahindra Racing UK Limited	Fellow subsidiary
Bristlecone Ltd	Holding Company
Bristlecone India Limited	Fellow subsidiary
Bristlecone Consulting Limited	Fellow subsidiary
Bristlecone International AG	Fellow subsidiary
Bristlecone Middle East DMCC	Fellow subsidiary
Bristlecone (Singapore) Pte Ltd	Fellow subsidiary
Bristlecone (Malaysia) Sdn. Bhd.	Fellow subsidiary
Bristlecone UK Limited	Fellow subsidiary
Bristlecone GmbH	Fellow subsidiary
Irfan Khan	Key Management Personnel

2. Related party transactions and balances:

Nature of transaction/balance	Name of related party	March 31, 2018		March 31, 2017	
		Amount (in US$)	Amount (in INR) (refer Note S)	Amount (in US$)	Amount (in INR) (refer Note S)
Loan given and outstanding as at year end	Bristlecone Middle East DMCC	500,000	32,460,000	–	–
Loan given and outstanding as at year end	Bristlecone (Singapore) Pte. Ltd	–	–	100,000	6,492,000
Loan given and outstanding as at year end	Bristlecone Ltd	–	–	4,500,000	292,140,000
Loan given and outstanding as at year end	Irfan Khan	270,000	17,528,400	300,000	19,476,000
Interest accrued during the year	Irfan Khan	11,930	774,496	–	–
Salary advance	Irfan Khan	71,337	4,631,198	–	–
Loan taken and outstanding as at year end	Bristlecone GmbH	2,500,000	162,300,000	–	–
Interest accrued on loan taken and outstanding as at year end	Bristlecone GmbH	3,993	259,226	–	–
Income from services rendered	Mahindra USA Inc.	804,018	52,196,849	119,000	7,725,480
Amount receivable as at year end	Mahindra USA Inc.	304,413	19,762,492	68,000	4,414,560
Unbilled revenues as at the year end	Mahindra USA Inc.	233,378	15,150,900	51,000	3,310,920
Reimbursement of expenses paid	Mahindra USA Inc.	20,821	1,351,699	–	–
Dividend distributed during the year	Bristlecone Ltd	15,412,562	1,000,583,525	–	–
Interest accrued during the year	Bristlecone Ltd	104,281	6,769,923	–	–
Repayment of loan during the year	Bristlecone Ltd	4,500,000	292,140,000	–	–
Receipt of interest during the year	Bristlecone Ltd	106,240	6,897,101	–	–
Amount receivable as at year end	Bristlecone Ltd	905,200	58,765,584	4,552,630	295,556,740
Amount payable as at year end	Bristlecone India Ltd	6,890,327	447,320,029	1,130,984	73,423,481
Subcontracting services received	Bristlecone India Ltd	16,480,874	1,069,938,340	10,037,466	651,632,293
Reimbursement of expenses paid	Bristlecone India Ltd	522,038	33,890,707	522,884	33,945,629
Amount receivable as at year end	Bristlecone GmbH	159,879	10,379,345	338,080	21,948,154
Reimbursement of expenses paid	Bristlecone GmbH	–	–	4,218	273,833
Reimbursement of expenses received	Bristlecone GmbH	159,879	10,379,345	308,202	20,008,474
Subcontracting services given	Bristlecone GmbH	–	–	819,885	53,226,934
Interest accrued during the year	Bristlecone (Singapore) Pte. Ltd	1,352	87,772	1,959	127,178
Reimbursement of expenses received	Bristlecone International AG	39,528	2,566,158	97,057	6,300,940
Revenue billed on behalf of	Bristlecone International AG	–	–	118,810	7,713,145
Amount receivable at year end	Bristlecone International AG	39,528	2,566,158	91,653	5,950,113
Amount receivable as at year end	Bristlecone (Singapore) Pte. Ltd	14,141	918,034	2,101	136,397
Reimbursement of expenses received	Bristlecone (Singapore) Pte. Ltd	14,141	918,034	1,232	79,981
Reimbursement of expenses received	Bristlecone (Malaysia) Sdn. Bhd	19,070	1,238,024	21,551	1,399,091
Amount receivable as at year end	Bristlecone (Malaysia) Sdn. Bhd	19,070	1,238,024	21,551	1,399,091
Reimbursement of expenses received	Bristlecone UK Ltd	4,176	271,106	4,692	304,605
Amount receivable as at year end	Bristlecone UK Ltd	4,176	271,106	4,692	304,605
Reimbursement of expenses received	Bristlecone Middle East DMCC	8,709	565,388	8,368	543,251
Amount receivable as at year end	Bristlecone Middle East DMCC	8,709	565,388	8,368	543,251
Interest accrued during the year and receivable as at year end	Bristlecone Middle East DMCC	6,952	451,324	–	–
Amount receivable as at year end	Tech Mahindra (Americas) Inc.	170,445	11,065,289	–	–
Income from services rendered	Tech Mahindra (Americas) Inc.	438,507	28,467,874	–	–
Subcontracting services received	Tech Mahindra (Americas) Inc.	940,000	61,024,800	–	–
Amount receivable as at year end	Mahindra Automotive North America Inc.	10,728	696,462	–	–
Reimbursement of expenses received	Mahindra Automotive North America Inc.	10,728	696,462	–	–
Amount receivable as at year end	Mahindra Tractor Assembly, Inc.	14,068	913,295	–	–
Reimbursement of expenses received	Mahindra Tractor Assembly, Inc.	14,993	973,346	–	–
Reimbursement of expenses paid	Mahindra Racing UK Limited	9,000	584,280	–	–

NOTE Q - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and bank deposits are invested with banks with high investment grade credit ratings.

Trade receivables (primarily denominated in US$) are typically unsecured and are derived from revenues earned from large multinational customers. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. In the current year, Company had 3 major customers which individually accounted for more than 10% of Company's revenues. Revenues from these customers amounted to US$ 18,058,583 (INR 1,172,363,209) or 34.64% of the total revenue. Revenue from 2 major customers in 2017 which individually accounted for more than 10% of Company's revenues amounted to US$ 8,906,868 (INR 578,233,871) or 22.77% of total revenue. Total accounts receivable from such customers are US$ 5,200,845 (INR 337,638,857) [2017: US$ 1,855,517 (INR 120,460,164)] at March 31, 2018 or 42.25% [2017: 33.23%] of total receivables.

During the year ended March 31, 2018, the sales in United States of America and Canada accounted for 95.44% of the total sales (2017: 96.21%).

NOTE R - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses approximated their fair values due to their short maturities. The carrying value of short term borrowings and lease obligations approximates fair value based upon the market interest rate available to the Company for debt with similar risk and maturities.

NOTE S - CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2018 along with comparatives for the year ended March 31, 2017 have been translated unto Indian Rupees ("INR") at the average of the telegraphic buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2018 of 1 US$ = 64.92 INR. The convenience translation should not be construed as a representation that the US$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE T - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 9, 2018, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Directors' report

The Directors submit their report along with the audited financial statements of Bristlecone Middle East DMCC (the "Company") for the year ended March 31, 2018.

1. **Review of activities**

   Main business and operations

   The Company is mainly engaged in providing technology solutions and consultancy services. The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementation.

   The operating results and financial position of the Company are fully set out in the attached financial statements. The Company reported a net loss of AED 742,788 (INR 13,132,473) for the year ended March 31, 2018 (2017: net of profit of AED 755,124 (INR 13,350,599)).

2. **Directors**

   The Directors of the Company during the year and to the date of this report are as follows:

   - Mr. Irfan Khan; and
   - Mr. Kulashekar Raghavan.

3. **Auditors**

   Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2018. The Directors have proposed their appointment as auditors of the Company for the year ending March 31, 2019.

   These financial statements as at March 31, 2018 were approved by the Board of Directors on May 01, 2018 and were signed by:

Mr. Irfan Khan
Director

Place: Dubai
Date: May 01, 2018

Mr. Kulashekar Raghavan
Director

Place: Dubai
Date: May 01, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF BRISTLECONE MIDDLE EAST DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone Middle East DMCC (the "Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at the end of reporting period, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Implementing Regulation No. 1/03 of Dubai Multi Commodities Centre Regulations 2003, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Implementing Regulation No. 1/03 of Dubai Multi Commodities Centre Regulations 2003, we also confirm that we have obtained all the information and explanations necessary for our audit and proper books of account have been kept by the Company. To the best of our knowledge and belief, no violations of the above mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

GRANT THORNTON

Farouk Mohamed
Registration No. 86

Dubai, May 1, 2018

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	Notes	2018 AED	2018 INR	2017 AED	2017 INR
ASSETS					
Current					
Trade and other receivables	5	**2,515,226**	**44,469,196**	1,690,523	29,888,454
Cash and cash equivalents	6	**820,496**	**14,506,366**	142,482	2,519,082
		3,335,722	**58,975,562**	1,833,005	32,407,536
TOTAL ASSETS		**3,335,722**	**58,975,562**	1,833,005	32,407,536
EQUITY AND LIABILITIES					
Equity					
Share capital	7	**50,000**	**884,000**	50,000	884,000
Retained earnings		**12,336**	**218,126**	755,124	13,350,599
Total equity		**62,336**	**1,102,126**	805,124	14,234,599
LIABILITIES					
Non-current					
Employees' end of service benefits	8	**7,703**	**136,189**	7,583	134,067
Current					
Loan from Parent Company	9	**–**	**–**	202,964	3,588,397
Loan from Group Company	9	**1,861,542**	**32,912,063**	–	–
Trade and other payables	10	**1,404,141**	**24,825,184**	817,334	14,450,473
		3,265,683	**57,737,247**	1,020,298	18,038,870
Total liabilities		**3,273,386**	**57,873,436**	1,027,881	18,172,937
TOTAL EQUITY AND LIABILITIES		**3,335,722**	**58,975,562**	1,833,005	32,407,536

These financial statements for the year ended March 31, 2018 were approved by the Board of Directors on May 01, 2018 and were signed by:

Mr. Irfan Khan
Mr. Kulashekar Raghavan } Directors

Place: Dubai
Date: May 01, 2018

The accompanying notes from 1 to 16 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2018

	Notes	**For the year ended March 31, 2018 AED**	**For the year ended March 31, 2018 INR**	For the period from July 18, 2016 to March 31, 2017 AED	For the period from July 18, 2016 to March 31, 2017 INR
Revenue		**2,760,523**	**48,806,047**	1,817,275	32,129,423
Cost of sales	11	**(3,311,013)**	**(58,538,668)**	(947,377)	(16,749,625)
GROSS (LOSS)/PROFIT		**(550,490)**	**(9,732,621)**	869,898	15,379,798
Selling, administrative and general expenses	12	**(164,877)**	**(2,915,040)**	(111,810)	(1,976,803)
Finance costs	9	**(27,421)**	**(484,812)**	(2,964)	(52,396)
NET (LOSS)/PROFIT FOR THE YEAR/PERIOD		**(742,788)**	**(13,132,473)**	755,124	13,350,599
Other comprehensive income for the year/period		**–**	**–**	–	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD		**(742,788)**	**(13,132,473)**	755,124	13,350,599

The accompanying notes from 1 to 16 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

	Share capital	Share capital	Retained earnings	Retained earnings	Total equity	Total equity
	AED	INR	AED	INR	AED	INR
Capital introduced	50,000	884,000	–	–	50,000	884,000
Net profit for the period	–	–	755,124	13,350,599	755,124	13,350,599
Balance at March 31, 2017	**50,000**	**884,000**	**755,124**	**13,350,599**	**805,124**	**14,234,599**
Net Loss for the year	–	–	(742,788)	(13,132,473)	(742,788)	(13,132,473)
Balance at March 31, 2018	**50,000**	**884,000**	**12,336**	**218,126**	**62,336**	**1,102,126**

The accompanying notes from 1 to 16 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	Notes	**For the year ended March 31, 2018 AED**	**For the year ended March 31, 2018 INR**	For the period from July 18, 2016 to March 31, 2017 AED	For the period from July 18, 2016 to March 31, 2017 INR
OPERATING ACTIVITIES					
Net (loss)/profit for the year/period		**(742,788)**	**(13,132,473)**	755,124	13,350,599
Adjustment for non-cash items:					
Provision for employees' end of service benefits	8	**120**	**2,122**	7,583	134,067
Bad Debts written off	11	**93,701**	**1,656,634**		
Finance costs	9	**27,421**	**484,812**	2,964	52,396
Net changes in working capital:					
Trade and other receivables		**(918,404)**	**(16,237,376)**	(1,690,523)	(29,888,454)
Trade and other payables		**586,807**	**10,374,711**	817,334	14,450,473
Net cash used in operating activities		**(953,143)**	**(16,851,570)**	(107,518)	(1,900,919)
FINANCING ACTIVITIES					
Loan from Parent Company	9	**–**	**–**	200,000	3,536,000
Repayment of loan from Parent Company	9	**(204,921)**	**(3,622,952)**		
Loan from Group Company	9	**1,836,078**	**32,461,859**	–	–
Share capital Introduced	7		**–**	50,000	884,000
Net cash from financing activities		**1,631,157**	**28,838,907**	250,000	4,420,000
Net change in cash and cash equivalents		**678,014**	**11,987,337**	142,482	2,519,082
Cash and cash equivalents, beginning of year/period		**142,482**	**2,519,082**	–	–
Cash and cash equivalents, end of year/period	6	**820,496**	**14,506,366**	142,482	2,519,082

The accompanying notes from 1 to 16 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Legal status and nature of operations

Bristlecone Middle East DMCC (the "Company")is incorporated in Dubai, United Arab Emirates ("UAE") on July 18, 2016 under the commercial license number DMCC-208734 issued by Dubai Multi Commodities Centre. The registered address of the Company is Unit No.3O-01-3572,DMCC Business Center, Level No.1, Jewellery & Gemplex 3, Dubai, UAE.

The principal activities of the Company is to provide technology solutions and consultancy services.

The Company is a wholly-owned subsidiary of Bristlecone Limited (the "Parent Company"), a company incorporated in Cayman Islands.

The comparative figures cover the period from incorporation to March 31, 2017. Accordingly, the amounts presented in the financial statements are not entirely comparable.

2 Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

Impact of new standards

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

Standards issued but not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. These Standards, amendments or Interpretations have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

IFRS 9 Financial Instruments (effective for accounting period beginning on or after January 1, 2018)

The new Standard for financial instruments (IFRS 9) replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

Classification and measurement

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Financial liabilities are classified in a manner similar to IAS 39, however there are differences in the requirements applying to the measurement of a Company's own credit risk.

Impairment

The 2014 version of IFRS 9 introduces an 'expected credit loss' (ECL) model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The new impairment mode will apply to the financial assets measured at amortised cost. Under IFRS 9, loss allowances will be measured on the basis of the credit risk of financial asset at the reporting date.

The ECL model will apply higher percentage of loss where credit risk increases significantly since initial recognition. A Company may determine that financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

The estimated ECL will be calculated based on the actual credit loss experience. The Company will perform the calculation of ECL rates separately for different types of customer including related parties.

Hedge accounting

IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 Revenue from Contracts with Customers - New (effective for accounting period beginning on or after January 1, 2018)

IFRS 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 *Revenue*;
- IAS 11 *Construction Contracts*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 18 *Transfers of Assets from Customers*; and
- SIC 31 *Revenue-Barter Transactions Involving Advertising Services*.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the Company satisfies a performance obligation.

Guidance is also provided on topics such as the point in which revenue is recognised, contract modifications, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 16 Leases (effective for accounting period beginning on or after January 1, 2019)

The IASB has issued a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

The management is in the process of assessing the impact of these new standards on these financial statements. Therefore, the impact is not known as at the reporting date.

There are no other standards and interpretations issued but not yet adopted that the management anticipates will have a material effect on the financial statements of the Company.

4 Summary of significant accounting policies

4.1 Overall considerations

These financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional currency.

These financial statements have been prepared on a going concern basis and using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement basis are more fully described in the accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.2 Foreign currency transactions

Foreign currency transactions are converted into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables upon initial recognition:

The category determines subsequent measurement and whether any resulting income and expense is recognised in the statement of comprehensive income.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which is presented within general and administrative expenses, if any.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank, amounts due from related parties and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The Company's financial liabilities include trade and most other payables, amounts due to related parties and loan from Group Company.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.5 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

4.6 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings represents all current year retained profits and losses earned in the previous reporting period.

4.7 Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue from services performed to group companies is recognised as and when services are performed. Revenues from fixed price contracts are recognized over the life of the contract using the proportionate completion method, with man-hours input determining the degree of completion. The estimation of man hours required to complete the project requires significant judgment. When adjustments in estimated project man-hours are identified, anticipated losses, if any, are recognized in the period in which they are determined.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as “Unbilled revenue”.

4.9 Expenses

Expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Cost of revenues comprises salaries and employee benefits, sub-contractor fees, project related travel and other costs.

4.10 Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.11 Significant management judgments and estimates in applying accounting policies

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Key source of estimation uncertainty at the date of the financial statements, which may cause material adjustments to the carrying amount of assets and liabilities within the next financial year, is in respect of allowance for uncollectible amounts and efforts to completion for fixed price projects represents certain of these particularly sensitive estimates.

Allowance for uncollectible amounts

An estimate of the collectible amount of trade receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due and based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Efforts to completion for fixed price contracts

The management considers man-days to be the best possible measure of progress in these contracts. Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-days incurred to date in relation to the estimated total man-days for each of such contracts.

5 Trade and other receivables

	2018	**2018**	2017	2017
	AED	**INR**	AED	INR
Financial assets				
Trade receivables	**692,570**	**12,244,638**	620,450	10,969,564
Unbilled revenue	**1,321,974**	**23,372,500**	838,083	14,817,307
Amounts due from related parties (note 9)	**460,478**	**8,141,251**	208,061	3,678,518
Deposits	**4,000**	**70,720**	4,000	70,720
Advance to employees	**–**	**–**	2,000	35,360
Others	**5,548**	**98,089**	–	–
	2,484,570	**43,927,198**	1,672,594	29,571,469
Non-financial asset				
Prepayments	**30,656**	**541,998**	17,929	316,985
	2,515,226	**44,469,196**	1,690,523	29,888,454

6 Cash and cash equivalents

	2018	**2018**	2017	2017
	AED	**INR**	AED	INR
Cash at Banks	**820,496**	**14,506,366**	142,482	2,519,082

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

7 **Share capital**

The share capital of the Company consists of 50 fully paid ordinary shares with a par value of AED 1,000 each.

	AED 2018
Shares issued and fully paid:	
Beginning and end of the year	50
Total shares authorised at March 31, 2018	50

	AED 2018	INR 2018
Total share capital(issued and fully paid at March 31, 2018 in AED)	**50,000**	**884,000**

The Company's issued share capital is held by the following shareholders:

	2018 AED	2018 INR	2017 AED	2017 INR
Bristlecone Limited	**50,000**	**884,000**	50,000	884,000

8 **Employees' end of service benefits**

	2018 AED	2018 INR	2017 AED	2017 INR
Opening balance	**7,583**	**134,067**	–	–
Charge for the year/period	**120**	**2,122**	7,583	134,067
Closing balance	**7,703**	**136,189**	7,583	134,067

9 **Related parties**

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

The Company's related parties mainly include its shareholder, key management personnel and entities under common control.

Amounts due from related parties

	2018 AED	2018 INR	2017 AED	2017 INR
Entities under common control				
Bristlecone International AG	**9,446**	**167,005**	208,061	3,678,518
Bristlecone GmbH	**127,327**	**2,251,141**	–	–
Bristlecone India Ltd	**323,705**	**5,723,105**	–	–
	460,478	**8,141,251**	208,061	3,678,518

Amounts due to a related party

	2018 AED	2018 INR	2017 AED	2017 INR
Entities under common control				
Bristlecone India Limited	**1,019,998**	**18,033,545**	601,744	10,638,840
Bristlecone Limited	**–**	**–**	18,000	318,240
Bristlecone International AG	**–**	**–**	42,229	746,609
Bristlecone Inc	**31,987**	**565,530**	30,734	543,377
	1,051,985	**18,599,075**	692,707	12,247,066

Loan from Parent Company

	2018 AED	2018 INR	2017 AED	2017 INR
Bristlecone Limited	**–**	**–**	202,964.00	3,588,397.00

The loan from Parent Company is unsecured and repayable on demand. The loan carries interest at the rate of 2.35% per annum.

Loan from Group Company

	2018 AED	2018 INR	2017 AED	2017 INR
Bristlecone Inc.	**1,861,542**	**32,912,063**	–	–

The loan from Parent Company is unsecured and repayable on demand. The loan carries interest at the rate of 2.35% per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Transactions with related parties

Significant transactions carried out with related parties:

	For the year ended March 31, 2018	**For the year ended March 31, 2018**	For the period from July 18, 2016 to March 31, 2017	For the period from July 18, 2016 to March 31, 2017
	AED	**INR**	AED	INR
Related parties transactions				
Reimbursement of expenses	**714,109**	**12,625,447**	158,115	2,795,473
Sub-contracting charges	**1,580,829**	**27,949,057**	577,852	10,216,423
Sub-contracting income	**637,357**	**11,268,472**	208,071	3,678,695
Loan from Parent Company	**–**	**–**	200,000	3,536,000
Loan from Group Company	**1,836,078**	**32,461,859**	–	–
Finance costs	**27,421**	**484,812**	2,964	52,396
Management fees (note 12)	**31,987**	**565,530**	30,734	543,377

Key management personnel compensation

Key management personnel of the Company are the Board of Directors of the Company. During the year, the key management personnel compensation was paid by a Group Company and a portion of it was recharged to the Company as part of management fees.

10 Trade and other payables

	2018	**2018**	2017	2017
	AED	**INR**	AED	INR
Trade Payables	**6,548**	**115,765**	24,392	431,251
Amounts due to a related parties (note 9)	**1,051,985**	**18,599,075**	692,707	12,247,066
Accruals and provisions	**345,608**	**6,110,344**	100,235	1,772,156
	1,404,141	**24,825,184**	817,334	14,450,473

11 Cost of sales

	For the year ended March 31, 2018	**For the year ended March 31, 2018**	For the period from July 18, 2016 to March 31, 2017	For the period from July 18, 2016 to March 31, 2017
	AED	**INR**	AED	INR
Subcontracting Charges	**1,895,102**	**33,505,361**	577,852	10,216,423
Travelling Expenses	**990,409**	**17,510,431**	202,108	3,573,269
Salaries and other benefits	**304,789**	**5,388,670**	162,979	2,881,469
Bad debts written off	**93,701**	**1,656,634**	–	–
Insurance Expenses	**12,775**	**225,862**	4,438	78,464
Others	**14,237**	**251,710**	–	–
	3,311,013	**58,538,668**	947,377	16,749,625

12 Selling, administrative and general expenses

	For the year ended March 31, 2018	**For the year ended March 31, 2018**	For the period from July 18, 2016 to March 31, 2017	For the period from July 18, 2016 to March 31, 2017
	AED	**INR**	AED	INR
Sales Promotion Expenses	**60,220**	**1,064,705**	42,229	746,611
Legal and professional fees	**34,514**	**610,208**	22,774	402,644
Management Fee (Note 9)	**31,987**	**565,530**	30,734	543,377
Rent	**15,997**	**282,827**	13,088	231,396
License fees	**14,286**	**252,576**	–	–
Bank Charges	**6,252**	**110,535**	2,860	50,565
Others	**1,621**	**28,659**	125	2,210
	164,877	**2,915,040**	111,810	1,976,803

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

13 Contingencies and commitments

As at the year end, commitments under non-cancellable operating leases as lessee were:

	2018	2018	2017	2017
	AED	**INR**	AED	INR
Within one year	**3,915**	**69,217**	3,912	69,164

14 Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at Parent Company level, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial instrument risks to which the Company is exposed are described below.

14.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Company's transactions are carried out in AED and US dollars (USD). The AED is effectively pegged to the USD thus balances in USD do not represent significant currency risks.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Company's loan from Group Company is at fixed agreed rates, therefore,the interest rate risk is considered minimal.

14.2 Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018	2018	2017	2017
	AED	**INR**	AED	INR
Trade and other receivables	**2,484,570**	**43,927,198**	1,672,594	29,571,462
Cash at banks	**820,496**	**14,506,369**	142,482	2,519,082
	3,305,066	**58,433,567**	1,815,076	32,090,544

The Company's management considers that all the above financial assets are not impaired and the same are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash and cash equivalents is limited, since the counterparties are reputable banks with quality credit ratings.

Some of the unimpaired receivables are past due as at the reporting date. Financial assets past due but not impaired are given below:

	2018	2018	2017	2017
	AED	**INR**	AED	INR
Not more than 3 months	**803,346**	**14,203,157**	161,542	2,856,063
Between 3 to 6 months	**239,582**	**4,235,810**	65,339	1,155,194
More Than 6 months	**110,120**	**1,946,922**	–	–
	1,153,048	**20,385,889**	226,881	4,011,257

14.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

	Less than 12 months	
	AED	**INR**
At March 31, 2018		
Loan from Group Company	**1,861,542**	**32,912,063**
Trade and other payables	**1,404,141**	**24,825,213**
	3,265,683	**57,737,276**

	Less than 12 months	
	AED	INR
At March 31, 2017		
Loan from Parent Company	**202,964**	**3,588,404**
Trade and other payables	**817,334**	**14,450,465**
	1,020,298	**18,038,869**

15 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

16 Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholder. Capital for the reporting period under review is summarised as follows:

	2018	**2018**	2017	2017
	AED	**INR**	AED	INR
Equity	**62,336**	**1,102,100**	805,124	14,234,592
Cash and cash equivalents	**820,496**	**14,506,369**	142,482	2,519,082

Note: For the convenience of readers of the financial statements, all items in the statement of financial position as at March 31, 2018 and March 31, 2017 and statement of comprehensive income for the year/period ended March 31,2018 and March 31, 2017 have been translated from the Company's reporting currency United Arab Emirates Dirham ("AED") into Indian Rupees ("INR") using the exchange rate on March 31, 2018 and March 31, 2017 of AED 1 = INR 17.68. This convenience translation should not be construed as a representation that the United Arab Emirates Dirham amounts or the Indian Rupee amounts referred to have been, could have been, or could in the future be, converted into INR or AED, as the case may be, at this or at any other rate of exchange, or at all. The information presented below does not form part of the audited financial statements and does not conform to International Financial Reporting Standards (IFRS).

MANAGING DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Managing Directors present their Fifteenth Report together with the audited accounts for the financial year ended 31st March, 2018

Financial Results

Particulars	**Financial year ended 31st March, 2018 (EURO)**	**Financial year ended 31st March, 2018 (INR)**	**Financial year ended 31st March, 2017** (EURO)	**Financial year ended 31st March, 2017** (INR)
Sales and Income from Operations	9,277,50	748,328,021	11,732,144	946,314,662
Profit before Interest, Depreciation, Taxation and Extraordinary Items	558,726	45,114,682	1,262,222	101,810,784
Less: Depreciation	6,742	543,801	11,592	934,984
Profit before Interest and Tax	551,984	44,570,881	1,250,630	100,875,800
Less: Interest	6,268	505,550	1,419	114,444
Profit before Tax	545,716	44,065,331	1,249,211	100,761,356
Tax on Income	138,305	11,155,676	292,054	23,557,084
Net Profit after Tax	407,411	32,909,655	957,157	77,204,272
Balance of Profit brought forward from last year	3,278,584	264,450,591	2,321,427	187,246,319
Profit & Loss Account Balance carried forward	3,685,995	297,360,246	3,278,584	264,450,591

Share Capital

The Company's share capital is € 475,000 (INR 38,313,500) including Capital Reserve of € 425,000 (INR 34,280,500). The share capital is fully paid up by the sole shareholder Bristlecone India Limited, Mumbai/India.

Directors' Responsibility Statement

The Directors state as an averment of the responsibility that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

Management and Representative Authority

Mr. Irfan Khan, Mr. Kulashekar Raghavan and Mr. Harsh Vaish are Managing Directors of the Company. Each Managing Director of the Company represents the Company jointly with another Managing Director.

Auditors

The auditors WWS Wirtz, Walter, Schmitz GmbH, have expressed their willingness to accept re-appointment.

For and on behalf of the Board

Harsh Vaish
Kulashekar Raghavan
Managing Directors

Frankfurt am Main
April 12, 2018

A. Audit engagement

After appointment as auditor at the shareholder meeting of

Bristlecone GmbH, Frankfurt am Main,

(hereinafter also referred to "the Company") the management of the Company has assigned us to audit the annual financial statements for the year ended March 31, 2018, including the accounting records.

The terms governing this assignment are set out in the General Terms of Engagement for public accountants and firms of public accountants in the version of January 1, 2017, which are attached as Annexure 5 to this report.

The performance and results of our audit are included in this report to which the au-dited financial statements (consisting of balance sheet, income statement and Notes) are enclosed as annexures 1 - 3. This report includes remarks in connection with HGB § 321 (1) sentence 3 (German Commercial Code) as well as a summary of the other results of the audit and the audit opinion. The performance and the results of the audit are specified in chapter C. and D. of this report in detail.

According to § 321 (4a) HGB we confirm that we have followed the independence rules for the audit.

Prepared this report in accordance with the German standard of auditing No. 450, which is published by the IDW (Institut der Wirtschaftsprüfer; German Institute of Public Accountants).

B. Statement to the management report

The management has legally refrained from drawing up a management report. There-fore we cannot give a statement to the management report. The financial statements do not express an opinion of the financial situation of the company in the future, except for the general principle of going concern.

C. Objects, nature and scope of the audit

We have audited the annual financial statements, including the accounting records, of Bristlecone GmbH for the financial year ended March 31, 2018. The bookkeeping and the preparation of the annual financial statements is the responsibility of the Com-pany's management. Our responsibility is to express an opinion on the annual financial statements based on our audit.

The audit of the compliance of other legal regulations is only part of the annual year end audit, if the regulations have usually an impact on the financial statements.

We have conducted the audit of the annual financial statements in accordance with § 316 HGB considering the German generally accepted standard on auditing No 200: "Objectives and general principles of orderly performance of financial state-ments audits". The standard requires to plan and perform the audit, that reasonable assurance can be obtained, that the accounting records and the financial statements are free of material misstatements. The audit includes the assessment of the accounting-, valuation- and classification-principles as well as the evaluation of the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Within the audit the following main audit procedures were carried out:

- Reconciliation statements for trade debtors
- Reconciliation of claims and liabilities due to affiliated companies
- Reconciliation statements of the banks
- Completeness and valuation of accruals
- Check of the significant expenses and income positions with regard to completeness as well as consistency in classification and presentation compared to last year

We have carried out the audit within April 2018.

All requested information and verifications were given to us. The management supplied us with a letter of representation confirming the completeness of the accounting records and the financial statements.

D. Observations and explanations of the financial accounting

I. Accuracy of the accounting

1. Accounting records and further documents

The Company's accounting records are properly maintained. The function of the accounting documents comply with requirement. The accounting records and further documents audited, comply with German legal regulations and the supplementary articles of the association.

2. Financial statements

The financial statements as of March 31, 2018, are orderly developed from the accounting records and other necessary records of the Company.

The balance sheet and the income statement are prepared in accordance with the regulations in German Commercial Code for the accounting of private limited compa-nies [GmbH]. The notes to the financial statements include all legally required information.

We have no knowledge of significant matters that happened after the end of the financial year 2017/2018, which should be reported.

II. Overall statement of financial statements

1. Observation to overall statement of the financial statements

In our opinion, the financial statements show a true and fair view of the Company in accordance with the German principles of proper accounting.

2. Essential valuation methods

The essential valuation methods are specified correctly by the company in the Notes. Essential changes of the valuation methods in comparison with the year before cannot be recorded.

E. Replication of the Audit Opinion

We have granted the following audit opinion as stated below to the financial statements as of March 31, 2018 of Bristlecone GmbH, Frankfurt am Main:

"Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the book-keeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1, 2017 until March 31, 2018. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Nettetal, April 18, 2018

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Post
Wirtschaftsprüfer

F. Concluding Remark

The audit report was prepared in accordance with legal requirements and the principles of drawing up audit reports established by the German Institute of Chartered Accountants ("Grundsätze ordnungsmäßiger Berichterstattung bei Abschlussprüfungen" (IDW PS 450)).

Nettetal, April 18, 2018

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Annexure 1

Balance Sheet as of March 31, 2018

	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
Assets				
A. Fixed assets				
I. Intangible assets				
1. Software	**0,00**	**0.00**	2,00	161
II. Property, plant and equipment				
1. Other equipment, operational and office equipment	**19.486,00**	**15,71,741**	23.906,00	19,28,258
III. Financial assets				
1. Loans due from affiliated companies	**2.038.154,25**	**16,43,97,522**	0,00	0.00
B. Current assets				
I. Accounts receivable and other assets				
1. Accounts receivable, trade	**1.954.572,10**	**15,76,55,785**	2.512.475,06	20,26,56,240
2. Receivables due from share-holder	**135.619,14**	**1,09,39,040**	0,00	0.00
3. Receivables due from affiliated companies	**0,00**	**0.00**	44.649,00	36,01,388
4. Other assets	**11.796,90**	**9,51,538**	17.257,54	13,91,993
– thereof with a remaining term of more than one year: € 11.737,90 (Rs. 9,46,779) {(prior year: € 11.737,90 (Rs. 9,46,779)}				
	2.101.988,14	**16,95,46,363**	2.574.381,60	20,76,49,621
II. Cash in banks	**695.751,31**	**5,61,19,301**	3.124.814,04	25,20,47,500
C. Prepaid expenses	**45.973,45**	**37,08,218**	12.961,41	10,45,467
	4.901.353,15	**39,53,43,145**	5.736.065,05	46,26,71,007

	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
Shareholder's equity and liabilities				
A. Equity				
I. Subscribed capital	**50.000,00**	**40,33,000**	50.000,00	40,33,000
II. Capital reserve	**425.000,00**	**3,42,80,500**	425.000,00	3,42,80,500
III. Profit carried forward	**3.278.584,07**	**26,44,50,591**	2.321.427,22	18,72,46,319
IV. Net profit	**407.411,12**	**3,28,61,781**	957.156,85	7,72,04,272
	4.160.995,19	**33,56,25,872**	3.753.584.07	30,27,64,091
B. Provisions				
1. Tax provisions	**285.071,73**	**2,29,93,886**	335.972,88	2,70,99,573
2. Other provisions and accrued liabilities	**222.613,48**	**1,79,56,003**	297.347,36	2,39,84,038
	507.685,21	**4,09,49,889**	633.320,24	5,10,83,611
C. Liabilities				
1. Accounts payable, trade	**12.462,31**	**10,05,210**	5.790,99	4,67,101
– thereof with a remaining term of less than one year: € 12.462,31 (Rs. 10,05,210) {(prior year: € 5.790,99 (Rs. 4,67,101)}				
2. Liabilities due to shareholder	**0,00**	**0.00**	1.023.090,49	8,25,22,479
– thereof with a remaining term of less than one year: € 0,00 (Rs. 0.00) {(prior year: € 1.023.090,49 (Rs. 8,25,22,479)}				
3. Liabilities due to affiliated companies	**175.271,84**	**1,41,37,427**	316.214,60	2,55,05,870
– thereof with a remaining term of less than one year: € 175.271,84 (Rs. 1,41,37,427) {(prior year: € 316.214,60 (Rs. 2,55,05,870)}				
4. Other liabilities	**44.938,60**	**36,24,747**	4.064,66	3,27,855
– thereof with a remaining term of less than one year: € 44.938,60 (Rs. 36,24,747) {(prior year: € 4.064,66 (Rs. 3,27,855)}				
– thereof for taxes: € 37.224,43 (Rs. 30,02,523) {(prior year: € 0,00 (Rs. 0.00)}				
	232.672,75	**1,87,67,384**	1.349.160,74	10,88,23,305
	4.901.353,15	**39,53,43,145**	5.736.065,05	46,26,71,007

Annexure 2

Income Statement for the period April 1, 2017 through March 31, 2018

	2017/4/1 – 2018/3/31		**2017/4/1 – 2018/3/31**		2016/4/1 – 2017/3/31		2016/4/1 – 2017/3/31	
	€	**€**	**Rs.**	**Rs.**	€	€	Rs.	Rs.
1. Sales		**9.176.724,15**		**74,01,94,570**		11.594.688,53		93,52,27,577
2. Other operating income		**100.836,24**		**81,33,451**		137.455,24		1,10,87,140
– thereof from foreign currency translation: € 15.553,94 (Rs. 12,54,581) {(prior year: € 64.404,41) (Rs.)}								
3. Costs of purchased services		**7.453.623,24**		**60,12,09,251**		9.280.856,47		74,85,93,883
4. Personnel expenses								
a) Wages and Salaries	**748.503,41**		**6,03,74,285**		718.433,27		5,79,48,828	
b) Social security, pension and other benefit costs	**84.303,03**		**67,99,882**		86.139,31		69,47,997	
		832.806,44		**6,71,74,167**		804.572,58		6,48,96,824
5. Depreciation on intangible assets, plant and equipment		**6.741,89**		**5,43,801**		11.591,67		9,34,984
6. Other operating expenses		**435.052,38**		**3,50,91,325**		384.426,09		3,10,07,808
– thereof from foreign currency translation: € 17.429,68 (Rs. 14,05,878) {(prior year: € 11.232,74) (Rs. 9,06,033)}								
7. Other interest and similar income		**3.240,81**		**2,61,404**		0,00		0.00
8. Other interest and similar expenses		**6.267,67**		**5,05,550**		1.418,84		1,14,444
9. Taxes on income		**138.304,93**		**1,11,55,676**		292.054,10		2,35,57,084
– thereof deferred taxes: € 3.267,32 (Rs. 2,63,542) {(prior year: € -9.142,20) (Rs. -7,37,410)}								
10. **Profit after taxes on income**		408.004,65		3,29,09,655		957.224,02		7,72,09,690
11. Other taxes		593,53		47,874		67,17		5,418
12. **Net profit**		407.411,12		3,28,61,781		957.156,85		7,72,04,272

Annexure 3

Notes to the financial statements for the fiscal year from 1st April, 2017 to 31st March, 2018

I. GENERAL EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT

Bristlecone GmbH, Frankfurt am Main (referred to below as the "Company"), has its seat in Frankfurt am Main and has been registered in the trade register at the local court in Frankfurt am Main in department B, with number 58387.

The financial statements of the Company for the fiscal year ended March 31, 2018 have been prepared ac¬cording to the Sect. 242 ff. and 264 ff. of the German Com-mercial Code (HGB) and the relevant Sections of the Law on Limited Liability Com-panies (GmbHG).

The income statement is structured towards the cost-summary method in accordance with Sect. 275 Para. 2 German Commercial Code (HGB).

The Company is a small corporation according to Sect. 267 Para. 1 German Com¬mercial Code (HGB).

II. ACCOUNTING POLICIES

1. Fixed assets

Purchased intangible assets are stated at acquisition cost less regular depreciation.

Tangible assets are stated at acquisition- or production cost and, if utilizable, depreciated through the useful life.

Depreciation on additions to tangible assets is calculated pro rata temporis.

Low value items are fully depreciated in the year of acquisition.

Depreciation takes place as follows:

Item	Depreciation method	Useful lifetime
Software	straight line	1 - 3 years
Other equipment, operational and office equipment	straight line	3 - 13 years

2. Accounts receivable and other assets

Accounts receivable and other assets are stated at nominal value or their net realizable value.

3. Provisions and accrued liabilities

Tax accruals, other provisions and accrued liabilities are stated with the settlement amount based on reasonable business judgement and cover all identifiable risks from uncertain liabilities and anticipated losses from pending transactions.

4. Liabilities

Liabilities are stated at the settlement amount.

5. Deferred assets and liabilities

Deferred taxes resulting from temporary or quasi-permanent differences between the commercial values and the respective tax base of asssets, liabilities and deferred items as well as from tax loss carry forwards are measured at the tax reates specific to the Company that are expected to apply to the period when the asset is realised or the liability is settled and are not discounted. Deferred tax assets and deferred tax lia-bilities are offset. Deferred taxes were set up according to § 249 HGB and are stated within the tax provisions.

6. Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are evaluated with the exchange rate at the business transaction date.

Receivables and payables in foreign currencies with a remaining term of less than one year are stated with the average spot exchange rate of the balance sheet date.

Receivables and payables in foreign currencies with a remaining term of more than one year are stated with the average spot exchange rate of the balance sheet date or the lower or higher of cost or market value.

III. INDIVIDUAL COMMENTS TO THE BALANCE SHEET

1. Fixed assets

Reference is made to the separate analysis of fixed assets (see page 5 of this exhibit).

2. Other provisions and accrued liabilities

Other provisions and accrued liabilities in the amount of K€ 223 (Rs. 17,987) mainly represent provisions for outstanding invoices (K€ 131) (Rs. 10,566), accruals for per-sonnel expenses (K€ 82) (Rs. 6,614) as well as accruals for the audit of the financial statements (K€9) (Rs. 726) and for legal and advisory fees (K€ 1) (Rs. 81).

3. Receivables and liabilities from shareholder and affiliated companies

Receivables and liabilities from the shareholder and affiliated companies result from current business operations.

IV. OTHER INDIVIDUAL COMMENTS

1. Affiliated companies

Companies which are directly or indirectly controlled by Mahindra & Mahindra Ltd., Mumbai, India, are considered as affiliated companies.

2. Financial commitments

Substantial financial commitments which are not stated in provisions, liabilities or contingent liabilities, exist of the following commitments from a rental and lease agreements:

	Total amount K€	Total amount K Rs.
Office premises	40	3,226
Vehicles	26	2,097
	66	5,323

The payments refer to the following years:

	Total amount K€	Total amount K Rs.
2018 / 2019	51	4,114
2019 / 2020	15	1,210
	66	5,324

4. Contingent liabilities

As of balance sheet date, there are no contingent liabilities according to Sect. 251 German Commercial Code (HGB) which have to be reported on.

5. Headcount

During the fiscal year the Company employed an average of 6 employees (prior year: 7 employees).

6. Consolidation scope

Mahindra & Mahindra Ltd., Mumbai, India is the ultimate parent company responsible for preparing the consolidated financial statements for the largest and smallest group of companies.

7. Translation into Indian Rupees

The amounts in Euros are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 80.66 (prior year: Euro 1 = Rs. 80.66), which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 29, 2018.

Frankfurt am Main, April 12, 2018

Kulashekar Raghavan **Irfan Khan**

Harsh Vaish

Development of fixed assets for the year ended March 31, 2018

			At costs				Accumulated depreciation				Net book value	
			1st April, 2017	Additions	Retirements	31st March, 2018	1st April, 2017	Additions	Reversals	31st March, 2018	31st March, 2018	31st March, 2017
			€	€	€	€	€	€	€	€	€	€
I.	**Intangible assets**											
	1. Software		1.074,60	0,00	1.074,60	0,00	1.072,60	0,00	1.072,60	0,00	0,00	2,00
		Rs.	86,677	0.00	86,877	0.00	86,616	0.00	86,616	0.00	0.00	161
II.	**Property, plant and equipment**											
	1. Other equipment, operational and office equipment		77.933,24	2.326,89	1.069,49	79.190,64	79.190,64	6.741,89	1.064,49	59.704,64	19.486,00	23.906,00
		Rs.	62,86,095	1,87,687	86,265	63,87,517	43,57,837	5,43,801	85,862	48,15,776	15,71,741	19,28,258
III.	**Financial Assets**											
	1. Loans due from affiliated companies		0,00	2.038.154,25	0,00	2.038.154,25	0,00	0,00	0,00	0,00	2.038.154,25	0,00
		Rs.	0.00	16,43,97,522	0.00	16,43,97,522	0.00	0.00	0.00	0.00	16,43,97,522	0.00
			79.007,84	2.040.481,14	2.144,09	2.117.344,89	55.099,84	6.741,89	2.137,09	59.704,64	2.057.640,25	23.908,00
		Rs.	63,72,772	16,45,85,209	1,73,142	17,07,85,039	44,44,453	5,43,801	1,72,478	48,15,776	16,59,69,263	19,28,419

Annexure 4

Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements,comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1,2017 until March 31, 2018. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"]and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presenta-tion of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Nettetal, April 18, 2018

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Explanations to the financial statements

Balance sheet as of March 31, 2018

ASSETS

A. Fixed assets

I. Intangible assets

1. Software

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	0,00	**0.00**	2,00	161

II. Property, plant and equipment

1. Other equipment, operational and office equipment

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	19.486,00	**15,71,741**	23.906,00	19,28,258

III. Financial assets

1. Loans due from affiliated companies

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	2.038.154,25	**16,43,97,522**	0,00	0.00

B. Current assets

I. Accounts receivable and other assets

1. Accounts receivable, trade

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	1.954.572,10	**15,76,55,785**	2.512.475,06	20,26,56,240

2. Receivables due from shareholder

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	135.619,14	**1,09,39,040**	0,00	0.00

3. Receivables due from affiliated companies

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	0,00	**0.00**	44.649,00	36,01,388

4. Other assets

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	11.796,90	**9,51,538**	17.257,54	13,91,993
Content:				
Rent deposit	**11.737,90**	**9,46,779**	11.737,90	9,46,779
Receivables due from employees	**0,00**	**0.00**	1.725,52	1,39,180
VAT	**0,00**	**0.00**	3.794,12	3,06,034
VAT, deductible in the following year	**59,00**	**4,759**	0,00	0.00
	11.796,90	**9,51,538**	17.257,54	13,91,993

II. Cash in banks

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	Rs.	€	Rs.
	695.751,31	**5,61,19,301**	3.124.814,04	25,20,47,500

	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
Content:				
Commerzbank AG, Frankfurt am Main, current account	**657.435,82**	**5,30,28,773**	3.030.375,53	24,44,30,090
Commerzbank AG, Frankfurt am Main, currency account USD	**38.315,49**	**30,90,528**	94.438,51	76,17,410
	695.751,31	**5,61,19,301**	3.124.814,04	25,20,47,500

The cash in bank accounts with Commerzbank AG, Frankfurt am Main, agree to the bank statements as of March 31, 2018.

C. Prepaid expenses	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
	45.973,45	**37,08,218**	12.961,41	10,45,467

SHAREHOLDER'S EQUITY AND LIABILITIES

A. Equity

I. Subscribed capital	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
	50.000,00	**40,33,000**	50.000,00	40,33,000

II. Capital reserve	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
	425.000,00	**3,42,80,500**	425.000,00	3,42,80,500

III. Profit carried forward	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
	3.278.584,07	**26,44,50,591**	2.321.427,22	18,72,46,319

IV. Net profit	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
	407.411,12	**3,28,61,781**	957.156,85	7,72,04,272

B. Provisions

1. Tax accruals	2018/3/31 €	2018/3/31 Rs.	2017/3/31 €	2017/3/31 Rs.
	285.071,73	**2,29,93,886**	335.972,88	2,70,99,573
Content:				
Corp. income tax 14/15	**0,00**	**0.00**	75,00	6,049
Corp. income tax 15/16	**139.169,54**	**1,12,25,415**	139.169,54	1,12,25,415
Corp. income tax 16/17	**56.072,00**	**45,22,768**	56.072,00	45,22,768
Corp. income tax 17/18	**(28.397,00)**	**(22,90,502)**	0,00	0.00
	166.844,54	**1,34,57,681**	195.316,54	1,57,54,232
Solidarity surcharge 14/15	**0,00**	**0.00**	4,13	333
Solidarity surcharge 15/16	**7.654,33**	**6,17,398**	7.654,33	6,17,399
Solidarity surcharge 16/17	**3.083,95**	**2,48,751**	3.083,95	2,48,751
Solidarity surcharge 17/18	**(1.562,00)**	**(1,25,991)**	0,00	0.00
	9.176,28	**7,40,158**	10.742,41	8,66,483

	2018/3/31	2018/3/31	2017/3/31	2017/3/31
	€	**Rs.**	€	Rs.
Trade tax 14/15	**0,00**	**0.00**	42,70	3,444
Trade tax 15/16	**86.055,03**	**69,41,199**	86.055,03	69,41,199
Trade tax 16/17	**34.674,00**	**27,96,805**	34.674,00	27,96,805
Trade tax 17/18	**(17.553,00)**	**(14,15,825)**	0,00	0.00
	103.176,03	**83,22,179**	120.771,73	97,41,448
Deferred taxes 16/17	**0,00**	**0.00**	9.142,20	7,37,410
Deferred taxes 17/18	**5.874,88**	**4,73,868**	0,00	0.00
	5.874,88	**4,73,868**	9.142,20	7,37,410
	285.071,73	**2,29,93,886**	335.972,88	2,70,99,573

2. Other provisions and accrued liabilities	**2018/3/31**	**2018/3/31**	2017/3/31	2017/3/31
	€	**Rs.**	€	Rs.
	222.613,48	**1,79,56,003**	297.347,36	2,39,84,038
Content:				
Outstanding invoices	**132.438,69**	**1,06,82,504**	191.979,23	1,54,85,045
Bonuses to employees	**50.908,33**	**41,06,266**	61.831,00	49,87,288
Travel expenses	**3.100,00**	**2,50,046**	4.350,00	3,50,871
Vacation not yet taken	**24.716,46**	**19,93,630**	26.787,13	21,60,650
Audit expenses	**9.500,00**	**7,66,270**	9.000,00	7,25,940
Legal/consultancy fees	**1.950,00**	**1,57,287**	3.400,00	2,74,244
	222.613,48	**1,79,56,003**	297.347,36	2,39,84,038

C. Liabilities

1. Accounts payable, trade	**2018/3/31**	**2018/3/31**	2017/3/31	2017/3/31
	€	**Rs.**	€	Rs.
	12.462,31	**10,05,210**	5.790,99	4,67,101

2. Liabilities due to shareholder	**2018/3/31**	**2018/3/31**	2017/3/31	2017/3/31
	€	**Rs.**	€	Rs.
	0,00	**0.00**	1.023.090,49	8,25,22,479

Bristlecone India Ltd., Mumbai, India: liabilities resulting from current operations.

3. Liabilities due to affiliated companies	**2018/3/31**	**2018/3/31**	2017/3/31	2017/3/31
	€	**Rs.**	€	Rs.
	175.271,84	**1,41,37,427**	316.214,60	2,55,05,870

4. Other liabilities	**2018/3/31**	**2018/3/31**	2017/3/31	2017/3/31
	€	**Rs.**	€	Rs.
	44.938,60	**36,24,747**	4.064,66	3,27,855
Content:				
Value-added tax	**37.224,43**	**30,02,522**	0,00	0.00
Other liabilities	**0,00**	**0.00**	0,00	0.00
Travel expenses	**7.714,17**	**6,22,225**	4.064,66	3,27,855
	44.938,60	**36,24,747**	4.064,66	3,27,855

INCOME STATEMENT FOR THE PERIOD APRIL 1, 2017 THROUGH MARCH 31, 2018

		2017/4/1-2018/3/31 €	**2017/4/1-2018/3/31 Rs.**	2016/4/1-2017/3/31 €	2016/4/1-2017/3/31 Rs.
1.	**Sales**				
	Revenue offshore projects	**9.122.382,87**	**73,58,11,402**	11.280.647,97	90,98,97,065
	Revenue other projects	**146.867,28**	**1,18,46,315**	419.555,56	3,38,41,352
	Rebates	**(92.526,00)**	**(74,63,147)**	(105.515,00)	(85,10,840)
		9.176.724,15	**74,01,94,570**	11.594.688,53	93,52,27,577
2.	**Other operating income**				
	Income from exchange gains	**15.553,94**	**12,54,581**	78.485,66	63,30,653
	Non-cash payment for use of vehicles	**10.936,25**	**8,82,118**	6.470,88	5,21,941
	Income from reversal of accruals	**74.212,95**	**59,85,944**	52.498,70	42,34,546
	Miscellaneous	**134,00**	**10,808**	0,00	0.00
		100.836,24	**81,33,451**	137.455,24	1,10,87,140
3.	**Costs of purchased services**	**7.453.623,24**	**60,12,09,251**	9.280.856,47	74,85,93,883
4.	**Personnel expenses**				
	a) Wages and salaries	**748.503,41**	**6,03,74,285**	718.433,27	5,79,48,828
	b) Social security, pension and other benefit costs	**84.303,03**	**67,99,882**	86.139,31	69,47,997
		832.806,44	**6,71,74,167**	804.572,58	6,48,96,824
5.	**Depreciation on intangible assets, plant and equipment**	**6.741,89**	**5,43,801**	11.591,67	9,34,984
6.	**Other operating expenses**				
	Exchange losses	**17.429,68**	**14,05,878**	11.232,74	9,06,033
	Travel expenses	**102.281,23**	**82,50,004**	110.562,60	89,17,979
	Automobile costs	**37.650,76**	**30,36,910**	21.452,60	17,30,367
	Employee research	**0,00**	**0.00**	17.200.00	13,87,352
	Communication expenses	**31.135,23**	**25,11,368**	38.147,22	30,76,955
	Postage	**30,10**	**2,428**	1.477,74	1,19,195
	Fees for the preparation and audit of the financial statements	**23.768,45**	**19,17,163**	22.305,35	17,99,150
	Accounting fees	**40.586,60**	**32,73,715**	35.708,03	28,80,210
	Bank charges	**4.884,44**	**3,93,979**	10.306,31	8,31,307
	Rent	**37.512,40**	**30,25,750**	36.264,24	29,25,074
	Legal and consultancy fees	**14.969,23**	**12,07,418**	26.548,77	21,41,424
	Representation and entertainment expenses	**91.469,64**	**73,77,941**	19.205,43	15,49,110
	External services	**1.068,10**	**86,153**	798,33	64,393
	Other costs for office space	**17.291,61**	**13,94,741**	14.951,10	12,05,956

	2017/4/1-2018/3/31 €	2017/4/1-2018/3/31 Rs.	2016/4/1-2017/3/31 €	2016/4/1-2017/3/31 Rs.
Contributions and dues	**6.157,43**	**4,96,658**	1.210,48	97,637
Insurance premiums	**6.616,79**	**5,33,710**	3.869,90	3,12,146
Training costs	**780,80**	**62,979**	8.548,00	6,89,482
	433.632,49	**3,49,76,795**	379.788,84	3,06,33,770
Repair and maintenance costs	**63,03**	**5,085**	2.439,43	1,96,763
Operating supplies	**129,99**	**10,486**	852,32	68,747
Office supplies	**54,37**	**4,385**	1.345,50	1,08,528
Fines	**365,50**	**29,481**	0,00	0.00
Leasing movable property	**800,00**	**64,528**	0,00	0.00
Losses on disposal of fixed assets	**7,00**	**565**	0,00	0.00
	435.052,38	**3,50,91,325**	384.426,09	3,10,07,808
7. Other interest and similar expenses	**3.240,81**	**2,61,404**	0,00	0,00
8. Other interest and similar expenses	**6.267,67**	**5,05,550**	1.418,84	1,14,444
9. Taxes on income	**138.304,93**	**1,11,55,676**	292.054,10	2,35,57,084
10. Profit after taxes on income	**408.004,65**	**3,29,09,655**	957.224,02	7,72,09,690
11. Other taxes	**593,53**	**47,874**	67,17	5,418
12. Net profit	**407.411,12**	**3,28,61,781**	957.156,85	7,72,04,272

STATEMENT BY DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors present their statement to the shareholder together with the audited financial statements for the financial year ended 31 March 2018.

In the opinion of the directors,

(a) the financial statements as set out on pages herein are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors in office at the date of this statement are as follows:

Lim Tiong Beng
Irfan Ahmad Khan
Kulashekar Raghavan
Harsh Vaish

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

(a) According to the register of director's shareholding, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	As at 31.3.2018	As at 1.4.2017
Ultimate holding corporation – Mahindra & Mahindra Ltd.		
(Equity Shares)		
Kulashekar Raghavan	14,520	7,260
Related corporation – Mahindra & Mahindra Financial Services Ltd.		
(Equity Shares)		
Kulashekar Raghavan	180	180

(b) According to the register of director's shareholding, certain directors holding office at the end of the financial year had interest in options to subscribe for ordinary shares of the immediate or ultimate holding corporations.

	Holdings registered in name of director or nominee	
	As at 31.3.2018	As at 1.4.2017
Penultimate holding corporation – Bristlecone Ltd.		
(Equity Shares)		
Irfan Ahmad Khan	388,081	388,081
Kulashekar Raghavan	125,000	125,000
(Stock Options)		
Harsh Vaish	25,000	20,000
Irfan Ahmad Khan	983,667	416,667
Kulashekar Raghavan	60,000	60,000

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Kulashekar Raghavan — Director
Harsh Vaish — Director

Place: Mumbai
Date: 18 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BRISTLECONE (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2018, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages herein.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and
Chartered Accountants

Singapore
18 April 2018

BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018	2018	2017	2017
		$	INR	$	INR
ASSETS					
Current assets					
Cash at bank	4	365,181	18,134,888	51,228	2,543,982
Trade and other receivables	5	910,398	45,210,365	159,786	7,934,973
Other current assets	6	16,667	827,683	4,637	230,273
Total assets		1,292,246	64,172,936	215,651	10,709,228
LIABILITIES					
Current liabilities					
Borrowing	7	200,000	9,932,000	–	–
Trade and other payables	8	964,011	47,872,786	185,873	9,230,453
Total liabilities		1,164,011	57,804,786	185,873	9,230,453
NET ASSETS		128,235	6,368,150	29,778	1,478,775
EQUITY					
Share capital	9	1,670,000	82,932,200	1,670,000	82,932,200
Accumulated losses		(1,541,765)	(76,564,050)	(1,640,222)	(81,453,425)
		128,235	6,368,150	29,778	1,478,775

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018	2018	2017	2017
		$	INR	$	INR
Revenue	10	1,314,424	65,274,296	168,505	8,367,958
Cost of sales		(958,693)	(47,608,694)	(32,335)	(1,605,756)
Gross profit		355,731	17,665,602	136,170	6,762,202
Other Income	15	50,000	2,483,000	50,000	2,483,000
Other loss, net	11	(26,905)	(1,336,102)	(3,342)	(165,964)
Expenses					
- Selling and marketing		(10,091)	(501,119)	(3,974)	(197,349)
- Administrative		(266,580)	(13,238,363)	(168,550)	(8,370,193)
- Finance		(3,698)	(183,643)	(1,218)	(60,486)
Profit before income tax		98,457	4,889,375	9,086	451,210
Income tax expense	14	–	–	–	–
Total comprehensive income, representing net profit		98,457	4,889,375	9,086	451,210

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share capital		Accumulated losses		Total	
	$	**INR**	**$**	**INR**	**$**	**INR**
2018						
Beginning of financial year	**1,670,000**	**82,932,200**	**(1,640,222)**	**(81,453,425)**	**29,778**	**1,478,775**
Total comprehensive income for the financial year	**–**	**–**	**98,457**	**4,889,375**	**98,457**	**4,889,375**
End of financial year	**1,670,000**	**82,932,200**	**(1,541,765)**	**(76,564,050)**	**128,235**	**6,368,150**
2017						
Beginning of financial year	1,670,000	82,932,200	(1,649,308)	(81,904,635)	20,692	1,027,565
Total comprehensive income for the financial year	–	–	9.086	451,210	9,086	451,210
End of financial year	1,670,000	82,932,200	(1,640,222)	(81,453,425)	29,778	1,478,775

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Cash flows from operating activities				
Profit before income tax	**98,457**	**4,889,375**	9.086	451,210
Adjustments for:				
Unrealised foreign exchange loss	**11,942**	**593,040**	3,450	171,327
Interest expense	**3,698**	**183,643**	1,218	60,486
	114,097	**5,666,058**	13,754	683,023
Change in working capital				
– Trade and other receivables	**(765,017)**	**(37,990,745)**	(151,552)	(7,526,072)
– Other current assets	**(12,030)**	**(597,410)**	66	3,278
– Trade and other payables	**917,231**	**45,549,691**	42,360	2,103,598
Net cash provided by/ (used in) operating activities	**254,281**	**12,627,594**	(95,372)	(4,736,173)
Cash flows from financing activities				
– Proceed from borrowing	**200,000**	**9,932,000**	–	–
– (Repayment to)/Loan from related corporation	**(137,237)**	**(6,815,189)**	137,237	6,815,189
– Interest paid	**(3,091)**	**(153,499)**	–	–
Net cash provided by financing activities	**59,672**	**2,963,312**	137,237	6,815,189
Net increase in cash at bank	**313,953**	**15,590,906**	41,865	2,079,016
Cash at bank				
Beginning of financial year	**51,228**	**2,543,982**	9,363	464,966
End of financial year	**365,181**	**18,134,888**	51,228	2,543,982

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors of Bristlecone (Singapore) Pte. Ltd. on 18 April 2018.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. The registered office is at 77, Robinson Road, #13-00, Robinson 77, Singapore 068896 and the principal place of business is at 3, Temasek Avenue, #21-00 Centennial Tower, Singapore 039190.

The principal activity of the Company is those of providing software related consulting services.

The Company's immediate holding corporation is Bristlecone India Limited., incorporated in India. The Company's penultimate holding corporation is Bristlecone Ltd., incorporated in Cayman Islands. The Company's ultimate holding corporation is Mahindra & Mahindra Limited, incorporated in India.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Loans and receivables

Trade and other receivables, banks balances and other current assets are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.3 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.4 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Sales are represented, net of goods and services tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

<u>Rendering of services</u>

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of reporting period;
- servicing fees are recognised by reference to the proportion of the total cost of providing the servicing;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred; and
- where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

<u>Defined contribution plans</u>

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.6 Leases

When the Company is the lessee - Operating lease

The Company leases office under operating leases from non-related party.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.8 Cash at bank

For the purpose of presentation in the statement of cash flows, cash at bank include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.10 Currency translation

(a) *Functional and presentation currency*

The Financial statements are presented in Singapore Dollar, which is the functional currency of the company.

The Financial Information in this financial statement is represented in Singapore Dollar amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of SGD 1 = Rs 49.66 as at 31 March 2018.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other loss, net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment once a year. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

If the net present values of estimated cash flows decrease by 10% from management's estimates for all past due but not impaired loans and receivables, the Company's allowance for impairment would have increased by $31,000 (2017: $2,400).

The carrying amounts of trade receivables is disclosed in Note 5 to the financial statements.

4. CASH AT BANK

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Cash at bank	**365,181**	**18,134,888**	51,228	2,543,982

5. TRADE AND OTHER RECEIVABLES

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Trade receivables				
– non-related parties	**731,424**	**36,322,516**	109,237	5,424,710
Accrued revenue				
– non-related parties	**128,974**	**6,404,849**	549	27,263
Other receivable – immediate holding corporation (Note 15)	**50,000**	**2,483,000**	50,000	2,483,000
	910,398	**45,210,365**	159,786	7,934,973

6. OTHER CURRENT ASSETS

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Deposits	**11,221**	**557,235**	3,196	158,713
Prepayments	**5,446**	**270,448**	1,441	71,560
	16,667	**827,683**	4,637	230,273

7. BORROWING

During the financial year, the company has drawn down $200,000 as a short term revolving loan from Australia and New Zealand Bank for a period of six months at the interest rate of 2.20% per annum. Borrowing is secured by corporate guarantee of the immediate holding corporation. Interest expense for the financial year amounted to $1,825.

8. TRADE AND OTHER PAYABLES

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Trade payable				
– immediate holding corporation	**891,134**	**44,253,715**	30,744	1,526,747
– related corporation	**–**	**–**	1,277	63,416
Loan payable				
– related corporation	**–**	**–**	139,700	6,937,502
Other payable				
– related corporation (Note 15)	**18,546**	**920,994**	1,722	85,515
Accrued operating expenses	**54,331**	**2,698,077**	12,430	617,273
	964,011	**47,872,786**	185,873	9,230,453

In the previous financial year, Loan payable to a related corporation has been settled along with the interest. The loan was unsecured, repayable on demand and interest-bearing at a rate of 2.35% per annum (Note 15).

Other payable to related corporation is unsecured, interest free and repayable on demand

9. SHARE CAPITAL

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The Company's share capital comprise fully paid-up 1,670,000 (2017: 1,670,000) ordinary shares with no par value, amounting to a total of $1,670,000 (2018: $1,670,000).

Fully paid ordinary share carry one vote per share and carry a right to dividends as and when declared by the Company.

10. REVENUE

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Rendering of service	**1,314,424**	**65,274,296**	168,505	8,367,958

11. OTHER LOSS, NET

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Currency translation loss, net	**26,905**	**1,336,102**	3,342	165,964

12. EXPENSES BY NATURE

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Employee compensation (Note 13)	**163,896**	**8,139,075**	132,000	6,555,120
Professional and consulting fee	**18,918**	**939,468**	18,980	942,547
Rental expense on operating lease	**3,987**	**197,994**	3,826	189,999
Management fees	**18,546**	**920,994**	1,721	85,465
Term loan interest	**3,698**	**183,643**	–	–
Subcontractor cost	**954,733**	**47,412,041**	29,719	1,475,846

13. EMPLOYEE COMPENSATION

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Salaries, bonus and allowances	**161,896**	**8,039,755**	130,000	6,455,800
Directors' fees	**2,000**	**99,320**	2,000	99,320
	163,896	**8,139,075**	132,000	6,555,120

14. INCOME TAX EXPENSE

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Profit before income tax	**98,457**	**4,889,375**	9,086	451,210
Tax calculated at a tax rate of 17% (2017: 17%)	**16,738**	**831,209**	1,545	76,725
Expenses not deductible for tax purposes	**3,094**	**153,648**	1,889	93,808
Utilisation of tax losses not recognised previously	**(19,832)**	**(984,857)**	(3,434)	(170,533)
Tax charge	**–**	**–**	–	–

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of approximately $1,407,340 INR 69,888,504 (2016: $1,524,008 INR 75,682,237) at the balance sheet date which can be carried forward and used to offset against future income subject to the agreement of the tax authorities and compliance with certain statutory requirements. The tax losses have no expiry date.

15. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2018	**2018**	2017	2017
	$	**INR**	$	INR
(a) Sales and purchases of services				
Rendering of services				
Immediate holding corporation				
Marketing fees	**50,000**	**2,483,000**	50,000	2,483,000
Related corporation				
Consultation fees	**–**	**–**	57,732	2,866,971
Purchase of services				
Immediate holding corporation				
Subcontractor fees	**892,730**	**44,332,972**	29,719	1,475,846
Related corporation				
Management fees (Note 8)	**18,546**	**920,994**	1,722	85,515
Accrued interest	**–**	**–**	1,218	60,486

Related parties comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close family members.

Outstanding balances as at 31 March 2018 and 2017, arising from sales and purchases of services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5 and 8 to the financial statements.

(b) Key management compensation

Except for the directors of the Company, there are no other key management personnel. Among the four directors, other than Mr Lim

Tiong Beng (Note 13), remuneration for one of them is paid by its immediate holding corporation and another two are paid by a related corporation.

16. COMMITMENT

The future minimum lease payable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Not later than one year	**3,159**	**156,876**	3,826	189,999

17. Financial risk management

The Company's activities expose it to market risk (including currency risk, interest rate and price risk), credit risk, liquidity risk and capital risk. The financial risk management is handled by the immediate holding corporation as part of the operations of the Group.

(a) Market risk

(i) Currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Company to which they relate. The currency giving rise to this risk is mainly the United States Dollar ("USD"). Foreign exchange exposures in transactional currencies other than functional currency of the Company are kept to an acceptable level.

The Company's currency exposure based on the information provided to the board of directors is as follows:

	SGD	**USD**	**Total**	**Total**
	$	**$**	**$**	**INR**
2018				
Financial Assets				
Cash at bank	**365,181**	**–**	**365,181**	**18,134,888**
Trade and other receivables	**50,000**	**860,398**	**910,398**	**45,210,365**
Other current assets	**11,221**	**–**	**11,221**	**557,235**
	426,402	**860,398**	**1,286,800**	**63,902,488**
Financial Liabilities				
Borrowing	**200,000**	**–**	**200,000**	**9,932,000**
Trade and other payables	**940,095**	**23,916**	**964,011**	**47,872,786**
	1,140,095	**23,916**	**1,164,011**	**57,804,786**
Currency exposure of financial assets	**–**	**836,482**	**836,482**	**41,539,696**
2017				
Financial Assets				
Cash at bank	**51,228**	**–**	**51,228**	**2,543,982**
Trade and other receivables	**50,000**	**109,786**	**159,786**	**7,934,973**
Other current assets	**3,196**	**–**	**3,196**	**158,713**
	104,424	**109,786**	**214,210**	**10,637,668**
Financial Liabilities				
Trade and other payables	**48,636**	**137,237**	**185,873**	**9,230,453**
	48,636	**137,237**	**185,873**	**9,230,453**
Currency exposure of financial Liabilities	**–**	**(27,451)**	**(27,451)**	**(1,363,217)**

If the USD change against the SGD by 5% with all other variables including tax rate being held constant, the effects arising from net financial liabilities/assets position will be as follows:

	Increase/(Decrease) 2018		**Increase/(Decrease) 2018**	
	Net profit	**Equity**	**Net profit**	**Equity**
	$	**$**	**INR**	**INR**
USD against SGD				
– strengthened	**41,824**	**41,824**	**2,076,980**	**2,076,980**
– weakened	**(41,824)**	**(41,824)**	**(2,076,980)**	**(2,076,980)**

(ii) Interest rate and price risks

The company has insignificant financial assets or liabilities that are exposed to interest rate and price risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major class of financial assets of the Company is cash at bank and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Company comprise three debtors (2017: two debtor) that represented 93% (2017: 98%) of trade receivables.

(i) Financial assets that are neither past due nor impaired nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables. The ageing analysis of trade receivables past due but not impaired is as follows:

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Past due 1 to 30 days	**–**	**–**	24,354	1,209,420
Past due 31 to 45 days	**19,878**	**987,141**	–	–
Past due 46 to 60 days	**289,506**	**14,376,868**	–	–

The normal trade credit terms granted to customers ranged from 30 to 60 days (2017: 30 to 60 days) or contractual periods based on project contract sales.

The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

(c) Liquidity risk

The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and to mitigate effects of fluctuations in cash flows.

All financial liabilities of the Company are current for the financial years ended 31 March 2018 and 2017.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payout to shareholder or obtain borrowings.

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital. The Company's overall strategy remains unchanged since 2017.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	2018	**2018**	2017	2017
	$	**INR**	$	INR
Loans and receivables	**1,286,800**	**63,902,488**	214,210	10,637,669
Financial liabilities at amortised cost	**1,164,011**	**57,804,786**	185,873	9,230,453

18. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Company's accounting periods beginning on or after 1 January 2018 or later periods:

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 40 *Transfers of Investment Property*
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*
- Improvements to FRSs (December 2016)
  - Amendments to FRS 28 Investments in Associates and Joint Ventures
  - Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 *Leases*

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption except for the following:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018).

  This is the converged standard on revenue recognition. It replaces FRS11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  At this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessment of the impact over the next twelve months.

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  The Company does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Company's accounting for financial liabilities as the Company does not have any such liabilities.

  In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each balance sheet date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

  Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial asset. Management will consider whether a lifetime or 12-month expected credit losses on financial assets should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company's financial statements in the period of initial application as management has yet to complete its detailed assessment.

19. Foreign currency translation

The Financial Information in this financial statements is represented in Singapore Doller SGD and Indian Rupees INR. SGD amounts as at and for the year ended 31 March 2018 and 31 March 2017 have been translated for convenience into Indian Rupees at the closing exchange rate of SGD 1 = 49.66 as at 31 March 2018.

MAHINDRA - BT INVESTMENT COMPANY (MAURITIUS) LIMITED

CORPORATE DATA

			Appointed on
DIRECTORS	:	Couldiplall Basanta Lala	09 May 2005
		Abdool Fareed Soreefan	09 May 2005
		Ulhas Narayan Yargop	09 May 2005
		Zakir Hussein Niamut	25 January 2013
		Rupert Henry Orchard	31 October 2014

ADMINISTRATOR, REGISTRAR, SECRETARY, & MAURITIAN TAX AGENT	:	SANNE Mauritius IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius
REGISTERED OFFICE	:	IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius
AUDITORS	:	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius
BANKER	:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B, 6th Floor, Standard Chartered Tower Lot 19, Cybercity Ebene 72201 Republic of Mauritius

COMMENTARY OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2018

The directors are pleased to present the audited financial statements of **Mahindra - BT Investment Company (Mauritius) Limited**, the "Company", for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS

The results for the year are shown on page herein.

There was no dividend declared and paid during year under review (2017: USD 5,300,000)(2017:INR 344,076,000)

DIRECTORS

The present membership of the Board is set out on page herein. There has been no change during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Mahindra - BT Investment Company (Mauritius) Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2018.

For SANNE Mauritius
Secretary

Registered Office:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 02 May 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA – BT INVESTMENT COMPANY (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra – BT Investment Company (Mauritius) Limited**, the "Company", which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 9 to 30 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors Sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 10 May 2018
Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2018	2017	2017
		USD	INR (Note 1)	USD	INR (Note 1)
INCOME					
Interest income on bank deposits		**228,631**	14,842,725	133,069	8,638,839
Dividend		**34,078**	2,212,344	42,904	2,785,328
		262,709	**17,055,069**	175,973	11,424,167
EXPENDITURE					
Professional fees	12	***37,092***	***2,408,013***	***90,872***	***5,899,410***
Audit fees		***4,260***	***276,559***	***4,800***	***311,616***
Licence fees		***2,500***	***162,300***	***2,502***	***162,430***
Bank charges		***3,990***	***259,031***	***2,413***	***156,652***
		47,842	***3,105,903***	***100,587***	***6,530,108***
PROFIT BEFORE TAX		**214,867**	**13,949,166**	75,386	4,894,059
Tax expense	8	**–**	**–**	–	–
PROFIT FOR THE YEAR		**214,867**	**13,949,166**	75,386	4,894,059
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss					
Fair value gain / loss on available-for-sale financial asset	9	***663,401***	***43,067,993***	***(17,423)***	***(1,131,101)***
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		***663,401***	***43,067,993***	***(17,423)***	***(1,131,101)***
TOTAL COMPREHENSIVE INCOME GAIN / (LOSS) FOR THE YEAR		**878,268**	**57,017,159**	57,963	3,762,958

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018	2018	2017	2017
		USD	INR (Note 1)	USD	INR (Note 1)
ASSETS					
Non-current					
Available-for-sale financial asset	9	**2,385,194**	**154,846,795**	1,721,793	111,778,802
Current					
Prepayments		**2,838**	**184,243**	2,838	184,242
Cash and cash equivalents	10	**17,458,611**	**1,133,413,026**	17,252,865	1,120,055,996
Current assets		**17,461,449**	**1,133,597,269**	17,255,703	1,120,240,238
		19,846,643	**1,288,444,064**	18,977,496	1,232,019,040
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	**11,880,000**	**771,249,600**	11,880,000	771,249,600
Fair value reserves	9	**2,295,149**	**149,001,073**	1,631,748	105,933,080
Retained earnings		**5,663,727**	**367,689,157**	5,448,860	353,739,991
Total equity		**19,838,876**	**1,287,939,830**	18,960,608	1,230,922,671
Liabilities					
Current					
Accruals		**7,767**	**504,234**	16,888	1,096,369
Total equity and liabilities		**19,846,643**	**1,288,444,064**	18,977,496	1,232,019,040

Approved by the Board of Directors on 2 May 2018 and signed on its behalf by:

Zakir Hussein Niamut
Director

Abdool Fareed Soreefan
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Stated capital	Fair value reserves	Retained earnings	Total
	USD	**USD**	**USD**	**USD**
Balance at 01 April 2016	**11,880,000**	**1,649,171**	10,673,474	24,202,645
Dividends (Note 13)	**–**	**–**	(5,300,000)	(5,300,000)
Transactions with the shareholders	**–**	**–**	(5,300,000)	(5,300,000)
Profit for the year	**–**	**–**	75,386	75,386
Other comprehensive loss	**–**	**(17,423)**	–	(17,423)
Total comprehensive (loss)/income for the year	**–**	**(17,423)**	75,386	57,963
Balance at 31 March 2017	**11,880,000**	**1,631,748**	**5,448,860**	**18,960,608**
Balance at 01 April 2017	**11,880,000**	**1,631,748**	**5,448,860**	**18,960,608**
Profit for the year	**–**	**–**	214,867	214,867
Other comprehensive loss	**–**	**663,401**	–	663,401
TTotal comprehensive income for the year	**–**	**663,401**	214,867	878,268
Balance at 31 March 2018	**11,880,000**	**2,295,149**	**5,663,727**	**19,838,876**

	Stated capital	Fair value reserves	Retained earnings	Total
	INR (Note 1)	**INR (Note 1)**	**INR (Note 1)**	**INR (Note 1)**
Balance at 01 April 2016	**771,249,600**	107,064,181	692,921,932	1,571,235,713
Dividends (Note 13)	–	–	(344,076,000)	(344,076,000)
Transactions with the shareholders	–	–	(344,076,000)	(344,076,000)
Profit for the year	–	–	4,894,059	4,894,059
Other comprehensive loss	–	(1,131,101)	–	**(1,131,101)**
Total comprehensive (loss)/income for the year	–	(1,131,101)	**4,894,059**	**3,762,958**
Balance at 31 March 2017	771,249,600	105,933,080	353,739,991	1,230,922,671
Balance at 01 April 2017	**771,249,600**	**105,933,080**	**353,739,991**	**1,230,922,671**
Profit for the year	**–**	**–**	**13,949,166**	**13,949,166**
Other comprehensive income	**–**	**–**	**43,067,993**	**43,067,993**
Total comprehensive income for the year	**–**	**43,067,993**	**13,949,166**	**57,017,159**
Balance at 31 March 2018	**770,774,400**	**105,867,811**	**353,522,037**	**1,230,164,248**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2018	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Operating activities				
Profit before tax	**214,867**	**13,949,166**	75,386	4,894,059
Adjustments for:				
Dividend	**(34,078)**	**(2,212,344)**	(42,904)	(2,785,328)
Interest income	**(228,631)**	**(14,842,725)**	(133,069)	(8,638,839)
Operating loss before working capital changes	**(47,842)**	**(3,105,903)**	(100,587)	(6,530,108)
Changes in working capital:				
Decrease in prepayments	–	–	2	130
(Decrease)/increase in accruals	**(9,121)**	**(592,136)**	8,129	527,735
Total changes in working capital	**(9,121)**	**(592,136)**	8,131	527,865
Net cash used in operating activities	**(56,963)**	**(3,698,039)**	(92,456)	(6,002,243)
Investing activities				
Interest received	**228,631**	**14,842,725**	133,069	8,638,839
Dividend received	**34,078**	**2,212,344**	42,904	2,785,328
Net cash from investing activities	**262,709**	**17,055,069**	175,973	11,424,167
Financing activities				
Dividends paid (Note 13)	–	–	(5,300,000)	(344,076,000)
Net cash used in financing activities	–	–	(5,300,000)	(344,076,000)
Net change in cash and cash equivalents	**205,746**	**13,357,030**	(5,216,483)	(338,654,076)
Cash and cash equivalents, beginning of year	**17,252,865**	**1,120,055,996**	22,469,348	1,458,710,072
Cash and cash equivalents, end of year	**17,458,611**	**1,133,413,026**	17,252,865	1,120,055,996
Cash and cash equivalents made up of:				
Cash at bank (Note 10)	**17,458,611**	**1,133,413,026**	17,252,865	1,120,055,996

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra – BT Investment Company (Mauritius) Limited, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 09 May 2005 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR64.92 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the year ended 31 March 2018 and 31 March 2017.

2. APPLICATION OF NEW AND REVISED IFRS

2.1 New and revised standards that are effective for the annual year beginning on 01 April 2017

In the current year, the Company has applied the following revised standards issued by the International Accounting Standards Board ("IASB") that are mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 7	Disclosure Initiative (Amendments to IAS 7)
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
IFRS 12	Annual Improvements to IFRS 2014-2016

The directors have assessed the impact of these revised standards and amendments and concluded that none of these has an impact on the disclosure of these financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing Standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below.

IFRS 17	Insurance Contracts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IAS 12/ IAS 23	
IFRS 3 and IFRS 11	Annual improvements to IFRS 2015-2017
IAS 40	Transfers of Investment Property (Amendments to IAS 40)
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 1 and IAS 28	Annual Improvements to IFRS 2014-2016
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into available-for-sale financial assets and loans and receivables.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Available-for-sale financial assets

An available-for-sale financial asset is a non-derivative financial asset that is either designated to this category or does not qualify for inclusion in any of the other categories of financial assets.

The Company's main financial asset comprises an investment in a listed company which is classified as an available-for-sale financial asset. This category determines subsequent measurement and whether any resulting income and expense is recognised in the statement of comprehensive income.

The investment is measured at fair value and the resulting temporary unrealised gains/(losses) (including unrealised foreign exchange gains/(losses) on retranslation at the closing rate, if any) are reported as a separate component of equity in "Fair Value Reserves", until the underlying investment is sold or permanently written off, when the total realised gains/(losses) are included in the statement of comprehensive income.

The valuation of investments may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Equity and reserves

Stated capital is determined using the value of shares that have been issued.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

Dividend payments to shareholders are included in retained earnings when the dividends have been approved by the Board.

Fair value reserves relate to the unrealised gains/losses arising out from the re-measurement of an available-for-sale financial asset to its fair value.

3.8 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.9 Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollar ("USD"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION CERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set below.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Estimation uncertainty

There are no estimates that would affect the recognition and measurement of assets, liabilities, income and expenses.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Financial assets				
Non-current				
Available-for-sale financial asset:				
Investment in Tech Mahindra Limited	**2,385,194**	**154,846,795**	1,721,793	111,778,802
Current				
Loans and receivables:				
Cash and cash equivalents	**17,458,611**	**1,133,413,026**	17,252,865	1,120,055,996
Total financial assets	**19,843,805**	**1,288,259,821**	18,974,658	1,231,834,798
Financial liabilities				
Current				
Financial liabilities measured at amortised cost:				
Accruals	**7,767**	**504,234**	***16,888***	***1,096,369***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and other price risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on account of its available-for-sale financial asset denominated in the Indian Rupee ("INR").

The currency profile of its financial assets and financial liabilities is as follows:

	Financial assets 2018	**Financial liabilities 2018**	Financial assets 2017	Financial liabilities 2017
	USD	**USD**	USD	USD
Long term exposure				
Indian Rupee (INR)	**2,385,194**	**–**	1,721,793	–
Short term exposure				
United States Dollar (USD)	**17,458,611**	**7,767**	17,252,865	16,888
Total exposure	**19,843,805**	**7,767**	18,974,658	16,888

	Financial assets 2018	**Financial liabilities 2018**	Financial assets 2017	Financial liabilities 2017
	USD	**USD**	USD	USD
Long term exposure				
Indian Rupee (INR)	**154,846,795**	**–**	111,778,802	–
Short term exposure				
United States Dollar (USD)	**1,133,413,026**	**504,234**	1,120,055,996	1,096,369
Total exposure	**1,288,259,821**	**504,234**	1,231,834,798	1,096,369

The following analysis illustrates the sensitivity of profit and equity in regard to the Company's financial assets and financial liabilities and the USD/INR exchange rate, "all other things being equal".

It assumes a 0.06% change of the USD/INR exchange rate for the year ended 31 March 2018 (31 March 2017: 2%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the INR by 0.06%, other comprehensive income and equity would have decreased by **USD 1,414** (2017: USD 32,635). If the USD had weakened against the INR by 0.06%, then other comprehensive income and equity would have increased by **USD 1,414** (2017: USD 32,635). There would be no impact on profit or loss for the year as the investments denominated in INR are listed securities classified as available-for-sale financial asset.

Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank balance and the interest thereon is based on market interest rates. At 31 March 2018, the bank balance stood at **USD 17,414,363** (2017: USD 17,233,501) and bank interest income earned during the year was **USD 228,631** (2017: USD 133,069). A change in the market interest rate would only impact marginally on the Company's operating cash flows.

Other price sensitivity

The Company is exposed to other price risk in respect of its available-for-sale financial asset, which is listed on the Bombay Stock Exchange and the National Stock Exchange of India. The average volatility observed in the share prices during the year ended 31 March 2017 is shown in the table below:

Name of investee company	**% increase in share price 2018**	% decrease in share price 2017
Tech Mahindra Limited	**39%**	3%

If the quoted stock prices for these securities increased or decreased by the above percentages, other comprehensive income and equity would have changed as shown below at 31 March 2018:

	Other comprehensive income and equity			
	2018 USD	**2018 INR (Note 1)**	2017 USD	2017 INR (Note 1)
Increase	**930,226**	**60,390,272**	51,654	3,353,378
Decrease	**(930,226)**	**(60,390,272)**	(51,654)	(3,353,378)

The listed securities are classified as an available-for-sale financial asset and therefore no effect on profit has occurred.

5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS				
Non-current				
Available-for-sale financial asset	**2,385,194**	**154,846,795**	1,721,793	111,778,802
Current				
Cash and cash equivalents	**17,458,611**	**1,133,413,026**	17,252,865	1,120,055,996
Total assets	**19,843,805**	**1,288,259,821**	18,974,658	1,231,834,798

The Company holds an investment in Tech Mahindra Limited, a listed company incorporated in the Republic of India and whose fair value exceeds its cost (Note 9 to these financial statements).

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings. None of the Company's financial assets are secured by collateral or other credit enhancements.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations.

The Company manages its liquidity risk by carefully monitoring all its cash inflows and outflows. Cash inflows during the year mainly relate to dividend income and cash outflows mainly relate to operating expenses.

At 31 March 2018, the Company's financial liabilities have contractual maturities which are summarised below:

	Within 1 year	**Within 1 year**
	USD	**INR (Note 1)**
Accruals	**7,767**	**504,234**

This compares with the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	16,888	1,096,369

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2017 and 31 March 2018:

31 March 2018	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD	**USD**	**USD**	**USD**
Assets					
Listed investment	(i)	**2,385,194**	–	–	**2,385,194**
		2,385,194	–	–	**2,385,194**

31 March 2018	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		INR	**INR**	**INR**	**INR**
		(Note 1)	**(Note 1)**	**(Note 1)**	**(Note 1)**
Assets					
Listed investment	(i)	**154,846,795**	–	–	**154,846,795**
		154,846,795	–	–	**154,846,795**

31 March 2017	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	1,721,793	–	–	1,721,793
		1,721,793	–	–	1,721,793

31 March 2017	Note	Level 1	Level 2	Level 3	Total
		INR	INR	INR	INR
		(Note 1)	(Note 1)	(Note 1)	(Note 1)
Assets					
Listed investment	(i)	111,778,802	–	–	111,778,802
		111,778,802	–	–	111,778,802

There has been no transfer between Level 1 and Level 2 in 2018 and 2017.

Measurement of fair value

The methods used for the purpose of measuring fair value are unchanged compared with the previous reporting year.

(i) Listed investment

The listed equity investment is denominated in INR and is publicly traded on the Bombay Stock Exchange and the National Stock Exchange of India. Fair values have been determined by reference to its quoted closing share price at the reporting date.

The Company's other financial assets and financial liabilities are measured at their carrying amounts, which approximate to their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of prepayments only, for which fair value measurement is not applicable since it is not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its members, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the years ended 31 March 2018 and 31 March 2017, the Company was not geared.

8. TAXATION

(i) Income tax

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritian tax payable in respect of its foreign source income. Gains or profits arising from sale of units or securities are exempt from tax in the Republic of Mauritius and any dividends or redemption proceeds paid by the Company to shareholders would not attract withholding tax in the Republic of Mauritius.

On 10 May 2016, the Government of India and Mauritius announced the signing of a Protocol amending the provisions of the Republic of Mauritius-Republic of India Double Taxation Avoidance Agreement (the "Mauritius-India Tax Treaty"). The Protocol was effective on 01 April 2017 in respect of income and gains received from the Republic of India. The Protocol provides, inter alia, for capital gains arising on disposal of shares acquired by a Company resident in the Republic of Mauritius on or after 01 April 2017 to be taxed in the Republic of India. However, investments in shares acquired up to 31 March 2017 will be "grandfathered", and thus exempted from capital gains tax in the Republic of India irrespective of the date of disposal. In addition, shares acquired as from 01 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50 % of the domestic tax rate prevailing in the Republic of India provided that the Mauritian resident company meets the presented limitations of benefits clause which includes a minimum expenditure level in the Republic of Mauritius.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

At 31 March 2018, the Company has accumulated tax losses of USD 8,502 which will be carried forward and available for set off against future taxable profits as follows:

	USD	**INR (Note 1)**
Up to the year ending 31 March 2019	8,502	551,950
	8,502	551,950

During the year under review, part of tax losses amounting to USD 27,872 incurred in the year ended 31 March 2013 has been utilised against the chargeable income earned during the year under review and tax losses of USD 22,949 have lapsed.

(ii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2018, the

Company had no temporary differences and hence no deferred taxation is to be recognised in the financial statements.

(iii) Income tax reconciliation

The income tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2018	**2018**	2017	2017
	USD	**INR**	USD	INR
Profit before tax	**214,867**	**13,949,166**	75,386	4,894,059
Tax calculated at the rate of 3%	**6,446**	**418,474**	2,262	146,849
Exempt income not subject to tax	**(6,859)**	**(445,286)**	(3,992)	(259,160)
Expenses not allowable for tax purposes	**1,249**	**81,085**	2,282	148,147
Tax losses utilised	**(836)**	**(54,273)**	(552)	(35,836)
Tax expense	**–**	**–**	–	–

9. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018	**2018**	2017	2017
	USD	**INR**	USD	INR
		(Note 1)		(Note 1)
(i) Cost				
At beginning and end of year	**90,045**	**5,845,721**	90,045	5,845,721
(ii) Fair value				
At beginning of year	**1,721,793**	**111,778,802**	1,739,216	112,909,903
Fair value adjustment for the year	**663,401**	**43,067,993**	(17,423)	(1,131,101)
At end of year	**2,385,194**	**154,846,795**	1,721,793	111,778,802

(iii) Details pertaining to the listed company incorporated in the Republic of India and representing a stake of 0.02% are as follows:

Name of investee company	**Cost 2017 & 2018**	**Fair value 2018**	Fair value 2017	**Cost 2017 & 2018**	**Fair value 2018**	Fair value 2017
	USD	**USD**	USD	**INR**	**INR**	INR
				(Note 1)	**(Note 1)**	(Note 1)
Tech Mahindra Limited	**90,045**	**2,385,194**	1,721,793	**5,845,721**	**154,846,795**	111,778,802

(iv) Fair value reserves

	2018	**2018**	2017	2017
	USD	**INR**	USD	INR
		(Note 1)		(Note 1)
At beginning of year	**1,631,748**	**105,933,080**	1,649,171	107,064,181
Fair value adjustment for the year	**663,401**	**43,067,993**	(17,423)	(1,131,101)
At end of year	**2,295,149**	**149,001,073**	1,631,748	105,933,080

10. CASH AND CASH EQUIVALENTS

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Cash at bank – USD	**769,151**	**49,933,283**	792,036	51,418,977
Short term deposits	**16,645,212**	**1,080,607,163**	16,441,465	1,067,379,908
Interest receivable	**44,248**	**2,872,580**	19,364	1,257,111
Total	**17,458,611**	**1,133,413,026**	17,252,865	1,120,055,996

(i) The Company has fixed deposits placements with Standard Chartered Bank (Mauritius) Limited bearing interest at the rate of 1.65% per annum.

11. STATED CAPITAL

	2018 & 2017	**2018 & 2017**
	USD	**INR (Note 1)**
Issued and fully paid:		
11,880,000 Ordinary shares of USD1 each	**11,880,000**	**771,249,600**

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. PROFESSIONAL FEES

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Administration fees and disbursement	**10,782**	**699,968**	20,258	1,315,149
Directors' fees	**3,750**	**243,450**	3,750	243,450
Secretarial fees	**1,500**	**97,380**	1,500	97,380
Professional fees (Notes 12 (i) and (ii))	**19,360**	**1,256,851**	63,664	4,133,067
Tax filing fees	**1,700**	**110,364**	1,700	110,364
Total	**37,092**	**2,408,013**	90,872	5,899,410

(i) Khaitan & Co were appointed to seek a ruling by the Authority for Advance Rulings (AAR) in India on the question of whether capital gains realised by the Company from a sale of shares of Tech Mahindra Limited to AT&T International, Inc. on 22 March 2010 were exempt from tax in the Republic of India under the Mauritius-India Tax Treaty. Fees of USD 13,360 were paid to Khaitan & Co in the year under review, in respect of advising the Company on this matter. (2017: USD 28,664)

(ii) Fees of USD 6,000 were paid to Mr Porus Kaka in the year under review, in respect of representing the Company at AAR hearings.

13. DIVIDENDS

	2018	**2017**
	USD	**USD**
Dividends paid	–	5,300,000
Dividend per share	–	0.45

There was no dividend declared and paid during year under review (2017:USD 5,300,000).

14. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2018, the Company had transactions with a related party. The nature, volume of transactions and balances with the related party are as follows:

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at 31 March 2018	Debit/(credit) balances at 31 March 2017
			USD	**USD**	USD
SANNE Mauritius Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	**6,950**	**1,733**	1,733
SANNE Mauritius Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	**10,782**	**(3,672)**	(8,800)

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at 31 March 2018	Debit/(credit) balances at 31 March 2017
			INR (Note 1)	**INR (Note 1)**	INR (Note 1)
SANNE Mauritius Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	**451,194**	**112,506**	112,506
SANNE Mauritius Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	**699,968**	**(238,386)**	(571,296)

15. CONTINGENT ASSETS AND LIABILITIES

Contingent assets

On 22 March 2010, the Company disposed of part of its shareholding in Tech Mahindra Limited, a listed company incorporated in India, to AT&T International, Inc. ("AT&T"). Following the withholding tax order received from the Indian Tax Authorities, AT&T withheld an amount of INR190,061,898 as 'withholding tax' under Section 195 of the Indian Income Tax Act and paid the same into the treasury of the Government of India. In the opinion of the Company, there is no tax liability on this transaction as the Company is a resident of Mauritius and capital gains realised in India on this disposal are therefore exempt from tax in India under the Mauritius- India Tax Treaty. Accordingly, in line with the decision of its Board of Directors, the Company filed an application before the AAR in India on the taxability of capital gains in India under the Mauritius-India Tax Treaty. The AAR pronounced its ruling in favour of the Company on 8 August 2016. However, the Indian Tax Authorities have filed a writ petition against the AAR ruling in the High Court of Bombay in India and the court hearing has been fixed for 27 April 2018.

Contingent liabilities

At 31 March 2018, the Company had no material litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on its financial position or results.

16. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date, which require disclosure or adjustment to the 31 March 2018 financial statements.

17. HOLDING COMPANIES

The directors regard Mahindra Overseas Investment Company (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company and Mahindra and Mahindra Limited, a listed company incorporated in India, as the Company's ultimate holding company.

BOARD'S REPORT TO THE SHAREHOLDERS

Your Directors present their Eleventh Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rupees lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income	**373.70**	316.44
Profit before Exceptional Item and tax	**309.11**	60.09
Add: Exceptional Item	**27.36**	–
Profit before tax	**336.47**	60.09
Provision for taxation for the year	**(10.56)**	–
Excess provision for tax relating to prior years (net)	**15.24**	–
Profit for the year after taxation	**341.15**	60.09
Less: Impact of the Scheme of Amalgamation	**22.74**	–
Balance of Profit from earlier years	**1779.16**	1731.09
Add: Taken over as per Scheme of Amalgamation	**411.65**	–
Profit available for appropriation	**2509.22**	1791.18
Appropriations:		
Transferred to Special Reserve	**–**	12.02
Balance carried to Balance Sheet	**2509.22**	1779.16
Net Worth	**119068.14**	113062.84

No material changes and commitments have occurred after the closure of the year under review till the date of this Report, which would affect the financial position of the Company.

Operations

The profit before tax for the year under review was Rs. 336.47 lakhs, as against Rs. 60.09 lakhs in the previous year.

During the year, the Company has made investments in shares of group companies in furtherance of its objectives as the investment arm of the Mahindra Group. Your Company also divested some of its shareholdings as and when a review of the portfolio was necessitated.

The Investments held as at 31st March, 2018 continue to be in group companies only.

Dividend

In order to conserve the resources of the Company, your Directors do not recommend dividend for the year under review.

Holding Company, Subsidiaries, Associates and Joint Ventures

Your Company is a wholly owned subsidiary of Mahindra & Mahindra Limited.

Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited ceased to be subsidiaries upon the Scheme of Amalgamation with the Company becoming effective. Effect has been given in these accounts to the Scheme of Amalgamation, which became effective from the Appointed Date, 1st April 2016. During the year, the Company divested its entire shareholding in its Joint Venture company - Mahindra Solar One Private Limited.

A Report on the performance and financial position of the Subsidiaries, Associates and Joint Venture companies and their contribution to the overall performance of the Company as on 31st March, 2018 is provided in Form AOC-1 which is attached to the Financial Statements and forms part of this Annual Report.

Share Capital

During the year under review, the Authorised Share Capital of your Company has increased from Rs. 242300 lakhs (divided into 242,30,00,000 equity shares of Rs. 10 each) to Rs. 247400 lakhs (divided into 245,40,00,000 Equity shares of Rs. 10 each and 20,00,000 Preference Shares of Rs.100 each) consequent upon the merger of Mahindra Telecommunications Investment Private

Limited and Gateway Housing Company Limited with the Company. The paid-up share capital of the Company increased from Rs. 110781.65 lakhs to Rs. 116140.65 lakhs consequent upon the allotment of 5,35,90,000 equity shares of Rs. 10 each at par to Mahindra & Mahindra Limited.

Consolidated Financial Statements

The Company is exempted from preparing Consolidated Financial Statements, as it is a wholly owned subsidiary of Mahindra & Mahindra Limited.

Board of Directors

Composition:

Sr. No.	Name of the Director	DIN	Independent/Non Independent
1.	Mr. Keshub Mahindra	00004489	Non Independent
2.	Mr. Anand Mahindra	00004695	Non Independent
3.	Mr. Bharat Doshi	00012541	Non Independent
4.	Mr. A. K. Nanda	00010029	Non Independent
5.	Mr. M. A. Nazareth	00013337	Non Independent
6.	Mr. K. Chandrasekar	01084215	Non Independent
7.	Mr. Haigreve Khaitan	00005290	Independent
8.	Ms. Pallavi Kanchan	07545615	Independent (Woman Director)

Mr. Noshir Dastur (DIN: 00493177) and Mr. Zhooben Bhiwandiwala (DIN: 00110373) ceased to be Directors of the Company with effect from 4th May, 2017 and 15th January, 2018 respectively. The Board has placed on record its sincere and deep appreciation of the contribution made by Mr. Dastur and Mr. Bhiwandiwala during their respective tenures as Director of the Company.

Mr. Bharat Doshi and Mr. A. K. Nanda retire by rotation and, being eligible, offer themselves for re-appointment.

Declaration by Independent Directors

The Company has received declarations from Mr. Haigreve Khaitan and Ms. Pallavi Kanchan, Independent Directors of the Company, to the effect that they fulfil the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Meetings of the Board of Directors

Your Board of Directors met four times during the Financial Year 2017-2018 i.e. on 24th May, 2017, 15th September, 2017, 29th December, 2017 (as adjourned) and 1st March, 2018.

The attendance of Directors at the Board meetings is as follows:

Sr. No.	Name of the Director	No. of Meetings attended
1.	Mr. Keshub Mahindra	4
2.	Mr. Anand Mahindra	2
3.	Mr. Bharat Doshi	3
4.	Mr. A. K. Nanda	2
5.	Mr. M. A. Nazareth	4
6.	Mr. Zhooben Bhiwandiwala*	Nil
7.	Mr. K. Chandrasekar	4
8.	Mr. Noshir Dastur**	N.A.
9.	Mr. Haigreve Khaitan	1
10.	Ms. Pallavi Kanchan	4

* Ceased to be a Director with effect from 15th January, 2018.

** Ceased to be Director with effect from 4th May, 2017.

Meeting of Independent Directors

The Independent Directors met once during the year under review. The Meeting was conducted in an informal manner without the presence of the Chairman of the Board and other Directors.

General Meetings

The 10th Annual General Meeting of the Company was held on 3rd August, 2017. No Extra-Ordinary General Meeting of the Company was held during the year.

A Meeting of the Equity Shareholders of the Company as per the Order dated 20th April, 2017 of the Hon'ble National Company Law Tribunal, Mumbai Bench was held on 23rd June, 2017 to consider the Scheme of Amalgamation of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited with the Company.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the 31st March, 2018 and of the profit of the Company for the year ended on that date;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standards

After due enquiry, and based on representations received, your Directors confirm that the applicable Secretarial Standards SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, have been duly complied with by your Company.

Evaluation of Board Performance

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its Committees and individual Directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board Member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

The Board of Directors of the Company carried out an annual evaluation of the overall performance of the Independent Directors.

Committees of the Board

Audit Committee

The Audit Committee was re-constituted by the Board on 23rd May, 2017 pursuant to the resignation of Mr. Noshir Dastur as a Director from the Board of the Company. The Audit Committee currently comprises Ms. Pallavi Kanchan (Chairperson), Mr. Haigreve Khaitan and Mr. M. A. Nazareth.

The Audit Committee met three times during the year under review i.e. 24th May, 2017, 5th January, 2018, and 1st March, 2018. The attendance of Directors at the Audit Committee meetings is as follows:

Sr. No.	Name of the Director	No. of Meetings attended
1.	Ms. Pallavi Kanchan (Chairperson)	3
2.	Mr. Haigreve Khaitan	1
3.	Mr. M. A. Nazareth	3

The Board has accepted all recommendations of the Audit Committee made from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by the Board on 23rd May, 2017 pursuant to the resignation of Mr. Noshir Dastur as a Director from the Board of the Company. The Nomination and Remuneration Committee currently comprises Mr. Haigreve Khaitan (Chairman), Ms. Pallavi Kanchan and Mr. Bharat Doshi.

The Nomination and Remuneration Committee met once during the year under review, on 1st March, 2018. All Members of the Committee were present at this meeting.

Code of Conduct

Your Company has in place a Code of Conduct for Corporate Governance ("Code") for its Directors. This Code enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

Your Company has, for the year under review, received declarations from Members of the Board affirming compliance with the Code.

Policy on Appointment of Directors and Senior Management and Policy for Remuneration of the Directors, Key Managerial Personnel and Other Employees

The 'Policy on Appointment of Directors and Senior Management' and a 'Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees' are provided as Annexure I, which forms part of this Report.

The Key Managerial Personnel of your Company are Mr. Ajay Choksey, Chief Executive Officer, Mr. Sunil Rane, Chief Financial Officer and Ms. Anita Halbe, Company Secretary.

Risk Management Policy

Your Company has in place a Risk Management Policy setting out the objectives and elements of risk management and identifying therein the elements of risk which in the opinion of the Board may threaten the existence of the Company.

Policy for Prevention of Sexual Harassment

The Company is committed to adopt a policy for prevention of sexual harassment at the workplace in accordance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, no complaint was received under the Act and the Rules framed thereunder.

Corporate Social Responsibility

Your Company's Corporate Social Responsibility Committee comprises Ms. Pallavi Kanchan (Independent Director, Chairperson), Mr. M. A. Nazareth and Mr. K. Chandrasekar. The Committee was constituted on 24th May, 2017. During the year under review, the Corporate Social Responsibility Committee met once on 1st March, 2018; the Meeting was attended by all the Members.

Your Company has adopted a Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic activities, identifying select constituencies and causes to work with, thereby ensuring a high social impact.

Annual Report on Corporate Social Responsibility activities of the Company is furnished as Annexure II and forms part of this Report.

Statutory Auditors

Messrs B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 101248W/W-100022) were appointed as the Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of the 10th Annual General Meeting (AGM) held on 3rd August, 2017 till the conclusion of the 15th AGM of the Company to be held in the year 2022.

The Auditors' Report for the year under review issued by Messrs BSR & Co. LLP is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial Auditors

Your Directors have appointed Martinho Ferrao & Associates, Company Secretary (Certificate of Practice Number 5676) as Secretarial Auditor of the Company in accordance with section 204 of the Companies Act, 2013.

In terms of the provisions of section 204(1) of the Companies Act, 2013, the Company has annexed with this Board's Report as Annexure III a Secretarial Audit Report for the year under review in the prescribed Form MR – 3.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are furnished in Annexure IV to this Report.

Particulars of Contracts or Arrangements with Related Parties

All Related Party Transactions entered during the year were in the Ordinary Course of Business and on Arm's length basis.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of section 134 of the Companies Act, 2013.

Extract of Annual Return

Pursuant to sections 92(3) and 134(3)(a) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2018 in Form MGT 9 is attached herewith as Annexure V and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 and based on the representation received and after due enquiry, your Directors confirm that the Company has laid down internal financial controls with reference to the Financial Statements and that these controls are adequate.

Core Investment Company

The Reserve Bank of India vide its Order dated June 28, 2017 approved the application of the Company for de-registration of the Company as a Non-Banking Financial Company, consequent upon attaining status as Core Investment Company not requiring registration under the various Directions/Notifications of RBI.

Public Deposits and Loans/Advances

The Company has not accepted any deposits from the public during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the parent Company, Mahindra & Mahindra Limited.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events concerning the following items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
- Significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future;
- Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 16th May, 2018

ANNEXURE I TO THE BOARD'S REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Holdings Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO);or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means all members of management one level below the executive directors including the functional heads.

APPOINTMENT OF DIRECTORS

- The NRC shall review and assess Board composition and recommend the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 16th May, 2018

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Holdings Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and employees of the Company. The overall compensation philosophy which guides us is that we need to attract and retain high performers by compensating them at levels that are broadly comparable with the competitors while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by benchmarking with relevant players across the industry we operate in.

Non-Executive including Independent Directors

The Nomination and Remuneration Committee ("Committee") shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The Committee shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the Committee may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Executive Director(s) shall be recommended by the Committee to the Board. The remuneration shall consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the Committee based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be determined by the Board of Directors or by any Director as may be authorized by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. The relationship of their remuneration to performance shall be clear and shall meet the appropriate performance benchmarks.

Employees

We shall benchmark the Compensation structure with relevant players across the industry we operate in depending upon the level in the organization.

We shall have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC may be reviewed once a year. The compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs will be decided by any Director of the Company, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme that may be formulated by the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 16th May, 2018

ANNEXURE II TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ('CSR') ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic activities, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- All CSR projects/Programs will be conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact.

During the year under review your Company have contributed Rs.6 lakhs towards CSR through K.C. Mahindra Education Trust.

The Company does not have a website.

(2) The Composition of the CSR Committee.

Ms. Pallavi Kanchan - Chairperson

Mr. Mario Nazareth - Member

Mr. K. Chandrasekar - Member

(3) Average net profit of the Company for last three financial years: **Rs. 267.88 lakhs**

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): **Rs. 5.36 lakhs**

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year - **Rs. 5.36 lakhs**

(b) Amount unspent, if any – Nil

(c) Manner in which the amount spent during the financial year is detailed below

Sr. No.	Particulars	
(1)	CSR project or activity identified	Nanhi Kali- Provides educational support (material and academic) to underprivileged girls in India
(2)	Sector in which the Project is covered	Promoting Education
	Projects or programs	
(3)	(1) Local area or other	Local area: Mumbai Others: Nashik and Pune Maharashtra
	(2) Specify the state and district where projects or programs was undertaken	
(4)	Amount outlay (budget) project or programs wise	Rs. 5.36 lakhs
(5)	Amount spent on the projects or programs **Sub Heads:** (1) Direct expenditure on projects or programs (2) Overheads	Contribution of Rs. 6 lakhs directly to the Implementing Agency i.e. K.C. Mahindra Education Trust
(6)	Cumulative expenditure upto the reporting period	Rs. 6 lakhs
(7)	Amount Spent: Direct or through implementing agency*	Rs. 6 lakhs spent through implementing agency

* Details of implementing agency:

The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the Trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

   Not Applicable, since the Company has spent more than two per cent of the average net profit of the last three Financial Years as per the Companies Act, 2013 and the Company believes that the above project and activities falls within the purview of Schedule VII of the Companies Act, 2013.

7. A responsibility statement of the CSR that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

   The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Pallavi Kanchan
Chairperson-CSR Committee

M. A. Nazareth
Director

Mumbai, 16th May, 2018

ANNEXURE III TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Mahindra Holdings Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Holdings Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Mahindra Holdings Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year **ended on 31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not applicable**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;- **Not applicable**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not Applicable as the Company does not have any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Applicable only with respect to shares of the Listed Company(ies) held by the Company**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Applicable only to the extent of shares held by the Company in Listed Company(ies)**

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable**

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable as the Company is not listed on any Stock Exchange** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable as the Company has not bought back any of its securities during the financial year under review.**

(vi) we have also examined the compliances of the provisions of the following other laws applicable specifically to the Company:

1. Core Investment Companies (Reserve Bank) Directions;
2. Prevention of Money Laundering Act, 2002;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable as the Company is not listed on any Stock Exchange.**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes that took place in the composition of the Board of Directors during the period under review were in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In case of meetings with shorter notice, the provisions of the Act and Secretarial Standards have been complied with.
3. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has:

1. allotted 5,35,90,000 Equity Shares on rights basis;
2. received approval by the shareholders in the National Company Law Tribunal convened Meeting held on 23rd June, 2017 for scheme of amalgamation between Mahindra Telecommunications Investment Pvt. Ltd. (Wholly Owned Subsidiary) & Gateway Housing Company Ltd (Wholly Owned Subsidiary) with the Company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Dated: 25th April, 2018

This report is to be read with our letter which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,

The Members,

Mahindra Holdings Limited

Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Dated: 25th April, 2018

ANNEXURE IV TO THE BOARD'S REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy

(i) the steps taken or impact on conservation of energy – Not applicable in view of the nature of activities carried on by the Company.

(ii) the steps taken by the company for utilizing alternate sources of energy - Not applicable in view of the nature of activities carried on by the Company.

(iii) the capital investment on energy conservation equipment - Not applicable in view of the nature of activities carried on by the Company.

(B) Technology absorption

(i) the efforts made towards technology absorption - Not applicable in view of the nature of activities carried on by the Company.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Not applicable in view of the nature of activities carried on by the Company.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

– Not applicable in view of the nature of activities carried on by the Company.

(iv) the expenditure incurred on Research and Development.

– Not applicable in view of the nature of activities carried on by the Company.

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 16th May, 2018

ANNEXURE V TO THE BOARD'S REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	**CIN**	U65993MH2007PLC175649
ii)	**Registration Date**	2nd November 2007
iii)	**Name of the Company**	Mahindra Holdings Limited
iv)	**Category/Sub-Category of the Company**	Company limited by shares/Indian Non-Government Company
v)	**Address of the Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. Tel.: 022-2490 5968
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Investments in group companies	6420	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	L65990MH1945PLC004558	Holding Company	100.00	2(46)
2.	Mahindra Susten Private Limited Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74990MH2010PTC207854	Subsidiary Company	100.00	2(87)(ii)
3.	Mahindra Renewables Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40300MH2010PTC205946	Subsidiary Company	100.00	2(87)(ii)
4.	Marvel Solren Private Limited* Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U74120MH2015PTC269074	Subsidiary Company	100.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5.	MachinePulse Tech Private Limited* Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U72300MH2016PTC271679	Subsidiary Company	100.00	2(87)(ii)
6.	Brightsolar Renewable Energy Private Limited** Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40108MH2013PTC250683	Subsidiary Company	51.00	2(87)(ii)
7.	Cleansolar Renewable Energy Private Limited** Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40108MH2013PTC250684	Subsidiary Company	100.00	2(87)(ii)
8.	Astra Solren Private Limited** Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U74120MH2015PTC269256	Subsidiary Company	100.00	2(87)(ii)
9.	Divine Solren Private Limited** Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74120MH2015PTC264259	Subsidiary Company	100.00	2(87)(ii)
10.	Neo Solren Private Limited** Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U74999MH2015PTC266154	Subsidiary Company	100.00	2(87)(ii)
11.	Mega Suryaurja Private Limited** (Formerly known as Mahindra Suryaurja Private Limited) Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40103MH2012PTC226016	Subsidiary Company	100.00	2(87)(ii)
12.	Mahindra Integrated Business Solutions Private Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74999MH2011PTC212468	Subsidiary Company	100.00	2(87)(ii)
13.	Mahindra Airways Limited Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U62100MH2016PLC284135	Subsidiary Company	100.00	2(87)(ii)
14.	Mahindra First Choice Wheels Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U64200MH1994PLC083996	Subsidiary Company	46.76	2(87)(i)
15.	Mahindra First Choice Services Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U35999MH2008PLC180385	Subsidiary Company	100.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
16.	Auto Digitech Private Limited*** Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U29253MH2009PTC196365	Subsidiary Company	100.00	2(87)(ii)
17.	Gromax Agri Equipment Limited (Formerly known as Mahindra Gujarat Tractor Limited) Address: Vishwamitri nr Railway Overbridge, Vadodara, Gujarat – 390011	U34100GJ1978PLC003127	Associate Company	49.00	2(6)
18.	Mahindra Automobile Distributor Private Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U34100MH2005PTC153702	Associate Company	21.00	2(6)
19.	Mahindra and Mahindra Contech Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74140MH1992PLC066606	Associate Company	23.33	2(6)
20.	Mahindra eMarket Limited Address: Mahindra Towers, Worli, Mumbai – 400018	U72900MH2000PLC129103	Associate Company	24.00	2(6)
21.	Medwell Ventures Private Limited Address: 105/C, Shagun Complex, B-93 Swastik Society, C.G. Road, Navrangpura, Ahmedabad – 380009	U85100GJ2014PTC079080	Associate Company	45.63	2(6)

* a subsidiary of Mahindra Susten Private Limited

** a subsidiary of Mahindra Renewables Private Limited

*** a subsidiary of Mahindra First Choice Services Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April 2017)				No. of shares held at the end of the year (As on 31st March 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	0	0	0	0	0	0	0	0	0
b. Central Govt.	0	0	0	0	0	0	0	0	0
c. State Govt.	0	0	0	0	0	0	0	0	0
d. Bodies Corp.	0	110,78,16,535*	110,78,16,535*	100.00	0	116,14,06,535*	116,14,06,535*	100.00	0
e. Bank/FI	0	0	0	0	0	0	0	0	0
f. Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	**0**	**110,78,16,535***	**110,78,16,535***	**100.00**	**0**	**116,14,06,535***	**116,14,06,535***	**100.00**	**0**
2. Foreign									
a. NRIs-Individuals	0	0	0	0	0	0	0	0	0
b. Other-Individuals	0	0	0	0	0	0	0	0	0
c. Body Corp.	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April 2017)				No. of shares held at the end of the year (As on 31st March 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d. Bank/FI	0	0	0	0	0	0	0	0	0
e. Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**0**	**110,78,16,535***	**110,78,16,535***	**100.00**	**0**	**116,14,06,535***	**116,14,06,535***	**100.00**	**0**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	0	0	0	0	0	0	0	0	0
b. Bank/FI	0	0	0	0	0	0	0	0	0
c. Central Govt.	0	0	0	0	0	0	0	0	0
d. State Govt(s)	0	0	0	0	0	0	0	0	0
e. Venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Insurance Companies	0	0	0	0	0	0	0	0	0
g. FIIs	0	0	0	0	0	0	0	0	0
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i. Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a. Body Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b. Individuals	0	0	0	0	0	0	0	0	0
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**0**	**110,78,16,535***	**110,78,16,535***	**100.00**	**0**	**116,14,06,535***	**116,14,06,535***	**100.00**	**0**

Note: * The shareholding includes 6 shares held by Mahindra & Mahindra Limited jointly with individuals for the purpose of complying with the minimum number of shareholders required for a public company.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2017)			Shareholding at the end of the year (As on 31st March 2018)			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	110,78,16,529	100	0	116,14,06,529	100	0	100
2.	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi**	1	0	0	1	0	0	0
3.	Mahindra & Mahindra Limited jointly with Mr. A.K.Nanda**	1	0	0	1	0	0	0
4.	Mahindra & Mahindra Limited jointly with Mr. S.Durgashankar**	1	0	0	1	0	0	0
5.	Mahindra & Mahindra Limited jointly with Mr. Nozar Barucha**	1	0	0	1	0	0	0
6.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar**	1	0	0	1	0	0	0
7.	Mahindra & Mahindra Limited jointly with Mr. V.S. Parthasarathy**	1	0	0	1	0	0	0
	Total	**110,78,16,535**	**100**	**0**	**116,14,06,535**	**100**	**0**	**100**

Note: **The shares are held jointly for the purpose of complying with the minimum number of shareholders required for a public company.

iii. Change in Promoter's Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year (As on 1st April 2017)		Shareholding at the end of the year (As on 31st March 2018)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year – 1st April, 2017	110,78,16,535*	100	–	–
2.	Increase – 24th May, 2017 - Allotment of shares on Rights basis	5,35,90,000	100	–	100
3.	At the end on the year – 31st March, 2018	–	–	116,14,06,535*	100

Note: *The shareholding includes 6 shares held by Mahindra & Mahindra Limited jointly with individuals for the purpose of complying with the minimum number of shareholders required for a public company.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

Sr. No.	For Each of the Top 10 Shareholders	No of Shares Increase/ Decrease	Shareholding at the beginning of the year (As on 1st April 2017)		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
			NIL			

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1st April 2017)		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	**Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi**				
	At the beginning of the year – 1st April, 2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			
	At the end on the year – 31st March, 2018	–	–	1	0.00
2.	**Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda**				
	At the beginning of the year – 1st April, 2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			
	At the end on the year – 31st March, 2018	–	–	1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year – 1st April, 2017	Nil			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year	Nil			
• Addition				
• Reduction				
Net change				
Indebtedness at the end of the financial year – 31st March, 2018	Nil			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		–	–	–	–	
1.	Gross Salary	Nil				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission – As a % of Profit – Others, specify	–	–	–	–	–
5.	Others, please specify	–	–	–	–	–
	Total (A)	–	–	–	–	–
	Ceiling as per the Act	–	–	–	–	–

B. Remuneration of other directors:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Haigreve Khaitan	Ms. Pallavi Kanchan	Mr.Noshir Dastur	
1.	Independent Directors				
	• Fee for attending board/committee meetings	40,000	1,30,000	–	1,70,000
	• Commission	3,00,000	3,00,000	27,945	6,27,945
	• Others, please specify	–	–	–	–
	Total (1)	**3,40,000**	**4,30,000**	**27,945**	**7,97,945**
2.	Other Non-Executive Directors	–	–	–	–
	• Fee for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total B = (1+2)	**3,40,000**	**4,30,000**	**27,945**	**7,97,945**
	Total Managerial Remuneration (A+B)*				**6,27,945**
	Overall Ceiling as per the Act (being 3% of the net profit of the Company calculated as per section 198 of the Companis Act, 2013				**9,32,412**

* Excluding sitting fess

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary (Rs. p.a.)				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – As a % of Profit – others, specify…	–	–	–	–
5.	Others, please specify	5,00,000	3,22,253	3,00,000	11,22,253
	Total	**5,00,000**	**3,22,253**	**3,00,000**	**11,22,253**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 16th May, 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA HOLDINGS LIMITED

Report on the Audit of the financial statements

We have audited the accompanying financial statements of **MAHINDRA HOLDINGS LIMITED** ("the Company"), which comprise the Balance sheet as at 31st March, 2018, the Statement of profit and loss and the Statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the state of affairs, profit and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of auditors' report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2018, its profit, and its cash flows for the year ended on that date.

Other Matters

The audited financial statements of the Company for the corresponding year ended 31st March, 2017 prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 included in these financial statements, have been audited by the predecessor auditors M/s Deloitte Haskins & Sell LLP whose audit report dated 24th May, 2017 expressed an unmodified opinion on those audited financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2017 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance sheet, the Statement of profit and loss and the Statement of cash flows dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”; and

(g) with respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16 to the financial statements;

ii. the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2018; and

iv. the disclosure in the financial statements regarding holdings as well as dealings in Specified Bank Notes as defined in the notification S.O. 3407(E) dated the 8th November, 2016 of Ministry of Finance during the period from 8th November, 2016 to 30th December, 2016 have not been made since they do not pertain to the financial year ended 31st March, 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No: 102527

Mumbai: 16th May, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31ST MARCH, 2018

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2018, we report the following:

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company is a Core Investment Company, primarily engagement in the business of acquisition of shares and other securities and does not hold any physical inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of the investments made, to the extent applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits covered under the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax, Service tax, Goods and Services tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, Sales-tax, Duty of customs, Duty of excise, Value added tax and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Services tax and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, services tax and Goods and Services Tax which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Amount involved (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	89.8	AY 2007-08 to AY 2014-15	Income Tax Appellate Tribunal

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution or bank or government or dues to debenture holders. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has neither paid nor provided managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by Accounting Standard (AS) 18 – Related Party Disclosures.

(xiv) According to the information and explanations given to us and based on our examination of the records of the

Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No: 102527

Mumbai: 16th May, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31ST MARCH, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **MAHINDRA HOLDINGS LIMITED** ("the Company") as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No: 102527

Mumbai: 16th May, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Notes	As at 31st March, 2018 Rupees lakhs	As at 31st March, 2017 Rupees lakhs
A. EQUITY AND LIABILITIES:			
1. Shareholders' Funds:			
(a) Share Capital	4	**116140.65**	110781.65
(b) Reserves and Surplus	5	**2927.49**	2281.19
Share application money pending allotment		**13914.29**	5359.00
2. Current Liabilities:			
(a) Trade Payables	6		
(i) Micro, Small and Medium Enterprises		**–**	–
(ii) Other than Micro, Small and Medium Enterprises		**38.46**	34.57
(b) Other Current Liabilities	7	**4.78**	1.90
Total		**133025.67**	118458.31
B. ASSETS:			
1. Non-Current Assets:			
(a) Non-Current Investments	8	**128646.24**	117405.48
(b) Long Term Loans and Advances	9	**126.79**	29.06
2. Current Assets:			
(a) Current Investments	10	**4203.59**	1017.55
(b) Cash and Cash Equivalents	11	**49.04**	6.22
(c) Other Current Assets	12	**0.01**	–
Total		**133025.67**	118458.31

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra	*Chairman*
Anand Mahindra A. K. Nanda Bharat Doshi M. A. Nazareth K. Chandrasekar Pallavi Kanchan	*Directors*
Ajay Choksey	*Chief Executive Officer*
Sunil Rane	*Chief Financial Officer*
Anita Halbe	*Company Secretary*

Date: 16th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Particulars	Notes	For the year ended 31st March, 2018 Rupees lakhs	For the year ended 31st March, 2017 Rupees lakhs
(I)	**Revenue from Operations**	13	**373.70**	316.44
(II)	**Total Revenue**		**373.70**	316.44
(III)	**Expenses:**			
	Other expenses	14	**64.59**	256.35
(IV)	**Total Expenses**		**64.59**	256.35
(V)	**Profit Before Exceptional Item and Tax (II - IV)**		**309.11**	60.09
(VI)	**Add: Exceptional Item**	15	**27.36**	–
(VII)	**Profit Before Tax (V + VI)**		**336.47**	60.09
(VIII)	**Tax Expense:**			
	Current tax for the year		**(10.56)**	–
	Excess provision for tax relating to prior years (net)		**15.24**	–
			4.68	–
(IX)	**Profit for the year before impact of the Scheme of Amalgamation(VII+VIII)**		**341.15**	60.09
(X)	**Impact of the Scheme of Amalgamation**	3	**(22.74)**	–
(XI)	**Profit for the year (IX + X)**	3	**318.41**	60.09
(X)	**Earnings per equity share:** (Basic and diluted) **(Face Value Rs. 10 per share) (Rupees)**	23		
	(a) Computed on the basis of profit for the year before impact of the Scheme of Amalgamation		**0.03**	0.02
	(b) Computed on the basis of profit for the year		**0.03**	0.02

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra	*Chairman*
Anand Mahindra A. K. Nanda Bharat Doshi M. A. Nazareth K. Chandrasekar Pallavi Kanchan	*Directors*
Ajay Choksey	*Chief Executive Officer*
Sunil Rane	*Chief Financial Officer*
Anita Halbe	*Company Secretary*

Date: 16th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Particulars	For the year ended 31st March, 2018 Rupees lakhs	For the year ended 31st March, 2017 Rupees lakhs
A.	**Cash Flow from Operating Activities:**		
	Profit before tax	**336.47**	60.09
	Adjustments for:		
	Loss on sale of non-current investment	**–**	5.13
	Interest income	**(2.67)**	(0.09)
	Dividend on current investments	**(38.04)**	–
	Stamp duty and registration charges	**5.36**	–
	Exceptional items:		
	Profit on sale of non-current investment (Net)	**(27.36)**	–
	Operating profit before working capital changes	**273.76**	65.13
	Changes in Working Capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Short term loans and advances	**–**	0.50
	Other current assets	**29.43**	0.05
	Adjustments for increase/(decrease) in operating Liabilities:		
	Trade payables	**(4.87)**	17.03
	Other current liabilities	**2.20**	0.36
		26.76	17.94
	Cash generated from operations	**300.52**	83.07
	Income taxes paid (net of refunds)	**2.67**	0.30
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**303.19**	83.37
B.	**Cash Flow from Investing Activities:**		
	Purchase of long term investments - Subsidiaries	**(9364.17)**	(98121.76)
	Purchase of other long term investments	**(5249.99)**	(855.65)
	Purchase of current investments	**(3921.02)**	(1588.02)
	Sale of other long term investments	**2801.00**	858.32
	Sale of current investments	**735.00**	1403.07
	Dividend on current investments	**38.04**	–
	NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(14961.14)**	(98304.04)
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Issue of Share Capital	**–**	92863.00
	Share application money pending allotement	**13914.29**	5359.00
	Share issue expenses	**(5.36)**	–
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**13908.93**	98222.00
	CHANGES AS NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(749.02)**	1.33
	Cash and cash equivalents at the beginning of the year	**6.22**	4.89
	Add: Cash and Cash Equivalent acquired pursuant to the Scheme of Amalgamation	**791.84**	–
	Cash and cash equivalents at the end of the year	**49.04**	6.22

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') Cash Flow Statement.
2. The amalgamation of the Company with Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited is a non-cash transaction. Further cash flows from operating, investing and financial activities for the year 2016-2017 of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited are also treated as non-cash transactions. (Note 3).

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*
Anand Mahindra
A. K. Nanda
Bharat Doshi
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*
Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Date: 16th May, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Background

Mahindra Holdings Limited ('the Company') is a limited company incorporated in India. The Company is a Core Investment Company as per Reserve Bank of India Act, 1934. The principal activity of the Company is to make investments in group companies.

2. Significant Accounting Policies:

(a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

These financial statements are prepared in Indian Rupees.

(b) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) Current – non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

1. It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
2. It is held primarily for the purpose of being traded;
3. It is expected to be realised within 12 months after the reporting date; or
4. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

1. It is expected to be settled in the Company's normal operating cycle;
2. It is held primarily for the purpose of being traded;
3. It is due to be settled within 12 months after the reporting date; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

(d) Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act. Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(e) Revenue recognition

(i) Income is accounted on accrual basis.

(ii) Dividend income is accounted for when the right to receive payment is established.

(f) Investments

Long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of investments. Current investments are valued at the lower of cost and fair value determined by category of investments.

(g) Taxation

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax

Deferred tax is recognised, subject to consideration of prudence, on the timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(h) Earnings Per Share

Basic Earnings Per Share (EPS) is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

(i) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

3. Scheme of Amalgamation

Scheme of Amalgamation of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited with Mahindra Holdings Limited:

a) The Schemes of Amalgamation of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited, wholly owned subsidiaries with Mahindra Holdings Limited, (Parent Company) were approved by the Mumbai Bench of the National Company Law Tribunal (NCLT) on 4th January, 2018. The Scheme came into effect on 27th February, 2018 upon completion of the required formalities (filing of Order Copy with the Registrar of Companies) and the Scheme has become effective from the appointed date, 1st April, 2016.

b) The Amalgamations have been accounted as per AS 14 - Accounting for Amalgamations under the 'Pooling of Interests Method' as approved by NCLT, Accordingly:

i. The Authorised Equity and Preference Share Capital of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited have been added to the Authorised Capital of the Company.

ii. The Assets and Liabilities have been recorded at their book values.

iii. The difference between values of assets and liabilities of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited of Rs. 83.76 lakhs has been reflected in Capital Reserve/Amalgamation Adjustment Deficit Account (Refer note 5)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

c) The Profit After Tax of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited for the period 1st April, 2016 to 31st March, 2017 amounting to Rs. 41.96 lakhs has been recognised in the current year and disclosed separately in the Profit and Loss Account.

Rs. Lakhs

For the year ended 31st March, 2017

Particulars	Mahindra Telecommunications Investment Private Limited	Gateway Housing Company Limited	Total
Revenue			
Revenue from operations	51.51	14.91	66.42
Total Revenue	51.51	14.91	66.42
Expenses			
Other expenses	3.88	1.53	5.41
Total Expenses	3.88	1.53	5.41
Profit Before Tax	47.63	13.38	61.01
Tax Expenses			
Current tax	14.87	4.18	19.05
Profit for the year	32.76	9.20	41.96

d) Impact of the Scheme of Amalgamation amounting to Rs. 22.74 lakhs comprises of:

(i) Effect of GAAP adjustment on Amalgamation Rs. 64.70 lakhs;

(ii) Partly offset by the profit earned Rs. 41.96 lakhs by Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited during the period 1st April, 2016 to 31st March, 2017.

NOTE 4

SHARE CAPITAL:

Particulars		**As at 31st March, 2018 Rupees lakhs**	As at 31st March, 2017 Rupees lakhs
Authorised:			
2,45,40,00,000	(2,42,30,00,000) Ordinary (Equity) Shares of Rs. 10 each with voting rights#	**245400.00**	242300.00
20,00,000	Preference Shares of Rs. 100 each #	**2000.00**	–
	Total	**247400.00**	242300.00
Issued:			
1,30,05,49,450	(2017: 1,16,14,06,535) Ordinary (Equity) Shares of Rs. 10 each with voting rights	**130054.95**	116140.65
	Total	**130054.95**	116140.65
Subscribed and Fully paid-up:			
1,16,14,06,535	(**2017: 1,10,78,16,535**) Ordinary Equity Shares of Rs. 10 each with voting rights	**116140.65**	110781.65
	(All the shares are held by Mahindra & Mahindra Limited (the holding Company)		
	Total	**116140.65**	110781.65

\# In accordance with the requirement of the Scheme, the authorised share capital of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited as at 1st April, 2016, aggregating to Rs. 5100 lakhs divided into 3,10,00,000 equity shares of Rs. 10 each and 20,00,000 Preference Shares of Rs. 100 each have been added to the authorised share capital of the Company. Pursuant to this the total authorised share capital of the Company has become Rs. 247400 lakhs divided into 2,45,40,00,000 equity shares of Rs. 10 each and 20,00,000 preference shares of Rs. 100 each.

(a) The ordinary equity shares of the Company, having par value of Rs. 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of shares held by the holding company:

Particulars	**Equity shares with voting rights Number of shares**
As at 31st March, 2018	
Mahindra & Mahindra Limited, the holding company*	1,16,14,06,535
As at 31st March, 2017	
Mahindra & Mahindra Limited, the holding company*	1,10,78,16,535

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	**As at 31st March, 2018**		As at 31st March, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited*	**1,16,14,06,535**	**100%**	1,10,78,16,535	100%

*Includes 5 shares held jointly with its nominees

(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	**Opening Balance**	**Fresh issue**	**Closing Balance**
Equity shares with voting rights			
Year ended 31st March, 2018			
– Number of shares	1,10,78,16,535	5,35,90,000	1,16,14,06,535
– Amount (Rupees lakhs)	1,10,782	5,359	1,16,141
Year ended 31st March, 2017			
– Number of shares	17,91,86,535	92,86,30,000	1,10,78,16,535
– Amount (Rupees lakhs)	17,919	92,863	1,10,782

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 5

RESERVES AND SURPLUS:

Particulars	As at 31st March, 2018 Rupees lakhs	As at 31st March, 2017 Rupees lakhs
Special Reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1934):		
Opening balance	**502.03**	490.01
Add: Transfer from Statement of Profit and Loss	**–**	12.02
Closing balance	**502.03**	502.03
Capital Reserve/Amalgamation Adjustment Deficit Account		
Opening balance	**–**	–
Add: Arising on account of Scheme of Amalgamation (Note 3)	**(83.76)**	–
Closing balance	**(83.76)**	–
Surplus in Statement of Profit and Loss		
Opening balance	**1779.16**	1731.09
Add: Taken over as per Scheme of Amalgamation	**411.65**	–
Add: Profit for the Year	**318.41**	60.09
Less: Transfer to Special Reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1934)	**–**	(12.02)
Closing balance	**2509.22**	1779.16
Total	**2927.49**	2281.19

NOTE 6

Trade Payables

Particulars	As at 31st March, 2018 Rupees lakhs	As at 31st March, 2017 Rupees lakhs
Trade Payables		
(i) Total outstanding dues of micro, small and medium enterprises (Refer Note below)	–	–
(ii) Total outstanding dues of creditors other than micro, small and medium enterprises	**38.46**	34.57
Total	**38.46**	34.57

Note:

On the basis of information available with the management, there are no Micro, Small and Medium Enterprises as specified in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues which are outstanding for more than the stipulated period. Accordingly, the disclosures as required by Notification No. GSR 719(E) dated 16 November 2007 are not applicable. This has been relied upon by the auditors.

NOTE 7

OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2018 Rupees lakhs	As at 31st March, 2017 Rupees lakhs
Other payables:		
– Statutory Dues Payables	**4.78**	1.90
Total	**4.78**	1.90

NOTE 8

NON-CURRENT INVESTMENTS:

No of shares	Face Value Per Unit Rupees		As at 31st March, 2018 Rupees lakhs Quoted	As at 31st March, 2018 Rupees lakhs Unquoted	As at 31st March, 2017 Rupees lakhs Quoted	As at 31st March, 2017 Rupees lakhs Unquoted
		Investments (At Cost, unless otherwise specified):				
		a) Investment in Equity Instruments (Trade and fully paid-up unless otherwise specified):				
		i) In Subsidiary Companies:				
15,00,000	10	Mahindra Integrated Business Solutions Private Limited	–	**150.00**	–	150.00
13,82,61,728	10	Mahindra Susten Private Limited	–	**43239.66**	–	43239.66
–	10	(4,66,663) Mahindra Telecommunications Investments Private Limited (Note 3)	–	–	–	419.87
–	10	(50,000) Gateway Housing Company Limited (Note 3)	–	–	–	8.88
22,50,000	10	Mahindra Airways Limited	–	**225.00**	–	225.00
26,40,00,000	10	Mahindra First Choice Services Limited	–	**26400.00**	–	26400.00
4,02,31,037	10	(3,59,49,626) Mahindra First Choice Wheels Limited	–	**43326.92**	–	34662.63
			–	**113341.58**	–	105106.04
		ii) In Associate Companies:				
2,66,07,970	10	Gromax Agri Equipment Limited (formerly known as Mahindra Gujarat Tractor Limited)	–	**1985.98**	–	1985.98
2,10,000	10	Mahindra Automobile Distributor Private Limited	–	**220.01**	–	220.01
35,000	10	Mahindra and Mahindra Contech Limited	–	**169.79**	–	169.79
1,91,928	10	Mahindra eMarket Limited	–	**1.19**	–	1.19
100	10	Medwell Ventures Private Limited	–	**6.36**	–	**6.36**
			–	**2383.33**	–	2383.33

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

No of shares	Face Value Per Unit Rupees		As at 31st March, 2018 Rupees lakhs Quoted	As at 31st March, 2018 Rupees lakhs Unquoted	As at 31st March, 2017 Rupees lakhs Quoted	As at 31st March, 2017 Rupees lakhs Unquoted
		iii) In Joint Venture Company:				
–	10	(27,81,640) Mahindra Solar One Private Limited (Note. 15 and 17)..........	–	–	–	2772.64
			–	–	–	2772.64
		iv) In Other Entities:				
2,31,800	5	Brainbees Solutions Pvt. Ltd	–	**543.26**	–	543.26
10	10	NBS International Limited	–	**0.03**	–	0.03
–	10	(10) Mahindra Engineering & Chemical Products Limited...........	–	–	–	0.01
19,748	5	PSL Media & Communications Limited	–	**0.01**	–	0.01
2,01,904	5	Tech Mahindra Limited..	**535.63**	–	535.63	–
			535.63	**543.30**	535.63	543.31
		b) Investment in Preference Shares (Trade and fully paid-up unless otherwise specified):				
		i) In Subsidiary Companies				
–	100	(1,71,000) 7% Non Cumulative Redeemable Preference Shares of .... Gateway Housing Company Limited (Note 3)........................	–	–	–	171.00
8,485	10	(4,086) 0.01% Optionally Convertible Redeemable Preference Shares Auto Digitech Private Limited..	–	**1349.96**	–	650.08
			–	**1349.96**	–	821.08
		ii) In Associate Company:				
1,65,072	2,000	(82,486) Series B Compulsory Convertible Preference Shares of Medwell Ventures Private Limited	–	**10493.63**	–	5243.64
			–	**10493.63**	–	5243.64
		c) In Trust Securities (Unquoted, Other than trade):				
		Sunrise Initiatives..........	–	–	–	1.00
			–	–	–	1.00
		Total............................	**535.63**	**128111.80**	535.63	116871.04
		Less: Provision for diminution in value of investments	–	**(1.19)**	–	(1.19)
			535.63	**128110.61**	535.63	116869.85
		Total Non-Current Investments (Net)........		**128646.24**		117405.48
		Note: Previous year's shareholding are given in bracket.				
		Aggregate Value of Quoted Investments		**535.63**		535.63
		Aggregate Market Value of Quoted Investments		**1289.56**		927.95
		Aggregate Value of Unquoted Investments		**128110.61**		116869.85

NOTE 9

Long Term Loans and Advances (*Unsecured, considered good*)

Particulars	**As at 31st March, 2018 Rupees lakhs**	As at 31st March, 2017 Rupees lakhs
Advance Income-tax (net of provision for tax)	**126.79**	29.06
Total..	**126.79**	29.06

NOTE 10

Current Investments:

Number of units	Face Value Per Unit Rupees	Particulars	As at 31st March, 2018 Rupees lakhs	As at 31st March, 2017 Rupees lakhs
		Investment in Mutual Funds (Quoted):		
11,35,377	100	(1,40,438) Birla Sun Life Floating Rate Fund Short Term -Daily dividend-Re-investment....................	**1137.16**	140.47
7,543	100	(21,882) Birla Sun Life Cash Plus -Daily dividend-Regular Plan............	**7.56**	21.91
8,43,792	100	(8,54,076) ICICI Prudential Money Market Fund -Daily dividend-Re-investment......................................	**845.38**	855.17
71,696	1,000	(Nil) Mahindra Liquid Fund-Daily dividend-Re-investment....................	**717.27**	–
70,023	1,000	(Nil) UTI Money Market Fund -Institutional Plan daily dividend plan ...	**702.60**	–
19,057	1,500	(Nil) Reliance Liquid Fund -Treasury Plan daily dividend plan	**291.49**	–
50,179	1,000	(Nil) Franklin India Treasury Management Account -Super Institutional Plan	**502.13**	–
			4203.59	1017.55
		Aggregate amount of Quoted Investments	**4203.59**	1017.55
		Other Disclosures		
		Aggregate Value of Quoted Investments....................................	**4203.59**	1017.55
		Aggregate Market Value of Quoted Investments....................................	**4203.61**	1017.57

Note: Previous year's holding is given in bracket.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE 11

Cash and Bank Balances:

Particulars	**As at 31st March, 2018 Rupees lakhs**	As at 31st March, 2017 Rupees lakhs
Balances with Banks:		
On current accounts	**35.60**	6.22
On deposit account (with original maturity of 3 months or less)	**13.44**	–
Total	**49.04**	6.22

NOTE 12

Other current assets:

Particulars	**As at 31st March, 2018 Rupees lakhs**	As at 31st March, 2017 Rupees lakhs
(a) Others:		
Interest accrued but not due on term deposit	**0.01**	–
Total	**0.01**	–

NOTE 13

Revenue from Operations:

Particulars	**For the year ended 31st March, 2018 Rupees lakhs**	For the year ended 31st March, 2017 Rupees lakhs
a) Dividend Income:		
i) from current investments		
others (Mutual Fund)	**38.04**	24.04
ii) from long-term investments		
Subsidiaries	**22.50**	20.25
Others	**253.79**	272.02
b) Interest Income comprises:		
Interest on Deposits	**56.70**	0.13
Interest on others	**2.67**	–
Total	**373.70**	316.44

NOTE 14

Other Expenses:

Particulars	**For the year ended 31st March, 2018 Rupees lakhs**	For the year ended 31st March, 2017 Rupees lakhs
Payment to statutory auditors:		
For audit fees	**3.00**	3.00
For other services	**2.00**	2.50
GST/Service tax on the above	**0.72**	0.84
Legal and professional charges	**31.72**	16.14
Stamp duty and registration charges	**5.36**	211.05
Donation	**6.00**	–
Loss on sale of long-term investments	**–**	5.13
Miscellaneous expenses	**15.79**	17.69
Total	**64.59**	256.35

15. Exceptional Item

The profit earned on sale of the investment in Mahindra Solar One Private Limited, has been disclosed as Exceptional Item.

16. Contingent Liability

Taxation Matters:

Demands against the Company not acknowledged as debts and not provided for, relating to issue of taxability in respect of which the Company is in appeal and exclusive of the effect of similar matters in respect of assessment remaining to be completed Rs. 89.80 lakhs (2017: Rs. Nil).

17. The Company had pledged as a co-obligant, to the lenders of Mahindra Solar One Private Limited, 14,18,636 shares held by it in Mahindra Solar One Private Limited to secure loans obtained by Mahindra Solar One Private Limited. Mahindra Solar One Private Limited had repaid the entire loan to its lender and hence the pledge on such shares was released during the year.

18. The Company had issued a Letter of Comfort for Rs. 700 lakhs to Tata Capital Financial Services Private Limited for banking facility it had offered to Mahindra Solar One Private Limited. The loan was repaid by Mahindra Solar One Private Limited during the current year and hence the Letter of Comfort issued by the Company has been cancelled.

19. Segment information

The Company is a Core Investment Company, primarily engaged in the business of acquisition of shares and other securities in group companies. As the Company's business activity falls within a single primary business segment, the financial statements are reflective of the information required by Accounting Standard 17 as specified under Section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules 2014.

20. Related Party Transactions

(a) List of Related Parties:

(i) Holding Company:

- Mahindra & Mahindra Limited

(ii) Related Parties where control exists:

Subsidiary Companies:

- Gateway Housing Company Limited – upto 27th February, 2018 (Note 3).
- Mahindra Telecommunications Investment Private Limited – upto 27th February, 2018 (Note 3).
- Mahindra Integrated Business Solutions Private Limited
- Mahindra First Choice Services Limited
- Auto Digitech Private Limited (wholly owned subsidiary of Mahindra First Choice Services Limited)
- Mahindra First Choice Wheels Limited
- Mahindra Airways Limited
- Mahindra Susten Private Limited.
- Mahindra Renewables Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited.)
- MachinePulse Tech Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Cleansolar Renewable Energy Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Brightsolar Renewable Energy Private Limited (subsidiary of Mahindra Renewables Private Limited)
- Neo Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Marvel Solren Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Divine Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Astra Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Megha Suryaurja Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(ii) Name of other related parties where transactions have taken place:

Associate Companies:

- Mahindra Automobile Distributor Private Limited
- Medwell Ventures Private Limited
- Gromax Agri Equipment Limited (formerly known as Mahindra Gujarat Tractors Limited)

Fellow Subsidiary Company:

- Mahindra Trucks and Buses Limited

Associate of Holding Company:

- Tech Mahindra Limited

(b) Related Party Transactions are as under:

(Rs. in lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Relative of Director
(A) Investments –Subscribed/ Purchased:						
(a) Auto Digitech Private Limited	–	699.88	–	–	–	–
	(–)	(650.08)	(–)	(–)	(–)	(–)
(b) Mahindra Susten Private Limited...........	–	–	–	–	–	–
	(–)	(28479.80)	(–)	(–)	(–)	(–)
(c) Mahindra Airways Limited...........	–	–	–	–	–	–
	(–)	(225.00)	(–)	(–)	(–)	(–)
(d) Mahindra & Mahindra Limited...........	–	–	–	–	–	–
	(58293.67)	(–)	(–)	(–)	(–)	(–)
(e) Mahindra First Choice Services Limited...........	–	–	–	–	–	–
	(–)	(500.00)	(–)	(–)	(–)	(–)
(f) Gromax Agri Equipment Limited...........	–	–	–	–	–	–
	(–)	(–)	(1911.00)	(–)	(–)	(–)
(g) Medwell Ventures Private Limited..	–	–	5249.99	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(h) Mahindra First Choice Wheels Limited...........	–	8664.29	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(B) Investments – Sales:						
(a) Mahindra First Choice Services Limited *(Re. 1/-)	–	–	–	–	–	–
	(–)	(*)	(–)	(–)	(–)	(–)
(b) Mahindra Trucks and Buses Limited...........	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(855.65)	(–)
(c) Mahindra and Mahindra Limited...........	0.01	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)

(Rs. in lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Relative of Director
(C) Dividend Received:						
(a) Mahindra Integrated Business Solutions Private Limited...........	–	22.50	–	–	–	–
	(–)	(20.25)	(–)	(–)	(–)	(–)
(b) Tech Mahindra Limited...........	–	–	–	18.17	–	–
	(–)	(–)	(–)	(24.22)	(–)	(–)
(c) Mahindra Automobile Distributor Private Limited .	–	–	235.62	–	–	–
	(–)	(–)	(247.80)	(–)	(–)	(–)
(D) Interest Income:						
(a) Auto Digitech Private Limited..........	–	–	–	–	–	–
	(–)	(0.04)	(–)	(–)	(–)	(–)
(E) Receiving of services:						
(a) Mahindra & Mahindra Limited...........	21.61	–	–	–	–	–
	(15.41)	(–)	(–)	(–)	(–)	(–)
(F) Issue of shares:						
(a) Mahindra & Mahindra Limited...........	5359.00	–	–	–	–	–
	(92863.00)	(–)	(–)	(–)	(–)	(–)
(G) Investments Balances:						
(a) Auto Digitech Private Limited...........	–	1349.96	–	–	–	–
	(–)	(650.08)	(–)	(–)	(–)	(–)
(b) Mahindra Susten Private Limited...........	–	43239.66	–	–	–	–
	(–)	(43239.66)	(–)	(–)	(–)	(–)
(c) Mahindra Airways Limited...........	–	225.00	–	–	–	–
	(–)	(225.00)	(–)	(–)	(–)	(–)
(d) Mahindra First Choice Services Limited...........	–	26400.00	–	–	–	–
	(–)	(26400.00)	(–)	(–)	(–)	(–)
(e) Mahindra First Choice Wheels Limited...........	–	43326.92	–	–	–	–
	(–)	(34662.63)	(–)	(–)	(–)	(–)
(f) Gromax Agri Equipment Limited	–	–	1985.98	–	–	–
	(–)	(–)	(1985.98)	(–)	(–)	(–)
(g) Medwell Venture Private Limited	–	–	10499.99	–	–	–
	(–)	(–)	(5250.00)	(–)	(–)	(–)
(h) Brainbees Solutions Private Limited...........	–	–	–	543.26	–	–
	(–)	(–)	(–)	(543.26)	(–)	(–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Relative of Director
(H) Outstandings - Payable:						
(a) Mahindra & Mahindra Limited...........	21.42	–	–	–	–	–
	(14.07)	(–)	(–)	(–)	(–)	(–)
(J) Share applicaton money pending allotment:						
(a) Mahindra & Mahindra Limited...........	13914.29	–	–	–	–	–
	(5359.00)	(–)	(–)	(–)	(–)	(–)

Note: Previous year's figures are given in brackets.

21. Core Investment Company

The Board of Directors of the Company in their Meeting held on 27th May, 2016 had decided to de-register the Company as Non-Deposit taking NBFC. Accordingly, the Company on 22nd July, 2016 had made an application to Reserve Bank of India to grant permission for change in status of the Company to that of a "Core Investment Company".

On 30th June, 2017, the Company received approval from Reserve Bank of India for cancellation of Certificate of Registration under Section 45-IA (6) of the Reserve Bank of India Act, 1934 and the status of the Company has been changed to "Core Investment Company".

22. Corporate Social Responsibility (CSR)

The CSR obligation for the period was Rs. 5.36 lakhs (2017: Rs. Nil) against which the Company has made a payment of Rs. 6.00 lakhs to K. C. Mahindra Education Trust.

Particulars	31st March, 2018	31st March, 2017
Profit after tax for the year before impact of scheme of amalgamation (Rs. lakhs)................	**341.15**	60.09
Nominal Value per ordinary equity Share (in Rs.)...	**10.00**	10.00
Weighted Average number of ordinary equity shares for Basic Earnings per share	**1,15,36,24,973**	35,47,33,987
Basic Earnings per equity Share (in Rs.) - (Rounded off)	**0.03**	0.02
Effect of potential ordinary equity shares on shares application money pending allotment	**15,24,854**	1,09,693
Weighted Average number of ordinary equity shares for Diluted Earnings per share	**1,15,51,49,827**	35,48,43,680
Diluted Earnings per equity Share (in Rs.) - (Rounded off)	**0.03**	0.02
Profit after tax for the year after impact of Scheme of Amalgamation.................................	**318.41**	60.09
Basic Earnings per equity Share (in Rs.) - (Rounded off)	**0.03**	0.02
Diluted Earnings per equity Share (in Rs.) - (Rounded off)	**0.03**	0.02

24. Prior year comparatives

In view of the amalgamation as referred in Note 3 the figures for the current year are strictly not comparable with the corresponding figures of the previous year.

25. Other mattes

Information with regard to other matters specified in Part II of Schedule III to the Act is either nil or not applicable to the Company for the year.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*
Anand Mahindra
A. K. Nanda
Bharat Doshi
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*
Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Date: 16th May, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Rs. in lakhs)

Sl. No.	Particulars	Auto Digitech Pvt. Ltd	Mahindra Integrated Business Solutions Pvt. Ltd	Mahindra Susten Pvt. Ltd	Mahindra Airways Limited	Mahindra First Choice Services Limited	Mahindra First Choice Wheels Limited	*Mahindra Renewables Pvt.Ltd	**Brightsolar Renewable Energy Pvt.Ltd	**Cleansolar Renewable Energy Pvt.Ltd	**Neo Solren Pvt. Ltd	**Marvel Solren Pvt. Ltd	**Divine Solren Pvt. Ltd	**Astra Solren Pvt. Ltd	**Machinepulse Tech Pvt. Ltd	**Mahindra Suryaurja Pvt. Ltd
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
3	Share Capital	1.00	150.00	13826.17	225.00	26400.00	7888.40	27942.46	951.79	962.30	931.50	1.00	1208.00	848.94	5.00	10.00
4	Reserves & Surplus	41.99	643.09	45989.55	(149.03)	(31635.81)	4277.55	592.30	1038.41	5310.56	6018.10	(6.46)	6544.34	5387.76	(4.26)	(7.93)
5	Total Assets	426.28	1644.27	142959.86	77.25	2439.14	20577.95	50331.98	8115.31	24882.35	30009.23	7153.26	35178.31	52521.47	4.26	2.40
6	Total Liabilities & Equity	426.28	1644.27	142959.86	77.25	2439.14	20577.95	50331.98	8115.31	24882.35	30009.23	7153.26	35178.31	52521.47	4.26	2.40
7	Investments	–	226.36	29593.34	69.68	–	112.32	27657.76	–	–	–	–	–	–	–	–
8	Turnover	12.46	3852.33	116429.31	5.55	9254.63	14257.28	596.82	1228.34	3922.93	2049.46	2.81	3,666.18	5,098.50	–	–
9	Profit/(Loss) before taxation	(552.26)	112.47	7289.83	(7.23)	(4038.78)	(3185.40)	(99.30)	42.72	330.16	748.97	(5.32)	(549.79)	(15.15)	(1.93)	(2.25)
10	Provision for taxation	–	(21.59)	(2,593.24)	–	–	5.37	34.60	(50.56)	(186.36)	(197.73)	1.11	172.05	70.78	–	–
11	Profit/(Loss) after taxation	(552.26)	90.88	4696.59	(7.23)	(4038.78)	(3190.77)	(64.70)	(7.84)	143.80	551.24	(4.22)	377.74	55.63	(1.93)	(2.25)
12	Proposed Dividend	–	22.50	–	–	–	–	–	–	–	–	–	–	–	–	–
13	% of shareholding	100%	100%	100%	100%	100%	48.68%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* a subsidiary of Mahindra Susten Private Limited

** a subsidiary of Mahindra Renewables Pvt.Ltd

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "B": Associate Companies

(Rs. in lakhs)

Sl. No.	Particulars	Mahindra and Mahindra Contech Limited	Mahindra Automobile Distributor Private Limited	Gromax Agri Equipment Limited	Mahindra eMarket Limited	Medwell Ventures Private Limited
1	Latest audited Balance Sheet Date	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
2	Share of associates companies held by the company on the year end	23.33%	21.00%	49.00%	24.00%	45.63%
3	No of Equity Share held	35000	210000	26607970	191928	165172
4	Amount of Investment in associate companies	169.79	220.01	1985.98	1.19	10499.99
5	Extent of Holding %	23.33%	21.00%	49.00%	24.00%	45.63%
6	Description of how there is significant influence	–	–	–	–	–
7	Reason why the associate companies is not consolidated	NA	NA	NA	NA	NA
8	Net worth attributable to shareholding as per latest audited Balance Sheet	277.65	424.73	1206	(2.10)	(4398.54)
9	Profit/(Loss) for the year	22.19	235.17	(77.88)	(1.24)	(1800.76)
10	Considered in Consolidation	–	–	–	–	–
11	Not Considered in Consolidation	–	–	–	–	–

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*
Anand Mahindra
A. K. Nanda
Bharat Doshi
M. A. Nazareth
K. Chandrasekar — *Directors*
Pallavi Kanchan
Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place: Mumbai
Date: 16th May, 2018

Date: 16th May, 2018

CORPORATE DATA

			Date of appointment	Date of resignation
DIRECTORS	:	Zhooben Bhiwandiwala	27 April 2005	–
		Kandasamy Chandrasekar	21 June 2013	–
		Zakir Hussein Niamut	05 February 2013	–
		Teemulsingh Luchowa	21 February 2014	–
		Veena Kunniah	21 February 2014	10 October 2017
		Mohammad Akshar Maherally	10 October 2017	–

ADMINISTRATOR, SECRETARY, REGISTRAR & MAURITIAN TAX AGENT	:	SANNE Mauritius IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius
REGISTERED OFFICE	:	IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius
AUDITORS	:	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius
BANKERS	:	HSBC Bank (Mauritius) Limited State Bank of India, South Africa Kutxabank, Spain Bank of America, N.A SBI (Mauritius) Ltd
CUSTODIAN	:	Fineco Bank, Spain

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present the audited financial statements of Mahindra Overseas Investment Company (Mauritius) Ltd (the "Company") for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS AND DIVIDENDS

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

The directors have recommended the payment of a dividend amounting to USD 1,500,000 (INR 97,380,000) for the year under review (31 March 2017: USD Nil).

DIRECTORS

The present membership of the Board is set out in this Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSOLIDATION

Consolidated financial statements have not been presented since the Company took advantage of the requirements of Section 12 Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 as the Company is a wholly-owned subsidiary of Mahindra & Mahindra Ltd, a company incorporated in the Republic of India.

AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Mahindra Overseas Investment Company (Mauritius) Ltd** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2018.

For SANNE Mauritius
Secretary

Registered Office:
IFS Court, Bank Street
TwentyEight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 22 May 2018

TO THE MEMBER OF MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD**, the "Company", which comprise the statement of financial position as at 31 March 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 9 to 50 give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

INDEPENDENT AUDITORS' REPORT

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 22 May 2018
Ebene 72201, Republic of Mauritius

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2018	2017	2017
		USD	**INR (Note 1)**	USD	INR (Note 1)
INCOME					
Dividend income		**7,174,114**	**465,743,481**	9,433,352	612,413,212
EXPENSES					
Professional fees		**342,188**	**22,214,845**	84,623	5,493,725
Repairs and maintenance		**44,671**	**2,900,041**	43,814	2,844,405
Depreciation	9	**35,386**	**2,297,259**	35,386	2,297,259
Audit fees		**25,246**	**1,638,970**	21,700	1,408,764
Bank charges		**24,082**	**1,563,403**	10,409	675,752
Licence fees		**4,050**	**262,926**	3,350	217,482
Insurance charges		**1,413**	**91,732**	1,206	78,294
		477,036	**30,969,176**	200,488	13,015,681
OPERATING PROFIT		**6,697,078**	**434,774,305**	9,232,864	599,397,531
Impairment of investments	11,12 &13	**(2,781,067)**	**(180,546,870)**	(30,697,765)	(1,992,898,904)
Impairment of receivables	14	**(172,507)**	**(11,199,154)**	–	–
Finance income	21.1	**6,228,787**	**404,372,852**	2,740,228	177,895,602
Finance costs	21.2	**(16,549,438)**	**(1,074,389,515)**	(4,534,969)	(294,410,187)
Net gain on disposals of investments	10 &12	**124,885,891**	**8,107,592,043**	–	–
PROFIT/(LOSS) BEFORE TAX		**118,308,744**	**7,680,603,661**	(23,259,642)	(1,510,015,958)
Tax expense	8(iv)	**(27,543,025)**	**(1,788,093,184)**	(1,218,347)	(79,095,087)
PROFIT/(LOSS) FOR THE YEAR		**90,765,719**	**5,892,510,477**	(24,477,989)	(1,589,111,045)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**90,765,719**	**5,892,510,477**	(24,477,989)	(1,589,111,045)

The notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	**2018**	**2018**	2017	2017
		USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS					
Non-current					
Property, plant and equipment	9	**1,306,804**	**84,837,716**	1,342,190	87,134,975
Investments in associate	10	**116,356,102**	**7,553,838,142**	150,454,820	9,767,526,914
Investments in subsidiaries	11	**211,138,127**	**13,707,087,205**	86,161,018	5,593,573,289
Investment in joint venture	12	**–**	**–**	13,476,429	874,889,771
Available-for-sale financial assets	13	**7,605,511**	**493,749,774**	2,551,445	165,639,809
Derivative financial instruments	17	**–**	**–**	1,827,830	118,662,724
Non-current assets		**336,406,544**	**21,839,512,837**	255,813,732	16,607,427,482
Current					
Loans	14	**4,435,280**	**287,938,378**	2,218,391	144,017,944
Other receivable and prepayments	19	**222,941**	**14,473,327**	6,538	424,447
Cash and cash equivalents	15	**92,207,817**	**5,986,131,480**	2,039,715	132,418,298
Current assets		**96,866,038**	**6,288,543,185**	4,264,644	276,860,689
Total assets		**433,272,582**	**28,128,056,022**	260,078,376	16,884,288,171
EQUITY AND LIABILITIES					
Equity					
Stated capital	16	**180,579,209**	**11,723,202,248**	130,439,209	8,468,113,448
Retained earnings/(accumulated losses)		**31,503,122**	**2,045,182,680**	(57,762,597)	(3,749,947,797)
Total equity		**212,082,331**	**13,768,384,928**	72,676,612	4,718,165,651
Liabilities					
Non-current					
Derivative financial instruments	17	**295,482**	**19,182,691**	90,027	5,844,553
Borrowings	18	**218,927,745**	**14,212,789,205**	185,663,474	12,053,272,732
Non-current liabilities		**219,223,227**	**14,231,971,896**	185,753,501	12,059,117,285
Current					
Borrowings	18	**69,009**	**4,480,064**	665,807	43,224,190
Payables and accruals	20	**1,898,015**	**123,219,134**	982,456	63,781,045
Current liabilities		**1,967,024**	**127,699,198**	1,648,263	107,005,235
Total liabilities		**221,190,251**	**14,359,671,094**	187,401,764	12,166,122,520
Total equity and liabilities		**433,272,582**	**28,128,056,022**	260,078,376	16,884,288,171

Approved by the Board of Directors on 22 May 2018 and signed on its behalf by:

(Zakir Hussein Niamut)
Director

(Teemulsingh Luchowa)
Director

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Stated capital	Retained earnings / (accumulated losses)	Total
	USD	USD	USD
Balance at 01 April 2016	115,487,709	(33,284,608)	82,203,101
Issue of shares	14,951,500	–	14,951,500
Transactions with the owner	14,951,500	–	14,951,500
Loss for the year	–	(24,477,989)	(24,477,989)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(24,477,989)	(24,477,989)
Balance at 31 March 2017	130,439,209	(57,762,597)	72,676,612
Balance at 01 April 2017	**130,439,209**	**(57,762,597)**	**72,676,612**
Issue of shares	**50,140,000**	**–**	**50,140,000**
Dividend paid (Note 22)	**–**	**(1,500,000)**	**(1,500,000)**
Transactions with the owner	**50,140,000**	**(1,500,000)**	**48,640,000**
Profit for the year	**–**	**90,765,719**	**90,765,719**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**90,765,719**	**90,765,719**
Balance at 31 March 2018	**180,579,209**	**31,503,122**	**212,082,331**

	Stated capital	Retained earnings / (accumulated losses)	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2016	7,497,462,068	(2,160,836,752)	5,336,625,316
Issue of shares	970,651,380	–	970,651,380
Transactions with the owner	970,651,380	–	970,651,380
Loss for the year	–	(1,589,111,045)	(1,589,111,045)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(1,589,111,045)	(1,589,111,045)
Balance at 31 March 2017	8,468,113,448	(3,749,947,797)	4,718,165,651
Balance at 01 April 2017	**8,468,113,448**	**(3,749,947,797)**	**4,718,165,651**
Issue of shares	**3,255,088,800**	**–**	**3,255,088,800**
Dividend paid (Note 22)	**–**	**(97,380,000)**	**(97,380,000)**
Transactions with the owner	**3,255,088,800**	**(97,380,000)**	**3,157,708,800**
Profit for the year	**–**	**5,892,510,477**	**5,892,510,477**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**5,892,510,477**	**5,892,510,477**
Balance at 31 March 2018	**11,723,202,248**	**2,045,182,680**	**13,768,384,928**

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018**	**2018**	2017	2017
		USD	**INR (Note 1)**	USD	INR (Note 1)
Operating activities					
Profit/(loss) before tax		**118,308,744**	**7,680,603,661**	(23,259,642)	(1,510,015,958)
Adjustments for:					
Net fair value loss/(gain) on derivative financial instruments		**2,033,285**	**132,000,862**	(1,899,492)	(123,315,021)
Impairment of investments		**2,781,067**	**180,546,870**	30,697,765	1,992,898,904
Impairment of receivables		**172,507**	**11,199,154**	–	–
Depreciation		**35,386**	**2,297,259**	35,386	2,297,259
Amortisation of transaction costs		**523,414**	**33,980,037**	97,974	6,360,472
Loss on disposal of investment		**1,066,693**	**69,249,710**	–	–
Gain on disposal of investment		**(125,952,584)**	**(8,176,841,753)**	–	–
Swap interest income		**(145,458)**	**(9,443,133)**	–	–
Interest income		**(333,085)**	**(21,623,878)**	(38,240)	(2,482,540)
Interest expense		**3,854,863**	**250,257,706**	3,612,369	234,514,995
Swap interest expense		**115,374**	**7,490,080**	258,663	16,792,402
Dividend income		**(7,174,114)**	**(465,743,481)**	(9,433,352)	(612,413,212)
Foreign exchange differences		**7,440,093**	**483,010,838**	(615,963)	(39,988,317)
		2,726,185	**176,983,932**	(544,532)	(35,351,016)
Non-cash adjustments:					
Conversion of Secured Convertible Promissory Notes into investments	**14(i)**	**3,632,289**	**235,808,202**	**–**	**–**
Changes in working capital:					
(Increase)/decrease in other receivable and prepayments		**(216,403)**	**(14,048,883)**	1,661	107,832
Increase/(decrease) in payables and accruals		**915,559**	**59,438,090**	(441,110)	(28,636,861)
Net cash from/(used in) operations		**7,057,630**	**458,181,341**	(983,981)	(63,880,045)
Interest paid	**24**	**(3,487,501)**	**(226,408,565)**	(2,689,243)	(174,585,656)
Swap interest paid	**24**	**(129,545)**	**(8,410,061)**	(283,090)	(18,378,203)
Swap interest received	**24**	**145,458**	**9,443,133**	–	–
Tax paid		**(27,543,025)**	**(1,788,093,184)**	(1,218,347)	(79,095,087)
Net cash used in operating activities		**(23,956,983)**	**(1,555,287,336)**	(5,174,661)	(335,938,991)
Investing activities					
Purchase of investments		**(151,474,523)**	**(9,833,726,033)**	(58,321,989)	(3,786,263,526)
Proceeds from sale of investments		**191,123,319**	**12,407,725,869**	–	–
Convertible promissory notes		**–**	**–**	(800,000)	(51,936,000)
Dividend received		**7,174,114**	**465,743,481**	9,433,352	612,413,212
Net cash from/(used in) investing activities		**46,822,910**	**3,039,743,317**	(49,688,637)	(3,225,786,314)
Financing activities					
Loans repaid to banks	**24**	**(145,000,000)**	**(9,413,400,000)**	(154,367,000)	(10,021,505,640)
Loans received from banks	**24**	**168,921,433**	**10,966,379,430**	194,379,119	12,619,092,405
Proceeds from issue of shares		**50,140,000**	**3,255,088,800**	14,951,500	970,651,380
Loan granted to related party		**(5,368,050)**	**(348,493,806)**	(1,235,900)	(80,234,628)
Dividend paid		**(1,500,000)**	**(97,380,000)**	–	–
Net cash from financing activities		**67,193,383**	**4,362,194,424**	53,727,719	3,488,003,517
Net change in cash and cash equivalents		**90,059,310**	**5,846,650,405**	(1,135,579)	(73,721,788)
Cash and cash equivalents, beginning of year		**2,039,715**	**132,418,298**	3,034,682	197,011,555
Exchange differences on cash and cash equivalents		**108,792**	**7,062,777**	140,612	9,128,531
Cash and cash equivalents, end of year		**92,207,817**	**5,986,131,480**	2,039,715	132,418,298
Cash and cash equivalents made up of:					
Cash at bank	**15**	**92,207,817**	**5,986,131,480**	2,039,715	132,418,298

The notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Overseas Investment Company (Mauritius) Ltd (the "Company") was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 7 December 2004 as a private Company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius. The principal purpose of the Company is to act as an investment holding company. The Company holds property, plant and equipment in the Republic of South Africa. In accordance with South African tax regulations, the Company has been registered as an external company.

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR 64.92 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2018 and 31 March 2017.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised standards that are effective for the year beginning on 01 April 2017

In the current year, the Company has applied the following revised standards issued by the International Accounting Standards Board ("IASB") that are mandatory for the first time for the financial year beginning on 01 April 2017:

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
IAS 7	Disclosure Initiative (Amendments to IAS 7)
IFRS 12	Annual Improvements to IFRS 2014-2016
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medi-um Sized Entities

The directors have assessed the impact of these revised standards and amendments and concluded that only IAS 7 - Disclosure Initiative (Amendments to IAS 7) has an impact on the disclosure of these financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below.

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28)
IAS 12 / IAS 23 / IFRS 3 / IFRS 11	Annual Improvements to IFRS 2015-2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 1 and IAS 28	Annual Improvements to IFRS 2014-2016
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers
IAS 40	Transfer of Investment Property (Amendment to IAS 40)

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

(b) Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis unless collectability is in doubt.

(c) Expenses

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

(d) Taxation

Tax expense recognised in the statement of profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

(e) Property, plant and equipment

Building and furnitures and fittings are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Building and furniture and fittings are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual values.

The following average useful lives are applied:

Building: 60 years

Furnitures and fittings: 10 years

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. The gain or loss on disposal is credited or charged to the statement of profit or loss and other comprehensive income.

(f) Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Overseas Investment Company (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

(g) Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(h) Investment in associate and joint venture

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investment in associate and joint venture are initially shown at cost in these separate financial statements in accordance with IAS 28, Investments in Associates and Joint Ventures. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(i) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transactions costs, where appropriate. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets which are described below.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's loans, other receivable and cash and cash equivalents fall into this category of financial instruments.

Individually significant loans are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

The Company's available-for-sale financial assets comprise of minority shareholding investments in an unquoted company, preference shares/common stock in several unquoted companies and funds invested in film productions (as disclosed in Note 13 to these financial statements).

These financial assets are stated at cost less impairment charges as their fair values cannot be estimated reliably since they are neither traded in an active market nor reliable inputs are available to fair value these instruments using fair valuation models. Impairment charges are recognised in the statement of profit or loss and other comprehensive income. On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

Classification and subsequent measurement financial liabilities

The Company's financial liabilities consist of derivative financial instruments, borrowings, payables and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of profit or loss and other comprehensive income.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Equity

Stated capital is determined using the value of shares that have been issued.

Retained earnings/ (accumulated losses) include all current and prior years' results as disclosed in the statement of profit or loss and other comprehensive income.

Dividend payment to shareholder is deducted from retained earnings when the dividend has been approved by the Board before the reporting date.

(l) Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

(m) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. The Company has also presented the financial statements in Indian Rupee ('INR") for the convenience of users of financial statements.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(n) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss and other comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(o) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and amortised over the terms of the borrowings.

(q) Comparatives

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following is the significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Investments in associates

The directors have assessed the level of influence that the Company has on CIE Automotive S.A, The East India Company Group Limited and Scoots Network, Inc. and determined that it has significant influences even though the shareholdings are below 20% due to the representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates.

Investment in joint venture

The Company held 51% of the shares in its joint arrangement. The Company had joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Company's joint arrangement was structured as a limited company (Mahindra Yueda (Yancheng) Tractor Co., Ltd) and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the arrangement was classified as joint venture.

The Company disposed all of its shareholdings in Mahindra Yueda (Yancheng) Tractor Co., Ltd during the year ended 31 March 2018.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities income and expenses is provided below. Actual results may be substantially different.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques, the independent valuers makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

Impairment of investments in associates, subsidiaries and available-for-sale financial assets

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date except for those investments disclosed in Notes 11 and 13.

Impairment losses on loans to related/third parties

The Company reviews its loans to related parties at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Useful lives and residual values of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2018 USD	2018 INR (Note 1)	2017 USD	2017 INR (Note 1)
Financial assets				
Non-current				
Available-for-sale financial assets:				
Investments	**7,605,511**	**493,749,774**	2,551,445	165,639,809
Financial assets at fair value through profit or loss:				
Derivative financial instruments	**–**	**–**	1,827,830	118,662,724
Current				
Loans and receivables:				
Loans	**4,435,280**	**287,938,378**	2,218,391	144,017,944
Other receivable	**216,697**	**14,067,969**	–	–
Cash and cash equivalents	**92,207,817**	**5,986,131,480**	2,039,715	132,418,298
	96,859,794	**6,288,137,827**	4,258,106	276,436,242
Total financial assets	**104,465,305**	**6,781,887,601**	8,637,381	560,738,775
Financial liabilities				
Non-current				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	**295,482**	**19,182,691**	90,027	5,844,553
Financial liabilities measured at amortised cost:				
Borrowings	**218,927,745**	**14,212,789,205**	**185,663,474**	**12,053,272,732**
Current				
Financial liabilities measured at amortised cost:				
Borrowings	**69,009**	**4,480,064**	665,807	43,224,190
Payables and accruals	**1,898,015**	**123,219,134**	982,456	63,781,044
	1,967,024	**127,699,198**	1,648,263	107,005,234
Total financial liabilities	**221,190,251**	**14,359,671,094**	187,401,764	12,166,122,519

The Company's risks are managed by its Board of Directors and the focus is on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

(a) Market risk analysis

Market risk is specifically comprised of currency risk and interest rate risk, which result from both its operating and investing activities. The Company is exposed to market risk through its use of financial instruments.

(i) Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: Financial Instruments: Disclosures, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets 2018 USD	Financial liabilities 2018 USD	Financial assets 2017 USD	Financial liabilities 2017 USD
United States Dollar (USD)	**89,571,576**	**15,623,527**	6,315,472	158,167,190
Euro (EUR)	**10,413,702**	**202,357,538**	1,050,868	26,533,899
Great Britain Pound (GBP)	**4,435,280**	**3,209,186**	1,240,695	2,700,675
South African Rand (ZAR)	**44,747**	**–**	30,346	–
	104,465,305	**221,190,251**	8,637,381	187,401,764

	Financial assets 2018 INR (Note 1)	Financial liabilities 2018 INR (Note 1)	Financial assets 2017 INR (Note 1)	Financial liabilities 2017 INR (Note 1)
United States Dollar (USD)	**5,814,986,714**	**1,014,279,372**	410,000,442	10,268,213,975
Euro (EUR)	**676,057,534**	**13,137,051,367**	68,222,352	1,722,580,723
Great Britain Pound (GBP)	**287,938,378**	**208,340,355**	80,545,919	175,327,821
South African Rand (ZAR)	**2,904,975**	**–**	1,970,062	–
	6,781,887,601	**14,359,671,094**	560,738,775	12,166,122,519

The Company's transactions are carried out in the United States Dollar (USD), Euro (EUR), Great Britain Pound (GBP) and South African Rand (ZAR). Consequently, the Company is exposed to foreign currency risk on its financial liabilities and financial assets denominated in EUR, GBP and ZAR except for the available-for-sale financial assets which are measured at cost and therefore not retranslated at the reporting date.

The table below illustrates the sensitivity of profit/ (loss) and equity in regards to the Company's financial instruments and the USD/EUR, USD/GBP, and USD/ZAR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates:

	2018 % change	2017 % change
EUR	**14%**	5%
GBP	**12%**	15%
ZAR	**15%**	11%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened by the above percentages, then this would have the following impact on profit/ (loss) and equity:

	Profit 2018		Loss 2017	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**(27,038,474)**	**(1,755,337,751)**	1,491,670	96,839,216
GBP	**147,034**	**9,545,446**	219,451	14,246,759
ZAR	**6,916**	**448,015**	(3,452)	(224,104)

	Equity 2018		Equity 2017	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**(27,038,474)**	**(1,755,337,751)**	(1,491,670)	(96,839,216)
GBP	**147,034**	**9,545,446**	(219,451)	(14,246,759)
ZAR	**6,916**	**448,015**	3,452	224,104

If the foreign currencies had weakened by the above percentages, then this would have the same reverse impact on profit/(loss) and equity.

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to changes in market interest rates on its interest bearing financial assets having fixed interest rates.

The loans from HSBC Bank (Mauritius) Limited which are at variable interest rates indexed to the LIBOR have been converted into fixed interest bearing financial liabilities since the Company entered into fixed interest rate swap arrangements. Details of the interest rate swap arrangements are disclosed in Note 17.

However, the Company is exposed to changes in market interest rate for its new loans from Bank of America, N.A which are at variable interest rates (Note 18).

Interest rate sensitivity analysis

For the year ended 31 March 2017, the Company was not exposed to changes in market interest rates. The following table illustrates the sensitivity of profit and equity to reasonably possible changes in interest rates of +/- 1% for the year ended 31 March 2018 for its borrowing from the Bank of America, N.A. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year and equity USD	
	+1%	**-1%**
At 31 March 2018	**(1,232,344)**	**1,232,344**

	Profit for the year and equity INR	
	+1%	**-1%**
At 31 March 2018	**(80,003,766)**	**80,003,766**

(b) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge on obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS				
Non-current				
Available-for-sale financial assets	**7,605,511**	**493,749,774**	2,551,445	165,639,809
Derivative financial instruments	**–**	**–**	1,827,830	118,662,724
	7,605,511	**493,749,774**	4,379,275	284,302,533
Current				
Loans	**4,435,280**	**287,938,378**	2,218,391	144,017,944
Other receivable	**216,697**	**14,067,969**	–	–
Cash and cash equivalents	**92,207,817**	**5,986,131,480**	2,039,715	132,418,298
	96,859,794	**6,288,137,827**	4,258,106	276,436,242
Total assets	**104,465,305**	**6,781,887,601**	8,637,381	560,738,775

As detailed in Note 13 to these financial statements, the Company holds investments in several unquoted companies and these investments are stated at cost since the fair values cannot be reliably measured. The directors have assessed the recoverable amount of these investments and confirmed that only the investments in Prana Holdings, Inc and ZOOMIN PTE.LTD were impaired at the reporting date.

During the year under review, the Company has given an additional loan to a related party (Note 14). Other receivable represents refund on investments (Note 19). The directors believe that these loans receivable and other receivable are not exposed to any credit risk.

The credit risk for the bank balances and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The disposal of the investments is subject to some restrictions as described in Note 13 (v) to these financial statements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(c) Liquidity risk analysis

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from the shareholder.

The Company's main cash inflows are in the form of dividend, interest on loans, proceeds from issue of shares and disposal of investment. The main cash outflows relate to repayment of loans and interest and capital investments.

The Company's liquidity risk is managed by securing credit facilities from financial institutions and also through shares issue. The Company also seeks financial support of its parent company where necessary.

The Company also manages its liquidity needs by carefully monitoring cash inflows and cash outflows due in day-to-day business as well as scheduled debt servicing payments for long-term financial liabilities.

At 31 March 2018, the Company has contractual maturities which are summarised below:

	Current		Non-current	
	Within 1 year	**Within 1 year**	Over 1 year	Over 1 year
	USD	**INR (Note 1)**	USD	INR (Note 1)
Derivative financial instruments	–	–	295,482	19,182,691
Borrowings	**69,009**	**4,480,064**	218,927,745	14,212,789,205
Payables and accruals	**1,898,015**	**123,219,134**	–	–
Total	**1,967,024**	**127,699,198**	219,223,227	14,231,971,896

This compares to the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Current		Non–current	
	Within 1 year	**Within 1 year**	Over 1 Year	Over 1 Year
	USD	**INR (Note 1)**	USD	INR (Note 1)
Derivative financial instruments	–	–	90,027	5,844,553
Borrowings	**665,807**	**43,224,190**	185,663,474	12,053,272,732
Payables and accruals	**982,456**	**63,781,045**	–	–
Total	**1,648,263**	**107,005,235**	185,753,501	12,059,117,285

(d) Concentration risk

The Company has invested in unlisted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investments existed. However the directors consider these investments to be strategic and the concentration risk in manageable.

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis at 31 March 2018:

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets				
Interest rate swaps	–	**(295,482)**	–	**(295,482)**

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2017:

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets				
Interest rate swaps	**–**	**1,827,830**	–	1,827,830
Financial liabilities				
Interest rate swaps	**–**	**(90,027)**	–	(90,027)
Net fair value	**–**	**1,737,803**	–	1,737,803

There were no transfers between level 1 and level 2 in 2018 or 2017.

The method used for the purpose of measuring fair value are detailed below:

Interest rate swaps (Level 2)

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of property, plant and equipment, investments in associates, investments in subsidiaries and prepayments, for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

The details of the gearing ratio are disclosed as follows:

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Total borrowings(i)	**218,996,754**	**14,217,269,269**	186,329,281	12,096,496,922
Less: cash and cash equivalents	**(92,207,817)**	**(5,986,131,480)**	(2,039,715)	(132,418,298)
Net debt	**126,788,937**	**8,231,137,789**	184,289,566	11,964,078,624
Total equity(ii)	**212,082,331**	**13,768,384,928**	72,676,612	4,718,165,651
Total capital	**338,871,268**	**21,999,522,717**	256,966,178	16,682,244,275
Gearing ratio(%)	**37%**	**37%**	72%	72%

(i) Borrowings include all short-term and long-term borrowings as detailed in Note 18.

(ii) Equity includes capital and reserves.

(iii) The Company has a gearing ratio of **37%** (2017: 72%) at the reporting date and the directors consider that this level of gearing is reasonable taking into account the Company's business activities.

8. TAXATION

(i) Income tax

As a tax resident in the Republic of Mauritius, the Company expects to obtain benefits under the double taxation treaty between the Republic of India and the Republic of Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in the Republic of India. However, investments in shares acquired up to 31 March 2017 will remain exempted from capital gains tax in the Republic of India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in the Republic of India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in the Republic of Mauritius.

Disposal of investments made by a Mauritius company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in the Republic of India.

As per the revised DTAA, interest arising in Republic of India to Mauritian residents will be subject to withholding tax in Republic of India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.

The Company has received tax residence certificates from the Mauritian authorities that it is a tax resident of the Republic of Mauritius, which is renewable on an annual basis subject to meeting certain conditions and under which the Company is eligible to obtain benefits under the double tax treaties between the Republic of Mauritius and the Republic of India, the Republic of Mauritius and the People's Republic of China, the Republic of Mauritius and the Republic of Singapore and the Republic of Mauritius and the Republic of South Africa and the Republic of Mauritius and Government of the Republic of Italy.

The Company had no income tax liability during the year ended 31 March 2018.

(ii) Deferred tax

Deferred tax is calculated on all temporary differences under the liability method at the rate of 3%.

(iii) Income tax reconciliation

The income tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Profit/(loss) before tax	**118,308,744**	**7,680,603,661**	(23,259,642)	(1,510,015,959)
Tax calculated at the rate of 3%	**3,549,262**	**230,418,089**	(697,789)	(45,300,462)
Capital allowances	**(2,328)**	**(151,134)**	(2,373)	(154,055)
Items outside taxation scope	**219,192**	**14,229,945**	(75,482)	(4,900,291)
Unauthorised deductions	**150,966**	**9,800,713**	181,041	11,753,182
Non-allowable expenses	**128,958**	**8,371,953**	943,897	61,277,793
Exempt income	**(3,778,577)**	**(245,305,219)**	(90,630)	(5,883,700)
Deferred tax asset not recognised	**(267,473)**	**(17,364,347)**	(258,664)	(16,792,467)
Tax charge	–	–	–	–

(iv) Capital gain tax and withholding tax

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Capital gain tax	**26,179,943**	**1,699,601,900**	–	–
Withholding tax	**1,363,082**	**88,491,284**	1,218,347	79,095,087
	27,543,025	**1,788,093,184**	1,218,347	79,095,087

At the reporting date, withholding tax and capital gain tax of 19% each was charged on dividend income and part disposal of shares from CIE Automotive S.A (Note 10), a quoted company incorporated in Spain. Both the withholding tax and capital gain tax are in line with tax rates currently prevailing in Spain.

9. PROPERTY, PLANT AND EQUIPMENT

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Building	**Furnitures & Fittings**	**Total**
	USD	**USD**	**USD**
Gross carrying amount			
Balance at 01 April 2017 and 31 March 2018	**1,430,606**	**115,430**	**1,546,036**
Depreciation			
Balance at 01 April 2017	**137,316**	**66,530**	**203,846**
Charge for the year	**23,842**	**11,544**	**35,386**
Balance 31 March 2018	**161,158**	**78,074**	**239,232**
Carrying amount at 31 March 2018	**1,269,448**	**37,356**	**1,306,804**

	Building	**Furnitures & Fittings**	**Total**
	USD	**USD**	**USD**
Gross carrying amount			
Balance at 01 April 2016 and 31 March 2017	1,430,606	115,430	1,546,036
Depreciation			
Balance at 01 April 2016	113,474	54,986	168,460
Charge for the year	23,842	11,544	35,386
Balance at 31 March 2017	137,316	66,530	203,846
Carrying amount at			
31 March 2017	1,293,290	48,900	1,342,190

	Building	**Furnitures & Fittings**	**Total**
	INR (Note 1)	**INR (Note 1)**	**INR (Note 1)**
Gross carrying amount			
Balance at 01 April 2017 and 31 March 2018	**92,874,942**	**7,493,716**	**100,368,658**
Depreciation			
Balance at 01 April 2017	**8,914,555**	**4,319,128**	**13,233,683**
Charge for the year	**1,547,823**	**749,436**	**2,297,259**
Balance at 31 March 2018	**10,462,378**	**5,068,564**	**15,530,942**
Carrying amount			
31 March 2018	**82,412,564**	**2,425,152**	**84,837,716**

	Building	Furnitures & Fittings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount			
Balance at 01 April 2016 and 31 March 2017	92,874,942	7,493,716	100,368,658
Depreciation			
Balance at 01 April 2016	7,366,732	3,569,692	10,936,424
Charge for the year	1,547,823	749,436	2,297,259
Balance at 31 March 2017	8,914,555	4,319,128	13,233,683
Carrying amount at			
31 March 2017	83,960,387	3,174,588	87,134,975

10. INVESTMENT IN ASSOCIATE

	2018	2018	2017	2017
	USD	INR (Note 1)	USD	INR (Note 1)
(i) At cost:				
At 01 April	**150,454,820**	**9,767,526,914**	131,161,644	8,515,013,928
Additions during the year (Note 10 (iv & vi))	**15,029,992**	**975,747,081**	3,400,000	220,728,000
Conversion of Secured Convertible Promissory Notes into investments (Note 10 (vi)	**3,632,289**	**235,808,202**	–	–
Disposal during the year (Note 10 (v))	**(52,760,999)**	**(3,425,244,055)**	–	–
Reclassified from available-for-sale financial assets (Note 13)	**–**	**–**	15,893,176	1,031,784,986
At 31 March	**116,356,102**	**7,553,838,142**	150,454,820	9,767,526,914

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Class of shares	Country of incorporation	% holding	Cost 2018
				USD
CIE Automotive S.A.	Equity shares	Spain	7.435%	**78,400,645**
The East India Compa-ny Group Limited	Equity shares	Jersey	18%	**15,893,176**
The East India Compa-ny Gin (BVI) Limited	Equity shares	British Virgin Islands	20%	**4,000**
The East India Compa-ny Gin Ltd	Equity shares	The Republic of Singapore	20%	**25,992**
Scoots Network, Inc.	Series A Pre-ferred stocks	United States of America	–	**22,032,289**
				116,356,102

(iii) The Company exercises significant influence with its 20% stake in The East India Company Gin (BVI) Limited and The East India Company Gin Ltd. For the remaining investee companies, although the Company has less than 20% shareholdings in these companies, the directors assessed the level of influence that the Company has on them and determined that it has significant influence over these investee companies through its representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates and accounted at cost in these separate financial statements.

(iv) The Company acquired 20% shareholding in The East India Company Gin Ltd and in The East India Company Gin (BVI) Limited for consideration of USD 25,992 (equivalent to SGD 35,800) and USD 4,000 respectively.

(v) During the year under review, the Company made a part disposal of 6,450,000 shares in CIE Automotive S.A, representing 5% stake, for a total consideration of USD 178,713,583 and was subjected to a capital gain tax of USD 26,179,943 (Note 8(iv)) in Spain. Following the disposal, the Company made a gain of USD 125,952,584.

(vi) Pursuant to a Secured Convertible Promissory Note Agreement and a Note Purchase Agreement dated 11 September 2017 and 31 January 2018 respectively, the promissory notes amounting to USD 3,632,289 were converted into 4,295,009 Preferred Stocks in Scoot Network, Inc.(Note 14).

Pursuant to the Board minutes dated 11 October 2017 and 23 February 2018, the Company also made an additional equity investment amounting to USD 15,000,000 in Scoot Network, Inc..

(vii) At 31 March 2018, the investment in CIE Automotive S.A. had a fair value of USD 342,620,587 based on the closing market price listed on the Madrid Stock Exchange (Bolsa de Madrid), Spain.

(viii) The disposal of the investment held in Scoots Networks, Inc. (the "Associate") is restricted as written consent from the Associate is required prior to any disposal of shares.

(ix) The directors have assessed the recoverable amounts of these investments and confirmed that the cost of investments have not suffered any impairment in value at the reporting date.

11. INVESTMENTS IN SUBSIDIARIES

	2018	2018	2017	2017
	USD	INR (Note 1)	USD	INR (Note 1)
(i) Unquoted and at carrying amount:				
Balance at 01 April	**86,161,018**	**5,593,573,289**	34,687,794	2,251,931,586
Additions during the year (Note 11 (iii))	**127,312,145**	**8,265,104,453**	54,901,989	3,564,237,127
Impairment of investment	**(2,335,036)**	**(151,590,537)**	(3,428,765)	(222,595,424)
Balance at 31 March	**211,138,127**	**13,707,087,205**	86,161,018	5,593,573,289

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Country of incorporation	% holding	Carrying amount 2018	Carrying amount 2017
			USD	USD
Equity shares				
Mahindra – BT Investment Com-pany (Mauritius) Limited	Republic of Mauritius	57%	**6,771,600**	6,771,600
Mahindra Graphics Research Design S.r.l.	Republic of Italy	100%	**3,590,851**	3,590,851
Mahindra Europe S.r.l.	Republic of Italy	100%	**4,136,634**	4,136,634
Mahindra Racing UK Limited	United Kingdom	100%	**33,700**	33,700
Mahindra Tractor Assembly, Inc	United States of America	100%	**54,410,000**	43,210,000
Mahindra Emirates Vehicle Ar-mouring FZ-LLC	United Arab Emirates	51%	**2,891,692**	1,394,034
Mahindra Racing S.r.l.	Republic of Italy	100%	**1**	2,022,838

Name of investee companies	Country of incorporation	% holding	Carrying amount 2018	Carrying amount 2017
			USD	USD
Mahindra International UK Limited	United Kingdom	100%	–	–
Origin Fruit Direct Holding BV	Netherlands	83.1%	**4,558,821**	4,558,821
Hisarlar Makine Sanayi ve Tica-ret Anonim Şirketi	Turkey	77.18%	**35,016,817**	20,442,540
Mahindra Automotive North America, Inc	United States of America	100%	**26,400,000**	–
Erkunt Sanayi A.S.	Turkey	63.72%	**30,384,794**	–
Erkunt Traktor Sanayii A.S.	Turkey	100%	**42,943,217**	–
Total			**211,138,127**	86,161,018

(iii) During the year under review, the following transactions took place:

(a) The Company made additional equity investment amounting to USD 11,200,000, USD 1,497,658, USD 312,199 and USD 14,574,277 in Mahindra Tractor Assembly, Inc, Mahindra Emirates Vehicle Armouring FZ-LLC, Mahindra International UK Limited and Hisarlar Makine Sanayi ve Ticaret Anonim Sirketi respectively.

(b) The Company acquired 100% of the share capital of Mahindra Automotive North America, Inc ("MANA") by subscribing to 1,056,000 equity shares for a total consideration of USD 26,400,000.

(c) The Company acquired 63.72% of the share capital of Erkunt Sanayi A.S. by subscribing to 963,378,760 shares for a consideration of TRY 110,122,689 equivalent to USD 30,384,794 and inclusive of transaction costs that are directly attributable to the acquisition of the investment.

(d) The Company acquired 100% of the share capital of Erkunt Traktor Sanayii A.S. by subscribing to 30,000 equity shares for a total consideration of TRY 160,590,000 equivalent to USD 42,943,217 and inclusive of transaction costs that are directly attributable to the acquisition of the investment.

(iv) The directors have assessed the recoverable amounts of the investments in subsidiaries and confirm that the carrying amount of the above investments have not suffered any impairment in value at the reporting date, except for Mahindra International UK Limited, which was fully impaired and Mahindra Racing S.r.l, where the investment was impaired to USD 1.

(v) The disposals of the following investments described in Note 11 (ii) above are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Mahindra – BT Investment Company (Mauritius) Limited	As detailed in the Share Subscription Agreement signed between the Company, Mahindra – BT Investment Company (Mauritius) Limited and BT Holdings Limited on 23 June 2005.
Mahindra Europe S.r.l.	As detailed in the Credit Agreement with EXIM Bank and prior approval of Unicredit Bank and San Paolo Bank have to be obtained before any disposal of shares held.
Mahindra Graphics Research Design S.r.l., Mahindra Racing S.r.l. and Mahindra Emirates Vehicle Armouring FZ-LLC	Board approval is required prior to any disposal of shares held.

(vi) The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The proportions of the voting rights in the subsidiaries held directly by the Company do not differ from the proportion of ordinary shares held.

12. INVESTMENT IN JOINT VENTURE

	2018	2018	2017	2017
(i) Unquoted and at cost:	**USD**	**INR (Note 1)**	USD	INR (Note 1)
Balance at 1 April	**13,476,429**	**874,889,771**	39,745,429	2,580,273,251
Disposal of investments (Note 12 (iv))	**(13,476,429)**	**(874,889,771)**	–	–
Impairment	**–**	**–**	(26,269,000)	(1,705,383,480)
Balance at 31 March	**–**	**–**	13,476,429	874,889,771

(ii) Details pertaining to the investment are as follows:

Name of joint venture	Class of shares	Country of incorporation	% held	Cost 2018	Cost 2017
				USD	**USD**
Mahindra Yueda (Yancheng) Tractor Co., Ltd	Equity shares	People's Republic of China	–	–	13,476,429

(iii) The Company previously held 51% of the shareholding of its joint arrangement. The Company had joint control over this arrangement as under the contractual agreements, unanimous consent was required from all parties to the arrangements for all relevant activities.

The Company's joint arrangement was structured as a limited company (Mahindra Yueda (Yancheng) Tractor Co., Ltd) and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the arrangement was classified as joint venture.

(iv) The Company disposed of all its shareholdings in Mahindra Yueda (Yancheng) Tractor Co., Ltd for a total consideration of RMB 82,110,000 equivalents to USD 12,409,736. Consequently, the Company incurred a loss on disposal of USD 1,066,693 for the year ended 31 March 2018.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018	2018	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Unquoted and at carrying amount:				
Balance at 01 April	**2,551,445**	**165,639,809**	18,894,141	1,226,607,633
Additions during the year (Note 13 (iii)	**5,500,097**	**357,066,298**	20,000	1,298,400
Impairment during the year	**(446,031)**	**(28,956,333)**	(1,000,000)	(64,920,000)
Reclassified to investments in as-sociates	–	–	(15,893,176)	(1,031,784,986)
Conversion of loan into shares	–	–	530,480	34,438,762
Balance at 31 March	**7,605,511**	**493,749,774**	2,551,445	165,639,809

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee companies	Country of incorporation	% holding	Cost 2018	Cost 2017
			USD	USD
Equity shares				
ZOOMIN PTE. LTD	Republic of Singapore	0.04%	**–**	44
Mahindra Do Brasil Industrial, Ltda.	Brazil	0.27%	**20,000**	20,000
Distilled Analytics	Canada	0.27%	**1,000,100**	–
Preference shares/ common stock				

Name of investee companies	Country of incorporation	% holding	Cost 2018	Cost 2017
Cleartrip Inc	Cayman Is-lands	0.95%	**1,046,155**	1,046,155
D.Light Design Inc	Cayman Is-lands	2.34%	**508,778**	508,778
Prana Holdings, Inc	United States of America	3.7%	**–**	441,607
ZOOMIN PTE. LTD	Republic of Singapore	3.92%	**-**	4,380
Cloudleaf, Inc.	United States of America	15.13%	**2,030,479**	530,480
Cloudleaf, Inc.	United States of America	20.45%	**2,999,998**	-
Other				
Chartoff – Tempest Productions, LLC	–	–	**1**	–
Total			**7,605,511**	2,551,445

(iii) During the year under review, the following transactions took place:

(a) The Company acquired 10,000 Class B Capital Stocks in Distilled Analytics for a total consideration of USD 1,000,100;

(b) The Company acquired 1,644,168 Preferred Series A Shares in Avaamo, Inc for a total consideration of USD 2,999,998; and

(c) The Company acquired 1,058,350 Series A Preferred stock in Cloudleaf, Inc. for a total consideration of USD 1,499,999.

(iv) The directors have assessed the recoverable amounts of the investments and confirmed that the carrying amount of these investments has not suffered any impairment in value at the reporting date, except for the investment in Prana Holdings, Inc and ZOOMIN PTE. LTD which have been fully impaired.

(v) The disposals of the following investments described in Note 13 (ii) above are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Cleartrip Inc	As detailed in the Amended and Restated Right of First Refusal and Co-Sale Agreement, the ‘Agreement’, dated 31 December 2007, the Seller must comply with the provisions of sections 2, 3 and 4 of the Agreement.
Prana Holdings, Inc and D.Light Design Inc	Board approval is required prior to any disposal of shares held.
Avaamo, Inc	As detailed in the Amended and Restated Investors’ Right Agreement, dated 14 March 2018, the parties involved must comply with the provision of section 12.1 of the Agreement.

14. LOANS

	2018 USD	2018 INR (Note 1)	2017 USD	2017 INR (Note 1)
Current				
Loan to third party	**–**	**–**	167,351	10,864,427
Loans to related parties	**4,435,280**	**287,938,378**	2,051,040	133,153,517
Total	**4,435,280**	**287,938,378**	2,218,391	144,017,944

(i) The movement during the year on the loans given to third/related parties is as follows:

	2018 USD	2018 INR (Note 1)	2017 USD	2017 INR (Note 1)
Balance at 01 April	**2,218,391**	**144,017,944**	674,731	43,803,538
Loans given to:				
The East India Company Group Limited (Note 14 (ii)(a))	**2,648,050**	**171,911,406**	1,235,900	80,234,628
Scoots Network, Inc. (Note 14 (ii) (b))	**2,720,000**	**176,582,400**	800,000	51,936,000
Interest income	**333,085**	**21,623,878**	38,240	2,482,540
Impairment of loan to Prana Holdings, Inc	**(172,507)**	**(11,199,154)**	–	–
Conversion of Secured Convertible Promissory Notes into investments (Note 10 (vi) & 14 (ii)(b))	**(3,632,289)**	**(235,808,202)**	(530,480)	(34,438,762)
Foreign exchange gain	**320,550**	**20,810,106**	–	–
Balance at 31 March	**4,435,280**	**287,938,378**	2,218,391	144,017,944

(ii) During the year under review, the following transactions took place:

(a) The Company granted an additional unsecured loan of USD 2,648,050 to The East India Company Group Limited which carries interest at the rate of 8% per annum and receivable on demand.

(b) During the year ended 31 March 2017, pursuant to a Note Purchase Agreement (the ‘Agreement’) dated 31 January 2017, the Company acquired Secured Convertible Promissory Notes (the ‘Notes’) amounting to USD 800,000 out of USD 2,720,000 in Scoot Network, Inc..

During the year ended 31 March 2018, the remaining balance of USD 1,920,000 was acquired and these Notes carry interest at a rate of 8% per annum and with maturity date of 30 September 2017 or after. However, if the Notes are not paid in full or depending on certain trigger events, then the entire outstanding principal balance and all unpaid accrued interest of each Note shall automatically be converted in whole without any further action by the holder thereof into such Equity Securities at the Conversion Price per share as defined in the Agreement.

Additionally, the Company entered into a Secured Convertible Promissory Note agreement dated 11 September 2017 to acquire Notes for an amount of USD 800,000 with same terms and conditions of the previous Agreement.

At the reporting date, an amount of USD 3,632,289, inclusive of interest was converted into preferred stocks (Note 10).

(iii) The directors have assessed the recoverability of the loans and confirmed that only the loan of USD 172,507 to Prana Holdings, Inc has been fully impaired and the carrying values of the remaining loans reflect their recoverable amounts at the reporting date.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2018 USD	2018 INR (Note 1)	2017 USD	2017 INR (Note 1)
Cash at bank:				
– USD	**29,816,340**	**1,935,676,793**	958,501	62,225,885
– ZAR	**44,747**	**2,904,975**	30,346	1,970,062
– EUR..............	**10,197,005**	**661,989,565**	1,050,868	68,222,351
Short term deposits............	**52,149,725**	**3,385,560,147**	–	–
	92,207,817	**5,986,131,480**	2,039,715	132,418,298

The Company has two fixed deposits placements amounting to USD 25,000,000 and USD 27,000,000 with SBI (Mauritius) Ltd bearing interest at a rate of 1.8% and 2.1% respectively per annum and maturing within three months. As at 31 March 2018, interest receivable amounted to USD 149,725.

16. STATED CAPITAL

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Issued and fully paid:				
180,579,209 Ordinary shares of USD 1 each (31 March 2017: 130,439,209 Ordinary shares)	**180,579,209**	**11,723,202,248**	130,439,209	8,468,113,448

(i) The movement during the year was as follows:

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**130,439,209**	**8,468,113,448**	115,487,709	7,497,462,068
Issue of shares during the year	**50,140,000**	**3,255,088,800**	14,951,500	970,651,380
At 31 March	**180,579,209**	**11,723,202,248**	130,439,209	8,468,113,448

(ii) In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Non-current assets				
Interest rate swaps	–	–	1,827,830	118,662,724
Non-current liabilities				
Interest rate swaps	**(295,482)**	**(19,182,691)**	(90,027)	(5,844,553)

The Company had entered into interest rate swap agreements to manage interest rate risk exposure.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

As at the reporting date, the fair values of the hedging derivatives have been classified as non-current liabilities since the maturity of the hedged items are more than one year.

The notional principal amount of the outstanding interest rate swaps at 31 March 2018 was USD 71,323,293 (inclusive of a loan of EUR 24 million and EUR 37 million).

At 31 March 2018, the fixed interest rates and fair values based on the interest rate swaps are as follows:

Details	**Notional amount**	**Fixed interest rate**	**Start date**	**Maturity date**	**Fair Value 2018**
	USD				**USD**
HSBC Bank (Mauritius) Limited	**25,565,393**	**0.82%**	**17 March 2017**	**10 March 2020**	**(122,012)**
HSBC Bank (Mauritius) Limited	**45,757,900**	**0.7%**	**22 February 2018**	**02 February 2021**	**(173,470)**
	71,323,293				**(295,482)**

At 31 March 2017, the fixed interest rates and fair values based on the interest rate swaps were as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair Value 2017
	USD				USD
MUFG Securities EMEA Plc	100,000,000	1.90%	02 October 2016	30 September 2019	1,287,929
HSBC Bank (Mauritius) Limited	45,000,000	1.83%			539,901
HSBC Bank (Mauritius) Limited	25,565,393	0.82%	17 March 2017	10 March 2020	(90,027)
	170,565,393				1,737,803

18. BORROWINGS

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Non-current				
Bank loans	**201,993,048**	**13,113,388,676**	170,001,884	11,036,522,309
Loans from holding company	**16,934,697**	**1,099,400,529**	15,661,590	1,016,750,423
	218,927,745	**14,212,789,205**	185,663,474	12,053,272,732
(ii) Current				
Bank loans	**69,009**	**4,480,064**	665,807	43,224,190
Total	**218,996,754**	**14,217,269,269**	186,329,281	12,096,496,922

(iii) The movement during the year on the borrowings was as follows:

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Balance at 01 April	**186,329,281**	**12,096,496,923**	145,795,840	9,465,065,933
Loans repaid during the year:				
Standard Chartered Bank (Mauritius) Limited	–	–	(65,000,000)	(4,219,800,000)
Barclays Bank Plc, London	–	–	(65,000,000)	(4,219,800,000)
Bank of America, N.A	–	–	(5,367,000)	(348,425,640)
Citibank N.A	–	–	(19,000,000)	(1,233,480,000)
HSBC Bank (Mauritius) Limited	**(45,000,000)**	**(2,921,400,000)**	–	–

	2018	2018	2017	2017
	USD	INR (Note 1)	USD	INR (Note 1)
The Bank of Tokyo-Mitsubishi UFJ, Ltd	**(100,000,000)**	**(6,492,000,000)**	–	–
Loans received during the year:				
Bank of America, N.A	**123,234,390**	**8,000,376,599**	5,279,000	342,712,680
Citibank N.A	–	–	19,000,000	1,233,480,000
HSBC Bank (Mauritius) Lim-ited	**45,757,900**	**2,970,602,868**	70,761,600	4,593,843,072
The Bank of Tokyo-Mitsubishi UFJ, Ltd	–	–	100,000,000	6,492,000,000
Interest element for the year:				
Interest expense	**3,854,863**	**250,257,706**	3,612,369	234,514,995
Interest payment	**(3,487,501)**	**(226,408,565)**	(2,689,243)	(174,585,656)
Loss on interest rate swaps	**115,374**	**7,490,080**	258,663	16,792,402
Gain on interest rate swaps	**(145,458)**	**(9,443,133)**	–	–
Interest rate swaps paid	**(129,545)**	**(8,410,061)**	(283,090)	(18,378,203)
Interest rate swaps received	**145,458**	**9,443,133**	–	–
Transaction costs incurred during the year:				
Transaction costs incurred	**(70,857)**	**(4,600,036)**	(661,481)	(42,943,347)
Amortisation of transaction costs	**523,414**	**33,980,037**	97,974	6,360,472
Foreign exchange loss/ (gain)	**7,869,435**	**510,883,718**	(475,351)	(30,859,786)
Balance at 31 March	**218,996,754**	**14,217,269,269**	186,329,281	12,096,496,922

(iv) The loans from the holding company are unsecured, repayable on demand and with interest ranging from 8.25% to 8.50% per annum. One of the loans is denominated in GBP and has been translated into the functional currency at the reporting date.

(v) Summary of borrowings arrangements are as follows:

Loan from Bank of America, N.A

On 16 November 2017, the Company borrowed EUR 65,000,000 (USD 77,005,489) and EUR 13,000,000 (USD 15,311,390) from Bank of America, N.A which carry interest at EURIBOR + 80 basis points per annum without floor and repayable on 31 May 2018 which will be subsequently rollover. The interest is payable on a quarterly basis.

On 01 February 2018, the Company borrowed an additional loan of EUR 25,000,000 (USD 30,917,510) from Bank of America, N.A which carries interest at EURIBOR + 80 basis points per annum and repayable on 31 May 2018 which will be subsequently rollover. The loan along with interest has been accrued for the year.

Loan from HSBC Bank (Mauritius) Limited ("HSBC")

(a) Pursuant to a Facility Agreement with HSBC dated 10 March 2017, the Company borrowed EUR 24,000,000 at an interest rate of 3 months EURIBOR + 0.82% margin per annum, with the EURIBOR floored to negative 0.82%. The loan is unsecured and is repayable on 10 March 2020. The interest is payable on a quarterly basis.

In the financial year ended 31 March 2017, the Company initially incurred transaction costs of USD 66,290 , in respect of this loan. These costs have been amortised over a period of 3 years, which is the tenure of the loan.

(b) Pursuant to a Facility Agreement with HSBC dated 05 February 2018, the Company borrowed EUR 37,000,000 at an interest rate of 3 months EURIBOR + 0.7% margin per annum. The loan is unsecured and repayable in 2021. The interest is payable on a quarterly basis.

The Company incurred transaction costs of USD 70,857 in respect of this loan and which is amortised over a period of 3 years, which is the tenure of the loan.

(c) Pursuant to a Facility Agreement with HSBC dated 23 September 2016, the Company borrowed USD 45,000,000 at an interest rate of 3 months LIBOR + 0.82% margin per annum with the LIBOR floored to zero when negative. The loan along with the interest accrued has been fully at reporting date.

The transaction cost of USD 126,583 initially incurred in respect of this loan was fully amortised in the year of repayment.

Loan from The Bank of Tokyo-Mitsubishi UFJ, Ltd

Pursuant to a Facility Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd dated 28 September 2016, the Company borrowed USD 100,000,000 at an interest rate of 3 months LIBOR + 99 basis point per annum, with the LIBOR floored to zero when negative. The loan along with the interest accrued has been fully repaid at reporting date.

The transaction cost of USD 468,608 initially incurred in respect of this loan was fully amortised in the year of repayment.

(iv) The Company entered in a swap arrangements for its loan of USD 45,000,000 and USD 100,000,000 from HSBC Bank (Mauritius) Limited ("HSBC") and The Bank of Tokyo-Mitsubishi UFJ, Ltd ("MUFG") respectively, both repayable on 30 September 2019. However, both loans were fully repaid during the year ended 31 March 2018 and consequently the swap arrangements in respect of these loans have been unwound resulting into gains of USD 670,000 and USD 1,695,000 from HSBC and MUFG respectively.

(vii) During the year under review, a gain of USD 145,458 (2017: USD: Nil) and a loss of USD 115,374 (2017: USD 258,663) were also incurred on the swap arrangements in respect of its borrowings.

19. OTHER RECEIVABLE AND PREPAYMENTS

	2018	2018	2017	2017
	USD	INR (Note 1)	USD	INR (Note 1)
Other receivable (Note 19 (i))	**216,697**	**14,067,969**	–	–
Prepayments	**6,244**	**405,358**	6,538	424,447
	222,941	**14,473,327**	6,538	424,447

(i) Pursuant to the Stock Purchase Agreement dated 20 September 2017, in respect of the investment in Erkunt Sanayi A.S. (Note 11), it was agreed that following the closure of the escrow account, 5% of the initial purchase consideration shall be transferred to the Company. During the year ended 31 March 2018, the escrow account was closed and in that respect a refund of EUR 175,834 was received subsequent to the reporting date and accounted as "Other receivable" in these financial statements.

20. PAYABLES AND ACCRUALS

	2018	2018	2017	2017
	USD	INR (Note 1)	USD	INR (Note 1)
Accruals	**107,741**	**6,994,546**	497,899	32,323,605
Commission on corporate guarantee (Note 20 (ii))	**1,790,274**	**116,224,588**	–	–

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Other payable (Note 20 (i))	**–**	**–**	484,557	31,457,440
	1,898,015	**123,219,134**	982,456	63,781,045

(i) The amount of USD 484,557 due to the shareholder which was unsecured and interest free, has been fully repaid during the year.

(ii) Commission on corporate guarantee represents fees payable for guarantee provided by the holding company, Mahindra & Mahindra, for borrowings.

21. FINANCE INCOME AND FINANCE COSTS

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
21.1 Finance income				
Interest on loans (Note 14)	**231,140**	**15,005,609**	27,895	1,810,943
Interest on Secured Convertible Promissory Notes (Note 14)	**101,945**	**6,618,269**	10,345	671,597
Foreign exchange gain	**2,900,258**	**188,284,750**	712,469	46,253,489
Swap interest income (Note 18)	**145,458**	**9,443,133**	–	–
Fair value adjustment – Derivative financial instruments	**–**	**–**	1,989,519	129,159,573
Unwinding of swap arrangements (Note 18 (vi))	**2,365,000**	**153,535,800**	–	–
Interest income on short term de-posits	**484,986**	**31,485,291**	–	–
	6,228,787	**404,372,852**	2,740,228	177,895,602

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
21.2 Finance costs				
Amortisation of transaction costs (Note 18 (iii))	**523,414**	**33,980,037**	97,974	6,360,472
Interest on borrowings (Note 18(iii))	**3,854,863**	**250,257,706**	3,612,369	234,514,995
Fair value adjustment – Derivative financial instruments	**2,033,285**	**132,000,862**	90,027	5,844,553
Loss on interest on swaps (Note 18(iii))	**115,374**	**7,490,080**	258,663	16,792,402
Foreign exchange losses	**8,203,459**	**532,568,559**	95,905	6,226,153
Commission to shareholder for corporate guarantee	**1,790,274**	**116,224,588**	353,836	22,971,033
Depository charges	**28,769**	**1,867,683**	26,195	1,700,579
	16,549,438	**1,074,389,515**	4,534,969	294,410,187

22. DIVIDENDS

	2018	**2018**	2017	2017
	USD	**INR (Note 1)**	USD	INR (Note 1)
Dividend paid	**1,500,000**	**97,380,000**	–	–
Dividend per share	**0.01**	**0.54**	–	–

23. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2018, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	**Nature of Transactions**	**Volume of transactions**	**Debit/(credit) balances at 31 March 2018**	Debit/(credit) balances at 31 March 2017
		USD	**USD**	USD
Associate	Loan	**3,194,585**	**4,435,280**	1,240,695
Associate	Secured Convertible Promissory Notes	**810,345**	**–**	810,345
Holding company	Borrowings	**1,273,107**	**(16,934,697)**	(15,661,590)
Holding company	Other payable	**484,557**	**–**	(484,557)
Administrator, Secretary and Mauritian Tax Agent	Professional fees	**31,561**	**(51,561)**	(20,000)

Nature of relationship	**Nature of Transactions**	**Volume of transactions**	**Debit/(credit) balances at 31 March 2018**	Debit/(credit) balances at 31 March 2017
		INR (Note 1)	**INR (Note 1)**	INR **(Note 1)**
Associate	Loan	**207,392,458**	**287,938,378**	80,545,919
Associate	Secured convertible promissory notes	**52,607,547**	**–**	52,607,597
Holding company	Borrowings	**82,650,106**	**(1,099,400,529)**	(1,016,750,423)
Holding company	Other payable	**31,457,440**	**–**	(31,457,440)
Administrator, Secretary and Mauritian Tax Agent	Professional fees	**2,048,940**	**(3,347,340)**	(1,298,400)

The terms and conditions of the balances are stated in Notes 14, 18 and 20 to these financial statements.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

Net debt reconciliation:

	2018	2017
Net debt	**USD**	USD
Borrowings:		
– Repayable within one year	**69,009**	665,807
– Repayable after one year	**218,927,745**	185,663,474
	218,996,754	186,329,281

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	USD	**USD**	**USD**
Net debt as at 01 April 2017	185,663,474	665,807	186,329,281
Cash flows:			
– Proceed from loans	168,921,433	–	168,921,433
– Interest payment	–	(3,487,501)	(3,487,501)
– Interest rate swaps paid	–	(129,545)	(129,545)
– Repayment of loans	(145,000,000)	–	(145,000,000)
– Interest rate swaps received	–	145,458	145,458
Non-cash:			
– Loss on interest rate swaps	–	115,374	115,374
– Gain on interest rate swaps	–	(145,458)	(145,458)
– Amortisation of loans	523,414	–	523,414
– Interest expense	949,989	2,904,874	3,854,863
– Foreign exchange loss	7,869,435	–	7,869,435
Net debt as at 31 March 2018	**218,927,745**	**69,009**	**218,996,754**

Net debt reconciliation:

	2018	2017
Net debt	**INR (Note 1)**	INR (Note 1)
Borrowings:		
– Repayable within one year	**4,480,064**	43,224,190
– Repayable after one year	**14,212,789,205**	12,053,272,732
	14,217,269,269	12,096,496,922

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	INR (Note 1)	**INR (Note 1)**	**INR (Note 1)**
Net debt as at 01 April 2017	12,053,272,732	43,224,190	12,096,496,922
Cash flows:			
– Proceed from loans	10,966,379,430	–	10,966,379,431
– Interest payment	–	(226,408,565)	(226,408,565)
– Interest rate swaps paid	–	(8,410,061)	(8,410,061)
– Repayment of loans	(9,413,400,000)	–	(9,413,400,000)
– Interest rate swaps received	–	9,443,133	9,443,133
Non-cash:			
– Loss on interest rate swaps	–	7,490,080	7,490,080
– Gain on interest rate swaps	–	(9,443,133)	(9,443,133)
– Amortisation of loans	33,980,037	–	33,980,037
– Interest expense	61,673,286	188,584,420	250,257,706
– Foreign exchange loss	510,883,720	–	510,883,719
Net debt as at 31 March 2018	**14,212,789,205**	**4,480,064**	**14,217,269,269**

25. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it which could have a material adverse effect on its financial position or results.

26. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the following transactions occurred:

(i) The Company made an additional investment amounting to EUR 8,066,468 (USD equivalent of 9,938,695) in Erkunt Tractor Sanayii A.S..

(ii) The Company borrowed EUR 10,000,000 from the Bank of America, N.A which carries interest at EURIBOR + 80 basis point per annum without floor and repayable within 3 months.

27. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a quoted company on the National Stock Exchange of India, as the Company's holding company.

Directors' Report to the Shareholders

Dear Shareholders,

Your Directors present their Seventh Report together with the audited accounts of your Company for the year ended 31st March, 2018.

Principal Activity & Review of Business

Your Company participates, as a constructor of motorcycles, in FIM MotoGPTM World Motorcycle Racing Championship, FIM CEV Repsol International Championship (Junior World Championship) and the Elf CIV Italian National Motorcycle Racing Championship in the Moto3TM (250cc, 4 stroke) class.

Your Company staff consists of 12 employees including contractual employees and administration / technical and managerial staff. The organization works out of a rented office space in Italy at Besozzo, Varese province (near Milan) from where the Company conducts all its design, development and manufacturing activities.

During the year, there was a shift in the strategic focus of the Two-wheeler business. With this shift, strategic importance of the Company to the Group has reduced, hence it was announced that the Company has decided not to participate in the Championships going forward. Therefore, efforts were on to divest/ wind down the business.

FINANCIAL HIGHLIGHTS:

(Amount in Euro/INR.)

	2018 Euro Lakhs	**2018 INR Lakhs**	2017 Euro Lakhs	2017 INR Lakhs
Total Income	**43.04**	**3,471.21**	58.09	4,685.15
Profit before depreciation & Taxation	**6.64**	**535.25**	2.36	190.15
Depreciation	**3.00**	**242.23**	1.62	130.27
Profit before Tax	**3.63**	**293.01**	0.74	59.88
Taxation	**1.57**	**126.87**	0.52	41.78
Profit/(Loss) for the year	**2.06**	**166.14**	0.22	18.10
Profit/(Loss) carried to Balance Sheet	**2.06**	**166.14**	0.22	18.10

The Financial Statements at March 31, 2018 highlight a Profit equal to Euro 205,981 (INR 16,614,400)

SHARE CAPITAL

The Equity share capital of your Company is Euro 1,781,000 (INR 143,655,460). Working capital loan has been repaid to Barclays Bank which was taken to meet the working capital needs of the Company.

DIRECTORS

The Directors of your Company are Mr. Ruzbeh Irani – (Chairman of the Company), Mr. Rajesh Jejurikar, Mr Nicola Paglietti, Mr. Mufaddal Abbas Choonia – Director and Chief Executive Officer of the Company & Mr. Chandrashekar Joshi – Director and Chief Financial Officer.

Holding Company

Your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, which is a subsidiary of Mahindra & Mahindra Limited. Hence, Mahindra & Mahindra Limited is the ultimate Parent company.

For & on Behalf of the Board

Mufaddal Abbas Choonia
Director

Place: Mumbai
Date: 21st May, 2018.

AUDITOR'S REPORT

To the shareholders of Mahindra Racing S.p.a.

1. We have audited the annual accounts for the business year of Mahindra Racing S.p.A. as at 31 March 2018. It is the responsibility of the directors of Mahindra Racing S.p.A. to draw-up the annual accounts. It is our responsibility to express our professional opinion on the annual accounts based on our auditing.

2. Our audit was made according to the CONSOB principles and criteria for auditing. In conformity with the aforesaid principles and criteria, the audit was planned and carried out to acquire every element necessary to control if the annual accounts were invalidated by important errors and if they, on the whole, result as reliable. Auditing procedures include the examination, by spot checking, of the elements supporting the totals and the information contained in the annual accounts, as well as an evaluation of the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the directors. We believe that the work carried out supplies us a reasonable basis on which to express our professional opinion.

   For the opinion on the previous year's annual accounts, the data for which were presented for comparison according to the legal requisites, we would refer you to our report issued on 10th May 2017.

3. In our opinion, Mahindra Racing S.p.A.'s financial statement of 31 March 2018 complies with the laws that regulate the criteria for its preparation; therefore, it is clear and represents in a truthful and correct way the company's assets and financial situation and its economic result.

Rome, May 21st 2018

RB Audit Italia S.r.l.

Dott. Roberto Mallardo
(Partner)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018	2018	2017	2017
	EURO	**INR**	EURO	INR
INCOME				
Sponsorship	**3,959,851**	**319,401,582**	4,667,300	376,464,418
Other Income	**–**	**–**	60,920	**4,913,810**
Manufacturing Income	**343,633**	**27,717,447**	1,080,242	87,132,328
Bank Interest	**29**	**2,343**	52	4,210
	4,303,513	**347,121,371**	5,808,514	468,514,766
EXPENSES				
Material Cost for Races	**1,472,232**	**118,750,236**	2,383,780	192,275,699
Legal & Professional Charges	**1,393,971**	**112,437,721**	1,879,636	151,611,449
Travelling Expenses	**135,173**	**10,903,015**	327,671	26,429,917
Car Rental	**7,759**	**625,832**	21,487	1,733,168
Telephone & Postal Expense	**6,848**	**552,395**	6,607	532,921
Rent Expenses	**168,570**	**13,596,889**	144,063	11,620,148
Transportation Charges	**41,316**	**3,332,560**	59,197	4,774,844
Repair & Maintenance	**3,054**	**246,302**	23,707	1,912,171
Power & Fuel	**55,418**	**4,470,014**	78,187	6,306,585
Consumables	**99,519**	**8,027,195**	493,031	39,767,877
Depreciation	**300,311**	**24,223,097**	161,503	13,026,858
Bank Charges	**11,116**	**896,656**	14,901	1,201,936
Insurance	**20,837**	**1,680,675**	6,282	506,725
Audit Fees	**30,856**	**2,488,853**	33,755	2,722,678
Miscellaneous Expenses	**193,262**	**15,588,518**	100,465	8,103,513
	3,940,243	**317,819,960**	5,734,273	462,526,490
OPERATING (LOSS)/PROFIT	**363,271**	**29,301,411**	74,241	5,988,276
Investment written off	**–**	**–**	–	–
Impairment of available for sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
(LOSS)/PROFIT BEFORE TAX	**363,271**	**29,301,411**	74,241	5,988,276
Tax expense	**157,290**	**12,687,011**	51,799	4,178,107
(LOSS)/PROFIT FOR THE YEAR	**205,981**	**16,614,400**	22,442	1,810,168
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**205,981**	**16,614,400**	22,442	1,810,168
	–	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**205,981**	**16,614,400**	22,442	1,810,168

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	2018	2018	2017	2017
	EURO	**INR**	EURO	INR
ASSETS				
Tangible Assets				
Computers	**–**	**–**	3	208
Plant & Machinery	**1,280,493**	**103,284,526**	1,497,617	120,797,781
Intangible Assets		**–**		
R & D Cost	**78,500**	**6,331,810**	108,000	8,711,280
Software	**11,000**	**887,260**	16,500	1,330,890
Third party assets improvements	**26,067**	**2,102,525**	–	–
	1,396,059	**112,606,121**	1,622,120	130,840,159
Current Assets				
Sundry Debtors	**5,199**	**419,380**	34,863	2,812,061
Tax credits	**667,210**	**53,817,159**	715,455	57,708,560
Prepayments	**–**	**–**	26,592	2,144,914
Closing Stock	**97,046**	**7,827,691**	1,095,892	88,394,656
Cash and cash equivalents	**71,838**	**5,794,416**	46,390	3,741,848
Other Current Assets	**40,282**	**3,249,149**	2,444	197,156
	881,574	**71,107,795**	1,921,636	154,999,194
Total Assets	**2,277,633**	**183,713,916**	3,543,756	285,839,353
EQUITY AND LIABILITIES				
Share capital	**1,781,000**	**143,655,460**	1,781,000	143,655,460
(Accumulated losses)/Retained earnings	**148,614**	**11,987,210**	(57,367)	(4,627,230)
	1,929,614	**155,642,670**	1,723,633	139,028,230
Current Liabilities				
Payables and accruals	**177,283**	**14,299,617**	1,369,881	110,494,587
Bank Loan short term	**–**	**–**	363,147	29,291,452
Other Payables	**170,736**	**13,771,629**	87,095	7,025,085
	348,019	**28,071,246**	1,820,123	146,811,124
Total equity and liabilities	**2,277,633**	**183,713,916**	3,543,756	285,839,353

Approved by the Board of Directors on 21.05.2018 and signed on its behalf by:

DIRECTOR **DIRECTOR**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2018	2017	2017
	EURO	**INR**	EURO	INR
Cash flows from operating activities				
(Loss)/profit before taxation	**363,271**	**29,301,411**	74,241	5,988,276
Adjustments for:				
Depreciation	**300,311**	**24,223,097**	161,503	13,026,858
Impairment loss on available-for-sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
Unrealised foreign exchange loss/(gain)	**–**	**–**	–	–
Interest income	**–**	**–**	–	–
Interest expense	**–**	**–**	–	–
Dividend income	**–**	**–**	–	–
	663,582	**53,524,509**	235,743	19,015,134
Adjustments for working capital changes:				
(Increase)/Decrease in Current Assets	**1,054,160**	**85,028,562**	(553,962)	(44,682,575)
Increase/(Decrease) in Current Liabilities	**(1,108,355)**	**(89,399,914)**	455,457	36,737,162
Cash flows generated from operating activities	**609,387**	**49,153,156**	137,238	11,069,640
Taxes paid	**(157,290)**	**(12,687,011)**	(51,799)	(4,178,107)
Interest paid	**–**	**–**	–	–
Net cash flows generated from/(used in) operating activities	**452,096**	**36,466,064**	85,439	6,891,532
Cash flows from investing activities				
Purchase of available-for-sale financial assets	**–**	**–**	–	–
Purchase of property, plant & equipment	**(63,502)**	**(5,122,042)**	(1,238,525)	(99,899,463)
Proceeds from disposal of available-for-sale	**–**	**–**	–	–
financial assets	**–**	**–**	–	–
Dividend received	**–**	**–**	–	–
Net cash flows (used in)/from investing activities	**(63,502)**	**(5,122,042)**	(1,238,525)	(99,899,463)
Cash flows from financing activities				
Share Capital	**–**	**–**	980,000	79,046,800
Loans repaid to bank	**(363,147)**	**(29,291,452)**	–	–
Loans from bank	**–**	**–**	201,170	16,226,377
Loan repayment received	**–**	**–**	–	–
Proceeds from issue of shares	**–**	**–**	–	–
Loans given	**–**	**–**	–	–
Shareholder's loan	**–**	**–**	–	–
Net cash flows generated from/(used in) financing activities	**(363,147)**	**(29,291,452)**	1,181,170	95,273,177
(Decrease)/increase in cash and cash equivalents	**25,447**	**2,052,570**	28,084	2,265,247
Cash & Bank Balances				
Opening Balance	**46,390**	**3,741,848**	18,306	1,476,547
Closing Balance	**71,838**	**5,794,416**	46,390	3,741,848
Cash and cash equivalents made up of:				
Cash at bank	**71,838**	**5,794,416**	46,390	3,741,848

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2018

Registry of Trading Companies. 11736751006
Rea 1324589

MAHINDRA RACING S.P.A.

Registered office in VIA DELLA MERCEDE, 11 - 00187 ROMA (RM) Share Capital Euro 801.000,00 i.v.
Notes to the financial statements at 31/03/2018

Introduction

Dear Partners/Shareholders,

The present financial statement, presented to your attention for examination and approval, shows an operating profit equal to Euro 205,981.

General

Your company is engaged in the field of management and organization of technical and race teams for the participation in sports competition in the motorcycle sector, at professional level, in national and international competitions. Your company is also active in the field of promotion and management of the brand and merchandising activities

Basis of Preparation of Financial Statements

These financial statements have been drawn up in accordance with articles 2423 ff of the Italian Civil Code, as appears from these Notes, which have been prepared pursuant to articles. 2427 of the Italian Civil Code and are an integral part of the financial statements within the meaning and for the purposes of articles 2423.

The financial statements' values are represented in units of Euro by rounding of the related amounts. Any rounding difference has been indicated under the heading "Reserve rounding Euro" between the items "Quota-holders capital" and "Rounding in Euro" under the item "extraordinary income and charges" in the Profit and Loss Account.

Basis of Accounting

The criteria used for drawing up the financial statements at March 31, 2018 do not differ from those used for the drafting of the financial statements of the previous financial year, particularly in terms of evaluations and in the continuity of the same principles.

The evaluation of the financial statements' items has been carried out on the basis of the general criteria of prudence and accrual, on a continuative basis of the activities, by evaluating the economic function of the assets as well as of the liabilities taken into account. The application of the prudential basis of the accounting resulted in the evaluation of the single components of each value or asset or liability, in order to avoid any offset between losses that should have been recognized and/or profits that should have not been recognised if not realised.

In compliance to the accruals method, the effects of the transactions and of the other events have been reflected on the accounts and attributed to the fiscal year to which the transactions and the events refer, and not to the one in which the related collections and payments have occurred.

The fact that the evaluations considers the economic function of the assets or liabilities taken into account, which expresses the principle of prevalence of the substance over the form - mandatory where not conflicting with other specific rules governing the financial statements – makes it possible to represent the transactions according to the economic reality underlying the formal aspects.

In particular, the following accounting policies have been applied:

Fixed assets

Tangible assets

The Tangible Assets have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation funds.

The book value includes the ancillary costs as well as the costs incurred for the use of the fixed tangible asset, less any trade discounts and any significant cash discounts.

The depreciation charged to the Profit and Loss Account has been calculated on the basis of the remaining "useful life" of the assets, taking into account their use, destination and economic-technical life, and we believe that this is well reflected by the following rates, in the year in which the asset has been put to use:

– Computers : 25%

Accounts receivable

The Account receivables have been recorded at their presumed realisable value.

Accounts payable

Accounts payable have been recorded at their nominal value, adjusted by any returns of goods or credit notes.

Accrued liabilities/income – prepayments/deferred income

These have been determined on an actual accruals basis of the financial period.

For long term accruals have been verified the conditions that led to its original registration, adopting, if necessary, appropriate changes.

The Accrued Incomes measure the income and expenses which competence is anticipated or delayed with respect to the numeracy and/or documental evidence; said incomes are independent from the date of payment or collection of the connected income and expenses, related to two or more financial years and divisible on a time basis.

Income taxes

The income taxes are accrued in accordance with the competence principle and include as following indicated:

- the accruals for the taxes paid or to be paid in the financial year, determined according to the current rates and regulation;

Recognition of income

The financial revenues and those deriving from the carrying out of services are acknowledged on an accrual basis

Assets

A) Application of Funds

Values shown in Euro's & Rupees (1 Euro=80.66) for convienient conversion terms

	As At 31.03.2018		As At 31.03.2017	
	Euro	**INR**	Euro	INR
1. Fixed Assets				
Tangible Assets				
Computers	**7,742**	**624,447**	7,742	624,447
Less : Acc. Depreciation	**(7,742)**	**(624,447)**	(7,739)	(624,239)
	–	**–**	3	208
Plant & Machinery	**1,695,368**	**136,748,364**	1,670,966	134,780,128
Less : Acc. Depreciation	**(414,875)**	**(33,463,811)**	(173,349)	(13,982,347)
	1,280,493	**103,284,553**	1,497,617	120,797,781
Intangible Assets				
R & D Cost	**147,500**	**11,897,350**	147,500	11,897,350
Less : Amortization	**(69,000)**	**(5,565,540)**	(39,500)	(3,186,070)
	78,500	**6,331,810**	108,000	8,711,280
Software	**27,500**	**2,218,150**	27,500	2,218,150
Less : Amortization	**(16,500)**	**(1,330,890)**	(11,000)	(887,260)
	11,000	**887,260**	16,500	1,330,890

	As At 31.03.2018		As At 31.03.2017	
	Euro	**INR**	Euro	INR
	39,100	**3,153,806**	–	–
	(13,033)	**(1,051,269)**	–	–
	26,067	**2,102,537**	–	–
Total Fixed Assets	**1,396,060**	**112,606,160**	1,622,120	130,840,159

	As At 31.03.2018		As At 31.03.2017	
	Euro	**INR**	Euro	INR
2. **Current Assets**				
Accounts Receivable				
a) Tax credits	**667,210**	**53,817,120**	715,447	57,707,955
b) Prepaid Expenses	–	–	26,592	2,144,914
c) Receivables	**5,199**	**419,380**	34,863	2,812,061
d) Deposits	–	–	2,452	197,761
e) stefano cerami	**40,282**	**3,249,146**	–	–
	712,691	**57,485,647**	779,354	62,862,690
e) **Cash & Bank Balances**				
Bank Account (Rome)	**67,416**	**5,437,804**	39,560	3,190,910
Prepaid Card	–	–	3,532	284,891
Cash in Hand	**4,421**	**356,612**	3,298	266,047
	71,838	**5,794,416**	46,390	3,741,848
f) **Closing Stock**	**97,046**	**7,827,694**	1,095,892	88,394,656
Total Application of Funds	**2,277,633**	**183,713,916**	3,543,756	285,839,353
B) Sources of Funds				
1. **Share Capital**				
Share Capital	**1,781,000**	**143,655,460**	1,781,000	143,655,460
Retained Earnings	**148,614**	**11,987,210**	(57,367)	(4,627,230)
	1,929,614	**155,642,670**	1,723,633	139,028,230
2. **Current Liabilities**				
Accounts Payable to Suppliers	**177,283**	**14,299,617**	1,369,881	110,494,587
Bank Loan	–	–	363,147	29,291,452
Other accounts payable	**170,736**	**13,771,586**	87,095	7,025,085
	348,019	**28,071,203**	1,820,123	146,811,124
Total Sources of Funds	**2,277,633**	**183,713,873**	3,543,756	285,839,353

Note:

a) The company has no revaluation reserve and no statutory reserve

b) Misc. Expenses to the extent not written off consist of start up cost

Profit & Loss Account

	01.4.2017 to 31.03.2018		01.04.2016 to 31.03.2017	
	Euro	**INR**	Euro	INR
A) Revenue				
Sponsorship	**3,959,851**	**319,401,582**	4,667,300	376,464,418
Other Income	–	–	60,920	4,913,810
Manufacturing Income	**343,633**	**27,717,447**	1,080,242	87,132,328
Bank Interest	**29**	**2,343**	52	4,210
	4,303,513	**347,121,371**	5,808,514	468,514,766
B) Expenses				
Material Cost for Races	**1,472,232**	**118,750,236**	2,383,780	192,275,699
Legal & Professional Charges	**1,393,971**	**112,437,721**	1,879,636	151,611,449
Travelling Expenses	**135,173**	**10,903,015**	327,671	26,429,917
Car Rental	**7,759**	**625,832**	21,487	1,733,168
Telephone & Postal Expense	**6,848**	**552,395**	6,607	532,921
Rent Expenses	**168,570**	**13,596,889**	144,063	11,620,148
Transportation Charges	**41,316**	**3,332,560**	59,197	4,774,844
Repair & Maintenance	**3,054**	**246,302**	23,707	1,912,171
Power & Fuel	**55,418**	**4,470,014**	78,187	6,306,585
Consumables	**99,519**	**8,027,195**	493,031	39,767,877
Depreciation	**300,311**	**24,223,097**	161,503	13,026,858
Bank Charges	**11,116**	**896,656**	14,901	1,201,936
Insurance	**20,837**	**1,680,675**	6,282	506,725
Audit Fees	**30,856**	**2,488,853**	33,755	2,722,678
Miscellaneous Expenses	**193,262**	**15,588,518**	100,465	8,103,513
	3,940,243	**317,819,960**	5,734,273	462,526,490
C) Taxes	**157,290**	**12,687,011**	51,799	4,178,107

Information on the financial instruments issued by the company

The company did not issue any financial instrument.

Information related to the *fair value* of the derived financial instruments

The company does not possess any derived financial instrument.

Information related to operations carried out with related parties

The company has not carried out any operation with related parties.

Information related to agreements not resulting from the balance sheet

The company does not have any agreement that does not result from the balance sheet.

Other information

The Directors receive no compensation for their activity.

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and correspond to the underlying accounting records.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

Your Directors present their Fourth Report together with the audited accounts of your Company for the year ended 31st March 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), Including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies for the Company's financial statements and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITES

The Company's principal activity is the operation of a Formula E racing team.

DIRECTORS

The Directors of your company are Dr. Pawan Goenka – (Chairman of the Company), Mr. S. P. Shukla, Mr. Ruzbeh Irani, Mr Chetan Mani, Mr. Vivek N Nair, Mr. Dilbagh Gill – Director and Chief Executive Officer of the company, Mr. Chandrashekar Joshi – Director and Chief Financial Officer.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- That Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The Auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

FINANACIAL HIGHLIGHTS:-

(Amount in GBP/INR.)

	2018 GBP Lakhs	2018 INR Lakhs	2017 GBP Lakhs	2017 INR Lakhs
Total Income	**141.97**	**13,064.28**	97.04	8,929.99
Profit before depreciation & Taxation	**18.09**	**1,664.70**	(0.25)	(22.76)
Depreciation	**0.13**	**11.68**	0.01	0.63
Profit before Tax	**17.96**	**1653.03**	(0.25)	(23.39)
Taxation	**(0.03)**	**(2.98)**	(0.23)	(20.99)
Profit/(Loss) for the year	**18.00**	**1,656.01**	(0.03)	(2.39)
Profit/(Loss) carried to Balance Sheet	**18.00**	**1,656.01**	(0.03)	(2.39)

The Financial Statements at March 31, 2018 highlight a profit equal to GBP 1,799,614 (INR 165,600,512).Your Company continued its good performance in the races, it stood 3rd in the overall Team championship at the end of Season 3. With the purpose of achieving and maintaining a good standing in the championships, the Company continued incurring expenses and making medium and long-term investments as a constructor which were met from the sponsorship income received from Mahindra & Mahindra Limited and other sponsor's.

SHARE CAPITAL

The Equity share capital of your Company is GBP 20,000 (INR 1,840,400)

Holding Company

Your Company's holding Company is Mahindra Overseas Investment Company (Mauritius) Limited, which is a subsidiary of Mahindra & Mahindra Limited. Hence, Mahindra & Mahindra Limited is the ultimate Parent Company.

For & on Behalf of the Board

D S Gill
Director

Place: London, U.K.
Date: 24th May, 2018.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA RACING UK LIMITED

We have audited the financial statements of Mahindra Racing UK Limited (the 'Company') for the year ended 31 March 2018, which comprises the Statement of Comprehensive Income, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with international Standards on Auditing (UK) (ISAs) (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We belive that the audit evidence we have obtained is sufficent and appropriate to provide a basis for our opinion.

Other information

The dirctors are responsible for the information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor'd Report thereon. Our opinion on the financial statements doe not cover the other information and except to the extent otherwie explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsiblity is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there ia a material misstatement in the finnancial statements or a material mistatement of the other information. If, based on the work we have performed, we conclude that there is a material mistatement of this information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view' and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from any material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a gurantee that an auidit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic ecisions of users taken on the basis of these financial statements.

A Futher description of our responsiblities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of Auditor's Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MHA Macintyre Hudson
John Coverdale FCA
(Senior Statutory Auditor)

Place: London
Date: May 24th 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018	**2018**	2017	2017
	GBP	**INR**	GBP	INR
INCOME				
Sponsorship	**9,694,745**	**892,110,457**	6,987,250	642,966,723
Other Sponsorship	**2,872,502**	**264,327,593**	1,142,498	105,132,650
Other Income	**1,324,970**	**121,923,766**	1,574,658	144,900,063
R&D Tax credit income	**305,000**	**28,066,100**	–	–
	14,197,217	**1,306,427,916**	9,704,406	892,999,436
EXPENSES				
FIA, Carlin, Campos & Constructor Cost	**7,458,031**	**686,287,995**	6,445,171	593,084,641
Legal & Professional Charges	**3,457,164**	**318,128,264**	2,648,175	243,685,065
Conveyance Expenses	**330,156**	**30,380,969**	44,809	4,123,354
Staff Salaries	**675,403**	**62,150,615**	211,495	19,461,776
Rent	**36,646**	**3,372,137**	650	59,813
Insurance Expenses	**(149,746)**	**(13,779,620)**	32,046	2,948,856
Marketing Expenses	**107,609**	**9,902,198**	235,455	21,666,573
Software charges	**15,227**	**1,401,230**	11,804	1,086,166
Bank Charges	**80,177**	**7,377,911**	4,517	415,690
Provision for Doubtful Debts	**225,319**	**20,733,811**	–	–
Depreciation	**12,690**	**1,167,756**	686	63,126
Miscellaneous Expenses	**152,163**	**14,002,050**	95,013	8,743,130
	12,400,840	**1,141,125,316**	9,729,822	895,338,191
OPERATING (LOSS)/PROFIT	**1,796,377**	**165,302,600**	(25,416)	(2,338,755)
Investment written off	**–**	**–**	–	–
Impairment of available for sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
(LOSS)/PROFIT BEFORE TAX	**1,796,377**	**165,302,600**	(25,416)	(2,338,755)
Tax expense	**(3,237)**	**(297,913)**	(22,814)	(2,099,326)
(LOSS)/PROFIT FOR THE YEAR	**1,799,614**	**165,600,512**	(2,602)	(239,429)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,799,614**	**165,600,512**	(2,602)	(239,429)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	2018	2018	2017	2017
	GBP	INR	GBP	INR
ASSETS				
Non Current Assets				
Computers	**98,033**	**9,020,997**	638	58,688
Furniture and Fixtures	**43,230**	**3,978,025**	–	–
Simulator	**283,725**	**26,108,375**	–	–
Intangible	**2**	**184**	2	184
	424,990	**39,107,581**	640	58,872
Current Assets				
Sundry Debtors	**110,189**	**10,139,635**	1,001,221	92,132,338
VAT Receivable	**428,014**	**39,385,882**	107,358	9,879,097
Deposits	**–**	**–**	24,780	2,280,256
Prepaid Expenses	**2,930,982**	**269,708,955**	976,275	89,836,803
Cash and cash equivalents	**294,666**	**27,115,148**	15,550	1,430,876
	3,763,852	**346,349,620**	2,125,183	195,559,370
Total Assets	**4,188,842**	**385,457,201**	2,125,823	195,618,242
EQUITY AND LIABILITES				
Equity				
Stated Capital	**20,000**	**1,840,400**	20,000	1,840,400
(Accumulated losses)/Retained earnings)	**1,772,921**	**163,144,225**	(26,693)	(2,456,287)
	1,792,921	**164,984,625**	(6,693)	(615,887)
Non–current liabilities				
Borrowings	**–**	**–**	–	–
Current Liabilities				
Payables and accruals	**1,433,387**	**131,900,270**	2,057,996	189,376,829
Other Payables	**962,533**	**88,572,306**	74,520	6,857,300
	2,395,920	**220,472,576**	2,132,516	196,234,129
Total equity and liabilities	**4,188,842**	**385,457,201**	2,125,823	195,618,242

Approved by the Board of Directors on 24.05.2018 and signed on its behalf by:

Director

Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2018	2017	2017
	GBP	**INR**	GBP	INR
Cash flows from operating activities				
(Loss)/profit before taxation	**1,796,377**	**165,302,600**	(25,416)	(2,338,755)
Adjustments for:				
Depreciation	**12,690**	**1,167,756**	686	63,126
Impairment loss on available-for-sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
Unrealised foreign exchange loss/(gain)	**–**	**–**	–	–
Interest income	**–**	**–**	–	–
Interest expense	**–**	**–**	–	–
Dividend income	**–**	**–**	–	–
	1,809,067	**166,470,355**	(24,730)	(2,275,629)
Adjustments for working capital changes:				
(Increase)/Decrease in Current Assets	**(1,471,593)**	**(135,415,964)**	(801,272)	(73,733,005)
Increase/(Decrease) in Current Liabilities	**262,404**	**24,146,445**	748,896	68,913,380
Cash flows generated from operating activities	**599,879**	**(111,269,519)**	(77,106)	(4,819,625)
Taxes paid	**3,237**	**297,913**	22,814	2,099,326
Interest paid	**–**	**–**	–	–
Net cash flows generated from/(used in) operating activities	**603,116**	**55,498,749**	(54,292)	(4,995,928)
Cash flows from investing activities				
Purchase of available-for-sale financial assets	**–**	**–**	–	–
Purchase of property, plant & equipment	**(324,000)**	**(29,814,480)**	–	–
Proceeds from disposal of available-for-sale financial assets	**–**	**–**	–	–
Dividend received	**–**	**–**	–	–
Net cash flows (used in)/from investing activities	**(324,000)**	**(29,814,480)**	–	–
Cash flows from financing activities				
Share Capital	**–**	**–**	–	–
Loans repaid to bank	**–**	**–**	–	–
Loans from bank	**–**	**–**	–	–
Loan repayment received	**–**	**–**	–	–
Proceeds from issue of shares	**–**	**–**	–	–
Loans given	**–**	**–**	–	–
Shareholder's loan	**–**	**–**	–	–
Net cash flows generated from/(used in) financing activities	**–**	**–**	–	–
Decrease)/increase in cash and cash equivalents	**279,116**	**25,684,269**	(54,292)	(4,995,928)
Cash & Bank Balances				
Opening Balance	**15,550**	**1,430,876**	69,842	6,426,822
Closing Balance	**294,666**	**27,115,148**	15,550	1,430,876
Cash and cash equivalents made up of:				
Cash at bank	**294,666**	**27,115,148**	15,550	1,430,876

Notes to the financial statements at 31 March 2018

1. General Information

Mahindra Racing UK Limited is a private company limited by shares, incorporated in England and Wales within the UK.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is measured as the fair value of the consideration received or receivable, Revenue represents sponsorship fees and sales by the company to external, excluding value added tax. Sponsorship Income is deferred and recognised over the period in which the company performs its obligations under the sponsorship contract. Other motor racing revenue is recognised when the company has performed its obligations in order to earn the revenue.

2.3 Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less and accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life, If a reliable estimate of the useful life cannot be made, the useful life shall no exceed ten years.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Furniture & Fittings - 20% straight line

Office equipment - 33% straight line

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and Losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised In the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an assets' carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period -end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expenses recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.12 Operating Lease: the Company as lessee

Rent paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.13 Research and development

The company may be entitled to claim special tax allowance in relation to qualifying research and development expenditure (R&D tax credits). The accounts for such allowance as other operating Income and they are recognised when it is probable that the benefit will flow to the company and the benefit can be reliably measured.

3. Auditor's remuneration

	2018 GBP	2017 GBP
Fees payable to the company's auditor and its associates for the audit of the company's annual Financial statements	**5,750.00**	5,250.00

4. Employees

The average monthly number of employees, including directors, during the year was 11 (2017 -6)

5. Related party Transactions

During the year the company received sponsorship income amounting to GBP 9,933,094 (2017: GBP 6,987,250) from Mahindra & Mahindra Limited, its ultimate parent undertaking. At the balance sheet date there was an amount of GBP 64,450 owed to (2017: GBP 13,990 owed to Mahindra & Mahindra Limited.

6. Controlling party

The Company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritius. The ultimate parent undertaking is Mahindra & Mahindra Limited, a company incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

7. Government Grants

Grants are accounted under accrual model as permitted by FRS 102, Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive Income at the same rate as the depreciation on assets to which the grants relates. The deferred element of grants is included in creditors as deferred income.

Grants of revenue nature are recognised in the statement of comprehensive Income in the same period as the related expenditure.

ASSETS

A) Application of Funds

Values shown in GBP's & Rupees (1 GBP = 92.02) for convenient conversion terms.

	As at 31.03.2018 GBP	As at 31.03.2018 INR	As at 31.03.2017 GBP	As at 31.03.2017 INR
1. Fixed Assets				
Computer				
Gross Block	**109,889**	**10,111,961**	2,078	191,239
Less: Accumulated Depreciation	**11,855**	**1,090,939**	1,440	132,551
	98,033	**9,021,022**	638	58,688
Furniture & Fittings				
Gross Block	**45,505**	**4,187,353**	–	–
Less: Accumulated Depreciation	**2,275**	**209,368**	–	–
	43,230	**3,977,985**	–	–
Simulator	**283,725**	**26,108,359**	–	–
Intangible	**2**	**184**	2	184
2. Current Assets				
a) Debtors	**110,189**	**10,139,635**	1,001,221	92,132,338
b) VAT Receivable	**428,014**	**39,385,882**	107,358	9,879,097
c) Deposits	–	–	24,780	2,280,256
d) Prepaid	**2,930,982**	**269,708,987**	976,275	89,836,803
	3,469,186	**319,234,504**	2,109,634	194,128,494
e) Cash and Bank Balance				
HSBC Account (GBP Account)	**95,836**	**8,818,817**	3,807	350,364
HSBC Account (Euro Account)	**198,830**	**18,296,331**	11,742	1,080,512
(The Balance reflects the liquid assets and the cash in hand and cash equivalent at the year end)	**294,666**	**27,115,148**	15,550	1,430,876
Total Application of Funds	**4,188,842**	**385,457,201**	2,125,823	195,618,242
B Sources of Funds				
1. Share Capital				
Share Capital	**20,000**	**1,840,400**	20,000	1,840,400
Retained Earnings	**1,772,921**	**163,144,225**	(26,693)	(2,456,287)
	1,792,921	**164,984,625**	(6,693)	(615,887)
2. Current Liabilities				
Accounts Payable to Suppliers	**1,433,387**	**131,900,270**	2,057,996	189,376,829
Other accounts payable	**962,533**	**88,572,306**	74,520	6,857,300
	2,395,920	**220,472,576**	2,132,516	196,234,129
Total Sources of Funds	**4,188,842**	**385,457,201**	2,125,823	195,618,242

Profit & Loss Account

	01.04.2017 31.03.2018 GBP	01.04.2017 31.03.2018 INR	01.04.2016 31.03.2017 GBP	01.04.2016 31.03.2017 INR
A) Revenue				
M & M Sponsorship income	**9,694,745**	**892,110,457**	6,987,250	642,966,723
Other Sponsorship	**2,872,502**	**264,327,593**	1,142,498	105,132,650
Other Income	**1,324,970**	**121,923,766**	1,574,658	144,900,063
R&D Tax credit income	**305,000**	**28,066,100**	–	–
	14,197,217	**1,306,427,916**	9,704,406	892,999,436
B) Expenses				
FIA, Carlin, Campos & Constructor Cost	**7,458,031**	**686,287,995**	6,445,171	593,084,641
Legal & Professional Charges	**3,457,164**	**318,128,264**	2,648,175	243,685,065
Conveyance Expenses	**330,156**	**30,380,969**	44,809	4,123,354
Staff Salaries	**675,403**	**62,150,615**	211,495	19,461,776
Rent	**36,646**	**3,372,137**	650	59,813
Insurance Expenses	**(149,746)**	**(13,779,620)**	32,046	2,948,856
Marketing Expenses	**107,609**	**9,902,198**	235,455	21,666,573
Software charges	**15,227**	**1,401,230**	11,804	1,086,166
Bank Charges	**80,177**	**7,377,911**	4,517	415,690
Provision for Doubtful Debts	**225,319**	**20,733,811**	–	–
Depreciation	**12,690**	**1,167,756**	686	63,126
Miscellaneous Expenses	**152,163**	**14,002,050**	95,013	8,743,130
	12,400,840	**1,141,125,316**	9,729,822	895,338,191

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 40th Report, together with the audited financial statements of your Company, for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs in crores)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income	**1,120.23**	1,007.20
Profit before depreciation, interest and taxation	**103.44**	97.26
Less: Depreciation	**6.05**	5.73
Profit before interest and taxation	**97.39**	91.53
Less: Finance Costs	**2.29**	1.24
Profit before Tax	**95.10**	90.29
Less: Provision for taxation:		
Current Tax	**32.86**	30.32
Deferred tax	**(0.09)**	0.30
Profit for the year after tax	**62.33**	59.67
Add: Other comprehensive income	**0.10**	(0.32)
Total comprehensive income for the year	**62.43**	59.35
Add: Balance of Profit of earlier years	**479.94**	444.15
Profit available for appropriation	**542.37**	503.50
Less: Dividend Paid for Previous year	**19.92**	19.92
Less: Income-tax on Dividend paid	**3.81**	3.64
Balance carried forward	**518.64**	479.94
Net worth	**535.24**	496.54

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

OPERATIONS

The demand from power transformer as well as the distribution transformer industries continued to be robust resulting in high capacity utilization and improved performance. Exports from this segment are also increasing.

In the Automotive segment, your company (and its subsidiaries) is focusing on expanding its customer base and market share by providing value added services.

Your Company's income for the year was Rs. 1,120.23 crores as compared to Rs. 1,007.20 crores in the previous year. The improvement was through improved sales in both – auto as well as power sectors. Total comprehensive income for the year was at Rs. 62.43 crores as compared to Rs. 59.35 crores in the previous year.

ACCELO BRAND

During the year, your Company developed and launched an umbrella brand "Accelo" under which the Company and its subsidiaries engaged in steel processing business, now operate.

The brand essentially signifies the core Company philosophy of agility and accelerated pace of service delivery.

The brand has been well received in the market.

DIVIDEND

Your Directors recommend a dividend @ 125% on its equity shares, i.e. Rs. 12.5 per equity share on 1,21,00,007 fully paid-up equity shares of Rs. 10 each and pro rata dividend of Rs. 3.75 per equity share on 1,50,00,000 partly paid-up equity shares of Rs. 10 each, Rs. 3 per equity share paid-up, aggregating Rs. 20.75 crores.

If approved by the shareholders at the ensuing Annual General Meeting, the above dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. 20th June, 2018, the date of the Annual General Meeting of the Company.

The dividend for the year, together with income tax thereon, will absorb a sum of Rs 24.25 crores as against Rs. 23.73 crores paid for the previous year.

Your Directors have not paid any interim Dividend during the year. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

CURRENT YEAR

The Company expects to maintain growth in both the automotive steel as well as power transformer segments. The Company has accordingly planned capacity increases during the year ending 31st March 2019. The Company expects its purlin line to be commissioned during the year as well, marking its foray into the solar and construction purlin segments.

SUBSIDIARIES

Mahindra Steel Service Centre Limited (MSSCL):

Mahindra Steel Service Centre Limited's (MSSCL) income for the year was Rs. 278.41 crores as against Rs. 244.36 crores in the previous year mainly owing to robust sales in the power transformer sector coupled with an increase in the auto processing volumes. The total comprehensive income for the year was consequently higher at Rs. 8.15 crores as against Rs. 3.31 crores in the previous year.

Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME):

Mahindra MiddleEast Electrical Steel Service Centre (FZC) ('MME') performance was adversely impacted by the economic slow-down in the Middle East and the geo-political conditions in some of the neighboring countries. The total income of MME for the year under review remained relatively flat – increasing marginally to USD 10.55 million (INR 685.01 million) from USD 10.52 million (INR 682.20 million).

Total comprehensive income for the year declined to USD 0.00 million (INR 0.21 million) as compared to USD 0.12 million (INR 7.63 million) in the previous year.

The utilization of the new distribution transformer line has ramped up significantly.

Mahindra Electrical Steel Private Limited (MESPL):

Mahindra Electrical Steel Private Limited ('MESPL') is in the process of evaluating options for its projects. The total comprehensive loss for the year was Rs. 0.86 crores as against a loss of Rs. 0.77 crores in the previous year.

Mahindra Auto Steel Private Limited (MASPL):

Mahindra Auto Steel Private Limited ('MASPL') has registered a significantly improved financial performance during the year through an optimal product mix and accounting of incentives accrued to the Company under the Maharashtra PSI 2013 Scheme, pursuant to receipt of Eligibility Certificate during the year.

During the current financial year, MASPL's income for the year was lower at Rs. 90.12 crores as against Rs. 107.46 crores in the previous year owing to lower offtake, but the total comprehensive income for the year was higher at Rs.12.75 crores as against Rs. 7.21 crores in the previous year.

Mahindra MSTC Recycling Private Limited (MMRPL):

Mahindra MSTC Recycling Private Limited ('MMRPL') was incorporated on 16th December, 2016, primarily to carry on the business of setting up of shredding plants and collection centres for recycling of end of life vehicles and end of life white goods. The Company is in the process of setting up its first Collection Centre in North India during the current financial year. The Company is yet to commence commercial production.

During the current financial year, MMRPL's income for the year was Rs. 0.57 crores as against Rs. 0.03 crores in the previous year. The total comprehensive loss for the year was Rs. 2.65 crores as against Rs. 0.93 crores in the previous year.

STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013:

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company, is provided in Form AOC-1, as **Annexure I** and forms part of this Annual Report.

HUMAN RESOURCES

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom our next generation of leaders.

Your Company had been recognized as one of **'India's Great Mid-size Workplaces in 2017**, Rank 40th in India, by **Great Place to Work® Institute**

Your company received the Championship award (first rank) in 'Next Employee Practices' at CII, 10th National Cluster Summit, New Delhi in December 2017.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks, which may impact the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Corporate Social Responsibility ('CSR') Committee had formulated and recommended the CSR Policy to the Board of the Company in accordance with the relevant provisions of Companies Act, 2013 read with the Rules made thereunder. The web-link to the Company's CSR Policy is http://www.mahindraaccelo.com

CSR INITIATIVES:

During the year under review, your Company implemented a number of CSR initiatives in the areas of education, health and environment.

Endeavour on strengthening educational infrastructure in neighborhood which was pursued during the year got concluded. To help Girl children in Kanhe avail Higher Secondary education at Kanhe itself, your company constructed two rooms in local school. This section has already started and out of the total students 60% are girls. K-Yan (e-learning centers), built in with state secondary curriculum, were provided to schools to improve the education quality.

In order to reach out to underprivileged children suffering with Thalassemia, blood donation camp was organized in association with Red Cross Society and it was supplemented by medicine distribution to needy. An eye checkup camp for villagers was organized and the spectacles were provided to poor.

To promote early education in neighborhood villages, two Anganwadis were constructed at Nashik. A Children play park for the benefit of village children was made at Vadodara. Your company is also associated with Gram Panchayat to promote cleanliness in nearby villages and provided Garbage Collection Trolleys to Gram Panchayat to commence door to door collection.

Your Company successfully ran tree plantation programs near its Service Centers at Nashik, Kanhe and Vadodara.

Your Company also contributed funds to the K. C. Mahindra Education Trust to support its initiatives for the education of girl child, through its Nanhi Kali project.

During the year under review your Company spent Rs. 1.97 crores on its CSR activities. The mandated spend on the CSR activities of your Company for the year ended 31st March, 2018 i.e. an amount equal to 2% of the average net profit for the past three financial years was Rs. 1.97 crores.

A detailed Annual Report on Corporate Social Responsibility activities is enclosed as **Annexure II** and forms part of this report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Policy on Prevention of Sexual Harassment of Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In line with the principles of transparency and consistency and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company had approved:

- Policy on appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors and
- Policy on the remuneration of Directors, Key Managerial Personnel and other Employees.

These policies are provided as **Annexure III** and forms part of this Report and is also available on our website, at http://www.mahindraaccelo.com. There have been no changes in the said policies during the year.

SUSTAINABILITY:

Your company follows the principles of sustainable development for successful business to ensure long term value creation for all stakeholders.

Sustainability at your company is an integral part of the corporate culture and behavior in business and ensure a close link to the strategic & operational part of the business and commitment from management.

A number of initiatives have been undertaken by the Company and its subsidiaries during the year ended 31st March 2018.

Your company has been a part of Mahindra group Sustainability reporting and initiators of various sustainable practices.

Your Company has mapped out a Sustainability Roadmap under which a series of commitments have been made to improve the Company's environmental footprint and the social impact of its business.

AWARDS

Your company has been the recipient of the following awards during the year:

1. Manufacturing Today award for Excellence in Quality Development at Pune on 22nd September, 2017.
2. Manufacturing Today award for Excellence in Safety at Pune on 22nd September, 2017.
3. Manufacturing Today award for Excellence in Corporate Social Responsibility (CSR) at Pune on 22nd September, 2017.
4. First place in 'Business Sustainability' at regional level competition by Manufacturing Today at Vadodara on 6th August, 2017
5. Kaizen award (3rd rank) in 'Quality' stream at 10th National Cluster Summit at CII, New Delhi on 6th December, 2017.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operations were observed.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2018 stood at Rs. 46.75 crores divided into 2,80,00,000 equity shares of Rs. 10/- each and 18,75,000 Cumulative redeemable preference shares of Rs. 100 each.

There was no change in the paid-up share capital of your Company during the year under review. Accordingly as on 31st March, 2018, the paid-up share capital of your Company stood at Rs. 16.60 crores divided into 1,21,00,007 equity shares of Rs. 10/- each fully paid-up and 1,50,00,000 equity shares of Rs. 10/- each, Rs. 3/- paid-up.

BOARD OF DIRECTORS

Composition:

Presently, the Board comprises of the following nine Directors:

Name of the Director and DIN	Designation	Executive/Non-Executive Director	Independent/ Non-Independent Director
Mr. Bharat Doshi (00012541)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Zhooben Bhiwandiwala (00110373)	Executive - Vice-Chairman	Executive Director	Non-Independent Director
Mr. Sumit Issar (06951249)	Managing Director	Executive Director	Non-Independent Director
Mr. Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Mr. Pravin Shah (00056173)	Director	Non-Executive Director	Non-Independent Director
Mr. Parag Shah (00374944)	Director	Non-Executive Director	Non-Independent Director
Mr. Sudhir Mankad (00086077)	Director	Non-Executive Director	Independent Director

Name of the Director and DIN	Designation	Executive/Non-Executive Director	Independent/ Non-Independent Director
Dr. Punita Kumar-Sinha (05229262)	Director	Non-Executive Director	Independent Director
Mr. Ashok Kumar Barat (00492930)	Additional Director	Non-Executive Director	Independent Director

The Board of Directors of your Company at their Meeting held on 2nd February, 2018, on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Ashok Kumar Barat (DIN: 00492930) as an Additional (Non-Executive and Independent) Director of the Company w.e.f. 2nd February, 2018, who shall hold office up to the date of the ensuing Annual General Meeting of the Company. The Board of Directors at their Meeting held on 2nd February, 2018, on the recommendation of the Nomination and Remuneration Committee, also recommended to the Members of the Company, the appointment of Mr. Ashok Kumar Barat as the Non-Executive and Independent Director of the Company for a period of 5 years w.e.f. 2nd February, 2018 to 1st February, 2023.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, from Mahindra Vehicle Manufacturers Limited, Member of the Company, for proposing the candidature of Mr. Ashok Kumar Barat, as an Independent Director of the Company at the ensuing Annual General Meeting of the Company for a period of 5 years i.e. w.e.f. 2nd February, 2018 to 1st February, 2023.

Mr. Zhooben Bhiwandiwala and Mr. Sumit Issar retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Mr. Sudhir Mankad, Dr. Punita Kumar-Sinha and Mr. Ashok Kumar Barat who in the opinion of the Board, are persons with integrity and possess relevant expertise and experience and have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Your Directors have wide experience in business related to trading, finance and general corporate management.

Board Meetings and Annual General Meeting:

The Board met five times during the year, i.e. on 27th April, 2017, 1st August, 2017, 17th October, 2017, 2nd February, 2018 and 29th March, 2018. All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days. The 39th Annual General Meeting of the Company was held on 23rd June, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:

Name of the Director	No. of Board Meetings attended
Mr. Bharat Doshi	5
Mr. Zhooben Bhiwandiwala	5
Mr. Sumit Issar	5
Mr. Rajeev Dubey	5
Mr. Pravin Shah	5
Mr. Parag Shah	4
Mr. Sudhir Mankad	5
Dr. Punita Kumar-Sinha	5
*Mr. Ashok Kumar Barat	2

*appointed w.e.f. 2nd February, 2018

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 17th October, 2017 without the presence of the Chairman, Managing Director, Executive Director, the other Non-Executive Directors, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of Section 178 of the Companies Act 2013, the Nomination and Remuneration Committee carried out the evaluation of the performance of individual Directors. Feedback was sought from the Committee Members through a structured evaluation questionnaire covering various aspects such as attendance record, skills, experience, level of preparedness, knowledge on Company's business/activities, understanding of industry and global trends, etc.

As per the provisions of Schedule IV of the Companies Act, 2013, the Board evaluated the performance of Independent Directors, excluding the Director being evaluated, through a structured questionnaire, encompassing the variety of questions that would assist in evaluation.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors based on representation received from operating management, and after due enquiry, confirm that:

(i) In the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed and there were no departures;

(ii) they have selected accounting policies in consultation with the statutory auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared annual accounts on a going concern basis;

(v) they have laid down internal financial controls. They have also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2018 and have found them to be adequate and

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations from Members of the Board, Senior Management and Employees, affirming compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of the following Directors as its Members:

Name of the Member	Designation
Mr. Sudhir Mankad	Chairman
Mr. Rajeev Dubey	Member
Dr. Punita Kumar-Sinha	Member
*Mr. Ashok Kumar Barat	Member

*The Audit Committee of the Company was reconstituted upon the induction of Mr. Ashok Barat as its Member w.e.f. 2nd February, 2018.

The Audit Committee met four times during year, i.e. on 27th April, 2017, 1st August, 2017, 17th October, 2017 and 2nd February, 2018.

The details of attendance of the Members at the Audit Committee Meetings of the Company are as under:

Name of the Member	Number of meetings attended
Mr. Sudhir Mankad	4
Mr. Rajeev Dubey	4
Dr. Punita Kumar-Sinha	4

All the recommendations of the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board comprises of the following Directors as its Members:

Name of the Member	Designation
Mr. Bharat Doshi	Member
Mr. Rajeev Dubey	Member
Mr. Sudhir Mankad	Member
Dr. Punita Kumar-Sinha	Member

The Committee met thrice during year, i.e. 27th April, 2017, 1st August, 2017 and 2nd February 2018.

The attendance of the Members at the Meeting of the Nomination and Remuneration Committee were as under:

Name of the Member	No. of Meetings attended
Mr. Bharat Doshi	3
Mr. Rajeev Dubey	3
Mr. Sudhir Mankad	3
Dr. Punita Kumar-Sinha	3

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee of the Board comprises of the following Directors as its Members:

Name of the Member	Designation
Mr. Zhooben Bhiwandiwala	Chairman
Mr. Sumit Issar	Member
Mr. Sudhir Mankad	Member

The Committee met twice during year on 27th April, 2017 and 2nd February 2018.

The details of attendance of the members at the Corporate Social Responsibility Committee meeting of the Company are as under:

Name of the Member	No. of Meetings attended
Mr. Zhooben Bhiwandiwala	2
Mr. Sumit Issar	2
Mr. Sudhir Mankad	2

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key Managerial Personnel of your Company:

Mr. Zhooben Bhiwandiwala - Executive Vice-Chairman and Whole-time Director

Mr. Sumit Issar - Managing Director

Mr. Percy Mahernosh - Chief Financial Officer

Ms. Romali Malvankar - Company Secretary

STATUTORY AUDITORS

The Members of the Company at their 39th Annual General Meeting held on 23rd June, 2017 had appointed M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company, to hold office for a term of 5 consecutive years, from the conclusion of the 39th Annual General Meeting (AGM) until the conclusion of the 44th AGM of the Company to be held in the year 2022, subject to ratification of the appointment by the Members of the Company at every AGM held after the 39th AGM.

Pursuant to the first proviso to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members are requested to ratify the appointment of Statutory Auditors at the ensuing 40th Annual General Meeting of the Company and fix their remuneration.

Your Company has obtained a certificate from the Auditor, confirming that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and that they satisfy the criteria provided in section 141.

The Auditors' Report for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended 31st March, 2018. The Board at its meeting held on 27th April, 2018 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending 31st March, 2019.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended 31st March, 2017 and onwards.

A Secretarial Audit Report for the financial year ended 31st March, 2018 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as **Annexure IV** and forms part of this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COST AUDITOR

M/s. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558), was appointed as Cost Auditor by the Board of Directors on 27th April, 2017 to audit the cost accounts of your Company for the financial year ended 31st March, 2018. The remuneration of the Cost Auditor was ratified by the Members at their 39th Annual General Meeting held on 23rd June, 2017. The said appointment was subsequently intimated to the Central Government.

The Board, upon recommendation of the Audit Committee, re-appointed M/s. Shilpa & Co. as the Cost Auditor of your Company on 27th April, 2018, to conduct the audit of the cost accounts of the Company for the financial year ending 31st March, 2019 at a remuneration of Rs. 1,81,000/- (Rupees One Lakh Eighty One Thousand Only) excluding applicable taxes plus reimbursement of out of pocket expenses. The Members of the Company are required to ratify the said remuneration payable to the Cost Auditor.

As required under the provisions of Sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained a written confirmation from M/s. Shilpa & Co. to the effect that they are eligible for re-appointment as the Cost Auditor and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

STOCK APPRECIATION RIGHTS (SARs)

Your Company has a cash settled Stock Appreciation Rights (SARs) Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company.

Your company has granted 36,910 SARs for the year ended 31st March, 2018.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public or its employees during the year.

Particulars of loans given, investments made, guarantees and securities provided, are given under the notes to the audited financial statements and the same forms part of the annual report.

There are no loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the Ultimate Parent Company, Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in ordinary course of business and at arms-length basis.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as **Annexure V** and forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 is annexed as **Annexure VI** and forms part of this report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment and encourages involvement of all its employees in activities related to safety including promotion of safety standards. Employees across facilities were trained in behavioral safety at work. There were no reportable accidents at any location of the Company during the year ended 31st March, 2018. The Company's Vadodara plant got the First prize in Best Practices competition by Manufacturing Today. Company's Nashik plant was adjudged winner in a competition arranged by Manufacturing Today. Both, Vadodara and Nashik plants were successfully audited for OHSAS & EMS.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure VII** and forms part of this report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PROVISIONS RELATING TO ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to the provisions of the Companies Act, 2013 read with the rules thereto, the Vigil Mechanism has been implemented voluntarily through the Whistle Blower Policy, as a good corporate governance practice to provide a mechanism for Directors and Employees to report their genuine concerns and to provide adequate safeguards against victimization of persons who use such mechanism and provides access to the Chairperson of the Audit Committee, in appropriate and exceptional cases.

During the year under review, the Company has not received any complaint under the Whistle-Blower Policy of the Company.

The Whistle Blower Policy of your Company is available on the Company's website and can be accessed at the web-link: http://www.mahindraaccelo.com

GENERAL DISCLOSURES:

The Managing Director or the Whole-time Director of the Company did not receive any remuneration or commission from any of the subsidiaries of your Company.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGMENTS:

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board of Directors of
Mahindra Intertrade Limited

Zhooben Bhiwandiwala	**Sumit Issar**
Executive Vice – Chairman	Managing Director

Mumbai, 27th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. crores)

Sr. No.	Name of the subsidiary	1	2	3	4	5
		Mahindra Steel Service Centre Limited	**Mahindra Auto Steel Private Limited**	**Mahindra Electrical Steel Private Limited**	**Mahindra Middle East Electrical Steel Service Centre[FZC]**	**Mahindra MSTC Recycling Private Limited**
1.	The date since when subsidiary was acquired	11th November, 2009	12th December, 2013	10th June, 2009	8th August, 2004	16th December, 2016
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
3.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	INR	INR	Reporting currency: USD Exchange Rate INR 64.92/1 USD	INR
4.	Share capital	16.54	68.50	0.50	3.57	21.20
5.	Reserves & surplus	88.95	21.36	(2.07)	26.84	(3.60)
6.	Total assets	235.51	121.99	7.38	62.32	19.34
7.	Total Liabilities	235.51	121.99	7.38	62.32	19.34
8.	Investments	–	6.96*	–	–	–
9.	Turnover	278.41	90.12	–	68.91	0.57
10.	Profit before taxation	13.26	18.16	(1.17)	0.02	(2.49)
11.	Provision for taxation	5.12	5.41	(0.31)	–	0.12
12.	Profit after taxation	8.14	12.75	(0.86)	0.02	(2.61)
13.	Total comprehensive income	8.15	12.75	(0.86)	0.02	(2.65)
14.	Proposed Dividend	2.65	4.11	–	–	–
15.	% of shareholding	61%	51%	100%	90%	50%
Names of subsidiaries which are yet to commence operations						
1.	Mahindra Electrical Steel Private Limited					
2.	Mahindra MSTC Recycling Private Limited					
Names of subsidiaries which have been liquidated or sold during the year- Nil						

* comprises investment of current nature

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures: N.A.

1) Latest audited Balance Sheet Date –N.A.
2) Date on which the Associate or Joint Venture was associated or acquired–N.A.
3) Shares of Associate/Joint Ventures held by the company on the year end–N.A.
   - Number
   - Amount of Investment in Associates/Joint Venture
   - Extend of Holding %
4) Description of how there is significant influence–N.A.
5) Reason why the associate/ joint venture is not consolidated–N.A.
6) Networth attributable to Shareholding as per latest audited Balance Sheet–N.A.
7) Profit/Loss for the year–N.A.
   - Considered in Consolidation
   - Not Considered in Consolidation

1. **Names of associates or joint ventures which are yet to commence operations –** N.A.
2. **Names of associates or joint ventures which have been liquidated or sold during the year –** N.A.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors of
Mahindra Intertrade Limited

Zhooben Bhiwandiwala
Executive Vice-Chairman

Sumit Issar
Managing Director

Rajeev Dubey
Director

Parag Shah
Director

Ashok Kumar Barat
Additional (Independent) Director

Percy Mahernosh
Chief Financial Officer

Romali M. Malvankar
Company Secretary

Mumbai, 27th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA INTERTRADE LIMITED

(1) A brief outline of the Company's CSR policy, including overview of projects or programmes undertaken and a reference to the web link to the CSR policy and projects and programmes:

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

A reference to the web link to the CSR policy and projects and programmes:- http://www.mahindraaccelo.com

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution and implementation schedule thereof.

(2) The Composition of the CSR Committee: Mr. Zhooben Bhiwandiwala (Chairman), Mr. Sudhir Mankad (Member) and Mr. Sumit Issar (Member).

(3) Average net profit of the company for last three financial years: Rs. 9,851.80 Lakhs.

(4) Prescribed CSR Expenditure (2% of the amount as in Item 3 above): Rs. 197.04 Lakhs.

(5) Details of CSR spend during the financial year.

(a) Total amount spend for the financial year:
Rs. 197.18 Lakhs

(b) Amount unspent, if any: - Nil

(c) Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	CSR project or activity identified	2nd floor construction at Chatrapati Shivaji Jr Coll, Kanhe	Construction of 2 classroom in Chatrapati Shivaji School, Kanhe	Construction of Anganwadi in Village Wadiwarhe	Construction of Anganwadi in Village Mukane	Donation of Trolleys for Garbage collection in Gonde village	E-learning module i.e. K-Yan distribution in nearby schools	Assessment survey and other expenses (Banners, Signage printing)	Tree Plantation in plant
(2)	Sector in which the project is covered	Education	Education	Education	Education	Environment	Education	Education	Environment
(3)	Amount outlay (budget project or programme wise	Rs. 15,00,000	Rs. 17,00,000	Rs. 23,00,000	Rs. 12,00,000	Rs. 6,00,000	Rs. 3,05,000	Rs. 30,000	Rs. 10,000
(4)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local (2) Kanhe district, Maharashtra	(1) Local (2) Kanhe district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	(1) Rs. 14,06,337 (2) 0	(1) Rs. 15,95,125 (2) 0	(1) Rs. 24,79,153 (2) 0	(1) Rs. 12,45,435 (2) 0	(1) Rs. 5,10,490 (2) 0	(1) Rs. 3,00,801 (2) 0	(1) Rs. 87,296 (2) 0	(1) Rs. 8,590 (2) 0
(6)	Cumulative expenditure up to the reporting period	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above
(7)	Amount Spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct

Sr. No.	Particulars	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	Total
(1)	CSR project or activity identified	Play park for kids at nearby Village	Tree Plantation	Eye checkup & Spectacles distribution camp for Villagers & contract employee	E-learning module i.e. K-Yan distribution in nearby schools	Blood Donation Camp	Fabricated Shed at nearby Schools	Thalassemia control & prevention	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	–
(2)	Sector in which the project is covered	Environment	Environment	Health	Education	Health	Education	Health	Education	–
(3)	Amount outlay (budget project or programme wise)	Rs. 2,00,000	Rs. 2,00,000	Rs. 1,00,000	Rs. 4,50,000	Rs. 1,00,000	Rs. 6,00,000	Rs. 4,00,000	Rs. 1,02,00,000	Rs. 1,98,95,000
(4)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programmes were undertaken	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Others (2) Maharashtra and contiguous states	–

Sr. No.	Particulars	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	Total
(5)	Amount spent on the project or programme Sub Heads; 1. Direct expenditure on projects or programmes	(1) Rs. 1,42,914	(1) Rs. 1,64,330	(1) Rs. 58,800	(1) Rs. 3,77,600	(1) Rs. 2,284	(1) Rs. 5,93,658	(1) Rs. 5,52,890	(1) Rs. 1,01,92,000	(1) Rs. 1,97,17,703
	2. Overheads	(2) 0	(2) 0	(2) 0	(2) 0	(2) 0	(2) 0	(2) 0	(2) 0	(2) 0
(6)	Cumulative expenditure up to the reporting period	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	–
(7)	Amount Spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	–

* Details of implementing agency: KCMET- The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

(6) The Company has spent 2% of the average net profit of the last three financial years on CSR - related activities.

(7) Members of the CSR committee confirm that implementation and monitoring of the CSR policy, is in compliance with the CSR objectives and Policy of the company.

For and on behalf of the Board of Directors of
Mahindra Intertrade Limited

Zhooben Bhiwandiwala
Executive Vice – Chairman
(Chairman of CSR Committee)

Sumit Issar
Managing Director
(Member of CSR Committee)

Mumbai, 27th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Intertrade Limited (MIL).

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO) and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
  1) All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
  2) Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
  3) Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.
- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through the Managing Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth potential individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Intertrade Limited (MIL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board of Directors of Mahindra Intertrade Limited

Zhooben Bhiwandiwala	**Sumit Issar**
Executive Vice – Chairman	Managing Director

Mumbai, 27th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO: MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Intertrade Limited
Mahindra Towers, P K Kurne Chowk, Worli
Mumbai 400 018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Intertrade Limited** (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Being an unlisted public Company, this shall be applicable to the extent shares are held in dematerialised form)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company as the Company is not listed:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) As per the representation made by the Company, no sector specific laws are applicable to the Company

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Not applicable.

During the period under review, the Company has complied with the relevant provisions of the act, rules, regulations, guidelines, Standards etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings. Agenda and detailed notes to agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. All the decisions of the Board and Committees were carried through unanimously. As per the records provided by the Company, none of the Directors or Members dissented on any resolution passed at the meetings.

4. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
CP. No. 5676

Mumbai, 27th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Mahindra and Mahindra Limited (Ultimate Holding Company)	Sale of processed steel	Recurring	Sale of processed steel at prices negotiated based on domestic/ international steel prices; (ii) payment terms - immediate (payment is generally received in 10 days). The actual value of transaction for the year ended 31st March, 2018 is Rs. 180.76 crores.	Not Applicable (Refer Note)	Nil

Note: The above transaction is at arm's length and is in the ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee was taken in the Meetings held on 28th March, 2017, 27th April, 2017, 1st August, 2017, 17th October, 2017 and 2nd February, 2018.

For and on behalf of the Board of Directors of
Mahindra Intertrade Limited

Zhooben Bhiwandiwala
Executive Vice – Chairman

Sumit Issar
Managing Director

Mumbai, 27th April, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)		U51900MH1978PLC020222
ii.	Registration Date		20th March, 1978
iii.	Name of the Company		Mahindra Intertrade Limited
iv.	Category/Sub-Category of the Company		Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details		Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No		No
vii.	Name, Address and Contact details of Registrar and Share Transfer Agent, if any		Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032, India Tel No. 91-40-67162222 email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Processing of Steel	24105	86%
2	Steel Trading	46620	13%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	* 100.00	2(46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Holding Company	100.00	2 (46)
3	Mahindra Steel Service Centre Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U27100MH1993PLC070416	Subsidiary Company	61.00	2(87)(ii)
4	Mahindra Electrical Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U27100MH2009PTC193205	Subsidiary Company	100.00	2(87)(ii)
5	Mahindra Auto Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U27100MH2013PTC250979	Subsidiary Company	51.00	2(87)(ii)
6	Mahindra MiddleEast Electrical Steel Service Centre (FZC) Sharjah Airport International Free Zone, P3-11/12, P. O. Box – 8114, Sharjah, UAE	N.A.	Subsidiary Company	90.00	2(87)(ii)
7	Mahindra MSTC Recycling Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U37100MH2016PTC288535	Subsidiary Company	50.00	2(87)(i)

* Through Mahindra Vehicle Manufacturers Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
(1)	Indian	–	–	–	–	–	–	–	–	–
a)	Individual/HUF	–	–	–	–	–	–	–	–	–
b)	Central Govt.	–	–	–	–	–	–	–	–	–
c)	State Govt.(s)	–	–	–	–	–	–	–	–	–
d)	Bodies Corp.	*27,100,000	7	27,100,007	100	*27,100,000	7	27,100,007	100	–
e)	Banks/FI	–	–	–	–	–	–	–	–	–
f)	Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):		***27,100,000**	**7**	**27,100,007**	**100**	***27,100,000**	**7**	**27,100,007**	**100**	–
(2)	Foreign									
a)	NRIs–Individuals	–	–	–	–	–	–	–	–	–
b)	Other -Individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
d)	Banks/FI	–	–	–	–	–	–	–	–	–
e)	Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):		–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)		***27,100,000**	**7**	**27,100,007**	**100**	***27,100,000**	**7**	**27,100,007**	**100**	–
B.	**Public Shareholding**									
1.	**Institutions**									
a)	Mutual Funds	–	–	–	–	–	–	–	–	–
b)	Banks/FI	–	–	–	–	–	–	–	–	–
c)	Central Govt.	–	–	–	–	–	–	–	–	–
d)	State Govt.(s)	–	–	–	–	–	–	–	–	–
e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f)	Insurance Companies	–	–	–	–	–	–	–	–	–
g)	FIIs	–	–	–	–	–	–	–	–	–
h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i)	Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):		–	–	–	–	–	–	–	–	–
2.	**Non-Institutions**									
a)	Bodies Corp.									
i)	Indian	–	–	–	–	–	–	–	–	–
ii)	Overseas	–	–	–	–	–	–	–	–	–
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c.	Others (specify)									
Sub-total (B)(2):		–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B) (1)+(B)(2)		–	–	–	–	–	–	–	–	–
C.	**Shares held by Custodian for GDRs & ADRs**	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)		***27,100,000**	**7**	**27,100,007**	**100**	***27,100,000**	**7**	**27,100,007**	**100**	–

* out of these shares 1,50,00,000 equity shares are partly paid up @ Rs.3/- per share

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	#Mahindra Vehicle Manufacturers Ltd. (Demat)	27,100,000	100.00	–	27,100,000	100.00	–	0.00
2.	#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Vijay Arora	1	–	–	1	–	–	0.00
3.	#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Narayan Shankar	1	–	–	1	–	–	0.00
4.	#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Zhooben Bhiwandiwala	1	–	–	1	–	–	0.00
5.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Pravin Shah	1	–	–	1	–	–	0.00
6.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Sumit Issar	1	–	–	1	–	–	0.00
7.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Percy Mahernosh	1	–	–	1	–	–	0.00
8.	#Mahindra Vehicle Manufacturers Ltd. (physical)	1	–	–	1	–	–	0.00
	Total	**27,100,007**	**100.00**	–	**27,100,007**	**100**	–	**0.00**

Held as a nominees of Mahindra Vehicle Manufacturers Ltd. to comply with the Statutory Provisions in respect of minimum number of members.

(iii) Change in Promoters' Shareholding (Please specify, if there is no change): No Change in Promoter Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**#Mahindra Vehicle Manufacturers Ltd. (Demat)**				
	At the beginning of the year – 01.04.2017	27,100,000	100	27,100,000	100
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**27,100,000**	**100**

Sr. No.	Particulars	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	**#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Vijay Arora**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**
3.	**#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Narayan Shankar**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**
4.	**#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Zhooben Bhiwandiwala**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**
5.	**#Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Pravin Shah**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**
6.	**Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Sumit Issar**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**
7.	**# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Percy Mahernosh**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**
8.	**#Mahindra Vehicle Manufacturers Ltd. (physical)**				
	At the beginning of the year – 01.04.2017	1	0.00	1	0.00
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	**0.00**

Held as a nominees of Mahindra Vehicle Manufacturers Ltd. to comply with the Statutory Provisions in respect of minimum number of members.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year – 01.04.2017	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Zhooben Bhiwandiwala**				
	At the beginning of the year – 01.04.2017	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	–
2	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Pravin Shah**				
	At the beginning of the year – 01.04.2017	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	–
3	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Sumit Issar**				
	At the beginning of the year – 01.04.2017	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	–
4	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Percy Mahernosh**				
	At the beginning of the year – 01.04.2017	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	**1**	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0.77	4.53	–	5.30
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.02	–	0.02
Total (i+ii+iii)	**0.77**	**4.55**	–	**5.32**
Change in Indebtedness during the financial year				
• Addition	–	0.04	–	0.04
• Reduction	(0.16)	(4.59)	–	(4.75)
Net Change	**(0.16)**	**(4.55)**	–	**(4.71)**
Indebtedness at the end of the financial year				
i) Principal Amount	0.61	–	–	0.61
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**0.61**	–	–	**0.61**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Zhooben Bhiwandiwala (Executive Vice-Chairman)	Mr. Sumit Issar (Managing Director)	
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	81.05	81.05
	b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	–	2.73	2.73
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit	33.31	#23.44	56.75
5.	Others, please specify			
	Stock Appreciation Rights	–	41.10	41.10
	Contribution to funds	–	6.41	6.41
	Total (A)	**33.31**	**154.74**	**188.04**
	Ceiling as per the Act (being 10% of the net profits calculated as per Section 198 of the Companies Act, 2013)	–	–	969.80

Estimated @100% achievement.

B. Remuneration to other Directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amounts
		Mr. Bharat Doshi	Mr. Parag Shah	Mr. Sudhir Mankad	Dr. Punita Kumar Sinha	Mr. Ashok Kumar Barat (appointed w.e.f. 2nd February, 2018)	
1	**Independent Directors**						
	• Fee for attending board/committee meetings	–	–	3.30	2.90	0.60	6.80
	• Commission	–	–	7.00	7.00	1.17	15.17
	• Others, please specify	–	–	–	–		–
	Total (1)	–	–	**10.30**	**9.90**	**1.77**	**21.97**
2	**Other Non-Executive Directors**						
	• Fee for attending board/committee meetings	1.90	–	–	–	–	1.90
	• Commission	14.00	6.66	–	–	–	20.66
	• Others, please specify	–	–	–	–	–	–
	Total (2)	**15.90**	**6.66**	–	–	–	**22.56**
	Total (B)=(1+2)	**15.90**	**6.66**	**10.30**	**9.90**	**1.77**	**44.53**
	#Total Managerial Remuneration	–	–	–	–	–	**232.57**
	Overall Ceiling as per the Act (being 1% of the net profits calculated as per Section 198 of the Companies Act, 2013)	–	–	–	–	–	96.98

Total remuneration to Managing Director, Whole-Time Director and Other Directors (being the total of A and B)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CS	CFO	
			Ms. Romali Malvankar	Mr. Percy Mahernosh	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961		–	60.06	60.06
	b) Value of perquisites under section 17(2) of the Income–tax Act, 1961		–	18.15	18.15
	c) Profits in lieu of salary under section 17(3) of the Income–tax Act, 1961		–	–	–
2.	Stock Option		–	–	–
3.	Sweat Equity		–	–	–
4.	Commission – as % of profit		–	–	–
5.	Others, please specify –		–	–	–
	Fees		4.30	–	4.30
	Stock Appreciation Rights		–	5.46	5.46
	Contribution to funds		–	7.49	7.49
	Total		**4.30**	**91.16**	**95.46**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board of Directors of
Mahindra Intertrade Limited

Zhooben Bhiwandiwala — Executive Vice – Chairman

Sumit Issar — Managing Director

Mumbai, 27th April, 2018

ANNEXURE VII TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: In processing of steel, the primary plant operation is not power intensive. However, normal precautions are taken by the Company to minimize power consumption. Efforts have resulted in to saving of Rs 5.58 lakhs.

(b) The steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: **None**

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) The details of technology imported: **Nil**

(b) The year of import: **Nil**

(c) Whether the technology been fully absorbed: **Nil**

(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: **Nil**

iv) The expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rs. in crores)

	For the Financial Year ended 31st March 2018	For the Financial Year ended 31st March 2017
Total Foreign Exchange Earned	**23.16**	15.35
Total Foreign Exchange Used	**337.60**	278.26

For and on behalf of the Board of Directors of Mahindra Intertrade Limited

Zhooben Bhiwandiwala — Executive Vice – Chairman

Sumit Issar — Managing Director

Mumbai, 27th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Intertrade Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Intertrade Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition opening balance sheet as at 1 April 2015 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the Ind AS financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated 27 April 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

v) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

vi) With respect to the adequacy of the internal financial controls over financials reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

vii) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the Ind AS financial statements;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

d. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)

Place: Mumbai
Date: 27 April 2018.

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified once in three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties included in leasehold, freehold land and freehold building are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year and the material discrepancies noticed on such physical verification has been properly dealt in the financial statements.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Goods & Service Tax, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

c. There are no dues of income tax, service tax, duty of excise, duty of custom, value added tax and Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

Name of the Statute	Nature of the Dues	Amount (Rs. in crores)*	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales tax	0.97	2010-2011	Joint Commissioner of Commercial Tax (Appeals)

*Note:

Net of amount paid Rs. 0.18 crores which is under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed during the course of audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration to the Directors appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)

Place: Mumbai
Date: 27 April 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Intertrade Limited ('the Company') as at 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No : 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)

Place: Mumbai
Date: 27 April 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. in Crores

	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A	**ASSETS**			
	1 Non-current assets			
	a) Property, plant and equipment	5	**43.87**	48.61
	b) Capital work-in-progress		**20.51**	0.37
	c) Goodwill		–	–
	d) Other intangible assets	6	**0.01**	0.03
	e) Financial assets			
	(i) Investments	7	**90.73**	96.30
	(ii) Loans	8	**0.15**	0.14
	f) Other non-current assets	9	**4.64**	3.93
	Total non-current assets		**159.91**	149.38
	2 Current assets			
	a) Inventories	10	**186.46**	162.06
	b) Financial assets			
	(i) Investments	7	**43.22**	57.55
	(ii) Trade receivables	11	**222.59**	216.01
	(iii) Cash and cash equivalents	12	**8.48**	10.78
	(iv) Bank balances other than (iii) above	12	**55.50**	85.45
	(v) Loans	8	**25.00**	10.00
	(vi) Others	13	**4.56**	3.60
	c) Other current assets	9	**17.81**	10.24
	Total current assets		**563.62**	555.69
	Total assets (1+2)		**723.53**	705.07
B	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	a) Equity share capital	14	**16.60**	16.60
	b) Other equity	15	**518.64**	479.94
	Total equity		**535.24**	496.54
	LIABILITIES			
	2 Non-current liabilities			
	a) Financial liabilities			
	Other financial liabilities (Other than those specified in (b) below)	16	**0.43**	0.38
	b) Provisions	17	**4.04**	3.93
	c) Deferred tax liabilities (Net)	19	**3.26**	3.29
	Total non-current liabilities		**7.73**	7.60
	3 Current liabilities			
	a) Financial liabilities			
	(i) Borrowings	20	–	4.53
	(ii) Trade payables	21	**163.91**	174.26
	(iii) Other financial liabilities (Other than those specified in (c) below)	22	**7.89**	9.37
	b) Other current liabilities	23	**7.94**	9.35
	c) Provisions	24	**0.64**	1.20
	d) Current tax liabilities (Net)		**0.18**	2.22
	Total current liabilities		**180.56**	200.93
	Total equity and liabilities (1+2+3)		**723.53**	705.07

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's Registration
No: 101248 W/W-100022

Jayesh T Thakkar
Partner
MEMBERSHIP NO: 113959

Place: Mumbai
Date: 27 April, 2018

For and on behalf of board of directors
Mahindra Intertrade Limited
CIN: U51900MH1978PLC020222

DIN: 00110373	**Zhooben Bhiwandiwala**	Executive Vice-Chairman
DIN: 06951249	**Sumit Issar**	Managing Director
DIN: 00104817	**Rajeev Dubey**	Directors
DIN: 00374944	**Parag Shah**	Directors
DIN: 00492930	**Ashok Kumar Barat**	Directors
	Percy Mahernosh	Chief Financial Officer
CS– 29447	**Romali Malvankar**	Company Secretary

Place: Mumbai
Date: 27 April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Crores

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	25	**1,109.38**	991.50
II	Other income	26	**10.85**	15.70
III	**Total revenue (I + II)**		**1,120.23**	1,007.20
IV	**Expenses**			
	a) Cost of materials consumed	27	**822.64**	716.54
	b) Purchases of stock-in-trade (Steel products)		**131.16**	71.75
	c) Changes in inventories finished goods, work-in-progress and stock-in-trade	28	**(11.03)**	(4.79)
	d) Excise duty on sale of goods (including scrap sales)		**25.02**	79.81
	e) Employee benefits expense	29	**18.22**	16.76
	f) Finance costs	30	**2.29**	1.24
	g) Depreciation and amortisation expense	5 & 6	**6.05**	5.73
	h) Other expenses	31	**30.78**	29.87
	Total expenses (IV)		**1,025.13**	916.91
V	**Profit before tax (III - IV)**		**95.10**	90.29
VI	**Tax expense**			
	a) Current tax	18	**32.86**	30.32
	b) Deferred tax	19	**(0.09)**	0.30
	Total tax expense		**32.77**	30.62
VII	**Profit after tax for the year (V - VI)**		**62.33**	59.67
VIII	**Other comprehensive income**		**(0.10)**	0.32
	(i) Items that will not be reclassified to profit or loss – Remeasurements of the defined benefit liabilities/(asset)		**(0.16)**	0.49
	(ii) Income tax relating to items that will not be reclassified to profit or loss	19	**0.06**	(0.17)
IX	**Total comprehensive income for the year (VII - VIII)**		**62.43**	59.35
X	**Earnings per equity share (of Rs. 10 each): Basic/Diluted (Rs.)**	41	**37.55**	35.95

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's Registration
No: 101248 W/W-100022

Jayesh T Thakkar
Partner
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Date: 27 April, 2018

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Mahindra Intertrade Limited
CIN: U51900MH1978PLC020222

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DIN: 00374944	**Parag Shah**	Directors
DIN: 00492930	**Ashok Kumar Barat**	Directors
	Percy Mahernosh	Chief Financial Officer
CS– 29447	**Romali Malvankar**	Company Secretary

Place: Mumbai
Date: 27 April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Crores

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities		
Profit after tax	**62.33**	59.67
Adjustments for:		
Income tax expense recognised in the statement of profit and loss	**32.77**	30.62
Finance costs	**2.29**	1.24
Depreciation and amortisation expense	**6.05**	5.73
Dividend income	**(3.21)**	(4.65)
Interest income	**(6.89)**	(6.69)
Gain on sale of current investments	**(0.64)**	(0.67)
Net (gain) on foreign exchange transactions and translations	**2.70**	(2.84)
Bad debts written off	**0.02**	0.05
Net loss/(gain) arising on financial assets designated as at FVTPL	**0.05**	(2.03)
Fair value (gain)/loss on financial instruments at fair value through profit or loss	**(4.84)**	4.21
Net (gain)/loss on sale/scrapped/write off of property, plant and equipment	**(0.03)**	0.04
	28.27	25.01
Operating profit before working capital changes	**90.60**	84.68
Changes in working capital:		
(Increase) / decrease in inventories	**(24.40)**	21.14
(Increase) in trade receivable	**(6.50)**	(43.49)
(Increase) in other assets	**(9.21)**	(2.61)
(Decrease) / increase in trade payables	**(12.91)**	51.71
(Decrease) / increase in provision	**(0.29)**	1.27
Increase in other liabilities	**0.08**	4.56
	(53.23)	32.58
Cash generated from operations	**37.37**	117.26
Net income tax paid	**(36.65)**	(30.69)
Net cash generated by operating activities (A)	**0.72**	86.57
B. Cash flow from investing activities		
Payment for property, plant and equipments	**(18.35)**	(4.93)
Proceeds from sale of property, plant and equipments (net)	**0.13**	0.13
Inter corporate deposits placed	**(55.00)**	(10.00)
Inter corporate deposits refunded	**40.00**	–
Bank balances not considered as cash and cash equivalents		
– Placed	**(165.10)**	(118.95)
– Matured	**195.05**	87.31
Investment in equity shares of subsidiaries	**(7.70)**	(3.35)
Current investments not considered as Cash and cash equivalents		
– Purchased	**(3,155.37)**	(3,550.72)
– Proceeds from sale	**3,183.55**	3,529.44

Rs. in Crores

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest received	**7.50**	5.24
Dividend received		
– Subsidiaries	**1.18**	2.04
– Others	**2.03**	2.61
Net cash used in / (from) investing activities (B)	**27.92**	(61.18)
C. Cash flow from financing activities		
Proceeds from borrowings	**–**	5.44
Repayment of borrowings	**(4.92)**	–
Dividend paid	**(19.92)**	(19.92)
Dividend distribution tax paid	**(3.81)**	(3.64)
Finance costs	**(2.29)**	(1.24)
Net cash used in financing activities (C)	**(30.94)**	(19.36)
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**(2.30)**	6.03
Cash and cash equivalents at beginning of the year	**10.78**	4.75
Cash and cash equivalents at end of the year	**8.48**	10.78
	(2.30)	6.03

Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash equivalents as per Balance Sheet (Refer Note 12)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's Registration
No: 101248 W/W-100022

Jayesh T Thakkar
Partner
MEMBERSHIP NO: 113959

Place: Mumbai
Date: 27 April, 2018

For and on behalf of board of directors
Mahindra Intertrade Limited
CIN: U51900MH1978PLC020222

DIN: 00110373	**Zhooben Bhiwandiwala**	Executive Vice-Chairman
DIN: 06951249	**Sumit Issar**	Managing Director
DIN: 00104817	**Rajeev Dubey**	Directors
DIN: 00374944	**Parag Shah**	Directors
DIN: 00492930	**Ashok Kumar Barat**	Directors
	Percy Mahernosh	Chief Financial Officer
CS– 29447	**Romali Malvankar**	Company Secretary

Place: Mumbai
Date: 27 April, 2018

STATEMENT OF CHANGES IN EQUITY

Rs. in Crores

A. Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**16.60**	16.60
Changes in equity share capital during the year	**–**	–
Balance at the close of the year	**16.60**	16.60

B. Other equity

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at April 1, 2016	**52.87**	**18.75**	**372.53**	**444.15**
Profit for the year	–	–	59.67	59.67
Other comprehensive income [Net of tax]	–	–	(0.32)	(0.32)
Total comprehensive income for the year	–	–	59.35	59.35
Dividend paid on equity shares (Rs. 12 per share on fully paid & Rs. 3.6 per share on partly paid equity share)	–	–	(19.92)	(19.92)
Dividend distribution tax	–	–	(3.64)	(3.64)
Balance as at March 31, 2017	**52.87**	**18.75**	**408.32**	**479.94**
Profit for the year	–	–	62.33	62.33
Other comprehensive income [Net of tax]	–	–	0.10	0.10
Total comprehensive income for the year	–	–	62.43	62.43
Dividend paid on equity shares (Rs. 12 per share on fully paid & Rs. 3.6 per share on partly paid equity share)	–	–	(19.92)	(19.92)
Dividend distribution tax	–	–	(3.81)	(3.81)
Balance as at March 31, 2018	**52.87**	**18.75**	**447.02**	**518.64**

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's Registration
No: 101248 W/W-100022

Jayesh T Thakkar
Partner
MEMBERSHIP NO: 113959

Place: Mumbai
Date: 27 April, 2018

For and on behalf of board of directors
Mahindra Intertrade Limited
CIN: U51900MH1978PLC020222

DIN: 00110373	**Zhooben Bhiwandiwala**	Executive Vice-Chairman
DIN: 06951249	**Sumit Issar**	Managing Director
DIN: 00104817	**Rajeev Dubey**	Directors
DIN: 00374944	**Parag Shah**	
DIN: 00492930	**Ashok Kumar Barat**	
	Percy Mahernosh	Chief Financial Officer
CS– 29447	**Romali Malvankar**	Company Secretary

Place: Mumbai
Date: 27 April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate information

Mahindra Intertrade Limited is a public limited company domiciled in India and is incorporated on 21 May, 1998 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018. The Company's main activity is steel processing from the plants located at Nashik and Vadodara. The Company is principally engaged in processing of automotive and electrical steel.

2 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest crores.

The financial statements were approved by the Board of Directors and authorised for issue on April 27, 2018.

3 Significant accounting policies:

3.1 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Vehicles: 5 years

(b) Blanking Line (Nashik): 20 years

3.2 Intangible asset aquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment loss.

3.3 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

3.4 Inventories:

Inventories, except for Stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

3.5 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise.

3.6 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

3.7 Revenue recognition:

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services:

Sale of services are recognised on rendering of such services.

Interest and dividend income:

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

3.8 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

3.9 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services availed, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

3.10 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

3.11 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.12 Taxes on income:

Tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current Tax:</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred Tax:</u>

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

<u>Current and deferred tax for the year:</u>

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

3.13 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

3.15 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

3.16 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>Company as a lessee:</u>

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

4 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.2	Property, plant & equipment
Note No. 2.3	Intangible asset aquired separately
Note No. 2.9	Employee benefits

Note 5 - Property, Plant and Equipment

Rs. in Crores

Description of Assets	**Land - freehold**	**Land - leasehold***	**Buildings - freehold****	**Plant and equipment**	**Electrical installations**	**Office equipment**	**Furniture and fixtures**	**Computers**	**Vehicles**	**Total**
I. Cost										
Balance as at April 1, 2017	**1.11**	**1.16**	**23.18**	**67.55**	**0.36**	**0.50**	**0.55**	**1.51**	**2.18**	**98.10**
Additions	–	–	–	0.93	0.03	0.07	0.01	0.14	0.21	1.39
Disposals	–	–	–	–	–	(0.02)	–	–	(0.28)	(0.30)
Balance as at March 31, 2018	**1.11**	**1.16**	**23.18**	**68.48**	**0.39**	**0.55**	**0.56**	**1.65**	**2.11**	**99.19**
II. Accumulated depreciation										
Balance as at April 1, 2017	**–**	**0.14**	**6.58**	**39.95**	**0.04**	**0.35**	**0.35**	**1.28**	**0.80**	**49.49**
Depreciation expense for the year		0.01	0.93	4.47	0.04	0.05	0.04	0.12	0.37	6.03
Eliminated on disposal of assets	–	–	–	–	–	(0.02)	–	–	(0.18)	(0.20)
Balance as at March 31, 2018	**–**	**0.15**	**7.51**	**44.42**	**0.08**	**0.38**	**0.39**	**1.40**	**0.99**	**55.32**
Net carrying amount (I-II)										
Balance as at March 31, 2018	**1.11**	**1.01**	**15.67**	**24.06**	**0.31**	**0.17**	**0.17**	**0.25**	**1.12**	**43.87**
Balance as at March 31, 2017	1.11	1.02	16.60	27.60	0.32	0.15	0.20	0.23	1.38	48.61

Description of Assets	Land - freehold	Land - leasehold*	Buildings - freehold**	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost										
Balance as at April 1, 2016	**1.11**	**1.16**	**19.81**	**58.02**	**0.10**	**0.50**	**0.51**	**1.58**	**1.50**	**84.29**
Additions	–	–	3.37	9.71	0.26	0.05	0.04	0.05	0.89	14.37
Disposals	–	–	–	(0.18)	–	(0.05)	–	(0.12)	(0.21)	(0.56)
Balance as at March 31, 2017	**1.11**	**1.16**	**23.18**	**67.55**	**0.36**	**0.50**	**0.55**	**1.51**	**2.18**	**98.10**
II. Accumulated depreciation										
Balance as at April 1, 2016	**–**	**0.13**	**5.65**	**35.82**	**0.01**	**0.35**	**0.28**	**1.27**	**0.66**	**44.17**
Depreciation expense for the year	–	0.01	0.93	4.21	0.03	0.04	0.07	0.12	0.30	5.71
Eliminated on disposal of assets	–	–	–	(0.08)	–	(0.04)	–	(0.11)	(0.16)	(0.39)
Balance as at March 31, 2017	**–**	**0.14**	**6.58**	**39.95**	**0.04**	**0.35**	**0.35**	**1.28**	**0.80**	**49.49**
Net carrying amount (I-II)										
Balance as at March 31, 2017	**1.11**	**1.02**	**16.60**	**27.60**	**0.32**	**0.15**	**0.20**	**0.23**	**1.38**	**48.61**
Balance as at March 31, 2016	1.11	1.03	14.16	22.20	0.09	0.15	0.23	0.31	0.84	40.12

* The above has been regrouped in the current year pursuant to the clarification issued in ITFG 7 and ITFG 15 from prepaid asset.

** Includes Rs. 500 (2015: Rs. 500) in respect of 10 shares of Rs. 50 each in Shah and Nahar Industrial Premises (A-1) Co-operative Society Limited.

Note 6 - Other intangible assets

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2017	**0.58**	**0.47**	**1.05**
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2018	**0.58**	**0.47**	**1.05**
II. Accumulated amortisation			
Balance as at April 1, 2017	**0.55**	**0.47**	**1.02**
Amortisation expense for the year	0.02	–	0.02
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2018	**0.57**	**0.47**	**1.04**
Net carrying amount (I-II)			
Balance as at March 31, 2018	**0.01**	**–**	**0.01**
Balance as at March 31, 2017	0.03	–	0.05

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2016	**0.58**	**0.47**	**1.05**
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2017	**0.58**	**0.47**	**1.05**
II. Accumulated amortisation			
Balance as at April 1, 2016	**0.53**	**0.47**	**1.00**
Amortisation expense for the year	0.02	–	0.02
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2017	**0.55**	**0.47**	**1.02**
Net carrying amount (I-II)			
Balance as at March 31, 2017	**0.03**	**–**	**0.03**
Balance as at March 31, 2016	0.05	–	0.05

Note 7 - Investments

Rs. in Crores

Particular	As at March 31, 2018 QTY	Amounts Current	Amounts Non-current	As at March 31, 2017 QTY	Amounts Current	Amounts Non-current
A. Investment carried at cost						
Unquoted investments (all fully paid)						
Investments in equity instruments of subsidiaries						
a) Equity shares of USD 550 each in Mahindra Middle East Electrical Steel Service Centre (FZC), Sharjah	**900**	–	**2.25**	900	–	2.25
b) Equity shares of Rs 10 each in Mahindra Electrical Steel Private Limited.	**500,000**	–	**0.50**	300,000	–	0.30
c) Equity shares of Rs 10 each in Mahindra Steel Service Centre Limited	**10,089,257**	–	**42.45**	10,089,257	–	42.45

Rs. in Crores

Particular	As at March 31, 2018 QTY	As at March 31, 2018 Amounts Current	As at March 31, 2018 Amounts Non-current	As at March 31, 2017 QTY	As at March 31, 2017 Amounts Current	As at March 31, 2017 Amounts Non-current
d) Equity shares of Rs 10 each in Mahindra Auto Steel Private Limited.	**34,935,000**	–	**34.93**	34,935,000	–	34.93
e) Equity shares of Rs 10 each in Mahindra MSTC Recycling Private Limited.	**10,600,000**	–	**10.60**	3,100,000	–	3.10
Investment carried at cost [A]	–	–	**90.73**	–	–	83.03
B. Investments carried at fair value through profit and loss						
Unquoted investments						
Investments in equity instruments (all fully paid)						
500 Ordinary shares of Rs.1,000 each fully paid up in Seeker Fashions Private Limited	**500**	–	–	500	–	–
Investments in mutual funds						
a) Birla SunLife FRF STP - Growth	**303,692**	**7.02**	–	–	–	–
b) Kotak Floater - ST - Reg - Growth	**17,638**	**5.02**	–	–	–	–
c) UTI Money Market - IP - Growth	**30,775**	**5.97**	–	–	–	–
d) Reliance Liquid Fund - Growth	**11,893**	**5.02**	–	–	–	–
e) Franklin India TMA - Super IP - Growth	–	–	–	41,240	10.01	–
f) UTI Money Market - IP - Growth	–	–	–	41,293	7.50	–
g) Mahindra Liquid Fund - Reg - Growth	–	–	–	95,147	10.01	–
h) Axis Liquid Fund - Growth	–	–	–	55,659	10.01	–
i) Tata Money Market Fund - Reg - Growth	–	–	–	39,168	10.00	–
j) ICICI Prudential Money Market Fund - Reg - Growth	**292,949**	**7.01**	–	446,682	10.02	–
		30.04	–		57.55	–
Investments in optionally convertible debentures						
– of Subsidiaries (refer Note below)						
0.25% Optionally Convertible Unsecured Debentures of Rs 1,000 each in Mahindra Electrical Steel Private Limited *	**91,000**	**13.18**	–	91,000	–	13.27
Investment carried at FVTPL [B]		**43.22**	–		57.55	13.27
Total investments [A] + [B]		**43.22**	**90.73**		57.55	96.30

* During the year 2015-16 the issuer has excercised the call option to redeem 16,500 debentures.

Note:

a) The debentures carry interest at 0.25% payable annually. Interest shall be paid within 30 days from the date of completion of year

b) Tenure: Maximum five years from the date of allotment.

c) Put option: The holder of debenture has the put option to convert or to seek redemption in full or part thereof any time after October 31, 2013. On conversion / redemption the holder will get the face value of debenture plus interest till the date of conversion / redemption.

Note 8 - Loans

Rs. in Crores

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-current	As at March 31, 2018 Total	As at March 31, 2017 Current	As at March 31, 2017 Non-current	As at March 31, 2017 Total
Security deposits						
Unsecured considered good						
With others	**–**	**0.15**	**0.15**	–	0.14	0.14
Total (A)	**–**	**0.15**	**0.15**	–	0.14	0.14
Loans						
Inter-corporate deposits given:						
Unsecured considered good						
to related parties						
Mahindra Retail Private Limited (refer Note 40) *	**–**	**–**	**–**	10.00	–	10.00
to others						
a) Bajaj Finance Limited	**20.00**	**–**	**20.00**	–	–	–
b) Kotak Mahindra Investments Ltd	**5.00**	**–**	**5.00**	–	–	–
Total (B)	**25.00**	**–**	**25.00**	10.00	–	10.00
Total (A+B)	**25.00**	**0.15**	**25.15**	10.00	0.14	10.14

* Private Limited companies in which directors of the Company are directors.

Note 9 - Other assets

Rs. in Crores

Particulars	As at March 31, 2018 Current	Non-current	Total	As at March 31, 2017 Current	Non-current	Total
Capital advances	–	0.08	0.08	–	1.19	1.19
Prepayments	0.28	–	0.28	0.13	–	0.13
Advance income tax (net of provision for tax)	–	4.26	4.26	–	2.51	2.51
Balances with government authorities						
a) CENVAT credit	–	–	–	3.23	–	3.23
b) GST credit	12.45	–	12.45	–	–	–
c) VAT credit	0.12	–	0.12	3.62	–	3.62
d) Service tax credit	–	–	–	1.76	–	1.76
e) Custom duty	1.25	–	1.25	1.15	–	1.15
	13.82	–	13.82	9.76	–	9.76
Others						
a) Advance to vendors	0.36	–	0.36	0.07	–	0.07
b) Surplus of plan assets over obligation - gratuity	–	0.12	0.12	–	–	–
c) Others	3.35	0.18	3.53	0.28	0.23	0.51
	3.71	0.30	4.01	0.35	0.23	0.58
Total	17.81	4.64	22.45	10.24	3.93	14.17

Note 10 - Inventories

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
a) Raw materials [refer note 27]	141.71	128.77
b) Work-in-Progress [refer note 28]	12.85	7.14
c) Finished goods and semi-finished goods [refer note 28]	13.15	11.88
d) Stock-in-trade [refer note 28]	17.65	13.60
e) Stores and spares	1.10	0.67
Total	186.46	162.06
Included above, goods-in-transit:		
Raw materials	66.19	52.53
Stock-in-trade	–	1.24

Notes:

i) The cost of inventories recognised as an expenses during the year was Rs. 942.77 Crores (March 31, 2017 - Rs. 783.50 Crores).

ii) The cost of inventories recognised as an expenses includes Rs. 0.46 Crores (March 31,2017 - Rs.0.49 Crores) in respect of write-downs of inventory to net realisable value.

iii) The mode of valuation of inventories has been stated in note 3.4

Note 11 - Trade receivables

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
i) Unsecured, considered good	0.26	0.11
ii) Doubtful	1.63	1.63
	1.89	1.74
Less: Allowances for bad and doubtful debts	(1.63)	(1.63)
	0.26	0.11
b) Other trade receivables		
Unsecured, considered good	222.33	215.90
Total	222.59	216.01

Notes:

(i) The average credit period on Job work processing is 30 days and on sales of products ranges between 90 to 120 days.

(ii) As at March 31,2018, the Company had 19 customers (March 31, 2017: 17 customers) that owed the Company more than Rs. 2.00 Crores each and accounted for approximately 90% (March 31, 2017: 90%) of all the receivables outstanding.

Note 12 - Cash and cash equivalents and Other bank balances

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
a) Cash and cash equivalents		
Unrestricted balances with banks		
In current account	8.48	10.78
Cash on hand	*	*
	8.48	10.78
b) Other bank balances		
In deposit account	55.50	85.45
	55.50	85.45

* Represents Rs 52,608 (2017: Rs 25,264)

Note 13 - Other financial assets

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortised cost		
Interest receivable		
a) Interest accrued on deposits	**1.75**	2.84
b) Interest accrued on investments	**0.02**	0.02
c) Interest accrued on inter-corporate deposit	**0.55**	0.07
Others		
a) Export rebate receivable	**1.56**	0.64
b) Export incentive receivable	**0.67**	0.03
	4.55	3.60
Financial assets at fair value		
Derivatives financial instruments		
Foreign currency forward contracts	**0.01**	–
	0.01	–
Total	**4.56**	3.60

Note 14 - Share capital

Rs. in Crores

Particulars	As at March 31, 2018 Number of Shares	As at March 31, 2018 Rs. in Crores	As at March 31, 2017 Number of Shares	As at March 31, 2017 Rs. in Crores
(a) Authorised				
Equity shares of Rs. 10 each	**28,000,000**	**28.00**	28,000,000	28.00
Cumulative redeemable preference shares of Rs. 100 each	**1,875,000**	**18.75**	1,875,000	18.75
	29,875,000	**46.75**	29,875,000	46.75
(b) Issued				
Equity shares of Rs. 10 each	**27,100,007**	**27.10**	27,100,007	27.10
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each	**12,100,007**	**12.10**	12,100,007	12.10
(d) Subscribed but not fully paid up				
Equity shares of Rs. 10 each, Rs. 7 not paid up	**15,000,000**	**4.50**	15,000,000	4.50
	27,100,007	**16.60**	27,100,007	16.60

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Rs. in Crores

Particulars	As at March 31, 2018 Number of Shares	As at March 31, 2018 Rs. in Crores	As at March 31, 2017 Number of Shares	As at March 31, 2017 Rs. in Crores
Equity shares of Rs. 10 each				
Subscribed and fully paid up				
Opening Balance	**12,100,007**	**12.10**	12,100,007	12.10
Fresh issue	**–**	**–**	–	–
Buy back	**–**	**–**	–	–
Closing Balance	**12,100,007**	**12.10**	12,100,007	12.10
Subscribed but not fully paid up				
Opening Balance	**15,000,000**	**4.50**	15,000,000	4.50
Fresh issue	**–**	**–**	–	–
Buy back	**–**	**–**	–	–
Closing Balance	**15,000,000**	**4.50**	15,000,000	4.50

(ii) The Company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person or being a company present by a representative duly authorised shall have one vote. and (ii) On a poll: the voting rights of every member entitled to vote and present in person (including a company present by represntative duly authorised) or by proxy shall be in proportion to his share of the paid up equity capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	As at March 31, 2018	As at March 31, 2017
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	27,100,007

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	**100%**	27,100,007	100%

Note 15 - Other equity

Rs. in Crores

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at March 31, 2016	**52.87**	**18.75**	**372.53**	**444.15**
Profit for the year...........	–	–	59.67	59.67
Other comprehensive income [Net of tax]........	–	–	(0.32)	(0.32)
Total comprehensive income for the year	–	–	59.35	59.35
Dividend paid on equity shares (Rs. 12 per share on fully paid & Rs. 3.6 per share on partly paid equity share)	–	–	(19.92)	(19.92)
Dividend distribution tax..	–	–	(3.64)	(3.64)
Balance as at March 31, 2017	**52.87**	**18.75**	**408.32**	**479.94**
Profit for the year...........	–	–	62.33	62.33
Other comprehensive income [Net of tax]........	–	–	0.10	0.10
Total comprehensive income for the year	–	–	62.43	62.43
Dividend paid on equity shares (Rs. 12 per share on fully paid & Rs. 3.6 per share on partly paid equity share)	–	–	(19.92)	(19.92)
Dividend distribution tax..	–	–	(3.81)	(3.81)
Balance as at March 31, 2018	**52.87**	**18.75**	**447.02**	**518.64**

Proposed dividends on Equity shares

Particulars	As at March 31, 2018
Proposed final dividend for the year ended on 31 March 2018: Rs 12.5 per share on fully paid & Rs. 3.75 per share on partly paid	**20.75**
Dividend Distribution Tax on final dividend	**3.50**
	24.25

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at March 31, 2018.

Note 16 - Other non-current financial liabilities

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities measured at fair value		
Cash-settled share-based payments	**0.43**	0.38
Total	**0.43**	0.38

Note 17 - Non-current Provisions

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
a) Provision for compensated absences	**3.60**	3.57
b) Provision for post retirement medical benefit	**0.44**	0.36
Total	**4.04**	3.93

Note 18 - Current tax

(a) Income Tax recognised in Statement of profit and loss

Rs. in Crores

Particulars	For the year ended on March 31, 2018	For the year ended on March 31, 2017
Current tax:		
In respect of current year	**32.86**	30.26
In respect of prior year	**–**	0.06
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(0.09)**	0.30
Total	**32.77**	30.62

(b) Income tax recognised in other comprehensive income

Rs. in Crores

Particulars	For the year ended on March 31, 2018	For the year ended on March 31, 2017
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligation	**0.06**	(0.17)
Total	**0.06**	(0.17)
Bifurcation of income tax recognised in other comprehensive income into:		
- Items that will not be reclassified to profit and loss	**0.06**	(0.17)
- Items that may be reclassified to profit and loss....	**–**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Crores

Particulars	For the year ended on March 31, 2018	For the year ended on March 31, 2017
Profit before tax	**95.10**	90.29
Income tax expense calculated at 34.608%	**32.91**	31.25
Effect of income that is exempt from taxation	**(1.11)**	(1.21)

Rs. in Crores

Particulars	For the year ended on March 31, 2018	For the year ended on March 31, 2017
Effect of income that is taxable at concessional rate	–	(0.23)
Effect of expenses that is non-deductible in determining taxable profit	**0.94**	0.75
Effect of change in income tax rate	**0.03**	–
	32.77	30.56
Adjustments recognised in the current year in relation to the current tax of prior years	–	0.06
Income tax expense recognised in the Statement of profit and loss	**32.77**	30.62

The tax rate used for the year ended March 31, 2018 and March 31, 2017 reconciliations above is the corporate tax rate of 34.608% (including surcharge of 12% and education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Law.

Note 19 - Deferred tax

Rs. in Crores

Particulars	As at March 31, 2018 Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**5.05**	**(0.69)**	–	**4.36**
Investment in optionally convertible debentures at fair value	**1.45**	**(0.03)**	–	**1.42**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(1.83)**	**(0.19)**	**0.06**	**(1.96)**
Allowance for bad and doubtful debts	**(0.56)**	–	–	**(0.56)**
FVTPL financial liabilities including derivatives	**(0.82)**	**0.82**	–	–
Total	**3.29**	**(0.09)**	**0.06**	**3.26**

Particulars	As at March 31, 2017 Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	4.53	0.52	–	5.05
Investment in optionally convertible debentures at fair value	0.75	0.70	–	1.45
Tax effect of items constituting deferred tax assets				
Employee benefits	(1.44)	(0.22)	(0.17)	(1.83)
Allowance for bad and doubtful debts	(0.56)	–		(0.56)
FVTPL financial liabilities including derivatives	(0.12)	(0.70)		(0.82)
Total	3.16	0.30	(0.17)	3.29

Note 20 - Borrowings

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured		
From banks - Buyers credit (refer Note below)	–	4.53
Total	–	4.53

Note - The Company has taken buyer's credit of USD 694,007 for import of raw material under sanction of LUT extended by ICICI Bank Limited. Buyers credit carries interest rate of LIBOR plus 40 bps.

Note 21 - Trade payable

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
a) Trade payable for goods and services	141.00	94.11
b) Acceptances	22.91	80.15
Total	**163.91**	174.26

Note - There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note 22 - Other financial liabilities

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
a) Financial liabilities measured at amortised cost		
i) Overdrawn bank balances (as per books)	**0.61**	0.77
ii) Short term deposits	**1.18**	0.78
iii) Creditors for capital supplies/services	**2.43**	0.36
iv) Salary & wages payable	**3.14**	2.26
Total (a)	**7.36**	4.17
b) Financial liabilities measured at fair value		
i) Derivatives financial instruments		
Foreign currency forward contracts	–	4.83
ii) Others		
Cash-settled share-based payments	**0.53**	0.37
Total (b)	**0.53**	5.20
Total (a+b)	**7.89**	9.37

Note 23 - Other liabilities

Rs. in Crores

Particulars	As at March 31, 2018	As at March 31, 2017
a) Advances received from customers	**4.28**	1.72
b) Others		
– Employee recoveries and employer contributions	**0.68**	0.48
– Statutory dues (Excise duty, service tax, TDS, VAT payable etc)	**2.98**	7.15
Total	**7.94**	9.35

Note 24 - Provisions

Particulars	As at March 31, 2018 (Rs. in Crores)	As at March 31, 2017 (Rs. in Crores)
Provision for employee benefits		
a) Provision for gratuity	–	0.61
b) Provision for compensated absences	**0.60**	0.55
c) Provision for post retirement medical benefit	**0.04**	0.04
Total	**0.64**	1.20

Note 25 - Revenue from operations:

Particulars	For the year ended March 31, 2018 (Rs. in Crores)	For the year ended March 31, 2017 (Rs. in Crores)
a) Revenue from sale of goods (Refer Note (i) below)	**1,077.93**	964.69
b) Revenue from rendering of services (Refer Note (ii) below)	**4.80**	3.78
c) Other operating income (Refer Note (iii) below)	**26.65**	23.03
Total	**1,109.38**	991.50

Particulars	For the year ended March 31, 2018 (Rs. in Crores)	For the year ended March 31, 2017 (Rs. in Crores)
Note:		
(i) Sale of products comprises:		
Manufactured goods		
– Steel products	**938.12**	884.30
Traded goods		
– Steel products	**139.81**	80.39
Total	**1,077.93**	964.69
(ii) Rendering of services comprises:		
– Job work processing	**0.90**	0.65
– Installation / repairs	**0.15**	0.10
– Management fees	**3.75**	3.03
Total	**4.80**	3.78
(iii) Other operating income comprise:		
– Scrap sales	**20.53**	17.62
– Commission income	**4.79**	4.88
– Insurance claim	**0.21**	0.38
– Other operating income	**1.12**	0.15
Total	**26.65**	23.03
Total	**1,109.38**	991.50

Note 26 - Other income

Particulars	For the year ended March 31, 2018 (Rs. in Crores)	For the year ended March 31, 2017 (Rs. in Crores)
a) Interest income:		
– Bank deposits (at amortised cost)	**5.16**	6.00
– Investments in debt instruments	**0.02**	0.02
– Interest on inter-corporate deposits	**1.70**	0.64
– Other	**0.01**	0.03
b) Dividend income:		
– From long-term investments in subsidiaries	**1.18**	2.04
– From current investments	**2.03**	2.61
c) Other:		
– Liabilities no longer required written back	**0.07**	0.50
– Net gain on foreign exchange transactions and translations	**–**	1.16
– Fair value gain on derivatives financial instruments at fair value through profit or loss	**0.01**	–
– Gain on sale of current investments	**0.64**	0.67
– Gain on sale of property, plant and equipment (net of loss on property, plant and equipment sold / scrapped / written off)	**0.03**	–
– Net gain arising on financial assets designated as at FVTPL	**–**	2.03
Total	**10.85**	15.70

Note 27 - Cost of materials consumed

Particulars	For the year ended March 31, 2018 (Rs. in Crores)	For the year ended March 31, 2017 (Rs. in Crores)
Opening Stock	**128.77**	154.56
Add: Purchases [includes processing charges Rs. 12.75 Crores (2017 Rs. 10.53 Crores)]	**835.58**	690.75
	964.35	845.31
Less: Closing Stock	**141.71**	128.77
Total	**822.64**	716.54

Note 28 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2018 (Rs. in Crores)	For the year ended March 31, 2017 (Rs. in Crores)
Inventories at the end of the year: Steel products		
Finished goods	**13.15**	11.88
Work-in-progress	**12.85**	7.14
Stock-in-trade	**17.65**	13.60
	43.65	32.62
Inventories at the beginning of the year: Steel products		
Finished goods	**11.88**	15.20
Work-in-progress	**7.14**	2.12
Stock-in-trade	**13.60**	10.51
	32.62	27.83
(Increase)/Decrease in Stock	**(11.03)**	(4.79)

Note 29 - Employee benefits expense

Particulars		**For the year ended March 31, 2018**	For the year ended March 31, 2017
		Rs. in Crores	
a)	Salaries and wages	**14.40**	13.70
b)	Contribution to provident and other funds (refer Note 37)	**0.99**	0.86
c)	Share based payments to employees	**1.23**	0.91
d)	Staff welfare expenses	**1.60**	1.29
Total		**18.22**	16.76

Note 30 - Finance costs

Particulars		**For the year ended March 31, 2018**	For the year ended March 31, 2017
		Rs. in Crores	
a)	Usance interest	**1.62**	0.88
b)	Interest on buyers credit	**0.04**	0.01
d)	Other finance cost	**0.63**	0.35
Total		**2.29**	1.24

Analysis of interest expenses by category

Particulars		**For the year ended March 31, 2018**	For the year ended March 31, 2017
		Rs. in Crores	
a)	On financial liability at amortised cost	**1.66**	0.89
b)	On non financial liabilities	**0.63**	0.35
Total		**2.29**	1.24

Note 31 - Other expenses

Particulars		**For the year ended March 31, 2018**	For the year ended March 31, 2017
		Rs. in Crores	
a)	Stores and spares consumed	**1.22**	0.50
b)	Power & fuel oil consumed	**0.95**	0.85
c)	Freight and handling charges	**13.07**	8.89
d)	Repairs and maintenance - Buildings	**0.17**	0.06
e)	Repairs and maintenance - Machinery	**0.72**	0.40
f)	Repairs and maintenance - Others	**0.96**	1.06
g)	Rent	**2.64**	2.60
h)	Rates and taxes	**0.34**	0.46
i)	Excise duty (refer Note 39)	**–**	(0.36)
j)	Insurance charges	**0.47**	0.33
k)	Bad debts written off	**0.02**	0.05
l)	Net loss / (gain) on foreign currency transactions and translation	**0.13**	–
m)	Fair value loss on derivatives financial instruments at fair value through profit or loss	**–**	4.21
n)	Net loss arising on financial assets designated as at FVTPL	**0.05**	–
o)	Auditors' remuneration (refer Note below)	**0.22**	0.32
p)	Legal and professional fees	**1.55**	1.61
q)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013 (refer Note 42)	**1.97**	1.93
r)	Loss on sale of property, plant and equipment (net of gain on property, plant and equipment sold / scrapped / written off)	**–**	0.04
s)	Other general expenses	**6.30**	6.92
Total		**30.78**	29.87

Note

Particulars		**For the year ended March 31, 2018**	For the year ended March 31, 2017
		Rs. in Crores	
Payment to auditors			
To Statutory auditors-			
a)	For audit	**0.22**	0.22
b)	For other services	**–**	0.09
c)	Reimbursement of expenses	**–**	0.01
		0.22	0.32

Note 32 - Contingent liabilities and commitments (to the extent not provided for)

Particulars		**As at March 31, 2018**	As at March 31, 2017
		Rs. in Crores	
Contingent liabilities and commitments (to the extent not provided for):			
(i)	Claims against the Company not acknowledged as debts:		
	Taxation demand for various assessment years, which is being contested by the Company.	–	0.32
	Central Sales Tax (CST) (Gujarat) FY 2010-11	**1.15**	1.15
	Demand for Maharashtra Value Added Tax (MVAT), Gujarat Value Added Tax (GST), Central Sales Tax (CST) (Maharashtra and Gujarat) for the financial year 2010-2011, MVAT and GST, 2011-12 against which appeals have been filed with the appellate authority.	–	2.76
(ii)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**10.96**	13.78
	Other commitments (Refer Note below)		

Note: The Company has given comfort letter to its wholly owned subsidiary Mahindra Electrical Steel Private Limited (MESPL) to provide such financial support as may be required by MESPL from time to time to meet its financial obligations atleast till March 31, 2019.

Note 33 - Value of imports calculated on CIF basis

Rs. in Crores

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials	**317.25**	276.79
Capital goods	**18.11**	0.28

Note 34 - Expenditure in foreign currency

Rs. in Crores

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Repairs and maintenance-Others	–	0.01
Legal and professional fees	**0.21**	–
Miscellaneous expenses	**0.39**	0.40
Interest	**1.51**	0.78
Net loss on foreign currency transactions and translations	**0.13**	–

Note 35 - Details of consumption of imported and indigenous items

Rs. in Crores

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
Raw Material	**Rs. in Crores**	**%**	Rs. in Crores	%
Import	**372.38**	**45**	324.99	45
Indigenous	**450.26**	**55**	391.55	55
	822.64	**100**	716.54	100

Note 36 - Earnings in foreign exchange

Rs. in Crores

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Export of goods on FOB basis	**17.51**	7.19
Commission	**4.72**	4.88
Dividend	–	1.16
Services rendered	**0.93**	0.96
Net gain on foreign exchange transactions and translations	–	1.16

Note 37 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of profit and loss for the year, an amount of Rs. 0.66 Crore (March 31, 2017 Rs. 0.62 Crore) as expenses under defined contribution plans.

Rs. in Crores

Benefit (Contribution to)	For the year ended March 31, 2018	For the year ended March 31, 2017
Provident fund	**0.37**	0.35
Pension fund	**0.17**	0.17
Superannuation fund	**0.12**	0.10
Total	**0.66**	0.62

(b) Defined Benefit Plans:

(i) Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) Post retirement medical benefits:

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on March 31, 2018

Rs. in Crores

	Funded Plan		Unfunded Plans	
	Gratuity		Post retirement medical	
Particulars	**For the year ended March 31,2018**	For the year ended March 31,2017	**For the year ended March 31,2018**	For the year ended March 31,2017
I. Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1. Current / past service cost	**0.30**	0.21	**0.01**	0.01
2. Interest on net defined benefit liability/ (asset)	**0.03**	0.03	**0.03**	0.02
	0.33	0.24	**0.04**	0.03
II. Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets	**(0.02)**	0.01	**–**	–
2. Actuarial (Gain)/Loss on account of:				
– Financial Assumptions	**(0.22)**	0.24	**(0.04)**	–
– Experience Adjustments	**–**	0.11	**0.12**	0.13
	(0.24)	0.36	**0.08**	0.13
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**3.42**	3.30	**0.48**	0.40
2. Fair value of plan assets as at 31st March	**3.54**	2.69	**–**	–
3. Surplus/(Deficit)	**0.12**	(0.61)	**(0.48)**	(0.40)
4. Current portion of the above	**–**	(0.61)	**(0.04)**	(0.04)
5. Non current portion of the above	**0.12**	–	**(0.44)**	(0.36)
IV. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**3.30**	2.48	**0.40**	0.28
2. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**0.29**	0.21	**0.01**	0.01
– Past Service Cost	**0.01**	–	**–**	–
– Interest Expense (Income)	**0.22**	0.19	**0.03**	0.02
3. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actuarial Gain (Loss) arising from:				
i. Financial Assumptions	**(0.22)**	0.24	**(0.04)**	–
ii. Experience Adjustments	**–**	0.11	**0.12**	0.13
4. Benefit payments	**(0.05)**	(0.05)	**(0.04)**	(0.04)
5. Liabilities assumed / (settled) on intra group transfer	**(0.13)**	0.12	**–**	–
6. Present value of defined benefit obligation at the end of the year	**3.42**	3.30	**0.48**	0.40
V. Change in fair value of assets during the year ended March 31				
1. Fair value of plan assets at the beginning of the year	**2.69**	2.08		
2. Interest on plan assets	**0.19**	0.16		
3. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actual Return on plan assets in excess of the expected return	**0.02**	(0.01)		
4. Contributions by employer (including benefit payments recoverable)	**0.69**	0.39	**0.04**	0.04
5. Benefit paid	**(0.05)**	(0.05)	**(0.04)**	(0.04)
6. Assets aquired / (settled) on intra group transfer	**–**	0.12		
7. Fair value of plan assets at the end of the year	**3.54**	2.69	**–**	–
VI. The Major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds	**3.54**	2.69	**–**	–
VII. Actuarial assumptions				
1. Discount rate	**7.85%**	7.05%	**7.85%**	7.05%
2. Medical premium inflation	**–**	–	**6%**	6%
3. Rate of increase in compensation levels	**10%**	10%	**10%**	10%
4. Mortality table	IALM (2006-08) ult	IALM (2006-08) ult	IALM (2006-08) ult	IALM (2006-08) ult

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

(c) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

			Impact on defined benefit obligation	
Principal assumptions	**Year**	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2018**	**1%**	**3.18**	**3.71**
	2017	1%	3.05	3.60
Salary growth rate	**2018**	**1%**	**3.70**	**3.18**
	2017	1%	3.59	3.05

Post retirement medical benefits

The benefit obligation results for the cost of paying hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

			Impact on defined benefit obligation	
Principal assumption	**Year**	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2018**	**1%**	**0.44**	**0.52**
	2017	1%	0.37	0.45
Medical inflation rate	**2018**	**1%**	**0.52**	**0.44**
	2017	1%	0.45	0.37

Note 37 - Employee benefits (continued)

(d) Expected contributions for the next year:

The Company expects to contribute Rs. 0.30 Crores to the gratuity trusts during the next financial year of 2019.

(e) Expected future benefits payable:

Gratuity

Rs. in Crores

Maturity profile of defined benefit obligation:	**As at March 31, 2018**	As at March 31, 2017
Within 1 year	**0.26**	0.23
1 - 2 year	**0.55**	0.24
2 - 3 year	**0.24**	0.50
3 - 4 year	**0.33**	0.22
4 - 5 year	**0.25**	0.30
5 - 9 years	**1.19**	1.38
10 years and above	**4.07**	3.84

Post retirement medical benefits

Rs. in Crores

Maturity profile of defined benefit obligation:	**As at March 31, 2018**	As at March 31, 2017
Within 1 year	**0.04**	0.04
1 - 2 year	**0.05**	0.03
2 - 3 year	**0.05**	0.03
3 - 4 year	**0.04**	0.03
4 - 5 year	**0.04**	0.03
5 - 9 years	**0.13**	0.10
10 years and above	**0.92**	0.78

Note 38 - Segment Reporting

The company has a single segment namely steel processing having operations mainly in India. As such there is no other separate reportable segment as defined by Ind As 108 on segment reporting.

Note 39 - Excise duty

Excise duty disclosed under “Other Expenses” (refer Note 31) represents the difference between the excise duty on opening stock and closing stock of finished goods.

Note 40 - Related party transactions:

Related party disclosures as required by Ind AS-24 “Related Party Disclosures” are given below:

(A) List of Related Parties:

Ultimate Holding Company	
M & M	Mahindra & Mahindra Limited
Holding Company	
MVML	Mahindra Vehicle Manufacturers Limited
Subsidiary Companies	
MESPL	Mahindra Electrical Steel Private Limited
MMESS	Mahindra MiddleEast Electrical Steel Service Centre (FZC)
MSSCL	Mahindra Steel Service Centre Limited
MASPL	Mahindra Auto Steel Private Limited
MMSTC	Mahindra MSTC Recycling Private Limited

Key Managerial Personnel

	Mr. Sumit Issar, Managing Director
	Mr. Zhooben Bhiwandiwala, Executive Director

Company which is associate of ultimate holding Company

MCIE	Mahindra CIE Automotive Limited

Company which is joint venture of ulitmate holding Company

MLL	Mahindra Logistics Limited (upto 30th September, 2017)

Other parties with whom transactions have taken place during the year

Fellow Subsidiaries:

MHRIL	Mahindra Holidays & Resorts India Limited
MRL	Mahindra Retail Private Limited
MBPO	Mahindra Integrated Business Solutions Private Limited
NBS	NBS International Limited
MFCWL	Mahindra First Choice Wheels Limited
MECP	Mahindra Engineering & Chemical Products Limited
MLDL	Mahindra Lifespace Developers Limited
MRDL	Mahindra Residential Developers Limited
MHPL	Mahindra Homes Private Limited
MWCDL	Mahindra World City Developers Limited - Chennai
MLL	Mahindra Logistics Limited (w.e.f. 1st October, 2017)

(B) Disclosure of transactions between the Company and related parties during the year ended March 31, 2018.

(a) **(Receipt/income)/Expenditure/payment** (Rs. in Crores)

Particulars	Ultimate Holding Company		Holding Company		Subsidiary Companies		Fellow Subsidiaries		Company which is associate of ultimate holding Company		Company which is joint venture of ulitmate holding Company	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Purchase of finished goods	–	–	–	–	**4.56**	3.11	–	–	*	–	–	–
Purchase of Property, plant & equipment	**0.12**	0.06	–	–	–	*	–	–	–	–	–	–
Purchase of Property, plant & equipment (CWIP)	**0.10**	–	–	–	–	–	–	–	–	–	–	–
Sale of Property, plant & equipment	–	–	–	–	**0.10**	0.06	**0.01**	–	–	–	–	–
Processing charges paid	–	–	–	–	**13.06**	10.53	–	–	–	–	–	–
Sale of finished goods **	**180.76**	172.80	**123.93**	90.27	**14.67**	10.77	–	–	**60.99**	38.36	–	–
Management Fees **	–	–	–	–	**3.72**	3.03	–	–	–	–	–	–
Deputation of personnel to related parties	**0.21**	0.20	–	–	**0.98**	0.73	**0.02**	0.02	–	–	–	–
Deputation of personnel from related parties	**0.09**	0.04	–	–	**0.53**	0.20	–	–	–	–	–	–
Other income	–	0.17	–	–	**0.75**	0.06	**0.08**	–	–	–	–	–
Other expenses	**3.58**	3.66	–	–	**0.23**	0.42	**0.69**	0.04	**0.07**	0.06	**0.13**	0.20
Reimbursement received from parties	**0.04**	0.04	–	–	**0.07**	0.96	*	*	–	–	–	–
Reimbursement made to parties	**0.48**	0.59	–	–	–	0.07	**0.08**	–	–	–	–	0.03
Interest received	–	–	–	–	**0.02**	0.02	**1.09**	0.64	–	–	–	–
Dividend received	–	–	–	–	**1.18**	2.04	–	–	–	–	–	–
Inter corporate deposits placed	–	–	–	–	–	–	**30.00**	10.00	–	–	–	–
Inter corporate deposits refunded by parties	–	–	–	–	–	–	**40.00**	–	–	–	–	–
Other Deposits placed	–	–	–	–	**0.11**	0.05	–	–	**0.02**	0.02	–	–
Investment in Equity Shares	–	–	–	–	**7.70**	3.35	–	–	–	–	–	–
Redemption of Debentures	–	–	–	–	–	–	–	–	–	–	–	–
Refund of Deposit	–	–	–	–	**0.07**	0.05	–	–	–	–	–	–
Dividend on equity shares paid during the current year	–	–	**19.92**	19.92	–	–	–	–	–	–	–	–

** excluding taxes

(b) Transactions with Key Management Personnel:

	As at March 31,2018 Rs. in Crores	As at March 31,2017 Rs. in Crores
Managerial Remuneration		
Mr. Sumit Issar, Managing Director @	**1.54**	1.00
Mr. Zhooben Bhiwandiwala, Executive Director	**0.33**	0.29

(c) Outstanding receivables:

	As at March 31,2018 Rs. in Crores	As at March 31,2017 Rs. in Crores
From Ultimate Holding Company	**–**	3.25
From Holding Company	**4.11**	2.33
From Subsidiary Companies (including Inter-corporate Deposits & Interest thereon)	**2.36**	2.02
From Fellow subsidiaries (including Inter-corporate Deposits & Interest thereon)	**0.04**	10.07
From Company which is associate of ultimate holding Company	**14.19**	7.79

(d) Outstanding payables:

	As at March 31,2018 Rs. in Crores	As at March 31,2017 Rs. in Crores
To Ultimate Holding Company	**1.81**	–
To Fellow Subsidiaries	**0.27**	*
To Subsidiary Companies	**0.24**	0.08
To Company which is joint venture of ulitmate holding Company	**–**	0.06
To Key Managerial Personnel		
Mr. Sumit Issar, Managing Director	**–**	–
Mr. Zhooben Bhiwandiwala, Executive Director	**0.33**	0.29

@ Excludes provision for gratuity, compensated absences and post retirement medical benefits, which is determined on the basis of actuarial valuation done on overall basis for the Company.

(e) Disclosure of transactions between the Company and related parties during the year ended March 31, 2018:

Rs. in Crores

	Subsidiary Companies						Fellow Subsidiaries											
Particulars	**MMESS**	**MSSCL**	**MESPL**	**MASPL**	**MMSTC**	**TOTAL**	**MHRIL**	**MRL**	**MBPO**	**NBS**	**MFCWL**	**MECP**	**MLDL**	**MRDL**	**MHPL**	**MWCDL**	**MLL**	**TOTAL**
Purchase of finished goods	–	**3.72**	–	**0.84**	–	**4.56**	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(1.53)	(–)	(1.58)	(–)	(3.11)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Purchase of Property, plant & equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(*)	(–)	(–)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Sale of Property, plant & equipment	–	–	–	–	**0.10**	**0.10**	–	–	–	–	**0.01**	–	–	–	–	–	–	**0.01**
	(–)	(0.06)	(–)	(–)	(*)	(0.06)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Processing charges paid	–	**13.06**	–	–	–	**13.06**	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(10.53)	(–)	(–)	(–)	(10.53)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Sale of finished goods **	–	**12.36**	–	**2.31**	–	**14.67**	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(9.87)	(–)	(0.90)	(–)	(10.77)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Management Fees **	**0.93**	**2.23**	–	**0.56**	–	**3.72**	–	–	–	–	–	–	–	–	–	–	–	–
	(0.95)	(1.66)	(–)	(0.42)	(–)	(3.03)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Deputation of personnel to related parties	–	**0.48**	–	**0.16**	**0.34**	**0.98**	–	–	–	–	–	**0.02**	–	–	–	–	–	**0.02**
	(–)	(0.51)	(–)	(0.14)	(0.08)	(0.73)	(–)	(–)	(–)	(–)	(–)	(0.02)	(–)	(–)	(–)	(–)	(–)	(0.02)
Deputation of personnel from related parties	–	**0.17**	–	–	**0.36**	**0.53**	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.20)	(–)	(–)	(–)	(0.20)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Other income	–	**0.75**	–	–	–	**0.75**	–	–	–	–	–	–	**0.05**	**0.01**	**0.02**	*	–	**0.08**
	(–)	(0.06)	(–)	(*)	(–)	(0.06)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Other expenses	–	–	–	**0.23**	–	**0.23**	**0.01**	**0.07**	**0.01**	**0.03**	–	–	–	–	–	–	0.57	**0.69**
	(–)	(–)	(–)	(0.38)	(0.04)	(0.42)	(0.01)	(–)	(0.01)	(0.02)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.04)
Reimbursement received from parties	**0.02**	**0.02**	–	**0.00**	**0.03**	**0.07**	–	*	–	–	–	–	–	–	–	–	–	*
	(0.05)	(0.11)	(–)	(0.03)	(0.77)	(0.96)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(*)
Reimbursement made to parties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.08	**0.08**
	(–)	(0.07)	(–)	(–)	(–)	(0.07)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Interest received	–	–	**0.02**	–	–	**0.02**	–	**1.09**	–	–	–	–	–	–	–	–	–	**1.09**
	(–)	(–)	(0.02)	(–)	(–)	(0.02)	(–)	(0.64)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.64)

Rs. in Crores

Particulars		Subsidiary Companies						Fellow Subsidiaries											
		MMESS	MSSCL	MESPL	MASPL	MMSTC	TOTAL	MHRIL	MRL	MBPO	NBS	MFCWL	MECP	MLDL	MRDL	MHPL	MWCDL	MLL	TOTAL
Dividend Received.......................		–	**0.41**	–	**0.77**	–	**1.18**	–	–	–	–	–	–	–	–	–	–	–	–
		(1.16)	(0.71)	(–)	(0.17)	(–)	(2.04)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Inter corporate deposits placed.....		–	–	–	–	–	–	–	**30.00**	–	–	–	–	–	–	–	–	–	**30.00**
		(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.00)
Inter corporate deposits refunded by parties		–	–	–	–	–	–	–	**40.00**	–	–	–	–	–	–	–	–	–	**40.00**
		(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Other Deposits placed..................		–	**0.04**	–	**0.06**	**0.01**	**0.11**	–	–	–	–	–	–	–	–	–	–	–	–
		(–)	(0.04)	(–)	(0.01)	(–)	(0.05)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Investment in Equity Shares		–	–	**0.20**	–	**7.50**	**7.70**	–	–	–	–	–	–	–	–	–	–	–	–
		(–)	(–)	(0.25)	(–)	(3.10)	(3.35)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Refund of Deposit		–	**0.02**	–	**0.04**	**0.01**	**0.07**	–	–	–	–	–	–	–	–	–	–	–	–
		(–)	(0.04)	(–)	(0.01)	(–)	(0.05)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Outstanding receivables (including Inter corporate deposit & interest thereon)	As at March 31,2018	**0.24**	**1.17**	**0.02**	**0.93**	–	**2.36**	–	–	–	–	–	*	**0.03**	*	**0.01**	*	–	**0.04**
	As at March 31,2017	(0.24)	(1.71)	(0.02)	–	(0.05)	(2.02)	(–)	(10.07)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.07)
Outstanding payables...................	As at March 31,2018	–	–	–	–	**0.24**	**0.24**	–	**0.02**	*	*	–	–	–	–	–	–	**0.25**	**0.27**
	As at March 31,2017	(–)	(–)	(–)	(0.08)	(–)	(0.08)	(–)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(*)

* Represents amount less than Rs. 1 lakh

** excluding taxes

Note: Previous year's figures are in brackets

No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.

3. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 41 - Earnings per share:

Rs. in Crores

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic / Diluted		
Profit after tax for the year (Rs in Crores)	**62.33**	59.67
Weighted average number of shares Basic (B)	**16,600,007**	16,600,007
Earnings per share Basic/Diluted (Rupees) (A/B)	**37.55**	35.95
Nominal value of equity share (Rupees)	**10.00**	10.00

Note 42 - Corporate social responsibility

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 1.97 Crores (FY 2017 Rs. 1.93 Crores). CSR amount spent during the year is Rs. 1.97 Crores (FY 2017 Rs. 1.93 Crores).

Note 43 - Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the Company on the exercise date less the Face Value of the Equity Share of the Company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Schemes

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended 31st March 2013, 31st March 2014, 31st March, 2015, 31st March 2016, 31st March 2017 and 31st March 2018.

Details of stock appreciation rights outstanding as on March 31, 2018

Rs. in Crores

Particulars	Number of shares	Grant date	Expiry date	Exercise price (In Rs.)	Fair value at grant date (In Rs.)
Cash settled					
F'14 grants	913	28/01/2014	28/01/2022	10	85.17
F'15 grants	46,385	28/01/2015	28/01/2022	10	83.83
F'15 grants	46,379	28/01/2015	28/01/2023	10	83.83
F'16 grants	6,335	28/01/2016	28/01/2022	10	84.51
F'16 grants	6,336	28/01/2016	28/01/2023	10	84.51
F'16 grants	3,293	28/01/2016	28/01/2024	10	84.51
F'17 grants	3,869	28/01/2017	28/01/2022	10	108.75
F'17 grants	3,870	28/01/2017	28/01/2023	10	108.75
F'18 grants	2,784	27/04/2017	28/02/2022	10	108.75
F'18 grants	2,784	27/04/2017	28/02/2023	10	108.75
F'18 grants	2,784	27/04/2017	28/02/2024	10	108.75
F'18 grants	2,786	27/04/2017	28/02/2025	10	108.75
F'18 grants	213	02/08/2017	28/02/2022	10	108.75
F'18 grants	213	02/08/2017	28/02/2023	10	108.75
F'18 grants	213	02/08/2017	28/02/2024	10	108.75
F'18 grants	215	02/08/2017	28/02/2025	10	108.75
F'18 grants	4,384	06/02/2018	28/02/2022	10	108.75
F'18 grants	4,384	06/02/2018	28/02/2023	10	108.75
F'18 grants	4,384	06/02/2018	28/02/2024	10	108.75
F'18 grants	4,384	06/02/2018	28/02/2025	10	108.75
F'18 grants	4,385	06/02/2018	28/02/2026	10	108.75

Movement in Stock appreciation rights

	Particulars	Number of shares
1	The number of share options outstanding at the beginning of the year	187,475
2	Granted during the period	36,910
3	Forfeited during the year	3,699
4	Exercised during the period	69,393
5	Outstanding at the end of the period	151,293

Stock Appreciation Right's exercised during the year

Particulars	Number of SAR's	Exercised date	Share price at exercise date (In Rs.)
Cash settled			
F'13 grants	1,152	15/03/2018	175.88
F'14 grants	916	15/03/2018	175.88
F'15 grants	46,385	15/03/2018	175.88
F'16 grants	6,335	15/03/2018	175.88
F'17 grants	11,608	15/03/2018	175.88
F'18 grant	2,784	15/03/2018	175.88
F'18 grant	213	15/03/2018	175.88

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

	Particulars	Cash settled share appreciation rights
1	Share price (In Rs.)	175.88
2	Exercise price (In Rs.)	10
3	Expected volatility (weighted-average)	9.87%
4	Expected life / Option Life (weighted-average)	6.51
5	Expected dividends yield	5.86%
6	Risk-free interest rate (based on government bonds)	6.79%

Note 44 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

[A] CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables: Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit. At 31 March 2018, the Company had 19 customers that owed the Company more than Rs. 2.00 Crores each and accounted for approximately 90% of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits: Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual funds or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rs. in Crores

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities						
March 31, 2018						
Non-interest bearing	**149.32**	**–**	**–**	**–**	**149.32**	**149.32**
Variable interest rate instruments *	**22.91**	**–**	**–**	**–**	**22.91**	**22.91**
Total	**172.23**	**–**	**–**	**–**	**172.23**	**172.23**
March 31, 2017						
Non-interest bearing	99.03	–	–	–	99.03	99.03
Variable interest rate instruments *	84.68	–	–	–	84.68	84.68
Total	183.71	–	–	–	183.71	183.71

**** Effective interest rate is 2.10% (FY 2017 1.5%)***

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 0.23 Crore for the year ended March 31, 2018 (Rs. 0.85 Crore for the year ended 31 March, 2017)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 0.23 Crore for the year ended March 31, 2018 (Rs. 0.85 Crore for the year ended 31 March, 2017)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Crores

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
March 31, 2018						
Non-interest bearing	**263.34**	**–**	**–**	**–**	**263.34**	**263.34**
Variable interest rate instruments	**–**	**–**	**–**	**0.15**	**0.15**	**0.15**
Fixed interest rate instruments	**97.13**	**–**	**–**	**–**	**97.13**	**96.00**
Total	**360.47**	**–**	**–**	**0.15**	**360.62**	**359.49**
March 31, 2017						
Non-interest bearing	285.01	–	–	–	285.01	285.01
Variable interest rate instruments	–	–	–	0.14	0.14	0.14
Fixed interest rate instruments	100.57	13.27	–	–	113.84	111.65
Total	385.58	13.27	–	0.14	398.99	396.80

**** Effective interest rate is 6.85%***

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Liquidity analysis for its derivative financial instruments

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above
Derivative financial instruments				
March 31, 2018				
Gross settled:				
– foreign exchange forward contracts - assets	0.01	–	–	–
March 31, 2017				
Gross settled:				
– foreign exchange forward contracts - liabilities	4.83	–	–	–

(v) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2018	As at March 31, 2017
Bank Overdraft/ WCDL facility	**27.39**	27.23
Non-Fund Based facility: (LC, BG, LUT, LER)	**219.68**	229.89

Note 44 - Financial Instruments (Continued)

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for contracted purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges, the derivatives covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Amounts in Crores

Particulars	Currency	**As at March 31, 2018**	As at March 31, 2017
Buyers credit	USD	**–**	0.07
Trade Payables	USD	**1.06**	1.41
Capital advance	EURO	**–**	0.02
Payable for Property, plant and equipment	EURO	**0.02**	–
	JPY	**0.25**	
Trade Receivable	USD	**0.11**	–
Receivable towards commission	USD	**–**	0.03
	EURO	**#**	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Amounts in Crores

Particulars	Currency	**As at March 31, 2018**	As at March 31, 2017
Trade Payables	USD	**1.04**	0.46
Payable for Property, plant and equipment	EURO	**0.02**	–
	JPY	**0.25**	–
Trade Receivable	USD	**0.11**	–
Receivable towards commission	USD	**–**	0.03
	EURO	**#**	–

Represents amount EURO 6,369.83

(ii) Interest rate risk

Refer comment given above in maturities of financial liabilities under liquidity risk.

(iii) Raw material price risk

The Company dose not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

Note 45 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

"Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
  - interest rates and yield curves observable at commonly quoted intervals
  - implied volatilities
  - credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs. in Crores

	Fair value hierarchy as at March 31, 2018			
Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**–**	**222.59**	**–**	**222.59**
– Cash and cash equivalents	**–**	**63.98**	**–**	**63.98**
– deposits and similar assets	**–**	**0.15**	**–**	**0.15**
– Inter Corporate Deposits	**–**	**25.00**	**–**	**25.00**
– Interest receivable	**–**	**2.32**	**–**	**2.32**
– Others.........................	**–**	**2.23**	**–**	**2.23**
Total	**–**	**316.27**	**–**	**316.27**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2018 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
– Short term deposits....	**–**	**1.18**	**–**	**1.18**
– trade and other payables.....................	**–**	**170.09**	**–**	**170.09**
Total	**–**	**171.27**	**–**	**171.27**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2017 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables.................	–	216.01	–	216.01
– Cash and cash equivalents.................	–	96.23	–	96.23
– deposits and similar assets.........................	–	0.14	–	0.14
– Inter Corporate Deposits.....................	–	10.00	–	10.00
– Interest receivable	–	2.93	–	2.93
– Others.........................	–	0.67	–	0.67
Total	–	325.98	–	325.98
Financial liabilities				
Financial liabilities held at amortised cost				
– Buyer's credit.............	–	4.53	–	4.53
– Short term deposits....	–	0.78	–	0.78
– trade and other payables.....................	–	177.65	–	177.65
Total	–	182.96	–	182.96

Financial assets/ financial liabilities measured at fair value

Financial assets/ financial liabilities measured at Fair value	Fair value as at As at 31 March, 2018	As at 31 March, 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Mutual fund investments	**30.04**	57.55	Level 2	Net assets value declared by the respective asset management companies	NA	NA
2) Investment in optionally convertible debentures	**13.18**	13.27	Level 2	Cost approach is used. Valuation of OCD has been done by using Net asset value method.	NA	NA
Other financial assets						
Foreign currency forward contracts	**0.01**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**43.23**	70.82				
Financial liabilities						
Other financial liabilities						
Foreign currency forward contracts	–	4.83	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Cash-settled share-based payments	**0.96**	0.75	Level 2	The Black-Scholes model. Inputs used: Current Stock Price of the base instrument, Annual Volalility based on Sensex, Risk Free Return based on Zero Coupon Yield, Exercise Price, time to option maturity, dividend yield.		
Total financial liabilities	**0.96**	5.58				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note 46 - Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Note 47 - Details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30,2016.

Amount in Rupees

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	39,000	5,873	44,873
(+) Permitted receipts	–	150,236	150,236
(-) Permitted payments	–	93,834	93,834
(-) Amount deposited in Banks	39,000	–	39,000
Closing cash in hand as on December 30, 2016	**–**	**62,275**	**62,275**

Note 48 - Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's Registration
No: 101248 W/W-100022

Jayesh T Thakkar
Partner
MEMBERSHIP NO: 113959

Place: Mumbai
Date: 27 April, 2018

For and on behalf of board of directors
Mahindra Intertrade Limited
CIN: U51900MH1978PLC020222

DIN: 00110373	**Zhooben Bhiwandiwala**	Executive Vice-Chairman
DIN: 06951249	**Sumit Issar**	Managing Director
DIN: 00104817	**Rajeev Dubey**	Directors
DIN: 00374944	**Parag Shah**	Directors
DIN: 00492930	**Ashok Kumar Barat**	Directors
	Percy Mahernosh	Chief Financial Officer
CS– 29447	**Romali Malvankar**	Company Secretary

Place: Mumbai
Date: 27 April, 2018

Form No. AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. crores)

Sr. No.	Name of the subsidiary	1	2	3	4	5
		Mahindra Steel Service Centre Limited	**Mahindra Auto Steel Private Limited**	**Mahindra Electrical Steel Private Limited**	**Mahindra Middle East Electrical Steel Service Centre[FZC]**	**Mahindra MSTC Recycling Private Limited**
1.	The date since when subsidiary was acquired	11th November, 2009	12th December, 2013	10th June, 2009	8th August, 2004	16th December, 2016
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
3.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	INR	INR	Reporting currency: USD Exchange Rate INR 64.92/1 USD	INR
4.	Share capital	16.54	68.50	0.50	3.57	21.20
5.	Reserves & surplus	88.95	21.36	(2.07)	26.84	(3.60)
6.	Total assets	235.51	121.99	7.38	62.32	19.34
7.	Total Liabilities	235.51	121.99	7.38	62.32	19.34
8.	Investments	–	6.96*	–	–	–
9.	Turnover	278.41	90.12	–	68.91	0.57
10.	Profit before taxation	13.26	18.16	(1.17)	0.02	(2.49)
11.	Provision for taxation	5.12	5.41	(0.31)	–	0.12
12.	Profit after taxation	8.14	12.75	(0.86)	0.02	(2.61)
13.	Total comprehensive income	8.15	12.75	(0.86)	0.02	(2.65)
14.	Proposed Dividend	2.65	4.11	–	–	–
15.	% of shareholding	61%	51%	100%	90%	50%
Names of subsidiaries which are yet to commence operations						
1.	Mahindra Electrical Steel Private Limited					
2.	Mahindra MSTC Recycling Private Limited					
Names of subsidiaries which have been liquidated or sold during the year- Nil						

* comprises investment of current nature

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures: N.A.

1) Latest audited Balance Sheet Date –N.A.
2) Date on which the Associate or Joint Venture was associated or acquired–N.A.
3) Shares of Associate/Joint Ventures held by the company on the year end–N.A.
   - Number
   - Amount of Investment in Associates/Joint Venture
   - Extend of Holding %
4) Description of how there is significant influence–N.A.
5) Reason why the associate/ joint venture is not consolidated–N.A.
6) Networth attributable to Shareholding as per latest audited Balance Sheet–N.A.
7) Profit/Loss for the year–N.A.
   - Considered in Consolidation
   - Not Considered in Consolidation

1. **Names of associates or joint ventures which are yet to commence operations –** N.A.
2. **Names of associates or joint ventures which have been liquidated or sold during the year –** N.A.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors of
Mahindra Intertrade Limited

Zhooben Bhiwandiwala
Executive Vice-Chairman

Sumit Issar
Managing Director

Rajeev Dubey
Director

Parag Shah
Director

Ashok Kumar Barat
Additional (Independent) Director

Percy Mahernosh
Chief Financial Officer

Romali M. Malvankar
Company Secretary

Mumbai, 27th April, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Fifth Report, together with the audited financial statements of your Company, for the year ended 31st March, 2018

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	Year ended 31st March	
	2018	2017
Income	**27,840.68**	24,436.21
Profit before depreciation, interest and taxation	**2,467.53**	1,735.45
Less: Depreciation	**945.78**	908.94
Profit before interest and taxation	**1,521.75**	826.51
Less: Finance costs	**195.07**	294.14
Profit before tax	**1,326.68**	532.37
Less: Provision for taxation:		
- Current tax	**561.02**	267.74
- Deferred tax	**(48.79)**	(71.50)
Profit for the year after tax	**814.45**	336.13
Add: Other Comprehensive Income	**0.07**	(5.34)
Total Comprehensive Income for the year	**814.52**	330.79
Add: Balance of Profit of earlier years	**3,966.14**	3,774.70
Less: Dividend Paid for Previous year	**67.81**	115.78
Less: Income Tax on Dividend paid	**13.81**	23.57
Balance Carried Forward	**4,699.04**	3,966.14
Net Worth	**10,528.61**	**9,795.71**

Your Company's income for the year was Rs. 27,840.68 lakhs against Rs 24,436.21 lakhs in the previous year. Total Comprehensive Income (after tax) for the year was consequently higher at Rs. 814.45 lakhs against Rs 330.79 lakhs in the previous year, primarily due to strong performance of the electrical steel division coupled with higher auto steel processing volumes.

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

OPERATIONS

The electrical steel division turned in a strong performance during the year, based on robust demand from key customers. Demand from domestic auto industry has also picked up during the year.

The home appliance segment continued to show an improvement through addition of new customers.

The Company does not have subsidiaries, joint ventures or associates.

DIVIDEND

Your Directors recommend a dividend @ 16% on its equity shares, i.e. Rs. 1.60 per equity share on 1,65,39,759 fully paid-up equity shares of Rs. 10 each aggregating Rs. 2.65 crores.

If approved by the Members at the ensuing Annual General Meeting, the above dividend will be paid to those Members whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. 20th June, 2018, the date of the Annual General Meeting of the Company.

The dividend for the year, together with income tax thereon, will absorb a sum of Rs. 319.04 Lakhs as against Rs. 81.62 Lakhs paid for the previous year. The Board of your Company has decided not to transfer any amount to the General Reserve for the year under review.

Your Directors have not paid any interim Dividend during the year. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

CURRENT YEAR

During the current year, your Company expects an increase in demand in the auto and home appliance verticals, while sustaining performance in the electrical vertical.

HUMAN RESOURCES

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom its next generation of leaders.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks, which may impact the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to financial statements commensurate with the size, scale and complexity of its operations. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of the Companies Act, 2013.

An Annual Report on Corporate Social Responsibility activities is attached as **Annexure I** and forms part of this Report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year under review, no complaints were received by the said Committee.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and policy for remuneration of directors, key managerial personnel and other employees.

These policies are provided as **Annexure II** and form part of this Report.

AWARDS

Your Company has been the recipient of the following awards during the year.

(a) Kaizen award (1st Rank) in 'Environment' stream at CII, 10th National Cluster Summit at New Delhi on 6th December 2017.

(b) Championship award (3rd Rank) in 'Zero Effect' in Sustainability stream at CII, 10th National Cluster Summit at New Delhi on 6th December 2017.

(c) Best subcontractor award (trophy) & certificate to MSSCL Bhopal by M/s BHEL on 30th November 2017.

(d) Best kaizen award by CII Madhya Pradesh at state level kaizen competition on 24th November 2017.

(e) Appreciation award in Championship case study in 'Productivity across value chain' stream at CII, 10th National Cluster Summit at New Delhi on 6th December 2017.

SHARE CAPITAL

As at 31st March, 2018, the authorized equity share capital of your Company was Rs. 17,00,00,000 divided into 1,70,00,000 equity shares of Rs 10 each and the paid up equity share capital was Rs. 16,53,97,590, divided into 1,65,39,759 equity shares of Rs 10 each, fully paid up. There was no change in the share capital of your Company during the year.

BOARD OF DIRECTORS

Composition:

Presently, the Board comprises of the following Directors:

Name of the Director and DIN	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Rajeev Dubey (00104817)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Sumit Issar (06951249)	Managing Director	Executive Director	Non-Independent Director
Mr. Vijay Arora (07347126)	Director	Non-Executive Director	Non-Independent Director
Mr. Shimpei Asada (07800080)	Director	Non-Executive Director	Non-Independent Director
Mr. Toyokazu Makino (06626817)	Additional Director	Non-Executive Director	Non-Independent Director
Mr. P. R. Barpande (00016214)	Director	Non-Executive Director	Independent Director
Mr. Ajay Mehta (07102804)	Director	Non-Executive Director	Independent Director

Mr. Kenichiro Watanabe (DIN: 07246188) resigned as a Director with effect from 4th August, 2017.

Mr. Toyokazu Makino (DIN: 06626817) was appointed as an Additional Director with effect from 4th August, 2017. He holds office as a Director up to the date of the forthcoming Annual General Meeting.

Your Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from Mahindra Intertrade Limited, Member of the Company, for proposing the candidature of Mr. Toyokazu Makino as a Director of the Company at the forthcoming Annual General Meeting.

Mr. Yota Suwa (DIN: 08024648) was appointed as an Alternate Director to Mr. Toyokazu with effect 29th January, 2018 and he ceased to be his Alternate Director w.e.f. 26th April, 2018.

Your Board places on record its sincere appreciation for the services rendered by Mr. Kenichiro Watanabe and Mr. Yota Suwa during their tenure as the Directors of your Company.

Mr. Vijay Arora (DIN: 07347126) would retire by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

Pursuant to Section 149 the Companies Act, 2013 and based on the performance evaluation, Mr. P. R. Barpande and Mr. Ajay Mehta, have been re-appointed as the Independent Directors of the Company with effect from 31st March, 2018 for the period of 4 and 5 years respectively, by way of special resolution passed at the Extra-Ordinary General Meeting held on 29th January, 2018 and they would not be liable to retire by rotation.

Mr. P. R. Barpande and Mr. Ajay Mehta in the opinion of the Board, are the persons with integrity and possess relevant expertise and experience and have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Your Directors have wide experience in business related to trading, finance and general corporate management.

Board Meetings and Annual General Meeting

Five Board Meetings were held during the year, i.e., on 26th April, 2017, 4th August, 2017, 12th October, 2017, 29th January, 2018 and 26th March, 2018 All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days. The 24th Annual General Meeting of the Company was held on 23rd June, 2017 and an Extraordinary General Meeting was held on 29th January, 2018.

The attendance of the Directors at the Board Meetings of the Company were as under:

Sr. No.	Name of the Director	Number of Board Meetings attended
1	Mr. Rajeev Dubey	5
2	Mr. Sumit Issar	5
3	Mr. Vijay Arora	4
4	Mr. P. R. Barpande	5
5	Mr. Ajay Mehta	5
6	Mr. Kenichiro Watanabe (up to 4th August, 2017)	1
7	Mr. Shimpei Asada (w.e.f. 26th April, 2017)	5
8	Mr. Toyokazu Makino – Additional Director (w.e.f. 4th August, 2017)	2
9	Mr. Yota Suwa – Alternate Director to Mr. Toyokazu Makino (From 29th January, 2018 to 26th April, 2018)	1

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 29th January, 2018 without the presence of the Chairman, Managing Director, other Non-Executive Directors, Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss the matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of Section 178 of the Companies Act 2013, the Nomination and Remuneration Committee carried out the evaluation of the performance of individual Directors. Feedback was sought from the Committee Members through a structured evaluation questionnaire covering various aspects such as attendance record, skills, experience, level of preparedness, knowledge on Company's business/activities, understanding of industry and global trends, etc.

As per the provisions of Schedule IV of the Companies Act, 2013, the Board evaluated the performance of Independent Directors, excluding the Director being evaluated, through a structured questionnaire, encompassing the variety of questions that would assist in evaluation.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on a representation received from operating management, and after due enquiry, confirm that:

(a) In the preparation of annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed and there were no departures;

(b) they have selected accounting policies in consultation with the statutory auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared annual accounts on a going concern basis;

(e) they have laid down internal financial controls. They have also assessed the adequacy of the Company's internal financial controls over financial reporting as of 31st March, 2018 and have found them to be adequate and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors and Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations from Members of the Board, Senior Management and Employees, affirming compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of the following Directors as its Members:

Name of the Member	Designation
Mr. Rajeev Dubey	Chairman
Mr. P. R. Barpande	Member
Mr. Ajay Mehta	Member

Four Meetings of the Committee were held during the year, i.e. on 26th April, 2017, 4th August, 2017, 12th October, 2017 and 29th January, 2018.

The details of attendance of the Members at the Audit Committee Meetings of the Company were as under:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Rajeev Dubey	4
2	Mr. P. R. Barpande	4
3	Mr. Ajay Mehta	4

All the recommendations of the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board comprises of the following Directors as its Members:

Name of the Member	Designation
Mr. P. R. Barpande	Chairman
Mr. Rajeev Dubey	Member
Mr. Ajay Mehta	Member
Mr. Shimpei Asada	Member

Three Meetings of the Committee were held during the year, i.e. on 26th April, 2017, 4th August, 2017 and 29th January, 2018.

The details of attendance of the members at the Nomination and Remuneration Committee meetings of the Company are as under:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. P. R. Barpande	3
2	Mr. Rajeev Dubey	3
3	Mr. Ajay Mehta	3
4	Mr. Shimpei Asada	2

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board comprises of the following Directors as its Members:

Sr. No.	Name of the Member	Designation
1	Mr. Rajeev Dubey	Chairman
2	Mr. P. R. Barpande	Member
3	Mr. Sumit Issar	Member
4	Mr. Shimpei Asada	Member

Two Meetings of the Committee were held during the year i.e. on 26th April, 2017 and 12th October, 2017.

The details of attendance of the members at the Corporate Social Responsibility Committee meeting of the Company are as under:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Rajeev Dubey	2
2	Mr. P. R. Barpande	2
3	Mr. Sumit Issar	2
4	Mr. Shimpei Asada	1

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 2(51) and section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014, the following are the Key Managerial Personnel of the Company:

(1) Mr. Sumit Issar, Managing Director.

(2) Mr. Jitendra Rahate, Chief Financial Officer.

(3) *Ms. Romali Malvankar, Company Secretary (Appointed w.e.f. 26th April, 2018)

* Mr. Bakul Sheth, resigned as the Company Secretary of the Company with effect from 1st April, 2018.

STATUTORY AUDITORS

The Members of the Company at their 24th Annual General Meeting held on 23rd June, 2017 had appointed M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company, to hold office for a term of 5 consecutive years, from the conclusion of the 24th Annual General Meeting (AGM) until the conclusion of the 29th AGM of the Company to be held in the year 2022, subject to ratification of the appointment by the Members of the Company at every AGM held after the 24th AGM.

Pursuant to the first proviso to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members are requested to ratify the appointment of Statutory Auditors at the ensuing 25th Annual General Meeting of the Company and fix their remuneration.

Your Company has obtained a certificate from the Auditor, confirming that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and that they satisfy the criteria provided in section 141.

The Auditors' Report for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

COST AUDITORS

M/s. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558), were appointed as Cost Auditors by the Board of Directors on 26th April, 2017 to conduct the audit of cost accounts of the Company for the financial year ended 31st March, 2018. The remuneration of Cost Auditors was ratified by the Members at their 24th Annual General Meeting held on 23rd June, 2017. The said appointment was subsequently intimated to the Central Government.

The Board upon recommendation of the Audit Committee, re-appointed M/s. Shilpa & Co. as the Cost Auditors of your Company on 26th April, 2018, to conduct the audit of the cost accounts of the Company for the financial year ending 31st March, 2019 at a remuneration of Rs. 1,28,000/- (Rupees One Lakh Twenty Eight Thousand Only) excluding applicable taxes plus reimbursement of out of pocket expenses. The Members of the Company are required to ratify the said remuneration payable to the Cost Auditors.

As required under the provisions of sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained written confirmations from M/s. Shilpa & Co. to the effect that they are eligible for re-appointment as Cost Auditors and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended 31st March, 2018. The Board at its meeting held on 26th April, 2018 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending 31st March, 2019.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, a firm of Company Secretaries in practice, were appointed as the Secretarial Auditors of your Company for the financial year ended 31st March, 2018 and for financial year ending 31st March, 2019.

A Secretarial Audit Report for the financial year ended 31st March, 2018 issued by the Secretarial Auditors pursuant to the aforesaid provisions is provided as **Annexure III** and forms part of this report.

The Secretarial Audit Report for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

STOCK APPRECIATION RIGHTS (SARs)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Your company has granted 21,374 SARs for the year ended 31st March, 2018.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted deposits from the public or its employees during the year under review.

Particulars of loans given, investments made, guarantees and securities provided pursuant to section 186 of the Companies Act, 2013 are given under the notes to the financial statements and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the ultimate parent company Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with related parties during the year under review were in the ordinary course of business and at arm's length.

During the year under review, there were no transactions referred to in section 188(1) of the Companies Act, 2013 with related parties of the Company which are required to be disclosed in this Report. Hence, Form AOC-2 is not required to be annexed to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 is attached as **Annexure IV** and forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment, and encourages involvement of all its employees in activities related to safety standards. Employees across facilities were trained in behavioral safety at work. An innovative concept in the shape of a safety kiosk to impart safety training to visitors has been installed at the Kanhe plant of the Company. Statutory requirements relating to environmental legislations, and environment protection, have been duly complied with by your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company believes in sustaining a green planet and strives towards energy conservation.

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure V** to this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PROVISIONS RELATING TO ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to the provisions of the Companies Act, 2013 read with the rules thereto, the Vigil Mechanism has been implemented voluntarily through the Whistle Blower Policy, as a good corporate governance practice to provide a mechanism for Directors and Employees to report their genuine concerns and to provide adequate safeguards against victimization of persons who use such mechanism and provides access to the Chairperson of the Audit Committee, in appropriate and exceptional cases.

During the year under review, the Company has not received any complaint under the Whistle-Blower Policy of the Company.

GENERAL DISCLOSURES

The Managing Director of the Company receives remuneration and commission from the Company's holding Company, Mahindra Intertrade Limited.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: 26th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

ANNUAL REPORT ON CSR ACTIVITIES

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for, thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;

(vi) Measures for the benefit of armed forces, veterans, war widows and their dependents;

(vii) Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;

(viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) Rural development projects;

(xi) Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

(2) A reference to the web-link to the CSR Policy and projects or programs: Not Applicable

(3) The Composition of the CSR Committee is: Mr. Rajeev Dubey – Chairman, Mr. Sumit Issar (Member), Mr. P. R. Barpande (Member) and Mr. Shimpei Asada (Member).

(4) Average net profit of the Company for last three financial years: Rs 898.31 Lakhs.

(5) Prescribed CSR Expenditure (2% of the amount as mentioned in 4 above) : Rs 17.97 Lakhs.

(6) Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: Rs 17.98 lakhs.

(b) Amount unspent, if any: Nil.

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Total
(1)	CSR project or activity identified	School Benches to Naigon ZP school	Garden Toys to Society for the education of the crippled (child & Adult), Naigaon	Integrated computer projector K-Yan at Shilatne & Takwe, Kanhe	Distribution of school bags to children	Tree Plantation (1255 trees)	Eye checkup camp in schools	Swings and slides in schools	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	
(2)	Sector in which the project is covered	Education	Education	Education	Education	Environment	Health	Education	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Bhopal, Madhya Pradesh	(1) Local (2) Bhopal, Madhya Pradesh	(1) Others (2) Maharashtra and contiguous states	
(4)	Amount outlay (budget project or programme wise) (Rs)	2,50,000	90,000	3,00,000	50,000	1,00,000	80,000	42,000	9,34,000	18,46,000
(5)	Amount spent on the project or programme Sub Heads: (1) Direct expenditure on projects or programmes (2) Overheads	(1) 2,05,148 (2) 0	(1) 89,100 (2) 0	(1) 2,96,800 (2) 0	(1) 41,260 (2) 0	(1) 102,625 (2) 0	(1) 73,850 (2) 0	(1) 38,000 (2) 0	(1) 9,51,400 (2) 0	(1) 17,98,183 (2) 0
(6)	Cumulative expenditure up to the reporting period (Rs)	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	
(7)	Amount spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	

* Details of implementing agency: KCMET - The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the Trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a Public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

(7) The Company has duly spent two per cent of the average net profit of the last three financial years or any part thereof.

(8) Members of the CSR Committee confirm that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the company.

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman of CSR Committee

Sumit Issar
Managing Director

Mumbai: 26th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Steel Service Centre Limited (MSSCL).

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD),

(ii) Chief Financial Officer (CFO), and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
  1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
  2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
  3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in sprit, by Directors.
- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through the Managing Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the Company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/ relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having ability to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Steel Service Centre Limited (MSSCL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to KMPs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Other Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for other employees will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board of Directors of Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: 26th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Steel Service Centre Limited,
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai 400 018.

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Steel Service Centre Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

   (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

   (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Being an unlisted public Company, this shall be applicable to the extent shares are held in dematerialised form)**

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company as the Company is not listed:

      (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

      (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulation, 2014;

      (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

      (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

      (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

      (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

   As per the representation made by the Company, no sector/specific laws are applicable to the Company

4. We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

   (ii) The Listing Agreements entered into by the Company and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. – **Not Applicable**

5. During the period under review, the Company has complied with the relevant provisions of the act, rules, regulations, guidelines, etc. mentioned above.

6. We further report that:

   The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period were carried out in compliance with the provisions of the act.

7. Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings. Agenda and notes to agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

8. All decisions of the Board and Committee meetings are carried through unanimously.As per the records provided by the Company, none of the directors and members dissented on any resolution passed at the meeting.

9. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

10. We further report that during the audit period, there were no specific events/ actions having a major bearing on the Companies affairs in pursuance of the above referred acts, laws, rules, regulations, guidelines, standards, etc.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Mumbai: 26th April, 2018.

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	**Corporate Identification Number (CIN)**	U27100MH1993PLC070416
ii	**Registration Date**	15th January, 1993
iii	**Name of the Company**	MAHINDRA STEEL SERVICE CENTRE LIMITED
iv	**Category/Sub-Category of the Company**	Company Limited by shares/Indian Non-Government Company
v	**Address of the Registered office and contact details:**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018. Tel. No.: +91-22-24935185/86 Fax: +91-22-24951236 Email: malvankar.romali@mahindra.com
vi	**Whether listed Company (Yes/No)**	No
vii	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, India. Tel. No.: 91-40-67162222 Email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Processing of hot-rolled and cold-rolled products of steel	24105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	61.00*	2(46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Intermediate Holding Company	61.00*	2(46)
3	Mahindra Intertrade Limited, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.	U51900MH1978PLC020222	Holding Company	61.00	2(46)

* Through Mahindra Intertrade Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**1,00,89,250**	**7**	**1,00,89,257**	**61**	**1,00,89,250**	**7**	**1,00,89,257**	**61**	**Nil**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Companies	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i. Indian	–	–	–	–	–	–	–	–	–
ii. Overseas	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	**0**	**64,50,502**	**64,50,502**	**39**	**0**	**64,50,502**	**64,50,502**	**39**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	
Grand Total (A+B+C)	**1,00,89,250**	**64,50,509**	**1,65,39,759**	**100**	**1,00,89,250**	**64,50,509**	**1,65,39,759**	**100**	**Nil**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total Shares	
1	Mahindra Intertrade Limited	1,00,89,250	61	0	1,00,89,250	61	0	0
2	Mahindra Intertrade Limited jointly with Mr. Zhooben Bhiwandiwala	1	0	0	1	0	0	0
3	Mahindra Intertrade Limited jointly with Mr. K. Chandrasekar	1	0	0	1	0	0	0
4	Mahindra Intertrade Limited jointly with Mr. Rajeev Dubey	1	0	0	1	0	0	0
5	Mahindra Intertrade Limited jointly with Mr. Bakul Sheth	1	0	0	1	0	0	0
6	Mahindra Intertrade Limited jointly with Mr. Sumit Issar	1	0	0	1	0	0	0
7	Mahindra Intertrade Limited jointly with Mr. Percy Mahernosh	1	0	0	1	0	0	0
8	Mahindra Intertrade Limited jointly with Mr. Vijay Arora	1	0	0	1	0	0	0
	Total	1,00,89,257	61	0	1,00,89,257	61	0	0

iii. Change in Promoters' Shareholding (Please specify, if there is no change): No change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mahindra Intertrade Limited**				
	At the beginning of the year - 01.04.2017	100,89,250	61	100,89,250	61
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**100,89,250**	**61**
2.	**Mahindra Intertrade Limited jointly with Mr. Zhooben Bhiwandiwala**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
3.	**Mahindra Intertrade Limited jointly with Mr. K. Chandrasekar**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	**Mahindra Intertrade Limited jointly with Mr. Rajeev Dubey**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
5.	**Mahindra Intertrade Limited jointly with Mr. Bakul P. Sheth**				
	At the beginning of the year - 01.04.2017	1	–	1	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
6.	**Mahindra Intertrade Limited jointly with Mr. Sumit Issar**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
7.	**Mahindra Intertrade Limited jointly with Mr. Percy Mahernosh**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
8.	**Mahindra Intertrade Limited jointly with Mr. Vijay Arora**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/decrease in promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	**Metal One Corporation**				
	At the beginning of the year - 01.04.2017	64,50,502	39	64,50,502	39
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/ etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**64,50,502**	**39**

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	**Mr. Rajeev Dubey (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
2.	**Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
3.	**Mr. Vijay Arora (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
4.	**# Mr. Bakul Sheth (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–

resigned as a Company Secretary w.e.f. 1st April, 2018

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i. Principal Amount	2896.53	357.40	–	3253.93
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	14.18	–	–	14.18
Total of (i+ii+iii)	2,910.71	357.40	–	3268.11
Change in Indebtedness during the financial year				
+ Addition	11,628.59	–	–	11,628.59
– Reduction	11,789.40	104.02	–	11893.42
Net change	(160.81)	(104.02)	–	(264.83)
Indebtedness at the end of the financial year				
i. Principal Amount	2,731.08	253.38	–	2,984.46
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	18.82	–	–	18.82
Total of (i+ii+iii)	2,749.90	253.38	–	3,003.28

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Sumit Issar - Managing Director	
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit	–	–
5.	Others (please specify)	–	–
	Total (A)	–	–
	Ceiling as per the Act	5% of the net profits calculated as per section 198 of the Companies Act, 2013	

B. Remuneration of other directors:

(Rs in Lakhs)

Sr. No.	Particulars of Remuneration	Names of Directors						Total Amount
		Mr. Rajeev Dubey	Mr. Vijay Arora	Mr. Shimpei Asada	Mr. Toyokazu Makino	Mr. P. R. Barpande	Mr. Ajay Mehta	
1.	**Independent Directors**							
	• Fee for attending board/committee meetings	–	–	–	–	1.90	1.70	3.60
	• Commission	–	–	–	–	3.00	3.00	6.00
	• Others, please specify	–	–	–	–			
	Total (1)	–	–	–	–	**4.90**	**4.70**	**9.60**
2.	**Other Non-Executive Directors**							
	• Fee for attending board/committee meetings	–	–	–	–	–	–	
	• Commission	–	–	–	–	–	–	
	• Others, please specify	–	–	–	–	–	–	
	Total (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Total B = (1+2)	**–**	**–**	**–**	**–**	**4.90**	**4.70**	**9.60**
	#Total Managerial Remuneration (A+B)	**–**	**–**	**–**	**–**	**–**	**–**	**9.60**
	Overall Ceiling as per the Act	1% of the net profits calculated as per Section 198 of the Act						

Total remuneration to Managing Director, Whole-Time Director and Other Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director:

(Rs in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Mr. Jitendra Rahate CFO	#Mr. Bakul Sheth Company Secretary	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	33.18	–	33.18
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	0.04	–	0.04
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission- as % of profit	–	–	–	–
5.	Others (please specify)	–	–	–	–
	Fees	–	–	2.00	2.00
	Stock Appreciation Rights	–	2.50	–	2.50
	Contribution to funds	–	1.10	–	1.10
	Total (C)	–	**36.82**	**2.00**	**38.82**

* resigned w.e.f. 1st April, 2018

D. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): NIL

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: 26th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

(A) CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy: Your Company took various initiatives at its Bhopal and Kanhe Plants, to conserve energy by substituting conventional lamps with LED lamps.

(ii) the steps taken by the company for utilising alternate sources of energy: Last year your Company at its Kanhe plant successfully installed solar plant and started getting benefits from June 2017.

(iii) the capital investment on energy conservation equipment: During the year under review, your Company spent Rs. 0.86 lakhs on LED Street Lights at its Kanhe plant and Rs. 1.27 lakhs at its Bhopal plant.

(B) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption: Horizontal die casting die developed in Taiwan.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Imported spares were developed locally resulting in savings to the Company.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) the details of technology imported: Horizontal die casting die developed in Taiwan

(b) the year of import: 2018

(c) whether the technology has been fully absorbed: Yes

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable.

(iv) the expenditure incurred on Research and Development: Nil.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(in terms of actual inflow and outflow)

Rs in Lakhs

Particulars	**For the Financial Year Ended 31st March, 2018**	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**–**	0.80
Total Foreign Exchange Used	**19,000.62**	8,282.29

For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited

Rajeev Dubey
Chairman

Mumbai: 26th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA STEEL SERVICE CENTRE LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Steel Service Centre Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition opening balance sheet as at 1 April 2015 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the IND AS financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated 26 April 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

v) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

vi) With respect to the adequacy of the internal financial controls over financials reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and

vii) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the Ind AS financial statements;

b. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

d. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 26 April 2018

Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified once in three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable properties. Accordingly paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year and the material discrepancies noticed on such physical verification has been properly dealt in the financial statements.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanation given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly paragraph 3 (iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Goods & Service Tax, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

c. There are no dues of income tax, sales tax, service tax and Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty of Excise	100.75	2011-2012 and 2012-2013	Custom, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Duty of Excise	6.15	2015-2016	Custom, Excise and Service Tax Appellate Tribunal
Custom Act, 1962	Duty of Custom	13.95	2009-2010	Custom, Excise and Service Tax Appellate Tribunal
Madhya Pradesh Value added tax Act, 2002	Value added tax	6.85	2011-2012	Additional Commissioner of Commercial Taxes (Appellate Authority)
Madhya Pradesh Value added tax Act, 2002 and Central Sales Tax Act, 1956	Value added tax and Central Sales tax	6.47	2012-2013	Additional Commissioner of Commercial Taxes (Appellate Authority)

Note:

Net of amount paid Rs. 2.84 lakhs which is under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted on repayment of term loan to the bank and financial institution during the current year. The Company does not have any loans or borrowings from Government nor has it issued any debentures as at the balance sheet date.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed during the course of audit.

(xi) In our opinion and according to the information and explanations given to us, the Company is not required to pay any managerial remuneration in respect of the "Managing Director" appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 26 April 2018

Annexure B to the Independent Auditors' Report – 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Steel Service Centre Limited ('the Company') as at 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 26 April 2018

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No.	As at March 31, 2018 Rs. in Lakhs	As at March 31, 2017 Rs. in Lakhs
A. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	4	**6,536.16**	7,259.13
(b) Capital work-in-progress		**681.60**	49.41
(c) Financial assets			
(i) Loans	5	**25.29**	25.45
(ii) Industrial Investment Promotion Assistance receivable	6	**69.18**	379.51
(d) Other non-current assets	7	**440.25**	292.36
Total non-current assets		**7,752.48**	8,005.86
2. Current assets			
(a) Inventories	8	**8,013.16**	4,050.73
(b) Financial assets			
(i) Trade receivables	9	**6,047.52**	5,346.67
(ii) Cash and cash equivalents	10	**245.75**	115.43
(iii) Industrial Investment Promotion Assistance receivable	6	**817.79**	445.82
(c) Other current assets	7	**674.26**	686.28
Total current assets		**15,798.48**	10,644.93
Total assets (1+2)		**23,550.96**	18,650.79
B. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	11	**1,653.98**	1,653.98
(b) Other equity	12	**8,894.63**	8,161.73
Total equity		**10,548.61**	9,815.71
LIABILITIES			
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**151.76**	322.13
(ii) Other financial liabilities (other than those specified in (b) below)	17	**8.57**	7.21
(b) Provisions	15	**133.35**	116.06
(c) Deferred tax liabilities (Net)	20	**745.23**	793.74
Total non-current liabilities		**1,038.91**	1,239.14
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	**2,731.08**	2,552.78
(ii) Trade payables	14	**8,713.45**	4,147.25
(iii) Other financial liabilities (other than those specified in (b) below)	17	**328.04**	685.63
(b) Provisions	15	**31.58**	40.65
(c) Current tax liabilities (Net)		**45.23**	50.22
(d) Other current liabilities	18	**114.06**	119.41
Total current liabilities		**11,963.44**	7,595.94
Total equity and liabilities (1+2+3)		**23,550.96**	18,650.79

See accompanying notes to the financial statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 26, 2018

For and on behalf of the Board of Directors

Romali Malvankar
Company Secretary
CS-29447

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey	DIN: 00104817	Chairman
Sumit Issar	DIN: 06951249	Managing Director
Shimpei Asada	DIN: 07800080	Directors
Toyokazu Makino	DIN: 06626817	Directors
Ajay Mehta	DIN: 07102804	Directors
Vijay Arora	DIN: 07347126	Directors

CIN: U27100MH1993PLC070416

Place: Mumbai
Date: April 26, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Particulars	Note No.	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
I	Revenue from operations	21	27,821.10	24,406.87
II	Other Income	22	19.58	29.34
III	**Total Income (I + II)**		27,840.68	24,436.21
IV	**Expenses**			
	(a) Cost of materials consumed	23	21,996.67	16,586.92
	(b) Purchases of stock-in-trade		123.31	1,453.09
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(82.02)	(366.49)
	(d) Excise duty on sale of goods (including scrap sales)		582.62	2,442.33
	(e) Employee benefits expense	25	921.08	956.45
	(f) Finance costs	26	195.07	294.14
	(g) Depreciation expense	4	945.78	908.94
	(h) Other expenses	27	1,831.49	1,628.46
	Total Expenses (IV)		26,514.00	23,903.84
V	**Profit/(loss) before tax (III-IV)**		1,326.68	532.37
VI	**Tax expense**			
	(1) Current tax	19	561.02	267.74
	(2) Deferred tax	20	(48.79)	(71.50)
	Total tax expense		512.23	196.24
VII	**Profit for the year (V-VI)**		814.45	336.13
VIII	**Other comprehensive income**		0.07	(5.34)
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		(0.11)	7.98
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.04	(2.64)
IX	**Total comprehensive income for the year (VII + VIII)**		814.52	330.79
	Earning per equity share (of Rs. 10 each):			
	(a) Basic/Diluted	39	4.92	2.03

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 26, 2018

For and on behalf of the Board of Directors

Romali Malvankar
Company Secretary
CS-29447

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey	DIN: 00104817	Chairman
Sumit Issar	DIN: 06951249	Managing Director
Shimpei Asada	DIN: 07800080	Directors
Toyokazu Makino	DIN: 06626817	Directors
Ajay Mehta	DIN: 07102804	Directors
Vijay Arora	DIN: 07347126	Directors

CIN: U27100MH1993PLC070416

Place: Mumbai
Date: April 26, 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
Cash flow from operating activities		
Profit for the year	**814.45**	336.13
Adjustment for:		
(1) Income tax expense recognised in statement of profit and loss	**512.23**	196.24
(2) Depreciation expense	**945.78**	908.94
(3) Bad debts/advances written off	**7.78**	21.91
(4) Finance costs	**195.07**	294.14
(5) Unrealised (gain)/loss on foreign exchange transactions and translations	**(45.99)**	(10.73)
(6) Lease rent	**2.09**	2.09
(7) Interest income recognised in Statement of Profit and Loss	**(8.79)**	(2.28)
(8) Dividend income recognised in Statement of Profit and Loss	**(8.48)**	(1.21)
(9) Profit on sale of current investments	**(2.26)**	(0.20)
(10) Profit on sale of property, plant and equipment	**(0.05)**	(0.60)
(11) Liabilities no longer required written back	**–**	(25.05)
	2,411.83	1,719.38
Movement in working capital:		
(1) (Increase)/decrease in trade receivable	**(700.85)**	(1,851.69)
(2) (Increase)/decrease in inventories	**(3,962.43)**	2,564.70
(3) Decrease in other assets	**(140.21)**	731.24
(4) (decrease) in trade payable	**4,612.19**	(2,206.71)
(5) Increase in provision	**8.33**	21.41
(6) Increase/(decrease) in other liabilities	**(101.33)**	(55.34)
	(284.30)	(796.39)
Cash generated from operations	**2,127.53**	922.99
Less: income taxes paid	**(646.87)**	(197.36)
Net cash generated by operating activities	**1,480.66**	725.63
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(839.87)**	(203.94)
(2) Proceeds from disposal of property, plant and equipment	**11.52**	1.24
(3) Interest received	**8.79**	2.28
(4) Other dividend received	**8.48**	1.21
(5) Purchase of current investments	**(39,785.36)**	(7,650.00)
(6) Sale of current investments	**39,787.62**	7,650.20
Net cash used in investment activities	**(808.82)**	(199.01)
Cash flow from financing activities		
(1) Repayment of long term borrowings (net)	**(447.77)**	(590.02)
(2) Proceeds from short term borrowings (net)	**178.30**	183.06
(3) Interest paid	**(190.43)**	(311.02)
(4) Dividend paid (including dividend distribution tax)	**(81.62)**	(139.35)
Net cash (used in)/generated from financing activities	**(541.52)**	(857.33)
Net (decrease)/increase in cash and cash equivalents	**130.32**	(330.71)
Cash and cash equivalents at the beginning of the year	**115.43**	446.14
Cash and cash equivalents at the end of the year	**245.75**	115.43

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 26, 2018

For and on behalf of the Board of Directors

Romali Malvankar
Company Secretary
CS-29447

Jitendra T. Rahate
Chief Financial Officer

Rajeev Dubey	DIN: 00104817	Chairman
Sumit Issar	DIN: 06951249	Managing Director
Shimpei Asada	DIN: 07800080	Directors
Toyokazu Makino	DIN: 06626817	Directors
Ajay Mehta	DIN: 07102804	Directors
Vijay Arora	DIN: 07347126	Directors

CIN: U27100MH1993PLC070416

Place: Mumbai
Date: April 26, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity share capital

Particulars	**Rs. in Lakhs**
Balance at April 1, 2016	1,653.98
Changes in equity during the year	–
Balance at March 31, 2017	1,653.98
Changes in equity during the year	–
Balance at March 31, 2018	**1,653.98**

B. Other Equity

Rs. in Lakhs

Particulars		**Capital reserve**	**Securities premium**	**General reserve**	**Retained earnings**	**Total**
Balance at April 1, 2016	A	20.00	4,011.15	164.44	3,774.70	7,970.29
Profit for the year	B				336.13	336.13
Other comprehensive income (net of taxes)	C				(5.34)	(5.34)
Total comprehensive income for the year	**D = (B+C)**				330.79	330.79
Dividends	E				(115.78)	(115.78)
Dividend distribution tax	F				(23.57)	(23.57)
Balance at March 31, 2017	G = (A+D+E+F)	20.00	4,011.15	164.44	3,966.14	8,161.73
Profit for the year	H				814.45	814.45
Other comprehensive income (net of taxes)	I				0.07	0.07
Total comprehensive income for the year	**J=(H+I)**				814.52	814.52
Dividends	K				(67.81)	(67.81)
Dividend distribution tax	L				(13.81)	(13.81)
Balance at March 31, 2018	**M=(G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**4,699.04**	**8,894.63**

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 26, 2018

Romali Malvankar
Company Secretary
CS-29447

Jitendra T. Rahate
Chief Financial Officer

For and on behalf of the Board of Directors

Rajeev Dubey	DIN: 00104817	Chairman
Sumit Issar	DIN: 06951249	Managing Director
Shimpei Asada	DIN: 07800080	Directors
Toyokazu Makino	DIN: 06626817	Directors
Ajay Mehta	DIN: 07102804	Directors
Vijay Arora	DIN: 07347126	Directors

CIN: U27100MH1993PLC070416

Place: Mumbai
Date: April 26, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Steel Service Centre Limited is a public limited company domiciled in India and is incorporated on 15 January, 1993 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is steel processing from the plants located at Kanhe and Bhopal. The Company is principally engaged in processing of automotive and electrical steel and manufacturing of electrical component.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest Lakhs.

The financial statements were approved by the Board of Directors and authorised for issue on April 26, 2018.

2.2 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern :

(a) Vehicles - 5 years

2.3 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.4 Inventories:

Inventories, except for Stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.5 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise.

2.6 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.7 Revenue recognition:

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services:

Sale of services are recognised on rendering of such services.

Interest and dividend income:

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

2.8 Government grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the Statement of Profit or Loss in the year in which they become receivable.

2.9 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit or loss. Past service cost is recognised in Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.10 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2.12 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.13 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.14 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.16 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.17 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3.0 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.2 Property, plant & equipment

Note No. 2.9 Employee benefits

Note No. 4 - Property, Plant & Equipment:

Rs. in Lakhs

Description of Assets	**Buildings**	**Plant and Equipment**	**Electric Installation**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Computer**	**Total**
I. Cost								
Balance as at 1 April, 2017	2,933.50	11,041.38	350.70	72.01	72.57	20.21	94.77	14,585.14
Additions	–	194.82	2.60	2.35	–	26.27	8.24	234.28
Disposals	–	11.28	–	–	–	–	0.27	11.55
Balance as at March 31, 2018	**2,933.50**	**11,224.92**	**353.30**	**74.36**	**72.57**	**46.48**	**102.74**	**14,807.87**
II. Accumulated depreciation								
Balance as at April 1, 2017	837.40	6,093.25	216.51	50.11	38.41	16.88	73.45	7,326.01
Depreciation expense for the year	89.96	807.51	28.11	4.64	5.97	0.95	8.64	945.78
Eliminated on disposal of assets	–	0.06	–	–	–	–	0.02	0.08
Balance as at March 31, 2018	**927.36**	**6,900.70**	**244.62**	**54.75**	**44.38**	**17.83**	**82.07**	**8,271.71**
Net carrying amount (I-II)								
Balance as on March 31, 2018	**2,006.14**	**4,324.22**	**108.68**	**19.61**	**28.19**	**28.65**	**20.67**	**6,536.16**
Balance as on March 31, 2017	2,096.10	4,948.13	134.19	21.90	34.16	3.33	21.32	7,259.13
I. Cost								
Balance as at April 1, 2016	2,931.42	10,922.63	350.70	62.54	64.90	26.68	95.13	14,454.00
Additions (refer note 42 (vi) (1) & (2))	2.08	118.75	–	9.47	7.67	–	0.43	138.40
Disposals	–	–	–	–	–	(6.47)	(0.79)	(7.26)
Balance as at March 31, 2017	**2,933.50**	**11,041.38**	**350.70**	**72.01**	**72.57**	**20.21**	**94.77**	**14,585.14**

Rs. in Lakhs

Description of Assets	Buildings	Plant and Equipment	Electric Installation	Office Equipment	Furniture and Fixtures	Vehicles	Computer	Total
II. Accumulated depreciation								
Balance as at April 1, 2016	**747.47**	**5,326.67**	**188.57**	**43.90**	**32.66**	**21.58**	**62.84**	**6,423.69**
Depreciation expense for the year (refer note 42 (vi) (1) & (2))	89.93	766.58	27.94	6.21	5.75	1.45	11.08	908.94
Eliminated on disposal of assets	–	–	–	–	–	(6.15)	(0.47)	(6.62)
Balance as at March 31, 2017	**837.40**	**6,093.25**	**216.51**	**50.11**	**38.41**	**16.88**	**73.45**	**7,326.01**
Net carrying amount (I-II)								
Balance as on March 31, 2017	**2,096.10**	**4,948.13**	**134.19**	**21.90**	**34.16**	**3.33**	**21.32**	**7,259.13**
Balance as on April 1, 2016	2,183.95	5,595.96	162.13	18.64	32.24	5.10	32.29	8,030.31

Notes:

i) Refer note 13 for details of securities.

Note No. 5 - Loans

Particulars	**As at March 31, 2018 Rs. in Lakhs**	As at March 31, 2017 Rs. in Lakhs
Security Deposits		
– Unsecured, considered good	**25.29**	25.45
	25.29	25.45

Note No. 6 - Industrial Investment Promotion Assistance receivable

Particulars	**As at March 31, 2018**			As at March 31, 2017		
	Current Rs. in Lakhs	**Non-Current Rs. in Lakhs**	**Total Rs. in Lakhs**	Current Rs. in Lakhs	Non-Current Rs. in Lakhs	Total Rs. in Lakhs
Industrial Investment Promotion Assistance receivable	**817.79**	**69.18**	**886.97**	445.82	379.51	825.33
– Unsecured, considered good						
Refer Note 44	**817.79**	**69.18**	**886.97**	445.82	379.51	825.33

The above has been regrouped in the current year pursuant to the clarification issued in ITFG 15 from other current asset

Note No. 7 - Other assets

	Particulars	**As at March 31, 2018**			As at March 31, 2017		
		Current Rs. in Lakhs	**Non-Current Rs. in Lakhs**	**Total Rs. in Lakhs**	Current Rs. in Lakhs	Non-Current Rs. in Lakhs	Total Rs. in Lakhs
(i)	Advances to suppliers	**252.45**	**–**	**252.45**	45.00	–	45.00
(ii)	Capital advances	**–**	**–**	**–**	14.09	–	14.09
(iii)	Balances with government authorities (other than income taxes)						
	(i) Custom/Excise deposits	**–**	**43.57**	**43.57**	38.54	–	38.54
	(ii) CENVAT/GST input credit	**354.11**	**–**	**354.11**	71.39	–	71.39
	(iii) Value added tax credit	**24.27**	**14.99**	**39.26**	105.54	–	105.54
	(iv) Service tax credit	**–**	**–**	**–**	334.98	–	334.98
(iv)	Prepayments	**40.44**	**54.91**	**95.35**	40.72	46.68	87.40
(v)	Income tax assets (net)	**–**	**326.78**	**326.78**	–	245.68	245.68
(vi)	Other advances						
	(i) Advance to employees	**2.99**	**–**	**2.99**	4.71	–	4.71
	(ii) Other	**–**	**–**	**–**	31.31	–	31.31
	Total	**674.26**	**440.25**	**1,114.51**	686.28	292.36	978.64

Note No. 8 - Inventories

	Particulars	**As at March 31, 2018 Rs. in Lakhs**	As at March 31, 2017 Rs. in Lakhs
(a)	Raw materials	**6,418.22**	2,592.04
(b)	Work-in-progress	**823.47**	834.66
(c)	Finished goods	**624.50**	511.71
(d)	Stock in trade	**3.60**	23.18
(e)	Stores and spares	**91.36**	72.97
(f)	Others: Scrap	**52.01**	16.17
	Total Inventories at the lower of cost and net realisable value	**8,013.16**	4,050.73

Particulars	**As at March 31, 2018 Rs. in Lakhs**	As at March 31, 2017 Rs. in Lakhs
Included above, goods-in-transit:		
(i) Raw materials	**3,720.50**	1,195.28

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 22,037.96 Lakhs (FY 2017: Rs. 17,673.52 Lakhs)

(ii) The cost of inventories recognised as an expenses includes Rs. 52.29 Lakhs in respects of reversal of write-down of inventory to net realisable value. (FY 2017: Rs. 70.73 Lakhs in respect of write-downs of inventory to net realisable value).

(iii) The mode of valuation of inventories has been stated in note 2.4

(iv) Refer note no 13 and 16 for details of securities.

Note No. 9 - Trade receivables

Particulars	As at March 31, 2018 Rs. in Lakhs	As at March 31, 2017 Rs. in Lakhs
Trade receivables		
Unsecured, considered good	**6,047.52**	5,346.67
Total	**6,047.52**	5,346.67

Notes:

(i) The average credit period for sales of products ranges between 90 to 120 days and for Job work processing is 30 days.

(ii) At March 31, 2018, the Company had 7 customers that owed the Company more than Rs. 183 Lakhs each and accounted for approximately 90% of all the receivables outstanding. (At 31 March 2017, the Company had 8 customers that owed the Company more than INR 53 lacs each and accounted for approximately 90% of all the receivables outstanding.)

Note No. 10 - Cash and cash equivalents

Particulars	As at March 31, 2018 Rs. in Lakhs	As at March 31, 2017 Rs. in Lakhs
Cash and cash equivalents		
(a) Balances with banks	**245.60**	115.18
(b) Cash on hand	**0.15**	0.25
Total	**245.75**	115.43

Note No. 11 - Equity Share Capital

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount Rs. in Lakhs	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount Rs. in Lakhs
Authorised:				
Equity shares of Rs. 10 each with voting rights	**1,70,00,000**	**1,700.00**	1,70,00,000	1,700.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**1,65,39,759**	**1,653.98**	1,65,39,759	1,653.98
Total	**1,65,39,759**	**1,653.98**	1,65,39,759	1,653.98

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended March 31, 2018				
Number of shares	**1,65,39,759**	**–**	**–**	**1,65,39,759**
Amount (in lakhs)	**1,653.98**	**–**	**–**	**1,653.98**
Year ended March 31, 2017				
Number of shares	1,65,39,759	–	–	1,65,39,759
Amount (Rs. in lakhs)	1,653.98	–	–	1,653.98

The Company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

Details of shares held by the holding company

Particulars	As at March 31, 2018	As at March 31, 2017
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**1,00,89,257**	1,00,89,257

Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2018 Number of shares	As at March 31, 2018 % of holding	As at March 31, 2017 Number of shares	As at March 31, 2017 % of holding
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**1,00,89,257**	**61%**	1,00,89,257	61%
Metal One Corporation	**64,50,502**	**39%**	64,50,502	39%

Note No. 12 - Other equity

Particulars		Capital reserve Rs. in Lakhs	Securities premium Rs. in Lakhs	General reserve Rs. in Lakhs	Retained earnings Rs. in Lakhs	Total Rs. in Lakhs
Balance at April 1, 2016	A	20.00	4,011.15	164.44	3,774.70	7,970.29
Profit for the year	B	–	–	–	336.13	336.13
Other comprehensive income (net of taxes)	C	–	–	–	(5.34)	(5.34)
Total comprehensive income for the year	**D(B+C)**	–	–	–	330.79	330.79
Dividend (Rs. 0.70 per share)	E	–	–	–	(115.78)	(115.78)
Dividend distribution tax (DDT)	F	–	–	–	(23.57)	(23.57)
Balance at March 31, 2017	G (A+D+E+F)	20.00	4,011.15	164.44	3,966.14	8,161.73
Profit for the year	H	–	–	–	814.45	814.45
Other comprehensive income (net of taxes)	I	–	–	–	0.07	0.07
Total comprehensive income for the year	**J(H+I)**	–	–	–	**814.52**	814.52
Dividend (Rs. 0.41 per share)	K	–	–	–	(67.81)	(67.81)
Dividend distribution tax (DDT)	L	–	–	–	(13.81)	(13.81)
Balance at March 31, 2018	**M (G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**4,699.04**	**8,894.63**

Proposed dividends on Equity shares:

	As at March 31, 2018
	Rs. in Lakhs
Final cash dividend for the year ended on March 31, 2018: Re. 1.60 per share	264.64
Dividend distribution tax (DDT) on proposed dividend	54.40
Total	**319.04**

Proposed dividend on equity shares is subject to approval of the shareholders at the annual general meeting and is not recognised as a liability (including DDT thereon) as at March 31, 2018.

Note No. 13 Non current borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
Measured at amortised cost		
A. Secured:		
Term loans:		
From banks [Refer note (i)]	–	343.75
Less: Current maturities of long term debts	–	(275.00)
Total secured	–	68.75
B. Unsecured		
(i) Interest free sales tax loan from SICOM [Refer note (ii)]	**191.90**	264.05
Less: Current maturities of long term debts	**(72.15)**	(72.15)
	119.75	191.90
(ii) Other Loans		
Deferred payment liabilities [Refer note (iii)]	**61.48**	93.35
Less: Current maturities of long term debts	**(29.47)**	(31.87)
	32.01	61.48
Total unsecured	**151.76**	253.38
Total	**151.76**	322.13

Notes:

(i) As on March 31, 2017, The Company had a term loan of Rs 343.75 Lakhs under sanction extended by HDFC Bank [interest payable at the rate of 10.05% p.a. (payable monthly) linked to the base rate], secured by first pari passu charge on movable property, plant and equipment situated at Kanhe plant. The Company has repaid the term loan fully during the year.

(ii) Interest Free SICOM loan of Rs. 191.90 Lakhs is repayable as follows:

Loan payable as on	Amount	Loan payable as on	Amount	Loan payable as on	Amount
	Rs. in Lakhs		Rs. in Lakhs		Rs. in Lakhs
March 31, 2018	**0.80**	**March 31, 2018**	**45.90**	**March 31, 2018**	**145.20**
Repayment details		**Repayment details**		**Repayment details**	
February 21, 2019	0.80	September 25, 2018	22.95	July 25, 2018	48.40
		September 25, 2019	22.95	July 25, 2019	48.40
				July 25, 2020	48.40

(iii) The Company has received a Certificate of Entitlement from the Deputy Commissioner of Sales Tax, Maharashtra State, in terms of the Package Scheme of Incentives, 1993 of the Government of Maharashtra, consequent to which the Company has deferred the sales tax liability with effect from May 1, 2002. The Sales Tax liability so deferred is Rs. 61.48 Lakhs as at March 31, 2018 which is repayable as follows.

Repayment Details of Sales Tax VAT liability	Amount to be repaid (Rs. in Lakhs)	Repayment date
VAT liability of FY 2003-2004 to FY 2005-2006	29.47	April 30, 2018
VAT liability of FY 2004-2005 to FY 2005-2006	25.46	April 30, 2019
VAT liability of FY 2005-2006	6.55	April 30, 2020

Note No. 14 Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
Trade payable for goods & services	**5,593.75**	2,078.39
Acceptances	**3,119.70**	2,068.86
Total	**8,713.45**	4,147.25

Note:

There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified based on the information available with the Company. This has been relied upon by the auditors.

Note No. 15 Provisions

Particulars	As at March 31, 2018 Current Rs. in Lakhs	As at March 31, 2018 Non-Current Rs. in Lakhs	As at March 31, 2018 Total Rs. in Lakhs	As at March 31, 2017 Current Rs. in Lakhs	As at March 31, 2017 Non-Current Rs. in Lakhs	As at March 31, 2017 Total Rs. in Lakhs
(a) Provision for employee benefits						
(1) Long-term employee benefits						
(i) Provision for compensated absences	**18.47**	**126.14**	**144.61**	16.86	109.23	126.09
(ii) Provision for Post-retirement medical benefit	**–**	**7.21**	**7.21**	–	6.83	6.83
(iii) Provision for gratuity (net)	**13.11**	**–**	**13.11**	23.79	–	23.79
Total	**31.58**	**133.35**	**164.93**	40.65	116.06	156.71

Note:
The provision for employee benefits includes privileged leave entitlements accrued. The increase in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 33.

Note No. 16 - Current borrowings

Particulars	As at March 31, 2018 Rs. in Lakhs	As at March 31, 2017 Rs. in Lakhs
A. Secured:		
Loans payable on demand		
From bank [Refer note (i)]	**–**	52.96
Short term loan from bank [Refer note (ii)]	**2,500.00**	1,900.00
Other loans		
Buyers credit [Refer note (iii)]	**231.08**	599.82
Total	**2,731.08**	2,552.78

Notes:

(i) The Cash credit from HDFC Bank Limited is secured on pari-passu basis by charge on stock and book debts of the Company. Interest is payable at the rate of 9.75%.

(ii) As at March 31, 2018, the Company has a working capital short term loan of Rs. 2,500 Lakhs (FY 2017: Rs. 1,900 Lakhs) under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company. Interest is payable at the rate of 8.20% p.a linked to 3 months MCLR (FY 2017: 9.31% p.a.).

(iii) The Company has taken buyer's credit, for import of machinery and materials, of Rs. 231.08 Lakhs (FY 2017:Rs. 599.82 Lakhs) under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company.

Interest payable on buyer's credit is linked to USD LIBOR. interest payable at the rate of 0.25% p.a. (FY 2017: 1.99% p.a.).

Note No. 17 - Other financial liabilities

Particulars	As at March 31, 2018 Rs. in Lakhs Current	As at March 31, 2018 Rs. in Lakhs Non current	As at March 31, 2018 Rs. in Lakhs Total	As at March 31, 2017 Rs. in Lakhs Current	As at March 31, 2017 Rs. in Lakhs Non current	As at March 31, 2017 Rs. in Lakhs Total
Other financial liabilities measured at amortised cost						
(a) Current maturities of long-term debt (refer note below)	**101.62**	–	**101.62**	379.02	–	379.02
(b) Interest accrued but not due on borrowings	**18.82**	–	**18.82**	14.18	–	14.18
(c) Other liabilities						
(1) Overdrawn bank balance (as per books)	–	–	–	6.78	–	6.78
(2) Creditors for capital supplies/services	**32.40**	–	**32.40**	19.89	–	19.89
(3) Dealer deposit	**21.53**	–	**21.53**	14.17	–	14.17
(4) Employee wages and salary payable	**143.15**	–	**143.15**	160.55	–	160.55
Total	**317.52**	–	**317.52**	594.59	–	594.59
Other financial liabilities measured at fair value						
(1) Derivatives						
Foreign currency forward contracts	–	–	–	84.35	–	84.35
(2) Other						
Liability for Cash-settled share-based payments	**10.52**	**8.57**	**19.09**	6.69	7.21	13.90
Total	**10.52**	**8.57**	**19.09**	91.04	7.21	98.25
Total	**328.04**	**8.57**	**336.61**	685.63	7.21	692.84

Note: Refer note 13 for details of securities.

Note No. 18 - Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
a. Advances received from customers	**41.96**	41.18
b. Others		
(i) Employee recoveries and employer contributions	**10.43**	7.45
(ii) Statutory remittances (withholding taxes, service tax, GST etc.)	**61.67**	70.78
Total	**114.06**	119.41

Note No. 19 - Current Tax and deferred tax

(a) Income tax recognised in Statement of Profit and Loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
Current tax:		
In respect of current year	**561.02**	264.70
In respect of prior year	**–**	3.04
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(48.79)**	(71.50)
Total	**512.23**	196.24

(b) Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
Current Tax		
Remeasurement of defined benefit obligations	**(0.24)**	(2.08)
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**0.28**	(0.56)
Total	**0.04**	(2.64)
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**0.04**	(2.64)
– Items that will be reclassified to profit and loss	**–**	–
Total	**0.04**	(2.64)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
Profit before tax	**1,326.68**	532.37
Income tax expense calculated at 34.608% (2017: 33.063%)	**459.14**	176.02
Effect of income that is exempt from taxation	**(2.93)**	(0.40)
Effect of expenses that are non-deductible in determining taxable profit	**6.32**	5.61
Others	**49.70**	11.97
Current tax in respect of prior period	**–**	3.04
Income tax expense recognised in Statement of Profit and Loss	**512.23**	196.24

Note:

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 34.608% and 33.063% [including surcharge 12% in F 2018 (7% in F 2017) and Education and higher education cess of 2% and 1% respectively for both the year] payable by corporate entities in India on taxable profits under Indian income tax laws.

Note No. 20 - Deferred tax

For the year ended March 31, 2018

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(848.40)	43.43	–	(804.97)
Tax effect of items constituting deferred tax assets				
Employee benefits	48.55	11.47	(0.28)	59.74
FVTPL financial liabilities including derivatives	6.11	(6.11)	–	(0.00)
Net tax assets/(liabilities)	(793.74)	48.79	(0.28)	(745.23)

For the year ended March 31, 2017

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(909.72)	61.32	–	(848.40)
Tax effect of items constituting deferred tax assets				
Employee benefits	39.54	8.45	0.56	48.55
FVTPL financial liabilities including derivatives	4.38	1.73	–	6.11
Net tax assets/(liabilities)	(865.80)	71.50	0.56	(793.74)

Note No. 21 - Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
(a) Revenue from sale of products (including excise duty) (Refer note (i) below)	**24,518.86**	21,716.77
(b) Revenue from rendering of services (Refer note (ii) below)	**1,976.67**	1,570.21
(c) Other operating revenue (Refer note (iii) below)	**1,325.57**	1,119.89
Total	**27,821.10**	24,406.87

Notes:

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
(i) Sale of products comprises:		
Manufactured goods		
Steel products	**24,338.31**	20,189.62
Traded goods		
Steel products	**180.55**	1,527.15
Total	**24,518.86**	21,716.77
(ii) Sale of services comprises:		
Steel processing	**1,976.67**	1,570.21
(iii) Other operating revenues comprise:		
Scrap sales	**1,199.28**	647.70
Insurance claim	**54.50**	91.57
Industrial Investment Promotion Assistance (Refer note 44)	**69.18**	380.21
Other operating income	**2.61**	0.41
Total	**1,325.57**	1,119.89

Note No. 22 - Other Income

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
(a) Interest income		
Other	**8.79**	2.28
(b) Dividend income		
Others	**8.48**	1.21
(c) Profit on sale of current investments	**2.26**	0.20
(d) Profit on sale of property, plant and equipment	**0.05**	0.60
(e) Liabilities no longer required written back	**–**	25.05
Total	**19.58**	29.34

Note No. 23 - Cost of Materials Consumed

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
Opening Stock	**2,592.04**	5,487.40
Add: Purchases	**25,822.85**	13,691.56
Less: Closing Stock	**(6,418.22)**	(2,592.04)
Cost of materials consumed - Steel Products	**21,996.67**	16,586.92

Note No. 24 - Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
Inventories at the end of the year:		
Finished goods - Steel Products	**624.50**	511.71
Work-in-progress - Steel Products	**823.47**	834.66
Stock in trade - Steel Products	**3.60**	23.18
	1,451.57	1,369.55
Inventories at the beginning of the year:		
Finished goods - Steel Products	**511.71**	621.68
Work-in-progress - Steel Products	**834.66**	381.38
Stock in trade - Steel Products	**23.18**	–
	1,369.55	1,003.06
Net (increase)/decrease	**(82.02)**	(366.49)

Note No. 25 - Employee Benefits Expense

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
(a) Salaries and wages	**712.64**	781.59
(b) Contribution to provident and other funds	**55.39**	57.14
(c) Share based payment to employees	**25.63**	18.34
(d) Post-retirement medical benefit expense	**1.43**	0.93
(e) Staff welfare expenses	**125.99**	98.45
Total	**921.08**	956.45

Note No. 26 - Finance Costs

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
Interest expense on		
(a) Borrowings	**98.14**	214.95
(b) Other		
- Usance Interest	**96.05**	79.19
- delayed/deferred payment of tax	**0.88**	–
Total	**195.07**	294.14

Analysis of interest expense by category

Particulars	For the year ended March 31, 2018 Rs. in Lakhs	For the year ended March 31, 2017 Rs. in Lakhs
Interest expense		
(a) On financial liability at amortised cost	**194.19**	294.14
(b) On non-financial liabilities at FVTPL	**0.88**	–
Total	**195.07**	294.14

* FVTPL (Fair Value through Profit and Loss)

Note No. 27 - Other expenses

	Particulars	**For the year ended March 31, 2018 Rs. in Lakhs**	For the year ended March 31, 2017 Rs. in Lakhs
(a)	Stores and tools consumed	**72.99**	81.83
(b)	Power & fuel	**340.99**	237.26
(c)	Rent including lease rentals	**9.25**	9.27
(d)	Rates and taxes	**12.80**	29.48
(e)	Increase/(decrease) of excise duty on inventory	**8.00**	(8.00)
(f)	Insurance	**31.06**	24.67
(g)	Repairs and maintenance - Buildings	**5.28**	10.06
(h)	Repairs and maintenance - Machinery	**43.36**	30.46
(i)	Repairs and maintenance - Others	**105.94**	108.18
(j)	Freight outward	**305.04**	168.59
(k)	Subcontracting, hire and service charges	**470.81**	406.04
(l)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Refer note No. 40)	**17.98**	19.50
(m)	Net loss/(gain) on foreign currency transactions and translations	**39.47**	128.03
(n)	Fair value loss on financial instruments at fair value through profit or loss	**–**	42.77
(o)	Auditors remuneration and out-of-pocket expenses (note below)	**8.59**	10.18
(p)	Legal and other professional costs	**98.67**	86.82
(q)	Bad debts/advances written off	**7.78**	21.91
(r)	Software charges	**28.73**	30.85
(s)	Miscellaneous expenses	**224.75**	190.56
	Total	**1,831.49**	1,628.46

Note

	Particulars	**For the year ended March 31, 2018 Rs. in Lakhs**	For the year ended March 31, 2017 Rs. in Lakhs
	Payment to auditors:		
	To statutory auditor -		
(i)	As statutory auditor	**8.59**	8.54
(ii)	For taxation matters	**–**	1.00
(iii)	For company law matters	**–**	0.55
(iv)	For other services	**–**	–
(v)	For reimbursement of expenses	**–**	0.09
	Total	**8.59**	10.18

Note No. 28 - Contingent liabilities and commitments (to the extent not provided for)

	Particulars	**As at March 31, 2018 Rs. in Lakhs**	As at March 31, 2017 Rs. in Lakhs
(i)	**Claims against the Company not acknowledged as debts:**		
	(a) Income Tax demand for		
	(1) AY 2012-13	**–**	0.26
	(2) AY 2013-14	**0.42**	–
	(b) Excise duty demand for October 2011 to January 2013	**100.75**	100.75
	(c) Excise duty demand for July 2015 to February 2016	**6.15**	–
	(d) Custom duty demand for the financial year 2009-10	**13.95**	13.95
	(e) Madhya Pradesh VAT/CST demand Financial Year 2011-12	**8.95**	–
	(f) Madhya Pradesh VAT/CST demand Financial Year 2012-13	**7.21**	–
	(g) Maharashtra VAT/CST demand Financial Year 2012-13	**12.15**	–
(ii)	**Commitments:**		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible assets	**1,291.80**	16.40
(iii)	**Other money for which the Company is contingently liable**		
	(a) Corporate guarantee given by the Company to M/s SHV Energy Private Limited	**12.00**	12.00

Note No. 29 - Value of imports calculated on CIF basis

Particulars	**For the year ended March 31, 2018 Rs. in Lakhs**	For the year ended March 31, 2017 Rs. in Lakhs
Property, plant and equipment	**381.06**	24.59
Spares	**15.90**	5.97
Raw materials	**18,480.56**	8,021.15

Note No. 30 - Details of consumption of imported and indigenous raw materials

Particulars	**For the year ended March 31, 2018**		For the year ended March 31, 2017	
	Rs. in Lakhs	**%**	Rs. in Lakhs	%
Import	**16,150.50**	**73%**	8,667.67	52%
Indigenous	**5,846.17**	**27%**	7,919.25	48%
Total	**21,996.67**	**100%**	16,586.92	100%

Note No. 31 - Earning in foreign exchange

Particulars	**For the year ended March 31, 2018 Rs. in Lakhs**	For the year ended March 31, 2017 Rs. in Lakhs
Export of goods calculated on FOB basis	**–**	0.80

Note No. 32 Expenditure in foreign currency

Particulars	**For the year ended March 31, 2018 Rs. in Lakhs**	For the year ended March 31, 2017 Rs. in Lakhs
Interest	**78.55**	71.37
Professional fees/service charges	**0.30**	20.94
Travel	**4.78**	9.59
Freight	**–**	0.67
Loss on foreign exchange transactions and translations (net)	**39.47**	128.03

Note No. 33 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of Profit and Loss for the year, an amount of Rs. 35.99 Lakhs (FY 2017: Rs. 38.99 Lakhs as expenses under defined contribution plans).

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in Lakhs	Rs. in Lakhs
Provident Fund	**24.69**	28.38
Pension Fund	**11.30**	10.61
Total	**35.99**	38.99

(b) Defined benefit plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST-RETIREMENT MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk:

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retiement upto a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy:

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Rs. in Lakhs

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post-retirement medical benefit	
	2018	2017	**2018**	2017
(iii) Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1) Current service cost	**16.90**	14.66	**0.95**	0.59
2) Interest on net defined benefit liability/ (asset)	**1.32**	1.06	**0.48**	0.34
	18.22	15.72	**1.43**	0.93
(iv) Included in Other Comprehensive Income				
1) Actual return on plan assets less interest on plan assets	**(3.38)**	(0.94)	**–**	–
2) Actuarial (gain)/loss on account of :				
– Financial assumptions	**14.86**	12.42	**(0.94)**	(0.06)
– Experience adjustments	**(10.77)**	(5.19)	**0.13**	1.75
	0.71	6.29	**(0.81)**	1.69
(v) Net asset/(liability) recognised in the Balance Sheet as at March 31				
1) Present value of defined benefit obligation as at March 31	**181.77**	160.68	**7.21**	6.84
2) Fair value of plan assets as at March 31	**168.66**	136.89	**–**	–
3) Surplus/(Deficit)	**(13.11)**	(23.79)	**(7.21)**	(6.84)
4) Current portion of the above	**(13.11)**	(23.79)	**–**	–
5) Non current portion of the above	**–**	–	**(7.21)**	(6.84)

Rs. in Lakhs

Particulars	Funded Plan Gratuity		Unfunded Plans Post-retirement medical benefit	
	2018	2017	**2018**	2017
(vi) Change in the obligation during the year ended March 31				
1) Present value of defined benefit obligation at the beginning of the year	**160.68**	131.48	**6.83**	4.21
2) Expenses recognised in Statement of Profit and Loss account				
– Current service cost	**16.90**	14.66	**0.95**	0.59
– Past Service Cost	**–**	–	**–**	–
– Interest expense (income)	**10.90**	10.07	**0.48**	0.34
3) Recognised in Other Comprehensive Income				
Remeasurement gains/ (losses)				
– Actuarial gain (loss) arising from:				
(i) Financial assumptions	**14.86**	12.42	**(0.94)**	(0.06)
(ii) Experience adjustments	**(10.77)**	(5.19)	**0.13**	1.75
4) Benefit payments	**(5.32)**	–	**–**	–
5) Liabilities settled	**(5.48)**	(2.76)	**(0.24)**	–
6) Present value of defined benefit obligation at the end of the year	**181.77**	160.68	**7.21**	6.83
(vii) Change in fair value of assets during the year ended March 31				
1) Fair value of plan assets at the beginning of the year	**136.89**	113.21		
2) Expenses recognised in Statement of Profit and Loss account				
– interest on plan assets	**9.59**	9.01		
3) Recognised in Other Comprehensive Income				
Remeasurement gains/ (losses)				
– Actual return on plan assets in excess of the expected return	**3.38**	0.94		
– Others (specify)				
4) Contributions by employer (including benefit payments recoverable)	**24.12**	18.52		
5) Benefit payments	**(5.32)**	–		
6) Assets settled	**–**	(4.79)		
7) Fair value of plan assets at the end of the year	**168.66**	136.89		

Rs. in Lakhs

Particulars	Funded Plan Gratuity		Unfunded Plans Post-retirement medical benefit	
	2018	2017	**2018**	2017
(viii) The major categories of plan assets				
List the plan assets by category here				
– Insurer managed funds	**168.66**	136.89		
(ix) Actuarial assumptions				
1) Discount rate	**7.85%**	7.05%	**7.85%**	7.05%
2) Medical premium inflation	**–**	–	**6.00%**	6.00%
3) Rate of increase in compensation levels	**12.00%**	10.00%	**12.00%**	10.00%
4) Mortality table	**IALM(2006-08) ult**			

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the gratuity benefits to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1%**	**166.98**	**198.81**
	2017	1%	147.65	175.67
Salary growth rate	**2018**	**1%**	**196.14**	**168.43**
	2017	1%	174.02	148.34

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee/beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	**Year**	**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate	**2018**	**1%**	**6.23**	**8.41**
	2017	1%	5.88	8.01
Medical inflation rate	**2018**	**1%**	**8.42**	**6.21**
	2017	1%	8.02	5.86

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. 10 lakhs to the gratuity trusts during the next financial year of 2019.

(xii) Maturity profile:

Gratuity **Rs. in Lakhs**

Maturity profile of defined benefit obligation:	**2018**	2017
Within 1 year	**12.93**	11.97
1 - 2 year	**21.08**	12.38
2 - 3 year	**13.26**	19.66
3 - 4 year	**16.56**	12.27
4 - 5 year	**13.84**	15.32
5 - 10 years	**73.69**	60.07
More than 10 years	**278.66**	208.36

Post-retirement medical benefits Rs. in Lakhs

Maturity profile of defined benefit obligation:	**2018**	2017
Within 1 year	**–**	0.01
1 - 2 year	**–**	0.01
2 - 3 year	**0.24**	0.02
3 - 4 year	**0.26**	0.22
4 - 5 year	**0.27**	0.24
5 - 10 years	**1.34**	1.38
More than 10 years	**28.21**	23.23

Note No. 34 - Segment reporting

The company has a single segment namely steel processing having operations mainly in India. As such there is no other separate reportable segment as defined by IND AS 108 on segment reporting.

During the year, 83% (FY 2017 89%) of revenue from sale of steel products arose from 10 largest customers.

Note No. 35 Related party transactions

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below.

Relation	**Name**
Ultimate holding company	Mahindra & Mahindra Ltd.
Holding company	Mahindra Intertrade Limited
Key management personnel (KMP)	Mr. Sumit Issar (Managing Director
Other parties with whom transactions have taken place during the year.	
(i) Fellow Subsidiaries	Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME)
	Mahindra Integrated Business Solutions Pvt. Limited (MIBS)
	Mahindra Auto Steel Private Limited (MASPL)
	Mahindra Retail Private Limited (MRL)
	Mahindra Susten Private Limited (MRL)
	Mahindra MSTC Recycling Private Limited (MMRPL)
	Mahindra Logistics Limited (MLL) (From 1st October 2017 to 31st March 2018)
(ii) Company which is associate of ultimate holding company	Mahindra CIE Limited (MCIE)
(iii) Company which is Joint Venture of ultimate holding company	Mahindra Logistics Limited (MLL) (From 1st April, 2017 to 30th September 2017)
(iv) A Company having significant influence	Metal One Corporation

Managerial Remuneration

The Company is not required to pay any managerial remuneration in respect of the "Managing Director" appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(a) **Disclosure of transactions (net of duties and taxes) between the Company and related parties during the year ended March 31, 2018:**

Rs. in Lakhs

Nature of transactions	Ultimate holding company		Holding company		MME		MASPL		MIBS		Fellow subsidiary MRL		MSL		MMRPL		MLL		Company which is associate of ultimate holding company		Company which is Joint Venture of ultimate holding company		A Company having Significant influence	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Dividend paid	–	–	**41.37**	70.63	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**26.44**	45.15
Processing Income	–	–	**1,306.39**	1,052.76	–	–	**0.15**	2.11	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Processing Expense	–	–	**68.73**	–	–	–	**3.49**	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–
Sales	–	–	**372.03**	153.02	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of spares	–	–	–	–	–	0.80	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Scrap sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**341.63**	1.08	–	–	–	–
Purchases	–	–	**1,235.82**	986.65	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**16,432.26**	7,447.34
Purchase of spares	–	–	–	6.32	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of miscellaneous material	–	–	–	–	–	–	–	–	–	–	**3.26**	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of solar power	–	–	–	–	–	–	–	–	–	–	–	–	**31.27**	–	–	–	–	–	–	–	–	–	–	–
Marketing and support service charges	–	–	**223.18**	165.59	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sublease expenses	–	–	**6.23**	6.23	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional expenses	**6.50**	6.57	–	–	–	–	–	–	**1.14**	1.23	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Freight Charges paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**54.53**	–	–	–	–	–	–	
Balance written back	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.85	–	–
Reimbursement received from parties	–	–	–	7.04	–	–	**23.72**	12.45	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	**29.62**	38.02	**1.50**	11.10	**0.21**	–	**3.22**	0.21	–	–	–	–	–	–	**4.32**	–	**3.09**	–	**2.36**	–	–	–	–	–
Deputation of personnel to related parties	–	–	**17.36**	20.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deputation of personnel from related parties	–	–	**48.42**	51.16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of property, plant and equipment	**14.70**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of property, plant and equipment	–	–	–	0.03	–	–	–	0.30	–	–	–	–	–	–	**0.25**	–	–	–	–	–	–	–	–	–
Deposit for appointment of director received	–	–	**4.00**	4.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director paid	–	–	**2.00**	4.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Security deposit received (scrap sales)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advance received toward sale of scrap	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(b) **Outstanding receivable from and payable to related parties**

Rs. in Lakhs

Nature of transactions	Ultimate holding company		Holding company		MME		MASPL		MIBS		Fellow subsidiary MRL		MSL		MMRPL		MLL		Company which is associate of ultimate holding company		Company which is Joint Venture of ultimate holding company		A Company having Significant influence	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Outstanding receivable	–	–	–	–	–	0.80	–	2.51	–	–	–	–	–	–	–	–	–	–	–	1.10	–	–	–	–
Outstanding payable	**12.05**	16.33	**116.85**	171.22	**0.21**	–	**2.48**	–	**0.15**	0.34	**0.15**	–	**7.89**	–	**3.06**	–	**0.44**	–	**10.16**	–	–	–	**5,520.19**	431.36

Notes:

1) In respect of the outstanding balances recoverable, no provision for doubtful debts was made in respect of these parties.
2) During the year there were no amounts written off from such parties.
3) The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. During the year, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 36 - Financial instruments

[I] Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 13 and 16 and offset by cash and cash equivalents) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Debt	**2,984.46**	3,253.93
Less: Cash and cash equivalents (Refer note 10)	**245.75**	115.43
Net debt	**2,738.71**	3,138.50
Equity	**10,548.61**	9,815.71
Gearing ratio	**26%**	32%

[II] Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A. CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit. At March 31, 2018, the Company had 7 customers that owed the Company more than Rs 183 Lakhs each and accounted for approximately 90% of all the receivables outstanding. (At 31 March 2017, the Company had 8 customers that owed the Company more than INR 53 lacs each and accounted for approximately 90% of all the receivables outstanding.)

An impairment analysis is performed at each reporting date on an individual basis for major customer. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

B. LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	Weighted average effective interest rate	Less than 1 Year	1-3 Years	3-5 Years	Total	Carrying amount
Non-derivative financial liabilities						
As at March 31, 2018						
Non-interest bearing		**2,184.43**	**159.82**	**0.51**	**2,344.76**	**2,344.76**
Variable interest rate instruments	**3.94%**	**9,667.80**	**–**	**–**	**9,667.80**	**9,588.14**
Total		**11,852.23**	**159.82**	**0.51**	**12,012.56**	**11,932.90**
As at March 31, 2017						
Non-interest bearing		2,390.49	205.39	55.20	2,651.08	2,651.08
Variable interest rate instruments	5.22%	4,937.16	70.20	–	5,007.36	4,979.57
Total		7,327.65	275.59	55.20	7,658.44	7,630.65

Sensitivity interest rate increase by 1%:

Profit will decrease on variable interest rate instrument by Rs. 95.88 lakhs for the year ended 31 March, 2018 (Rs. 49.80 lakhs for the year ended March 31, 2017)

Sensitivity interest rate decrease by 1%:

Profit will increase on variable interest rate instrument by Rs. 95.88 lakhs for the year ended 31 March, 2018 (Rs. 49.80 lakhs for the year ended March 31, 2017)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above
Derivative financial instruments				
31 March, 2018				
Gross settled:				
– foreign exchange forward contracts	–	–	–	–
31 March, 2017				
Gross settled:				
– foreign exchange forward contracts	84.35	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Carrying amount
Non-derivative financial assets					
31 March, 2018					
Non-interest bearing.....	**7,111.06**	**69.18**	–	**6.12**	**7,186.36**
Variable interest rate instruments.................	–	–	–	**19.17**	**19.17**
Fixed interest rate instruments.................	–	–	–	–	–
Total	**7,111.06**	**69.18**	–	**25.29**	**7,205.53**
31 March 2017					
Non-interest bearing.....	5,907.92	379.51	–	6.28	6,293.71
Variable interest rate instruments.................	–	–	–	19.17	19.17
Fixed interest rate instruments.................	–	–	–	–	–
Total	5,907.92	379.51	–	25.45	6,312.88

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. in Lakhs

Particulars	March 31, 2018	March 31, 2017
Secured bank overdraft/ WCDL facility	**200.00**	747.04
– Expiring within one year...	**200.00**	747.04
Secured working capital short term loan facility	–	–
– Expiring within one year...	–	–
Secured working capital non–fund based facility: (LC, BG, LUT, LER)	**425.26**	4,662.80
– Expiring within one year	**425.26**	4,662.80
Total	**625.26**	5,409.84

C. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors .

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Figures in Lakhs

Particulars	Currency	March 31, 2018	March 31, 2017
Trade payables/acceptance	USD	**104.66**	38.29
Foreign currency loan (import of machinery)............	EURO	**2.84**	–
Foreign currency loan (import of material)................	USD	–	3.55
Foreign currency loan (import of machinery)............	USD	–	5.69

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Figures in Lakhs

Particulars	Currency	March 31, 2018	March 31, 2017
Trade payables/acceptance	USD	**107.50**	6.61

(ii) Interest rate risk

Refer note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to the customer through appropriate adjustments to selling prices.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 37 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs. in Lakhs

Financial assets/ financial liabilities	Fair value hierarchy as at March 31, 2018			
	Level-1	**Level-2**	**Level-3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Cash and cash equivalents	–	**245.75**	–	**245.75**
– Trade and other receivables	–	**6,047.52**	–	**6,047.52**
– Industrial Investment Promotion Assistance receivable		**886.97**	–	**886.97**
– deposits and similar assets	–	**25.29**	–	**25.29**
Total	–	**7,205.53**	–	**7,205.53**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	**3,003.28**	–	**3,003.28**
– Short term deposits	–	**21.53**	–	**21.53**
– Trade and other payables	–	**8,889.00**	–	**8,889.00**
Total	–	**11,913.81**	–	**11,913.81**

Rs. in Lakhs

Financial assets/ financial liabilities	Fair value hierarchy as at March 31, 2017			
	Level-1	**Level-2**	**Level-3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Cash and cash equivalents	–	115.43	–	115.43
– Trade and other receivables	–	5,346.67	–	5,346.67
– Industrial Investment Promotion Assistance receivable		825.33	–	825.33
– deposits and similar assets	–	25.45	–	25.45
Total	–	6,312.88	–	6,312.88
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	3,268.11	–	3,268.11
– Short term deposits	–	14.17	–	14.17
– Trade and other payables	–	4,334.47	–	4,334.47
Total	–	7,616.75	–	7,616.75

Financial assets/ financial liabilities measured at Fair value

Financial assets/ financial liabilities	**Mar 31, 2018**	Mar 31, 2017	Fair value hierarchy	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
Other Financial Liabilities						
Foreign currency forward contracts	**–**	84.35	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Liability for Cash-settled share-based payments	**19.09**	13.90	Level 2	The Black-Scholes model. Inputs used: Current Stock Price of the base instrument, Annual Volalility based on Sensex, Risk Free Return based on Zero Coupon Yield, Exercise Price, time to option maturity, dividend yield.	NA	NA
Total financial liabilities	**19.09**	98.25				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note No. 38 - Lease premium

Company has taken land situated at Bhopal Madhya Pradesh and Kanhe Maharashtra on lease for 20-30 years. The balance amount of lease premium paid for the period of lease of land has been disclosed as prepaid expenses and is being amortised over the period of lease on straight line basis. The amount charged to the Statement of Profit and Loss is Rs. 2.09 Lakhs. (F.Y 2017 Rs. 2.09 Lakhs)

Note No. 39 - Earnings per share

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Profit after tax (Rs. in lakhs) (A)................	**814.45**	336.13
Weighted average number of shares Basic (B)	**1,65,39,759**	1,65,39,759
Earnings per share basic/diluted (Rupees) (A/B)	**4.92**	2.03
Nominal value of equity share (Rupees)..	**10.00**	10.00

Note No. 40 - Corporate Social Responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 17.97 Lakhs (F.Y 2017 Rs. 19.22 Lakhs). CSR amount spent during the year is Rs. 17.98 Lakhs (F.Y 2017 Rs. 19.50 Lakhs).

Note No. 41 Stock Appreciation Rights (SARs)

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the face value of the equity share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available fair value of the Company's equity share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018.

Details of stock appreciation rights outstanding as on March 31, 2018

Particulars	Number of Grants	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Cash settled					
F'14 grant	276	Jan 28, 2014	Feb 28, 2022	10.00	84.63
F'15 grant	9,185	Jan 28, 2015	Feb 28, 2022	10.00	83.83
F'15 grant	9,186	Jan 28, 2015	Feb 28, 2023	10.00	83.83
F'16 grant	1,311	Jan 28, 2016	Feb 28, 2022	10.00	84.70
F'16 grant	1,311	Jan 28, 2016	Feb 28, 2023	10.00	84.70
F'16 grant	1,311	Jan 28, 2016	Feb 28, 2024	10.00	84.70
F'18 grant	3,485	Apr 27, 2017	Feb 28, 2022	10.00	118.40
F'18 grant	3,485	Apr 27, 2017	Feb 28, 2023	10.00	118.40
F'18 grant	3,485	Apr 27, 2017	Feb 28, 2024	10.00	118.40
F'18 grant	3,486	Apr 27, 2017	Feb 28, 2025	10.00	118.40
F'18 grant	789	Jan 29, 2018	Feb 28, 2022	10.00	118.40
F'18 grant	789	Jan 29, 2018	Feb 28, 2023	10.00	118.40
F'18 grant	789	Jan 29, 2018	Feb 28, 2024	10.00	118.40
F'18 grant	789	Jan 29, 2018	Feb 28, 2025	10.00	118.40
F'18 grant	792	Jan 29, 2018	Feb 28, 2026	10.00	118.40

Movement in Stock appreciation rights

Particulars	Number of Shares
(1) The number of share options outstanding at the beginning of the year	36,392
(2) Granted during the year..	21,374
(3) Exercised during the year	14,812
(4) Expired/forfeited during the year	2,485
(5) Outstanding at the end of the year	40,469

Stock Appreciation Right's exercised during the year

Particulars	Number of SAR's	Exercised date	Share price at Exercise date
Cash settled			
F'13 grant...........................	557	Mar 15, 2018	165.88
F'14 grant...........................	274	Mar 15, 2018	165.88
F'15 grant...........................	9,185	Mar 15, 2018	165.88
F'16 grant...........................	1,311	Mar 15, 2018	165.88
F'18 grant...........................	3,485	Mar 15, 2018	165.88

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

Particulars	Cash settled share appreciation rights
(1) Share price..	165.88
(2) Exercise price	10.00
(3) Expected volatility (weighted-average)	9.87%
(4) Option Life...	5.92
(5) Expected dividends yield	5.86%
(6) Risk-free interest rate (based on government bonds)	7.73%

Note No. 42 - Recent accounting pronouncements:

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Note No. 43 - Details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016

Rs. in Lakhs

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hands as on November 8, 2016	–	0.27	0.27
Add: Permitted receipts (withdrawals from banks)	–	0.94	0.94
Less: Permitted payments	–	(0.63)	(0.63)
Less: Amount deposited in banks	–	–	–
Closing cash in hands as on December 30, 2016	–	0.58	0.58

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

Note No. 44 - Madhya Pradesh Industrial Investment Promotion Assistance

In terms of Madhya Pradesh Industrial Investment Promotion Assistance Scheme, the Company in respect of Plant set up in an earlier year at Bhopal is entitled for Industrial Investment Promotion Assistance (IIPA) equivalent to 75% of amount deposited as VAT or CST during each of the 10 years ending March 2020. During the year ended on 31 March 2018, The Company has recognised income of Rs 69.18 Lakhs for the period 1 April 2017 to 30 June 2017. W.e.f. 1 July 2017, VAT has been subsumed in GST. In the absence of a Government Notification on the continuance of the subsidy and its new mode of computation w.r.t. GST, no accrual for this income has been made in the Accounts from 1 July 2017.

Note No. 45 - Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Romali Malvankar
Company Secretary
CS-29447

Jitendra T. Rahate
Chief Financial Officer

For and on behalf of the Board of Directors

Rajeev Dubey	DIN: 00104817	Chairman
Sumit Issar	DIN: 06951249	Managing Director
Shimpei Asada	DIN: 07800080	Directors
Toyokazu Makino	DIN: 06626817	Directors
Ajay Mehta	DIN: 07102804	Directors
Vijay Arora	DIN: 07347126	Directors

CIN: U27100MH1993PLC070416

Place: Mumbai
Date: April 26, 2018

DIRECTORS' REPORT

Your Directors present their 9th Report, together with the audited financial statement of your Company for the year ended 31st March, 2018.

(Amount in Rs.)

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Income	**–**	–
Profit/(Loss) before taxation	**(1,16,70,416)**	(1,04,92,189)
Less: Provision for taxation:	**31,04,394**	28,20,134
Profit/(Loss) for the year after tax	**(85,66,022)**	(76,72,055)
Balance brought forward from earlier years	**(1,21,11,087)**	(44,39,032)
Loss carried forward to balance sheet	**(2,06,77,109)**	(1,21,11,087)
Net worth	**(1,56,77,109)**	(91,11,087)

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Your Company is currently evaluating options for its project in Western India. The loss after tax for the year was Rs. 85.66 Lakhs as against a loss of Rs. 76.72 Lakhs in the previous year.

The Company does not have any Subsidiaries, Joint Ventures or Associates.

DIVIDEND

Your Directors do not recommend any dividend on equity shares for the year. Your Directors have not paid any interim Dividend during the year. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2018 stood at Rs. 15 crores divided into 1,50,00,000 equity shares of Rs. 10/- each. Your Company on 26th December, 2017 allotted 2,00,000 equity shares of Rs. 10 each aggregating to Rs. 20,00,000 under rights issue to Mahindra Intertrade Limited, Member of the Company. As on 31st March, 2018, the paid-up capital of your Company stood at Rs. 50,00,000 divided into 5,00,000 equity shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following Directors:

Name of the Director and DIN	Designation	Executive/Non-Executive	Independent/ Non-Independent
Mr. Rajeev Dubey (00104817)	Director	Non-Executive	Non-Independent
Mr. Sumit Issar (06951249)	Director	Non-Executive	Non-Independent

Mr. Sumit Issar retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

There have not been any changes in Directors during the year.

The Directors have immense experience in business related to trading, finance and general corporate management.

Board Meetings and Annual General Meeting of the Company

The Board met five times during the year under review, i.e., on 26th April, 2017, 2nd August, 2017, 12th October, 2017, 28th November, 2017 and 2nd February, 2018. The gap between two consecutive Board Meetings did not exceed 120 days. The 8th Annual General Meeting of the Company was held on 23rd June, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Sumit Issar	5
Mr. Rajeev Dubey	5

Your Company is not required to constitute any mandatory committees of the Board.

Provisions relating to annual evaluation of Board, Committees and individual Directors are not applicable to your Company.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on representation from operating management and after due enquiry confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2018 and have found them to be adequate;

(vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS

The Members of the Company at their 8th Annual General Meeting held on 23rd June, 2017 had appointed M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company for a term of 5 consecutive years to hold office from the conclusion of the 8th Annual General Meeting (AGM) until the conclusion of the 13th AGM of the Company to be held in the year 2022, subject to ratification of the appointment by the Members of the Company at every AGM held after the 8th AGM.

Pursuant to the first proviso to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members are requested to ratify the appointment of Statutory Auditors at the ensuing 9th Annual General Meeting of the Company and fix their remuneration.

Your Company has obtained a certificate from the Auditor, confirming that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and that they satisfy the criteria provided in section 141.

The Auditors Report for the year ended 31st March, 2018, does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instance of fraud committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

SECRETARIAL AUDITOR, COST AUDITOR AND INTERNAL AUDITOR

During the year under review, the provisions relating to Secretarial Auditor, Cost Auditor and Internal Auditor were not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks which may impact the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not granted any loans, provided any securities and not made any investments pursuant to Section 186 of the Companies Act, 2013 during the year under review. Your Company has not obtained any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Parent Company, Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements under Section 188(1) of the Companies Act, 2013 with related parties of the Company which require reporting under Form No. AOC - 2. Details of the transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 is furnished as **Annexure I** and forms part of this report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Policy on Prevention of Sexual Harassment of Women. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are furnished in **Annexure II** and form part of this report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CODE OF CONDUCT

Your Company has adopted Code of Conduct for its Directors ("the Code"). The Code enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations from members of the Board affirming compliance with the said Code.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
- Provisions relating to Corporate Social Responsibility enumerated under section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

Provisions relating to establishment of Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board
Mahindra Electrical Steel Private Limited

Rajeev Dubey	**Sumit Issar**
Director	Director

Mumbai, 24th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U27100MH2009PTC193205
ii.	Registration Date	:	10th June, 2009
iii.	Name of the Company	:	Mahindra Electrical Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Company Limited by shares/Indian Non-Government
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the company
–	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U34100MH2007PLC171151	Intermediate Holding Company	100*	2(46)
3	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Holding Company	100	2(46)

* Through Mahindra Intertrade Limited

IV. SHAREHOLDING PATTERN (Equity Share Capital break–up as percentage of total equity)

(i) Category–wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	3,00,000	3,00,000	100	–	5,00,000	5,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1):	–	**3,00,000**	**3,00,000**	**100**	–	**5,00,000**	**5,00,000**	**100**	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**3,00,000**	**3,00,000**	**100**	–	**5,00,000**	**5,00,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**3,00,000**	**3,00,000**	**100**	–	**5,00,000**	**5,00,000**	**100**	–

(ii) Shareholding of Promoters (equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Intertrade Limited	299,994	100	–	4,99,994	100	–	–
2.	*Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
3.	*Mr. Narayan Shankar (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
4.	*Mr. K. Chandrasekar (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
5.	*Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
6.	*Mr. Vijay Arora (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
7.	*Mr. Percy Mahernosh (Nominee of Mahindra Intertrade Limited)	1	0	–	1	0	–	–
Total		**3,00,000**	**100**	–	**5,00,000**	**100**	–	–

* Held for Mahindra Intertrade Limited by its nominees.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**Mahindra Intertrade Limited**				
	At the beginning of the year - 01.04.2017	**3,00,000**	**100**	–	–
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/ sweat equity/etc.) Increase in Promoters Shareholding during the year: 26.12.2017 – Allotment of 2,00,000 shares (under rights issue)	–	–	5,00,000	100
	At the end of the year – 31.03.2018	–	–	**5,00,000**	**100**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**At the beginning of the year - 01.04.2017**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year – 31.03.2018	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Sumit Issar (As Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	1	–	1	–

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year - 31.03.2018	–	–	1	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Crores.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	7.84	–	7.84
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.02	–	0.02
Total (i+ii+iii)	–	**7.86**	–	**7.86**
Change in indebtedness during the financial year				
• Addition	–	1.02	–	1.02
• Reduction	–	(0.02)	–	(0.02)
Net Change	–	**1.00**	–	**1.00**
Indebtedness at the end of the financial year				
i) Principal Amount	–	8.84	–	8.84
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.02	–	0.02
Total (i+ii+iii)	–	**8.86**	–	**8.86**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Rajeev Dubey	Mr. Sumit Issar	
1.	**Independent Directors**			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	–	–	–
2.	**Other Non-Executive Directors**			
	• Fees for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	–	–	–
	Total Managerial Remuneration (A+B)	–	–	–
	Overall Ceiling as per the Act	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CS	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board
Mahindra Electrical Steel Private Limited

Rajeev Dubey *Director*

Sumit Issar *Director*

Mumbai, 24th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: **Nil**

(b) The steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: **Nil**

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) The details of technology imported: **Nil**

(b) The year of import: **Nil**

(c) Whether the technology been fully absorbed: **Nil**

(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: **Nil**

iv) The expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Amount in Rs.)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board
Mahindra Electrical Steel Private Limited

Rajeev Dubey
Director

Sumit Issar
Director

Mumbai, 24th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED

Report on the Audit of the IndASFinancialStatements

We have audited the accompanying Ind AS financial statements of **Mahindra Electrical Steel Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions and the opening balance sheet are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31 March 2017 and the transition opening balance sheet as at 1 April 2015 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the Ind AS financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated 26 April 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statementand Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the aforesaidInd AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

   v) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   vi) The Company has been exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls; and

   vii) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      a. The Company does not have any pending litigations which would impact its financial position;

      b. The Company did not have any long-term contracts, including derivative contractsfor which there were any material foreseeable losses.

      c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      d. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
(Partner)
Membership No: 113959

Place: Mumbai
Date: 24 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The Company did not hold any physical inventories. Accordingly paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanation given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Goods & Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Further as informed to us, the Company did not have any dues on account of sales tax, value added tax, duty of excise and cess.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax, Sales tax, Duty of excise, Duty of custom, Value added tax, Service tax and Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders.The Company did not have any outstanding dues to any financial institution or banks or Government.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed during the course of audit.

(xi) According to the information and explanations given to us, the Company has not paid the managerial remuneration during the year in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The Company does not fall under the definition of a listed company or other class of companies which is required to constitute audit committee under Section 177 (4) (iv) of the Act and hence paragraph 3(xiii) of the Order is not applicable to the Company.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
(Partner)
Membership No: 113959

Place: Mumbai
Date: 24th April 2018

BALANCE SHEET AS AT MARCH 31, 2018

Amount in Rs.

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A. ASSETS			
1. Non-current assets			
a) Property, plant and equipment	3	**71,763,148**	72,536,640
b) Other non-current assets	4	**–**	16,000
Total non-current assets		**71,763,148**	72,552,640
2. Current assets			
a) Financial assets			
(i) Cash and cash equivalents	5	**1,993,941**	680,588
(ii) Others	6	**1,418**	–
b) Other current assets	4	**–**	119,424
Total current assets		**1,995,359**	800,012
Total assets (1+2)		**73,758,507**	73,352,652
B. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	7	**5,000,000**	3,000,000
b) Other equity	8	**(20,677,109)**	(12,111,087)
Total equity		**(15,677,109)**	(9,111,087)
LIABILITIES			
2. Non-current liabilities			
a) Financial liabilities			
Borrowings	9	**–**	78,402,596
Total non-current liabilities		**–**	78,402,596
3. Deferred tax liabilities (Net)	11	**673,830**	3,761,379
4. Current liabilities			
a) Financial liabilities			
(i) Borrowings	9	**88,408,345**	–
(ii) Trade payables	12	**184,240**	131,500
(iii) Other financial liabilities	13	**150,406**	150,405
b) Other current liabilities	14	**18,425**	17,859
c) Current tax liabilities (Net)		**370**	–
Total current liabilities		**88,761,786**	299,764
Total equity and liabilities (1+2+3+4)		**73,758,507**	73,352,652

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's registration No.: 101248W/W-100022

Jayesh Thakkar
Partner
Membership No. 113959

Place : Mumbai
Date : 24 April, 2018

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Rajeev Dubey
DIN: 00104817

Place : Mumbai
Date : 24 April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Amount in Rs.

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	**Other income**	15	**1,418**	–
II	**Total Revenue**		**1,418**	–
III	**EXPENSES**			
	(a) Finance costs	16	**10,257,088**	9,138,300
	(b) Amortisation expense	3	**773,492**	773,492
	(c) Other expenses	**17**	**641,254**	580,397
	Total expenses (III)		**11,671,834**	10,492,189
IV	**Loss before tax (II - III)**		**(11,670,416)**	(10,492,189)
V	**Tax expense**			
	(a) Current tax	10	**(16,845)**	–
	(b) Deferred tax	11	**(3,087,549)**	(2,820,134)
	Total tax expense (V)		**(3,104,394)**	(2,820,134)
VI	**Loss after tax (IV - V)**		**(8,566,022)**	(7,672,055)
VII	**Other comprehensive income**		**–**	–
	(a) Items that will not be reclassified to profit or loss		**–**	–
	(b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
VIII	**Total comprehensive income for the year (VI + VII)**		**(8,566,022)**	(7,672,055)
IX	**Earnings per equity share (of Rs. 10 each)**			
	Basic/Diluted (Rs.)	19	**(24.29)**	(27.12)

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's registration No.: 101248W/W-100022

Jayesh Thakkar
Partner
Membership No. 113959

Place : Mumbai
Date : 24 April, 2018

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Rajeev Dubey
DIN: 00104817

Place : Mumbai
Date : 24 April, 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**3,000,000**	500,000
Changes in equity share capital during the year	**2,000,000**	2,500,000
Balance at the close of the year	**5,000,000**	3,000,000

B. Other equity

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at March 31, 2016	**43,781,884**	**(48,220,916)**	(4,439,032)
Loss for the year	–	**(7,672,055)**	(7,672,055)
Other comprehensive income [Net of tax]	–	**–**	–
Total comprehensive income for the year	–	**(7,672,055)**	(7,672,055)
Balance as at March 31, 2017	**43,781,884**	**(55,892,971)**	(12,111,087)
Loss for the year	–	**(8,566,022)**	(8,566,022)
Other comprehensive income [Net of tax]	–	**–**	–
Total comprehensive income for the year	–	**(8,566,022)**	(8,566,022)
Balance as at March 31, 2018	**43,781,884**	**(64,458,993)**	(20,677,109)

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's registration No.: 101248W/W-100022

Jayesh Thakkar
Partner
Membership No. 113959

Place : Mumbai
Date : 24 April, 2018

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Rajeev Dubey
DIN: 00104817

Place : Mumbai
Date : 24 April, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
			Amount in Rs.
A.	**Cash flow from operating activities**		
	Loss after tax	**(8,566,022)**	(7,672,055)
	Adjustments for:		
	Income tax expense recognised in statement of profit and loss	**(3,104,394)**	(2,820,134)
	Interest income	**(1,418)**	–
	Amortisation expense	**773,492**	773,492
	Finance costs	**10,257,088**	9,138,300
		7,924,768	7,091,658
	Operating loss before working capital changes	**(641,254)**	(580,397)
	Changes in working capital:		
	Decrease / (Increase) in other assets	**119,424**	(119,424)
	Increase / (Decrease) in trade payables	**52,740**	(74,805)
	Increase / (Decrease) in other current liabilities	**566**	(2,571)
		172,730	(196,800)
	Cash generated from operations	**(468,524)**	(777,197)
	Net income tax paid	**28,935**	–
	Net cash flow used in operating activities (A)	**(439,589)**	(777,197)
B.	**Cash flow from investing activities**	**–**	–
	Net cash flow from investing activities (B)	**–**	–
C.	**Cash flow from financing activities**		
	Fresh issue of equity shares	**2,000,000**	2,500,000
	(Repayment) from short term borrowings	**–**	(1,500,000)
	Interest paid	**(247,058)**	(252,952)
	Net cash flow/(used in) from financing activities (C)	**1,752,942**	747,048
	Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1,313,353**	(30,149)
	Cash and cash equivalents at beginning of the year	**680,588**	710,737
	Cash and cash equivalents at end of the year	**1,993,941**	680,588
		1,313,353	(30,149)
	Reconciliation of Cash and cash equivalents with the Balance Sheet:		
	Cash and cash equivalents as per Balance Sheet (Refer Note 5)	**1,993,941**	680,588

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's registration No.: 101248W/W-100022

Jayesh Thakkar
Partner
Membership No. 113959

Place : Mumbai
Date : 24 April, 2018

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Rajeev Dubey
DIN: 00104817

Place : Mumbai
Date : 24 April, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Electrical Steel Limited was incorporated in India on 10 June, 2009 as a Public Company with authorised share capital of Rs.150,000,000. The Ministry of Corporate Affairs approved the change of name from Mahindra Electrical Steel Limited to Mahindra Electrical Steel Private Limited with effect from 13 January, 2012. The Company is a public Company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of Mahindra Intertrade Limited a public limited Company. The Company's main object is to trade in or process non-ferrous/ferrous materials including various grades of steel.

2 Significant Accounting Policies followed by the Company

2.1 Statement of Compliance and Basis of preparation and presentation :

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006.

Going concern :

As at 31 March 2018, the Company's paid up capital stands at Rs 5,000,000 and correspondingly, the Company's accumulated loss aggregated Rs 20,677,109. The Company's current liabilities exceed the current assets by Rs 86,766,427. However, the financial statements have been prepared on a going-concern basis based on a letter of support from Mahindra Intertrade Limited, the holding company, stating that it will continue to provide such financial support to the Company as is necessary to maintain the Company as a going concern for the foreseeable future and to meet its debts and liabilities, both present as well as in the future (until 31 March 2019), as and when they fall due for payment in the normal course of business. Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on April 24, 2018.

2.2 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013

Leashold land is amortised over the period of lease.

2.3 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or loss.

Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.4 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.5 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.8 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

. **Current and deferred tax for the year:**

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.9 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

2.10 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Note 3 - Property, plant and equipment

	Amount in Rs.
Description of Assets	Land – Leasehold*
I. Cost	
Balance as at April 1, 2017	**76,624,494**
Additions	–
Disposals	–
Balance as at March 31, 2018	**76,624,494**
II. Accumulated amortisation	
Balance as at April 1, 2017	**4,087,854**
Amortisation expense for the year	773,492
Eliminated on disposal of assets	–
Balance as at March 31, 2018	4,861,346
Net carrying amount (I-II)	
Balance as at March 31, 2018	**71,763,148**
Balance as at March 31, 2017	72,536,640

Description of Assets	**Land – Leasehold***
I. Cost	
Balance as at April 1, 2016	**76,624,494**
Additions	**–**
Disposals	**–**
Balance as at March 31, 2017	**76,624,494**

Description of Assets	Land – Leasehold*
II. Accumulated amortisation	
Balance as at April 1, 2016	**3,314,362**
Amortisation expense for the year	**773,492**
Eliminated on disposal of assets	**–**
Balance as at March 31, 2017	**4,087,854**
Net carrying amount (I-II)	
Balance as at March 31, 2017	**72,536,640**
Balance as at March 31, 2016	73,310,132

* the above has been regrouped in the current year pursuant to the clarification issued in ITFG 7 and ITFG 15 from prepaid asset.

Note 4 - Other assets

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Current portion		
Advance to related party (Mahindra and Mahindra Limited)	–	119,424
Total other current assets	**–**	**119,424**
Non current portion		
Advance income tax (net of provision for tax)	–	16,000
Total other non current assets	**–**	**16,000**

Note 5 - Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
a) Cash and cash equivalents		
Unrestricted balances with banks		
In current account	493,941	680,588
In deposit account	1,500,000	–
Total	**1,993,941**	**680,588**

Note 6 - Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortised cost		
Interest accrued on deposits	1,418	–
Total	**1,418**	**–**

Note 7 - Share capital

Amount in Rs.

Particulars	As at March 31, 2018 Number of shares	As at March 31, 2018 Rupees	As at March 31, 2017 Number of shares	As at March 31, 2017 Rupees
(a) Authorised				
Equity shares of Rs. 10 each	**15,000,000**	**15,000,000**	15,000,000	150,000,000
	15,000,000	**15,000,000**	15,000,000	150,000,000
(b) Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each	**500,000**	**5,000,000**	300,000	3,000,000
	500,000	**5,000,000**	300,000	3,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening balance	Fresh issue	Buy back	Closing balance
Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each				
For the year ended March 31, 2018				
Number of shares	**300,000**	**200,000**	–	**500,000**
Amount (in Rupees)	**3,000,000**	**2,000,000**	–	**5,000,000**
For the year ended March 31, 2017				
Number of shares	50,000	250,000	–	300,000
Amount (in Rupees)	500,000	2,500,000	–	3,000,000

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company

Particulars	As at March 31, 2018 Number of shares	As at March 31, 2017 Number of shares
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**500,000**	300,000

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2018 Number of shares	As at March 31, 2018 % of holding	As at April 1, 2017 Number of shares	As at April 1, 2017 % of holding
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**500,000**	**100%**	300,000	100%

Note 8 - Other equity

Amount in Rs.

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2016	**43,781,884**	**(48,220,916)**	**(4,439,032)**
Loss for the year	–	(7,672,055)	(7,672,055)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(7,672,055)	(7,672,055)
Balance as at March 31, 2017	**43,781,884**	**(55,892,971)**	**(12,111,087)**
Loss for the year	–	(8,566,022)	(8,566,022)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(8,566,022)	(8,566,022)
Balance as at March 31, 2018	**43,781,884**	**(64,458,993)**	**(20,677,109)**

Note 9 - Borrowings

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
Unsecured borrowings - at amortised Cost		
Current portion		
Liability component of compound financial instruments (0.25% Optionally convertible unsecured debentures of Rs. 1,000 each - refer Note below)	**88,408,345**	–
Non current portion		
Liability component of compound financial instruments (0.25% Optionally convertible unsecured debentures of Rs. 1,000 each - refer Note below)	**–**	78,402,596
Total current borrowings	**88,408,345**	**–**
Total non current borrowings	**–**	78,402,596

Note: The Company had issued 107,500 non transferable 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each to its Holding Company, Mahindra Intertrade Limited. During the year 2015-16 the issuer had exercised call option to redeem 16,500 debentures.

During the FY 2016-17, the terms of 0.25% Optionally convertible unsecured debentures have been changed where by a) the Company's call option on right of redemption and conversion has been deleted b) Interest on optionally convertible debenture shall also be paid for fractional period if debentures are converted before completion of a year. Balance 91,000 debentures are falling due on 26th June, 2018.

Note 10 - Current tax

(a) Income Tax recognised in profit and loss

Amount in Rs.

Particulars	For the year ended on March 31, 2018	For the year ended on March 31, 2017
Current tax:		
In respect of current year	**370**	–
Excess Provision for income tax for prior year	**(17,215)**	–
Total	**(16,845)**	**–**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(2,470,276)**	(2,820,134)
Due to change in income tax rate	**(617,273)**	**–**
Total	**(3,087,549)**	(2,820,134)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs.

Particulars	For the year ended on March 31, 2018	For the year ended on March 31, 2017
Profit before tax	**(11,670,416)**	(10,492,189)
Income tax # being loss	**–**	–
Effect of expenses that is non–deductible in determining taxable profit	**370**	–
Deferred tax on accrued interest on liability portion of compound financial instrument	**(2,470,276)**	(2,820,134)
Due to change in income tax rate	**(617,273)**	**–**
	(3,087,179)	(2,820,134)
Adjustments recognised in the current year in relation to the current tax of prior years	**(17,215)**	–
Income tax expense recognised in the Statement of profit and loss	**(3,104,394)**	(2,820,134)

The tax rate used for the year ended March 31, 2018 reconciliations above is the corporate tax rate of 25.75% (FY 2016-17 : 30.90%) [including education and higher education cess of 2% and 1% respectively] payable by corporate entities in India on taxable profits under Indian Income Tax Law.

Note 11 - Deferred tax

Amount in Rs.

	As at March 31, 2018			
Particulars	**Opening Balance**	**Recognised in profit and loss**	**Recognised in equity**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
– Deferred tax portion of recognotion of equity component	**13,415,215**	–	–	**13,415,215**
Tax effect of items constituting deferred tax assets				
– Deferred tax - on recognition of accrued interest on compund financial instrument	**9,653,836**	**3,087,549**	–	**12,741,385**
Total	**3,761,379**	**(3,087,549)**	–	**673,830**

Amount in Rs.

Particulars	As at March 31, 2017 Opening Balance	Recognised in profit and loss	Recognised in equity	Closing Balance
Tax effect of items constituting deferred tax liabilities				
- Deferred tax portion of recognition of equity component.................	13,415,215	–	–	13,415,215
Tax effect of items constituting deferred tax assets				
- Deferred tax - on recognition of accrued interest on compound financial instrument.......	6,833,702	2,820,134	–	9,653,836
Total...................................	6,581,513	(2,820,134)	–	3,761,379

Note 12 - Trade payables

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Creditors for supplies / services	**184,240**	131,500
Total	**184,240**	131,500

Note: There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note 13 – Other financial liabilities

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued on debentures..........................	**150,406**	150,405
Total	**150,406**	150,405

Note 14 - Other liabilities

Amount in Rs.

Particulars	As at March 31, 2018	As at March 31, 2017
Others		
- Statutory Dues (TDS)	**18,425**	17,859
Total	**18,425**	17,859

Note 15 - Other income

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income:		
- Bank deposits (at amortised cost)	**1,418**	–
Total	**1,418**	–

Note 16 - Finance cost

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense		
(a) Interest on debenture....................	**227,502**	227,502
(b) Unwinding of interest on liability portion of compound financial instrument.....................................	**10,005,749**	8,899,147
(c) Interest on borrowings	**–**	11,651
(d) Interest on income tax	**4,280**	–
(e) Interest others................................	**19,557**	–
Total	**10,257,088**	9,138,300

Analysis of interest expenses by category

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) On financial liability at amortised cost	**10,233,251**	9,138,300
(b) On non financial liabilities.............	**23,837**	–
Total	**10,257,088**	9,138,300

Note 17 - Other expenses

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Rates and taxes.............................	**187,021**	59,731
(b) Professional & legal expenses	**319,572**	310,542
(c) Auditors' remuneration (refer Note below)	**129,800**	184,550
(d) Other general expenses................	**4,861**	25,574
Total	**641,254**	580,397

Note:

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to auditors:		
To Statutory auditors-		
For audit (including GST/service tax)	**129,800**	127,050
For other services..........................	**–**	57,500
Total	**129,800**	184,550

Note 18 – Related Party Disclosures

Related party disclosures as required by Ind AS-24 " Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

(B) Transactions with Related Parties:

(a) Disclosure of transactions between the Company and related parties during the year ended March 31, 2018:

Amount in Rs.

		For the year ended March 31, 2018	For the year ended March 31, 2017
(i)	**Ultimate Holding Company**		
	Professional fees	**200,000**	287,502
	Other general expenses	**4,222**	25,234
(ii)	**Holding Company**		
	Issue of equity shares	**2,000,000**	2,500,000
	Interest of debentures	**227,502**	227,502
	Unwinding of interest on liability portion of compound financial instrument	**10,005,749**	8,899,147

(b) Outstanding balances:

Amount in Rs.

	As at March 31, 2018	As at March 31, 2017
Outstanding payables		
Holding Company	**88,558,751**	78,549,077
Outstanding receivables		
Ultimate Holding Company	**–**	119,424

During the year, there is no amount written off or written back in respect of such parties.

Note 19 - Earnings per share

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Loss after tax (Rs.) (A)	**(8,566,022)**	(7,672,055)
Weighted average number of shares (B)	**352,603**	282,877
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**(24.29)**	(27.12)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note 20 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flow, and by matching the monitoring profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.The tables include both interest and principal cash flow.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities							
March 31, 2018							
Non-interest bearing		**334,646**	**–**	**–**	**–**	**334,646**	**334,646**
Variable interest rate instruments	**12.35%**	**91,000,000**	**–**	**–**	**–**	**91,000,000**	**88,408,345**
Total		**91,334,646**	**–**	**–**	**–**	**91,334,646**	**88,742,991**
March 31, 2017							
Non-interest bearing		281,905	–	–	–	281,905	281,905
Variable interest rate instruments	12.35%	–	91,000,000	–	–	91,000,000	78,402,596
Total		281,905	91,000,000	–	–	91,281,905	78,684,501

Sensitivity interest rate increase by 1%: Profit will decrease by by Rs. 8,84,083 for the year ended March 31, 2018 (Rs. 7,84,025 March 31, 2017)

Sensitivity interest rate decrease by 1%: Profit will increase by by Rs. 8,84,083 for the year ended March 31, 2018 (Rs. 7,84,025 March 31, 2017)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets							
March 31, 2018							
interest bearing	**5.75%**	**1,500,000**	**–**	**–**	**–**	**1,500,000**	**1,500,000**
Non-interest bearing		**495,359**	**–**	**–**	**–**	**495,359**	**495,359**
Total		**1,995,359**	**–**	**–**	**–**	**1,995,359**	**1,995,359**
March 31, 2017							
Non-interest bearing		680,588				680,588	680,588
Total		680,588	–	–	–	680,588	680,588

Note 21 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

– quoted prices for similar assets or liabilities in active markets
– quoted prices for identical or similar assets or liabilities in markets that are not active
– inputs other than quoted prices that are observable for the asset or liability, for example
  – interest rates and yield curves observable at commonly quoted intervals
  – implied volatilities
  – credit spreads
  – inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount in Rs.

Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
	Fair value hierarchy as at March 31, 2018			
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	**–**	**1,995,359**	**–**	**1,995,359**
Total	**–**	**1,995,359**	**–**	**1,995,359**

Amount in Rs.

Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
	Fair value hierarchy as at March 31, 2018			
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	**–**	**88,408,345**	**–**	**88,408,345**
– trade and other payables	**–**	**334,646**	**–**	**334,646**
Total	**–**	**88,742,991**	**–**	**88,742,991**

Amount in Rs.

Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
	Fair value hierarchy as at March 31, 2017			
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	–	680,588	–	680,588
Total	–	680,588	–	680,588
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	–	78,402,596	–	78,402,596
– trade and other payables	–	281,905	–	281,905
Total	–	78,684,501	–	78,684,501

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note 22 – Details of Specified Bank Notes - (SBN)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

In terms of our report attached

For B S R & Co LLP
Chartered Accountants
Firm's registration No.: 101248W/W-100022

Jayesh Thakkar
Partner
Membership No. 113959

Place : Mumbai
Date : 24 April, 2018

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Rajeev Dubey
DIN: 00104817

Place : Mumbai
Date : 24 April, 2018

DIRECTORS' REPORT

Your Directors present their 5th Report, together with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Income	**9,012.41**	10,746.02
Profit before depreciation, interest and taxation	**2,393.66**	1,721.74
Less: depreciation	**499.39**	386.53
Profit before interest and taxation	**1,894.27**	1,335.21
Less: interest	**78.58**	208.94
Profit before tax	**1,815.69**	1,126.27
Less : Provision for taxation:		
Current Tax	**364.53**	237.00
Deferred Tax	**176.10**	167.44
Profit for the year after tax	**1,275.06**	721.83
Other comprehensive income	**0.17**	(1.11)
Total comprehensive income for the year	**1,275.23**	720.72
Balance of profit of earlier years	**1,042.44**	362.94
Profit available for appropriation	**2,317.67**	1,083.66
Dividend paid on equity shares	**150.70**	34.25
Income-tax on dividend paid	**30.68**	6.97
Balance carried to Balance Sheet	**2,136.29**	1,042.44
Net Worth	**8,986.29**	7,892.44

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Demand from domestic automotive industry was muted for a major part of the year. During the current financial year, the income for the year declined to Rs. 9,012.41 lakhs as against Rs. 10,746.02 lakhs in the previous year. The total comprehensive income for the year was at Rs. 1,275.23 lakhs as against Rs. 720.72 lakhs in the previous year, mainly driven by improved margins and accounting of incentives (mainly Industrial Promotion Subsidy) under the Maharashtra Package Scheme of Incentives 2013, pursuant to receipt of the Eligibility Certificate during the year.

The Company does not have Subsidiaries, Joint Ventures or Associates.

DIVIDEND

Your Directors recommend a dividend @ 6.00% on its 6,85,00,000 fully paid-up equity shares of Rs. 10 each, at Rs. 0.60 per equity share, aggregating Rs. 411.00 lakhs.

If approved by the shareholders at the ensuing Annual General Meeting, the above dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e. 20th June, 2018, the date of the Annual General Meeting of the Company.

The dividend for the year together with income tax thereon, will absorb a sum of Rs. 495.48 lakhs against Rs. 181.38 lakhs paid for the previous year.

Your Directors have not paid any interim Dividend during the year. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

HUMAN RESOURCE

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions.

As part of the Talent Development process, your Company continues to invest in premium learning opportunities to groom our next generation of leaders.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Policy on Prevention of Sexual Harassment of Women. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In line with the principles of transparency and consistency and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company had approved:

- Policy on appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and
- Policy on remuneration of Directors, Key Managerial Personnel and other Employees.

These policies are provided as **Annexure I** and forms part of this report.

AWARD

Your company has been the recipient of the following award during the year:

Star Performer 2017 (Runner-Up) at the Mahindra Group for contribution towards Esops (Employee Social Options), an employee volunteering platform for CSR at the Mahindra Group.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operations were observed.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to mitigate the risks which may impact the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 stood at Rs. 76 crores divided into, 7,60,00,000 equity shares of Rs. 10/- each. The paid-up share capital of your Company as on 31st March, 2018 stood at Rs. 68.50 crores divided into 6,85,00,000 equity shares of Rs. 10/- each.

BOARD OF DIRECTORS

Composition:

Presently, the Board comprises of the following Directors:

Name of the Director and DIN	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Zhooben Bhiwandiwala (00110373)	Chairman	Non-Executive Director	Non-Independent Director
Mr. Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Mr. Sumit Issar (06951249)	Director	Non-Executive Director	Non-Independent Director
Mr. Junichi Sonai (08108175) (w.e.f. 25th April, 2018)	Additional Director	Non-Executive Director	Non-Independent Director
Mr. Huang, Chen-Jung (07692412)	Director	Non-Executive Director	Non-Independent Director
Mr. P. R. Barpande (00016214)	Director	Non-Executive Director	Independent Director
Ms. Smita Mankad (02009838)	Director	Non-Executive Director	Independent Director

Consequent to the change in nomination by Mitsui & Co. Limited, Tokyo, Mr. Junichi Sonai (DIN: 08108175) was appointed as an Additional Director w.e.f. 25th April, 2018 on the Board of the Company by way of circular resolution of the Board passed unanimously on 23rd April, 2018, who shall hold office up to the date of ensuing Annual General Meeting. Mr. Toru Kojima (DIN: 07800837), resigned as the Director of the Company w.e.f. the close of business hours on 24th April, 2018.

The Board places on record its sincere appreciation for the valuable guidance and support provided by Mr. Toru Kojima during his tenure as the Director of the Company.

Mr. Zhooben Bhiwandiwala and Mr. Huang, Chen-Jung retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Company has received notice pursuant to Section 160 of the Companies Act, 2013, from Mahindra Intertrade Limited, Member of the Company, for proposing the candidature of Mr. Junichi Sonai, as the Directors at the ensuing Annual General Meeting of the Company.

All Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors.

Pursuant to Section 149 the Companies Act, 2013, Mr. P. R. Barpande and Ms. Smita Mankad, based on performance evaluation, have been re-appointed as the Independent Directors of the Company with effect from 29th April, 2018 for the period of 4 and 5 years respectively, by way of special resolution passed at the Extra-Ordinary General Meeting held on 25th April, 2018 and they would not be liable to retire by rotation.

Mr. P. R. Barpande and Ms. Smita Mankad in the opinion of the Board, are the persons with integrity and possess relevant expertise and experience, and have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Your Directors have wide experience in business related to trading, finance and general corporate management.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board met five times during the year under review, i.e. on 27th April, 2017, 2nd August, 2017, 16th October, 2017, 6th February, 2018 and 9th March, 2018. The gap between two consecutive Board Meetings did not exceed 120 days. The 4th Annual General Meeting of the Company was held on 23rd June, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Zhooben Bhiwandiwala	1
Mr. Sumit Issar	5
Mr. Rajeev Dubey	3
Mr. Huang, Chen-Jung	5
#Mr. Toru Kojima	5
Ms. Smita Mankad	5
Mr. P. R. Barpande	5

Resigned as the Director of the Company w.e.f. the close of business hours on 24th April, 2018

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 15th November, 2017 without the presence of the Chairman, other Non-Executive Directors, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured evaluation questionnaire covering various aspects such as adequacy of the composition of the Board and its Committees, the capabilities and experience of the Board and its Committees and the devotion of adequate time for discharging its role, etc.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors, the Chairman and the Board as a whole was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on representation from operating management and after due enquiry confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no departures;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2018 and have found them to be adequate;

(vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, Senior Management Personnel and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations from members of the Board, Senior Management Personnel and Employees affirming compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee of the Company comprised of the following Directors as its Members:

Name of the Member	Designation
Mr. Zhooben Bhiwandiwala	Chairman
Mr. P. R. Barpande	Member
Ms. Smita Mankad	Member

The Audit Committee met thrice during the year under review, i.e. on 27th April, 2017, 16th October, 2017 and 6th February, 2018.

The attendance of the Members at the Meetings of the Audit Committee of the Company were as under:-

Name of the Member	No. of Audit Committee Meetings attended
Mr. Zhooben Bhiwandiwala	1
Mr. P. R. Barpande	3
Ms. Smita Mankad	3

All the recommendations of the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of the Company comprised of the following Directors as its Members:

Name of the Member	Designation
Mr. Rajeev Dubey	Chairman
Mr. Huang, Chen-Jung	Member
Mr. P. R. Barpande	Member
Ms. Smita Mankad	Member

The Nomination and Remuneration Committee met four times during year under review, i.e. on 27th April, 2017, 2nd August, 2017, 16th October, 2017 and 6th February, 2018.

The attendance of the Members at the Meetings of the Nomination and Remuneration Committee of the Company were as under:-

Name of the Member	No. of Nomination and Remuneration Committee Meetings attended
Mr. Rajeev Dubey	2
Mr. Huang, Chen-Jung	4
Mr. P. R. Barpande	4
Ms. Smita Mankad	4

Corporate Social Responsibility (CSR) Committee

The Composition of CSR Committee is as follows:

Name of the Member	Designation
Mr. Zhooben Bhiwandiwala	Chairman
Mr. Sumit Issar	Member
Ms. Smita Mankad	Member

The CSR Committee met once during the year under review on 27th April, 2017, which was attended by Mr. Sumit Issar and Ms. Smita Mankad.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel (KMP) of your Company are as below:

Name of the Key Managerial Personnel	Designation
*Mr. Sanjay Somkumar	Manager
Mr. Percy Mahernosh	Chief Financial Officer
#Ms. Bhavna Awatramani	Company Secretary

* re-appointed for a period of 3 years w.e.f. 29th April, 2018 to 28th April, 2021 by way of special resolution passed by the Members at their Extra – Ordinary General Meeting held on 25th April, 2018.

Appointed as the Company Secretary w.e.f. 26th April, 2018 by the Board at its meeting held on 25th April, 2018. Ms. Romali Malvankar, Company Secretary of the Company, resigned w.e.f. the close of business hours on 25th April, 2018.

STATUTORY AUDITORS

The Members of the Company at their 4th Annual General Meeting held on 23rd June, 2017 had appointed M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company, to hold office for a term of 5 consecutive years, from the conclusion of the 4th Annual General Meeting (AGM) until the conclusion of the 9th AGM of the Company to be held in the year 2022, subject to ratification of the appointment by the Members of the Company at every AGM held after the 4th AGM.

Pursuant to the first proviso to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members are requested to ratify the appointment of Statutory Auditors at the ensuing 5th Annual General Meeting of the Company and fix their remuneration.

Your Company has obtained a certificate from the Auditor, confirming that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and that they satisfy the criteria provided in section 141.

The Auditors' Report for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the year ended 31st March, 2018. The Board at its meeting held on 27th April, 2018 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending 31st March, 2019.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended 31st March, 2017 and onwards.

A Secretarial Audit Report for the financial year ended 31st March, 2018 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as **Annexure II** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report for the financial year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

COST AUDITOR

During the year under review, the provisions relating to the Cost Auditor were not applicable to your Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

STOCK APPRECIATION RIGHTS (SARS)

Your Company has a cash settled Stock Appreciation Rights (SARs) Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Your company has granted 1033 SARs for the year ended 31st March, 2018.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

Your Company has not received any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Parent Company, Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties referred to under Section 188(1) of the Companies Act, 2013 are furnished in Form AOC-2 as **Annexure III** and forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 is enclosed as **Annexure IV** and forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014, are provided in **Annexure V** and forms part of this report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PROVISIONS RELATING TO ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to the provisions of the Companies Act, 2013 read with the rules thereto, the Vigil Mechanism has been implemented voluntarily through the Whistle Blower Policy, as a good corporate governance practice to provide a mechanism for Directors and Employees to report their genuine concerns and to provide adequate safeguards against victimization of persons who use such mechanism and provides access to the Chairperson of the Audit Committee, in appropriate and exceptional cases.

During the year under review, the Company has not received any complaint under the Whistle-Blower Policy of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Corporate Social Responsibility Committee at its 1st Meeting held on 12th August, 2016, had formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which was subsequently adopted by it and is being implemented by the Company.

CSR INITIATIVES

An Annual Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure VI** and forms part of this report.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

a) Issue of equity shares with differential rights as to dividend, voting or otherwise.

b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.

c) Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

No Significant or material orders were passed by regulators or courts or tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board
Mahindra Auto Steel Private Limited

Rajeev Dubey	**Sumit Issar**
Director	Director

Mumbai, 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Auto Steel Private Limited (MASPL).

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD).

(ii) Chief Financial Officer (CFO), and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:

  1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.

  2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.

  3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.

- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any Member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel

The Company's succession planning programme aims to identify high growth individuals, and groom them in order to maintain a robust pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Auto Steel Private Limited (MASPL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors/Managing Director/Manager

The remuneration to Managing Director/Manager and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable) perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience and responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board
Mahindra Auto Steel Private Limited

Rajeev Dubey	**Sumit Issar**
Director	Director

Mumbai, 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Auto Steel Private Limited
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai 400 018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Auto Steel Private Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period **covering the financial year ended on 31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the **financial year ended 31st March, 2018** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **Not Applicable**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **Not applicable to the Company as the Company is not listed**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable.**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not Applicable.**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable.**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable.**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable.**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable.**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable.**

(vi) As per the representation made by the Company, no sector/specific laws are applicable to the Company

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable as the Company is not listed on any Stock Exchange.**

During the period under review, the Company has complied with the relevant provisions of the act, rules, regulations, guidelines, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is constituted with Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period were carried out in compliance with the provisions of the act.

2. Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings. Agenda and notes to agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions of the Board and Committee meetings are carried through unanimously. As per the records provided by the Company, none of the directors and members dissented on any resolution passed at the meeting.
4. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/ actions having a major bearing on the Companies affairs in pursuance of the above referred acts, laws, rules, regulations, guidelines, standards, etc.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Mumbai, 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Mahindra Vehicle Manufacturers Limited (Intermediate Holding Company)	Sale of processed steel	Recurring	1) Sale of CR/HR Steel. Payment terms – 10 days Total value for transaction: Rs. 2029.61 lakhs	Not applicable (Refer Note)	Nil

Note: The above transaction is at arm's length and in the ordinary course of business. Accordingly, Board approval is not required as per the proviso to Sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee has been taken in the meetings held on 2nd February, 2017, 27th April, 2017, 16th October, 2017 and 6th February, 2018.

For and on behalf of the Board
Mahindra Auto Steel Private Limited

Rajeev Dubey
Director

Sumit Issar
Director

Mumbai, 25th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U27100MH2013PTC250979
ii.	Registration Date	:	12th December, 2013
iii.	Name of the Company	:	Mahindra Auto Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: malvankar.romali@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Processing of Steel	24105	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	51.00*	2(46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Intermediate Holding Company	51.00*	2(46)
3	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U51900MH1978PLC020222	Holding Company	51.00	2(46)

* Through Mahindra Intertrade Limited

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	3,49,35,000	3,49,35,000	51	–	3,49,35,000	3,49,35,000	51	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1):	–	**3,49,35,000**	**3,49,35,000**	**51**	–	**3,49,35,000**	**3,49,35,000**	**51**	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) **Foreign**									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Body Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**3,49,35,000**	**3,49,35,000**	**51**	–	**3,49,35,000**	**3,49,35,000**	**51**	–
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Cent. Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1):	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	3,35,65,000	3,35,65,000	49	–	3,35,65,000	3,35,65,000	49	–
b) Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2):	–	**3,35,65,000**	**3,35,65,000**	**49**	–	**3,35,65,000**	**3,35,65,000**	**49**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**3,35,65,000**	**3,35,65,000**	**49**	–	**3,35,65,000**	**3,35,65,000**	**49**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**6,85,00,000**	**6,85,00,000**	**100**	–	**6,85,00,000**	**6,85,00,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Intertrade Limited	3,49,34,998	51	–	3,49,34,998	51	–	–
2	*Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)	1	–	–	1	–	–	–
3	*Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)	1	–	–	1	–	–	–
	Total	**3,49,35,000**	**51**	–	**3,49,35,000**	**51**	–	–

* Held for Mahindra Intertrade Limited by its nominees

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No change in Promotor's Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mahindra Intertrade Limited**				
	At the beginning of the year - 01.04.2017	3,49,34,998	51	3,49,34,998	51
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**3,49,34,998**	**51**
2	**Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
3	**Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	**1**	–	**1**	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**CSGT International Corporation**				
	At the beginning of the year - 01.04.2017	1,67,82,500	24.5	1,67,82,500	24.5
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1,67,82,500**	**24.5**
2	**Mitsui & Co. Limited**				
	At the beginning of the year - 01.04.2017	1,67,82,500	24.5	1,67,82,500	24.5
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1,67,82,500**	**24.5**

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease(e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–
2	**Mr. Sumit Issar (Nominee of Mahindra Intertrade Limited)**				
	At the beginning of the year - 01.04.2017	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the End of the year - 31.03.2018	–	–	**1**	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25.79	–	–	25.79
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.07	–	–	0.07
Total (i+ii+iii)	**25.86**	–	–	**25.86**

(Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	20.73	–	–	20.73
• Reduction	(26.45)	–	–	(26.45)
Net change	**(5.72)**	–	–	**(5.72)**
Indebtedness at the end of the financial year				
i) Principal Amount	20.00	–	–	20.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.14	–	–	0.14
Total (i+ii+iii)	**20.14**	–	–	**20.14**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager:*

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Sanjay Somkumar (Manager)	Total Amount
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	33.04	33.04
	b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.37	0.37
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of Profit	–	–
5.	Others, please specify		
	Stock Appreciations Rights	2.33	2.33
	Contribution to Other Funds	1.17	1.17
	Total (A)	**36.91**	**36.91**
	Ceiling as per the Act (being 5% of the net profits calculated as per section 198 of the Companies Act, 2013)		92.64

B. *Remuneration of other directors:*

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	**Independent Directors**	**Ms. Smita Mankad**	**Mr. P. R. Barpande**	
	• Fee for attending board/committee meetings	1.80	1.70	3.50
	• Commission	5.00	5.00	10.00
	• Others, please specify	–	–	–
	Total (1)	**6.80**	**6.70**	**13.50**
2.	**Other Non-Executive Directors**			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	**6.80**	**6.70**	**13.50**
	# Total Managerial Remuneration (A + B)	–	–	**50.41**
	Overall Ceiling as per the Act (being 1% of the net profits calculated as per section 198 of the Companies Act, 2013)			18.53

Total remuneration to Manager and other Directors (being the total of A and B)

C. *Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD*

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total Amount
		–	*Ms. Romali Malvankar	Mr. Percy Mahernosh	
1.	Gross Salary				
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–	–
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of Profit	–	–	–	–
5.	Others, please specify - Fees	–	4.30	–	4.30
	Total	**–**	**4.30**	**–**	**4.30**

* resigned w.e.f. close of business hours on 25th April, 2018

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board
Mahindra Auto Steel Private Limited

Rajeev Dubey
Director

Sumit Issar
Director

Mumbai, 25th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:

Electricity Panel room requires a level of temperature to be maintained and in normal course Air Conditioner needs to be run on 24x7 basis. Two controllers have been fitted to two heavy duty Air Conditioners, which help conserve electricity when required temperature is maintained.

(b) The steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: **Nil**

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) The details of technology imported: **Nil**

(b) The year of import: **Nil**

(c) Whether the technology been fully absorbed: **Nil**

(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: **Nil**

iv) The expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO
(in terms of actual inflow and outflow)

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**2.83**	NIL
Total Foreign Exchange Used	**118.21**	55.20

For and on behalf of the Board
Mahindra Auto Steel Private Limited

Rajeev Dubey
Director

Sumit Issar
Director

Mumbai, 25th April, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA AUTO STEEL PRIVATE LIMITED

1. A brief outline of the Company's CSR policy, including overview of projects or programs undertaken:

   The objective of the Company's CSR policy is to–

   - Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives and causes to work for thereby ensuring high social impact.
   - Encourage employees to participate actively in the company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

   The Company has pledged to contribute 2% of its average net profits during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

   Our commitment to CSR will be manifested by investing resources in the following thrust areas:

   a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;

   b. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

   c. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

   d. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;

   e. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;

   f. Measures for the benefit of armed forces veterans, war widows and their dependents;

   g. Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;

   h. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio¬economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

   i. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

   j. Rural development projects;

   k. Slum area development;

   l. Such other activities as may be notified in future by the Central Government.

   The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution and implementation schedule thereof.

2. A reference to the web-link to the CSR Policy and projects or programs: Not Applicable

3. The Composition of the CSR Committee: Mr. Zhooben Bhiwandiwala (Chairman), Ms. Smita Mankad (Member) and Mr. Sumit Issar (Member)

4. Average net profit of the company for last three financial years: Rs. 6,12,93,420

5. Prescribed CSR Expenditure (2% of the amount as in Item 4 above): Rs.12,25,868

6. Details of CSR spend during the financial year.

   (a) Total amount spent for the financial year: Rs. 12,30,155

(b) Amount unspent, if any: - Nil

(c) Manner in which the amount was spent during the financial year is detailed below:

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount spent on the projects or programmes Subheads: Direct expenditure in projects or Programmes	Amount spent on the projects or programmes Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
K-yan (e learning center)	Education	(1) Local (2) Pune district, Maharashtra	Rs.1,48,400	Rs. 1,48,400	0	Rs. 1,48,400	Direct
Tree plantation	Environment	(1) Local (2) Pune district, Maharashtra	Rs. 20,655	Rs. 20,655	0	Rs. 20,655	Direct
Distribution of Pollution masks to Traffic Police in PCMC/ Chakan and adjoining areas	Environment	(1) Local (2) Pune district, Maharashtra	Rs. 21,840	Rs. 21,840	0	Rs. 21,840	Direct
Blood donation camp	Health	(1) Local (2) Pune district, Maharashtra	Rs. 1,260	Rs. 1,260	0	Rs. 1,260	Direct
Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	Education	(1) Others (2) Maharashtra and contiguous states	Rs. 10,38,000	Rs. 10,38,000	0	Rs. 10,38,000	Implementing Agency– KCMET*
Total	–	–	**Rs. 12,30,155**	**Rs. 12,30,155**	**0**	**Rs. 12,30,155**	–

* Details of implementing agency: KCMET- The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

7. The company has spent 2% of the average net profit of the last three financial years on CSR - related activities.

8. Members of the CSR committee confirm that implementation and monitoring of the CSR policy of your Company is in compliance with the relevant provisions of the Companies Act, 2013.

For and on behalf of the Board
Mahindra Auto Steel Private Limited

Smita Mankad
Chairperson, CSR Meeting

Sumit Issar
Director

Mumbai, 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
MAHINDRA AUTO STEEL PRIVATE LIMITED**

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Auto Steel Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2015 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated 27 April 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

v) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

vi) With respect to the adequacy of the internal financial controls over financials reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

vii) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

d. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
(Partner)
Membership No: 113959

Place: Mumbai
Date: 25 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of the immovable properties included in leasehold land are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year and the material discrepancies noticed on such physical verification has been properly dealt in the financial statements.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanation given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly paragraph 3 (iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Goods & Service Tax, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

c. There are no dues of income tax, sales tax, duty of excise, duty of custom, value added tax, service tax and Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted on repayment of term loan to the bank during the current year. The Company does not have any loans or borrowings from any financial institution or Government, nor has it issued any debentures as at the balance sheet date.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The money raised by way of the term loans have been applied for the purposes for which they were obtained.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed during the course of audit.

(xi) According to the information and explanations given to us, the Company has paid the managerial remuneration during the year in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Auto Steel Private Limited ('the Company') as at 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP

Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April 2018

BALANCE SHEET AS AT 31 MARCH, 2018

Amount (Rs)

	Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	4	**816,380,555**	865,622,018
	(b) Financial Assets			
	(i) Loans	5	**2,395,430**	2,395,430
	(ii) Others	11	**67,849,350**	
	(c) Deferred tax assets (net)	21	–	16,711,072
	(d) Other non-current assets	6	**2,191,231**	1,691,912
	Total Non - Current Assets		**888,816,566**	886,420,432
	2 Current assets			
	(a) Inventories	7	**80,043,108**	72,271,652
	(b) Financial Assets			
	(i) Investments	8	**69,612,634**	25,007,077
	(ii) Trade receivables	9	**137,380,166**	141,915,845
	(iii) Cash and cash equivalents	10	**6,445,565**	2,779,909
	(iv) Others	11	**19,132,650**	4,400,711
	(c) Other current assets	6	**18,511,044**	36,222,745
	Total Current Assets		**331,125,167**	282,597,939
	Total Assets (1+2)		**1,219,941,733**	1,169,018,371
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	12	**685,000,000**	685,000,000
	(b) Other Equity	13	**213,628,877**	104,243,589
			898,628,877	789,243,589
	Total equity		**898,628,877**	789,243,589
	LIABILITIES			
	2 Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	**150,000,000**	257,879,168
	(ii) Other financial liabilities (other than those specified in (c) below)	17	**445,868**	305,144
	(b) Deferred tax Liabilities (net)	21	**897,584**	–
	(c) Provisions	15	**2,739,479**	2,195,856
	Total Non - Current Liabilities		**154,082,931**	260,380,168
	3 Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables	16	**101,464,741**	85,601,802
	(ii) Other financial liabilities (other than those specified in (b) below)	17	**59,270,660**	5,801,173
	(b) Provisions	15	**290,016**	211,507
	(c) Current Tax Liabilities (Net)	18	**817,894**	–
	(d) Other current liabilities	19	**5,386,614**	27,780,132
	Total Current Liabilities		**167,229,925**	119,394,614
	Total Equity and Liabilities (1+2+3)		**1,219,941,733**	1,169,018,371

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April, 2018

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary
CS - 29447

For and on behalf of the Board of Directors
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Rajeev Dubey	DIN: 00104817	Directors
Sumit Issar	DIN: 06951249	
Smita Mankad	DIN: 02009838	
P. R. Barpande	DIN: 00016214	
Junichi Sonai	DIN: 08108175	
Huang Chen-Jung	DIN: 07692412	

Place: Mumbai
Date: 25 April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

	Particulars	Note No.	**For the year ended 31 March, 2018**	For the year ended 31 March, 2017
I	Revenue from operations	22	**887,721,369**	1,065,511,178
II	Other Income	23	**13,519,837**	9,090,867
III	**Total Revenue (I + II)**		**901,241,206**	1,074,602,045
IV	**EXPENSES**			
	(a) Cost of materials consumed	24(a)	**528,968,823**	702,804,501
	(b) Changes in stock of finished goods	24(b)	**22,288,825**	11,498,289
	(c) Excise duty on sale of goods (including scrap sales)		**23,446,088**	116,780,391
	(d) Employee benefits expense	25	**18,399,934**	15,920,013
	(e) Finance costs	26	**7,857,581**	20,894,259
	(f) Depreciation and amortisation	4	**49,939,005**	38,653,128
	(g) Other expenses	27	**68,771,549**	55,424,096
	Total Expenses (IV)		**719,671,805**	961,974,677
V	**Profit/(loss) before tax (III - IV)**		**181,569,401**	112,627,368
VI	**Tax Expense**			
	(a) Current tax	20	**36,453,056**	23,700,000
	(b) Deferred tax	21	**17,610,600**	16,744,355
	Total tax expense		**54,063,656**	40,444,355
VII	**Profit/(loss) for the year (V - VI)**		**127,505,745**	72,183,013
VIII	**Other comprehensive income**		**17,443**	(111,458)
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**(27,235)**	169,050
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**9,792**	(57,592)
IX	**Total comprehensive income for the period (VII + VIII)**		**127,523,188**	72,071,555
	Earnings per equity share (of Rs. 10/- each)			
	Basic/Diluted		**1.86**	1.05

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April, 2018

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary
CS - 29447

For and on behalf of the Board of Directors
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Rajeev Dubey	DIN: 00104817	Directors
Sumit Issar	DIN: 06951249	
Smita Mankad	DIN: 02009838	
P. R. Barpande	DIN: 00016214	
Junichi Sonai	DIN: 08108175	
Huang Chen-Jung	DIN: 07692412	

Place: Mumbai
Date: 25 April, 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

Particulars	**For the year ended 31 March, 2018**	For the year ended 31 March, 2017
Cash flow from operating activities		
Profit after tax for the year	**127,505,745**	72,183,013
Adjustment for:		
(1) Income tax expense recognised in statement of profit and loss	**54,063,656**	40,444,355
(2) Depreciation and amortisation	**49,939,005**	38,653,128
(3) Finance costs	**7,857,581**	20,894,259
(4) Unrealised (gain)/loss on foreign exchange transactions and translations	**(9,542,996)**	(5,805,243)
(5) Unrealised loss/(gain) on derivative contracts	**4,400,711**	6,509,246
(6) Interest income recognised in Statement of Profit and Loss	**(1,078)**	(124,464)
(7) Dividend income recognised in Statement of Profit and Loss	**(2,361,511)**	(2,326,217)
(8) Profit on sale of current investments	**(685,741)**	(718,162)
(9) Net gain arising on financial assets designated as FVTPL	**(97,526)**	(61)
(10) Loss on sale of property, plant and equipment	**–**	64,688
	231,077,846	169,774,542
Movement in working capital:		
(1) (Increase)/decrease in trade receivable	**4,535,679**	(16,220,468)
(2) (Increase)/decrease in inventories	**(7,771,456)**	84,513,247
(3) (Increase)/decrease in other assets	**(69,702,591)**	42,784,031
(4) Increase in trade payable	**15,862,939**	7,747,033
(5) Increase/(decrease) in provision	**649,367**	(78,715)
(6) (Decrease) in other liabilities	**(17,912,610)**	(23,583,900)
	(74,338,672)	95,161,228
Cash generated from operations	**156,739,174**	264,935,770
Less: income taxes paid	**(35,713,925)**	(25,570,174)
Net cash generated by operating activities	**121,025,249**	239,365,596
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(2,265,008)**	(3,581,053)
(2) Proceed from disposal of property, plant and equipment	**–**	160,000
(3) Interest received	**1,078**	124,464
(4) Other dividend received	**2,361,511**	2,326,217
(5) Purchase of current investments	**(7,219,462,126)**	(6,522,900,000)
(6) Sale of current investments	**7,175,639,835**	6,503,318,162
Net cash used in investment activities	**(43,724,709)**	(20,552,210)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2018 (CONTD...)

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Cash flow from financing activities		
(1) Proceeds from long term borrowings	**200,000,000**	–
(2) Repayment of long term borrowings	**(248,336,173)**	(150,000,000)
(3) Proceeds from short term borrowings	**–**	–
(4) Repayment of short term borrowings	**–**	(37,497,905)
(5) Interest paid	**(7,160,811)**	(21,808,844)
(6) Dividend paid (including dividend distribution tax)	**(18,137,900)**	(4,122,250)
Net cash (used in) financing activities	**(73,634,884)**	(213,428,999)
Net increase in cash and cash equivalents	**3,665,656**	5,384,387
Cash and cash equivalents at the beginning of the year	**2,779,909**	9,480
Cash and cash equivalents at the end of the year	**6,445,565**	2,779,909

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April, 2018

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary
CS - 29447

For and on behalf of the Board of Directors
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Rajeev Dubey	DIN: 00104817	Directors
Sumit Issar	DIN: 06951249	
Smita Mankad	DIN: 02009838	
P. R. Barpande	DIN: 00016214	
Junichi Sonai	DIN: 08108175	
Huang Chen-Jung	DIN: 07692412	

Place: Mumbai
Date: 25 April, 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Particulars	Amount (Rs)
Balance at April 1, 2016	685,000,000
Changes in equity during the year	–
Balance at March 31, 2017	685,000,000
Changes in equity during the year	–
Balance at March 31, 2018	685,000,000

B. Other Equity

For the year ended 31 March, 2018

Particulars	Retained earnings
Balance at 1 April, 2016 (A)	36,294,284
Profit for the year (B)	72,183,013
Other comprehensive income (C)	(111,458)
Total comprehensive income for the year (D)=(B)+(C)	**72,071,555**
Dividend paid on Equity Shares(E)	**(3,425,000)**
Dividend Distribution Tax(F)	**(697,250)**
Balance at 31 March, 2017 (G)=(A)+(D)+(E)+(F)	**104,243,589**
Profit for the year (H)	127,505,745
Other comprehensive income (I)	17,443
Total comprehensive income for the year (J)=(H)+(I)	**127,523,188**
Dividend paid on Equity Shares(K)	(15,070,000)
Dividend Distribution Tax(L)	(3,067,900)
Balance at 31 March, 2018 (G)+(J)+(K)+(L)	**213,628,877**

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April, 2018

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary
CS - 29447

For and on behalf of the Board of Directors
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Rajeev Dubey	DIN: 00104817	Directors
Sumit Issar	DIN: 06951249	
Smita Mankad	DIN: 02009838	
P. R. Barpande	DIN: 00016214	
Junichi Sonai	DIN: 08108175	
Huang Chen-Jung	DIN: 07692412	

Place: Mumbai
Date: 25 April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

1 Corporate information

Mahindra Auto Steel Private Limited ("the Company") is incorporated on December 12, 2013 under the Companies Act, 2013. The Company is a public company by virtue of proviso to Section 2(71) of Companies Act,2013 ("the 2013 Act") as it is a subsidiary of a public limited company. The registered office of the Company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main object is manufacturing, processing and trading of non-ferrous/ferrous material including various grades of steel. The Company's steel processing plant is located at Chakan.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 25 April, 2018.

2.2 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following class based on the technical advise which has considered estimated usage and operating condition of the assets:

(a) Blanking line (plant and equipment)-20 years

(b) Vehicles - 5 years

2.3 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.4 Inventories:

Inventories, except for stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.5 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.6 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.7 Revenue recognition:

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services

Sale of services are recognised on rendering of such services.

Interest and dividend income:

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

2.8 Government grants:

The Company is entitled to incentives from government authority in respect of manufacturing unit located in developing region. The Company accounts for its entitlement as income on an accrual basis.

2.9 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit or loss. Past service cost is recognised in Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.10 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2.12 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.13 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.14 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

2.16 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.17 Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3.0 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.2 Property, plant & equipment

Note No. 2.9 Employee benefits

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 4 - Property, Plant and Equipment

Amount (Rs)

Description of Assets	Land - Leasehold*	Buildings	Plant and Equipment	Electrical installations	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Cost or deemed cost									
Balance as at 1 April, 2017	**246,635,528**	**210,189,328**	**452,967,430**	**20,069,940**	**1,513,481**	**1,759,685**	**1,184,638**	**2,971,237**	**937,291,267**
Additions	–	–	331,209	–	170,375	–	195,958	–	697,542
Balance as at 31 March, 2018	**246,635,528**	**210,189,328**	**453,298,639**	**20,069,940**	**1,683,856**	**1,759,685**	**1,380,596**	**2,971,237**	**937,988,809**
II. Accumulated depreciation									
Balance as at 1 April, 2017	**7,827,543**	**13,419,939**	**45,127,999**	**3,263,705**	**451,533**	**279,254**	**403,806**	**895,470**	**71,669,249**
Depreciation and amortisation for the year	2,613,954	7,834,089	36,248,693	1,907,045	312,747	167,205	290,528	564,744	49,939,005
Balance as at 31 March, 2018	**10,441,497**	**21,254,028**	**81,376,692**	**5,170,750**	**764,280**	**446,459**	**694,334**	**1,460,214**	**121,608,254**
Net carrying amount (I-II)									
Balance as on 31 March, 2018	**236,194,031**	**188,935,300**	**371,921,947**	**14,899,190**	**919,576**	**1,313,226**	**686,262**	**1,511,023**	**816,380,555**
Balance as on 31 March, 2017	238,807,985	196,769,389	407,839,431	16,806,235	1,061,948	1,480,431	780,832	2,075,767	865,622,018
I. Cost or deemed cost									
Balance as at 1 April, 2016	**246,635,528**	**210,189,328**	**452,488,989**	**20,036,940**	**1,518,943**	**1,759,685**	**1,066,795**	**3,296,237**	**936,992,445**
Additions	–	–	478,441	33,000	–	–	117,843	–	629,284
Disposals	–	–	–	–	(5,462)	–	–	(325,000)	(330,462)
Balance as at 31 March, 2017	**246,635,528**	**210,189,328**	**452,967,430**	**20,069,940**	**1,513,481**	**1,759,685**	**1,184,638**	**2,971,237**	**937,291,267**
II. Accumulated depreciation									
Balance as at 1 April, 2016	**5,213,585**	**5,585,850**	**20,128,337**	**1,357,423**	**163,452**	**112,048**	**139,814**	**421,385**	**33,121,894**
Depreciation and amortisation for the year	2,613,958	7,834,089	24,999,662	1,906,282	289,482	167,206	263,992	578,457	38,653,128
Eliminated on disposal of assets		–		–	(1,401)	–	–	(104,372)	(105,773)
Balance as at 31 March, 2017	**7,827,543**	**13,419,939**	**45,127,999**	**3,263,705**	**451,533**	**279,254**	**403,806**	**895,470**	**71,669,249**
Net carrying amount (I-II)									
Balance as on 31 March, 2017	**238,807,985**	**196,769,389**	**407,839,431**	**16,806,235**	**1,061,948**	**1,480,431**	**780,832**	**2,075,767**	**865,622,018**
Balance as on 31 March, 2016	241,421,943	204,603,478	432,360,652	18,679,517	1,355,491	1,647,637	926,981	2,874,852	903,870,551

* The above has been regrouped in the current year pursuant to the clarification issued in ITFG 7 and ITFG 15 from prepaid asset.

Notes:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31 March, 2018 Rs. Nil (31 March, 2017 Rs. 10,742,602)

(ii) Refer note 14 for details of securities

Note No. 5 - Loans

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Financial assets at amortised cost		
Security Deposits		
Unsecured, considered good		
With others	**2,395,430**	2,395,430
Total	**2,395,430**	2,395,430

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 6 - Other assets

Amount (Rs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Advances other than capital advances						
Unsecured, considered good						
(i) Prepayments	**551,215**	**390,625**	**941,840**	916,696	–	916,696
(ii) Income tax assets (net)	–	**1,758,939**	**1,758,939**	–	1,691,912	1,691,912
(iii) Balances with government authorities (other than income taxes)						
(a) CENVAT/GST input tax credit	**14,699,795**	–	**14,699,795**	20,881,915	–	20,881,915
(b) Value added tax credit	**2,634,496**	–	**2,634,496**	2,656,464	–	2,656,464
(c) Service Tax credit	–	–	–	11,632,413	–	11,632,413
(iv) Industrial promotion subsidy receivable		–		–	–	–
(v) Others advances						
(a) Defined contribution plan assets receivable in respect of employees transferred to the company	**575,538**	–	**575,538**	135,257	–	135,257
(b) Advances to suppliers	–	–	–	–	–	–
(c) Advances to employee	**50,000**	**41,667**	**91,667**	–	–	–
Total	**18,511,044**	**2,191,231**	**20,702,275**	36,222,745	1,691,912	37,914,657

Note No. 7 - Inventories

Amount (Rs)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
(a) Raw materials	**55,185,066**	25,123,110
(b) Finished goods	**17,858,650**	40,147,475
(c) Stores and spares	**6,999,392**	7,001,067
Total inventories at the lower of cost or net realisable value	**80,043,108**	72,271,652

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 551,257,648 (2017: Rs. 714,302,790)

(ii) The cost of inventories recognised as an expenses includes Rs. 676,433 (2017: Rs 626,147) in respect of write-downs of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in note 2.4

Note No. 8 - Investments

Amount (Rs)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
Current		
Unquoted investments		
Investments in Mutual Funds		
84,535.068 (2017: Nil) units of Rs. 10 each in Aditya Birla Sun Life Floating Rate Fund Short Term Plan - Growth	**19,533,789**	–
209,077.485 (2017: 111,448.876) units of Rs. 10 each in ICICI Prudential Money Market Fund- Growth	**50,078,845**	25,007,077
Aggregate carrying value of Unquoted investments	**69,612,634**	25,007,077

Note No. 9 - Trade receivables

Amount (Rs)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
Trade receivables		
Unsecured, considered good	**137,380,166**	141,915,845
Total	**137,380,166**	141,915,845

Notes:

(i) The average credit period for sales of products ranges between 10 to 90 days and for Job work processing ranges between 10 to 60 days.

(ii) At 31 March 2018, the Company had 4 customers that owed the Company more than INR 100 lacs each and accounted for approximately 89% of all the receivables outstanding. (At 31 March 2017, the Company had 5 customers that owed the Company more than INR 100 lacs each and accounted for approximately 96% of all the receivables outstanding).

Note No. 10 - Cash and cash equivalents

Amount (Rs)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
(a) Cash in hand	**2,187**	1,715
(b) Balances with banks		
In Current Account	**6,443,378**	2,778,194
Total	**6,445,565**	2,779,909

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 11 - Other financial assets

Amount (Rs)

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non-Current	As at 31 March, 2018 Total	As at 31 March, 2017 Current	As at 31 March, 2017 Non-Current	As at 31 March, 2017 Total
(a) Financial assets at amortised cost						
Industrial promotion subsidy receivable	**19,132,650**	**67,849,350**	**86,982,000**	–	–	–
	19,132,650	**67,849,350**	**86,982,000**	–	–	–
(b) Financial assets at fair value						
Derivative financial instruments						
Cross currency interest rate swaps	**–**	**–**	**–**	4,400,711	–	4,400,711
	–	**–**	**–**	4,400,711	–	4,400,711
Total	**19,132,650**	**67,849,350**	**86,982,000**	4,400,711	–	4,400,711

Note No. 12 Share capital

Amount (Rs)

Particulars	As at 31 March, 2018 Number of shares	As at 31 March, 2018 Amount (Rs)	As at 31 March, 2017 Number of shares	As at 31 March, 2017 Amount (Rs)
(a) **Authorised**				
Equity Shares of Rs. 10 each	**76,000,000**	**760,000,000**	76,000,000	760,000,000
	76,000,000	**760,000,000**	76,000,000	760,000,000
(b) **Issued, subscribed and fully paid up**				
Equity Shares of Rs. 10 each	**68,500,000**	**685,000,000**	68,500,000	685,000,000
	68,500,000	**685,000,000**	68,500,000	685,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2018				
Number of shares	68,500,000	–	–	68,500,000
Amount (Rs.)	685,000,000	–	–	685,000,000
Year ended 31 March, 2017				
Number of shares	68,500,000	–	–	68,500,000
Amount (Rs.)	685,000,000	–	–	685,000,000

(ii) The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 12 December, 2013).

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company:

Particulars	**As at 31 March, 2018** Number of shares	As at 31 March, 2017 Number of shares
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	34,935,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	**% of holding**	Number of shares	% of holding
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	**51.00%**	34,935,000	51.00%
CSGT International Corporation	**16,782,500**	**24.50%**	16,782,500	24.50%
Mitsui & Co. Ltd	**16,782,500**	**24.50%**	16,782,500	24.50%

Note No. 13. Other Equity

Amount (Rs)

Particulars	Retained earnings	
	As at 31 March, 2018	As at 31 March, 2017
Balance at beginning of year (A)	**104,243,589**	36,294,284
Profit for the year (B)	**127,505,745**	72,183,013
Other comprehensive income (net of taxes) (C)	**17,443**	(111,458)
Total comprehensive income for the year (D)=(B)+(C)	**127,523,188**	72,071,555
Dividend (Rs. 0.22 per share) (2017: Rs. 0.05 per share) (E)	**(15,070,000)**	(3,425,000)
Dividend Distribution tax (DDT) (F)	**(3,067,900)**	(697,250)
Balance at end of year (A)+(D)+(E)+(F)...	**213,628,877**	104,243,589

Particulars	As at 31 March, 2018
Proposed dividends on Equity shares	
Final dividend for the year ended on 31 March, 2018: Rs 0.60 per share	**41,100,000**
Dividend Distribution Tax on proposed dividend	**8,448,226**
	49,548,226

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31 March, 2018.

Note No. 14: Non Current Borrowings

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Measured at amortised cost		
Secured		
Term loans from banks		
Rupee term loan (Refer Note i and iii)	**150,000,000**	–
Other loans and advances		
Buyers credits (Refer Note ii and iii)	**–**	257,879,168
Total	**150,000,000**	257,879,168

Note i: The Company has taken Rupee term loan of Rs 200,000,000 (2017 : Rs Nil) from HDFC Bank Limited, to refinance buyer's credit as stated in Note ii.The rupee term loan is repayable in 16 quaterly installments commencing from June 2018 at the interest rate of three month MCLR plus 0.25%.

	FY 2019	FY 2020	FY 2021	FY 2022
Q1	12,500,000	12,500,000	12,500,000	12,500,000
Q2	12,500,000	12,500,000	12,500,000	12,500,000
Q3	12,500,000	12,500,000	12,500,000	12,500,000
Q4	12,500,000	12,500,000	12,500,000	12,500,000
	50,000,000	50,000,000	50,000,000	50,000,000

Note ii: The Company has taken buyer's credit of Rs Nil (2017 : Rs 228,220,685) for machinery imported under sanction of LUT extended by HDFC Bank Limited. Cross currency interest rate swap taken to convert floating interest rate of LIBOR plus 75 bps under the loan agreement into fixed interest rate of 8.10% p.a.

The Company has taken buyer's credit of Rs Nil (2017 : Rs 29,658,483) for machinery imported under sanction of LUT extended by HDFC Bank Limited. Cross currency interest rate swap taken to convert floating interest rate of LIBOR plus 75 bps under the loan agreement into fixed interest rate of 8.60% p.a.

Note iii: Secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has created negative lien on other fixed assets in favour of HDFC Bank limited.

Note No. 15: Provisions

Amount (Rs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Provision for employee benefits						
Long-term Employee Benefits						
(i) Provision for gratuity	**–**	**662,125**	**662,125**	–	573,470	573,470
(ii) Provision for compensated absences	**290,016**	**1,904,875**	**2,194,891**	211,507	1,505,687	1,717,194
(iii) Provision for post retirement medical benefit	**–**	**172,479**	**172,479**	–	116,699	116,699
Total	**290,016**	**2,739,479**	**3,029,495**	211,507	2,195,856	2,407,363

Note:

The provision for employee benefits includes privileged leave entitlements accrued. The increase in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 31.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 16: Trade payables

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade payable for goods & services	**101,464,741**	85,601,802
Total	**101,464,741**	85,601,802

Note:

There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note No. 17: Other financial liabilities

Amount (Rs)

	As at 31 March, 2018			As at 31 March 2017		
Particulars	**Current**	**Non- Current**	**Total**	Current	Non- Current	Total
Other Financial Liabilities Measured at Amortised Cost						
(a) Current maturities of long -term debt (refer note below)	**50,000,000**	–	**50,000,000**	–	–	–
(b) Interest accrued but not due on borrowings	**1,384,384**	–	**1,384,384**	687,614	–	687,614
(b) Other liabilities						
(1) Dealer deposit	**2,500,300**	–	**2,500,300**	300,000	–	300,000
(2) Other deposit	**200,000**	–	**200,000**	–	–	–
(3) Creditors for capital supplies/services	**238,478**	–	**238,478**	1,805,944	–	1,805,944
(4) Others	**4,610,226**	–	**4,610,226**	2,734,531	–	2,734,531
	58,933,388	–	**58,933,388**	5,528,089	–	5,528,089
Other Financial Liabilities Measured at Fair value						
Liability for Cash-settled share-based payments	**337,272**	**445,868**	**783,140**	273,084	305,144	578,228
	337,272	**445,868**	**783,140**	273,084	305,144	578,228
Total	**59,270,660**	**445,868**	**59,716,528**	5,801,173	305,144	6,106,317

Note: Refer note 14 for details of securities

Note No. 18: Current tax liabilities

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for tax (Net of advance income tax)	**817,894**	–
Total	**817,894**	–

Note No. 19: Other current liabilities

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Advances received from customers	**1,536,860**	1,417,629
(b) Others		
(1) Employee Recoveries and Employer Contributions	**132,302**	86,376
(2) Statutory Dues (Service tax, sales tax, TDS etc)	**689,185**	877,476
(3) VAT payable	–	25,398,651
(4) GST payable	**3,028,267**	–
Total	**5,386,614**	27,780,132

Note No. 20 - Current Tax and Deferred Tax

(a) Income Tax recognised in Statement of profit or loss

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current Tax:		
In respect of current year	**36,453,056**	23,700,000
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**31,522,903**	40,444,355
Minimum Alternate Tax Credit	**(13,912,303)**	(23,700,000)
	17,610,600	16,744,355
Total	**54,063,656**	40,444,355

(b) Income Tax recognised in other comprehensive income

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current Tax:		
Remeasurement of defined benefit obligations	**11,736**	–
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(1,944)**	(57,592)
Total	**9,792**	(57,592)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**9,792**	(57,592)
– Items that will be reclassified to profit and loss	–	–
Total	**9,792**	(57,592)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit before tax	**181,569,401**	112,627,368
Income tax expense calculated at 34.608% (2017: 34.608%)	**62,837,538**	38,978,080
Effect of income that is exempt from taxation	**(817,272)**	(805,057)
Effect of expenses that is non-deductible in determining taxable profit	**1,150,754**	844,224
Others	**403,317**	1,954,004
Decrease/(Increase) in tax rate	**(9,510,680)**	(526,896)
Income tax expense recognised In profit or loss	**54,063,656**	40,444,355

Note:

The tax rate used for the 31 March 2018 reconciliations above is the corporate tax rate of 34.608% (including surcharge 12% and Education and higher education cess of 2% and 1% respectively) and 31 March 2017 reconciliations above is the corporate tax rate of 34.608% (including surcharge 12% and Education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 21 - Deferred Tax

Amount (Rs)

Particulars	For the Year ended 31 March, 2018 Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(55,639,027)**	**(4,289,173)**	–	**(51,349,854)**
FVTPL financial asset including derivatives	**(1,525,447)**	**(1,494,987)**	–	**(30,460)**
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	**35,653,000**	**(13,912,303)**	–	**49,565,303**
Unabsorbed depreciation	**34,358,368**	**34,358,368**	–	–
Employee Benefits	**833,140**	**145,707**	**(1,944)**	**689,377**
Cash-Settled Share Based payments	**200,113**	**(27,937)**	–	**228,050**
FVTPL financial liabilities including derivatives	**2,830,925**	**2,830,925**	–	–
Net Tax Asset (Liabilities)	**16,711,072**	**17,610,600**	**(1,944)**	**(897,584)**

Amount (Rs)

Particulars	For the Year ended 31 March, 2017 Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	(41,055,159)	14,583,868	–	(55,639,027)
FVTPL financial asset including derivatives	(3,609,744)	(2,084,297)	–	(1,525,447)
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	11,953,000	(23,700,000)	–	35,653,000
Unabsorbed depreciation	60,717,870	26,359,502	–	34,358,368
Employee Benefits	766,079	(9,469)	(57,592)	833,140
Cash-Settled Share Based payments	1,858	(198,255)	–	200,113
FVTPL financial liabilities including derivatives	4,623,931	1,793,006	–	2,830,925
Net Tax Asset (Liabilities)	33,397,835	16,744,355	(57,592)	16,711,072

Note No. 22 - Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a) Revenue from sale of goods (Refer Note (i) below)	**711,937,539**	1,030,898,415
(b) Revenue from rendering of services (Refer Note (ii) below)	**51,710,302**	9,676,287
(c) Other operating revenue (Refer Note (iii) below)	**124,073,528**	24,936,476
Total	**887,721,369**	1,065,511,178

Notes:

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(i) Revenue from sale of goods comprises:		
Manufactured goods		
– Steel products	**703,299,157**	1,014,004,008
Traded goods		
– Steel products	**8,638,382**	16,894,407
(ii) Revenue from rendering of services comprises:		
– Job work processing	**51,710,302**	9,676,287
(iii) Other operating revenue comprises:		
– Scrap sales	**37,091,528**	24,936,476
– Industrial promotion subsidy*	**86,982,000**	**–**

* The Company has received an Eligibility Certificate dated 5 April 2017, entitling it to Industrial Promotion subsidy under the Package Scheme of Incentives 2013 issued by the Government of Maharashtra. The computation of the said subsidy is based on the monthly net VAT payable. W.e.f. 1 July 2017, VAT has been subsumed in GST and the revised formula for computation of the incentives based thereon notified vide notification PSI-2017/197/Ind- 8 dated 14th February, 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 23: Other income

Amount (Rs)

Particulars		For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Interest Income:		
	On fixed deposits	**36,438**	–
	On others	**1,078**	124,464
(b)	Dividend Income on current investments	**2,361,511**	2,326,217
(c)	Gain on sale of current investments	**685,741**	718,162
(d)	Net gain arising on financial assets designated as FVTPL	**97,526**	61
(e)	Net gain on foreign currency transactions	**9,557,574**	5,921,963
(f)	Liabilities no longer required written back	**485,318**	
(g)	Others	**294,651**	–
Total		**13,519,837**	9,090,867

Note No. 24(a): Cost of materials consumed

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Opening stock	**25,123,110**	102,132,715
Add: Purchases	**559,030,779**	625,794,896
	584,153,889	727,927,611
Less: Closing stock- Steel	**55,185,066**	25,123,110
Cost of materials consumed-Steel	**528,968,823**	702,804,501

Note no 24(b): Change in stock of finished goods

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Inventories at the end of the year:		
Finished goods-Steel	**17,858,650**	40,147,475
	17,858,650	40,147,475
Inventories at the beginning of the year:		
Finished good-Steel	**40,147,475**	51,645,764
	40,147,475	51,645,764
Net (increase)/decrease	**22,288,825**	11,498,289

Note No. 25: Employee benefits expense

Amount (Rs)

Particulars		For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Salaries and wages	**14,990,162**	12,856,311
(b)	Contribution to provident and other funds	**895,874**	739,228
(c)	Share based payment to employees	**1,077,773**	1,463,996
(d)	Post retirement medical benefit expense	**26,083**	15,407
(e)	Staff welfare expenses	**1,410,042**	845,071
Total		**18,399,934**	15,920,013

Note No. 26 - Finance cost

Amount (Rs)

Particulars		For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Interest expense on		
	(i) Borrowings	**7,327,144**	18,890,022
	(ii) Other		
	– delayed/deferred payment of tax	**-**	185,509
(b)	Other finance cost	**530,437**	1,818,728
Total		**7,857,581**	20,894,259

Analysis of interest expense by category

Particulars		For the year ended 31 March, 2018	For the year ended 31 March, 2017
Interest Expense			
(a)	On financial liability at amortised cost	**7,857,581**	20,708,750
(b)	On non-financial liabilities	–	185,509

Note No. 27: Other Expenses

Amount (Rs)

Particulars		For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Stores and spares consumed	**256,710**	1,380,790
(b)	Power & fuel	**5,470,253**	4,291,403
(c)	Rates and taxes	**1,311,628**	712,537
(d)	Increase/(Decrease) of excise duty on inventory	**(5,794,940)**	(1,840,204)
(e)	Insurance charges	**757,940**	922,244
(f)	Repairs and maintenance - Building	**225,775**	
(g)	Repairs and maintenance - machinery	**13,999,707**	434,408
(h)	Repairs and maintenance - others	**1,511,168**	721,977
(i)	Freight and handling charges	**5,898,157**	5,737,829
(j)	Management fees	**5,592,829**	4,227,682
(k)	Auditors' remuneration (refer note below)	**783,250**	838,825
(l)	Directors' fees	**351,400**	287,300
(m)	Commission to non whole time directors	**1,000,000**	1,066,000
(n)	Net loss/(gain) on derivative contracts	**18,673,528**	21,738,104
(o)	Printing and stationery	**330,797**	223,925
(p)	Legal and professional	**6,938,197**	5,054,590
(q)	Loss on sale of Property, Plant and Equipment	–	64,688
(r)	Travelling expenses	**1,577,441**	796,086
(s)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013	**1,230,155**	427,100
(t)	Other general expenses	**8,657,554**	8,338,812
Total		**68,771,549**	55,424,096

Note

Particulars		For the year ended 31 March, 2018	For the year ended 31 March, 2017
Payment to Auditor			
(a)	For audit	**500,000**	500,000
(b)	For company law matters	–	35,000
(c)	For other services	**275,000**	300,000
(d)	For reimbursement of expenses	**8,250**	3,825
		783,250	838,825

Note No. 28 - Value of imports calculated on CIF basis

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Spares	**11,821,004**	5,520,394

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 29 - Earning in foreign currency

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Reimbursement of expenses	283,251	–

Note No. 30 - Details of consumption of imported and indigenous raw materials and spares

	Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
(a)	**Raw material**				
	Import	–	–	–	–
	Indigenous	**528,968,823**	**100.00**	702,804,501	100.00
		528,968,823	**100.00**	702,804,501	100.00
(b)	**Spares**				
	Import	–	–	894,025	64.75
	Indigenous	**256,710**	**100.00**	486,765	35.25
		256,710	**100.00**	1,380,790	100.00

Note No. 31 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in statement of profit and loss for the year, an amount of Rs 583,603 (2017: 429,219) pertaining to defined contribution plans.

Amount (Rs)

Benefit (Contribution to)	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Provident Fund	**359,596**	252,907
Pension Fund	**224,007**	176,312
Total	**583,603**	429,219

(b) Defined Benefit Plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENTS MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk:

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 31 - Employee benefits

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Amount (Rs.)

Particulars			Funded Plan Gratuity 31 March, 2018	Unfunded Plan Post retirement medical benefit 31 March, 2018	Funded Plan Gratuity 31 March, 2017	Unfunded Plan Post retirement medical benefit 31 March, 2017
(iii)	**Expense recognised in the Statement of Profit and Loss for the year ended 31st March:**					
	1.	Current service cost	**267,421**	**17,856**	205,637	10,615
	2.	Past Service Credit	–	–	–	–
	3.	Interest on net defined benefit liability/(asset)	**22,804**	**8,227**	65,268	4,792
			290,225	**26,083**	270,905	15,407
(iv).	**Included in other Comprehensive Income**					
	1.	Actual return on plan assets less interest on plan assets	**(34,438)**	–	110	–
	2.	Actuarial (Gain)/Loss on account of :				
		– Financial Assumptions	**(169,776)**	**(25,013)**	126,652	(1,170)
		– Experience Adjustments	**170,302**	**31,690**	895	42,563
			(33,912)	**6,677**	127,657	41,393
(v).	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**					
	1.	Present value of defined benefit obligation as at 31st March	**2,207,238**	**172,479**	1,461,974	116,699
	2.	Fair value of plan assets as at 31st March	**1,545,113**	–	888,504	–
	3.	Surplus/(Deficit)	**(662,125)**	**(172,479)**	(573,470)	(116,699)
	4.	Current portion of the above	–	–	–	–
	5.	Non current portion of the above	**(662,125)**	**(172,479)**	(573,470)	(116,699)
(vi).	**Change in the obligation during the year ended 31st March**					
	1.	Present value of defined benefit obligation at the beginning of the year	**1,461,974**	**116,699**	1,142,183	59,899
	2.	Expenses Recognised in Statement of Profit and Loss Account				
		– Current Service Cost	**267,421**	**17,856**	205,637	10,615
		– Past Service Cost	–	–	–	–
		– Interest Expense (Income)	**99,908**	**8,227**	88,323	4,792
	3.	Recognised in Other Comprehensive Income				
		Remeasurement gains/(losses)				
		– Actuarial Gain (Loss) arising from:				
		ii. Financial Assumptions	**(169,776)**	**(25,013)**	126,652	(1,170)
		iii. Experience Adjustments	**170,302**	**31,690**	895	42,563
	4.	Benefit payments	**(39,852)**	–	(101,716)	–
	5.	Impact of liability assumed or (settled)	**417,261**	**23,020**	–	–
	6.	Present value of defined benefit obligation at the end of the year	**2,207,238**	**172,479**	1,461,974	116,699
(vii).	**Change in fair value of assets during the year ended 31st March**					
	1.	Fair value of plan assets at the beginning of the year	**888,504**	–	288,186	–
	2.	Expenses Recognised in Statement of Profit and Loss Account				
		– interest on plan assets	**77,104**	–	23,055	–
	3.	Recognised in Other Comprehensive Income				
		Remeasurement gains/(losses)				
		– Actual Return on plan assets in excess of the expected return	**34,438**	–	(110)	–
	4.	Contributions by employer (including benefit payments recoverable)	**584,919**	–	9,418	–
	5.	Benefit payments	**(39,852)**	–	(101,716)	–
	6.	Assets acquired/(settled)		–	669,671	–
	7.	Fair value of plan assets at the end of the year	**1,545,113**	–	888,504	–
(viii).	**The Major categories of plan assets**					
	–	List the plan assets by category here				
		– Insurer managed funds	**1,545,113**	–	888,504	–
(ix).	**Actuarial assumptions**					
	1.	Discount rate	**7.85%**	**7.85%**	7.05%	7.05%
	2.	Attrition rate	**8.00%**	**8.00%**	8.00%	8.00%
	3.	Medical premium inflation	–	**6.00%**	–	6.00%
	4.	Rate of increase in compensation levels	**10.00%**	**10.00%**	10.00%	10.00%
	5.	Mortality table	**IALM(2006-08) ult**	**IALM(2006-08) ult**	IALM(2006-08) ult	IALM(2006-08) ult

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the Gratuity Benefits to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1%**	**2,020,818**	**2,422,705**
	2017	1%	1,329,147	1,617,212
Salary growth rate	**2018**	**1%**	**2,416,137**	**2,022,651**
	2017	1%	1,611,250	1,331,351

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1%**	**146,375**	**204,414**
	2017	1%	98,970	138,493
Medical inflation rate	**2018**	**1%**	**204,695**	**145,736**
	2017	1%	138,504	98,658

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. Nil to the gratuity trusts during the next financial year of 2018.

(xii) Maturity profile:

Gratuity

Maturity profile of defined benefit obligation:

Amount (Rs.)

	2018	2017
Within 1 year	**146,983**	89,674
1 – 2 year	**157,495**	92,646
2 – 3 year	**164,996**	100,522
3 – 4 year	**171,823**	104,832
4 – 5 year	**179,009**	109,552
5 – 10 years	**1,109,125**	788,790
More than 10 years	**3,487,484**	2,162,278

Post retirement medical benefits

Maturity profile of defined benefit obligation:

	2018	2017
Within 1 year	–	133
1 – 2 year	–	245
2 – 3 year	–	345
3 – 4 year	–	437
4 – 5 year	–	524
5 – 10 years	**25,140**	12,107
More than 10 years	**759,858**	443,994

Note No. 32 Segment Reporting:

The company has a single segment namely steel processing having operations in india. As such there is no other separate reportable segment as defined by IND AS 108 on segment reporting.

During the year, 97% (FY 2017 97%) of revenue from sale of steel arose from 5 largest customers.

Note No. 33 Related Party Disclosures

Related party disclosures as required by IND AS 24 " Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Intermediate Holding Company	Mahindra Vehicle Manufacturers Limited (MVML)
Holding Company	Mahindra Intertrade Limited (MIL)

Other parties with whom transactions have taken place during the year

(i) Fellow Subsidiaries

Mahindra Integrated Business Solutions Private Limited (MIBS)
Mahindra Steel Service Centre Limited (MSSCL)
Mahindra First Choice Services Limited (MFCSL)
Mahindra Logistics Limited (MLL) w.e.f 1 October, 2017
Mahindra Retail Private limited (MRL)

(ii) Company which is Associate of Ultimate Holding Company

Mahindra CIE Limited (MCIE)

(iii) Company which is Joint venture of Ultimate Holding Company

Mahindra Logistics Limited (MLL) upto 30 Septemeber, 2017

(iv) Companies having significant influence

CSGT International Corporation (CSGT)
Mitsui & Co.(Asia Pacific) Pte Ltd (Mitsui Pte) upto 20 July, 2016
Mitsui & Co. Ltd (Mitsui) w.e.f. 21 July, 2016

(v) Key Management Personnel (KMP)

Mr. Sanjay Somkumar, Manager w.e.f. 29 April, 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the period ended 31 March:

Amount (Rs)

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		A Company having significant influence		A Company having significant influence		A Company having significant influence	
	M&M		MVML		MIL		CSGT		Mitsui Pte		Mitsui	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Dividend paid	–	–	–	–	7,685,700	1,746,750	3,692,150	839,125	–	839,125	3,692,150	–
Purchase of raw materials	–	–	–	–	23,083,786	9,046,870	–	–	–	–	–	–
Sale of Traded goods					8,401,538	15,826,913						
Sale of finished goods	2,132,554	672,384	202,961,169	412,862,511	–	–	–	–	–	–	–	–
Job work processing	–	–	–	–	2,273,288	3,751,200	–	–	–	–	–	–
Deposit for appointment of director received	–	–	–	–	600,000	100,000	–	–	–	–	–	–
Deposit for appointment of director paid	–	–	–	–	400,000	100,000	–	–	–	–	–	–
Other expenses	725,108	727,854	–	–	–	–	–	–	–	–	–	–
Legal and professional	791,400	770,002	–	–	–	–	–	–	–	–	–	–
Management fees	–	–	–	–	5,588,369	4,206,649	–	–	–	–	–	–
Processing charges	–	–	–	–	–	2,198	–	–	–	–	–	–
Reimbursement received from parties	–	–	–	–	–	–	283,251	–	–	–	–	–
Reimbursement made to parties	–	–	–	–	1,647,099	1,697,536	–	–	–	–	–	–

(C) Outstanding receivable from and payable to related parties

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		A Company having significant influence	
	M&M		MVML		MIL		CSGT	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Outstanding receivable	537,957	–	6,151,325	12,046,501	260,813	2,561,313	334,236	–
Outstanding payable	565,767	628,147	–	–	9,608,567	1,789,640	–	–

Note 33 Related Parties contd..

Amount (Rs)

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Company which is Associate of Ultimate Holding Company		Company which is Joint venture of Ultimate Holding Company		Name of KMP*	
	MSSCL		MIBS		MFCSL		MLL		MRL		MCIE		MLL		Mr. Sanjay Somkumar	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Purchase of Property, Plant and Equipment	–	28,679	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of finished goods	–	–	–	–	–	–	–	–	–	–	65,780,244	91,766,957	–	–	–	–
Job work processing	348,683	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Legal and professional			113,300	122,100	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement received from parties	322,109	20,714	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	2,372,490	1,082,985	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Processing charges	14,754	210,872	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Freight charges	–	–	–	–	–	–	240,442	–	–	–	–	–	1,956,478	4,526,265	–	–
Other expenses	–	–	–	–	–	8,203	–	–	58,855	–	–	–	–	–	–	–
Managerial Remuneration	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,691,131	3,304,410

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

	Fellow Subsidiary		Fellow Subsidiary		Company which is Associate of Ultimate Holding Company		Fellow Subsidiary	
	MSSCL		MIBS		MCIE		MLL	
	31 March, 2018	31 March, 2017	**31 March, 2018**	31 March, 2017	**31 March, 2018**	31 March, 2017	**31 March, 2018**	31 March, 2017
Outstanding receivable	**288,780**	–	**–**	–	**1,68,94,278**	75,60,619	**–**	–
Outstanding payable	**536,290**	251,430	**15,120**	33,600	**–**	–	**13,64,536**	10,49,749

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 34 - Financial Instruments

[I] Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 14 and offset by cash and cash equivalents and current investments) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is Net Debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		Amount (Rs)
	31 March, 2018	31 March, 2017
Debt	**200,000,000**	257,879,168
Less:- Cash and Cash Equivalent including current investments	**76,058,199**	27,786,986
Net Debt	**123,941,801**	230,092,182
Equity	**898,628,877**	789,243,589
Gearing ratio	**14%**	29%

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Companies's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit . At 31 March 2018, the Company had 4 customers that owed the Company more than INR 100 lacs each and accounted for approximately 89% of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

	Weighted average effective interest rate	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities							
31 March 2018							
Non-interest bearing		**109,796,885**	**-**	**-**	**-**	**109,796,885**	**109,796,885**
Variable interest rate instruments	**8.15%**	**66,143,699**	**117,318,750**	**52,537,106**	**-**	**235,999,555**	**200,000,000**
Total		**175,940,584**	**117,318,750**	**52,537,106**	**-**	**345,796,440**	**309,796,885**
31 March 2017							
Non-interest bearing		91,020,505	-	-	-	91,020,505	91,020,505
Variable interest rate instruments	2.10%	9,267,968	77,392,010	181,256,205	71,144,293	339,060,476	258,566,782
Total		100,288,473	77,392,010	181,256,205	71,144,293	430,080,981	349,587,287

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 2,000,000 for the year ended 31 March, 2018 (Rs. 2,585,668 for the year ended 31 March, 2017)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 2,000,000 for the year ended 31 March, 2018 (Rs. 2,585,668 for the year ended 31 March, 2017)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets						
31 March 2018						
– Non-interest bearing	**232,571,015**	**67,849,350**	**–**	**–**	**300,420,365**	**300,420,365**
– Variable interest rate instruments	**–**	**–**	**–**	**2,395,430**	**2,395,430**	**2,395,430**
Total	**232,571,015**	**67,849,350**	**–**	**2,395,430**	**302,815,795**	**302,815,795**
31 March 2017						
– Non-interest bearing	169,702,831	–	–	–	169,702,831	169,702,831
– Variable interest rate instruments	–	–	–	2,395,430	2,395,430	2,395,430
Total	169,702,831	–	–	2,395,430	172,098,261	172,098,261

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31 March 2018					
Gross settled:					
– Cross currency interest rate swaps	**–**	**–**	**–**	**–**	**–**
31 March 2017					
Gross settled:					
– Cross currency interest rate swaps	4,400,711	–	–	–	4,400,711

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Amount (Rs)

	31 March, 2018	31 March, 2017
Bank Overdraft/ WCDL facility	**100,000,000**	100,000,000
– Expiring within one year (Unsecured)	**100,000,000**	100,000,000
Working Capital Non-Fund Based facility: (LC, BG, LUT, LER)	**525,000,000**	525,000,000
– Expiring within one year (Unsecured)	**525,000,000**	525,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors .

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Currency	**31 March, 2018**	31 March, 2017
Payable for Property, Plant and Equipment	USD	–	3,949,145
Spare parts	EURO	**15,340**	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

	Currency	**31 March, 2018**	31 March, 2017
Payable for Property, Plant and Equipment	USD	–	–
Spare parts	EURO	**15,340**	–

(ii) Interest Rate Risk

Refer Note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price, same is passed on to the customer through appropriate adjustments to selling prices

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 35 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

– quoted prices for similar assets or liabilities in active markets

– quoted prices for identical or similar assets or liabilities in markets that are not active

– inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval

– implied volatilities

– credit spreads

– inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount (Rs)

Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2018**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	**–**	**6,445,565**	**–**	**6,445,565**
– trade receivables	**–**	**137,380,166**	**–**	**137,380,166**
– deposits	**–**	**2,395,430**	**–**	**2,395,430**
– Industrial promotion subsidy receivable	**–**	**86,982,000**	**–**	**86,982,000**
Total	**–**	**233,203,161**	**–**	**233,203,161**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	**–**	**200,000,000**	**–**	**200,000,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2018**			
	Level 1	**Level 2**	**Level 3**	**Total**
– Short term deposits	**–**	**2,700,300**	**–**	**2,700,300**
– trade and other payables	**–**	**106,313,445**	**–**	**106,313,445**
– Interest payable		**1,384,384**	**–**	**1,384,384**
Total	**–**	**310,398,129**	**–**	**310,398,129**

Amount (Rs.)

Financial assets/financial liabilities	Fair value hierarchy as at 31 March, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	2,779,909	–	2,779,909
– trade receivables	–	141,915,845	–	141,915,845
– deposits	–	2,395,430	–	2,395,430
Total	–	147,091,184	–	147,091,184
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	257,879,168	–	257,879,168
– Short term deposits	–	300,000	–	300,000
– trade and other payables	–	90,142,277	–	90,142,277
– Interest payable		687,614	–	687,614
Total	–	349,009,059	–	349,009,059

Financial assets/ financial liabilities measured at Fair value

Amount (Rs.)

Financial assets/ financial liabilities	**Fair value as at 31 March, 2018**	**Fair value as at 31 March, 2017**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
Financial assets						
Investments						
Mutual fund investments	**69,612,634**	25,007,077	Level 2	Net assets value declared by the respective asset management companies	NA	NA
Other Financial Assets						
Cross currency interest rate swaps	**–**	4,400,711	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates and forward exchange rate (from observable yield curves and forward exchange rate at the end of the reporting period) and contract interest rates and contract forward rate, discounted at a rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**69,612,634**	29,407,788				
Financial liabilities						
Other Financial Liabilities						
Liability for Cash-settled share-based payments	**783,140**	578,228	Level 2	Black Scholes option model	NA	NA
Total financial liabilities	**783,140**	578,228				

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Note No. 36 Earnings per share

Amount (Rs)

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Profit after tax (Rs.) (A)	**127,505,745**	72,183,013
Weighted average number of shares(B)	**68,500,000**	68,500,000
Earnings per share [Basic/Diluted] (Rs.)(A/B)	**1.86**	1.05
Nominal value of equity share (Rs.)	**10.00**	10.00

Note No. 37 Corporate Social Responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 1,225,868 (2017: 426,518) . CSR amount spent during the year is Rs. 1,230,155 (2017: 427,100).

Note No. 38 Stock Appreciation Rights:

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the Face Value of the Equity Share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2015 (SARS-2015) during the year ended 31st March, 2015, 31st March, 2016 and 31st March, 2018.

Details of stock appreciation rights outstanding as on 31st March 2018

	Number of Shares	Grant Date	Expiry Date	Exercise Price (Rs.)	Fair value at Grant Date (Rs.)
Cash settled					
F'15 grant	**3,506**	**18 Feb 2015**	**18 Feb 2022**	**10**	**83.70**
F'15 grant	**3,507**	**18 Feb 2015**	**18 Feb 2023**	**10**	**83.70**
F'16 grant	**1,407**	**26 Feb 2016**	**26 Feb 2022**	**10**	**84.70**
F'16 grant	**1,409**	**26 Feb 2016**	**26 Feb 2023**	**10**	**84.70**
F'18 grant	**207**	**28 Apr 2017**	**27 Feb 2022**	**10**	**125.38**
F'18 grant	**207**	**28 Apr 2017**	**28 Feb 2023**	**10**	**125.38**
F'18 grant	**207**	**28 Apr 2017**	**29 Feb 2024**	**10**	**125.38**
F'18 grant	**205**	**28 Apr 2017**	**28 Feb 2025**	**10**	**125.38**

Movement in Stock appreciation rights

		Number of Shares
1	The number of share options outstanding at the beginning of the year;	14,742
2	Granted during the period	1,033
3	Exercised during the period	5,120
4	Outstanding at the end of the period	10,655

Share Appreciation Right's exercised during the year

	Number of SAR's	Exercised date	Share price at Exercise date
Cash settled			
F'15 grant	3,506	15/03/2018	175.88
F'16 grant	1,407	15/03/2018	175.88
F'18 grant	207	15/03/2018	175.88

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

		Cash settled Share Appreciation Rights
1.	Share price	175.88
2.	Exercise price	10
3.	Expected volatility (weighted-average)	9.87%
4.	Expected life / Option Life (weighted-average)	4.92
5.	Expected dividends yield	5.86%
6.	Risk-free interest rate (based on government bonds)	7.53%

Note No. 39 - Recent accounting pronouncements:

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 *Construction Contracts and Ind AS 18 Revenue*. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Note No. 40 Specified Bank Notes (SBN)

Amount (Rs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8,2016	–	844	844
(+) Permitted receipts (withdrawn from bank)	–	39,000	39,000
(-) Permitted payments	–	35,702	35,702
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	4,142	4,142

The disclosures regarding details of specified Bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Ind As financial statements for the period ended 31 March 2017 has been disclosed.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 25 April, 2018

Percy Mahernosh
Chief Financial Officer

Romali Malvankar
Company Secretary
CS - 29447

For and on behalf of the Board of Directors
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Rajeev Dubey	DIN: 00104817	Directors
Sumit Issar	DIN: 06951249	
Smita Mankad	DIN: 02009838	
P. R. Barpande	DIN: 00016214	
Junichi Sonai	DIN: 08108175	
Huang Chen-Jung	DIN: 07692412	

Place: Mumbai
Date: 25 April, 2018

DIRECTORS' REPORT

Your Directors present their 14th Report, together with the Audited Financial Statements of your Company, for the year ended 31st March 2018.

(Amount in Million)

Particulars	For the year ended 31st March 2018 USD	For the year ended 31st March 2018 INR	For the year ended 31st March 2017 USD	For the year ended 31st March 2017 INR
Total Income	**10.55**	**685.01**	10.52	682.80
Profit before depreciation & interest	**0.44**	**28.84**	0.45	29.30
Depreciation	**0.25**	**16.54**	0.24	15.77
Profit before interest	**0.19**	**12.30**	0.21	13.53
Interest	**0.19**	**12.09**	0.09	5.90
Profit for the year	**0.00**	**0.21**	0.12	7.63
Balance of profit for earlier years	**3.86**	**250.32**	3.93	255.19
Less: Dividend	**–**	**–**	0.19	12.50
Balance carried to Balance Sheet	**3.86**	**250.53**	3.86	250.32

DIVIDEND

With a view to conserve cash resources for the future growth of your Company, the Directors deem it prudent not to recommend a dividend for the year.

OPERATIONS

The total income of your Company for the year at USD 10.55 million (INR 685.01 million) is almost at the same level of USD 10.52 million (INR 682.80 million) in the previous financial year mainly owing to subdued economic conditions prevailing in the Middle East market.

Profit for the year was virtually at break-even level, being USD 0.00 million (INR 0.21 million) as compared to a slim profit of USD 0.12 million (INR 7.63 million) in the previous year.

OUTLOOK FOR THE CURRENT YEAR

The Company's performance during the current year is expected to show a modest improvement, leveraging a broader customer base.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

(i) in the preparation of the annual financial statements for the year ended 31st March, 2018, the applicable accounting standards have been followed;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the profit of the Company for the financial year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual financial statements on a going concern basis;

(v) the Directors have devised proper systems to ensure compliance with the provisions of applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct ('Codes') for its Directors, Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under these Codes from members of the Board, Senior Management and Employees, affirming compliance with the respective Codes.

AUDITORS

M/s KPMG Lower Gulf Limited, UAE, Auditors of your Company, have expressed their willingness to accept re-appointment for the financial year ending on 31st March, 2019.

Members are requested to re-appoint Auditors for the current year and fix their remuneration.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board
Mahindra Middleeast Electrical Steel Service Centre(FZC)

Sumit Issar
Director

Sharjah, 10 April, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mahindra MiddleEast Electrical Steel Service Centre (FZC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), which comprise the statement of financial position as at 31 March 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion above, we draw attention to the fact that the United Arab Emirate Dirhmas and Indian Rupee amounts in the accompanying financial statements are presented, as described in Note 2(c), as supplementary information solely for the convenience of users. Such supplementary information does not form part of the financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Legal and Regulatory Requirements

We further report that the financial statements comply, in all materials respects, with applicable implementing rules and regulations of Sharjah Airport International Free Zone.

KPMG Lower Gulf Limited

Richard Ackland

Registration No: 1015

Place: Sharjah, United Arab Emirates
Date: 10 April 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

				Unaudited Supplementary information (refer note 2 (c))			
	Note	**31 March 2018**	31 March 2017	**31 March 2018**		31 March 2017	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
ASSETS							
Property, plant and equipment	4	**3,239,948**	3,026,790	**11,890,607**	**210,321,225**	11,108,315	196,484,073
Non-current assets		**3,239,948**	3,026,790	**11,890,607**	**210,321,225**	11,108,315	196,484,073
Inventories	5	**3,201,289**	4,200,289	**11,748,733**	**207,811,674**	15,415,059	272,661,762
Trade and other receivables	6	**2,421,271**	3,252,736	**8,886,063**	**157,176,808**	11,937,540	211,151,357
Prepayments	7	**101,314**	33,339	**371,823**	**6,576,798**	122,354	2,164,201
Cash and bank balances	8	**635,774**	322,459	**2,333,291**	**41,271,269**	1,183,426	20,932,426
Current assets		**6,359,648**	7,808,823	**23,339,910**	**412,836,549**	28,658,379	506,909,746
Total assets		**9,599,596**	10,835,613	**35,230,517**	**623,157,774**	39,766,694	703,393,819
EQUITY							
Share capital	9	**550,000**	550,000	**2,018,500**	**35,703,250**	2,018,500	35,703,250
Retained earnings		**3,859,426**	3,856,247	**14,164,093**	**250,534,637**	14,152,427	250,328,274
Statutory reserves	17	**275,063**	275,063	**1,009,481**	**17,855,715**	1,009,481	17,855,715
Total equity		**4,684,489**	4,681,310	**17,192,074**	**304,093,602**	17,180,408	303,887,239
LIABILITIES							
Employee benefits		**47,178**	38,458	**173,144**	**3,062,560**	141,142	2,496,501
Non-current liabilities		**47,178**	38,458	**173,144**	**3,062,560**	141,142	2,496,501
Short-term borrowings	10	**921,848**	2,613,471	**3,383,182**	**59,841,763**	9,591,440	169,653,470
Trade and other payables	11	**3,946,081**	3,502,374	**14,482,117**	**256,159,849**	12,853,704	227,356,609
Current liabilities		**4,867,929**	6,115,845	**17,865,299**	**316,001,612**	22,445,144	397,010,079
Total liabilities		**4,915,107**	6,154,303	**18,038,443**	**319,064,172**	22,586,286	399,506,580
Total equity and liabilities		**9,599,596**	10,835,613	**35,230,517**	**623,157,774**	39,766,694	703,393,819

The attached notes 1 to 21 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

The Board of Directors has authorised the issue of these financial statements on 10 April 2018.

Sumit Issar
K. Chandrasekar } Directors
Satoru Endoh

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

				Unaudited Supplementary information (refer note 2 (c))			
	Note	**31 March 2018**	31 March 2017	**31 March 2018**		31 March 2017	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Revenue	12	**10,545,383**	10,493,491	**38,701,553**	**684,553,537**	38,511,110	681,184,969
Cost of sales	13.1	**(9,823,329)**	(9,840,606)	**(36,051,617)**	**(637,681,403)**	(36,115,026)	(638,802,938)
Gross profit		**722,054**	652,885	**2,649,936**	**46,872,134**	2,396,084	42,382,031
Other income	14	**7,069**	24,901	**25,945**	**458,884**	91,388	1,616,449
Selling and distribution expenses		**(191,779)**	(138,065)	**(703,828)**	**(12,449,334)**	(506,697)	(8,962,489)
Administrative and general expenses	13.2	**(347,903)**	(331,297)	**(1,276,807)**	**(22,584,123)**	(1,215,862)	(21,506,146)
Operating profit		**189,441**	208,424	**695,246**	**12,297,561**	764,913	13,529,845
Finance income		**–**	29	**–**	**–**	106	1,883
Finance cost	15	**(186,262)**	(90,843)	**(683,580)**	**(12,091,198)**	(333,394)	(5,897,074)
Net Finance costs		**(186,262)**	(90,814)	**(683,580)**	**(12,091,198)**	(333,288)	(5,895,191)
Profit for the year		**3,179**	117,610	**11,666**	**206,363**	431,625	7,634,654
Other comprehensive income		**–**	–	**–**	**–**	–	–
Total comprehensive income for the year		**3,179**	117,610	**11,666**	**206,363**	431,625	7,634,654

The attached notes 1 to 21 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

The Board of Directors has authorised the issue of these financial statements on 10 April 2018.

Sumit Issar
K. Chandrasekar Directors
Satoru Endoh

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cash flows from operating activities:							
Profit for the year		**3,179**	117,610	**11,666**	**206,365**	431,625	7,634,653
Adjustments for:							
Depreciation		**254,847**	242,891	**935,290**	**16,543,393**	891,410	15,767,269
Loss on write off of property, plant and equipment		**(9)**	–	**(33)**	**(584)**	–	–
Interest expenses		**175,757**	86,050	**645,028**	**11,409,266**	315,803	5,585,936
Interest income		**–**	(29)	**–**	**–**	(106)	(1,883)
Impairment loss on asset held for sale		**–**	2,262	**–**	**–**	8,300	146,838
		433,774	448,784	**1,591,951**	**28,158,440**	1,647,032	29,132,813
Changes in:							
Inventories		**999,000**	(2,784,571)	**3,666,330**	**64,850,085**	(10,219,373)	(180,760,426)
Trade and other receivables		**831,465**	(1,992,780)	**3,051,477**	**53,974,550**	(7,313,502)	(129,361,314)
Prepayments		**(67,975)**	860	**(249,468)**	**(4,412,597)**	3,155	55,827
Trade and other payables		**443,188**	1,156,139	**1,626,497**	**28,769,549**	4,243,032	75,050,764
Employee benefit expenses		**8,720**	3,970	**32,002**	**566,059**	14,571	257,713
Net cash from/(used in) operating activitiy		**2,648,172**	(3,167,598)	**9,718,789**	**171,906,086**	(11,625,085)	(205,624,623)
Investing activity							
Acquisition of property, plant and equipment		**(468,014)**	–	**(1,717,610)**	**(30,381,129)**	–	–
Interest received		**–**	57	**–**	**–**	209	3,700
Net cash (used in)/from investing activity		**(468,014)**	57	**(1,717,610)**	**(30,381,129)**	209	3,700
Financing activities:							
Interest paid		**(175,238)**	(69,095)	**(643,122)**	**(11,375,575)**	(253,578)	(4,485,302)
Dividends paid		**–**	(192,500)	**–**	**–**	(706,475)	(12,496,138)
Net cash used in financing activities		**(175,238)**	(261,595)	**(643,122)**	**(11,375,575)**	(960,053)	(16,981,440)
Net increase/(decrease) in cash and cash equivalents		**2,004,920**	(3,429,136)	**7,358,057**	**130,149,382**	(12,584,929)	(222,602,363)
Cash and cash equivalents:							
Cash and cash equivalents at the beginning of the year		**(2,291,012)**	1,138,124	**(8,408,014)**	**(148,721,044)**	4,176,915	73,881,319
Cash and cash equivalents at the end of the year		**(286,074)**	(2,291,012)	**(1,049,891)**	**(18,570,494)**	(8,408,014)	(148,721,044)
Reconciliation of cash and cash equivalents with statement of financial position							
Cash on hand	**8**	**713**	719	**2,616**	46,284	2,639	46,674
Bank balance in current accounts	**8**	**635,061**	321,740	**2,330,675**	41,224,985	1,180,787	20,885,752
Trust receipts		**–**	(2,316,708)	**–**	–	(8,502,319)	(150,389,100)
Working capital demand loans	**10**	**(921,848)**	(296,763)	**(3,383,182)**	(59,841,763)	(1,089,121)	(19,264,370)
Total		**(286,074)**	(2,291,012)	**(1,049,891)**	(18,570,494)	(8,408,014)	(148,721,044)

The attached notes 1 to 21 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

The Board of Directors has authorised the issue of these financial statements on 10 April 2018.

Sumit Issar
K. Chandrasekar } Directors
Satoru Endoh

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

					Unaudited Supplementary information (refer note 2 (c))							
	Share capital	Retained earnings	Statutory reserve	Total equity	Share capital		Retained earnings		Statutory reserve		Total equity	
	USD	USD	USD	USD	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.
Balance as at 1 April 2016	550,000	3,931,137	275,063	4,756,200	2,018,500	35,703,250	14,427,277	255,189,758	1,009,481	17,855,715	17,455,258	308,748,723
Total comprehensive income for the year												
Profit for the year	–	117,610	–	117,610	–	–	431,625	7,634,653	–	–	431,625	7,634,653
Total other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	117,610	–	117,610	–	–	431,625	7,634,653	–	–	431,625	7,634,653
Transactions with owners of the Company *Contributions and distributions*												
Dividend declared and paid	–	(192,500)	–	(192,500)	–	–	(706,475)	(12,496,138)	–	–	(706,475)	(12,496,138)
Balance as at 31 March 2017	550,000	3,856,247	275,063	4,681,310	2,018,500	35,703,250	14,152,427	250,328,274	1,009,481	17,855,715	17,180,408	303,887,239
Total comprehensive income for the year												
Profit for the year	–	3,179	–	3,179	–	–	11,666	206,363	–	–	11,666	206,363
Total comprehensive income for the year	–	3,179	–	3,179	–	–	11,666	206,363	–	–	11,666	206,363
Balance as at 31 March 2018	**550,000**	**3,859,426**	**275,063**	**4,684,489**	**2,018,500**	**35,703,250**	**14,164,093**	**250,534,637**	**1,009,481**	**17,855,715**	**17,192,074**	**304,093,602**

The attached notes 1 to 21 are an integral part of these financial statements.

The Board of Directors has authorised the issue of these financial statements on 10 April 2018.

Sumit Issar
K. Chandrasekar Directors
Satoru Endoh

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. REPORTING ENTITY

Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), was incorporated and licensed on 8 August 2004 at Sharjah Airport International Free Zone, Sharjah (FZ) with limited liability in the United Arab Emirates (UAE). Subsequently, the Company has entered into an agreement for subscription of capital by Nippon Steel & Sumitomo Metal Corporation (NSSMC), Japan to reorganise the Company and manage it as a Free Zone Company (FZC). Consequent upon the induction of NSSMC as a shareholder, the status changed from Free Zone Establishment (FZE) to Free Zone Company (FZC) with limited liability with effect from 28 November 2005. The Company is engaged in processing of steel coils and supply of slit coils and laminations. The shareholding pattern as of 31 March 2018 is as follows:

Shareholders	Percentage
Mahindra Intertrade Limited	90%
Nippon Steel & Sumitomo Metal Corporation	10%

The Ultimate Holding Company is Mahindra & Mahindra Limited

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared under the historical cost convention and comply with International Financial Reporting Standards issued by the International Accounting Standards Board and the rules and regulations of the Sharjah Airport International Free Zone Authority (SAIF Zone). The financials statements were authorised for issue by the Board of directors on 10 April 2018.

(b) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

(c) Convenience translation

In addition to presenting the financial statements in USD, unaudited supplementary information in United Arab Emirates Dirham ("Dhs") and Indian Rupee ("Rs") has been prepared for the convenience of users of the financials statements.

All amounts (including previous year information) are translated from USD to Dhs. and Rs. at the closing exchange rate at 31 March 2018 based on average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India of Dhs. 3.67 to USD 1 and Rs. 64.92 to USD 1 respectively.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in every future period affected.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on trade receivables

The Company reviews its trade receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(ii) Provision for obsolete and expired inventory

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

(iii) Estimated useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of Property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Factory Building	18 years
Plant and Machinery	20 years
Vehicles	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers	5 years

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw materials is determined on a weighted average cost basis.

Work in progress

The cost of work in progress includes cost of raw material and an appropriate share of production overheads based on normal operating capacity.

Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

(c) Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Sale of services are recognised when services are rendered.

(d) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and preshipment credit. Interest costs is recognised as it accrues in profit or loss, using the effective interest method.

(e) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency ("USD") at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(f) Employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(g) Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gain / losses on measurement are recognized in profit and loss. Once classified as held for sale, intangible assets and property plant and equipment are no longer amortized or depreciated.

(h) Operating lease

Leases in terms of which the substantial risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(i) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active markets. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances including fixed deposits with an original maturity of three months or less. Trust receipts and working capital demand loans form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Non-derivative financial liabilities of the Company comprise trade and other payables and due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(j) Impairment

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

Financial assets measured at amortised cost

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together with similar risk characteristics.

In assessing collective impairment, the Company uses relevant historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

								Unaudited Supplementary information (refer note 2 (c))													
Particulars	Factory Buliding	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equip-ment	Comp-uters	Total	Factory Building		Plant and Machinery		Vehicles		Furniture and Fixtures		Office Equipment		Computers		Total	
	USD	USD	USD	USD	USD	USD	USD	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.
Cost:																					
At 1 April 2016	641,164	4,078,577	36,962	27,753	3,373	5,399	4,793,228	2,353,074	41,621,161	14,968,376	264,760,825	135,651	2,399,388	101,853	1,801,586	12,379	218,958	19,812	350,476	17,591,145	311,152,394
At 31 March 2017	641,164	4,078,577	36,962	27,753	3,373	5,399	4,793,228	2,353,074	41,621,161	14,968,376	264,760,825	135,651	2,399,388	101,853	1,801,586	12,379	218,958	19,812	350,476	17,591,145	311,152,394
Additions	–	468,014	–	–	–	–	468,014	–	–	1,717,610	30,381,129	–	–	–	–	–	–	–	–	1,717,610	30,381,129
Disposals	–	–	–	–	(831)	(1,267)	(2,098)	–	–	–	–	–	–	–	–	(3,048)	(53,944)	(4,650)	(82,247)	(7,698)	(136,191)
At 31 March 2018	641,164	4,546,591	36,962	27,753	2,542	4,132	5,259,144	2,353,074	41,621,161	16,685,986	295,141,954	135,651	2,399,388	101,853	1,801,586	9,331	165,014	15,162	268,229	19,301,057	341,397,332
Depreciation :																					
At 1 April 2016	143,305	1,321,867	35,873	15,261	3,177	4,064	1,523,547	525,931	9,302,644	4,851,243	85,808,996	131,656	2,328,696	56,010	990,668	11,663	206,234	14,917	263,815	5,591,420	98,901,053
Depreciation for the year	35,620	204,124	–	2,385	73	689	242,891	130,726	2,312,272	749,134	13,250,709	–	–	8,753	154,822	267	4,739	2,530	44,726	891,410	15,767,268
At 31 March 2017	178,925	1,525,991	35,873	17,646	3,250	4,753	1,766,438	656,657	11,614,916	5,600,377	99,059,705	131,656	2,328,696	64,763	1,145,490	11,930	210,973	17,447	308,541	6,482,830	114,668,321
Depreciation for the year	35,620	216,350	–	2,385	21	471	254,847	130,726	2,312,272	794,004	14,044,361	–	–	8,753	154,822	76	1,363	1,731	30,575	935,290	16,543,393
On disposals	–	–	–	–	(823)	(1,266)	(2,089)	–	–	–	–	–	–	–	–	(3,020)	(53,425)	(4,650)	(82,182)	(7,670)	(135,607)
At 31 March 2018	214,545	1,742,341	35,873	20,031	2,448	3,958	2,019,196	787,383	13,927,188	6,394,381	113,104,066	131,656	2,328,696	73,516	1,300,312	8,986	158,911	14,528	256,934	7,410,450	131,076,107
Net Book Value:																					
At 31 March 2018	**426,619**	**2,804,250**	**1,089**	**7,722**	**94**	**174**	**3,239,948**	**1,565,691**	**27,693,973**	**10,291,605**	**182,037,888**	**3,995**	**70,692**	**28,337**	**501,274**	**345**	**6,103**	**634**	**11,295**	**11,890,607**	**210,321,225**
At 31 March 2017	462,239	2,552,586	1,089	10,107	123	646	3,026,790	1,696,417	30,006,245	9,367,999	165,701,120	3,995	70,692	37,090	656,096	449	7,985	2,365	41,935	11,108,315	196,484,073

4(i) Deprecation expenses has been allocated as follows:

			Unaudited Supplementary information (refer note 2 (c))			
Particulars	**31 March 2018**	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cost of sales (refer note 13.1)	**251,970**	239,744	**924,730**	**16,356,633**	879,860	15,562,982
Administrative and general expenses (refer note 13.2)	**2,877**	3,147	**10,560**	**186,760**	11,550	204,288
	254,847	242,891	**935,290**	**16,543,393**	891,410	15,767,270

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
5. INVENTORIES						
Raw materials and consumables	**1,656,724**	3,075,144	**6,080,182**	**107,546,238**	11,285,777	199,622,974
Work in progress	**772,134**	919,543	**2,833,730**	**50,123,079**	3,374,723	59,692,134
Finished goods	**772,431**	205,602	**2,834,821**	**50,142,357**	754,559	13,346,654
	3,201,289	4,200,289	**11,748,733**	**207,811,674**	15,415,059	272,661,762

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
6. TRADE AND OTHER RECEIVABLES						
Trade receivables	**2,400,483**	3,235,265	**8,809,772**	**155,827,354**	11,873,422	210,017,227
Due from a related party (refer note 11(i))	**322**	258	**1,181**	**20,903**	947	16,748
Deposits	**17,586**	13,918	**64,540**	**1,141,595**	51,080	903,487
Other receivables	**499**	-	**1,833**	**32,393**	-	-
Advance to suppliers	**2,381**	3,295	**8,737**	**154,563**	12,091	213,895
	2,421,271	3,252,736	**8,886,063**	**157,176,808**	11,937,540	211,151,357

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
7. PREPAYMENTS						
Prepayments	**101,314**	33,339	**371,823**	**6,576,798**	122,354	2,164,201
	101,314	33,339	**371,823**	**6,576,798**	122,354	2,164,201

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
8. CASH AND BANK BALANCES						
Cash and cash equivalents						
Cash on hand	**713**	719	**2,616**	**46,284**	2,639	46,674
Bank balance in current accounts	**635,061**	321,740	**2,330,675**	**41,224,985**	1,180,787	20,885,752
	635,774	322,459	**2,333,291**	**41,271,269**	1,183,426	20,932,426

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
9. SHARE CAPITAL						
Authorized, issued and paid:						
1,000 Shares of USD 550	**550,000**	550,000	**2,018,500**	**35,703,250**	2,018,500	35,703,250
(Dhs. 2,019) (Rs. 35,703) each	**550,000**	550,000	**2,018,500**	**35,703,250**	2,018,500	35,703,250

[900 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) each held by Mahindra Intertrade Limited, which is a subsidiary of Mahindra & Mahindra Limited] [100 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) each held by Nippon Steel & Sumitomo Metal Corporation, Japan.]

Share capital	**Ordinary Share**	
	31 March 2018	31 March 2017
In issue at 1 April 2017	**1,000**	1,000
In issue at 31 March 2018	**1,000**	1,000

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of USD 550 per share. Each shareholder is entitled to one vote per share at general meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2018		31 March 2017	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
10. SHORT-TERM BORROWINGS						
Trust receipts	–	2,316,708	–	–	8,502,319	150,389,100
Working capital demand loans	**921,848**	296,763	**3,383,182**	**59,841,763**	1,089,121	19,264,370
	921,848	2,613,471	**3,383,182**	**59,841,763**	9,591,440	169,653,470

During the year, the Company obtained Trust receipts, which are unsecured, repayable within 30-90 days and interest rate of USD Libor plus 2%. The balance of Trust receipts as on 31 March 2018 was NIL (2017: USD 2,316,708)[2018 : NIL][2017 : (Dhs. 8,502,319) (Rs. 150,389,100)]

During the year, the Company obtained Working capital demand loans, which are unsecured, repayable within 30-90 days and interest rate of USD Libor plus 2%.The balance of Working capital demand loans as on 31 March 2018 was USD 921,848 (2017: USD 296,763)[2018 : (Dhs. 3,383,182) (Rs. 59,841,763)][2017 : (Dhs. 1,089,121) (Rs. 19,264,370)]

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2018		31 March 2017	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
11. Trade and other payables:						
Due to related parties (refer note 11(i))	**37,834**	38,202	**138,851**	**2,455,994**	140,202	2,479,883
Trade payables	**3,651,207**	3,356,923	**13,399,923**	**237,018,102**	12,319,904	217,914,657
Accrued expenses	**121,651**	72,613	**446,461**	**7,896,975**	266,485	4,713,673
Trade payables	**3,810,692**	3,467,738	**13,985,235**	**247,371,071**	12,726,591	225,108,213
Interest payable	**31,122**	30,603	**114,219**	**2,020,285**	112,313	1,986,594
Advance from customers	**94,522**	635	**346,897**	**6,135,896**	2,331	41,221
Others	**8,684**	3,398	**31,872**	**563,722**	12,469	220,581
Vat payables (refer note 20)	**1,061**	–	**3,894**	**68,875**	–	–
Other payables	**135,389**	34,636	**496,882**	**8,788,778**	127,113	2,248,396
	3,946,081	**3,502,374**	**14,482,117**	**256,159,849**	**12,853,704**	**227,356,609**

11. (i) RELATED PARTIES

Management's policy is to conduct transactions with related parties on prices at mutually agreed terms.

List of related parties with whom the Company has transactions:

Mahindra Intertrade Limited - Shareholder

Mahindra Steel Service Centre Limited - Fellow subsidiary

Mahindra & Mahindra Limited - Ultimate holiding company

Mahindra CIE Automotive Limited - associate of holding company and ultimate holding company.

Nippon Steel & Sumitomo Metal Corporation - Shareholder

Transactions with related parties	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2018		31 March 2017	
Mahindra Intertrade Limited:	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Reimbursement of expenses by Company	**3,494**	6,747	**12,824**	**226,813**	24,760	437,982
Service charges*	**144,029**	144,076	**528,587**	**9,349,643**	528,760	9,352,694
Dividend	–	173,250	–	–	635,828	11,246,524
Mahindra Steel Service Centre Limited:						
Purchase of spare parts	–	1,162	–	–	4,266	75,431
Reimbursement of expenses to Company	**322**	–	**1,181**	**20,903**	–	–
Mahindra & Mahindra Limited:						
Reimbursement of expenses by Company	**1,221**	186	**4,482**	**79,261**	683	12,074
Mahindra CIE Automotive Limited :						
Purchase of goods	**5,902**	–	**21,659**	**383,128**	–	–
Nippon Steel & Sumitomo Metal Corporation:						
Dividend	–	19,250	–	–	70,648	1,249,614

* The managerial services are rendered by Mahindra Intertrade Limited, shareholder and the same is paid as service charges.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

Outstanding payable			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
To Mahindra Intertrade Limited	**36,871**	37,040	**135,316**	**2,393,481**	135,936	2,404,452
To Mahindra & Mahindra Limited	**963**	–	**3,535**	**62,513**	–	–
To Mahindra Steel Service Centre Limited	**–**	1,162	**–**	**–**	4,266	75,431
	37,834	38,202	**138,851**	**2,455,994**	140,202	2,479,883

Outstanding Receivable			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
From Mahindra Steel Service Centre Limited	**322**	–	**1,181**	**20,903**	–	–
From Mahindra & Mahindra Limited	**–**	258	**–**	**–**	947	16,748
	322	258	**1,181**	**20,903**	947	16,748

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
12. REVENUE						
Sale of goods	**10,523,808**	10,480,734	**38,622,374**	**683,152,996**	38,464,293	680,356,848
Sale of services	**21,575**	12,757	**79,179**	**1,400,541**	46,817	828,121
	10,545,383	10,493,491	**38,701,553**	**684,553,537**	38,511,110	681,184,969

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13. EXPENSES BY NATURE						
Changes in inventories of finished goods and work in progress	**(419,419)**	(751,401)	**(1,539,269)**	**(27,226,584)**	(2,757,640)	(48,777,196)
Raw materials and consumables used	**9,487,535**	9,975,597	**34,819,254**	**615,883,335**	36,610,439	647,565,879
Employee benefit expenses	**339,519**	241,053	**1,246,034**	**22,039,876**	884,666	15,647,955
Depreciation	**254,847**	242,891	**935,290**	**16,543,393**	891,410	15,767,270
Rent	**92,748**	92,666	**340,385**	**6,020,736**	340,085	6,015,413
Other expenses	**70,976**	42,947	**260,483**	**4,607,407**	157,615	2,787,905
Freight	**191,779**	138,065	**703,828**	**12,449,334**	506,697	8,962,489
Impairment loss on asset held for sale	**–**	2,262	**–**	**–**	8,300	146,838
Travelling and conveyance	**12,644**	13,472	**46,405**	**820,785**	49,443	874,535
Communication expenses	**15,819**	11,415	**58,054**	**1,026,890**	41,894	741,005
Audit fees (includes out of pocket expenses)	**13,979**	12,828	**51,304**	**907,447**	47,080	832,730
Repairs and maintenance	**51,295**	23,318	**188,252**	**3,329,815**	85,576	1,513,688
Insurance	**13,004**	17,152	**47,725**	**844,155**	62,948	1,113,422
Service charges	**145,823**	144,076	**535,171**	**9,466,100**	528,760	9,352,694
Bank charges	**53,318**	59,231	**195,676**	**3,461,138**	217,376	3,844,980
General expenses	**39,144**	44,396	**143,660**	**2,541,033**	162,935	2,881,966
	10,363,011	10,309,968	**38,032,252**	**672,714,860**	37,837,585	669,271,573

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13.1. COST OF SALES						
Changes in inventories of finished goods and work in progress	**(419,419)**	(751,401)	**(1,539,269)**	**(27,226,584)**	(2,757,640)	(48,777,196)
Raw materials and consumables used	**9,487,535**	9,975,597	**34,819,254**	**615,883,335**	36,610,439	647,565,879
Employee benefit expenses	**339,519**	241,053	**1,246,034**	**22,039,876**	884,666	15,647,955
Depreciation on plant and machinery and building	**251,970**	239,744	**924,730**	**16,356,633**	879,860	15,562,982
Rent expenses	**92,748**	92,666	**340,385**	**6,020,736**	340,085	6,015,413
Other expenses	**70,976**	42,947	**260,483**	**4,607,407**	157,615	2,787,905
	9,823,329	9,840,606	**36,051,617**	**637,681,403**	36,115,026	638,802,938

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13.2. ADMINISTRATIVE AND GENERAL EXPENSES						
Impairment loss on asset held for sale	**–**	2,262	**–**	**–**	8,300	146,838
Travelling and conveyance	**12,644**	13,472	**46,405**	**820,785**	49,443	874,535
Communication expenses	**15,819**	11,415	**58,054**	**1,026,890**	41,894	741,005
Audit fees (includes out of pocket expenses)	**13,979**	12,828	**51,304**	**907,447**	47,080	832,730
Repairs and maintenance	**51,295**	23,318	**188,252**	**3,329,815**	85,576	1,513,688
Depreciation on others	**2,877**	3,147	**10,560**	**186,760**	11,550	204,288
Insurance	**13,004**	17,152	**47,725**	**844,155**	62,948	1,113,422
Service charges	**145,823**	144,076	**535,171**	**9,466,100**	528,760	9,352,694
Bank charges	**53,318**	59,231	**195,676**	**3,461,138**	217,376	3,844,980
General expenses	**39,144**	44,396	**143,660**	**2,541,033**	162,935	2,881,966
	347,903	331,297	**1,276,807**	**22,584,123**	1,215,862	21,506,146

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
14. OTHER INCOME						
Insurance claim received	**–**	18,616	**–**	**–**	68,321	1,208,458
Other miscellaneous income	**7,069**	6,285	**25,945**	**458,884**	23,067	407,991
	7,069	24,901	**25,945**	**458,884**	91,388	1,616,449

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
15. FINANCE COST						
Interest expenses	**175,757**	86,050	**645,028**	**11,409,266**	315,803	5,585,936
Exchange loss (net)	**10,505**	4,793	**38,552**	**681,932**	17,591	311,138
	186,262	90,843	**683,580**	**12,091,198**	333,394	5,897,074

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
16. CONTINGENT LIABILITIES AND COMMITMENTS						
Letters of credit	**3,834,354**	3,833,923	**14,072,079**	**248,907,090**	14,070,497	248,879,112
	3,834,354	3,833,923	**14,072,079**	**248,907,090**	14,070,497	248,879,112

17. STATUTORY RESERVE

According to the articles of association of the Company, 10% of the net profit for each year is required to be transferred to a statutory reserve. The management may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital. The reserve is not available for distribution. No appropriations to the statutory reserve have been made out of current year profits (2017 : Nil) as the statutory reserve has accumulated to 50% of the paid up share capital.

18. LEASES

The Company has entered into operating lease arrangements for the custom built warehouse, the significant terms and conditions of which are as under:

The tenure of the lease agreement is generally for a period of 7 to 25 years, renewable thereafter for another equal term.

The future minimum lease payments under non-cancellable lease are as follow:

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Less than one year	**96,808**	85,220	**355,285**	**6,284,291**	312,757	5,532,056
Between one and five years	**387,234**	340,880	**1,421,149**	**25,137,295**	1,251,030	22,128,225
Above five years	**580,851**	681,760	**2,131,723**	**37,705,943**	2,502,059	44,256,450
Amount recognised as expense in profit or loss	**92,748**	92,666	**340,385**	**6,020,736**	340,084	6,015,413

19. FINANCIAL INSTRUMENTS

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to cash at bank and trade and other receivables.

Trade receivables

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The collective loss allowance is determined taking into consideration the current economic factors.

Cash at bank

The Company's cash is placed with national and international banks of good repute.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c)) 31 March 2018		31 March 2017	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Trade receivables	**2,400,483**	3,235,265	**8,809,772**	**155,827,354**	11,873,422	210,017,227
Other receivables (excluding advances)	**18,407**	14,176	**67,554**	**1,194,891**	52,027	920,235
Cash at banks	**635,061**	321,740	**2,330,675**	**41,224,985**	1,180,787	20,885,752
	3,053,951	3,571,181	**11,208,001**	**198,247,230**	13,106,236	231,823,214

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Domestic	**56**	–	**207**	**3,635**	–	–
Other GCC countries	**709,777**	3,235,265	**2,604,883**	**46,075,174**	11,873,422	210,017,227
Exports	**1,690,650**	–	**6,204,682**	**109,748,545**	–	–
	2,400,483	3,235,265	**8,809,772**	**155,827,354**	11,873,422	210,017,227

The age of trade receivables at the reporting date was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Not past due	**2,078,176**	2,523,815	**7,626,906**	**134,904,795**	9,262,401	163,833,451
Past due 0-180 days	**320,704**	703,030	**1,176,982**	**20,818,500**	2,580,119	45,637,192
Past due more than 180 days	**1,603**	8,420	**5,884**	**104,059**	30,902	546,584
	2,400,483	3,235,265	**8,809,772**	**155,827,354**	11,873,422	210,017,227

The allowance account in respect of trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the outstanding receivable is possible; at that point such amount is considered uncollectible and hence, written off.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to amounts due to related parties, short term borrowings and trade and other payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of letter of credit facilities.

The following are the contractual maturities of financial liabilities (including estimated interest payments).

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2018	31 March 2017	**31 March 2018**		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Carrying amount						
Short-term borrowings	**921,848**	2,613,471	**3,383,182**	**59,841,763**	9,591,440	169,653,470
Trade and other payables (excluding advances)	**3,782,603**	3,432,934	**13,882,153**	**245,547,674**	12,598,858	222,848,911
Due to related parties	**37,834**	38,202	**138,851**	**2,455,994**	140,202	2,479,883
Interest payable	**31,122**	30,603	**114,219**	**2,020,285**	112,313	1,986,594
Contractual cash flows						
Short-term borrowings	**927,654**	2,636,197	**3,404,489**	**60,218,630**	9,674,843	169,653,470
Trade and other payables	**3,782,603**	3,432,934	**13,882,153**	**245,547,674**	12,598,858	222,848,911
Due to related parties	**37,834**	38,202	**138,851**	**2,455,994**	140,202	2,479,883
Interest payable	**31,122**	30,603	**114,219**	**2,020,285**	112,313	1,986,594
6 months or less :						
Short-term borrowings	**927,654**	2,636,197	**3,404,489**	**60,218,630**	9,674,843	169,653,470
Trade and other payables	**3,782,603**	3,432,934	**13,882,153**	**245,547,674**	12,598,858	222,848,911
Due to related parties	**37,834**	38,202	**138,851**	**2,455,994**	140,202	2,479,883
Interest payable	**31,122**	30,603	**114,219**	**2,020,285**	112,313	1,986,594

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2018		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
More than 6 months :						
Short-term borrowings	**–**	–	**–**	**–**	–	–
Trade and other payables	**–**	–	**–**	**–**	–	–
Due to related parties	**–**	–	**–**	**–**	–	–
Interest payable	**–**	–	**–**	**–**	–	–

Market risk

Currency risk

Foreign exchange risk is limited since all significant transactions are either in USD or Dhs (which is currently fixed to USD).

Interest risk

The Company has placed fixed deposits / margin money in form of fixed deposits with banks at normal commercial rates. Short term borrowings (Trust Receipts and working capital demand loans) carry interest at fixed rate linked to USD Libor.Preshipment credit from foreign banks have been availed at fixed rate linked to USD Libor.

Interest rate sensitivity analysis

A resonably possible change of 100 basis point in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below: The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	31 March 2018	31 March 2017	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2018		31 March 2017	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Interest rate increase by 1%	**(9,218)**	(26,135)	**(33,830)**	**(598,386)**	(95,915)	(1,696,554)
Interest rate decrease by 1%	**9,218**	26,135	**33,830**	**598,386**	95,915	1,696,554

Fair value

The fair values of the Company's financial instruments approximate their carrying values.

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders.

20. COMPLIANCE WITH VALUE ADDED TAX (VAT):

The Company has got registration under UAE VAT laws w.e.f. 1st January, 2018 (the VAT implementation date in UAE). The Management has reviewed the applicable provisions of value added tax (VAT) law and carried out a formal assessment of the applicable VAT provisions and based on that the management has computed and provided for the liability of VAT and are in compliance with all the provisions of UAE VAT laws.

21. NEW STANDARDS AND INTERPRETATIONS

New standards and interpretations not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however the Company has not early adopted the following new or amended standards in preparing the financial statements.

The Company does not expect the application of IFRS 9 and IFRS 15 to have a significant impact on its financial statements. The actual impacts of adopting these standards at 1 January 2018 may change because:

- these standards will require the Company to revise its accounting policies and internal controls and these changes are not yet complete;
- the Company is also refining and finalizing its model for expected credit loss calculations; and
- the new accounting policies, assumptions, judgement and estimation techniques employed are subject to change until the Company finalizes its first financial statements that includes the date of initial application.

(i) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

i. Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018 – (CONTINUED)

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting of financial assets.

ii. *Impairment*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs which result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Company has a choice to also apply this policy for trade receivables and contract assets with a significant financing component.

The estimated ECL will be calculated based on actual credit loss experience. The Company will perform the calculation of ECL rates separately for different types of customers including related parties.

Actual credit losses will be adjusted to reflect differences between economic conditions during the period over which the historical data will be collected, prevalent conditions and the Group's view of economic conditions over the expected lives of the receivables and related party balances.

Based on its assessment, the Company does not believe that the new impairment requirements will have a material impact on its accounting as the Company does not have material credit risk exposure at the reporting date.

iii. *Hedging*

IFRS 9 incorporates new hedge accounting rules which intend to align hedge accounting with a Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. In accordance with IFRS 9, the Group has an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting. The application of the requirements of IFRS 9 related to hedges will not have any impact on these financial statements.

The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in equity as at 1 January 2018.

(ii) IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Sales of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Revenue will be recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Based on the Company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the Company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales

(iii) IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Management is currently in the process of assessing the impact of these new standards to the accounting, disclosures and presentation requirement in the financial statements.

Sumit Issar
K. Chandrasekar } Directors
Satoru Endoh

DIRECTORS' REPORT

Your Directors present their Second Report together with the Audited Financial Statements of your Company for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS:

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the period 16th December, 2016 to 31st March, 2017
Income	**57.27**	3.09
Profit/(loss) before depreciation, interest and taxation	**(246.14)**	(92.45)
Less: Depreciation	**2.30**	0.02
Profit/(loss) before interest and taxation	**(248.44)**	(92.47)
Less: Finance cost	**0.16**	–
Profit/(loss) before taxation	**(248.60)**	(92.47)
Less: Provision for taxation:		
Current tax	**14.75**	0.96
Deferred tax	**(2.82)**	–
Profit/(loss) for the year after taxation	**(260.53)**	(93.43)
Add: Other comprehensive income	**(4.23)**	–
Total comprehensive income/(loss) for the year	**(264.76)**	(93.43)
Add: Balance of profit/(loss) of earlier years	**(94.11)**	–
Profit available for appropriation	**(358.87)**	(93.43)
Less: Share issue expenses	**1.50**	0.68
Balance carried to Balance Sheet	**(360.37)**	(94.11)
Net worth	**1,759.64**	525.89

No material changes and commitments have occurred after the close of the year till the date of this report affecting the financial position of your Company.

OPERATIONS

During the year ended 31st March 2018, the Company earned Income of Rs 57.27 lakhs by way of interest on short-term deployment of temporary surplus funds against an income of Rs. 3.09 lakhs earned in the previous year. The total comprehensive loss of the Company for the said year was Rs. 264.76 lakhs against a comprehensive loss of Rs. 93.43 lakhs during the previous year. The Company is expected to commence commercial operations during the year 2018-19.

The Company does not have any Subsidiary, Joint Venture or Associate.

DIVIDEND

Your Directors have not declared dividend for the year under review.

Your Directors have not paid any interim Dividend during the year. There is no unpaid Dividend of earlier year which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy which identifies and evaluates risks and frames a response to the key risks of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

SHARE CAPITAL

As on 31st March, 2018, the Authorised Share Capital of your Company stood at Rs. 60,00,00,000 divided into 6,00,00,000 equity shares of Rs. 10 each. Your Company on 2nd November, 2017, allotted 1,50,00,000 equity shares of Rs. 10 each aggregating to Rs. 15,00,00,000, pursuant to rights issue. As on 31st March, 2018, the paid-up capital of your Company stood at Rs. 21,20,00,000 divided into 2,12,00,000 equity shares of Rs. 10 each.

ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY:

Article No. 114 of the Articles of Association (Articles) of the Company was amended vide special resolution passed at the Extra-ordinary General Meeting held on 8th January, 2018 to include the words "Whole-time Director" and "Manager" in the said Articles of the Company.

BOARD OF DIRECTORS

The Composition of your Board of Directors is as follows:

Sr. No.	Name of the Director	DIN	Designation	Category	Independent/ Non-Independent
1.	Mr. B.B. Singh	03212787	Chairman	Non-Executive Director	Non-Independent
2.	Mr. Sumit Issar	06951249	Director	Non-Executive Director	Non-Independent
3.	Mr. Vijay Arora	07347126	Additional Director	Non-Executive Director	Non-Independent
4.	Mr. Asim Kumar Basu	03102901	Additional Director	Non-Executive Director	Non-Independent
5.	Mr. YVS Vijay Kumar	03588223	Additional Director	Non-Executive Director	Non-Independent
6.	Mr. P. R. Barpande	00016214	Additional (Independent) Director	Non-Executive Director	Independent
7.	Mr. Bansh Bahadur Singh	02063387	Additional (Independent) Director	Non-Executive Director	Independent

The Board of Directors of the Company at their Meeting held on 8th January, 2018 had appointed Mr. Vijay Arora (DIN: 07347126) and Mr. Asim Kumar Basu (DIN: 03102901) as Additional Directors of the Company w.e.f. 8th January, 2018 who shall hold the office upto the date of the ensuing Annual General Meeting of the Company. The Board of Directors of the Company by way of circular resolution passed unanimously on 3rd April, 2018 approved the appointment of Mr. YVS Vijay Kumar (DIN: 03588223) as an Additional Director of the Company w.e.f 1st April, 2018, who shall hold the office upto the date of the ensuing Annual General Meeting of the Company.

The Board of Directors of the Company by way of circular resolution passed unanimously on 3rd April, 2018 approved the appointment of Mr. P. R. Barpande (DIN: 00016214) and Mr. Bansh Bahadur Singh (DIN: 02063387) as Additional (Independent) Directors of the Company w.e.f. 1st April, 2018.

The Company has received notices pursuant to Section 160 of the Companies Act, 2013 from Mahindra Intertrade Limited, Member of the Company, for proposing the candidature of Mr. Vijay Arora, Mr. YVS Vijay Kumar, Mr. P. R. Barpande and from MSTC Limited for proposing the candidature of Mr. Asim Kumar Basu and Mr. Bansh Bahadur Singh as Directors at the ensuing 2nd Annual General Meeting of the Company.

The Board of Directors at their Meeting held on 24th April, 2018 had recommended the appointment of Mr. P. R. Barpande (DIN: 00016214) and Mr. Bansh Bahadur Singh (DIN: 02063387) as the Non – Executive and Independent Directors of the Company for a period of 3 years w.e.f. 1st April, 2018 to 31st March, 2021.

Mr. P. R. Barpande (DIN: 00016214) and Mr. Bansh Bahadur Singh (DIN: 02063387) who in the opinion of the Board, are persons with integrity and possess relevant expertise and experience and have given declarations to the effect that they meet the criteria of independence as laid down under section 149 of the Companies Act, 2013.

Mr. Sumit Issar retires by rotation at the forthcoming 2nd Annual General Meeting and being eligible have offered himself for re-appointment.

Your directors have wide experience in business related to trading, finance and general corporate management.

Provisions relating to Annual Evaluation of Board, Committees and individual Directors are not applicable to your Company.

Board Meetings and Annual General Meeting

The Board met four times during the year under review, i.e. on 21st April, 2017, 3rd August, 2017, 2nd November, 2017 and 8th January, 2018. These Meetings were attended by both the Directors of the Company. The gap between two consecutive Meetings did not exceed 120 days. The 1st Annual General Meeting of your Company was held on 29th June, 2017.

COMPLIANCE OF SECRETARIAL STANDARDS

The Directors have devised a proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on representation from operating management and after due enquiry confirm that:

(i) In the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed and there have been no departures;

(ii) they have selected accounting policies in consultation with the Statutory Auditors and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared annual accounts on a going concern basis;

(v) they have laid down internal financial controls. They have also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2018 and have found them to be adequate.

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, Senior Management and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations from Members of the Board, Senior Management and Employees, affirming compliance with the respective Codes.

Audit Committee

Pursuant to Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, your Company has, with effect from 1st April 2018, constituted Audit Committee comprising of following Directors as its Members:

Name of the Member	Designation
Mr. P. R. Barpande	Chairman
Mr. Sumit Issar	Member
Mr. Bansh Bahadur Singh	Member

Nomination and Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, your Company has, with effect from 1st April 2018, constituted Nomination and Remuneration Committee comprising of following Directors as its Members:

Name of the Member	Designation
Mr. Sumit Issar	Chairman
Mr. B. B. Singh	Member
Mr. Bansh Bahadur Singh	Member
Mr. P. R. Barpande	Member

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key Managerial Personnel of your Company:

*Mr. Laxman Popalghat	Chief Operating Officer and Manager
Mr. Amitava Sinha	Chief Financial Officer
Ms. Dolly Dhandhresha	Company Secretary

*appointed as the Manager of the Company for a period of 3 years w.e.f. 2nd November, 2017 to 1st November, 2020 by way of Special Resolution passed by the Members of the Company at their Extra – Ordinary General Meeting held on 8th January, 2018.

STATUTORY AUDITORS

The Members of the Company at their 1st Annual General Meeting held on 29th June, 2017 had appointed M/s. B S R & Co. LLP Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company to hold office for a term of 5 consecutive years from the conclusion of the 1st Annual General Meeting (AGM) until the conclusion of the 6th AGM of the Company to be held in the year 2022, subject to ratification of the appointment by the Members of the Company at every AGM held after the 1st AGM.

Pursuant to the first proviso to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members are requested to ratify the appointment of Statutory Auditors at the ensuing 2nd Annual General Meeting of the Company and fix their remuneration.

Your Company has obtained a certificate from the Auditor, confirming that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and that they satisfy the criteria provided in section 141.

The Auditors' Report for the year ended 31st March, 2018, does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR, COST AUDITOR AND INTERNAL AUDITOR

During the year under review, the provisions relating to Secretarial Auditor, Cost Auditor and Internal Auditor were not applicable to your company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees during the year under review.

There were no loans granted, investments made, guarantees given and securities provided during the year under review pursuant to Section 186 of the Companies Act, 2013.

There are no loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the Ultimate Parent Company, Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year under review were in ordinary course of business and at arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as **Annexure IV** and forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure I** and forms part of this report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 is furnished as **Annexure II** and forms part of this report.

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In line with the principles of transparency and consistency and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company had approved:

- Policy on appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors and
- Policy on the remuneration of Directors, Key Managerial Personnel and other Employees.

These policies are provided as **Annexure III** and forms part of this Report and is also available on the website cerorecycling.com

PROVISIONS RELATING TO ESTABLISHMENT OF VIGIL MECHANISM

During the year under review, the provisions relating to establishment of Vigil Mechanism enumerated under section 177 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014, were not applicable to your Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a policy for prevention of Sexual Harassment of Women at Workplace. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year ended 31st March, 2018, no complaints were received by the said Committee.

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year ended 31st March, 2018:

a) Provisions relating to Corporate Social Responsibility (CSR) enumerated under Section 135 of the Companies Act, 2013.

b) Issue of equity shares with differential rights as to dividend, voting or otherwise.

c) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.

d) Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

No significant or material orders were passed by regulators or courts or tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year ended 31st March, 2018.

For and on behalf of the Board of
Mahindra MSTC Recycling Private Limited

B. B. Singh — *Chairman*

Sumit Issar — *Director*

Mumbai, 24th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: **Nil**

(b) The steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

a. The efforts made towards technology absorption: **None**

b. The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

c. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year commencing from 16.12.2016):

(a) The details of technology imported: **Nil**

(b) The year of import: **Nil**

(c) Whether the technology been fully absorbed: **Nil**

(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: **Nil**

d. The expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no foreign exchange earning or outgo during the period under review.

(Rs. in lakhs)

	For the Financial Year ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total foreign exchange earned:	**–**	–
Total foreign exchange used:	**6.76**	0.22

For and on behalf of the Board of
Mahindra MSTC Recycling Private Limited

B. B. Singh
Chairman

Sumit Issar
Director

Mumbai, 24th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i.	**Corporate Identification Number (CIN)**		U37100MH2016PTC288535
ii.	**Registration Date**		16th December, 2016
iii.	**Name of the Company**		Mahindra MSTC Recycling Private Limited
iv.	**Category/Sub-Category of the Company**		Company Limited by shares / Indian Non-Government Company
v.	**Address of the Registered office and contact details**		Mahindra MSTC Recycling Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Contact: malvankar.romali@mahindra.com
vi.	**Whether listed company Yes/No**		No
vii.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**		N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	NA	NA	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	50%*	2 (46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Intermediate Holding Company	50%*	2 (46)
3	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U51900MH1978PLC020222	Holding Company	50%	2 (46)

* Through Mahindra Intertrade Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	62,00,000	62,00,000	100	–	2,12,00,000	2,12,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	**62,00,000**	**62,00,000**	**100**	–	**2,12,00,000**	**2,12,00,000**	**100**	–
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**62,00,000**	**62,00,000**	**100**	–	**2,12,00,000**	**2,12,00,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**62,00,000**	**62,00,000**	**100**	–	**2,12,00,000**	**2,12,00,000**	**100**	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change In share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Intertrade Limited	31,00,000	50	–	1,06,00,000	50	–	–
2.	MSTC Limited	31,00,000	50	–	1,06,00,000	50	–	–
	Total	**62,00,000**	**100**	–	**2,12,00,000**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Increase / Decrease in no. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1.	**Mahindra Intertrade Limited**					
	At the beginning of the year - 01.04.2017	31,00,000	50		–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity/etc.) 02.11.2017 – Increase on account of allotment of 75,00,000 equity shares pursuant to rights issue	–	–	75,00,000	1,06,00,000	50
	At the end of the year - 31.03.2018	–	–	–	**1,06,00,000**	**50**
2.	**MSTC Limited**					
	At the beginning of the year - 01.04.2017	31,00,000	50		–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity/etc.) 02.11.2017 – Increase on account of allotment of 75,00,000 equity shares pursuant to rights issue	–	–	75,00,000	1,06,00,000	50
	At the end of the year - 31.03.2018	–	–	–	**1,06,00,000**	**50**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**At the beginning of the year - 01.04.2017**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year - 31.03.2018	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**At the beginning of the year - 01.04.2017**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year - 31.03.2018	–	–	–	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. in lakhs)

Sr. no.	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount
		Mr. Laxman Popalghat (COO and Manager)	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	35.92	35.92
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.32	0.32
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–

Sr. no.	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount
		Mr. Laxman Popalghat (COO and Manager)	
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission (as % of profit)	–	–
5.	Others, please specify	–	–
	Stock appreciation rights	–	–
	Contribution to funds	1.06	1.06
	Total (A)	37.30	37.30
	Ceiling as per the Act	(In accordance with the provisions of Schedule V of the Companies Act, 2013)	

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors	Total Amount
1. Independent Directors		
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others, please specify	–	–
Total (1)	–	–
2. Other Non-Executive Directors		
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others, please specify	–	–
Total (2)	–	–
Total (B)=(1+2)	–	–
#Total Managerial Remuneration (A+B)	–	–
Overall Ceiling as per the Act	–	–

#Total remuneration to Managing Director, Whole-time Director and other Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in lakhs)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS Ms. Dolly Dhandhresha	CFO Mr. Amitava Sinha	Total
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	24.91	24.91
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	0.08	0.08
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission (as % of profit)	–	–	–	–

(Rs. in lakhs)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS Ms. Dolly Dhandhresha	CFO Mr. Amitava Sinha	Total
5.	Others, please specify	–	–	–	–
	Fees		1.80	–	1.80
	Contribution to funds		–	0.85	0.85
	Total	**–**	**1.80**	**25.84**	**27.64**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board of
Mahindra MSTC Recycling Private Limited

B. B. Singh
Chairman

Sumit Issar
Director

Mumbai, 24th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra MSTC Recycling Private Limited (MMRPL).

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel under the provisions of the Companies Act, 2013 including any amendments thereof.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors including Managing Director. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
  1) All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
  2) Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
  3) Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.
- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act or rules and regulations thereunder or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/ relieved with the authority of any Director / Manager - based on business needs and suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Managing Director, shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth potential individuals and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra MSTC Recycling Private Limited (MMRPL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Members' resolution.

Executive Directors:

The remuneration to Managing Director, shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Members' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Manager, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in similar industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for employees other than KMPs will be decided by HR and approved by any Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

For and on behalf of the Board of
Mahindra MSTC Recycling Private Limited

B. B. Singh *Chairman*

Sumit Issar *Director*

Mumbai, 24th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Mahindra Intertrade Limited (Holding Company)	Issue of Equity Shares on rights basis	1st April, 2017- 31st March, 2018	Issue of Equity Shares of Rs. 10 each at par on rights basis. The transaction value for the year ended 31st March, 2018 is Rs. 7.5 crores.	8th February, 2018	–

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited

B. B. Singh
Chairman

Sumit Issar
Director

Mumbai, 24th April, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of **MAHINDRA MSTC RECYCLING PRIVATE LIMITED**

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra MSTC Recycling Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IndAS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss(including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated 21 April 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

iv) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

v) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

vi) The Company has been exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

vii) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

d. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

JAYESH T THAKKAR
Partner
Membership No: 113959

Place: Mumbai,
Date: 24 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not own any immoveable properties. Accordingly paragraph 3(i)(c) of the order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanation given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Goods & Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Further as informed to us, the Company did not have any dues on account of sales tax, value added tax, duty of excise and cess.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

c. There are no dues of income tax, sales tax, duty of excise, duty of custom, value added tax,service tax and Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed during the course of audit.

(xi) According to the information and explanations given to us, the Company has paid the managerial remuneration during the year in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The Company does not fall under the definition of a listed company or other class of companies which is required to constitute audit committee under Section 177 (4) (iv) of the Act and hence paragraph 3(xiii) of the Order is not applicable to the Company.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

JAYESH T THAKKAR
Partner
Membership No: 113959

Place: Mumbai,
Date: 24 April 2018

BALANCE SHEET AS AT 31 MARCH, 2018

Amount (Rs)

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
A ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	5	**1,321,648**	27,437
(b) Capital work-in-progress		**34,612,067**	2,385,930
(c) Intangible assets under development		**3,891,280**	–
(d) Financial Assets			
Loans	6	**3,580,735**	–
(e) Deferred tax assets (net)	19	**431,251**	–
(f) Other non-current assets	7	**13,301,228**	–
Total Non - Current Assets		**57,138,209**	2,413,367
2 Current assets			
(a) Inventories	8	**206,660**	–
(b) Financial Assets			
(i) Loans	6	**50,000**	42,000
(ii) Cash and cash equivalents	9a	**104,897,245**	51,805,053
(iii) Other bank balances	9b	**15,000,000**	–
(iv) Others	10	**4,816,394**	529,747
(c) Other current assets	7	**11,265,848**	1,408
Total Current Assets		**136,236,147**	52,378,208
Total Assets (1+2)		**193,374,356**	54,791,575
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	11	**212,000,000**	62,000,000
(b) Other Equity	12	**(36,036,368)**	(9,410,403)
		175,963,632	52,589,597
Total equity		**175,963,632**	52,589,597
LIABILITIES			
2 Non-current liabilities			
(a) Provisions	13	**5,884,123**	52,683
Total Non - Current Liabilities		**5,884,123**	52,683

BALANCE SHEET AS AT 31 MARCH, 2018

Amount (Rs)

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
3 **Current liabilities**			
(a) Financial Liabilities			
(i) Trade payables	14	**6,596,081**	413,821
(ii) Other financial liabilities (other than those specified in (b) below)	15	**3,226,841**	1,420,731
(b) Provisions	13	**731,892**	–
(c) Current Tax Liabilities (Net)	16	**2,250**	28,250
(d) Other current liabilities	17	**969,537**	286,493
Total Current Liabilities		**11,526,601**	2,149,295
Total Equity and Liabilities (1+2+3)		**193,374,356**	54,791,575

See accompanying notes forming part of the financial statements

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

For and on behalf of the Board of Directors of Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Laxman Popalghat
Manager

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary
CS - 41200

B.B. Singh	DIN: 03212787	Chairman
Asim Kumar Basu	DIN: 03102901	Director
Bansh Bahadur Singh	DIN: 02063387	Director
P. R. Barpande	DIN: 00016214	Director
Vijay Arora	DIN: 07347126	Director
Sumit Issar	DIN: 06951249	Director
YVS Vijay Kumar	DIN: 03588223	

Place: Mumbai
Date: 24 April 2018

Place: Mumbai
Date: 24 April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

	Particulars	Note No.	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
I	Other Income	20	**5,726,880**	308,934
II	**Total Revenue**		**5,726,880**	308,934
III	**EXPENSES**			
	(a) Employee benefits expense	21	**10,302,484**	223,020
	(b) Finance costs	22	**16,112**	–
	(c) Depreciation	5	**230,128**	1,563
	(d) Other expenses	23	**20,038,657**	9,330,964
	Total Expenses (III)		**30,587,381**	9,555,547
IV	**Loss before tax (II - III)**		**(24,860,501)**	(9,246,613)
V	**Tax Expense**			
	(a) Current tax	18	**1,474,672**	96,015
	(b) Deferred tax	19	**(282,520)**	–
	Total tax expense		**1,192,152**	96,015
VI	**Loss after tax (IV - V)**		**(26,052,653)**	(9,342,628)
VII	**Other comprehensive income**		**(423,312)**	–
(i)	Items that will not be reclassfied to profit or loss		**–**	–
	(a) Remeasurements of the defined benefit liabilities/(asset)		**572,043**	–
(ii)	Income tax relating to items that will not be reclassified to profit or loss	19	**(148,731)**	–
VIII	**Total comprehensive income for the year (VI + VII)**		**(26,475,965)**	(9,342,628)
	Earnings per equity share (of Rs. 10/- each)	33		
	(a) Basic		**(0.82)**	(10.23)
	(b) Diluted		**(0.82)**	(10.23)

See accompanying notes forming part of the financial statements

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Laxman Popalghat
Manager

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary
CS - 41200

Place: Mumbai
Date: 24 April 2018

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

B.B. Singh	DIN: 03212787	Chairman
Asim Kumar Basu	DIN: 03102901	Director
Bansh Bahadur Singh	DIN: 02063387	Director
P. R. Barpande	DIN: 00016214	Director
Vijay Arora	DIN: 07347126	Director
Sumit Issar	DIN: 06951249	Director
YVS Vijay Kumar	DIN: 03588223	

Place: Mumbai
Date: 24 April 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2018

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
Cash flow from operating activities		
Loss before tax for the year	**(24,860,501)**	(9,246,613)
Adjustment for:		
(1) Depreciation	**230,128**	1,563
(2) Finance cost	**16,112**	–
(3) Interest income	**(5,726,880)**	(308,934)
	(30,341,141)	(9,553,984)
Movement in working capital:		
(1) (Increase)/decrease in inventories	**(206,660)**	–
(2) (Increase)/decrease in other assets	**(31,414,333)**	(375,243)
(3) Increase/(decrease) in trade payable	**6,182,260**	–
(4) Increase/(decrease) in provision	**5,991,289**	–
(5) Increase/(decrease) in other liabilities	**(79,457)**	2,173,728
	(19,526,901)	1,798,485
Cash used in operations	**(49,868,042)**	(7,755,499)
Less: income taxes paid	**(1,737,565)**	(67,765)
Net cash used in operating activities	**(51,605,607)**	(7,823,264)
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(35,073,145)**	(2,414,930)
(2) Bank balances not considered as Cash and cash equivalents -Placed	**(15,000,000)**	–
(3) Interest received	**4,937,056**	111,022
Net cash used in investment activities	**(45,136,089)**	(2,303,908)
Cash flow from financing activities		
(1) Proceeds from issue of equity shares	**150,000,000**	62,000,000
(2) Payment for share issue cost	**(150,000)**	(67,775)
(3) Finance cost paid	**(16,112)**	–
Net cash generated from financing activities	**149,833,888**	61,932,225
Net increase in cash and cash equivalents	**53,092,192**	51,805,053
Cash and cash equivalents at the beginning of the year	**51,805,053**	–
Cash and cash equivalents at the end of the year	**104,897,245**	51,805,053

Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash equivalents as per Balance Sheet (refer Note no. 9a)

See accompanying notes forming part of the financial statements

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Laxman Popalghat
Manager

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary
CS - 41200

For and on behalf of the Board of Directors of Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

B.B. Singh	DIN: 03212787	Chairman
Asim Kumar Basu	DIN: 03102901	Director
Bansh Bahadur Singh	DIN: 02063387	Director
P. R. Barpande	DIN: 00016214	Director
Vijay Arora	DIN: 07347126	Director
Sumit Issar	DIN: 06951249	Director
YVS Vijay Kumar	DIN: 03588223	

Place: Mumbai
Date: 24 April 2018

Place: Mumbai
Date: 24 April 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

For the year ended 31 March, 2018

Particulars	As at 31 March, 2018	As at 31 March, 2017
		Amount (Rs)
Balance at the beginning of the year	**62,000,000**	–
Changes in equity share capital during the year	**150,000,000**	62,000,000
Balance at the end of the year	**212,000,000**	62,000,000

B. Other equity

For the year ended 31 March, 2018

Particulars	Retained earnings	
		Amount (Rs)
	As at 31 March, 2018	**As at 31 March, 2017**
Balance at the beginning of year (A)	**(9,410,403)**	–
Loss for the year (B)	**(26,052,653)**	(9,342,628)
Other comprehensive income (net of taxes) (C)	**(423,312)**	–
Total comprehensive income for the year (D)=(B)+(C)	**(26,475,965)**	(9,342,628)
Share issue costs (E)	**150,000**	67,775
Balance at the end of year (A)+(D)-(E)	**(36,036,368)**	(9,410,403)

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Laxman Popalghat
Manager

Amitava Sinha
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B.B. Singh	DIN: 03212787	Chairman
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YVS Vijay Kumar	DIN: 03588223	

Place: Mumbai
Date: 24 April 2018

Place: Mumbai
Date: 24 April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

1. Corporate information:

Mahindra MSTC Recycling Private Limited is a private limited company incorporated in Mumbai, India on 16th December, 2016 under the Companies Act 2013. The registered office of the company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is carrying on the business of setting up, owning, maintenance and operation of shredding plants and facilities for purchase, storage, collection, segregating, processing, recycling and importing of end of life vehicles and end of life white goods and other materials and sale there from of shredded ferrous and non-ferrous metal scrap and all other types of scrap including E waste scrap, plastics, rubber, spare parts and any other disposable items, within and outside India.

2. Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 24 April, 2018.

2.2 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Vehicles - 5 years

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

2.3 Intangible asset:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Advances paid towards the acquisition of intangible assets outstanding at each balance sheet is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under Intangible asset under development.

2.4 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.5 Inventories:

Inventories are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.6 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise except for exchange differences on foreign curreny borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.7 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

2.8 Revenue recognition:

Interest income:

Interest income is accounted on time proportionate basis.

2.9 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit or loss. Past service cost is recognised in Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.10 Provisions :

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.11 Taxes on income :

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:
Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.12 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

2.14 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

3 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 5	Property, plant & equipment
Note No. 5	Capital Work In Progress

4 Recent Accounting Pronouncements:

Standards issued but not yet effective
In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':
This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':
The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':
This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Note No. 5 - Property, plant and equipment

Amount (Rs)

Description of Assets	Furniture and Fixtures	Computers & data processing units	Vehicles	Total
I. Cost or deemed cost				
Balance as at 1 April, 2017	–	29,000	–	29,000
Additions	26,914	409,336	1,088,089	1,524,339
Balance as at 31 March, 2018	**26,914**	**438,336**	**1,088,089**	**1,553,339**
II. Accumulated depreciation				
Balance as at 1 April, 2017	–	1,563	–	1,563
Depreciation for the year	296	92,196	137,636	230,128
Balance as at 31 March, 2018	**296**	**93,759**	**137,636**	**231,691**
Net carrying mount (I-II)				
Balance as on 31 March, 2018	**26,618**	**344,577**	**950,453**	**1,321,648**
Balance as on 31 March, 2017	–	27,437	–	27,437
I. Cost or deemed cost				
Balance as at 1 April, 2016	–	–	–	–
Additions	–	29,000	–	29,000
Balance as at 31 March, 2017	–	29,000	–	29,000
II. Accumulated depreciation				
Balance as at 1 April, 2016	–	–	–	–
Depreciation for the year	–	1,563	–	1,563
Balance as at 31 March, 2017	–	1,563	–	1,563
Net carrying mount (I-II)				
Balance as on 31 March, 2017	–	27,437	–	27,437
Balance as on 31 March, 2016	–	–	–	–

Note No. 6 - Loans

Amount (Rs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Current	Non- Current	Total	Current	Non- Current	Total
Financial assets at amortised cost						
Security Deposits						
Unsecured, considered good						
With others	**50,000**	**3,580,735**	**3,630,735**	42,000	–	42,000
Total	**50,000**	**3,580,735**	**3,630,735**	42,000	–	42,000

Note No. 7 - Other assets

Amount (Rs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Current	Non- Current	Total	Current	Non- Current	Total
Capital advances	–	13,064,335	13,064,335	–	–	–
Total (A)	–	13,064,335	13,064,335	–	–	–
Advances other than capital advances						
Unsecured, considered good						
(i) Prepayments	171,579	–	171,579	1,408	–	1,408
(ii) Income tax assets (net)	–	236,893	236,893	–	–	–
(iii) Balances with government authorities (other than income taxes)						
(a) GST input tax credit	6,354,369	–	6,354,369	–	–	–
(iv) Others advances						
(a) Defined contribution plan assets receivable in respect of employees transferred to the company	1,557,611	–	1,557,611	–	–	–
(b) Advances to suppliers	3,182,289	–	3,182,289	–	–	–
Total (B)	11,265,848	236,893	11,502,741	1,408	–	1,408
Total	11,265,848	13,301,228	24,567,076	1,408	–	1,408

Note No. 8 - Inventories

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Raw materials	206,660	–
	206,660	–

The mode of valuation of inventories has been stated in Note no. 2.5

Note No. 9 a - Cash and cash equivalents

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Balances with banks		
With scheduled banks		
(i) In Current Accounts	1,897,245	22,105,053
(ii) In Deposit Accounts	103,000,000	29,700,000
Total	104,897,245	51,805,053

Note No. 9 b - Other bank balances

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Balances with banks		
With scheduled banks		
(i) In Deposit Accounts with maturity greater than 3 months but less than 12 months at inception (refer note below)	15,000,000	–
Total	15,000,000	–

Note: Lien has been created on fixed deposits in favour of banks, as a security for their guarantees.

Note No. 10 - Other financial assets

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Financial assets at amortised cost		
Other Receivables		
For others	3,828,658	331,835
Interest Receivable	987,736	197,912
Interest accrued on deposits		
Total	4,816,394	529,747

Other receivables breakup

Particulars	As at 31 March, 2018	As at 31 March, 2017
Of the above, other receivables from:		
Related parties	3,828,658	331,835
Others	–	–
Total	3,828,658	331,835

Note No. 11 - Share capital

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)
(a) Authorised				
Equity Shares of Rs.10 each	60,000,000	600,000,000	60,000,000	600,000,000
	60,000,000	600,000,000	60,000,000	600,000,000
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs.10 each	21,200,000	212,000,000	6,200,000	62,000,000
	21,200,000	212,000,000	6,200,000	62,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)
Equity Shares of Rs.10 each				
Subscribed and fully paid				
Opening balance	6,200,000	62,000,000	–	–
Fresh issue	15,000,000	150,000,000	6,200,000	62,000,000
Buy back	–	–	–	–
Closing balance	21,200,000	212,000,000	6,200,000	62,000,000

(ii) The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 16 December, 2016).

Terms and rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share in the paid up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

As laid down in Articles of Association of the Company, there is a restriction on transfer of Company's shares for a lock-in period of 3 years from the date of issue of share certificate(s) of the Memorandum of Association, during which period Shares of the Company cannot be transferred by the Parties. After the expiry of the Lock-in Period, the shareholders may transfer the shares in accordance with the provisions of the Articles of Association.

(iii) Details of shares held by the holding company:

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Number of shares	Number of shares
Mahindra Intertrade Limited, the holding company	**10,600,000**	3,100,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited	**10,600,000**	**50.00%**	3,100,000	50.00%
MSTC Limited	**10,600,000**	**50.00%**	3,100,000	50.00%

Note No. 12 - Other Equity

Amount (Rs)

Particulars	Retained earnings	
	As at 31 March, 2018	As at 31 March, 2017
Balance at the beginning of year (A)	**(9,410,403)**	–
Loss for the year (B)	**(26,052,653)**	(9,342,628)
Other comprehensive income (net of taxes) (C)	**(423,312)**	–
Total comprehensive income for the year (D)=(B)+(C)	**(26,475,965)**	(9,342,628)
Share issue costs (E)	**150,000**	67,775
Balance at the end of year (A)+(D) – (E)	**(36,036,368)**	(9,410,403)

Note No. 13 - Provisions

Amount (Rs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits						
Long–term Employee Benefits						
(i) Provision for gratuity	**190,427**	**2,404,844**	**2,595,271**	–	14,171	14,171
(ii) Provision for compensated absences	**541,465**	**3,267,368**	**3,808,833**	–	38,512	38,512
(iii) Provision for post retirement medical benefit	–	**211,911**	**211,911**	–	–	–
Total	**731,892**	**5,884,123**	**6,616,015**	–	52,683	52,683

Note No. 14 - Trade payables

Amount (Rs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Trade payable for goods & services	**6,596,081**	–	**6,596,081**	413,821	–	413,821
Total	**6,596,081**	–	**6,596,081**	413,821	–	413,821

Note:
There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note No. 15 - Other financial liabilities

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Other Financial Liabilities Measured at Amortised Cost		
(a) Other liabilities		
(i) Creditors for capital supplies/services	**2,762,816**	194,205
(ii) Employee related liabilities	**464,025**	1,226,526
Total	**3,226,841**	1,420,731

Note No. 16 - Current tax liabilities

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Provision for tax (Net of advance tax/ TDS)	**2,250**	28,250
Total	**2,250**	28,250

Note No. 17 - Other current liabilities

Amount (Rs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Others		
(1) Employee Recoveries and Employer Contributions	**463,107**	41,985
(2) Statutory Dues (TDS etc)	**299,932**	244,508
(3) GST payable	**11,363**	–
(4) Dealers deposit	**195,135**	–
Total	**969,537**	286,493

Note No. 18 - Current tax and deferred tax

(a) Income Tax recognised in Statement of profit or loss

Amount (Rs)

Particulars	As at 31 March, 2018	For the period 16th December, 2016 to 31st March, 2017
Current tax:		
In respect of current year	**1,474,672**	96,015
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(282,520)**	–
	(282,520)	–
Total	**1,192,152**	96,015

(b) Income Tax recognised in other comprehensive income

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**148,731**	–
Total	**148,731**	–
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**148,731**	–
– Items that will be reclassified to profit and loss	–	–
Total	**148,731**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
Profit before tax	**(24,860,501)**	(9,246,613)
Income tax expense calculated at 25.75% (2017: 30.90%)	**(6,401,579)**	(2,857,203)
Effect of change in tax rates	**(2,713)**	–
Effect of expenses that is non–deductible in determining taxable profit	**7,596,850**	2,953,218
Others	**(406)**	
	1,192,152	96,015
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss	**1,192,152**	96,015

Note:
The tax rate used for the 31 March 2018 reconciliations above is the corporate tax rate of 25.75% (including Education and higher education cess of 2% and 1% respectively) and 31 March 2017 reconciliations above is the corporate tax rate of 30.90% (including Education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 19 - Deferred tax

Amount (Rs)

Particulars	For the Year ended 31 March, 2018			
	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax assets				
Propert, plant & equipment	–	**(60,240)**	–	**60,240**
Employee Benefits	–	**(222,280)**	**(148,731)**	**371,011**
Net Tax Asset (Liabilities)	–	**(282,520)**	**(148,731)**	**431,251**

Note No. 20 - Other income

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
(a) Interest Income:		
On fixed deposits	**5,726,880**	308,934
Total	**5,726,880**	308,934

Note No. 21 - Employee benefits expense

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
(a) Salaries and wages:	**8,462,954**	183,731
(b) Contribution to provident and other funds	**981,389**	39,289
(c) Post retirement medical benefit expense	**48,979**	–
(d) Staff welfare expenses	**809,162**	–
Total	**10,302,484**	223,020

Note No 22 - Finance cost

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
(a) Other finance cost	**16,112**	–
Total	**16,112**	–

Note No. 23 - Other expenses

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
(a) Power & fuel	**237,939**	–
(b) Rates and taxes	**1,123,793**	4,535
(c) Security expenses	**600,872**	–
(d) Insurance charges	**41,999**	604
(e) Repairs and maintenance – others	**141,444**	–
(f) Rent	**8,456,327**	221,341
(g) Freight and handling charges	**117,350**	–
(h) Advertisement expenses	**404,711**	–
(i) Auditors' remuneration (refer note below)	**125,000**	57,500
(j) Net foreign exchange loss / (gain) on capex	**176,933**	–
(k) Printing and stationery	**39,661**	–
(l) Legal and professional	**5,578,903**	337,777
(m) Travelling expenses	**2,375,091**	142,764
(n) Preliminary expenses		
(i) ROC and stamp duty fees for increase in authorised share capital	–	5,833,700
(ii) Travelling and conveyance	–	2,222,455
(iii) Other expenses	–	339,144
(o) Other general expenses	**618,634**	171,144
Total	**20,038,657**	9,330,964

Note

Amount (Rs)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
Payment to Auditor		
(a) For statutory audit	**125,000**	57,500
	125,000	57,500

Note No. 24 - Commitments (to the extent not provided for)

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
	Amount (Rs)	Amount (Rs)
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**58,226,457**	158,600

Note No. 25 - Value of imports calculated on CIF basis

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
	Amount (Rs)	Amount (Rs)
Purchase of machinery	**9,339,349**	–
Advance given for purchase of machinery	**12,106,404**	–

Note No. 26 - Expenses in foreign currency

Particulars	For the year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
	Amount (Rs)	Amount (Rs)
Foreign travelling expenses	**498,723**	21,919
Loss on foreign currency tranactions and translations	**176,933**	–

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of Profit and Loss for the year, an amount of Rs 557,376 (2017: 37,416) pertaining to defined contribution plans.

Amount (Rs)

Benefit (Contribution to)	For the Year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
	Amount (Rs)	Amount (Rs)
Provident Fund	**458,039**	26,812
Pension Fund	**99,337**	10,604
Total	**557,376**	37,416

(b) Defined Benefit Plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENTS MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Note No. 27 - Employee benefits
Defined benefit plans – as per actuarial valuation as on 31st March, 2018

Particulars				Amount (Rs)
	Unfunded Plan	Unfunded Plan	Unfunded Plan	Unfunded Plan
	Gratuity	Post retirement medical benefit	Gratuity	Post retirement medical benefit
	31st March, 2018	31st March, 2018	31st March, 2017	31st March, 2017
(i). Expense recognised in the Statement of Profit and Loss for the year ended 31st March:				
1. Current service cost	**259,907**	**37,485**	–	–
2. Past Service Credit	–	–	–	–
3. Interest on net defined benefit liability/(asset)	**129,547**	**11,494**	–	–
	389,454	**48,979**	–	–
(ii). Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets	–	–	–	

Particulars	Amount (Rs)			
	Unfunded Plan	Unfunded Plan	Unfunded Plan	Unfunded Plan
	Gratuity	Post retirement medical benefit	Gratuity	Post retirement medical benefit
	31st March, 2018	31st March, 2018	31st March, 2017	31st March, 2017
2. Actuarial (Gain)/Loss on account of:				
- Financial Assumptions		–	–	–
- Experience Adjustments	**555,536**	**16,507**	–	–
	555,536	**16,507**	–	–
(iii). Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**2,595,271**	**211,911**	–	–
2. Fair value of plan assets as at 31st March	–	–	–	–
3. Surplus/(Deficit)	**(2,595,271)**	**(211,911)**	–	–
4. Current portion of the above	**(190,427)**	–	–	–
5. Non current portion of the above	**(2,404,844)**	**(211,911)**	–	–
(iv). Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	–	–	–	–
2. Expenses Recognised in Statement of Profit and Loss Account				
- Current Service Cost	**259,907**	**37,485**	–	–
- Past Service Cost	–	–	–	–
- Interest Expense (Income)	**129,547**	**11,494**	–	–
3. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
- Actuarial Gain (Loss) arising from:				
ii. Financial Assumptions	–	–	–	–
iii. Experience Adjustments	**555,536**	**16,507**	–	–
4. Benefit payments	–	–	–	–
5. Impact of liability assumed or (settled)	**1,650,281**	**146,425**	–	–
6. Present value of defined benefit obligation at the end of the year	**2,595,271**	**211,911**	–	–
(v). Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	–	–	–	–
2. Expenses Recognised in Statement of Profit and Loss Account				
- interest on plan assets	–	–	–	–
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
- Actual Return on plan assets in excess of the expected return	–	–	–	–
4. Contributions by employer (including benefit payments recoverable)	–	–	–	–
5. Benefit payments	–	–	–	–
6. Assets acquired/ (settled)		–	–	–
7. Fair value of plan assets at the end of the year	–	–	–	–
(vi). The Major categories of plan assets				
- List the plan assets by category here				
- Insurer managed funds	–	–	–	–
(vii). Actuarial assumptions	–	–	–	–
1. Discount rate	**7.85%**	**7.85%**	–	–
2. Attrition rate	**8.00%**	**8.00%**	–	–
3. Medical premium inflation	–	**6.00%**	–	–
4. Rate of increase in compensation levels	**10.00%**	**10.00%**	–	–
5. Mortality table	**IALM(2006–08) ult**	**IALM(2006–08) ult**	–	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(viii) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the Gratuity Benefits to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2018**	1%	2,407,114	2,809,381
	2017	1%	–	–
Salary growth rate	**2018**	1%	2,802,893	2,408,931
	2017	1%	–	–

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	2018	1%	182,511	247,279
	2017	1%	–	–
Medical inflation rate	2018	1%	247,588	181,784
	2017	1%	–	–

(ix) Expected contributions for the next year:

The Company expects to contribute Rs. Nil to the gratuity trusts during the next financial year of 2018.

(x) Maturity profile: Amount (Rs)

Gratuity

Maturity profile of defined benefit obligation:	2018 Amount (Rs)	2017 Amount (Rs)
Within 1 year	190,427	–
1 - 2 year	192,734	–
2 - 3 year	199,071	–
3 - 4 year	212,585	–
4 - 5 year	218,871	–
5 - 10 years	1,892,426	–
More than 10 years	2,685,505	–

Post retirement medical benefits

Maturity profile of defined benefit obligation:	2018	2017
Within 1 year	–	–
1 - 2 year	–	–
2 - 3 year	–	–
3 - 4 year	–	–
4 - 5 year	–	–
5 - 10 years	40,582	–
More than 10 years	796,718	–

Note No. 28 - Segment reporting:

The company has a single segment namely recycling of end of life vehicles and end of life white goods in india As such there is no other separate reportable segment as defined by IND AS 108 on segment reporting.

Note No. 29 - Related party transactions

Related party transactions as required by IND AS 24 “Related Party Disclosures” are given below.

(A) List of related parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Holding Company	Mahindra Intertrade Limited (MIL)
Other parties with whom transactions have taken place during the year	
(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited (MIBS) Mahindra Steel Service Centre Limited (MSSCL) Mahindra Retail Private Limited (MRPL) Bristlecone India Limited (BIL)
(ii) Company which is Associate of Ultimate Holding Company	Mahindra CIE Automotive Limited (MCIE)
(iii) Companies having significant influence	MSTC Limited (MSTC)
(iv) Key Management Personnel (KMP)	Mr. L. B. Popalghat, Manager w.e.f. 2nd November, 2017.

Amount (Rs)

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the period ended 31 March, 2018 :

	Ultimate Holding Company M&M		Holding Company MIL		A Company having significant influence MSTC		Company which is Associate of Ultimate Holding Company MCIE	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Issue of equity share capital	–	–	**75,000,000**	31,000,000	**75,000,000**	31,000,000	–	–
Purchase of Property, Plant and Equipment	–	–	**936,260**	29,000	–	–	–	–
Advance given for Purchase of Property, Plant and Equipment	**678,625**	–	–	–	–	–	–	–
Rent paid	**2,747,650**	174,210	–	–	–	–	–	–
Deputation of personnel from related parties	**2,938,671**	–	**3,414,421**	802,918	–	–	–	–
Deputation of personnel to related parties	–	–	–	368,706	–	–	–	–
Reimbursement made to related parties	–	3,786	**276,525**	–	**758,244**	–	–	–
Reimbursement received from related parties	**807,370**	–	**3,625,231**	–	–	–	–	–
Deposit for appointment of director received	–	–	**100,000**	–	**100,000**	–	–	–
Deposit for appointment of director paid	–	–	**100,000**	–	**100,000**	–	–	–
Legal and professional	**38,038**	–	–	–	–	–	–	–
Purchase of goods (CWIP)	–	–	–	–	–	–	**97,200**	–
Software charges	**46,483**	–	–	–	–	–	–	–
Office expenses	–	–	–	–	**10,000**	–	–	–
Preliminary expenses paid	–	–	–	7,743,740	–	651,559	–	–

(C) Outstanding receivable from and payable to related parties

	Ultimate Holding Company M&M		Holding Company MIL		A Company having significant influence MSTC	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Outstanding receivable	**678,625**	–	**2,715,433**	331,835	–	–
Outstanding payable	**893,479**	186,707	**348,424**	872,062	**77,054**	–

Note No. 29 - Related party transactions contd.

Amount (Rs)

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Name of KMP*	
	MIBS		MSSCL		MRPL		BIL		Mr. L. B. Popalghat	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Purchase of Property, plant and equipment	–	–	**25,000**	–	–	–	–	–	–	–
Purchase of IT software (Capital WIP)	–	–	–	–	–	–	**34,30,000**	–	–	–
Other expenses	–	–	–	–	**36,768**	–	–	–	–	–
Reimbursement received from related parties	–	–	**4,31,700**	–	–	–	–	–	–	–
Legal and professional	**65,000**	15,000	–	–	–	–	–	–	–	–
Managerial Remuneration	–	–	–	–	–	–	–	–	**37,28,829**	–

	Fellow Subsidiary		Fellow Subsidiary		Company which is Associate of Ultimate Holding Company	
	MIBS		MSSCL		BIL	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Outstanding receivable	–	–	**3,05,855**	–	–	–
Outstanding payable	**10,800**	15,750	–	–	**8,98,060**	–

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Note No. 30 - Financial instruments

[I] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Other receivables

At 31 March 2018, the Company had receivables from its related parties only.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with banks and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Amount (Rs)

	Less than 1 Year	1–3 Years	3–5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
31 March 2018						
Non-interest bearing	**9,822,922**	–	–	–	**9,822,922**	**9,822,922**
Total	**9,822,922**	–	–	–	**9,822,922**	**9,822,922**
31 March 2017						
Non-interest bearing	1,834,552	–	–	–	1,834,552	1,834,552
Total	1,834,552	–	–	–	1,834,552	1,834,552

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets						
31 March 2018						
Non-interest bearing	**10,344,374**	–	–	–	**10,344,374**	**10,344,374**
Fixed interest rate instruments	**118,000,000**	–	–	–	**118,000,000**	**118,000,000**
Total	**128,344,374**		–	–	**128,344,374**	**128,344,374**
31 March 2017						
Non-interest bearing	22,676,800	–	–	–	22,676,800	22,676,800
Fixed interest rate instruments	29,700,000	–	–	–	29,700,000	29,700,000
Total	52,376,800	–	–	–	52,376,800	52,376,800

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 31 - Fair value measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount (Rs)

Financial assets/ financial liabilities	Fair value hierarchy as at 31 March 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	**104,897,245**	–	**104,897,245**
– Other bank balances	–	**15,000,000**	–	**15,000,000**
– other receivables	–	**3,828,658**	–	**3,828,658**
– deposits	–	**3,630,735**	–	**3,630,735**
– Interest receivable	–	**987,736**	–	**987,736**
Total	–	**128,344,374**	–	**128,344,374**
Financial liabilities				
Financial liabilities held at amortised cost				
– trade payables	–	**6,596,081**	–	**6,596,081**
– creditors for capital supplies/ services	–	**2,762,816**		**2,762,816**
– employee related liabilities	–	**464,025**	–	**464,025**
Total	–	**9,822,922**	–	**9,822,922**

Amount (Rs)

Financial assets/ financial liabilities	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	51,805,053	–	51,805,053
– other receivables	–	331,835	–	331,835
– deposits	–	42,000	–	42,000
– Interest receivable	–	197,912	–	197,912
Total	–	52,376,800	–	52,376,800

Amount (Rs)

Financial assets/ financial liabilities	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
– trade payables	–	413,821	–	413,821
– creditors for capital supplies/ services	–	194,205	–	194,205
– employee related liabilities	–	1,226,526	–	1,226,526
Total	–	1,834,552	–	1,834,552

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note No. 32 - Lease premium:

The Company has taken a land which is situated at Greater Noida on a sublease for a period of 5 years. The amount charged to the Statement of Profit and Loss is Rs. 5,316,237 (2017: NIL).

Note No. 33 - Earnings per share

Particulars	For the Year ended 31 March, 2018	For the period 16th December, 2016 to 31 March, 2017
	Amount (Rs)	Amount (Rs)
Loss after tax (Rs.) (A)	**(26,052,653)**	(9,342,628)
Weighted average number of shares (B)	**31,679,452**	912,877
Earnings per share [Basic / Diluted] (Rs.) (A/B)	**(0.82)**	(10.23)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note No. 34 - Details of Specified Bank Notes (SBN):

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

The Company did not have any holdings or dealings in Specified Bank Notes during the period from 16th December, 2016 (being date of incorporation of the Company) to 30th December, 2016.

Note No. 35 - Previous year fugures:

Previous year's figures have been regrouped and rearranged wherever necessary to conform to current year's classification.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Laxman Popalghat
Manager

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary
CS - 41200

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

B.B. Singh	DIN: 03212787	Chairman
Asim Kumar Basu	DIN: 03102901	Director
Bansh Bahadur Singh	DIN: 02063387	Director
P. R. Barpande	DIN: 00016214	Director
Vijay Arora	DIN: 07347126	Director
Sumit Issar	DIN: 06951249	Director
YVS Vijay Kumar	DIN: 03588223	

Place: Mumbai
Date: 24 April 2018

Place: Mumbai
Date: 24 April 2018

BOARD'S REPORT

Dear Shareholders

Your Directors are pleased to present their Eleventh Annual Report on the business and operations of the Company along with the Audited Financial Statements of your Company for the year ended 31 March 2018.

A. STANDALONE FINANCIAL AND OPERATIONAL HIGHLIGHTS AND STATE OF AFFAIRS OF THE COMPANY

(₹ in Crores)

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Income		
Revenue from Operations	**3,220.11**	2,588.69
Other Income	**4.73**	8.96
Total Income	**3,224.84**	2,597.65
Expenses		
Employee Benefit Expenses	**219.04**	182.28
Other Expenses	**2,895.24**	2,338.52
Depreciation and Amortization Expenses	**12.85**	8.91
Finance Costs	**0.31**	0.26
Total Expenses	**3,127.44**	2,529.97
Profit/(Loss) before Tax	**97.40**	67.68
Provision for Tax	**35.21**	22.88
Profit/(Loss) after Tax	**62.19**	44.80
Other comprehensive income		
Re-measurements of the defined benefit plans – Gains/(Losses)	**(0.16)**	(0.72)
Income tax relating to items that will not be reclassified to profit or loss	**0.05**	0.25
Total Other Comprehensive Income	**(0.11)**	(0.47)
Total comprehensive income for the period	**62.08**	44.33
Balance of Profit from earlier years	**185.69**	141.36
Balance carried Forward to Reserves	**247.77**	185.69
Net worth	**418.90**	348.82

No material changes and commitments affecting the financial position of the Company have occurred after the end of the financial year till the date of this Report.

Performance Review

Your Company recorded revenue from operations of ₹ 3,220.11 crores for the year under review as against ₹ 2,588.69 crores in the previous year, registering a growth of 24.39%. The total comprehensive income for the current financial year is ₹ 62.08 crores (after accounting of deferred tax income of ₹ 1.53 crores) as compared to ₹ 44.33 crores in the previous year (after accounting of deferred tax income of ₹ 2.94 crores), registering an increase of 40.04%.

The Non-Mahindra Group Consolidated Supply Chain Business grew by 32% in the current year from ₹ 952.79 crores in the previous financial year to ₹ 1,257.69 crores in the current financial year. The supply chain business has been positively impacted through the acquisition of several new customer accounts. Additionally, brisk account penetration in major supply chain management customers has improved significantly, as efforts centred on operating excellence and better responsiveness.

The consolidated revenue from operations for the year stood at ₹ 3,416.12 crores as compared to ₹ 2,666.59 crores in the previous year, registering a growth of 28.11%. The consolidated EBITDA for the year under review stood at ₹ 125.61 crores, recording an increase of 46.21% over the previous year of ₹ 85.91 crores. The consolidated PAT grew by 41.58% during the year under review, from ₹ 46.10 crores in the financial year 2016-17 to ₹ 65.27 crores in the financial year 2017-18.

Dividend

In line with the Dividend Distribution Policy of the Company, your Directors are pleased to recommend a dividend of ₹ 1.50 per equity share of the face value of ₹ 10/- each (being 15% on face value) for the financial year 2017-18, payable to those Members whose names appear in the Register of Members as on Thursday, 26 July 2018.

The Register of Members and Share Transfer books of the Company will remain closed from Friday, 27 July 2018 to Thursday, 2 August 2018 (both days inclusive) for the purpose of payment of dividend.

The equity dividend outgo for the financial year 2017-18, if declared, inclusive of tax on distribution of profits would result in cash outflow of ₹ 12.86 crores.

Your Directors have not paid any Interim Dividend during the year under review. There is no unpaid Dividend of earlier years which has been transferred or is due to be transferred to the Investor Education and Protection Fund during the year under review in terms of the applicable provisions of the Companies Act, 2013 ("Act") read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.

The Board of your Company has decided not to transfer any amount to the General Reserves for the financial year 2017-18.

Dividend Distribution Policy

In view of listing of equity shares of the Company and in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors ("Board") approved the Dividend Distribution Policy encompassing the requirements mentioned in the said Regulation. The Dividend Distribution Policy is attached as **Annexure I** and forms part of this Annual Report and can also be accessed on the website of the Company at the weblink: http://www.mahindralogistics.com/media//pdf_files/dividenddi-e7587214c0aef68.pdf

B. CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the Listing Regulations and applicable provisions of the Act read with the Rules framed thereunder, the Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Act and applicable Accounting Standards along with all relevant documents and the Auditors Report form part of this Annual Report.

The Consolidated Financial Statements are also available on the website of the Company and can be accessed at the weblink: http://www.mahindralogistics.com/investor/financial-information

In accordance with Section 136 of the Act, the separate accounts in respect of each of the Subsidiaries are uploaded on the website of the Company at weblink: http://www.mahindralogistics.com/investor/financial-information and copies of the same shall be provided to Members of the Company on receipt of request from them.

Subsidiary Companies

The Company has two Indian unlisted subsidiaries. The Company does not have any joint venture(s)/associate company(ies) within the meaning of Section 2(6) of the Act. During the year under review, there were no additions/deletions in the number of subsidiaries of the Company.

Our subsidiaries primarily deal in the business of transportation and freight forwarding and continue to contribute to the overall growth of the Company. Details on performance of the subsidiaries for the financial year 2017-18 is given hereunder:

Lords Freight (India) Private Limited ("Lords")

Lords recorded a gross income of ₹ 177.78 crores for the year under review as against ₹ 66.77 crores in the previous year, registering an increase of 166.26%.

2x2 Logistics Private Limited ("2x2")

2X2 recorded gross income of ₹ 52.69 crores for the year under review as against gross income of ₹ 37.78 crores, registering a growth of 39.47%. During the year under review, 2x2 further expanded its fleet of transportation vehicles.

A report on the performance and financial position of each of the Company's subsidiaries is included in the Consolidated Financial Statements and the salient features of the Financial Statements of the subsidiaries and their contribution to overall performance of the Company as required under Section 129(3) of the Act read with the Rules, is provided in Form AOC-1 and forms part of this Annual Report.

The Board has adopted the Policy for determining Material Subsidiaries in terms with the requirements of Regulation 16(1) (c) of the Listing Regulations. The Policy as approved by the Board is uploaded on the Company's website and can be accessed at the weblink: http://www.mahindralogistics.com/media//pdf_files/policyford-9b54a78901883f4.pdf

In terms of the criteria laid down in the Policy and the Listing Regulations, the Company does not have any Material Subsidiaries as on 31 March 2018.

C. INITIAL PUBLIC OFFER

During the year under review, your Company listed its shares through an Initial Public Offer ("IPO") of 1,93,32,346 equity shares of face value of ₹ 10/- each for cash at a price of ₹ 429/- per equity share in aggregate amounting to ₹ 828.88 crores through an offer for sale by:

i. Mahindra & Mahindra Limited, the Promoters and Holding Company of your Company of 96,66,173 equity shares aggregating to ₹ 414.44 crores;

ii. Normandy Holdings Limited of 92,71,180 equity shares aggregating to ₹ 397.50 crores; and

iii. Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 of 3,94,993 equity shares aggregating to ₹ 16.94 crores.

The offer included a reservation of 1,25,000 equity shares for subscription by eligible employees, out of which 1,12,710 equity shares were allotted to employees aggregating to ₹ 4.36 crores, at a discount of ₹ 42 per equity share on the offer price. The offer net of employee reservation portion ("net offer") aggregated to 1,92,07,346 equity shares. The offer and the net offer constituted 27.17% and 27.00%, respectively, of the post offer paid-up equity share capital of your Company.

The issue opened for subscription on 31 October 2017 and closed on 2 November 2017. The Company allotted/transferred 1,93,32,346 equity shares. The subscription ratios of the IPO are given hereunder:

Category	No. of times subscribed (after considering technical rejections)
Qualified Institutional Bidder portion (excluding Anchor Investor Portion)	15.57
Retail Individual portion	5.75
Non-Institutional Bidder portion	1.83
Employee portion	0.90

The Board of your Company had constituted an IPO Committee to facilitate the IPO process. The IPO was successfully completed in compliance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time and the equity shares of your Company were listed on the BSE Limited and the National Stock Exchange of India Limited with effect from 10 November 2017.

As the Company's IPO was through an offer for sale, the Company did not receive any proceeds from the offer and the proceeds were paid to the Shareholders who offered their shares for sale. Hence the requirement of providing explanation for variation in utilisation of funds is not applicable to the Company.

Your Company became a Listed Company with effect from 10 November 2017 and consequently the Corporate Identification Number ("CIN") of your Company changed from U63000MH2007PLC173466 to L63000MH2007PLC173466.

In view of the listing of equity shares of the Company and to comply with the requirements of the Listing Regulations, the Board re-constituted the Audit Committee and Nomination and Remuneration Committee and constituted the Stakeholders Relationship Committee on 25 July 2017. The Board also re-constituted the Corporate Social Responsibility Committee.

The Board has *inter alia* adopted/amended the following statutory polices in compliance with the applicable provisions of the Act, Listing Regulations and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015:

i. Code of Conduct for Prevention of Insider Trading in Securities of Mahindra Logistics Limited;

ii. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;

iii. Policy on determination of Materiality for disclosure of events or information (to Stock Exchanges);

iv. Indicative guidelines to ascertain materiality of events or information under the 'Policy for determination of Materiality for disclosure of events or information' (to Stock Exchanges);

v. Policy for Preservation of documents;

vi. Policy for determining Material Subsidiaries;

vii. Whistle Blower Policy/Vigil Mechanism;

viii. Board Diversity Policy;

ix. Policy on materiality of and on dealing with Related Party Transactions;

x. Familiarisation Programs for Independent Directors;

xi. a) Code of Conduct for Board;

b) Code of Conduct for Senior Management and Employees;

c) Code for Independent Directors;

xii. Archival Policy;

xiii. Dividend Distribution Policy;

xiv. Corporate Social Responsibility Policy;

xv. Policy on appointment/removal of Directors and Senior Management Personnel and remuneration of Directors and Key Managerial Personnel and other employees;

xvi. Business Responsibility Polices.

D. INVESTOR RELATIONS

Your Company continuously strives for excellence in its Investor Relations engagement with International and Domestic investors through structured conference-calls and periodic investors/analyst interactions viz. individual/group meetings, quarterly earnings calls and analyst meets from time to time to communicate details of the Company's performance, important developments and exchange of information. Your Company interacted in a number of analyst/investor meets organized by reputed Global and Domestic Broking Houses, during the year under review.

The schedule of all interactions with institutional investors, fund managers and analysts is promptly disseminated to the Stock Exchanges where equity shares of the Company are listed.

Your Company always believes in building a relationship of mutual understanding with investors/analysts and ensures that critical information about the Company is available to all the investors, by uploading all such information on the Company's website and on the website of the Stock Exchanges where equity shares of the Company are listed. The Company also uploads print and audio transcripts of investor conference-calls on the website of the Company.

E. REGISTRAR AND SHARE TRANSFER AGENTS

The IPO Committee of the Board of Directors had, vide resolution dated 13 July 2017, appointed Link Intime India Private Limited, as its Registrar and Share Transfer Agents in place of Karvy Computershare Private Limited. Contact details of Link Intime India Private Limited are provided in the Report on Corporate Governance, which forms part of this Annual Report.

F. ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Investment Agreement dated 5 February 2014, as amended by amendment agreements dated 5 March 2015 and 3 August 2017 ("Investment Agreement") between Mahindra and Mahindra Limited, Normandy Holdings Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF-1 (Normandy and Kedaara are collectively referred as "Investors") and the Company formed a substantive part of the Articles of Association ("AOA") of the Company with certain special rights.

In view of the IPO of the Company, the Board with consent of the Members at their meeting held on 27 July 2017, adopted a new set of Articles of Association in place of and to the exclusion of the existing Articles of Association of the Company to comply with the requirements of the Act, make them consistent with Listing Regulations and make the Investment Agreement as aforesaid form part of the AOA (as Part II thereof).

Further in terms of the Third Amendment dated 5 October 2017 to the Investment Agreement and in view of listing of the equity shares of the Company, Part II of the AOA comprising of special Investor rights was automatically terminated and ceased to have any force from the date of listing. Consequently, all rights of the Investors have fallen away, except for the right to nominate one Investor Director, on the Board of the Company provided that this right shall (i) be subject to the approval of the Members of the Company by way of special resolution and (ii) be available for as long as the Investor holds at least 5% Equity Shares in the Company. Approval of the Members is sought at the ensuing Annual General Meeting to approve the right of the Investors to nominate one Investor Director, on the Board of the Company.

G. ALTERATION OF MEMORANDUM OF ASSOCIATION

With a view to re-align the object clause and liability clause of the Memorandum of Association of the Company with the provisions of the Act, the Members of your Company at their Extraordinary General Meeting held on 27 July 2017 approved alteration of object clause and liability clause of the Memorandum of Association of the Company.

Alteration of the Memorandum of Association of the Company did not result in change of the legal status, constitution, operations or activities of the Company.

H. ENVIRONMENT, HEALTH AND SAFETY

The Company, being a leading Third-Party Logistics (3PL) organization recognizes its employees, partners and business associates as an important asset and is committed to providing a safe and healthy work environment at all operating locations. Preventing workplace accidents is a key focus for your Company and is emphasised at all levels through constant communication and training. The Company has adopted an Environment, Health and Safety ("EHS") Policy to establish effective control measures for EHS management across all locations. The EHS policy is displayed at all prominent locations and offices and communicated to all stake holders.

The EHS policy is supported by safety management programs for Near Miss recordings, Safety Kaizen, Safety Observation tour to identify, assess and control the risks. The Company demonstrates strong leadership commitment towards EHS by the Management Safety Council, headed by the CEO of the Company. Multiple measures and actions are implemented through competency training programs like Defensive driver training, First Aid, Fire Fighting and Emergency Preparedness and Forklift driving. The first Drivers' training program under Pradhan Mantri Kaushal Vikas Yojana through National Skill Development Corporate was conducted in Pune, Maharashtra for two consecutive days with immense support from Nidan Technologies Private Limited.

To promote and sustain a strong safety culture, the Company organises various annual events like National Road Safety Week, National Safety Week, World Environment Day and Drivers' Day. The Company has also initiated ACE learning programs which contains safety and best practices related to EHS. A Safety Pledge is taken before starting meetings at offices and at work locations. The Company has established a dedicated safety team to oversee the implementation of a comprehensive driver safety culture at a PAN India level.

The Company carries out internal safety audits and external electrical audits of facilities for assessing and managing safety risks with respect to the warehousing and logistics verticals. The Company continued its commitment to improve the wellbeing of employees and contract workmen by organizing health examination camps, health check-ups, Eye check-up camps for drivers and blood donation camps. The Company is also a registered member of the National Safety Council.

I. SUSTAINABILITY

We believe that adopting sustainable practices in all our operations is not only a business imperative for us but also provides us with a competitive advantage in long run. Hence, we integrate economic progress, social responsibility and environment concerns with the objective of improving quality of life.

Being an asset-light Company, we deploy our business partners' assets to deliver services to our customers. We recognize the fact that Green House Gas ("GHG") emissions have a significant impact on the environment and in this regard the Company has instituted various initiatives for monitoring and reducing GHG emission intensity across the network of assets utilised by the Company. Specific initiatives taken in this regard are detailed in **Annexure VII** of this Report.

J. INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014, and based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate. The Company has also adopted policies and procedures for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India ("ICAI"). Based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. Regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

K. CREDIT RATING

The Company continues to enjoy a strong credit rating which denotes a high degree of safety regarding timely servicing of financial obligations. During the year under review, ICRA Limited ("ICRA") reaffirmed the long-term rating of [ICRA] AA and the short-term rating of [ICRA]A1+ assigned to the Line of Credit ("LOC") facility of ₹ 55 crores of the Company. ICRA has also assigned short-term rating of [ICRA] A1+ to the additional LOC (non-fund based) of ₹ 10 crores of the Company.

L. MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the Listing Regulations, a detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis section, which forms part of this Report.

M. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions entered during the year under review were in the ordinary course of business and on arms' length basis. In compliance with Regulation 23(4) of the Listing Regulations, the Company had sought approval of its Members, at its Extraordinary General Meeting held on 23 October 2017, for entering into material related party transaction(s), in the ordinary course and on arms' length basis with Mahindra & Mahindra Limited, the Holding Company for a period up to 31 March 2019.

In line with the aforesaid Members' approval, your Company has entered into material related party transactions i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, with Mahindra & Mahindra Limited, the Holding Company of your Company during the year under review. These transactions were in the ordinary course of business and on arms' length basis, details of which, as required to be provided in Section 134(3)(h) of the Act, are disclosed in Form AOC – 2 as **Annexure II** and forms part of this Annual Report.

The Policy on Related Party Transactions as approved by the Board at its meeting held on 25 September 2017 pursuant to Regulation 23 of the Listing Regulations is uploaded on the Company's website and can be accessed at the weblink: http://www.mahindralogistics.com/media//pdf_files/policy-on--0e8627c4402627e.pdf

N. AUDITORS' AND AUDITORS' REPORT

Statutory Auditor

The Members of the Company had, at their 10th Annual General Meeting held on 14 August 2017, approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018) ("Deloitte") as the Statutory Auditors of the Company to hold office for a term of five years commencing from the conclusion of the 10th Annual General Meeting up to the conclusion of 15th Annual General Meeting ("AGM") of the Company to be held in the year 2022, subject to ratification at every annual general meeting as may be required under the Act from time to time.

Deloitte have provided their consent and confirmed that they meet the eligibility criteria prescribed under Section 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified to act as Statutory Auditors of the Company.

Deloitte have confirmed that the firm holds a valid certificate issued by the Peer Review Board of the ICAI. They have also furnished a declaration of independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

The Auditors' Report for the financial year 2017-18 is unmodified i.e. it does not contain any qualification(s), reservation(s) or adverse remark(s) and forms part of this Annual Report.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of your Company has appointed M/s. Sandeep P Parekh & Co. (Certificate of Practice No. 7693), Practicing Company Secretaries as a Secretarial Auditor of the Company to conduct the secretarial audit.

The Secretarial Audit Report given by the Secretarial Auditor in Form No. MR-3 as per the provisions of Section 204 of the Act read with Rules framed thereunder for the financial year ended 31 March 2018 has been annexed to this Board Report as **Annexure III** and forms part of the Annual Report.

The said Secretarial Audit report does not contain any qualification(s), reservation(s) or adverse remark(s).

Internal Audit

Pursuant to Section 138 of the Act read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the financial year 2017-18. The Board at its meeting held on 2 May 2018 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the financial year 2018-19.

Cost Audit

During the year under review, provisions of cost audit as stated under Section 148 of the Act and the Companies (Audit and Auditors) Rules, 2014 were not applicable to the Company.

Reporting of frauds by Auditors

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported to the Audit Committee or the Board any instances of frauds committed in the Company by its officers or employees required to be reported under Section 143(12) of the Act.

O. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Particulars of loans given, investments made and guarantees and securities provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of loan or guarantee or security pursuant to Section 186 of the Act are given under Note No. 8 and Note No. 33 annexed to Standalone Financial Statements for the year ended 31 March 2018 and the same forms part of this Report.

P. PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, during the year and as such no amount of principle or interest was outstanding as of the year ended 31 March 2018. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. Hence there are no deposits which are not in compliance with the requirements of chapter V of the Act.

The Company has not accepted any loans from its Directors during the year under review.

The Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) of Listing Regulations and Para A of Schedule V thereto.

Q. EMPLOYEES

Key Managerial Personnel ("KMP")

Pursuant to provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following have been designated as Key Managerial Personnel of your Company:

1. Mr. Pirojshaw Sarkari, Chief Executive Officer
2. Mr. Nikhil Nayak, Chief Financial Officer
3. Ms. Brijbala Batwal, Company Secretary

There have been no changes in the KMPs of the Company, during the year under review.

Employee Stock Option Scheme ("ESOP")

Pursuant to the Board and the Members approval, your Company had instituted the MLL Key Executive Stock Option Scheme 2012 ("MLL ESOP Scheme") prior to the IPO.

In view of the IPO of the Company, as required, the Board of your Company vide resolution dated 10 July 2017, and approval of the Members through special resolution dated 11 July 2017, amended the MLL ESOP Scheme to re-align and make it compliant with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and relevant Guidance Note issued by ICAI and Indian Accounting Standards issued in this regard. The MLL ESOP Scheme is in compliance with the SBEB Regulations. There have been no material changes to the MLL ESOP Scheme during the year under review.

Further during the year under review, the ESOP Committee, comprising of Mr. Zhooben Bhiwandiwala, Mr. Parag Shah, Mr. Ruzbeh Irani and Mr. Sunish Sharma was dissolved with effect from 10 July 2017 and all powers exercised by the ESOP Committee were subsumed by the Nomination and Remuneration Committee of the Board in line with the SBEB Regulations.

The information as required to be disclosed under Clause 14 of the SBEB Regulations read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 has been uploaded on the website of the Company and can be accessed at the weblink: http://www.mahindralogistics.com/investor The said information is also provided in the Note No. 23 of the Notes to Standalone Financial Statements.

A certificate from the Company's Statutory Auditors, Deloitte Haskins & Sells LLP, in accordance with the SBEB Regulations will be placed at the ensuing AGM.

The existing MLL ESOP Scheme shall continue until all outstanding stock options (i.e. 459,360 stock options) are fully exercised. No further stock options shall be granted under the said MLL ESOP Scheme and the said Scheme shall be operational only to the extent of vesting, exercise and allotment of shares for ESOPs granted prior to the IPO of the Company and outstanding as of date.

With a view of further inculcating an employee ownership culture, and with a view to induct and retain talents, the Company intends to implement a new employee stock option plan namely 'Mahindra Logistics Employee Restricted Stock Unit Plan 2018' ("RSU 2018"/"Plan") seeking to cover eligible employees of the Company and of its Holding Company, subject to the Members approval at the ensuing AGM.

Particulars of Employees and related disclosures

The Company had seven employees who were in receipt of remuneration of not less than ₹ 10,200,000/- during the year ended 31 March 2018 or not less than ₹ 850,000/- per month during any part of the year.

Details of employee remuneration as required under provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available for inspection at the Registered Office of the Company during working hours, 21 days before the ensuing AGM and shall be made available to any Shareholder on request. Such details are also available on your Company's website and can be accessed at the weblink: http://www.mahindralogistics.com

Disclosures with respect to the remuneration of the Directors, the KMPs and the employees of the Company as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure IV** to this Report.

R. EMPLOYEE RELATIONS

The financial year 2017-18 witnessed a positive Employee Relations scenario across the organization.

Your Company continues its efforts to propagate proactive employee centric practices. To that effect an Employee Relations framework titled "Sanjeevani" was crafted. This framework is based on four key pillars, i.e. Employee Communication, Welfare, Inclusive Participation and Development and aims to improve productivity and engagement of all our employees.

Some of the initiatives introduced under Sanjeevani include:

- "Samvaad", an employee connect program;
- Talent Development framework for ensuring development of employees at all levels;
- Works committees at locations to ensure inclusive participation of employees;
- Welfare initiatives ensuring coverage of contractual workforce under the Pradhan Mantri Beema Yojana;
- Awareness workshops on ESI and PF benefits; and
- Health camps.

During the year, your Company conducted multiple training and engagement programs covering a wide range of topics, viz. coaching skills, leadership skills, customer focus, team effectiveness, safety and environment. The Company also initiated skill building programs for contractual workers.

Significant emphasis was also laid on raising employee awareness on health and wellness through the launch of a comprehensive Employee Assistance Program (EAP), which caters to the physical, mental and emotional well-being of our employees.

Proactive and employee centric practices, a focus on transparent communication, an effective concern resolution mechanism and a firm belief that engaged employees are the most valuable assets of your Company, are the cornerstones of your Company's employee relations approach. A proactive and continuous dialogue with employees have helped your Company build trust and harmony.

The Industrial Relations scenario continued to be largely positive across all our locations. Healthy collective bargaining discussions and negotiations, resulting in timely wage settlements during the financial year 2017-18 have helped create a peaceful, healthy and collaborative work environment.

These initiatives have contributed to your Company achieving consistently high scores on employee engagement through an internal survey mechanism.

S. QUALITY

We believe in inculcating and promoting quality culture across all operations and functions.

At the organisational level, we follow 'The Mahindra Way' ("TMW"), a structured approach to promote the use of comprehensive quality management tools and techniques. This covers the entire organisation through management processes and key business processes. Yearly assessment is conducted by experts and basis the feedback received, improvements are carried out by following a PDCA (Plan-Do-Check-Act) approach.

Your Company follows continuous improvement approach in its operations. At the operating locations, our teams focus on range of initiatives for driving improvements by using techniques like 5S, process mapping, waste elimination, Six Sigma etc. We have successfully implemented 7500+ kaizens, crossed over 25+ quality circles, and completed 50+ yellow belt projects during the year under review, using advanced statistical tools.

The Company has achieved ISO 9001:2015 certification from Bureau Veritas with ZERO non-conformities for one of the largest Auto Customer.

T. BOARD & COMMITTEES

Directors Appointments/Re-appointments

On recommendation of the Nomination and Remuneration Committee ("NRC") of the Board, Mr. Ranu Vohra and Mr. Darius Pandole were appointed as Non-Executive Independent Directors, not being liable to retire by rotation, to hold office for a first term of five consecutive years commencing from 25 July 2017 upto 24 July 2022 subject to approval of the Members. The Members at their Extraordinary General Meeting held 27 July 2017 accorded their approval for the said appointments.

The Board of the Company, based on the recommendation of the NRC and results of the performance evaluation carried out by the NRC and the Board, vide resolution dated 26 March 2018 re-appointed Mr. Ajay Mehta as an Additional and Non-Executive Independent Director, not being liable to retire by rotation, for a second term of five consecutive years commencing from 27 March 2018 to 26 March 2023, subject to the approval of the Members through special resolution at the ensuing AGM.

The Board of the Company, based on the recommendation of the NRC, at its meeting held on 6 June 2018 appointed Ms. Avani Davda as an Additional and Non-Executive Independent Director, not being liable to retire by rotation, for a first consecutive term commencing from 6 June 2018 to the AGM of the Company to be held in 2022, subject to the approval of the Members through ordinary resolution at the ensuing AGM.

In terms of Section 152 of the Act, Mr. Parag Shah, retires by rotation and, being eligible, offers himself for re-appointment at the ensuing AGM.

Resignations/Cessations

During the year under review, Mr. Ruzbeh Irani, Mr. Sanjeev Aga and Mr. Anjanikumar Choudhari, Non-Executive Directors of the Company stepped down from the Board of your Company with effect from 25 July 2017. Consequently Mr. Anjanikumar Choudhari also ceased to be Chairman of the Board and Mr. Zhooben Bhiwandiwala was appointed as Chairman of the Board with effect from 25 July 2017.

Ms. Neelam Deo ceased to hold office as Non-Executive Independent Director with effect from 26 March 2018 on account of expiry of her first term.

The Board places on record its sincere gratitude and deep appreciation for the valuable contributions made by Mr. Ruzbeh Irani, Mr. Sanjeev Aga, Mr. Anjanikumar Choudhari and Ms. Neelam Deo during their respective tenures with the Company.

Declaration by Independent Directors

All Independent Directors of the Company have given written declarations and confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

Performance Evaluation

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as reviewed the performance of the Directors individually. During the year under review, the questionnaire for performance evaluation was further elaborated and made comprehensive in alignment with the guidance note on board evaluation issued by the Securities and Exchange Board of India, vide its circular dated 5 January 2017. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate evaluation exercise was carried out by the NRC of the Board to evaluate the performance of Individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the other Non-Executive Directors.

The outcome of the performance evaluation of the Board for the year under review was discussed by the NRC and the Board at their respective meetings. All Directors expressed satisfaction with the evaluation process.

Familiarization program for Independent Directors

Details of familiarization programs imparted to Independent Directors of the Company familiarising them on their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and number of hours spent by each of them in terms of the requirements of the Listing Regulations are available on the Company's website and can be accessed at the weblink: http://www.mahindralogistics.com/media//pdf_files/familiariz-09f20b333216ae8.pdf

Remuneration Policy and criteria for determining attributes, qualification, independence and appointment of Directors

In line with the principles of transparency and consistency, your Company has adopted the following policies:

i. Policy on appointment and remuneration of Directors and senior management and succession planning;

ii. Policy on remuneration of the Directors, Key Managerial Personnel and Employees ("Appointment and Remuneration Policy").

In line with the Appointment and Remuneration Policy, the Independent Directors of the Company are entitled to payment of commission up to ₹ 600,000/- per annum on the basis of recommendations made by the NRC and approved by Board within the ceiling of 1% or 3% of annual net profit of the Company, as the case may be, for each of the financial years commencing from 1 April 2017. The remuneration of the Independent Directors is determined by the Board based on their performance evaluation done by the entire Board which, *inter alia*, includes their participation in the Board and Committee Meetings during the year, other responsibilities undertaken, and contributions to the deliberations of the Board and to the Company.

The Appointment and Remuneration Policy is provided in **Annexure V** and forms part of this report. The said policy is also uploaded on website of the Company and can be accessed from the weblink: http://www.mahindralogistics.com/media//pdf_files/nomination-ebe9fbadb048aed.pdf

The remuneration paid to the Directors for the financial year 2017-18 was as per the terms laid down in the said Appointment and Remuneration Policy of the Company.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Act, your Directors, based on representation from the operating management and after due enquiry, confirm that:

a. In the preparation of the annual financial statements for the year ended 31 March 2018 the applicable accounting standards have been followed and no material departures have been made from the same;

b. They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31 March 2018 and of the profits of the Company for the financial year ended on that date;

c. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. They have prepared the annual accounts on a going concern basis;

e. They have laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively during the financial year ended 31 March 2018; and

f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the financial year ended 31 March 2018.

Board Meetings and Annual General Meeting

The Board of your Company meets at least four times in a year and the gap between two Meetings does not exceed one hundred and twenty days. An annual calendar of Meetings is circulated in advance to all Directors. In case of exigencies, resolutions are passed through circulation in terms of Section 175 of the Act.

During the year ended 31 March 2018, eight Board Meetings were held and these Meetings were well attended by the Directors. The Tenth AGM of your Company was held on 14 August 2017. Details of attendance of meetings of the Board and the AGM are included in the section titled 'Report on Corporate Governance', which forms part of this Annual Report.

Meetings of Independent Directors

The Independent Directors of your Company meet at least once in a financial year without the presence of Non-Independent Directors, the CEO, and the CFO of the Company.

The Meetings are conducted to enable the Independent Directors to, *inter alia*, discuss matters pertaining to review of performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company (taking into account the views of the Non-Executive Directors) and to assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year, under review the Independent Directors met once on 29 January 2018 and the Meeting was attended by all Independent Directors.

Audit Committee

The Audit Committee of the Board is composed of four Non-Executive Directors, of whom three Directors (i.e. more than 2/3rd), including the Chairman are Independent in line with provisions of Section 177 of the Act read with the Rules framed thereunder and Regulation 18 of the Listing Regulations. All the Members of the Committee are financially literate and possess strong accounting and financial management knowledge.

As on 31 March 2018, the Audit Committee comprised of Mr. Ajay Mehta (Independent Director and Chairman of the Committee), Mr. Chandrasekar Kandasamy (Non-Executive Director), Mr. Ranu Vohra (Independent Director) and Mr. Darius Pandole (Independent Director).

Mr. Zhooben Bhiwandiwala and Mr. Parag Shah, Non-Executive Directors are permanent invitees to the meetings of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

All the recommendations made by the Audit Committee during the year under review were accepted by the Board of the Company.

Board Committees

The Board has constituted various committees in compliance with the requirements of the Act and Listing Regulations viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and voluntary committees viz. IPO Committee and MLL Key Executive Stock Option Scheme Committee. The details of composition of the said Committees, their terms of reference, meetings held and attendance of the Committee Members thereat during the financial year 2017-18 is provided in the section titled 'Report on Corporate Governance', which forms part of this Annual Report.

Compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. the Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

U. GOVERNANCE

Corporate Governance

The Corporate Governance Policies guide the conduct of affairs of your Company and clearly delineate the roles, responsibilities and authorities at each level of its governance structure and key functionaries involved in governance.

Your Company has in place Codes of Conduct ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos. The affirmation on the said Codes is received from the Directors and Senior Management Personnel and Employees on an annual basis.

Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Schedule V of the Listing Regulations forms part of the Annual Report.

Vigil Mechanism/Whistle Blower Policy

The Vigil Mechanism as envisaged in the Act, the Rules prescribed thereunder and Listing Regulations, is implemented through the Company's Whistle Blower Policy, which was revised and adopted by the Board at its meeting held on 25 September 2017 to provide a mechanism for the employees and Directors of the Company to report genuine concerns and provides for adequate safeguards against victimization of persons who use such mechanism and a provision has been made to provide direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases. The scope, eligibility and other procedural aspects have been mentioned in the policy. The Whistle Blower Policy of your Company is available on the Company's website and can be accessed at the weblink: http://www.mahindralogistics.com/media//pdf_files/whistleblo-c5536963e0a165a.pdf

During the year under review, no complaints have been received by the Company and none of the Whistle Blowers were denied access to the Chairperson of Audit Committee of the Board.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Prevention of Sexual Harassment Policy for Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

An Internal Complaints Committee has been set up to redress complaints regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) as well as who visit the premises of the Company for any purpose are covered under this Policy. Awareness and sensitisation programs were conducted across the Company.

During the year under review, no complaints were received alleging any instances of sexual harassment.

Business Responsibility Report

The Business Responsibility Report of your Company prepared as a good governance practise, highlighting the initiatives taken by the Company in the areas of social, environment and economic responsibilities of business for the financial year 2017-18 forms part of this Annual Report, although not statutorily required under Regulation 34(2)(f) of the Listing Regulations.

Risk Management

Your Company has developed a well-defined risk management policy which *inter alia* includes identification of elements of risk, if any, which in the opinion of the Board may seriously impact the Company. The risk management policy includes identification of key risks and their mitigation plans. Constitution of a Risk Management Committee of the Board is not mandatory for your Company. However, the Board and Audit Committees review the Risk Management framework on a quarterly basis.

V. CORPORATE SOCIAL RESPONSIBILITY AND RELATED MATTERS

Corporate Social Responsibility ("CSR")

Being part of the Mahindra Group, the Company is committed to the group's social responsibility vision to serve the communities where it operates through its various CSR activities and initiatives and Employee Social Option Programmes (ESOPs).

The Company has identified various CSR thrust areas and also laid down guiding criteria for selecting CSR projects which includes sustainability, social impact etc.

The CSR Committee monitors implementation of the Company's CSR projects through the CSR Executive Council.

While CSR programmes are identified by the CSR Committee, it also evaluates projects submitted directly by reputed NGOs. To ensure that there is a focus and maximum impact, the CSR Committee endeavours to work on fewer projects over a longer period of time so as to ensure that the outcomes of the projects can be measured.

The Company had undertaken various CSR projects in the areas of Education and Skill Development, Rural Development and Sanitation. Some of the key initiatives undertaken by the Company during the year under review are as follows:

Project to eradicate Malnutrition

As a part of village adoption exercise, your Company launched a project to combat and eradicate malnutrition at Tembha village, Thane, Maharashtra in December 2017. The Company identified malnourished children within the age group of 1 – 5 years and based on the advice of a qualified Paediatrician, distributed nutritious recipe every day to all malnourished children. The results are extremely encouraging as most of the children's weight increased with time. This process has also provided an additional source of income (for preparing the recipes and sweets) for women.

Pradhan Mantri Kaushal Vikas Yojana ("PMKVY")

The Central Government launched PMKVY, a skill certification scheme in 2015. The objective of this Scheme is to enable large number of Indian youth to undergo industry-relevant skill training which will help them in securing a better livelihood. The Company has launched a program to increase availability of trained drivers as well as to train existing drivers so as to help reduce the number of road accidents. The Company has trained 450+ drivers.

Healthcare

One of our key CSR programs, is the HIV-AIDS awareness and prevention program. This comprehensive program focuses on the communities around Nasik, Maharashtra in collaboration with MAGMO NGO. The objective of the program is to increase awareness and thus help prevention through strategic tie ups with organizations who possess the technical and capacity building capabilities to optimize our resources. We undertake these interventions through a healthcare center installed at our Nasik transport hub. More than 37,000 drivers benefited within the last 15 months. More than 600 drivers were treated for STI infection. 0.4% of the drivers were also sent for Anti-Retro Viral Therapy.

CSR Policy

The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which is implemented by the Company. During the year under review, the Board of your Company amended the CSR Policy at its meeting held on 25 September 2017. The updated CSR Policy including a brief overview of the projects or programs undertaken can be accessed at the Company's website through the weblink: http://www.mahindralogistics.com/sustainability

CSR Committee

The Board of your Company has constituted a CSR Committee ("Committee") in compliance with the requirements of Section 135 of the Act. The role of the Committee includes formulation and recommending to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and any amendments thereto, recommendation of the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the Act and referred to in the CSR Policy of the Company, as also to monitor the CSR Policy from time to time.

As of the date of this report, the Committee comprises of Mr. Parag Shah, Mr. Ranu Vohra and Mr. Chandrasekar Kandasamy. Mr. Parag Shah is Chairman of the Committee and Mr. Zhooben Bhiwandiwala, Non-Executive Director is a permanent invitee of the Committee.

During the year under review, your Company incurred a CSR Expenditure of ₹ 1.27 crores on its CSR activities as against a mandated spend of ₹ 1.24 crores. Details of the composition of the CSR Committee, CSR Policy and projects undertaken by the Company during financial year 2017-18, in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in the section titled 'Annual Report on Corporate Social Responsibility ("CSR") activities for FY 2017-18' in **Annexure VI** of this Report.

W. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure VII** and form part of this report.

X. SECRETARIAL

Share Capital

The authorized share capital of your Company is ₹ 105,00,00,000/- divided into 10,50,00,000 equity shares of the face value of ₹ 10/- each.

During the year under review, in view of the Initial Public Offer of the Company all partly paid equity shares of the Company i.e. 40,774 equity shares, which were partly paid up to the extent of ₹ 2/- per share and 15,81,273 equity shares, which were partly paid up to the extent of ₹ 1/- per share, were made fully paid up pursuant to a call of ₹ 8/- per share and ₹ 9/- per share, respectively. Further your Company allotted 16,86,880 equity shares of face value of ₹ 10/- on the exercise of stock options under the MLL Key Executives Stock Option Scheme 2012 of the Company during the year under review.

Consequently, the issued, subscribed and paid-up equity share capital of your Company as on 31 March 2018 stood at ₹ 71,14,19,240 divided into 7,11,41,924 equity shares of the face value of 10/- each.

Extract of Annual Return

Pursuant to Sections 134(3)(a) and 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31 March 2018 in form MGT-9 is annexed as **Annexure VIII** and forms part of this report.

Y. GENERAL

Your Directors state that no disclosures or reporting(s) are required in respect of the following items, as there were no transactions/events related to these items during the year under review:

i. Change in nature of business of the Company;

ii. Issue of equity shares with differential rights as to dividend, voting or otherwise;

iii. Issue of sweat equity shares to employees of the Company under any scheme;

iv. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future;

v. Voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Z. ACKNOWLEDGMENTS

The Board of your Company wish to convey its deep gratitude and appreciation to all the employees of the Company, for their tremendous efforts as well as their exemplary dedication and contribution to the Company's performance. We also acknowledge the invaluable support and contribution of all our business associates who continue their loyal partnership with our Company.

The Directors would also like to thank the Members, Customers, Vendors, Business Partners, Bankers, Government and all other Business Associates for their continued support extended to the Company and the Management.

On behalf of the Board of Directors

Zhooben Bhiwandiwala	**Parag Shah**
Chairman	Director
(DIN:00110373)	(DIN:00374944)

Mumbai, 6 June 2018

Annexure I

DIVIDEND DISTRIBUTION POLICY

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ("SEBI LODR Regulations") dated 8 July 2016, makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

Dividend Distribution Policy ("the Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force with effect from the date of Listing/ 1 April 2018.

This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

Dividend will be declared on per share basis on the Ordinary Equity Shares of the Company. Dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

The Internal and external factors that shall be considered for declaration of dividend shall include the following:

Internal Factors:

i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:

   a. Previous years and

   b. Internal budgets

ii. Cash flow position of the Company

iii. Accumulated reserves

iv. Earnings stability

v. Future cash requirements for organic growth/expansion and/or for inorganic growth

vi. Brand acquisitions

vii. Current and future leverage and under exceptional circumstances, the amount of contingent liabilities

viii. Deployment of funds in short term marketable investments

ix. Long term investments

x. Capital expenditure(s) and

xi. The ratio of debt to equity (at net debt and gross debt level).

External Factors:

i. Business cycles

ii. Economic environment

iii. Cost of external financing

iv. Applicable taxes including tax on dividend

v. Industry outlook for the future years

vi. Inflation rate and

vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board may also consider sense of shareholders' expectations while determining the rate of dividend.

The retained earnings of the Company shall be utilized in any way including the following:

i. Capital expenditure for working capital

ii. Organic and/or inorganic growth

iii. Investment in new business(es) and/or additional investment in existing business(es)

iv. Declaration of dividend

v. Capitalisation of shares

vi. Buy back of shares

vii. General corporate purposes, including contingencies

viii. The Board may consider recommending a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

Shareholders may not expect any dividend under certain circumstances including the following:

a. In the event of inadequacy of profits or whenever the Company has incurred losses

b. Whenever Company proposes to utilise surplus cash for buy-back of securities

c. Significantly higher working capital requirements adversely impacting free cash flow
d. Whenever it undertakes or proposes to undertake a significant expansion of business requiring higher allocation of capital
e. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
f. Operation of any law in force which restricts payment of dividend in particular circumstances and
g. Any restrictions and covenants contained in any agreement as may be entered with the Lenders.

Parameters that shall be adopted with regard to various classes of shares

At present, the issued and paid-up share capital of the Company comprises only of equity Shares; the Company does not have any other class of shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

Disclosures

The Policy will be displayed on website of the Company and same will also be published in Annual Report of the Company.

Review

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

Amendment

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure II

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   There were no contracts or arrangements or transactions entered into during the year ended 31 March 2018, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis:**

   The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31 March 2018 are as follows:

<table>
<tr><th>Sr. No.</th><th>Name(s) of the related party and nature of relationship</th><th>Nature of contracts/ arrangements/ transactions</th><th>Transaction value (₹ in crores)</th><th>Duration of the contracts/ arrangements/ transactions</th><th>Salient terms of the contracts or arrangements or transactions including the value, if any</th><th>Date(s) of approval by the Board, if any</th><th>Amount paid as advances, if any</th></tr>
<tr><td rowspan="4">1</td><td rowspan="4">Mahindra & Mahindra Limited, Holding Company</td><td>Income from services rendered</td><td>1,658.18</td><td rowspan="4">1 April 2017 to 31 March 2018</td><td rowspan="4">The related party transactions (RPTs) entered into during the year under review were in ordinary course and on arms' length basis</td><td rowspan="4">Since these RPTs are in ordinary course and on arms' length basis approval of the Board is not applicable. However necessary approvals were granted by the Audit Committee from time to time</td><td rowspan="4">NIL</td></tr>
<tr><td>Expenses incurred (towards rent, information technology support and trainings)</td><td>2.28</td></tr>
<tr><td>Purchase of property and other assets</td><td>0.15</td></tr>
<tr><td>Reimbursements made</td><td>5.16</td></tr>
</table>

On behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Mumbai, 6 June 2018

Annexure III

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR FINANCIAL YEAR ENDED 31 MARCH 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
Mahindra Logistics Limited
CIN: L63000MH2007PLC173466
Mahindra Towers, P K Kurne Chowk,
Worli, Mumbai, Maharashtra-400 018, India.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHINDRA LOGISTICS LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31 March 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended 31 March 2018 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made there under;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and its rules;

(5) External Commercial Borrowings – Not applicable to the Company during the audit period;

(6) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: Not applicable to the Company during the audit period;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: Not applicable to the Company during the audit period;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: Not Applicable;

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliances with the applicable clauses of the following:

1. Secretarial Standards-1 & 2 issued by the Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (The Company got listed on 10 November 2017, therefore Compliances under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable from the date of listing).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. We understand that Company would fill the vacancy in the position of Woman Independent Director as on date of this report, within the stipulated timelines permitted by law.

Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings, duly recorded and signed by the Chairman, the decisions at the Board meeting were taken unanimously and no dissenting views have been recorded.

As informed to us, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above.

During the year under review, the major event covered was the Initial Public Offer of the Company and the Company's equity shares got listed w.e.f. 10 November 2017 with BSE Limited & The National Stock Exchange of India Limited.

For **Sandeep P Parekh & Co.,**
Company Secretaries

Sd/-
CS Sandeep P. Parekh
FCS: 7118, CP: 7693

Place: Navi Mumbai
Date : 23 April 2018

Annexure IV

DETAILS OF REMUNERATION

Details pertaining to remuneration as required under sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary and details of the ratio of remuneration of each Director as on 31 March 2018 to the median remuneration of the employees of the Company for the financial year ended 31 March 2018 is as under:

Sr. No.	Name of Director/KMP	Designation	Remuneration of Director/KMP for the financial year 2017-18 (₹ in crore) (Excluding perquisite value of ESOPs exercised)	Remuneration of Director/KMP for the financial year 2017-18 (₹ in crore) (Including perquisite value of ESOPs exercised)	% increase in remuneration in the financial year 2017-18 (Excluding perquisite value of ESOPs exercised)	% increase in remuneration in the financial year 2017-18 (Including perquisite value of ESOPs exercised)	Ratio of remuneration (Including perquisite value of ESOPs exercised) of each Director to median remuneration of the employees for the financial year
1	Mr. Ajay Mehta	Independent Director	0.11	0.11	57.30%	57.30%	3.57
2	Mr. Ranu Vohra	Independent Director	0.08	0.08	Refer note i	Refer note i	2.63
3	Mr. Darius Pandole	Independent Director	0.08	0.08	Refer note i	Refer note i	2.47
4	Ms. Neelam Deo	Independent Director	0.09	0.09	55.12%	55.12%	3.00
5	Mr. Pirojshaw Sarkari	Chief Executive Officer	1.94	3.36	16.64%	101.74%	—
6	Mr. Nikhil Nayak	Chief Financial Officer	0.78	1.48	11.11%	111.68%	—
7	Ms. Brijbala Batwal	Company Secretary	0.15	0.15	1100.00%	1100.00%	—

Notes:

i. Mr. Ranu Vohra and Mr. Darius Pandole were appointed as Independent Directors with effect from 25 July 2017. Hence percentage increase in remuneration is not reported as they were holding directorship for the part of financial year 2017-18;

ii. The remuneration of Independent Directors covers sitting fees and commission and is within the overall limits approved by the Shareholders of the Company;

iii. Non-Executive Non-Independent Directors are not paid any remuneration;

iv. For the purpose of computation of median remuneration only permanent employees on the payrolls of the Company during the financial year 2017-18 have been considered;

v. Mr. Anjanikumar Choudhari, Mr. Ruzbeh Irani and Mr. Sanjeev Aga, Non-Executive and Non-Independent Directors, ceased to be Directors with effect from 25 July 2017. They were not paid any sitting fees or commission during the financial year 2017-18.

1. **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:** The median remuneration of permanent employees of the Company for the financial year 2017-18 was ₹ 3.14 lakhs and the ratio of remuneration of each Director to the median remuneration of the permanent employees of the Company for the financial year 2017-18 is provided in table above.

2. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:** Provided in table above.

3. **Percentage increase in the median remuneration of employees in the financial year:** In the financial year under review, there was an increase of 4.60% in the median remuneration of permanent employees.

4. **Number of permanent employees on the rolls of Company:** There were 3004 permanent employees on the rolls of Company as on 31 March 2018.

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** The average percentage increase in the salaries of employees other than the Managerial Personnel in the last financial year i.e. 2017-18 was 10.09%.

   The Company did not have any Managing Director, Whole-time Director or Manager during the financial year 2017-18. Hence comparison of the percentage increase in salaries of employees with that of managerial remuneration for the last financial year i.e. 2017-18 is not applicable to the Company.

   The remuneration of employees excludes perquisite value of ESOPs exercised during the year under review. The remuneration increase of employees of the Company is dependent on the Company's performance as a whole, individual's performance and also market benchmarks.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company:** It is hereby affirmed that the remuneration paid is as per the Company's Policy for Remuneration to the Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Zhooben Bhiwandiwala — Chairman

Parag Shah — Director

Mumbai, 6 June 2018

Annexure V

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Logistics Limited.

"Employee" means employee of the Company including employees in the Senior Management Team of the Company.

"Key Managerial Personnel" (KMP) refers to Key Managerial Personnel as defined under Section 203 of the Companies Act, 2013 and includes:

(i) Managing Director, Whole time Director or Manager;
(ii) Chief Executive Officer (CEO);
(iii) Chief Financial Officer (CFO); and
(iv) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management including the functional heads.

I. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director.
2. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
3. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
4. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down as under.

Senior Management Personnel are appointed or promoted and removed/relieved with the authority of MD/WTD/CEO based on the business need and the suitability of the candidate.

KEY MANAGERIAL PERSONS (KMPs)

Appointments of KMPs shall be recommended by the NRC and approved by the Board.

II. SUCCESSION PLANNING

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC amongst the senior management team or through external sources as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization. We have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

- Ready now
- Ready in 1 to 2 years
- Ready in 2 to 5 years
- Ready in more than 5 years

In order to ensure talent readiness as per laddered approach.

A. REMUNERATION POLICY FOR EMPLOYEES AND KEY MANAGERIAL PERSONNEL

Overall Intent of Compensation Policy

At Mahindra Logistics Ltd. (MLL) we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy –

– To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.

– To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.

– To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.

– To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy

The compensation will include all statutory and other retirement benefits. We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.

– Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements.

– Recognizing the need for long-term security

– Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.

– A pre-determined portion of remuneration of Managers & above employees will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade as per the levels of responsibility.

Compensation Structure

The compensation structure consists of two categories of elements, summarized below. The details of each are given in subsequent parts.

A. Total Cost to Company

This category consists of elements of compensation that are considered as ‘Cost to Company’, which includes Fixed Pay & Variable pay.

B. Reimbursements & Benefits

In addition to the above, the company provides certain other reimbursements and benefits. These are applicable to all or certain grades based on business requirements and articulated in the HR policy manual. These are, therefore, kept outside the calculation of Cost to Company. These consist of the following:

1. Group Mediclaim (Hospitalization) insurance policy
2. Group Personal Accident insurance policy
3. Group Term Life policy
4. Workmen Compensation policy
5. Mobile Reimbursement policy
6. Cellular phone handset policy
7. Laptops and data card policy
8. Transfer Relocation allowance policy

Current Levels & Designations

Level	Title
01	CEO
02	COO/Senior Vice President
03	CFO/Vice President
04	Senior General Manager/General Manager
05	Deputy General Manager
06	Senior Manager
07	Manager
08	Deputy Manager
09	Senior Executive
10	Executive
MT	Management Trainee
GT	Graduate Trainee
FTC	Fixed Term Contract

Hiring Process

For hiring talent from the market, MLL has an Employee Requisition process which has the Job description, candidate profile, grade and the Budgeted CTC. The candidate is given an offer with a maximum increase of 20% on present CTC. Any increase proposed above 20% of CTC for DGM & above position, an approval is taken from CEO. Any increase proposed above 30% of CTC for Senior Manager & below positions, an approval is taken from CEO.

Payment of Salary

Salaries are credited to (company nominated) employee's salary bank account. A salary slip detailing the total of pay and the various deductions made is also provided. Salary gets credited to the bank between last day of the current month to 7th day of the subsequent month.

Annual Increments/Promotions

Based on annual performance appraisals, competency evaluation and Bell curve guidelines, the permanent employees are given ratings on a 5 point scale and applicable increment percentage on CTC is applicable to derive the revised compensation. Promotion criteria is based movement to a higher responsibility and consistently rated Expectations Surpassed/Superior. For promotions an additional increment is also added.

Appraisal year is April to March. Employees joined till 1st February are eligible for Annual increments effective 1st August and new joinees from 2nd February will be eligible for increments prorated in the next appraisal cycle.

Fixed Term Contract (FTC) Employees

Based on Customer requirement, Fixed Term Contract (FTC) employees are recruited mainly for Operations. The Employment Term of these employees is for one year and it is renewed based on the Customer Agreement for further period. In case of closure of the Customer Agreement, we try to accommodate these employees in other projects based on the requirement else their services are terminated as per the clause mentioned in their appointment letter.

Compensation structure and components of compensation for FTC employees depends on the Location and Customer requirement. Basic Salary, Provident Fund and Bonus are the mandatory components of the compensation structure, whereas House Rent Allowance, Conveyance Allowance, Child Education Allowance, Bonus, Canteen Allowance, Skill Allowance, Attendance Bonus, Production Incentive are paid on the basis of available budgets for the respective customer.

FTC employees are covered under:

(a) Employee State Insurance (ESI) or Workmen Compensation (WC) based on the location.

(b) Group Mediclaim (Hospitalization) insurance policy.

(c) Group Personal Accident insurance policy.

(d) Group Term Life policy.

For annual increments for FTC's we have 2 cycles of annual increment – 1st October and 1st April depending on the customer agreement contracts.

Policy on loans/advances to employees

To meet an urgent and specific need of a Permanent and FTC employees, company provides salary advances. The specific needs are hospitalization of self, spouse, children & dependent parents and for payment of housing deposit and children school admission fees in case of transfer of an employees for business requirement. An amount up to three month's monthly gross salary for Permanent employee and an amount up to one month's monthly gross salary for FTC employee who have completed one year is paid as salary advance. The salary advance is recovered in maximum 12 installments. No interest is charged on these salary advances. The salary advances are adjusted against the Mediclaim settlement, if the same are paid for hospitalization. The complete outstanding amount is recovered from employee's full & final settlement, in case of resigned employee. Perquisite is charged to employee as per Income Tax Act.

Policy for Non-Executive Directors including Independent Directors

The Nomination and Remuneration Committee shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors including Independent Directors whether as commission or otherwise and recommend the same to the Board. The Committee shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Companies Act, 2013 and such other factors as the committee may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the shareholders resolution.

Executive Directors

The remuneration to Chairman & Managing Director, if any and Executive Director(s), if any, shall be recommended by NRC to the Board. The remuneration may consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board shall approve the terms and conditions of appointment including the remuneration of KMPs at the time of their appointment.

The appointment and remuneration, of Chief Executive Officer **("CEO")** should be approved by the Board on the basis of recommendation made by the NRC. The appointment of Chief Financial Officer **("CFO")** should be approved by the Audit Committee after assessing the qualifications, experience and background, etc. of the candidate, wherever applicable. Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board shall approve the appointment and remuneration of CFO at the time of their appointment after seeking the inputs from the Audit Committee and recommendation of the NRC. Any revision in the remuneration of the CEO or the CFO shall be approved by NRC.

The terms of appointment and remuneration of the Company Secretary shall be approved by the Board and further revisions, if any, shall be as approved by any Director/ CEO/CFO.

The remuneration shall be consistent with the Competitive position of the salary for similar positions in the industry and their qualifications, experience, roles and responsibilities. The remuneration to directors, KMP's and senior management involves balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company its goals.

Annexure VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES FOR FY 2017-18

1. **A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The Corporate Social Responsibility vision of the Company is to serve and give back to the communities within which it works. We believe that responsible business practices include being responsible for our business processes, services, engaging in responsible relations with employees, customers and the community. Hence for the Company, CSR goes beyond just adhering to statutory and legal compliances, and creates social and environmental value.

The CSR thrust areas for the Company are community welfare, rural development, education, livelihood training and vocational skills, public health and environmental conservation. Brief of the activities conducted in each of these areas is as under:

BUILDING COMMUNITIES:

Communities are the backbone of Indian economy. The Company conducts various community development activities in pockets of villages, slums in backward areas and with driver community. Our activities comprise of Scholarship and Grants to children for higher education, Health & Eye check-up, Road Safety Trainings, Pradhan Mantri Kaushal Vikas Yojana (“PMKVY”) Skill Development trainings under Central Government scheme, Yoga and Meditation sessions, Seat belt and highway signages campaign, Sanitation and rest room facilities, health insurance, HIV/AIDS awareness including testing and treatment, Family welfare, Celebration of various festivals with social messages.

RURAL DEVELOPMENT:

The Company supports rural development activities by adopting new villages, every three years and undertaking developmental activities like renovation of schools and Anganwadies, implementation of water supply projects. Promoting girl education, school stationary, vocational trainings, competitive sports, clothes to children, etc. We also distribute bicycles to the tribal girls to enable them to continue their studies, conduct counselling sessions for school dropouts and organize educational trips for village girls to motivate girl education. The Company also distributes food grains, groceries for eradicating hunger, poverty and malnutrition, conducts healthcare, sanitation, eye check-up camps and distribution of spectacles. We also conduct tree plantation and Swachh Bharat Abhiyan campaigns, installed play equipment in school ground, distributed computers and laptops. To drive women empowerment the Company conducts tailoring classes for ladies having sewing machines. Family welfare programs, along with festivals and international days (Women’s Day, Mother’s Day etc.) celebrations, driving social messages are conducted regularly.

EMPLOYEES SOCIAL OPTION PROGRAMMES:

The Company’s employees are encouraged to volunteer for various CSR projects in the areas of education, health and environment through the Employee Social Options Program (ESOPs). Some of the projects to which the employees have extended their volunteering efforts are skill development of youth, HIV/AIDS awareness and basic treatments, health camps, cancer awareness sessions, support to orphanages, destitute homes, senior citizens, tree plantations, Swachh Bharat Abhiyan, infrastructure development and wall painting of schools and providing rest room facilities for the communities etc.

DISASTER RELIEF AND REHABILITATION:

The Company provides consistent and timely support for relief and rehabilitation initiatives in those parts of India which are affected by natural calamities by either contributing to the Prime Minister’s or Chief Minister’s Relief Fund or by directly engaging in rebuilding communities. In keeping with the RISE philosophy, the Company continues to drive positive change to enable people and communities to “*RISE FOR GOOD*”.

PROJECT NANHI KALI:

Nanhi Kali is an initiative of the K.C. Mahindra Education Trust that the Company supports and contributes for Nanhi Kali aims to ensure that every girl child in India will have access to education. The Company support this noble initiative of providing primary education to the underprivileged girl child. The Company has supported more than 1,700 girl students across the country through this project.

The statistics of CSR activities conducted, employee’s participation, man hour spent and beneficiaries during the financial year 2017-18, is as under:

(Value in nos.)

CSR Project	Activities conducted	Employee Participation	Employee Manhours	Beneficiaries
Nanhi Kali	1	—	—	1,776
Gram Vikas	37	461	5,260	15,361

CSR Project	Activities conducted	Employee Participation	Employee Manhours	Beneficiaries
Samantar	238	3,070	17,307	52,357
ESOP Projects (Sehat, Swacch Bharat, Green Guardian)	65	1,628	8,474	9,694
Total	**341**	**5,159**	**31,041**	**79,188**

In financial year 2017-18 over 6000 trees were planted.

Corporate Social Responsibility (CSR) Policy

Weblink to the CSR Policy:
http://www.mahindralogistics.com/sustainability

2. **The Composition of the CSR Committee as on date of this report:**

   The CSR Committee of the Board as on date of this report comprises of the following Board Members:

   a. Mr. Parag Shah (Chairman, Non-Executive Director)

   b. Mr. Ranu Vohra (Member, Independent Director)

   c. Mr. Chandrasekar Kandasamy (Member, Non-Executive Director)

3. **Average Net Profit of the Company for last three financial years:** ₹ 61.98 crores

4. **Prescribed CSR expenditure (two per cent of the amount as in item 3 above):** ₹ 1.24 crores

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year: ₹ 1.24 crores.

   (b) Amount unspent, if any: NIL

   (c) Manner in which the amount was spent during the financial year is detailed below:

(₹ in Crores)

S. No.	CSR project or activity identified	Sector in which the project is covered (As in Schedule VII)	Projects or programs. (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the project or programs. Subheads: (1) Direct expenditure on projects and programs (2) Overheads	Cumulative expenditure from 1 April 2014 up to end of the reporting period	Amount spent: Direct or through implementing agency
1	Nanhi Kali	Provides educational support (material and academic) to underprivileged girls in India	PAN India	0.62	0.62	2.11	Through implementing agency*
2	Gram Vikas	Rural Development (Village adoption)	Thane, Maharashtra	0.20	0.21	0.78	Direct
3	Samantar	Several Driver welfare programs including conduct of health camps, providing safe drinking water, safety training, etc.	Maharashtra, Uttarakhand, Telangana, Tamil Nadu, Delhi, Gujarat, Karnataka, Haryana, Assam, West Bengal	0.22	0.19	0.72	Direct
4	Gyan-deep	Education & special education, employment enhancing vocational skills & livelihood enhancement projects	Maharashtra, Uttarakhand, Telangana, Tamil Nadu, Delhi, Gujarat, Karnataka, Haryana, Assam, West Bengal	0.10	0.15	0.44	Direct
5	ESOP Projects (Sehat, Swacch Bharat, Green Gurdian)	Healthcare education, awareness programs conducted in community, cleanliness drive, tree plantation, environmental sustainability	Maharashtra, Uttarakhand, Telangana, Tamil Nadu, Delhi, Gujarat, Karnataka, Haryana, Assam, West Bengal	0.10	0.10	0.13	Direct
	Total			**1.24**	**1.27**	**4.18**	

* Details of implementing agency: The K. C. Mahindra Education Trust – founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai-400001.

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:**

   Not Applicable since the Company has spent on CSR projects and activities which fall within the purview of Schedule VII of the Companies Act, 2013, in excess of the limit of 2% of average net profits of previous three financial years as stated in Section 135 of the Companies Act, 2013 and rules framed thereunder.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

   The implementation and monitoring of CSR policy is in compliance with the CSR objectives and Policy of the Company.

Parag Shah | **Pirojshaw Sarkari**

Chairman – CSR Committee | Chief Executive Officer

Mumbai, 6 June 2018

Annexure VII

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

a. The steps taken or impact on conservation of energy: The operations of your Company are not energy intensive. However, the Company has taken a very comprehensive approach to encourage energy efficiency in its operations starting with continuous awareness amongst employees, explaining the environment related challenges in business and solutions. The Company has identified resource efficiency and Green House Gas ('GHG') emission reduction, as key material issues and has in place various processes stated below in this regard.

In the Goods Transportation and People Transport Solutions the following actions are being taken:

a. Higher percentage of new and CNG vehicles in the fleet;
b. Shifting to rail transport;
c. Deployment of Electric and CNG vehicles.

The Initiatives in the Warehouses and Offices are:

a. Energy efficiencies through LED lighting, Warehouse designs for natural lighting and ventilation;
b. Reduction in water use through employee awareness, implementing water efficient measures addressing pipe leakages, installing water aerators etc.;
c. Automation of transactions with customers.

These efforts have resulted in:

a. Initiatives taken by teams through Kaizen at warehouses resulting in reduction in energy and costs;
b. Process efficiencies resulting in lesser delays in dispatch and therefore increased customer satisfaction;
c. Process efficiencies resulting in lesser dry runs and therefore leading to lower emissions and cost efficiencies for customers;

b. The steps taken by the Company for utilizing alternate sources of energy: Explained at point a above.

c. The capital investment on energy conservation equipment's: During the year under review, the Company has not incurred any capital investment on energy conservation equipments.

B. TECHNOLOGY ABSORPTION

a. The efforts made towards technology absorption:

Technology is integral to our business and operations. We have focused significantly on technologies which have enabled us to offer cost-efficient and customized logistics solutions to our clients. On several occasions, we have developed innovative solutions to address complex challenges which are unique to our clients' industries. During the period under review, the Company has successfully implemented/initiated following technology upgradation for business transformation:

1. SARAL (Simulated Analysis for Route and Load Optimization): An advanced last mile route and load optimization engine that enable us to optimize last mile transportation services (Milk-run services) provided to various customers thereby reducing cost of operations by minimizing trips and at the same time increasing the load factor keeping the Customer SLAs intact;
2. Bill.hub: An internally designed, developed and supported accounts' payable management system that enables us to reduce the days payable outstanding ("DPO") by digitizing the Business Associate billing process. It provides transparency to our Business Associates for invoices raised and status of payment thereof, thus resulting in increased levels of Business Associates satisfaction;
3. Asset Management System: An asset tracking solution that tracks and traces assets of the Company thereby giving us better visibility on our assets across all locations and leading to optimal utilization of our assets.

b. The benefits derived like product improvement, cost reduction, product development or import substitution:

The efforts taken by the Company towards technology development and absorption help us effectively manage our pan-India operations, maintain operational and fiscal controls, and support our efforts to enhance client service levels. Network optimization, route optimization, asset choice, and manpower and cost optimization are the key outcomes of these solutions design systems and processes.

MAHINDRA LOGISTICS LIMITED

c. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): The Company has not imported any technology during the period of last three years.

d. The expenditure incurred on Research and Development: There was no expenditure incurred on research and development during the year under review.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (in terms of actual inflow and outflow)

(₹ in crores)

Foreign Exchange earnings and outgo	For the Financial Year ended 31 March 2018	For the Financial Year ended 31 March 2017
Total Foreign Exchange Earned	Nil	Nil
Total Foreign Exchange Outgo	12.08*	0.10

* ₹ 2.15 crores out of the total foreign exchange outgo was incurred for IPO purpose which was recovered from Selling Shareholders in view of offer for sale.

On behalf of the Board of Directors

Zhooben Bhiwandiwala — **Parag Shah**

Chairman — Director

Mumbai, 6 June 2018

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 MAHINDRA LOGISTICS LIMITED

ANNEXURE VIII

EXTRACT OF ANNUAL RETURN

FORM NO. MGT-9

As on financial year ended on 31 March 2018

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS

1.	**CIN**	L63000MH2007PLC173466 (Post Listing) U63000MH2007PLC173466 (Pre-Listing)
2.	**Registration Date**	24 August 2007
3.	**Name of the Company**	Mahindra Logistics Limited
4.	**Category/Sub-category of the Company**	Public Company-Limited by shares / Non-Government Company
5.	**Address of the Registered office & contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018. Tel : +91 22 2490 1441 Fax: +91 22 2490 0833 E-mail: cs.mll@mahindra.com Website: www.mahindralogistics.com
6.	**Whether listed company**	Yes (w.e.f. 10 November 2017)
7.	**Name, Address & contact details of the Registrar and Transfer Agent, if any.**	Link Intime India Private Limited SEBI Registration No.: INR000004058 Address: 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 Telephone number: +91 22 4918 6000 Fax number: + 91 22 4918 6060 E-mail id: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Supply Chain Management	4912, 4923, 5120, 5210	89.43
2.	People Logistics	4922	10.57

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and registered office address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai-400 001	L65990MH1945PLC004558	Holding Company	58.77	2(46)
2.	2x2 Logistics Private Limited Mahindra Tower, P K Kurne Chowk, Worli, Mumbai-400 018	U63000MH2012PTC237062	Subsidiary Company	55.00	2(87)(ii)
3.	Lords Freight (India) Private Limited Unit no. 511, 5th Floor, Crescent Business Park, Samitha Complex, Safedpul, Sakinaka, Andheri (East), Mumbai-400 072	U63030MH2011PTC216628	Subsidiary Company	60.00	2(87)(ii)

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IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2017]				No. of Shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares of the Company	Demat	Physical	Total	% of Total Shares of the Company	
A. Promoters									
(1) Indian									
(a) Individual/HUF	–	–	–	–	–	–	–	–	–
(b) Central Govt	–	–	–	–	–	–	–	–	–
(c) State Govt(s)	–	–	–	–	–	–	–	–	–
(d) Bodies Corporate	51,478,424	6	51,478,430	74.12	41,812,257	0	41,812,257	58.77	(15.35)
(e) Banks/FI	–	–	–	–	–	–	–	–	–
(f) Any other Partners Enterprise	1,622,047	0	1,622,047	2.34	1,622,047	0	1,622,047	2.28	(0.06)
Sub Total (A) (1)	**53,100,471**	**6**	**53,100,477**	**76.46**	**43,434,304**	**0**	**43,434,304**	**61.05**	**(15.41)**
(2) Foreign	–	–	–	–	–	–	–	–	–
(a) NRI Individuals	–	–	–	–	–	–	–	–	–
(b) Other Individuals	–	–	–	–	–	–	–	–	–
(c) Bodies Corporate	–	–	–	–	–	–	–	–	–
(d) Any other	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	–	–	–	–	–	–	–	–	–
TOTAL (A)	**53,100,471**	**6**	**53,100,477**	**76.46**	**43,434,304**	**0**	**43,434,304**	**61.05**	**(15.41)**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
(a) Mutual Funds	–	–	–	–	5,517,461	0	5,517,461	7.76	7.76
(b) Banks/Financial Institutions	–	–	–	–	5,218	0	5,218	0.01	0.01
(c) Central Government	–	–	–	–	–	–	–	–	–
(d) State Govt(s)	–	–	–	–	–	–	–	–	–
(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f) Insurance Companies	–	–	–	–	–	–	–	–	–
(g) FIIs	–	–	–	–	–	–	–	–	–
(h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i) Others (specify)	–	–	–	–	–	–	–	–	–
– Alternate Investment Funds	668,304	–	668,304	0.96	823,101	0	823,101	1.16	0.20
– Foreign Portfolio Investors	–	–	–	–	7,194,438	0	7,194,438	10.11	10.11
Sub-total (B)(1):	**668,304**	**–**	**668,304**	**0.96**	**13,540,218**	**0**	**13,540,218**	**19.04**	**18.08**
2. Non-Institutions									
a) Bodies Corporate									
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	1,581,920	0	1,581,920	2.22	2.22
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	3,257,501	8,577	3,266,078	4.59	4.59

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2017]				No. of Shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares of the Company	Demat	Physical	Total	% of Total Shares of the Company	
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	22,988,51	83,466	2,382,317	3.35	3.35
c) Others (specify)									
– Non-Resident Indians	–	–	–	–	104,601	–	104,601	0.15	0.15
– HUFs	–	–	–	–	206,972	–	206,972	0.29	0.29
– Foreign Nationals	–	–	–	–	–	–	–	–	–
– Clearing Members	–	–	–	–	210,431	–	210,431	0.30	0.30
– Trusts	–	–	–	–	–	–	–	–	–
– Foreign Bodies	–	–	–	–	–	–	–	–	–
– Foreign Company	15,686,263	–	15,686,263	22.58	6,415,083	–	6,415,083	9.02	(13.57)
Sub-total (B)(2):	**15,686,263**	**–**	**15,686,263**	**22.58**	**14,075,359**	**92,043**	**14,167,402**	**19.91**	**(2.67)**
Total Public (B)	**16,354,567**	**–**	**16,354,567**	**23.54**	**27,615,577**	**92,043**	**27,707,620**	**38.95**	**15.41**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**69,455,038**	**6**	**69,455,044**	**100.00**	**71,049,881**	**92,043**	**71,141,924**	**100.00**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1 April 2017]			No. of Shares held at the end of the year [As on 31 March 2018]			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	51,478,324	74.12	–	41,812,157	58.77	–	(15.35)
2.	Mahindra Engineering and Chemical Products Ltd#	100	0.00	–	100	–	–	0.00
3.	Partners Enterprise#	1,622,047	2.34	–	1,622,047	2.28	–	(0.06)
4.	Mahindra & Mahindra Limited jointly with Mr. Zhooben Bhiwandiwala *	1	0.00	–	–	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. K .Chandrasekar *	1	0.00	–	–	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. Parag Shah *	1	0.00	–	–	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani *	1	0.00	–	–	–	–	–
8.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar *	1	0.00	–	–	–	–	–
9.	Mahindra & Mahindra Limited jointly with Mr. S. V. Rao *	1	0.00	–	–	–	–	–
	Total	**53,100,477**	**76.46**	**–**	**43,434,304**	**61.05**	**–**	**(15.41)**

* The joint holders with Mahindra & Mahindra Limited are employees of Mahindra & Mahindra Limited and their names were added for complying with the statutory provisions.

Forms part of promoter group of the Company.

(iii) Change in Promoters' Shareholding

Particulars	Date	Reason	No. of Shares held at the beginning of the year [As on 1 April 2017]		Increase/ (Decrease) in No. of Shares	Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
Mahindra & Mahindra Limited			51,478,324	74.12			
	20 July 2017	Transfer			6	51,478,330	74.04*
	8 November 2017	Transfer: Initial Public Offer through offer of sale			(9,666,173)	41,812,157	58.77
Mahindra Engineering and Chemical Products Ltd	–	–	100	–	–	100	–
Partners Enterprise	–	–	1,622,047	2.34	–	1,622,047	2.28
Mahindra & Mahindra Limited jointly with Mr. Zhooben Bhiwandiwala	20 July 2017	Transfer	1	–	(1)	–	–
Mahindra & Mahindra Limited jointly with Mr. K. Chandrasekar	20 July 2017	Transfer	1	–	(1)	–	–
Mahindra & Mahindra Limited jointly with Mr. Parag Shah	20 July 2017	Transfer	1	–	(1)	–	–
Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani	20 July 2017	Transfer	1	–	(1)	–	–
Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar	20 July 2017	Transfer	1	–	(1)	–	–
Mahindra & Mahindra Limited jointly with Mr. S. V. Rao	20 July 2017	Transfer	1	–	(1)	–	–

* As per Share Capital as on 20 July 2017

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2017]		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/(Decrease)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of change	No. of shares increased/ (decreased)	No. of shares	% of total shares of the Company
1.	Normandy Holdings Limited	15,686,263	22.58				
	Transfer – Initial public offer through offer for sale			8 Nov 2017	(9,271,180)		
	At the end of the year					6,415,083	9.02
2.	Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF-1*	668,304	0.96				
	Transfer – Initial public offer through offer for sale			8 Nov 2017	(394,993)		
	At the end of the year					273,311	0.38

Sr. No.	For each of the Top 10 Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2017]		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/(Decrease)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of change	No. of shares increased/ (decreased)	No. of shares	% of total shares of the Company
3.	Goldman Sachs India Limited	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	1,507,797		
	At the end of the year					1,507,797	2.12
4.	DSP Blackrock Equity & Bond Fund	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	866,654	866,654	1.22
	Purchase			24 Nov 2017	169,974	1,036,628	1.46
	Purchase			1 Dec 2017	41,461	1,078,089	1.51
	Purchase			15 Dec 2017	157,659	1,235,748	1.74
	Purchase			22 Dec 2017	49,372	1,285,120	1.81
	Purchase			12 Jan 2018	122,390	1,407,510	1.98
	Purchase			19 Jan 2018	91,111	1,498,621	2.11
	At the end of the year					1,498,621	2.11
5.	Amundi Funds SBI FM Equity India	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	879,656	879,656	1.24
	Purchase			24 Nov 2017	120,344	1,000,000	1.41
	Purchase			1 Dec 2017	59,970	1,059,970	1.49
	Purchase			8 Dec 2017	40,030	1,100,000	1.55
	Purchase			2 Mar 2018	18,500	1,118,500	1.57
	Purchase			9 Mar 2018	81,500	1,200,000	1.69
	Purchase			23 Mar 2018	100,000	1,300,000	1.83
	At the end of the year					1,300,000	1.83
6.	Reliance Capital Trustee Co. Ltd – A/c Reliance Small Cap Fund	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	1,209,350	1,209,350	1.70
	Purchase			9 Feb 2018	46,676	1,256,026	1.77
	At the end of the year					1,256,026	1.77
7.	HDFC Trustee Company Limited – HDFC Capital Builder Fund	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	938,949	938,949	1.32
	Purchase			24 Nov 2017	6,400	945,349	1.33
	Purchase			29 Dec 2017	31,000	976,349	1.37
	Purchase			12 Jan 2018	75,000	1,051,349	1.48
	Sale			16 Mar 2018	(42,000)	1,009,349	1.42
	At the end of the year					1,009,349	1.42
8.	Akash Bhanshali	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	373,192	373,192	0.52
	Purchase			24 Nov 2017	132,429	505,621	0.71
	Purchase			8 Dec 2017	123,298	628,919	0.88
	Purchase			15 Dec 2017	353,817	982,736	1.38
	Purchase			22 Dec 2017	797	983,533	1.38
	At the end of the year					983,533	1.38

Sr. No.	For each of the Top 10 Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2017]		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/(Decrease)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of change	No. of shares increased/ (decreased)	No. of shares	% of total shares of the Company
9.	First State Investments ICVC – Stewart Investors Indian Subcontinent Fund	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	520,991	520,991	0.73
	Purchase			22 Dec 2017	72,863	593,854	0.83
	Purchase			29 Dec 2017	58,182	652,036	0.92
	At the end of the year					652,036	0.92
10.	First State Investments ICVC – Stewart Investors Global Emerging Markets Sustainability Fund	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	621,975	621,975	0.87
	Purchase			9 Mar 2018	27,469	649,444	0.91
	At the end of the year					649,444	0.91
11.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small And Midcap Fund	–	–				
	Transfer/Allotment in IPO			8 Nov 2017	536,112	536,112	0.75
	At the end of the year					536,112	0.75

** Not in the list of top 10 Shareholders as on 31 March 2018 but was one of the top 10 Shareholders as on 1 April 2017*

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (1 April 2017)		Increase/ (Decrease) in No. of Shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1.	Mr. Pirojshaw Sarkari	–	–			
	29 July 2017: ESOP allotment			193,029	193,029	0.27
	6 December 2017: Sale of shares acquired through ESOPs			(30,000)	163,029	0.23
	7 December 2017: Sale of shares acquired through ESOPs			(30,000)	133,029	0.19
2.	Mr. Nikhil Nayak	–	–			
	29 July 2017: ESOP allotment			95,607	95,607	0.13
	4 December 2017: Sale of shares acquired through ESOPs			(3,000)	92,607	0.13
	5 December 2017: Sale of shares acquired through ESOPs			(7,000)	85,607	0.12
	6 December 2017: Sale of shares acquired through ESOPs			(10,000)	75,607	0.11
	6 December 2017: Market purchase			1,000	76,607	0.11

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
(i) Principal Amount	–	–	–	–
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**–**	**–**
Change in Indebtedness during the financial year	–	–	–	–
* Addition	–	–	–	–
* Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
(i) Principal Amount	–	–	–	–
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**–**	**–**	**–**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **NIL**

(₹ in crores)

SN	Particulars of Remuneration Name Designation	Name of MD/WTD/Manager		Total Amount
1	Gross Salary			
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	**–**
	Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	**–**
	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	**–**
2	Stock Option	–	–	**–**
3	Sweat Equity	–	–	**–**
4	Commission – as % of profit – others, specify	–	–	**–**
5	Others, please specify	–	–	**–**
	Total (A)	**–**	**–**	**–**
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration to other Directors (financial year 2017-18):

(₹ in crores)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Ajay Mehta	Ms. Neelam Deo	Mr. Ranu Vohra	Mr. Darius Pandole	
1	Independent Directors					
	Fee for attending Board Committee Meetings	0.05	0.03	0.04	0.04	0.16
	Commission (for F.Y. 17-18)	0.06	0.06	0.04	0.04	0.20
	Others, please specify					
	Total (1)	**0.11**	**0.09**	**0.08**	**0.08**	**0.36**
2	Other Non-Executive Directors					
	Fee for attending Board Committee Meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	**–**	**–**	**–**	**–**	**–**
	Total (B)=(1+2)	**0.11**	**0.09**	**0.08**	**0.08**	**0.36**
	Total Managerial Remuneration (A+B)	**0.11**	**0.09**	**0.08**	**0.08**	**0.36**
	Overall Ceiling as per the Act	1% of the Net Profit of the Company				**0.62**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Pirojshaw Sarkari (CEO)	Mr. Nikhil Nayak (CFO)	Ms. Brijbala Batwal (CS)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.87	0.75	–	2.62
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	–	–	0.00
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2	Stock Option*	1.42	0.70	–	2.12
3	Sweat Equity	–	–	–	–
4	Commission – as % of profit – others, specify	–	–	–	–
5	Others, (Contribution to Provident Fund)	0.07	0.03	–	0.10
6	Others (Professional Fees)	–	–	0.15	0.15
	Total	**3.36**	**1.48**	**0.15**	**4.99**

* Amount indicates perquisite value of ESOPs exercised during the year.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

On behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Mumbai, 6 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Mahindra Logistics Limited (hereinafter referred to as "the Company", "We", "Our") is one of India's largest* Third Party Logistics ("3PL") solutions provider in the Indian logistics industry which was estimated at ₹ 6,40,000 crores in Fiscal 2017, according to a report titled "Report of supply chain and 3PL potential in India, freight forwarding and corporate people transportation services" dated 31 July 2017, prepared by CRISIL Research (hereinafter referred to as "CRISIL Report"). We believe that our competitive advantage is our "asset-light" business model pursuant to which assets necessary for our operations such as vehicles and warehouses are owned or provided by a large network of business partners. Our technology enabled, "asset-light" business model allows for scalability of services as well as the flexibility to develop and offer customized logistics solutions across a diverse set of industries. We operate in two distinct business segments, Supply Chain Management (**"SCM"**) and People Transport Solutions (**"PTS"**).

Our SCM business: We offer customized and end-to-end logistics solutions and services including transportation and distribution, warehousing, in-factory logistics and value-added services to our clients. We operate through a pan-India network comprising 25 city offices and over 350 client and operating locations. We have a large network of over 1,000 business partners providing us vehicles, warehouses and other assets and services. We manage over 13.0 million square feet of warehousing space spread across our pan-India network of multi-user warehouses, built-to-suit warehouses, stockyards, network hubs and cross-docks. We operate in-factory stores and line-feed at over 35 manufacturing locations. Our "asset-light" business model along with our solutions design capabilities enables us to serve over 200 domestic and multinational companies operating in several industry verticals in India, including automotive, engineering, consumer goods, pharmaceuticals, e-commerce and bulk. We have sourced or developed our customized technology systems to provide innovative and cost-efficient solutions to improve transparency and visibility for our clients.

Our PTS business: We provide technology-enabled people transportation solutions and services across India to over 100 domestic and multinational companies operating in the information technology (**"IT"**), information technology-enabled services (**"ITeS"**), business process outsourcing, financial services, consulting and manufacturing industries. We offer our services through a fleet of vehicles provided by a large network of over 500 business partners. We operate in 11 cities with over 120 clients and operating locations across India.

Our Subsidiaries

Lords Freight (India) Private Limited, subsidiary of the Company, provides international freight forwarding services for exports and imports, customs brokerage operations, project cargo services and charters.

2X2 Logistics Private Limited, another subsidiary of the Company, provides logistics and transportation services to OEMs to carry finished automobiles from the manufacturing locations to stockyards or directly to the distributors through specially designed vehicles.

INDUSTRY OVERVIEW AND TRENDS

Overview of the Indian economy

India has been declared the sixth largest economy in the world with a GDP of USD 2.6 trillion in 2017, as per the report released by Indian Monetary Fund (**"IMF"**). After growth slowed sharply for much of last year, India regained its status as the world's fastest-growing major economy in the quarter ending December 2017. The slowdown was mainly driven by the after effects of demonetization and implementation of Goods and Services Tax (GST) in July last year. But the impact of these moves has now almost faded. For the next fiscal year, GDP growth is expected to average 7.5 percent, slightly lower than IMF's forecast of 7.8 percent.

Salient trends in the Indian logistics industry

Indian logistics industry to grow at a Compound Annual Growth Rate (CAGR) of approximately 13.0% to ₹ 9,20,000 crores in Fiscal 2020

According to Press Information Bureau (**"PIB"**), as at May 2017, India's logistics cost as a percentage of GDP is 13-14%. According to the CRISIL Report, the Indian logistics industry comprising segments such as road freight, rail freight, coastal freight, warehousing, cold chain and container freight stations and inland container depots (**"CFS/ICD"**) is estimated at ₹ 6,40,000 crores in Fiscal 2017. This is expected to grow at a CAGR of approximately 13.0% to ₹ 9,20,000 crores by Fiscal 2020. The industry is dominated by transportation, which accounts for approximately 88%, and its share is expected to remain high over the next 3-4 years.

The Indian Government's increased focus on infrastructure

The CRISIL Report estimates investments of approximately ₹ 10,30,000 crores in roads (national highways, state roads and rural roads) between Fiscals 2018 and 2022. In case of railways, the investment numbers are estimated at ₹ 6,70,000 crores between Fiscals 2016 and 2020. Significant investments by the Indian Government to improve rail and road infrastructure are expected to improve the overall logistics scenario across India.

Integrated network development will promote use of multi-modal transportation

The Indian Government is working towards developing an integrated, multi-modal logistics and transport policy for

** On the basis of annual revenues*

optimum and efficient utilization of all modes of transport and is also promoting schemes such as *Sagarmala* and inland waterways.

Multi-modal transportation is the combination of different means of transport such as roads, railways, waterways and aviation. Therefore, the Indian Government's move to shift traffic from road to rail and ships through dedicated freight corridors (**"DFCs"**), inland waterways and the Sagarmala Project, would help in development of infrastructure in other networks, leading to traffic movement towards more cost-efficient modes.

A simplified tax regime will lower costs, provide an opportunity for outsourcing and an opportunity for organized service providers

The Indian Government implemented a centralized goods and services tax (**"GST"**) in July 2017, to replace the existing tax regime (excise, service and value-added taxes). The implementation of GST is important for growth in road freight, because tax efficiency was a Company's primary concern while setting up its distribution network, instead of logistics costs or customer service. The result was the creation of multiple inefficient stocking and distribution locations in each state. The GST enables companies to aggregate state-based warehouses into one large, regional warehouse that would offer cost and operational efficiency in large markets. As logistical inefficiency and primary transport costs decline, the hub-and-spoke model is expected to proliferate, which results in improved service levels.

It is anticipated that implementation of GST will result in most business decisions being focused on supply chain efficiency and not on state-wise tax benefits. This in turn, may lead to an increase in business opportunities for organized service providers operating large sized warehouses in key geographies. The sector may also witness emergence of other warehousing hubs which will prove effective for pan-India logistic service providers.

3PL service providers: One-stop shop for logistics end-users

In view of the diversity in geographic conditions, consumer habits, and infrastructure across India, Indian companies need to enhance the efficiency of their supply chain operations. A 3PL capable of offering end-to-end services may then become a single vendor for complete outsourcing by companies who choose to focus on their core activities of production, sales and marketing, while all logistics services can be provided by a 3PL.

3PL market in India to grow at a CAGR of 19-21% by Fiscal 2020

The CRISIL Report has estimated the 3PL market in India at ₹ 32,500-33,500 crores in Fiscal 2017, which is expected to grow at a CAGR of 19-21% to reach ₹ 57,000-58,000 crores by Fiscal 2020.

The share of 3PL in the overall logistics spend of the segments stated below is expected to increase from approximately 21% in Fiscal 2017 to approximately 25% in Fiscal 2020.

Sector	**3PL market size in Fiscal 2017**	**3PL market size in Fiscal 2020**	**CAGR between Fiscals 2017 to 2020**
	(₹ crores)	**(₹ crores)**	**(%)**
Automotive components	10,800 – 11,200	16,500 – 17,000	14 – 16
Cars and UVs	6,600 – 6,800	11,900 – 12,100	20 – 22
Commercial vehicles and tractors	2,500 – 2,700	3,300 – 3,500	8 -10
Two and three wheelers	5,400 – 5,600	8,100 – 8,300	13 – 15
Engineering	300 – 500	600 – 800	20 – 22
E-commerce	5,900 – 6,200	13,500-14,000	30 – 32
Consumer durables and FMCG	2,000 – 2,200	3,900 – 4,300	24 – 26
Pharmaceuticals	2,200 – 2,400	2,900 – 3,100	8 – 10
Bulk	800 – 1,000	1,000 – 1,200	6 – 8
Organized retail	2,700 – 2,900	6,000 – 6,200	29 – 31
Telecom	20 – 40	20 – 40	–

It is anticipated that sectors such as automobiles, e-commerce, consumer goods, organized retail and engineering are expected to have high 3PL growth potential.

In E-commerce and the organized retail vertical, the strong growth prospects of the end-user industries represent a significant opportunity for 3PL service providers.

PTS industry to reach a market size of ₹ 8,500 – 9,500 crores in Fiscal 2020

PTS businesses have been gradually increasing over the past few years and have gained significance, driven by the growth in IT and ITeS sectors.

The CRISIL Report projects the PTS industry to grow at a CAGR of 8.5-9.5% to ₹ 8,500 – 9,500 crores in Fiscal 2020, driven by the IT and ITeS sectors. The industry was estimated to have grown to ₹ 6,500 – 7,500 crores in Fiscal 2017.

Freight forwarding market to increase at a CAGR of 8-9%

The freight forwarding market in India is dependent on the volume of exports and imports. The CRISIL Report estimated the freight forwarding market to be ₹ 71,000 crores in Fiscal 2017. Over the next three years, the CRISIL Report expects the freight forwarding market to grow at a CAGR of 8-9% to ₹ 89,000-90,000 crores in Fiscal 2020.

Road freight to continue to occupy a significant share

The CRISIL Report expects road-freight traffic to increase at a CAGR of 7-9% in billion tonnes per kilometer terms, trailing the rail-freight traffic growth which is expected to be at a CAGR of 9-11% between Fiscals 2016 and 2021.

OPPORTUNITIES AND THREATS

Our financial condition and results of operations are affected by numerous factors. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

Effects of GST implementation and other Government policies

The government has implemented GST in July 2017, to replace multiple taxes with a comprehensive indirect tax on the manufacture, sale and consumption of goods and services at a national level. Under the erstwhile tax structure, most of our clients maintained small warehouses in every state which resulted in high inventory costs and other overheads. Our clients are now making their storage and transportation decisions based on logistical efficiencies instead of their tax efficiency. They are planning to aggregate state-based warehouses into large, regional warehouses.

CRISIL anticipates that unorganized operators will not be able to provide the required services and this may result in consolidation of the Indian logistics industry. The GST regime will provide large organized 3PL players an opportunity to offer value-added services. We intend to work in close coordination with certain existing clients who intend to re-design their storage, logistics and related arrangements as well as target new clients by offering them our services. We are also in the process of setting up additional large format, multi-user warehouses in certain strategic, well-connected locations.

Over the last several months, the government has acted to simplify GST rules and make compliance easier. The Forward Charge Mechanism option is expected to benefit the Transportation sector. Recently the government has rolled out the E-way Bill, which will increase transparency, make permit requirements uniform in India, and enable seamless movement of goods within and across states. In addition, several initiatives by the government to improve logistics infrastructure in the country such as Sagarmala, multi-modal logistics parks, and regional airports in small towns/cities bode well for the sector. The government has given the logistics industry 'Infrastructure Status', which will help reduce the cost of logistics in India. The government has also formed a department of logistics under the Commerce Ministry, and appointed a Special Secretary, Logistics, with the objective of making the sector more efficient. Government initiatives and regulations are making it easier to run logistics and trucking businesses in India. This is helping attract large investments to the sector. Competition from both domestic and multi-national 3PLs is likely to increase.

Our relationship with the Mahindra Group and clients operating in the automotive industry

Entities within the Mahindra Group together constituted our largest client group. Share of revenues from the Group over the years has been as under:

Percentage of revenues from the Mahindra Group:

2016-17	2017-18
53.96%	54.56%

In addition to contributing significantly to our business, our association with the Mahindra Group also lends us the credibility which has assisted us in building long-standing relationships with a large number of clients and business partners, outside the Mahindra Group (hereinafter referred to as "external clients"). The experience we have gained in working with the Mahindra Group clients operating across different industry verticals has enabled us to understand the requirements and preferences of our external clients. We can further leverage learnings from serving Mahindra Group clients, to grow our business. On the other hand, not getting contracts from external clients will impact our business.

Since a significant portion of our revenues emanate from Mahindra & Mahindra Ltd, automotive majors and other clients in the automotive industry, several of these clients also account for the revenues we earned from our automotive industry vertical. Contribution of automotive sector to our revenues has been as under:

Percentage of revenues from the Automotive Sector

2016-17	2017-18
60.84%	61.89%

Our business is significantly influenced by the performance of automotive industry. According to the CRISIL Report, the 3PL market for automobiles (including automotive components) is expected to grow at a CAGR of approximately 14-16% until 2020. Due to our dependence on Mahindra & Mahindra Ltd. and the automotive sector, any downturn in the sector will impact our revenues.

Macroeconomic conditions in India and 3PL logistics industry growth

The demand for logistics services is significantly affected by, and highly dependent on, the general level of commercial activity and economic conditions in India. India is expected to remain the fastest growing major economy and become the fifth largest economy in the world by Fiscal 2020.

CRISIL estimates that the size of the Indian logistics industry will grow at a CAGR of approximately 13.0% to ₹ 9,20,000 crores in Fiscal 2020 from ₹ 6,40,000 crores in Fiscal 2017. CRISIL Research has estimated that the size of the 3PL market in India will grow at a CAGR of approximately 19-21% by Fiscal 2020 based on the current market share of 3PL service providers in various sectors. CRISIL expects the share of 3PL in the overall logistics market to increase from approximately 5% in Fiscal 2017 to approximately 7% by Fiscal 2020.

During periods of economic downturn, many companies reduce their logistics spend and we may also experience increased competitive pricing pressure. Any significant economic downturns, such as those in 2008 and 2009, in India or in the global markets could adversely affect our businesses and clients and contractual counterparties, especially if such a slowdown were to be continued and prolonged.

Our network of business partners

We operate on the basis of an “asset-light” business model where we work with our business partners who provide us with the assets necessary for our operations such as vehicles, warehouses and other equipment as well as manpower. We have created a large network of business partners. We work closely with over 1,500 business partners across our SCM and PTS businesses. Our success depends, in part, on our ability to continue to expand our network of business partners consistent with the growth in the number of clients we serve. We believe that access to a large fleet of vehicles through our business partners enables us to provide flexibility, scalability and coverage of a large number of routes. On the other hand, any non-availability or delays in obtaining vehicles and other related equipment through our business partners may negatively impact our business. Our success also depends on our ability to negotiate prices with our business partners.

Competition

We operate in a very competitive industry, dominated by a large number of unorganized players. Many segments within the logistics industry are highly commoditized and have low barriers to entry or exit, leading to a market with a very high degree of fragmentation. We have, and may continue to face, competition from other organized and unorganized 3PL or people transport providers (including our business partners). Our competitors may attract our clients by matching or exceeding what we offer. Among other things, our competitors may:

- reduce, or offer discounts on, their prices to gain business; matching their prices may limit our ability to maintain our operating margins or growth rate; or
- benefit from greater economies of scale if they are larger than us and operating efficiencies such as a broader logistics network, a wider range of services, larger brand recognition or greater financial resources than we do, and may be able to devote greater resources to pricing and promotional programs.

Certain other competitive factors include, among others, the development of an operational model or technology which is similar or superior to ours by a competitor and the entry of global logistics players in the industry segments we operate in.

Summary of how 3PL are positioned vis-à-vis smaller, unorganized players.

Edge of large, organized 3PL over smaller, unorganized player	**Deterrents to 3PL growth in India**
With GST implementation and an increasing trend to outsource logistics, larger organized 3PL service providers are expected to enjoy a distinctive edge over their smaller, unorganized counterparts as set out below: • Pan-India presence • Better scalability and flexibility • Solution driven capability • Technology driven implementation • Cost-effective solutions • Professional management and brand	Customers limit outsourcing contracts to more routine, commoditized services, instead of more innovative, strategic services due to, among others, the following factors: • Fragmentation in the industry • Companies may be reluctant to outsource business functions such as logistics due to the critical role of logistics to a company’s business activities • Companies may lack awareness of how a 3PL can add value in the overall supply chain

SEGMENT WISE PERFORMANCE

Revenue from rendering of services includes two principal businesses: (i) Supply Chain Management Business, and (ii) People Transport Solutions business.

Set forth below is a table illustrating the breakdown of our consolidated revenue from operations, across the business segments that we operate in, for the periods indicated.

Segments	Fiscal 2018		Fiscal 2017	
	Amount	Percentage of total revenue from operations	Amount	Percentage of total revenue from operations
	(₹ crores)	(%)	(₹ crores)	(%)
SCM business	3,075.65	90.03	2,371.54	88.94
PTS business	340.47	9.97	295.05	11.06
Revenue from operations	3,416.12	100.00	2,666.59	100.00

Set forth below is a breakdown of percentage of revenue from operations with respect to our products and services. Goods transportation services continues to be the largest contributor to revenues.

Service offerings	Fiscal 2018	Fiscal 2017
	(%)	(%)
Transportation	77.78	75.93
Warehousing and other related activities	11.62	12.37
People logistics	9.97	11.06
Others	0.63	0.64
Total	**100.00**	**100.00**

BUSINESS STRATEGY

We intend to continue to focus on the strategies set out below:

Continue to grow share of our business from external clients

Over the years, we have capitalized on our expertise and have expanded our operations to add external clients. We believe that this has contributed in reducing our dependence on business from the Mahindra Group clients. We plan to continue to focus on increasing share of our business from external clients.

Focus on large revenue clients by providing integrated, end-to-end solutions and continue to provide additional services to existing clients

We intend to continue using our asset light model to acquire large revenue clients and provide them with integrated, end-to-end solutions to address all their logistics requirements. This gives our clients flexibility and scalability in their operations along with cost efficiencies. We expect that focusing on a few clients will allow us to manage and allocate our resources efficiently and enhance our ability to provide customized solutions. We also believe that this approach will result in increased revenues and a higher rate of renewal of contracts and will allow us to continue to grow our business. However, this approach may result in certain dependence on a limited number of clients in certain industry verticals.

Additionally, we will also continue to expand our relationships with our existing clients by offering additional logistics services to them. For instance, we enhanced our relationship with a large engineering multinational company by providing multi-modal transportation for their after-market business. Subsequently, we serviced their medical equipment distribution on a pan-India basis.

Continue to diversify our revenues from industry verticals such as consumer goods, pharmaceuticals, e-commerce and bulk

One of our key business strategies is to diversify our presence across industry verticals such as e-commerce, consumer goods, engineering and pharmaceuticals which have experienced significant growth in recent periods, and are expected to continue to grow significantly in the future.

We believe that our presence in other industry verticals has helped us, and will continue to help us, diversify our operations beyond the automotive industry. For instance, we are one of the largest 3PL service partners to a leading e-commerce company. Going forward, we intend to continue to enhance our competitiveness in these high growth industry verticals and further grow our revenues.

Continue to focus on enhancements in technology

We believe that our control tower and technological capabilities play a key role in helping us effectively manage our pan-India operations, maintain operational and fiscal controls, and enhance client service levels. We have made consistent investments in technology over the past several years. In addition to investments in software systems and digitization, we have invested in building the capabilities of our technology team, which now has experts in domains such as usability engineering, solution consulting, analytics, product management and infrastructure management.

We intend to continue to develop our technology systems to increase transparency, improve operating efficiencies, and strengthen our competitive position. In all our businesses we are taking steps to ingrain technology in processes. Going forward, we plan to focus on the areas set out below:

- Enhancements to our transportation management systems including last mile route and load optimization capabilities
- Digitization of internal processes (e.g. implementation of an advanced human resources management system, accounts receivable/payable management systems)
- Implementation of advanced warehouse management systems (e.g. Oracle Log Fire) at our warehouses
- Implementation of "internet of things (IoT)" projects in certain operations
- Work with startups to develop a cloud based platform for handling end to end transport desk outsourcing operations for the PTS business
- Analytics to improve operating efficiencies

We may develop these technologies ourselves or outsource development to third party vendors. We are actively assessing opportunities to work with logistics technology start-ups, either by incubating them, or partnering with them. We may consider acquiring technologies to help us achieve our digitization objectives.

Leveraging on the changing logistics industry dynamics, particularly with implementation of GST

We believe that aligning our business strategy with the implementation of GST will be a significant factor for growth and profitability of our business in the near future. CRISIL anticipates that unorganized operators will not be able to provide the required services and this may result in consolidation of the Indian logistics industry.

In this regard we have recently designed and launched a GST solution for our existing and new clients. This solution will carry out network redesign and optimization, identify strategic warehouse locations, provide transportation and distribution solutions to meet market imperatives and increase data visibility.

Continue to establish new multi-user warehouses

In order to take advantage of the business expansion opportunities offered by GST, we intend to obtain leasehold or license rights over large, multi-user, integrated warehouses in certain specific well-connected locations. An example of a warehouse which will embody this new strategy is our recently set up warehouse in Gurugram which is well connected to several manufacturing and consumption clusters in India and has an aggregate warehousing space of 191,000 square feet. We are also in the process of setting up additional large format, multi-user warehouses in certain strategic locations on a long-term lease basis. We will have the capability to provide technology based warehousing and value-added services from these multi-user warehouses.

RISKS AND CONCERNS

The Company is committed to recognizing and managing the risks it is exposed to, both internal and external, and has put in place mechanisms to handle the same proactively and efficiently. The Company also recognizes that these risks could adversely affect its ability to create value for all stakeholders, and has taken steps to mitigate the same.

The major risks to which the Company is exposed to are:

1. The Company depends significantly on clients in the automotive industry and is highly dependent on the performance of the automotive industry. The Company has taken steps to diversify into other industry segments, and over time has reduced its dependence on the automotive industry.

2. The Company depends on a limited number of clients including its parent and promoter, Mahindra & Mahindra Limited and other Mahindra Group entities. This exposes the Company to a high risk of client concentration. The Company continues to take steps to create a larger base of customers. In addition, it uses technology and innovation to achieve cost efficiencies for customers, which results in long term relationships with them.

3. The Company operates in a highly competitive industry, dominated by a large number of unorganized players. Many segments within the logistics industry are highly commoditized and have low barriers to entry or exit, leading to a market with a very high degree of fragmentation. Increased competition from other organized and unorganized third party logistics or people transport providers may lead to a reduction in revenues, profit margin and a loss of market share. To mitigate this, the Company creates value through integrated technology based solutions, transport network based solutions, and skill development of its employees.

4. We have an "asset-light" business model pursuant to which we outsource a large part of our operations to independent contractors for specific services, resulting in the engagement of a large pool of contract labor. As a result, compliance obligations of the Company with diverse and complex laws and regulations are significant. Failure to comply with the same exposes the Company to various implications – financials and otherwise. Also, some of these laws are subject to different interpretations, which makes compliance difficult. The Company is committed to comply with all statutory obligations as applicable to it from time to time.

5. The assets necessary for our operations such as vehicles, warehouses and manpower are owned or arranged by our business partners. We depend on our business partners for adequate and timely supply of such assets for our operations. Any shortage of such assets may result in additional costs. As a mitigation plan, the Company continues to develop multiple business partners for every region, including developing different commercial models to attract business partners.

6. We deploy a large number of workers at our in-factory stores and line-feed and warehouse operations. These operations may get impacted by labor unionization, unrest, and strikes. If labor issues are not resolved in a timely manner, they could limit our ability to serve our clients, and may impact our business.

7. We serve the supply chain logistics and people transport requirements of our clients in India. The demand for our services is highly dependent on the general level of economic activity and economic conditions in India. Our business and operations may be affected by fluctuations in performance of the Indian economy and general economic activity in India.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The management of the Company is committed to ensure effective internal control systems commensurate with the size and the complexity of the business. The Company has established adequate and effective internal controls to achieve its compliance and reporting objectives. The controls are deployed through various policies and procedures. These policies and procedures are periodically revisited to ensure that they remain updated with the changes in the business environment. Polices and processes are regularly tested by internal and statutory auditors. Suggestions to further strengthen polices and processes or to make them more effective are shared with respective process owners and changes are made. The Company continues to invest in various IT initiatives to automate controls to the extent possible, in order to minimize errors and lapses. The audit committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in compliance with the requirements of the Companies Act 2013. The Company has adopted Indian Accounting Standard (IND AS) from 1 April 2016.

The consolidated financial statements have been prepared in compliance with applicable IND AS 110 and are presented in a separate section.

Standalone Financial information

1. Share Capital

   The authorized share capital of the Company is ₹ 105 crores divided into 105,000,000 shares of ₹ 10 each. The paid up capital of the Company as at the end of the year is at ₹ 71.14 crores compared to ₹ 68 crores as at the end of the previous year. The increase is on account of issue of 1,686,880 equity shares on account of conversion of options granted under the Key Executive Stock Option Scheme into equity shares and also 40,774 equity shares being made fully paid up from ₹ 2 per share to ₹ 10 per share and 1,581,273 equity shares being made fully paid up from ₹ 1 per share to ₹ 10 per share during the year.

2. Retained Earnings

   The retained earnings i.e. surplus in the statement of profit and loss as at 31 March 2018 is at ₹ 247.77 crores compared to ₹ 185.69 crores as at 31 March 2017.

3. Borrowings

   The Company continues to remain debt free as at 31 March 2018.

4. Property, Plant and Equipment and Other intangible assets

   The property, plant and equipment and other intangible assets is at ₹ 31.63 crores as at 31 March 2018 compared to ₹ 28.64 crores as at 31 March 2017. The Company follows the asset light model for carrying out its operations and the capital expenditure incurred during the year of ₹ 16.55 crores was mainly on account of purchase of material handling equipment for warehousing services and other IT equipment and software.

5. Trade Receivables

   Trade receivables as at 31 March 2018 is at ₹ 487.68 crores which is 15.14% of the Company's Revenue from Operations compared to ₹ 400.26 crores as at 31 March 2017, which was 15.46% of the Revenue from Operations.

6. Results of Operations

   Revenue from Operations

   The Company is engaged in providing integrated logistics services in two distinct segments i.e. Supply Chain Management (SCM) and People Transport Solutions (PTS). Revenue from Operations increased to ₹ 3,220.11 crores in the year ended 31 March 2018 from ₹ 2,588.69 crores in the year ended 31 March 2017, registering an increase of 24.39%. Revenue from the SCM segment grew by 25.55% whereas the PTS segment grew by 15.39%.

   Other Income:

   Other income mainly comprises of interest income from deposits, dividend from units of mutual funds, gain on sale of units of mutual funds, sundry balances/provision written back etc. Decrease in other income from ₹ 8.96 crores in the year ended 31 March 2017 to ₹ 4.73 crores in the year ended 31 March 2018 was mainly due to a reduction in investible surplus fund and lower interest rates compared to last year.

Total Expenses:

Employee benefit expenses includes salaries and wages including bonus, contribution to provident and other funds, gratuity, staff welfare etc. Employee benefit expense as a percentage of revenue from operations reduced to 6.80% from 7.04% in the previous year. The increase in absolute value is mainly due to an increase in headcount and also annual increments.

Depreciation and Amortization expenses increase is mainly due to the impact of capitalization of assets in the previous year and also due to additions in the current year.

Other expenses at 89.91% of revenue from operations in the current year as compared to 90.34% in the previous year mainly includes freight and related expenses, labor and related expenses, warehouse and related expenses, rent, professional expenses, travelling expenses, etc.

Profit before tax for the year ended March 2018 is at ₹ 97.40 crores compared to ₹ 67.88 crores in the year ended 31 March 2017 registering a growth of 43.91%. Similarly, Profit after tax is at ₹ 62.19 crores in the year ended 31 March 2018 compared to ₹ 44.80 crores in the year ended 31 March 2017, registering a growth of 38.82% over the previous year.

Consolidated Financial Information

The consolidated financials include financials of the Company and two of its subsidiaries i.e. Lords Freight (India) Private Limited and 2X2 Logistics Private Limited. Consolidation of financial statements of the Company and its two subsidiaries is done, on a line by line basis, by adding together items like assets, liabilities, income, expenses after eliminating intercompany transactions in accordance with IND AS 110 on “consolidated financial statements”. The consolidated financial statements are presented in a separate section.

The consolidated Revenue from Operations is ₹ 3,416.12 crores in the year ended 31 March 2018 as against ₹ 2,666.59 crores in the year ended 31 March 2017 registering a growth of 28.10%. Consolidated Profit after tax is at ₹ 65.27 crores compared to ₹ 46.10 crores registering a growth of 41.58%. Profit after tax for the year attributable to non-controlling interest is at ₹ 1.26 crores as against ₹ 0.48 crores in the previous year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The strategic purpose of Human Resources is to be a catalyst and a change agent for creating the Human Capital transformation required to ensure sustained business outperformance, while simultaneously addressing the needs of its multiple stakeholders (starting with customers and employees). In the long run, the ultimate metric for success is continuous improvement in competence, productivity and margins.

The Company being a 3PL Service provider, is a people intensive organization with more than 15,000 employees (on rolls & off rolls) spread across 350 plus operating sites across India. Our inherent belief and conviction is that people are our greatest asset. The employer employee relationship can be characterized as fair, just, trusting and caring. The strength, growth and progress of our Company is dependent entirely on our people. Our systems, processes and technology would mean nothing without sincere and motivated people.

It is of prime importance for us that our employees are involved, engaged and happy. We focus on career growth and development of every individual by providing opportunities to harness and develop their strengths.

In the overall architecture, a key strategic initiative that needs mentioning is the Talent Development Framework, that focuses on building employee capabilities across levels. The first pillar of this framework is the ‘I-Coach Program’ that develops senior management as coaches to groom young talent in the Company. The second pillar is the ‘Leadership Achievement Program’ for leaders at middle management level which focuses on building core capabilities centring around customer service excellence and team management. The third pillar ‘Sandhaan’ focuses on building capability of our Account Delivery Managers on finance and team management. At the executive level, the Talent Development Framework focuses on building two critical competencies of Workplace Communication Skills and Customer Service Excellence. We are committed and shall continue to invest, build capability and provide our employees the exposure and opportunities to grow.

Driving Diversity and Inclusion in the organization and creating a pipeline of female leaders was identified as a key focus area in the Financial Year 2017-18. A five year road map identifying the key initiatives such as diversity hiring, talent development, sensitization workshops, etc., that would facilitate creating a diverse and inclusive workforce was presented to the Diversity & Inclusion Council. For the year ended 31 March 2018, the focus was to improve gender diversity and the organization has taken concrete steps in increasing hiring female employees, creating awareness and sensitization regarding being more inclusive at the workplace and Prevention of Sexual Harassment through classroom programs and videos.

It is important for us as an organization to ensure our employees are engaged and motivated to deliver their best at work and therefore it is essential we understand the pulse of our people. Customized engagement surveys viz. a) MCARES for officers; and b) engagement survey for workmen, have been administered and based on the findings of the survey, various strategic interventions are rolled out and impact of these interventions is measured. We are happy to inform that the engagement scores coming out of these surveys have seen consistent improvement in the last few years and it would be our endeavour to sustain the engagement levels in the coming years. The organization is committed to strengthening the relationship with employees across levels through the Sanjeevani framework, a proactive approach to employee relations with a focus on four critical levers- Communication, Inclusive Participation, Welfare and Capability Building to engage with our employees through initiatives such as Works Committee, HR Connect meetings, skill building programs, rewards and recognition, festival celebrations and health check-ups. An ‘open door policy’ and constant dialogue to create win-win situations, have helped the Company build trust, harmony and a collaborative work environment. As an organization, it is also important to us that our employees receive basic facilities at their workplace to improve productivity and reduce distractions. The Hygiene and Infrastructure Committee is responsible for creation and implementation of policies related to facilities, hygiene and infrastructure to provide our employees basic facilities and infrastructure across the country.

Cautionary Statement

Statements in this “Management Discussion and Analysis” describing the Company’s objectives, projections, estimates, expectations, plans or predictions or industry conditions or events are “forward-looking statements” within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. Several factors could make a significant difference to the Company’s operations. These include economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which Company does not have any direct control.

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	:	L63000MH2007PLC173466
2. Name of the Company	:	Mahindra Logistics Limited (hereinafter referred to as "MLL" or "the Company")
3. Registered address	:	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai-400 018
4. Website	:	www.mahindralogistics.com
5. E-mail id	:	cs.mll@mahindra.com
6. Financial Year reported	:	2017-18
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	:	1. Supply Chain Management – 4912, 4923, 5120, 5210 2. People Logistics –4922
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	:	1. Goods Transportation Services; 2. Warehouse Management Services; 3. People Logistics (People Transport Solutions)
9. Total number of locations where business activity is undertaken by the Company		
a. Number of International Locations	:	NIL
b. Number of National Locations	:	The Company has 13 office locations across the country.
10. Markets served by the Company – Local/State/National/International		National.

Section B: Financial Details of the Company

1. Paid up Capital (INR in crore)	:	71.14
2. Total Turnover (INR in crore)	:	3224.84
3. Total profit after taxes (INR in crore)	:	62.19
4. Total Spending on Corporate Social Responsibility (CSR) in INR and as percentage of profit after tax (%)	:	1.27 crore (representing 2.04% of the profit after tax)
List of activities in which expenditure in 4 above has been incurred	:	a. Providing primary education to underprivileged girl children in India by contributing to Project 'Nanhi Kalhi'. b. Building Communities by way of village adoption programs which includes development of school infrastructure, providing education, health care, several driver welfare initiatives etc. c. Social interventions through Employee volunteering in the areas of education, health and environment.

Section C: Other Details

Does the Company have any Subsidiary Company/ Companies?	:	Yes. The Company has two subsidiaries as of March 31, 2018. 1. 2X2 Logistics Private Limited 2. Lords Freight (India) Private Limited.
Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):	:	Yes. Both the Subsidiary Companies have their respective Governance policies, as are statutorily required and they do participate in some of the BR initiatives of MLL.
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	:	Yes. The Company's suppliers and vendors are appointed keeping in mind their ability to participate and support the BR initiatives of the Company. Percentage of such Suppliers and Vendors is less than 30%.

Section D: BR Information

1. **Details of Director/Directors responsible for BR**

   a. **Details of Director/Directors responsible for BR for implementation of the BR policy / policies**

DIN Number	: 00374944
Name	: Mr. Parag Shah
Designation	: Non-Executive Director

   b. **Details of BR Head:**

DIN Number (if applicable)	: Not Applicable
Name	: Mr. Ravi Begur
Designation	: Senior General Manager
Telephone number	: + 91 22 28795201
e-mail id	: begur.ravi@mahindra.com

2. **Principle-wise (as per NVGs) BR Policy/policies**

   The Company has in place a Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and SEBI Circular CIR/CFD/CMD/10/2015 dated 4 November 2015, duly approved by Board. The BR Policy is operationalized and supported by various other policies, codes, guidelines and manuals of the Company.

   Principle 1 ("P1"): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

   Principle 2 ("P2"): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

   Principle 3 ("P3"): Businesses should promote the wellbeing of all employees.

   Principle 4 ("P4"): Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

   Principle 5 ("P5"): Businesses should respect and promote human rights.

   Principle 6 ("P6"): Business should respect, protect, and make efforts to restore the environment.

   Principle 7 ("P7"): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

   Principle 8 ("P8"): Businesses should support inclusive growth and equitable development.

   Principle 9 ("P9"): Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1: Ethics and Transparency	P2: Product Responsibility	P3: Wellbeing of employees	P4: Responsiveness to Stakeholders	P5: Respect Human Rights	P6: Environmental Responsibility	P7: Public Policy advocacy	P8: Support inclusive Growth	P9: Engagement with Customers
1	Do you have a policy/policies for BRR	Y	y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	*Y	*Y	@Y	@Y	*Y	*Y	*Y	*Y	@Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	#Y	#Y	#Y	#Y	#Y	#Y	#Y	#Y	#Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The Code of Conduct for Directors & For Senior Management & employees of the Company, the Whistle Blower Policy, Corporate Social Responsibility ("CSR") Policy and Sustainability Policy are uploaded on website of the Company and can be accessed at http://www.mahindralogistics.com All other policies related to BR are uploaded on the intranet and shared with relevant external stakeholders wherever deemed fit.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA $	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The execution of the BR policies is overseen through internal processes, and Management and Board oversight.								

Notes:

* Policies have evolved over a period of time by taking inputs from the concerned internal stakeholders and the Code of Conduct of the Mahindra Group and the Company;

@ Policies have evolved from surveys and feedbacks from the concerned stakeholders;

The policies are in line with applicable laws and national standards, where ever applicable/available. Some policies are also aligned to GRI-G4, an International Sustainability Reporting framework.

$ This question is not applicable for influencing public and regulatory policy.

b. **If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – Not Applicable**

3. **Governance related to BR:**

   a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:**

   Since the equity shares of the Company got listed on stock exchanges with effect from 10 November 2017, the BRR related performance was reviewed by the Board along with the 2017-18 Annual Report, for the first time. Going forward, BR performance would be reviewed on a periodic basis.

   b. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   This is the 1st BRR, in compliance with the Regulation 34 of the Listing Regulations and SEBI Circular CIR/CFD/CMD/10/2015 dated 4 November 2015, prepared by the Company on voluntary basis as a good governance practice. The Company has in the past been reporting its Sustainability performance as a part of the GRI Report published by the Holding Company viz. Mahindra & Mahindra Limited. The last report was for 2015-16 which can be viewed at http://www.mahindra.com/resources/pdf/sustainability/Mahindra-Sustainability-Report-2015-16.pdf

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company has based its Policy in this regard on the Mahindra Group Code of Conduct which defines a governance structure and promotes the principles of ethics, transparency & good governance within the organization and external stakeholders. The Company has defined Code of Conduct for Directors as well as for all senior management and employees of the Company which covers issues, inter alia, related to ethics and bribery. The Code also covers all dealings of the Company with its business partners and other stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the period 10 November 2017 up to 31 March 2018, 57 complaints were received from shareholders relating to the Company's IPO for matters including non-unblocking of funds under ASBA, non-allotment of shares etc., all of which have been attended to and satisfactorily resolved upto 31 March 2018.

   During financial year 2017-18, no complaints were received from any other stakeholder for issues related to Principle 1.

Principle 2: Businesses should provide goods & services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The top 3 services provided by the Company are:

   i. Goods Transportation Services;
   ii. Warehouse Management Services;
   iii. People Transport Solutions

2. **For each such product/service, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Being an asset-light Company, we deploy our business partners' assets to deliver services to our customers. Despite this we have instituted various initiatives for monitoring and reducing Green House Gas (GHG) emission intensity as explained below:

   – Goods Transportation Services: Replacement of old vehicles with new vehicles, reduction of dry runs for vehicles, increase in capacity utilization of vehicles, deployment of alternative fuel vehicles (like CNG) and electric vehicles in a phased manner where possible and progressive shift to rail transport from road transport.

   – Warehouse Management Services: Implemented energy efficient measures like shifting to LED lighting, infrastructure design to facilitate natural lighting and ventilation in certain facilities.

   – People Transport Solutions: Replacement of old vehicles with new vehicles, reduction of dry runs for vehicles, increase in capacity utilization of vehicles and deployment of alternative fuel vehicles like CNG and electric vehicles in a phased manner, where possible.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Being a Service Provider, the major suppliers of the Company are fleet operators and contractors (Business Partners) who provide various services to the Company. All our Business Partners are screened based on the Company's 'Dealing with Suppliers/Vendors Policy' which covers high quality service standards, compliance with EHS standards/regulations, as well as labor, employee and human rights related regulations. Hence, the Company's sourcing of the services is sustainable and responsible.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company's approach in supplier/vendor selection for our business has been to deploy local and small service providers in our operations to the maximum extent possible. Some of the specific aspects of this are represented below:

   Goods Transport Services – deployment of drivers and driver-cum-owners in the Intra city distribution of goods, is done from local communities/rural areas.

   Warehouse Management Services – deployment of employees in our warehouse/line feed operations, is done from the local communities that are close to the site of operations.

   People Transport Solutions – mostly drivers and driver-cum-owners deployed in people transport solutions are from the local communities/rural areas of the region in which the operations are performed.

   Our internal business processes and practices are designed to ensure that the interest of these stakeholders is well protected. All drivers are provided road safety trainings. Further regular health programs are conducted, and in certain geographies, awareness on HIV is imparted. Further details are provided under Principle 8.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Being an asset-light Company, we do not own the majority of the assets used in our operations. Despite this, our endeavor in future is to institute processes for monitoring and recycling waste generated through our operations in a phased manner.

Principle 3: Businesses should provide wellbeing of employees

Please indicate the

1.	Total number of employees		15585*
2.	Total number of employees hired on temporary/third party contractual/casual basis.	:	10703**
3.	Number of permanent women employees.	:	242
4.	Number of permanent employees with disabilities	:	1
5.	Do you have an employee association that is recognized by management?	:	No#
6.	What percentage of your permanent employees is members of this recognized employee association?	:	Not applicable

* Includes employees on Company payroll, Fixed Term Contract and third-party contract payrolls;

** All third party contractual employees;

Fixed Term Contract employees have formed a recognised employee association, of which 18.64% employees are Members.

Our employees are our biggest assets. The growth and progress of our Company is dependent entirely on our people. Our systems, processes and technology would mean nothing without sincere and motivated people. We focus on the career growth and development of every individual and look for an ideal situation that helps in harnessing and developing their strengths. This ensures that both the individual and the Company benefit from the strengths and competencies of our people. In order to ensure that the employee's strengths and competencies are leveraged appropriately, we have a host of initiatives that are launched across the organization.

Sanjeevani – the Employee Relations framework focuses on creating an inclusive environment and building capability of employees across all levels by focusing on four critical levers of Communication, Inclusive Participation, Employee Welfare and Capability Building and Growth.

Our talent development framework focusses on developing behavioral skills and to foster an environment of innovation and self-belief to help our employees achieve their goals. We believe that it is only when an inclusive eco-system encompassing a diverse workforce is created that we can drive positive change at the workplace. Aligned to this philosophy, the Company has launched various initiatives to create an inclusive work environment and also identified change agents to champion the initiatives.

MCares – is an employee survey program to understand the views and feedback from all employees at an organization level. This is to evaluate the score of Employee as a Promoter for the organization.

7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, and sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labor/forced labor/ involuntary labor	—	—
2.	Sexual harassment	—	—
3.	Discriminatory employment	—	—

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees : 85%

   (b) Permanent Women Employees : 100%

   (c) Casual/Temporary/Contractual Employees : 73%

   (d) Employees with Disabilities : 100%

Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, especially those that are disadvantaged, vulnerable and marginalized.

1. **Has the Company mapped its internal and external stakeholders? Yes / No**

   Yes, the Company has identified its Customers, Vendors, and Employees, Investors, Regulators and Local communities as key stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company has identified and designed products specifically for improving livelihood through education, skills based training etc., specifically targeted at disadvantaged and marginalized stakeholders.

   Since we understand the difficulties and challenges faced by drivers especially in terms of their 'quality of life' as well as work-life balance, 'Project Samantar' has been designed which addresses issues of health, road safety, children's education, and most importantly enhances their pride in the profession and thereby their self-esteem.

   Through the 'Gram Vikas' program we have been systematically adopting villages and providing holistic support and solutions to help them improve their standard of living. This is done through health/education support, scholarships, tree plantations drives, women's empowerment programs etc.

   Marginalized and vulnerable communities are also identified and developmental initiatives are taken through the Employee Social Options scheme (ESOPs), a Group employee volunteering program. Initiatives are conducted pan-India, which covers assistance to orphanages/old age homes, tribal school children, tree plantation, Swachh Bharat Abhiyan and blood donation camps etc.

Principle 5: Businesses should respect and promote Human Rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs/Others?**

   Besides the Human Rights aspects being covered in the Business Responsibility Policy, the Company has a separate Policy for Human Rights in Economic Decision-making, and the adherence to the said policy is part of the agreements / contracts executed with all business partners.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaints have been received in financial year 2017-18 in connection with Human Rights violations.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

   Yes, the Company has a Sustainability Policy which covers responsibility to the environment. The Company encourages sustainability initiatives across its subsidiary companies also.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   Being part of the Mahindra Group, the Company is aligned to the Group Sustainability framework, which is integrated in our strategy. Under environment, the Company has identified Resource efficiency and GHG Emission reduction, as key material issues. This has been integrated in the Company's Enterprise Risk Management Framework. Targets have been taken for improving performance under each parameter and incorporated in the Company's Sustainability Road Map, which is periodically tracked and monitored.

   A report on energy use, under Scope 1, scope 2 & scope 3 emissions, and water efficiencies are monitored and reported as a part of the Mahindra Group Sustainability Report. The last published report was for the year 2015-16 and can be accessed on the weblink: http://www.mahindra.com/resources/pdf/sustainability/Mahindra-Sustainability-Report-2015-16.pdf

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes. As mentioned in point 2 above.

4. **Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   No. The Company does not have any CDM project.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.**

   The Company has taken a very comprehensive approach to encourage energy efficiency in its operations by creating continuous awareness amongst employees and explaining the environment related challenges in business and solutions. At the operating level, various processes were put in place.

   In the Goods Transportation and People Transport Solutions the following actions are being taken

   a. Higher percentage of new and CNG vehicles in the fleet;
   b. Shifting to rail transport;
   c. Deployment of Electric and CNG vehicles.

   The Initiatives in the Warehouses and Offices are:

   a. Energy efficiencies through LED lighting, Warehouse designs for natural lighting and ventilation;
   b. Reduction in water use through employee awareness, implementing water efficient measures addressing pipe leakages, installing water aerators etc.;
   c. Automation of transactions with customers.

   Above measures have resulted in:

   a. Reduction in energy and costs due to initiatives taken by teams through Kaizen at warehouses;
   b. Process efficiencies resulting in lesser delays in dispatch and therefore increased customer satisfaction;
   c. Process efficiencies resulting in lesser dry runs and therefore leading to lower emissions and cost efficiencies for customers.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes. The Company is the member of Confederation of Indian Industries (CII), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), The National Association of Software and Services Companies (NASSCOM) and the Indian Bank Association (IBA).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes. The Company actively participates in CII's National Committee on Logistics, which essentially covers the universe in which all logistics companies operate in India. Through this Committee, important projects cutting across the entire industry, to drive positive change at the industry level on environmental social and governance aspects. e.g. Standardization - covering racking, handling, trucking and palletization, etc., are taken.

The Company has also advocated for input credit availment under Goods and Services Tax ("GST") for the Rent-a-Cab services, which benefits all players in this business.

Principle 8: Businesses should support inclusive growth and equitable development.

At MLL, we respect and appreciate a diverse workforce that provides a wide range of abilities, experience, knowledge, and strengths. We strive to create an environment responsive to different cultures and groups, in all our interactions- with employees, customers, visitors, suppliers, contractors, shareholders, investors, and the communities we operate in. We are committed to create and leverage the strengths of a diverse talent pool.

We appreciate individual differences by creating an inclusive and participative environment. The individual differences can include but are not restricted to ethnicity, gender, age, physical abilities, family status, religious beliefs, perspectives, experiences and other ideologies.

While doing all of the above, we help in empowering communities to rise. Whether it is through building the lives of our driver partners and their community, or sustaining the environment, whether it is uplifting the basic necessities of a village by providing clean drinking water or by creating awareness on hygiene and safety, we strive to walk the extra mile and help in building societies with equitable development.

1. **Does the Company have specified programs/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. Being part of the Mahindra Group, the Company has been aligned to its CSR vision since inception. The Company's CSR focuses on youth, girl-child and development of rural communities, on improving the quality of life for the driver community, in the domains of health, sanitation, education, skilling and environment.

   The major initiatives undertaken during financial year 2017-18 were:

   A. Contributing to Project 'Nanhi Kali' which was initiated in 1996 by the K. C. Mahindra Education Trust (KCMET) with the aim of providing primary education to underprivileged girl children in India. The program provides educational and material support to underprivileged girls from poor urban, remote rural and conflict afflicted communities across India. The interventions in every community is planned by setting up a 'Village Education Committee' which is sensitized on the importance of girl child education and other resultant benefits that accrue therefrom. One of the important matrices monitored is school attendance, which reflects a positive trend. During the financial year 2017-18, 1776 girls were supported through the Company's contribution.

   B. The following programs were undertaken towards Driver welfare:

      1. Project Samantar – A holistic Driver welfare program, designed to improve the working conditions of the driver community. A need assessment is done through Driver Welfare Forums comprising of Business Partners, field experts and NGOs, to ensure that the program design is impactful. The actual programs are structured after brainstorming for challenges faced by drivers. which are categorized under three pillars:

         i. Providing facilities: in terms of restrooms, en-route sanitation, drinking water, medical checkups, HIV/AIDS clinic etc.

         ii. Dignity & Respect: Awareness programs launched to educate all employees and security personnel to treat the driver with respect at the time of their entry and exit from our operating sites. Encourage drivers to discuss issues and challenges with senior personnel through programs like "Chai-Pe-Charcha", celebrate festivals at operating sites, and engage with their families by greeting them on their anniversaries and supporting their children's education by giving scholarships.

         iii. Skills development in terms of a) Awareness campaigns on, importance of wearing seat belts, following road signage, personal hygiene, etc. b) Safety Training, c) Defensive Driving training, d) Vehicle maintenance, e) Mobile friendliness, etc.

      2. A certification program under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) has also been initiated, which focuses on providing driving skills training to the youth wherein the prior competencies of candidates are assessed and on successful completion, the candidates receive a monetary reward, mark sheet and Government certificate.

      3. In collaboration with Save Life Foundation, specific trainings were conducted to train long haul truck drivers. The program includes a post assessment test with certifications.

The outcomes of the above programs during the year are as follows.

Programs	Outcomes
Total No. of Drivers who benefitted under Project Samantar	42,768
No of initiatives	204
Facilities provided	7 Porta cabins for drivers while they wait during loading/unloading, and 650 restrooms pan India in collaboration with other corporates
Youth trained under PMKVY	461 (Passing success rate 94%)
No. of drivers trained through Save Life Foundation	331

C. Gram Vikas – A Village adoption program with holistic interventions over a period of 3 years, to spur economic, infrastructure and human development. In order to ensure long term impact, only one village is adopted at a time. The program covers aspects of health & sanitation, malnutrition, education, youth development, women's empowerment, support to the farmer community and infrastructure development like roads, rain water harvesting facilities etc. The village is chosen for adoption on basis of a baseline data which shows the level of basic amenities in the village, in terms of safe drinking water, healthcare & education facilities, basic infrastructure like housing, drainage systems, and level of social discrimination. 'Aware' village in Maharashtra's Thane district, was the first to be adopted in 2013.

An impact assessment was carried out by an external research institute, which rated the interventions in developing infrastructure for education, and civil amenities as 'High', Vocational training to villagers as 'Medium' and access to water and tree plantations as 'Low'.

Based on the learnings of this assessment, the Company adopted Tembha Village, in Shahapur block, Thane District in 2017. This is also expected to be a 3-year project after which the actual impact will be assessed.

During financial year 2017-18, in Tembha village the developmental activities undertaken include:

- For better access to education, renovation of schools and Anganwadies, construction of water supply project. Promoting girl's education, school stationary, vocational trainings, competitive sports, distribution of clothes, etc. were undertaken. Play equipment were installed in school grounds and personal computers were provided for children in higher classes.
- To make school dropouts self-sufficient, programs like counselling sessions, educational trips, distribution of bicycles etc. were conducted.
- To address hunger and mal-nutrition, programs like distribution of food grains & groceries, healthcare/ sanitation awareness, eye checkup camps were conducted.
- To promote a healthy environment, infrastructure for access to clean water, tree plantation drives, Swachh Bharat Abhiyan campaigns, and family welfare programs, along with festival celebration with social messages were carried out.
- To drive women's empowerment tailoring classes for ladies having sewing machines were started.

D. The Company also encourages employees to volunteer under Mahindra ESOPs (Employee Social Option Programs). Under this program, employees have participated in projects like assisting destitute homes, orphanages, old age homes etc., health camps, tree plantations, blood donation, HIV awareness and the Swachh Bharat Abhiyan.

During financial year 2017-18, 5,154 employees participated in the ESOPs, contributing 30,996 employee hours, as against participation of 3,418 employees and 15,358 employee hours in the previous year, thus abiding by the Group credo "Rise for Good".

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programs stated above are either implemented directly or through NGOs having an established track record like SAVALI NGO and MAGMO NGO. The Company contributes part of its CSR funds to 'Nanhi Kali', which is jointly managed by the K. C. Mahindra Education Trust and Naandi Foundation.

3. Have you done any impact assessment of your initiative?

During the year an impact assessment of Aware village under the Gram Vikas program and Samantar including the Driver's Welfare Program were carried out through an external research institute. For Project Nanhi Kali, 3rd party assessments are regularly done at the Group level.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company's contribution for the financial year 2017-18, to community development projects through its CSR initiatives amounted to ₹ 1.27 Crores. Details of investments in some of the major initiatives are as follows:

Project	Amount (₹ in crores)
Nanhi Kali	0.62
Driver welfare programs	0.34
Village adoption	0.21
Employee Volunteerism	0.10

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   All programs are monitored and evaluated for progress by dedicated in-house teams. Proper evaluation of NGOs is done before assigning any projects for implementation. The in-house teams regularly interact with target social groups and the implementation partners to ensure that the projects are implemented within the desired time and are effective.

   Monthly reports of all CSR activities are presented to the CSR committee. During the year under review, an independent verification of all programs was also carried out by an external agency. The reports and independent verification reflect that the development initiatives are successfully adopted by the community.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   The status of the customer complaints received during financial year 2017-18 is as follows:

Complaints under	No. of Complaints Received	No. of Complaints Resolved	No. of Complaints pending	% of complaints pending
Goods Transport Services and Warehouse Management Services	175	163	12	7
People Transport Solutions (PTS)	44	44	—	—
Total	**219**	**207**	**12**	**6**

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

   Not Applicable.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   NIL

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company annually carries out Customer Survey – The CaPS (Customer as a Promoter Score), through an external agency. A list of customers with whom the Company has had business relationship is prepared and shared with the agency. The agency interacts with the Customers, through a random selection. Customer satisfaction report for the Company as a whole and for each of our business verticals is provided.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Corporate governance reflects Company's culture, policies, relationship with its stakeholders, its commitment to values and its ethical business conduct. At Mahindra Logistics Limited ("the Company"), we firmly believe that our corporate governance practices live up to the legacy of the Mahindra Group and are comparable with the best practices in the Industry. It is our firm conviction that good corporate governance emerges from the application of best management practices and compliance with the laws coupled with integrity, transparency, accountability and business ethics and hence we follow fair, transparent and ethical governance processes and practices embedded into the culture of our organisation and the Mahindra Group, which ensures that the interest of all the stakeholders are considered in a balanced and transparent manner.

The Company also believes that sound corporate governance is critical to enhance and retain investor trust and hence continues to strengthen its governance principles to generate long term value for its stakeholders on a sustainable basis, thus ensuring ethical and responsible leadership both at the Board and Management levels.

A report on the Company's compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, is given hereunder.

The Listing Regulations became applicable to the Company with effect from 10 November 2017, i.e. the date when the equity shares of the Company got listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The information stated herein pertains to the financial year 2017-18.

I. BOARD OF DIRECTORS

The Board of Directors of your Company ("Board") comprises of all Non-Executive Directors, who are highly experienced professionals drawn from diverse fields, possessing experience in general corporate management, international operations, cross border merger and acquisitions, start-ups, banking, finance, audit, private equity, investment banking, investor relations, economics and other allied fields which enables them to contribute effectively to the Company and enhance the quality of the Board's decision-making process.

The Board is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties.

Mr. Zhooben Bhiwandiwala is the Chairman of the Board and Mr. Pirojshaw Sarkari is the Chief Executive Officer of the Company.

All Independent Directors on the Board of your Company have confirmed that they meet the criteria of independence as mentioned in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("Act"). The maximum tenure of Independent Directors is in compliance with the provisions of the Act and the Listing Regulations.

None of the Directors of your Company are inter-se related to each other or hold any equity shares of the Company.

A. Composition of the Board

The Board of your Company was re-constituted on 25 July 2017 in conformity with Regulation 17 of the Listing Regulations to comprise of eight directors, of which four directors, including one women director, were independent.

The composition of the Board of your Company represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

As on the date of this report, the Board of your Company comprises of seven Members, three of which are Independent Directors, three are Non-Executive Directors and one is a Non-Executive Nominee Director.

None of the Directors of your Company is a Director in more than twenty companies (including ten public companies) or acting as an Independent Director in more than seven listed companies, or three listed companies in case he serves as a Whole-time Director in any listed company. Further, none of the Directors on the Board is a Member of more than ten Committees and Chairman of more than five Committees, across all the Indian public limited companies in which he is a Director.

The names and categories of Directors and the number of Directorships and Committee positions held by them in companies as on 31 March 2018 are given below.

Name of Directors	Category of Non-Executive Director	Director Identification Number (DIN)	Total number of Directorships*, Committee Chairmanships and Memberships@ of public limited companies as on 31 March 2018		
			Directorships	Committee Chairmanships	Committee Memberships
Mr. Zhooben Bhiwandiwala, Chairman #	Non-Independent ^	00110373	7	1	1
Mr. Chandrasekar Kandasamy	Non-Independent	01084215	9	1	4
Mr. Parag Shah	Non-Independent	00374944	10	–	1
Mr. Ajay Mehta	Independent	07102804	3	2	1
Mr. Darius Pandole	Independent	00727320	4	–	3
Mr. Ranu Vohra	Independent	00153547	1	–	1
Mr. Sunish Sharma	Non-Independent Nominee ~	00274432	3	–	–

* Excludes private limited companies, foreign companies and companies registered under Section 8 of the Act and government bodies and includes directorship in your Company.

@ Committees considered are Audit Committee and Stakeholders' Relationship Committee of public limited companies including that of your Company. Committee Membership(s) and Chairmanship(s) are counted separately.

\# Mr. Zhooben Bhiwandiwala was appointed as Chairman of the Board w.e.f. 25 July 2017.

^ Mr. Zhooben Bhiwandiwala is an employee of Mahindra & Mahindra Limited, Promoter of the Company.

~ Mr. Sunish Sharma represents equity Investors: Normandy Holdings Limited and Kedaara Capital Alternative Investment Fund Kedaara Capital AIF 1

B. Director(s) seeking re-appointment

In terms of Section 152 of the Act, Mr. Parag Shah, Non-Executive Director of the Company is liable to retire by rotation and being eligible for re-appointment at the ensuing Annual General Meeting ("AGM") of your Company, has offered himself for re-appointment.

The Board, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and results of the performance evaluation carried out by the NRC and the Board, vide resolution dated 26 March 2018, re-appointed Mr. Ajay Mehta as an Additional and Non-Executive Independent Director, not being liable to retire by rotation, for a second term of five (consecutive) years commencing from 27 March 2018 to 26 March 2023, subject to the approval of the Members through special resolution at the ensuing AGM.

The Company has received a notice from a Member under Section 160 of the Act proposing the candidature of Mr. Ajay Mehta as Director. The Board of your Company has recommended the re-appointment of Mr. Ajay Mehta as Non-Executive Independent Director of the Company at the ensuing AGM.

Brief profile and other relevant details of Mr. Parag Shah and Mr. Ajay Mehta in terms of the provisions of the Listing Regulations are given hereunder:

Mr. Parag Shah

Mr. Parag Shah is a Non-Executive Director of your Company. He holds a Bachelor's degree in Science (Computer Engineering) from the Illinois Institute of Technology. He is also a graduate of the General Management Program of the Harvard Business School. He joined the Mahindra Group as the Chief Executive Officer of Officemartindia Limited in 2000 and has held various positions within the Mahindra Group including directorships across several companies. He is currently the Managing Partner and Co-Head of Mahindra Partners Division. He has extensive experience in building new businesses, start-ups, turn arounds, joint ventures and mergers and acquisitions across the Mahindra Group. He is also affiliated with various non-governmental organizations such as Sabarkanta Relief Samiti and S&G Charitable Trust. He was also a founder Director of "Executives Without Borders", an NGO based in USA. He was recognized by the Economic Times and Spencer Stuart as India's Top 40 Business Leaders under the age of 40 years.

He has also been featured by India Today as 'Leaders of Tomorrow'. He is on the Executive Committee of several industry bodies such as CII – National Committee on Solar, TiE-Mumbai. He has also been a member of FICCI - Solar Energy Task Force Committee, the India Israel forum and CII National Committee on Private Equity & Venture Capital. Mr. Parag Shah has been on the Board of the Company since 28 April 2009.

Mr. Parag Shah does not hold any equity shares of the Company and is not related to any of the Directors of the Company.

List of Companies/Committees where Mr. Parag Shah holds directorship and chairmanship/membership respectively as on 31 March 2018 is given hereunder:

List of Directorships in Indian companies*	Chairman in the Committees of the Board of companies in which he is a Director*	Membership in the Committees of the Board of companies in which he is a Director*
– Mahindra Logistics Limited – Mahindra Intertrade Limited – Mahindra Susten Private Limited – Mahindra Vehicle Manufacturers Limited – The Indian and Eastern Engineer Company Private Limited – PSL Media & Communications Limited – Mahindra Retail Private Limited – Lords Freight (India) Private Limited – Mahindra Namaste Limited – Mahindra Consulting Engineers Limited – Retail Initiative Holdings Limited – Mahindra Marine Private Limited – CJ Industries Private Limited	– Mahindra Logistics Limited: Corporate Social Responsibility Committee	– Mahindra Logistics Limited: i Nomination and Remuneration Committee ii Stakeholders Relationship Committee – Mahindra Susten Private Limited: i MSPL ESOP Committee ii Finance and Accounts Audit Committee (Non-mandatory Committee) – Mahindra Vehicle Manufacturers Limited: Nomination and Remuneration Committee

* includes positions held in your Company

Mr. Ajay Mehta

Mr. Ajay Mehta is an Independent Director in your Company. He is a fellow member of the Institute of Chartered Accountants of India. He holds a Bachelor's degree in Law from Government Law College, University of Mumbai and a Bachelor's degree in Commerce from the University of Mumbai. He has over 33 years of experience and practices in the fields of taxation, auditing, accounting and finance. He is a Partner in Rajendra Shah and Associates, Chartered Accountants which provides consultancy services to the Government of Maharashtra for its information technology company Maharashtra Information Technology Corporation Limited. His firm is also on the panel of the Maharashtra Cooperative Societies Audit Panel. He is also the proprietor of Ajay Mehta & Company, Chartered Accountants. He has audited several nationalized banks and companies. He also provides services to various non-governmental organizations. Mr. Ajay Mehta has been on the Board of the Company since 27 March 2015.

Mr. Ajay Mehta does not hold any equity shares of the Company and is not related to any of the Directors of the Company.

List of Companies/Committees where Mr. Ajay Mehta holds directorship and chairmanship/membership respectively as on 31 March 2018 is given hereunder:

List of Directorships in Indian companies*	Chairman in the Committees of the Board of companies in which he is a Director*	Membership in the Committees of the Board of companies in which he is a Director*
– Mahindra Logistics Limited – Mahindra Steel Service Centre Limited – Mahindra Retail Private Limited	– Mahindra Logistics Limited: Audit Committee – Mahindra Retail Private Limited: Audit Committee	– Mahindra Logistics Limited: Nomination and Remuneration Committee – Mahindra Steel Service Centre Limited: i. Nomination and Remuneration Committee ii. Audit Committee – Mahindra Retail Private Limited: Nomination and Remuneration Committee

* includes positions held in your Company

C. Board Procedure

Conduct of Board and Committee Meeting(s) of the Company is in compliance with the applicable provisions of the Act, Secretarial Standard on the Meetings of the Board of Directors as prescribed by the Institute of Company Secretaries of India, as amended from time to time ("SS-1") and the Listing Regulations. A detailed Agenda of the Meeting(s), setting out the business to be transacted thereat, supported by detailed explanatory notes of the Board and of the

Committee Meeting(s) is circulated at least seven days in advance to the Directors, except in case of Board/Committee meetings held at shorter notice, in compliance with Section 173 of the Act and the SS-1. A soft copy of the said Agenda(s) together with notes is also uploaded on the Board Portal to provide web-based solution to the Directors, which also acts as a document repository. The Directors are also provided the facility of video conferencing, except for restricted items, to enable them to participate effectively in the Meeting(s), as and when required. In case of any exigency, resolutions are passed by circulation, in compliance with Section 175 of the Act and the SS-1.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company apprise the Board at every Meeting on the overall performance of the Company, followed by presentations. The presentations made to the Board include reports on subsidiary company performance, functional presentations on Human Resource, Information Technology, Marketing and Public Relations functions etc. of the Company and also include a review of key sales wins, sales pipeline, awards and recognitions, business vertical wise financial performance, key ratios, major expenses, receivables etc.

The Board and respective Committees also, inter alia, periodically review strategy and business plans, annual operating and capital expenditure budget(s), investment and exposure limit(s), compliance report(s) of all laws applicable to the Company as well as steps taken by your Company to rectify instances of non-compliances, if any, major legal issues, minutes of the meetings of Committees of the Board and of the Board of subsidiary companies, significant transactions and arrangements entered into by unlisted subsidiary companies, if any, approval of quarterly/half-yearly/annual financial results, significant labour problems, if any, safety, investors' grievances, major accounting provisions and write-offs, transactions pertaining to corporate restructuring, details of any joint ventures or collaboration agreements, information on recruitment of Senior officers one level below the Board/CEO, corporate social responsibility plans and spends etc. in addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations.

The Board sets annual performance objectives, oversees the actions and results of the management and monitors the effectiveness of the Company's governance practices for enhancing the stakeholder value. The Board also reviews, on a quarterly basis, related party transactions, status of borrowings, loans, investments and guarantees given, the Company's risk management framework, foreign exchange position, report on compliance under Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Action Taken Reports on the decisions taken/suggestions made at previous meetings are placed at the subsequent meeting of the Board/Committee for its review.

Apart from the CEO and the CFO of the Company, the Board and Committee Meetings are attended by the functional heads, whenever required and the Company Secretary of the Company acts as the Secretary to the Board and its Committees.

D. Number of Board Meetings and attendance of the Directors thereat and at the previous Annual General Meeting

The Board meets at regular intervals and the gap between two consecutive meetings does not exceed one hundred and twenty days. During the year ended 31 March 2018, eight Board Meetings were held on 28 April 2017, 13 June 2017, 25 July 2017, 25 September 2017, 16 October 2017, 3 November 2017, 1 December 2017 and 29 January 2018. These Meetings were well attended by the Directors and necessary quorum was present at all meetings. The 10th AGM of your Company was held on 14 August 2017.

Details of attendance of Directors at Board Meetings held during the year under review and the previous AGM is as under:

Names of Non-Executive Directors	Number of Board meetings attended during the year	Attendance at previous AGM held on 14 August 2017
Mr. Zhooben Bhiwandiwala	7	No
Mr. Chandrasekar Kandasamy	7	Yes
Mr. Parag Shah	8	Yes
Mr. Ajay Mehta	8	Yes
Mr. Darius Pandole#	5	No
Mr. Ranu Vohra#	6	No
Mr. Sunish Sharma	4	Yes
Ms. Neelam Deo@	*7*	*No*
Mr. Anjanikumar Choudhari^*	*3*	*Not Applicable*
*Mr. Ruzbeh Irani**	*2*	*Not Applicable*
*Mr. Sanjeev Aga**	*2*	*Not Applicable*

\# Appointed as Independent Director for first term with effect from 25 July 2017;

@ Ceased to be Independent Director with effect from 26 March 2018;

^ Ceased to be Chairman of the Board with effect from 25 July 2017;

* Ceased to be Non-Executive Director with effect from 25 July 2017.

E. Meeting of Independent Directors

The Independent Directors of your Company meet at least once in a financial year without the presence of Non-Independent Directors, the CEO and the CFO of the Company. These Meetings are conducted to enable the Independent Directors, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company (taking into account the views of the other Non-Executive Directors) and to assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors of the Company met once during the year under review on 29 January 2018 and the Meeting was well attended by all Independent Directors.

F. Codes of Conduct

The Board of your Company has laid down two separate Codes of Conduct, one for the Board Members and the other for Senior Management and Employees of the Company. The Company has also adopted a Code for Independent Directors which is a guide to professional conduct for Independent Directors of the Company pursuant to Section 149(8) and Schedule IV of the Act. These Codes have been posted on the Company's website http://www.mahindralogistics.com/investor/governance.

All the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the respective Codes. As required by Regulation 34 of the Listing Regulations, Mr. Pirojshaw Sarkari, CEO of the Company, has given a declaration stating that Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Code of Conduct for Senior Management and Employees, respectively which is annexed at the end of this Report.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

G. CEO/CFO Certification

As required under Regulation 17(8) and 33 of the Listing Regulations, the CEO and the CFO of the Company have jointly certified to the Board regarding the Financial results/ statements, internal controls and other matters, on quarterly, half-yearly and annual basis.

H. Board Evaluation

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as reviewed the performance of the Directors individually. During the year under review, the questionnaire for performance evaluation was further elaborated and made comprehensive in alignment with the guidance note on Board evaluation issued by the Securities and Exchange Board of India, vide its circular dated 5 January 2017. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc. and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the NRC of the Board to evaluate the performance of Individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the other Non-Executive Directors.

The outcome of the performance evaluation of the Board for the year under review was discussed by the NRC and the Board at their meetings. The Directors expressed their satisfaction with the evaluation process.

I. Familiarization Programme for Directors

The Board of your Company has, at its meeting held on 25 September 2017, adopted a Familiarization programme for its Independent Directors in terms of Regulation 25(7) of the Listing Regulations.

The Company imparts various familiarization programmes, on a regular basis, for its Directors including Independent Directors such as induction programmes, business model overview, site visits, presentation on industry overview and outlook, competition update, business, financial and operational performance update at the Board Meetings, regulatory updates, presentations on internal financial controls, roles and responsibilities of the Independent Directors etc.

Pursuant to Regulation 46 of the Listing Regulations, details of the familiarization programmes imparted to Independent Directors of the Company are available on the Company's website and can be accessed at the web link: http://mahindralogistics.com/pdf/Familiarization-Programs-for-Independent-Directors-2017-18.pdf

II. COMMITTEES OF THE BOARD

A. Audit Committee

The Audit Committee of the Company constituted as per the provisions of Section 177 of the Act was re-constituted during the year under review on 25 July 2017 to meet the requirements of Regulation 18 of the Listing Regulations. As on 31 March 2018, the Committee comprises of four Non-Executive Directors, of whom three Directors (i.e. more than 2/3rd) including the Chairman are Independent.

All the Members of the Committee are financially literate and possess strong accounting and financial management knowledge. Mr. Zhooben Bhiwandiwala and Mr. Parag Shah, Non-Executive Directors are permanent invitees to the meetings of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee. The Statutory Auditors and Internal Auditors are also invited to attend the Audit Committee meetings, when their respective reports are being presented to the Committee.

During the financial year 2017-18, the Committee met four times i.e. on 28 April 2017, 25 September 2017, 1 December 2017 and 29 January 2018. Details of the composition of the Committee as on 31 March 2018, changes therein during the year under review and attendance of the Committee Members at the Committee Meetings is as given hereunder:

Names of Audit Committee Members	Category of Non-Executive Directors	Position held	Changes during the year under review	Number of meetings attended
Mr. Ajay Mehta	Independent Director	Chairman ^	—	4
Mr. Chandrasekar Kandasamy	Non-Independent Director	Member*	—	3
Mr. Ranu Vohra	Independent Director	Member	Appointed with effect from 25 July 2017	3
Mr. Darius Pandole	Independent Director	Member	Appointed with effect from 25 July 2017	3
Ms. Neelam Deo	*Independent Director*	*Member*	*Ceased with effect from 25 July 2017*	*1*

^ Appointed as Chairman of the Committee on 25 July 2017

* Mr. Chandrasekar Kandasamy was Chairman of the Committee up to 25 July 2017

During the year under review, the terms of reference of the Audit Committee were enhanced in line with the requirements of the Listing Regulations. Besides having access to all the required information from and within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors and the Internal Auditors and the Board of the Company.

All items listed in Part C of Schedule II of the Listing Regulations are covered in the terms of reference. Terms of reference of the Audit Committee includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
3. Reviewing the financial statements with respect to its unlisted subsidiary(ies), in particular investments made by such subsidiary(ies);
4. Along with the management, reviewing annual and quarterly financial results/statements and auditor's report thereon before submission to the Board for approval;
5. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
6. Approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;
7. Evaluation of internal financial controls and risk management systems;
8. Along with the management, reviewing the performance of statutory and internal auditors, and the adequacy of internal control systems;
9. Reviewing the adequacy of the internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Discussion with internal auditors of any significant findings and follow up there on.

The Committee is empowered to, review and recommend to the Board the terms of appointment and remuneration of the Internal Auditor and the Chief Financial Officer of the Company, review the functioning of the Whistle Blower Policy/ Vigil Mechanism including those prescribed under Regulation 18(2)(c) of the Listing Regulations. The Committee also reviews, on quarterly basis, related party transactions, status of borrowings availed, loans, investments and guarantees given, risks and the Report on compliance under Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

As per Regulation 18 of the Listing Regulations and SS-1, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Mr. Ajay Mehta, Chairman of the Committee was present at the 10th AGM of the Company held on 14 August 2017.

B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") of the Board constituted in compliance with the requirements of Section 178 of the Act was re-constituted on 25 July 2017 to meet the requirements of Regulation 19 of the Listing Regulations.

As on 31 March 2018, the Committee comprised of six Directors, half of which including the Chairman are Independent Directors. All Members of the Committee are Non-Executive Directors and Mr. Sunish Sharma, Non-Executive Nominee Director is a permanent invitee to the Committee.

The Committee met three times during the year under review i.e. on 28 April 2017, 25 July 2017 and 25 September 2017.

Details of the composition of the Committee as on 31 March 2018, changes therein during the year under review and attendance of the Committee Members at the Committee meetings is as given hereunder:

Names of NRC Committee Members	Category of Non-Executive Directors	Position held	Changes during the year under review	Number of Committee Meetings attended
Mr. Darius Pandole	Independent	Chairman	Appointed as Member and designated Chairman with effect from 25 July 2017	1
Mr. Ajay Mehta	Independent	Member	—	3
Mr. Ranu Vohra	Independent	Member	Appointed with effect from 25 July 2017	1
Mr. Zhooben Bhiwandiwala	Non-Independent	Member	Appointed with effect from 25 July 2017	2
Mr. Chandrasekar Kandasamy	Non-Independent	Member	Appointed with effect from 25 July 2017	1
Mr. Parag Shah	Non-Independent	Member	Appointed with effect from 25 July 2017	2
Mr. Sanjeev Aga	*Non-Independent*	*Member*	*Ceased with effect from 25 July 2017*	*1*
Ms. Neelam Deo	*Independent*	*Member*	*Ceased with effect from 25 July 2017*	*2*
Mr. Anjanikumar Choudhari	*Non-Independent*	*Member*	*Ceased with effect from 25 July 2017*	*1*

The terms of reference of the NRC are in line with regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations. Terms of reference of the Committee includes:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that –

   i. The level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   iii. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance (including Independent Director);

5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Directors; and

6. Carrying out any other functions required to be undertaken by the Nomination and Remuneration Committee under applicable law and as may be delegated by the Board.

The Committee also administers the Company's Employee Stock Option ("ESOP") Scheme viz. MLL Key Executive Stock Option Scheme-2012 w.e.f. 10 July 2017 and takes appropriate decisions in terms of the said Scheme.

The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director and recommended to the Board a Policy relating to the appointment and remuneration for the Directors, Key Managerial Personnel and other employees.

The NRC Committee has approved the evaluation process, methodology, framework and criteria for evaluation of performance of Independent Directors, Committees of the Board, the Board as a whole and the Chairperson. Basis the approved framework, the performance evaluation of all Directors was carried out during the year under review.

As per Section 178(7) of the Act, Regulation 19 of the Listing Regulations and SS-1, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Mr. Parag Shah, Member of the Committee was present, on behalf of the Chairman of the Committee, at the 10th AGM of the Company held on 14 August 2017.

C. Stakeholders' Relationship Committee

Pursuant to the provisions of Section 178(5) of the Act and Regulation 20 of the Listing Regulations, the Board on 25 July 2017, constituted the Stakeholders' Relationship Committee ("SRC"). The composition of the SRC satisfy the requirements of Section 178 of the Act and Regulation 20 of Listing Regulations.

The Committee comprises of three Directors, all of which including the Chairman are Non-Executive Directors. The Company Secretary of the Company acts as Secretary of the said Committee.

Details of the composition of the Committee as on 31 March 2018 is given hereunder. There were no changes in the composition of the Committee. No committee meetings were held during the year under review, as one matter was dealt through circular resolution in terms of Section 175 of the Act.

Names of SRC Committee Members	Category of Non-Executive Directors	Position held
Mr. Chandrasekar Kandasamy	Non-Independent	Chairman
Mr. Parag Shah	Non-Independent	Member
Mr. Darius Pandole	Independent	Member

The role and terms of reference of the Committee covers all the areas as contemplated under Regulation 20 read with part D of Schedule II of the Listing Regulations and Section 178 of the Act as applicable. The Committee deals with matters relating to transfer/transmission of shares, issue of duplicate certificates and monitors the redressal of Shareholder grievances. The terms of reference of the Committee includes the following:

1. Considering and resolving grievances of Shareholders', debenture holders and other security holders;
2. Redressal of grievances of the security holders of the Company, including complaints in respect of allotment of Equity Shares, transfer of Equity Shares, non-receipt of declared dividends, annual reports, balance sheets of the Company, etc.;
3. Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;
4. Issue of duplicate certificates and new certificates on split/ consolidation/renewal, etc.; and
5. Carrying out any other functions required to be undertaken by the Stakeholders Relationship Committee under applicable law.

With a view to expedite the process of share transfers, necessary authorities' have been delegated to the Compliance Officer of the Company.

As per Section 178(7) of the Act and SS-1, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. The Chairman of the Committee Mr. Chandrasekar Kandasamy attended the 10th AGM of the Company held on 14 August 2017.

In view of the listing of the Company's equity shares on the Stock Exchanges, during the period from the date of listing i.e. 10 November 2017 up to 31 March 2018, the Company received 57 complaints from its Shareholders and other investors in connection with the IPO of the Company pertaining to not unblocking of funds, non-receipt of refund amount/non-receipt/non-allotment of shares, all of which were satisfactorily resolved and there were no pending complaints as on 31 March 2018.

Ms. Brijbala Batwal, Company Secretary of the Company is designated as compliance officer of the Company pursuant to Regulation 6 of the Listing Regulations.

D. Corporate Social Responsibility ("CSR") Committee

Consequent to changes in the Board composition during the year under review, the Corporate Social Responsibility Committee ("CSR Committee") of the Board was re-constituted in compliance with the provisions of Section 135 of the Act, to comprise of Mr. Parag Shah, Mr. Ranu Vohra and Ms. Neelam Deo. Mr. Parag Shah is Chairman of the Committee and Mr. Zhooben Bhiwandiwala, Non-Executive Director is a permanent invitee of the Committee.

Ms. Neelam Deo also ceased to be Member of the Committee, consequent to cessation of directorship. The Board at its meeting held on 11 April 2018 re-constituted the CSR Committee for co-option of Mr. Chandrasekar Kandasamy as a member of the Committee in place of Ms. Neelam Deo.

During the year under review, the Committee met once on 28 April 2017. Details of the composition of the Committee as on date of this report, changes therein during the year under review and attendance of the Committee Members at the Committee meetings is as given hereunder:

Name of CSR Committee Members	Category of Non-Executive Directors	Designation	Changes during the year under review	Number of Committee Meetings attended
Mr. Parag Shah	Non-Independent	Chairman	Appointed with effect *from* 25 July 2017	Not Applicable
Mr. Ranu Vohra	Independent	Member	Appointed with effect *from* 25 July 2017	Not Applicable

Name of CSR Committee Members	Category of Non-Executive Directors	Designation	Changes during the year under review	Number of Committee Meetings attended
Mr. Chandrasekar Kandasamy	Non-Independent	Member	Appointed with effect *from* 11 April 2018	Not Applicable
Ms. Neelam Deo	*Independent*	*Member*	*Appointed with effect from 25 July, 2017 and ceased with effect from 26 March 2018*	*Not Applicable*
Mr. Ajay Mehta	*Independent*	*Member*	*Ceased with effect from 25 July 2017*	*1*
Mr. Ruzbeh Irani	*Non-Independent*	*Member*	*Ceased with effect from 25 July 2017*	*1*
Mr. Sanjeev Aga	*Non-Independent*	*Member*	*Ceased with effect from 25 July 2017*	*–*

The role of the CSR Committee includes formulation and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and any amendments thereto, recommending the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the Act and referred to in the CSR Policy of the Company, as also to monitor the CSR Policy from time to time.

The Board at its meeting held on 11 April 2018 *inter alia*, enhanced the scope and terms of reference of the Committee to *inter alia* formulate and recommend to the Board, for its approval and implementation, the Business Responsibility Policy(ies), periodical assessment of Business Responsibility ("BR") performance of the Company and review the draft BR Report/mapping of the principles contained in the National Voluntary Guidelines to the disclosures made in the Sustainability Report, if any and recommending the same to the Board for its approval and for inclusion of the same in the Annual Report of the Company in accordance with Regulation 34(2)(f) of the Listing Regulations and the SEBI Circular CIR/CFD/CMD/10/2015 dated 4 November 2015 and SEBI/HO/CFD/CMD/CIR/P/2017/10 dated 6 February, 2017.

The updated CSR Policy for the Company is displayed on the Company's website and can be accessed from the weblink: http://www.mahindralogistics.com/sustainability

E. Risk Management Committee

Risk Management Committee is required to be constituted by the top 100 listed companies determined based on market capitalisation, as at the end of the immediate previous financial year as per Regulation 21 of the Listing Regulations. Your Company does not fall under the top 100 listed companies based on market capitalisation as on 31 March 2018, and hence is not statutorily required to constitute a Risk Management Committee.

However, the Board and the Audit Committee comprehensively reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

F. MLL Key Executive Stock Option Scheme Committee

The Board of your Company had constituted a MLL Key Executive Stock Option Scheme Committee ("ESOP Committee") to administer and implement the MLL Key Executive Stock Option Scheme 2012.

During the year under review, the ESOP Committee, comprising of Mr. Zhooben Bhiwandiwala, Mr. Parag Shah, Mr. Ruzbeh Irani and Mr Sunish Sharma, Directors of the Company was dissolved w.e.f 10 July 2017 and on dissolution, all powers then exercised by the ESOP Committee were vested with the NRC in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

There was no change in composition of the ESOP Committee during the year under review and no ESOP Committee meetings were held during the period from 1 April 2017 to 10 July 2017 as matters were dealt through circular resolutions in terms of Section 175 of the Act.

G. IPO COMMITTEE

An IPO Committee of the Board was constituted on 13 June 2017, *inter alia* to facilitate completion of various pre and post issue formalities and to decide upon and approve all activities in connection with the IPO of the Company.

As on 31 March 2018, the IPO Committee comprises of four Non-Executive Non-Independent Directors. There was no change in composition of the IPO Committee during the year under review.

The Committee met twice on 3 August 2017 and 8 November 2017 and other necessary matters were dealt and approved through circulation in terms of Section 175 of the Act. Details of the composition of the Committee as on 31 March 2018 and attendance of the Committee Members at the Committee meetings is given hereunder:

Names of IPO Committee Members	Category of Non-Executive Directors	Position held	Number of Committee Meetings attended
Mr. Zhooben Bhiwandiwala	Non-Independent	Member	2
Mr. Parag Shah	Non-Independent	Member	2

Names of IPO Committee Members	Category of Non-Executive Directors	Position held	Number of Committee Meetings attended
Mr. Chandrasekar Kandasamy	Non-Independent	Member	2
Mr. Sunish Sharma	Non-Independent	Member	2

The terms of reference of the IPO Committee *inter alia* includes handling all matters related to the IPO of the Company such as appointment of various intermediaries including book running lead managers, registrar to the offer, underwriters, legal counsels and bankers to the Offer, to negotiate, finalise and to execute various agreements such as offer agreement, escrow agreements and syndicate agreement, to make applications to statutory and other authorities from time to time, determination of the price band and the offer price and other aspects related thereto such as settlement of all questions, difficulties or doubts with regards to the offer and any such matters incidental to the same.

III. REMUNERATION OF DIRECTORS

A. Pecuniary Relationship of Non-Executive Directors

All the Directors of your Company are Non-Executive Directors. Apart from reimbursement of expenses incurred in the discharge of their duties, receipt of sitting fees and commission to Independent Directors, none of the Non-Executive Directors of your Company have any other material pecuniary relationships with the Company.

The Non-Executive Non-Independent Directors of your Company are not paid any remuneration in the form of salary, benefits, bonuses, incentives (including reimbursement of expenses incurred in the discharge of their duties, sitting fees and commission) from the Company.

B. Remuneration Policy

Your Company has a well-defined Policy for Remuneration of the Directors, Senior Management, Key Managerial Personnel and other Employees encompassing *inter-alia* the criteria for making payments to Non-Executive Directors, Key Managerial Personnel and other employees ("Remuneration Policy"). Based on the recommendations made by the NRC, the Remuneration Policy was amended and approved by the Board of your Company at its Meeting held on 25 September 2017. The revised Policy as approved by the Board is available on the website of the Company and can be accessed at http://www.mahindralogistics.com/media//pdf_files/nomination-ebe9fbadb048aed.pdf.

The NRC while deciding the basis for determining the remuneration, both fixed and variable to the Independent Directors, takes into consideration various factors such as Independent Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Act and Listing Regulations and such other factors as the NRC may consider deem fit.

C. Remuneration to Directors

Pursuant to the approval granted by the Shareholders of the Company at the 15th Extraordinary General Meeting held on 27 July 2017, the Independent Directors of the Company are entitled to commission, in addition to sitting fees and reimbursement of expenses incurred for attending meetings of the Board of the Company and its committees thereof, of up to ₹ 6,00,000/- (Rupees Six Lakhs Only) per annum, either equally or in such proportion as may be recommended by Nomination and Remuneration Committee and approved by the Board, on such criteria as may be determined by them, further subject to aggregate amount of commission being within the ceiling of 1% or 3% of annual net profit, if any, of the Company for the financial year, as the case may be, computed in accordance with the provisions of Section 197 read with Section 198 of the Act or as may be prescribed by the Act or Rules framed thereunder from time to time, for each of the financial year commencing from 1 April 2017.

The sitting fees paid to each Independent Director is ₹ 50,000/- (Rupees Fifty Thousand Only) for every Meeting of the Board and ₹ 30,000/- (Rupees Thirty Thousand Only) for every Audit Committee and Nomination and Remuneration Committee Meeting. The sitting fees for every Meeting of Stakeholders' Relationship Committee is ₹ 5,000/- (Rupees Five Thousand Only). In respect of the CSR Committee, no sitting fee is paid as the sitting fee has been waived by the Members of the CSR Committee during the year under review.

Apart from reimbursement of expenses incurred in the discharge of their duties, sitting fees and commission, none of the Independent Directors of your Company have any other material pecuniary relationships or transactions with the Company, its subsidiaries, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year which would affect their independence, judgement or decision-making abilities.

During the year under review, the following Independent Directors were paid commission of ₹ 10.00 lakhs for financial year 2016-17 as provided hereunder:

(₹ in Lakhs)

Name of Independent Directors	Commission for FY 2016-17 paid during the year under review
Mr. Ajay Mehta	5.00
Ms. Neelam Deo	5.00
Total	**10.00**

The details of sitting fees and commission (subject to applicable taxes) payable to Independent Directors for the year ended 31 March 2018 is as under:

(₹ in Lakhs)

Independent Director	Mr. Ajay Mehta	Mr. Darius Pandole	Ms. Neelam Deo	Mr. Ranu Vohra
Sitting Fees	5.20	3.70	3.40	4.20
Commission	6.00	4.05	6.00	4.05
Total	**11.20**	**7.75**	**9.40**	**8.25**

There is no provision for payment of severance fees or pension to Directors of the Company.

D. Stock Options to Directors

The Company has not granted any Employee Stock Options to its Independent Directors. Further no Employee Stock Options have also been granted to Non-Executive Non-Independent Directors of your Company.

IV. GENERAL BODY MEETINGS

Details of Annual General Meetings and Special Resolutions passed

Details of the last three AGMs of the Company and the special resolutions passed therein is as under:

Year	Day, Date	Time (IST)	Venue	Special Resolutions passed thereat
2015	Tuesday, 4 August 2015	10.00 a.m.	1A & 1B, 4th Floor, Techniplex-1, Veer Savarkar Flyover, Goregaon (West), Mumbai-400 062	To approve payment of commission to the Non-Executive Independent Directors.
2016	Friday, 29 July 2016	2.30 p.m.	4th Floor, Techniplex Complex, Veer Savarkar Flyover, Goregaon (West), Mumbai-400 062	No special resolution was passed.
2017	Monday, 14 August 2017	11.00 a.m.	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400 018.	No special resolution was passed.

During the financial year 2017-18, the Company has not passed any special resolutions through postal ballot.

V. MEANS OF COMMUNICATION

Your Company, from time to time and as may be required, communicates with its Shareholders and investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, press releases, annual reports and uploading relevant information on the Company's website.

The unaudited quarterly and half-yearly financial results are announced within forty-five days of the close of the quarter/half year. The annual audited financial results and statements together with the 4th quarter results are announced within sixty days from the end of the financial year as required under the Listing Regulations. The aforesaid financials results are announced to the Stock Exchanges within the statutory time period from the conclusion of the Board Meeting(s) at which these are considered and approved.

Your Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part 'A' of Schedule III of the Listing Regulations including material information having a bearing on the performance/ operations of the Company and other price sensitive information, if any. All information is filed electronically on BSE Corporate & Listing Centre (Listing Centre), online portal of BSE and on NSE Electronic Application Processing System (NEAPS), the online portal of NSE.

The Senior Management team of the Company also conducts conference calls and meets with institutional investors/ analysts on the results published, after Board meetings. Presentations are also made to international and domestic institutional investors and analysts. These presentations and related disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company, viz: http://www.mahindralogistics.com and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures. These presentations are also uploaded on the website of the Stock Exchanges where shares of the Company are listed. The Company also follows the best practice of uploading the print and audio transcript of the conference calls on the website of the Company. The Annual Report of the Company, the quarterly/ half yearly financial results and the annual audited financial statements and the official news releases of the Company are also disseminated on the Company's website.

The financial results are also published in Business Standard (in English) and Sakal (in Marathi), which are national and local dailies respectively. These are not sent individually to the Shareholders.

The Company's website link, http://www.mahindralogistics.com/investor contains all information as prescribed under the Act and the Listing Regulations, including details of the contact persons and Registrar & Transfer Agent of the Company, shareholding pattern, policies etc.

VI. GENERAL SHAREHOLDER INFORMATION

A. 11th Annual General Meeting

Date : Thursday, 2 August 2018;
Time : 3:30 p.m. (IST);
Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.

B. CIN Number

Post Listing: L63000MH2007PLC173466

Pre-Listing: U63000MH2007PLC173466

C. i. Registered Office:

Mahindra Towers,
P. K. Kurne Chowk,
Worli, Mumbai-400 018.

ii. Corporate Office:

1A & 1B, 4th Floor, Techniplex 1,
Techniplex Complex,
Veer Savarkar Flyover,
Goregaon (West), Mumbai-400 062.

D. Financial Year of the Company

The financial year of the Company comprises of period of 12 months from 1 April to 31 March.

E. Date of book closure and dividend payment

Book closure for Dividend will be from Friday, 27 July 2018 to Thursday 2 August 2018, both days inclusive and the dividend, if declared shall be paid/dispatched on or after Friday, 3 August 2018.

F. Listing of Equity Shares on Stock Exchanges

Your Company's equity shares are listed on BSE and NSE with effect from 10 November 2017. In terms of Regulation 14 of the Listing Regulations, the requisite listing fees have been paid in full to both the Stock Exchanges for financial years 2017-18 and 2018-19.

G. Stock Code/Symbol/ISIN

Name of Stock Exchange	BSE Limited	National Stock Exchange of India Limited
Address of Stock Exchange	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400 001	Exchange Plaza, C-1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051
Stock Code/Symbol	540768	MAHLOG
Type of security	Equity Shares	
ISIN	INE766P01016	

H. Market price data

The monthly high and low stock quotations of the equity shares of the Company on BSE and NSE during the period 10 November 2017# to 31 March 2018 was as under:

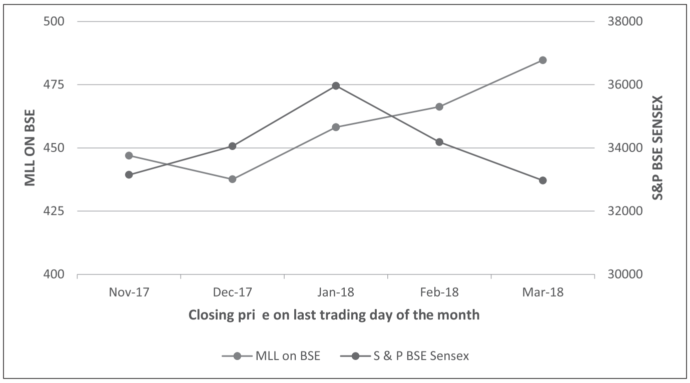
(₹ in INR)

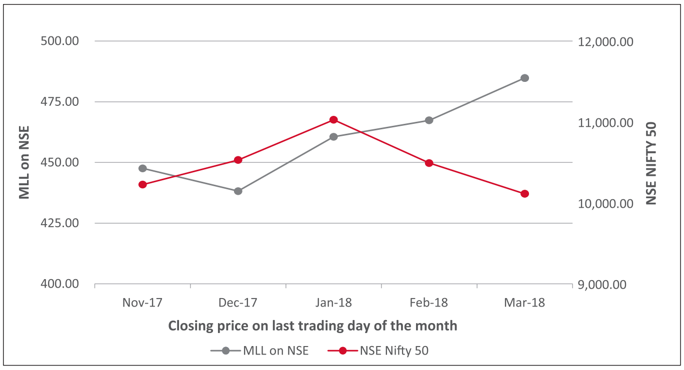
Month and Year	NSE		BSE	
	High	Low	High	Low
November 2017	461.25	405.10	460.00	405.00
December 2017	472.00	418.00	470.50	419.85
January 2018	559.90	438.20	558.90	438.00
February 2018	480.00	441.20	490.00	441.20
March 2018	539.00	456.00	536.00	451.00

Equity shares of the Company got listed on BSE and NSE w.e.f. 10 November 2017.

I. Stock Performance

The performance of your Company's equity shares relative to BSE Sensex and NSE Nifty for the relevant period is given below:





J. Registrar and share transfer agents

In view of the Initial Public Offer of the Company, the IPO Committee of the Board had vide resolution dated 13 July 2017 appointed Link Intime India Private Limited, as its Registrar and Transfer Agents in place of Karvy Computershare Private Limited. Contact details of Link Intime India Private Limited are given below:

Link Intime India Private Limited

SEBI Registration No.	: INR000004058
Address	: 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400 083
Telephone number	: 022 - 4918 6000
Fax number	: 022 - 4918 6060
E-mail id	: rnt.helpdesk@linkintime.co.in
Website	: https://linkintime.co.in

K. Share transfer system

Trading in equity shares of the Company through recognized Stock Exchanges is permitted in dematerialized form. Shares sent for transfer in physical form, if any, are registered and returned within a period of fifteen days from the date of receipt of requisite documents, provided the documents are valid and complete in all respect. With a view to expedite the process of share transfers, the Compliance Officer of the Company is authorised to approve physical transfers of not more than 10,000 equity shares per transfer, transmission requests based on succession certificate or probate or letters of administration or legal representation without any limits and transmission requests up to ₹ 500,000/- in case of absence of succession certificate or probate or letters of administration or legal representation based on affidavit and indemnity bond in prescribed formats.

The Stakeholders' Relationship Committee considers transfer/transmission proposals beyond the aforesaid limits, requests for issue of duplicate share certificates, attends to investor grievances etc.

L. Distribution of Shareholding as of 31 March 2018:

Shares range	Number of Shareholders	Number of shares held	% of Shareholding
1 to 500	66,480	27,26,637	3.83
501 to 1000	351	260,047	0.37
1001 to 2000	139	198,951	0.28
2001 to 3000	51	129,020	0.18
3001 to 4000	30	108,428	0.15
4001 to 5000	25	117,225	0.17
5001 to 10000	43	335,565	0.47
10000 and above	106	67,266,051	94.55
Total	**67,225**	**71,141,924**	**100.00**

M. Dematerialisation of shares and liquidity

As of 31 March 2018, 71,049,881 shares (99.87 percent) of total paid-up equity capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. The market lot of your Company is one Share. Trading of equity shares of your Company is permitted only in dematerialised form. The public shareholding as on 31 March 2018 was 38.95% and the stock is liquid.

N. Outstanding Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants. There are no convertible instruments outstanding as on 31 March 2018.

O. Commodity price risk, foreign exchange risk and hedging activities

The Company is not dealing in commodities and hence disclosure relating to commodity price risks and hedging thereof is not applicable.

P. Site locations:

Details of office locations of the Company is provided hereunder:

Northern Region

Delhi (Gurugram)	**Noida**
Lower Ground and Ground Floor, AIHP Tower, 249G, Udyog Vihar, Phase-4, Gurugram-122 015	Logix Techno Park, Tower B, Sector 127, Noida, Uttar Pradesh-201 301

Southern Region

Bengaluru	**Chennai**	**Hyderabad**	**Coimbatore**
No. 104, 4th floor, Infantry Techno Park, Infantry Road, Shivajinagar, Bengaluru-560 001	Mahindra Towers, #17 & 18, Pattulos Road, Chennai-600 002	6-3-1089/F, II Floor, RVR Towers, Reliance Foot Print, Rajbhavan Road, Somajiguda-500 082	306, Shop No C2, Sathy Main Road, Sivandhapuram, Coimbatore-641 035

Western Region

Jaipur	**Ahmedabad**	**Mumbai**	**Mumbai**
1st Floor, Mahindra Towers, 24-26, Durga Vihar Colony, Tonk Road, Jaipur-302 018	Bunglow No. 12, N.C Marg, Opp Police Stadium, Shahibaug, Ahmedabad, Gujarat-380 004	Techniplex Complex Techniplex No 1, 2nd and 4th Floor, Techniplex No 2, 7th and 9th Floor, Goregaon West, Mumbai-400 063	Old Excise Building, Opposite Cafe 4*4, Yellow gate, Kandivali-East, Mumbai-400 101
Pune			
Sai Chambers, Wakadewadi, Pune-411 005			

Eastern Region

Patna	**Kolkata**
J.J Complex. 3rd Floor, East Boring Canal Road, Patna-800 001	7-KYD Street, 4th Floor Kolkata- 700 016; and 31, Chowringhee, 1st Floor, Kolkata-700 016

Q. Address for correspondence:

Shareholders may correspond with the Company's Registrar and Transfer Agent viz. Link Intime India Private Limited at the address mentioned hereinabove in respect of all matters relating to transfer/dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company including change of address, change in bank details etc.

Your Company also has designated cs.mll@mahindra.com as an exclusive e-mail id for Investors for the purpose of registering complaints and the same has been displayed on the Company's website.

For all investor related matters, **Ms. Brijbala Batwal**, Company Secretary of the Company can also be contacted at:

Mahindra Logistics Limited
Mahindra Towers,
P. K. Kurne Chowk,
Worli, Mumbai-400 018.

E-mail: cs.mll@mahindra.com
Tel: +91 22 2871 5500 /+91 22 2490 1441;
Fax: +91 22 2490 0833.

Your Company can also be visited at its website: http://www.mahindralogistics.com

VII. OTHER DISCLOSURES

A. Policy on Materiality of and dealing with Related Party Transactions

Your Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which specifies the manner of entering into related party transactions and other related matters. This policy has also been posted on website of the Company and can be accessed through the web link: http://www.mahindralogistics.com/media//pdf_files/policy-on--0e8627c4402627e.pdf The Board and Audit Committee review the Related Party transactions on quarterly basis.

B. Disclosures of transactions with Related Parties

During the financial year 2017-18, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the management, subsidiary companies, etc. that may have potential conflict with the interest of the Company at large.

All related party transactions entered during the year under review were in the ordinary course of business and on arms' length basis. In line with Regulation 23(4) of the Listing Regulations, the Company had sought approval of its Shareholders at its Extraordinary General Meeting held on 23 October 2017 for entering into material related party transaction(s) in the ordinary course and on arms' length basis with Mahindra & Mahindra Limited, the holding Company of your Company for a period up to 31 March 2019. In line with the said Shareholders' approval, your Company has entered into material related party transactions i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, with Mahindra & Mahindra Limited, the holding Company of the Company during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) Listing Regulations and Schedule V thereto applicable to the Holding Company/Subsidiary companies/Associate companies and firms/companies in which directors are interested in terms of Para A of Schedule V of the Listing Regulations during the year under review.

Detailed related party transactions of the Company during the year under review are presented in note number 33 of the Financial Statements in the Annual Report.

C. Disclosure of Accounting Treatment in preparation of Financial Statements

The Company has adopted Indian Accounting Standard (Ind AS) with effect from 1 April 2016. Accordingly, the Financial Statements of the Company, both on standalone and consolidated basis, have been prepared in accordance with Ind AS per Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 and other applicable provisions of the Act.

D. Code for Prevention of Insider Trading Practices

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra Logistics Limited' ("Insider Trading Code") in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("SEBI Insider Regulations").

The Insider Trading Code has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company, towards achieving compliance with the SEBI Insider Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom the said code is applicable. The Insider Trading Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with securities of the Company and cautions them of the consequences of violations.

Mr. Nikhil Nayak, the Chief Financial Officer of the Company has been designated as Compliance officer and Chief Investor Relations Officer, for dealing with dissemination of information and disclosure of Unpublished Price Sensitive Information and regulating, monitoring, trading and report on trading by the Insiders as required under the SEBI Insider Regulations.

During the year, the Company has laid down systems and processes in connection therewith and has taken several initiatives to increase awareness amongst designated employees and other employees on the provisions of the Company's Insider Trading Code and the SEBI Insider Regulations which included dissemination of frequently asked questions, do's and don'ts, educative e-mail series, SMSs etc.

E. Whistleblower Policy/Vigil Mechanism Policy

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the Listing Regulation is implemented through the Whistleblower Policy to provide for adequate safeguards against victimisation of Employees and Directors of the Company who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee, in appropriate and exception cases.

As such the Whistleblower Policy provides for protected disclosure and protection to the Whistleblower. All Employees and Directors of the Company can make the Protected Disclosure through an e-mail to or any other mechanism as prescribed in the said Policy.

During the year under review, no personnel has been denied access to the Audit Committee.

The Whistleblower Policy of the Company is available on the website of the Company and can be accessed at the web link: http://www.mahindralogistics.com/media//pdf_files/whistleblo-c5536963e0a165a.pdf

F. Subsidiary Companies and Policy for determining "material" subsidiaries

Regulation 16 of the Listing Regulations defines a "material subsidiary" to mean a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

As per this definition, the Company did not have any material subsidiary during the year under review and as on 31 March 2018.

The subsidiaries of the Company function independently, with an adequately empowered Board and adequate resources. For more effective governance, the minutes of Board Meetings of subsidiaries of the Company are placed before the Board of the Company for their review at every quarterly Meetings. Further Mr. Ajay Mehta, Independent Director of the Company also holds office of Independent Director on the Board of Lords Freight (India) Private Limited, non-material subsidiary of the Company with effect from 27 April 2018.

The other requirements of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for Subsidiary Companies have been complied with by the Company.

Your Company has formulated a Policy for determining Material Subsidiaries as defined in Regulation 16 of the Listing Regulations. This policy is also posted on website of the Company and can be accessed through web link: http://www.mahindralogistics.com/media//pdf_files/policyford-9b54a78901883f4.pdf

VIII. OTHER DISCLOSURES:

1. Compliance with Mandatory requirements

Your Company has complied with all the mandatory requirements of the Listing Regulations including Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations and paras (2) to (10) mentioned in part 'C' of Schedule V of the Listing Regulations during the year under review.

The vacancy caused in the office of Women Independent Director on the Board of the Company consequent to cessation of Ms. Neelam Deo with effect from 26 March 2018 will be filled by the Board within the timelines prescribed under Regulation 25 of the Listing Regulations and Section 149 of the Act.

Necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations as applicable to the Company has been disclosed in this Report.

2. Compliance with Non-mandatory requirements

The status of compliance with non-mandatory recommendations of Part E of Schedule II of the Listing Regulations is provided below:

a. **Unmodified Audit Report:** During the year under review, there was no audit qualification in your Company's standalone or consolidated financial statements. Your Company continues to adopt best practices to ensure regime of unmodified financial statements.

b. **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee.

c. **Separate posts of Chairperson and Chief Executive Officer:** The office of the Chairperson and the CEO of the Company are separately held. Mr. Zhooben Bhiwandiwala is the Non-Executive Chairman of the Company and Mr. Pirojshaw Sarkari is the CEO.

3. Details of non-compliance, etc.

Your Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any statutory authority, on any matter related to the capital markets.

Compliance certificate from Deloitte Haskins & Sells LLP, the Statutory Auditors of the Company, and confirming compliance with the conditions of Corporate Governance as specified under Schedule V (E) of the Listing Regulations is annexed to this Report.

4. Management Discussion and Analysis

Management Discussion and Analysis in terms of the Listing Regulations has been attached to the Board's report and forms part of the Annual Report.

5. Risk Management Framework

Your Company has developed a well-defined risk management framework which *inter alia* includes identification of key risks which, in the opinion of the Board, materially impacts the Company and may threaten its existence. The Risk framework is reviewed by the Board and Audit Committee on a quarterly basis at its respective meetings.

IX. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT

In terms with Regulation 39(4) read with Schedule VI of the Listing Regulations, the Company opened separate Demat Suspense Account of the Company and there are no shares lying unclaimed as on 31 March 2018. Details of unclaimed shares credited to the demat suspense account during the period from 10 November 2017 (date of listing of shares of the Company) to 31 March 2018 and requests processed therein during the said period is as follows:

Beginning of the period		No. of Shareholders who approached for transfer	No. of Shareholders to whom Shares were transferred	End of the year	
No. of Shareholders	No. of shares			No. of Shareholders	No. of shares
4	136	4	136	0	0

Further all dues to non-allottees of the Initial Public Offer of the Company have been refunded by the Company and there is NIL balance of shares in the unclaimed shares escrow demat account opened by the Company.

Mumbai, 2 May 2018.

DECLARATION ON CODES OF CONDUCT

As required by Regulation 34(3) read with Schedule V(D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members
Mahindra Logistics Limited

I, the undersigned, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed Compliance with the Codes of Conduct laid down and adopted by the Company in this regard, during the year ended 31 March 2018.

Pirojshaw Sarkari
Chief Executive Officer

Mumbai, 2 May 2018

CERTIFICATE

To,

The Members,
Mahindra Logistics Limited

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated September 28, 2017.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Mahindra Logistics Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and Clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sd/-
Kedar Raje
Partner
(Membership No. 102637)

Mumbai, 2 May, 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA LOGISTICS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Mahindra Logistics Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
    e) On the basis of the written representations received from the Directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
Partner
(Membership No. 102637)

Mumbai, May 02, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Logistics Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
Partner
(Membership No. 102637)

Mumbai, May 02, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

b. The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed comprising the immovable property of land is held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

(vi) Having regard to the nature of Company's business/ activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:

a. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues as applicable to it with the appropriate authorities.

b. As at March 31, 2018, the following are the particulars of dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax matters that have not been deposited on account of any dispute:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount Relates (FY)	Amount involved (₹ in crores)
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2008-09	0.78
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2009-10	0.60
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2010-11	0.48
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2011-12	4.84
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2012-13	8.80
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2013-14	3.71
Service Tax Laws	Service Tax	High Court	2001-02	0.44
Service Tax Laws	Service Tax	High Court	2002-03	0.31
Service Tax Laws	Service Tax	Commissioner of Appeals – Mumbai Zone - 1	2004-05	0.16
Service Tax Laws	Service Tax	Commissioner of Appeals – Mumbai Zone - 1	2005-06	0.31
Service Tax Laws	Service Tax	Commissioner of Appeals – Mumbai Zone - 1	2006-07	0.49
Service Tax Laws	Service Tax	Commissioner Customs, Central Excise and Service Tax, Nagpur	2008-09	0.91
Service Tax Laws	Service Tax	Commissioner Customs, Central Excise and Service Tax, Nagpur	2009-10	1.79
Maharashtra Value Added Tax Act	Value Added Tax	Assistant Commissioner	2009-10	2.35
Bihar Value Added Tax Act	Value Added Tax	Joint Commissioner – Commercial Tax	2013-14	0.02

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures and hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) During the year the Company came out with an Initial Public Offer of its Equity Shares through offer for sale by its shareholders and hence reporting under clause (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanation given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanation given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or Directors of its subsidiaries or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
Partner
(Membership No. 102637)

Mumbai, May 02, 2018

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

₹ in Crores

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	4	30.09	26.78
	(b) Capital Work-in-Progress		0.55	0.69
	(c) Intangible Assets	5	0.99	1.17
	(d) Financial Assets			
	(i) Investments	6	12.96	11.86
	(ii) Other Financial Assets	9	14.21	10.26
	(e) Deferred Tax Assets (Net)	10	13.05	11.52
	(f) Income Tax Assets (Net)	13	81.46	52.10
	(g) Other Assets	11	19.91	6.74
	SUB-TOTAL		173.22	121.12
II	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Investments	6	50.05	58.04
	(ii) Trade Receivables	7	487.68	400.26
	(iii) Cash and Cash Equivalents	12	65.36	49.32
	(iv) Loans	8	–	25.00
	(v) Other Financial Assets	9	82.43	54.25
	(b) Other Assets	11	51.62	59.12
	SUB-TOTAL		737.14	645.99
III	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**	14	1.91	1.91
	TOTAL ASSETS		912.27	769.02
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	15	71.14	68.00
	(b) Other Equity	16	347.76	280.82
	SUB-TOTAL		418.90	348.82
	LIABILITIES			
I	**NON-CURRENT LIABILITIES**			
	(a) Other Financial Liabilities	18	–	0.02
	(b) Provisions	19	14.33	12.71
	SUB-TOTAL		14.33	12.73
II	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	17	455.89	390.05
	(ii) Other Financial Liabilities	18	4.65	4.86
	(b) Provisions	19	3.00	3.21
	(c) Other Liabilities	20	15.50	9.35
	SUB-TOTAL		479.04	407.47
	TOTAL EQUITY AND LIABILITIES		912.27	769.02

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 2nd May, 2018

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Zhooben Bhiwandiwala
Chairman
DIN:00110373

Parag Shah
Director
DIN:00374944

Nikhil Nayak
Chief Financial Officer

Pirojshaw Sarkari
Chief Executive Officer

Brijbala Batwal
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ in Crores

	Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME				
I	Revenue from Operations	**21**	**3,220.11**	2,588.69
II	Other Income	**22**	**4.73**	8.96
III	**Total Income (I + II)**		**3,224.84**	2,597.65
IV	**Expenses**			
	(a) Employee benefits expense	**23**	**219.04**	182.28
	(b) Finance costs	**24**	**0.31**	0.26
	(c) Depreciation and amortisation expense	**4&5**	**12.85**	8.91
	(d) Other expenses	**25**	**2,895.24**	2,338.52
	Total Expenses		**3,127.44**	2,529.97
V	**Profit before tax (III - IV)**		**97.40**	67.68
VI	**Tax Expenses**			
	(1) Current tax	**26**	**36.74**	25.82
	(2) Deferred tax	**26**	**(1.53)**	(2.94)
	Total Tax Expense		**35.21**	22.88
VII	**Profit After Tax (V - VI)**		**62.19**	44.80
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans – Losses		**(0.16)**	(0.72)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**0.05**	0.25
	Total Other Comprehensive Income		**(0.11)**	(0.47)
IX	**Total comprehensive income for the year (VII + VIII)**		**62.08**	44.33
X	**Earnings per equity share** (Face Value ₹ 10/- per share)			
	(1) Basic (in ₹)	**27**	**8.87**	6.59
	(2) Diluted (in ₹)	**27**	**8.78**	6.51

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 2nd May, 2018

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Zhooben Bhiwandiwala
Chairman
DIN:00110373

Parag Shah
Director
DIN:00374944

Nikhil Nayak
Chief Financial Officer

Pirojshaw Sarkari
Chief Executive Officer

Brijbala Batwal
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(a) Equity Share Capital

₹ in Crores

Particulars	Number of shares	Equity share capital
Balance as at 1st April, 2017	6,94,55,044	68.00
Changes in equity share capital during the year		
Exercise of employee stock options	16,86,880	1.69
Partly paid share made fully paid up	–	1.45
Balance as at 31st March, 2018	**7,11,41,924**	**71.14**

(b) Other Equity

Particulars	Reserves & Surplus			
	Securities premium reserve	Equity-settled employee benefits reserve	Retained earnings	Total
Balance as at 1st April, 2017	**92.67**	**2.46**	**185.69**	**280.82**
– Addition to Securities premium reserve	5.82	–	–	5.82
– Addition to equity settled employee benefit reserve	–	1.70	–	1.70
– Deletion to equity settled employee benefit reserve	–	(2.66)	–	(2.66)
Total Comprehensive income for the year				
– Profit for the year	–	–	62.19	62.19
– Actuarial gain/(loss) transferred to retained earnings	–	–	(0.11)	(0.11)
Balance as at 31st March, 2018	**98.49**	**1.50**	**247.77**	**347.76**

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 2nd May, 2018

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Zhooben Bhiwandiwala
Chairman
DIN:00110373

Parag Shah
Director
DIN:00374944

Nikhil Nayak
Chief Financial Officer

Pirojshaw Sarkari
Chief Executive Officer

Brijbala Batwal
Company Secretary

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ in Crores

	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**97.40**	67.68
	Adjustments for:		
	Loss on disposal of property, plant and equipment	**0.06**	0.11
	Provision for expected credit loss recognised on trade receivables	**2.94**	2.45
	Bad debts/advances written off	**4.42**	1.68
	Provision for doubtful advances	**(1.86)**	0.62
	Depreciation and amortisation expense	**12.85**	8.91
	Finance Charges	**0.31**	0.26
	Dividend Income	**(0.37)**	(0.53)
	Interest Income	**(2.78)**	(6.87)
	Profit on sale of mutual funds	**(0.56)**	(0.54)
	Employees Compensation expense (ESOP)	**1.70**	0.71
	Operating profit before working capital changes	**114.11**	74.48
	Movements in working capital:		
	Increase in trade and other receivables	**(120.88)**	(222.62)
	Increase in trade and other payables	**75.31**	167.11
	Cash generated from operations	**68.54**	18.97
	Income taxes paid	**(66.09)**	(52.97)
	Net cash generated by/(used in) operating activities	**2.45**	(34.00)
B.	**Cash flows from investing activities**		
	Payment to acquire current investments	**(1,801.92)**	(1,561.85)
	Proceeds from sale of current investments	**1,810.47**	1,572.43
	Investment in subsidiary	**(1.10)**	(1.65)
	Repayment received of ICD given	**25.00**	–
	Dividend income	**0.37**	0.53
	Interest income	**3.80**	6.87
	Payment to acquire property, plant and equipment & other intangible assets	**(29.41)**	(15.41)
	Proceeds from disposal of property, plant and equipment	**0.39**	0.08
	Net cash generated by investing activities	**7.60**	1.00
C.	**Cash flows from financing activities**		
	Interest paid	**(0.31)**	(0.26)
	Issue of Share Capital	**3.14**	–
	Share premium received	**3.16**	–
	Net cash generated by/(used in) financing activities	**5.99**	(0.26)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**16.04**	(33.26)
	Cash and cash equivalents at the beginning of the year	**49.32**	82.58
	Cash and cash equivalents at the end of the year	**65.36**	49.32
	Components of cash and cash equivalents		
	Cash/Cheques on hand	**0.27**	0.54
	With Banks – on Current account/Balance in Cash Credit Accounts	**65.09**	48.78
		65.36	49.32

Notes:

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in 'IND AS 7 – Statement of Cash Flows'.

2 Figures in bracket indicates cash outflow.

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 2nd May, 2018

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Zhooben Bhiwandiwala
Chairman
DIN:00110373

Parag Shah
Director
DIN:00374944

Nikhil Nayak
Chief Financial Officer

Pirojshaw Sarkari
Chief Executive Officer

Brijbala Batwal
Company Secretary

NOTES ACCOMPANYING FINANCIAL STATEMENTS

1. Corporate information

Mahindra Logistics Limited is a public limited company incorporated on 24th August, 2007 under the Companies Act, 1956. The address of its registered office are disclosed in the introduction to the Annual Report. The Company is a 3PL service provider mainly engaged in transportation warehousing, supply chain management and people logistics services.

The financial statements for the year ended 31st March, 2018 are approved for issue in accordance with a resolution of the directors on 2nd May, 2018.

In the reporting financial year, the Company has completed Initial Public Offer (IPO) of 19,332,346 Equity Shares of ₹ 10/- each at an offer price of ₹ 429/- per Equity Share aggregating to ₹ 828.88 Crores (net of employee discount), through an offer for sale by (i) Mahindra and Mahindra Limited of 9,666,173 equity shares (ii) Normandy Holdings Limited of 9,271,180 equity shares and (iii) Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 of 394,993 equity shares. The Equity Shares of the Company were listed on 10th November, 2017 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

2. Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act'). The financial statements are separate financial statements.

2.2. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupee(INR) and denominated in crores.

The principal accounting policies are set out below.

2.3. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.4.1. Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized at the fair value of consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.4.2. Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4.3. Sale of Goods

Sale of products are recognised when the products are dispatched which coincides with the transfer of risk and rewards to the buyer of products. Sales are exclusive of sales tax/ Goods and Service Tax & sales returns.

2.5. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Certain arrangements convey a right to use an asset in return for a payment or series of payments. At inception of the arrangement, the Company determines whether such an arrangement is or contains a lease and seperates the consideration into those for the lease and those for the other elements. The lease component is accounted as per Company's accounting policies on leasing transactions.

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.6. Foreign currencies

i. Initial recognition

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency of Indian Rupees (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

2.7. Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

2.8. Employee benefits

2.8.1. Retirement benefit costs and termination benefits

i. **Defined Contribution Plan**:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. **Defined Benefits Plan:**

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.8.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.10.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.10.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.10.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

i. Certain items of Plant & Machinery individually costing more than ` 5,000 - over their useful lives ranging from 2 years to 10 years as estimated by the Company and also based on the contractual arrangements wherever applicable.

ii. Certain items of Plant & Machinery individually costing less than ` 5,000 shall be depreciated over a period of 1 year.

iii. Mobile Phones (included in Office equipment) in 2 years.

iv. Motor Cars (included in vehicles) in 5 years.

v. Assets capitalised which are attached to the leasehold office premises shall be depreciated upto 75% of its value over the lease period assuming a realisable value of 25% after the end of original lease period.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.12. Intangible assets

2.12.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.12.2. Useful lives of intangible assets

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

2.13. Impairment of tangible and intangible assets

The management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14. Provisions, Contingent liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14.1. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.15. Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.16.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

(i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.16.4

Investments in subsidiaries: All investments in subsidiaries are valued at cost.

All other financial assets are subsequently measured at fair value.

2.16.2. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.16.3. Financial assets at Fair value through Profit and Loss

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

2.16.4. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.16.5. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.6. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.17. Financial liabilities and equity instruments

2.17.1. Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.17.3. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2.17.4. Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.18. Segment Accounting

The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in financial statements.

2.18.1. Identification of Operating Segments

The operating segments have been identified based on its services and has two reportable segments, as follows:

i. **Supply Chain Management** – Goods Transportation service including warehouse management service.

ii. **People Logistics** – People Transportation Service.

2.18.2. Accounting of Operating Segments

Accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis and inter-segment revenue and expenses, have been included under "Unallocated Corporate Expenses/Eliminations".

2.19. Earnings Per Share

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, in accordance with Ind AS 33.

3 (a). Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of Property, plant and equipment

As described in note 2.11 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

(ii) Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Fair Value of financial assets and liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

3 (b). Recent Accounting Pronouncements

Standards issued but not yet effective

In March, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 – 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 – 'Income Taxes', Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 4 – Property, Plant and Equipment

Year ended 31st March, 2018

₹ in Crores

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Total
A. Cost					
Balance as at 1st April, 2017	20.42	16.35	9.49	1.66	47.92
a) Additions	4.33	6.64	4.60	0.27	15.84
b) Less: Disposals/adjustments	(0.32)	(0.28)	(0.63)	(0.33)	(1.56)
Balance as at 31st March, 2018	**24.43**	**22.71**	**13.46**	**1.60**	**62.20**
B. Accumulated depreciation					
Balance as at 1st April, 2017	**9.75**	**7.61**	**3.25**	**0.53**	**21.14**
a) Depreciation expense for the year	**4.15**	**4.66**	**2.91**	**0.24**	**11.96**
b) Less: Disposals/adjustments	**(0.22)**	**(0.21)**	**(0.24)**	**(0.32)**	**(0.99)**
Balance as at 31st March, 2018	**13.68**	**12.06**	**5.92**	**0.45**	**32.11**
C. Net carrying amount (A-B)	**10.75**	**10.65**	**7.54**	**1.15**	**30.09**

Year ended 31st March, 2017

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Total
A. Cost					
Balance as at 1st April, 2016	14.85	12.32	6.34	1.38	34.89
a) Additions	4.44	5.56	3.29	1.03	14.32
b) Less: Disposals/adjustments	1.13	(1.53)	(0.14)	(0.75)	(1.29)
Balance as at 31st March, 2017	20.42	16.35	9.49	1.66	47.92
B. Accumulated depreciation					
Balance as at 1st April, 2016	5.68	5.23	2.04	1.15	14.10
a) Depreciation expense for the year	3.22	3.54	1.30	0.09	8.15
b) Less: Disposals/adjustments	0.85	(1.16)	(0.09)	(0.71)	(1.11)
Balance as at 31st March, 2017	9.75	7.61	3.25	0.53	21.14
C. Net carrying amount (A-B)	10.67	8.74	6.24	1.13	26.78

Note:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for is as follows:

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Contracts remaining to be executed on capital account	**2.75**	1.40

Note No. 5 – Intangible Assets

₹ in Crores

Computer Software	**Year ended 31st March, 2018**	Year ended 31st March, 2017
A. Cost		
a) Balance as at 1st April, 2017	**12.63**	11.09
b) Additions	**0.71**	1.54
Balance as at 31st March, 2018	**13.34**	12.63
B. Accumulated ammortisation		
a) Balance as at 1st April, 2017	**11.46**	10.70
b) Amortisation expense for the year	**0.89**	0.76
Balance as at 31st March, 2018	**12.35**	11.46

₹ in Crores

Computer Software	**Year ended 31st March, 2018**	Year ended 31st March, 2017
C. Net carrying amount (A-B)	**0.99**	1.17

Note:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for is as follows:

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Contracts remaining to be executed on capital account	**2.80**	0.01

Note No. 6 – Investments

₹ in Crores

Particulars	Quantity (Year ended 31st March, 2018)	Amount Current (Year ended 31st March, 2018)	Amount Non Current (Year ended 31st March, 2018)	Quantity (Year ended 31st March, 2017)	Amount Current (Year ended 31st March, 2017)	Amount Non Current (Year ended 31st March, 2017)
I. COST						
Unquoted Investments (fully paid)						
– Investments in Equity Instruments of Subsidiaries						
i) Equity Shares of 2x2 Logistics Private Limited of ₹ 10 each fully paid up	**49,55,500**	**–**	**4.96**	38,55,500	–	3.86
ii) Equity Shares of LORDS Freight India Private Limited of ₹ 10 each fully paid up	**14,17,509**	**–**	**8.00**	14,17,509	–	8.00
Total Unquoted Investments		**–**	**12.96**		–	11.86
TOTAL INVESTMENTS CARRIED AT COST [I]		**–**	**12.96**		–	11.86
II. FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)						
A. Quoted Investments (fully paid)						
Investments in Mutual Funds		**50.05**	**–**		58.04	–
Total Quoted Investments		**50.05**	**–**		58.04	–
TOTAL INVESTMENTS CARRIED AT FVTPL [II]		**50.05**	**–**		58.04	–
Of the above, investments designated at FVTPL		**–**	**–**		–	–
Of the above, investments held for trading		**50.05**	**–**		58.04	–
Other investments carried at FVTPL		**–**	**–**		–	–
TOTAL INVESTMENTS (I) + (II)		**50.05**	**12.96**		58.04	11.86
TOTAL IMPAIRMENT VALUE OF INVESTMENTS (III)		**–**	**–**		–	–
TOTAL INVESTMENTS CARRYING VALUE (I) + (II) - (III)		**50.05**	**12.96**		58.04	11.86
Other disclosures						
Aggregate amount of quoted investments		**50.05**	–		58.04	–
Aggregate amount of Market value of investments		**50.05**	–		58.04	–
Aggregate amount of unquoted investments		–	**12.96**		–	11.86
Aggregate amount of impairment in value of investments		–	–		–	–

Note No. 7 – Trade receivables

₹ in Crores

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Unsecured, considered good	**487.68**	400.26
Doubtful	**11.64**	8.70
	499.32	408.96
Less: Allowance for Credit Losses	**11.64**	8.70
Total	**487.68**	400.26

Notes:

i) Refer Note 28 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) The company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected credit loss provision for all trade receivables. The company has expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

iii) Trade Receivables are hypothecated to Banks against working capital facility.

Note No. 8 – Loans

₹ in Crores

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Loan to related party		
Unsecured, considered good	**–**	25.00
Total	**–**	25.00

Note:

i) Refer Note 28 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 9 – Other financial assets

₹ in Crores

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Financial assets at amortised cost				
a) Bank Deposit				
i. Under lien with Government authority with more than 12 months of original maturity	**–**	**0.01**	–	#
ii. Bank Deposit with more than 12 months original maturity	**–**	**–**	8.00	–
Total	**–**	**0.01**	8.00	–
b) Security Deposits				
i. Unsecured, considered good	**10.46**	**13.24**	6.54	10.20
ii. Doubtful	**0.22**	**–**	–	–
Less: Allowance for Losses	**(0.22)**	**–**	–	–
Total	**10.46**	**13.24**	6.54	10.20
c) Other items				
i. Interest Accrued	**0.01**	**–**	1.03	–
ii. Accrued Sales	**71.30**	**–**	37.71	–
iii. Equity Shares of Zoroastrian Cooperative Bank Ltd	**–**	**0.01**	–	0.01
iv. National Savings Certificate	**–**	**0.01**	–	0.01
v. other receivables	**0.66**	**0.94**	0.97	0.04
Total	**71.97**	**0.96**	39.71	0.06
Total (a+b+c)	**82.43**	**14.21**	54.25	10.26

# denotes amount less than ₹ 50,000

Note No. 10 – Deferred Tax Assets

Movement in deferred tax balances

₹ in Crores

Particulars	Year ended 31st March, 2018 Opening Balance	Year ended 31st March, 2018 Recognised in Profit and Loss	Year ended 31st March, 2018 Closing Balance	Year ended 31st March, 2017 Opening Balance	Year ended 31st March, 2017 Recognised in Profit and Loss	Year ended 31st March, 2017 Closing Balance
A. Tax effect of items constituting deferred tax liabilities						
a) VAT allowance	**1.08**	**0.01**	**1.09**	1.08	–	1.08
b) Deposits received	**0.01**	**(0.01)**	**–**	0.02	(0.01)	0.01
c) Mutual Funds	**0.01**	**0.01**	**0.02**	0.02	(0.01)	0.01
Total	**1.10**	**0.01**	**1.11**	1.12	(0.02)	1.10
B. Tax effect of items constituting deferred tax assets						
a) Property, Plant and Equipment	**2.07**	**1.43**	**3.50**	1.77	0.30	2.07
b) Employee benefits	**5.51**	**0.55**	**6.06**	4.87	0.64	5.51
c) Allowances for credit losses	**4.10**	**0.42**	**4.52**	3.04	1.06	4.10
d) ESOP Expenses	**0.88**	**(0.88)**	**–**	–	0.88	0.88
e) Others	**0.06**	**0.02**	**0.08**	0.02	0.04	0.06
Total	**12.62**	**1.54**	**14.16**	9.70	2.92	12.62
Net Tax Asset/(Liabilities) (B-A)	**11.52**	**1.53**	**13.05**	8.58	2.94	11.52

Note No. 11 – Other assets

₹ in Crores

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
A. Capital advances				
a) For Capital work in progress	**–**	**0.23**	–	0.39
b) For Intangible asset	**–**	**12.92**	–	0.04
Total (A)	**–**	**13.15**	–	0.43
B. Advances other than capital advances				
a) Advances to suppliers – considered good	**45.03**	**–**	53.43	–
b) Advances to suppliers – considered doubtful	**1.07**	**–**	3.15	–
c) Balances with government authorities (other than income taxes)	**2.97**	**6.16**	1.95	5.72
d) Prepaid Expenses	**2.18**	**0.60**	2.63	0.59
e) Advances to employees (refer note (a) below)	**1.44**	**–**	1.11	–
Total (B)	**52.69**	**6.76**	62.27	6.31
Total (A+B)	**52.69**	**19.91**	62.27	6.74
Less: Provision for doubtful advances	**(1.07)**	**-**	(3.15)	-
Total (C)	**(1.07)**	**-**	(3.15)	-
Total (A+B+C)	**51.62**	**19.91**	59.12	6.74

Note:

a) Advances given to employees are as per the Company's policy and are not required to be disclosed u/s 186(4) of Companies Act, 2013.

Note No. 12 - Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Cash and cash equivalents		
a) Balances with banks	**40.09**	21.78
b) Cheques, drafts on hand	**0.27**	0.54
c) Bank deposits with original maturity of less than 3 months	**25.00**	27.00
Total	**65.36**	49.32

Note:

i) Cash Credit facilities are repayable on demand and carry interest based on applicable rate plus agreed spreads and/or negotiated rates. The rates of interest during the period ranged between 8.45% to 11.00%.

Note No. 13 - Income Tax Assets (Net)

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance Income Tax/TDS Receivable (Net)	**81.46**	52.10
Total	**81.46**	52.10

Note No. 14 – Non-Current Assets classified as held for sale

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Land held for sale	**1.91**	1.91
Total	**1.91**	1.91
Liabilities associated with assets held for sale	**–**	–

Notes:

i) During the financial year 2011-2012, cost of land situated at Sembiya Manali Village, Ponneri Taluka, Tiruvallore District, amounting to ₹1.89 Crores and related development costs of the land amounting to ₹ 0.02 Crores was classified as Non-Current Asset held for sale.

ii) Being a non-core asset, the management decided to sell the land. The Company is looking for a prospective buyer including advertisements through print media. The property is available for immediate sale in its present condition.

Note No. 15 - Equity Share Capital

₹ in Crores

Particulars	Year ended 31st March, 2018 No. of shares	Year ended 31st March, 2018 Amount	Year ended 31st March, 2017 No. of shares	Year ended 31st March, 2017 Amount
A. Authorised:				
a) Equity shares of ₹ 10 each with voting rights	**10,50,00,000**	**105.00**	10,50,00,000	105.00
Total	**10,50,00,000**	**105.00**	10,50,00,000	105.00
B. Issued, Subscribed and Fully Paid:				
a) Equity shares of ₹ 10 each with voting rights	**7,11,41,924**	**71.14**	6,78,32,997	67.83
Total	**7,11,41,924**	**71.14**	6,78,32,997	67.83
C. Issued, Subscribed and Partly Paid:				
a) Equity shares of ₹ 10 each with voting rights ₹ 2 paid up	**–**	**–**	40,774	0.01
b) Equity shares of ₹ 10 each with voting rights ₹ 1 paid up	**–**	**–**	15,81,273	0.16
Total	**–**	**–**	16,22,047	0.17
Total (B+C)	**7,11,41,924**	**71.14**	6,94,55,044	68.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Fresh Issue	Other Changes#	Closing Balance
A. Equity Shares with Voting rights					
a) Year ended 31st March, 2018					
	No. of Shares	6,94,55,044	16,86,880	–	7,11,41,924
	Amount	68.00	1.69	1.45	71.14
b) Year ended 31st March, 2017					
	No. of Shares	6,12,77,860	81,77,184	–	6,94,55,044
	Amount	59.82	8.18	–	68.00
B. 0.001% Non Cumulative fully paid Compulsory Convertible Preference of ` 50 each					
a) Year ended 31st March, 2018					
	No. of Shares	–	–	–	–
	Amount	–	–	–	–
b) Year ended 31st March, 2017					
	No. of Shares	81,77,184	–	(81,77,184)	–
	Amount	40.89	–	(40.89)	–

During the year 15,81,273 partly paid-up Equity Shares of ₹ 1 each and 40,774 partly paid-up Equity Shares of ₹ 2 each were made fully paid-up on 7th July, 2017.

(i) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31st March, 2017, 8,177,184 0.001% Non cumulative compulsory convertible preference shares have been converted into 8,177,184 fully paid up equity shares.

(ii) Details of shares held by Holding Company / and their Subsidiaries

Name of shareholder	As at 31st March, 2018	As at 31st March, 2017
a. Holding Company		
– Mahindra & Mahindra Limited	**4,18,12,157**	–
b. Subsidiaries of Holding Company		
– Mahindra Engineering and Chemical Products Limited	**100**	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
A. Equity shares with voting rights				
a) Mahindra & Mahindra Limited	**4,18,12,157**	**58.77%**	5,14,78,330	74.12%
b) Normandy Holdings Limited	**64,15,083**	**9.02%**	1,56,86,263	22.58%

Note:

i) For details of shares reserved or issuance under options, please refer note no 23.

Note No. 16 – Other Equity

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities premium reserve	**98.49**	92.67
Equity-settled employee benefits reserve	**1.50**	2.46
Retained earnings	**247.77**	185.69
Total	**347.76**	280.82

Movement in Reserves

Particulars	As at 31st March, 2018	As at 31st March, 2017
(A) Securities Premium Reserve		
Balance as at the beginning of the year	**92.67**	59.96
Add: Additions during the year	**5.82**	32.71
Less: Deletion during the year	–	–
Balance as at the end of the year	**98.49**	92.67
(B) Equity-settled Employee benefits reserve		
Balance as at the beginning of the year	**2.46**	1.75
Add: Additions during the year	**1.70**	0.71
Less: Deletion during the year	**(2.66)**	–
Balance as at the end of the year	**1.50**	2.46
(C) Retained Earnings		
Balance as at the beginning of the year	**185.69**	141.36
Add: Profit for the year	**62.19**	44.80
Less: Actuarial gain/(loss) for the year	**(0.11)**	(0.47)
Balance as at the end of the year	**247.77**	185.69

Nature and purpose of other reserves:

Securities Premium Reserve:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity-settled employee benefits reserve:

Equity settled employee benefit reserve represents reserve towards the premium for the equity shares to be issued against the options granted.

Retained earnings:

Retained earnings represents the accumulated surplus. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Note: The Board of Directors at its meeting held on 2nd May, 2018 have recommended a payment of final dividend of ₹ 1.50 (Rupee one and paise fifty only) per equity share of face value of ₹ 10 each for the year ended 31st March, 2018. The same amounts to ₹ 12.86 crores including dividend distribution tax of ₹ 2.19 crores.

Note No. 17 – Trade Payables

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Due to Micro and Small Enterprises	**–**	–
Trade payable - Other than Micro and Small Enterprises	**455.89**	390.05
Total	**455.89**	390.05

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

ii) Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006 as on 31st March 2018. This has been relied upon by the auditors.

Note No. 18 – Other Financial Liabilities

₹ in Crores

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Security Deposits	**3.55**	**–**	3.36	0.02
(b) Other liabilities				
– Creditors for capital supplies/services	**1.10**	**–**	1.50	–
Total	**4.65**	**–**	4.86	0.02

Note No. 19 – Provisions

₹ in Crores

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Provision for employee benefits				
Provision for leave encashment	**3.00**	**14.33**	3.21	12.71
Total	**3.00**	**14.33**	3.21	12.71

Note No. 20 – Other Liabilities

₹ in Crores

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
A. Advances received from customers	**0.08**	**–**	–	–
B. Unearned Income on discounted deposits	**–**	**–**	0.09	–
C. Statutory dues				
a) Taxes Payable	**9.56**	**–**	4.64	–
b) Employee Liabilities	**1.97**	**–**	1.77	–
D. Post-employment Benefit – Gratuity Liability	**3.89**	**–**	2.85	–
Total	**15.50**	**–**	9.35	–

Note:

For disclosures related to employee benefits, refer note 32.

Note No. 21 – Revenue from Operations

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Revenue from rendering of services	**3,219.85**	2,588.27
b) Other operating revenue	**0.26**	0.42
Total	**3,220.11**	2,588.69

Note No. 22 – Other Income

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Interest Income		
i. Financial assets carried at amortised cost	**2.35**	5.86
ii. Other assets	**0.43**	1.01
(b) Dividend Income		
i. From mutual funds at FVTPL	**0.37**	0.53
ii. Other investments	**#**	#
(c) Miscellaneous Income		
i. Net gain/(loss) arising on financial assets carried at FVTPL	**0.56**	0.54
ii. Net gain/(loss) arising on financial liabilities carried at amortised cost	**0.09**	0.14
iii. Other income	**0.93**	0.88
Total	**4.73**	8.96

# denotes amount less than ₹ 50,000

Note No. 23 – Employee Benefits Expense

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Salaries and wages, including bonus	**184.62**	154.10
(b) Contribution to provident and other funds	**11.47**	9.14
(c) Gratuity	**3.73**	2.13
(d) Equity-settled share-based payments	**1.70**	0.71
(e) Staff welfare expenses	**17.52**	16.20
Total	**219.04**	182.28

Notes:

(i) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

(ii) Contribution to provident fund and other funds includes contributions to other funds like superannuation fund, ESIS etc. pertaining to employees.

(iii) **Share based payment**

The Company has introduced a MLL – Key Executives Stock Option Scheme, 2012 ("Plan") as approved at its Board Meeting held on 27th April, 2012 and subsequently amended on 5th February, 2014, 27th October, 2015 and 3rd August, 2017. The plan provides that eligible employees and the Partners' Enterprise [Formerly, Mahindra Partners Employees Options Trust (the Trust)] as defined in the Plan are granted options to acquire equity shares of the Company that vests in a graded manner. The vested options can be exercised within a specified period from the date on which the shares of the Company get listed on a recognized stock exchange or on happening of an event as specified in the Plan. The number of options granted is calculated in accordance with the performance – based formula approved by the Board as recommended by the then ESOP committee.

(iv) Information in respect of options outstanding:

Particulars		As at 31st March, 2018 Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled						
	Option 6	4,59,360	10-07-17	10-07-21	87.28	44.96

Particulars		As at 31st March, 2017 Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled						
	Option 1	10,16,006	25-06-12	30-06-21	13.90	9.04
	Option 2	29,931	02-11-12	30-06-21	13.90	8.84
	Option 3	1,44,633	14-10-13	30-06-21	23.38	16.08
	Option 4	5,33,203	27-10-15	30-06-21	44.30	26.83
	Option 5	73,608	03-08-16	30-06-21	52.76	35.50

(v) Movement in Share Options

Particulars	For the year ended 31st March, 2018 Number of Shares	Weighted average exercise price	For the year ended 31st March, 2017 Number of Shares	Weighted average exercise price
(a) The number and weighted average exercise prices of share options outstanding at the beginning of the year	**17,97,381**	**25.27**	19,29,889	23.64
b) Granted during the year	**4,59,360**	**87.28**	73,608	52.76
c) Forfeited during the year	**1,10,501**	**30.10**	2,06,116	19.79
d) Exercised during the year	**16,86,880**	**24.96**	–	–
e) Expired during the year	**–**	**–**	–	–
f) Outstanding at the end of the year	**4,59,360**	**87.28**	17,97,381	25.27
g) Exercisable at the end of the year	**4,59,360**	**87.28**	17,97,381	25.27
h) Remaining contractual life (no of days)	**–**	**1,195**	–	1,552

vi) The inputs used in the measurement of the fair values at grant date of the employee stock option plans(ESOPs) were as follows.

Particulars/Grant Date	**25-06-12**	**02-11-12**	**14-10-13**	**27-10-15**	**03-08-16**	**10-07-17**
Share price at grant date	13.90	13.90	23.38	44.30	52.76	87.28
Exercise price	13.90	13.90	23.38	44.30	52.76	87.28
Expected volatility (weighted-average)	38.88%	38.88%	52.62%	54.03%	76.78%	58.27%
Expected life/Option life (weighted-average)	9.02	8.66	7.69	5.83	4.91	4.00
Expected dividends yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (based on government bonds)	8.12%	8.54%	9.14%	8.19%	7.26%	6.72%

vii) The fair value of the employee share options has been measured using the Black-Scholes Option Pricing Model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

viii) Expected volatility has been based on an evaluation of annual volatility of peer group prevailing in the year of grant.

Note No. 24 – Finance Cost

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expense on unwinding of deposits	**0.11**	0.15
Interest expense on Cash Credit	**0.20**	0.11
Total	**0.31**	0.26

Note:

i) Analysis of Interest Expenses by Category

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest Expenses		
a) On Financial Liability at Amortised Cost	**0.31**	0.26
b) On Financial Liabilities at FVTPL	**–**	–
Total	**0.31**	0.26

Note No. 25 – Other Expenses

₹ in Crores

Particulars		Year ended 31st March, 2018	Year ended 31st March, 2017
a) Freight and other related expense		**2,551.06**	2,060.76
b) Labour and other related expense		**184.40**	139.84
c) Rent including lease rentals		**63.45**	39.26
d) Warehouse and related expense		**24.13**	26.53
e) Legal and other professional costs		**16.16**	27.72
f) Hire and Service Charges		**12.86**	10.80
g) Travelling and Conveyance Expenses		**11.61**	8.00
h) Provision for expected credit loss on trade receivables		**2.94**	2.45
i) (Reversal)/provision for doubtful advances		**(1.86)**	0.62
j) Power and Fuel		**4.78**	3.33
k) Expenditure on Corporate Social Responsibility (CSR)		**1.27**	1.16
l) Advertisement		**0.70**	0.64
m) Net loss on sale of property, plant and equipments		**0.06**	0.11
n) Repairs and maintenance:		**6.50**	4.75
i) Buildings	0.55		0.45
ii) Machinery	3.13		2.00
iii) Others	2.82		2.30
o) Auditors remuneration and out-of-pocket expenses:		**0.49**	0.19
i) As Auditors	0.23		0.09
ii) For Taxation matters	–		0.02
iii) For Other services	0.25		0.08
iv) For reimbursement of expenses	0.01		–
p) Other expenses:		**16.69**	12.36
i) Miscellaneous Expenses	12.27		10.68
ii) Loss arising on derecognition of financial assets- Bad debts/advances written off	4.42		1.68
Total		**2,895.24**	2,338.52

Note No. 26 – Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Current Tax:		
a) In respect of current year	**36.71**	25.81
b) In respect of prior years	**0.03**	0.01
Total	**36.74**	25.82
B. Deferred Tax:		
In respect of current year	**(1.53)**	(2.94)
Total	**(1.53)**	(2.94)
Total (A+B)	**35.21**	22.88

(b) Income tax recognised in Other Comprehensive Income

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Current Tax:		
Remeasurement of defined benefit obligations	**0.05**	0.25
Total	**0.05**	0.25
B. Deferred Tax:		
Total	**–**	–
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**0.05**	0.25
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**0.05**	0.25

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Profit Before tax	**97.40**	67.68
b) Income Tax using the Company's domestic tax rate#	**33.71**	23.42
c) Change in tax rate	**(0.13)**	–
d) Expenses not allowed for tax purpose	**1.90**	0.65
e) Deferred tax credit on ESOP	**–**	(0.88)
f) Exempt Income for tax purpose	**(0.13)**	(0.19)
g) Deduction under Income Tax (u/s 80G)	**(0.11)**	(0.11)
	35.24	22.89
h) Adjustments recognised in the current year in relation to the current tax of prior years	**(0.03)**	(0.01)
Income tax expense recognised in profit or loss	**35.21**	22.88

Note:

The tax rate used in reconciliations above is the corporate tax rate of 30% (plus surcharge and cess as applicable) on taxable profits under Income Tax Act, 1961.

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items since it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Unused Tax losses (capital in nature)	**10.29**	10.29
Total	**10.29**	10.29

Note:

The unrecognised tax losses carried forward will expire entirely in FY 2019-2020.

Note No. 27 – Earnings Per Share

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Basic Earnings Per Share (in ₹) (face value ₹ 10/- per share)	**8.87**	6.59
B. Diluted Earnings Per Share (in ₹) (face value ₹ 10/- per share)	**8.78**	6.51

Notes:

i) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Profit for the year attributable to owners of the Company	**62.19**	44.80
Profit for the year used in the calculation of basic earnings per share	**62.19**	44.80
Weighted average number of equity shares	**7,01,45,454**	6,79,99,279
Earnings per share from continuing operations - Basic (in ₹)	**8.87**	6.59

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective years.

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Profit for the year used in the calculation of basic earnings per share	**62.19**	44.80
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit for the year used in the calculation of diluted earnings per share	**62.19**	44.80

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**7,01,45,454**	6,79,99,279
Add: Effect of ESOPs	**6,92,256**	8,59,729
Weighted average number of equity shares used in the calculation of Diluted EPS	**7,08,37,710**	6,88,59,008
Earnings per share from continuing operations - Diluted (in ₹)	**8.78**	6.51

Note No. 28 – Financial Instruments

I. Capital management Policy

a) The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of Company's capital management, capital includes issued share capital, equity and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity	**418.90**	348.82
Total	**418.90**	348.82

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

₹ in Crores

As at 31st March, 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Other Financial Assets	**14.21**	**–**	**–**	**14.21**
Total	**14.21**	**–**	**–**	**14.21**
B. Current Assets				
a) Investments	**–**	**50.05**	**–**	**50.05**
b) Trade Receivables	**487.68**	**–**	**–**	**487.68**
c) Cash and Bank Balances	**65.36**	**–**	**–**	**65.36**
d) Loans	**–**	**–**	**–**	**–**
e) Other Financial Assets	**82.43**	**–**	**–**	**82.43**
Total	**635.47**	**50.05**	**–**	**685.52**
C. Non-current Liabilities				
a) Other Financial Liabilities	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**–**
D. Current Liabilities				
a) Trade Payables	**455.89**	**–**	**–**	**455.89**
b) Other Financial Liabilities	**4.65**	**–**	**–**	**4.65**
Total	**460.54**	**–**	**–**	**460.54**

₹ in Crores

As at 31st March, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Other Financial Assets	10.26	–	–	10.26
Total	10.26	–	–	10.26
B. Current Assets				
a) Investments	–	58.04	–	58.04
b) Trade Receivables	400.26	–	–	400.26
c) Cash and Bank Balances	49.32	–	–	49.32
d) Loans	25.00	–	–	25.00
e) Other Financial Assets	54.25	–	–	54.25
Total	528.83	58.04	–	586.87
C. Non-current Liabilities				
a) Other Financial Liabilities	0.02	–	–	0.02
Total	0.02	–	–	0.02
D. Current Liabilities				
a) Trade Payables	390.05	–	–	390.05
b) Other Financial Liabilities	4.86	–	–	4.86
Total	394.91	–	–	394.91

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterparty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from two large customers of the Company, the Company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to a single Company did not exceed 15% of trade receivables at the end of the year.

(iv) The Company applies the simplified approach in providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

(v) There is no change in estimation techniques or significant assumptions during the reporting year.

(vi) The loss allowance for expected credit losses for trade receivables for different ageing periods is as follows:

Particulars	As at 31st March, 2018			
	Not due	Less than 6 months past due	More than 6 months past due	Total
(a) Gross carrying amount	**317.93**	**151.56**	**29.83**	**499.32**
(b) Loss allowance provision	**5.45**	**2.81**	**3.38**	**11.64**

Particulars	As at 31st March, 2017			
	Not due	Less than 6 months past due	More than 6 months past due	Total
(a) Gross carrying amount	268.06	123.00	17.90	408.96
(b) Loss allowance provision	5.06	2.43	1.21	8.70

(vii) Reconciliation of loss allowance provision for Trade Receivables

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Balance as at beginning of the year	**8.70**	6.25
(b) Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated during the year	**1.22**	0.33
– Other receivables	**1.72**	3.85
c) Impairment losses reversed/written back	**–**	1.73
d) Balance at end of the year	**11.64**	8.70

(viii) During the year, the Company has made write off of ₹ 2.14 crores (Previous year ₹ 1.36 crores) of trade receivables and NIL (Previous year ₹ 0.15 crores) of deposits given. These trade receivables and deposits are not subject to enforcement activity.

Investment in Mutual Funds

The Company has investments of ₹ 50.05 crores as at 31st March, 2018 (As at 31st March 2017, ₹ 58.04 crores) in growth oriented mutual funds which have not been impaired till date.

Cash and Cash equivalents

As at 31st March 2018, the Company holds cash and cash equivalents of ₹ 65.36 crores (As at 31st March 2017, ₹ 49.32 crores). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilites:

Particulars	As at 31st March 2018			
	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
a) Trade Payables	455.89	–	–	–
b) Security Deposits	3.55	–	–	–
c) Creditors for capital supplies	1.10	–	–	–
Total	**460.54**	**–**	**–**	**–**

Particulars	As at 31st March, 2017			
	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
a) Trade Payables	390.05	–	–	–
b) Security Deposits	3.36	0.02	–	–
c) Creditors for capital supplies	1.50	–	–	–
Total	**394.91**	**0.02**	**–**	**–**

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting year:

		₹ in Crores
Particulars	**As at 31st March, 2018**	As at 31st March, 2017
a) Secured Cash credit facility		
– Expiring within one year	**58.00**	53.00
– Expiring beyond one year	**–**	–
b) Secured Sales Invoice facility*		
– Expiring within one year	**–**	–
– Expiring beyond one year	**–**	–
c) Bank Guarantees*		
– Expiring within one year	**–**	–
– Expiring beyond one year	**3.99**	4.56

* These limits are as a sub-limit of secured cash credit facility.

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

	As at 31st March, 2018			₹ in Crores
Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial assets				
Trade Receivables	487.68	–	–	–
Security Deposits	10.68	8.72	4.81	0.36
Loan to related party	–	–	–	–
Others	71.97	0.97	–	–
Total	**570.33**	**9.69**	**4.81**	**0.36**
	As at 31st March, 2017			
Trade Receivables	400.26	–	–	–
Security Deposits	6.54	9.44	1.17	–
Loan to related party	25.00	–	–	–
Others	47.71	0.06	–	–
Total	**479.51**	**9.50**	**1.17**	**–**

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

The Company does not have significant market risk at the respective reporting dates.

Note No. 29 – Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	**Fair value as at** **As at 31st March, 2018**	**As at 31st March, 2017**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
A) Financial assets						
a) Investments						
i) Mutual fund investments	**50.05**	58.04	Level 1	Quoted Market Prices	NA	NA

As at the reporting date, the Company does not have any financial liability measured at fair values.

b) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	As at 31st March, 2018 Carrying amount	As at 31st March, 2018 Fair value	As at 31st March, 2017 Carrying amount	As at 31st March, 2017 Fair value
A) Financial assets				
Financial assets carried at Amortised Cost				
i) Loans to related parties	**–**	**–**	25.00	25.00
ii) Trade and other receivables	**487.68**	**487.68**	400.26	400.26
iii) Deposits given	**23.70**	**23.67**	16.74	16.97
iv) Cash and cash equivalents	**65.36**	**65.36**	49.32	49.32
v) Others	**72.94**	**72.94**	47.77	47.77
Total	**649.68**	**649.65**	539.09	539.32
B) Financial liabilities				
Financial liabilities held at amortised cost				
i) Deposits received	**3.55**	**3.55**	3.38	3.44
ii) Trade and other payables	**455.89**	**455.89**	390.05	390.05
iii) Creditors for capital supplies	**1.10**	**1.10**	1.50	1.50
Total	**459.44**	**459.44**	393.43	393.49

Note No. 30 – Segment information

(i) The management of the Company has chosen to organise the Company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the group.

(ii) Specifically, the Company's reportable segments and the type of product or service from which they derive income are:

(a) Supply Chain Management (SCM) – Goods Transportation service, including warehouse management service.

(b) People Logistics Solutions (PTS) – People Transportation service.

(iii) The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

iv) The segmental disclosures are as follows:-

As at 31st March, 2018

Particulars	SCM	PTS	Total Segments	Elimination	Total
Revenue					
I. External customers	**2,879.64**	**340.47**	**3,220.11**	**–**	**3,220.11**
II. Intersegment revenue	**–**	**–**	**–**	**–**	**–**
Total revenue	**2,879.64**	**340.47**	**3,220.11**	**–**	**3,220.11**
Results					
I. Segment Result	**204.78**	**31.63**	**236.41**	**–**	**236.41**
Less:					
Finance Costs	**–**	**–**	**–**	**–**	**(0.31)**
Unallocated corporate income net of unallocated expenses	**–**	**–**	**–**	**–**	**(138.70)**
Profit before tax	**–**	**–**	**–**	**–**	**97.40**
Income Taxes	**–**	**–**	**–**	**–**	**(35.21)**
Profit after tax	**–**	**–**	**–**	**–**	**62.19**
OTHER INFORMATION					
Segment Assets	**560.92**	**98.67**	**659.59**	**–**	**659.59**
Unallocated Corporate Assets	**–**	**–**	**–**	**–**	**252.68**
Total Assets	**–**	**–**	**–**	**–**	**912.27**
Segment Liabilities	**395.26**	**41.78**	**437.04**	**–**	**437.04**
Unallocated Corporate Liabilities	**–**	**–**	**–**	**–**	**56.33**
Total Liabilities	**–**	**–**	**–**	**–**	**493.37**
Capital Expenditure	**13.05**	**12.34**	**25.39**	**–**	**25.39**
Depreciation and Amortisation expense	**8.66**	**0.36**	**9.02**	**–**	**9.02**

₹ in Crores

As at 31st March, 2017

Particulars	SCM	PTS	Total Segments	Elimination	Total
Revenue					
I. External customers	2,293.64	295.05	2,588.69	–	2,588.69
II. Intersegment revenue	–	–	–	–	–
Total revenue	2,293.64	295.05	2,588.69	–	2,588.69
Results					
I. Segment Result	160.45	29.36	189.81	–	189.81
Less:					
Finance Costs	–	–	–	–	(0.26)
Unallocated corporate income net of unallocated expenses	–	–	–	–	(121.87)
Profit before tax	–	–	–	–	67.68
Income Taxes	–	–	–	–	(22.88)
Profit after tax	–	–	–	–	44.80
OTHER INFORMATION					
Segment Assets	450.41	78.98	529.39	–	529.39
Unallocated Corporate Assets	–	–	–	–	239.63
Total Assets	–	–	–	–	769.02
Segment Liabilities	334.93	35.24	370.17	–	370.17
Unallocated Corporate Liabilities	–	–	–	–	50.03
Total Liabilities	–	–	–	–	420.20
Capital Expenditure	10.90	0.83	11.73	–	11.73
Depreciation and Amortisation expense	4.29	0.37	4.66	–	4.66

Other disclosures :-

a) Unallocable Expenditure/Assets:

(i) Finance income and costs, fair value gains and losses on financial assets and indirect expenses are not allocated to individual segments as the underlying instruments are managed on an entity basis.

(ii) Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on an entity basis.

(iii) The accounting policies of the reportable segments are the same as the Company's accounting Policies described in Note 2.18.

There is no difference between segment profit as reviewed by CEO and the profit before tax as appearing in the financial statements.

(v) Geographic information

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Revenue from external customers		
India	**3,220.11**	2,588.69
Outside India	**–**	–
Revenue from operations as per statement of profit or loss...	**3,220.11**	2,588.69

(vi) Segment Assets

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
India	**659.59**	529.39
Outside India	**–**	–
Total....................................	**659.59**	529.39

(vii) Capital Expenditure

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
India	**25.39**	11.73
Outside India	**–**	–
Total....................................	**25.39**	11.73

(viii) Revenue from major products and services :-

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

₹ in Crores

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Transportation	**2,460.78**	1,946.68
Warehousing & other related activities	**396.93**	329.95
People Logistics	**340.47**	295.05
Total...................................	**3,198.18**	2,571.68

The revenues of the Company from holding company and group of customers under common control of the holding company amounts to 57.46 % (Previous year: 55.00%) for the year ended 31st March, 2018 of its total revenues.

Note No. 31 – Leases

Operating Lease

i) The Company has entered into operating lease arrangements for commercial premises. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

₹ in Crores

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
i). Future Non-Cancellable minimum lease commitments		
a) not later than one year	**11.54**	10.85
b) later than one year and not later than five years	**8.15**	2.73
c) later than five years	**–**	–
ii) Expenses recognised in the Statement of Profit and Loss		
a) Minimum Lease Payments	**63.00**	38.79

Note No. 32 – Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund, superannuation Fund and other funds aggregating ₹ 11.47 crore (2017: ₹ 9.14 crore) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The funds of the defined benefit plans are held with LIC.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(2) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(3) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(4) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at	
	As at 31st March, 2018	As at 31st March, 2017
a) Discount rate(s)	7.70%	6.82%
b) Expected rate(s) of salary increase	8.00%	8.00%
c) Mortality rate during employment	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate

(d) Defined benefit plans – as per actuarial valuation

₹ in Crores

Particulars	Funded Plan – Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**3.05**	1.97
b) Past service cost and (gains)/losses from settlements	**0.48**	–
c) Net interest expense	**0.20**	0.16
Components of defined benefit costs recognised in profit or loss	**3.73**	2.13
Remeasurement on the net defined benefit liability		
a) Return on plan assets (excluding amount included in net interest expense)	**(0.22)**	(0.02)
b) Actuarial (gains)/loss arising from changes in financial assumptions	**(1.12)**	0.81
c) Actuarial (gains)/loss arising from changes in demographic assumptions	**–**	(0.29)
d) Actuarial (gains)/loss arising from experience adjustments	**1.50**	0.22
Components of defined benefit costs recognised in other comprehensive income	**0.16**	0.72
Total	**3.89**	2.85
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March,		
a) Present value of defined benefit obligation	**(13.76)**	(9.52)
b) Fair value of plan assets	**9.87**	6.67
c) Surplus/(Deficit)	**(3.89)**	(2.85)
d) Current portion of the above	**(3.89)**	(2.85)
e) Non current portion of the above	**–**	–
III. Change in the obligation during the year ended 31st March,		
a) Present value of defined benefit obligation at the beginning of the year	**9.52**	6.61
b) Add/(Less) on account of Scheme of Arrangement/Business	**–**	–
c) Transfer	**–**	–
d) Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**3.05**	1.97
– Past Service Cost	**0.48**	–
– Interest Expense (Income)	**0.65**	0.53
e) Recognised in Other Comprehensive Income Remeasurement gains/(losses)		

₹ in Crores

Particulars	Funded Plan – Gratuity As at 31st March, 2018	As at 31st March, 2017
– Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	**(1.12)**	0.81
ii. Demographic Assumptions	–	(0.29)
iii. Experience Adjustments	**1.50**	0.22
f) Benefit payments	**(0.32)**	(0.33)
g) **Present value of defined benefit obligation at the end of the year**	**13.76**	9.52
IV. **Change in fair value of assets during the year ended 31st March,**		
i) Fair value of plan assets at the beginning of the year	**6.67**	4.58
ii) Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**0.45**	0.36
iii) Recognised in Other Comprehensive Income Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**0.22**	0.03
iv) Contributions by employer (including benefit payments recoverable)	**2.85**	2.03
v) Benefit payments	**(0.32)**	(0.33)
vi) **Fair value of plan assets at the end of the year**	**9.87**	6.67
V. The Major categories of plan assets		
– Insurance Funds	**9.87**	6.67
VI. Actuarial assumptions		
a) Discount rate	**7.70%**	6.82%
b) Expected rate of return on plan assets	**7.70%**	6.82%
c) Attrition rate	**9.00%**	9.00%

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Changes in assumption	Impact on defined benefit obligation As at 31st March, 2018 Increase in assumption	Decrease in assumption	As at 31st March, 2017 Increase in assumption	Decrease in assumption
a) Discount rate	1.00%	**12.64**	**15.05**	8.80	10.36
b) Salary growth rate	1.00%	**15.00**	**12.65**	10.29	8.83
c) Rate of employee turnover	1.00%	**13.64**	**13.87**	9.40	9.64

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

iii) The weighted average duration of the defined benefit obligation as at 31st March, 2018 is 8 years.

f) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	2018	2017
Within 1 year	**1.36**	0.82
1 - 2 years	**1.10**	0.76
2 - 3 years	**1.29**	1.03
3 - 4 years	**1.31**	1.32
4 - 5 years	**1.58**	1.68
5 - 10 years	**6.60**	11.06
More than 10 years	**19.70**	–

g) Plan Assets

The fair value of Company's plan asset by category are as follows:

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Asset category:		
a) Cash and cash equivalents	**–**	–
b) Debt instruments (quoted)	**–**	–
c) Debt instruments (unquoted)	**–**	–
d) Equity instruments (quoted)	**–**	–
e) Deposits with Insurance companies	**9.87**	6.67
	100%	100%

h). Experience Adjustments:

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
	Gratuity				
1. Defined Benefit Obligation	**(13.76)**	(9.52)	(6.60)	(4.80)	(3.30)
2. Fair value of plan assets	**9.87**	6.67	4.58	4.17	3.70
3. Surplus/(Deficit)	**(3.89)**	(2.85)	(2.02)	(0.63)	0.40
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**1.50**	0.22	0.18	(0.36)	0.08
5. Experience adjustment on plan assets [Gain/(Loss)]	**0.22**	0.03	0.02	0.10	(0.06)

i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

j) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

k) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 33 – Related Party Transactions

i) List of Related Parties:

a) Holding Company	Mahindra & Mahindra Limited (w.e.f 10th November 2017)
b) Entities having joint control:	
1	Mahindra & Mahindra Limited (upto 9th November 2017)
2	Normandy Holdings Limited (upto 9th November 2017)
3	Kedaara Alternate Investment Funds(AIF) (upto 9th November 2017)
c) Subsidiary Companies:	
1	Lords Freight (India) Private Limited
2	2X2 Logistics Private Limited
d) Fellow Subsidiaries*	
1	Bristlecone India Limited
2	Epc Industrie Limited
3	Mahindra Auto Steel Pvt Ltd
4	Mahindra Defence Systems Ltd
5	Mahindra Susten Pvt Ltd.
6	Gromax Agri Equipment Limited (Formerly known as Mahindra Gujarat Tractor Limited- name changed w.e.f. 24.08.2017)
7	Mahindra Intertrade Ltd.
8	Mahindra Marine Pvt. Ltd.
9	Mahindra Truck & Buses Ltd.
10	Mahindra Heavy Engines Ltd.
11	Mahindra Electric Mobility Limited
12	Mahindra Retail Pvt Ltd
13	Mahindra Steel Service Centre Ltd.
14	Mahindra Agri Solution Ltd
15	Mahindra Two Wheelers Ltd.
16	Mahindra Greenyard Pvt Ltd
17	Mahindra Vehicle Manufacturers Ltd.
18	NBS International Ltd
19	Orizonte Business Solutions Limited
20	Mahindra Integrated Business Solutions Pvt Ltd
21	Defence Land Systems India Limited (ceased to be a related party from 18th October, 2017)
22	Mahindra Defence Naval Systems Limited (Formerly known as Mahindra Defence Naval Systems Private Limited - name changed w.e.f. 05.03.2018)
23	Mahindra First Choice Services Limited
24	Mahindra Holiday & Resorts India Limited
25	Mahindra Insurance Brokers Limited
26	Mahindra & Mahindra Financial Services Limited
27	Mahindra Integrated Township Limited
28	Mahindra Sona Limited (ceased to be a related party w.e.f 16th December 2016)
e) Other related parties:	
1	Classic Legend Pvt Ltd.
2	Mahindra Tsubaki Conveyor Systems Private Ltd
3	Tech Mahindra Ltd.
4	Mahindra Cie Automotive Limited
5	Mahindra Internet Commerce Private Limited (ceased to be a related party from 22nd March, 2017)
6	Mahindra Sanyo Special Steel Private Limited
f) Key management Personnel	
1	Pirojshaw Sarkari (C.E.O)

* in view of listing of company's shares in Stock Exchange, the status of companies changed from other related parties to fellow subsidiaries w.e.f. 10th November 2017.

ii) Details of transaction between the Company and its related parties are disclosed below:

₹ in Crores

Particulars	Holding Company	Entities having joint control	Subsidiaries	Fellow subsidiaries	Other related parties
Nature of transactions with Related Parties					
a) Purchase of property and other assets	**0.13**	**0.02**	**–**	**0.05**	**0.08**
	–	–	–	–	(0.09)
b) Rendering of services	**729.35**	**928.83**	**(0.01)**	**49.31**	**106.05**
	–	(1,260.54)	(0.87)	–	(136.78)
c) Receiving of services	**1.52**	**0.76**	**33.31**	**1.93**	**1.42**
	–	(1.36)	(25.08)	–	(1.39)
d) Reimbursements made to parties	**2.84**	**2.32**	**0.01**	**–**	**0.02**
	–	(4.41)	(0.06)	–	(0.04)
e) Reimbursements received from parties	**–**	**–**	**0.21**	**0.12**	**0.04**
	–	(0.02)	(0.16)	–	(0.46)
f) Loans/Deposits given	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	(10.00)
g) Loans/Deposits refunded back	**–**	**–**	**–**	**–**	**25.00**
	–	–	–	–	(12.00)
h) Interest Income on inter-corporate deposits	**–**	**–**	**–**	**–**	**1.51**
	–	–	–	–	(2.47)
i) Bad & doubtful debts recognised in respect of dues from related parties	**–**	**–**	**–**	**–**	**0.29**
	–	(0.05)	–	–	(0.51)
Balances Outstanding with Related Parties					
a) Trade payables	**3.36**	**–**	**3.53**	**0.27**	**0.02**
	–	(4.94)	(2.26)	–	(0.33)
b) Trade receivables	**79.83**	**–**	**0.13**	**15.04**	**6.97**
	–	(49.32)	(0.89)	–	(21.80)
c) Loans & advances given	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	(25.00)
d) Provision of bad & doubtful debts related to amount due from related parties	**0.12**	**–**	**–**	**0.11**	**0.20**
	–	(0.14)	–	–	(0.48)

a). All the outstanding balances, whether receivables or payables are unsecured.

b). Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

₹ in Crores

Particulars	Holding Company	Entities having joint control	Subsidiaries	Fellow subsidiaries	Other related parties
Nature of transactions with Related Parties					
a) Purchase of property and other assets					
Mahindra & Mahindra Limited	0.13	0.02	–	–	–
	–	–	–	–	–
Mahindra Integrated Business Solutions Pvt Ltd	–	–	–	0.05	0.08
	–	–	–	–	–
Bristlecone India Limited	–	–	–	–	–
	–	–	–	–	(0.09)
b) Rendering of services					
Mahindra & Mahindra Limited	729.35	928.83	–	–	–
	–	(1,260.54)	–	–	–

₹ in Crores

Particulars	Holding Company	Entities having joint control	Subsidiaries	Fellow subsidiaries	Other related parties
Mahindra Vehicle Manufacturers Ltd.	–	–	–	36.30	44.57
	–	–	–	–	(67.24)
Tech Mahindra Ltd.	–	–	–	–	39.33
	–	–	–	–	(17.91)
Lords Freight (India) Private Limited	–	–	(0.01)	–	–
	–	–	0.87	–	–
2X2 Logistics Private Limited	–	–	0.01	–	–
	–	–	–	–	–
c) Receiving of services					
Mahindra & Mahindra Limited	1.52	0.76	–	–	–
	–	(1.36)	–	–	–
Orizonte Business Solutions Limited	–	–	–	1.82	1.14
	–	–	–	–	(1.15)
Mahindra Retail Pvt Ltd	–	–	–	–	0.18
	–	–	–	–	(0.05)
2X2 Logistics Private Limited	–	–	33.25	–	–
	–	–	(24.98)	–	–
Mahindra Integrated Business Solutions Pvt Ltd	–	–	–	–	–
	–	–	–	–	(0.17)
d) Reimbursements made to parties					
Mahindra & Mahindra Limited	2.84	2.32	–	–	–
	–	(4.41)	–	–	–
Classic Legend Pvt Ltd.	–	–	–	–	0.02
	–	–	–	–	–
Lords Freight (India) Private Limited	–	–	0.01	–	–
	–	–	(0.06)	–	–
2X2 Logistics Private Limited	–	–	–	–	
	–	–	–	–	
Mahindra Vehicle Manufacturers Ltd	–	–	–	–	–
	–	–	–	–	(0.03)
Defence Land Systems India Limited	–	–	–	–	–
	–	–	–	–	(0.01)
e) Reimbursements received from parties					
Mahindra & Mahindra Limited	–	–	–	–	–
	–	(0.02)	–	–	–
Mahindra Intertrade Ltd.	–	–	–	0.08	–
	–	–	–	–	–
Mahindra Steel Service Centre Ltd.	–	–	–	0.03	–
	–	–	–	–	–
Mahindra Retail Pvt Ltd	–	–	–	–	0.04
	–	–	–	–	(0.19)
Lords Freight (India) Private Limited	–	–	0.15	–	–
	–	–	(0.11)	–	–
2X2 Logistics Private Limited	–	–	0.06	–	–
	–	–	(0.05)	–	–

₹ in Crores

Particulars	Holding Company	Entities having joint control	Subsidiaries	Fellow subsidiaries	Other related parties
Bristlecone India Limited	–	–	–	–	–
	–	–	–	–	(0.18)
f) Loans/Deposits given					
Mahindra Retail Pvt Ltd	–	–	–	–	–
	–	–	–	–	(10.00)
g) Loans/Deposits refunded back					
Mahindra Retail Pvt Ltd	–	–	–	–	25.00
	–	–	–	–	–
Mahindra Internet Commerce Private Limited	–	–	–	–	–
	–	–	–	–	(12.00)
h) Interest Income on inter-corporate deposits					
Mahindra Retail Pvt Ltd	–	–	–	–	1.51
	–	–	–	–	(2.34)
i) Bad & doubtful debts recognised in respect of dues from related parties					
Mahindra & Mahindra Limited	–	–	–	–	–
	–	(0.05)	–	–	–
Mahindra Cie Automotive Limited	–	–	–	–	0.29
	–	–	–	–	(0.04)
Mahindra Steel Service Centre Ltd.	–	–	–	–	–
	–	–	–	–	(0.06)
Mahindra Sanyo Special Steel Private Limited	–	–	–	–	–
	–	–	–	–	(0.05)
Mahindra Internet Commerce Private Limited	–	–	–	–	–
	–	–	–	–	(0.22)

iii) Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Short-term employee benefits	**1.93**	1.67
Issue of ESOP Shares during the year	**1.42**	–

i). The remuneration of key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The separate actuarial valuation figures are not available for key managerial personnel.

iv) Disclosure required under section 186(4) of the Companies Act, 2013 for Loans given

Name	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Mahindra Retail Pvt. Limited	**–**	10.00

Above inter corporate loans have been given for general business purposes for meeting their working capital requirements

Note No. 34 - Contingent liabilities and commitments

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Contingent liabilities (to the extent not provided for)		
Claims against the Company not acknowledged as debt		
a) VAT	**7.76**	7.60
b) Service Tax	**4.27**	4.00
c) Income Tax	**24.85**	24.85
d) Other matters	**9.99**	4.78

Notes:

i) The Company does not expect any reimbursement in respect of the above contingent liability.

ii) It is not practicable to estimate the timings of cash outflows, if any, in respect of maters at (a) to (d) above, pending resolution of appellate/court proceedings.

Note No. 35 – The year end foreign currency exposures that have not been hedged by a derivative Instrument or forward contracts are given below:

Particulars	Currency	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
		Value in foreign currency	Value in Rupees (crores)	Value in foreign currency	Value in Rupees (crores)
Trade Receivables	USD	Nil		–	–
Trade Payables	USD	Nil		20,250	0.13

Note No. 36

The financial Statements of the company for the year ended 31st March, 2017 were audited by erstwhile auditors, whose audit report dated 28th April, 2017 expressed an unmodified opinion.

Note No. 37

Previous year number have been regrouped/ reclassified wherever necessary.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A: Subsidiaries

(₹ in crores)

Sl. No.	Particulars	Subsidiary 1	Subsidiary 2
1.	Name of the subsidiary	2 X 2 Logistics Private Limited	LORDS Freight (India) Private Limited
2.	The date since when subsidiary was acquired (dd/mm/yyyy)	22/10/2012	07/08/2014
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
4.	Reporting currency	INR	INR
5.	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
6.	Share capital	9.01	2.36
7.	Reserves & surplus	0.04	4.89
8.	Total assets	48.27	38.34
9.	Total Liabilities	39.23	31.09
10.	Investments	Nil	Nil
11.	Total Turnover	52.69	177.78
12.	Profit before taxation	1.07	3.65
13.	Provision for taxation	0.34	1.28
14.	Profit after taxation	0.73	2.37
15.	Proposed Dividend	Nil	Nil
16.	Extent of shareholding (in percentage)	55.00%	60.00%

Notes:
1. Names of subsidiaries which are yet to commence operations: Not Applicable;
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable;
3. Reporting period for both subsidiaries is 1st April, 2017 to 31st March, 2018

Part B: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable

Sl. No.	Name of associates/Joint Ventures	Name
1.	Latest audited Balance Sheet Date	–
2.	Date of which the Associate or Joint Venture was associated or acquired	–
3.	Shares of Associate/Joint Ventures held by the Company on the year end	–
	No.	–
	Amount of Investment in Associates/Joint Venture	–
	Extend of Holding (in percentage)	–
4.	Description of how there is significant influence	–
5.	Reason why the associate/joint venture is not consolidated	–
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	–
7.	Profit/Loss for the year	–
	i. Considered in Consolidation	–
	ii. Not Considered in Consolidation	–

1. Names of associates or joint ventures which are yet to commence operations: Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year: Not Applicable

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Pirojshaw Sarkari
Chief Executive Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2018

DIRECTORS' REPORT

Your Directors are pleased to present their 6th (Sixth) Annual Report on the business and operations of the Company along with the Audited Financial Statements of your Company for the year ended 31st March, 2018

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income		
Revenue from Operations	**5,252.50**	3,767.16
Other Income	**16.51**	10.62
Total Income	**5,269.01**	3,777.78
Expenses		
Employee Benefit Expenses	**84.78**	70.40
Other Expenses	**4,107.73**	2,964.03
Depreciation and Amortization Expenses	**673.26**	553.17
Finance Cost	**296.06**	296.50
Total Expenses	**5,161.83**	3,884.10
Profit/(Loss) Before Tax	**107.18**	(106.32)
Less: Provision for Taxation		
Current Tax	**21.97**	–
Deferred Tax Expense	**12.05**	(32.90)
Profit/(Loss) After Tax for the year	**73.16**	(73.42)
Other Comprehensive Income	**0.42**	–
Total Other Comprehensive Income	**73.58**	(73.42)
Balance of Profit from earlier years	**(70.06)**	3.36
Balance Carried Forward	**3.52**	(70.06)
Amount transferred to Reserves	**–**	–
Net worth	**904.52**	630.94

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred after the closure of the year under review till the date of this report.

OPERATIONS OF THE COMPANY

Your Company has earned a total income of Rs. 5,269.01 lakhs for the year under review as against total income of Rs. 3,777.78 lakhs in the previous year, recording an increase of 39.47%. The Net Profit after Tax amounted to Rs. 73.16 lakhs for the year under review as against Net Loss of Rs. 73.42 lakhs for the previous year. During the year under review, the Company further expanded its fleet of transportation vehicles.

DIVIDEND

Your Directors have not paid any Interim Dividend during the financial year 2017-2018 nor recommends Final dividend for the said period with a view to conserve resources for the future growth of your Company. There is no unpaid dividend(s) of earlier years which have been transferred or are due to be transferred to Investor Education and Protection Fund during the year under review in terms of the applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder.

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserve for the financial year 2017-2018.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased from Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs Only) comprising of 75,00,000 (Seventy-Five Lakhs) equity shares of face value of Rs. 10/- (Rupees Ten Only) each to Rs.10,00,00,000/- (Rupees Ten Crores Only) comprising of 1,00,00,000 (One Crore) equity shares of Rs.10/- (Rupees ten Only) each and consequent changes were made to the Memorandum of Association to reflect the same.

Your Company issued and allotted 20,00,000 (Twenty Lakhs) equity shares of Rs. 10/- each, for cash, at par, aggregating to Rs. 2,00,00,000 (Rupees Two Crores Only) to the equity shareholders of the Company, on a rights basis on 21st June, 2017.

Consequently, the issued, subscribed and paid-up Share Capital of your Company increased from Rs. 7,01,00,000/- (Rupees Seven Crores One Lakh Only) divided into 70,10,000 (Seventy Lakhs Ten Thousand) equity shares of face value Rs.10 each to Rs. 9,01,00,000/- (Rupees Nine Crores One Lakh Only) divided into 90,10,000 (Ninety Lakhs Ten Thousand) equity shares of face value Rs. 10/- each as on 31st March, 2018.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2018.

BOARD OF DIRECTORS

Composition of Board

As on 31st March, 2018, your Company's Board of Directors consisted of five Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 and number of Board Meetings attended by the Directors during the year under review is given hereunder:

Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent	No. of Board meetings attended out of 4 Board Meetings held
Mr. Nikhil Nayak	05358216	Non Executive (Chairman)	Non Independent	3
Mr. Sushil Rathi	05358211	Non Executive	Non Independent	4
Mr. Nitin Singhal	00255702	Non Executive	Non Independent	3
Mr. Kishan Singhal	00255542	Non Executive	Non Independent	3
Mr. Anant Gupta	06946611	Non Executive	Non Independent	1

Appointments/Re-appointments

There was no change in the composition of the Board of Directors of the Company during the year under review.

Pursuant to the provisions of Sections 152 and 161 of the Companies Act, 2013 the Board of Directors of your Company at their Meeting held on 27th April, 2018 appointed Mr. Rajkamal Agarwal as an Additional Non-Executive Director, liable to retire by rotation, to hold office upto the date of the ensuing Annual General Meeting ("AGM") of the Company.

The Company has received notice from a Member proposing the candidature of Mr. Rajkamal Agarwal for appointment as Non-Executive Director, liable to retire by rotation, of the Company and accordingly the matter has been proposed for approval of the Members at the ensuing AGM. The Directors recommend his appointment for the Members approval at the ensuing AGM.

Resignations

In terms of the Investment Agreement dated 5th February, 2014 executed between Mahindra and Mahindra Limited, Mahindra Logistics Limited ("MLL") and Normandy Holdings Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 (Normandy and Kedaara Capital are collectively referred to as "Investors"), the Investors had a right to Nominate a Director on the Board of MLL and its subsidiaries. Mr. Anant Gupta was nominated as Non-Executive Director on the Board of the Company.

Pursuant to listing of shares of MLL on the stock exchanges and the third amendment to Investment Agreement dated 5 October 2017, the said Investment Agreement stood automatically terminated and all rights of the Investors under the Investment Agreement fell away and ceased to have effect, except the right to nominate one Director on Board of MLL until they hold 5% of the fully paid-up equity share capital of MLL.

In view of the above, Mr. Anant Gupta (DIN – 06946611) stepped down as Non-Executive Director from the Board of the Company with effect from the close of business hours of 27th April, 2018.

The Board places on record its appreciation for his valuable contribution during his tenure with the Company.

Directors liable to Retirement by Rotation

In terms of Section 152 of the Companies Act, 2013 Mr. Kishan Singhal (DIN : 00255542), Director who has been longest in office, retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment for the Members approval at the ensuing Annual General Meeting.

Evaluation of Performance of Directors

The provisions relating to annual evaluation of Board and its Directors were not applicable to your Company during the year under review.

NUMBER OF BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board met four times during the year under review, i.e. on 28th April, 2017, 24th August, 2017, 22nd November, 2017 and 18th January, 2018. The 5th Annual General Meeting of the Company was held on 24th August, 2017.

KEY MANAGERIAL PERSONNEL

During the year under review Ms. Brijbala Batwal resigned as the Company Secretary of the Company with effect from 22nd November, 2017. Consequently, Ms. Heena Joshi was appointed as Company Secretary with effect from 23rd November, 2017.

Subsequently, Ms. Heena Joshi resigned as Company Secretary of the Company with effect from 16th April, 2018.

The Board of Directors at their Meeting held on 27th April, 2018 approved appointment of Ms. Ruchie Khanna as the Company Secretary with immediate effect in terms of Section 203 of the Companies Act, 2013 and rules made thereunder.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 your Directors, based on representation received from the operating management and after due enquiry, confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed and no material departures have been made from the same;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors, had laid down internal financial controls with reference to financial statement and that such internal financial controls were adequate and were operating effectively;

(e) The Directors had prepared the annual accounts on a going concern basis; and

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2018

RISK MANAGEMENT POLICY

Your Company has developed a well-defined risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

STATUTORY AUDITORS

At the Second Annual General Meeting (AGM) of the Company, held on 25th July, 2014, Messrs. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Second AGM till the conclusion of Seventh AGM of the Company to be held in the year 2019, subject to ratification at every AGM held after the AGM held on 25th July, 2014.

As required under the provisions of Sections 139 (1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B.K. Khare & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

AUDITORS REPORT

The Auditors' Report for the financial year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDIT / INTERNAL AUDIT / COST AUDIT

The provisions relating to Secretarial Audit, Internal Audit and Cost Audit were not applicable to your Company during the year under review.

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. the Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported, any instances of frauds committed in the Company by its officers or employees, to the Board, under Section 143(12) of the Companies Act, 2013 details of which are required to be mentioned in this report.

COMMITTEES

The Company was not required to constitute Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee in terms of the provisions of the Companies Act, 2013 during the year ended 31st March, 2018.

CORPORATE SOCIAL RESPONSIBILITY

Provisions relating to Corporate Social Responsibility enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR Policy.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in ***Annexure I*** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 were not applicable to your Company during the year under review.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of Chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company, pursuant to Regulations 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company Mahindra & Mahindra Limited.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made, guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with related parties were at arm's length and in the ordinary course of business.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form **AOC – 2 as *Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return as on 31st March, 2018 in form MGT-9 is annexed as ***Annexure III*** and forms part of this report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on Prevention of Sexual Harassment for Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received alleging any instances of sexual harassment under the said Act.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

GENERAL DISCLOSURES

Your Directors make the following disclosures or reporting in respect of the following items during the year under review:

- There was no change in the nature of business of the Company;
- There was no issue of equity shares with differential rights as to dividend, voting or otherwise;
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company neither has a Managing Director nor a Whole Time Director;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future;
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

The Board of Directors wish to convey their gratitude and appreciation to all the employees of the Company, for their tremendous efforts as well as their exemplary dedication and contribution to the Company's performance.

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Nikhil Nayak	**Sushil Rathi**	**Nitin Singhal**
Chairman	Director	Director

Mumbai, 27th April, 2018

ANNEXURE I

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

i The steps taken or impact on conservation of energy: The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

ii The steps taken by the Company for utilizing alternate sources of energy: Nil

iii The capital investment on energy conservation equipment: During the under review, the Company has not incurred any capital investment on energy conservation equipments.

B. TECHNOLOGY ABSORPTION

i The efforts made towards technology absorption: Nil.

ii The benefits derived like product improvement, cost reduction, product development or import substitution: NIL

iii In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a. The details of technology imported: Not Applicable

b. The year of import: Not Applicable

c. Whether the technology been fully absorbed: Not Applicable

d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

iv The expenditure incurred on Research and Development: The Company did not incur any expenditure on research and development during the year under review.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no Foreign Exchange earnings and outgo during the year under review.

For and on behalf of the Board

Nikhil Nayak	**Sushil Rathi**	**Nitin Singhal**
Chairman	Director	Director

Mumbai, 27th April, 2018

ANNEXURE II

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and
Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not on an Arm's length basis - There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions on an Arm's length basis - The details of material Contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018 are as follows:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
(1)	Mahindra Logistics Limited – Holding Company	Transportation Services	1st April, 2017 to 31st March, 2018	Transportation services at an agreed rate from time to time. Rs. 3325.13 lacs	NA (Refer Note)	Nil
(2)	IVC Logistics Limited – Company in which Directors of the Company are Members	Transportation Services	1st April, 2017 to 31st March, 2018	Transportation services at an agreed rate from time to time. Rs. 1442.66 lacs	NA (Refer Note)	Nil

Note:

i) All these transactions are at arms length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

ii) Contracts/transactions/arrangements for rendering of services and/or purchase for an amount exceeding 10% of turnover of the Company or Rs. 50 crores, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Nikhil Nayak	**Sushil Rathi**	**Nitin Singhal**
Chairman	Director	Director

Mumbai, 27th April, 2018

ANNEXURE III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U63000MH2012PTC237062
2.	Registration Date	22nd October, 2012
3.	Name of the Company	2 X 2 Logistics Private Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/Non-Government Company
5.	Address of the Registered office & contact details	Mahindra Towers, P K Kurne Chowk, Dr. G M Bhosale marg, Worli, Mumbai - 400 018. Tel : 022-2871 5511 Email:khanna.ruchie@mahindra.com
6.	Whether listed Company (Yes/No)	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Transportation Services	49231	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company*	55	2(46)
2.	Mahindra Logistics Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400 013	L63000MH2007PLC173466	Holding Company	55	2(46)

* Through Mahindra Logistics Limited

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
(1)	**Indian**	–	–	–	–	–	–	–	–	–
a)	Individual/HUF	–	–	–	–	–	–	–	–	–
b)	Central Govt.	–	–	–	–	–	–	–	–	–
c)	State Govt.	–	–	–	–	–	–	–	–	–
d)	Bodies Corp.	–	70,10,000	70,10,000	100	–	90,10,000	90,10,000	100	–
e)	Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1)	–	**70,10,000**	**70,10,000**	**100**	–	**90,10,000**	**90,10,000**	**100**	–
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters A= (A)(1) +(A)(2)	–	**70,10,000**	**70,10,000**	**100**	–	**90,10,000**	**90,10,000**	**100**	–
B. Public Shareholding									
1. Institution									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Bank/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual									
i) Individual Shareholders holding Nominal Capital upto Rs. 1 lac	–	–	–	–	–	–	–	–	–
ii) Individual Shareholders holding Nominal Capital in excess Rs. 1 lac	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)= (B)(1) +(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**70,10,000**	**70,10,000**	**100**	–	**90,10,000**	**90,10,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Logistics Limited	38,55,499	55	–	49,55,499	55	–	–
2.	Mr. K Chandrasekar (Nominee of Mahindra Logistics Limited)*	1	–	–	1	–	–	–
3.	IVC Logistics Limited (formerly known as "Indian Vehicle Carriers Private Limited"	31,54,500	45	–	40,54,500	45	–	–

* The shares are held by Mahindra Logistics Limited, jointly with nominee, to comply with the statutory provisions of the Companies Act, 2013, with regards to minimum number of members.

(iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (as on 1st April, 2017)			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Increase/Decrease in the number of shares	No. of shares	% of total shares of the Company
1.	Mahindra Logistics Limited – At the beginning of the year	38,55,499	55			
	Increase – 21st June, 2017 pursuant to rights issue	–	–	11,00,000	49,55,499	55
	At the end of the year (31st March, 2018)				49,55,499	55
2.	IVC Logistics Limited (formerly known as "Indian Vehicle Carriers Private Limited") - At the beginning of the year	31,54,500	45			
	Increase – 21st June, 2017 pursuant to rights issue			9,00,000	40,54,500	45
	At the end of the year (31st March, 2018)				40,54,500	45

(iv) Shareholding Pattern of top ten Shareholders – NIL

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 shareholders Name	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1.					

(v) Shareholding of Directors and Key Managerial Personnel: NIL

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel Name	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1.	Nil	Nil	Nil	Nil	Nil

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 1st April, 2017				
i) Principal Amount	2608.79	440.14	–	3048.93
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	**2608.79**	**440.14**	–	**3048.93**
Change in Indebtedness during the financial year				
* Addition	757.60	98.89	–	856.49
* Reduction	715.83	–	–	715.83
Net Change	41.77	98.89	–	140.66
Indebtedness at the end of the financial year 31st March,.2018				
i) Principal Amount	2650.56	539.03	–	3189.59
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	**2650.56**	**539.03**	–	**3189.59**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. in Lakhs)
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify Provident Fund & other Funds	–	–	–
	Performance Bonus	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration of other directors:

I. Independent Directors :- Not Applicable

Particulars of Remuneration	Name of Directors					Total Amount (Rs. in Lakhs)
Fee for attending board / committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors:- Nil

Other Non-Executive Directors						**Total Amount (Rs. in Lakhs)**
Fee for attending board / committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

Sr. No	**Particulars of Remuneration**	**Company Secretary***	**Total Amount (Rs. in Lakhs)**
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of profit	–	–
	– others, specify	–	–
5.	Others, please specify	–	–
	Professional Fees	0.88	0.88
	Total (C)	**0.88**	**0.88**

* Ms. Brijbala Batwal resigned as the Company Secretary with effect from 22nd November, 2017.
* Ms. Heena Joshi was appointed as the Company Secretary with effect from 23rd November, 2017 and subsequently resigned with effect from 16th April, 2018.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (UNDER THE COMPANIES ACT, 2013): NIL

	Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority (RD/ NCLT/court)**	**Appeal made, if any (give details)**
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Nikhil Nayak Chairman

Sushil Rathi Director

Parag Shah Director

Mumbai, 27th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **2 X 2 LOGISTICS PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **2 X 2 Logistics Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations having impact on its financial position.

ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

H.P. Mahajani
Partner
Membership No. 030168

Mumbai, 27th April, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on the financial statements of 2 X 2 Logistics Private Limited for the year ended March 31, 2018.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not prescribed to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, by its officers and employees, has been noticed or reported during the year, nor have we have been informed of any such instance by the Management and accordingly, Para 3(x) of the Order is not applicable to the Company.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration and accordingly, Para 3(xi) of the Order is not applicable to the Company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

H.P. Mahajani
Partner
Membership No. 030168

Mumbai, 27th April, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF 2 X 2 LOGISTICS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **2 X 2 LOGISTICS PRIVATE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

H.P. Mahajani
Partner
Membership No. 030168

Mumbai, 27th April, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

All amounts are Rs. in Lakhs unless otherwise stated

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	**2,982.64**	2,866.95
	(b) Intangible Assets	4	**–**	–
	(c) Financial Assets			
	(i) Trade Receivables	5	**–**	–
	(ii) Other Financial Assets	6	**–**	–
	(d) Deferred Tax Assets (Net)	18	**22.04**	34.24
	(e) Other Assets	9	**26.66**	–
	SUB-TOTAL		**3,031.34**	2,901.19
II	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Trade Receivables	5	**537.97**	351.43
	(ii) Cash and Cash Equivalents	8	**15.17**	27.51
	(iii) Other Financial Assets	6	**208.03**	206.85
	(b) Current Tax Assets (Net)	9	**127.37**	52.98
	(c) Other Assets	7	**907.43**	630.34
	SUB-TOTAL		**1,795.97**	1,269.11
	TOTAL ASSETS		**4,827.31**	4,170.30
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	10	**901.00**	701.00
	(b) Other Equity	11	**3.52**	(70.06)
	SUB-TOTAL		**904.52**	630.94
	LIABILITIES			
I	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	12	**1,806.87**	1,977.36
	(b) Provisions	16	**3.66**	2.45
	(c) Other Liabilities	17	**–**	–
	SUB-TOTAL		**1,810.53**	1,979.81
II	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	13	**539.03**	440.14
	(ii) Trade Payables	14	**720.00**	481.91
	(iii) Other Financial Liabilities	15	**843.69**	631.43
	(b) Provisions	16	**0.26**	0.15
	(c) Other Liabilities	17	**9.28**	5.91
	SUB-TOTAL		**2,112.26**	1,559.54
	TOTAL		**4,827.31**	4,170.30

The accompayning notes 1 to 30 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors

2 X 2 Logistics Private Limited

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Ruchie Khanna**
Chairman	Director	Director	Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are Rs. in Lakhs unless otherwise stated

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I	Revenue from operations	19	5,252.50	3,767.16
II	Other Income	20	16.51	10.62
III	**Total Revenue (I + II)**		5,269.01	3,777.78
IV	**EXPENSES**			
	(a) Employee benefit expense	21	84.78	70.40
	(b) Finance costs	22	296.06	296.50
	(c) Depreciation and amortisation expense	3&4	673.26	553.17
	(d) Other expenses	23	4,107.73	2,964.03
	Total Expenses		5,161.83	3,884.10
V	**Profit/(loss) before tax (III - IV)**		107.18	(106.32)
VI	**Tax Expense**			
	(1) Current tax	24	21.97	–
	(2) Deferred tax	24	12.05	(32.90)
	Total Tax Expense (1+2)		34.02	(32.90)
VII	**Profit/(loss) After Tax (V - VI)**		73.16	(73.42)
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		–	–
	Remeasurements of the defined benefit plans- Gains/(Losses)		0.57	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss	18	(0.15)	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
	Total Other Comprehensive Income		0.42	–
IX	**Total comprehensive income for the period (VII + VIII)**		73.58	(73.42)
X	**Earnings per equity share:**			
	(1) Basic (in Rs.)	25	0.85	(1.10)
	(2) Diluted (in Rs.)	25	0.85	(1.10)

The accompayning notes 1 to 30 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors

2 X 2 Logistics Private Limited

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Ruchie Khanna**
Chairman	Director	Director	Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are Rs. in Lakhs unless otherwise stated

	Particulars	As at 31st March 2018	As at 31st March 2017
A.	**Cash flows from operating activities**		
	Profit before tax for the period	**107.18**	(106.32)
	Adjustments for:		
	(Profit)/Loss on disposal of property, plant and equipment	**–**	0.19
	Depreciation and amortisation of non-current assets	**673.26**	553.17
	Finance Charges	**296.06**	296.50
	Interest Income	**(0.23)**	(1.39)
	Operating profit before working capital changes	**1,076.27**	742.15
	Movements in working capital:		
	(Increase)/Decrease in trade and other receivables	**(464.81)**	(924.56)
	Increase/(Decrease) in trade and other payables	**216.68**	361.73
	Cash generated from operations	**828.14**	179.32
	Income taxes paid	**(96.36)**	(22.67)
	Net cash generated by/(used in) operating activities	**731.78**	156.65
B.	**Cash flows from investing activities**		
	Interest income	**0.23**	1.39
	Payments for property, plant and equipment	**(788.95)**	(775.94)
	Net cash generated by/(used in) investing activities	**(788.72)**	(774.55)
C.	**Cash flows from financing activities**		
	Issue of Share Capital	**200.00**	300.00
	Proceeds from borrowings	**856.49**	1,114.14
	Repayment of borrowings	**(715.83)**	(533.41)
	Finance Charges	**(296.06)**	(296.50)
	Net cash generated by/(used in) financing activities	**44.60**	584.23
	Net increase in cash and cash equivalents (A+B+C)	**(12.34)**	(33.67)
	Cash and cash equivalents at the beginning of the period	**27.51**	61.18
	Cash and cash equivalents at the end of the period	**15.17**	27.51
	Components of cash and cash equivalents		
	Cash/Cheques on hand	**8.50**	19.85
	With Banks – on Current account/Balance in Cash Credit Accounts	**6.67**	7.66
		15.17	27.51

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in 'IND AS 7- Statement of Cash Flows'.

2 Figures in bracket indicates cash outflow.

3 Additions to property, plant and equipment and intangible assets include movements in capital work-in-progress and intangible assets under development respectively during the period.

The accompayning notes 1 to 30 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors

2 X 2 Logistics Private Limited

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Ruchie Khanna**
Chairman	Director	Director	Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, Z2018

All amounts are Rs. in Lakhs unless otherwise stated

(a) Equity Share Capital

Particulars	Number of Shares	Equity share capital
As at 1st April, 2016	4,010,000	401.00
Changes in equity share capital during the period	3,000,000	300.00
As at 31st March, 2017	7,010,000	701.00
Changes in equity share capital during the period	2,000,000	200.00
As at 31st March 2018	**9,010,000**	**901.00**

(b) Other Equity

Particulars	Equity component of compound financial instruments	Reserves & Surplus			Total
		Securities premium reserve	Equity-settled employee benefits reserve	Retained earnings	
Balance as at 1st April, 2016	–	–	–	3.36	3.36
Conversion of CPPS into Equity shares	–	–	–	–	–
– Addition to equity settled employee benefit reserve	–	–	–	–	–
Total Comprehensive income for the period					
– Profit for the period	–	–	–	(73.42)	(73.42)
– Actuarial gain/(loss) transferred to retained earnings	–	–	–	–	–
Balance as at 31st March, 2017	–	–	–	(70.06)	(70.06)
– Addition to equity settled employee benefit reserve	–	–	–	–	–
Total Comprehensive income for the period					
– Profit for the period	–	–	–	73.16	73.16
– Actuarial gain/(loss) transferred to retained earnings	–	–	–	0.42	0.42
Balance as at 31st March, 2018	–	–	–	**3.52**	**3.52**

The accompayning notes 1 to 30 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors

2 X 2 Logistics Private Limited

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Ruchie Khanna**
Chairman	Director	Director	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Notes to Accounts – Part A

Corporate Information

2 X 2 Logistics Private Limited is a deemed public limited company incorporated on 22nd October, 2012 under the Companies Act, 1956. The Company is engaged in providing logistics services to its Customers. The financial statements for the period ended 31st March, 2018 were approved for issue in accordance with a resolution of the directors on 27th April, 2018.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

1.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets and Liabilities are classified as Current or Non Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are prepared in Indian Rupee (INR) and denominated in lakhs.

The principal accounting policies are set out below.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

1.3.1 Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.3.2 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.4 Leasing

The Company's significant operating leasing arrangements are in respect of office premises and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

1.5 Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

1.6 Employee benefits

1.6.1 Retirement benefit costs and termination benefits

Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Defined Benefits:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.6.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.8 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except for following assets in order to reflect the actual usage of the assets:

- Horse portion of a Vehicle is depreciated over five years based on the management experience of handling similar kind of asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.9 Intangible assets

1.9.1 Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.9.2 Useful lives of intangible assets

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

1.10 Impairment of tangible and intangible assets other than goodwill

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

1.11 Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.13.1 <u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 1.13.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

1.13.2 <u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

1.13.3 <u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

1.13.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.14 Financial liabilities and equity instruments

1.14.1 Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.14.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1.14.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

1.14.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

1.14.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

  A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

1.14.4.2 *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.15 Segment Accounting

The Company has single reportable segment "Supply chain management" for the purpose of Segment reporting.

1.16 Earnings Per Share

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2A. Critical accounting judgements and key sources of estimation uncertainty

2A. In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2A.1.1 Useful lives of Property, plant and equipment

As described in note 2A above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

2A.1.2 Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2B. Recent Accounting Pronouncements

2B.1.1 Revenue from Contracts with Customers

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

3. Property, Plant and Equipment

As at 31st March, 2018

All amounts are Rs. in Lakhs unless otherwise stated

Description of Assets	**Plant and Machinery**	**Office Equipment**	**Furniture and Fittings**	**Vehicles**	**Total**
A. Cost					
a) Balance as at 1st April, 2017	0.18	3.27	2.24	3,572.33	3,578.02
b) Additions	1.18	1.15	–	786.62	788.95
Less: Disposals/Reclassifications	–	–	–	–	–
Balance as at 31st March, 2018	**1.36**	**4.42**	**2.24**	**4,358.95**	**4,366.97**
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2017	0.10	0.69	0.18	710.10	711.07
b) Depreciation expense for the period	0.16	1.27	0.22	671.61	673.26
Less: Eliminated on disposal of assets/reclassifications	–	–	–	–	–
Balance as at 31st March, 2018	**0.26**	**1.96**	**0.40**	**1,381.71**	**1,384.33**
C. Net carrying amount (A-B)	**1.10**	**2.46**	**1.84**	**2,977.24**	**2,982.64**

As at 31st March 2017

Description of Assets	**Plant and Machinery**	**Office Equipment**	**Furniture and Fittings**	**Vehicles**	**Total**
A. Cost					
a) Balance as at 1st April, 2016	0.10	0.53	0.81	2,487.41	2,488.85
b) Additions	0.08	2.74	1.64	1,084.92	1,089.38
Less: Disposals/Reclassifications	–	–	0.21	–	0.21
Balance as at 31st March, 2017	0.18	3.27	2.24	3,572.33	3,578.02

All amounts are Rs. in Lakhs unless otherwise stated

Description of Assets	Plant and Machinery	Office Equipment	Furniture and Fittings	Vehicles	Total
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2016	0.03	0.06	0.03	157.97	158.09
b) Depreciation expense for the period	0.08	0.63	0.17	552.13	553.01
Less: Eliminated on disposal of assets/reclassifications	–	–	0.02	–	0.02
Balance as at 31st March, 2017	0.10	0.69	0.18	710.10	711.07
C. Net carrying amount (A-B)	0.08	2.58	2.06	2,862.23	2,866.95

Notes:

i) There is no significant amount of compensation received from third parties recognised in profit or loss related to tangible assets.

ii) Vehicles with the carrying amount of Rs. 2954.25 lakhs (31st March 2017 - Rs. 2833.09 lakhs) have been pledged to secure borrowings of the Company. For details refer note no.12 on borrowing.

iii) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 1.8.

iv) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2018 and for 31st March 2017 is Nil.

Note No. 4 - Intangible Assets

	As at 31st March 2018	As at 31st March 2017
Computer Software		
A. Cost		
a) Balance as at 1st April, 2017	0.51	0.51
b) Additions	–	–
Less: Disposals/Reclassifications	–	–
Balance as at 31st March, 2018	**0.51**	**0.51**
B. Accumulated amortisation and impairment		
a) Balance as at 1st April, 2017	0.51	0.34
b) Amortisation expense for the period	–	0.17
Less: Eliminated on disposal of assets/ reclassification	–	–
Balance as at 31st March, 2018	**0.51**	**0.51**
C. Net carrying amount (A-B)	**–**	**–**

Notes:

i) There is no significant intangible asset that is material to the Company's financial statements on individual basis.

ii) The intangible assets mentioned above have finite useful lives as mentioned in note 1.9.2.

Note No. 5 - Trade receivables

Particulars	**As at 31st March, 2018** Current	Non Current	As at 31st March, 2017 Current	Non Current
Trade receivables				
a) Secured, considered good	**–**	**–**	–	–
b) Unsecured, considered good	**537.97**	**–**	351.43	–
	537.97	**–**	351.43	–
Less: Allowance for Credit Losses	**–**	**–**	–	–
Of the above, trade receivables from:				
a) Related Parties	**537.66**	**–**	320.27	–
b) Others	**0.31**	**–**	31.16	–
Total	**537.97**	**–**	351.43	–

Notes:

i) Refer Note 26 for disclosures related to credit risk and impairment of trade receivables.

ii) Trade Receivables are subject to confirmation and Reconciliations.

Note No. 6 - Other financial assets

Particulars	**As at 31st March, 2018** Current	Non-Current	As at 31st March, 2017 Current	Non-Current
Financial assets at amortised cost				
a) Bank Deposit with more than 12 months original maturity	**–**	**–**	–	–
Total	**–**	**–**	–	–
b) Security Deposits				
i. Secured, considered good	**–**	**–**	–	–
ii. Unsecured, considered good	**0.76**	**–**	0.64	–
iii. Doubtful	**–**	**–**	–	–
Less: Allowance for Credit Losses	**–**	**–**	–	–
Total	**0.76**	**–**	0.64	–

All amounts are Rs. in Lakhs unless otherwise stated

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
c) Other items				
i. Interest Accrued	–	–	–	–
ii. Accrued Sales	207.27	–	200.03	–
iii. National Savings Certificate	–	–	–	–
iv. Recoverables	–	–	6.18	–
Total	207.27	–	206.21	–
TOTAL (a+b+c)	208.03	–	206.85	–

Notes:

i) Refer Note 26 for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 7 - Other assets

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non- Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non- Current
A. Capital advances				
a) For Capital work in progress	–	–	–	–
b) For intangible asset under development	–	–	–	–
Total (A)	–	–	–	–
B. Advances other than capital advances				
a) Advances to suppliers - considered good	23.95	–	20.72	–
b) Prepaid Expenses	73.50	–	49.78	–
c) Other advances	805.34	26.66	555.93	–
d) Balances with government authorities (other than income taxes)	–	–	–	–
Total (B)	902.79	26.66	626.43	–
C. Consumables Tyres	4.64	–	3.91	–
TOTAL (A+B+C)	907.43	26.66	630.34	–
Less: Provision for doubtful advances	–	–	–	–
TOTAL (A+B+C)	907.43	26.66	630.34	–

Note No. 8 - Cash and Bank Balance

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Cash and cash equivalents		
a) Balances with banks	6.67	7.66
b) Cheques, drafts on hand	–	–
c) Cash on hand	8.50	19.85
d) Bank deposits with original maturity of less than 3 months	–	–
Total	15.17	27.51

Note No. 9 - Current Tax Assets (Net)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance Income Tax/TDS Receivable (Net)	127.37	52.98
Total	127.37	52.98

Note No. 10 - Equity Share Capital

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount
A. Authorised:				
a) Equity shares of Rs.10 each with voting rights	10,000,000	100,000,000	7,500,000	75,000,000
Total	10,000,000	100,000,000	7,500,000	75,000,000
B. Issued, Subscribed and Fully Paid:				
a) Equity shares of Rs.10 each with voting rights	9,010,000	90,100,000	7,010,000	70,100,000
Total	9,010,000	90,100,000	7,010,000	70,100,000
C. Issued, Subscribed and Partly Paid:				
a) Equity shares of Rs.10 each with voting rights Rs. 2 paid up	–	–	–	–
b) Equity shares of Rs.10 each with voting rights Rs. 1 paid up	–	–	–	–
TOTAL	–	–	–	–
TOTAL (B+C)	9,010,000	90,100,000	7,010,000	70,100,000

All amounts are Rs. in Lakhs unless otherwise stated

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Right Issue	Other Changes (give details)	Closing Balance
A. Equity Shares with Voting rights					
a) Year Ended 31st March, 2018					
	No. of Shares	**7,010,000**	**2,000,000**	**–**	**9,010,000**
	Amount	**701.00**	**200.00**	**–**	**901.00**
b) Year Ended 31st March, 2017					
	No. of Shares	4,010,000	3,000,000	–	7,010,000
	Amount	401.00	300.00	–	701.00

i) **Rights, preferences and restrictions attached to equity shares**
The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) During the year ended 31.03.2018, the company has issued the right issue of shares of Rs. 20,00,000 equity shares of Rs. 10 each on right issue basis proportionately to existing shareholders.

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018 Number of shares held	As at 31st March, 2018 % holding in that class of shares	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares
A. Equity shares with voting rights				
a) Mahindra Logistics Ltd.	**4,955,500**	**55.00%**	3,855,500	55.00%
b) IVC Logistics Ltd.	**4,054,500**	**45.00%**	3,154,500	45.00%

Note No. 11 - Other Equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities premium reserve	–	–
Equity-settled employee benefits reserve	–	–
Retained earnings	3.52	(70.06)
Total	**3.52**	(70.06)

Movement in Reserves

Particulars	As at 31st March, 2018	As at 31st March, 2017
(A) Securities Premium Reserve		
Balance as at the beginning of the period	–	–
Add: Additions during the period	–	–
Less: Deletion during the period	–	–
Balance as at the end of the period	–	–
(B) Equity-settled Employee benefits reserve		
Balance as at the beginning of the period	–	–
Add: Additions during the period	–	–
Less: Deletion during the period	–	–
Balance as at the end of the period	–	–

Particulars	As at 31st March, 2018	As at 31st March, 2017
(C) Retained Earnings		
Balance as at the beginning of the period	**(70.06)**	3.36
Add: Profit for the period	**73.16**	(73.42)
Less: Actuarial gain/(loss) for the period	**0.42**	–
Balance as at the end of the period	**3.52**	(70.06)

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the surplus during the period to be retained in business and not for appropriation.

Note No. 12 - Non-Current Borrowings

Particulars	Rate of Interest	Maturity	As at 31st March, 2018 Amount	As at 31st March, 2017 Amount
Measured at amortised cost				
A. Secured Borrowings:				
(a) Bonds/Debentures	–	–	–	–
(b) Term Loans				
(1) From Banks	8.15% to 8.40%	57 Months	**1,806.87**	373.98
(2) From Related Party		57 Months	–	1,603.38
Total Secured Borrowings			**1,806.87**	1,977.36

Particulars	Rate of Interest	Maturity	As at 31st March, 2018 Amount	As at 31st March, 2017 Amount
B. Unsecured Borrowings - at amortised Cost				
(a) Other Loans			–	–
Total Unsecured Borrowings			–	–
Total Borrowings			**1,806.87**	1,977.36

Note: i) Vehicle loan has been taken at the rate of interest ranging from 8.15% p.a to 8.40 % p.a.

ii) The Loan has been secured by way of hypothecation of the related vehicle and to be paid in 57 equal monthly instalments.

Note - 13: Current Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Secured Borrowings	–	–
Total Secured Borrowings	–	–
B. Unsecured Borrowings from Banks	**539.03**	440.14
Total Unsecured Borrowings	**539.03**	440.14
Total Current Borrowings (A+B)................	**539.03**	440.14

Note:

1. Unsecured loan from banks is in the nature of Bank Overdraft facility.
2. Interest rate : 8.15%. Pa.
3. Total sanctioned limit is Rs. 700 lacs. Carrying amount as on 31.03.18 Rs. Rs. 539.02 lacs.

Note No. 14 - Trade Payables

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non Current
Trade payable - Other than Micro and Small Enterprises	**720.00**	–	481.91	–
Total...	**720.00**	–	481.91	–

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

All amounts are Rs. in Lakhs unless otherwise stated

ii) Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006 as on 31st March 2018.

Note No. 15 - Other Financial Liabilities

Particulars	As at 31st March, 2018		As at 31st March, 2017	
Other Financial Liabilities Measured at Amortised Cost	**Current**	**Non Current**	Current	Non Current
(a). Current maturities of long-term debt				
From Banks	**843.69**	–	120.36	–
From Related Party	–	–	511.07	–
Total...	**843.69**	–	631.43	–

Note No. 16 - Provisions

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
Provision for employee benefits				
a) Post- employment Benefit	**0.26**	**3.66**	0.15	2.45
Total..	**0.26**	**3.66**	0.15	2.45

Note No. 17 - Other Liabilities

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
Statutory dues				
a) Taxes payable	**5.89**	–	2.45	–
b) Employee Liabilities	**3.39**	–	3.46	–
TOTAL	**9.28**	–	5.91	–

Notes:

For disclosures related to employee benefits, refer note 29.

Note No. 18: Deferred Tax Assets

Particulars	As at 31st March, 2018 Opening Balance	As at 31st March, 2018 Recognised in profit and Loss	As at 31st March, 2018 Recognised in OCI	As at 31st March, 2018 Closing Balance	As at 31st March, 2017 Opening Balance	As at 31st March, 2017 Recognised in profit and Loss	As at 31st March, 2017 Recognised in OCI	As at 31st March, 2017 Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) Property, Plant and Equipment WDV	**227.11**	**16.66**	**–**	**243.77**	116.14	110.97	–	227.11
Total	**227.11**	**16.66**	**–**	**243.77**	116.14	110.97	–	227.11
B. Tax effect of items constituting deferred tax assets								
a) Income tax Loss	**260.28**	**(17.73)**	**–**	**242.55**	117.21	143.07	–	260.28
b) MAT Credit	**0.27**	**21.97**	**–**	**22.24**	0.27	–	–	0.27
c) Gratuity/Leave Encashment	**0.80**	**0.37**	**(0.15)**	**1.02**	–	0.80	–	0.80
Total	**261.35**	**4.61**	**(0.15)**	**265.81**	117.48	143.87	–	261.35
Net Tax Asset/(Liabilities) (B-A).............	**34.24**	**(12.05)**	**(0.15)**	**22.04**	1.34	32.90	–	34.24

All amounts are Rs. in Lakhs unless otherwise stated

Note No. 19 - Revenue from Operations

Particulars	As at 31st March, 2018	As at 31st March, 2017
Revenue from rendering of services	**5,252.50**	3,767.16
Total	**5,252.50**	3,767.16

Note No. 20 - Other Income

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Interest Income	**0.23**	1.39
b) Miscellaneous Income	**16.28**	9.22
Total	**16.51**	10.62

Note No. 21 - Employee Benefits Expense

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Salaries and wages, including bonus	**75.35**	63.11
b) Contribution to provident and other funds	**5.88**	4.58
c) Gratuity	**1.52**	1.16
d) Equity-settled share-based payments	**–**	–
e) Staff welfare expenses	**2.03**	1.55
Total Employee Benefit Expense	**84.78**	70.40

Notes:

i) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

Note No. 22 - Finance Cost

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Interest expense on Term Loan	**257.91**	278.62
b) Interest expense on Bank Overdraft	**38.15**	17.88
Total	**296.06**	296.50

Notes:

i) Analysis of Interest Expenses by Category

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest Expenses		
a) On Financial Liability at Amortised Cost	**296.06**	296.50
b) On Financial Liabilities at FVTPL	**–**	–
Total	**296.06**	296.50

Note No. 23 - Other Expenses

Particulars		As at 31st March, 2018	As at 31st March, 2017
a) Freight & other related Expense		**120.13**	247.15
b) Labour & other related Expense		**275.32**	228.00
c) Rent including lease rentals		**33.43**	14.10
d) Vehicle running expense		**1,280.85**	979.49
e) Legal and Other professional costs		**57.55**	28.07
f) Insurance		**55.68**	20.31
g) Travelling and Conveyance Expenses		**8.46**	8.05
h) Fuel Expenses		**1,899.63**	1,269.08
i) Repairs and maintenance - machinery		**349.73**	159.46
j) Auditors remuneration and out-of-pocket expenses		**1.43**	
i) As Auditors	0.89		0.40
ii) For Taxation matters	0.48		0.23
iii) For Other services	0.06		0.06
iv) For reimbursement of expenses	–		–
k) Miscellaneous Expenses		**25.52**	9.63
Total		**4,107.73**	2,964.03

Note No. 24 - Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Current Tax:		
a) In respect of current period	**21.97**	–
b) In respect of prior periods	**–**	–
Total	**21.97**	–
B. Deferred Tax:		
In respect of current year origination and reversal of temporary difference	**12.09**	(32.90)
In respect of changes in tax rate	**(0.04)**	–
Total	**12.05**	(32.90)
Total (A+B)	**34.02**	(32.90)

(b) Income tax recognised in Other Comprehensive Income

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Current Tax:		
Remeasurement of defined benefit obligations	**–**	–
Total	**–**	–
B. Deferred Tax:	**(0.15)**	**–**
Total	**(0.15)**	**–**
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**–**	**–**
Income taxes related to items that will be reclassified to profit or loss	**–**	**–**
Total (A+B)	**–**	–

All amounts are Rs. in Lakhs unless otherwise stated

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars		As at 31st March, 2018	As at 31st March, 2017
a)	Profit Before tax	**107.75**	(106.32)
b)	Income Tax using the Company's domestic tax rate	**33.29**	–
c)	Change in tax rate	**–**	–
d)	Expenses not allowed for tax purpose	**0.73**	–
e)	Exempt Income for tax purpose	**–**	–
f)	Deduction under Income tax (u/s 80G)	**–**	–
g)	Adjustments recognised in the current period in relation to the current tax of prior periods	**–**	–
Income tax expense recognised In profit or loss......		**34.02**	–

Note No. 25 - Earnings Per Share

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Basic Earnings Per Share (in ₹)	**0.85**	(1.10)
B. Diluted Earnings Per Share (in ₹)	**0.85**	(1.10)

Notes:

i) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Profit/(loss) for the period attributable to owners of the Company	**73.16**	(73.42)
b) Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the period used in the calculation of basic earnings per share	**73.16**	**(73.42)**
Weighted average number of equity shares	**85.66**	66.89
Earnings per share from continuing operations - Basic (in ₹)	**0.85**	(1.10)

ii) Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective periods.

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Profit/(loss) for the period used in the calculation of basic earnings per share	**73.16**	(73.42)
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit/(loss) for the period used in the calculation of diluted earnings per share	**73.16**	**(73.42)**

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Weighted average number of equity shares used in the calculation of Basic EPS	**85.66**	66.89
b) Add: Effect of ESOPs	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**85.66**	66.89

Note No. 26 - Financial Instruments

I. Capital management Policy

a) The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of Company's capital management, capital includes issued share capital, equity and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity	**904.52**	630.94
Capital	**904.52**	630.94

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

The Company is not subject to externally enforced capital regulation.

II. Categories of financial assets and financial liabilities

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at 31st March, 2018
A. Current Assets				
a) Trade Receivables	**537.97**	**–**	**–**	**537.97**
b) Cash and Bank Balances	**15.17**	**–**	**–**	**15.17**
c) Other Financial Assets	**208.03**	**–**	**–**	**208.03**
Total	**761.17**	**–**	**–**	**761.17**
B. Non-current Liabilities				
a) Other Financial Liabilities				
- Non Derivative Financial Liabilities	**1,806.87**	**–**	**–**	**1,806.87**
Total	**1,806.87**	**–**	**–**	**1,806.87**
C. Current Liabilities				
a) Trade Payables	**720.00**	**–**	**–**	**720.00**
b) Current Maturities of long term Debt	**843.69**	**–**	**–**	**843.69**
c) Short Term Borrowing	**539.03**	**–**	**–**	**539.03**
d) Other Financial Liabilities				
- Non Derivative Financial Liabilities	**–**	**–**	**–**	**–**
Total	**2,102.72**	**–**	**–**	**2,102.72**

As at 31st March, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Trade Receivables	351.43	–	–	351.43
b) Cash and Bank Balances	27.51	–	–	27.51
c) Other Financial Assets	206.85	–	–	206.85
Total	585.79	–	–	585.79
B. Non-current Liabilities				
a) Other Financial Liabilities				
- Non Derivative Financial Liabilities	1,977.36	–	–	1,977.36
Total	1,977.36	–	–	1,977.36
C. Current Liabilities				
a) Trade Payables	481.91	–	–	481.91
b) Current Maturities of long term Debt	631.43	–	–	631.43
c) Short Term Borrowing	440.14	–	–	440.14
d) Other Financial Liabilities				
- Non Derivative Financial Liabilities	–	–	–	–
Total	1,553.48	–	–	1,553.48

III) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

a) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counter party credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a small number of customers.

(iii) One of the customer of the Company, which is also a group company accounts for more than 10% of total outstanding exposure. However since such customer is also a group company, the Company does not anticipate any credit risk.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) During the period, the company has not made any write off on trade receivable and advances. These trade receivables and advances are not subject to enforcement activity.

b) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

All amounts are Rs. in Lakhs unless otherwise stated

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilites

In Rs.Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
As at 31st March, 2018				
a) Trade Payables	**720.00**	–	–	–
b) Long term debt	–	**1,575.78**	**231.09**	–
c) Current maturities of long term debt	**843.69**	–	–	–
d) Employee Dues	–	–	–	–
e) Short Term Borrowings	**539.03**	–	–	–
Total	**2,102.72**	**1,575.78**	**231.09**	–
As at 31st March, 2017				
a) Trade Payables	481.91	–	–	–
b) Long term debt	–	1,474.58	502.78	–
c) Current maturities of long term debt	631.43	–	–	–
d) Employee Dues	–	–	–	–
e) Short Term Borrowings	440.14	–	–	–
Total	1,553.48	1,474.58	502.78	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Unsecured Bank Overdraft facility		
- Expiring within one year	**160.97**	59.86
- Expiring beyond one year	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Particulars	Less than 1 Year In Rs. Lakhs	1-3 Years In Rs. Lakhs	3 Years to 5 Years In Rs. Lakhs	5 years and above In Rs. Lakhs
Non-derivative financial assets				
31/03/2018				
Trade Receivables	537.97	–	–	–
Security Deposits	0.76	–	–	–
Others	207.27	–	–	–
Total	746.00	–	–	–
31/03/2017				
Trade Receivables	351.43	–	–	–
Security Deposits	0.64	–	–	–
Others	206.21	–	–	–
Total	558.28	–	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned

All amounts are Rs. in Lakhs unless otherwise stated

on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

c) Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

Nature of Liability	Nature of Borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
As at 31st March, 2018	Bank Overdraft	Floating	8.15%	539.03	1.00%	(5.39)	1.00%	5.39
As at 31st March, 2017	Bank Overdraft	Floating	8.45%	440.14	1.00%	(4.40)	1.00%	4.40

Note No. 27 - Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	As at 31st March, 2018 Carrying amount	As at 31st March, 2018 Fair value	As at 31st March, 2017 Carrying amount	As at 31st March, 2017 Fair value
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Trade and other receivables	**537.97**	**537.97**	351.43	351.43
ii) Deposits given	**0.76**	**0.76**	0.64	0.64
iii) Cash and cash equivalents	**15.17**	**15.17**	27.51	27.51
iv) Others	**207.27**	**207.27**	206.21	206.21
Total	**761.17**	**761.17**	585.79	585.79
B) Financial liabilities				
b) Financial liabilities held at amortised cost				
i) Trade and other payables	**720.00**	**720.00**	481.91	481.91
ii) Borrowings	**2,650.56**	**2,680.30**	2,608.79	2,721.05
iii) Short Term Borrowings	**539.03**	**539.03**	440.14	440.14
Total	**3,909.59**	**3,939.33**	3,530.84	3,643.10

Note No. 28 - Related Party Transactions

i) List of Related Party

a) Parent Company	**Mahindra Logistics Limited**
b) Other related parties	
1	**Mahindra & Mahindra Limited**
2	**IVC Logistics Limited**
3	**Mahindra & Mahindra Financial Services Limited**

ii) Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Other related parties
Nature of transactions with Related Parties			
a) Purchase of property and other assets	31st March, 2018	–	427.53
	31st March, 2017	–	363.56
b) Rendering of services	31st March, 2018	3,325.13	1,442.66
	31st March, 2017	2,497.19	574.65
c) Receiving of services	31st March, 2018	0.60	199.25
	31st March, 2017	0.60	247.30
d) Reimbursements made to parties	31st March, 2018	5.77	50.38
	31st March, 2017	5.02	28.85
e) Reimbursements received from parties	31st March, 2018	0.21	17.42
	31st March, 2017	0.17	24.58
f) Loans/Deposits Taken	31st March, 2018	–	–
	31st March, 2017	–	674.00
g) Loans/Deposits paid	31st March, 2018	–	2,114.46
	31st March, 2017	–	424.69
h) Interest on Vehicle Loan paid	31st March, 2018	–	86.32
	31st March, 2017	–	222.03

Nature of Balances with Related Parties	Balance as on	Parent Company	Other related parties
i) Trade payables	31st March, 2018	–	7.78
	31st March, 2017	0.53	8.48
j) Trade receivables & others	31st March, 2018	350.61	187.24
	31st March, 2017	221.48	104.49
k) Loan Payable	31st March, 2018	–	–
	31st March, 2017	–	2,114.46

iii) All the outstanding balances, whether receivables or payables(Except Loan payable) are unsecured.

Note No. 29 - Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and other Funds aggregating Rs. 5.88 lakhs (2017 : Rs. 4.58 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

c) **Significant Actuarial Assumptions**

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation	
	As at 31st March 2018	As at 31st March 2017
a) Discount rate(s)	**7.70%**	6.82%
b) Expected rate(s) of salary increase	**8.00%**	8.00%
c) Mortality rate during employment	**IALM(2006-08) Ultimate**	IALM(2006-08) Ultimate

d) **Defined benefit plans – as per actuarial valuation**

All amounts are Rs. in Lakhs unless otherwise stated

Particulars	Non Funded Plan - Gratuity	
	As at 31st March 2018	As at 31st March 2017
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**0.94**	1.16
b) Past service cost and (gains)/losses from settlements	–	–
c) Net interest expense	–	–
Components of defined benefit costs recognised in profit or loss	**0.94**	1.16
Remeasurement on the net defined benefit liability		
a) Return on plan assets (excluding amount included in net interest expense)	–	–
b) Actuarial (gains)/loss arising form changes in financial assumptions	–	–
c) Actuarial (gains)/loss arising form changes in demographic assumptions	–	–
d) Actuarial (gains)/loss arising form experience adjustments	–	–
Components of defined benefit costs recognised in other comprehensive income	–	–
Total	**0.94**	1.16
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
a) Present value of defined benefit obligation	**(2.10)**	(1.16)
b) Fair value of plan assets	–	–
c) Surplus/(Deficit)	**(2.10)**	(1.16)
d) Current portion of the above	–	–
e) Non current portion of the above	**(2.10)**	(1.16)
III. Change in the obligation during the year ended 31st March		
a) Present value of defined benefit obligation at the beginning of the period	–	–
b) Add/(Less) on account of Scheme of Arrangement/ Business	–	–
c) Transfer	–	–
d) *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	**1.44**	1.16
- Past Service Cost	–	–
- Interest Expense (Income)	**0.07**	–
e) *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	**(0.22)**	–
ii. Demographic Assumptions	**(0.12)**	–
iii. Experience Adjustments	**(0.23)**	–
f) Benefit payments	–	–
g) Present value of defined benefit obligation at the end of the period	**0.94**	1.16
IV. Change in fair value of assets during the year ended 31st March		
i) Fair value of plan assets at the beginning of the period	–	–
ii) *Expenses Recognised in Profit and Loss Account*		
- Expected return on plan assets	–	–
iii) *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	–	–
iv) Contributions by employer (including benefit payments recoverable)	–	–
v) Benefit payments	–	–
vi) Fair value of plan assets at the end of the period	–	–
V. The Major categories of plan assets		
- Insurance Funds	–	–
VI. Actuarial assumptions		
a) Discount rate	**7.70%**	6.82%
b) Expected rate of return on plan assets	**7.70%**	6.82%
c) Attrition rate	**0.00%**	9.00%

All amounts are Rs. in Lakhs unless otherwise stated

e) **The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

Principal assumption	Changes in assumption	Impact on defined benefit obligation			
		As at 31st March 2018		As at 31st March 2017	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
a) Discount rate	1.00%	**(0.19)**	**0.22**	(0.12)	0.15
b) Salary growth rate	1.00%	**0.21**	**(0.19)**	0.14	(0.12)
c) Rate of employee turnover	50.00%	**(0.30)**	**0.34**	(0.06)	0.06

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

iii) The weighted average duration of the defined benefit obligation as at 31st March, 2018 is 8 years

f) **Maturity profile of defined benefit obligation:**

The tables include both discounted value as well as unwinding of interest.

Particulars	2018	2017
Within 1 year	**0.01**	–
2-5 years	**0.76**	0.16
6-10 years	**1.35**	0.68
More than 10 years	**3.09**	–

h) **Experience Adjustments:**

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Gratuity	
1. Defined Benefit Obligation	**(0.94)**	(1.16)
2. Fair value of plan assets	–	–
3. Surplus/(Deficit)	**(2.10)**	(1.16)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	–	–
5. Experience adjustment on plan assets [Gain/(Loss)]	–	–

i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

j) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

k) The current service cost and the net interest expense for the period are included in the employee benefits expense in profit or loss of the expense for the period.

Note No. 30 - Leases

Details of leasing arrangements

Particulars	As at 31st March, 2018	As at 31st March, 2017
Operating Lease		
i) The Company has entered into operating lease arrangements for equipments. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.	–	–
ii) Future Non-Cancellable minimum lease commitments		
a) not later than one year	**9.04**	10.58
b) later than one year and not later than five years	**2.65**	8.51
c) later than five years	–	–
iii) Expenses recognised in the Statement of Profit and Loss		
a) Minimum Lease Payments	**14.43**	11.46

The accompaying notes 1 to 30 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors

2 X 2 Logistics Private Limited

Nikhil Nayak Chairman

Nitin Singhal Director

Sushil Rathi Director

Ruchie Khanna Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present their 7th (Seventh) Annual Report on the business and operations of the Company along with the Audited Financial Statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Crores)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Income		
Revenue from Operations	**176.79**	66.17
Other Income	**0.99**	0.60
Total Income	**177.78**	66.77
Expenses		
Employee Benefit Expenses	**9.23**	5.31
Operating, Administrative & Other Expenses	**164.25**	59.83
Depreciation and Amortization Expenses	**0.15**	0.16
Finance Costs	**0.50**	0.26
Total Expenses	**174.13**	65.56
Profit/(Loss) before Tax	**3.65**	1.21
Provision for Tax	**1.28**	(0.82)
Profit/(Loss) for the year	**2.37**	2.03
Other comprehensive income		
Remeasurements of the defined benefit plans – Gains/(Losses)	**0.02**	0.04
Income tax relating to items that will not be reclassified to profit or loss	**(0.01)**	0.01
Total Other Comprehensive Income	**0.01**	0.05
Total Comprehensive Income for the year	**2.38**	2.08
Balance of Profit from Earlier Years	**(3.72)**	(5.80)
Balance carried Forward	**(1.34)**	(3.72)
Amount carried forward to reserves		-
Net worth	**7.25**	4.87

MATERIAL CHANGES AND COMMITMENT

No material changes and commitments affecting the financial position of the Company have occurred after the closure of the year under review till the date of this report.

OPERATIONS OF THE COMPANY

Your Company posted robust growth and sterling performance for the Financial year 2017-18. Your Company recorded gross income of Rs. 176.79 crores for the year under review as against gross income of Rs. 66.17 crores in the previous year registering a growth of 167.18%. The total comprehensive income for the year under consideration (after accounting of deferred tax expense of Rs. 0.48 Crore) is Rs. 2.38 crores as compared to profit of Rs. 2.08 crores (after accounting of deferred tax income of Rs. 0.82 crores) of the last year, registering a growth of 14.42%.

The Freight Forwarding Industry continued to face volatility in terms of carriers increasing the prices on the back of increased oil prices in the international market and also rationalizing space to optimize on their profitability. The industry also witnessed high demand for air space driven by rapid growth in E Commerce volumes, which further accentuated the demand supply gap.

During the year under review, the Company strengthened its team to scale up on the business which saw the company add marquee customers like Reliance Jio, Reliance Retail, Godrej, Helu Kabel, Bajaj Electricals, Blue Star, Jaquar, Micromax, Middleby Cellfrost, Marks & Spencers, TOTO, Talbross Automotive, Flipkart, etc. The Company managed over 68 Charter Flights during the year which was a significant achievement.

The major operations of the Company was from China/ Hongkong in to India trade lane followed by Italy/India and Germany/India.

DIVIDEND

Your Directors have not paid any Interim Dividend during the financial year 2017-2018 nor recommends any Final dividend for the said period, with a view to conserve resources for the future growth of your Company. There is no unpaid dividend(s) of earlier years which have been transferred or are due to be transferred to Investor Education and Protection Fund during the year under review in terms of the applicable provisions of the Companies Act, 2013 ("the Act") and rules framed there under.

TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserve.

SHARE CAPITAL

The Authorized Share Capital of your Company stood at Rs. 2,50,00,000/- (Rupees Two Crores and Fifty Lakhs Only) divided into 25,00,000 (Twenty-Five Lakhs) equity shares of face value of Rs. 10/- each. The issued, subscribed and paid-up share capital of your Company as on 31st March, 2018 stood at Rs. 2,36,25,090/- (Rupees Two Crores Thirty-Six Lakhs and Twenty-Five Thousand and Ninety Only) divided into 23,62,509 (Twenty-Three Lakhs Sixty-Two Thousand Five Hundred and Nine) equity shares of face value of Rs. 10/- each.

There was no change in the share capital of the Company during the year under review.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no subsidiaries, associates and joint ventures as on 31st March, 2018.

BOARD OF DIRECTORS

Composition

As on 31st March, 2018, your Company's Board of Directors consisted of Six Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 and number of Board meetings attended by the Directors during the year under review are given hereunder:

Name of Director	DIN	Category of Director	No. of Board meetings attended out of 4 Board Meetings held during the year under review
Mr. Pirojshaw Sarkari	00820860	Non-Executive Non-Independent	4
Mr. Parag Shah	00374944	Non-Executive Non-Independent	4
Mr. Sushil Rathi	05358211	Non-Executive Non-Independent	3
Mr. V. Krishnan	03426844	Executive Non-Independent	4
Mr. Shamsudeen Ahmed	02833556	Non-Executive Non-Independent	4
Mr. Anant Gupta	06946611	Non-Executive Non-Independent	1

Appointments/Re-appointments

There was no change in the composition of the Board of Directors of the Company during the year under review.

You Company based on the turnover threshold was required to induct at least two Directors as Independent Directors on the Board of the Company to comply with Statutory Requirements and the Company had also received notice(s) in writing from a Member of the Company under Section 160(1) of the Companies Act, 2013 ("Act") proposing the candidature of Mr. Ajay Mehta and Ms. Chandra Iyer for the office of Non-Executive Independent Director of the Company.

Accordingly, as per the provisions of Sections 149 and 152 of the Companies Act, 2013 and rules framed thereunder, the Members at an Extraordinary General Meeting of the Company held on 27th April, 2018 appointed:

- Mr. Ajay Mehta (DIN: 07102804) as a Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of commencing from 27th April, 2018 till the Annual General Meeting of the Company to be held in the year 2022 and;
- Ms. Chandra Iyer (DIN: 08111743) as a Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term commencing from 27th April, 2018 till the Annual General Meeting of the Company to be held in the year 2019.

Pursuant to the provisions of Sections 152 and 161 of the Act, the Board of Directors of your Company at their meeting held on 27th April, 2018 appointed Mr. Rajkamal Agarwal as an Additional Non-Executive Director, liable to retire by rotation, to hold office upto the date of the ensuing Annual General Meeting ("AGM") of the Company.

The Company has received notice from a Member proposing the candidature of Mr. Rajkamal Agarwal for appointment as Non-Executive Director, liable to retire by rotation, of the Company and accordingly the matter has been proposed for approval of the Members at the ensuing AGM. The Directors recommend his appointment for the Members approval at the ensuing AGM.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, re-appointed Mr. V Krishnan as a Whole-time Director, liable to retire by rotation, for a period of one year commencing from 26th April, 2018 to 25th April, 2019, subject to the approval of the Members through special resolution at the ensuing AGM.

Resignations

In terms of the Investment Agreement dated 5 February 2014 executed between Mahindra and Mahindra Limited, Mahindra Logistics Limited ("MLL") and Normandy Holdings Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 (Normandy and Kedaara Capital are collectively referred to as "Investors"), the Investors had a right to Nominate a Director on the Board of MLL and its subsidiaries. Mr. Anant Gupta was nominated as Non-Executive Director on the Board of the Company.

Pursuant to listing of shares of MLL on the stock exchanges and the third amendment to Investment Agreement dated 5th October, 2017 the said Investment Agreement stood automatically terminated and all rights of the Investors under the Investment Agreement fell away and ceased to have effect, except the right to nominate one Director on Board of MLL until they hold 5% of the fully paid-up equity share capital of MLL.

In view of the above, Mr. Anant Gupta stepped down as Non-Executive Director from the Board of the Company with effect from the close of business hours of 27th April, 2018.

The Board places on record its appreciation for his valuable contribution during his tenure with the Company.

Directors liable to Retirement by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Pirojshaw Sarkari (DIN:00820860), Director who has been longest in office, retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. The Directors recommend his re-appointment for the shareholders' approval at the ensuing Annual General Meeting.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Both the Independent Directors of the Company have given written declarations and confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013.

NUMBER OF BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board met four times during the year under review, i.e. on 28th April, 2017; 24th August, 2017, 22nd November, 2017 and 18th January, 2018. The 6th Annual General Meeting of the Company was held on 30th September, 2017. Details of attendance of the Directors at the Board Meetings is provided hereinabove.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors were not applicable to your Company during the year under review.

KEY MANAGERIAL PERSONNEL

Mr. V Krishnan is the Whole-time Director of the Company.

The provisions relating to appointment of key managerial personnel enumerated under Section 203 of the Companies Act, 2013 were not applicable to your Company for the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from the operating management and after due enquiry, confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed and no material departures have been made from the same;

(b) They had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The directors, had laid down internal financial controls with reference to financial statement and that such internal financial controls were adequate and were operating effectively;

(e) The directors had prepared the annual accounts on a going concern basis; and

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Company has developed a well-defined risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

STATUTORY AUDITORS

Messrs. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) were appointed as the statutory auditors of your Company at the 4th Annual General Meeting (AGM) held on 28th July, 2015 to hold office from the conclusion of the 4th Annual General Meeting till the conclusion of 9th Annual General Meeting, to be held in the year 2019 subject to ratification at every AGM held after the AGM held on 28th July, 2015.

As required under the provisions of Sections 139 (1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B.K. Khare & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

AUDITORS REPORT

The Auditors' Report for the financial year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDIT/INTERNAL AUDIT / COST AUDIT

The provisions relating to Secretarial Audit, Internal Audit and Cost Audit were not applicable to your Company during the year under review.

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. the Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act, 2013 details of which needs to be mentioned in this report.

COMMITTEES

The Company was not required to constitute Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee in terms of the provisions of the Companies Act, 2013 ('Act') during the year ended 31st March, 2018.

In terms of the requirements of Sections 177 and 178 of the Act and based on the turnover threshold of the Company as on 31st March, 2018, the Board of Directors of the Company at its Meeting held on 27th April, 2018 constituted Audit Committee and Nomination and Remuneration Committee of the Board.

Audit Committee

Audit Committee (AC) of the Board comprises of three Directors of whom two, including the Chairperson, are Independent Directors. All members of the Audit Committee including the Chairperson are persons with ability to read and understand, the financial statement. Details of the composition of the Audit Committee as on the date of this report is as under:

Mr. Ajay Mehta – Chairperson (Independent Director);

Ms. Chandra Iyer – Member (Independent Director);

Mr. Parag Shah – Member (Non-Executive Director)

Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board comprises of four Directors, of whom two, including the Chairperson, are Independent Directors. Details of the composition of the Nomination and Remuneration Committee as on the date of this report is as under:

Ms. Chandra Iyer – Chairperson (Independent Director);

Mr. Ajay Mehta – Member (Independent Director);

Mr. Pirojshaw Sarkari – Member (Non-Executive Director);

Mr. Shamshudeen Ahmed – Member (Non-Executive Director);

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in ***Annexure I*** and form part of this Report.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 and rules framed thereunder were not applicable to your Company for the year under review.

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility (CSR) enumerated under Section 135 of the Companies Act, 2013 and Rules framed thereunder were not applicable to your Company and accordingly, your Company does not have a CSR Policy.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 ('Act') and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Act.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company, pursuant to Regulations 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company Mahindra & Mahindra Limited.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made, and guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTION WITH RELATED PARTIES

All the transactions entered into by your Company with related parties during the year under review were at arm's length and in the ordinary course of business.

During the year under review, there were no transactions referred to in Section 188(1) of the Companies Act, 2013 with related parties of the Company which are required to be disclosed in this Report. Hence, Form AOC-2 is not annexed to the Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 ('Act') and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, and in accordance with Section 134(3)(a) of the Act, an extract of the Annual Return as on 31st March, 2018 in form MGT-9 is annexed as ***Annexure II*** and forms part of this Report.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on Prevention of Sexual Harassment for Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received alleging any instances of sexual harassment under the said Act.

INTERNAL FINANCIAL CONTROL

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

GENERAL DISCLOSURES

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no change in the nature of business of the Company.
- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there was no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

The Board of Directors wish to convey their gratitude and appreciation to all the employees of the Company, for their tremendous efforts as well as their exemplary dedication and contribution to the Company's performance.

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Parag Shah
Chairman

Mumbai, 27th April 2018

ANNEXURE I

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

a. The steps taken or impact on conservation of energy: The operations of the Company are not energy intensive. However adequate measures have been initiated to reduce energy consumption.

b. The steps taken by the Company for utilizing alternate sources of energy: Nil

c. The capital investment on energy conservation equipment's: Nil

B. TECHNOLOGY ABSORPTION

(a) The efforts made towards technology absorption – **Nil**

(b) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

(c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

- (i) The details of technology imported: Not Applicable
- (ii) The year of import: Not Applicable
- (iii) Whether the technology been fully absorbed: Not Applicable
- (iv) If not fully absorbed, areas where absorption has not taken place, and the reason thereof: Not Applicable

(d) The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rs. in crores)

	For the Financial Year Ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**2.83**	6.72
Total Foreign Exchange Outgo	**96.43**	23.75

For and on behalf of the Board

Parag Shah
Chairman

Mumbai, 27 April 2018

ANNEXURE II

FORM NO. MGT 9

Extract of Annual Return
As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	**CIN**	U63030MH2011PTC216628
2.	**Registration Date**	25th April, 2011
3.	**Name of the Company**	Lords Freight (India) Private Limited
4.	**Category/Sub-category of the Company**	Company Limited by Shares/Non-Government company
5.	**Address of the Registered office & contact details**	Unit No. 511, 5th Floor,Crescent Business Park, Sumitha Complex, Safedpul, Sakinaka, Andheri (E), Mumbai – 400 072. Tel: +91 22 2856 5531 E-mail: loladiya.niyati@mahindra.com
6.	**Whether Listed Company (Yes/No)**	No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Bigshare Services Pvt Limited E-2/3, Anissa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400072. Tel: 022 – 28470653

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Freight Forwarding Business via Sea	50120	31.69%
2	Freight Forwarding Business via Air	51201	68.31%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai-400 001	L65990MH1945PLC004558	Ultimate Holding Company (through Mahindra Logistics Limited)	60	2(46)
2.	Mahindra Logistics Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai-400 018	L63000MH2007PLC173466	Holding Company	60	2(46)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,19,610	6,20,190	7,39,800	31.31	1,19,610	6,20,190	7,39,800	31.31	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	1,417,509	1,417,509	60.00	-	1,417,509	1,417,509	60.00	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	**1,19,610**	**20,37,699**	**21,57,309**	**91.31**	**1,19,610**	**20,37,699**	**21,57, 309**	**91.31**	–
(2) Foreign									
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub Total- (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)= (A)(1) + (A)(2)	**1,19,610**	**20,37,699**	**21,57,309**	**91.31**	**1,19,610**	**20,37,699**	**21,57, 309**	**91.31**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (Individuals)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual Shareholders holding Nominal Capital upto Rs. 1 lac	21,600	17,100	38,700	1.64	21,600	17,100	38,700	1.64	–
ii) Individual Shareholders holding Nominal Capital in excess Rs. 1 lac	40,500	1,26,000	1,66,500	7.05	40,500	1,26,000	1,66,500	7.05	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public (B)= (B)(1) + (B)(2)	**62,100**	**1,43,100**	**2,05,200**	**8.69**	**62,100**	**1,43,100**	**2,05,200**	**8.69**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,81,710**	**21,80,799**	**23,62,509**	**100**	**1,81,710**	**21,80,799**	**23,62,509**	**100**	–

(ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% change in shareholding during the year
		No. of Shares (In lacs)	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares (In lacs)	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Logistics Limited	1,417,509	60.00	Nil	1,417,509	60.00	Nil	–
2	Mr. Shamsudeen Ahmed	261,360	11.06	Nil	261,360	11.06	Nil	–
3	Mr. Sumit S. Varma	119,610	5.06	Nil	119,610	5.06	Nil	–
4	Mr. S. Rajagopalan	119,610	5.06	Nil	119,610	5.06	Nil	–
5	Mr. V. Krishnan	119,610	5.06	Nil	119,610	5.06	Nil	–
6	Mr. Santhosh Kannambra	119,610	5.06	Nil	119,610	5.06	Nil	–

(iii) Change in Promoters' Shareholding : There was no change in promoter's shareholding during the year.

(iv) Shareholding Pattern of top ten Shareholders *(Other than Directors, Promoters and Holders of GDRs and ADRs):*

SN	For each of the Top 10 shareholders Name	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1.	Mr. Noushad Parakkot	63,000	2.67	63,000	2.67
2.	Mr. A. Mohan	63,000	2.67	63,000	2.67
3.	Mr. Rajan A.	13,500	0.57	13,500	0.57
4.	Mr. Vinod Kumar	13,500	0.57	13,500	0.57
5.	Mr. P. G. Jayankumar	13,500	0.57	13,500	0.57
6.	Mr. S. Murali	9,000	0.38	9000	0.38
7.	Mr. Jaswant Karasi	9,000	0.38	9,000	0.38
8.	Mr. John Soloman	4,500	0.19	4,500	0.19
9.	Mr. Gijo Mathew	9,000	0.38	9,000	0.38
10.	Mr. Chintamani Dhuri	3,600	0.15	3,600	0.15

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Shamsudeen Ahmed	261,360	11.06	261,360	11.06
2	Mr. V Krishnan	119,610	5.06	119,610	5.06

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3.26	0.57	–	3.83
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	3.26	0.57	–	3.83
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	(0.53)	(0.57)	–	(1.10)
Net Change	(0.53)	(0.57)	–	(1.10)
Indebtedness at the end of the financial year				
i) Principal Amount	2.73	0.00	–	2.73
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	2.73	0.00	–	2.73

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. in lakhs)
	Name	**V. Krishnan**	
	Designation	**Whole Time Director**	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.61	31.61
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	- as % of profit	–	–
	- others, specify	–	–
5.	Others, please specify	–	–
	Performance Bonus	5.76	5.76
	Total (A)	**37.37**	**37.37**
	Ceiling as per the Act		60*

* Maximum limit of yearly remuneration payable based on the effective capital of the Company pursuant to provision of Section 197 and Schedule V of the Companies Act, 2013

B. Remuneration to other Directors : NIL

SN.	Particulars of Remuneration	Name of Directors				Total Amount (Rs. in lakhs)
1.	Independent Directors	–	–	–	–	–
	Fee for attending board/committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	–	–	–	–	–
2.	Other Non-Executive Directors	–	–	–	–	–
	Fee for attending board/committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD - NIL

Sr. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CS	CFO	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total (C)	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (UNDER THE COMPANIES ACT, 2013): NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Parag Shah
Chairman

Mumbai, 27 April 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **LORDS FREIGHT (INDIA) PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2018 from being appointed as a director in terms of Section 164(2) of the Act.

INDEPENDENT AUDITOR'S REPORT

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has does not have any pending litigations having impact on its financial position.

   ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H.P. Mahajani
Partner
Membership Number: 030168

Mumbai, April 27, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on the financial statements of Lords Freight (India) Private Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not prescribed to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us ,there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, by its officers and employees, has been noticed or reported during the year, nor have we have been informed of any such instance by the Management and accordingly, Para 3(x) of the Order is not applicable to the Company.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided any managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non¬cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B.K. Khare& Co.
Chartered Accountants
Firm's Registration Number 105102W

H.P. Mahajani
Partner
Membership No. 030168
Mumbai, April 27, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF LORDS FREIGHT (INDIA) PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

H. P. Mahajani
Partner
Membership No. 030168

Mumbai, April 27, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

₹ in lacs

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
I NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	5	**55.22**	49.37
(b) Capital Work-in-Progress			
(c) Intangible Assets	6	**8.00**	6.65
(d) Intangible Assets Under Development			
(e) Financial Assets			
(i) Other Financial Asset	8	**14.15**	12.15
(f) Deferred Tax Assets (Net)	9 &10	**85.24**	133.74
SUB-TOTAL		**162.61**	201.91
II CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	7	**3,065.07**	1,144.86
(ii) Cash and Cash Equivalents	12	**51.55**	57.98
(iii) Other Financial Asset	8	**69.59**	35.11
(b) Current Tax Assets (Net)	13	**403.32**	179.29
(c) Other Current Assets	11	**82.35**	50.71
SUB-TOTAL		**3,671.88**	1,467.95
TOTAL ASSETS		**3,834.49**	1,669.86
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	14	**236.26**	236.26
(b) Other Equity	15	**488.79**	250.88
SUB-TOTAL		**725.05**	487.14
LIABILITIES			
I NON-CURRENT LIABILITIES			
(a) Provisions	18	**39.05**	34.39
SUB-TOTAL		**39.05**	34.39
II CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	**273.35**	383.16
(ii) Trade Payables	17		
Due to micro and small enterprises		**–**	–
Due to others		**2,746.48**	**745.69**
(b) Provisions	18	**26.78**	8.51
(c) Other Current Liabilities	19	**23.78**	10.97
SUB-TOTAL		**3,070.39**	1,148.33
TOTAL		**3,834.49**	1,669.86

The accompanying notes 1 to 31 are an integral part of the financial statements.

"As per our Report of Even Date"

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 27th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ in lacs

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I	Revenue from continuing operations	20	**17,678.89**	6,617.17
II	Other Income	21	**99.32**	60.12
III	**Total Revenue (I + II)**		**17,778.21**	6,677.29
IV	**EXPENSES**			
	(a) Employee benefit expense	22	**922.63**	531.28
	(b) Finance costs	23	**50.37**	26.40
	(c) Depreciation and amortisation expense	5 & 6	**15.36**	16.10
	(d) Other expenses	24	**16,425.15**	5,982.71
	Total Expenses (IV)		**17,413.51**	6,556.49
V	**Profit/(loss) before tax (III-IV)**		**364.70**	120.80
VI	**Tax Expense**			
	(1) Current tax		**79.95**	29.28
	(2) Deferred tax		**48.01**	(111.20)
	Total tax expense		**127.96**	(81.92)
VII	**Profit/(loss) after tax (V-VI)**		**236.74**	202.72
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit liabilities/(asset)		**1.66**	4.01
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(0.49)**	1.33
	Total Other Comprehensive Income/(Loss)		**1.17**	5.34
IX	**Total comprehensive income for the period (VII+VIII)**		**237.91**	208.06
X	**Earnings per equity share**			
	(1) Basic	25	**10.07**	8.81
	(2) Diluted	25	**10.07**	8.81
	(3) No. of Shares		**23,62,509**	**23,62,509**

The accompanying notes 1 to 31 are an integral part of the financial statements.

"As per our Report of Even Date"

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 27th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(a) Equity Share Capital

₹ in lacs

Particulars	Number of Shares	Equity share capital
As at 31st March, 2017	23,62,509	236.26
Changes in equity share capital during the year	–	–
As at 31st March, 2018	**23,62,509**	**236.26**

(b) Other Equity

Particulars	Reserves & Surplus: Securities premium reserve	Equity-settled employee benefits reserve	Retained earnings	Total
Balance at 1st April, 2016	622.75	–	(579.93)	42.82
Total Comprehensive income for the year				
– Profit for the year	–	–	202.72	202.72
– Other Comprehensive Income transferred to retained earnings	–	–	5.34	5.34
Balance at 31st March, 2017	622.75	-	(371.87)	250.88
Total Comprehensive income for the year				
– Profit for the year	–	–	236.74	236.74
– Other Comprehensive Income transferred to retained earnings	–	–	1.17	1.17
Balance at 31st March, 2018	**622.75**	–	**(133.96)**	**488.79**

"As per our Report of Even Date"

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 27th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ in lacs

	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**364.70**	120.80
	Adjustments for:		
	Actuarial (Gain)/Loss	**1.66**	4.01
	Loss/(Gain) on disposal of property, plant and equipment	**4.76**	–
	Impairment loss recognised on trade receivables	**95.71**	69.96
	Depreciation and amortisation of non-current assets	**15.36**	16.10
	Finance Charges	**50.37**	26.40
		532.56	237.27
	Movements in working capital:		
	Increase in trade and other receivables	**(2,015.92)**	(149.47)
	(Increase)/decrease in other assets	**(292.14)**	109.22
	Decrease in trade and other payables	**2,036.52**	(133.80)
		261.01	63.22
	Cash generated from operations		
	Income taxes paid	**(79.95)**	(55.86)
	Net cash generated by operating activities	**181.06**	7.36
B.	**Cash flows from investing activities**		
	Payments for property, plant and equipment	**(27.31)**	(2.07)
	Proceeds from disposal of property, plant and equipment	**–**	–
	Net cash (used in)/generated by Investing activities	**(27.31)**	(2.07)
C.	**Cash flows from financing activities**		
	Proceeds from Borrowings	**(109.81)**	35.33
	Interest paid	**(50.37)**	(26.40)
	Net cash used in financing activities	**(160.18)**	8.93
	Net increase in cash and cash equivalents	**(6.43)**	14.22
	Cash and cash equivalents at the beginning of the year	**57.98**	43.76
	Cash and cash equivalents at the end of the year	**51.55**	57.98

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in IND AS 7.

2 Figures in bracket indicates cash outgo.

3 Additions to property, plant and equipment and intangible assets respectively during the year.

"As per our Report of Even Date"

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April, 2018

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 27th April, 2018

Notes to the financial statements for the year ended 31st MARCH, 2018

1. Corporate information

LORDS Freight (India) Pvt Ltd is a private limited company incorporated on 25th April, 2011 under the Companies Act, 1956. The Company's main activities are freight forwarding including transportation of goods via sea & air.

The financial statements for the year ended 31st March, 2018 are approved for issue in accordance with a resolution of the directors on 27th April, 2018.

2. Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

2.2. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupee(INR) and denominated in lakhs.

The principal accounting policies are set out below.

2.3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1. Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.3.2. Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4. Leasing

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.5. Foreign currencies

The Financial statement are presented in rupees in lacs, which is also Company's functional currency.

i. Initial recognition

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

2.6. Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

2.7. Employee benefits

2.7.1. Retirement benefit costs and termination benefits

i. Defined Contribution Plan :

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.7.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.8.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred. Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

I. Assets costing less than Rs.5000/- which are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10. Intangible assets

2.10.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10.2. Useful lives of intangible assets

The expenditure incurred is amortised over ten financial years equally commencing from the year in which the expenditure is incurred.

2.11. Impairment of tangible and intangible assets other than goodwill

The management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.12. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.13. Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.14.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.14.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

2.14.2. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that

form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.14.3. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.14.4. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.14.5. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.15. Financial liabilities and equity instruments

2.15.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.3. Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

ii. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16. Segment Accounting:

The VP/Whole Time Director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in financial statements.

2.17. Earnings per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2.18. First-time adoption – mandatory exceptions, optional exemptions

2.18.1. Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.18.2. Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not opted the exemption of using previous GAAP carrying value of all its Property, Plant and Equipment, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

2.18.3. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.18.4. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.18.5. Impairment of financial assets

The entity has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognisedin order to compare it with the credit risk at the transition date. Further, the entity has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

3.1. Defined Benefit Plans:

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4. Recent Accounting Pronouncements

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Note No. 5 – Property, Plant and Equipment

For the year ended 31st March, 2018

₹ in lacs

Description of Assets	**Computer**	**Office Equipment**	**Furniture, Fittings and Fixtures**	**Total**
A. Gross Carrying Amount				
a) Balance as at 1st April, 2017	33.30	26.16	61.51	**120.97**
b) Additions	21.61	2.07	0.85	**24.53**
Less: Disposals/Adjustments	(2.77)	(2.18)	(9.39)	**(14.34)**
Balance as at 31st March, 2018	**52.14**	**26.06**	**52.96**	**131.16**
B. Accumulated depreciation and impairment				
a) Balance as at 1st April, 2017	29.65	20.59	21.36	**71.60**
b) Depreciation expense for the year	5.29	2.45	6.18	**13.92**
Less: Eliminated on disposal of assets	(2.63)	(2.04)	(4.91)	**(9.58)**
Balance as at 31st March, 2018	**32.31**	**21.00**	**22.62**	**75.94**
C. Net carrying amount (A-B)	**19.82**	**5.06**	**30.34**	**55.22**

For the year ended 31st March, 2017

Description of Assets	Computer	Office Equipment	Furniture, Fittings and Fixtures	Total
A. Gross Carrying Amount				
a) Balance as at 1st April, 2016	32.46	25.36	61.22	**119.04**
b) Additions	0.84	0.80	0.29	**1.93**
Less: Disposals/Adjustments				**–**
Balance as at 31st March, 2017	**33.30**	**26.16**	**61.51**	**120.97**
B. Accumulated depreciation and impairment				
a) Balance as at 1st April, 2016	25.90	15.67	15.26	**56.83**
b) Depreciation expense for the year	3.75	4.92	6.10	**14.77**
Less: Eliminated on disposal of assets				**–**
Balance as at 31st March, 2017	**29.65**	**20.59**	**21.36**	**71.60**
C. Net carrying amount (A-B)	**3.66**	**5.57**	**40.15**	**49.37**

Notes:

i) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 2.9.

ii) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2018 is **Rs. Nil** (2017: Rs. NIL).

Note No. 6 – Other Intangible Assets

For the year ended 31st March, 2018

₹ in lacs

Description of Assets	**Computer Software**	**Total**
A. Gross Carrying Amount		
a) Balance as at 1st April, 2017	13.52	**13.52**
b) Additions	2.79	**2.79**
Less: Disposals/Adjustments	–	**–**
Balance as at 31st March, 2018	**16.31**	**16.31**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April, 2017	6.87	**6.87**
b) Amortisation expense for the year	1.44	**1.44**
Less: Eliminated on disposal of assets	–	**–**
Balance as at 31st March, 2018	**8.30**	**8.30**
C. Net carrying amount (A-B)	**8.00**	**8.00**

For the year ended 31st March, 2017

₹ in lacs

Description of Assets	**Computer Software**	**Total**
A. Gross Carrying Amount		
a) Balance as at 1st April, 2016	13.38	**13.38**
b) Additions	0.14	**0.14**
Less: Disposals/Adjustments	–	**–**
Balance as at 31st March, 2017	**13.52**	**13.52**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April, 2016	5.54	**5.54**
b) Amortisation expense for the year	1.33	**1.33**
Less: Eliminated on disposal of assets	–	**–**
Balance as at 31st March, 2017	**6.87**	**6.87**
C. Net carrying amount (A-B)	**6.65**	**6.65**

Notes:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2018 is **Rs. NIL (2017: Rs. NIL)**.

Note No. 7 – Trade receivables

₹ in lacs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade receivables		
a) Secured, considered good	–	–
b) Unsecured, considered good	**3,065.07**	1,144.86
c) Unsecured, considered doubtful	**95.71**	69.96
	3,160.78	1,214.82
Less: Allowance for Credit Losses	**95.71**	69.96
TOTAL	**3,065.07**	1,144.86

Notes:

i) Refer Note 26 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind As 109, which permits the use of the lifetime expected loss provision for all trade receiables. The Company has computed expected crdit losses based on a provision matrix which uses historical credit loss experiance of the Company.

Note No. 8 – Other Financial Asset

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
A. **Security Deposits**				
a) Secured, considered good	–	–	–	–
b) Unsecured, considered good	**47.47**	**14.15**	33.10	12.15
c) Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
B. **Unbilled Revenue**	**21.49**	–	1.38	–
B. **Others**	**0.63**	–	0.63	–
Total	**69.59**	**14.15**	35.11	12.15

Notes:

i) Refer Note 26 (III) for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 9 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

₹ in lacs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. **Current Tax:**		
a) In respect of current year	**79.95**	29.28
b) In respect of prior years	**–**	–
c) Unrecognised tax loss used to reduce current tax expense	**–**	–
Total	**79.95**	29.28
B. **Deferred Tax:**		
a) In respect of current year origination and reversal of temporary differences	**(53.95)**	111.20
b) Adjustments due to changes in tax rates	**5.94**	–
Total	**(48.01)**	111.20
Total (A+B)	**31.94**	140.48

(b) Income tax recognised in Other Comprehensive Income

₹ in lacs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. **Current Tax:**		
Remeasurement of defined benefit obligations	**–**	**–**
Total	**–**	–
B. **Deferred Tax:**		
Remeasurement of defined benefit obligations	**(0.49)**	1.33
Total	**(0.49)**	1.33
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(0.49)**	1.33
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**(0.49)**	1.33

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
a) **Profit Before tax**	**364.70**	120.80
b) Income Tax using the Company's domestic tax rate	**120.58**	39.95
c) Change in tax rates	**5.94**	**–**
c) Expenses not allowed for tax purpose	**–**	0.99
d) Tax impact on Business Loss	**–**	(122.99)
	126.52	(82.05)
e) Adjustments recognised in the current year in relation to the current tax of prior years	**1.91**	–
e) Adjustments recognised in the current year in relation to the current tax of prior years	**–**	(1.18)
Income tax expense recognised In profit or loss	**128.43**	(83.23)

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st March 2018	As at 31st March 2017
a) Deductible Temporary differences	–	–
b) Unused Tax losses (revenue in nature)	–	–
c) Unused Tax losses (capital in nature)	–	–
Total	–	–

Note No. 10 – Deferred Tax Assets

(i) Movement in deferred tax balances

Particulars	For the Year ended 31st March 2018				For the Year ended 31st March, 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) Property, Plant and Equipment	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
B. Tax effect of items constituting deferred tax assets								
a) Property, Plant and Equipment	3.31	(0.41)	–	2.90	1.33	1.98	–	3.31
b) Employee Benefits	12.12	1.47	(0.49)	13.10	10.66	0.13	1.33	12.12
c) Provision for doubtful debts/advances	23.12	4.74	–	27.86	4.85	18.27	–	23.12
d) Business Loss	61.53	(61.53)	–	–	–	61.53	–	61.53
e) MAT credit entitlement	33.66	7.72	–	41.38	4.38	29.29	–	33.66
Total	133.74	(48.01)	(0.49)	85.24	21.22	111.20	1.33	133.74
Net Tax Assets / (Liabilities)	133.74	(48.01)	(0.49)	85.24	21.22	111.20	1.33	133.74

Note No. 11 – Other assets

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-Current	Current	Non-Current
A. Capital advances				
a) For Capital work in progress	–	–	–	–
b) For intangible asset under development	–	–	–	–
Total (A)	–	–	–	–
B. Advances other than capital advances				
a) Advances to suppliers - considered good	69.01	–	23.69	–
b) Advances to suppliers - considered doubtful	–	–	–	–
c) Balances with government authorities (other than income taxes)	–	–	15.49	–
d) Prepaid Expenses	13.15	–	11.51	–
e) Advances to employees	–	–	–	–
f) Other advances	0.19	–	0.02	–
Total (B)	82.35	–	50.71	–
TOTAL (A+B)	82.35	–	50.71	–

Particulars	As at 31st March, 2018 Current	Non-Current	As at 31st March, 2017 Current	Non-Current
Less: Provision for doubtful advances	–	–	–	–
Total (C)	–	–	–	–
TOTAL (A+B+C)	82.35	–	50.71	–

Note No. 12 – Cash and Bank Balances

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
a) Balances with banks	**18.96**	42.17
b) Cheques, drafts on hand	**31.54**	15.04
c) Cash on hand	**1.05**	0.77
d) Bank deposits with maturity of less than 3 months	–	–
Total	**51.55**	57.98

Note No. 13 – Current Tax Assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance Income Tax/TDS Receivable (Net off Provision for Tax)	**403.32**	179.29
Total	**403.32**	179.29

Note No. 14 – Share Capital

Particulars	As at 31st March, 2018 No. of shares	Amount	As at 31st March, 2017 No. of shares	Amount
A. **Authorised:**				
a) Equity shares of Rs. 10 each with voting rights	**25,00,000**	**250.00**	2,500,000	250.00
Total				
B. **Issued, Subscribed and Fully Paid:**				
a) Equity shares of Rs. 10 each with voting rights	**23,62,509**	**236.26**	2,362,509	236.26
Total		**236.26**		236.26
C. **Issued, Subscribed and Partly Paid:**	–	–	–	–
Total	–	–	–	–
Total (B+C)	–	**236.26**	–	**236.26**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes (give details)	Closing Balance
A. **Equity Shares with Voting rights**				
a) **Year Ended 31st March 2018**				
No. of Shares	**23,62,509**	–	–	**2,362,509**
Amount	**236.26**	–	–	**236.26**
b) Year Ended 31st March 2017				
No. of Shares	23,62,509	–	–	2,362,509
Amount	236.26	–	–	236.26

Notes:

i) **Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) **Details of shares held by the holding company:**

Particulars	No. of Equity Shares with Voting rights As at 31st March, 2018	As at 31st March, 2017
Mahindra Logistics Limited	**1,417,509**	**1,417,509**

(iii) **Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Logistics Limited	**14,17,509**	**60.00%**	1,417,509	60.00%
Mr. Shamsudeen Ahmed	**2,61,360**	**11.06%**	261,360	11.06%
Mr. Sumit S. Varma	**1,19,610**	**5.06%**	119,610	5.06%
Mr. S. Rajagopalan	**1,19,610**	**5.06%**	119,610	5.06%
Mr. V. Krishnan	**1,19,610**	**5.06%**	119,610	5.06%
Mr. Santhosh Kannambra	**1,19,610**	**5.06%**	119,610	5.06%

Note No. 15 – Other Equity

₹ in lacs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities premium reserve	**622.75**	622.75
Retained earnings	**(133.96)**	(371.87)
Total	**488.79**	250.88

Movement in Reserves

Particulars	As at 31st March, 2018	As at 31st March, 2017
(A) Securities Premium		
Balance as at the beginning of the year	**622.75**	622.75
Add: Additions during the year	–	–
Less: Deletion during the year	–	–
Balance as at the end of the year	**622.75**	622.75
(B) Retained Earnings		
Balance as at the beginning of the year	**(371.87)**	(579.93)
Add: Profit for the year	**236.74**	202.72
Less: Actuarial gain/(loss) for the year	**1.17**	5.34
Balance as at the end of the year	**(133.96)**	(371.87)

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the surplus during the year to be retained in business and not for appropriation.

Securities Premium:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Act.

Note – 16: Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Secured Borrowings		
Loans repayable on demand from Banks	**273.35**	326.66
Total Secured Borrowings	**273.35**	326.66
B. Unsecured Borrowings		
from related parties	–	56.50
from other parties	–	–
Total Unsecured Borrowings	–	56.50
Total Borrowings	**273.35**	383.16

Note:

i. Secured loan from banks is in the nature of Cash Credit facility availed.

ii. Cash credit facililty has been availed at the rate of interest ranging from 8.15% to 8.85% p.a. agianst the charge of trade receivables.

iii. Bank sanctioned facility comprises of Cash Credit limit and working capital facility of Rs. 1000 lacs and facility availed as on 31st March, 2018 is Rs. 273.35 lacs.

Note No. 17 – Trade Payables

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Trade Payable	**2,746.48**	745.69
Total	**2,746.48**	745.69

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

ii) Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of Micro Small & Medium Enterprises Development Act, 2006 as on 31st March 2018

Note No. 18 – Provisions

₹ in lacs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
Provision for employee benefits	**26.78**	**39.05**	8.51	34.39
Total	**26.78**	**39.05**	8.51	34.39

Note No. 19 – Other Liabilities

₹ in lacs

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	**Non-Current**	Current	Non-Current
A. Advances received from customers	**2.45**	–	1.40	–
B. Unearned Income on discounted deposits				
a) Taxes payable	**14.50**	–	6.42	–
b) Employee Liabilities	**6.83**	–	3.15	–
TOTAL (A+B)	**23.78**	–	10.97	–

Note No. 20 – Revenue from Operations

₹ in lacs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Revenue from rendering of services	17,678.89	6,617.17
Total	**17,678.89**	6,617.17

Note No. 21 – Other Income

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Interest Income	**0.59**	16.07
b) Miscellaneous Income		
a) Gain on exchange fluctuation	**94.20**	29.51
b) Other Income	**4.53**	14.54
Total	**99.32**	60.12

Note No. 22 – Employee Benefits Expense

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Salaries and wages, including bonus	**859.67**	482.12
b) Contribution to provident and other funds	**30.01**	16.22
c) Gratuity	**10.63**	7.37
d) Staff welfare expenses	**22.32**	25.57
Total	**922.63**	531.28

Notes:

i) Salaries and wages would include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

ii) Employee would deem to include directors, in full time or part time employment of the Company, but would exclude directors who are not under a contract of employment with the Company.

iii) Contribution to provident fund and other funds would include contributions to other funds like superannuation fund etc.pertaining to employees. Contributions to ESIC, Labour Welfare Fund.

Note No. 23 – Finance Cost

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Interest expense on cash credit	**50.37**	26.40
Total	**50.37**	26.40

Notes:

i) Analysis of Interest Expenses by Category

₹ in lacs

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest Expenses		
a) On Financial Liability at Amortised Cost	**50.37**	26.40
Total	**50.37**	26.40

Note No. 24 – Other Expenses

Particulars		As at 31st March, 2018	As at 31st March, 2017
a) Freight & Other related Expenses		**15,954.04**	5,666.57
b) Rent including lease rentals		**74.24**	51.50
c) Travelling and Conveyance Expenses		**102.63**	44.74
d) Provision for expected credit losses (Net of Reversals)		**25.75**	54.26
e) Bad Debts Written off		**46.25**	17.45
f) Bad Advances Written off		**37.22**	–
g) Auditors remuneration and out-of-pocket expenses			
i) As Auditors	2.45	–	
ii) For Taxation matters	0.82	–	
iii) For Other services	0.10	**3.37**	3.16
h) Repairs and maintenance:		–	
i) Machinery	15.04		10.35
ii) Others	17.49	**32.54**	12.28
i) Legal & Professional charges		**47.33**	48.08
j) Loss on sale of Fixed Assets		**4.72**	–
k) Other expenses		**97.06**	74.32
Total		**16,425.15**	5,982.71

Note No. 25 – Earnings per Share

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Per Share	Per Share
A. Basic Earnings per share	**10.07**	8.81
Total basic earnings per share	**10.07**	8.81
B. Diluted Earnings per share	**10.07**	8.81
Total diluted earnings per share	**10.07**	8.81

Notes:

i) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in lacs

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a) Profit/(loss) for the year attributable to owners of the Company	**237.91**	208.06
b) Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**237.91**	208.06
Total number of equity shares	**23,62,509**	23,62,509
Earnings per share from continuing operations – Basic	**10.07**	8.81

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective periods.

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Profit/(loss) for the year used in the calculation of basic earnings per share	**237.91**	208.06
b) Add: adjustments on account of dilutive potential equity shares	–	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**237.91**	208.06

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**23,62,509.00**	2,362,509.00
Add: Effect of Adjustments	–	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**23,62,509.00**	2,362,509.00

Note No. 26 – Financial Instruments

I. Capital management Policy

a) The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of company's capital management, capital includes issued share capital, equity as well as preference and all other equity reserves. The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

Particulars	31st March, 2018	31st March, 2017
Equity	**725.05**	487.14
Capital	**725.05**	487.14

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

₹ in lacs

As at 31st March, 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	–	–	–	–
b) Other Financial Assets	**14.15**	–	–	**14.15**
Total	**14.15**	–	–	**14.15**
B. Current Assets				–
a) Investments	–	–	–	–
b) Trade Receivables	**3,065.07**	–	–	**3,065.07**
c) Cash and Bank Balances	**51.55**	–	–	**51.55**
d) Other Financial Assets	**69.59**	–	–	**69.59**
Total	**3,186.21**	–	–	**3,186.21**
C. Current Liabilities				
a) Trade Payables	**2,746.48**	–	–	**2,746.48**
b) Other Financial Liabilities	**273.35**	–	–	**273.35**
Total	**3,019.83**	–	–	**3,019.83**

As at 31st March, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	–	–	–	–
b) Other Financial Assets	12.15	–	–	12.15
Total	12.15	–	–	12.15
B. Current Assets				–
a) Investments	–	–	–	–
b) Trade Receivables	1,144.86	–	–	1,144.86
c) Cash and Bank Balances	57.98	–	–	57.98
c) Other Financial Assets	35.11	–	–	35.11
Total	1,237.95	–	–	1,237.95
C. Current Liabilities				
a) Trade Payables	745.69	–	–	745.69
b) Other Financial Liabilities	383.16	–	–	383.16
Total	1,128.85	–	–	1,128.85

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customer of the company, the company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to a single company did not exceed 10 % of gross monetary assets at any time during the year.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) The loss allowance provision is determined as follows:

		As at 31st March, 2018			
	Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
a)	Gross carrying amount....	**1,553.16**	**1,420.00**	**187.62**	**3,160.78**
b)	Loss allowance provision ..	**17.59**	**16.08**	**62.03**	**95.71**

		As at 31st March, 2017			
	Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
a)	Gross carrying amount....	615.95	471.73	127.15	1,214.84
b)	Loss allowance provision ..	9.05	6.95	53.96	69.96

(vii) Reconciliation of loss allowance provision for Trade Receivables

₹ in lacs

	Particulars	31st March, 2018	31st March, 2017
a)	Balance as at beginning of the year.......	**69.96**	15.70
b)	Impairment losses recognised in the year based on lifetime expected		
	– On receivables originated in the year..	**58.08**	65.95
	– Other receivables........................	–	–
c)	Impairment losses reversed/written back	**32.33**	11.69
d)	**Balance at end of the year**..................	**95.71**	69.96

(viii) During the period, the company has made write off of Rs. 46.25 lacs (31 March, 2017: Rs. 17.45 lacs) of trade receivable. These trade receivables and advances are not subject to enforcement activity.

Cash and Cash equivalents

As at 31st March, 2018, the company held cash and cash equivalents of Rs. 51.55 Lacs (As at 31st March, 2017 Rs. 57.98 Lacs). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilities:

	Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
A)	**Non-derivative financial liabilities**				
	As at 31st March 2018				
a)	Trade Payables	**2,746.48**	–	–	–
b)	Security Deposits	–	–	–	–
c)	Borrowings.....................	**273.35**	–	–	–
d)	Employee Dues	–	–	–	–
	Total..	**3,019.83**	–	–	–
	As at 31st March 2017				
a)	Trade Payables	701.89	–	–	–
b)	Security Deposits	–	–	–	–
c)	Borrowings.....................	383.16	–	–	–
d)	Employee Dues	43.80	–	–	–
	Total..	1,128.85	–	–	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

₹ in lacs

	Particulars	As at 31st March, 2018	As at 31st March, 2017
a)	Secured Cash credit facility		
	– Expiring within one year	**726.65**	173.34
	– Expiring beyond one year	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Particulars	Less than 1 Year In Rs. Lacs	1-3 Years In Rs. Lacs	3 Years to 5 Years In Rs. Lacs	5 years and above In Rs. Lacs
Non-derivative financial assets				
As at 31st March 2018				
Trade Receivables....................	**3,065.07**	–	–	–
Security Deposits.....................	**47.47**	**14.15**	–	–
Others......................................	**51.55**	–	–	–
Total..	**3,164.09**	**14.15**	–	–
As at 31st March 2017				
Trade Receivables....................	1,144.86	–	–	–
Security Deposits.....................	33.10	12.15		–
Others......................................	57.98	–	–	–
Total..	1,235.94	12.15	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

Market Risk

"Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	31 March, 2018	31 March, 2017
Trade Receivables	USD	**200,151**	273,882
	EUR	**3,052**	48,169
	SGD	**3,447**	1,161
	GBP	**2,259**	1,484
	HKD	**353**	–
Trade Payables	USD	**2,336,828**	215,488
	HKD	**4,881,189**	400,047
	EUR	**116,214**	51,486
	GBP	**70,675**	27,408
	SGD	**12,423**	286,198
	CAD	**3,092**	186
	CHF	**634**	1,698
	AUD	**–**	7,942
	DKK	**10,967**	–
	SEK	**35,360**	6,156
	NOK	**2,822**	2,822

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-18	**USD**	**+10%**	**139.25**	**139.25**
	USD	**-10%**	**(139.25)**	**(139.25)**
	HKD	**+10%**	**40.46**	**40.46**
	HKD	**-10%**	**(40.46)**	**(40.46)**
	EUR	**+10%**	**9.14**	**9.14**
	EUR	**-10%**	**(9.14)**	**(9.14)**
	GBP	**+10%**	**6.31**	**6.31**
	GBP	**-10%**	**(6.31)**	**(6.31)**
31-Mar-17	USD	+10%	3.76	3.76
	USD	-10%	(3.76)	(3.76)
	SGD	+10%	(13.36)	(13.36)
	SGD	-10%	13.36	13.36
	GBP	+10%	(2.12)	(2.12)
	GBP	-10%	2.12	2.12

Interest Risk

The following tables demonstrate the sensitivity to a reasonably possible change in Interest rates, with all other variables held constant.

Particulars	Name of borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
As at 31st March, 2018	Cash Credit	Floating	8.85%	273.35	1.00%	-2.73	1.00%	2.73
As at 31st March, 2017	Cash Credit	Floating	8.65%	326.66	1.00%	-3.27	1.00%	3.27

Note No. 27 – Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	31st March, 2018 Carrying amount	31st March, 2018 Fair value	31st March, 2017 Carrying amount	31st March, 2017 Fair value
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) trade and other receivables	**3,065.07**	**3,065.07**	1,144.86	1,144.86
ii) Deposits given	**61.62**	**61.62**	45.25	45.25
iii) Cash and cash equivalents	**51.55**	**51.55**	57.98	57.98
Total	**3,178.24**	**3,178.24**	1,248.08	1,248.08
B) Financial liabilities				
b) Financial liabilities held at amortised cost				
i) trade and other payables	**2,746.48**	**2,746.48**	745.69	745.69
Total	**2,746.48**	**2,746.48**	745.69	745.69

b) Fair Value Hierarchy

Fair value hierarchy as at 31st March, 2018

Particulars	Level 1	Level 2	Level 3	Total
A) Financial assets				
a) Financial assets carried at Amortised Cost				
ii) ii) Trade and other receivables	–	**3,065.07**	–	**3,065.07**
iii) Deposits given	–	**61.62**	–	**61.62**
iv) Cash and cash equivalents	–	**51.55**	–	**51.55**
Total	–	**3,178.24**	–	**3,178.24**
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) Trade and other payables	–	**2,746.48**	–	**2,746.48**
Total	–	**2,746.48**	–	**2,746.48**

Fair value hierarchy as at 31st March, 2017

Particulars	Level 1	Level 2	Level 3	Total
A) Financial assets				
a) Financial assets carried at Amortised Cost				

	Fair value hierarchy as at 31st March, 2017			
	Level 1	Level 2	Level 3	Total
ii) Trade and other receivables	–	1,144.86	–	1,144.86
iii) Deposits given	–	45.25	–	45.25
iv) Cash and cash equivalents	–	57.98	–	57.98
Total	–	1,248.08	–	1,248.08
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
ii) trade and other payables	–	745.69	–	745.69
Total	–	745.69	–	745.69

Note:

i) The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 28 – Segment information

i) The management of the company has chosen to organise the company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the group.

ii) The Company has only one operating segment i.e. "Freight Forwarding".

iii) The VP/Whole time director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

(iv) Geographic information

Particulars	**Year Ended 31st March, 2018**	**Year Ended 31st March, 2017**
Revenue from external customers		
India	**16,218.43**	5,646.74
Outside India	**1,460.46**	970.43
Total revenue per statement of profit or loss	**17,678.89**	6,617.17

v) Non-current operating assets

Particulars	**As at 31st March, 2018**	**As at 31st March, 2017**
India	**63.22**	56.02
Outside India	**–**	–
Total	**63.22**	56.02

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

The revenues of the company from a group of customers under common control amounts to around 7.60% of its total revenues.

(vi) The company had set up its internal reporting based on Ind AS, ahead of Ind AS adoption for statutory reporting. Hence, the VP/Whole time director was already using Ind AS information for economic decision making. This implies that the company's internal reporting is already set up to report in accordance with Ind-AS.

Note No. 29 – Leases

Operating Lease

i) The Company has entered into operating lease arrangements for commercial premises. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

Particulars	**For the year ended 31 March, 2018**	**For the year ended 31st March, 2017**
i) Future Non-Cancellable minimum lease commitments		
a) not later than one year	**16.90**	19.44
b) later than one year and not later than five years	**–**	41.84
c) later than five years	**–**	–
ii) Expenses recognised in the Statement of Profit and Loss		
a) Minimum Lease Payments	**–**	–

Note No. 30 – Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 30.01 lacs (2017 : Rs. 16.22 lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**Valuation as at 31st March, 2018**	**31st March, 2017**
a) Discount rate(s)	**7.60%**	7.34%
b) Expected rate(s) of salary increase	**6.00%**	6.00%
c) Mortality rate during employment	**IALM(2006-08) Ultimate**	IALM(2006-08) Ultimate

(d) Defined benefit plans – as per actuarial valuation

Particulars		Unfunded Plan – Gratuity 2018	2017
I.	**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**		
	a) Current Service Cost	**9.11**	5.80
	b) Past service cost and (gains)/ losses from settlements	–	–
	c) Net interest expense	**1.52**	1.56
	Components of defined benefit costs recognised in profit or loss	**10.63**	7.37
	a) Remeasurement on the net defined benefit liability	–	–
	b) Return on plan assets (excluding amount included in net interest expense)	–	–
	c) Actuarial (gains)/loss arising form changes in financial assumptions	**(1.34)**	1.53
	d) Actuarial (gains)/loss arising form experience adjustments	**(0.31)**	(5.55)
	Components of defined benefit costs recognised in other comprehensive income	**(1.66)**	(4.02)
Total		**8.97**	3.35
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**		
	a) Present value of defined benefit obligation	**(20.34)**	(20.72)
	b) Fair value of plan assets	–	–
	c) Surplus/(Deficit)	**(20.34)**	(20.72)
	d) Current portion of the above	**(1.89)**	(0.44)
	e) Non current portion of the above	**(18.44)**	(20.27)
III.	**Change in the obligation during the year ended 31st March**		
	a) Present value of defined benefit obligation at the beginning of the year	**20.72**	19.53
	b) Add/(Less) on account of Scheme of Arrangement/Business	–	–
	c) Transfer	–	–
	d) Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**9.11**	5.80
	– Past Service Cost		
	– Interest Expense (Income)	**1.52**	1.56
	e) Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial Gain (Loss) arising from:		
	i. Financial Assumptions	**(1.34)**	1.53
	ii. Experience Adjustments	**(0.31)**	(5.55)
	f) Benefit payments	**(9.35)**	(2.16)
	g) Present value of defined benefit obligation at the end of the year	**20.34**	20.72
IV.	**Change in fair value of assets during the year ended 31st March**		
	i) Fair value of plan assets at the beginning of the year	–	–
	ii) Expenses Recognised in Profit and Loss Account		
	– Expected return on plan assets	–	–
	iii) Recognised in Other Comprehensive Income	–	–
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	–	–
	iv) Contributions by employer (including benefit payments recoverable)	–	–
	v) Benefit payments	–	–
	vi) Fair value of plan assets at the end of the year	–	–
V.	**The Major categories of plan assets**		
	– Insurance Funds	–	–
VI.	**Actuarial assumptions**		
	a) Discount rate	**7.60%**	7.34%
	b) Expected rate of return on plan assets	–	–
	c) Attrition rate	**12.00%**	2.00%

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
a) Discount rate	2018	1.00%	(0.55)	0.14
	2017	0.50%	(1.17)	1.28
b) Salary growth rate	2018	1.00%	(0.15)	0.57
	2017	0.50%	1.29	(1.19)
c) Rate of employee turnover	2018	0.50%	(1.32)	0.33
	2017	0.50%	0.10	(0.11)

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The weighted average duration of the defined benefit obligation as at 31 March 2018 is 7 years (2017: 14 years)

f) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	2018	2017
Within 1 year	**1.89**	0.44
2 – 5 year	**8.91**	5.67
6 – 10 year	**11.76**	6.74

g) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

h) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 31 – Related Party Transactions

i) List of Related Parties:

a) Holding Companies:	
1	Mahindra Logistics Limited
b) Other Related parties	
1	Mahindra & Mahindra Limited
2	Mahindra Internet Commerce Pvt Ltd
3	Mahindra Aerostructures Pvt Ltd
4	Mahindra Reva Electric Vehicles Pvt Ltd
5	Mahindra Heavy Engines Pvt Ltd
6	Mahindra Retail Pvt Ltd
7	Mahindra Trucks and Buses Ltd
8	Mahindra Two Wheelers Ltd
9	Mahindra Vehicles Manufacturers Ltd
10	Defence Land Systems India Ltd
11	Mahindra Susten Pvt Ltd.
c) Key management Personnel	
1	Krishnan Varada (WTD)
2	Shamsudeen Ahmed

ii) Details of transaction between the Company and its related parties are disclosed below:

			₹ in lacs
Particulars	**Parent Company**	**Other related parties**	**KMP**
Nature of transactions with Related Parties			
a) Rendering of services	6.80	1,338.65	–
b) Receiving of services	0.04	–	–
C) Reimbursements made to parties	12.63	2.71	–
Nature of Balances with Related Parties			
a) Trade payables	13.47	–	–
b) Trade Receivable	2.38	245.34	–
c) Loans & advances received	–	–	–

iii) All the outstanding balances, whether receivables or payables are unsecured.

iv) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 27th April 2018

For and on behalf of Board of Directors
LORDS Freight (India) Private Limited

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 27th April 2018

DIRECTORS' REPORT

Your Directors present their Eighth Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Crores)

Particulars	**For the year ended March 31, 2018#**	For the year ended March 31, 2017#
Income		
Revenue from Operations (Gross)	**1,153.11**	1,229.75
Less: Excise Duty	–	–
Revenue from Operations (Net)	**1,153.11**	1,229.75
Other Income	**11.18**	24.62
Total Income	**1,164.29**	1,254.37
Expenses		
Cost of Raw Material and Components Consumed	**634.03**	876.59
Increase/(Decrease) in inventories	**(42.02)**	1.01
Employee Benefit Expenses	**81.51**	70.41
Other Expenses	**379.08**	231.38
Depreciation and Amortization Expenses	**21.00**	4.60
Finance Costs	**17.79**	3.42
Total Expenses	**1,091.39**	1,187.42
Profit/(Loss) before Tax	**72.90**	66.95
Provision for Tax	**25.93**	25.06
Profit for the year from continuing operations	**46.97**	41.89
Other comprehensive income	**0.29**	(0.14)
Balance of Profit from earlier years	**116.28**	74.39
Balance carried forward	**163.25**	116.14
Amount carried forward to reserves	**163.25**	116.14
Net worth	**598.16**	550.33

 # The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

The Indian Solar Industry has gone through a challenging year with several uncertainties including potential levy of anti-dumping duty & safeguard duty on the import of Solar Photovoltaic ("PV") Modules, lack of clarity on Goods and Services Tax ("GST") rates applicable for construction of solar power plants. Also, there was decline in the number and quantum of solar bids compared to the previous year. Despite these challenges, the Company clocked a turnover of Rs. 1,153 crores, a 6% drop from the previous year, albeit with an improvement in profit margins with a profit after tax ("PAT") of approximately Rs. 47 crores, higher by 12% compared to the previous year.

During the year, there was good traction in the Distributed Solar and Design-Build solutions business divisions with orders from new marquee clients and large repeat orders from existing customers. The utility division made a foray in the international markets bagging orders in Saudi Arabia and Bangladesh. With the first quarter of FY 2018-19 seeing an improvement in the industry scenario with bids of over 10 Giga Watts ("GW") being announced, the Company is confident of steady increase in volumes & revenues across various business units coupled with expansion into other promising geographies thus enabling it to maintain its premier position as a sustainable infrastructure provider.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Holdings Limited.

FINANCIAL PERFORMANCE/OPERATIONS OF THE SUBSIDIARIES COMPANIES

During the year under review, your Company had purchased 100 % stake in Marvel Solren Private Limited ("Marvel") from Mahindra Renewables Private Limited (wholly owned subsidiary), and thereby Marvel has become wholly owned subsidiary of your Company with effect from September 15, 2017.

Mahindra Susten Bangladesh Private Limited was incorporated on April 19, 2018 as a subsidiary of the Company, i.e. after the end of financial year 2017-18, but before the date of this report.

As on March 31, 2018, the Company had nine (9) subsidiaries, the operations and performance of which are mentioned below for the information of the shareholders:

Mahindra Renewables Private Limited ("MRPL")

MRPL has started work on development of 250 Mega Watts ("MW") Alternate Current ("AC") solar power project in Rewa Ultra Mega Solar Park in the State of Madhya Pradesh ("Rewa Project").

MRPL's income for the year was Rs. 596.81 lakhs as compared to Rs. 183.70 lakhs in the previous year. The loss after tax for the year was at Rs. 64.70 lakhs as compared to loss after tax of Rs. 272.13 lakhs in the previous year.

MRPL is in the process of commissioning the Rewa Project within the timelines stipulated under the Power Purchase Agreement.

Brightsolar Renewable Energy Private Limited ("Brightsolar")

During the year under review, the 10 Mega Watts ("MW") Alternate Current ("AC") solar power plant of Brightsolar at Anantapur District in the state of Andhra Pradesh generated 1,95,19,500 units of solar power and earned revenues of Rs. 1,209.95 lakhs from the sale of solar power.

Brightsolar's total income for the year was Rs. 1,228.33 lakhs as compared to Rs. 1,221.67 lakhs in the previous year. The loss after tax for the year was Rs. 7.84 lakhs as compared to profit after tax of Rs. 22.78 lakhs in the previous year.

Cleansolar Renewable Energy Private Limited ("Cleansolar")

Cleansolar has successfully operated the 30 Mega Watts ("MW") Alternate Current ("AC") solar power plant at Tandur District in the state of Telangana. Cleansolar had earned Rs. 3,862.34 lakhs from the sale of power during the year.

Cleansolar's total income for the year was Rs. 3,922.93 lakhs as compared to Rs. 2,353.05 lakhs in the previous year. The profit after tax for the year was at Rs. 143.80 lakhs as compared to profit after tax of Rs. 137.83 lakhs in the previous year.

Astra Solren Private Limited ("Astra")

Astra has constructed two solar power plants with a capacity of 40 Mega Watts ("MW") Alternate Current ("AC") and 25 MW AC in Charanka Solar Park, Gujarat. These power plants were commissioned during the year under review. During the year under review, Astra had generated 10,94,37,246 units of solar power and generated revenues of Rs. 4,848.07 lakhs from sale of solar power.

Astra's total income for the year was Rs. 5,098.50 lakhs as compared to Rs. 75.95 lakhs in the previous year. The profit after tax for the year was Rs. 55.63 lakhs as compared to loss after tax of Rs. 341.70 lakhs in the previous year.

Divine Solren Private Limited ("Divine")

Divine has constructed a solar power plant for the capacity of 50 Mega Watts ("MW") Alternate Current ("AC") in Adilabad District in the State of Telangana. Divine had incurred an expenditure of Rs. 330.55 Crores for construction of this power plant. The plant got commissioned on July 22, 2017.

During the year under review, Divine had generated approximately 5,60,57,184.33 units of solar power and earned revenues of Rs. 3,641.19 lakhs from sale of solar power. Divine's total income for the year was Rs. 3,666.18 lakhs as compared to Rs. 33.38 lakhs in the previous year. The profit after tax for the year was Rs. 377.72 lakhs as compared to loss after tax of Rs. 172.54 lakhs in the previous year.

Neo Solren Private Limited ("Neo")

Neo has developed a solar power plant for the capacity of 42 Mega Watts ("MW") Alternate Current ("AC") in Wadekothapally District in the State of Telangana, which has been commissioned during the year under review.

During the year under review, Neo had generated revenue of Rs. 1973.30 lakhs from sale of solar power and Rs. 76.16 lakhs from other source of income by investing surplus funds.

Marvel Solren Private Limited ("Marvel")

Marvel has constructed solar power plant of 10 Mega Watts ("MW") Alternate Current ("AC") at Village Gadagi, Taluka & District – Bidar, Karnataka.

Marvel is under process of developing two solar power plants with an aggregate capacity of 1,467 Kilo Watts.

Mega Suryaurja Private Limited ("Suryaurja") [Formerly known as 'Mahindra Suryaurja Private Limited')

During the year, there were no operations in Mega Suryaurja.

Machinepulse Tech Private Limited ("Machinepulse")

During the year, there were no operations in Machinepulse.

None of the subsidiaries of the Company have declared dividend during the year.

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1, as ***Annexure I*** and forms part of this Annual Report.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Capital Clause of Memorandum of Association of your Company was altered with regard to increase in Authorized Share Capital from Rs. 150 Crores to Rs. 170 Crores.

SHARE CAPITAL

Authorized Share Capital

Consequent to the increase in Authorized Share Capital of your Company from Rs. 150 Crores to Rs. 170 Crores, the Authorized Share Capital as on March 31, 2018 stood at Rs. 170,00,00,000/- (Rupees One Hundred Seventy Crores only) divided into 17,00,00,000 (Seventeen Crores) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up Capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs 138,26,17,280 (Rupees One Hundred Thirty Eight Crores Twenty Six Lakhs Seventeen Thousand Two Hundred Eighty only) divided into 13,82,61,728 (Thirteen Crores Eighty Two Lakhs Sixty One Thousand Seven Hundred Twenty Eight) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met five times i.e. on April 25, 2017, July 27, 2017, November 01, 2017, February 01, 2018 and March 13, 2018.

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1	Mr. Zhooben Bhiwandiwala	00110373	Non – Executive (Additional) Director	Non – Independent Director	2
2	Ms. Anita Arjundas	00243215	Non – Executive Director	Non – Independent Director	4
3	Dr. Anup Shah	00293207	Non – Executive (Additional) Director	Independent Director	3
4	Mr. Chandrasekar Kandasamy	01084215	Non – Executive Director	Non – Independent Director	3
5	Mr. Ranjan Pant	00005410	Non – Executive Director	Non – Independent Director	3
6	Mr. Parag Shah	00374944	Non – Executive Director	Non – Independent Director	5
7	Mr. Satish Kamat	01536698	Non – Executive Director	Non – Independent Director	5
8	Mr. AKT Chari	00746153	Non – Executive Director	Independent Director	3 (Ceased as Director w.e.f. March 29, 2018)
9	Mr. Noshir Dastur	00493177	Non – Executive Director	Independent Director	1 (Ceased as Director w.e.f. May 04, 2017)

During the year under review, the following appointments/ changes in Directors of the Company took place:

- Mr. Noshir Dastur (DIN: 00493177) resigned as Director of the Company with effect from May 04, 2017 due to pre-occupation;
- Dr. Anup Shah (DIN: 00293207) was appointed as an Additional (Independent) Director with effect from November 01, 2017;
- Mr. Zhooben Bhiwandiwala (DIN: 00110373) was appointed as an Additional Director with effect from February 01, 2018; and
- Mr. AKT Chari (DIN: 00746153) ceased as Director of the Company with effect from March 29, 2018, due to completion of his tenure of three years starting from March 30, 2015 as Independent Director.

The Company has received the notice(s) in writing as per Section 160 of the Companies Act 2013, from a member signifying its intention to propose Dr. Anup Shah and Mr. Zhooben Bhiwandiwala as candidates for office of Director(s) at the eighth Annual General Meeting ("AGM") of the Company. Your Directors recommend for your consideration at the eighth AGM, appointment of Dr. Anup Shah and Mr. Zhooben Bhiwandiwala as Directors of the Company.

Ms. Anita Arjundas, (DIN: 00243215) would retire by rotation at the eighth AGM and being eligible offers herself for re-appointment.

Dr. Anup Shah, who in the opinion of the Board, is a person with integrity and possess expertise and experience and have given declaration to the effect that he meets the criteria of independence as laid down under Sub-section 6 of Section 149 of the Companies Act, 2013.

All the Directors of your Company including the Independent Director have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD AND NUMBER OF MEETINGS

The following are the details of Committees of the Board:-

i) **Nomination and Remuneration Committee ("NRC"):**

The Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet during the year under review, as there were no matters to be dealt by it.

The composition of NRC was as under:

Sr. No.	Name of Directors	Designation
1.	Mr. Noshir Dastur	Member
2.	Mr. AKT Chari	Member
3.	Mr. Chandrasekar Kandasamy	Member

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting NRC and Audit Committee.

The Board considered it appropriate to govern and manage the Company at Board level and being an unlisted public company and WOS of Mahindra Holdings Limited, your Company availed the said exemption and dissolved the NRC with effect from July 27, 2017.

The role of NRC has been subsumed by the Board of Directors.

ii) **Audit Committee ("AC"):**

During the year under review, the Audit Committee ("AC") members of the Board of Directors met once i.e. on April 25, 2017.

The composition and the attendance at the meeting of AC was as under:-

Sr. No.	Name of Directors	Designation	No. of Committee meetings attended
1.	Mr. AKT Chari	Member	1
2.	Mr. Noshir Dastur	Member	1
3.	Mr. Chandrasekar Kandasamy	Member	0

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting Nomination & Remuneration Committee and AC. Hence, being an unlisted public company and WOS of Mahindra Holdings Limited, your Company dissolved the mandatory AC with effect from July 27, 2017.

However, considering the size, complexity of operations and from good governance perspective, the Board considered it appropriate to constitute a 'Finance and Accounts Audit Committee' ("FAA Committee") on voluntary basis, which functions as per the role specified and instructions given by the Board from time to time including review of matters pertaining to financial statements and related party transactions.

iii) **Corporate Social Responsibility ("CSR") Committee:**

During the year under review, the CSR Committee members of the Board of Directors met once on April 25, 2017.

The Composition and the attendance at the CSR Committee were as under:

Sr. No.	Name of Directors	Designation	No. of Committee meetings attended
1	Mr. Chandrasekar Kandasamy	Member	0
2	Mr. Satish Kamat	Member	1
3	Mr. Anup Shah*	Member	–
4	Mr. AKT Chari	Ceased as member w.e.f. March 13, 2018	1

* Dr. Anup Shah, Independent Director was inducted as a member of CSR Committee in place of Mr. AKT Chari with effect from March 13, 2018.

iv) **Key Executives Stock Option Committee:**

During the year under review, the Key Executives Stock Option Committee members of the Board of Directors did not meet, as there were no proposals to be approved by the said Committee.

The Composition of the Key Executives Stock Option Scheme Committee were as under:

Sr. No.	Name of Directors	Designation
1	Mr. Satish Kamat	Member
2	Mr. Chandrasekar Kandasamy	Member
3	Mr. Parag Shah*	Member

* Mr. Parag Shah, Director was inducted as a member of Key Executives Stock Option Committee in place of Mr. AKT Chari with effect from March 13, 2018.

The name 'MEPC Key Executives Stock Option Committee' was rechristened to Mahindra Susten Private Limited Key Executives Stock Option Committee ("MSPL ESOP Committee") and approved by the Board.

MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors of the Company met on February 01, 2018 without the presence of the other Directors and Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole and assess the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

GENERAL MEETING

The seventh Annual General Meeting of your Company was held on July 27, 2017.

During the year under review, three Extra-ordinary General Meetings of your Company were held i.e. on November 08, 2017, March 07, 2018 and March 24, 2018.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no Appointments/Changes in Key Managerial Personnel ("KMP") took place during the year.

The KMPs of the Company as on March 31, 2018 were as follows:-

Sr. No.	Name of KMP	Designation
1	Mr. Basant Jain	Chief Executive Officer
2	Mr. Roshan Gandhi	Chief Financial Officer
3	Mr. Mandar Joshi	Company Secretary

EVALUATION OF PERFORMANCE OF DIRECTORS

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its Committees and individual Directors. Questionnaires for annual evaluation were circulated to all Directors, whose responses were submitted to the Chairperson of the Meeting for facilitating the formal annual evaluation. The Directors expressed their satisfaction with the evaluation process.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination & Remuneration Committee ("NRC"), the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said polices. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any, which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and provides for direct access to the Chairperson of the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the Seventh Annual General Meeting ("AGM") of your Company held on July 27, 2017, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditor of your Company for a period of three years. They hold office from the conclusion of the seventh AGM until the conclusion of tenth AGM to be held in the year 2020.

Pursuant to the first proviso of Section 139(1) of the Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of tenth AGM to be held in the year 2020 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Acquisory Consulting LLP, was appointed as the Internal Auditor of your Company for the Financial Year 2017-18.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Sandeep Parekh & Co. Practicing Company Secretaries, (Certificate of Practice No. 7693) to conduct Secretarial Audit of the Company.

A Secretarial Audit Report for the Financial Year ended March 31, 2018 issued by the Secretarial Auditor, pursuant to the aforesaid provisions is attached herewith in the prescribed Form MR 3 as ***Annexure II***, and the same forms part of this report.

Your Directors confirm that the Secretarial Audit Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as ***Annexure III*** and the same forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY

The Board had, pursuant to the recommendation of the Corporate Social Responsibility Committee approved the Corporate Social Responsibility Policy (“CSR Policy”) and the same is being implemented by the Company. The CSR Policy including a brief overview of the projects or programs proposed to be undertaken can be accessed at the Company’s website through the Web-link: http://www.mahindrasusten.com/images/reports/CSR-policy.pdf

A detailed Annual Report on the CSR activities undertaken by your Company in Financial Year 2017-18, is attached herewith as ***Annexure IV*** and the same forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year under review. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Particulars of loans given and investments made pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 7 of the Financial Statements and the same form part of this Report.

Particulars of guarantees given pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 32 of the Financial Statements and the same forms part of this Report.

Your Company has not availed any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and disclosure Requirement) Regulations, 2015 and Schedule V thereto applicable to the Ultimate Holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm’s length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 is annexed herewith as ***Annexure V*** and the same forms part of this report.

KEY EXECUTIVES STOCK OPTION SCHEME, 2013

During the year under review, your Company has not granted any Stock Options to the employees under the MSPL Key Executives Stock Option Scheme, 2013 (name changed from ‘MEPC Key Executives Stock Option Scheme, 2013’). Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in ***Annexure VI*** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed herewith as ***Annexure VII*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

EXEMPTION FROM CONSOLIDATION OF FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), ('Notification'), dated July 27, 2016, exempted a wholly owned subsidiary company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared the Consolidated Financial Statements since it meets all requirements mentioned in the aforesaid Notification.

PROVISIONS NOT APPLICABLE

Provisions relating to appointment of Cost Auditor under Section 148 of the Companies Act, 2013 was not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respects to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme, save and except ESOS referred to in this Report.
3. The Company does not have a Managing Director/Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board

Mahindra Susten Private Limited

Parag Shah	**Satish Kamat**
Director	Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FORM AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Statement Containing salient features of the financial statements of subsidiaries or associate companies or joint ventures

Part A : Subsidiaries

(Rupees In Lakhs)

Sr. No.	Name of the Subsidiary	1	2	3	4	5	6	7	8	9
		Mahindra Renewables Private Limited (MRPL)	Machinepulse Private Limited (Machinepulse)	Divine Solren Private Limited (Divine)	Cleansolar Renewable Energy Private Limited (Cleansolar)	Neo Solren Private Limited (Neo)	Marvel Solren Private Limited (Marvel)	Astra Solren Private Limited (Astra)	Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited')	Brightsolar Renewable Energy Private Limited (Brightsolar)
1	Date since subsidiary company was acquired/purchased	26-July-2010	5-January-2016	8-May-2015	3-December-2013	1-July-2015	10-october-2015	14-october-2015	16-February-2017	3-December-2013
2	Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR
3	Exchange Rate	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Capital (including Preference Capital & Share Application money)	27,953.00	5.00	1,208.00	962.30	931.50	1.00	848.96	10.00	952.40
5	Reserves & Surplus	592.30	(4.26)	6,544.35	5,310.56	6,018.09	(6.47)	5,387.74	(7.92)	1,037.79
6	Total Assets	50,331.98	4.27	35,178.30	24,882.35	30,009.24	7,153.25	52,521.47	2.07	8,115.31
7	Total Liabilities	50,331.98	4.27	35,178.30	24,882.35	30,009.24	7,153.25	52,521.47	2.07	8,115.31
8	Investment (excluding investments in subsidiaries)	–	–	–	–	–	–	–	–	–
9	Gross Turnover	354.08	–	3,641.19	3,862.34	1,973.30	2.56	4,848.07	–	1,209.95
10	Profit/(Loss) before Tax	(99.30)	(1.93)	549.77	330.16	748.97	(5.32)	(15.15)	(2.25)	42.72
11	Provision for Tax	(34.60)	–	172.05	186.36	197.72	(1.10)	(70.78)	–	50.56
12	Profit/(Loss) after Tax	(64.70)	(1.93)	377.72	143.80	551.26	(4.22)	55.63	(2.25)	(7.84)
13	Proposed Dividend and Tax thereon	–	–	–	–	–	–	–	–	–
14	Proportion of ownership interest	100%	100%	100%	100%	100%	100%	100%	100%	51%
15	Proportion of voting power where different	–	–	–	–	–	–	–	–	–
16	Performance of the company* Also refer Note	(64.70)	(1.93)	377.72	143.80	551.26	(4.22)	55.63	(2.25)	(7.84)

***Note:**

1. The Contribution of the subsidiaries/Associates to the overall performance of the Holding Company in monetary terms was NIL, given that there was no dividend paid during the financial year 2017-18.
2. Names of subsidiaries which are yet to commence operations – MachinePulse Tech Private Limited and Mega Suryaurja Private Limited
3. Names of subsidiaries which have been liquidated or sold during the year – Not Applicable

Part B: Associates/Joint Ventures: Not Applicable

1) Latest audited Balance Sheet Date: NA
2) Date on which the Associate or Joint Venture was associated or acquired: NA
3) Shares of Associate or Joint Ventures held by the company on the year end: NA
   - Number
   - Amount of Investment in Associates or Joint Venture
   - Extent of Holding (in percentage)
4) Description of how there is significant influence: NA
5) Reason why the associate/joint venture is not consolidated: NA
6) Networth attributable to shareholding as per latest audited Balance Sheet: NA
7) Profit or Loss for the year: NA
   - Considered in Consolidation
   - Not Considered in Consolidation

Notes:

1. Names of associates or joint ventures which are yet to commence operations – Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year – Not Applicable

For and on behalf of the Board

Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: April 26, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAHINDRA SUSTEN PRIVATE LIMITED
CIN: U74990MH2010PTC207854
Mahindra Towers, Dr. G. M. Bhosle Marg,
P. K. Kurne Chowk, Worli,
Mumbai 400 018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHINDRA SUSTEN PRIVATE LIMITED** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended 31st March, 2018 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made there under;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - ***Applicable per se*** to the Company during the audit period;

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): – ***(Not applicable to the Company during the Audit Period)***

(a) The Securities and Exchange Board of India (Substantial Acquisition of Share and Takeovers) Regulations, 2011; – ***(Not applicable to the Company during the Audit Period)***

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; – ***(Not applicable to the Company during the Audit Period)***

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; – ***(Not applicable to the Company during the Audit Period)***

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; – ***(Not applicable to the company during the Audit Period)***

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; – ***(Not applicable to the Company during the Audit Period)***

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - ***(Not applicable to the Company during the Audit Period)***

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; – ***(Not applicable to the Company during the Audit Period)***

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;- ***(Not applicable to the Company during the Audit Period)***

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We have also examined compliances with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. The Listing Regulation entered into by the Company with Stock Exchange(s) – **Not Applicable**

During the period under review the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc.

Note: Please report specific non compliances/observations/ audit qualification, reservation or adverse remarks in respect of the above para wise.

We further report that

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision at the Board meeting is taken unanimously.

As informed to us, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: Please report specific observations/qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

We further report that during the audit period there were following events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines:

1. In pursuance to the Ministry of Corporate Affairs ("MCA") notifications dated July 05, 2017 and July 13, 2017 the Private Companies which are Wholly Owned Subsidiary of Unlisted Public Companies were exempted from appointment of Independent Directors and to constitute the Audit Committee and Nomination and Remuneration Committee. In light of this notification exemption the Company has reconstituted the Audit Committee as Finance and Accounts Audit Committee and dissolved the Nomination and Remuneration Committee.
2. The Company had approved payment of remuneration by way of Commission to the Independent Directors of the Company in accordance with the provisions of the Companies Act, 2013, subject to the overall ceiling under the Companies Act, 2013.
3. The Company had increased its Investment Limits under Section 186 of the Companies Act, 2013 upto Rs. 1,000 crores in the AGM held on 23rd July, 2017.
4. The Company has during the year Acquired 10,000 equity shares of Marvel Solren Private Limited from Mahindra Renewables Private Limited ("WOS")
5. The Company has Increased its Authorized Share Capital from Rs. 150 crores to Rs. 170 Crores and Altered it MOA in the EGM held on 08th November, 2017.
6. The Company had increased the borrowing limits under sections 180 (1) (c) and 180 (1) (a) to Rs. 3,500 Crores at its Extra Ordinary General Meeting ("EGM") held on 7th March, 2018.
7. The Company had during the year approved making of investement for setting up of foreign wholly own subsidiaries in Egypt and Bangladesh. Further, the Company had approved setting up of Branch in Dubai and Saudi Arabia.

For Sandeep P. Parekh & Co.,

Company Secretaries

Sandeep P. Parekh
FCS No: 7118, CP No: 7693

Place: Navi Mumbai

Date: 20th April 2018

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	**For the Financial Year ended 31st March, 2018**	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	18,223.97	1,209.79
Total Foreign Exchange Outgo	11,684.56	1,243.50

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah — Director

Satish Kamat — Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. A brief outline on the Company's Corporate Social Responsibility ("CSR") Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:
   a) Mahindra Susten Private Limited ("Susten") is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of Susten is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, Susten pledges two per cent (2%) of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.
   b) The Company has adopted CSR policy which is available on: http://www.mahindrasusten.com/images/reports/CSR-policy.pdf
2. The Composition of the CSR Committee of the Board of Directors as on March 31, 2018:

Sr. No.	Name of Directors	Designation
1	Mr. Chandrasekar Kandasamy	Member
2	Mr. Satish Kamat	Member
3	Mr. Anup Shah*	Independent Director and Member

* Dr. Anup Shah, Independent Director, was inducted as a member of the CSR Committee in place of Mr. AKT Chari with effect from March 13, 2018.

3. Average Net profit of the Company for last three financial years: Rs. 41,06,83,194
4. Prescribed CSR expenditure (two percent of amount as in item 3 above): Rs. 82,13,664
5. Details of CSR spent during the financial year (FY 2017-18):
   (a) Total amount spent for the financial year (FY 2017-18): Rs. 89,42,618
   (b) Amount unspent, if any: NIL
   (c) Manner in which the amount spent during the financial year is detailed below:

(Rs. In Lakhs)

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
Education	Education	Nanhi Kali Program across India	48.50	48.50	–	48.50	Through KC Mahindra Education Trust
Gram Vikas	Gram Vikas	Madhya Pradesh (Dist Rewa) Rajasthan (Dist Bikaner) Gujarat (Dist Patan)	9.37	9.37	–	9.37	Direct
Hunnar	Hunnar	Madhya Pradesh (Dist Rewa)	5.00	5.00	–	5.00	Direct
Gyandeep	Gyandeep	Telangana (Dist Nirmal) Rajasthan (Dist Bikaner) Maharashtra (Dist Mumbai) Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa)	10.78	10.78	–	10.78	Direct
Hariyali	Hariyali	Delhi Telangana (Dist Nirmal) Rajasthan (Dist Bikaner) Maharashtra (Dist Mumbai) Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa)	0.83	0.83	–	0.83	Direct
Samantar	Samantar	Telangana (Dist Ghani)	0.18	0.18	–	0.18	Direct

(Rs. In Lakhs)

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
Swacch Bharat	Swach Bharat	Maharashtra (Dist Mumbai) Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa)	2.25	2.25	–	2.25	Direct
Sehat	Sehat	Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa) Telangana (Dist Mahabubnagar)	12.52	12.52	–	12.52	Direct
Total						**89.43**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company: It is confirmed that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of the Board
Mahindra Susten Private Limited

Satish Kamat
Director

Anup Shah
Director

Place: Mumbai,
Date: April 26, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(Rupees in crores)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board	Amount paid as advances, if any:
1	Neo Solren Private Limited	Subsidiary Company	Sale of Goods/ Rendering of Services	Continuing Contract	Sale of goods / Rendering of services for FY 2017-18	244.02	NA	Nil
2	Marvel Solren Private Limited	Subsidiary Company				62.18	NA	Nil
3	Mahindra Renewables Private Limited	Subsidiary Company				136.18	NA	Nil
4	Mahindra Renewables Private Limited	Subsidiary Company	Inter Corporate Deposit given	One Time Contract	Inter Corporate Deposit given	155.50	NA	Nil

Notes:

1. **Material Contracts:** covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah — **Director**

Satish Kamat — **Director**

Place: Mumbai
Date: April 26, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION SCHEME

Details for Financial Year 2017-18

(a)	Options granted	–	Nil
(b)	Options vested	–	Nil
(c)	Options exercised	–	Nil
(d)	The total number of shares arising as a result of exercise of option	–	Nil
(e)	Options lapsed	–	Nil
(f)	The exercise price	–	Nil
(g)	Variation of terms of options	–	Nil
(h)	Money realized by exercise of options	–	Nil
(i)	Total number of options in force	–	43,25,682 options
(j)	Employee wise details of options granted during the year to:		
	(i) Key Managerial Personnel	–	Nil
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	–	Nil
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	–	Nil

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE VIII TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013
and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U74990MH2010PTC207854
2.	**Registration Date**	September 19, 2010
3.	**Name of the Company**	Mahindra Susten Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 6716 2222 Fax : 2300 1153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1.	Engineering, Procurement and Construction	42201	99.04%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Holding Company	100	2(46)
3.	Mahindra Renewables Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Subsidiary Company	100	2(87)

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
4.	MachinePulse Tech Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U72300MH2016PTC271679	Subsidiary Company	100	2(87)
5.	Neo Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74999MH2015PTC266154	Subsidiary Company	100 #	2(87)
6.	Divine Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC264259	Subsidiary Company	100 #	2(87)
7.	Astra Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC269256	Subsidiary Company	100 #	2(87)
8.	Marvel Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC269074	Subsidiary Company	100 #	2(87)
9.	Cleansolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40108MH2013PTC250684	Subsidiary Company	100 #	2(87)
10.	Brightsolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40108MH2013PTC250683	Subsidiary Company	51@	2(87)
11.	Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited') **Address:** Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018	U40103MH2012PTC226016	Subsidiary Company	100 #	2(87)

* Holding through its Subsidiary "Mahindra Holdings Limited"

a wholly-owned subsidiary of 'Mahindra Renewables Private Limited', which is wholly owned subsidiary of the Company

@ a subsidiary of 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. <u>Category-wise Share Holding:</u>

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	13,82,61,728	13,82,61,728	100	–	13,82,61,728	13,82,61,728	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total - A - (1)	–	13,82,61,728	13,82,61,728	100	–	13,82,61,728	13,82,61,728	100	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - A - (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	**–**	**13,82,61,728**	**13,82,61,728**	**100**	**–**	**13,82,61,728**	**13,82,61,728**	**100**	**–**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total - B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 Lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-total - B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**13,82,61,728**	**13,82,61,728**	**100**	**–**	**13,82,61,728**	**13,82,61,728**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in share holding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Holdings Limited	13,82,61,727	100	–	13,82,61,727	100	–	–
2.	Mahindra Holdings Limited Jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
	TOTAL	**13,82,61,728**	**100**	**–**	**13,82,61,728**	**100**	**–**	**–**

* One Share is held by Mahindra Holdings Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding: There was no change in the promoter shareholding during the year under review.

Name of Promoter: Mahindra Holdings Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
At the beginning of the year	13,82,61,727	100%	–	13,82,61,727	100%
Increase/(Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				13,82,61,727	100%

Name of Promoter: Mahindra Holdings Limited Jointly with Mr. Narayan Shankar*	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
At the beginning of the year	1	–	–	1	–
Increase/(Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				1	–

* One Share is held by Mahindra Holdings Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No.of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	34,478.63	–	–	34,478.63
2) Interest due but not paid	71.95	–	–	71.95
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	34,095.98	–	–	34,095.98
Change in Indebtedness during the financial year				
+ Addition	4,066.51	–	–	4,066.51
– Reduction	14,243.15	–	–	14,243.15
Due to MTM as per IND AS	84.37	–	–	84.37
Net change	10,092.27	–	–	10,092.27
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	23,821.54	–	–	23,821.54
2) Interest due but not paid	182.17	–	–	182.17
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**24,003.71**	–	–	**24,003.71**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sl. No.	Particulars of Remuneration	Name of the Managing Director/Whole Time Director/Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–

Sl. No.	Particulars of Remuneration	Name of the Managing Director/Whole Time Director/Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors:-

(Rupees in Lakhs)

Particulars of Remuneration	Name of Directors			Total amount
	Noshir Dastur	AKT Chari	Anup Shah	
Fee for attending Board/Committee meetings*	0.40	1.20	1.00	2.60
Commission**	0.47	4.97	2.07	7.51
Others	–	–	–	–
Total	**0.87**	**6.17**	**3.07**	**10.11**
* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013				
** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013				

II. Other Non-Executive Directors:

		(Rupees in Lakhs)
Particulars of Remuneration	**Name of the Directors Satish Kamat**	**Total Amount**
Fee for attending Board / Committee meetings	1.10	1.10
Commission	–	–
Others, please specify	–	–
Total	1.10	1.10
Overall Cieling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

			(Rupees in Lakhs) #	
Sr. No.	**Particulars of Remuneration**	**Chief Executive Officer**	**Chief Finanical Officer**	**Company Secretary**
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 *	165.85	70.70	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.39	0.24	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–

			(Rupees in Lakhs) #	
Sr. No.	**Particulars of Remuneration**	**Chief Executive Officer**	**Chief Finanical Officer**	**Company Secretary**
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5	Others - Contribution to Funds (Superannuation & PF)	3.54	3.93	–
6	Professional Fees	–	–	0.55
	Total	**169.78**	**74.87**	**0.55**

**** Inclusive of Performance Bonus***

 # Amounts rounded of to the nearest integer

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Place: Mumbai
Date: April 26, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Susten Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its profit including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Annexure B.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term and derivative contracts.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: April 26, 2018

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Mahindra Susten Private Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   ii. The Company has physically verified its fixed assets during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noted on such verification were not material and have been adjusted in the books of account.

   iii. The title deeds of the freehold land are held in the name of the Company.

2. The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in the books of account.

3. The Company has granted an unsecured loan of Rs 135 crores to its wholly owned subsidiaries which is listed in the register maintained under section 189 of the Act.

   i. According to the information and explanations given to us, and having regard to management's representation that the loans are given to its wholly-owned subsidiaries in the interest of the Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.

   ii. The schedule of repayment of principal and payment of interest has been stipulated as pert he terms of the agreement.

   iii. No portion of the principal and interest amount of the loan is due upto March 31, 2018.

4. In our opinion and according to the information and explanations given to us, the provisions of Section 185 and Section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the Company as at March 31, 2018. We are informed that the Company has not given any security during the year.

5. The Company has not accepted any deposits within the meaning of sections 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.

6. The Central Government of India has specified the maintenance of cost records under sub-section (1) of Section 148 of the Act and such accounts and records have been so made and maintained.

7. i. The Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, GST, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2018 for a period of more than 6 months from the date they became payable.

   ii. There are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax, GST or cess which have not been deposited on account of any dispute except as stated below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum
Income Tax Act, 1961	Additions on account of disallowance	2,75,60,340	FY 2012-13	Commissioner of Income Tax (Appeals)
MVAT Act, 2002	Additions on account of disallowance	55,62,157	FY 2013-14	In process of filing appeal

8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.

9. The money raised by the Company by way of buyers' credit term loans during the year has been utilised for the purposes for which it was taken. The Company has not neither raised any money by way of initial public offer nor any further public offer (including debt instruments).

10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.

14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: April 26, 2018

ANNEXURE B TO THE OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Susten Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: April 26, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

Rupees

	Note No.	As at 31st March 2018	As at 31st March 2017
I. ASSETS			
Non–Current Assets			
(a) Property, Plant And Equipment	4	**3,48,63,92,360**	3,51,49,72,745
(b) Capital Work–in–Progress		**–**	2,69,20,432
(c) Other Intangible Assets	5	**–**	–
(d) Financial Assets			
(i) Investments	6	**2,85,82,80,001**	2,85,82,80,000
(ii) Loans	7	**1,18,00,00,000**	18,00,00,000
(iii) Other Financial Assets	8	**5,74,25,787**	1,37,44,123
(f) Other Non–Current Assets	10	**32,88,85,151**	13,94,95,966
Sub–Total		**7,91,09,83,299**	6,73,34,13,266
Current Assets			
(a) Inventories	11	**51,64,50,788**	1,89,12,809
(b) Financial Assets			
(i) Investments	6	**10,10,54,156**	9,40,100
(ii) Trade Receivables	12	**3,01,91,17,342**	5,62,03,46,812
(iii) Cash And Cash Equivalents	13	**1,93,50,62,312**	2,31,53,473
(iv) Other Bank Balances	13	**42,426**	2,50,04,425
(v) Loans	7	**35,00,00,000**	–
(vi) Other Financial Assets	8	**4,20,44,305**	16,72,07,461
(c) Other Current Assets	10	**42,12,31,487**	31,06,47,236
Sub–Total		**6,38,50,02,816**	6,16,62,12,316
Total Assets		**14,29,59,86,115**	12,89,96,25,582
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	SOCI,14	**1,38,26,17,280**	1,38,26,17,280
(b) Other Equity	SOCI	**4,59,89,55,028**	4,12,06,80,252
Sub–Total		**5,98,15,72,308**	5,50,32,97,532
Liabilities			
2. Non–Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	**2,04,67,55,492**	1,97,81,57,993
(b) Provisions	16	**46,42,31,690**	32,56,26,557
(c) Deferred Tax Liabilities (Net)	9	**43,83,24,928**	17,74,57,415
Sub–Total		**2,94,93,12,110**	2,48,12,41,965
3. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	**33,53,98,986**	1,42,43,15,469
(ii) Trade Payables	18	**2,68,40,45,982**	2,39,35,99,021
(iii) Other Financial Liabilities	19	**17,23,26,704**	17,66,54,259
(b) Provisions	16	**3,34,10,060**	3,24,26,097
(c) Other Current Liabilities	20	**2,13,99,19,965**	88,80,91,239
Sub–Total		**5,36,51,01,697**	4,91,50,86,085
Total		**14,29,59,86,115**	12,89,96,25,582

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Rupees

Particulars	Note No.	March 31, 2018	March 31, 2017
Continuining Operations			
I. Revenue from operations	21	**11,53,11,21,712**	12,29,74,68,091
II. Other Income	22	**11,18,08,952**	24,61,95,900
III. Total Revenue (I + II)		**11,64,29,30,664**	12,54,36,63,991
IV. Expenses			
(a) Cost of materials consumed	23(a)	**6,34,02,72,508**	8,76,60,24,293
(b) Cost of Services rendered		**3,33,96,61,858**	1,87,52,06,096
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	23(b)	**(42,02,31,483)**	1,01,10,758
(d) Employee benefit expense	24	**81,50,56,830**	70,40,73,879
(e) Finance costs	25	**17,79,13,451**	3,41,68,282
(f) Depreciation and amortisation expense	4, 5	**21,00,84,790**	4,60,14,067
(g) Other expenses	26	**45,11,89,415**	43,85,47,148
Total Expenses (IV)		**10,91,39,47,369**	11,87,41,44,523
Profit/(loss) before exceptional items and tax (I - IV)		**72,89,83,295**	66,95,19,468
Exceptional Items		**–**	–
V. Profit/(loss) before tax		**72,89,83,295**	66,95,19,468
VI. Tax Expense			
(1) Current tax	9	**–**	–
(2) Minimum Alternate Tax		**18,93,89,185**	13,94,95,966
(3) Minimum Alternate Tax Credit		**(18,93,89,185)**	(13,94,95,966)
(4) Short provision of Current Tax for earlier period			1,92,87,871
(5) Deferred tax	9	**25,93,23,958**	23,12,81,638
Total tax expense		**25,93,23,958**	25,05,69,509
VII. Profit/(loss) after tax from continuing operations (V - VI)		**46,96,59,337**	41,89,49,959
VIII. Other comprehensive income		**(29,16,556)**	14,57,194
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities/ (asset)		**(44,60,111)**	22,28,398
(ii) Income tax relating to items that will not be reclassified to profit or loss		**15,43,555**	(7,71,204)
IX. Total comprehensive income for the year (XV + XVIII)		**47,25,75,893**	41,74,92,765
X. Total comprehensive income for the year attributable to:			
Owners of the Company		**47,25,75,893**	41,74,92,765
XI. Earnings per equity share (for continuing operation):			
(1) Basic	27	**3.40**	3.45
(2) Diluted	27	**3.31**	3.36

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	**Year ended 31st March 2018**	Year ended 31st March 2017
Cash flows from operating activities:		
Profit after tax for the year	**46,96,59,337**	41,89,49,959
Adjustments for:		
Income tax expense recognised in profit or loss	**25,93,23,958**	25,05,69,509
Amortisation of fair value of unvested ESOPs	**56,98,883**	99,54,291
Finance costs recognised in profit or loss	**17,79,13,451**	3,41,68,282
Investment income recognised in profit or loss	**(6,77,63,603)**	(16,23,13,873)
Depreciation and amortisation of non-current assets	**21,00,84,790**	4,60,14,067
Net foreign exchange (gain)/loss	**84,37,143**	(5,24,03,396)
Expense recognised in respect of shares issued	**–**	(71,06,376)
	59,36,94,622	11,88,82,504
Movements in working capital:		
Increase in trade and other receivables	**2,60,12,29,470**	(2,24,96,99,763)
(Increase)/decrease in inventories	**(49,75,37,979)**	1,51,31,628
(Increase)/decrease in other assets	**(6,11,44,343)**	(13,63,78,701)
Decrease in trade and other payables	**43,27,25,732**	(32,77,44,959)
Increase/(decrease) in provisions	**13,95,89,096**	17,89,48,065
(Decrease)/increase in other liabilities	**1,25,27,01,598**	82,18,97,521
	3,86,75,63,574	(1,69,78,46,209)
Income taxes paid	**(23,15,75,500)**	(15,87,83,837)
Net cash generated by operating activities	**4,69,93,42,033**	(1,31,87,97,583)
Cash flows from investing activities:		
Payments to acquire financial assets	**(11,88,33,721)**	(1,77,19,33,286)
Subordinate Debts given to Subsidiares	**(1,18,00,00,000)**	(18,00,00,000)
ICD given to Subsidiares (net)	**(17,00,00,000)**	–
Interest received	**18,56,73,166**	3,85,50,175
Payments for property, plant and equipment	**(30,47,84,618)**	(3,08,34,14,246)
Proceeds from disposal of property, plant and equipment	**79,21,875**	–
Net cash outflow on acquisition of subsidiaries	**(1)**	–
Net cash (used in)/generated by investing activities	**(1,58,00,23,299)**	(4,99,67,97,357)
Cash flows from financing activities:		
Proceeds from issue of equity instruments of the Company	**–**	2,84,79,80,000
Proceeds from borrowings	**39,55,59,340**	3,50,02,66,737
Repayment of borrowings	**(1,42,43,15,469)**	–
Interest on margin money deposits	**–**	(15,81,429)
Interest paid	**(17,86,53,766)**	(4,71,33,625)
Net cash used in financing activities	**(1,20,74,09,895)**	6,29,95,31,683
Net increase in cash and cash equivalents	**1,91,19,08,839**	(1,60,63,257)
Cash and cash equivalents at the beginning of the year	**2,31,53,473**	3,92,16,730
Cash and cash equivalents at the end of the year	**1,93,50,62,312**	2,31,53,473

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity share capital

	Rupees
As at 1 April 2016	70,27,17,280
Changes in equity share capital during the year	67,99,00,000
As at 31 March 2017	1,38,26,17,280
Changes in equity share capital during the year	–
As at 31 March 2018	**1,38,26,17,280**

b. Other Equity

Rupees

	Reserves and Surplus			
	Securities Premium Reserve	Other Reserve (ESOP Outstanding A/c)	Retained Earnings	Total
As at 1 April 2016	77,32,68,802	1,51,28,580	74,38,62,190	1,53,22,59,572
Add: Sec Premium on Shares issued during the year	2,16,80,80,000	–	–	2,16,80,80,000
Profit for the period	–	99,54,291	41,89,49,959	42,89,04,250
Other Comprehensive Income/(Loss)	–	–	(14,57,194)	(14,57,194)
Total Comprehensive Income for the year	–	99,54,291	41,74,92,765	42,74,47,056
Equity Share Issuance Costs	**(71,06,376)**	**–**	**–**	**(71,06,376)**
As at 31 March 2017	2,93,42,42,426	2,50,82,871	1,16,13,54,955	4,12,06,80,252
Add: Sec Premium on Shares issued during the year		–	–	–
Profit for the period	–	56,98,883	46,96,59,337	47,53,58,220
Other Comprehensive Income/(Loss)	–	–	29,16,556	29,16,556
Total Comprehensive Income for the year	–	56,98,883	47,25,75,893	47,82,74,776
Equity Share Issuance Costs		–	–	–
As at 31 March 2018	**2,93,42,42,426**	**3,07,81,754**	**1,63,39,30,848**	**4,59,89,55,028**

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. Nature of Operations

Mahindra Susten Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Holdings Limited.The Company is engaged in the business of providingservices in the areas of Engineering, Procurement and Construction of power plants in renewable energy, operations and maintenance, analytics,energy management services and industrial build solutions.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 26th April 2018.

2. Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) EPC Contracts

Revenue from a fixed price contract is recognized on percentage of completion method measured on the basis of stage of completion of that contract activity at the end of the reporting period, measured based on certification done internally or by external consultants or customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

(vi) Insurance claim

Insurance claims are accounted for on the basis of claims admitted to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and recognised impairment losses.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

Depreciation on other tangible assets is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives or asprescribed in schedule II to the Companies Act 2013 whichever is higher. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Intangible Assets:

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

i) Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment Information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. Engineering, Procurement and Construction contracts.

k) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

l) Employee Benefits

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognizedin the period in which the employee renders the related service.

(ii) Post employment employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

a) Defined Contribution schemes

The Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

m) Operating lease

Operating lease payments are recogonised as an expense in the statement of profit and loss on a straight line basis over the lease term.

n) Share Based Payments:

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

o) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

p) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

q) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

r) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

s) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and, Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A)above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Employee benefits

The cost of defined benefit gratuity schemes, pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, attrition rate, future pension increases and medical costs. Due to the long term nature of these plans, such estimates are subject to uncertainty.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

C) Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Note 4. – Property, Plant and Equipment

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balanceas at 1 April 2017	25,10,21,345	3,25,66,67,142	4,90,99,882	15,78,274	73,90,115	3,56,57,56,758
Additions		18,61,68,736	40,67,135	83,300	7,09,788	19,10,28,959
Disposals		1,10,29,631	–	–	20,88,808	1,31,18,439
Balanceas at 31 March 2018	**25,10,21,345**	**3,43,18,06,247**	**5,31,67,017**	**16,61,574**	**60,11,095**	**3,74,36,67,278**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2017	–	3,19,89,799	1,67,99,436	4,23,248	15,71,530	5,07,84,013
Depreciation expense for the year		19,68,98,373	96,13,330	1,49,303	8,03,857	20,74,64,863
Eliminated on disposal of assets		6,12,468	–	–	3,61,490	9,73,958
Balance as at 31 March 2017	**–**	**22,82,75,704**	**2,64,12,766**	**5,72,551**	**20,13,897**	**25,72,74,918**
III. Net carrying amount (I-II)	25,10,21,345	3,20,35,30,543	2,67,54,251	10,89,023	39,97,198	3,48,63,92,360

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balanceas at 1 April 2016	25,10,21,345	13,08,19,871	4,68,54,249	34,06,556	73,90,115	43,94,92,136
Additions	–	3,13,82,20,325	1,39,26,493	84,890	–	3,15,22,31,708
Deductions/adjustments	–	1,23,73,054	1,16,80,860	19,13,172	–	2,59,67,086
Balance as at 31 March 2017	25,10,21,345	3,25,66,67,142	4,90,99,882	15,78,274	73,90,115	3,56,57,56,758
II. Accumulated depreciation and impairment						
Balance as at 1 April 2016	–	2,18,17,694	1,13,19,711	5,66,483	6,76,227	3,43,80,115
Depreciation expense for the year	–	1,93,09,098	1,01,74,428	3,21,075	8,95,303	3,06,99,904
Deductions/adjustments	–	91,36,993	46,94,703	4,64,310		1,42,96,006
Balance as at 31 March 2017	–	3,19,89,799	1,67,99,436	4,23,248	15,71,530	5,07,84,013
III. Net carrying amount (I-II)	25,10,21,345	3,22,46,77,343	3,23,00,446	11,55,026	58,18,585	3,51,49,72,745

Note 5. – Other Intangible Assets

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	2,74,82,548	2,74,82,548
Additions from separate acquisitions	26,19,927	26,19,927
Balance as at 31 March 2018	**3,01,02,475**	**3,01,02,475**

Description of Assets	Computer Software	Total
II. Accumulated depreciation and impairment		–
Balance as at 1 April 2017	2,74,82,548	2,74,82,548
Amortisation expense for the year	26,19,927	26,19,927
Balance as at 31 March 2018	**3,01,02,475**	**3,01,02,475**
III. Net carrying amount (I-II)	0	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	2,21,12,344	2,21,12,344
Additions from separate acquisitions	53,70,204	53,70,204
Balance as at 31 March, 2017	2,74,82,548	2,74,82,548

Description of Assets	Computer Software	Total
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	1,21,68,385	1,21,68,385
Amortisation expense for the year	1,53,14,163	1,53,14,163
Balance as at 31 March, 2017	2,74,82,548	2,74,82,548
III. Net carrying amount (I-II)	0	0

Note 6. – Note No. 6 - Investments

Particular	As at 31 March 2018 QTY	Amounts* Current	Amounts* Non-Current	As at 31 March 2017 QTY	Amounts* Current	Amounts* Non-Current
A. COST						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments						
– of Subsidiaries	**27,95,80,001**		**2,85,82,30,001**	27,95,80,000		2,85,82,30,000
– of Other entities	**2,010**	**100**	**50,000**	2,010	100	50,000
INVESTMENTS CARRIED AT COST [A]	**27,95,82,011**	**100**	**2,85,82,80,001**	27,95,82,010	100	2,85,82,80,000
B. AMORTISED COST						
Unquoted						
Investments in Preference Shares						
– of structured entities	**9,400**	**9,40,000**	–	9,400	9,40,000	
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]	**9,400**	**9,40,000**	–	9,400	9,40,000	–
C. Designated as Fair Value Through Profit and Loss						
Unquoted Investments (all fully paid)						
Investments in Mutual Funds		**10,01,14,056**				
INVESTMENTS CARRIED AT FVTPL [C]	–	**10,01,14,056**	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C)	**27,95,91,411**	**10,10,54,156**	**2,85,82,80,001**	27,95,91,410	9,40,100	2,85,82,80,000
List of entities						
Subsidiaries						
1. Mahindra Renewables Pvt Ltd	**27,95,30,000**	–	**2,85,77,30,000**	27,95,30,000	–	2,85,77,30,000
2. MachinePulse Tech Pvt Ltd	**50,000**	–	**5,00,000**	50,000	–	5,00,000
2. Marvel Solren Pvt Ltd	**1**	–	**1**	–	–	–
Structured entities						
1. The Zoroastrian Co-operative Bank Ltd.	**2,010**		**50,000**	2,010		50,000
2. Renew Solar Energy (TN) Private Ltd.	**9,410**	**940,100**	–	9,410	940,100	–

Note 7. – Loans

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current*	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Loans to related parties				
– Unsecured, considered good	**35,00,00,000**	**1,18,00,00,000**	–	18,00,00,000
TOTAL (B)	**35,00,00,000**	**1,18,00,00,000**	–	18,00,00,000

*. Unsecured loan given to related parties includes
a. INR 110 Cr @ 11.50% as subordinated debt given to Mahindra Renewables Pvt Ltd, subordinate to its borrowings.
b. INR 8 Cr @ 11.50% as subordinated debt given to Marvel Solren Pvt Ltd, subordinate to its borrowings
c. INR 10 Cr @ 11.50% to Astra Solren Pvt Ltd.
d. INR 18 CR @ 11.50% to Mahindra Renewables Pvt Ltd is due in Mar 2019 hence classified as current in FY 2018.
e. INR 7 Cr @ 11% to Divine Solren Pvt Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 8. – Other financial assets

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Financial assets at amortised cost				
a) Bank Deposit with more than 12 months maturity		**–**		1,38,181
b) Others				
– Security deposits	**1,01,11,935**	**4,27,79,317**	51,90,605	1,34,75,442
– Balance with Government Authorities	**3,30,500**			1,30,500
– Earnest Money Deposits	**54,92,747**		33,51,700	
– Interest accrued on Deposits	**2,61,09,123**	**1,46,46,470**	10,44,089	
– Interest receivable from customers	**–**		15,76,21,067	
TOTAL	**4,20,44,305**	**5,74,25,787**	16,72,07,461	1,37,44,123

Refer Note 28 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note 9. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	1,92,87,871
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**25,93,23,958**	23,12,81,638
Total income tax expense on continuing operations	**25,93,23,958**	25,05,69,509

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**72,89,83,295**	66,95,19,468
Income tax expense calculated at 34.61% (2016: 34.61%)#	**25,22,86,539**	23,17,07,298
Effect of income that is exempt from taxation	**(1,09,48,927)**	(4,59,563)
Effect of expenses that is non-deductible in determining taxable profit	**98,61,846**	33,903
Effect of current year losses for which no deferred tax asset is recognised	**(14,61,359)**	–
Changes in recognised deductible temporary differences	**95,85,859**	–
	25,93,23,958	23,12,81,638
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	1,92,87,871
Income tax expense recognised In profit or loss from continuing operations	**25,93,23,958**	25,05,69,509

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% & Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

For the Year ended 31 March 2018

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**55,44,60,896**	**51,18,26,237**		**1,06,62,87,132**
	55,44,60,896	**51,18,26,237**	**–**	**1,06,62,87,132**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**12,70,596**	**(22,54,972)**	**(15,43,555)**	**(25,27,931)**
Equity-Settled Share Based payments				**–**
Provisions	**12,36,35,283**	**4,72,24,829**		**17,08,60,112**
Deferred income				**–**
Other Items				**–**
Carryforward Tax Loss	**25,20,97,602**	**20,75,32,422**		**45,96,30,024**
Minimum Alternate Tax Credit				**–**
Other Temporary Differences (please specify)				
	37,70,03,481	**25,25,02,279**	**(15,43,555)**	**62,79,62,205**
Net Tax Asset (Liabilities)	**(17,74,57,415)**	**(25,93,23,958)**	**(15,43,555)**	**(43,83,24,928)**

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	1,79,73,783	53,64,87,113		55,44,60,896
	1,79,73,783	53,64,87,113	–	55,44,60,896
Tax effect of items constituting deferred tax assets				
Employee Benefits	4,99,392		7,71,204	12,70,596
Provisions	7,05,27,410	5,31,07,873		12,36,35,283
Carryforward Tax Loss	–	25,20,97,602		25,20,97,602
	7,10,26,802	30,52,05,475	7,71,204	37,70,03,481
Net Tax Asset (Liabilities)	5,30,53,019	(23,12,81,638)	7,71,204	(17,74,57,415)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 10 - Other assets

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**15,65,79,194**	**–**	8,49,00,338	–
(ii) Other advances				
– Advances to suppliers	**15,11,70,597**	**–**	16,10,47,972	–
– Advances to employees	**1,65,21,034**	**–**	99,24,579	–
(b) Other Assets				
(i) Advance income tax (net of provisions)	**9,69,60,662**	**–**	5,47,74,347	–
(ii) MAT credit entitlement		**32,88,85,151**		13,94,95,966
Total	**42,12,31,487**	**32,88,85,151**	31,06,47,236	13,94,95,966

Note No. 11 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Project Inventory	**42,88,65,162**	86,33,679
(b) Stores and spares	**8,75,85,626**	1,02,79,130
Total Inventories (at lower of cost and net realisable value)	**51,64,50,788**	1,89,12,809

The carrying amount of inventories is provided as a charge against working capital limits provided by banks.

Note No. 12 - Trade receivables

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade receivables				
(a) Unsecured, considered good	**3,01,91,17,342**	**–**	5,62,03,46,812	–
TOTAL	**3,01,91,17,342**	**–**	5,62,03,46,812	–
Of the above, trade receivables from:				
- Related Parties	**1,60,79,67,691**	**–**	1,96,03,21,000	–
- Others	**1,41,11,49,651**	**–**	3,66,00,25,812	–
Total	**3,01,91,17,342**	**–**	5,62,03,46,812	–

There is no Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or adirector or a member.

Note No. 13 - Cash and Bank Balances

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks	**1,93,50,62,312**	2,31,53,473
Total Cash and cash equivalent	**1,93,50,62,312**	2,31,53,473
Other Bank Balances		
Margin Money Deposits with maturity greater than 3 months	**42,426**	2,50,04,425
Total Other Bank balances	**42,426**	2,50,04,425

Reconcliation of Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**1,93,50,62,312**	2,31,53,473
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**1,93,50,62,312**	2,31,53,473

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 14 - Equity Share Capital

Particulars	As at 31 March 2018 No. of shares	As at 31 March 2017 No. of shares
Authorised:		
Equity shares of Rs. 10 each with voting rights	**1,70,00,00,000**	1,50,00,00,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10 each with voting rights	**13,82,61,728**	13,82,61,728
Total	**13,82,61,728**	13,82,61,728

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights						
Year Ended 31 March 2018						
No. of Shares	13,82,61,728	–	–	–	–	13,82,61,728
Amount	1,38,26,17,280	–	–	–	–	1,38,26,17,280
Year Ended 31 March 2017						
No. of Shares	7,02,71,728	6,79,90,000	–	–	–	13,82,61,728
Amount	70,27,17,280	67,99,00,000	–	–	–	1,38,26,17,280

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Holdings Limited, the Holding Company	**13,82,61,728**	**–**	**–**
As at 31 March 2017			
Mahindra Holdings Limited, the Holding Company	13,82,61,728	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2018 Number of shares held	As at 31 March 2018 % holding in that class of shares	As at 31 March 2017 Number of shares held	As at 31 March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Holdings Limited, the Holding Company	**13,82,61,728**	**100%**	13,82,61,728	100%

(v) As at 31 March 2018 - 43,25,682 shares (As at 31 March, 2017- 43,25,682 shares) were reserved for issuance as follows:

Particulars	As at 31 March 2018 Options (Numbers)	As at 31 March 2018 Exercise Price	As at 31 March 2017 Options (Numbers)	As at 31 March 2017 Exercise Price
A. Options outstanding at the beginning of the year	**43,25,682**	**Rs. 21.52**	43,25,682	Rs. 21.52
B. Granted during the year	**0**	**NA**	0	NA
C. Vested during the year	**0**	**NA**	0	NA
D. Exercised during the year	**0**	**NA**	0	NA
E. Lapsed during the year	**0**	**NA**	0	NA
F. Options outstanding at the end of the year (A+B-D-E)	**43,25,682**	**Rs. 21.52**	43,25,682	Rs. 21.52

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 15 - Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Maturity	**As at 31 March 2018 Amount**	As at 31 March 2017 Amount
Measured at amortised cost*				
Secured Borrowings:				
Buyers Credit From Banks	6M LIBOR + Margin	2019-20	**2,04,67,55,492**	1,97,81,57,993
Total Borrowings			**2,04,67,55,492**	1,97,81,57,993

The Company has availed Buyers' Credit Facility of INR 204.68 Cr (USD 31.47) at Libor plus varying premium. The funds have been utilised to construct the 78 MW power plant at Goyalri. The plant is charged as a security against the borrowings.

To hedge the foreign currency risk the Company has taken a full currency SWAP and has converted the USD borrowings to INR. The Company has also converted its variable rate borrowing to fixed by taking an Interest Rate SWAP.

(i) Details of Long term Borrowings of the Company:

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Number of Installments	**Amortised cost as at 31 March 2018**
Secured						
Term loans from banks:						
SBI, Antwerp	USD	7.70%	7.67%	20-09-2019	1	**14,78,05,823**
Canara Bank	USD	7.46%	7.43%	31-10-2019	1	**51,34,321**
Canara Bank	USD	7.46%	7.43%	04-11-2019	1	**28,45,07,943**
Canara Bank	USD	7.38%	7.35%	07-11-2019	1	**28,66,03,412**
Canara Bank	USD	7.43%	7.40%	07-11-2019	1	**3,42,15,278**
Canara Bank	USD	7.46%	7.43%	14-11-2019	1	**29,29,48,532**
Canara Bank	USD	7.46%	7.43%	21-11-2019	1	**9,74,21,815**
Canara Bank	USD	7.39%	7.36%	27-11-2019	1	**28,66,03,412**
Canara Bank	USD	7.41%	7.38%	02-12-2019	1	**28,52,37,236**
Canara Bank	USD	7.35%	7.33%	05-12-2019	1	**26,39,49,840**
SBI, Antwerp	USD	7.52%	7.52%	26-12-2019	1	**3,27,16,287**
SBI, Sydney	USD	7.03%	7.03%	21-02-2020	1	**2,96,11,593**
Total Secured						**2,04,67,55,492**

Note:

1 No default has been made in repayment of principal, interest, durring the year in any long term borrowings

Note No. 16 - Provisions

Rupees

Particulars	**As at 31 March 2018**		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Provision for employee benefits				
(1) Leave Encashment	**21,85,478**	**2,55,95,954**	20,69,184	3,22,28,003
(1) Gratuity	**–**	**2,15,08,946**	–	1,18,60,490
(b) Other Provisions				
(1) Warranty	**3,12,24,582**	**41,71,26,790**	3,03,56,913	28,15,38,064
Total Provisions	**3,34,10,060**	**46,42,31,690**	3,24,26,097	32,56,26,557

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Details of movement in Other Provisions is as follows:

Particulars	Warranty claims	Other Provisions	Onerous contracts	Claims Against Guarantee Commitments	Total
Balance at 1 April 2016	16,81,72,314	3,70,60,008	–	–	20,52,32,322
Additional provisions recognised	13,69,63,405	90,97,669	–	–	14,60,61,074
Amounts used during the period	–	–	–	–	–
Unused amounts reversed during the period	–	–	–	–	–
Unwinding of discount and effect of changes in the discount rate	67,59,258	–	–	–	67,59,258
Balance at 31 March 2017	31,18,94,977	4,61,57,677	–	–	35,80,52,654
Balance at 1 April 2017	31,18,94,977	4,61,57,677	–	–	35,80,52,654
Additional provisions recognised	16,53,12,347	31,32,701			16,84,45,048
Amounts used during the period	(14,31,559)				(14,31,559)
Unused amounts reversed during the period	(1,42,32,007)				(1,42,32,007)
Unwinding of discount and effect of changes in the discount rate	(1,31,92,387)				(1,31,92,387)
Balance at 31 March 2018	**44,83,51,371**	**4,92,90,378**	**–**	**–**	**49,76,41,749**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period upto 5 years. It is expected that most of these costs will be incurred in the next five financial years.

Note No. 17 - Current Borrowings

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Secured Borrowings		
Loans repayable on demand		
(1) WCDL from bank	**33,53,98,986**	1,01,50,00,000
(2) Cash Credit with bank	**–**	40,93,15,469
Total Current Borrowings	**33,53,98,986**	1,42,43,15,469

Note:

The Company has various working capital limits from banks.

As ot March 31, 2018 the Company has availed Buyers' Credit of INR 33.54 Cr (USD 5.15 mn) at libor plus varying premium for its working capital needs.

As at March 31, 2017 the Company has drawn INR 101.50 Cr. against a sanctioned WCDL limit of INR 350 Cr. The Company has also drawn INR 40.93 Cr. from its cash credit limit with banks. The interest rate for the said borrowings range from 8.05 % - 8.40% p.a.

The said borrowings are secured against the working capital of the Company.

Note 18. – Trade Payables

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non-Current	Current	Non-Current
Trade payable - Other than micro ans small enterprises	**2,68,40,45,982**	**–**	2,39,35,99,021	–
Total trade payables	**2,68,40,45,982**	**–**	2,39,35,99,021	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 19 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Interest accrued	**1,82,16,698**	92,98,270
(b) Other liabilities		
Salary and reimbursements	**9,27,18,337**	9,70,75,250
Provident Fund and other funds payable	**53,88,156**	46,18,482
Other Financial Liabilities Measured at Fair value		
Derivatives not designated as a hedging instruments	**5,60,03,513**	6,56,62,257
Total other financial liabilities	**17,23,26,704**	17,66,54,259

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 20 - Other Liabilities

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
a. Advances received from customers	**2,11,77,48,431**	**–**	83,84,48,846	–
b. Statutory dues				
- taxes payable (other than income taxes)	**2,21,71,534**		4,96,42,393	–
Total other liabilities	**2,13,99,19,965**	**–**	88,80,91,239	–

Note No. 21 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	31 March 2018	31 March 2017
(a) Revenue from EPC Contracts	**9,82,73,75,582**	12,02,60,93,338
(b) Revenue from rendering of services	**44,46,91,323**	19,41,45,888
(c) Other operating revenue	**–**	4,39,82,214
(d) Construction contract revenue	**71,28,13,426**	3,32,46,651
(e) Sale of power	**54,62,41,381**	**–**
Total Revenue from Operations	**11,53,11,21,712**	12,29,74,68,091

Note No. 22 - Other Income

Particulars	31 March 2018	31 March 2017
(a) Interest Income		
(1) On Financial Assets at FVTPL	**4,57,85,365**	16,09,78,464
(b) Dividend Income		
(2) Mutual Funds	**2,19,78,238**	13,35,409
(c) Scrap Sales and Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**64,93,758**	48,76,292
(d) Other – Shared service income	**3,75,51,591**	7,90,05,735
Total Other Income	**11,18,08,952**	24,61,95,900

Note No. 23(a) - Cost of materials consumed

Particulars	31 March 2018	31 March 2017
Opening stock	**1,02,79,130**	1,53,00,000
Add: Purchases	**6,41,75,79,004**	8,76,10,03,423
	6,42,78,58,134	8,77,63,03,423
Less: Closing stock	**8,75,85,626**	1,02,79,130
Cost of materials consumed	**6,34,02,72,508**	8,76,60,24,293

Note 23(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	31 March 2018	31 March 2017
Inventories at the end of the year:		
Work-in-progress	**42,88,65,162**	86,33,679
	42,88,65,162	86,33,679
Inventories at the beginning of the year:		
Work-in-progress	**86,33,679**	1,87,44,437
Stock-in-trade		
	86,33,679	1,87,44,437
Net (increase)/decrease	**(42,02,31,483)**	1,01,10,758

Note No. 24 - Employee Benefits Expense

Particulars	31 March 2018	31 March 2017
(a) Salaries and wages, including bonus	**73,36,79,326**	63,27,15,941
(b) Contribution to provident and other funds	**4,18,56,508**	3,29,64,960
(c) Staff welfare expenses	**3,95,20,996**	3,83,92,978
Total Employee Benefit Expense	**81,50,56,830**	70,40,73,879

Movement in Share Options

Particulars	Equity-settled share-based payments: Number of Shares	Equity-settled share-based payments: Weighted average exercise price (in INR)
1. The number and weighted average exercise prices of share options outstanding at the beginning of the period;	**4,325,682**	21.52
2. Granted during the period	**–**	NA
3. Forfeited during the period	**–**	NA
4. Exercised during the period	**–**	NA
5. Expired during the period	**–**	NA
6. Outstanding at the end of the period	**43,25,682**	21.52
7. Exercisable at the end of the period	**43,25,682**	21.52

Note No. 25 - Finance Cost (Net)

Particulars	31 March 2018	31 March 2017
(a) Interest expense	**18,58,68,255**	3,75,96,177
Less: Amounts included in the cost of qualifying assets		(40,89,120)
(b) Other borrowing cost	**–**	1,71,66,152
(c) Discounting of long term financial assets	**(79,54,804)**	(1,65,04,927)
Total finance costs (Net)	**17,79,13,451**	3,41,68,282

Analysis of Interest Expenses by Category

Particulars	31 March 2018	31 March 2017
Interest Expenses		
(a) On Financial Liability at Amortised Cost	**18,58,68,255**	5,47,62,328

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 26 - Other Expenses

Particulars	31 March 2018	31 March 2017
(a) Rent including lease rentals	**4,26,41,875**	3,71,08,278
(b) Rates and taxes	**41,523**	47,300
(c) Insurance	**–**	5,05,618
(d) Repairs and maintenance - Others	**1,20,84,304**	59,66,886
(e) Advertisement	**71,12,222**	1,02,92,051
(f) Travelling and Conveyance Expenses	**8,31,88,641**	6,18,38,052
(g) Net loss/(gain) on foreign currency transactions net off Derivative gain/ loss (other than considered as finance costs)	**1,08,59,058**	2,86,88,039
(h) Auditors remuneration and out-of-pocket expenses (excl. taxes)	**11,61,060**	12,68,588
(i) As Auditors	**7,70,000**	7,00,000
(ii) For Taxation matters	**2,00,000**	1,75,000
(iii) For Company Law matters	**1,00,000**	3,25,000
(iv) For Other services	**91,060**	68,588
(i) Other expenses		
(i) Warranty Expenses (Net) [Refer Note 16]	**15,10,80,339**	16,30,91,138
(ii) Legal and other professional costs	**4,92,38,018**	4,39,09,725
(iii) Bank Charges	**4,38,58,779**	3,61,14,999
(iv) Power & Fuel	**1,02,13,374**	80,02,989
(v) Communication expenses	**87,24,762**	1,25,94,628
(vi) CSR Expenses	**89,42,618**	37,60,192
(vii) Printing & Stationary	**39,15,617**	43,95,063
(viii) Software Expenses	**37,93,036**	1,10,24,806
(ix) Miscellaneous expenses	**1,43,34,189**	99,38,796
Total Other Expenses	**45,11,89,415**	43,85,47,148

Note No. 27 - Earnings per Share

Particulars	31 March 2018 Per Share	31 March 2017 Per Share
Basic Earnings per share		
From continuing operations	**3.40**	3.45
From discontinuing operations		
Total basic earnings per share	**3.40**	3.45
Diluted Earnings per share		
From continuing operations	**3.31**	3.36
From discontinuing operations		
Total diluted earnings per share	**3.31**	3.36

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 March 2018	31 March 2017
Profit/(loss) for the year attributable to owners of the Company	**46,96,59,337**	41,89,49,959
Weighted average number of equity shares	**13,82,61,728**	12,12,73,836
Earnings per share from continuing operations - Basic	**3.40**	3.45

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	31 March 2018	31 March 2017
Profit/(loss) for the year used in the calculation of basic earnings per share	**46,96,59,337**	41,89,49,959
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**46,96,59,337**	41,89,49,959
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**46,96,59,337**	41,89,49,959

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 March 2018	31 March 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**13,82,61,728**	12,12,73,836
Add: Effect of Warrants,		
ESOPs	**34,97,032**	**34,97,032**
Weighted average number of equity shares used in the calculation of Diluted EPS	**14,17,58,760**	12,47,70,868

Note No. 28 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a periodic basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31-Mar-18	31-Mar-17
Debt (A)	**2,38,21,54,478**	2,99,31,57,993
Equity (B)	**5,98,15,72,308**	5,50,32,97,532
Debt Ratio (A/B)	**0.40**	0.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Categories of financial assets and financial liabilities

As at 31 March 2018	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**–**	**50,000**	**–**	**50,000**
Loans	**1,18,00,00,000**	**–**	**–**	**1,18,00,00,000**
Other Financial Assets				
– Non Derivative Financial Assets	**5,74,25,787**	**–**	**–**	**5,74,25,787**
Current Assets				
Investments	**–**	**10,10,54,156**	**–**	**10,10,54,156**
Trade Receivables	**3,01,91,17,342**	**–**	**–**	**3,01,91,17,342**
Other Bank Balances	**42,426**	**–**	**–**	**42,426**
Loans	**35,00,00,000**	**–**	**–**	**35,00,00,000**
Other Financial Assets				
– Non Derivative Financial Assets	**4,20,44,305**	**–**	**–**	**4,20,44,305**
Non-current Liabilities				
Borrowings	**2,04,67,55,492**	**–**	**–**	**2,04,67,55,492**
Current Liabilities				
Borrowings	**33,53,98,986**	**–**	**–**	**33,53,98,986**
Trade Payables	**2,68,40,45,982**	**–**	**–**	**2,68,40,45,982**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**11,63,23,191**	**–**	**–**	**11,63,23,191**
– Derivative Financial Liabilities	**–**	**5,60,03,513**	**–**	**5,60,03,513**

As at 31 March 2017	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	50,000	–	50,000
Loans	18,00,00,000	–	–	18,00,00,000
Other Financial Assets				
– Non Derivative Financial Assets	1,37,44,123	–	–	1,37,44,123
Current Assets				
Investments	–	9,40,100	–	9,40,100
Trade Receivables	5,62,03,46,812	–	–	5,62,03,46,812
Other Bank Balances	2,50,04,425	–	–	2,50,04,425
– Other Financial Assets				
– Non Derivative Financial Assets	16,72,07,461	–	–	16,72,07,461
Non-current Liabilities				
Borrowings	1,97,81,57,993	–	–	1,97,81,57,993
Current Liabilities				
Borrowings	1,42,43,15,469	–	–	1,42,43,15,469
Trade Payables	2,39,35,99,021	–	–	2,39,35,99,021
Other Financial Liabilities				
– Non Derivative Financial Liabilities	11,09,92,002	–	–	11,09,92,002
– Derivative Financial Liabilities	–	6,56,62,257	–	6,56,62,257

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company based on its assessment believes that there is no credit loss as on March 31, 2018 to be provided in the statement of profit and loss.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

The mangement of the Company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**2,80,03,69,173**	–	–	–
Variable interest rate instruments	**33,53,98,986**	**2,04,67,55,492**	–	–
Total	**3,13,57,68,159**	**2,04,67,55,492**	–	–
31-Mar-17				
Non-interest bearing	2,50,45,91,022	–	–	–
Variable interest rate instruments	1,42,43,15,469	1,97,81,57,993	–	–
Total	3,92,89,06,491	1,97,81,57,993	–	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-18				
Net settled:				
– Interest rate swaps	–	**4,75,66,371**	–	–
– Foreign exchange forward contracts	**84,37,142**	–	–	–
Total	**84,37,142**	**4,75,66,371**	–	–
31-Mar-17				
Net settled:				
– Interest rate swaps	–	6,25,56,031	–	–
– Foreign exchange forward contracts	31,06,226	–	–	–
Total	31,06,226	6,25,56,031	0	0

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-18** INR	31-Mar-17 INR
Secured Bank Overdraft facility		
– Expiring within one year.................	–	–
– Expiring beyond one year...............	**4,61,78,45,522**	1,09,75,26,538
	4,61,78,45,522	1,09,75,26,538

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**3,46,85,87,434**	–	–	–
Fixed interest rate instruments	**1,18,00,42,426**	–	–	–
Total	**4,64,86,29,860**	–	–	–
31-Mar-17				
Non-interest bearing	5,80,12,98,396	–	–	–
Fixed interest rate instruments	20,50,04,425	–	–	–
Total	6,00,63,02,821	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging the transactions at the time the Company enters into a contract with its customers by passing the exchange risk to the customer. The foreign curency borrowings are entirely hedged for the entire period of the borrowing.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	**99,18,250**	6,66,00,000
Trade Payables	USD	**34,87,43,165**	8,93,66,611
Secured Bank Loans	USD	**2,38,21,54,478**	1,97,81,57,993
Advance from Customers	USD	**1,74,78,13,020**	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	**99,18,250**	6,66,00,000
Trade Payables (Refer Note 1)	USD	**34,87,43,165**	8,93,66,611
Secured Bank Loans	USD	**33,53,98,986**	–
Advance from Customers	USD	**1,74,78,13,020**	–

Note 1: Trade Payables on goods traded are hedged by way of a clause in the contract with the customers wherein the foreign currency risk is transferred to the customer.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-18	USD	+10%	(24,22,03,692)	–
	USD	-10%	24,22,03,692	–
31-Mar-17	USD	+10%	(22,76,661)	–
	USD	-10%	22,76,661	–

Profit is more sensitive to movements in the INR/USD rates in 2018 than 2017 because of the increased USD denominated borrowings, trade payables and advance from customers.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. March 31, 2018 after taking into account the effect of interest rate swaps, approximately 86% of the Company's borrowings are at a fixed rate of interest (31 March 2017: 58%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+50**	**(16,76,995)**
	INR	**-50**	**16,76,995**
31-Mar-17	INR	+50	(71,21,577)
	INR	-50	71,21,577

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 29 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	Fair value as at 31-Mar-18	Fair value as at 31-Mar-17	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Equity investments	**9,90,100**	9,90,100	Level 3			
2) Mutual fund investments	**10,01,14,056**	–	Level 1	Market Value		
Total financial assets	**10,11,04,156**	9,90,100				
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency forward contracts	**84,37,142**	31,06,226	Level 2	Derivative valuation by Banks		
2) Foreign currency & Interest rate swaps	**4,75,66,371**	6,25,56,031	Level 2			
Total financial liabilities	**5,60,03,513**	6,56,62,257				

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements, refer example below.

There were no significant inter-relationships between unobervable inputs that materially affects fair values.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in debt instruments				
– loans to related parties	**1,53,00,00,000**	**1,76,38,17,931**	18,00,00,000	20,75,07,992
– trade and other receivables	**3,01,91,17,342**	**3,01,91,17,342**	5,62,03,46,812	5,62,03,46,812
– Others	**9,95,12,518**	**9,95,12,518**	20,59,56,009	20,59,56,009
Total	**4,64,86,29,860**	**4,88,24,47,791**	6,00,63,02,821	6,03,38,10,813
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**2,38,21,54,478**	**2,38,21,54,478**	3,40,24,73,462	3,40,24,73,462
– trade and other payables	**2,80,03,69,173**	**2,80,03,69,173**	2,50,45,91,022	2,50,45,91,022
Total	**5,18,25,23,651**	**5,18,25,23,651**	5,90,70,64,484	5,90,70,64,484

	Fair value hierarchy as at 31 March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	–	**1,76,38,17,931**	**1,76,38,17,931**
– trade and other receivables	–	–	**3,01,91,17,342**	**3,01,91,17,342**
– Others	–	–	**9,95,12,518**	**9,95,12,518**
Total	–	–	**4,88,24,47,791**	**4,88,24,47,791**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	–	**2,38,21,54,478**	**2,38,21,54,478**
– trade and other payables	–	–	**2,80,03,69,173**	**2,80,03,69,173**
Total	–	–	**5,18,25,23,651**	**5,18,25,23,651**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	–	20,75,07,992	20,75,07,992
– trade and other receivables	–	–	5,62,03,46,812	5,62,03,46,812
– Others	–	–	20,59,56,009	20,59,56,009
Total	–	–	6,03,38,10,813	6,03,38,10,813
Financial liabilities				
Financial Instruments not carried at Fair Value				
– convertible notes				
– bank loans	–	–	3,40,24,73,462	3,40,24,73,462
– trade and other payables	–	–	2,50,45,91,022	2,50,45,91,022
Total	–	–	5,90,70,64,484	5,90,70,64,484

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Particulars	**31-Mar-18**	31-Mar-17
Opening balance	**9,90,100**	9,90,100
Total gains or losses:		
– in profit or loss	**–**	–
– in other comprehensive income	**–**	–
Reclassification	**–**	–
From investment in associate to FVTOCI following partial sale of interest	**–**	–
Purchases	**10,01,14,056**	–
Issues	**–**	–
Disposals/settlements	**–**	–
Transfers out of level 3	**–**	–
Closing balance	**10,11,04,156**	9,90,100

Note No. 30 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 2,55,16,021/- has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(a) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Post retirement housing allowance

The Company operates a post retirement benefit scheme for a certain grade of employees in which a monthly allowance determined on the basis of the last drawn basic salary at the time of retirement, is paid to the retiring employee in lieu of housing.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-18	31-Mar-17
Discount rate(s)	**7.85%**	7.50%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2018

Particulars	Funded Plan	Funded Plan
	Gratuity	
	2018	2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**99,37,103**	72,89,289
Past service cost and (gains)/losses from settlements	**29,21,830**	
Net interest expense	**8,89,537**	10,34,004
Components of defined benefit costs reconised in profit or loss	**1,37,48,470**	83,23,293
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amunt included in net interest expense)	**(10,88,437)**	
Actuarial gains and loss arising form changes in financial assumptions	**(21,68,930)**	19,77,298
Actuarial gains and loss arising form experience adjustments	**(12,02,744)**	2,51,100
Others (describe)		
Componenets of defined benefit costs recognised in other comprehensive income	**(44,60,111)**	22,28,398
Total	**92,88,359**	1,05,51,691
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**3,36,51,018**	2,31,55,441
2. Fair value of plan assets as at 31st March	**1,21,42,072**	1,12,94,951
3. Surplus/(Deficit)	**2,15,08,946**	1,18,60,490
4. Current portion of the above	**–**	–
5. Non current portion of the above	**2,15,08,946**	1,18,60,490
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**2,31,55,441**	1,29,90,712
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**99,37,103**	72,89,289
– Past Service Cost	**29,21,830**	
– Interest Expense (Income)	**17,24,640**	10,34,004

Particulars	Funded Plan	Funded Plan
	Gratuity	
	2018	2017
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**(21,68,930)**	19,77,298
iii. Experience Adjustments	**(12,02,744)**	2,51,100
5. Benefit payments	**(10,76,419)**	(3,86,962)
6. Liabilities assumed/(settled)	3,60,097	
7. Present value of defined benefit obligation at the end of the year	**3,36,51,018**	**2,31,55,441**
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**1,12,94,951**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**10,88,437**	6,00,623
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**8,35,103**	–
– Others (specify)	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**–**	1,10,81,290
6. Benefit payments	**(10,76,419)**	(3,86,962)
7. Fair value of plan assets at the end of the year	**1,21,42,072**	**1,12,94,951**
IV. The Major categories of plan assets		
– List the plan assets by category here		
Insured Funds	**LIC investments**	LIC investments
V. Actuarial assumptions		
1. Discount rate	**7.85%**	7.50%
2. Expected rate of return on plan assets		
3. Attrition rate	**8.00%**	8.00%
4. Medical premium inflation		

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
	2018	**1.00%**	-15.78%	19.92%
Discount rate	2017	1.00%	-16.13%	20.48%
	2018	**1.00%**	17.58%	-15.25%
Salary growth rate	2017	1.00%	14.56%	-13.87%

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Maturity profile of defined benefit obligation:

	2018	2017
Within 1 year		
1–2 year	**5,36,012**	3,20,484
2–3 year	**7,51,628**	4,33,504
3–4 year	**12,30,534**	5,97,093
4–5 year	**12,87,491**	9,57,153
5–10 years	**83,12,173**	51,63,761
10 years & above	**17,02,24,701**	11,29,03,485

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 17.67 years (2017: 18.11 years, 2016: 17.88 years)

VIII. Experience Adjustments :	**Period Ended**				
	2018	2017	2016	2015	2014
	Gratuity				
1. Defined Benefit Obligation					
2. Fair value of plan assets	–	–	–	–	–
3. Surplus/(Deficit)	–	–	–	–	–
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	–	16,27,775	15,59,809	–	–
5. Experience adjustment on plan assets [Gain/ (Loss)]	–	–	–	–	–

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year, an amount of Rs.137,48,470 has been included in profit or loss.

Note No. 31 - Related Party Transactions

Name of the Ultimate Holding	Mahindra & Mahindra Limited
Name of the parent Company	Mahindra Holdings Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Nature of transactions with Related Parties								
Sale of goods	**31–Mar–18**	**5,58,389**		**3,88,28,04,971**		–		**1,43,53,086**
	31–Mar–17	17,79,515	–	6,49,08,04,332	–	12,73,125	–	5,86,14,951
Purchase of goods	**31–Mar–18**	**1,95,200**		**3,93,14,831**		–		**1,18,92,049**
	31–Mar–17	–	–	1,03,72,500	–	–	–	–
Purchase of property and other assets	**31–Mar–18**	–	–	–	–	–	–	–
	31–Mar–17	–	–	–	–	–	–	5,67,521
Rendering of services	**31–Mar–18**	**16,01,92,638**		**1,01,07,55,372**		**1,35,61,765**		**9,38,91,119**
	31–Mar–17	25,18,376	–	62,59,98,367	–	1,09,35,516	–	4,90,13,644
Receiving of services	**31–Mar–18**	**7,38,17,042**		–		–		**1,37,90,251**
	31–Mar–17	4,68,61,845	–	–	–	–	–	1,12,56,738
Loans given	**31–Mar–18**	–	–	**1,83,50,00,000**	–	–	–	–
	31–Mar–17	–	–	24,50,00,000	–	–	–	–
Loans given refunded	**31–Mar–18**	–	–	**30,50,00,000**	–	–	–	–
	31–Mar–17	–	–	6,50,00,000	–	–	–	–
Equity contribution by the Company	**31–Mar–18**	–	–	**1**	–	–	–	–
	31–Mar–17	–	–	1,76,81,89,900	–	–	–	–
Equity contribution to the Company	**31–Mar–18**	–	–	–	–	–	–	–
	31–Mar–17	2,84,79,80,000	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Trade Receivable	**31–Mar–18**	**62,91,147**		**1,57,13,20,513**		**14,72,545**	–	**2,88,83,485**
	31–Mar–17	1,09,83,027	–	1,85,80,37,262	–	29,94,761	–	8,83,05,950
Trade payables	**31–Mar–18**	**1,35,24,013**		–				**89,34,440**
	31–Mar–17	48,84,969	–	1,03,72,500	–	–	–	10,12,539
Advances received from customer	**31–Mar–18**	**22,52,44,540**	–	–	–	–	–	–
	31–Mar–17	–	–	–	–	–	–	–
Loans & advances given.........................	**31–Mar–18**	–	–	**1,53,00,00,000**	–	–	–	–
	31–Mar–17	–	–	18,00,00,000	–	–	–	–
Guarantee given	**31–Mar–18**	–	–	**49,41,00,000**	–	–	–	–
	31–Mar–17	–	–	1,84,65,00,000	–	–	–	–
Interest Receivable ...	**31–Mar–18**	–	–	**2,87,36,323**	–	–	–	–
	31–Mar–17	–	–	34,48,305	–	26,31,889	–	–

Information of transaction and balances outstanding with related parties (secured/unsecured/nature of consideration for settlement of dues etc.)

Note: Details of guarantees given/received should be disclosed.

Note No. 32 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

	As at 31 March 2018	As at 31 March 2017
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**3,31,22,496**	2,75,60,340
(b) Performance Bank Guarantees............	**49,41,00,000**	1,84,65,00,000

Commitments

	As at 31 March 2018	As at 31 March 2017
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	–	8,06,23,265.00

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2017-18

Your Directors present their Eight Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2018 #	For the year ended March 31, 2017 #
Income		
Revenue from Operations (Gross)	**354.09**	124.35
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**354.09**	124.35
Other Income	**242.72**	59.35
Total Income	**596.81**	183.70
Expenses		
Cost of Raw Material and Components Consumed	**325.6**	103.10
Increase/(Decrease) in inventories	**–**	–
Employee Benefit Expenses	**–**	–
Other Expenses	**155.79**	357.18
Depreciation and Amortization Expenses	**7.72**	7.72
Finance Costs	**207.01**	8.21
Total Expenses	**696.12**	476.21
Profit/(Loss) before Tax	**(99.3)**	(292.51)
Provision for Tax	**(34.6)**	(20.38)
Profit/(Loss) for the year from continuing operations	**(64.7)**	(272.13)
Balance of Profit from earlier years	**661.79**	322.51
Balance carried forward	**(14.32)**	50.39
Amount carried forward to reserves	**(14.32)**	50.39
Net worth	**28,534.76**	28,604.25

The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

Your Company has started work on development of 250 Mega Watts ("MW") Alternate Current ("AC") solar power project in Rewa Ultra Mega Solar Park in the State of Madhya Pradesh ("Rewa Project").

The Company's income for the year was Rs. 596.81 lakhs as compared to Rs. 183.70 lakhs in the previous year. The loss after tax for the year was at Rs. 64.70 lakhs as compared to loss after tax of Rs. 272.13 lakhs in the previous year.

The Company is on course to commission the Rewa Project within the timelines stipulated under the Power Purchase Agreement.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Susten Private Limited.

FINANCIAL PERFORMANCE/OPERATIONS OF THE SUBSIDIARY COMPANIES

During the year under review, your Company had sold 100% stake held in Marvel Solren Private Limited ("Marvel") to Mahindra Susten Private Limited, and thereby Marvel ceased to be a subsidiary of your Company with effect from September 15, 2017.

The Company has six (6) subsidiaries, the operations of which are mentioned below for the information of the shareholders:

Brightsolar Renewable Energy Private Limited ("Brightsolar"):

During the year under review, the 10 Mega Watts ("MW") Alternate Current ("AC") solar power plant of Brightsolar at Anantapur District in the state of Andhra Pradesh generated 1,95,19,500 units of solar power and earned revenues of Rs. 1,209.95 lakhs from the sale of solar power.

Brightsolar's total income for the year was Rs. 1,228.33 lakhs as compared to Rs. 1,221.67 lakhs in the previous year. The loss after tax for the year was Rs. 7.84 lakhs as compared to profit after tax of Rs. 22.78 lakhs in the previous year.

Cleansolar Renewable Energy Private Limited ("Cleansolar"):

Cleansolar has successfully operated the 30 Mega Watts ("MW") Alternate Current ("AC") solar power plant at Tandur District in the state of Telangana. Cleansolar had earned Rs. 3,862.34 lakhs from the sale of power during the year.

Cleansolar's total income for the year was Rs. 3,922.93 lakhs as compared to Rs. 2,353.05 lakhs in the previous year. The profit after tax for the year was at Rs. 143.80 lakhs as compared to profit after tax of Rs. 137.84 lakhs in the previous year.

Astra Solren Private Limited ("Astra"):

Astra has constructed two solar power plants with a capacity 40 Mega Watts ("MW") Alternate Current ("AC") and 25 MW AC in Charanka Solar Park, Gujarat. These power plants were commissioned during the year under review.

During the year under review, Astra had produced 10,94,37,246 units of solar power and generated revenues of Rs. 4,848.07 lakhs from sale of solar power.

Astra's total income for the year was Rs. 5,098.50 lakhs as compared to Rs. 75.95 lakhs in the previous year. The profit after tax for the year was Rs. 55.63 lakhs as compared to loss after tax of Rs. 341.70 lakhs in the previous year.

Divine Solren Private Limited ("Divine"):

Divine has constructed a solar power plant for the capacity of 50 Mega Watts ("MW") Alternate Current ("AC") in Adilabad District in the State of Telangana. Divine had incurred an expenditure of Rs. 330.55 Crores for construction of this power plant. The plant got commissioned on July 22, 2017.

During the year under review, Divine had generated approximately 5,60,57,184.33 units of solar power and earned revenues of Rs. 3,641.19 lakhs from sale of solar power. Divine's total income for the year was Rs. 3,666.18 lakhs as compared to Rs. 33.38 lakhs in the previous year. The profit after tax for the year was Rs. 377.72 lakhs as compared to loss after tax of Rs. 172.54 lakhs in the previous year.

Neo Solren Private Limited ("Neo"):

Neo has developed a solar power plant for the capacity of 42 Mega Watts ("MW") Alternate Current ("AC") in Wadekothapally District in the State of Telangana, which has been commissioned during the year under review.

During the year under review, Neo had generated revenue of Rs. 1,973.30 lakhs from sale of solar power and Rs. 76.16 lakhs from other source of income by investing surplus funds.

Mega Suryaurja Private Limited ("Suryaurja") [Formerly known as 'Mahindra Suryaurja Private Limited']

During the year, there were no operations in Suryaurja.

None of the subsidiaries of the Company have declared dividend during the year.

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1, as ***Annexure I*** and forms part of this Annual Report.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend in view of loss made during the year. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Capital Clause of Memorandum of Association of your Company were altered twice during the year with regard to the following:

- Increase in Authorized Share Capital from Rs. 320 Crores to Rs. 380 Crores; and
- Increase in Authorized Share Capital from Rs. 380 Crores to Rs. 400 Crores.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to include the clause(s) to appoint Lender's Nominee Director in case of default, deemed share transfer clause as per standard requisition from the lending Bank, Dematerialization of shares and common seal clause.

SHARE CAPITAL

Authorized Share Capital

Consequent to the increase in Authorized Share Capital of your Company from Rs. 320 Crores to Rs. 400 Crores, the Authorized Share Capital as on March 31, 2018 stood at Rs. 400,00,00,000/- (Rupees Four Hundred Crores only) divided into 40,00,00,000 (Forty Crores) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 279,53,00,000

(Rupees Two Hundred Seventy Nine Crores Fifty Three Lakhs only) divided into 27,95,30,000 (Twenty Seven Crores Ninety Five Lakhs Thirty Thousand) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

During the year under review, your Board of Directors met four times i.e. on April 24, 2017, July 25, 2017, October 31, 2017 and January 24, 2018.

The Composition and the attendance at the meeting of the Board were as under:-

<table>
<tr><th>Sr. No.</th><th>Name of the Director</th><th>DIN</th><th>Executive/ Non-Executive Director</th><th>Independent/ Non-Independent Director</th><th>No. of Board meetings attended</th></tr>
<tr><td>1</td><td>Ms. Smita Mankad</td><td>02009838</td><td rowspan="5">Non – Executive Director</td><td>Independent Director</td><td>4</td></tr>
<tr><td>2</td><td>Mr. Basant Jain</td><td>00220395</td><td rowspan="3">Non – Independent Director</td><td>1</td></tr>
<tr><td>3</td><td>Mr. Sriram Ramachandran</td><td>07319032</td><td>3</td></tr>
<tr><td>4</td><td>Mr. Roshan Gandhi</td><td>00010478</td><td>4</td></tr>
<tr><td>5</td><td>Mr. Bharat Upadhyay</td><td>02189485</td><td>Independent Director</td><td>2 (ceased as Director w.e.f. October 20, 2017)</td></tr>
</table>

During the year under review, Mr. Bharat Upadhyay (DIN: 02189485) ceased to be Independent Director of the Company with effect from October 20, 2017, on expiry of his first term of 1 year.

The Company had received the notice along with requisite deposit from a member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Sriram Ramachandran as candidate for the office of Director of the Company. At the Annual General Meeting ("AGM") of your Company held on July 25, 2017, the appointment of Mr. Sriram Ramachandran as Director under Sections 149, 152 and 160 of the Companies Act, 2013, was approved by the members.

Mr. Basant Jain (DIN - 00220395) would retire by rotation at the eighth Annual General Meeting ("AGM") and being eligible offers himself for re-appointment.

Ms. Smita Mankad, who in the opinion of the Board, is a person with integrity and possess expertise and experience and has given declaration to the effect that she meets the criteria of independence as laid down under Sub-section 6 of Section 149 of the Companies Act, 2013.

All the Directors of your Company including the Independent Director have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of your Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD AND NUMBER OF MEETINGS

The following are the details of Committees of the Board:-

i) Nomination and Remuneration Committee ("NRC"):

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

The composition of NRC was as under:-

Sr. No.	Name of the Directors	Designation
1.	Ms. Smita Mankad	Chairperson and Member
2.	Mr. Bharat Upadhyay	Member
3.	Mr. Sriram Ramachandran	Member

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors and from constituting NRC and Audit Committee.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Susten Private Limited, your Company availed the said exemption and dissolved the NRC with effect from October 31, 2017. The role of NRC has been subsumed by the Board of Directors.

ii) Audit Committee ("AC"):

During the year under review, the Audit Committee ("AC") members of the Board of Directors met twice i.e. on April 24, 2017 and July 25, 2017.

The composition and the attendance at the meeting of AC were as under:-

Sr. No.	Name of Directors	Designation	No. of Committee meetings attended
1.	Ms. Smita Mankad	Chairperson & Member	2
2.	Mr. Bharat Upadhyay	Member	2
3.	Mr. Sriram Ramachandran	Member	1

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors and from constituting Nomination and Remuneration Committee and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Susten Private Limited, your Company availed the said exemption and dissolved the AC with effect from October 31, 2017. The role of AC has been subsumed by the Board of Directors.

MEETING OF INDEPENDENT DIRECTORS

Out of two Independent Directors of the Company, Mr. Bharat Upadhyay ceased to be the Independent Director with effect from October 20, 2017. By virtue of exemption provided by MCA to unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors, your Company availed the said exemption and is not required to appoint Independent Directors. Since only one Independent Director remained on Board, the separate meeting of Independent Directors could not be held.

GENERAL MEETING

The seventh Annual General Meeting of your Company was held on July 25, 2017.

During the year under review, two Extra-ordinary General Meetings of your Company were held i.e. on November 18, 2017 and March 07, 2018.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following appointments/ changes in Key Managerial Personnel ("KMP") took place:-

Mr. Venkata Ram Mohan was appointed as Chief Executive Officer ("CEO") with effect from October 31, 2017, pursuant to resignation of Mr. Rajnikant Jain as CEO with effect from July 13, 2017.

The KMPs of the Company as on March 31, 2018 were as follows:-

Sr. No.	Name of KMP	Designation
1.	Mr. Venkata Ram Mohan	Chief Executive Officer
2.	Mr. Rakesh Khaitan	Chief Financial Officer
3.	Mr. Mandar Joshi	Company Secretary

EVALUATION OF PERFORMANCE OF DIRECTORS

The Board of Directors has adopted a process for annual evaluation of its own performance and individual Directors. Questionnaires for annual evaluation were circulated to all Directors, whose responses were submitted to the Chairperson of the Meeting for facilitating the formal annual evaluation. The Directors expressed their satisfaction with the evaluation process.

POLICY ON CRITERIA FOR APPOINTMENT/ REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination and Remuneration Committee ("NRC"), the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said Policy. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently & reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the Loss of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

STATUTORY AUDITORS

At the Fourth Annual General Meeting ("AGM") held on August 19, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the Statutory Auditors of your Company for a period of five years. They hold office from the conclusion of the fourth AGM until the conclusion of Ninth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of Ninth AGM to be held in the year 2019 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Audit Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Rahul Shukla & Associates, was appointed as the Internal Auditor of your Company for the Financial Year 2017-18.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Sandeep Parekh & Co. Practicing Company Secretaries, (Certificate of Practice No. 7693) to conduct Secretarial Audit of the Company.

A Secretarial Audit Report for the Financial Year ended March 31, 2018 issued by the Secretarial Auditor, pursuant to the aforesaid provisions is attached herewith in the prescribed Form MR 3 as ***Annexure II***, and the same forms part of this report.

Your Directors confirm that the Secretarial Audit Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as ***Annexure III*** and the same forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year under review. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Particulars of loans given and investments made and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under Note Nos. 5 and 6 of the Financial Statements and the same form part of this Report.

Your Company has not availed any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Schedule V thereto applicable to the Ultimate Holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 is annexed herewith as ***Annexure IV*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed herewith as ***Annexure V*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal)

Act, 2013. Internal Complaints Committee (“ICC”) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

EXEMPTION FROM CONSOLIDATION OF FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), (‘Notification’), dated July 27, 2016, exempted a wholly owned subsidiary company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared the Consolidated Financial Statements since it meets all the requirements mentioned in the aforesaid Notification.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Cost Auditor and c) establishment of Vigil Mechanism were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.

2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.

3. The Company does not have a Managing Director/ Whole Time Director.

4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company’s operations in future.

5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company’s’ bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FORM AOC 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

(Rupees In Lakhs)

Sr. No.	Name of the Subsidiary	1 Brightsolar Renewable Energy Private Limited (Brightsolar)	2 Cleansolar Renewable Energy Private Limited (Cleansolar)	3 Divine Solren Private Limited (Divine)	4 Neo Solren Private Limited (Neo)	5 Astra Solren Private Limited (Astra)	6 Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited') (MSUPL)
1	Date since subsidiary company was acquired/ purchased	3-December-2013	3-December-2013	8-May-2015	1-July-2015	14-October-2015	16-February-2017
2	Reporting Currency	INR	INR	INR	INR	INR	INR
3	ExchangeRate	NA	NA	NA	NA	NA	NA
4	Capital (including Preference Capital & Share Application money)	952.40	962.30	1,208.00	931.50	848.96	10.00
5	Reserves & Surplus	1,037.79	5,310.56	6,544.35	6,018.09	5,387.74	(7.92)
6	Total Assets	8,115.31	24,882.35	35,178.30	30,009.24	52,521.47	2.07
7	Total Liabilities	8,115.31	24,882.35	35,178.30	30,009.24	52,521.47	2.07
8	Investment (excluding investmentsin subsidiaries)	0.00	0.00	0.00	0.00	0.00	0.00
9	Gross Turnover	1,209.95	3,862.34	3,641.19	1,973.30	4,848.07	0.00
10	Profit/(Loss) before Tax	42.72	330.16	549.77	748.97	(15.15)	(2.25)
11	Provision for Tax	50.56	186.36	172.05	197.72	(70.78)	–
12	Profit/(Loss) after Tax	(7.84)	143.80	377.72	551.26	55.63	(2.25)
13	Proposed Dividend and Tax thereon	NIL	NIL	NIL	NIL	NIL	NIL
14	Proportion of ownership interest	51%	100%	100%	100%	100%	100%
15	Proportion of voting power where different	–	–	–	–	–	–
16	Performance of the company * Also refer Notes	(7.84)	143.80	377.72	551.26	55.63	(2.25)

***Notes:**

1. The Contribution of the subsidiaries / Associates to the overall performance of the Holding Company in monetary terms was NIL, given that there was no dividend paid during the financial year 2017-18.
2. Names of subsidiaries which are yet to commence operations – Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited')
3. Names of subsidiary which has been sold during the year – 100% stake in Marvel Solren Private Limited was sold to Mahindra Susten Private Limited on September 15, 2017.

Part B: Associates/Joint Ventures : Not Applicable

1) Latest audited Balance Sheet Date: NA
2) Date on which the Associate or Joint Venture was associated or acquired: NA
3) Shares of Associate or Joint Ventures held by the company on the year end: NA
   - Number
   - Amount of Investment in Associates or Joint Venture
   - Extent of Holding (in percentage)
4) Description of how there is significant influence: NA
5) Reason why the associate/joint venture is not consolidated: NA
6) Networth attributable to shareholding as per latest audited Balance Sheet: NA
7) Profit or Loss for the year: NA
   - Considered in Consolidation
   - Not Considered in Consolidation

Notes:

1. Names of associates or joint ventures which are yet to commence operations – NA
2. Names of associates or joint ventures which have been liquidated or sold during the year – NA

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Venkata Ram Mohan
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date : 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

MAHINDRA RENEWABLES PRIVATE LIMITED

CIN: U40300MH2010PTC205946

Mahindra Towers, Dr. G. M. Bhosale Marg,

P. K. Kurne Chowk, Worli,

Mumbai, Maharashtra 400018, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHINDRA RENEWABLES PRIVATE LIMITED** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended 31st March, 2018 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made thereunder

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - A**pplicable per se to the company during the audit period**

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings -**Not applicable to the Company during the audit period**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **(Not applicable to the Company during the Audit Period)**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - **(Not applicable to the Company during the Audit Period)**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; - **(Not applicable to the Company during the Audit Period)**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **(Not applicable to the Company during the Audit Period)**

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - **(Not applicable to the Company during the Audit Period)**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **(Not applicable to the Company during the Audit Period)**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable to the company during audit period**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not applicable to the Company during the Audit Period)**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;**-(Not applicable to the Company during the Audit Period)**

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We have also examined compliances with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India.

2. The Listing Regulation entered into by the Company with Stock Exchange(s) – **Not Applicable**

During the period under review the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc.

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise.

We further report that

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision at the Board meeting is taken unanimously.

As informed to us, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: Please report specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

We further report that during the audit period there were following events / actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines:

1. The Company had during the year sold its investment of 10,000 shares of M/s. Marvel Solren Private Limited ("WOS") to M/s. Mahindra Susten Private Limited.
2. In pursuance to the Ministry of Corporate Affairs ("MCA") notifications dated July 05, 2017 and July 13, 2017 the Private Companies which are Wholly Owned Subsidiary of Unlisted Public Companies were exempted from appointment of Independent Directors and to constitute the Audit Committee and Nomination and Remuneration Committee. In light of this notification exemption the Company has dissolved the Nomination and Remuneration Committee and Audit Committee.
3. The Company had increased its Authorized Share Capital from Rs. 320 crores to Rs. 380 Crores and altered its MOA in the EGM held on 18th November, 2017 and further increased it to 400 crores in the EGM held on 7th March, 2018.
4. The Company had increased the borrowing limits under sections 180 (1) (c) and 180 (1) (a) to Rs. 1,200 Crores at its Extra Ordinary General Meeting ("EGM") held on 18th November, 2017.

For Sandeep P Parekh & Co.,
Company Secretaries

FCS No: 7118,
CP No: 7693
Sandeep P. Parekh

Place : Navi Mumbai
Date : 20th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	**For the Financial Year ended March 31, 2018**	**For the Financial Year ended March 31, 2017**
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Outgo	24.11	75.37

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

[Pursuant to clause (h) of Sub-section–(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(Rupees in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	Immediate Holding Company	Supply and installation of Pre cash boundary wall	Continuing contract	Sale of goods for FY 2017-18	393.70	NA	NIL
2	Mahindra Susten Private Limited	Immediate Holding Company	EPC contract - Supply, Service & civil work Agreement for Development of 337.5 MW (DC) / 250 MW (AC) Project	Continuing contract	Purchase of goods (Power Plant) for FY 2017-18	13,516.83	NA	NIL
3	Mahindra Susten Private Limited	Immediate Holding Company	Support service contract	Continuing contract	Receiving of support services for FY 2017-18	101.25	NA	NIL
4	Mahindra Susten Private Limited	Immediate Holding Company	Inter corporate deposit received	One time contract	Inter-corporate Deposit received	2,750.00	NA	NIL
					Inter-corporate Deposit Paid	2,750.00		

(Rupees in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
5	Mahindra Susten Private Limited	Immediate Holding Company	Inter corporate deposit received	One time contract	Interest on Inter-corporate Deposit paid	219.92	NA	NIL
6	Cleansolar Renewable Energy Private Limited	Subsidiary Company	Inter corporate deposit given	One time contract	Inter corporate Deposit given	227.00	NA	NIL
					Inter corporate Deposit Refund	227.00		
7	Divine Solren Private Limited	Subsidiary Company	Inter corporate deposit given	One time contract	Inter corporate Deposit given	350.00	NA	NIL

Notes:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.
2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub-section (1) of Section 188 of Companies Act, 2013.

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
As on the Financial Year ended on 31st March, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40300MH2010PTC205946
2.	Registration Date	July 26, 2010
3.	Name of the Company	Mahindra Renewables Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1.	Trade in Electric Equipment	46593	94.22%
2.	Electric power generation using solar energy	35105	5.78%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100*	2(46)
3.	Mahindra Susten Private Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Immediate Holding Company	100	2(46)
4.	Cleansolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -400 018	U40108MH2013PTC250684	Subsidiary Company	100	2(87)
5.	Brightsolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -400 018	U40108MH2013PTC250683	Subsidiary Company	51	2(87)

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
6.	Neo Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -400 018	U74999MH2015PTC266154	Subsidiary Company	100	2(87)
7.	Divine Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -400 018	U74120MH2015PTC264259	Subsidiary Company	100	2(87)
8.	Astra Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -400 018	U74120MH2015PTC269256	Subsidiary Company	100	2(87)
9.	Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited') **Address**: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -400 018	U40103MH2012PTC226016	Subsidiary Company	100	2(87)

* Holding through its Subsidiary 'Mahindra Susten Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	27,95,30,000	27,95,30,000	100	–	27,95,30,000	27,95,30,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total - A - (1)	–	**27,95,30,000**	**27,95,30,000**	**100**	–	**27,95,30,000**	**27,95,30,000**	**100**	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - A - (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	–	**27,95,30,000**	**27,95,30,000**	**100**	–	**27,95,30,000**	**27,95,30,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-total = B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total - B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**27,95,30,000**	**27,95,30,000**	**100**	–	**27,95,30,000**	**27,95,30,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Susten Private Limited	27,95,25,000	100	–	27,95,25,000	100	–	–
2.	Mahindra Susten Private Limited Jointly with Mr. Roshan Gandhi*	5,000	–	–	5,000	–	–	–
TOTAL		**27,95,30,000**	**100**	–	**27,95,30,000**	**100**	–	–

* 5,000 Shares are held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: There was no change in promoter shareholding during the year under review.

Name of Promoter: Mahindra Susten Private Limited	Shareholding at the beginning of the year (As on 01.04.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	27,95,25,000	100		27,95,25,000	100
At the end of the year (as on 31.03.2018)				**27,95,25,000**	**100**

Name of Promoter: Mahindra Susten Private Limited Jointly with Mr. Roshan Gandhi*	Shareholding at the beginning of the year (As on 01.04.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	5,000	–		5,000	–
At the end of the year (as on 31.03.2018)				5,000	–

* 5,000 Shares are held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Director & KMP	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	–	1,800.00	–	1,800.00
2) Interest due but not paid	–	–	–	-
3) Interest accrued but not due	–	7.15	–	7.15
Total of (1+2+3)	–	1,807.15	–	1,807.15
Change in Indebtedness during the financial year				
+ Addition	100.00	13,940.78	–	14,040.78
- Reduction	–	2,750.00	–	2,750.00
Due to MTM as per IND AS	–	–	–	-
Net change	100.00	11,190.78		11,290.78
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	100.00	12,800.00	–	12,900.00
2) Interest due but not paid	–	–	–	-
3) Interest accrued but not due	–	197.93	–	197.93
Total of (1+2+3)	**100.00**	**12,997.93**	–	**13,097.93**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No	Particulars of Remuneration	Name of the Managing Director /Whole Time Director /Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	Gross salary	–	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	–	–	–	–
	b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors

(*Rupees in Lakhs*)

Particulars of Remuneration	Name of Directors		Total amount
	Smita Mankad	Bharat Upadhyay	
Fee for attending board committee meetings*	1.0	0.60	1.60
Commission	–	–	–
Others	–	–	–
Total	**1.0**	**0.60**	**1.60**
* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013			
** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)			

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Ceiling as per the Act.	–	–

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission – As % of Profit – Others, specify	–	–	–
5	Others - Professional Fees	–	–	0.55
	Total (C)	–	–	**0.55**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

INDEPENDENT AUDITORS' REPORT

To The Members Of Mahindra Renewables Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Mahindra Renewables Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Mumbai, April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Renewables Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The Company does not have immovable property as on March 31, 2018. Hence the provisions of para 3(i)(c) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted loans to any companies during the year. However the Company had granted loans aggregating Rs. 18.91 crores to two subsidiary companies covered in the register maintained under section 189 of the Companies Act, 2013.

i) As informed to us by management, the loans are subordinate to all other loans taken by the subsidiaries and the principal and interest on the loans of Rs. 18.91 crores are repayable only after repayment of all other loans. According to the information and explanations given to us, and having regard to management's representation that the loan is given to its subsidiaries in the interest of the Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.

ii) Other than the terms of repayment of principal and interest indicated in 3(i) herein, there are no other stipulations as to payment of principal and interest on the aforesaid loans.

iii) In view of the terms of the loans indicated in 3(i) above, there are no amounts of principal and interest overdue for more than 90 days, in respect of the aforesaid loans.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Mumbai, April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RENEWABLES PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Renewables Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Mumbai, April 25, 2018

BALANCE SHEET AS AT 31 MARCH 2018

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
			Rupees
I **ASSETS**			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**1,16,72,636**	1,24,44,642
(b) Capital Work-in-Progress		**1,46,19,98,447**	75,37,428
(c) Financial Assets			
(i) Investments	5	**2,76,57,76,081**	2,76,54,76,081
(ii) Loans	6	**18,91,15,000**	18,91,15,000
(iii) Other Financial Assets	10	**2,04,94,750**	9,26,006
(d) Deferred Tax Assets (Net)	7	**1,04,67,560**	70,07,599
(e) Other Non-current Assets	11	**37,89,40,000**	–
SUB-TOTAL		**4,83,84,64,474**	2,98,25,06,757
CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	5	**–**	5,30,77,270
(ii) Trade Receivables	8	**3,81,919**	1,04,29,740
(iii) Cash and Cash Equivalents	9	**9,82,02,525**	62,43,955
(iv) Other Financial Assets	10	**83,874**	–
(b) Current Tax Assets (Net)		**24,55,519**	1,88,996
(c) Other Current Assets	11	**9,36,10,134**	73,500
SUB-TOTAL		**19,47,33,971**	7,00,13,461
TOTAL ASSETS		**5,03,31,98,445**	3,05,25,20,217
II **EQUITY AND LIABILITIES**			
1 **EQUITY**			
(a) Equity Share Capital	SOCE	**2,79,42,46,400**	2,79,42,46,400
(b) Other Equity	SOCE	**5,92,29,821**	6,61,78,820
SUB-TOTAL		**2,85,34,76,221**	2,86,04,25,220
LIABILITIES			
2 **NON-CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Borrowings	13	**1,11,00,00,000**	18,00,00,000
(ii) Other Financial Liabilities	15	**11,62,603**	–
SUB-TOTAL		**1,11,11,62,603**	18,00,00,000
3 **CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Trade Payables	14	**3,57,62,412**	1,11,15,386
(ii) Other Financial Liabilities	15	**1,01,90,50,825**	7,14,575
(b) Other Current Liabilities	16	**1,37,46,384**	2,65,036
SUB-TOTAL		**1,06,85,59,621**	1,20,94,997
TOTAL EQUITY AND LIABILITIES		**5,03,31,98,445**	3,05,25,20,217

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Venkata Ram Mohan
Chief Executive Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Particulars	Note No.	For the Current Year ended 31st March, 2018	For the previous Year ended 31st March, 2017
	Continuining Operations			
I	Revenue from operations	17	**3,54,08,982**	1,24,35,431
II	Other Income	18	**2,42,72,558**	59,34,658
III	**Total Revenue (I + II)**		**5,96,81,540**	1,83,70,089
IV	**Expenses**			
	(a) Purchases of Stock-in-trade		**3,25,60,483**	1,03,09,500
	(b) Finance costs	19	**2,07,00,800**	8,21,182
	(c) Depreciation and amortisation expense	4	**7,72,006**	7,72,006
	(d) Other expenses	20	**1,55,78,580**	3,57,17,941
	Total Expenses (IV)		**6,96,11,869**	4,76,20,629
V	**(Loss)/Profit before exceptional items (III - IV)**		**(99,30,329)**	(2,92,50,540)
	Less : Exceptional Items		**–**	–
VI	**(Loss)/Profit after exceptional items**		**(99,30,329)**	(2,92,50,540)
VII	Share of (Loss)/Profit of joint ventures and associates		**–**	–
VIII	**(Loss)/profit before tax**		**(99,30,329)**	(2,92,50,540)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**(34,59,960)**	(20,38,133)
	Total tax expense		**(34,59,960)**	(20,38,133)
X	**(Loss)/profit after tax from continuing Operations (VIII -IX)**		**(64,70,369)**	(2,72,12,407)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(Loss) after tax from discontinued operations		**–**	–
XII	**(Loss)/profit for the year (X+XI)**		**(64,70,369)**	(2,72,12,407)
XIII	**(Loss)/proft from continuing operations for the year attributable to:**			
	Owners of the Company		**(64,70,369)**	(2,72,12,407)
	Non controlling interests		**–**	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XV	**Other comprehensive income**			
	(a) (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	(b) (i) Items that may be reclassified to profit or loss		**–**	–
	(ii Income tax on items that may be reclassified to profit or loss		**–**	–
XIV	**Total comprehensive income for the year (XIII + XV)**		**(64,70,369)**	(2,72,12,407)
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(64,70,369)**	(2,72,12,407)
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share (for continuing operation):**			
	(a) Basic	21	**(0.02)**	(0.15)
	(b) Diluted	21	**(0.02)**	(0.15)
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	21	**(0.02)**	(0.15)
	(b) Diluted	21	**(0.02)**	(0.15)

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Venkata Ram Mohan
Chief Executive Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	Note No.	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
Cash flows from operating activities			
Profit brefore tax for the year	P & L	**(99,30,329)**	(2,92,50,539)
Adjustments for:			
Finance costs recognised in profit or loss	19	**2,07,00,800**	8,21,182
Investment income recognised in profit or loss	18	**(2,42,72,558)**	(59,34,658)
Depreciation expense	4	**7,72,006**	7,72,006
		(27,99,752)	(43,41,470)
Movements in working capital:			
(Increase)/decrease in trade and other receivables	8	**1,00,47,820**	(1,04,29,740)
(Increase)/decrease in other assets	10,11	**(11,31,89,251)**	(9,91,507)
Increase/(Decrease) in trade payable & other liabilities	14	**3,81,28,374**	63,94,841
Cash generated from operations		**(6,50,13,057)**	(50,26,406)
Income taxes paid		**(22,66,524)**	(76,35,375)
Net cash generated by operating activities		**(8,00,09,662)**	(4,62,53,790)
Cash flows from investing activities			
Paid for purchase of Non Current investments	5	**(3,00,000)**	(1,96,55,19,201)
Proceeds on sale of financial assets	5	**5,30,77,270**	6,99,59,429
Interest received	18	**2,37,26,084**	18,86,641
Dividend received	18	**5,46,474**	40,48,017
Payments for property, plant and equipment	4	**(1,01,29,80,194)**	(75,37,427)
Net cash (used in)/generated by investing activities		**(93,59,30,366)**	(1,89,71,62,540)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		–	1,76,86,30,000
Payment for share issue costs	SOCE	**(4,78,630)**	(12,90,000)
Proceeds from borrowings	13	**1,11,00,00,000**	18,00,00,000
Interest paid	19	**(16,22,772)**	(8,21,182)
Net cash used in financing activities		**1,10,78,98,598**	1,94,65,18,818
Net increase in cash and cash equivalents		**9,19,58,570**	31,02,488
Cash and cash equivalents at the beginning of the year		**62,43,955**	31,41,467
Cash and cash equivalents at the end of the year	9	**9,82,02,525**	62,43,955

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Venkata Ram Mohan
Chief Executive Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

Particulars	Rupees Amount
As at 1 April 2016	1,08,80,46,400
Changes in equity share capital during the year	1,70,62,00,000
As at 31 March 2017	2,79,42,46,400
Changes in equity share capital during the year	–
As at 31 March 2018	2,79,42,46,400

B. Other Equity

Rupees

Particulars	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
As at 31 March 2016	–	**3,22,51,227**	**3,22,51,227**
(Loss)/Profit for the year	–	(2,72,12,407)	**(2,72,12,407)**
Securities Premium Received during the year	6,24,30,000	–	**6,24,30,000**
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	6,24,30,000	(2,72,12,407)	**3,52,17,593**
Equity Share Issuance Costs	(12,90,000)	–	(12,90,000)
As at 31 March 2017	**6,11,40,000**	**50,38,820**	**6,61,78,820**
(Loss)/Profit for the year	–	(64,70,369)	**(64,70,369)**
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	**(64,70,369)**	**(64,70,369)**
Equity Share Issuance Costs	(4,78,630)	–	(4,78,630)
As at 31 March 2018	**6,06,61,370**	**(14,31,549)**	**5,92,29,821**

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Venkata Ram Mohan
Chief Executive Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Nature of Operations

Mahindra Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) *Sale of Solar power*

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) *Sales of goods*

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) *Dividend Income*

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment generation of producer and distributor of solar power.

i) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

j) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

I) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

m) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

n) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

o) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Plant and Equipment	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	**1,32,41,960**	**1,32,41,960**
Additions	–	–
Balance as at 31 March 2018	**1,32,41,960**	**1,32,41,960**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2017	**7,97,318**	**7,97,318**
Depreciation expense for the year	7,72,006	7,72,006
Balance as at 31 March 18	**15,69,324**	**15,69,324**
III. Net carrying amount (I-II)	**1,16,72,636**	**1,16,72,636**

Rupees

Description of Assets	Plant and Equipment	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	**1,32,41,960**	**1,32,41,960**
Additions	–	–
Disposals	–	–
Balance as at 31 March 2017	**1,32,41,960**	1,32,41,960
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	**25,312**	**25,312**
Depreciation expense for the year	7,72,006	7,72,006
Balance as at 31 March 2017	**7,97,318**	**7,97,318**
III. Net carrying amount (I-II)	**1,24,44,642**	**1,24,44,642**

Note:

(1) Method of Depreciation

Depreciation on Plant and Equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Note No. 5 - Investments

Rupees

Particular	As at 31 March 2018			As at 31 March 2017		
	QTY	Amounts* Current	Amounts* Non Current	QTY	Amounts* Current	Amounts* Non Current
A. COST						
II. Unquoted Investments (all fully paid)						
Investments in Equity Instruments						
– of Subsidiaries	–	–	**2,66,23,03,201**	–	–	2,66,20,03,201
– of associate	–	–	**10,34,72,880**	–	–	10,34,72,880
Total Unquoted Investments	–	–	**2,76,57,76,081**	–	–	2,76,54,76,081

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particular	As at 31 March 2018			As at 31 March 2017		
	QTY	Amounts*	Amounts*	QTY	Amounts*	Amounts*
		Current	Non Current		Current	Non Current
INVESTMENTS CARRIED AT COST [A]	–	–	2,76,57,76,081	–	–	2,76,54,76,081
B Designated as Fair Value Through Profit and Loss						
Investments in Mutual Funds	–	–	–	29,214	5,30,77,270	–
Total Aggregate Quoted Investments	–	–	–	29,214	5,30,77,270	–
INVESTMENTS CARRIED AT FVTPL [B]	–	–	–	29,214	5,30,77,270	–
TOTAL INVESTMENTS CARRYING VALUE (A) + (B)	–	–	2,76,57,76,081	29,214	5,30,77,270	2,76,54,76,081

Note No. 6 - Loans

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non- Current	As at 31 March 2017 Current	As at 31 March 2017 Non- Current
a) Loans to related parties				
- Unsecured, considered good	–	18,91,15,000	–	18,91,15,000
	–	18,91,15,000	–	18,91,15,000

Note:

The Company has granted suboridnated debt of INR 91,15,000 and INR 18,00,00,000 to Bright Solar Renewable Energy Private Limited (Associate Company) and Astra Solren Prviate Limited respectively. These loans are subordinated to bank borrowings taken by each company and are to be repaid after repayment of bank borrowings.

Note No. 7 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:	–	–
Deferred Tax:		
In respect of current year origination and reversal of Previous years	(34,59,959)	(20,38,133)
Total income tax expense on continuing operations	(34,59,959)	(20,38,133)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	(99,30,329)	(2,92,50,540)
Income tax expense calculated at 30.90% (2016: 30.90%)#	(30,68,472)	(90,38,417)
Effect of income that is exempt from taxation	(1,68,860)	(12,50,837)
Effect of expenses that is non-deductible in determining taxable profit	2,68,768	55,85,175
Effect of reversel of deffered tax liabity for previous year excess booked	(4,09,177)	–
Effect of recogniation of deffered tax assets of previous years	(82,218)	–
Changes in recognised deductible temporary differences for earleiar years	–	26,65,946

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Income tax expense recognised In profit or loss for current year	(34,59,959)	(20,38,133)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	(34,59,959)	(20,38,133)

Note :-1. #The tax rate used for the year ended 31 March 2018 and year ended 31st March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax assets created for business losses is as below:

Rupees

Financial year	Business loss	Unabsorbed Depreciation	Deferred tax Assets
2011-12	52,174	–	16,122
2012-13	54,987	–	16,991
2013-14	1,85,111	–	57,199
2014-15	20,31,988	–	6,27,884
2015-16	74,29,449	66,20,980	43,41,583
2016-17	1,37,17,566	52,96,784	58,75,434
2017-18	88,34,997	10,59,357	30,57,355
	3,23,06,272	**1,29,77,121**	**1,39,92,568**

Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the M.p. Power Managment Company Limited & Delhi metro rail corporation and with Mahindra & Mahindra for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31 March 2018 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	38,45,394	(3,20,385)	35,25,009
	38,45,394	(3,20,385)	35,25,009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	For the Year ended 31 March 2018 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**(1,08,52,995)**	**(31,39,574)**	**(1,39,92,569)**
	(1,08,52,995)	**(31,39,574)**	**(1,39,92,569)**
Net Deferred Tax Asset (Liabilities)	**(70,07,601)**	**(34,59,959)**	**(1,04,67,560)**

Rupees

Particulars	For the Year ended 31 March 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	38,45,394	38,45,394
	–	38,45,394	38,45,394
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	(49,69,467)	(58,83,528)	(1,08,52,995)
	(49,69,467)	(58,83,528)	(1,08,52,995)
Net Deferred Tax Asset (Liabilities)	**(49,69,467)**	**(20,38,134)**	**(70,07,601)**

Note No. 8 - Trade Receivables

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade receivables				
Unsecured, considered good	**3,81,919**	–	1,04,29,740	–
Total Trade Receivables	**3,81,919**	–	1,04,29,740	–
Of the above, trade receivables from:				
– Related Parties	**3,81,919**	–	1,04,29,740	–

Ageing of Sundry debtors

Name of Customer	Dues less than 30 days	Dues between 31 days to 60 days	Dues between 61 days to 180 days	Dues more then 180 days
Mahindra & Mahindra Ltd. (Mahindra Research Valley)	3,81,919	–	–	–

Note No. 9 - Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**3,65,02,525**	62,43,955
(b) Fixed Deposit maturity less then 3 months	**6,17,00,000**	–
Total Cash and Cash Equivalents	**9,82,02,525**	62,43,955

Note:

All Cash and cash equivlents related to Rewa project are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

Note No. 10 - Other Financial Assets

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Financial assets at amortised cost				
a) Interest Accured on Fixed deposit	**51,911**	–	–	–
b) Interest Accured on loan to related party	–	**2,04,94,750**	–	9,26,006
c) Unbilled Revenue	**31,963**	–	–	–
Total Other Financial Assets	**83,874**	**2,04,94,750**	–	9,26,006

Note:

All other financial assets related to Rewa project are charged against the borrowings. (Refer footnotes to note no. 13 Non Current Borrowings).

Note No. 11 - Other Assets

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Capital advances				
(i) For Capital work in progress	–	**37,89,40,000**	–	–
(b) Other Advances				
(i) Advances to related parties	–	–	67,500	–
(ii) Balances with government authorities (other than income taxes)	**51,06,134**	–	–	–
(c) Other Assets				
(i) Prepaid Exp- Professional Tax	**4,000**	–	6,000	–
(ii) Prepaid Exp- Loan process charges	**8,85,00,000**	–	–	–
Total other assets	**9,36,10,134**	**37,89,40,000**	73,500	–

Note:

All other assets related to Rewa project are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

Note No. 12 - Equity Share Capital

Rupees

Particulars	As at 31 March 2018 No. of shares	As at 31 March 2018 Share Capital	As at 31 March 2017 No. of shares	As at 31 March 2017 Share Capital
Authorised:				
Equity shares of Rs. 10 each with voting rights	**40,00,00,000**	**4,00,00,00,000**	40,00,00,000	4,00,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**27,95,30,000**	**2,79,53,00,000**	27,95,30,000	2,79,53,00,000
Total Equity share capital	**27,95,30,000**	**2,79,53,00,000**	27,95,30,000	2,79,53,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*							
Year Ended 31 March 2018							
	No. of Shares	27,95,30,000	–	–	–	–	27,95,30,000
	Amount in Rupees	2,79,53,00,000	–	–	–	–	2,79,53,00,000
Year Ended 31 March 2017							
	No. of Shares	10,89,10,000	17,06,20,000	–	–	–	27,95,30,000
	Amount in Rupees	1,08,91,00,000	1,70,62,00,000	–	–	–	2,79,53,00,000
		11,52,60,000	**27,95,30,000**	**–**	**–**	**–**	39,47,90,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Susten Private Limited-Holding Company	**27,95,30,000**	**–**	**–**
As at 31 March 2017			
Mahindra Susten Private Limited-Holding Company	27,95,30,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Rupees

Class of shares/Name of shareholder	As at 31 March 2017: Number of shares held	% holding in that class of shares	As at 31 March 2016: Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited*	**27,95,30,000**	**100%**	27,95,30,000	100%

* Note :- This includes 5000 equity share held as nominee by an individual on behalf of the holding company. (Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi - 5000 equity share)

Note No. 13 - Non Current Borrowings

Rupees

Particulars	Interest Rate	Repayment Terms	As at 31 March 2018	As at 31 March 2017
Secured Borrowings				
Term loan				
(a) From Bank- yes bank	8.70%	Refer note no. 2	**1,00,00,000**	–
Total Secured Borrowings			**1,00,00,000**	–
Unsecured Borrowings				
(a) From Bank			–	–
(b) From other parties				
Loans from related parties	11.50%	Refer note no. 4	**1,10,00,00,000**	18,00,00,000
Total Unsecured Borrowings	–	–	**1,10,00,00,000**	18,00,00,000
Total Non-Current Borrowings	–	–	**1,11,00,00,000**	18,00,00,000

Notes:

(1) The company is in progress for developing 250 MW AC capicity Solar power plant in District Rewa of Madhya pradesh State. Company has signed Power purchase agreements with Delhi metro rail corporation and M.P. Power management company Limited to sale the solar power after development.

(2) For Developing of the above solar power plant company has taken Sanction for long term borrowings for INR 750 Crores from yes Bank for a perod of 20 years at Yes bank 3 month MCLR + Spread of 0.05 % per annum and the borrowing amount is to repyaid in 73 structured quarterly instalments starting from December 2020.

The loan amount is secured by:

(a) First pari passu charge on all present and future tangible/intangible moveable assets, current assets including receivables pertaining to Rewa proejct.

(b) Firstpari passu charge on all the Company's bank accounts pertainig to the project including Escrow account and any other reserve and other bank accounts pertaining to the project.

(c) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(d) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company ,

(e) Short fall undertaking from Mahindra Susten Private Limited (Sponsor) for funding time /Cost overruns.

(f) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company has also taken santion for borrowing of Rs. INR 200 Crores from International finance corproration for a period of 20 years at interest rate as determined by IFC during interest rate setting period as per terms of the contract and the borrowings amount is to repaid in 73 structured quarterly instalments starting from October 2019.

The loan amount is secured by:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(a) First pari passu charge on all present and future tangible/intangible moveable assets, current assets including receivables pertaining to Rewa proejct.

(b) Firs tpari passu charge on all the Company's bank accounts pertaining to the project including Escrow account and any other reserve and other bank accounts pertaining to the project.

© First pari passu charge on the enitre intangibel asets of the borrower, pertaining to the project, including but not limited to goodwill and uncalled capital, both present and future.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(e) first pari passu change/ mortgage in the account under the Trust and retention account agremeent, debt service reserve account, letter of credit issued by power procures and any other reserve and other bank accounts of the borrower whereever maintained.

(f) First pari passu pledge over at least 14,30,00,000 euqity share of the company till the final settlement date,

(g) fist pari passu pledge over all CCD's formaing part of the sponsor subordinated debt till the final settlement date, and subordination and assignment by way of security of any shareholder loans/ subordinated loans,

(h) assginment by way of security of all insurance policies under Annex D and insurance proceeds under these policies.

(4) The Company has taken an Subordinated loan from Mahindra susten private limited (the holding Company) of INR 110,00,00,000 in March 2018. This loan is subordinated to above loans sanctioned mentioned above in note no. 2 and 3.

(5) The Company has taken a Short term loan from Mahindra susten private Limited of INR 18 Crores in March 2017 @ interest rate of 11.50%.

(6) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
Secured						
Term loans from banks:						
YES Bank	INR	8.70%	8.70%	Refer note no. 2	**1,00,00,000**	–
Total Secured					**1,00,00,000**	–
Unsecured						
Loans and advances from related parties:	INR					
Mahindra susten Private Limted		11.50%	11.50%	Refer note no. 4	**1,10,00,00,000**	18,00,00,000
Total Unsecured					**1,10,00,00,000**	18,00,00,000
Total Long term Borrowings					**1,11,00,00,000**	18,00,00,000

Note No. 14 - Trade Payables

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Trade payable - Other than micro and small enterprises	**3,57,62,412**	–	1,11,15,386	–
Total Trade Payables	**3,57,62,412**	–	1,11,15,386	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 15 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Other Financial Liabilities Measured at Amortised Cost				
Current				
(a) Loan repayble on demand- from related party (Refer Note no. 13 Non-Current Borrowings)	**18,00,00,000**	–	–	–
(b) Interest accrued	**1,86,30,000**	**11,62,603**	7,14,575	–
(c) Creditors for capital supplies/services	**82,04,20,825**	–	–	–
Total Other Financial Liabilities	**1,01,90,50,825**	**11,62,603**	7,14,575	–

Note No. 16 - Other Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Current		
Other :- Statutory Dues payable to Govt.	1,37,46,384	2,65,036
Total Other Liabilities	**1,37,46,384**	2,65,036

Note No. 17 - Revenue from Operations

Rupees

Particulars	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
(a) Revenue from sale of - Solar Energy	**20,44,912**	20,62,931
(b) Revenue from Trading of goods	**3,33,64,070**	1,03,72,500
Total Revenue from Operations	**3,54,08,982**	1,24,35,431

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 18- Other Income

Rupees

Particulars	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
(a) Interest Income		
On Financial Assets at Amortised Cost	**2,37,15,709**	18,86,641
(b) Dividend Income	**5,46,474**	–
(c) Interest on income tax refund	**10,375**	40,48,017
Total Other Income	**2,42,72,558**	59,34,658

Note No. 19 - Finance Cost

Rupees

Particulars	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
Interest expense at amortised cost	**2,07,00,800**	8,21,182
Total Finance Cost	**2,07,00,800**	8,21,182

Analysis of Interest Expenses by Category

Rupees

Particulars	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
On Financial Liability at Amortised Cost	**2,07,00,000**	8,21,182
On delay payment of Taxes	**800**	**–**

Note No. 20 - Other Expenses

Rupees

Particulars	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
(a) ROC charges, Registration charges and stamp duty expenses	**9,31,310**	1,80,97,800
(b) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- statuotry audit fees	**1,59,300**	75,000
(ii) For Tax audit fees	**59,000**	25,000
(iii) For Other services	**–**	45,000
(iv) For reimbursement of expenses	**–**	425
(c) Other expenses		–
(i) Legal and other professional costs	**1,41,84,328**	1,64,12,339
(ii) Printing & Stationary	**–**	5,870
(iii) Insurance Expenses	**25,752**	–
(iv) Bank Charges	**34,792**	23,857
(v) Miscellaneous expenses	**1,84,098**	10,32,650

Rupees

Particulars	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
Total Other Expenses	**1,55,78,580**	3,57,17,941

Note No. 21 - Earnings per Share

Rupees

Particulars	For the Current Year ended 31st March, 2018 Per Share	For the Previous Year ended 31st March, 2017 Per Share
Basic Earnings per share		
From continuing operations	**(0.02)**	(0.15)
From discontinuing operations	**–**	–
Total basic earnings per share	**(0.02)**	(0.15)
Diluted Earnings per share		
From continuing operations	**(0.02)**	(0.15)
From discontinuing operations	**–**	–
Total diluted earnings per share	**(0.02)**	(0.15)

Basic & diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

	For the Current Year ended 31st March, 2018	For the Previous Year ended 31st March, 2017
(Loss)/profit for the year attributable to owners of the Company	**(64,70,369)**	(2,72,12,407)
Less: Preference dividend and tax thereon	**–**	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**(64,70,369)**	(2,72,12,407)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
(Loss)/Profits used in the calculation of basic and diluted earnings per share from continuing operations (i)	**(64,70,369)**	(2,72,12,407)
Weighted average number of equity shares (ii)	**27,95,30,000**	18,56,49,342
Earnings per share from continuing operations - Basic & diluted (i/ii)	**(0.02)**	(0.15)

Note No. 22 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31/3/2018	31/3/2017
Debt (A)	**1,29,00,00,000**	18,00,00,000
Equity (B)	**2,85,34,76,221**	2,86,04,25,220
Debt Equity Ratio (A/B)	**0.45**	0.06

Categories of financial assets and financial liabilities

As at 31 March 2018 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	2,76,57,76,081	–	–	**2,76,57,76,081**
Loans	18,91,15,000	–	–	**18,91,15,000**
Current Assets				
Investments	–	–	–	**–**
Trade Receivables	3,81,919	–	–	**3,81,919**
Other Financial Assets				
– Non Derivative Financial Assets	83,874	–	–	**83,874**
– Derivative Financial Assets	–	–	–	**–**
Non-current Liabilities				
Borrowings	1,11,00,00,000	–	–	**1,11,00,00,000**
Current Liabilities				
Borrowings	18,00,00,000	–	–	**18,00,00,000**
Trade Payables	85,61,83,237	–	–	**85,61,83,237**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,97,92,603	–	–	**1,97,92,603**

As at 31 March 2017 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	2,76,54,76,081	–	–	**2,76,54,76,081**
Loans	18,91,15,000	–	–	**18,91,15,000**
Current Assets				
Investments	–	5,30,77,270	–	**5,30,77,270**
Trade Receivables	1,04,29,740	–	–	**1,04,29,740**
Other Financial Assets				
– Non Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	18,00,00,000	–	–	**18,00,00,000**
Current Liabilities				
Trade Payables	1,11,15,386	–	–	**1,11,15,386**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	7,14,575	–	–	**7,14,575**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	**Less than 1 Year INR**	**1-3 Years INR**	**3 Years to 5 Years INR**	**5 years and above INR**
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**87,48,13,237**	**–**	**–**	**11,62,603**
Variable interest rate instruments	**–**	**4,30,000**	**5,52,000**	**90,18,000**
Fixed interest rate instruments	**18,00,00,000**	**–**	**–**	**1,10,00,00,000**
Total	**1,05,48,13,237**	**4,30,000**	**5,52,000**	**1,11,01,80,603**
31-Mar-17				
Non-interest bearing	1,18,29,961	–	–	–
Fixed interest rate instruments	–	–	–	18,00,00,000
Total	1,18,29,961	–	–	18,00,00,000

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-18				
Non interest beaing	**2,76,62,41,874**	**–**	**–**	**2,76,57,76,081**
Fixed interest rate instruments	**18,91,15,000**	**–**	**–**	**18,91,15,000**
Total	**2,95,53,56,874**	**–**	**–**	**2,95,48,91,081**
31-Mar-17				
Non-interest bearing	19,95,44,740	–	–	2,76,54,76,081
Fixed interest rate instruments	2,76,54,76,081	–	–	18,91,15,000
Total	2,96,50,20,821	–	–	2,95,45,91,081

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Financial assets/financial liabilities measured at Fair value	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	INR	+100	(100,000)
	INR	(-)100	100,000

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 23- Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-03-18	Fair value as at 31-03-17	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Mutual fund investments	**–**	5,30,77,270	Level 1	Market Value		
Total financial assets	**–**	5,30,77,270				

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-03-18 Carrying amount	31-03-18 Fair value	31-03-17 Carrying amount	31-03-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in equity instruments	**2,76,57,76,081**	**2,76,57,76,081**	2,76,54,76,081	2,76,54,76,081
– loans to related parties	**18,91,15,000**	**18,91,15,000**	18,91,15,000	18,91,15,000
– trade and other receivables	**3,81,919**	**3,81,919**	1,04,29,740	1,04,29,740
Other financial assets	**83,874**	**83,874**	–	–
	2,95,53,56,874	**2,95,53,56,874**	2,96,50,20,821	2,96,50,20,821

Rupees

Particulars	31-03-18 Carrying amount	31-03-18 Fair value	31-03-17 Carrying amount	31-03-17 Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loan	**1,00,00,000**	**1,00,00,000**	–	–
– loans from related parties	**1,28,00,00,000**	**1,28,00,00,000**	18,00,00,000	18,00,00,000
– trade and other payables	**85,61,83,237**	**85,61,83,237**	1,11,15,386	1,11,15,386
– Others	**1,97,92,603**	**1,97,92,603**	7,14,575	7,14,575
Total	**2,16,59,75,840**	**2,16,59,75,840**	19,18,29,961	19,18,29,961

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	Fair value hierarchy as at 31 March 2018			
	Level 1	Level 2	Level 3	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity instruments	–	–	**2,76,57,76,081**	**2,76,57,76,081**
– loans to related parties	–	–	**18,91,15,000**	**18,91,15,000**
– trade and other receivables	–	–	**3,81,919**	**3,81,919**
– Others	–	–	**83,874**	**83,874**
Total	–	–	**2,95,53,56,874**	**2,95,53,56,874**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**1,00,00,000**	–	–	**1,00,00,000**
– loans from related parties	–	–	**1,28,00,00,000**	**1,28,00,00,000**
– trade payables	–	–	**85,61,83,237**	**85,61,83,237**
– others	–	–	**1,97,92,603**	**1,97,92,603**
Total	**1,00,00,000**	–	**2,15,59,75,840**	**2,16,59,75,840**

	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in equity instruments	–	–	2,76,54,76,081	**2,76,54,76,081**
– loans to related parties	–	–	18,91,15,000	**18,91,15,000**
– trade and other receivables	–	–	1,04,29,740	**1,04,29,740**
– Others	–	–	–	–
Total	–	–	**2,96,50,20,821**	**2,96,50,20,821**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties	–	–	18,00,00,000	18,00,00,000
– trade and other payables	–	–	1,11,15,386	1,11,15,386
– others	–	–	7,14,575	7,14,575
Total	–	–	**19,18,29,961**	**19,18,29,961**

Note No. 24 - Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Brightsolar Renewable Energy Private Limited	Entity in which have joint interest with other company
Neo Solren Private Limited	Subsidiary Company
Divine Solren Private Limited	Subsidiary Company
Marvel Solren Private Limited	Subsidiary Company till 4th September 2017
Astra solren Private Limited	Subsidiary Company
Celansolar Renewable Energy Private Limited	Subsidiary Company
Mahindra Suryaurja Private Limited	Subsidiary Company

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Entities having joint imtrest in the Company**	**Subsidiaries**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties						
Sale of goods	31-Mar-18	–	3,93,69,603	–	–	–
	31-Mar-17	–	1,03,72,500	–	–	–
Purchase of goods (Power Plant)	31-Mar-18	–	1,35,16,83,192	–	–	–
	31-Mar-17	–	–	–	–	–
Receiving of services	31-Mar-18	6,69,955	1,01,25,000	–	–	–
	31-Mar-17	4,60,000	–	–	–	–
Deposit Given	31-Mar-18	–	–	–	11,00,000	
	31-Mar-17	–	–	3,00,000	9,00,000	–
Deposit refund	31-Mar-18	–	–	–	11,00,000	–
	31-Mar-17	–	–	3,00,000	9,00,000	–
Loans given	31-Mar-18	–	–	–	5,77,00,000	–
	31-Mar-17	–	–	91,15,000	22,75,60,000	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Entities having joint imtrest in the Company**	**Subsidiaries**	**KMP of the Company and KMP of parent Company**
Loans refund	31-Mar-18	–	–	–	5,77,00,000	–
	31-Mar-17	–	–	–	4,75,00,000	–
Equity contribution by the Company	31-Mar-18	–	–	–	4,00,000	
	31-Mar-17	–	–	–	1,77,64,04,200	–
Equity contribution to the Company	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	1,76,86,30,000	–	–	–
Loan Received	31-Mar-18		1,10,00,00,000	–	–	–
	31-Mar-17	–	18,00,00,000	–	–	–
Intercorporate Deposit received	31-Mar-18		27,50,00,000			
	31-Mar-17	–	2,00,00,000	–	–	–
Intercorporate Deposit repaid	31-Mar-18		27,50,00,000	–	–	–
	31-Mar-17	–	2,00,00,000	–	–	–
Interest on Subordinated debts received	31-Mar-18	–	–	10,48,224	20,70,000	
	31-Mar-17	–	–	2,29,748	7,93,973	–
Interest on Subordinated debts Paid	31-Mar-18	–	2,19,91,781	–	–	–
	31-Mar-17	–	7,93,973	–	–	–
Interest on ICD received	31-Mar-18	–	–	–	7,95,285	
	31-Mar-17	–	–	–	7,24,199	–
Interest on ICD paid	31-Mar-18	–	31,32,234	–	–	–
	31-Mar-17	–	22,443	–	–	–

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Subsidiaries**	**KMP of the Company and KMP of parent Company**
Trade Receivable	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	1,03,72,500	–	–	–
Interest on suboridnated debt payable	31-Mar-18	–	1,97,92,603	–	–	–
	31-Mar-17	–	–	–	–	–
Trade payables	31-Mar-18	–	44,79,10,696	–	–	–
	31-Mar-17	6,69,955	7,14,575	–	–	–
Loans & advances taken	31-Mar-18	–	1,28,00,00,000	–	–	–
	31-Mar-17	–	18,00,00,000	–	–	–
Loans & advances given	31-Mar-18	–	–	–	–	–
	31-Mar-17	–	–	91,15,000	18,00,60,000	–

Note No. 25 - Disclosure of interest in Subsidiaries and interest of Non Controlling Interest

(a) Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	**Principal Activity**	**Place of Incorporation and Place of Operation/ Date of Acquisation**	**Proportion of Ownership Interest and Voting power held by the Group**		**Quoted (Y/N)**
			31-Mar-18	31-Mar-17	
Bright Solar renewable Energy Private Limited	Solar Power Generation	03-12-2013	**51%**	51%	N
Cleansolar Renewable Energy Private Limited	Solar Power Generation	03-12-2013	**100%**	100%	N
Divine Solren Private Limited	Solar Power Generation	01-07-2015	**100%**	100%	N
Neo Solren Private Limited	Solar Power Generation	08-05-2015	**100%**	100%	N
Astra Solren Private Limited	Solar Power Generation	14-10-2015	**100%**	100%	N

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation/ Date of Acquisation	Proportion of Ownership Interest and Voting power held by the Group		Quoted (Y/N)
			31-Mar-18	31-Mar-17	
Marvel Solren Private Limited	Solar Power Generation	10-10-2015	**0%**	100%	N
Mega Suryaurja Private Limited	Solar Power Generation	30-03-2017	**100%**	100%	N

(b) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and voting rights held by non controlling interests		Profit/(Loss) allocated to non controlling interest		Accumulated non Controlling Interest	
		31-Mar-18	31-Mar-17	**31-Mar-18**	31-Mar-17	**31-Mar-18**	31-Mar-17
Bright Solar renewable Energy Private Limited	INDIA	**49%**	49%	**(3,84,133)**	11,16,124	**(15,28,543)**	(11,44,410)
Total				**(3,84,133)**	11,16,124	**(15,28,543)**	(11,44,410)

(c) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Particulars	Brightsolar Renwable Energy Private Limited	
	31-Mar-18	31-Mar-17
Current Assets	**8,99,12,432**	6,77,32,255
Non Current Assets	**72,16,18,808**	77,01,35,410
Current Liabilities	**44,33,41,644**	4,37,74,880
Non Current Liabilities	**16,91,70,370**	59,42,89,615
Equity Interest Attributable to the owners	**10,14,99,805**	10,18,99,617
Non Controlling Interest	**9,75,19,420**	9,79,03,553
Revenue	**12,28,33,551**	12,21,67,381
Expenses	**12,36,17,496**	11,98,89,576
Profit/(Loss) for the year	**(7,83,945)**	22,77,805
Profit/(Loss) attributable to the owners of the Company	**(3,99,812)**	11,61,680
Profit/(Loss) attributable to the non controlling interest	**(3,84,133)**	11,16,124
Profit/(Loss) for the year	**(7,83,945)**	22,77,805
Other Comprehensive Income	**–**	–

Particulars	Brightsolar Renwable Energy Private Limited	
	31-Mar-18	31-Mar-17
Total Other Comprehensive Income attributable to the owners of the Company	**(3,99,812)**	11,61,680
Total Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	**(3,84,133)**	11,16,124
Total Other Comprehensive Income	**(7,83,945)**	22,77,805
Dividends paid to non controlling interest		
Net Cash Flow from operating activities	**10,79,26,503**	9,84,95,983
Net Cash Flow from investing activities	**18,38,477**	(6,49,83,286)
Net Cash Flow from financing activities	**(7,38,99,803)**	(1,96,82,345)
Net Cash inflow (outflow)	**3,58,65,177**	1,38,30,352

(d) Changes in Ownership interest

During the Financial year 2017-18 , the Company disposed of 100% of its interest in Marvel solren Private Limited, reducing its continuing interest to 0.00%. The proceeds on disposal of INR 1 were received in cash.

During the Financial year Y 2015-16 , the Company disposed of 49% of its interest in Brightsolar Renewable Energy Private Limited, reducing its continuing interest to 51%. The proceeds on disposal of INR 5,92,54,720 were received in cash.

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries	
		31-03-2018	31-03-2017
Generation of Solar power	INDIA	**6**	6

DIRECTORS' REPORT

Your Directors present their Fifth Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2018 #	For the year ended March 31, 2017 #
Income		
Revenue from Operations (Gross)	**3,862.34**	2,317.22
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**3,862.34**	2,317.22
Other Income	**60.59**	35.83
Total Income	**3,922.93**	2,353.05
Expenses		
Cost of Raw Material and Components Consumed	**–**	–
Increase/(Decrease) in inventories	**–**	–
Employee Benefit Expenses	**–**	–
Other Expenses	**361.10**	148.04
Depreciation and Amortization Expenses	**1,371.15**	992.74
Finance Costs	**1,860.52**	1,014.70
Total Expenses	**3,592.77**	2,155.48
Profit/(Loss) before Tax	**330.16**	197.57
Provision for Tax	**186.36**	59.74
Profit/(Loss) for the year from continuing operations	**143.80**	137.83
Balance of Profit from earlier years	**78.58**	(59.25)
Balance carried forward	**222.38**	78.58
Amount carried forward to reserves	**222.38**	78.58
Net worth	**6,272.86**	6,129.05

 # The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report, which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

Your Company has successfully operated the 30 Mega Watts ("MW") Alternate Current ("AC") solar power plant at Tandur District in the state of Telangana. The Company had earned Rs. 3,862.34 lakhs from the sale of power during the year.

The Company's total income for the year was Rs. 3,922.93 lakhs as compared to Rs. 2,353.05 lakhs in the previous year. The profit after tax for the year was at Rs. 143.80 lakhs as compared to profit after tax of Rs. 137.83 lakhs in the previous year.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

SHARE CAPITAL

During the year under review, there has been no change in Authorized Share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 9,70,00,000 (Rupees Nine Crores Seventy Lakhs only) divided into 97,00,000 (Ninety Seven Lakhs) Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 9,62,30,000 (Rupees Nine Crores Sixty Two Lakhs Thirty Thousand only) divided into 96,23,000 (Ninety Six Lakhs Twenty Three Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met five times i.e. on April 25, 2017, July 27, 2017, October 30, 2017, January 24, 2018 and February 28, 2018.

<u>Composition and number of meetings attended</u>:

The Composition and the attendance at the meeting of the Board were as under:-

<table>
<tr><th>Sr. No.</th><th>Name of the Director</th><th>DIN</th><th>Executive/ Non Executive</th><th>Independent/ Non Independent</th><th>No. of Board meetings attended</th></tr>
<tr><td>1.</td><td>Mr. Bharat Upadhyay</td><td>02189485</td><td rowspan="5">Non-Executive</td><td>Independent</td><td>5</td></tr>
<tr><td>2.</td><td>Mr. Basant Jain</td><td>00220395</td><td rowspan="3">Non - Independent</td><td>3</td></tr>
<tr><td>3.</td><td>Mr. Sriram Ramachandran</td><td>07319032</td><td>4</td></tr>
<tr><td>4.</td><td>Mr. Roshan Gandhi</td><td>00010478</td><td>5</td></tr>
<tr><td>5.</td><td>Mr. Rajiv Sarin</td><td>05351721</td><td>Independent</td><td>1 (ceased as Director w.e.f. May 11, 2017)</td></tr>
</table>

During the year under review, the following appointments/ changes in Directors took place in the Company:

- Mr. Rajiv Sarin (DIN: 05351721) was appointed as an Additional (Independent) Director with effect from April 25, 2017. However, due to sad demise, he ceased to be Independent Director of the Company with effect from May 11, 2017; and
- Mr. Bharat Upadhyay (DIN: 02189485) was appointed as an Additional (Independent) Director with effect from April 25, 2017.

The Company had received notices along with requisite deposit from a member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Bharat Upadhyay and Mr. Rajiv Sarin as candidates for the office of Directors of the Company.

At the Annual General Meeting ("AGM") of your Company held on July 27, 2017, the appointment of Mr. Bharat Upadhyay as Independent Director under Sections 149, 152 and 160 of the Companies Act, 2013, was approved by the members.

Mr. Sriram Ramachandran (DIN: 07319032) would retire by rotation at the fifth AGM and being eligible offers himself for re-appointment.

Mr. Bharat Upadhyay who, in the opinion of the Board, is a person with integrity and possess expertise and experience and has given declaration to the effect that he meets the criteria of independence as laid down under Sub-section 6 of Section 149 of the Companies Act, 2013.

All the Directors of your Company including the Independent Director have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD

The following are the details of Committees of the Board:-

i) <u>Nomination and Remuneration Committee ("NRC")</u>:

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

The composition of NRC was as under:-

Sr. No.	Name of the Director	Designation
1.	Mr. Bharat Upadhyay	Chairperson & Member
2.	Mr. Rajiv Sarin	Member
3.	Mr. Sriram Ramachandran	Member

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors and from constituting NRC and Audit Committee.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Renewables Private Limited, your Company availed the said exemption and dissolved the NRC with effect from July 27, 2017. The role of NRC has been subsumed by the Board of Directors.

ii) <u>Audit Committee ("AC")</u>:

During the year under review, the Audit Committee ("AC") members met once during the year under review on April 25, 2017.

The composition and the attendance at the meeting of AC were as under:-

Sr. No.	Name of the Director	Designation	No. of Committee meetings attended
1.	Mr. Bharat Upadhyay	Chairperson & Member	1
2.	Mr. Rajiv Sarin	Member	1
3.	Mr. Sriram Ramachandran	Member	1

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors and from constituting Nomination & Remuneration and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Renewables Private Limited, your Company availed the said exemption and dissolved the AC with effect from July 27, 2017. The role of AC has been subsumed by the Board of Directors.

MEETING OF INDEPENDENT DIRECTORS

Out of two Independent Directors of the Company, Mr. Rajiv Sarin ceased to be the Independent Director with effect from May 11, 2017 on account of his death. By virtue of exemption provided by MCA to unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors, your Company availed the said exemption and is not required to appoint Independent Directors. Since only one Independent Director remained on Board, the separate meeting of Independent Directors could not be held.

GENERAL MEETING

The seventh Annual General Meeting of your Company was held on July 27, 2017.

During the year under review, no Extra-ordinary General Meeting of your Company was held.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no Appointments/ Changes in Key Managerial Personnel ("KMP") took place during the year.

The KMPs of the Company as on March 31, 2018 was as follows:

Sr. No.	Name of KMP	Designation
1.	Ms. Harshali Kamat	Company Secretary

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination and Remuneration Committee ("NRC") the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said policies. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable & prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on August 19, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the Statutory Auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM up to the conclusion of the sixth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of Sixth AGM to be held in the year 2019 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Rahul Shukla & Associates, was appointed as the Internal Auditor of your Company for the Financial Year 2017-18.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor has not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014, are attached herewith as ***Annexure I*** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There were no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 and hence Form AOC - 2 is not required to be annexed to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed as ***Annexure II*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Chief Executive Officer and Chief Financial Officer, c) appointment of Cost Auditor and Secretarial Auditor and d) evaluation of performance of Directors were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company’s operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company’s’ bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai

Date : 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017
Total Foreign Exchange Earned	–	8,387.28
Total Foreign Exchange Outgo	944.46	618.40

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40108MH2013PTC250684
2.	Registration Date	December 03, 2013
3.	Name of the Company	Cleansolar Renewable Energy Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	**KARVY COMPUTERSHARE PVT. LTD.** Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Electric power generation using solar energy	35105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100 *	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	96,22,999	1	96,23,000	100	96,22,999	1	96,23,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**96,22,999**	**1**	**96,23,000**	**100**	**96,22,999**	**1**	**96,23,000**	**100**	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (1+2)	**96,22,999**	**1**	**96,23,000**	**100**	**96,22,999**	**1**	**96,23,000**	**100**	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**96,22,999**	**1**	**96,23,000**	**100**	**96,22,999**	**1**	**96,23,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1.4.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	96,22,999	100	30%	96,22,999	100	30%	–
2.	Mahindra Renewables Private Limited Jointly with Roshan Gandhi*	1	–	–	1	–	–	–
TOTAL		**96,23,000**	**100**	**30%**	**96,23,000**	**100**	**30%**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: There is no change in promoter's shareholding during the year under review.

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the beginning of the year (As on 1.4.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	96,22,999	100	–	96,22,999	100
At the end of the year (As on 31.3.2018)				**96,22,999**	**100**

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	Shareholding at the beginning of the year (As on 1.4.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	1	–	–	1	–
At the end of the year (As on 31.3.2018)				**1**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. **Shareholding of Directors and Key Managerial Personnel: NIL**

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Director & KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	18,496.75	–	–	18,496.75
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	62.11	–	–	62.11
Total of (1+2+3)	**18,558.86**	–	–	**18,558.86**
Change in Indebtedness during the financial year				
+ Addition	190.81	–	–	190.81
- Reduction	1,032.56	–	–	1,032.56
Due to MTM as per IND AS	36.71	–	–	36.71
Net change	(805.04)	–	–	(805.04)
Indebtedness at the end of the financial year - 31.03.2018				
1) Principal Amount	17,656.65	–	–	17,656.65
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	97.17	–	–	97.17
Total of (1+2+3)	**17,753.82**	–	–	**17,753.82**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors

(Rupees in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Bharat Upadhyay	Rajiv Sarin	
Fee for attending Board/Committee meetings*	0.90	0.30	1.20
Commission **	–	–	–
Others	–	–	–
Total	**0.90**	**0.30**	**1.20**

* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013

** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total	–	–
Overall Ceiling as per the Act	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rupees)

Sr. No	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5	Others - Professional Fees*	–	–	30,000
	Total (C)	–	–	**30,000**

* Included in fees towards Corporate Secretarial services

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
CLEANSOLAR RENEWABLE ENERGY PRIVATE LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Cleansolar Renewable Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e. On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Cleansolar Renewable Energy Private Limited for the year ended March 31, 2018

1. i The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii. Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii. The title deeds of the freehold land are held in the name of the Company.

2. Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7. (i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   (ii) There are no dues of income tax, sales tax, service tax, duty of customs and duty of excise or value added tax or cess which have not been deposited on account of any dispute except as stated below:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum
Income Tax Act, 1961	Additions on account of disallowance	7,05,54,430	Financial Year 2014-15	Commissioner of Income Tax (Appeals)

8. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm's Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CLEANSOLAR RENEWABLE ENERGY PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Cleansolar Renewable Energy Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

Rupees

	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**2,28,67,27,437**	2,41,61,72,413
	(b) Deferred Tax Assets (Net)	5	–	9,36,925
	(c) Other Non-current Assets	6	–	18,00,000
	SUB-TOTAL		**2,28,67,27,437**	2,41,89,09,338
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	7	**10,39,76,301**	7,49,25,305
	(ii) Cash and Cash Equivalents	8	**1,94,62,228**	8,79,90,238
	(iii) Other Bank Balances	9	**4,25,00,000**	3,14,36,735
	(iv) Other Financial Assets	10	**99,70,770**	1,20,22,820
	(b) Current Tax Assets (Net)		–	3,07,019
	(c) Other Current Assets	6	**2,55,98,674**	6,15,669
	SUB-TOTAL		**20,15,07,973**	20,72,97,786
	TOTAL ASSETS		**2,48,82,35,410**	2,62,62,07,124
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	SOCE	**9,62,30,000**	9,62,30,000
	(b) Other Equity	SOCE	**53,10,55,655**	51,66,75,286
	SUB-TOTAL		**62,72,85,655**	61,29,05,286
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	12	**57,08,81,585**	1,79,82,61,071
	(b) Deferred Tax Liabilities (Net)	**5**	**1,76,98,695**	–
	SUB-TOTAL		**58,85,80,280**	1,79,82,61,071
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	13	**79,57,183**	1,05,46,966
	(ii) Other Financial Liabilities	14	**1,26,23,62,680**	20,02,84,232
	(b) Current Tax Liabilities (Net)		**12,49,169**	–
	(c) Other Current Liabilities	15	**8,00,443**	42,09,569
	SUB-TOTAL		**1,27,23,69,475**	21,50,40,767
	TOTAL EQUITY AND LIABILITIES		**2,48,82,35,410**	2,62,62,07,124

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Rupees

	Particulars	Note No.	For the current year ended 31st March 2018	For the previous year ended 31st March 2017
I	Revenue from operations	16	**38,62,34,074**	23,17,22,447
II	Other Income	17	**60,58,801**	35,82,604
III	**Total Revenue (I + II)**		**39,22,92,875**	23,53,05,051
IV	**Expenses**			
	(a) Finance costs	18	**18,60,52,129**	10,14,69,721
	(b) Depreciation expense	4	**13,71,14,977**	9,92,73,558
	(c) Other expenses	19	**3,61,09,780**	1,48,04,485
	Total Expenses (IV)		**35,92,76,886**	21,55,47,765
V	**Profit/(loss) before exceptional items and tax (III-IV)**		**3,30,15,989**	1,97,57,286
	Less: Exceptional Items		–	–
VI	**Profit/(loss) after exceptional items**		**3,30,15,989**	1,97,57,286
VII	**Share of profit/(loss) of joint ventures and associates**			
	(1) Share of profit/(loss) of joint ventures and associated		–	–
VIII	**Profit/(loss) before tax (III-IV)**		**3,30,15,989**	1,97,57,286
IX	**Tax Expense**			
	(a) Current tax- (i) Minimum alternate Tax		**67,31,580**	–
	(ii) Minimum alternate tax credit		**(67,31,580)**	–
	(b) Deferred tax		**1,86,35,620**	59,73,701
	Total tax expense		**1,86,35,620**	59,73,701
X	**Profit/(loss) after tax (V - VI)**		**1,43,80,369**	1,37,83,585
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		–	–
	(b) Tax Expense of discontinued operations		–	–
	Profit/(loss) after tax from discontinued operations		–	–
XII	**Profit/(loss) for the period (X + XI)**		**1,43,80,369**	1,37,83,585
XIII	**Profit/(Loss) from continuing operations for the year attributable to:**			
	Owners of the Company		**1,43,80,369**	1,37,83,585
	Non controlling interests		–	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		–	–
	Non controlling interests		–	–
XV	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
XVI	**Total comprehensive income for the year**		**1,43,80,369**	1,37,83,585
XVII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**1,43,80,369**	1,37,83,585
	Non controlling interests		–	–
XVIII	**Earnings per equity share:**			
	(a) Basic	20	**1.49**	1.43
	(b) Diluted	20	**1.49**	1.43
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		–	–
	(b) Diluted		–	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	20	**1.49**	1.43
	(b) Diluted	20	**1.49**	1.43

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

Rupees

Particulars	Note No.	For the current year ended 31st March 2018	For the previous year ended 31st March 2017
Cash flows from operating activities			
Profit after tax for the year		**3,30,15,989**	1,97,57,286
Adjustments for:			
Finance costs recognised in profit or loss	18	**18,60,52,129**	10,14,69,721
Investment income recognised in profit or loss	17	**(60,58,801)**	(35,82,604)
Depreciation expense	4	**13,71,14,977**	9,92,73,558
Net loss / (gain) on foreign currency transactions net off Derivative gain/loss	19	**(1,24,68,458)**	(81,57,708)
		33,76,55,836	20,87,60,253
Movements in working capital:			
(Increase)/Decrease in trade and other receivables	7	**(2,90,50,996)**	(7,49,25,305)
Increase/(decrease) in Other financial assets	15	**18,43,110**	1,01,24,506
(Increase)/decrease in other assets	6	**18,03,541**	25,80,76,026
Decrease in trade payables	13	**(25,89,783)**	1,02,47,580
(Decrease)/increase in other liabilities	14,15	**(34,09,126)**	(1,23,00,20,271)
Cash generated from operations		**30,62,52,582**	(81,77,37,211)
Income taxes paid		**(2,34,30,359)**	8,88,398
Net cash generated by operating activities		**28,28,22,223**	(81,68,48,813)
Cash flows from investing activities			
Proceeds on sale of financial assets		**–**	1,50,00,000
Interest & dividend received	17	**62,67,741**	35,82,604
Payments for property, plant and equipment	4	**(7,44,82,214)**	(53,61,18,913)
Net cash (used in)/generated by investing activities		**(6,82,14,473)**	(51,75,36,309)
Cash flows from financing activities			
Payment for debt service reserve	9	**(1,10,63,265)**	(3,14,36,735)
Proceeds from borrowings		**–**	2,22,87,28,009
Repayment of borrowings	12	**(10,32,55,659)**	(67,53,26,806)
Interest paid	18	**(16,88,16,836)**	(10,14,69,721)
Net cash used in financing activities		**(28,31,35,760)**	1,42,04,94,747
Net increase in cash and cash equivalents		**(6,85,28,010)**	8,61,09,625
Cash and cash equivalents at the beginning of the year		**8,79,90,238**	18,80,613
Cash and cash equivalents at the end of the year		**1,94,62,228**	8,79,90,238

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity share capital

	Rupees
As at 1 April 2016	9,62,30,000
Changes in equity share capital during the year	–
As at 31 March 2017	9,62,30,000
Changes in equity share capital during the year	–
As at 31 March 2018	**9,62,30,000**

B. Other Equity

Rupees

	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1 April 2016	50,88,16,881	(59,25,180)	50,28,91,701
Profit/(Loss) for the year	–	1,37,83,585	1,37,83,585
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	1,37,83,585	1,37,83,585
As at 31 March 2017	50,88,16,881	78,58,405	51,66,75,286
Profit/(Loss) for the year	–	1,43,80,369	1,43,80,369
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	1,43,80,369	1,43,80,369
As at 31 March 2018	**50,88,16,881**	**2,22,38,774**	**53,10,55,655**

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. Nature of Operations

Clean Solar Renewable Energy Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Renewable Private Limited. The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets

(i) Property plant and equipment

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer. The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

i) Provisions and Contingent Liabilities

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Other income’ line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

p) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note 4. – Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	16,35,59,573	2,35,18,86,398	2,51,54,45,971
Additions	76,70,001	–	76,70,001
Balance as at 31 March 2018	**17,12,29,574**	**2,35,18,86,398**	**2,52,31,15,972**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2017	–	9,92,73,558	9,92,73,558
Depreciation expense for the year	–	13,71,14,977	13,71,14,977
Balance as at 31 March 2018	–	23,63,88,535	23,63,88,535
III. Net carrying amount (I-II)	**17,12,29,574**	**2,11,54,97,863**	**2,28,67,27,437**

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2016	–	–	–
Additions	16,35,59,573	2,35,18,86,398	2,51,54,45,971
Balance as at 31 March 2017	**16,35,59,573**	**2,35,18,86,398**	**2,51,54,45,971**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2016	–	–	–
Depreciation expense for the year	–	9,92,73,558	9,92,73,558
Balance as at 31 March 2017	–	9,92,73,558	9,92,73,558
III. Net carrying amount (I-II)	**16,35,59,573**	**2,25,26,12,840**	**2,41,61,72,413**

Notes:

(1) Assets pledged as security and restriction on titles:

Freehold land and plant and equipment have been charged against bank borrowings. (Refer Note No. 12-Non Current Borrowings).

(2) Method of Depreciation:

Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014

Note 5. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Current Tax:		
In respect of current year	–	–
	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1,86,35,620**	59,73,701
	1,86,35,620	59,73,701
Total income tax expense on continuing operations	**1,86,35,620**	59,73,701

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Profit before tax from continuing operations	**3,30,15,989**	1,97,57,287
Income tax expense calculated at 30.90% (2017: 30.90%)#	**1,02,01,941**	61,05,002
Effect of income that is exempt from taxation	**(38,88,945)**	(1,31,300)
Effect of reversel of defferd Tax assests of previous years	**1,23,22,624**	–
'Income tax expense recognised In profit or loss for current year	**1,86,35,620**	59,73,701
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**1,86,35,620**	59,73,701

Note:

(1) # The tax rate used for the year ended 31 March 2018 and year ended 31st March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax assets created for business losses is as below:

Rupees

Financial year	Business loss	Unabsorbed Depreciation	Deffered tax assets
2014-15	56,683	–	17,515
2015-16	1,48,26,221	–	45,81,302
2016-17	–	2,88,74,875	89,22,336
2017-18	–	2,33,14,680	72,04,236
Total	1,48,82,904	5,21,89,555	2,07,25,390

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

For the Year ended 31st March 2018

Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**2,49,06,853**	**1,35,17,232**	**3,84,24,085**
	2,49,06,853	**1,35,17,232**	**3,84,24,085**
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	2,58,43,778	(51,18,388)	2,07,25,390
	2,58,43,778	(51,18,388)	2,07,25,390
Net Deferred Tax Asset (Liabilities)	**9,36,925**	**(1,86,35,620)**	**(1,76,98,695)**

For the Year ended 31st March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	2,49,06,853	2,49,06,853
	–	2,49,06,853	2,49,06,853
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	69,10,626	1,89,33,152	2,58,43,778
	69,10,626	1,89,33,152	2,58,43,778
Net Deferred Tax Asset (Liabilities)	69,10,626	(59,73,701)	9,36,925

Note 6. – Other assets

Rupees

Particulars	**As at 31st March 2018**		As at 31st March 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	**–**	**–**	–	18,00,000
(b) Other Advances				
(i) Advance to vendor	**42,142**	**–**	43,131	–
(c) Other Assets				
(i) Income Tax paid under protest FY 2014-15 (refer note no. 24)	**1,41,10,886**	**–**	**–**	**–**
(ii) MAT Credit Receivable -Financial year 2016-17	**41,44,080**	**–**	**–**	**–**
-Financial year 2017-18	**67,31,580**			
(iii) Prepaid Expenses	**5,69,986**	**–**	5,72,538	–
Total Other Assets	**2,55,98,674**	**–**	6,15,669	18,00,000

Note: All other assets have been provided as charged against the borrowing. (Refer Note no. 12-Non Current Borrowings)

Note 7. – Trade Receivables

Rupees

Particulars	**As at 31st March 2018**		As at 31st March 2017	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
Unsecured, considered good	**10,39,76,301**	**–**	7,49,25,305	**–**
Total Trade Receivables	**10,39,76,301**	**–**	7,49,25,305	**–**

Rupees

Particulars	**As at 31st March 2018**		As at 31st March 2017	
	Current	**Non-Current**	Current	Non-Current
Of the above, trade receivables from:				
– Related Party	**–**	**–**	–	–
– Others- Southern Power Distribution Company of telangana Limited	**10,39,76,301**	**–**	7,49,25,305	–

Note: All the sundry debtors have been charged against the borrowings. (Refer No. 12-Non Current Borrowings)

Ageing of Sundry debtors

Name of Customer	Dues less than 30 days	Dues between 30 days to 60 days	Dues between 61 days to 180 days	Dues more then 180 days
Southern power Distribution Company of Telangana Limited	3,30,18,258	3,60,86,375	3,48,71,668	–

Note 8. – Cash and Cash Equivalent

Rupees

Particulars	As at 31st March 2018	As at 31st March 2017
Cash and cash equivalents		
Balances with banks	**15,40,787**	1,06,99,278
Fixed Deposits with maturity less than 3 months	**1,79,21,441**	7,72,90,960
Total Cash and cash equivalent	**1,94,62,228**	8,79,90,238

Note: All the cash and cash equivalent have been charged against the borrowings.(Refer No. 12-Non Current Borrowings).

Note 9. – Other Bank Balance

Rupees

Particulars	As at 31st March 2018	As at 31st March 2017
Earmarked balances with banks- For Debt Service Reserve Account	**4,25,00,000**	3,14,36,735
Total Other Bank balances	**4,25,00,000**	3,14,36,735

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March 2018	As at 31st March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**1,94,62,228**	11,94,26,973
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**1,94,62,228**	11,94,26,973

Notes

(1) Earmarked balances with banks include Fixed Deposits for Debt Service Reserve account.

(2) Cash and cash equivalents include cash in banks, net of overdraft, if any.

(3) All the other Bank balance have been charged against the borrowings.(Refer Note no. 12-Non Current Borrowings)

Note 10. – Other Financial Assets

Rupees

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
Financial assets at amortised cost				
(a) Interest Accrued on Fixed Deposit	**1,66,300**	**–**	3,75,240	–
(b) Unbilled Receivable	**98,04,470**	**–**	1,16,47,580	–
Total other financial assets	**99,70,770**	**–**	1,20,22,820	–

Note: All the other financial assets have been charged against the borrowings. (Refer Note no. 12-Non Current Borrowings)

Note 11 – Equity Share Capital

Rupees

Particulars	As at 31st March 2018 No. of shares	As at 31st March 2018 Value of shares	As at 31st March 2017 No. of shares	As at 31st March 2017 Value of shares
Authorised:				
Equity shares of Rs.10 each with voting rights	**97,00,000**	**9,70,00,000**	97,00,000	9,70,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**96,23,000**	**9,62,30,000**	96,23,000	9,62,30,000
Total Equity Share Capital	**96,23,000**	**9,62,30,000**	96,23,000	9,62,30,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 12 - Non Current Borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2018						
No. of Shares	96,23,000	–	–	–	–	**96,23,000.00**
Amount In Rupees	9,62,30,000	–	–	–	–	**9,62,30,000.00**
Year Ended 31 March 2017						
No. of Shares	96,23,000	–	–	–	–	**96,23,000**
Amount In Rupees	9,62,30,000	–	–	–	–	**9,62,30,000**

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Renewable Private Limited, the Holding Company	**96,23,000**	–	
As at 31 March 2017			
Mahindra Renewable Private Limited, the Holding Company	**96,23,000**	–	

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31st March 2018** Number of shares held	**As at 31st March 2018** % holding in that class of shares	As at 31st March 2017 Number of shares held	As at 31st March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited*	**96,23,000**	**100%**	96,23,000	100%

***Notes:** This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi - 1 equity share)

Note 12. – Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Repayment terms	As at 31st March 2018 Amount	As at 31st March 2017 Amount
Measured at amortised cost*				
A. **Secured Borrowings:**				
From Bank				
(a) Term Loans				
Yes Bank	Yes bank Base rate+0.25% spread	Refer note 2 below	**1,37,30,399**	6,72,75,853
(b) Buyers Credit				
Bank of Baroda	8.50%	To be repaid on 28-05-2018	–	16,42,35,249
Bank of Baroda	8.32%	To be repaid on 01-06-2018	–	16,49,96,857
Bank of Baroda	8.32%	To be repaid on 04-06-2018	–	1,26,68,270
Bank of Baroda	7.96%	To be repaid on 11-02-2019	–	3,24,16,917
Canra Bank	7.82%	To be repaid on 15-02-2019	–	8,78,20,256
Canra Bank	7.89%	To be repaid on 20-02-2019	–	22,38,80,407
Canra Bank	7.92%	To be repaid on 22-02-2019	–	22,37,34,104
Canra Bank	7.80%	To be repaid on 26-02-2019	–	4,86,18,838
Canra Bank	7.93%	To be repaid on 08-03-2019	–	18,43,63,768
From Others Party- Adititya Birla Finance	Yes bank Base rate+0.25% spread	Refer note 2 below	**55,71,51,186**	58,82,50,552
B. **Non Secured Borrowings:**			**–**	–
Total Non Current Borrowings			**57,08,81,585**	1,79,82,61,071

Notes:

(1) The Company has borrowed funds for project financing from banks and financial institutions. The bank has issued LUT and based on that the Company has availed Buyers' Credit of USD 178,63,538 for three years at 6M LIBOR + margin p.a. Buyers' Credit is repayable by March 2019. The amount which is payable in period under normal operating cycle of the company is treated as current.

The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate.

As per the loan sanction terms from the Bank, at the end of three years the Company can repay the buyers credit by drawing from the sanctioned term loan.

(2) The company has also taken a term loan of INR 12,00,00,000 from bank and Rs. 65,00,00,000 from financials institution for a period of 15 years at yes bank base rate + spread, the amount is repayable in 55 structured quarterly instalments starting from March 2017. The amount which is payable in period under normal operating cycle of the company is treated as current.

The loan amount is secured by:

(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in:

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(g) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next quarter.

(4) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment terms	Amortised cost as at 31st March 2018	Amortised cost as at 31st March 2017
Term loans from bank:						
YES Bank	INR	10.78%	10.05%	To be repaid in 55 quarterly instalments by 30th sept. 2031	**1,37,30,399**	6,72,75,853
Buyers Credit loan from banks:						
Bank of Baroda	USD	8.66%	8.50%	To be repaid on 28-05-2018	–	16,42,35,249
Bank of Baroda	USD	8.43%	8.32%	To be repaid on 01-06-2018	–	16,49,96,857
Bank of Baroda	USD	8.52%	8.32%	To be repaid on 04-06-2018	–	1,26,68,270
Bank of Baroda	USD	8.07%	8.07%	To be repaid on 11-02-2019	–	3,24,16,917
Canra Bank	USD	7.93%	7.93%	To be repaid on 15-02-2019	–	8,78,20,256
Canra Bank	USD	8.00%	8.00%	To be repaid on 20-02-2019	–	22,38,80,407
Canra Bank	USD	8.03%	8.03%	To be repaid on 22-02-2019	–	22,37,34,104
Canra Bank	USD	7.91%	7.91%	To be repaid on 26-02-2019	–	4,86,18,838
Canra Bank	USD	8.04%	8.04%	To be repaid on 08-03-2019	–	18,43,63,768
Term loans from other parties:						
Aditya birla Finance Ltd.	INR	10.78%	10.05%	To be repaid in 55 quarterly installments by 30th sept. 2031	**55,71,51,186**	58,82,50,552
Total Long Term borrowings					**57,08,81,585**	**1,79,82,61,071**

Note 13. – Trade Payables

Rupees

Particulars	As at 31st March 2018 Current	As at 31st March 2018 Non-Current	As at 31st March 2017 Current	As at 31st March 2017 Non-Current
Trade payable - Other than micro and small enterprises	**79,57,183**	–	1,05,46,966.00	–
Total Trade Payables	**79,57,183**	–	1,05,46,966.00	–

Note:

(1) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

(2) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note 14. – Other Financial Liabilities

Rupees

Particulars	As at 31st March 2018	As at 31st March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt (Refer Note No. 12- Non Current Borrowings)		
Term loan from Bank		
Yes bank	**45,00,000**	52,76,538
Aditiya Birla Finance	**3,25,00,000**	4,61,37,298
Buyers credit loan from Banks		
Bank of Baroda	**16,73,04,018**	–
Bank of Baroda	**16,73,84,984**	–
Bank of Baroda	**1,29,53,791**	–
Bank of Baroda	**3,27,96,467**	–
Canra Bank	**8,88,70,082**	–
Canra Bank	**22,65,24,979**	–
Canra Bank	**22,63,61,636**	–
Canra Bank	**4,90,67,929**	–
Canra Bank	**18,65,19,994**	–

Rupees

Particulars	As at 31st March 2018	As at 31st March 2017
(b) Interest accrued & Due on Borrowing	**97,17,150**	62,10,916
(c) Creditors for capital supplies/services	**–**	6,68,12,213
Other Financial Liabilities Measured at Fair value		
a) Derivatives designated and ineffective as hedging instruments	**5,78,61,650**	7,58,47,267
Total Other Financial Liabilities	**1,26,23,62,680**	20,02,84,232

Note 15. – Other Liabilities

Rupees

Particulars	As at 31st March 2018		As at 31st March 2017	
	Current	**Non-Current**	Current	Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**8,00,443**	–	42,09,569	–
Total Other Liabilities	**8,00,443**	–	42,09,569	–

Note 16. – Revenue from Operations

Rupees

Particulars	For the current year ended 31st March 2018	For the previous year ended 31st March, 2017
Revenue from sale of solar power	**38,62,34,074**	23,17,22,447
Total Revenue from Operations	**38,62,34,074**	23,17,22,447

Note 17. – Other Income

Rupees

Particulars	For the current year ended 31st March 2018	For the previous year ended 31st March 2017
(a) Interest Income		
On Financial Assets at Amortised Cost	**59,41,677**	31,21,899
(b) Dividend Income	**1,17,124**	4,06,119
(c) Other- Interest on income Tax	**–**	54,586
Total Other Income	**60,58,801**	35,82,604

Note 18. – Finance Cost

Rupees

Particulars	For the current year ended 31st March 2018	For the previous year ended 31st March 2017
(a) Interest expense on Finance cost	**18,01,01,918**	10,14,69,721
(b) Finance charges	**59,50,211**	–
Total Finance Cost	**18,60,52,129**	10,14,69,721

Analysis of Interest Expenses by Category

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
On Buyers credit and term loan from bank	**17,95,28,139**	10,14,25,516
On Inter corporate deposit from related party	**5,73,779**	–
Interest on late payment of taxes	**–**	44,205

Note 19 – Other Expenses

Rupees

Particulars	For the current year ended 31st March 2018	For the previous year ended 31st March 2017
(a) Insurance	**21,45,322**	16,92,414
(b) Repairs and maintenance - Others	**3,85,46,403**	41,05,500
(c) Power Consumption charges	**33,26,901**	–
(d) Commission, discounts and rebates	**3,08,097**	29,07,860
(e) Net loss / (gain) on foreign currency transactions net off Derivative gain/loss	**(1,24,68,458)**	(81,57,708)
(f) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors-stautory audit fees	**1,65,200**	1,25,000
(ii) For Tax audit fees	**59,000**	50,000
(iii) For Other services	**–**	65,000
(f) Other expenses		
(i) Legal and other professional costs	**30,19,609**	1,33,66,734
(ii) Printing & Stationary	**9,194**	11,199
(iii) Bank Charges	**21,854**	39,578
(iv) Miscellaneous expenses	**9,76,658**	5,98,909
Total Other Expenses	**3,61,09,780**	1,48,04,485

Note 20. – Earnings per Share

Rupees

Particulars	For the current year ended 31st March 2018 Per Share	For the previous year ended 31st March 2017 Per Share
Basic Earnings per share		
From continuing operations	**1.49**	1.43
From discontinuing operations	**–**	–
Total basic earnings per share	**1.49**	1.43
Diluted Earnings per share		
From continuing operations	**1.49**	1.43
From discontinuing operations	**–**	–
Total diluted earnings per share	**1.49**	1.43

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	For the current year ended 31st March 2018	For the previous year ended 31st March 2017
Profit / (loss) for the year attributable to owners of the Company	**1,43,80,369**	1,37,83,586
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**1,43,80,369**	1,37,83,586
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations (i)	**1,43,80,369**	1,37,83,586
Weighted average number of equity shares(ii)	**96,23,000**	96,23,000
Earnings per share from continuing operations - Basic and Diluted (i/ii)	**1.49**	1.43

Note 21. – Financial Instruments

Capital management

'The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

'The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

'The Company is not subject to externally enforced capital regulation.

'Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31/03/18	31/03/17
Debt (A)	**1,76,56,65,465**	1,84,96,74,906
Equity (B)	**62,72,85,655**	61,29,05,286
Debt Equity Ratio (A / B)	**2.81**	3.02

Categories of financial assets and financial liabilities

As at 31st March 2018

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	**10,39,76,301**	–	–	**10,39,76,301**
Other Bank Balances	**4,25,00,000**	–	–	**4,25,00,000**
Other Financial Assets				
– Non Derivative Financial Assets	**99,70,770**	–	–	**99,70,770**
Non-current Liabilities				
Borrowings	**57,08,81,585**	–	–	**57,08,81,585**
Current Liabilities				
Borrowings	**1,19,47,83,880**	–	–	**1,19,47,83,880**
Trade Payables	**79,57,183**	–	–	**79,57,183**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**97,17,150**	–	–	**97,17,150**
– Derivative Financial Liabilities	–	**5,78,61,650**	–	**5,78,61,650**

As at 31st March 2017

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	7,49,25,305	–	–	7,49,25,305
Other Bank Balances	3,14,36,735	–	–	3,14,36,735
Other Financial Assets		–	–	
– Non Derivative Financial Assets	1,20,22,820	–	–	1,20,22,820
Non-current Liabilities				
Borrowings	1,79,82,61,071	–	–	1,79,82,61,071
Current Liabilities				
Borrowings	5,14,13,836	–	–	5,14,13,836
Trade Payables	7,73,59,179	–	–	7,73,59,179
Other Financial Liabilities		–	–	
– Non Derivative Financial Liabilities	62,10,916	–	–	62,10,916
– Derivative Financial Liabilities	–	7,58,47,267	–	7,58,47,267

Financial Risk Management

Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) *Credit risk management*

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Telangana and it believes that it is a solvent debt and hence the risk is minimal.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

There is no change in estimation techniques or significant assumptions during the reporting year.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting year. The contractual maturity is based on the earliest date on which the Company may be required to pay

Rupees

Particulars	Less than 1 Year INR	1–3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**1,76,74,333**	–	–	–
Variable interest rate instruments	**3,70,00,000**	**8,21,40,000**	**8,56,40,399**	**40,31,01,186**
Fixed interest rate instruments	**1,15,77,83,880**	–	–	–
	1,21,24,58,213	**8,21,40,000**	**8,56,40,399**	**40,31,01,186**
31-Mar-17				
Non-interest bearing	8,35,70,095	–	–	–
Variable interest rate instruments	5,14,13,836	10,28,27,671	10,28,27,671	44,98,71,062
Fixed interest rate instruments	–	1,14,27,34,666	–	–
Total	13,49,83,931	1,24,55,62,337	10,28,27,671	44,98,71,062

The following table details the Company's / Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-18				
Net settled:				
– Interest and currency swaps	**5,78,61,650**	–	–	–
	5,78,61,650	–	–	–
31-Mar-17				
Net settled:				
– Interest and currency swaps	–	7,58,47,267		
Total	–	7,58,47,267		

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting year:

Particulars	**As at 31st March 2018 INR**	As at 31st March 2017 INR
Term Loan		
– Expiring beyond one year	–	27,28,25,094
	–	27,28,25,094

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1–3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**11,39,47,071**	–	–	–
Variable interest rate instruments	**4,25,00,000**	–	–	–
Total	**15,64,47,071**	–	–	–
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	8,69,48,125	–	–	–
Variable interest rate instruments	3,14,36,735	–	–	–
Total	11,83,84,860	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting year.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions for 36 months year for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the year of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

Particulars	Currency	31/03/2018	31/03/2017
Secured Bank Loans	USD	**1,78,63,538**	**1,78,63,538**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage the variable rated loans and borrowings, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2018, after taking into account the effect of interest rate swaps, 66% of the Company's borrowings are at a fixed rate of interest (31 March 2017: 62%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	INR	+100	(60,78,816)
	INR	–100	60,78,816
31-Mar-17	INR	+100	(70,69,402)
	INR	–100	70,69,402

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 22 – Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-Mar-18	Fair value as at 31-Mar-17	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Mutual fund investments	–	–	Level 1	Market Value		
Total financial assets	–	–				
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency & interest swap contracts	**1,19,13,85,809**	1,19,01,43,216	Level 2			
Total financial liabilities	**1,19,13,85,809**	1,19,01,43,216				

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**10,39,76,301**	**10,39,76,301.00**	7,49,25,305	7,49,25,305.00
– Others financial assets	**5,24,70,770**	**5,24,70,770**	1,20,22,820	1,20,22,820
	15,64,47,071	**15,64,47,071**	8,69,48,125	8,69,48,125

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**60,78,81,585**	**60,78,81,585**	70,69,40,241	70,69,40,241
– trade payables	**79,57,183**	**79,57,183**	77,359,179	7,73,59,179
– other payables	**97,17,150**	**97,17,150**	62,10,916.28	62,10,916
Total	**62,55,55,918**	**62,55,55,918**	79,05,10,336	7905,10,336

Fair value hierarchy as at 31st March 2018

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	**10,39,76,301**	**10,39,76,301**
– Others	–	–	**5,24,70,770**	**5,24,70,770**
Total	–	–	**15,64,47,071**	**15,64,47,071**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**60,78,81,585**	–	–	**60,78,81,585**
– trade and other payables	–	–	**79,57,183**	**79,57,183**
– Others	–	–	**97,17,150**	**97,17,150**
Total	**60,78,81,585**	–	**1,76,74,333**	**62,55,55,918**

Fair value hierarchy as at 31st March 2017

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	**7,49,25,305**	**7,49,25,305**
– Others	–	–	**1,20,22,820**	**1,20,22,820**
Total	–	–	**8,69,48,125**	**8,69,48,125**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**70,69,40,241**	–	–	**70,69,40,241**
– trade and other payables	–	–	**7,73,59,179**	**7,73,59,179**
– Others	–	–	**62,10,916**	**62,10,916**
Total	**70,69,40,241**	–	**8,35,70,095**	**79,05,10,336**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 23. – Related Party Transactions

Parent Company	Mahindra Renewable Private Limited
Ultimate Holding Company	Mahindra & Mahindra Ltd.
Intermediate Holding Company	Mahindra Susten Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Parent Company**	**Intermediate Holding Company**	**Ultimate holding company**
Nature of transactions with Related Parties				
Purchase of property and other assets (Power plants)	**31-Mar-18**	**–**	**–**	**–**
	31-Mar-17	**–**	**57,38,33,272**	**–**
Receiving of services	**31-Mar-18**	**–**	3,56,18,053	2,16,171
	31-Mar-17	**–**	**1,09,80,000**	**1,43,749**
Inter Corporate Deposit taken	**31-Mar-18**	2,27,00,000	3,00,00,000	**–**
	31-Mar-17	**–**	**–**	**–**
Inter Corporate Deposit Repaid	**31-Mar-18**	2,27,00,000	3,00,00,000	**–**
	31-Mar-17	**–**	**–**	**–**
Interest Paid on inter corproate deposit	**31-Mar-18**	3,74,874	1,98,905	**–**
	31-Mar-17	**–**	**–**	**–**
Deposit Repaid	**31-Mar-18**	2,00,000	**–**	**–**
	31-Mar-17	**1,00,000**	**–**	**–**
Deposit Taken	**31-Mar-18**	2,00,000	**–**	**–**
	31-Mar-17	**1,00,000**	**–**	**–**

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Intermediate Holding Company**	**Ultimate holding company**
Trade payables	31-Mar-18	–	76,89,515	**–**
	31-Mar-17	–	7,68,37,430	2,93,734

Note 24. – Contingent liabilities and commitments

Rupees

Contingent liabilities (to the extent not provided for)	**As at 31 March 2018**	As at 31 March 2017
Contingent liabilities		
Claims against the Company not acknowledged as debt	**7,05,54,430.00**	–
Total	**7,05,54,430.00**	–

DIRECTORS' REPORT

Your Directors present their Second Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2018#	For the year ended March 31, 2017#
Income		
Revenue from Operations (Gross)	–	–
Less: Excise Duty	–	–
Revenue from Operations (Net)	–	–
Other Income	–	–
Total Income	–	–
Expenses		
Other Expenses	1.93	2.33
Depreciation and Amortization Expenses	–	–
Finance Costs	–	–
Total Expenses	1.93	**2.33**
Profit/(Loss) before Tax	(1.93)	**(2.33)**
Provision for Tax	–	–
Profit/(Loss) for the year from Continuing Operations	(1.93)	**(2.33)**
Balance of Profit from earlier years	(2.33)	–
Balance carried forward	(4.26)	–
Amount carried forward to reserves	(4.26)	(2.33)
Net worth	**0.74**	**2.67**

The aforesaid Financial Highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report, which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

The Company has not commenced its operations during the year under review.

DIVIDEND

Your Directors have neither paid any interim dividend nor recommended final dividend in view of loss made during the year. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Susten Private Limited.

The Company has no subsidiaries, associates or joint ventures.

SHARE CAPITAL

Authorized Share Capital

During the year under review, there has been no change in Authorized Share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 5,00,000 (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up Capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 5,00,000 (Rupees Five Lakhs Only) divided into 50,000 (Fifty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met four times i.e. on April 25, 2017, July 25, 2017, November 01, 2017 and January 24, 2018.

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non-Independent	No. of meetings attended
1.	Basant Jain	00220395	Non – Executive Director	Non – Independent Director	4
2.	Roshan Gandhi	00010478			4

The Company had received the notices along with requisite deposit from a member under Section 160 of the Companies act, 2013, signifying its intention to propose Mr. Basant Jain and Mr. Roshan Gandhi as candidates for the office of Directors of the Company.

At the Annual General Meeting ("AGM") of your Company held on July 25, 2017, the appointment of Mr. Basant Jain and Mr. Roshan Gandhi as Directors under Sections 149, 152 and 160 of the Companies Act, 2013, were approved by the members.

Mr. Basant Jain (DIN: 00220395) would retire by rotation at the second AGM and being eligible offers himself for re-appointment.

Both the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of your Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

GENERAL MEETING

The first Annual General Meeting of your Company was held on July 25, 2017.

During the year under review, no Extra-ordinary General Meeting of your Company was held.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable & prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on July 25, 2017, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the Statutory Auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM upto the conclusion of the sixth AGM to be held in 2022.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of sixth AGM to be held in the year 2022 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014, are attached herewith as ***Annexure I*** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your company has not advanced any loan or made any investment or provided any guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There were no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 and hence Form AOC-2 is not required to be annexed to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed as ***Annexure II*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Key Managerial Personnel, c) appointment of Internal Auditor, Secretarial Auditor and Cost Auditor, d) establishment of Vigil Mechanism e) evaluation of performance of Directors, and f) appointment of Independent Directors and constitution of Audit Committee and Nomination & Remuneration Committee were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Machinepulse Tech Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : April 25, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1 Areas in which Research & Development is carried out: NIL

2. Benefits derived as a result of the above efforts: NA

3. Future plan of action: NIL

4. Expenditure on R&D: NIL

5. Technology absorption, adaptation and innovation: NA

6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Outgo	–	–

For and on behalf of the Board
Machinepulse Tech Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : April 25, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U72300MH2016PTC271679
2.	Registration Date	January 05, 2016
3.	Name of the Company	Machinepulse Tech Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
–	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address :** Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Holding Company	100	2(46)

*Holding through its Subsidiary 'Mahindra Susten Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the period
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. **Indian**	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	50,000	–	100	–	50,000	–	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A-(1)	**–**	**50,000**	**–**	**100**	**–**	**50,000**	**–**	**100**	**–**
2. **Foreign**	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	**–**	**50,000**	**–**	**100**	**–**	**50,000**	**–**	**100**	**–**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. **Institution**									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–
2. **Non-Institution**	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the period
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
c) Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**50,000**	**–**	**100**	**–**	**50,000**	**–**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the period
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mahindra Susten Private Limited	49,999	100	–	49,999	100	–	–
2	Mahindra Susten Private Limited jointly with Roshan Gandhi*	1	–	–	1	–	–	–
	TOTAL	**50,000**	100	**–**	**50,000**	100	**–**	**–**

*One Share is held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: There was no change in promoter shareholding during the year under review.

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	49,999	100%		49,999	100%
Increase/ (Decrease)			–	–	–
At the end of the year (as on March 31, 2018)				**49,999**	**100%**

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi	Shareholding at the beginningof the year (as on April 01, 2017)		Increase/Decrease in No. ofshares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	1	–		1	–
Increase/ (Decrease)			–	–	–
At the end of the year (as on March 31, 2018)				**1**	**–**

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs & ADRs): NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No.of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	**No.of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1. Principal Amount	–	–	–	–
2. Interest due but not paid	–	–	–	–
3. Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Due to MTM as per IND AS	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sl. No.	Particulars of Remuneration	Name of the Managing Director/ Whole Time Director/Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b)Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c)Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/ Committee meetings	–	–
Commission	–	–
Others	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Ceiling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: Not Applicable

Sl. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission – as % of profit – others, specify	–	–	–
5	Others	–	–	–
	Total	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Machinepulse Tech Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : April 25, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Machine Pulse Tech Private Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Machine Pulse Tech Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) **Order, 2016**, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place : Mumbai
Date : April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Machine Pulse Tech Private Limited for the year ended March 31, 2018

1) The Company does not have Property, Plant and Equipment as on March 31, 2018. Hence the provisions of para 3(i) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place : Mumbai
Date : April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MACHINE PULSE TECH PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Machine Pulse Tech Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place : Mumbai
Date : April 25, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

	Note No.	As at 31st March 2018	As at 31st March 2017
			Rupees
I ASSETS			
CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	4	**3,27,632**	3,65,806
(b) Other Current Assets	5	**99,025**	99,025
TOTAL ASSETS		**4,26,657**	4,64,831
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	SOCE, 6	**5,00,000**	5,00,000
(b) Other Equity	SOCE	**(4,26,083)**	(2,33,167)
SUB-TOTAL		**73,917**	2,66,833
LIABILITIES			
2 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	7	**3,36,739**	1,91,189
(ii) Other Financial Liabilities	8	**16,001**	6,809
SUB-TOTAL		**3,52,740**	1,97,998
TOTAL EQUITY AND LIABILITIES		**4,26,657**	4,64,831

The accompanying notes 1 to 13 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : April 25, 2018

For and on behalf of the Board of Directors

Basant Jain Director

Roshan Gandhi Director

Place : Mumbai
Date : April 25, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Rupees

	Particulars	Note No.	**For the year ended 31st March, 2018**	For the period ended 31st March, 2017
	Continuining Operations			
I	Revenue		**–**	–
II	Other Income		**–**	–
III	**Total Revenue (I + II)**		**–**	–
IV	**Expenses**			
	(a) Other expenses	**9**	**1,92,916**	2,33,167
	Total Expenses (IV)		**1,92,916**	2,33,167
V	**(Loss)/Profit before exceptional items (III - IV)**		**(1,92,916)**	(2,33,167)
	Less : Exceptional Items		**–**	–
VI	**(Loss)/Profit after exceptional item**		**(1,92,916)**	(2,33,167)
VII	**Share of profit / (loss) of joint ventures and associates**		**–**	–
VIII	**(Loss)/Profit before tax (VI+VII)**		**(1,92,916)**	(2,33,167)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**–**	–
	Total tax expense		**–**	–
X	**Profit/(loss) after tax from continuing operations (VIII- IX)**		**(1,92,916)**	(2,33,167)
XI	Discontinued Operations			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
XI	**Profit/(loss) after tax from discontinued operations**		**–**	–
XII	**(Loss)/ profit for the year (X+XI)**		**(1,92,916)**	(2,33,167)
XIII	**Loss from continuing operations for the period attributable to:**			
	Owners of the Company		**(1,92,916)**	(2,33,167)
	Non controlling interests		**–**	–
XIV	**Profit/(Loss) from discontinued operations for the period attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XV	**Other comprehensive income**			
	(a) (i) Items that will not be recycled to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	(b) (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018 (contd...)

Rupees

Particulars	Note No.	For the year ended 31st March, 2018	For the period ended 31st March, 2017
XVI Total comprehensive income for the period		**(1,92,916)**	(2,33,167)
XVII Total comprehensive income for the period attributable to:			
Owners of the Company		**(1,92,916)**	(2,33,167)
Non controlling interests		**–**	–
XVIII Earnings per equity share (for continuing operation):			
(a) Basic	**10**	**(3.86)**	(4.66)
(b) Diluted	**10**	**(3.86)**	(4.66)
XIX Earnings per equity share (for discontinued operation):			
(a) Basic		**–**	–
(b) Diluted		**–**	–
XX Earnings per equity share (for continuing and discontinued operations):			
(a) Basic	**10**	**(3.86)**	(4.66)
(b) Diluted	**10**	**(3.86)**	(4.66)

The accompanying notes 1 to 13 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : April 25, 2018

For and on behalf of the Board of Directors

Basant Jain Director

Roshan Gandhi Director

Place : Mumbai
Date : April 25, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Cash flows from operating activities			
Loss after tax for the year	P L	**(1,92,916)**	(2,33,167)
Movements in working Capital			
(Increase)/decrease in other assets	5	–	(99,025)
Decrease in trade and other payables	7	**1,45,550**	1,91,189
(Decrease)/increase in other liabilities	8	**9,192**	6,809
Cash generated from operations		**1,54,742**	98,973
Income taxes paid		–	–
Net cash (used in)/generated by operating activities		**(38,174)**	(1,34,194)
Net Cash flows from investing activities		–	–
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	6	–	5,00,000
Net cash used in financing activities		–	5,00,000
Net increase in cash and cash equivalents		**(38,174)**	3,65,806
Cash and cash equivalents at the beginning of the year	4	**3,65,806**	–
Cash and cash equivalents at the end of the year	4	**3,27,632**	3,65,806

The accompanying notes 1 to 13 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : April 25, 2018

For and on behalf of the Board of Directors

Basant Jain Director

Roshan Gandhi Director

Place : Mumbai
Date : April 25, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018

A. Equity share capital

Particulars	Rupees Amount
As at 1st April 2017	500,000
Changes in equity share capital during the year	–
As at 31st March 2017	500,000
Changes in equity share capital during the year	–
As at 31st March 2018	**500,000**

B. Other Equity

Rupees

Particulars	Reserves and Surplus Retained Earnings	Total
As at 1st April 2016	–	–
Profit / (Loss) for the period	–	–
Other Comprehensive Income / (Loss)	–	–
Total Comprehensive Income for the year		
As at 31st March 2017	–	–
Profit/(Loss) for the period	(233,167)	(233,167)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(233,167)	(233,167)
As at 31 March 2018	**(233,167)**	**(233,167)**

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : April 25, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : April 25, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. **Nature of Operations**

   MachinePulse Tech Private Limited ('the Company') Incorporated on 5th January 2016 is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business of providing services in the areas of designing developing customising implementing maintaining testing benchmarking analysing and dealing software and data analytics.

   The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. **Statement of compliance**

   The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

   The Company is exempt from preparing a consolidated financial statement (CFS)

   a) being a wholly owned intermediate subsidiary;

   b) not listed on any stock exchange and;

   c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. **Significant Accounting Policies and Accounting Judgments and Estimates**

   A) **Significant Accounting Policies**

   a) **Basis of Preparation of Financial Statements**

   The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

   Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

   In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
   - Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
   - Level 3 inputs are unobservable inputs for the asset or liability.

   The financial statements are prepared in Indian Rupees.

   b) **Use of estimates**

   The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

   c) **Revenue Recognition:**

   Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

   (i) **Interest income**

   Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

   Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

   (ii) **Dividend Income**

   Dividend income is recognized when the right to receive dividend is established.

   d) **Current and Non-current classification**

   The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

   - Expected to be realized or intended to be sold or consumed in normal operating cycle
   - Held primarily for the purpose of trading
   - Expected to be realized within twelve months after the reporting period, or
   - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets are classified as non-current.

   A liability is current when:

   - It is expected to be settled in normal operating cycle
   - It is held primarily for the purpose of trading
   - It is due to be settled within twelve months after the reporting period, or
   - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

   The Company classifies all other liabilities as non-current.

   Deferred tax assets and liabilities are classified as non-current assets or liabilities.

   The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

   e) **Segment information**

   Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

   Since the operation in the Company has not started it has no reporting operating segment.

   f) **Taxes on Income:**

   Current tax is determined as the amount of tax payable in respect of taxable income for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/ agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

k) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 4 – Cash and Bank Balances

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(a) Balances with banks	**3,27,632**	3,65,806
Total Cash and cash equivalent	**3,27,632**	3,65,806

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total Cash and Cash Equivalents as per Balance Sheet	**3,27,632**	3,65,806
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**3,27,632**	3,65,806

Notes

Cash and cash equivalents include cash in hand and in banks, net of overdraft.

Note No. 5 – Other assets

Rupees

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of shares	Share Capital	No. of shares	Share Capital
(a) Capital advances				
(b) Advances other than capital advances				
(i) Security Deposits	**25,000**	–	25,000	–
(ii) Other advances - Advance to vendor	**74,025**	–	74,025	–
(c) Other Assets				
Total Other assets	**99,025**	–	99,025	–

Note No. 6 – Equity Share Capital

Rupees

Particulars	As at 31st March 2018		As at 31st March 2017	
	Current	Non-Current	Current	Non-Current
Authorised:				
Equity shares of Rs.10 each with voting rights	**60,000**	**6,00,000**	60,000	6,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5,00,000**	50,000	5,00,000
Total Equity Share Capital	**50,000**	5,00,000	50,000	5,00,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
Equity Shares with Voting rights*						
Period Ended 31 March 2018						
No. of Shares	**50,000**	–	–	–	–	**50,000**
Amount in Rupees	**5,00,000**	–	–	–	–	**5,00,000**
Equity Shares with Voting rights*						
Period Ended 31 March 2017						
No. of Shares	–	50,000	–	–	–	50,000
Amount in Rupees	–	5,00,000	–	–	–	5,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2018			
Mahindra Susten Private Limited (Holding Company)	**50,000**	–	–
As at 31st March, 2017			
Mahindra Susten Private Limited (Holding Company)	50,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited (Holding Company)	**50,000**	**100%**	50,000	100%

Note No. 7 – Trade Payables

Rupees

Particulars	As at 31st March 2018		As at 31st March 2017	
	Current	Non Current	Current	Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**3,36,739**	–	1,91,189	–
Total Trade payables	**3,36,739**	–	1,91,189	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and small enterprises covered under the "Micro small and Medium enterprises development Act 2006" was done on the basis of the information to the extent provided by the supplier to the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 8 – Other Financial Liabilities

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Current		
Other liabilities		
(1) Creditors for capital supplies/services		
(2) Retention Money		
Other - Statutory Dues payable to Govt. (other than income tax)	**16,001**	6,809
Total other financial liabilities	**16,001**	6,809

Note No. 9 – Other Expenses

Rupees

Particulars		For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a)	Rates and taxes	**2,500**	2,500
(b)	ROC Fees and charges	**–**	2,200
(c)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors- statutory audit fees	**33,250**	25,000
	(ii) For Taxation matters	**–**	–
	(iii) For Company Law matters	**–**	–
	(iv) For Other services	**–**	–
	(v) For reimbursement of expenses	**–**	–
(d)	Other expenses		
	(i) Pprofessional costs	**1,57,051**	1,98,226
	(ii) Miscellaneous expenses	**115**	5,241
Total Other Expenses		**1,92,916**	2,33,167

Note No. 10 – Earnings per Share

Rupees

Particulars	For the period ended 31st March, 2018	For the period ended 31st March, 2018
Basic Earnings per share		
From continuing operations	**(3.86)**	(4.66)
From discontinuing operations	**–**	–
Total basic earnings per share	**(3.86)**	(4.66)
Diluted Earnings per share		
From continuing operations	**(3.86)**	(4.66)
From discontinuing operations	**–**	–
Total diluted earnings per share	**(3.86)**	(4.66)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31st March 2018	For the period ended 31st March 2017
(Loss)/profit for the year attributable to owners of the Company	**(1,92,916)**	(2,33,167)
Less: Preference dividend and tax thereon	**–**	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**(1,92,916)**	(2,33,167)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
(Loss)/Profits used in the calculation of basic earnings per share from continuing operations	**(1,92,916)**	(2,33,167)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations - Basic	**(3.86)**	(4.66)

Note No. 11 – Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-18	31-Mar-17
Equity	**5,00,000**	5,00,000
Less: Cash and cash equivalents	**3,27,632**	3,65,806
	1,72,368	1,34,194

Categories of financial assets and financial liabilities

As at 31st March, 2018 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings				
Trade Payables	**3,36,739**	**–**	**–**	**3,36,739**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**16,001**	**–**	**–**	**16,001**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

As at 31st March, 2017 — Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings				
Trade Payables	1,91,189	–	–	1,91,189
Other Financial Liabilities				
- Non Derivative Financial Liabilities	6,809	–	–	6,809

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	3,52,740	–	–	–
Total	3,52,740	–	–	–

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	1,97,998	–	–	–
Total	**1,97,998**	–	–	–

Note No. 12 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	As at 31st March 2018 Carrying value	As at 31st March 2018 Fair value	As at 31st March 2017 Carrying value	As at 31st March 2017 Fair value
Financial assets				
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**3,36,739**	**3,36,739**	1,91,189	1,91,189
– Others	**16,001**	**16,001**	6,809	6,809
Total Equity Share Capital	**3,52,740**	**3,52,740**	1,97,998	1,97,998

	Fair value hierarchy as at 31st March, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	**1,91,189**	**1,91,189**
Total	–	–	**1,91,189**	**1,91,189**

13. Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Parent Company
Nature of transactions with Related Parties			
Deposit taken			30,000
Receiving of services	31-Mar-18	1,43,550	–
Equity contribution to the Company	31-Mar-18	–	5,00,000

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company
Trade payables	31-Mar-18	2,42,383	30,000

DIRECTORS' REPORT

Your Directors present their Third Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended March 31, 2018#**	For the year ended March 31, 2017#
Income		
Revenue from Operations (Gross)	**3,641.19**	–
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**3,641.19**	–
Other Income	**24.99**	33.38
Total Income	**3,666.18**	33.38
Expenses		
Cost of Raw Material and Components Consumed	**–**	–
Increase/(Decrease) in inventories	**–**	–
Employee Benefit Expenses	**–**	–
Other Expenses	**388.27**	256.86
Depreciation and Amortization Expenses	**1,091.60**	–
Finance Costs	**1,636.54**	7.38
Total Expenses	**3,116.41**	264.24
Profit/(Loss) before Tax	**549.77**	(230.86)
Provision for Tax	**172.05**	(58.32)
Profit/(Loss) for the year from Continuing Operations	**377.72**	(172.54)
Balance of Profit from earlier years	**(222.89)**	(50.35)
Balance carried forward	**154.83**	(222.89)
Amount carried forward to reserves	**154.83**	(222.89)
Net worth	**7,752.34**	7,376.93

The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

Your Company has constructed a solar power plant for the capacity of 50 Mega Watts ("MW") Alternate Current ("AC") in Adilabad District in the State of Telangana. The Company had incurred an expenditure of Rs. 330.55 Crores for construction of this power plant. The plant got commissioned on July 22, 2017.

During the year under review, the Company had generated approximately 5,60,57,184.33 units of solar power and earned revenues of Rs. 3,641.19 lakhs from sale of solar power. The Company's total income for the year was Rs. 3,666.18 lakhs as compared to Rs. 33.38 lakhs in the previous year. The profit after tax for the year was Rs. 377.72 lakhs as compared to loss after tax of Rs. 172.54 lakhs in the previous year.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to amend the appointment of Lender's Nominee Director Clause in case of default, as per standard requisition from the lending Bank.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 16,90,00,000/– (Rupees Sixteen Crores and Ninety Lakhs only) divided into 1,69,00,000 (One Crore Sixty Nine Lakhs) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 12,08,00,000 (Rupees Twelve Crores Eight Lakhs only) divided into 1,20,80,000 (One Crore Twenty Lakhs Eighty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met five times i.e. on April 25, 2017, July 27, 2017, October 30, 2017, January 24, 2018 and February 28, 2018.

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent	No. of Board meetings attended
1.	Mr. Bharat Upadhyay	02189485	Non-Executive	Independent	5
2.	Mr. Basant Jain	00220395	Non-Executive	Non-Independent	3
3.	Mr. Sriram Ramachandran	07319032	Non-Executive	Non-Independent	4
4.	Mr. Roshan Gandhi	00010478	Non-Executive	Non-Independent	5
5.	Mr. Rajiv Sarin	05351721	Non-Executive	Independent	1 (ceased as Director w.e.f. May 11, 2017)

During the year under review, the following appointment/ changes in Directors took place in the Company:

- Mr. Rajiv Sarin (DIN: 05351721) was appointed as an Additional (Independent) Director with effect from April 25, 2017. However, due to sad demise, he ceased to be Independent Director of the Company with effect from May 11, 2017;
- Mr. Bharat Upadhyay (DIN: 02189485) was appointed as an Additional (Independent) Director with effect from April 25, 2017;
- Mr. Sriram Ramachandran (DIN: 07319032) was appointed as an Additional Director with effect from April 25, 2017.

The Company had received the notices along with requisite deposit from a member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Bharat Upadhyay, Mr. Rajiv Sarin and Mr. Sriram Ramachandran as candidates for the office of Directors of the Company.

At the Annual General Meeting ("AGM") of your Company held on July 27, 2017, the appointments of Mr. Bharat Upadhyay as Independent Director and Mr. Sriram Ramachandran as Director under Sections 149, 150, 152 and 160 of the Companies Act, 2013, were approved by the members.

Mr. Roshan Gandhi (DIN: 00010478) would retire by rotation at the third AGM and being eligible offers himself for re-appointment.

Mr. Bharat Upadhyay who, in the opinion of the Board, is a person with integrity and possess expertise and experience and has given declaration to the effect that he meets the criteria of independence as laid down under Sub-section 6 of Section 149 of the Companies Act, 2013.

All the Directors of your Company including the Independent Director have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD AND NUMBER OF MEETINGS

The following are the details of Committees of the Board:-

i) **Nomination and Remuneration Committee ("NRC"):**

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors met once on April 25, 2017.

The composition and the attendance at the meeting of NRC were as under:-

Sr. No.	Name of the Director	Designation	No. of Committee meetings attended
1.	Mr. Bharat Upadhyay	Chairperson & Member	1
2.	Mr. Rajiv Sarin	Member	1
3.	Mr. Sriram Ramachandran	Member	1

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors and from constituting Audit Committee and NRC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Renewables Private

Limited, your Company availed the said exemption and dissolved the NRC with effect from July 27, 2017. The role of NRC has been subsumed by the Board of Directors.

ii) Audit Committee ("AC"):

During the year under review, the Audit Committee ("AC") members met once during the year under review on April 25, 2017.

The composition and the attendance at the meeting of AC were as under:-

Sr. No.	Name of the Director	Designation	No. of Committee meetings attended
1.	Mr. Bharat Upadhyay	Chairperson & Member	1
2.	Mr. Rajiv Sarin	Member	1
3.	Mr. Sriram Ramachandran	Member	1

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting Nomination and Remuneration Committee and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Renewables Private Limited, your Company availed the said exemption and dissolved the AC with effect from July 27, 2017. The role of AC has been subsumed by the Board of Directors.

MEETING OF THE INDEPENDENT DIRECTORS

Out of two Independent Directors of the Company, Mr. Rajiv Sarin ceased to be the Independent Director with effect from May 11, 2017 on account of his death. By virtue of exemption provided by MCA to unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors, your Company availed the said exemption and is not required to appoint Independent Directors. Since only one Independent Director remained on Board, the separate meeting of Independent Directors could not be held.

GENERAL MEETING

The second Annual General Meeting of your Company was held on July 27, 2017.

During the year under review, one Extra-ordinary General Meeting of your Company was held on May 31, 2017.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following Appointments/ Changes in Key Managerial Personnel ("KMP") took place during the year:

- Mr. Rajnikant Jain was appointed as Chief Executive Officer ("CEO") of the Company with effect from April 25, 2017 and resigned as CEO with effect from July 03, 2017;
- Mr. Rakesh Khaitan was appointed as Chief Financial Officer of the Company with effect from April 25, 2017;
- Mr. Venkata Ram Mohan was appointed as Chief Executive Officer of the Company with effect from October 30, 2017.

The KMPs of the Company as on March 31, 2018 were as follows:-

Sr. No.	Name of KMP	Designation
1	Mr. Venkata Ram Mohan	Chief Executive Officer
2	Mr. Rakesh Khaitan	Chief Financial Officer
3	Mr. Chirag Sojitra	Company Secretary

POLICY ON CRITERIA FOR APPOINTMENT/ REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination and Remuneration Committee ("NRC"), the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said policies. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and provides for direct access to the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM") of your Company held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditor of your Company for a period of five years. They hold office from the conclusion of the First AGM until the conclusion of Sixth AGM to be held in the year 2021.

Pursuant to the first proviso of Section 139(1) of the Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of Sixth AGM to be held in the year 2021

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Rahul Shukla & Associates, was appointed as the Internal Auditor of your Company for the Financial Year 2017-18.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014, are attached herewith as ***Annexure I*** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as ***Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed as ***Annexure III*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Cost Auditor and Secretarial Auditor and c) evaluation of performance of Directors were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : April 25, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form - A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017
Total Foreign Exchange Earned	–	15,802.36
Total Foreign Exchange Outgo	1,151.53	–

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : April 25, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC -2
[Pursuant to clause (h) of Sub-section–(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis: NIL**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(Rupees in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	Intermediate Holding Company	Engineering, Procurement and Construction Contract for Supply of material and Services and Civil work	Continuing Contract	Supply of Material, installing of material and conducting civil work for construction of Solar project for FY 17–18	2,172.61	NA	NIL
2	Mahindra Susten Private Limited	Intermediate Holding Company	Inter Corporate Deposit received	Annual/ Recurring/ Outgoing Contract	Inter Corporate Deposits taken (ICD)	700.00	NA	NIL
3	Mahindra Renewables Private Limited	Immediate Holding Company	Inter Corporate Deposit received	Annual/ Recurring/ Outgoing Contract	Inter Corporate Deposits taken (ICD)	350.00	NA	NIL

Notes:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.
2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain — **Director**

Roshan Gandhi — **Director**

Place: Mumbai
Date: April 25, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
As on the financial year ended on March 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	**CIN**	U74120MH2015PTC264259
2	**Registration Date**	May 08, 2015
3	**Name of the Company**	Divine Solren Private Limited
4	**Category/Sub-Category of the Company**	Company Limited by shares / Indian Non-Government Company
5	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel: 022-24905836
6	**Whether listed Company (Yes/No)**	Tel : 022-24905836
7	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Electric power generation using solar energy	35105	99.66%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Gateway Building, Apollo Bunder Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100*	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100*	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the period
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	1,20,79,999	1	1,20,80,000	100	1,20,79,999	1	1,20,80,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**1,20,79,999**	**1**	**1,20,80,000**	**100**	**1,20,79,999**	**1**	**1,20,80,000**	**100**	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub. Total-A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (1+2)	**1,20,79,999**	**1**	**1,20,80,000**	**100**	**1,20,79,999**	**1**	**1,20,80,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the period
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c. Others	–	–	–	–	–	–	–	–	–
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,20,79,999**	**1**	**1,20,80,000**	**100**	**1,20,79,999**	**1**	**1,20,80,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	1,20,79,999	100	–	1,20,79,999	100	30%	–
2.	Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	1	–	–	1	–	–	–
TOTAL		**12,08,00,000**	**100**	–	**12,08,00,000**	**100**	**30 %**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: NIL

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the time of Beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the period	
	No of shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year	1,20,79,999	100%	–	1,20,79,999	100%
At the end of the year (as on March 31, 2018)				**1,20,79,999**	**100**

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi *	Shareholding at the time of Beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the period	
	No of shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year	1	–	–	1	–
At the end of the year (as on March 31, 2018)				**1**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Director & KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	17,659.62	–	–	17,659.62
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	22.32	–	–	22.32
Total of (1+2+3)	**17,681.94**	–	–	**17,681.94**
Change in Indebtedness during the financial year				
+ Addition	7513.92	706.54	–	8220.46
– Reduction	487.38	–	–	487.38
Due to MTM as per IND AS	49.10	–	–	49.10
Net Change	**7,075.64**	**706.54**	–	**7,782.18**
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	24,717.88	700.00	–	25,417.88
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	39.70	6.54	–	46.24
Total of (1+2+3)	**24,757.58**	**706.54**	–	**25,464.12**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No	Particulars of Remuneration	Name of the Managing Director /Whole Time Director /Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors

			(Rupees in Lakhs)
Particulars of Remuneration	**Name of Directors**		**Total Amount**
	Bharat Upadhyay	**Rajiv Sarin**	
Fee for attending Board/Committee meetings*	1.00	0.4	1.4
Commission **	–	–	–
Others	–	–	–
Total	**1.00**	**0.4**	**1.4**
* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013			
** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013			

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total	–	–
Overall Ceiling as per the Act	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rupees in Lakhs)

Sr. No	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of profit	–	–	–
	– Others, specify	–	–	–
5.	Others - Professional Fees	–	–	2.38
	Total (C)	–	–	**2.38**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : April 25, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
DIVINE SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Divine Solren Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
11. **As required by section 143(3) of the Act, we report that:**
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified

as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No.: 105102W)

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai,
Date: April 25, 2018

ANNEXURE “A” TO THE AUDITOR’S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Divine Solren Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm’s Registration No.: 105102W)

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai,
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DIVINE SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Divine Solren Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No.: 105102W)

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai,
Date: April 25, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

	Particulars	Note No.	As at 31st March, 2018	Rupees As at 31st March, 2017
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**3,19,63,51,948**	30,02,55,455
	(b) Capital Work-in-Progress		**–**	27,201,21,398
	(c) Deferred Tax Assets (Net)	5	**–**	79,83,216
	(d) Other Non-current Assets	9	**–**	13,70,91,524
	SUB-TOTAL		**3,19,63,51,948**	3,16,54,51,593
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	6	**18,19,20,411**	–
	(ii) Cash and Cash Equivalents	7	**4,65,03,768**	3,46,43,495
	(iii) Other Bank Balances	**7(a)**	**7,00,00,000**	**–**
	(iv) Other Financial Assets	8	**89,00,647**	18,575
	(b) Current Tax Assets (Net)		**20,13,320**	43,752
	(c) Other Current Assets	**9**	**1,21,40,472**	
	SUB-TOTAL		**32,14,78,618**	3,47,05,822
	TOTAL ASSETS		**3,51,78,30,566**	3,20,01,57,415
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	SOCE	**12,08,00,000**	12,08,00,000
	(b) Other Equity	SOCE	**65,44,33,555**	61,68,93,285
	SUB-TOTAL		**77,52,33,555**	73,76,93,285
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	11	**2,43,23,88,381**	1,76,12,11,554
	(b) Deferred Tax Liabilities (Net)	**5**	**92,21,950**	**–**
	SUB-TOTAL		**2,44,16,10,331**	1,76,12,11,554
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**3,46,30,104**	2,99,097
	(ii) Other Financial Liabilities	13	**26,42,72,343**	68,96,92,551
	(b) Other Current Liabilities	14	**20,84,233**	1,12,60,928
	SUB-TOTAL		**30,09,86,680**	70,12,52,576
	TOTAL EQUITY AND LIABILITIES		**3,51,78,30,566**	3,20,01,57,415

The accompanying notes 1 to 22 are an integral part of the Financial Statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W
Ravi Kapoor
Partner
Membership No.: 040404

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Venkata Ram Mohan
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Chirag Sojitra
Company Secretary

Place: Mumbai
Date : 25th April, 2018

Place: Mumbai
Date : 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
	Continuing Operations			
I	Revenue from operations	15	**36,41,18,989**	–
II	Other Income	16	**24,99,469**	33,37,956
III	**Total Revenue (I + II)**		**36,66,18,458**	33,37,956
IV	**Expenses**			
	(a) Finance costs	17	**16,36,53,666**	7,38,353
	(b) Depreciation and amortisation expense	4	**10,91,59,516**	–
	(c) Other expenses	18	**3,88,26,740**	2,56,85,805
	Total Expenses		**31,16,39,922**	2,64,24,158
V	**Profit/(Loss) before tax (III - IV)**		**5,49,78,536**	(2,30,86,202)
	Less : Exceptional Items		–	–
VI	**(Loss)/Profit before After Exceptional items**		**5,49,78,536**	(2,30,86,202)
VII	**Share of profit / (loss) of joint ventures and associated**		–	–
VIII	**Profit/(Loss) before tax (VI+VII)**		**5,49,78,536**	(2,30,86,202)
IX	**Tax Expense**			
	(a) Current tax- (i) Minimum alternate Tax		**1,12,09,492**	–
	(ii) Minimum Alternate Tax Credit		**(1,12,09,492)**	–
	(b) Deferred tax		**1,72,05,166**	(58,31,747)
	Total tax expense		**1,72,05,166**	(58,31,747)
X	**Profit/(Loss) after tax (VIII - IX)**		**3,77,73,370**	(1,72,54,455)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		–	–
	(b) Tax Expense of discontinued operations		–	–
	Profit/(loss) after tax from discontinued operations		–	–
XII	**Profit/(Loss) for the year (X+XI)**		**3,77,73,370**	(1,72,54,455)
XIII	**Profit/(Loss) from continuing operations for the year attributable to:**			
	Owners of the Company		**3,77,73,370**	(1,72,54,455)
	Non controlling interests		–	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		–	–
	Non controlling interests		–	–
XV	**Other comprehensive income**		–	–
	A (i) Items that will not be reclassfied to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
XVI	**Total comprehensive income for the year**		**3,77,73,370**	(1,72,54,455)
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**3,77,73,370**	(1,72,54,455)
	Non controlling interests		–	–
XVIII	**Earnings per equity share (for continuing operation):**			
	(a) Basic	19	**3.13**	(2.79)
	(b) Diluted	19	**3.13**	(2.79)
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		–	–
	(b) Diluted		–	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	19	**3.13**	(2.79)
	(b) Diluted	19	**3.13**	(2.79)

The accompanying notes 1 to 22 are an integral part of the Financial Statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W
Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Venkata Ram Mohan
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Chirag Sojitra
Company Secretary

Place: Mumbai
Date : 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the current year ended 31st March, 2018	Rupees For the previous year ended 31st March, 2017
Cash flows from operating activities			
Profit/(Loss) before tax for the year		**5,49,78,536**	(2,30,86,202)
Adjustments for:			
Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	18	**(29,11,424)**	68,95,819
Finance costs recognised in profit or loss	17	**16,36,53,666**	7,38,353
Investment income recognised in profit or loss	16	**(24,99,469)**	(33,37,956)
Depreciation expense	4	**10,91,59,516**	–
		26,74,02,289	42,96,216
Movements in working capital:			
(Increase)/decrease in trade and other receivables	6	**(18,19,20,411)**	–
(Increase)/decrease in other & financial assets	8, 9	**(2,09,22,787)**	(18,575)
Increase/(decrease) in trade payables	12	**3,43,31,007**	(53,34,555)
Increase/(decrease) in other liabilities	**14**	**(91,76,695)**	91,71,346
Cash generated from operations		**(17,76,88,886)**	38,18,216
Income taxes paid		**(19,69,569)**	(33,014)
Net cash generated by operating activities		**14,27,22,370**	(1,50,04,784)
Cash flows from investing activities			
Proceeds on sale of financial assets		**–**	1,40,00,000
Interest received	16	**23,99,713**	372
Dividend received	16	**–**	33,55,132
Paid for property, plant and equipment	4	**(61,96,10,708)**	(2,40,89,09,871)
Net cash (used in)/generated by investing activities		**(61,72,10,995)**	(2,39,15,54,367)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**–**	60,85,80,000
Paid for share issue costs	SOCE	**(2,33,100)**	(3,75,480)
Paid for Earmarked balance with Bank	7(a)	**(7,00,00,000)**	–
Proceeds from borrowings	11	**75,62,60,508**	1,88,52,36,395
Repayment of borrowings	**11**	**–**	(5,50,00,000)
Interest paid	17	**(19,96,78,510)**	(7,38,353)
Net cash used in financing activities		**48,63,48,898**	2,43,77,02,562
Net increase in cash and cash equivalents		**1,18,60,273**	3,11,43,411
Cash and cash equivalents at the beginning of the year	7	**3,46,43,495**	35,00,084
Cash and cash equivalents at the end of the year	7	**4,65,03,768**	3,46,43,495

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W
Ravi Kapoor
Partner
Membership No.: 040404

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Venkata Ram Mohan
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Chirag Sojitra
Company Secretary

Place: Mumbai
Date : 25th April, 2018

Place: Mumbai
Date : 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

	Rupees
As at 1 April 2016	2,42,00,000
Changes in equity share capital during the year	9,66,00,000
As at 31 March 2017	**12,08,00,000**
Changes in equity share capital during the year	–
As at 31 March 2018	**12,08,00,000**

Statement Of Changes In Equity for the year ended 31 March 2018

B. Other Equity

Rupees

	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1 April 2016	**12,75,78,170**	**(50,34,950)**	**12,25,43,220**
(Loss)/Profit for the year	–	(1,72,54,455)	(1,72,54,454)
Securities Premium on Issue of share during the year	51,19,80,000	–	51,19,80,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	51,19,80,000	(1,72,54,455)	49,47,25,545
Equity Share Issuance Costs	(3,75,480)	–	(3,75,480)
As at 31 March 2017	**63,91,82,690**	**(2,22,89,405)**	**61,68,93,285**
Profit/(Loss) for the year	–	3,77,73,370	3,77,73,370
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	3,77,73,370	3,77,73,370
Equity Share Issuance Costs	(2,33,100)	–	(2,33,100)
As at 31 March 2018	**63,89,49,590**	**1,54,83,965**	**65,44,33,555**

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W
Ravi Kapoor
Partner
Membership No.: 040404

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Venkata Ram Mohan
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Chirag Sojitra
Company Secretary

Place: Mumbai
Date : 25th April, 2018

Place: Mumbai
Date : 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 1. Nature of Operations

Divine Solren Private Limited ('the Company') was incorporated in India on 8th May, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Renewables Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

Note 2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

Note 3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income ” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

p) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note 4. – Property, Plant and Equipment

Rupees

	Description of Assets	Land - Freehold	Plant and Equipment	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April 2017	**30,02,55,455**	**–**	**30,02,55,455**
	Additions	**1,44,50,000**	**2,99,08,06,009**	**3,00,52,56,009**
	Balance as at 31 March 2018	**31,47,05,455**	**2,99,08,06,009**	**3,30,55,11,464**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1 April 2017	–	–	–
	Depreciation expense for the year	–	10,91,59,516	10,91,59,516
	Balance as at 31 March 2018	**–**	**10,91,59,516**	**10,91,59,516**
III.	**Net carrying amount as at 31st March 2018 (I-II)**	**31,47,05,455**	**2,88,16,46,493**	**3,19,63,51,948**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Description of Assets	Land - Freehold	Plant and Equipment	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April 2016	–	–	–
	Additions	30,02,55,455		30,02,55,455
	Balance as at 31 March 2017	30,02,55,455	–	30,02,55,455
II.	**Accumulated depreciation and impairment**			
	Balance as at 1 April 2016	–	–	–
	Depreciation expense for the year	–	–	–
	Balance as at 31 March 2017	–	–	–
III.	**Net carrying amount (I-II)**	30,02,55,455	–	30,02,55,455

Note:

(1) Freehold land and the plant & equipment have been charged against the borrowings. (Refer Note no. 11- Non Current Borrowings).

(2) Depreciation on plant and eqipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note 5. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax:		
In respect of current year	–	–
Deferred Tax:		
In respect of current year origination and reversal of deffered tax assets	**1,72,05,166**	(58,31,747)
Total income tax expense on continuing operations	**1,72,05,166**	(58,31,747)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit before tax from continuing operations	**5,49,78,536**	(2,30,86,201)
Income tax expense calculated at 30.90% (2016-17: 30.9%)	**1,69,88,368**	(71,33,636)
Effect of income that is exempt from taxation	–	(10,31,313)
Effect of expenses that is non-deductible in determining taxable profit	**11,765**	23,33,203
Effect of reversel of Deffered Tax assets of previous year	**2,05,033**	–
Income tax expense recognised In profit or loss from continuing operations for current year	**1,72,05,166**	(58,31,747)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**1,72,05,166**	(58,31,747)

Notes

(1) The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax created for business losses is as below:

Rupees

Financial year	Business loss	Unabsorbed Depreciation	Deffered tax Amount
2015-16	69,62,687	–	21,51,470
2016-17	1,82,09,428	–	56,26,713
2016-18	–	6,58,16,856	2,03,37,408
	2,51,72,115	**6,58,16,856**	**2,81,15,591**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(C) Movement in deferred tax balances

Rupees

	For the Year ended 31st March, 2018		
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	3,73,37,541	3,73,37,541
	-	3,73,37,541	3,73,37,541
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	79,83,216	2,01,32,375	2,81,15,591
	79,83,216	2,01,32,375	2,81,15,591
Net Tax Asset (Liabilities)	**79,83,216**	**(1,72,05,166)**	**(92,21,950)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	For the Year ended 31st March, 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	21,51,470	58,31,746	79,83,216
	21,51,470	58,31,746	79,83,216
Net Tax Asset (Liabilities)	**21,51,470**	**58,31,746**	**79,83,216**

Note 6. – Trade Receivables

Rupees

Particulars	As at 31st March, 2018 Current	Non-Current	As at 31st March, 2017 Current	Non-Current
Trade receivables				
(a) Unsecured, considered good	**18,19,20,411**	**–**	**–**	**–**
Total	**18,19,20,411**	**–**	**–**	**–**
Of the above, trade receivables from:				
- Related Party	**–**	**–**	**–**	**–**
- Others- Northern Power Distribution C0. of Telangana Ltd.	**18,19,20,411**	**–**	**–**	**–**

Notes:

(1) All the trade receivables have been charged against borrowings of the Company. (Refer Note No. 11- Non Current Borrowings).

(2) Ageing of Sundry debtors

Name of Customer	Dues less than 30 days	Dues between 31 days to 60 days	Dues between 61 days t0 180 days	Dues more then 180 days
Northen Power Distribution Company of Telangana Ltd.	**4,52,35,885**	4,74,64,894	8,92,19,632	–

Note 7. – Cash and Cash Equivalent

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(a) Balances with banks	**25,03,768**	46,43,495
(b) Others (FD having maturity less than 3 months)	**4,40,00,000**	3,00,00,000
Total Cash and Cash Equivalent	**4,65,03,768**	3,46,43,495

Notes:

(1) All cash & cash equivalent have been charged for borrowings of the Company. (Refer Note No. 11- Non Current Borrowings).

Note No. 7 – (a) Other Bank Balances

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Earmarked balances with banks	**7,00,00,000**	–
Total Other Bank balances	**7,00,00,000**	–

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2017
Total Cash and Cash Equivalents as per Balance Sheet	**4,65,03,768**	3,46,43,495
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**4,65,03,768**	3,46,43,495

Notes:

(1) Earmarked balances with banks includes Fixed Deposits for Debt Service Reserve Account.

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All the other Bank balance have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 8 - Other financial assets

Rupees

Particulars	As at 31st March, 2018 Current	Non-Current	As at 31st March, 2017 Current	Non- Current
Financial assets at amortised cost				
(a) Unbilled Receivable	**87,82,315**	**–**	–	–
(b) Interest Accrued on FD	**1,18,332**	**–**	18,575	–
Total other financial assets	**89,00,647**	**–**	18,575	–

Note:

(1) All other financial assets have been charged against borrowings of the Company. (Refer Note No. 11- Non Current Borrowings)

Note No. 9- Other assets

Rupees

Particulars	As at 31st March, 2018 Current	Non-Current	As at 31st March, 2017 Current	Non- Current
(a) Capital Advance	**–**	**–**	–	**13,70,91,524**
(b) Other Advance				
(i) Advances vendor	**33,194**	**–**	–	–
(c) Mat Credit Receivable	**1,12,09,492**	**–**	–	–
(d) Other Assets -Prepaid Expenses	**8,97,786**	**–**	–	–
Total other Assets	**1,21,40,472**	**–**	–	13,70,91,524

Note

(1) All other assets have been charged against borrowings of the Company. (Refer Note No. 11- Non Current Borrowings).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 10. – Equity Share Capital

Rupees

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Value in Rupees	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Value in Rupees
Authorised:				
Equity shares of ₹ 10 each with voting rights	**1,69,00,000**	**16,90,00,000**	1,69,00,000	16,90,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**1,20,80,000**	**12,08,00,000**	1,20,80,000	12,08,00,000
Total Equity Share Capital	**1,20,80,000**	**12,08,00,000**	1,20,80,000	12,08,00,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 11 - Non current borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Changes	Closing Balance
(a) Equity Shares with Voting rights*				
Year Ended 31 March 2018				
No. of Shares	**1,20,80,000**	**–**	**–**	**1,20,80,000**
Amount	**12,08,00,000**	**–**	**–**	**12,08,00,000**
Year Ended 31 March 2017				
No. of Shares	24,20,000	96,60,000	–	1,20,80,000
Amount	2,42,00,000	9,66,00,000	–	12,08,00,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
			No. of Shares
As at 31 March 2018			
Mahindra Renewables Private Limited, The Holding Company	**1,20,80,000**	**–**	**–**
As at 31 March 2017			
Mahindra Renewables Private Limited, The Holding Company	1,20,80,000	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018 Number of shares held	As at 31st March, 2018 % holding in that class of shares	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**1,20,80,000**	**100%**	1,20,80,000	100%

* Note :- This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi - 1 equity share)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 11. – Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Repayment terms	As at 31st March, 2018	As at 31st March, 2017
Measured at amortised cost*				
A. **Secured Borrowings:**				
(a) Term Loans				
(i) From Banks				
Yes Bank	9.65%	Refer note 2 below	**6,27,22,513**	23,11,27,838
Union Bank	9.25%	Refer note 2 below	**28,10,75,212**	–
Andhra bank	9.25%	Refer note 2 below	**15,07,67,787**	–
(i) From Others				
Aditiya Birla finance	9.25%	Refer note 2 below	**39,52,20,000**	–
(b) Buyrs Credit from Bank				
PNB Dubai	7.32%	To be repaid on 24/10/2019	**24,18,97,992**	23,98,16,278
Canara Bank	7.50%	To be repaid on 14/11/2019	**6,89,38,768**	6,83,71,198
Canara Bank	7.42%	To be repaid on 18/11/2019	**11,77,63,730**	11,68,00,380
Canara Bank	7.42%	To be repaid on 21/11/2019	**31,08,05,365**	30,82,74,761
Canara Bank	7.39%	To be repaid on 27/11/2019	**31,07,90,261**	30,82,91,202
Canara Bank	7.43%	To be repaid on 05/12/2019	**31,07,97,259**	30,83,41,216
Canara Bank	7.43%	To be repaid on 12/12/2019	**18,16,09,494**	18,01,88,681
			2,43,23,88,381	1,76,12,11,554
B. **Unsecured Borrowings:**			**–**	**–**
Total Non Current Borrowings (A+B)			**2,43,23,88,381**	1,76,12,11,554

Notes:

(1) The Company has borrowed funds for project financing from banks and financial institutions. The bank has issued LUT and based on that the Company has availed Buyers' Credit of USD 248,94,036 for three years at 6M LIBOR + margin p.a. Buyers' Credit is repayable by December 2019. The amount which is payable in period under normal operating cycle of the company is treated as current.

The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate.

As per the loan sanction terms from the Bank, at the end of three years the Company can repay the buyers credit by drawing from the sanctioned term loan.

(2) The company has also taken a term loan of INR 56,50,00,000 from bank and INR 42,00,00,000 from financial institution for a period of 19 years at yes bank base rate + spread, the amount is repayable in 71 structured quarterly instalments starting from December 2018. The amount which is payable in period under normal operating cycle of the company is treated as current.

The loan amount is secured by:

(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(g) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company has taken an unsecured loan from Mahindra Susten Private Limited (Intermediary Holding Company) of INR 7,00,00,000 in March 2018 at 11.00 % fixed for a period of Six months.

(4) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within one next quarter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(5) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repaymet Terms	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
Term loans from banks:						
Yes Bank	INR	10.80%	9.65%	To be repaid in 71 installments by FY 2036	**6,27,22,513**	23,11,27,838
Union Bank	INR	9.25%	9.25%	To be repaid in 71 installment by FY 2036	**28,10,75,212**	–
Andhra bank	INR	9.25%	9.25%	To be repaid in 71 installment by FY 2036	**15,07,67,787**	–
Term loans from other:						
Aditiya Birla finance	INR	9.25%	9.25%	To be repaid in 71 installment by FY 2036	**39,52,20,000**	–
Buyers credit frm bank						
PNB Dubai	USD	7.79%	7.32%	To be repaid on 24/10/2019	**24,18,97,992**	23,98,16,278
Canara Bank	USD	7.96%	7.50%	To be repaid on 14/11/2019	**6,89,38,768**	6,83,71,198
Canara Bank	USD	7.88%	7.42%	To be repaid on 18/11/2019	**11,77,63,730**	11,68,00,380
Canara Bank	USD	7.87%	7.42%	To be repaid on 21/11/2019	**31,08,05,365**	30,82,74,761
Canara Bank	USD	7.85%	7.39%	To be repaid on 27/11/2019	**31,07,90,261**	30,82,91,202
Canara Bank	USD	7.88%	7.43%	To be repaid on 05/12/2019	**31,07,97,259**	30,83,41,216
Canara Bank	USD	7.89%	7.43%	To be repaid on 12/12/2019	**18,16,09,494**	18,01,88,681
Total					**2,43,23,88,381**	1,76,12,11,554

Note 12. – Trade Payables

Rupees

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current
Trade payable - Other than micro and small enterprises	**3,46,30,104**	**–**	2,99,097	–
Total Trade Payables	**3,46,30,104**	**–**	2,99,097	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note 13 – Other Financial Liabilities

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt (Refer Note No. 11- Non current Borrowings)		
From Banks — Yes Bank	**36,57,673**	47,50,000
Union Bank	**1,23,38,861**	–
Andhra bank	**66,03,465**	–
From Financial Institution		
Aditya Birla Finance	**1,68,00,000**	
(b) Inter Corporate Deposit-from realted party (Refer Note No. 11- Non current Borrowings)	**7,00,00,000**	
(c) Interest accrued on loan	**46,24,165**	22,32,418
Creditors for capital supplies/services	**11,49,55,035**	64,00,04,311
Other Financial Liabilities Measured at Fair value		
a) Derivatives designated and ineffective as hedging instruments	**3,52,93,144**	4,27,05,823
Total Other Financial Liabilities	**26,42,72,343**	68,96,92,551

Note 14. – Other Liabilities

Rupees

Particulars	As at 31at March, 2018 Current	As at 31at March, 2018 Non-Current	As at 31at March, 2017 Current	As at 31at March, 2017 Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**20,84,233**	**–**	1,12,60,928	–
Total Other Liabilities	**20,84,233**	**–**	1,12,60,928	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 15. – Revenue from Operations

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Revenue from sale of solar power	**36,28,68,989**	–
(b) Service income - Tower Sharing	**12,50,000**	–
Total Revenue from Operations	**36,41,18,989**	–

Note 16. – Other Income

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Interest Income		
On Financial Assets at Amortised Cost	**24,97,399**	372
(b) Other- Interest on income Tax refund	**2,070**	33,37,584
Total Other Income	**24,99,469**	33,37,956

Note 17. – Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Interest expense	20,69,24,789	7,38,353
Less: Amounts included in the cost of qualifying assets	**(5,30,43,213)**	–
(b) Other Finance charges	**97,72,090**	–
Total Finance Cost	**16,36,53,666**	7,38,353

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Interest Expenses	**–**	–
Interest on Bank Loan	**15,27,69,118**	–
Interest on ICD from Related party	**10,74,384**	7,37,705
Interest On delay payment of TDS	**38,074**	648

Note 18 – Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Insurance	**14,89,615**	–
(b) Repairs and maintenance - Plant & machinery	**1,58,76,900**	–
(c) Power Consmption charges	**16,34,190**	–
(d) Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**(29,11,424)**	68,95,819
(e) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- statutory adiut fees	**1,59,300**	65,000
(ii) For Tax Audit Fees	**59,000**	–
(iii) For Other services	**–**	20,000
(f) Other expenses		
(i) Legal and other professional costs	**2,18,98,495**	1,80,07,946
(ii) Printing & Stationary	**2,330**	3,338
(iii) Bank Charges	**11,773**	6,874
(iv) Miscellaneous expenses	**6,06,561**	6,86,828
Total Other Expenses	**3,88,26,740**	2,56,85,805

Note 19. – Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2018 Per Share	For the previous year ended 31st March, 2017 Per Share
Basic Earnings per share		
From continuing operations	**3.13**	(2.79)
From discontinuing operations	**–**	–
Total basic earnings per share	**3.13**	(2.79)
Diluted Earnings per share		
From continuing operations	**3.13**	(2.79)
From discontinuing operations	**–**	–
Total diluted earnings per share	**3.13**	(2.79)

Basic earnings per share

The earnings and weighted average number of equity shares used in the calculation of Basic and Diluted earnings per share are as follows:

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Profit/(Loss) for the year attributable to owners of the Company	**3,77,73,370**	(1,72,54,455)
Less: Preference dividend and tax thereon	**–**	–
Profit/(Loss) for the year used in the calculation of Basic earnings per share	**3,77,73,370**	(1,72,54,455)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Profit/(Loss) used in the calculation of basic earnings per share from continuing operations (i)	**3,77,73,370**	(1,72,54,455)
Weighted average number of equity shares (ii)	**1,20,80,000**	61,89,151
Earnings per share from continuing operations - Basic and diluted(i/ii)	**3.13**	(2.79)

Note 20. – Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31/03/2018	31/03/2017
Debt (A)	**2,54,17,88,381**	1,76,12,11,554
Equity (B)	**77,52,33,555**	73,76,93,285
Debt equity Ratio (A/B)	**3.28**	2.39

Categories of financial assets and financial liabilities

As at 31 March 2018

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	**18,19,20,411**	–	–	**18,19,20,411**
– Other Bank Balances	**7,00,00,000**	–	–	**7,00,00,000**
Loans				
Other Financial Assets				
– Non Derivative Financial Assets	**89,00,647**	–	–	**89,00,647**
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	**2,43,23,88,381**	–	–	**2,43,23,88,381**
Current Liabilities				
Borrowings	**10,94,00,000**	–	–	**10,94,00,000**
Trade Payables	**14,95,85,139**	–	–	**14,95,85,139**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**46,24,165**	–	–	**46,24,165**
– Derivative Financial Liabilities	–	**3,52,93,144**	–	**3,52,93,144**

As at 31 March 2017

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	18,575	–	–	18,575
Non-current Liabilities				
Borrowings	1,76,12,11,554	–	–	1,76,12,11,554
Current Liabilities				
Borrowings	47,50,000	–	–	47,50,000
Trade Payables	2,99,097	–	–	2,99,097
Other Financial Liabilities				
– Non Derivative Financial Liabilities	64,22,36,729	–	–	64,22,36,729
– Derivative Financial Liabilities	–	4,27,05,823	–	4,27,05,823

CREDIT RISK

(i) *Credit risk management*

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows to the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	15,42,09,304	–	–	–
Variable interest rate instruments	3,94,00,000	7,88,00,000	8,56,95,000	72,52,90,512
Fixed interest rate instruments	7,00,00,000	1,54,26,02,869	–	–
Total	**26,36,09,304**	**1,62,14,02,869**	**8,56,95,000**	**72,52,90,512**
31-Mar-17				
Non-interest bearing	64,25,35,826	–	–	–
Variable interest rate instruments	47,50,000	2,00,00,000	2,05,00,000	19,06,27,838
Fixed interest rate instruments	–	1,53,00,83,716	–	–
Total	**64,72,85,826**	**1,55,00,83,716**	**2,05,00,000**	**19,06,27,838**

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company onsiders that it is more likely than not that such an amount will not be payable under the arrangement.

The following table details the Company's / Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Derivative financial instruments				
31-Mar-18				
Net settled:				
– interest rate swaps	–	**3,52,93,144**	–	–
Total	–	**3,52,93,144**	–	–
31-Mar-17				
Net settled:				
– interest rate and currency swaps	–	4,27,05,823	–	–
Total	–	4,27,05,823	–	–

(iii) *Financing arrangements*

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-2018**	31-Mar-2017
	INR	INR
Term loan facility from yes bank		
– Expiring within one year	–	1,46,40,38,446
– Expiring beyond one year	–	–
	–	1,46,40,38,446

(iv) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**19,08,21,058**	–	–	–
Variable- Interest bearing	**7,00,00,000**	–	–	–
Total	**26,08,21,058**	–	–	–
31-Mar-17				
Non-interest bearing	18,575			
Total	18,575	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31/03/2018	31/03/2017
Secured Bank Loans	USD	2,38,94,036	2,38,94,036

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. . To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2018, after taking into account the effect of interest rate swaps, approximately 63% of the Company's borrowings are at a fixed rate of interest (31 March 2017: 87%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+100**	**(92,91,855)**
	INR	**–100**	**92,91,855**
31-Mar-17	INR	+100	(23,58,778)
	INR	–100	23,58,778

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 21. – Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-18	31-Mar-17				
Financial assets						
Investments						
1) Equity investments	**–**	–		Actual Costs		
2) Mutual fund investments	**–**	–	1	Market Value		
Total financial assets	**–**	–				
Financial liabilities						
Other Financial Liabilities						
1) Foreign Currency swap contracts	**1,55,17,17,387**	1,55,15,87,627	Level 2			
Total financial liabilities	**1,55,17,17,387**	1,55,15,87,627				

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-Mar-18		31-Mar-17	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**18,19,20,411**	**18,19,20,411**	**–**	**–**
– Other Bank Balance	**7,00,00,000**	**7,00,00,000**	**–**	**–**
– Others	**89,00,647**	**89,00,647**	18,575	18,575
Total	**26,08,21,058**	**26,08,21,058**	18,575	18,575

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**89,34,43,186**	**89,34,43,186**	23,58,77,838	23,58,77,838
– loan from related party	**7,00,00,000.00**	**7,00,00,000**	–	–
– trade and other payables	**14,95,85,139**	**14,95,85,139**	2,99,097	2,99,097
– Others	**46,24,165**	**46,24,165**	68,96,92,551	68,96,92,551
Total	**1,11,76,52,490**	**1,11,76,52,489**	92,58,69,486	92,58,69,486

Fair value hierarchy as at 31 March 2018

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost	–	–	–	–
– trade and other receivables	–	–	**18,19,20,411**	**18,19,20,411**
– Other Bank balance	–	–	**7,00,00,000**	**7,00,00,000**
– Others	–	–	**89,00,647**	**89,00,647**
Total	–	–	**26,08,21,058**	**26,08,21,058**

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**89,34,43,186**	–	–	**89,34,43,186**
– loans from related parties	–	–	**7,00,00,000**	**7,00,00,000**
– trade and other payables	–	–	**149,585,139**	**149,585,139**
– Others	–	–	**4,624,165**	**4,624,165**
Total	**893,443,186**	–	**224,209,304**	**1,117,652,490**

Fair value hierarchy as at 31 March 2017

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost	–	–	–	–
– Others			**18,575**	**18,575**
Total	–	–	**18,575**	**18,575**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	23,58,77,838	–	–	23,58,77,838
– trade and other payables	–	–	2,99,097	2,99,097
– Others	–	–	68,96,92,551	68,96,92,551
Total	**23,58,77,838**	–	**68,99,91,648**	**92,58,69,486**

Note 22. – Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	31-Mar-18	–	21,72,61,375	–
	31-Mar-17	–	2,72,89,78,326	–
Receiving of services	31-Mar-18	2,17,295	3,64,26,900	–
	31-Mar-17	1,43,747	1,75,50,000	–
Inter Corporate Deposit taken	31-Mar-18	–	7,00,00,000	3,50,00,000
	31-Mar-17	–	1,50,00,000	4,00,00,000
Inter Corporate Deposit Repay	31-Mar-18	–	–	3,50,00,000
	31-Mar-17	–	1,50,00,000	4,00,00,000
Interest paid	31-Mar-18	–	6,53,973	4,20,411
	31-Mar-17	–	36,885	7,00,820

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Deposit Repayment	31-Mar-18	–	–	2,00,000
	31-Mar-17	–	–	2,00,000
Deposit taken	31-Mar-18	–	–	2,00,000
	31-Mar-17	–	–	2,00,000
Equity contribution to the Company	31-Mar-18	–	–	–
	31-Mar-17	–	–	60,85,80,000

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Parent Company
inter Corporate Deposit (ICD) payable	31-Mar-18	–	7,00,00,000	–
	31-Mar-17	–	–	–
Interest on ICD payable	31-Mar-18	–	5,88,575	–
	31-Mar-17	–	–	–
Trade payables (net of advance)	31-Mar-18	–	14,89,33,333	–
	31-Mar-17	2,09,623	50,51,51,032	–

DIRECTORS' REPORT

Your Directors present their Third Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in lakhs)

Particulars	For the year ended March 31, 2018 #	For the year ended March 31, 2017 #
Income		
Revenue from Operations (Gross)	1,973.30	–
Less: Excise Duty	–	–
Revenue from Operations (Net)	1,973.30	–
Other Income	76.16	129.64
Total Income	**2,049.46**	**129.64**
Expenses		
Cost of Raw Material and Components Consumed	–	–
Increase/(Decrease) in inventories	–	–
Employee Benefit Expenses	–	–
Other Expenses	277.66	155.38
Depreciation and Amortization Expenses	534.13	–
Finance Costs	488.70	–
Total Expenses	**1,300.49**	**155.38**
Profit/(Loss) before Tax	**748.97**	**(25.74)**
Provision for Tax	197.72	(44.77)
Profit for the year from continuing operations	**551.26**	**19.03**
Balance of Profit from earlier years	(14.69)	(33.72)
Balance carried forward	536.57	(14.69)
Amount carried forward to reserves	536.57	(14.69)
Net worth	**6,949.60**	**6,400.34**

\# *The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.*

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

The Company had developed a solar power plant for the capacity of 42 Mega Watts ("MW") Alternate Current ("AC") in Wadekothapally District in the State of Telangana, which has been commissioned during the year under review.

During the year under review, your Company had generated revenue of Rs. 1,973.30 lakhs from sale of solar power and Rs. 76.16 lakhs from other source of income by investing surplus funds.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim Dividend during the year nor recommended final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to amend the appointment of Lender's Nominee Director Clause in case of default and as per standard requisition from the lending bank.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up share capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 9,31,50,000 (Rupees Nine Crores Thirty One Lakhs Fifty Thousand only) divided into 93,15,000 (Ninety Three Lakhs Fifteen Thousand) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met six times i.e. on April 25, 2017, July 04, 2017, July 27, 2017, October 30, 2017, January 24, 2018 and March 23, 2018.

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Directors	DIN	Executive/ Non Executive Director	Independent/ Non Independent Director	No. of Board meetings attended
1.	Mr. Basant Jain	00220395	Non-Executive	Non– Independent	4
2.	Mr. Sriram Ramachandran	07319032			5
3.	Mr. Roshan Gandhi	00010478			6

During the year under review, Mr. Sriram Ramachandran (DIN: 07319032) was appointed as an Additional Director with effect from April 25, 2017.

The Company had received the notices along with requisite deposit from a member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Sriram Ramachandran as candidate for the office of Director of the Company.

At the Annual General Meeting ("AGM") of your Company held on July 27, 2017, the appointment of Mr. Sriram Ramachandran as Director under Sections 149, 152 and 160 of the Companies Act, 2013, was approved by the members.

Mr. Basant Jain (DIN: 00220395) would retire by rotation at the third AGM and being eligible offers himself for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

GENERAL MEETING

The Second Annual General Meeting of your Company was held on July 27, 2017.

During the year under review, one Extra-ordinary General Meeting of your Company was held on May 31, 2017.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Ms. Shubhangi Bajoria (ACS 41629) resigned as Company Secretary of the Company with effect from November 30, 2017, to pursue another opportunity.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and provides for direct access to the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM") of your Company held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company for a period of five years. They hold office from the conclusion of the first AGM until the conclusion of sixth AGM to be held in the year 2021.

Pursuant to the first proviso of Section 139(1) of the Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of sixth AGM to be held in the year 2021 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instance of fraud committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as ***Annexure I*** and the same forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 annexed herewith as ***Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed herewith as ***Annexure III*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility b) appointment of Chief Executive Officer and Chief Financial Officer c) appointment of Internal Auditor, Secretarial Auditor and Cost Auditor d) evaluation of performance of Directors f)appointment of Independent Directors and constitution of Audit Committee and Nomination & Remuneration Committee were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with repect to transactions / events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai

Date: April 25, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

		(Rupees in Lakhs)
Total Foreign Exchange Earned and Outgo:	**For the Financial Year ended March 31, 2018**	**For the Financial Year ended March 31, 2017**
Total Foreign Exchange Earned	12,224.26	–
Total Foreign Exchange Outgo	425.89	–

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

[Pursuant to clause (h) of Sub-section(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(Rupees in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangemnts/ transactions	Salient terms of the contracts or arrange-ments or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	Intermediate Holding Company	EPC Contract for supply, installation and commissioning of Solar Power Plant	Continuing contract	Purchase of property and other assets (power plant) for the FY 2017-18	24,164.64	NA	NIL

Notes:

1. **Material Contracts:** covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date: 25th April, 2018.

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74999MH2015PTC266154
2.	Registration Date	July 01, 2015
3.	Name of the Company	Neo Solren Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Electric Power Generation Using Solar Energy	35105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address**: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address**: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100*	2(46)
3.	Mahindra Susten Private Limited **Address**: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100*	2(46)
4.	Mahindra Renewables Private Limited **Address**: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	93,14,999	1	93,15,000	100	93,14,999	1	93,15,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total – A – (1)	**93,14,999**	**1**	**93,15,000**	**100**	**93,14,999**	**1**	**93,15,000**	**100**	–
Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total – A – (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	**93,14,999**	**1**	**93,15,000**	**100**	**93,14,999**	**1**	**93,15,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-total = B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total – B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**93,14,999**	**1**	**93,15,000**	**100**	**93,14,999**	**1**	**93,15,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	93,14,999	100	–	93,14,999	100	30%	–
2.	Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	1	–	–	1	–	–	–
	TOTAL	**93,15,000**	**100**	–	**93,15,000**	**100**	**30%**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding:

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	93,14,999	100	–	93,14,999	100
Increase :-			–	–	–
At the end of the year (as on March 31, 2018)				**93,14,999**	**100**

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi *	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	1	–	–	1	–
Increase/(Decrease) :-			–	–	–
At the end of the year (as on March 31, 2018)				**1**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Director & KMP	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

				(Rupees inLakhs)
Particulars	**Secured Loans Excluding Deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	20,751.50	–	–	20,751.50
- Reduction	396.48	–	–	396.48
Due to MTM as per IND AS	114.06	–	–	114.06
Net change	**20,469.08**	–	–	**20,469.08**

Indebtedness at the end of the financial year 31.03.2018				
1) Principal Amount	20,382.95	–	–	20,382.95
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	86.13	–	–	86.13
Total of (1+2+3)	**20,469.08**	–	–	**20,469.08**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No.	Particulars of Remuneration	Name of the Managing Director /Whole-Time Director /Manager			Total Amount
		Managing Director	Whole-Time Director	Manager	
1	Gross salary	–	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961	–	–	–	–
	b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors: NA

Particulars of Remuneration	Name of the Directors	Total amount
Fee for attending Board/Committee meetings*	–	–
Commission **	–	–
Others	–	–
Total	–	–

* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013

** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total	–	–
Overall Cieling as per the Act	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission – As % of Profit – Others, specify	–	–	–
5	Others - Professional Fees	–	–	1.59
	Total	–	–	**1.59**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain **Roshan Gandhi**
Director **Director**

Place: Mumbai
Date: 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEO SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Neo Solren Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE “A” TO THE AUDITOR’S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Neo Solren Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property as on March 31, 2018. Hence the provisions of para 3(i)(c) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm’s Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NEO SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Neo Solren Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31 MARCH 2018

Rupees

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**2,61,26,84,882**	2,29,98,202
(b) Capital Work-in-Progress		**–**	7,61,70,220
(c) Deferred Tax Assets (Net)	5	**–**	59,87,328
(d) Other Non-current Assets	10	**7,10,00,337**	20,18,09,000
SUB-TOTAL		**2,68,36,85,219**	30,69,64,750
CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	6	**–**	20,71,40,486
(ii) Trade Receivables	7	**11,04,32,136**	–
(iii) Cash and Cash Equivalents	8	**16,15,36,069**	18,53,78,748
(iv) other Bank Balance	8(a)	**2,12,10,000**	–
(v) Other Financial Assets	9	**70,82,684**	33,288
(b) Current Tax Assets (Net)		**–**	1,41,795
(c) Other Current Assets	10	**1,69,77,530**	1,75,18,414
SUB-TOTAL		**31,72,38,419**	41,02,12,731
TOTAL ASSETS		**3,00,09,23,638**	71,71,77,481
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	**9,31,50,000**	9,31,50,000
(b) Other Equity	SOCE	**60,18,09,524**	54,68,84,314
SUB-TOTAL		**69,49,59,524**	64,00,34,314
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	12	**2,00,37,23,187**	–
(b) Deferred Tax Liabilities (Net)	5	**1,37,85,194**	–
SUB-TOTAL		**2,01,75,08,381**	–
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	13	**2,25,18,722**	7,11,81,964
(ii) Other Financial Liabilities	14	**26,29,03,543**	–
(b) Current Tax Liabilities (Net)		**11,38,578**	–
(c) Other Current Liabilities	15	**18,94,890**	59,61,203
SUB-TOTAL		**28,84,55,733**	7,71,43,167
TOTAL EQUITY AND LIABILITIES		**3,00,09,23,638**	71,71,77,481

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
	Continuining Operations			
I	Revenue from operations	16	**19,73,29,885**	–
II	Other Income	17	**76,16,147**	1,29,64,411
III	**Total Revenue (I + II)**		**20,49,46,032**	1,29,64,411
IV	**Expenses**			
	(a) Finance costs	18	**4,88,70,039**	–
	(b) Depreciation and amortisation expense	4	**5,34,13,382**	–
	(c) Other expenses	19	**2,77,65,813**	1,55,38,320
	Total Expenses		**13,00,49,234**	1,55,38,320
V	**Profit/(Loss) before exceptional items (III-IV)**		**7,48,96,798**	(25,73,909)
	Less: Exceptional Items		**–**	–
VI	**Profit/(Loss) after exceptional items**		**7,48,96,798**	(25,73,909)
VII	**Share of profit / (loss) of joint ventures and associates**		**–**	–
VIII	**Profit/(Loss) before tax**		**7,48,96,798**	(25,73,909)
IX	**Tax Expense**			
	(a) Current tax- (i) Minimum alternate Tax		**1,52,70,596**	–
	(ii) Minimum Alternate Tax Credit	5	**(1,52,70,596)**	–
	(b) Deferred tax		**1,97,72,523**	(44,76,800)
	Total tax expense		**1,97,72,523**	(44,76,800)
X	**Profit/(loss) after tax (VIII-IX)**		**5,51,24,275**	19,02,891
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(loss) after tax from discontinued operations		**–**	–
XII	**Profit/(loss) for the year (X+XI)**		**5,51,24,275**	19,02,891
XIII	**Profit/(Loss) from continuing operations for the year attributable to:**			
	Owners of the Company		**5,51,24,275**	19,02,891
	Non controlling interests		**–**	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**		**–**	–
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XV	**Other comprehensive income**		**–**	–
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the year**		**5,51,24,275**	19,02,891
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**5,51,24,275**	19,02,891
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share (for discontinued operation):**			
	(a) Basic	20	**5.92**	0.40
	(b) Diluted	20	**5.92**	0.40
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	20	**5.92**	0.40
	(b) Diluted	20	**5.92**	0.40

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

Rupees

Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Cash flows from operating activities			
Profit before tax for the year	P L	**7,48,96,798**	(25,73,909)
Adjustments for:			
Finance costs recognised in profit or loss	18	**4,88,70,039**	–
Investment income recognised in profit or loss	17	**(76,16,147)**	(1,29,64,411)
Depreciation expense	4	**5,34,13,382**	–
Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	19	**10,99,158**	–
		9,57,66,432	(1,29,64,411)
Movements in working capital:			
(Increase)/decrease in Debtors	7	**(11,04,32,136)**	–
(Increase)/decrease in other assets & other financial assets	9,10	**(15,46,47,243)**	(21,93,60,701)
(Decrease)/Increase in trade and other payables	13	**(4,86,63,241)**	7,10,26,544
(Decrease)/increase in other liabilities	15	**(40,66,313)**	59,47,654
Cash generated from operations		**(31,78,08,933)**	(14,23,86,503)
Income taxes paid		**12,80,372**	(54,201)
Net cash generated by operating activities		**(14,58,65,331)**	(15,79,79,024)
Cash flows from investing activities			
Payments to acquire financial assets	6	**–**	(8,71,04,682)
Proceeds on sale of financial assets	6	**20,71,40,486**	–
Interest received	17	**52,96,219**	5,75,292
Dividend received	17	**21,77,995**	1,23,89,119
Payments for property, plant and equipment	4	**(2,05,68,24,185)**	(9,91,39,797)
Net cash (used in)/generated by investing activities		**(1,84,22,09,485)**	(17,32,80,068)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	10	**–**	51,43,95,000
Payment for share issue costs	SOCE	**(1,99,065)**	(3,15,330)
Paid for Margin money with Bank	8(a)	**(2,12,10,000)**	–
Proceeds from borrowings	12	**2,04,75,14,102**	–
Interest paid	18	**(6,18,72,900)**	–
Net cash used in financing activities		**1,96,42,32,137**	51,40,79,670
Net increase in cash and cash equivalents		**(2,38,42,679)**	18,28,20,578
Cash and cash equivalents at the beginning of the year	8	**18,53,78,748**	25,58,170
Cash and cash equivalents at the end of the year	8	**16,15,36,069**	18,53,78,748

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. Equity share capital

	Rupees
As at 1 April 2016	1,86,00,000
Changes in equity share capital during the year	7,45,50,000
As at 31 March 2017	9,31,50,000
Changes in equity share capital during the year	–
As at 31 March 2018	**9,31,50,000**

B. Other Equity

Rupees

Particular	Reserves and Surplus		
	Securities Premium Reserve	**Retained Earnings**	**Total**
As at 1st April 2016	**10,88,23,350**	**(33,71,597)**	**10,54,51,753**
Profit / (Loss) for the year	–	19,02,891	19,02,891
Issue of share	43,98,45,000	–	43,98,45,000
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	43,98,45,000	19,02,891	44,17,47,891
Equity Share Issuance Costs	(3,15,330)	–	(3,15,330)
As at 31st March 2017	**54,83,53,020**	**(14,68,706)**	**54,68,84,314**
Profit / (Loss) for the year	–	5,51,24,275	5,51,24,275
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	–	5,51,24,275	5,51,24,275
Equity Share Issuance Costs	(1,99,065)	–	(1,99,065)
As at 31 March 2018	**54,81,53,955**	**5,36,55,569**	**60,18,09,524**

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Nature of Operations

Neo Solren Private Limited ('the Company') was incorporated in India on 1st July, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Renewables Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

p) **First-time adoption – mandatory exceptions, optional exemptions, and overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) **Accounting Judgments and Estimates**

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	**2,29,98,202**	**–**	**2,29,98,202**
Additions	9,36,68,048	2,54,94,32,014	2,64,31,00,062
Balance as at 31 March, 2018	**11,66,66,250**	**2,54,94,32,014**	**2,66,60,98,264**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2017	–	–	–
Depreciation expense for the year	–	5,34,13,382	5,34,13,382
Balance as at 31 March, 2018	**–**	**5,34,13,382**	**5,34,13,382**
III. Net carrying amount (I-II)	**11,66,66,250**	**2,49,60,18,632**	**2,61,26,84,882**

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2016	–	–	–
Additions	2,29,98,202	–	2,29,98,202
Balance as at 31 March, 2017	**2,29,98,202**	**–**	**2,29,98,202**
II. Accumulated depreciation and impairment	–	–	–
Depreciation expense for the year	–	–	–
Balance as at 31 March, 2017	**–**	**–**	**–**
III. Net carrying amount (I-II)	**2,29,98,202**	**–**	**2,29,98,202**

Note:

(1) Freehold land and Plant and Equipment have been charged against the borrowings. (Refer Note no. 12 Non Current Borrowings).

(2) Method of Depreciation:-

Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1,97,72,523**	(44,76,800)
Total income tax expense on continuing operations	**1,97,72,523**	(44,76,800)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Profit before tax from continuing operations	**7,48,96,798**	(25,73,909)
Income tax expense calculated at 30.90% (2016: 30.90%)	**2,31,43,111**	(7,95,338)
Effect of income that is exempt from taxation	**(6,73,001)**	(38,28,238)
Effect of expenses that is non-deductible in determining taxable profit	**3,58,424**	1,46,775
Effect of creation of deffered tax liabilities for set off losses	**(42,14,301)**	–
Effect of reversel of Deffered tax assets of previous years	**11,58,290**	–
Income tax expense recognised In profit or loss from continuing operations for current year	**1,97,72,523**	(44,76,800)
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**1,97,72,523**	(44,76,801)

Notes:

(1) The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31 March 2018 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**–**	**1,37,85,194**	**1,37,85,194**
	–	**1,37,85,194**	**1,37,85,194**
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**59,87,328**	**(59,87,328)**	**–**
	59,87,328	**(59,87,328)**	**–**
Net Deferred Tax Asset (Liabilities)	**59,87,328**	**(1,97,72,522)**	**(1,37,85,194)**

Rupees

Particulars	For the Year ended 31 March 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	15,10,528	44,76,800	59,87,328
	15,10,528	44,76,800	59,87,328
Net Deferred Tax Asset (Liabilities)	15,10,528	44,76,800	59,87,328

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 6 - Investments

Rupees

Particular	As at 31 March 2018 QTY	As at 31 March 2018 Amounts* Current	As at 31 March 2018 Amounts* Non-Current	As at 31 March 2017 QTY	As at 31 March 2017 Amounts* Current	As at 31 March 2017 Amounts* Non-Current
Designated as Fair Value Through Profit and Loss						
Investments in Mutual Funds	–	–	–	1,47,198	20,71,40,486	–
Total Aggregate Quoted Investments	–	–	–	1,47,198	20,71,40,486	–
Of the above, investments designated as FVTPL		–	–	–	20,71,40,486	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	–	–	–	1,47,198	20,71,40,486	
Total impairment value for investments (E)	–	–	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A)- (E)	–	–	–	1,47,198	20,71,40,486	–
Other disclosures						
Aggregate amount of Market value of investments	–	–	–	1,47,198	20,71,40,486	–

Notes: Detail of Investment done in Mutual Fund

Name of Mutual Fund	Units	NAV as on 31st March, 18	Value	Units	NAV as on 31st March, 17	Value
UTI-Money Market Fund - Instititional Plan - Growth	–	–	–	68,412	1,816.83	12,42,92,052
Mahindra Liquid Fund - Regular - Growth	–	–	–	78,786	1,051.56	8,28,48,434
	–	–	–	1,47,198	2,868.39	20,71,40,486

Note No. 7 - Trade receivables

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade receivables				
(a) Unsecured, considered good	**11,04,32,136**	–	–	–
Total trade receivables	**11,04,32,136**	–	–	–
Of the above, trade receivables from:				
– Related Party	–	–	–	–
– Others- Northern power distribution company of Telangana Limited	**11,04,32,136**	–	–	–
Total	**11,04,32,136**	–	–	–

Note:

(1) All the trade receivables have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings)

(2) Ageing of Sundry debtors

Name of Customer	Dues less than 30 days	Dues between 31 days to 60 days	Dues between 61 days to 180 days	Dues more then 180 days
Northern Power Distribution Company of Telangana Limited	**3,62,86,283**	**3,94,70,901**	3,46,74,952	–

Note No. 8 - Cash and Cash Equivalent

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**17,46,069**	53,78,748
(b) Fixed Deposit maturity less then 3 months	**15,97,90,000**	18,00,00,000
Total Cash and Cash Equivalent	**16,15,36,069**	18,53,78,748

Note:

(1) All cash and cash equivalents have been secured against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 8(a) -Other Bank Balance

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Earmarked Balance with Bank - For Debt service Reserve Account	**2,12,10,000**	–
Fixed deposit with maturity greater then 3 months	**–**	
Total Other Bank Balances	**2,12,10,000**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**16,15,36,069**	18,53,78,748
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**16,15,36,069**	18,53,78,748

Notes:

(1) Earmarked balances with banks includes Fixed Deposits for Debt Service Reserve Account.

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All other bank balance have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 9 - Other Financial Assets

Rupees

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Unbilled revenue	**69,07,464**	**–**	–	–
b) Interest Accrued on Fixed Deposit	**1,75,220**	**–**	33,288	–
Total Other Financials Assets	**70,82,684**	**–**	33,288	–

Note:

(1) All other financial assets have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 10 - Other Assets

Rupees

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	–	**7,10,00,337**	–	20,18,09,000
(b) Other Advances				
(i) Advances to vendor	**38,414**	–	38,414	–
(c) Other Assets				
Mat Credit Receivable-Financial year 2017-18	**1,52,70,596**	–	–	–
Prepaid expenses	**16,68,520**	–	1,74,80,000	–
Total Other Assets	**1,69,77,530**	**7,10,00,337**	1,75,18,414	20,18,09,000

Note:

(1) All other assets have been charged against the borrowings of the Company. (Refer No. 12- Non current Borrowings).

Note No. 11 - Equity Share Capital

Rupees

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of shares	**Value of share**	No. of shares	Value of share
Authorised:				
Equity shares of Rs. 10 each with voting rights	**1,50,00,000**	**15,00,00,000**	1,50,00,000	15,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**93,15,000**	**9,31,50,000**	93,15,000	9,31,50,000
Total Equity share capital	**93,15,000**	**9,31,50,000**	93,15,000	9,31,50,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 12 - Non Current Borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2018						
No. of Shares	**93,15,000**	**–**	**–**	**–**	**–**	**93,15,000**
Amount in Rupees	**9,31,50,000**	**–**	**–**	**–**	**–**	**9,31,50,000**
Year Ended 31 March 2017						
No. of Shares	18,60,000	74,55,000	–	–	–	93,15,000
Amount in Rupees	1,86,00,000	7,45,50,000	–	–	–	9,31,50,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	**Equity Shares with Differential Voting rights**	**Others**
As at 31 March 2018			
Mahindra Renewables Private Limited, the Holding Company ...	**93,15,000**	**–**	**–**
As at 31 March 2017			
Mahindra Renewables Private Limited, the Holding Company ...	93,15,000	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**As at 31 March 2018**		As at 31 March 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)* ..	**93,15,000**	**100%**	93,15,000	100%

* Note:

It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Mr. Roshan Gandhai 1 Equity Share).

Note No. 12 - Non-Current Borrowings

Rupees

Particulars	**Rate of Interest**	**Repayment terms**	**As at 31 March 2018**	**As at 31 March 2017**
Measured at amortised cost*				
A. Secured Borrowings:				
From Bank-				
Term loan				
From yes Bank	yes bank Benchmark rate+ Applicable Spread	Refer note 2 below	78,11,05,258	–
Buyers credit loan				
From SBI, Sydney	7.08%	To be repaid by 06/03/2020	9,22,79,035	–
From SBI, Sydney	7.08%	To be repaid by 13/03/2020	11,71,00,348	–
From SBI Antwerp	7.14%	To be repaid by 20/03/2020	14,94,03,617	–
From SBI Antwerp	7.16%	To be repaid by 24/03/2020	27,71,82,227	–
From SBI Antwerp	7.19%	To be repaid by 02/04/2020	17,77,35,324	–
From SBI Antwerp	7.16%	To be repaid by 08/04/2020	14,20,17,064	–
From SBI Antwerp	7.08%	To be repaid by 15/04/2020	24,06,68,967	–
From SBI Antwerp	6.94%	To be repaid by 15/05/2020	2,62,31,347	–
Total Secured Borrowings		–	**2,00,37,23,187**	
B. Unsecured Borrowings – at amortised Cost				
Total Unsecured Borrowings	–	–	–	–
Total Non Current Borrowings (A+ B)	–	–	**2,00,37,23,187**	–

Notes:

(1) The Company has borrowed funds for project financing from banks and financial institutions. The bank has issued LUT and based on that the Company has availed Buyers' Credit of USD 189,69,168.40 for three years at 6M LIBOR + margin p.a. Buyers' Credit is repayable by May 2020. The amount which is payable in period under normal operating cycle of the company is treated as current.

The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate.

As per the loan sanction terms from the Bank, at the end of three years the Company can repay the buyers credit by drawing from the sanctioned term loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(2) The company has also taken a term loan of INR 86,43,00,000 from bank for a period of 19 years at yes bank base rate + spread, the amount is repayable in 71 structured quarterly instalments starting from March 2018. The amount which is payable in period under normal operating cycle of the company is treated as current.

The loan amount is secured by:

(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Short fall undertaking from sponsor for funding time/cost overruns.

(g) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(h) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company has to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next quarter.

(4) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment terms	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
Secured						
Term loans from bank:						
YES Bank	INR	9.67%	9.20%	To be repaid in 71 installment by 30th sept. 2036	**78,11,05,258**	–
Byuers credit loan from Banks:						
From SBI, Sydney	USD	7.53%	7.08%	To be repaid by 06/03/2020	**9,22,79,035**	–
From SBI, Sydney	USD	7.53%	7.08%	To be repaid by 13/03/2020	**11,71,00,348**	–
From SBI Antwerp	USD	7.60%	7.14%	To be repaid by 20/03/2020	**14,94,03,617**	–
From SBI Antwerp	USD	7.62%	7.16%	To be repaid by 24/03/2020	**27,71,82,227**	–
From SBI Antwerp	USD	7.65%	7.19%	To be repaid by 02/04/2020	**17,77,35,324**	–
From SBI Antwerp	USD	7.62%	7.16%	To be repaid by 08/04/2020	**14,20,17,064**	–
From SBI Antwerp	USD	7.54%	7.08%	To be repaid by 15/04/2020	**24,06,68,967**	–
From SBI Antwerp	USD	7.40%	6.94%	To be repaid by 15/05/2020	**2,62,31,347**	–
Total Secured (A)					**2,00,37,23,187**	
Unsecured	–	–	–	–	**–**	–
Total Unsecured (B)					**–**	–
Total Non Current Borrowing (A+B)					**2,00,37,23,187**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 13 - Trade Payables

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Trade payable - Other than micro and small enterprises	**2,25,18,722**	**–**	7,11,81,964	–
Total Trade Payables	**2,25,18,722**	**–**	7,11,81,964	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 14 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost		
Non-Current	**–**	–
Current		
(a) Current maturities of long-term debt	**3,45,72,000**	–
(b) Interest accrued on debt	**86,11,982**	–
(c) Creditors for capital supplies/services	**21,90,30,050**	–
Other Financial Liabilities Measured at Fair value		
(a) Derivatives designated and ineffective as hedging instruments	**6,89,511**	–
Total other financial liabilities	**26,29,03,543**	–

Note No. 15 - Other Liabilities

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**18,94,890**	**–**	59,61,203	–
Total Other Liabilities	**18,94,890**	**–**	59,61,203	–

Note No. 16 - Revenue from Operations

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Revenue from sale of Solar Energy	**19,73,29,885**	–
Total Revenue from Operations	**19,73,29,885**	–

Note No. 17 - Other Income

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Interest Income		
On Financial Assets at Amortised Cost	**54,38,152**	5,75,292
(b) Dividend Income on mutual funds	**21,77,995**	1,23,89,119
Total Other Income	**76,16,147**	1,29,64,411

Note No. 18 - Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Interest expense	**7,82,83,813**	–
Less: Amounts included in the cost of qualifying assets	**(2,94,58,280)**	–
(b) Finance charges	**44,506**	–
Total Finance Cost	**4,88,70,039**	–

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Interest on borrowing from Bank	**4,87,64,743**	–
Interest on late payment of Taxes	**60,790**	–

Note No. 19 - Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Insurance	**8,24,447**	**–**
(b) Repairs and maintenance - Plant & Equipment	**66,19,844**	**–**
(c) Power Consumption charges	**9,02,973**	**–**
(d) Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**10,99,158**	**–**
(e) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**1,59,300**	**50,000**
(ii) For Tax audit fees	**59,000**	**25,000**
(iii) For Other services	**–**	**20,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(f) Other expenses		
(i) Legal and other professional costs	**1,80,49,804**	1,49,44,766
(ii) Printing & Stationary	**2,000**	4,334
(iii) Miscellaneous expenses	**49,287**	4,94,220
Total Other Expenses	**2,77,65,813**	1,55,38,320

Note No. 20 - Earnings per Share

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**5.92**	0.40
From discontinuing operations	**–**	–
Total basic earnings per share	**5.92**	0.40
Diluted Earnings per share		
From continuing operations	**5.92**	0.40
From discontinuing operations	**–**	–
Total diluted earnings per share	**5.92**	0.40

Basic & diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	For the year ended 31 March, 2018	For the previous ended 31 March, 2017
Profit / (loss) for the year attributable to owners of the Company	**5,51,24,275**	19,02,891
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**5,51,24,275**	19,02,891
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations (i)	**5,51,24,275**	19,02,891
Weighted average number of equity shares (ii)	**93,15,000**	47,00,836
Earnings per share from continuing operations - Basic & diluted (i/ii)	**5.92**	0.40

Note No. 21 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31-Mar-18	31-Mar-17
Debt (A)	**2,03,82,95,187**	–
Equity (B)	**69,49,59,524**	64,00,34,314
Debt Equity Ratio (A / B)	**2.93**	–

Categories of financial assets and financial liabilities

As at 31 March 2018 Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Trade Receivables	**11,04,32,136**	–	–	**11,04,32,136**
Other Bank Balances	**2,12,10,000**	–	–	**2,12,10,000**
Other Financial Assets				
– Non Derivative Financial Assets	**70,82,684**	–	–	**70,82,684**
Non-current Liabilities				
Borrowings	**2,00,37,23,187**	–	–	**2,00,37,23,187**
Current Liabilities				
Borrowings	**3,45,72,000**	–	–	**3,45,72,000**
Trade Payables	**24,15,48,772**	–	–	**24,15,48,772**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**86,11,982**	–	–	**86,11,982**
– Derivative Financial Liabilities	–	**6,89,511**	–	**6,89,511**

As at 31 March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments	–	20,71,40,486	–	20,71,40,486
Other Financial Assets				
– Non Derivative Financial Assets	33,288	–	–	33,288
Current Liabilities				
Trade Payables	7,11,81,964	–	–	7,11,81,964

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
31-Mar-18				
Non-interest bearing......	**25,01,60,754**		**–**	**–**
Variable interest rate instruments..................	**3,45,72,000**	**6,91,44,000**	**7,51,94,100**	**63,67,67,158**
Fixed interest rate instruments..................	**–**	**1,22,26,17,928**	**–**	**–**
Total...........................	**28,47,32,754**	**1,29,17,61,928**	**7,51,94,100**	**63,67,67,158**
31-Mar-17				
Non-interest bearing......	7,11,81,964		–	–
Total.............................	7,11,81,964	–	–	–

(iv) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing..	**11,75,14,820**	**–**	**–**	**–**
Variable interest rate instruments.................	**2,12,10,000**	**–**	**–**	**–**
Total	**13,87,24,820**	**–**	**–**	**–**

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
31-Mar-17				
Non-interest bearing..	33,288	–	–	–
Variable interest rate instruments................	20,71,40,486	–	–	–
Total............................	20,71,73,774	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

The Company has a policy of investing surplus cash balances in short term liquid debt funds which are subject to minimum market risk.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Secured Bank Loans........	USD	**1,89,69,168.40**	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has a policy of investing surplus cash balances in short term liquid debt funds which are subject to minimum market risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2018, after

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

taking into account the effect of interest rate swaps, approximately 60% of the Company's borrowings are at a fixed rate of interest (31 March 2017: 0.00 %)

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase / decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+100**	**(81,56,773)**
	INR	**-100**	**81,56,773**
31-Mar-17	INR	+100	–
	INR	-100	–

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 22 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-03-2018	Fair value as at 31-03-2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value and sensitivity	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Equity investments	**–**	–				
2) Mutual fund investments	**–**	20,71,40,486	**Level 1**	**Market Value**		
Total financial assets	**–**	20,71,40,486	–	–	–	**–**
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency and interest swap contracts	**1,20,45,89,148**	–	**Level 2**			
Total financial liabilities	**1,20,45,89,148**	–	–	–	–	**–**

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	**31-03-2018 Carrying amount**	**31-03-2018 Fair value**	31-03-2018 Carrying amount	31-03-2018 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**11,04,32,136**	**11,04,32,136**	–	–
– other bank balance	**2,12,10,000**	**2,12,10,000**	–	–
– Other financial assets	**70,82,684**	**70,82,684**	33,288	33,288
Total	**13,87,24,820**	**13,87,24,820**	33,288	33,288
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**81,56,77,258**	**81,56,77,258**	–	–
– trade and other payables	**24,15,48,772**	**24,15,48,772**	7,11,81,964	7,11,81,964
– others	**86,11,982**	**86,11,982**	–	–
Total	**1,06,58,38,012**	**1,06,58,38,012**	7,11,81,964	7,11,81,964

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Fair value hierarchy as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	11,04,32,136	11,04,32,136
– other bank balance	–	–	2,12,10,000	2,12,10,000
– Other financial assets	–	–	70,82,684	70,82,684
Total	–	–	13,87,24,820	13,87,24,820
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	81,56,77,258			81,56,77,258
– trade and other payables	–	–	24,15,48,772	24,15,48,772
– others	–	–	86,11,982	86,11,982
Total	81,56,77,258	–	25,01,60,754	1,06,58,38,012

Fair value hierarchy as at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial assets carried at Amortised Cost				
– Other financial assets	–	–	33,288	33,288
Total	–	–	33,288	33,288
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	7,11,81,964	7,11,81,964
Total	–	–	7,11,81,964	7,11,81,964

Note No. 23 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

				Rupees
Particulars	**For the year ended**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Parent Company**
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	**31-Mar-18**	**–**	**2,41,64,63,940**	**–**
	31-Mar-17	–	7,08,64,734	–
Receiving of services	**31-Mar-18**	**1,39,687**	**2,36,99,844**	
	31-Mar-17	1,43,751	1,45,80,000	–
Deposit taken	**31-Mar-18**	**–**	**–**	**1,00,000**
	31-Mar-17	–	–	2,00,000
Deposit repaid	**31-Mar-18**			**1,00,000**
	31-Mar-17	–	–	2,00,000
Equity contribution to the Company	**31-Mar-18**	**–**	**–**	**–**
	31-Mar-17	–	–	51,43,95,000

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Parent Company**
Trade payables	**31-Mar-18**	**–**	**24,11,70,232**	**–**
	31-Mar-17	2,09,625	7,08,64,733	–

DIRECTORS' REPORT

Your Directors present their Third Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2018#	For the year ended March 31, 2017#
Income		
Revenue from Operations (Gross)	**2.56**	–
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**2.56**	–
Other Income	**0.25**	–
Total Income	**2.81**	–
Expenses		
Other Expenses	**3.62**	1.51
Depreciation and Amortization Expenses	**3.75**	–
Finance Costs	**0.76**	–
Total Expenses	**8.13**	1.51
Profit/(Loss) before Tax	**(5.32)**	(1.51)
Provision for Tax	**(1.10)**	(0.47)
Profit/(Loss) for the year from continuing operations	**(4.22)**	(1.04)
Balance of profit from earlier years	**(2.25)**	(1.20)
Balance carried forward	**(6.47)**	(2.25)
Amount carried forward to reserves	**(6.47)**	(2.25)
Net worth	**(5.46)**	(1.25)

 # The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report, which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

Your Company has constructed solar power plant of 10 Mega Watts ("MW") Alternate Current ("AC") at Village Gadagi, Taluka & District - Bidar, Karnataka.

The Company is in process of developing two solar power plants with an aggregate capacity of 1,467 Kilo Watts.

HOLDING COMPANY

During the year under review, Mahindra Renewables Private Limited ("MRPL") sold 100 % stake held in your Company i.e. 9,999 equity shares to Mahindra Susten Private Limited ("Susten") and MRPL Jointly with Mr. Roshan Gandhi also sold 1 equity share held in your Company to Susten Jointly with Mr. Roshan Gandhi.

Pursuant to the above transfer of shares, your Company has become a wholly owned subsidiary of Susten with effect from September 15, 2017. Mahindra and Mahindra Limited continues to be Ultimate Holding Company of your Company.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim dividend nor recommended final dividend in view of loss made during the year. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to amend the appointment of Lender's Nominee Director clause in case of default, inclusion of deemed share transfer clause as per standard requisition from the lending Bank, Dematerialization of shares and common seal clause.

SHARE CAPITAL

Authorized Share Capital

During the year under review, there has been no change in Authorized Share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 5,00,000 (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up Capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 1,00,000 (Rupees One Lakh only) divided into 10,000 (Ten Thousand) equity shares of the face value of Rs. 10/- each

BOARD OF DIRECTORS

During the year under review, your Board of Directors met seven times i.e. on April 25, 2017, July 25, 2017, September 15, 2017, November 01, 2017, November 09, 2017, January 24, 2018 and March 23, 2018.

Composition and number of meetings attended:
The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non-Independent	No. of Board meetings attended
1	Basant Jain	00220395	Non-Executive	Non-Independent	6
2	Sriram Ramachandran	07319032	Non-Executive	Non-Independent	3
3	Roshan Gandhi	00010478	Non-Executive	Non-Independent	7

During the year under review, Mr. Sriram Ramachandran was appointed as an Additional Director with effect from November 09, 2017.

The Company had received the notices along with requisite deposit from a member under Section 160 of the Companies act, 2013, signifying its intention to propose Mr. Sriram Ramachandran as candidate for the office of Director of the Company.

Mr. Basant Jain (DIN: 00220395) would retire by rotation at the third AGM and being eligible offers himself for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of your Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively

GENERAL MEETING

The second Annual General Meeting of your Company was held on July 25, 2017.

During the year under review, four Extra-ordinary General Meetings of your Company were held i.e. on November 02, 2017, November 09, 2017, March 07, 2018 and March 23, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable & prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the Statutory Auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM upto the conclusion of the Sixth AGM to be held in 2021.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of Sixth AGM to be held in the year 2021 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors' Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors has not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014, are attached herewith as ***Annexure I*** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits whi ch are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as ***Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed as ***Annexure III*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Key Managerial Personnel, c) appointment of Internal Auditor, Secretarial Auditor and Cost Auditor, d) establishment of Vigil Mechanism, e) evaluation of performance of Directors and f) appointment of Independent Directors and constitution of Audit Committee and Nomination & Remuneration Committee were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Outgo	–	–

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC -2

[Pursuant to clause (h) of Sub-section–(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(Rupees in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	Immediate Holding Company	Receiving of service for setting up Solar Power, Purchase of property and other assets (power plant), Sub-ordinated debt taken & Interest paid on Sub-ordinated debt taken	Continuing Contract	Purchase of property and services (power plant) for the year 2017-18	6,217.92	NA	NIL
					Sub-ordinated debt taken for the year 2017-18	800.00		
					Interest paid on Sub-ordinated debt taken	16.27		
2	Mahindra and Mahindra Limited	Ultimate Holding Company	Receiving of Secretarial Services	Annual/ Recurring/ Outgoing Contract	Receiving of Secretarial Services	1.38	NA	NIL

Notes:

1. **Material Contracts:** covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014.

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.
2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain — **Director**

Roshan Gandhi — **Director**

Place: Mumbai
Date: 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U74120MH2015PTC269074
2	Registration Date	October 10, 2015
3	Name of the Company	Marvel Solren Private Limited
4	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6	Whether listed Company (Yes/No)	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Electric power generation using solar energy	35105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address**: Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address**: Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address**: Mahindra Towers, P. K. Kurne Chowk,Worli, Mumbai - 400 018	U74990MH2010PTC207854	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Susten Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	–	100	–	10,000	–	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A-(1)	**–**	**10,000**	**–**	**100**	**–**	**10,000**	**–**	**100**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
Total Shareholder of Promoters (1+2)	**–**	**10,000**	**–**	**100**	**–**	**10,000**	**–**	**100**	**–**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total = B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c. **Others**	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**10,000**	–	**100**	–	**10,000**	–	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change In shareholding during the period
		No. of Shares	% of shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of shares of the Companyy	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	9,999	100	–	–	–	–	100
2.	Mahindra Renewables Private Limited Jointly with Roshan Gandhi	1	–	–	–	–	–	–
3	Mahindra Susten Private Limited	–	–	–	9,999	100	–	100
4	Mahindra Susten Private Limited Jointly with Roshan Gandhi*	–	–	–	1	–	–	–
	Total	–	–	–	**10,000**	**100**	–	**100**

* One Share is held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding:

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the beginningof the year (as on April 01, 2017)		Increase/Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the period	9,999	100%		9,999	100%
(Decrease): Transfer to Mahindra Susten Private Limited on September 15, 2017			(9,999)	–	–
At the end of the year (as on March 31, 2018)				–	–

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the period	1	–	–	–	–
(Decrease): Transfer to Mahindra Susten Private Limited jointly with Mr. Roshan Gandhi on September 15, 2017			(1)	–	–
At the end of the year (as on March 31, 2018)			**–**	**–**	**–**

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members

Name of Promoter: Mahindra Susten Private Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–	–
(Increase): Transfer from Mahindra Renewables Private Limited on September 15, 2017			9,999	9,999	100%
At the end of the year (as on March 31, 2018)			**–**	**9,999**	**100%**

Name of Promoter: Mahindra Susten Private Limited jointly with Mr. Roshan Gandhi*	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–	–
(Increase): Transfer from Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi on September 15, 2017			1	1	–
At the end of the year (as on March 31, 2018)			**–**	**1**	**–**

* One Share is held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	–	–	–	–

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rupees in Lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	814.65	–	814.65
– Reduction	–	–	–	–
Due to MTM as per IND AS	–	–	–	–
Net Change	–	**814.65**	–	**814.65**
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	–	800.00	–	800.00
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	14.65	–	14.65
Total of (1+2+3)	–	**814.65**	–	**814.65**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole Time Director/ Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	–	–	–	–

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole Time Director/ Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: Not Applicable

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission – As % of Profit – Others, specify	–	–	–
5	Others	–	–	–
	Total (C)	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) – NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARVEL SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Marvel Solren Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor

Partner
Membership No.: 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Marvel Solren Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property as on March 31, 2018. Hence the provisions of para 3(i (c) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm's Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MARVEL SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Marvel Solren Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor

Partner
Membership No. 040404

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

		Note No.	As at 31st March, 2018	As at 31st March, 2017
				Rupees
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**70,69,86,177**	–
	(b) Deferred Tax Assets (Net)	5	**2,11,152**	1,00,466
	SUB-TOTAL		**70,71,97,329**	1,00,466
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	6	**14,57,277**	20,242
	(ii) Other Financial Assets	7	**2,55,608**	–
	(b) Current Tax Assets (Net)		**3,356**	–
	(c) Other Current Assets	8	**64,12,000**	–
	SUB-TOTAL		**81,28,241**	20,242
	TOTAL ASSETS		**71,53,25,570**	1,20,708
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	SOCE	**1,00,000**	1,00,000
	(b) Other Equity	SOCE	**(6,46,354)**	(2,24,666)
	SUB-TOTAL		**(5,46,354)**	(1,24,666)
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	10	**8,00,00,000**	–
	SUB-TOTAL		**8,00,00,000**	–
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	11	**69,437**	2,37,563
	(ii) Other Financial Liabilities	12	**63,19,04,702**	–
	(b) Other Current Liabilities	13	**38,97,785**	7,811
	SUB-TOTAL		**63,58,71,924**	2,45,374
	TOTAL EQUITY AND LIABILITIES		**71,53,25,570**	1,20,708

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2018	For the Previous year ended 31st March, 2017
	Continuining Operations			
I	Revenue from operations	14	**2,55,608**	–
II	Other Income	15	**24,931**	–
III	**Total Revenue (I + II)**		**2,80,539**	–
IV	**Expenses**			
	(a) Finance costs	16	**75,616**	–
	(b) Depreciation and amortisation expense	4	**3,74,977**	–
	(c) Other expenses	17	**3,62,321**	1,50,964
	Total Expenses		**8,12,914**	1,50,964
V	**(Loss)/Profit before exceptional items (III - IV)**		**(5,32,375)**	(1,50,964)
	Less: Exceptional Items		**–**	–
VI	**(Loss)/profit after exceptional items**		**(5,32,375)**	(1,50,964)
VII	**Share of profit/(loss) of joint ventures and associates**		**–**	–
VIII	**(Loss)/profit before tax (VI+VII)**		**(5,32,375)**	(1,50,964)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**(1,10,686)**	46,648
	Total tax expense		**(1,10,686)**	(46,648)
X	**(Loss)/Profit after tax from continuing Operations (VIII-IX)**		**(4,21,689)**	(1,04,316)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(loss) after tax from discontinued operations		**–**	–
XII	**(Loss)/proft for the year (X+XI)**		**(4,21,689)**	(1,04,316)
XIII	**(Loss)/proft from continuing operations for the year attributable to:**			
	Owners of the Company		**(4,21,689)**	(1,04,316)
	Non controlling interests		**–**	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XV	**Other comprehensive income**			
	(a) (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	(b) (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the year**		**(4,21,689)**	(1,04,316)
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(4,21,689)**	(1,04,316)
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share:**			
	(a) Basic	18	**(42.17)**	(10.43)
	(b) Diluted	18	**(42.17)**	(10.43)
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	18	**(42.17)**	(10.43)
	(b) Diluted	18	**(42.17)**	(10.43)

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the Current year ended 31st March, 2018	Rupees For the Previous year ended 31st March, 2017
Cash flows from operating activities			
(Loss)/Profit before tax for the year	P L	(5,32,375)	(1,50,964)
Adjustments for:			
Finance costs recognised in profit or loss	16	75,616	–
Investment income recognised in profit or loss	15	(24,931)	–
Depreciation expense	4	3,74,977	–
Movements in working capital:			
(Increase)/decrease in financial and other assets	7, 8	(66,67,608)	–
Increase/(Decrease) in trade and other payables	11	(1,68,126)	1,27,662
(Decrease)/increase in other liabilities	13	38,89,974	(2,189)
Cash generated from operations		(30,52,473)	1,25,473
Income taxes paid		(3,356)	–
Net cash generated by operating activities		(30,55,829)	(25,491)
Cash flows from investing activities			
Interest received	15	24,931	–
Payments for property, plant and equipment	4	(755,32,068)	–
Net cash (used in)/generated by investing activities		(755,07,137)	–
Cash flows from financing activities			
Proceeds from borrowings	10	800,00,000	–
Net cash used in financing activities		800,00,000	-
Net increase in cash and cash equivalents		14,37,034	(25,491)
Cash and cash equivalents at the beginning of the year	6	20,243	45,733
Cash and cash equivalents at the end of the year	6	14,57,277	20,242

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

	Rupees
As at 1st April, 2016	1,00,000
Changes in equity share capital during the year	–
As at 31st March, 2017	1,00,000
Changes in equity share capital during the year	–
As at 31st March, 2018	**1,00,000**

B. Other Equity

Rupees

Particulars	Retained Earnings	Total
As at 1st April, 2016	(1,20,350)	(1,20,350)
Loss for the year	(1,04,316)	(1,04,316)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(1,04,316)	(1,04,316)
As at 31st March, 2017	**(2,24,666)**	**(2,24,666)**
Loss for the year	(4,21,689)	(4,21,689)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(4,21,689)	(4,21,689)
As at 31st March, 2018	**(6,46,354)**	**(6,46,354)**

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Nature of Operations

Marvel Solren Private Limited ('the Company') was incorporated in India on 10th October, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Susten Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

h) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

i) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

j) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

k) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

l) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

m) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 – Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	–	–	-
Additions	5,93,17,852	64,80,43,302	70,73,61,154
Balance as at 31 March 2018	**5,93,17,852**	**64,80,43,302**	**70,73,61,154**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2017	–	–	-
Depreciation expense for the year	–	3,74,977	3,74,977
Balance as at 31 March 2018	**–**	**3,74,977**	**3,74,977**
III. Net carrying amount (I-II)	**5,93,17,852**	**64,76,68,325**	**70,69,86,177**

Note:

(1) Method of Depreciation:-

Depreciation on tangible fixed assets is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(1,10,686)**	(46,648)
Total income tax expense on continuing operations	**(1,10,686)**	(46,648)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Profit before tax from continuing operations	**(5,32,375)**	(1,50,964)
Income tax expense calculated at 30.90% (2016: 30.90%)#	**(1,64,504)**	(46,648)
Effect of reversel of deferred tax assets of previous year	**53,818**	–
	(1,10,686)	(46,648)
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**(1,10,686)**	(46,648)

Notes:

1.# The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax created for business losses is as below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Financial year	Business loss	Unabsorbed Depreciation	Deffered tax Assets
2016-17	1,50,964	-	46,648
2017-18	1,57,398	249,17,265	77,48,071
Total	**3,08,362**	**249,17,265**	77,94,719

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with Tech Mahndra Limited for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31st March, 2018		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	75,83,567	75,83,567
	–	75,83,567	75,83,567
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	1,00,466	76,94,253	77,94,719
	1,00,466	76,94,253	77,94,719
Net Deferred Tax Asset (Liabilities)	**1,00,466**	**1,10,686**	**2,11,152**

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31st March, 2017		
Tax effect of items constituting deferred tax liabilities	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	53,818	46,648	1,00,466
	53,818	46,648	1,00,466
Net Deferred Tax Asset (Liabilities)	53,818	46,648	1,00,466

Note No. 6 – Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance with Bank in current account	**14,57,277**	20,243
Total Cash and cash equivalents	**14,57,277**	20,243

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total Cash and Cash Equivalents as per Balance Sheet	**14,57,277**	20,243
Add: Bank Overdraft	–	–
Add: Cash and bank balances included in a disposal group held for sale	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**14,57,277**	20,243

Notes:

(1) Cash and cash equivalents include cash in banks, net of overdraft, if any.

Note No. 7 – Other Financial Assets

Rupees

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 No-Current
Financial assets at amortised cost				
Unbilled Revenue	2,55,608	–	–	–
Total Other Financial Assets	**2,55,608**	–	–	–

Note No. 8 – Other assets

Rupees

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 No-Current
(a) Capital advances	–	–	–	–
(b) Other advance				
(i) Security Deposits	4,66,000	–	–	–
(c) Others				
(i) Prepaid Expenses- Loan process charges	59,46,000	–	–	–
	64,12,000	–	–	–

Note No. 9 – Equity Share Capital

Rupees

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Value of shares	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Value of shares
Authorised:				
Equity shares of Rs. 10 each with voting rights	**50,000**	**5,00,000**	50,000	5,00,000
Total Authorised Equity Share Capital	**50,000**	**5,00,000**	50,000	5,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**10,000**	**1,00,000**	10,000	1,00,000
Total Paidup Equity Share Capital	**10,000**	**1,00,000**	10,000	1,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Notes

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
Equity Shares with Voting rights#						
Year Ended 31st March 2018						
No. of Shares	**10,000**	–	–	–	–	**10,000**
Amount	**1,00,000**	–	–	–	–	**1,00,000**
Year Ended 31 March 2017*						
No. of Shares	10,000	–	–	–	–	10,000
Amount in Rupees	1,00,000	–	–	–	–	1,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2018			
Mahindra Renewables Private Limited, the Holding Company	**10,000**	–	–
As at 31st March 2017			
Mahindra Renewable Private Limited, the Holding Company	10,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2018: Number of shares held	% holding in that class of shares	As at 31st March, 2017: Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra susten private Limited#	10,000	100%	–	–
Mahindra Renewables Private Limited (Holding Company)*	–	–	10,000	100%

Note:- This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Susten Private Limited jointly with Mr. Roshan Gandhi - 1 equity share)

* Note :- This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi - 1 equity share)

Note No. 10 – Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Maturity	As at 31st March 2018	As at 31st March 2017
Measured at amortised cost*				
A. Secured Borrowings:	–	–	–	–
Total Secured Borrowings	–	–	–	–
B. Unsecured Borrowings - at amortised Cost				
(a) Loans from Related Party	11.50%	Refer note 2 below	8,00,00,000	–
Total Unsecured Borrowings	–	–	**8,00,00,000**	–
Total Non – Current Borrowings	–	–	**8,00,00,000**	–

Notes:

(1) The Company has a sanction for project financing from ICICI bank for Rs. 59.46 Crores. No amount has been drawn against this sanction till the balance sheet date.

(2) The Company has taken an unsecured loan in form of Subordinated debt from Mahindra Susten Private Limited (the holding Company) of INR 8,00,00,000.00 in the period December 17 to march 18 at 11.50 % fixed. This loan is subordinated to above loans to be taken from the bank.

Note No. 11 – Trade Payables

Rupees

Particulars	As at 31st March, 2018: Current	Non-Current	As at 31st March, 2017: Current	No-Current
Trade payable – Micro and small enterprises	–	–	–	–
Trade payable – Other than micro and small enterprises	**69,437**	–	2,37,563	–
Total Trade Payables	**69,437**	–	2,37,563	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 12 – Other Financial Liabilities

Rupees

Particulars	As at 31st March 2018	As at 31st March 2017
Other Financial Liabilities Measured at Amortised Cost		
Non-Current	–	–
Current		
(a) Interest accrued on loan	14,64,596	–
(b) Creditors for capital supplies/services	63,04,40,106	–
Total Other Financial Liabilities	63,19,04,702	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 13 – Other Liabilities

Rupees

Particulars	As at 31st March, 2018 Current	As at 31st March, 2018 Non-Current	As at 31st March, 2017 Current	As at 31st March, 2017 No-Current
Statutory dues				
– taxes payable (other than income taxes)	**38,97,785**	–	7,811	–
Total Other Liabilities	**38,97,785**	–	7,811	–

Note No. 14 – Revenue from Operations

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Revenue from sale of solar power	**2,55,608**	–
Total Revenue from Operations	**2,55,608**	–

Note No. 15 – Other Income

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Interest Income		
On Financial Assets at Amortised Cost	**24,931**	–
Total Other Income	**24,931**	–

Note No. 16 – Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Interest expense	**16,27,329**	–
Less: Amounts included in the cost of qualifying assets	**(15,51,713)**	–
Total Finance Cost	**75,616**	–

Analysis of Interest Expenses by Category

Rupees

	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Interest Expenses		
On sub-ordinated debt from Mahindra susten Prviate Limited	75,616	–

Note No. 17 – Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**59,000**	25,000
(ii) For Tax audit fees	–	–
(iii) For Other services	–	–
(b) Other expenses		
(i) Legal and other professional costs	**2,79,522**	1,11,025
(ii) Miscellaneous expenses	**23,799**	14,939
Total Other Expenses	**3,62,321**	1,50,964

Note No. 18 – Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(42.17)**	(10.43)
From discontinuing operations	–	–
Total basic earnings per share	**(42.17)**	(10.43)
Diluted Earnings per share		
From continuing operations	**(42.17)**	(10.43)
From discontinuing operations	–	–
Total diluted earnings per share	**(42.17)**	(10.43)

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(Loss)/Profit for the year attributable to owners of the Company	**(4,21,689)**	(1,04,316)
Less: Preference dividend and tax thereon	–	–
(Loss)/Profit for the year used in the calculation of basic earnings per share	**(4,21,689)**	(1,04,316)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
(Loss)/Profit used in the calculation of basic earnings per share from continuing operations	**(4,21,689)**	(1,04,316)
Weighted average number of equity shares	**10,000**	10,000
Earnings per share from continuing operations – Basic and diluted	**(42.17)**	(10.43)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 19 – Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 208 and 31 March 2017 is as follows:

	31st March, 2018	31st March, 2017
Debt (A)	**8,00,00,000**	–
Equity (B)	**(5,46,354)**	(1,24,666)
Debt Ratio (A/B)	**(146.43)**	–

Categories of financial assets and financial liabilities

	As at 31st March, 2018			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Other Financial Assets				
– Non Derivative Financial Assets	**2,55,608**	–	–	**2,55,608**
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	**8,00,00,000**	–	–	**8,00,00,000**
Current Liabilities				
Trade Payables	**63,05,09,543**	–	–	**63,05,09,543**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**14,64,596**	–	–	**14,64,596**
– Derivative Financial Liabilities				

	As at 31st March, 2017			
	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	2,37,563.00	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**63,19,74,139**	–	–	–
Fixed interest rate bearing	–	–	–	**8,00,00,000**
Total	**63,19,74,139**	–	–	**8,00,00,000**
31-Mar-2017				
Non-interest bearing	2,37,563	–	–	–
Total	2,37,563	–	–	–

Note No. 20 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

				Rupees
	31-Mar-18		31-Mar-17	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Others	**2,55,608**	**2,55,608**	–	–
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties	**8,00,00,000**	**8,00,00,000**	–	–
– trade and other payables	**63,05,09,543**	**63,05,09,543**	2,37,563	2,37,563
– Others	**14,64,596**	**14,64,596**	–	–
Total	**71,19,74,139**	**71,19,74,139**	2,37,563	2,37,563

	Fair value hierarchy as at 31st March, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Others	–	–	**2,55,608**	**2,55,608**
Total	–	–	**2,55,608**	**2,55,608**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties	–	–	**8,00,00,000**	**8,00,00,000**
– trade and other payables	–	–	**63,05,09,543**	**63,05,09,543**
– others	–	–	**14,64,596**	**14,64,596**
Total	–	–	**71,19,74,139**	**71,19,74,139**

	Fair value hierarchy as at 31st March, 2017			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	2,37,563	2,37,563
Total	–	–	2,37,563	2,37,563

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 21 – Related Party Transactions

Name of Parten Company till 4th september 17	Mahindra Renewables Private Limited
Name of felow subisidary company after 5th Septemer 17	Mahindra Renewables Private Limited
Name of Parten Company from 5th September 17	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Mahindra & Mahindra Limited	Mahindra susten Private Limited	Mahindra Renewables Prviate Limited
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	31-Mar-18	–	62,17,92,090	–
	31-Mar-17	–	–	–
Receiving of services	31-Mar-18	1,37,813	–	–
	31-Mar-17	79,520	–	–
Sub- ordianted debt taken	31-Mar-18	–	800,00,000	–
	31-Mar-17	–	–	–
Interest on Suboridanted debt	31-Mar-18	–	16,27,329	–
	31-Mar-17	–	–	–
Deposit Repayment	31-Mar-18	–	–	–
	31-Mar-17	–	–	2,00,000
Deposit Taken	31-Mar-18	–	–	–
	31-Mar-17	–	–	2,00,000

Nature of Balances with Related Parties	Balance as on	Mahindra & Mahindra Limited	Mahindra susten Private Limited	Mahindra Renewables Prviate Limited
Unsecured loan	31-Mar-18	–	8,00,00,000	–
Interest on unsecured loan	31-Mar-18	–	14,64,596	–
Trade payables	31-Mar-17	–	62,07,74,106	–
	31-Mar-16	78,375	–	–

DIRECTORS' REPORT

Your Directors present their Third Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended March 31, 2018#**	For the year ended March 31, 2017#
Income		
Revenue from Operations (Gross)	**4,848.07**	–
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**4,848.07**	–
Other Income	**250.43**	75.95
Total Income	**5,098.50**	75.95
Expenses		
Cost of Raw Material and Components Consumed	–	–
Increase/(Decrease) in inventories	–	–
Employee Benefit Expenses	–	–
Other Expenses	**490.92**	535.47
Depreciation and Amortization Expenses	**1,797.23**	–
Finance Costs	**2,825.50**	2.14
Total Expenses	**5,113.65**	537.61
Profit/(Loss) before Tax	**(15.15)**	(461.66)
Provision for Tax	**(70.78)**	(119.96)
Profit/(Loss) for the year from continuing Operations	**55.63**	(341.70)
Balance of Profit from earlier years	**(342.67)**	(0.97)
Balance carried forward	**(287.04)**	(342.67)
Amount carried forward to reserves	**(287.04)**	(342.67)
Net worth	**6,236.70**	6,181.53

The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report, which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

Your Company has constructed two solar power plants with a capacity 40 Mega Watts ("MW") Alternate Current ("AC") and 25 MW AC in Charanka Solar Park, Gujarat. These power plant were commissioned during the year review.

During the year under review, the Company had produced 10,94,37,246 units of solar power and generated revenues of Rs. 4,848.07 lakhs from sale of solar power.

The Company's total income for the year was Rs. 5,098.50 lakhs as compared to Rs. 75.95 lakhs in the previous year. The profit after tax for the year was Rs. 55.63 lakhs as compared to loss after tax of Rs. 341.70 lakhs in the previous year.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend in view of loss made during the year. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to amend the appointment of Lender's Nominee Director clause in case of default, as per standard requisition from the lending Bank.

SHARE CAPITAL

Authorized Share Capital

During the year under review, there has been no change in Authorized Share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 14,10,00,000 (Rupees Fourteen Crores Ten Lakhs only) divided into 1,41,00,000 (One Crore Forty One Lakhs) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 8,48,96,000 (Rupees Eight Crores Forty Eight Lakhs Ninety Six Thousand only) divided into 84,89,600 (Eighty Four Lakhs Eighty Nine Thousand Six Hundred) equity shares of the face value of Rs. 10/- each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met four times i.e. on April 25, 2017, July 27, 2017, October 30, 2017 and January 24, 2018.

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

<table>
<tr><th>Sr. No.</th><th>Name of the Director</th><th>DIN</th><th>Executive/ Non-Executive Director</th><th>Independent/ Non-Independent Director</th><th>No. of Board Meetings attended</th></tr>
<tr><td>1.</td><td>Mr. Bharat Upadhyay</td><td>02189485</td><td rowspan="5">Non-Executive</td><td>Independent</td><td>4</td></tr>
<tr><td>2.</td><td>Mr. Basant Jain</td><td>00220395</td><td rowspan="3">Non-Independent</td><td>2</td></tr>
<tr><td>3.</td><td>Mr. Sriram Ramachandran</td><td>07319032</td><td>3</td></tr>
<tr><td>4.</td><td>Mr. Roshan Gandhi</td><td>00010478</td><td>4</td></tr>
<tr><td>5.</td><td>Mr. Rajiv Sarin</td><td>05351721</td><td>Independent</td><td>1 (ceased as Director w.e.f. May 11, 2017)</td></tr>
</table>

During the year under review, the following appointment/ changes in Directors took place in the Company

- Mr. Rajiv Sarin (DIN: 05351721) was appointed as an Additional (Independent) Director with effect from April 25, 2017. However, due to sad demise he ceased to be Independent Director of the Company with effect from May 11, 2017;
- Mr. Bharat Upadhyay (DIN: 02189485) was appointed as an Additional (Independent) Director with effect from April 25, 2017;
- Mr. Sriram Ramachandran (DIN: 07319032) was appointed as an Additional Director with effect from April 25, 2017.

The Company had received the notices along with requisite deposit from a member under Section 160 of the Companies act, 2013, signifying its intention to propose Mr. Bharat Upadhyay, Mr. Rajiv Sarin and Mr. Sriram Ramachandran as candidates for the office of Directors of the Company.

At the Annual General Meeting ("AGM") of your Company held on July 27, 2017, the appointments of Mr. Bharat Upadhyay as Independent Director and Mr. Sriram Ramachandran as Director under Sections 149, 150, 152 and 160 of the Companies Act, 2013, were approved by the members.

Mr. Roshan Gandhi (DIN: 00010478) would retire by rotation at the third AGM and being eligible offers himself for re-appointment.

Mr. Bharat Upadhyay who, in the opinion of the Board, is a person with integrity and possess expertise and experience and has given declaration to the effect that he meets the criteria of independence as laid down under Sub-section 6 of Section 149 of the Companies Act, 2013.

All the Directors of your Company including the Independent Director have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD

The following are the details of Committees of the Board:-

i) Nomination and Remuneration Committee ("NRC"):

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

The composition of NRC was as under:-

Sr. No.	Name of the Director	Designation
1.	Mr. Bharat Upadhyay	Chairperson & Member
2.	Mr. Rajiv Sarin	Member
3.	Mr. Sriram Ramachandran	Member

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting NRC and Audit Committee.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Renewables Private Limited, your Company availed the said exemption and dissolved the NRC with effect from July 27, 2017.The role of NRC has been subsumed by the Board of Directors.

ii) Audit Committee ("AC"):

During the year under review, the Audit Committee ("AC") members met once during the year under review on April 25, 2017.

The composition and the attendance at the meeting of AC were as follows:-

Sr. No.	Name of the Director	Designation	No. of Committee meetings attended
1.	Mr. Bharat Upadhyay	Chairperson & Member	1
2.	Mr. Rajiv Sarin	Member	1
3.	Mr. Sriram Ramachandran	Member	1

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting Nomination and Remuneration Committee and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Renewables Private Limited, your Company availed the said exemption and dissolved the AC with effect from July 27, 2017. The role of AC has been subsumed by the Board of Directors.

MEETING OF INDEPENDENT DIRECTORS

Out of two Independent Directors of the Company, Mr. Rajiv Sarin ceased to be the Independent Director with effect from May 11, 2017 on account of his death. By virtue of exemption provided by MCA to unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors, your Company availed the said exemption and is not required to appoint Independent Directors. Since only one Independent Director remained on Board, the separate meeting of Independent Directors could not be held.

GENERAL MEETING

The second Annual General Meeting of your Company was held on July 27, 2017.

During the year under review, two Extra-ordinary General Meetings of your Company were held i.e. on May 31, 2017 and February 19, 2018.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no Appointments/ Changes in Key Managerial Personnel ("KMP") took place during the year.

The KMP of the Company as on March 31, 2018 was as follows:-

Sr. No.	Name of KMP	Designation
1.	Mr. Arvind Garg	Company Secretary

POLICY ON CRITERIA FOR APPOINTMENT/ REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination and Remuneration Committee ("NRC"), the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said policies. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact of the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and provides for direct access to the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the Statutory Auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM upto the conclusion of the Sixth AGM to be held in 2021.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of Sixth AGM to be held in the year 2021 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Rahul Shukla & Associates, was appointed as the Internal Auditor of your Company for the Financial Year 2017-18.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014, are attached here with as ***Annexure I*** and forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as ***Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed as ***Annexure III*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Chief Executive Officer and Chief Financial Officer, c) appointment of Cost Auditor and Secretarial Auditor and d) evaluation of performance of Directors were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date : 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Rupees in Lakhs

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017
Total Foreign Exchange Earned	6,004.72	14,565.51
Total Foreign Exchange Outgo	1,285.35	–

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

[Pursuant to clause (h) of Sub-section–(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(₹ in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/transaction	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	Intermediate Holding Company	Engineering, Procurement and Construction contract for Supply and service Agreement for 84.49 MW (DC) / 65 (40+25) MW (AC) Project	Continuing Contract	Purchase of property and other assets (power plant) For FY 2017-18	1,136.68	NA	NIL
2	Mahindra Susten Private Limited	Intermediate Holding Company	Engineering, Procurement and Construction contract for Civil Services Agreement for 84.49 MW (DC) / 65 (40+25) MW (AC) Project	Continuing Contract	Civil Services received for FY 2017-18	345.88	NA	NIL
3	Mahindra Susten Private Limited	Intermediate Holding Company	Sub-ordinated debt	Annual/ Recurring/ Outgoing Contract	Sub-ordinated debt received	1,000	NA	NIL

Notes:

1. **Material Contracts:** covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain — **Director**

Roshan Gandhi — **Director**

Place: Mumbai
Date: 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U74120MH2015PTC269256
2.	**Registration Date**	October 14, 2015
3.	**Name of the Company**	Astra Solren Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel: 022-24905836
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax: 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Electric power generation using solar energy	35105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100 *	2(46)
4.	Mahindra Renewables Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	84,89,599	1	84,89,600	100	84,89,599	1	84,89,600	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**84,89,599**	**1**	**84,89,600**	**100**	**84,89,599**	**1**	**84,89,600**	**100**	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	**84,89,599**	**1**	**84,89,600**	**100**	**84,89,599**	**1**	**84,89,600**	**100**	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**84,89,599**	**1**	**84,89,600**	**100**	**84,89,599**	**1**	**84,89,600**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	84,89,599	100	–	**84,89,599**	**100**	**30%**	–
2.	Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	1	–	–	**1**	–	–	–
	Total	**84,89,600**	**100**	–	**84,89,600**	**100**	**30%**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: Nil

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	84,89,599	100%	–	84,89,599	100%
Increase/(Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				**84,89,599**	**100%**

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi *	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	1	–	–	1	–
Increase/(Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				**1**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL**

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the Company**	**No of shares**	**% of total shares of the Company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. **Shareholding of Directors and Key Managerial Personnel: NIL**

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	22,525.74	1,800.00	–	24,325.74
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	25.41	7.15	–	32.56
Total of (1+2+3)	**22,551.15**	**1,807.15**	–	**24,358.30**
Change in Indebtedness during the financial year				
+ Addition	14,309.17	1,255.20	–	15,564.37
- Reduction	–	–	–	–
Due to MTM as per IND AS	105.21	–	–	105.21
Net change	**14,414.38**	**1,255.20**	–	**15,669.58**
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	36,859.26	2,800.00	–	39,659.26
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	106.27	262.35	–	368.62
Total of (1+2+3)	36,965.53	3,062.35	0.00	**40,027.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sl. No	Particulars of Remuneration	Name of the Managing Director/ Whole-Time Directors /Manager			Total Amount
		Managing Director	Whole-Time Directors	Manager	
1	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors

(Rupees in Lakhs)

Particulars of Remuneration	Name of Directors		Total amount
	Bharat Upadhyay	Rajiv Sarin	
Fee for attending Board/Committee meetings*	0.90	0.30	1.20
Commission **	–	–	–
Others	–	–	–
Total	**0.90**	**0.30**	**1.20**

* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013

** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013

II. Other Non-Executive Directors:

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total	–	–
Overall Cieling as per the Act	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

				(Rupees in Lakhs)
Sr. No.	**Particulars of Remuneration**	**Chief Executive Officer**	**Chief Financial Offider**	**Company Secretary**
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- As % of Profit	–	–	–
	- Others, specify	–	–	–
5.	Others - Professional Fees	–	–	1.30
	Total (C)	–	–	**1.30**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) – NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ASTRA SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Astra Solren Private Limited("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Astra Solren Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property as on March 31, 2018. Hence the provisions of para 3(i)(c) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ASTRA SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Astra Solren Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Rupees

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**3,80,45,12,938**	–
(b) Capital Work-in-Progress		**–**	3,76,99,91,256
(c) Deferred Tax Assets (Net)	5	**1,91,18,565**	1,20,40,488
(d) Other Non-current Assets	9	**60,11,33,944**	56,69,81,446
SUB-TOTAL		**4,42,47,65,447**	4,34,90,13,190
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	**17,17,74,683**	–
(ii) Cash and Cash Equivalents	7	**3,15,33,435**	2,57,65,912
(iii) Other Bank Balance	7(a)	**3,63,00,000**	–
(iv) Other Financial Assets	8	**56,34,15,168**	4,384
(b) Current Tax Assets (Net)		**41,47,737**	69,325
(c) Other Current Assets	9	**2,02,10,678**	1,98,64,764
SUB-TOTAL		**82,73,81,701**	4,57,04,385
TOTAL ASSETS		**5,25,21,47,148**	4,39,47,17,575
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	SOCE	**8,48,94,300**	8,48,94,300
(b) Other Equity	SOCE	**53,87,76,115**	53,32,59,116
SUB-TOTAL		**62,36,70,415**	61,81,53,416
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	**3,41,21,63,245**	2,43,25,74,712
(i) Other Financial Liabilities	13	**1,93,44,576**	7,14,575
(b) Other Non-current Liabilities	14	**44,97,02,361**	–
SUB-TOTAL		**3,88,12,10,182**	2,43,32,89,287
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	12	**2,28,72,391**	2,45,10,700
(ii) Other Financial Liabilities	13	**69,69,17,202**	1,30,32,33,444
(b) Other Current Liabilities	14	**2,74,76,958**	1,55,30,728
SUB-TOTAL		**74,72,66,551**	1,34,32,74,872
TOTAL EQUITY AND LIABILITIES		**5,25,21,47,148**	4,39,47,17,575

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
	Continuing Operations			
I	Revenue from operations	15	48,48,06,908	–
II	Other Income	16	2,50,42,885	75,94,791
III	**Total Revenue (I + II)**		50,98,49,793	75,94,791
IV	**Expenses**			
	(a) Finance costs	17	28,25,49,676	2,14,332
	(b) Depreciation expense	4	17,97,23,345	–
	(b) Other expenses	18	4,90,91,648	5,35,46,540
	Total Expenses		51,13,64,669	5,37,60,872
V	**Profit/(Loss) before exceptional items (III -IV)**		(15,14,876)	(4,61,66,081)
	Less: Exceptional Items		–	–
VI	**Profit/(Loss) after exceptional items**		(15,14,876)	(4,61,66,081)
VII	**Share of profit/(loss) of joint ventures and associates**		–	–
VIII	**Profit/(Loss) before tax (VI+VII)**		(15,14,876)	(4,61,66,081)
IX	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax	5	(70,78,076)	(1,19,96,157)
	Total tax expense		(70,78,076)	1,19,96,157
X	**Profit/(Loss) after tax (VIII - IX)**		55,63,200	(3,41,69,924)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		–	–
	(b) Tax Expense of discontinued operations		–	–
	Profit/(loss) after tax from discontinued operations		–	–
XII	**Profit/(Loss) for the year (X+XI)**		55,63,200	(3,41,69,924)
XIII	**Profit/(Loss) from continuing operations for the year attributable to:**			
	Owners of the Company		55,63,200	(3,41,69,924)
	Non controlling interests		–	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**		–	–
	Owners of the Company		–	–
	Non controlling interests		–	–
XV	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
XVI	**Total comprehensive income for the year**		55,63,200	(3,41,69,924)
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		55,63,200	(3,41,69,924)
	Non controlling interests		–	–
XVIII	**Earnings per equity share :**			
	(a) Basic	19	0.66	(7.54)
	(b) Diluted	19	0.66	(7.54)
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		–	–
	(b) Diluted		–	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	19	0.66	(7.54)
	(b) Diluted	19	0.66	(7.54)

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Cash flows from operating activities			
(Loss)/Profit before tax for the year	P L	**(15,14,876)**	(4,61,66,081)
Adjustments for:			
Finance costs recognised in profit or loss	17	**28,25,49,676**	2,14,332
Amortisation of deffered revenue		**(2,25,40,756)**	–
Investment income recognised in profit or loss	16	**(2,50,42,885)**	(75,94,791)
Depreciation expense		**17,97,23,345**	–
Net loss/(gain) on foreign currency transactions net off Derivative gain/loss	18	**(2,44,30,185)**	2,54,31,183
		39,02,59,195	1,80,50,724
Movements in working capital:			
(Increase)/Decrease in trade and other receivables	6	**(17,17,74,683)**	–
(Increase)/decrease in other assets	8	**(9,90,71,539)**	(45,98,74,794)
Decrease/(Increase) in trade and other payables	11	**(16,38,309)**	2,44,00,000
Decrease/(Increase) in other liabilities	13	**(1,43,78,134)**	1,55,20,728
Cash generated from operations		**(28,68,62,664)**	(41,99,54,066)
Income taxes paid		**(40,78,441)**	(69,324)
Net cash generated by operating activities		**9,78,03,214**	(44,81,38,747)
Cash flows from investing activities			
Interest & dividend received	16	**2,47,72,708**	75,94,791
Payments for property, plant and equipment	4	**(1,33,04,50,890)**	(2,67,24,26,046)
Net cash (used in)/generated by investing activities		**(1,30,56,78,182)**	(2,66,48,31,255)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	9	**–**	65,29,29,200
Payment for share issue costs		**(46,200)**	(6,06,730)
Paid for Earmarked Balance with Bank		**(3,63,00,000)**	–
Proceeds from borrowings	10	**1,51,54,71,751**	2,48,65,50,535
Interest paid	15	**(26,54,83,060)**	(2,14,332)
Net cash used in financing activities		**1,21,36,42,491**	3,13,86,58,673
Net increase in cash and cash equivalents		**57,67,523**	2,56,88,671
Cash and cash equivalents at the beginning of the year	7	**2,57,65,912**	77,241
Cash and cash equivalents at the end of the year	7	**3,15,33,435**	2,57,65,912

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

Particulars	**Rupees Amount**
As at 1st April, 2016	98,300
Changes in equity share capital during the year	8,47,96,000
As at 31st March, 2017	8,48,94,300
Changes in equity share capital during the year	–
As at 31st March, 2018	8,48,94,300

B. Other Equity

Rupees

Particulars	**Reserves and Surplus**		
	Securities Premium Reserve	**Retained Earnings**	**Total**
As at 1st April, 2016	**–**	**(97,430)**	**(97,430)**
Profit/(Loss) for the year	–	(3,41,69,924)	(3,41,69,924)
Securities Premium on Issue of share during the year	56,81,33,200	–	56,81,33,200
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	56,81,33,200	(3,41,69,924)	53,39,63,276
Equity Share Issuance Costs	(6,06,730)	–	(6,06,730)
As at 31st March, 2017	**56,75,26,470**	**(3,42,67,354)**	**53,32,59,116**
Profit/(Loss) for the year	–	55,63,200	55,63,200
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	55,63,200	55,63,200
Equity Share Issuance Costs	(46,200)	–	(46,200)
As at 31st March, 2018	**56,74,80,270**	**(2,87,04,155)**	**53,87,76,115**

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Nature of Operations

Astra Solren Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India on 14th October 2015 and is a subsidiary of Mahindra Renewable Private Limited.

The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

` The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Operating lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.The Company operates only in one segment viz. sale of solar energy.

k) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

l) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

m) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

n) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

o) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and allattached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on asystematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Whenthe grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the relatedasset and are presented in the balance sheet by setting up the grant as deferred income. Such grant is not reduced from the value of assets.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amountsand released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlyingasset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or relatedinstitutions, with an interest rate below the current applicable market rate, the effect of this favourable interest isregarded as a government grant. The loan or assistance is initially recognised and measured at fair value and thegovernment grant is measured as the difference between the initial carrying value of the loan and the proceedsreceived. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

r) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A)above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, and, under the terms of the lease agreement where the Company's generation assets are located, has the contractual right to distribute power to any person other than the Government beyond the 25 year PPA period. Further, in view of management this PPA does not satisfy the criteria in Appendix C of Ind AS 17 – Determining whether an Arrangement Contains a Lease.

Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Plant and Equipment	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	–	–
Additions	3,98,42,36,283	3,98,42,36,283
Balance as at 31 March, 2018	**3,98,42,36,283**	**3,98,42,36,283**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Description of Assets	Plant and Equipment	Total
II. Accumulated depreciation and impairment		
Balance as at 1 April 2017	–	–
Depreciation expense for the year	17,97,23,345	17,97,23,345
Balance as at 31 March, 2018................	**17,97,23,345**	**17,97,23,345**
III. Net carrying amount (I-II)	**3,80,45,12,938**	**3,80,45,12,938**

Note:

(1) Plant and Equipment has been charged against the borrowings. (Refer Note No. 11 Non Current Borrowings).

(2) Method of Depreciation:-

Depreciation on Plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st, March 2017
Current Tax:		
In respect of current year.................	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	(70,78,076)	1,19,96,156
Total income tax expense	**(70,78,076)**	**1,19,96,156**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Profit before tax from continuing operations...	**(15,14,876)**	(4,61,66,081)
Income tax expense calculated at 30.90% (2016: 30.90%)#	**(4,68,097)**	(1,42,65,319)
Effect of income that is exempt from taxation...	**(75,48,927)**	(21,31,220)
Effect of expenses that is non-deductible in determining taxable profit	**1,19,389**	43,56,054
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**–**	44,329
Effect of reversel of Deffered tax Assets of Previous year losses	**8,19,559**	–
Income tax expense recognised In profit or loss from continuing operations for current year..	**(70,78,076)**	(1,19,96,156)

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Adjustments recognised in the current year in relation to the current tax of prior years...	**–**	–
Income tax expense recognised In profit or loss	**(70,78,076)**	(1,19,96,156)

Notes:

(1)# The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax created for business losses is as below:

Financial year	Taxable loss	Unabsorbed Depreciation	Deffered tax Assets
2016-17	3,63,13,680	–	1,12,20,927
2017-18	–	15,12,60,734	4,67,39,567
Total	**3,63,13,680**	**15,12,60,734**	**5,79,60,494**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances **Rupees**

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31 March 2018		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment...	**–**	**3,91,39,307**	**3,91,39,307**
	–	**3,91,39,307**	**3,91,39,307**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Loss...............	**1,20,40,488**	**4,62,17,383**	**5,82,57,871**
	1,20,40,488	**4,62,17,383**	**5,82,57,871**
Net Deferred Tax Asset (Liabilities)	**1,20,40,488**	**70,78,076**	**1,91,18,564**

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31 March 2017		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment............	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carry forward Tax Loss	44,329	1,19,96,159	1,20,40,488
	44,329	1,19,96,159	1,20,40,488
Net Tax Asset /(Liabilities)	**44,329**	**1,19,96,159**	**1,20,40,488**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 6 - Trade Receivables

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Trade receivables				
Unsecured, considered good	**17,17,74,683**	–	–	–
TOTAL	17,17,74,683	–	–	–
Of the above, trade receivables from:				
– Related Party	–	–	–	–
– Others- Solar Energy Corporation of India Limited	**17,17,74,683**	–	–	–
Total	**17,17,74,683**	–	–	–

Note:

All the sundry debtors have been charged against the borrowings. (Refer Note no. 11- Non Current Borrowings)

Ageing of Sundry debtors

Rupees

Name of Customer	Dues less than 30 days	Dues between 31 days to 90 days	Dues between 91 days to 180 days	Dues more then 180 days
Solar Energy Corporation of India Ltd	7,46,95,268	9,70,79,415	–	–

Note No. 7- Cash and Cash Equivalent

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Balances with banks	**20,33,435**	57,65,912
(b) Fixed Deposits with maturity less than 3 months	**2,95,00,000**	2,00,00,000
Total Cash and cash equivalent	**3,15,33,435**	2,57,65,912

Note:

(1) All other cash and cash equivalents have been charged against borrowings (Refer Note no.11- Non Current Borrowings)

Note No. 7(a) - Other Bank Balance

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Earmarked balances with banks- For Debt Service Reserve Account	**3,63,00,000**	–
Total Other Bank balances	**3,63,00,000**	–

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**3,15,33,435**	2,57,65,912
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**3,15,33,435**	2,57,65,912

Notes:

(1) Earmarked balances with banks includes Fixed Deposits for Debt Service Reserve Account.

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All other bank balance have been charged against borrowings (Refer Note no. 11- Non Current Borrowings)

Note No. 8 - Other Financial Assets

Rupees

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Financial assets at amortised cost				
(a) Accrued Interest on Fixed Deposit	**2,74,561**	–	4,384	–
(b) Unbilled Receivable	**6,45,73,127**	–	–	–
(c) Vibality gap funding receivable	**49,85,67,480**	–	–	–
Total Other Financial Assets	**56,34,15,168**	–	4,384	–

Notes:

(1) As per the power purchase agreement signed with Customer company is eligible to get Rs. 49. 85 crores as Viability gap funding on comissioning of the project. The Viability Gap Funding (VGF) Securitisation agreement is under execution.

(2) All the other financial assets have been charged against the borrowings (Refer Note no. 11- Non Current Borrowings).

Note No. 9 - Other Assets

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
(a) Capital advances				
(i) For capital work in progress	–	–	–	12,69,75,800
(b) Other Advances				
(i) Lease Rent Deffered	**1,97,64,064**	**60,11,33,944**	1,97,64,064	44,00,05,646
(ii) Other advances- to Vendor	–	–	2,700	–
(c) Other Assets				
(i) Balances with government authorities (other than income taxes)	**90,000**	–	90,000	–
(ii) Prepaid Expenses	**3,56,614**	–	8,000	–
Total Other Assets	**2,02,10,678**	**60,11,33,944**	1,98,64,764	56,69,81,446

Note:

(1) All the other assets have been charged against the borrowings (Refer Note no. 11- Non Current Borrowings)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 10- Equity Share Capital

Particulars	As at 31 March, 2018 No. of shares	As at 31 March, 2018 Value of shares	As at 31 March 2017 No. of shares	As at 31 March 2017 Value of shares
Authorised:				
Equity shares of Rs.10 each with voting rights	**1,41,00,000**	**14,10,00,000**	1,41,00,000	14,10,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**84,89,600**	**8,48,96,000**	84,89,600	8,48,96,000
Total Equity Share Capital	**84,89,600**	**8,48,96,000**	84,89,600	8,48,96,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 11 - Non current borrowing)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2018						
No. of Shares	**84,89,600**	**–**	**–**	**–**	**–**	**84,89,600**
Amount in Rupees	**8,48,96,000**	**–**	**–**	**–**	**–**	**8,48,96,000**
Year Ended 31 March 2017						
No. of Shares	10,000	84,79,600	–	–	–	84,89,600
Amount in Rupees	1,00,000	8,47,96,000	–	–	–	8,48,96,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Renewables Private Limited- Holding Company	**84,89,600**	**–**	**–**
As at 31 March 2017			
Mahindra Renewables Private Limited- Holding Company	84,89,600	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March 2018 Number of shares held	As at 31 March 2018 % holding in that class of shares	As at 31 March 2017 Number of shares held	As at 31 March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**84,89,600**	**100.00%**	84,89,600	100.00%

* Note:

It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Mr. Roshan Gandhai 1 Equity Share).

Note No. 11 - Non-Current Borrowings

Rupees

Particulars		Rate of Interest %	Repayment terms	As at 31 March 2018	As at 31 March 2017
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Term Loans					
From Bank	IDFC Bank	9%	To be repaid by 31/3/2035	1,20,40,27,908	83,59,51,952
(b) Buyers Credits				–	–
From Banks					
	SBI, Antwerp	7.67%	To be repaid on 20/09/2019	3,04,64,352	3,02,74,069
	SBI, Antwerp	7.66%	To be repaid on 27/09/2019	16,79,08,270	16,69,00,449
	Canara Bank	7.43%	To be repaid on 8/10/2019	2,47,26,348	2,45,34,717

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars		Rate of Interest %	Repayment terms	As at 31 March 2018	As at 31 March 2017
	Canara Bank	7.43%	To be repaid on 10/10/2019	10,44,07,710	10,38,46,223
	Canara Bank	7.32%	To be repaid on 17/10/2019	25,22,41,369	25,07,88,648
	Canara Bank	7.36%	To be repaid on 24/10/2019	39,61,82,214	39,39,28,850
	Canara Bank	7.36%	To be repaid on 31/10/2019	7,01,63,522	6,97,66,951
	Canara Bank	7.32%	To be repaid on 12/09/2019	34,65,45,819	34,45,46,535
	Canara Bank	7.35%	To be repaid on 12/12/2019	3,23,54,227	3,20,36,318
	SBI, Antwerp	7.55%	To be repaid on 01/10/2019	33,55,93,092	–
	SBI, Antwerp	7.60%	To be repaid on 10/10/2019	10,49,18,249	–
	SBI, Sydney	7.45%	To be repaid on 18/10/2019	13,36,41,852	–
	PNB, Dubai	7.08%	To be repaid on 26/02/2020	2,89,88,314	–
				3,23,21,63,245	2,25,25,74,712
B. Unsecured Borrowings:					
Subordinated debt from related party		11.50%	Refer Note. 3 below	18,00,00,000	18,00,00,000
				18,00,00,000	18,00,00,000
Total Non Current Borrowings				**3,41,21,63,245**	**2,43,25,74,712**

Notes:

(1) The Company has borrowed funds for project financing from banks and financial institutions. The bank has issued LUT and based on that the Company has availed Buyers' Credit of USD 219,93,739 for three years at 6M LIBOR + margin p.a. Buyers' Credit is repayable by feburary 2020. The amount which is payable in year under normal operating cycle of the company is treated as current.

The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate.

As per the loan sanction terms from the Bank, at the end of three years the Company can repay the buyers credit by drawing from the sanctioned term loan.

The company has also taken a term loan of INR 126,50,00,000 from bank for a year of 18 years at yes bank base rate + spread, the amount is repayable in 67 structured quarterly instalments starting from September 2018. The amount which is payable in year under normal operating cycle of the company is treated as current.

The loan amount is secured by:

a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables including viability gap funding, renwable energy certificates and carbon credit certifcates.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(iv) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital and 51% of the total issued compulsory convertiable debentures, optinally convertible debentures from promoter/ any other instrument through which promoter contribution brought in.

(2) The Company has also taken a term loan of INR 40,00,00,000 from the Bank which is due on 30th september 2018 for repayment.

(3) The Company has taken a subordinated debt from Maindra Renewable Private Limited of INR 18,00,00,000 in March 2017 at 11.50% fixed Interest per annum. This loan is subordinated to other loans taken from the bank.

(4) The Company has taken short term debt from Maindra Susten Private Limited of INR 10,00,00,000 in August 2017 at 11.50% fixed Interest Per annum. This loan is to be rapaid after getting the viability gap funding from customer.

(5) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedule interest fees and principal due within next quarter.

(6) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
Secured						
Term loans from banks:						
IDFC Bank.....................................	INR	9.32%	9.00%	To be repaid by 31/3/2035	1,20,40,27,908	83,59,51,952
Buyers Credit from banks:						
SBI, Antwerp	USD	7.92%	7.67%	To be repaid on 20/09/2019	3,04,64,352	3,02,74,069

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
SBI, Antwerp	USD	7.89%	7.66%	To be repaid on 27/09/2019	16,79,08,270	16,69,00,449
Canara Bank	USD	7.84%	7.43%	To be repaid on 8/10/2019	2,47,26,348	2,45,34,717
Canara Bank	USD	7.63%	7.43%	To be repaid on 10/10/2019	10,44,07,710	10,38,46,223
Canara Bank	USD	7.56%	7.32%	To be repaid on 17/10/2019	25,22,41,369	25,07,88,648
Canara Bank	USD	7.60%	7.36%	To be repaid on 24/10/2019	39,61,82,214	39,39,28,850
Canara Bank	USD	7.60%	7.36%	To be repaid on 31/10/2019	7,01,63,522	6,97,66,951
Canara Bank	USD	7.58%	7.32%	To be repaid on 12/09/2019	34,65,45,819	34,45,46,535
Canara Bank	USD	8.00%	7.35%	To be repaid on 12/12/2019	3,23,54,227	3,20,36,318
SBI, Antwerp	USD	7.84%	7.55%	To be repaid on 01/10/2019	33,55,93,092	–
SBI, Antwerp	USD	7.85%	7.60%	To be repaid on 10/10/2019	10,49,18,249	–
SBI, Sydney	USD	7.88%	7.45%	To be repaid on 18/10/2019	13,36,41,852	–
PNB, Dubai	USD	8.20%	7.08%	To be repaid on 26/02/2020	2,89,88,314	–
Unsecured						
Loans and advances from related parties:						
Mahindra Renewable private Limited	INR	11.50%	11.50%		18,00,00,000	18,00,00,000
Total Non Current Borrowings					**3,41,21,63,245**	**2,43,25,74,712**

Note No. 12- Trade Payables

Rupees

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non-Current	Current	Non-Current
Trade payable - Other than micro and small enterprises	**1,98,18,477**	**–**	2,45,10,700	–
Total Trade Payables	**1,98,18,477**	**–**	2,45,10,700	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non Current	Current	Non Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Current maturities of long-term debt	**5,37,63,765**	–	–	–
(Refer Note no 11- Non Current Borrowings)				
(b) Short term loan from Bank- IDFC Bank	**40,00,00,000**	–	–	–
(c) Short term loan from related party	**10,00,00,000**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non Current	Current	Non Current
(d) Interest accrued........	**1,75,18,431**	**1,93,44,576**	25,41,462	7,14,575
(e) Creditors for capital supplies/ services	**8,53,60,869**	–	1,25,75,54,920	–
Other Financial Liabilities Measured at Fair value				
(a) Derivatives designated and ineffective as hedging instruments	**4,02,74,136**	–	4,31,37,062	–
Total Other Financial Liabilities	**69,69,17,202**	**1,93,44,576**	1,30,32,33,444	7,14,575

Note No. 14 - Other Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
	Current	Non Current	Current	Non Current
(a) Statutory dues				
taxes payable (other than income taxes)..............	**11,52,595**	–	**1,55,30,728**	–
(b) Deferred income				
Vibality Gap Funding........	**2,63,24,363**	44,97,02,361	–	–
Total other Liabilities.....	**2,74,76,958**	44,97,02,361	**1,55,30,728**	–

Notes:

(1) As per the power purchase agreement signed with Customer company is eligible to get Rs. 49. 85 corres as Viability gap fdunig on comissioning of the project. The Viability Gap Funding (VGF) Securitisation agreement is under execution.

(2) Deffered income of VGF is to be amortised over the life of the asset.

Note No. 15 - Revenue from Operations

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
Revenue from sale of solar power	**48,48,06,908**	–
Total Revenue from Operations..........	**48,48,06,908**	–

Note No. 16- Other Income

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
(a) Interest Income..................................	**24,99,014**	6,97,637
(b) Dividend Income...............................	**–**	68,97,154
(c) Interest on Income Tax refund	**3,115**	–
(d) Amortisation of deferred income (VGF)	**2,25,40,756**	–
Total Other Income	**2,50,42,885**	75,94,791

Note No. 17- Finance Cost

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
(a) Interest expense	**31,24,21,767**	2,14,332
Less: Amounts included in the cost of qualifying assets	**(3,75,53,024)**	–
(b) Bank Charges.......................	**76,80,933**	–
Total Finance cost.....................	**28,25,49,676**	2,14,332

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
Interest Expenses		
On short term loan from Related party (Refer note 13)	76,56,164	–
On sub-ordinated debt from realted party (Refer note 11)	1,76,56,439	2,14,332
Interest on Bank Borrowing	24,91,69,769	–
Interest on delay payment of Taxes	3,86,371	–

Note No. 18 - Other Expenses

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
(a) Rent including lease rentals	**1,97,64,064**	–
(b) Insurance..................................	**36,22,371**	–
(c) Repairs and Maintenance - plant & equipments	**4,48,81,421**	–
(d) Net (gain)/Loss on foreign currency transactions net off Derivative gain/loss	**(2,44,30,185)**	2,54,31,183
(e) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors-statutory audit fees	**1,59,300**	1,25,000
(ii) For Tax audit fees	**59,000**	–
(iii) For Other services	**–**	20,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March, 2017
(f) Other expenses		
(i) Legal and professional fees ..	**29,28,212**	2,64,66,553
(ii) Printing & Stationary	**6,797**	10,691
(iii) Miscellaneous expenses.......	**21,00,668**	14,93,113
Total Other Expenses..................	**4,90,91,648**	5,35,46,540

Note No. 19 - Earnings per Share

Rupees

Particulars	For the current year ended 31 March, 2018 Per Share	For the previous year ended 31 March 2017 Per Share
Basic Earnings per share		
From continuing operations	**0.66**	(7.54)
From discontinuing operations	**–**	–
Total basic earnings per share..	**0.66**	(7.54)
Diluted Earnings per share		
From continuing operations	**0.66**	(7.54)
From discontinuing operations	**-**	-
Total diluted earnings per share	**0.66**	(7.54)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the current year ended 31 March, 2018	For the previous year ended 31 March 2017
Profit/(Loss) for the year attributable to owners of the Company	55,63,200	(3,41,69,924)
Less: Preference dividend and tax thereon..	–	–
Profit/(Loss) for the year used in the calculation of basic earnings per share	55,63,200	(3,41,69,924)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations (i)	55,63,200	(3,41,69,924)
Weighted average number of equity shares (ii)	84,89,600	45,30,439
Earnings per share from continuing operations - Basic and diluted (i/ii)	0.66	(7.54)

Note No. 20- Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31-Mar-18	31-Mar-17
Debt (A) in Rupees......................	**3,96,59,27,010**	2,43,25,74,712
Equity (B) in Rupees	**62,36,70,415**	61,81,53,416
Debt Ratio (A/B)...........................	**6.36**	3.94

Categories of financial assets and financial liabilities

As at 31 March 2018

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	**17,17,74,683**	**–**	**–**	**17,17,74,683**
Other Bank Balances..	**3,63,00,000**	**–**	**–**	**3,63,00,000**
Loans..	**–**	**–**	**–**	**–**
Other Financial Assets				
– Non Derivative Financial Assets..	**56,34,15,168**	**–**	**–**	**56,34,15,168**
– Derivative Financial Assets..	**–**	**–**	**–**	**–**
Non-current Liabilities				
Borrowings..	**3,41,21,63,245**	**–**	**–**	**3,41,21,63,245**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings	**55,37,63,765**	**–**	**–**	**55,37,63,765**
Trade Payables	**10,82,33,260**		**–**	**10,82,33,260**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**3,68,63,007**	**–**	**–**	**3,68,63,007**
– Derivative Financial Liabilities	**–**	**4,02,74,136**	**–**	**4,02,74,136**

As at 31 March 2017

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	4,384	–	–	4,384
Non-current Liabilities				
Borrowings	2,43,25,74,712	–	–	2,43,25,74,712
Current Liabilities				
Trade Payables	1,28,20,65,620		–	1,28,20,65,620
Other Financial Liabilities				
– Non Derivative Financial Liabilities	32,56,037	–	–	32,56,037
– Derivative Financial Liabilities	–	4,31,37,062	–	4,31,37,062

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting year. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-18				
Non-interest bearing	**12,57,51,692**	**–**	**–**	**1,93,44,576**
Variable interest rate instruments	**45,37,63,765**	**11,70,12,500**	**11,44,82,500**	**97,25,32,908**
Fixed interest rate instruments	**10,00,00,000**	**2,02,81,35,338**	**–**	**18,00,00,000**
	67,95,15,457	**2,14,51,47,838**	**11,44,82,500**	**1,17,18,77,484**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
31-Mar-17				
Non-interest bearing	1,28,46,07,082	–	–	7,14,575.00
Variable interest rate instruments	–	9,98,15,158	9,98,15,158	63,63,21,635
Fixed interest rate instruments	–	1,41,66,22,760	–	18,00,00,000
	1,28,46,07,082	**1,51,64,37,918**	**9,98,15,158**	**81,70,36,210**

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting year, the Company onsiders that it is more likely than not that such an amount will not be payable under the arrangement.

The following table details the Company's / Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting year.

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-18				
– currency and interest rate swaps	–	4,02,74,136	–	–
Total	**–**	**4,02,74,136**	**–**	**–**
31-Mar-17				
– currency and interest rate swaps	–	4,31,37,062	–	–
Total	–	**4,31,37,062**	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting year:

Rupees

Particulars	31-Mar-18 INR	31-Mar-17 INR
Term Loan Facility		
– Expiring beyond one year	**–**	1,47,74,25,288
	–	1,47,74,25,288

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
31-Mar-18				
Non-interest bearing	77,14,89,851	–	–	–
	77,14,89,851	–	–	–
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	4,384			
Total	**4,384**	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting year.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month year for hedges of forecasted sales and purchases and for 36 months year for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the year of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Secured Bank Loans....................	USD	3,13,17,764.96	2,19,93,738.86

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2018, after taking into account the effect of interest rate swaps, approximately 58% of the Company's borrowings are at a fixed rate of interest (31 March 2017-66%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-18	INR	+100	(1,65,77,917)
	INR	-100	1,65,77,917
31-Mar-17	INR	+100	(83,59,520)
	INR	-100	83,59,520

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 21 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-Mar-18	Fair value as at 31-Mar-17	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency and interest swap contracts......................................	1,96,24,26,780	1,42,13,70,665	Level 2			
Total financial liabilities......................	1,96,24,26,780	1,42,13,70,665				

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

	31-Mar-18		31-Mar-17		31-Mar-16	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	17,17,74,683	17,17,74,683	–	–	–	–
– others	59,97,15,168	59,97,15,168	4,384	4,384	–	–
Total	**77,14,89,851**	**77,14,89,851**	**4,384**	**4,384**	**–**	**–**
Financial liabilities						
Financial liabilities held at amortised cost						
– bank loans	1,65,77,91,673	1,65,77,91,673	83,59,51,952	83,59,51,952	–	–
– loans from related parties	28,00,00,000	28,00,00,000	18,00,00,000	18,00,00,000	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value	31-Mar-16 Carrying amount	31-Mar-16 Fair value
– trade and other payables	10,82,33,260	10,82,33,260	1,28,20,65,620	1,28,20,65,620	–	–
– Others	3,68,63,007	3,68,63,007	32,56,037	32,56,037	–	–
Total	**2,08,28,87,940**	**2,08,28,87,940**	**2,30,12,73,609**	**2,30,12,73,609**	**–**	**–**

Fair value hierarchy as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
<u>*Financial assets carried at Amortised Cost*</u>				
– trade and other receivables	–	–	17,17,74,683	**17,17,74,683**
– Others	–	–	59,97,15,168	**59,97,15,168**
Total	**–**	**–**	**77,14,89,851**	**77,14,89,851**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	1,65,77,91,673	–	–	**1,65,77,91,673**
– loans from related parties	–	–	28,00,00,000	**28,00,00,000**
– trade and other payables	–	–	10,82,33,260	**10,82,33,260**
– Others	–	–	3,68,63,007	**3,68,63,007**
Total	**1,65,77,91,673**	**–**	**42,50,96,268**	**2,08,28,87,940**

Fair value hierarchy as at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
<u>*Financial assets carried at Amortised Cost*</u>				
– Others	**–**	**–**	**4,384**	**4,384**
	–	**–**	**4,384**	**4,384**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	83,59,51,952	–	–	**83,59,51,952**
– loans from related parties	–	–	18,00,00,000	**18,00,00,000**
– trade and other payables	–	–	1,28,20,65,620	**1,28,20,65,620**
– Others	–	–	32,56,037	**32,56,037**
Total	**83,59,51,952**	**–**	**1,46,53,21,657**	**2,30,12,73,609**

Note No. 22 - Leases

Rupees

Particulars	For the current year ended 31 March 2018	For the previous year ended 31 March 2017
Operating Lease		
The Company has entered into two operating lease arrangements for Land. The leases are non-cancellable and are valid for a period of 19th July 2016 to 18th July 2046 for 30 years and for a period of 8th August 2016 to 7th August 2046 for 30 years respectivley and both the leases may be renewed for a further year of 30 years based on mutual agreement of the parties.		
Expenses recognised in the Statement of Profit and Loss for above leases	**1,97,64,064**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 23 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

				Rupees
Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Inermediate Hoding Company**
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	31-Mar-18	–	–	14,82,56,201
	31-Mar-17	–	–	3,67,40,17,287
Receiving of services	31-Mar-18	2,35,062	–	2,82,63,286
	31-Mar-17	1,43,749	–	2,60,00,000
Interest paid on ICD	31-Mar-18	–	–	–
	31-Mar-17	–	18,204	1,96,038
Interest paid on Sub oridinated Debts	31-Mar-18	–	2,07,00,000	76,56,164
	31-Mar-17	–	7,93,972	–
Subordinated debt taken	31-Mar-18	–	–	10,00,00,000
	31-Mar-17	–	18,00,00,000	–
Equity contribution to the Company	31-Mar-18	–	–	–
	31-Mar-17	–	65,29,30,000	–
Deposit Taken - U/s 160	31-Mar-18	–	3,00,000	–
	31-Mar-17	–	2,00,000	–
Deposit Repay - U/s 160	31-Mar-18	–	3,00,000	–
	31-Mar-17	–	2,00,000	–
Inter Corporate Deposit Taken	31-Mar-18	–	–	–
	31-Mar-17	–	75,00,000	5,00,00,000
Inter Corporate Deposit Repaid	31-Mar-18	–	–	–
	31-Mar-17	–	75,00,000	5,00,00,000

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Parent Company**	**Inermediate Hoding Company**
Trade payables	31-Mar-18	–	–	10,48,12,142
	31-Mar-17	2,09,625	7,14,575	1,25,53,08,589
Interest on Subordinated debt payable	31-Mar-18	–	1,93,44,576	68,90,547
	31-Mar-17	–	7,14,575	–
Loans payable	31-Mar-18	–	18,00,00,000	10,00,00,000
	31-Mar-17	–	18,07,14,575	–

DIRECTORS' REPORT

Your Directors present their Fifth Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended 31st March, 2018#**	For the year ended 31st March, 2017#
Income		
Revenue from Operations (Gross)	**1,209.95**	1,203.48
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**1,209.95**	1,203.48
Other Income	**18.38**	18.19
Total Income	**1,228.33**	1,221.67
Expenses		
Cost of Raw Material and Components Consumed	**–**	–
Increase/(Decrease) in inventories	**–**	–
Employee Benefit Expenses	**–**	–
Other Expenses	**159.01**	191.46
Depreciation and Amortization Expenses	**458.48**	458.27
Finance Costs	**568.12**	538.98
Total Expenses	**1,185.61**	1,188.71
Profit/(Loss) before Tax	**42.72**	32.96
Provision for Tax	**50.56**	10.19
Profit/(Loss) for the year from continuing operations	**(7.84)**	22.78
Balance of Profit from earlier years	**(23.36)**	(46.13)
Balance carried Forward	**(31.20)**	(23.36)
Amount carried forward to reserves	**(31.20)**	(23.36)
Net worth	**1,990.19**	1,998.03

 # The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report, which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

During the year under review, the 10 Mega Watts ("MW") Alternate Current ("AC") solar power plant at Anantapur District in the state of Andhra Pradesh generated 1,95,19,500 units of solar power and earned revenues ofRs. 1,209.95 lakhs from the sale of solar power.

The Company's total income for the year was Rs. 1,228.33 lakhs as compared to Rs. 1,221.67 lakhs in the previous year. The loss after tax for the year was Rs. 7.84 lakhs as compared to profit after tax of Rs. 22.78 lakhs in the previous year.

HOLDING COMPANY

Your Company continues to remain a subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to amend the appointment of Lender's nominee Director Clause in case of default, as per standard requisition from the lending Bank.

SHARE CAPITAL

Authorized Share Capital

During the year under review, there has been no change in Authorized Share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2018 stood at Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 9,52,40,000/- (Rupees Nine Crores Fifty Two Lakhs Forty Thousand only) divided into 95,24,000 (Ninety Five Lakhs Twenty Four Thousand) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

During the year under review, your Board of Directors met four times i.e. on April 24, 2017, July 25, 2017, October 31, 2017 and January 24, 2018.

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of Board meetings attended
1	Mr. Basant Jain	00220395	Non - Executive Director	Non - Independent Director	1
2	Mr. Sriram Ramachandran	07319032	Non - Executive Director	Non - Independent Director	3
3	Mr. Biswajit Dutta	07124934	Non - Executive Director	Non - Independent Director	4
4	Mr. Vikas Mathur	05268449	Non - Executive Director	Non - Independent Director	1
5	Mr. Rajesh Sehgal	06805663	Non - Executive Director	Non - Independent Director	3 (ceased as Director w.e.f. December 01, 2017)
6	Mr. Bharat Upadhyay	02189485	Non - Executive Director	Independent Director	2 (ceased as Director w.e.f. August 21, 2017)
7	Mr. Mukkul Agarrwal	02582577	Non - Executive Director	Independent Director	2 (ceased as Director w.e.f. August 21, 2017)

During the year under review, the following appointments/ changes in Directors took place in the Company:

- Mr. Bharat Upadhyay (DIN: 02189485) ceased to be Independent Director of the Company with effect from August 21, 2017, on expiry of his first term of one year;
- Mr. Mukkul Agarrwal (DIN: 02582577) ceased to be Independent Director of the Company with effect from August 21, 2017, on expiry of his first term of one year;
- Mr. Rajesh Sehgal (DIN: 06805663) resigned as Director of the Company with effect from December 01, 2017 due to pre-occupation; and
- Mr. Vikas Mathur (DIN: 05268449) was appointed as an Additional Director of the Company with effect from January 24, 2018.

The Company has received the notice in writing as per Section 160 of the Companies Act, 2013, from a member signifying its intention to propose Mr. Vikas Mathur as candidate for office of Director at the fifth Annual General Meeting ("AGM") of the Company. Your Directors recommends for your consideration at the fifth AGM, the appointment of Mr. Vikas Mathur as Director.

Mr. Basant Jain (DIN - 00220395) would retire by rotation at the fifth AGM and being eligible offers himself for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD AND NUMBER OF MEETINGS

The following are the details of Committees of the Board:-

i) Nomination and Remuneration Committee ("NRC"):

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

The composition of NRC was as under:-

Sr. No.	Name of the Directors	Designation
1.	Mr. Bharat Upadhyay	Chairperson and Member
2.	Mr. Mukkul Agarrwal	Member
3.	Mr. Rajesh Sehgal	Member

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted joint venture companies from appointing Independent Directors and from constituting NRC and Audit Committee.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being a joint venture company, your Company availed the said exemption and dissolved the NRC with effect from October 31, 2017. The role of NRC has been subsumed by the Board of Directors.

ii) **Audit Committee ("AC"):**

During the year under review, the Audit Committee ("AC") members of the Board of Directors met once on April 24, 2017.

The composition and the attendance at the meeting of AC were as under:-

Sr. No.	Name of the Directors	Designation	No. of Committee meetings attended
1.	Mr. Mukkul Agarrwal	Chairperson & Member	1
2.	Mr. Bharat Upadhyay	Member	1
3.	Mr. Basant Jain	Member	0

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted joint venture companies from appointing Independent Directors and from constituting Nomination and Remuneration Committee and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being joint venture Company, your Company availed the said exemption and dissolved the AC with effect from October 31, 2017. The role of AC has been subsumed by the Board of Directors.

MEETING OF INDEPENDENT DIRECTORS

Both the Independent Directors of the Company i.e. Mr. Mukkul Agarrwal and Mr. Bharat Upadhyay ceased to be the Independent Directors with effect from August 21, 2017. By virtue of exemption provided by MCA to joint venture companies from appointing Independent Directors, your Company availed the said exemption and is not required to appoint Independent Directors. Since there were no Independent Directors who remained on Board, the separate meeting of Independent Directors could not be held.

GENERAL MEETING

The fourth Annual General Meeting of your Company was held on July 25, 2017.

During the year under review, one Extra-ordinary General Meeting of your Company was held on May 03, 2017.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no Appointments/ Changes in Key Managerial Personnel ("KMP") took place during the year.

The KMP of the Company as on March 31, 2018 were as follows:-

Sr. No.	Name of KMP	Designation
1.	Ms. Payal Gajiwala	Company Secretary

POLICY ON CRITERIA FOR APPOINTMENT/ REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination and Remuneration Committee ("NRC"), the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said policies. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments & estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the Profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism provides for direct access to the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM") held on August 19, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the Statutory Auditors of your Company for a period of five years. They hold office from the conclusion of the first AGM until the conclusion of sixth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of the Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of Sixth AGM to be held in the year 2019 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor's have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as ***Annexure I*** and the same forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year under review. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and disclosure Requirement) Regulations, 2015 and Schedule V thereto applicable to the Ultimate Holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2, annexed herewith as ***Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is attached herewith as ***Annexure III*** and the same forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013, relating to a) Corporate Social Responsibility, b) appointment of Cost Auditor, Internal Auditor and Secretarial Auditor, c) Appointment of Chief Executive Officer and Chief Financial Officer and d) evaluation of performance of Directors were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain	**Biswajit Dutta**
Director	**Director**

Place : Mumbai
Date : April 25, 2018.

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Outgo:	**For the Financial Year ended March 31, 2018**	**For the Financial Year ended March 31, 2017**
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Outgo	**327.06**	**255.09**

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain
Director

Biswajit Dutta
Director

Place : Mumbai
Date : April 25, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC – 2

[Pursuant to clause (h) of Sub-section–(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(Rupees in Lakhs)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	Entities having Joint control/ Significant Influence over Company	Operation and Maintenance Services of solar plant – 10 MW AC/ 12.499 MWp and transmission line for 5 years	Continuing Contract	Operation and Maintenance Services for FY 2017-18	130.62	NA	NIL

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain
Director

Biswajit Dutta
Director

Place : Mumbai
Date : April 25, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
As on the Financial Year ended on March 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40108MH2013PTC250683
2.	Registration Date	December 03, 2013
3.	Name of the Company	Brightsolar Renewable Energy Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Electric power generation using solar energy	35105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address :** Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	51*	2(46)
2.	Mahindra Holdings Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	51*	2(46)
3.	Mahindra Susten Private Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	51*	2(46)
4.	Mahindra Renewables Private Limited **Address :** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	51	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	48,57,240	–	48,57,240	51	48,57,240	–	48,57,240	51	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total- A (1)	**48,57,240**	–	**48,57,240**	**51**	**48,57,240**	–	**48,57,240**	**51**	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	46,66,760	–	46,66,760	49	46,66,760	–	46,66,760	49	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub Total- A - (2)	46,66,760	–	46,66,760	49	46,66,760	–	46,66,760	49	–
Total Shareholding of Promoters (1+2)	**95,24,000**	–	**95,24,000**	**100**	**95,24,000**	–	**95,24,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-total = B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2017)				No. of Shares held at the end of the year (As on 31.3.2018)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**95,24,000**	–	**95,24,000**	**100**	**95,24,000**	–	**95,24,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1.4.2017)			Shareholding at the end of the year (As on 31.03.2018)			% change in share-holding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mahindra Renewables Private Limited	48,57,240	51%	15.3%	48,57,240	51%	15.3%	–
2	Trina Solar (Singapore) Third Pte. Limited	46,66,760	49%	14.7%	46,66,760	49%	14.7%	–
	TOTAL	**95,24,000**	**100%**	**30%**	**95,24,000**	**100%**	**30%**	–

iii. Change in Promoter's Shareholding: There is no change in promoter shareholding during the year under review.

Name of Promoters Mahindra Renewables Private Limited	Shareholding at the beginning of the year (As on 1.4.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the period	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the period	48,57,240	51	–	48,57,240	51
At the end of the year (As on 31.3.2018)				**48,57,240**	**51**

Name of Promoters Trina Solar (Singapore)Third Pte. Limited	Shareholding at the beginning of the year (As on 1.4.2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the period	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the period	46,66,760	49	–	46,66,760	49
At the end of the year (As on 31.3.2018)				**46,66,760**	**49**

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): - NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Director & KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	5,991.30	91.15	–	6,082.45
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	26.47	2.06	–	28.53
Total of (1+2+3)	**6,017.77**	**93.21**	–	**6,110.98**
Change in Indebtedness during the financial year				
+ Addition	57.12	9.43	–	66.55
– Reduction	272.48	–	–	272.48
Due to MTM as per IND AS	13.00	–	–	13.00
Net change	(202.36)	9.43	–	(192.93)

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	5,774.30	91.15	–	5,865.45
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	41.11	11.49	–	52.60
Total of (1+2+3)	**5,815.41**	**102.64**	–	**5,918.05**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Managing Director	**Whole Time Director**	**Manager**	
1	Gross salary	–	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	–	–	–	–
	b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors

(Rupees in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mukkul Agarrwal	**Bharat Upadhyay**	
Fee for attending Board/Committee meetings*	0.50	0.50	1.00
Commission **	–	–	–
Others	–	–	–
Total	**0.50**	**0.50**	**1.00**
* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013			
* Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)			

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total	–	–
Overall Cieling as per the Act	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

				(Rupees in Lakhs)
Sr. No.	**Particulars of Remuneration**	**Chief Executive Officer**	**Chief Financial Officer**	**Company Secretary**
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5	Others - Proffessional fees	–	–	0.21
	Total (C)	–	–	**0.21**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) – NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain
Director

Biswajit Dutta
Director

Place : Mumbai
Date : April 25, 2018

INDEPENDENT AUDITORS' REPORT

To The Members Of Brightsolar Renewable Energy Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Brightsolar Renewable Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Brightsolar Renewable Energy Private Limited for the year ended March 31, 2018

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BRIGHTSOLAR RENEWABLE ENERGY PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Brightsolar Renewable Energy Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note No.	As at 31st March, 2018	As at 31 March 2017
			Rupees
I **ASSETS**			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**72,16,18,808**	76,74,67,122
(b) Deferred Tax Assets (Net)	5	**–**	26,68,288
SUB-TOTAL		**72,16,18,808**	77,01,35,410
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	**1,08,47,113**	2,18,57,841
(ii) Cash and Cash Equivalents	7	**5,39,77,102**	1,81,11,925
(iii) Other Bank Balances	7 (a)	**1,04,37,500**	1,48,57,774
(iv) Other Financial Assets	8	**1,08,93,845**	1,10,07,203
(b) Current Tax Assets (Net)		**11,62,669**	6,77,147
(c) Other Current Assets	9	**25,94,203**	12,20,365
SUB-TOTAL		**8,99,12,432**	6,77,32,255
TOTAL ASSETS		**81,15,31,240**	83,78,67,665
II **EQUITY AND LIABILITIES**			
1 **EQUITY**			
(a) Equity Share Capital	SOCE	**9,51,78,500**	9,51,78,500
(b) Other Equity	SOCE	**10,38,40,726**	10,46,24,671
SUB-TOTAL		**19,90,19,226**	19,98,03,171
LIABILITIES			
2 **NON-CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Borrowings	11	**16,67,82,885**	59,42,89,615
(b) Deferred Tax Liabilities (Net)	5	**23,87,485**	–
SUB-TOTAL		**16,91,70,370**	59,42,89,615
3 **CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Trade Payables	12	**17,47,945**	38,67,918
(ii) Other Financial Liabilities	13	**44,14,66,272**	3,95,20,004
(b) Other Current Liabilities	14	**1,27,427**	3,86,958
SUB-TOTAL		**44,33,41,644**	4,37,74,880
TOTAL EQUITY AND LIABILITIES		**81,15,31,240**	83,78,67,666

The accompanying notes 1 to 22 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Biswajit Dutta
Director

Payal Gajiwala
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
	Continuining Operations			
I	**Revenue from operations**	15	**12,09,95,075**	12,03,47,909
II	**Other Income**	16	**18,38,476**	18,19,472
III	**Total Revenue (I + II)**		**12,28,33,551**	12,21,67,381
IV	**Expenses**			
	(a) Finance costs	17	**5,68,12,015**	6,45,33,993
	(b) Depreciation expense	4	**4,58,48,314**	4,58,26,515
	(c) Other expenses	18	**1,59,01,393**	85,10,484
	Total Expenses		**11,85,61,722**	11,88,70,992
V	**Profit/(loss) before exeptional item (III - IV)**		**42,71,829**	32,96,389
	Less : Exceptional Items		**–**	–
VI	**Profit/(loss) after exceptional items**		**42,71,829**	32,96,389
VII	**Share of profit / (loss) of joint ventures and associates**		**–**	–
VIII	**Profit/(loss) before tax (VI+VII)**		**42,71,829**	32,96,389
IX	**Tax Expense**			
	(a) Current tax- (i) Minimum alternate tax		**8,70,978**	6,28,127
	(ii) Minimum Alternate Tax Credit		**(8,70,978)**	(6,28,127)
	(b) Deferred tax (refer note 5(b) 4)		**50,55,774**	(10,18,584)
	Total tax expense		**50,55,774**	(10,18,584)
X	**(Loss) /Profit after tax from continuing Operations (VIII-IX)**		**(7,83,945)**	22,77,805
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(loss) after tax from discontinued operations		**–**	**–**
XII	**Profit/(loss) for the year (X+XI)**		**(7,83,945)**	22,77,805
XIII	**Profit/(Loss) from continuing operations for the year attributable to:**			
	Owners of the Company		**(7,83,945)**	22,77,805
	Non controlling interests		**–**	–
XIV	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XV	**Other comprehensive income**			
	(a) (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	(b) (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the year**		**(7,83,945)**	22,77,805
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(7,83,945)**	22,77,805
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share (for continuing operation):**			
	(a) Basic	19	**(0.08)**	0.24
	(b) Diluted	19	**(0.08)**	0.24
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic	19	**–**	–
	(b) Diluted	19	**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	19	**(0.08)**	0.24
	(b) Diluted	19	**(0.08)**	0.24

The accompanying notes 1 to 22 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Biswajit Dutta
Director

Payal Gajiwala
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
			Rupees
Cash flows from operating activities			
Profit before tax for the year	P & L	**42,71,829**	32,96,389
Adjustments for:			
Finance cost recognised in profit or loss	17	**5,68,12,015**	6,45,33,993
Investment income recognised in profit or loss	16	**(18,38,476)**	(18,19,472)
Net loss / (gain) on foreign currency transactions net off Derivative gain/loss	18	**(40,52,399)**	(1,06,35,912)
Depreciation expense	4	**4,58,48,314**	4,58,26,515
		10,10,41,283	10,12,01,513
Movements in working capital:			
(Increase)/Decrease in trade and other receivables	6	**1,10,10,728**	4,32,147
(Increase)/decrease in other assets	8, 9	**(6,32,353)**	(63,40,318)
(Decrease) /Increase in trade and other payables	12	**(21,19,973)**	35,58,402
(Decrease)/increase in other liabilities	14	**6,11,447**	2,24,119
Cash generated from operations		**10,99,11,132**	9,90,75,863
Income taxes paid		**(19,84,628)**	(5,79,882)
Net cash generated by operating activities		**10,79,26,504**	9,84,95,981
Cash flows from investing activities			
Interest received	16	**18,38,476**	18,19,472
Payments for property, plant and equipment	4	**–**	(6,68,02,757)
Net cash (used in)/generated by investing activities		**18,38,476**	(6,49,83,285)
Cash flows from financing activities			
Proceeds from Earmarked Balance	7(a)	**44,20,274**	1,61,48,748
Proceeds from borrowings	11	**–**	3,58,15,000
Repayment of borrowings	11	**(2,72,48,123)**	(1,93,14,521)
Interest paid	18	**(5,10,71,954)**	(5,23,31,571)
Net cash used in financing activities		**(7,38,99,803)**	(1,96,82,344)
Net increase in cash and cash equivalents		**3,58,65,177**	1,38,30,352
Cash and cash equivalents at the beginning of the year	7	**1,81,11,925**	42,81,573
Cash and cash equivalents at the end of the year	7	**5,39,77,102**	1,81,11,925

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Biswajit Dutta
Director

Payal Gajiwala
Company Secretary

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

	Rupees
As at 1st April 2016	9,51,78,500
Changes in equity share capital during the year	–
As at 31 March 2017	9,51,78,500
Changes in equity share capital during the year	–
As at 31 March 2018	9,51,78,500

B. Other Equity

Rupees

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained Earnings	Total
As at 1st April 2016	**10,69,60,200**	**(46,13,334)**	**10,23,46,866**
Profit / (Loss) for the year	–	22,77,805	22,77,805
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	–	22,77,805	22,77,805
As at 31 March 2017	**10,69,60,200**	**(23,35,529)**	**10,46,24,671**
Profit / (Loss) for the year	–	(7,83,945)	(7,83,945)
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	–	(7,83,945)	**(7,83,945)**
As at 31 March 2018	**10,69,60,200**	**(31,19,474)**	**10,38,40,726**

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Biswajit Dutta
Director

Payal Gajiwala
Company Secretary

Place: Mumbai
Date: 25th April, 2018

Notes to the financial statements for the year ended 31st March 2018

1. Nature of Operations

Brightsolar Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a joint venture company between Mahindra Renewable Private Limited and Trina Solar (Singapore) Third Pte Limited. The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities:

(i) Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/ agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

p) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

q) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2017	3,76,25,477	78,64,20,488	82,40,45,965
Additions	–	–	–
Balance as at 31 March 2018	3,76,25,477	78,64,20,488	82,40,45,965
II. Accumulated depreciation and impairment			
Balance as at 1 April 2017	–	5,65,78,843	5,65,78,843
Depreciation expense for the year	–	4,58,48,314	4,58,48,314
Balance as at 31 March 2018	–	10,24,27,157	10,24,27,157
III. Net carrying amount (I-II)	3,76,25,477	68,39,93,331	72,16,18,808

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2016	3,76,25,477	78,49,04,051	82,25,29,528
Additions	–	15,16,437	15,16,437
Balance as at 31 March 2017	**3,76,25,477**	**78,64,20,488**	**82,40,45,965**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2016	–	1,07,52,328	1,07,52,328
Depreciation expense for the year	–	4,58,26,515	4,58,26,515
Balance as at 31 March 2017	**–**	**5,65,78,843**	**5,65,78,843**
III. Net carrying amount (I-II)	**3,76,25,477**	**72,98,41,645**	**76,74,67,122**

Note:

(1) Freehold land and plant and equipment have been charged against the borrowings. (Refer note no. 11- Non Current borrowings).

(2) Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:		
In respect of current year	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences (Refer note no. 5(b) 4)	50,55,773	10,18,584
Total Income Tax Expense on Continuing Operations	**50,55,773**	**10,18,584**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**42,71,829**	**32,96,389**
Income tax expense calculated at 30.9% (2016-17: 30.90%)#	13,19,995	10,18,584
Effect of income that is exempt from taxation	(12,52,191)	–
Effect of reversel of deffered Tax assets for previous years	42,70,840	–
Effect of Creation of deffered Tax liabilities for previous years	7,17,129	–
Income tax expense recognised In profit or loss from continuing operations for current year	50,55,773	10,18,584
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**50,55,773**	**10,18,584**

Notes:

(1)# The tax rate used for the year ended 31 March 2018 and year ended 31st March 2017 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax assets created for business losses is as below:

Rupees

Financial year	Business loss	Unbasorbed Depreciation	Deffered tax Amount
2014-15	14,21,474.00	–	4,39,235
2015-16	–	1,73,68,243.00	53,66,787
2016-17	–	77,79,676	24,03,920
2017-18	–	1,44,07,992	44,52,069
	14,21,474.00	**3,95,55,910.87**	**1,26,62,012**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(4) During the current year the Company has revised its income tax returns for AY 2016-17. The impact of deferred tax of INR 42,70,840 has been considered in the current year's statement of profit & loss account.

(c) Movement in deferred tax balances

Rupees

For the Year ended 31 March 2018

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, Plant and Equipment	98,12,495	52,37,003	1,50,49,497
	98,12,495	52,37,003	1,50,49,497
<u>Tax effect of items constituting deferred tax assets</u>			
Carryforward Tax Loss (Refer note no. 5(b) 4)	1,24,80,783	1,81,229	1,26,62,012
	1,24,80,783	1,81,229	1,26,62,012
Net Deferred Tax Asset (Liabilities)	**26,68,288**	**(50,55,774)**	**(23,87,485)**

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, Plant and Equipment	60,03,015	38,09,480	98,12,495
	60,03,015	38,09,480	98,12,495
<u>Tax effect of items constituting deferred tax assets</u>			
Carryforward Tax Loss	96,89,887	27,90,895	1,24,80,783
	96,89,887	27,90,895	1,24,80,783
Net Deferred Tax Asset (Liabilities)	**36,86,872**	**(10,18,585)**	**26,68,288**

Note No. 6 - Trade Receivables

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Trade receivables				
- Unsecured, considered good	**1,08,47,113**	**–**	2,18,57,841	–
Total Trade Receivable	**1,08,47,113**	**–**	2,18,57,841	–
Of the above, trade receivables from:				
- Related Party	**–**	**–**	–	–
- Southern Power Distribution Company of Andhra pradesh Ltd. - (APSPDCL)	**1,08,47,113**	**–**	2,18,57,841	–

Note:

(1) All the trade receivables have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings).

(2) Ageing of Sundry debtors

Name of Customer	Dues less than 30 days	Dues between 30 days to 60 days	Dues between 60 days t0 180 days	Dues more then 180 days
- Southern Power Distribution Company Ltd. - (APSPDCL)	1,08,47,113	–	–	–

Note 7 Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	**1,39,77,102**	51,11,925
(b) Fixed Depost with maturity- less then 3 month	4,00,00,000	1,30,00,000
Total Cash and cash equivalent	**5,39,77,102**	1,81,11,925

Note:

All the cash and cash equivalent have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note 7(a) other Bank Balance

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Other Bank Balances		
(a) Earmarked balances with banks- For Debt Service Reserve Account	**1,04,37,500**	1,48,57,774
Total Other Bank balances	**1,04,37,500**	1,48,57,774

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**5,39,77,102**	1,81,11,925
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**5,39,77,102**	1,81,11,925

Notes:

(1) Earmarked balances with banks include Fixed Deposits for Debt Service Reserve Account

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All the other Bank balance have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 8 - Other Financial Assets

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Financial assets at amortised cost				
a) Interest accured on Fixed Deposit	**35,345**	**–**	31,782	–
b) Other financial asset -unbilled revenue	**1,08,58,500**	**–**	1,09,75,421	–
Total Other Financials Assets	**1,08,93,845**	**–**	1,10,07,203	–

Note:

All the other financial assets have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings).

Note No. 9 - Other Assets

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
(a) Other Assets				
(i) MAT Receivable Financial year-2015-16	**3,35,518**	**–**	3,35,518	–
Financial year-2016-17	**6,28,127**	**–**	–	–
Financial year-2017-18	**8,70,978**	**–**	–	–
(ii) Deposit	**78,000**	**–**	–	–
(iii) Other -Prepaid expenses	**6,81,580**	**–**	8,84,847	–
Total Other Assets	**25,94,203**	**–**	12,20,365	–

Note:

All other assets have been provided as charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 10 - Equity Share Capital

Rupees

Particulars	As at 31 March 2018 No. of shares	As at 31 March 2018 Value of Shares	As at 31 March 2017 No. of shares	As at 31 March 2017 Value of Shares
Authorised:				
Equity shares of ₹ Rs.10 each with voting rights	**1,00,00,000**	**10,00,00,000**	1,00,00,000	10,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ Rs.10 each with voting rights	**95,24,000**	**9,52,40,000**	95,24,000	9,52,40,000
Total Equity Share Capital	**95,24,000**	**9,52,40,000**	95,24,000	9,52,40,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 11 - Non current borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP/ other changes	Closing Balance
(a) Equity Shares with Voting rights						
Year Ended 31 March 2018						
	No. of Shares	95,24,000	–	–	–	95,24,000
	Amount in Rupees	9,52,40,000	–	–	–	9,52,40,000
Year Ended 31 March 2017						
	No. of Shares	95,24,000	–	–	–	95,24,000
	Amount in Rupees	9,52,40,000	–	–	–	9,52,40,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Renewables Private Limited, Co Venturerer	**48,57,240**	**–**	**–**
Trina Solar (Singapore) Third Pte. Limited, Co Venturerer	**46,66,760**	**–**	**–**
As at 31 March 2017			
Mahindra Renewables Private Limited, Co Venturerer	48,57,240	–	–
Trina Solar (Singapore) Third Pte. Limited, Co Venturerer	46,66,760	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March 2018 Number of shares held	As at 31 March 2018 % holding in that class of shares	As at 31 March 2017 Number of shares held	As at 31 March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited	**48,57,240**	**51%**	48,57,240	51%
Trina Solar (Singapore) Third Pte. Limited	**46,66,760**	**49%**	46,66,760	49%

Note No. 11 - Non-Current Borrowings

Rupees

Particulars		Rate of Interest	Repayment terms	As at 31 March 2018	As at 31 March 2017
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Term Loans					
(i) From Banks	Yes Bank	Base Rate of Yes Bank + 0.40%	Refer note 2 below	1,12,26,022	17,79,30,287
	Union Bank	Base Rate of Yes Bank + 0.40%	Refer note 2 below	6,90,94,116	–
	United Bank	Base Rate of Yes Bank + 0.40%	Refer note 2 below	7,73,47,747	–
(b) Buyers Credit					
(i) From Bank	HSBC Bank	7.95%	Refer note 1 below	–	40,72,44,328
Total Secured Borrowings				**15,76,67,885**	**58,51,74,615**

Particulars	Rate of Interest	Repayment terms	As at 31 March 2018	Rupees As at 31 March 2017
B. Unsecured Borrowings - at amortised Cost				
(a) Loans from related party	11.50%	Refer note 3 below	91,15,000	91,15,000
Total Unsecured Borrowings			**91,15,000**	**91,15,000**
Total Non Current Borrowings (A+B)			**16,67,82,885**	**59,42,89,615**

Notes:

(1) The Company has borrowed funds for project financing from banks and financial institutions. The bank has issued LUT and based on that the Company has availed Buyers' Credit of USD 63,18,627.65 for three years at 6M LIBOR + margin p.a. Buyers' Credit is repayable by September 2018. The amount which is payable in period under normal operating cycle of the company is treated as current.

The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate.

As per the loan sanction terms from the Bank, at the end of three years the Company can repay the buyers credit by drawing from the sanctioned term loan.

(2) The company has also taken a term loan of INR 21,12,00,000 from banks for a period of 15 years at yes bank base rate + spread, the amount is repayable in 55 structured quarterly instalments starting from December 2016. The amount which is payable in period under normal operating cycle of the company is treated as current.

The loan amount is secured by:

a) First charge on all present and future tangible/intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party.

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(g) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company has taken an unsecured loan from Mahindra Renewables Private Limited (the Company having Joint Control) of INR 91,15,000 in January 2017 at 11.50 % fixed. This loan is subordinated to other loans taken from the bank.

(4) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next quarter.

(i) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment terms	Amortised cost as at 31 March 2018	Amortised cost as at 31 March 2017
Secured						
Term loans from banks:						
YES Bank	INR	10.00%	10.00%	To be repaid in 55 unequated quarterly installments	**1,12,26,022**	17,79,30,287
Union Bank	INR	10.00%	10.00%		**6,90,94,116**	–
United Bank	INR	10.00%	10.00%		**7,73,47,747**	–
Buyers Credit fron Bank:						
HSBC Bank	USD	9.22%	7.95%	To be repaid on 05-09-2018	**–**	40,72,44,328
Total Non Current Borrowings					**15,76,67,885**	58,51,74,615

Note No. 12- Trade Payables

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Trade payable - Other than micro and small enterprises	**17,47,945**	–	38,67,918	–
Total Trade Payables	**17,47,945**	–	38,67,918	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt- (Refer Note no. 11- Non current Borrowings)		
Term loan fron Banks - Yes Bank	**11,49,182**	1,39,55,317
Union Bank	**27,76,168**	–
United Bank	**30,44,250**	–
Buyer credit fron Bank - HSBC Bank	**41,27,92,877**	–
(b) Interest accrued	**52,61,027**	28,53,636

Particulars	As at 31 March 2018	As at 31 March 2017
		Rupees
Other Financial Liabilities Measured at Fair value		
a) Derivatives designated and ineffective as hedging instruments	**1,64,42,768**	2,27,11,051
Total other Financial Liabilities	**44,14,66,272**	3,95,20,004

Note No. 14 - Other Liabilities

Rupees

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non Current	As at 31 March 2017 Current	As at 31 March 2017 Non Current
Statutory dues				
- taxes payable (other than income taxes)	**1,27,427**	–	3,86,959	–
Total Other Liabilities	**1,27,427**	–	3,86,958	–

Note No. 15 - Revenue from Operations

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Revenue from sale of solar energy	**12,09,95,075**	12,03,47,909
Total Revenue from Operations	**12,09,95,075**	12,03,47,909

Note No. 16 - Other Income

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
Interest income On Financial Assets at Amortised Cost	**18,38,476**	18,19,472
Total Other Income	**18,38,476**	18,19,472

Note No. 17 - Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Interest expense	**5,65,80,518**	6,45,33,993
(b) Finance charges	**2,31,497**	**–**
Total Finance Cost	**5,68,12,015**	6,45,33,993

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
On Buyers credit and term loan from banks	**5,55,32,294**	6,43,04,245
On subordinated debt from related party	**10,48,224**	2,29,748

Note No. 18- Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2018	For the previous year ended 31st March, 2017
(a) Insurance	**10,76,897**	10,19,180
(b) Repairs and maintenance - Plant and Equipment	**1,41,83,577**	1,06,92,208
(c) Travelling and Conveyance Expenses	**1,36,674**	1,31,434
(d) Auxiliary Power consumption charges	**17,68,715**	–
(e) Commission, discounts and rebates	**4,90,333**	11,47,193
(f) Net loss/(gain) on foreign currency transactions net off Derivative (gain)/loss	**(40,52,399)**	(1,06,20,631)
(g) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**1,77,000**	1,25,000
(ii) For Tax audit Fees	**59,000**	50,000
(iii) For Other services	**–**	65,000
(h) Other expenses		–
(i) Legal and other professional costs	**15,42,814**	21,61,133
(ii) Bank Charges	**6,586**	6,160
(iii) Miscellaneous expenses	**5,12,196**	37,33,807
Total Other Expenses	**1,59,01,393**	85,10,484

Note No. 19- Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2018 Per Share	For the previous year ended 31st March, 2017 Per Share
Basic Earnings per share		
From continuing operations	**(0.08)**	0.24
From discontinuing operations	**–**	–
Total basic earnings per share	**(0.08)**	0.24
Diluted Earnings per share		
From continuing operations	**(0.08)**	**0.24**
From discontinuing operations	**–**	**–**
Total diluted earnings per share	**(0.08)**	0.24

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the current year ended 31st March, 2018 Per Share	For the previous year ended 31st March, 2017 Per Share
(Loss)/Profit for the year attributable to owners of the Company	**(7,83,945)**	22,77,805
Less: Preference dividend and tax thereon	**–**	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**(7,83,945)**	22,77,805
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–

Particulars	For the current year ended 31st March, 2018 Per Share	For the previous year ended 31st March, 2017 Per Share
(Loss)/Profits used in the calculation of basic earnings per share from continuing operations (i)	**(7,83,945)**	**22,77,805**
Weighted average number of equity shares (ii)	**95,24,000**	95,24,000
Earnings per share from continuing operations - Basic and Diluted (i/ii)	**(0.08)**	0.24

Note No. 20- Financial Instruments

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March 2018 and 31 March 2017 is as follows:

	31-Mar-18	31-Mar-17
Debt (A)	**58,65,45,362**	60,82,44,932
Equity (B)	**19,90,19,226**	19,98,03,171
Debt/ Equity Ratio (A/B)	**2.95**	3.04

Categories of financial assets and financial liabilities

As at 31st March, 2018 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	1,08,47,113	–	–	**1,08,47,113**
Other Bank Balances	1,04,37,500	–	–	**1,04,37,500**
Other Financial Assets				
- Non Derivative Financial Assets	1,08,93,845	–	–	**1,08,93,845**
Non-current Liabilities				
Borrowings	16,67,82,885	–	–	**16,67,82,885**
Current Liabilities				
Borrowings	41,97,62,477	–	–	**41,97,62,477**
Trade Payables	17,47,945	–	–	**17,47,945**
Other Financial Liabilities				
- Non Derivative Financial Liability	52,61,027	–	–	**52,61,027**
- Derivative Financial Liability	–	1,64,42,768	–	**1,64,42,768**

As at 31 March 2017 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	2,18,57,841	–	–	**2,18,57,841**
Other Bank Balances	1,48,57,774	–	–	**1,48,57,774**
Other Financial Assets				
- Non Derivative Financial Assets	1,10,07,203	–	–	**1,10,07,203**
Non-current Liabilities				
Borrowings	59,42,89,615	–	–	**59,42,89,615**
Current Liabilities				
Borrowings	1,39,55,317	–	–	**1,39,55,317**
Trade Payables	38,67,918	–	–	**38,67,918**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	28,53,636	–	–	**28,53,636**
- Derivative Financial Liabilities	–	2,27,11,051	–	**2,27,11,051**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Andhra Pradesh and it believes that it is a solvent debt and hence the risk is minimal.

Trade receivables consist of receivable from the state DISCOM of Andhra Pradesh.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

There is no change in estimation techniques or significant assumptions during the reporting period.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the managment of the company, who have established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**70,08,972**	–	–	–
Variable interest rate instruments	**69,69,600**	**1,73,18,400**	**2,30,20,800**	**11,73,28,685**
Fixed interest rate instruments	**41,27,92,877**	–	–	**91,15,000**
Total	**42,67,71,450**	**1,73,18,400**	**2,30,20,800**	**12,64,43,685**
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	67,21,554	–	–	–
Variable interest rate instruments	76,03,200	1,49,95,200	2,00,64,000	14,92,23,204
Fixed interest rate instruments	–	40,72,44,328	–	91,15,000
Total	**1,43,24,754**	**42,22,39,528**	**2,00,64,000**	**15,83,38,204**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**2,17,40,958**	–	–	–
Variable interest rate instruments	**1,04,37,500**	–	–	–
Total	**3,21,78,458**	–	–	–
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	2,18,57,841	–	–	–
Variable interest rate instruments	1,48,57,774	–	–	–
Total	**3,67,15,615**	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/Company's exposure to currency risk relates primarily to the Company's borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Secured Bank Loans- Buyers credit	USD	**63,18,827.65**	63,18,827.65

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2018, after taking into account the effect of interest rate swaps, approximately 72 % of the Company's borrowings are at a fixed rate of interest (31 March 2017: 68%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Increase / decrease in basis points	Effect on profit before tax
31-Mar-18	INR	100	(16,46,375)
	INR	-100	16,46,375
31-Mar-17	INR	+100	(19,18,856)
	INR	-100	19,18,856

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 21 - Fair Value Measurement

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
Financial liabilities			Level 1	Market Value
Other Financial Liabilities				
1) Foreign currency & interest swap contracts	41,03,44,828	41,04,22,695	Level 2	
Total financial liabilities	**41,03,44,828**	**41,04,22,695**		

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	1,08,47,113	1,08,47,113	2,18,57,841	2,18,57,841
– Other Bank Balance	1,04,37,500	1,04,37,500	1,48,57,774	1,48,57,774
-other financial assets	1,08,93,845	1,08,93,845	1,10,07,203	1,10,07,203
Total	**3,21,78,458**	**3,21,78,458**	**4,77,22,818**	**4,77,22,818**
Financial liabilities				
Financial liabilities held at amortised cost				
– convertible notes	–	–	–	–
– bank loans	16,46,37,485	16,46,37,485	19,18,85,604	19,18,85,604
– loans from related parties	91,15,000	91,15,000	91,15,000	91,15,000
– trade and other payables	17,47,945	17,47,945	38,67,918	38,67,918
– Others Financial liabilities	52,61,027	52,61,027	28,53,636	28,53,636
Total	**18,07,61,457**	**18,07,61,457**	**20,77,22,158**	**20,77,22,158**

Fair value hierarchy as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**–**	**–**	**1,08,47,113**	**1,08,47,113**
– Other Bank balanace	**–**	**–**	**1,04,37,500**	**1,04,37,500**
– other financial assets	**–**	**–**	**1,08,93,845**	**1,08,93,845**
Total	**–**	**–**	**3,21,78,458.10**	**3,21,78,458.10**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**16,46,37,485**	**–**	**–**	**16,46,37,485**
– loans from related parties	**–**	**–**	**91,15,000**	**91,15,000**
– trade and other payables	**–**	**–**	**17,47,945**	**17,47,945**
– Others	**–**	**–**	**52,61,027**	**52,61,027**
Total	**16,46,37,485**	**–**	**1,61,23,972**	**18,07,61,457**

Fair value hierarchy as at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	2,18,57,841	2,18,57,841
– other bank balance	–	–	1,48,57,774	1,48,57,774
– other financial assets	–	–	1,10,07,203	1,10,07,203
Total	–	–	4,77,22,818	4,77,22,818
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	19,18,85,604	–	–	19,18,85,604
– loans from related parties	–	–	91,15,000	91,15,000
– trade and other payables	–	–	38,67,918	38,67,918
– Others	–	–	28,53,636	28,53,636
Total	19,18,85,604	–	1,58,36,554	20,77,22,158

Note No. 22 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Entities having Joint control/Significant Influence over Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Ultimate Holding Company
Nature of transactions with Related Parties				
Purchase of property and other assets (Power Plant)	31-Mar-18	–	–	–
	31-Mar-17	–	15,16,437	–
Receiving of services	31-Mar-18	–	1,35,61,765	5,04,558
	31-Mar-17	–	1,06,92,208	4,60,002
Interest paid on Inter Corporate deposit	31-Mar-18	–	–	–
	31-Mar-17	–	26,31,889	–
Deposit Repaid	31-Mar-18	–	–	–
	31-Mar-17	3,00,000	–	–
Deposit taken	31-Mar-18	–	–	–
	31-Mar-17	3,00,000	–	–
Interest paid on Subordinated debt	31-Mar-18	10,48,224	–	–
	31-Mar-17	2,29,748	–	–
Subordinated Debt Taken	31-Mar-18	–	–	–
	31-Mar-17	91,15,000	–	–

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Ultimate Holding Company
Trade payables	31-Mar-18	–	14,72,545	–
	31-Mar-17	–	29,94,761	
Loans & advances taken	31-Mar-18	1,02,65,174	–	–
	31-Mar-17	93,21,773	–	–

DIRECTORS' REPORT

Your Directors present their Seventh Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2018 #	For the year ended March 31, 2017 #
Income		
Revenue from Operations (Gross)	–	–
Less: Excise Duty	–	–
Revenue from Operations (Net)	–	–
Other Income	–	–
Total Income	–	–
Expenses		
Cost of Raw Material and Components Consumed	–	–
Increase/(Decrease) in inventories	–	–
Employee Benefit Expenses	–	–
Other Expenses	2.22	2.63
Depreciation and Amortization Expenses	–	–
Finance Costs	0.03	0.05
Total Expenses	2.25	2.68
Profit/(Loss) before Tax	(2.25)	(2.68)
Provision for Tax	–	–
Profit/(Loss) for the year from continuing operations	(2.25)	(2.68)
Balance of Profit from earlier years	(5.67)	(2.99)
Balance carried forward	(7.93)	(5.67)
Amount carried forward to reserves	(7.93)	(5.67)
Net worth	2.07	0.32

 # The aforesaid Financial Highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

NAME CHANGE

The name of your Company has been changed from Mahindra Suryaurja Private Limited to Mega Suryaurja Private Limited with effect from September 07, 2017.

OPERATIONS OF THE COMPANY

The Company has not commenced its operations during the year under review.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

Your Directors have neither paid any interim dividend nor recommended final dividend in view of loss made during the year. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Capital Clause of Memorandum of Association of your Company was altered with regard to increase in Authorized Share Capital from Rs. 6 Lakhs to Rs. 10 Lakhs.

SHARE CAPITAL

Authorized Share Capital

Consequent to the increase in Authorized Share Capital of your Company from Rs. 6 Lakhs to Rs. 10 Lakhs, the Authorized Share Capital as on March 31, 2018 stood at Rs. 10,00,000/- (Rupees Ten Lakhs only) divided into 1,00,000 (One Lakh) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

Further issue of Share Capital

During the year under review, your Company made an allotment of 40,000 equity shares of the face value of

Rs. 10/- each at par aggregating to Rs. 4,00,000/- on March 30, 2018, to Mahindra Renewables Private Limited pursuant to rights issue made by the Company.

Consequent to the above allotment, the issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs. 10,00,000 (Rupees Ten Lakhs Only) divided into One Lakh equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met five times i.e. on May 05, 2017, July 14, 2017, November 01, 2017, January 24, 2018, and March 23, 2018.

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of Board meetings attended
1.	Mr. Basant Jain	00220395	Non-Executive	Non-Independent	5
2.	Mr. Roshan Gandhi	00010478	Non-Executive	Non-Independent	5

The Company had received the notices along with requisite deposit from a member under Section 160 of the Companies act, 2013, signifying its intention to propose Mr. Basant Jain and Mr. Roshan Gandhi as candidates for the office of Directors of the Company.

At the Annual General Meeting ("AGM") of your Company held on September 29, 2017, the appointments of Mr. Basant Jain and Mr. Roshan Gandhi as Directors under Sections 149, 152 and 160 of the Companies Act, 2013, were approved by the members.

Mr. Basant Jain (DIN: 00220395) would retire by rotation at the seventh AGM and being eligible offers himself for re-appointment.

Both the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of your Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

GENERAL MEETINGS

The Sixth Annual General Meeting of your Company was held on September 29, 2017.

During the year under review, two Extra-ordinary General Meetings of your Company were held i.e. on August 11, 2017 and March 24, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable & prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants had resigned as Statutory Auditors of your Company with effect from March 22, 2018, due to change in the principal shareholders in the Company and the cost control measures being initiated by the Company, as stated in their resignation letter.

M/s. B. K. Khare & Co, Chartered Accountants (ICAI Registration Number 105102W) were appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Deloitte Haskins & Sells., Chartered Accountants, Mumbai (ICAI Registration Number 117364W) and to hold office upto the conclusion of the seventh Annual General Meeting.

Your Directors propose to appoint M/s. B. K. Khare & Co, Chartered Accountants (ICAI Registration Number 105102W) as the Statutory Auditors of the Company for a period of five consecutive years to hold office as Auditors of the Company from the conclusion of the seventh AGM until the conclusion of the twelfth AGM to be held in the year 2023.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from M/s. B. K. Khare & Co, Statutory Auditors to the effect that their appointment, if made, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report issued by M/s. B. K. Khare & Co for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as ***Annexure I*** and the same forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your company has not advanced any loan or made any investment or provided any guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed any loans/advances and investments which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm's length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as ***Annexure II*** and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed herewith as ***Annexure III*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions under Companies Act, 2013 relating to a) Corporate Social Responsibility, b) appointment of Key Managerial Personnel, c) appointment of Internal Auditor, Secretarial Auditor and Cost Auditor, d) establishment of Vigil Mechanism, e) evaluation of performance of Directors and f) appointment of Independent Directors and constitution of Audit Committee and Nomination & Remuneration Committee were not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.

2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Mega Suryaurja Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date: April 25, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Outgo	–	–

For and on behalf of the Board
Mega Suryaurja Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: April 25, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC – 2

[Pursuant to clause (h) of Sub-section–(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship		Nature of Contracts/ arrangement/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rupees in Lakhs)		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Ultimate Holding Company	Receiving of secretarial services	Annual/ Recurring/ Ongoing Contract	Receiving of secretarial services	0.82	NA	NIL
2	Mahindra Renewables Private Limited	Immediate Holding Company	Equity Contribution received	Annual/ Recurring/ Ongoing Contract	Equity Contribution received	4.00	NA	NIL

Notes:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in ordinary course of business. Accordingly Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Mega Suryaurja Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date: April 25, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40103MH2012PTC226016
2.	Registration Date	January 12, 2012
3.	Name of the Company	Mega Suryaurja Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Electric power generation using solar energy	35105	0%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100 *	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. **Indian**									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	60,000	60,000	100	–	1,00,000	1,00,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A-(1)	–	**60,000**	**60,000**	**100**	–	**1,00,000**	**1,00,000**	**100**	–
2. **Foreign**									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	–	**60,000**	**60,000**	**100**	–	**1,00,000**	**1,00,000**	**100**	–
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total=B(1)	–	–	–	–	–	–	–	–	–
2. **Non-Institution**									
a. Body Corporate	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total - B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**60,000**	**60,000**	**100**	–	**1,00,000**	**1,00,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mahindra Renewables Private Limited	59,999	100	–	**99,999**	**100**	–	–
2	Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	1	–	–	**1**	–	–	–
TOTAL		**60,000**	**100**	–	**1,00,000**	**100**	–	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding

Name of Promoter: Mahindra Renewables Private Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ (Decrease) in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	59,999	100	–	59,999	100
Increase :- **Allotment of 40,000 equity shares on right basis on March 30, 2018**			**40,000**	**40,000**	**100**
At the end of the year (as on March 31, 2018)				**99,999**	**100**

Name of Promoter: Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi *	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	1	–	–	1	–
Increase/ (Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				**1**	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment - **Nil**

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1. Principal Amount	–	–	–	–
2. Interest due but not paid	–	–	–	–
3. Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Due to MTM as per IND AS	–	–	–	–
Net change	–	–	–	–
Indebtedness at the beginning of the financial year 31.03.2018				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: NOT APPLICABLE

Sr. No.	Particulars of Remuneration	Name of the Managing Director / Whole-Time Director /Manager			Total Amount
		Managing Director	Whole-Time Director	Manager	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors

I. Independent Directors: NA

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/ Committee meetings	–	–
Commission	–	–
Others	–	–
Total	–	–

II. Other Non-Executive Directors: NA

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board/committee meetings	–	–
Commission	–	–
Others, please specify	–	–
Total	–	–
Overall Cieling as per the Act	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: Not Applicable

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
1	**Gross Salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	Others	–	–	–
	Total (C)	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Mega Suryaurja Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: April 25, 2018

INDEPENDENT AUDITORS' REPORT

To The Members of Mega Suryaurja Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Mega Suryaurja Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

3. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

11. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mega Suryaurja Private Limited for the year ended March 31, 2018

1) The Company does not have Property, Plant and Equipment as on March 31, 2018. Hence the provisions of para 3(i) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Income Tax and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2018 on account of income tax and other statutory dues.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404

Place: Mumbai
Date: April 25, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MEGA SURYAURJA PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mega Suryaurja Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31 MARCH 2018

	Particulars	Note No.	As at 31 March 2018	Rupees As at 31 March 2017
I	**ASSETS**			
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	4	**2,32,192**	5,06,439
	(a) Other Current Assets	5	**8,000**	–
	SUB-TOTAL		**2,40,192**	5,06,439
	TOTAL ASSETS		**2,40,192**	5,06,439
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	SOCE	**10,00,000**	6,00,000
	(b) Other Equity	SOCE	**(7,92,827)**	(5,67,489)
	SUB-TOTAL		**2,07,173**	32,511
	LIABILITIES			
2	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	7	**–**	60,000
	(ii) Trade Payables	8	**27,351**	3,78,827
	(iii) Other Financial Liabilities	9	**–**	4,657
	(b) Other Current Liabilities	10	**5,668**	30,444
	SUB-TOTAL		**33,019**	4,73,928
	TOTAL EQUITY AND LIABILITIES		**2,40,192**	5,06,439

The accompanying notes 1 to 16 are an integral part of the Financial Statements

In terms of our report attached
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Particulars	Note No.	For the current Year ended 31st March, 2018	For the previous Year ended 31st March, 2017
			Rupees	
I	**Revenue**		–	–
II	**Expenses**			
	(a) Finance costs	11	2,953	5,175
	(b) Other expenses	12	2,22,386	2,62,702
	Total Expenses		2,25,339	2,67,877
III	**(Loss) / Profit before exceptional items (I-II)**		(2,25,339)	(2,67,877)
	Less :- Exceptional Items		–	–
IV	**(Loss)/profit after exceptional items**		(2,25,339)	(2,67,877)
V	**Share of (loss) / profit of joint ventures and associates**		–	–
VI	**(Loss) /Profit before tax (IV+V)**		(2,25,339)	(2,67,877)
VII	**Tax Expense**			
	(a) Current tax		–	–
	(b) Deferred tax		–	–
	Total tax expense		–	–
VIII	**(Loss/ Profit after tax from continuing operations (VI - VII)**		(2,25,339)	(2,67,877)
IX	**Discontinued Operations**			
	(a) Profit/(Loss) from discontinued operations		–	–
	(b) Tax Expense of discontinued operations		–	–
	Profit/(Loss) after tax from discontinued operations		–	–
X	**(Loss)/profit for the year (VII + IX)**		(2,25,339)	**(2,67,877)**
XI	**(Loss)/Profit from continuing operations for the year attributable to:**			
	Owners of the Company		(2,25,339)	(2,67,877)
	Non controlling interests		–	–
XII	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		–	–
	Non controlling interests		–	–
XIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
XIV	**Total comprehensive income for the year**		(2,25,339)	(2,67,877)
XV	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		(2,25,339)	(2,67,877)
	Non controlling interests		–	–
XVI	**Earnings per equity share (Face Value of Rs. 10/- each)**			
	(a) Basic	13	(3.74)	(26.16)
	(b) Diluted	13	(3.74)	(26.16)
XVII	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		–	–
	(b) Diluted		–	–
XVIII	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	13	(3.74)	(26.16)
	(b) Diluted	13	(3.74)	(26.16)

In terms of our report attached
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. EQUITY SHARE CAPITAL

	Rupees
Balance As at 1 April 2016	1,00,000.00
Issue of fully paid up equity shares	5,00,000.00
Balance As at 31 March 2017	**6,00,000.00**
Issue of fully paid up equity shares	4,00,000.00
Balance As at 31 March 2018	**10,00,000.00**

B. Other Equity

Rupees

Particulars	**Reserves and surplus - Retained Earnings**	**Total**
Balance As at 1 April 2016	(2,99,612)	(2,99,612)
Loss for the year	(2,67,877)	(2,67,877)
Items of Other Comprehensive Income	–	–
Other Comprehensive Income for the year	(2,67,877)	(2,67,877)
Balance As at 31 March 2017	**(5,67,489)**	**(5,67,489)**
Loss for the year	(2,25,339)	(2,25,339)
Items of Other Comprehensive Income	–	–
Total Comprehensive Income for the year	(2,25,339)	(2,25,339)
Equity Share Issuance Costs	–	–
As at 31 March 2018	**(7,92,828)**	**(7,92,828)**

In terms of our report attached
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

			Rupees
Particulars	**Note No.**	**For the current Year ended 31st March, 2018**	For the previous Year ended 31st March, 2017
Cash flows from operating activities			
Loss before tax for the year	PL	**(2,25,339)**	(2,67,877)
Adjustments for:			
Finance costs recognised in profit or loss	11	**2,953**	5,175
Movements in working capital:			
Increase/(Decrease) in trade and other payables	8	**(3,51,476)**	1,86,715
(Increase)/decrease in other assets	4	**(8,000)**	–
Increase in other liabilities	10	**(29,432)**	22,426
Cash generated from operations		**(3,85,955)**	2,14,316
Income taxes paid		**–**	–
Net cash generated by operating activities		**(6,11,294)**	(53,561)
Cash flows from investing activities			
Net cash (used in)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from issue of equity shares	4	**4,00,000**	5,00,000
Interest Paid	11	**(2,953)**	–
Proceeds from borrowings	7	**–**	60,000
Repayment of borrowings		**(60,000)**	–
Net cash generated from financing activities		**3,37,047**	5,60,000
Net increase in cash and cash equivalents		**(2,74,247)**	5,06,439
Cash and cash equivalents at the beginning of the year		**5,06,439**	–
Cash and cash equivalents at the end of the year	3	**2,32,192**	5,06,439

In terms of our report attached
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Nature of Operations

Mega Suryaurja Private Limited ('the Company') was incorporated in India on 12th January, 2012, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2018.

2. Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Segment Information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

k) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Note No. 04 - Cash and Cash Equivalent

Rupees

Particulars	**As at 31 March 2018**	As at 31 March 2017
Cash and cash equivalents		
Balances with banks in current account	**2,32,192**	5,06,439
Total Cash and Cash Equivalent as per cash flow	**2,32,192**	5,06,439

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	**As at 31 March 2017**	As at 31 March 2016
Total Cash and Cash Equivalents as per Balance Sheet	5,06,439	–
Add: Bank Overdraft	–	–
Add: Cash and bank balances included in a disposal group held for sale	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	5,06,439	–

Note No. 05 - Other Assets

Rupees

Particulars	**As at 31 March 2018**	As at 31 March 2017
- Prepaid Expenses	**8,000**	–
Total Other Assets	**8,000**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 6 - Equity Share Capital

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised:		
1,00,000 equity shares of Rs.10 each (As March 31, 2017: 60,000 equity shares of Rs. 10 each)	**10,00,000**	6,00,000
Issued, Subscribed and Fully Paid:		
1,00,000 full paid up equity shares of Rs.10 each (As March 31, 2017 : 60,000 equity shares of Rs. 10 each)	**10,00,000**	6,00,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	Opening Balance	Right Issue	Closing Balance
Equity Shares with voting rights			
Year Ended 31 March 2018			
No. of Shares	60,000	40,000	1,00,000
Amount in Rupees	6,00,000	4,00,000	10,00,000
Year Ended 31 March 2017			
No. of Shares	10,000	50,000	60,000
Amount in Rupees	1,00,000	5,00,000	6,00,000

(ii) Details of shares held by the holding company:

Particulars	Equity Shares with Voting rights
Balance at 31 March 2018	
Mahindra Renewables Private Limited	1,00,000
Balance at 31 March 2017	
Mahindra Renewables Private Limited	60,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2018		As at 31 March 2017	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**1,00,000**	**100%**	60,000	100%

* Note:
It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Mr. Roshan Gandhai 1 Equity Share).

Note No. 7 - Current Borrowings

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
A. Unsecured at amortised cost		
Loans from related party	–	60,000
Total Current Borrowings	–	60,000

Note No. 8- Trade Payables

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payable - Other than micro and small enterprises	**27,351**	3,78,827
Total Trade Payables	**27,351**	3,78,827

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 9 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities		
Interest accured but not due on borrowings (Refer Note (i) below)	–	4,657
Total Other Financial Liabilities	–	4,657

Note No.10 - Other Current Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Others-		
Statutory dues payables (TDS)	**5,668**	30,444
Total Other Current Liabilities	**5,668**	30,444

Note No. 11 - Finance Cost

Rupees

Particulars	For the current Year ended 31st March, 2018	For the previous Year ended 31st March, 2017
Interest on loan from related party	**2,953**	5,175
Total Finance Cost	**2,953**	5,175

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 12 - Other Expenses

Rupees

Particulars			For the current Year ended 31st March, 2018	For the previous Year ended 31st March, 2017
(a)	Auditors remuneration and out-of-pocket expenses			
	(i)	As statutory auditors – audit fees	**29,500**	1,35,000
(b)	Other expenses			
	(i)	Legal and Professional fees	**1,65,741**	96,044
	(ii)	Bank Charges	**4,045**	2,358
	(iii)	Share issue expenses- Stamp duty paid on increase in Authorised capital	**13,500**	20,000
	(iv)	Miscellaneous expenses	**9,600**	9,300
Total Other Expenses			**2,22,386**	2,62,702

Note No. 13 - Basic And Diluted Earning per share

The earnings and weighted average number of shares used in the calculation of earnings per share are as follows:

Particulars	For the current Year ended 31st March, 2018	For the previous Year ended 31st March, 2017
Loss for the year	**(2,25,339)**	(2,67,877)
Weighted average number of equity shares	**60219**	10,240
Earnings per share from continuing operations – Basic and Diluted	**(3.74)**	(26.16)

Note No. 14 - Financial Instruments

(i) Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

The Company is not subject to any externally imposed capital requirements.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-18	31-Mar-17
Equity	**2,07,173**	32,511
Less: Cash and cash equivalents	**2,32,192**	5,06,439
	(25,019)	(4,73,928)

Categories of financial assets and financial liabilities:

(a) Financial Assets

As at 31 March 2018 Rupees

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	**2,32,192**	**–**	**–**	**2,32,192.00**

As at 31 March 2017 Rupees

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	5,06,439	–	–	5,06,439

(b) Financial Liabilities

As at 31 March 2018 Rupees

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	27,351	–	–	27,351

As at 31 March 2017 Rupees

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings	60,000	–	–	60,000
Trade Payables	3,78,827	–	–	3,78,827
Other Financial Liabilities				
– Non Derivative Financial Liabilities	4,657	–	–	4,657

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	27,351	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	27,351	–	–	–
31-Mar-17				
Non-interest bearing	3,83,484	–	–	–
Fixed interest rate instruments	60,000	–	–	–
Total	4,43,484	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 15 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-Mar-18 Carrying amount	31-Mar-18 Fair value	31-Mar-17 Carrying amount	31-Mar-17 Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties	–	–	60,000	60,000
– trade and other payables	**27,351**	**27,351**	3,78,827	3,78,827
– Other financial liabilites	–	–	4,657	4,657
Total	**27,351**	**27,351**	4,43,484	4,43,484

Fair value hierarchy as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	**27,351**	**27,351**
Total	–	–	**27,351**	**27,351**

Fair value hierarchy as at 31 March 2016

	Level 1	Level 2	Level 3	Total
Financial Instruments not carried at Fair Value				
– loans from related parties	–	–	60,000	60,000
– trade and other payables	–	–	3,78,827	3,78,827
– Others	–	–	4,657	4,657
Total	–	–	4,43,484	4,43,484

Note No. 16 - Related Party Transactions

Name of the parent Company	
Upto 15th Feburary 2017	Mahindra Solar One Private Limited
From 16th Feburary 2017	Mahindra Renewables Private Limited
Name of ultimate Holding Company	
Upto 15th Feburary 2017	Kiran Energy Solar Power Private Limited
From 16th Feburary 2017	Mahindra & Mahindra Limited
Name of Director	Mr. Roshan Gandhi

Details of transactions between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Director**	**Mahindra Renewables Private Limited**	**Mahindra Solar One Private Limited**	**Mahindra & Mahindra Limited**
Nature of transactions with Related Parties					
Receiving of services	31-Mar-18		–		81,564
	31-Mar-17	–	7,500	–	87,095
Interest paid on Inter Corporate Deposit	31-Mar-18	–	1,378	–	–
	31-Mar-17	–	5,175	–	–
Inter corproate deposit taken	31-Mar-18	–	–	–	–
	31-Mar-17	–	60,000	–	–
Inter corproate deposit repaid	31-Mar-18	–	60,000	–	–
	31-Mar-17	–	–	–	–
Advance Taken	31-Mar-18	–	–	–	–
	31-Mar-17	25,000	–	–	–
Advance Repaid	31-Mar-18	–	–	–	–
	31-Mar-17	25,000	–	–	–
Equity contribution by the parent Company	31-Mar-18	–	4,00,000	–	–
	31-Mar-17	–	5,00,000	–	–

Nature of Balances with Related Parties	**Balance as on**	**Director**	**Mahindra Renewables Private Limited**	**Mahindra Solar One Private Limited**	**Mahindra & Mahindra Limited**
Trade payables	31-Mar-18	–	–	–	–
	31-Mar-17	–	7,500	4,777	1,57,895
Other Financial Liablilities	31-Mar-18	–	–	–	–
	31-Mar-17	–	4,657	–	–
Loan Outstanding	31-Mar-18	–	–	–	–
	31-Mar-17	–	60,000	–	–

DIRECTORS' REPORT

Your Directors present their 64th (Sixty Fourth) Report along with the Standalone Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the Year ended 31st March, 2017
Total Income	**500.91**	150.32
Profit before Interest, Depreciation and Taxation	**443.52**	41.68
Less: Interest	**–**	–
Less: Depreciation	**15.19**	14.32
Profit before exceptional item and tax	**428.33**	27.36
Exceptional Item –		
Less: Provision for diminution in value of long term investments	**–**	–
Less : Provision for diminution in value of fixed assets	**–**	18.83
Profit/(Loss) before Tax	**428.33**	8.53
Less: Income Tax thereon:		
Current Tax	**124.65**	14.00
Deferred Tax	**0.32**	(5.47)
(Excess)/Short provision for tax relating to prior years	**–**	(20.99)
Net Profit/(Loss) for the year	**303.36**	21.00
Balance of Profit brought forward from last year	**(8591.81)**	(8,612.82)
Balance of Profit carried to Balance Sheet	**(8288.45)**	(8,591.81)
Net Worth	**77,482.51**	67,779.14

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

OPERATIONS

The Total Income and Profit after tax for the year under review were Rs. 500.91 Lakhs and Rs. 303.36 Lakhs as against Total Income and Profit after tax of Rs.150.32 Lakhs and Rs. 21.00 Lakhs respectively in the previous year.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the General Reserve.

DIVIDEND

Your Directors have not paid any Interim Dividend during the year nor recommends Final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Your Company as on 31st March, 2018 has one direct subsidiary, one step down subsidiary and one associate.

During the year under review, Mahindra Retail Private Limited (MRPL), a step down subsidiary of the Company was converted into a Public Limited Company and accordingly the name of MRPL was changed to Mahindra Retail Limited with effect from 6th April, 2018.

A report on the performance and financial position of each of the subsidiaries and associates of the Company and their contribution to the overall performance of the Company, pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 for the year ended 31st March, 2018, is provided in Form AOC–1 which is attached to the Financial Statements of the Company and forms part of this Report.

None of your subsidiary Company has declared dividend for the current financial year 2017-18.

PERFORMANCE OF SUBSIDIARY COMPANY AND ASSOCIATES

Retail Initiative Holdings Limited ('RIHL') recorded NIL revenues as compared to Rs. 0.27 Lakhs in the previous year. Loss for the year was Rs. 6.12 Lakhs as compared to loss of Rs. 9.61 Lakhs in the previous year.

Mahindra Retail Limited (MRL) recorded revenues of Rs. 13,650 Lakhs as compared to Rs. 18,146.50 Lakhs in the previous year. Total Comprehensive loss for the year was Rs. 3,930 Lakhs as compared to total comprehensive Income of Rs.17,518.30 Lakhs in the previous year.

Mahindra Tsubaki Conveyor Systems Private Limited recorded revenues of Rs. 6,740.32 Lakhs as compared to Rs. 6,367.29 Lakhs in the previous year. Total Comprehensive income for the year was Rs. 323.92 Lakhs as compared to Rs. 51.57 Lakhs in the previous year.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company as on 31st March, 2018 stood at Rs. 116,00,00,000 divided into 11,60,00,000 Equity Shares of Rs. 10 each.

During the year under review, your Company issued and allotted 1,34,28,572 Equity Shares of Rs.10 each, for cash, at a premium of Rs.60 per share, aggregating to Rs.94,00,00,040 to its Holding Company, Mahindra & Mahindra Limited, on Rights basis.

Accordingly, the Paid up Share Capital of the Company stood at Rs. 1,00,87,95,060 divided into 10,08,79,506 equity shares of Rs. 10 each as on 31st March, 2018.

During the year under review, consequent to the transfer of 10 shares held by Mahindra Holdings Limited to Mahindra and Mahindra Limited, (Holding Company), your Company has become Wholly Owned Subsidiary of Mahindra and Mahindra Limited with effect from 11th December, 2017.

BOARD OF DIRECTORS

Composition

As on 31st March, 2018, your Company's Board of Directors consisted of 3 Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 are given hereunder:

Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Nozar Bharucha	03315303	Non-Executive Director	Non-Independent Director
Mr. Satish Kamat	01536698	Non-Executive Director	Non-Independent Director
Mr. Bharat Upadhyay	02189485	Non-Executive Director	Independent Director

Appointment/Re-appointment

Pursuant to the provisions of Section 152 and 161 of the Companies Act, 2013, the Board of Directors of your Company at their meeting held on 21st August, 2017 appointed Mr. Bharat Upadhyay as an Additional Director in the capacity of Non-Executive Independent Director, who holds office upto the date of the ensuing Annual General Meeting ("AGM").

Pursuant to the provisions of Section 152 and 161 of the Companies Act, 2013, the Board of Directors of your Company at their meeting held on 30th April, 2018 appointed Ms. Brijbala Batwal as an Additional Non-Executive Director, liable to retire by rotation, to hold office upto the date of the ensuing AGM.

The Company has received a notice from Member proposing the candidature of Ms. Brijbala Batwal for appointment as Non-Executive Director, liable to retire by rotation, of the Company and accordingly the matter has been proposed for approval of the shareholders at the ensuing AGM. The Directors recommend her appointment for the shareholders' approval at the ensuing AGM.

RESIGNATIONS/RETIREMENT

Mr. Noshir Dastur (DIN: 00493177) stepped down as an Independent Director from the Board of the Company with effect from 4th May, 2017.

Mr. Ajay Mehta (DIN: 07102804) was appointed as a Non-Executive Independent Director by the Shareholders of the Company at their Extra Ordinary General Meeting held on 23rd March, 2015 for a term of three consecutive years commencing from 23rd March, 2015 to 22nd March, 2018. Effective 22nd March, 2018, Mr. Ajay Mehta ceased to be an Independent Director on the Board of your Company on account of expiry of his tenure.

The Board places on record its appreciation for their valuable contribution during their tenure with the Company.

Director liable to retire by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Nozar Bharucha (DIN: 03315303), Director, who has been longest in office, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The Directors recommend his re-appointment for the shareholders' approval at the ensuing Annual General Meeting.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board of Directors met four times during the year under review i.e. on 28th April, 2017, 21st August, 2017, 6th November, 2017 and 21st February, 2018. The gap between two consecutive meetings did not exceed 120 days. The 63rd Annual General Meeting of the Company was held on 28th July, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Nozar Bharucha	3
Mr. Satish Kamat	4
Mr. Noshir Dastur*	1
Mr. Ajay Mehta#	4
Mr. Bharat Upadhyay$	2

* Mr. Noshir Dastur resigned as an Independent Director w.e.f. 4th May, 2017.

Mr. Ajay Mehta ceased to be Director w.e.f 22nd March, 2018.

$ Mr. Bharat Upadhyay was appointed as an Independent Director w.e.f. 21st August, 2017

DECLARATION OF INDEPENDENT DIRECTOR

The declaration under Section 149(7) of the Companies Act, 2013 has been received from Mr. Bharat Upadhyay

(DIN: 02189485), an Independent Director, to the effect that he meets the criteria of independence as provided in sub section 6 of Section 149 of the Companies Act, 2013.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 21st February, 2018 without the presence of other Non-Executive Directors, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole (taking into account the views of the Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

(a) In the preparation of the annual accounts for the year ended 31st March, 2018 the applicable accounting standards have been followed;

(b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the profit of the Company for the financial year ended on that date;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) They have ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared annual accounts on a going concern basis; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2018.

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors, Senior Management Personnel. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors as well as from the Senior Management Personnel. As regards the declarations from Employees of the Company, there was no employee in the Company during the year under review.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the key managerial personnel(s) of your Company are as below:

Name	Designation
Mr. Mitesh Shah	Chief Executive Officer (CEO)
Mr. Rajvimal Agarwal	Chief Financial Officer (CFO)
Ms. Bhakti Khanna	Company Secretary (CS)

COMMITTEES OF THE BOARD

Audit Committee ("AC"):

During the year under review, the Audit Committee ("AC") members met once during the year under review i.e. on 28th April, 2017.

The composition and the attendance at the meeting of AC was as under:-

Sr. No.	Name of the Director	Designation	No. of Committee meetings attended
1.	Mr. Ajay Mehta	Chairperson & Member	1
2.	Mr. Bharat Upadhyay	Member	1
3.	Mr. Nozar Bharucha	Member	1

Mr. Noshir Dastur ceased to be the member of the Committee w.e.f. 4th May, 2017 on account of his Resignation as Director of the Company.

Consequent to the transfer of 10 Equity Shares held by Mahindra Holdings Limited to Mahindra and Mahindra Limited, your Company become Wholly Owned Subsidiary of Mahindra and Mahindra Limited with effect from 11th December, 2017.

Ministry of Corporate Affairs ("MCA") vide its notifications dated 5th July, 2017 and 13th July, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting Nomination and Remuneration Committee and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level.

Hence, being an unlisted public company and WOS of Mahindra & Mahindra Limited, your Company availed the said exemption and dissolved the AC with effect from 21st February, 2018. The role of AC has been subsumed by the Board of Directors.

Nomination and Remuneration Committee ("NRC")

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

The composition of NRC was as under:-

Sr. No.	Name of the Director	Designation
1.	Mr. Bharat Upadhyay	Chairperson & Member
2.	Mr. Ajay Mehta	Member
3.	Mr. Nozar Bharucha	Member

Mr. Noshir Dastur ceased to be a member of the Committee w.e.f. 4th May, 2017 on account of his Resignation as a Director of the Company.

Consequent to the transfer of 10 Equity Shares held by Mahindra Holdings Limited to Mahindra and Mahindra Limited, your Company become Wholly Owned Subsidiary of Mahindra and Mahindra Limited with effect from 11th December, 2017.

Ministry of Corporate Affairs ("MCA") vide its notifications dated 5th July, 2017 and 13th July, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting NRC and Audit Committee.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level.

Hence, being an unlisted public company and WOS of Mahindra & Mahindra Limited, your Company availed the said exemption and dissolved the NRC with effect from 21st February, 2018.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of the following members:

Sr. No	Name of the Director	Designation
1.	Mr. Nozar Bharucha	Member
2.	Mr. Satish Kamat	Member
3.	Mr. Bharat Upadhyay	Member

Mr. Noshir Dastur ceased to be the member of the Committee w.e.f. 4th May, 2017 on account of his Resignation as a Director of the Company.

The Committee met once during the year on 28th April, 2017 which was attended by all the Members of the Committee.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Corporate Social Responsibility Committee had formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which was subsequently adopted by it and is being implemented by the Company.

An Annual Report on Corporate Social Responsibility containing particulars specified in Annexure to The Companies (Corporate Social Responsibility Policy) Rules 2014 is given in ***Annexure I*** and forms part of this report.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND THE POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:

Pursuant to the exemption granted by the Ministry of Corporate Affairs ("MCA") vide its notifications dated 5th July, 2017 and 13th July, 2017, inter alia exempting unlisted public companies which are wholly owned subsidiary ("WOS") companies from appointing Independent Directors, and constituting Audit Committee ("AC") and Nomination and Remuneration Committee ("NRC"), the Company, being a WOS had dissolved the AC and NRC with effect from 21st February, 2018.

Consequent to the above, policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and Policy on the remuneration of directors, Key Managerial Personnel and other employees as required under section 178(3) of the Companies Act 2013 (Policies) were amended suitably to enable Board to subsume all the powers of NRC under the said Policy. As the Company is not covered under Section 178(1) of the Act, the said amended Policy is not required to be annexed to this report.

RISK MANAGEMENT POLICY

Your Company has developed a risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

STATUTORY AUDITORS AND AUDITORS' REPORT

Messrs. B. K. Khare & Co., Chartered Accountants, (Firm registration Number 105102W) was appointed as the Statutory Auditors of your Company at the 63rd (Sixty Third) Annual General Meeting (AGM) of the Company held on 28th July, 2017 for a period of five years. They hold office up to the conclusion of 68th (Sixty Eighth) AGM to be held in the year 2022 subject to ratification of their appointment by the Members at every AGM held after the AGM held on 28th July, 2017.

As required under the provisions of Sections 139 (1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B.K. Khare & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, Practicing Company Secretaries (Certificate of Practice No: 5676), has been appointed as the Secretarial Auditor of your Company to undertake the Secretarial Audit of the Company.

A Secretarial Audit Report for the financial year ended 31st March, 2018 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as ***Annexure II*** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was appointed as the Internal Auditor of your Company for the financial year ended 31st March, 2018 to conduct the Internal Audit of the Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee or to the Board for the Financial Year ended 31st March, 2018 under section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as ***Annexure III*** to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans given, investments made, and guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review are given in the note no. 28 in financial statements and the same forms part of this report.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the parent company Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All related Party Transactions entered into during the year were in the ordinary course of Business and on arms length basis. There are no contracts or arrangements entered with related parties pursuant to Section 188(1) of the Companies Act, 2013. Further, there were no transactions with related parties which are required to be disclosed under Form AOC-2, pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Hence, Form AOC-2 is not annexed to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 (Act) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section

134(3)(a) of the Act, an extract of the Annual return in the prescribed format (in the Form No. MGT 9) as on 31st March, 2018 is attached herewith as ***Annexure IV*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

DEMATERIALISATION OF SHARES

The Equity shares of your Company have been admitted for dematerialization with National Securities Depository Limited. The International Securities Identification Number (ISIN) of the Company is INE831W01014.

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company.

CORE INVESTMENT COMPANY (CIC)

Your Company falls under the category of Core Investment Company (CIC) as it holds majority of its assets as investments in group company/ies and does not engage in financing activity other than that of investments/guarantees/ loans mainly relating to its group company/ies. It is a Non-Banking Financial Company (NBFC) and does not engage in financing activity similar to other NBFCs.

For the Financial Year ended on 31st March, 2018, the Company has –

- Total Assets (i.e. assets appearing on the assets side of balance sheet) amounting to Rs. 776.09 Crores
- The Company's investments in Subsidiary Company stood at Rs. 745.08 Crores

The Company is exempt from registration with RBI under section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US)2011 dated 5th January, 2011 (issued under section 45NC of the RBI Act).

GENERAL DISCLOSURES:

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company does not have a Managing Director/ Whole Time Director.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Nozar Bharucha Director

Satish Kamat Director

Mumbai, 30th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR F.Y. 2017-18

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Mahindra Engineering and Chemical Products Limited (MECP) is a wholly-owned subsidiary of Mahindra & Mahindra Limited. The CSR vision of MECP is to serve and give back to the communities within which it works. The commitment to CSR will be manifested by investing resources in the areas like promoting education, promoting gender equality, empowering women, ensuring environmental sustainability, rural development projects, etc.

(2) The Composition of the CSR Committee:

The CSR Committee of the Board comprises of the following Board members:

Name of Director	**Designation**
Mr. Nozar Bharucha	Member
Mr. Satish Kamat	Member
Mr. Bharat Upadhyay	Member

(3) Average net profit of the Company for last three financial years is : Rs. 71,26,770

(4) Prescribed CSR expenditure (Two percent of the amount as in Item no. 3 above): Rs. 1,42,535

(5) Details of CSR Spent during the Financial Year.

(a) Total amount spent for the financial year: Rs. 1,42,535

(b) Amount unspent, if any: Nil

(c) Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programme wise	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
1	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	Education	(1) Others (2) Maharashtra	Rs. 1,42,535	Rs. 1,42,535	Rs. 1,42,535	Implementing agency – KCMET*

* Details of implementing agency: KCMET- The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

(6) In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report: N.A.

(7) A responsibility statement of the CSR Committee - The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Satish Kamat
Member

Nozar Bharucha
Member

Mumbai, 30th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Mahindra Engineering and Chemical Products Limited

Gateway Building, Apollo Bunder,

Mumbai – 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Engineering and Chemical Products Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period **covering the financial year ended on 31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for **the financial year ended 31st March, 2018** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(being an unlisted public Company, this shall applicable to the extent the shares are held in dematerialised form)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **Not Applicable to the Company**: -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable.**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted.
2. Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings. Agenda were circulated at least seven days in advance. In case of detailed notes on agenda, the same have been circulated seven or less than seven days before the meetings depending upon matters relating to unpublished price sensitive information as per UPSI approvals. A process exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there no major events taken place in the Company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C.P. No. 5676

Place: Mumbai
Date: 30th April, 2018

This report is to be read with our letter which is annexed as ***Annexure A*** and forms an integral part of this report.

'Annexure A'

To,

The Members,

Mahindra Engineering and Chemical Products Limited

Gateway Building, Apollo Bunder,

Mumbai – 400001

Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: 30th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: Though Your Company is not energy intensive, necessary steps are being taken to conserve energy.

(b) The steps taken by the Company for utilizing alternate sources of energy: Nil

(c) The capital investment on energy conservation equipment's: Nil

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption: Nil

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Nil

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

   (a) The details of technology imported: Nil

   (b) The year of import: Nil

   (c) Whether the technology been fully absorbed: Nil

   (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

(iv) The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**Nil**	Nil
Total Foreign Exchange Used	**Nil**	4.66

For and on behalf of the Board

Nozar Bharucha
Director

Satish Kamat
Director

Mumbai, 30th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U74999MH1954PLC019908
2.	**Registration Date**	7th June,1954
3.	**Name of the Company**	Mahindra Engineering and Chemical Products Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of the Registered office & contact details**	Gateway Building, Apollo Bunder, Mumbai - 400001 Tel No. 022-22895500
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	NA	NA	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associates	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400001.	L65990MH1945PLC004558	Ultimate Holding Company	100	2(46)
2.	Retail Initiative Holdings Limited (RIHL) Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai – 400018	U67110MH2008PLC188837	Subsidiary Company	100	2(87)(ii)
3.	Mahindra Retail Limited (MRL) Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai – 400018	U52190MH2007PLC173762	*Subsidiary Company	100	2(87)(ii)
4.	Mahindra Tsubaki Conveyor Systems Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai – 400018	U29268MH2010PTC198438	Associate Company	49	2(6)

* MRL is Subsidiary of RIHL and includes 60.93% shares held by RIHL

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. **Indian**									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	87,450,916	18	87,450,934	100	100,879,488	18	100,879,506	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	87,450,916	18	87,450,934	100	100,879,488	18	100,879,506	100	–
2. **Foreign**									
a. NRI Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corp.	–	–	–	–	–	–	–	–	–
d. Any Others	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	–	–	–	–	–	–	–	–	–
Total Promoter Shareholding (A)=(A)(1)+(A)(2)	**87,450,916**	**18**	**87,450,934**	**100**	**100,879,488**	**18**	**100,879,506**	**100**	**–**
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt	–	–	–	–	–	–	–	–	–
d. State Govt(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Companies	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)									
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**87,450,916**	**18**	**87,450,934**	**100**	**100,879,488**	**18**	**100,879,506**	**100**	–

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2017			Shareholding at the end of the year as on 31st March, 2018			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	87,450,916	99.99	–	100,879,498	100.00	–	–
2	*Mahindra & Mahindra Limited jointly with Mr. Keshub Mahindra	1	–	–	1	–	–	–
3	*Mahindra & Mahindra Limited jointly with Mr. A K Nanda	2	–	–	2	–	–	–
4	*Mahindra & Mahindra Limited jointly with Mr. M Raghuram	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2017 No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	Shareholding at the end of the year as on 31st March, 2018 No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share-holding during the year
5	*Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi	1	–	–	1	–	–	–
6	*Mahindra & Mahindra Limited jointly with Mr. M A Nazareth	1	–	–	1	–	–	–
7	*Mahindra & Mahindra Limited jointly with Mr. A M Choksey	1	–	–	1	–	–	–
8	*Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey	1	–	–	1	–	–	–
9	*Mahindra Holdings Limited	10	–	–	–	–	–	–
	Total	**87,450,934**	**100**	–	**100,879,506**	**100**	–	–

* Jointly held with Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of the Companies Act, 2013 with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year (1st April, 2017) No. of Shares	% of total shares	Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year No. of Shares	% of total shares
	At the beginning of the year	1.4.2017	–	87,450,934	100	–	–	–
	Changes during the year	21.08.2017	Allotment	–	–	2,142,858	89,593,792	–
		06.11.2017	Allotment	–	–	11,285,714	100,879,506	–
	At the end of the year				–		100,879,506	100

iv. Shareholding Pattern of top ten Shareholders: Nil
(other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year (as on 1st April, 2017) No. of Shares	% of total shares	Increase / Decrease in No. of Shares	Cumulative Shareholding during the year No. of Shares	% of total shares
1	Name							
	At the beginning of the year	–	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–	–
2	Name							
	At the beginning of the year	–	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–	–

v. **Shareholding of Directors and Key Managerial Personnel: Nil**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1	Name						
	At the beginning of the year	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
2	Name						
	At the beginning of the year	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–

V. INDEBTEDNESS: NIL

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Name	NA	NA	NA	**(Rs.)**
	Designation				
1.	Gross Salary	–	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Name	NA	NA	NA	(Rs.)
	Designation				
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–			

B. Remuneration of other directors:

(Rs. in Lakhs)

Sr. No	Particulars of Remuneration	Name of Directors Mr. Noshir Dastur	Mr. Ajay Mehta	Mr. Bharat Upadhyay	Mr. Satish Kamat	Total Amount
1.	Independent Directors • Fee for attending board/committee meetings	0.50	1.00	0.40	–	1.90
	• Commission*	0.28	3.00	1.83	–	5.11
	• Others, please specify	–	–	–	–	–
	Total (1)	0.78	4.00	2.23	–	7.01
2.	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	–	–	–	0.90	0.90
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	0.90	0.90
	Total B = (1+2)	0.78	4.00	2.23	0.90	7.91
	Total Managerial Remuneration					7.91
	Over all Ceiling as per the Act					12.96
		(being 3% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

* Subject to the approval of the shareholders at the Annual General Meeting

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Rs. in Lakhs)

Sr. No	Particulars of Remuneration	Name of Key Managerial Personnel CEO Mr. Mitesh Shah	CS Ms. Bhakti Khanna	CFO Mr. Rajvimal Agarwal	Total Amount (Rs)
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1)of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u!s 17(2)Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Professional Fees	5.05	2.40	2.15	9.6
	Total	**5.05**	**2.40**	**2.15**	**9.6**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

A. Company

Type	Section of the Companies Act	Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

B. Directors

Type	Section of the Companies Act	Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

C. Other Officers in Default

Type	Section of the Companies Act	Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Nozar Bharucha
Director

Satish Kamat
Director

Mumbai, 30th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Engineering and Chemical Products Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra Engineering and Chemical Products Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the related statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20 to the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Place: Mumbai
Date: 30th April, 2018

Annexure I to the Auditor's Report referred to in our report of even date:

1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2 The Company does not have inventory. Therefore, the provisions of para 3(ii) of the said Order are not applicable to the Company.

3 The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a), (iii) (b) and (iii) (c) of the said Order are not applicable to the Company.

4 In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of making investment. The Company has not granted any loans or provided guarantees and securities.

5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

6 The Company is not covered under the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013. Therefore, the provisions of para 3(vi) of the said Order are not applicable to the Company.

7 (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other applicable statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, goods and service tax and cess are in arrears, as on March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, service–tax, duty of excise, duty of customs, value added tax, and goods and service tax which have not been deposited on account of any dispute except as follows:

Name of the Statute	Nature of dues	Amount	Periods to which amounts relates	Forum where the dispute is pending
Sales Tax Laws	Sales tax	749,267	AY 2009-10	Appellate Authority - Commissioner (Appeals)

8 The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. The clause 3(viii), therefore is not applicable to the Company.

9 The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and therefore, clause 3(ix) is not applicable to the Company.

10 During the course of our audit, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.

11 Based on the records examined by us and according to the information and explanations given to us, there is no amount paid or payable as a managerial remuneration under the provisions of Section 197 of the Companies Act, 2013.

12 In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the said Order is not applicable.

13 Based on the records examined by us and according to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14 Based on the records examined by us and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15 Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the said Order is not applicable.

16 In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Place: Mumbai
Date: 30th April, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note No.	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**1,008,795,060**	874,509,340
(b) Reserves and surplus	4	**6,739,455,656**	5,903,405,151
		7,748,250,716	6,777,914,491
(2) Non-Current Liabilities			
(a) Deferred tax liabilities (net)	27	**51,069**	19,214
(b) Other long term liabilities	5	**10,000,000**	10,000,000
(c) Long-term provisions	5a	**473,349**	473,349
		10,524,418	10,492,563
(3) Current Liabilities			
(a) Trade payables	6		
– total outstanding dues of micro enterprises and small enterprises; and		**–**	–
– total outstanding dues of creditors other than micro enterprises and small enterprises		**2,079,752**	4,557,191
(b) Other current liabilities	7	**37,058**	71,107
(c) Short-term provisions	8	**–**	–
		2,116,810	4,628,298
TOTAL		**7,760,891,944**	6,793,035,352
II. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment			
(i) Tangible assets	9	**2,566,757**	2,208,882
(b Non-current investments	10	**7,500,075,838**	6,561,081,750
(c) Long term loans and advances	11	**15,926,554**	135,072,843
		7,516,002,392	6,696,154,593
(2) Current assets			
(a) Trade receivables	12	**46,610**	34,444
(b) Cash and cash equivalents	13	**520,956**	73,548,226
(c) Other bank balances	13	**214,300,000**	19,000,000
(d) Short-term loans and advances	14	**23,013,765**	1,099,045
(e) Other current assets	15	**4,441,463**	990,162
		242,322,795	94,671,877
TOTAL		**7,760,891,944**	6,793,035,352

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIALS STATEMENTS

In terms of our report attached

For B.K.Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Date : 30th April, 2018
Place : Mumbai

For and on behalf of the Board of Directors

Company Secretary Director
Chief Executive Officer Director
Chief Financial Officer Director

Director

Date : 30th April, 2018
Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Particulars	Note No.	**For the year ended 31st March, 2018 Rupees**	For the year ended 31st March, 2017 Rupees
I.	Revenue from operations (gross)		**349,374**	8,600,614
	Less: Excise duty		**–**	–
	Revenue from operations (net)	16	**349,374**	8,600,614
II.	Other Income	17	**49,741,397**	6,431,201
III.	**Total Revenue**		**50,090,771**	15,031,815
IV.	**Expenses:**			
	Purchase of Stock-in-Trade (Marine Engine)		**–**	–
	Finance costs	18	**–**	–
	Depreciation expense	9 & 10A	**1,519,363**	1,432,140
	Other expenses	19	**5,737,986**	10,863,490
	Total Expenses		**7,257,349**	12,295,630
V.	Profit/(loss) before exceptional item and tax		**42,833,422**	2,736,185
VI.	Exceptional Item			
	a) Provision for dimunition in value of long term investments (refer Note 11 - Non-Current Investments)		**–**	–
	b) Provision for impairment in value of fixed assets (refer Note 9 - Tangible Assets)		**–**	(1,882,671)
VII.	Profit/(Loss) before tax		**42,833,422**	853,514
VIII.	Tax expense:			
	(1) Current tax		**12,465,382**	1,400,000
	(2) Short/(Excess) provision for tax relating to prior years (net)		**–**	(2,099,594)
	(3) Deferred Tax		**31,855**	(546,982)
			12,497,237	(1,246,576)
IX.	Profit/(Loss) for the year		**30,336,185**	2,100,090
X.	Earnings per equity share (Face Value per share Rs. 10): Basic/Diluted	26	**0.33**	0.03

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIALS STATEMENTS

In terms of our report attached
For B.K.Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Date : 30th April, 2018
Place : Mumbai

For and on behalf of the Board of Directors

Company Secretary Director
Chief Executive Officer Director
Chief Financial Officer Director

Director

Date : 30th April, 2018
Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
		Rupees	Rupees	Rupees	Rupees
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit/(Loss) before tax:		42,833,422		853,514
	Adjustments for:				
	Depreciation	1,519,363		1,432,140	
	Provision for diminution in long term investments	–		–	
	Provision for impairment in fixed assets	–		1,882,671	
	Provision no longer required written back	–		(115,107)	
	Finance costs	–		–	
	Stamp duty, registration charges on increase in authorised and issued share capital	940,000		5,450,585	
	Interest on Fixed Deposit	(8,894,076)		(5,596,094)	
	Rental income from investment property	(720,000)		(720,000)	
	Gain on sales of long term investments	–		–	
			(7,154,713)		2,334,195
	Operating Loss before Working Capital changes		35,678,709		3,187,709
	Adjustments for changes in working capital:				
	Long term Loans and advances	119,146,289		–	
	Other non-current assets	–		–	
	Inventories				
	Trade Receivables	(12,166)		6,736,256	
	Short term Loans and advances	806,400		(500,880)	
	Other Current Assets	(50,000)		–	
	Other long term & current liabilities	(34,049)		(23,981)	
	Trade Payables	(2,477,439)		2,166,570	
	Other long term liabilities				
	Other current liabilities				
	Purchase of long term investments				
	– Subsidiary	(940,000,000)		(627,500,000)	
	– Associate	–		(950,672,259)	
	Intercorporate deposits recovered from others			42,642,467	
	Interest received on Intercorporate deposits	(68,793)		4,144,848	
			(822,689,758)		(1,523,006,979)
	Cash generated from operations		(787,011,049)		(1,519,819,270)
	Income taxes paid (net of refunds)		(12,992,325)		(1,872,774)
	Net Cash flow/(used in) Operating activities		(800,003,374)		(1,521,692,045)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Fixed Assets:				
	Purchase	(871,326)		–	
	Sale				
	Purchase of long term investments	–		–	
	Rental Income from Investment Property	720,000		720,000	
	Intercorporate deposit given to subsidiary				
	Intercorporate deposit given to others	(22,194,178)		–	
	Intercorporate deposit recovered from subsidiary				
	Interest received on fixed deposit	5,561,568		5,085,045	

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
	Rupees	**Rupees**	Rupees	Rupees
Bank Balances not considered as Cash and Cash equivalents				
– Placed	**(195,300,000)**		(19,000,000)	
		(212,083,936)		(13,194,955)
Cash generated from investment activities		**(212,083,936)**		(13,194,955)
Income Taxes paid		**–**		–
Net Cash used in investing activities		**(212,083,936)**		(13,194,955)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of Share Capital (including securities premium)	**940,000,040**		1,550,672,340	
Stamp duty, registration charges on increase in authorised and issued share capital	**(940,000)**		(5,450,585)	
Short term borrowings				
Repayment of Short term borrowings			–	
Finance costs			–	
Net Cash from financing activities		**939,060,040**		1,545,221,755
D NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(73,027,270)**		10,334,756
Cash and cash equivalents at the beginning of the year (refer note 13)		**73,548,226**		63,213,470
Cash and cash equivalents at the end of the year (refer note 13)		**520,957**		73,548,226
		(73,027,270)		10,334,756
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer note 13)				
Component of cash and cash equivalents				
with banks : in current accounts		**520,957**		754,071
in deposit account		**–**		72,794,155
		520,957		73,548,226

Notes:

1 The above cash flow statement has been prepared under the "Indirect Method" as set out in Accouting Standard 3-Cash Flow Statement.

See accompanying notes forming part of the financial statements

In terms of our report attached
For B.K.Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Date : 30th April, 2018
Place : Mumbai

For and on behalf of the Board of Directors

Company Secretary Director
Chief Executive Officer Director
Chief Financial Officer Director

Director

Date : 30th April, 2018
Place : Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information:

Mahindra Engineering and Chemical Products Limited is a public limited company incorporated on 7th June, 1954 under the Companies Act, 1956. The Company's main activity is carrying on the business of offering services and trading/distributing, etc. of boats and yachts of all kinds and engines.

2. Significant Accounting Policies followed by the Company:

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (The Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current it it is expected to realise or settle within 12 months after the Balance Sheet date

2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Property, Plant and Equipment:

(a) Fixed Assets are stated at cost less accumulated depreciation and impairment losses,if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.

(b) Depreciation on fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.6 Investment Property:

(a) Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to intial recognition,investment property is accounted in accordance with the Cost Model prescribed in AS-10.

(b) Depreciation on Investment Property is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.7 Revenue Recognition:

Sale of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer.

Sale of services are recognised when services are rendered.

2.8 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the dividend is established.

2.9 Foreign Currency Transactions and Translations:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end and the resulting exchange differences arising on transactions/translations are recognised as income or expense in the Statement of Profit and Loss.

2.10 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value determined by category of investment.

2.11 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.12 Taxes on Income:

Tax expense comprises current and deferred tax. Current Tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax Act, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.13 Impairment of assets:

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

At the end of each reporting period, the carrying amount of the asset is reviewed to determine whether there is any indication that the assets have suffered an impairment loss.

2.14 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Note 3 – Share capital

	Particulars	**As at 31 March, 2018**		As at 31 March, 2017	
				Number of Shares	Rupees
(a)	**Authorised**				
	Equity shares of Rs. 10 each	**116,000,000**	**1,160,000,000**	116,000,000	1,160,000,000
		116,000,000	**1,160,000,000**	116,000,000	1,160,000,000
(b)	**Issued**				
	Equity shares of Rs. 10 each	**100,879,506**	**1,008,795,060**	87,450,934	874,509,340
		100,879,506	**1,008,795,060**	87,450,934	874,509,340
(c)	**Subscribed**				
	Equity shares of Rs. 10 each	**100,879,506**	**1,008,795,060**	87,450,934	874,509,340
		100,879,506	**1,008,795,060**	87,450,934	874,509,340
(d)	**Fully paid up**				
	Equity shares of Rs. 10 each	**100,879,506**	**1,008,795,060**	87,450,934	874,509,340
		100,879,506	**1,008,795,060**	87,450,934	874,509,340

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	**Opening Balance**	**Fresh issue**	**Buy back**	**Closing Balance**
Equity Shares of Rs. 10 each				
Year ended 31st March, 2018				
Number of shares	**87,450,934**	**13,428,572**	**–**	**100,879,506**
Amount	**874,509,340**	**134,285,720**	**–**	**1,008,795,060**
Equity Shares of Rs. 10 each				
Year ended 31st March, 2017				
Number of shares	65,298,472	22,152,462	–	87,450,934
Amount	652,984,720	221,524,620	–	874,509,340

(ii) The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share of the paid up equity capital of the Company. The same are subject to restrictions contained in the Articles in this regard. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
Mahindra & Mahindra Limited, the holding Company (including 8 equity shares held jointly with its nominees)	**100,879,506**	87,450,924

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2018 Number of shares	As at 31 March, 2018 % of holding	As at 31 March, 2017 Number of shares	As at 31 March, 2017 % of holding
Mahindra & Mahindra Limited (including 8 equity shares held jointly with its nominees)	**100,879,506**	**100.00%**	87,450,924	99.99%

Note 4 – Reserves and surplus

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Capital Reserve:	**1,015,444**	1,015,444
Securities Premium Account:		
Opening balance	**6,720,147,720**	5,391,000,000
Add : Premium on shares issued during the year	**805,714,320**	1,329,147,720
Closing Balance	**7,525,862,040**	6,720,147,720
General Reserve:	**41,423,458**	41,423,458
Surplus in the statement of profit and loss		
Opening balance	**(859,181,471)**	(861,281,561)
Add: Profit/(Loss) for the year	**30,336,185**	2,100,090
Closing balance	**(828,845,286)**	(859,181,471)
Total	**6,739,455,656**	5,903,405,151

Note 5 - Other long term liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Security Deposit	**10,000,000**	10,000,000
Total	**10,000,000**	10,000,000

NOTE 5a - Long-term provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Provision Others :		
Provision for Income Tax (net of advance tax)	**473,349**	473,349
Total	**473,349**	473,349

Note 6 - Trade payables

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Trade Payables		
– total outstanding dues of micro enterprises and small enterprises ; and	**–**	–
– total outstanding dues of creditors other than micro enterprises and small enterprises	**2,079,752**	4,557,191
Total	**2,079,752**	4,557,191

Note: The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

Note 7 - Other current liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Other payables:		
Statutory remittances (withholding taxes etc.)	**37,058**	71,107
GST Payable	**–**	–
Security Deposit	**–**	–
Total	**37,058**	71,107

Note 8 - Short term provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Provision Others:		
Provision for Income Tax (net of advance tax)	**–**	–
Total	**–**	–

Note 9 – Property, Plant and Equipment- Tangible

Particulars	Gross Block: Balance as at 1st April, 2017 Rupees	Additions during the year Rupees	Disposals during the year Rupees	**Balance as at 31st March, 2018 Rupees**	Accumulated Depreciation: Balance as at 1st April, 2017 Rupees	For the year Rupees	Impairment Rupees	Other Adjustments Rupees	**Balance as at 31st March, 2018 Rupees**	Net Block: **Balance as at 31st March, 2018 Rupees**
TANGIBLE ASSETS										
Vehicles (Vessels - Speed boat)*	5,818,845	–	–	**5,818,845**	3,618,845	426,228	–	–	**4,045,073**	**1,773,772**
	(5,818,845)	(–)	(–)	**(5,818,845)**	(1,309,946)	(426,228)	(1,882,671)	–	**(3,618,845)**	**(2,200,000)**
	(–)	(–)	(–)	**(–)**	(–)	(–)	(–)	(–)	**(–)**	**(–)**
Computers and data processing units	177,648	871,326	–	**1,048,974**	168,766	87,223	–	–	**255,989**	**792,985**
	(177,648)	(–)	(–)	**(177,648)**	(168,766)				**(168,766)**	**(8,882)**
Total	5,996,493	871,326	–	**6,867,819**	3,787,611	513,451	–	–	**4,301,062**	**2,566,757**
Previous year	(5,996,493)	(–)	(–)	**(5,996,493)**	(1,478,712)	(426,228)	(1,882,671)	–	**(3,787,611)**	**(2,208,882)**

Figures in brackets are in respect of the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 10 - Non-current investments

Particulars	**As at 31st March, 2018 Rupees**	As at 31st March, 2017 Rupees
A. Trade Investments (Unquoted)		
a) Investments in Equity Instruments		
Subsidiaries:		
Retail Initiative Holdings Limited [20,550,000 shares (previous year 20,550,000 shares) having face value of Rs. 10 each, fully paid]	**205,500,000**	205,500,000
Mahindra Retail Private Limited [329,174,722 shares (previous year 235,174,722 shares) having face value of Rs.10/- each fully paid]	**3,247,510,000**	2,307,510,000
Associates:		
Mahindra Tsubaki Conveyor Systems Private Limited (formerly known as Mahindra Conveyor Systems Private Limited) [15,376,025 shares (previous Year 15,376,025 shares) having face value of Rs. 10 each, fully paid] *	**183,140,553**	183,140,553
Brainbees Solutions Private Limited [48,87,180 Compulsorily Convertible Preference Shares (Previous Year-48,87,180) having face value of Rs. 5 each, fully paid]	**950,672,259**	950,672,259
b) Investment in Compulsorily Fully Convertible Debentures		
Subsidiaries:		
Investment in 0% Unsecured Compulsorily Fully Convertible Debentures of Retail Initiative Holdings Limited (4,944,053 debentures (previous year 4,494,053 debentures) having face value of Rs. 1,000 each, fully paid)	**4,944,053,000**	4,944,053,000
Sub Total (A)	**9,530,875,812**	8,590,875,812
B. Other investments		
a) Investments in Equity Instruments (Unquoted)		
Mahindra Logistics Limited [100 shares having face value of Rs. 10 each, fully paid]	**1,000**	1,000
b) Investment Property		
– Residential Flat in Co-operative Society (including 5 shares of Rs. 50 each in Mahindra Heights Co-op. Housing Society Limited) Refer Note 10A	**49,199,026**	50,204,938
Sub Total (B)	**49,200,026**	50,205,938
Sub Total (A+B)	**9,580,075,838**	8,641,081,750
Less : Provision for diminution in value of Long Term Investments	**(2,080,000,000)**	(2,080,000,000)
Total	**7,500,075,838**	6,561,081,750

Aggregate amount of unquoted investments (net of provisions) is Rs. 7,50,00,75,838 (previous year Rs. 6,561,081,750).

Note 10A-

Particulars	**As at 31st March, 2018 Rupees**	As at 31st March, 2017 Rupees
I. Cost		
Opening Balance	**51,210,850**	51,210,850
Additions during the year	**–**	–
Disposals during the year	**–**	–
Closing Balance	**51,210,850**	51,210,850
II. Accumulated depreciation and Impairment for the year		
Opening Balance	**1,005,912**	–
Charge for the year	**1,005,912**	1,005,912
Impairment/Other Adjustments during the year	**–**	–
Closing Balance	**2,011,824**	1,005,912
Net Block (I-II)	**49,199,026**	50,204,938

Note 11 – Long term loans and advances

Particulars	**As at 31st March, 2018 Rupees**	As at 31st March, 2017 Rupees
Advance income tax (Net of provisions)	**15,926,554**	135,072,843
Total	**15,926,554**	135,072,843

Note 12 – Trade receivables

Particulars	**As at 31st March, 2018 Rupees**	As at 31st March, 2017 Rupees
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	**–**	–
Other Trade receivables	**46,610**	34,444
Total	**46,610**	34,444

Note 13 – Cash and cash equivalents and other bank balances

Particulars	**As at 31st March, 2018 Rupees**	As at 31st March, 2017 Rupees
A. Cash and Cash Equivalents		
(i) In current accounts	**520,957**	754,071
(ii) In Fixed Deposit Receipts	**–**	72,794,155
– Original maturity of 3 months or less		
Total cash and cash equivalents (as per AS 3 Cash Flow Statement) (A)	**520,957**	73,548,226

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
B. Other bank balances		
(ii) In Fixed Deposit Receipts		
– Original maturity of more than 3 months	**214,300,000**	19,000,000
Total Other Bank balances (B)	**214,300,000**	19,000,000
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	**214,820,957**	92,548,226

NOTE: Of the above, the FD's that are expected to be realized after a period of 12 months from the reporting date are Rs. 1,98,00,000.

Note 14 – Short term loans and advances

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Unsecured, considered good		
(a) Prepaid expenses	**21,435**	25,649
(b) Inter Corporate deposits	**22,194,178**	–
(c) Balances with government authorities		
Service Tax credit receivable	**174,782**	145,618
State and Central GST credit receivable	**96,427**	
(d) Advance income tax (Net of provisions)	**526,943**	472,774
(e) Advance to vendors	**–**	455,004
Total	**23,013,765**	1,099,045

Note 15 – Other current assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Rupees	Rupees
Accruals		
(a) Interest accrued on Inter Corporate Deposit	**68,793**	–
(b) Interest accrued on Fixed Deposit	**4,322,670**	990,162
Deposits		
Deposit for Fuel	**50,000**	–
Total	**4,441,463**	990,162

Note 16 – Revenue from operations

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Rupees	Rupees
Sale of Traded Products (Marine Engines)	**–**	–
Interest income on Inter Corporate deposits	**305,374**	3,444,142
Dividend Income from long-term investments - Associate	**–**	5,084,472
Sale of Services (Boat hiring)	**44,000**	72,000
Total	**349,374**	8,600,614

Note 17 – Other income

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Rupees	Rupees
Rental Income from Investment Property (Long term investment)	**720,000**	720,000
Sale of scrap	**–**	–
Interest on Income Tax Refund	**40,127,321**	–
Provision no longer required written back	**–**	115,107
Interest Income from Fixed Deposits	**8,894,076**	5,596,094
Total	**49,741,397**	6,431,201

Note 18 – Finance costs

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Rupees	Rupees
Interest on delayed/deferred payment of income tax	**–**	–
Total	**–**	–

Note 19 – Other expenses

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Rupees	Rupees
Repairs and maintenance -		
Boat	**765,580**	1,380,703
Buildings	**222,936**	208,589
Expenditure on Corporate Social Responsibility (refer Note 29)	**142,535**	280,181
Insurance	**28,793**	54,213
Rates & Taxes (excluding taxes on income)	**46,100**	37,355
Payment to Auditors - (including service tax) [refer note (i)]	**177,000**	307,580
Deputation Charges	**1,484,939**	1,200,297
Professional and Legal Fees	**1,085,060**	1,525,680
Stamp duty, registration charges on increase in authorised and issued share capital	**940,000**	5,450,585
Sitting Fees for Directors	**309,400**	280,000
Printing and Stationery	**–**	–
Travelling & Conveyance	**–**	–
Postage & Telephone	**7,230**	–
Commission to directors	**511,233**	84,624
Exchange Gain/(Loss) on Forex	**6,968**	11,149
Miscellaneous expenses	**10,212**	42,534
Total	**5,737,986**	10,863,490

Note (i) Auditors' remuneration

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Rupees	Rupees
Auditors' remuneration includes payment to auditors -		
a) Audit Fees	**177,000**	220,200
b) Other Services	**–**	86,250
c) For reimbursement of expenses	**–**	1,130
	177,000	307,580

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 20 - Contingent Liability (to the extent not provided for):

Particulars	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
Income Tax matters:		
Income tax demand in respect of which the Company is in appeal/may go into appeal	**135,030**	6,324,727
Income tax demand where the matters have been decided in favour of the Company against which the income tax department may go in appeal	**136,351,006**	130,026,279
Sales Tax matters (AY 2009-10)	**749,267**	749,267
Total	**137,235,303**	137,100,273

Note 21 - Commitments (to the extent not provided for):

The Company has already given letter of comfort to a bank of Mahindra Retail Private Limited with respect to financial facilities aggregating to Rs. 390,000,000 (previous year Rs. 950,900,000) granted by the said bank to Mahindra Retail Private Limited.

Note 22 - Value of Imports calculated on CIF basis.

Particulars	For the Year ended 31st March, 2018 Rupees	For the Year ended 31st March, 2017 Rupees
Marine Engines	**–**	–

Note 23 - Year end foreign currency exposures that has not been hedged by a derivative instrument or others:

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	INR	Foreign Currency	INR	Foreign Currency
Advances to Vendors	–	–	455,004	USD 6967.90

Note 24 – Segment Reporting

a) **Primary Segment - Business Segment**

The Company has identified business segments as its primary segment and there are no geographical segments. Business segments are primarily Trading of Engines, Investing activities and Speed Boat. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on effort estimate basis for the segment. All other expenses which are not attributable or allocable to segments have been disclosed as net of unallocated income. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary segment.

Particulars	Trading of Engines		Investing activities		Speed Boat		Total	Total
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	–	–	305,374	8,528,614	44,000	72,000	349,374	8,600,614
Inter–segment revenue	–	–	–	–	–	–	–	–
Total	**–**	–	**305,374**	8,528,614	**44,000**	72,000	**349,374**	8,600,614
Exceptional item							–	–
Segment Result	**–**	–	(155,740)	8,215,630	(1,182,527)	(3,669,539)	(1,338,267)	4,546,091
Finance Costs	**–**	–	–	–	–	–	–	–
Unallocated income net of unallocated corporate expenses	**–**	–	–	–	–	–	44,171,691	(3,692,577)
Profit/(Loss) before tax	–	–	–	–	–	–	42,833,422	853,514
Income Taxes	–	–	–	–	–	–	12,497,237	(1,246,576)
Profit/(Loss) after tax	–	–	–	–	–	–	30,336,185	2,100,090
Other Information								
Segment assets	–	–	7,473,139,783	6,510,876,812	1,891,817	2,715,097	7,475,031,600	6,513,591,909
Unallocated corporate assets	–	–	–	–	–	–	285,860,344	279,443,443
Total assets							7,760,891,944	6,793,035,352
Segment liabilities	–	–	–	–	222,068	1,154,398	222,068	1,154,398
Unallocated corporate liabilities	–	–	–	–	–	–	12,419,160	13,966,463
Total liabilities							12,641,228	15,120,861

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Trading of Engines		Investing activities		Speed Boat		Total	Total
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Depreciation expenditure (allocable)	–	–	–	–	426,228	426,228	426,228	426,228
Depreciation expenditure (unallocable)	–	–	–	–	–	–	1,005,912	1,005,912
Provision for dimnuition in value of fixed assets	–	–			–	1,882,671	–	1,882,671

b) Secondary Segment – Geographical segment

The company does not have any geographical segment.

Note 25 – Related Party transactions:

Related party disclosures as required by AS-18 “related party disclosures” are given below.

A) Name of the related party and nature of relationship:

Name of Related Party	Nature of Relationship
Holding Company	Mahindra & Mahindra Ltd.
Subsidiary Company	Retail Initiative Holdings Limited
	Mahindra Retail Private Limited
Fellow subsidiaries	Mahindra Logistics Limited
	Mahindra Intertrade Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Lifespace Developers Ltd
Associate Company (w.e.f. 1st August, 2014)	Mahindra Tsubaki Conveyor Systems Private Limited
	(formerly known as Mahindra Conveyor Systems Private Limited)
Associate Company (w.e.f. 15th October, 2016)	Brainbees Solutions Private Limited

B) Disclosure of transactions between the company and related parties during the year ended 31 March, 2018 including Outstanding receivable and Outstanding payable:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions	Amount Outstanding at the end of year	
			Rupees	Payable in Rupees	Receivable in Rupees
Mahindra & Mahindra Ltd.	Holding Company	Interest repaid on Intercorporate Deposit	–	–	–
			(–)	(–)	(–)
		Issue of shares (including securities premium)	940,000,000	–	–
			(1,550,672,340)	(–)	(–)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions	Amount Outstanding at the end of year	
			Rupees	Payable in Rupees	Receivable in Rupees
		Share application money received	– (–)	– (–)	– (–)
		Rent Deposit received	– (–)	10,000,000 (10,000,000)	(–)
		Rent income	720,000 (720,000)	(–)	(–)
		Income from Services rendered	– (–)	(–)	(–)
		Deputation Charges	809,145 (727,294)	– (1,348,308)	(–)
		Professional Fees	233,750 (530,108)	– (860,840)	–
		Income from Boat hiring charges	22,500 (10,000)	26,550 (–)	(10,414)
		Insurance Charges	– (12,608)	– (12,608)	(–)
Retail Initiative Holdings Limited		Investment in compulsorily fully convertible debentures	– (–)	– (–)	4,944,053,000 (4,944,053,000)
Mahindra Retail Private Limited	Subsidiary	Investment in equity shares	940,000,000 (600,000,000)	– (–)	– (–)
Mahindra Intertrade Limited	Fellow Subsidiary	Deputation Fees	214,634 (200,835)	16,689 –	(–)
Mahindra Lifespace Developers Ltd	Fellow subsidiary	Sale of scrap	– –	– (–)	– (–)
Mahindra Tsubaki Conveyor Systems Private Limited	Associate	Dividend income	– (5,084,472)	– (–)	– (–)
Brainbees Solutions Private Limited	Associate	Investment in Compulsory Convertible Preference Shares of the Company	– (950,672,259)	– (–)	– (–)

Note:-

1. Figures in brackets are in respect of the previous year.
2. No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 26 - Earning per Share

Particulars	**For the Year ended 31st March, 2018**	For the Year ended 31st March, 2017
Profit/(Loss) after tax (A)	**30,336,185**	2,100,090
Weighted average number of shares Basic (B)	**93,274,417**	71,614,794
Earnings per share Basic/Diluted (Rupees) (A/B)	**0.33**	0.03
Nominal value of equity share (Rupees)	**10**	10

Note 27 - Deferred tax (liability)/asset (net) :

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**(51,069)**	(19,214)
Deferred Tax Liability (net)	**(51,069)**	(19,214)

NOTE 28 - Particulars of loans given \ investments made \ guarantees given, as required by clause (4) of Section 186 of the Companies Act, 2013

Name of party	**Nature**	**For the Year ended 31st March, 2018**	**As at 31st March, 2018**	**Period**	**Purpose**
Brainbees Solutions Private Limited	Investment in Compulsory Convertible Preference Shares	–	**950,672,259**	NA	General business purpose
Retail Initiative Holdings Limited	Investment in Equity shares	–	**205,500,000**	NA	General business purpose
	Unsecured Compulsorily Fully Convertible Debentures	–	**4,944,053,000**	NA	General business purpose
Mahindra Tsubaki Conveyor Systems Private Limited	Investment in Equity shares	–	**183,140,553**	NA	General business purpose
Mahindra Logistics Limited	Investment in Equity shares	–	**1,000**	NA	General business purpose
Mahindra Retail Private Limited	Investment in Equity shares	**940,000,000**	**3,247,510,000**	NA	General business purpose

Note 29 - Corporate Social Responsibility (CSR)

The CSR obligation for the period as computed by the Company and relied upon by the auditors is Rs. 1,42,535/- (Previous year Rs. 2,80,181/-). CSR amount spent during the period is Rs. 1,42,535/- (Previous year Rs. 2,80,181/-).

Note 30-

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Company Secretary	Director
Chief Executive Officer	Director
Chief Financial Officer	Director
	Director

Date : 30th April, 2018
Place : Mumbai

Form AOC-1

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in **Rs. in Lakhs**)

Sr. No.	Particulars	(1)	(2)
1.	Name of the subsidiary	Retail Initiative Holdings Limited	Mahindra Retail Limited (Formerly known as Mahindra Retail Private Limited)
2.	Reporting period for the subsidiary concerned, if different from the holding Company’s reporting period	N.A.	N.A.
3.	The date since when subsidiary was acquired	11th December, 2008	3rd September, 2007
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
5.	Share capital	2,055.00	84,246
6.	Reserves & surplus	(15,766.11)	(53,846)
7.	Total assets	35,739.34	42,864
8.	Total Liabilities	35,739.34	42,864
9.	Investments	35,737.16	35,548
10.	Turnover	0.00	13,650
11.	Profit/(loss) before taxation	(6.12)	(4,049)
12.	Provision for taxation	Nil	-
13.	Excess provision relating to earlier years	-	(100)
14.	Profit/(loss) after taxation	(6.12)	(3,949)
15.	Proposed Dividend	Nil	Nil
16.	% of shareholding	100	100

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: NA

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associate	Mahindra Tsubaki Conveyor Systems Private Limited
1. Latest audited Balance Sheet Date	31st March, 2018
2. Shares of Associate held by the Company on the year end	
Number	15,376,025 shares
Amount of Investment in Associate	Rs. 1,831.41 Lakhs
Extent of Holding %	49.00%
3. Description of how there is significant influence	Company has a 49% stake in the associate as at 31st March, 2018.
4. Reason why the associate is not consolidated	The Company has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year ended 31st March, 2017 and for subsequent financial years as it has complied with the conditions as prescribed in the notification of Ministry of Corporate Affairs dated 27th July, 2016.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 3,055.91 Lakhs
6. Profit for the year	
i. Considered in Consolidation	NIL
ii. Not Considered in Consolidation	Rs. 152.88 Lakhs

For and on behalf of the Board

Nozar Bharucha
Director

Mitesh Shah
Chief Executive Officer

Satish Kamat
Director

Bharat Upadhyay
Director

Rajvimal Agarwal
Chief Financial Officer

Bhakti Khanna
Company Secretary

Mumbai, 30th April, 2018

DIRECTORS' REPORT

Your Directors present their 10th (Tenth) Report along with the Standalone Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**0.00**	0.27
Loss before Depreciation, Finance Costs and Taxation	**6.12**	9.61
Less: Depreciation & Amortization	**NIL**	NIL
Loss before Finance Costs and Taxation	**6.12**	9.61
Less: Finance Costs	**NIL**	NIL
Loss before Tax	**6.12**	9.61
Less: Taxation	**NIL**	NIL
Loss for the Year	**6.12**	9.61
Balance of Loss for earlier years	**15,759.99**	15,750.38
Less: Transfer to/(from) Reserve	**NIL**	NIL
Less: Depreciation on transition to schedule II of Companies Act, 2013	**NIL**	NIL
Profit available for Appropriation	**NIL**	NIL
Proposed Dividend on Equity Shares	**NIL**	NIL
Income Tax on proposed Dividend	**NIL**	NIL
Balance of Loss carried forward	**15,766.12**	15,759.99
Net worth	**(13,711.12)**	(13,704.99)

MATERIAL CHANGES & COMMITMENTS:

No material changes and commitments affecting the financial position of the Company have occurred after the close of the financial year till the date of this report.

OPERATIONS

The Company had an equity investment of Rs. 513 crores in Mahindra Retail Limited (formerly known as Mahindra Retail Private Limited), a subsidiary company and the Company had made a provision for impairment of Rs.156 Crores against the said investment during the Financial Year 2015-16. No significant transactions have taken place during the current Financial Year 2017-18.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the General Reserves in view of the losses.

DIVIDEND

Your Directors have not paid any Interim Dividend during the year nor recommends Final dividend. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATES

Your Company has only one direct subsidiary as on 31st March, 2018.

During the year under review, Mahindra Retail Private Limited (MRPL), a direct subsidiary of the Company was converted into a Public Limited Company and accordingly the name of MRPL was changed to Mahindra Retail Limited ('MRL') with effect from 6th April, 2018.

There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

During the year under review, your Company has made no further investment in subsidiary company. MRL has not declared any dividend for the financial year 2017-18.

PERFORMANCE OF SUBSIDIARY COMPANY

A Statement pursuant to Section 129(3) of the Companies Act, 2013 containing the salient features of the financial statements of the subsidiary company and its contribution to the overall performance of the Company, is provided in Form AOC – 1 which is attached to the Financial Statements of the Company and forms part of this Report.

Mahindra Retail Limited recorded revenues of Rs.13,650 Lakhs as compared to Rs. 18,146.50 Lakhs in the previous year. Total Comprehensive loss for the year was Rs.3,930 Lakhs as compared to total comprehensive Income of Rs. 17,518.30 Lakhs in the previous year.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 stood at Rs. 21,00,00,000 comprising of 2,10,00,000 equity shares of Rs.10 each.

There was no change in the Paid-up Equity Share Capital of your Company during the year under review.

Accordingly as on 31st March, 2018, the paid-up share capital of your Company stood at Rs.20,55,00,000 comprising of 2,05,50,000 equity shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

As on 31st March, 2018, your Company's Board of Directors consisted of 3 Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 are given hereunder:

Name of Director(s)	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Parag Shah	00374944	Non-Executive Director	Non-Independent Director
Mr. Narayan Shankar	00109111	Non-Executive Director	Non-Independent Director
Mr. Rajkamal Agarwal	08071652	Non-Executive Director	Non-Independent Director

Appointment/Re-appointment

Pursuant to the provisions of Section 152 and 161 of the Companies Act, 2013, the Board of Directors of your Company at their meeting held on 21st February 2018 appointed Mr. Rajkamal Agarwal as an Additional Non-Executive Director, liable to retire by rotation, who holds office upto the date of the ensuing Annual General Meeting (AGM).

The Company has received a notice from a Member proposing the candidature of Mr. Rajkamal Agarwal for appointment as Non-Executive Director, liable to retire by rotation, of the Company and accordingly the matter has been proposed for approval of the Members at the ensuing AGM. The Directors recommend his appointment for the Member's approval at the ensuing AGM.

Resignations/Retirement

Mr. Noshir Dastur (DIN: 00493177) stepped down as an Independent Director from the Board of the Company with effect from 4th May, 2017 due to resignation.

Mr. Amar Korde (DIN: 01013355) stepped down as Non-Executive Director from the Board of the Company with effect from 27th July, 2017 due to resignation.

Mr. Ajay Mehta (DIN: 07102804) was appointed as a Non-Executive Independent Director by the Members of the Company at their Extra Ordinary General Meeting held on 20th March, 2015 for a term of three consecutive years commencing from 20th March, 2015 to 19th March, 2018. Mr. Ajay Mehta ceased to be an Independent Director on the Board of your Company on account of expiry of his tenure with effect from 19th March, 2018.

The Board places on record its appreciation for the valuable contribution of aforementioned Directors during their tenure with the Company.

Director liable to retire by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Narayan Shankar (DIN: 00109111), Director, who has been longest in office, retires by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Directors recommend his re-appointment for the Members approval at the ensuing AGM.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board of Directors met four times during the year under review on 28th April, 2017, 28th July, 2017, 6th November, 2017 and 21st February, 2018. The gap between two consecutive meetings did not exceed 120 days. The 9th Annual General Meeting of the Company was held on 28th July, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Parag Shah	3
Mr. Narayan Shankar	4
Mr. Rajkamal Agarwal*	–
Mr. Noshir Dastur#	1
Mr. Ajay Mehta ^	4
Mr. Amar Korde@	–

*Mr. Rajkamal Agarwal (DIN 08071652) was appointed as an Additional Director in the capacity of Non – Executive Director with effect from 21st February, 2018.

#Mr. Noshir Dastur (DIN: 00493177), Independent Director resigned from the office of the Director, of the Company with effect from 4th May, 2017.

^Mr. Ajay Mehta (DIN: 07102804), Independent Director ceased to hold the office of the Director, of the Company with effect from 19th March, 2018 on completion of his tenure as Independent Director.

@Mr. Amar Korde (DIN: 01013355), Non-Executive Director resigned from the office of the Director, of the Company with effect from 27th July, 2017.

MEETING OF THE INDEPENDENT DIRECTORS

Mr. Noshir Dastur, ceased to be an Independent Director with effect from 4th May, 2017 on account of his resignation and Mr. Ajay Mehta ceased to be an Independent Director with effect 19th March, 2018 on completion of his tenure. By virtue of exemption provided by MCA to unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors, your Company availed the said exemption. Accordingly, separate meeting of Independent Directors was not held during the year under review.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

(a) In the preparation of the annual accounts for the year ended 31st March, 2018 the applicable accounting standards have been followed and that there were no material departures in respect thereof;

(b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the Loss of the Company for the financial year ended on that date;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) They had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared annual accounts on a going concern basis; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the financial year ended 31st March, 2018.

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. the Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

CODES OF CONDUCT

The Board of Directors of your Company at their meeting held on 30th April, 2018 adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, key managerial personnel of your Company are as below:

Sr. No.	Name	Designation
1	Mr. Mitesh Shah	Chief Executive Officer (CEO)
2	Mr. Dharmakanth Todurkar*	Chief Financial Officer (CFO)
3	Mrs. Bhakti Khanna	Company Secretary (CS)

* Mr. Dharmakanth Todurkar was appointed as the Chief Financial Officer ('CFO') of the Company with effect from 28th July, 2017.

COMMITTEES OF THE BOARD

Audit Committee

During the year under review, the Audit Committee ("AC") members met once during the year under review i.e. on April 28, 2017.

The composition and the attendance at the meeting of AC was as under:-

Sr. No.	Name of the Director	Designation	No. of Committee meetings attended
1.	Noshir Dastur	Chairperson	1
2.	Parag Shah	Member	0
3.	Ajay Mehta	Member	1

Mr. Noshir Dastur ceased to be the member of the Committee with effect from 4th May, 2017 on account of his Resignation as a Director of the Company.

Ministry of Corporate Affairs ("MCA") vide its notifications dated 5th July, 2017 and 13th July, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting Nomination and Remuneration Committee and AC.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level. Hence, being an unlisted public company and WOS of Mahindra Engineering and Chemical Products Limited, your Company availed the said exemption and dissolved the AC with effect from 28th July, 2017. The role of AC has been subsumed by the Board of Directors.

Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

The composition of NRC was as under:-

Sr. No.	Name of the Director	Designation
1.	Noshir Dastur	Chairperson
2.	Parag Shah	Member
3.	Ajay Mehta	Member
4.	Amar Korde	Member

Mr. Noshir Dastur ceased to be the member of the Committee with effect from 4th May, 2017 on account of his Resignation.

Mr. Amar Korde ceased to be the member of the Committee with effect from 27th July, 2017 on account of his Resignation.

Ministry of Corporate Affairs ("MCA") vide its notifications dated 5th July, 2017 and 13th July, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting NRC and Audit Committee.

Considering the size and operations of the Company, the Board considered it appropriate to govern and manage the Company at Board level.

Hence, being an unlisted public company and WOS of Mahindra Engineering and Chemical Products Limited, your Company availed the said exemption and dissolved the NRC with effect from 28th July, 2017.

Corporate Social Responsibility Committee

Provisions relating to Corporate Social Responsibility enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR Policy.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND POLICY ON CRITERIA FOR APPOINTMENT/ REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Pursuant to the exemption granted by the Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, inter alia exempting unlisted public companies which are wholly owned subsidiary ("WOS") companies from constituting Nomination and Remuneration Committee ("NRC"), the Company, being a WOS had dissolved the NRC with effect from 28th July, 2017

Consequent to the above, policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and Policy on the remuneration of directors, Key Managerial Personnel and other employees as required under section 178(3) of the Companies Act, 2013 ('Act') (Policies) were amended suitably to enable Board to subsume all the powers of NRC under the said Policy. As the Company is not covered under Section 178(1) of the Act, the said amended Policy is not required to be annexed to this report.

RISK MANAGEMENT POLICY

Your Company has developed a risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

STATUTORY AUDITORS

At the Seventh Annual General Meeting (AGM) held on 29th September, 2015, Messrs. B. K. Khare & Co., Chartered Accountants, (Firm registration Number 105102W) was appointed as the Statutory Auditors of your Company for a period of five years. They hold office up to the conclusion of Twelfth AGM to be held in the year 2020 subject to ratification of their appointment by the Members at every AGM to be held after the AGM held on 29th September, 2015.

As required under the provisions of Sections 139 (1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B.K. Khare & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDIT, SECRETARIAL AUDIT AND COST AUDIT

The provisions relating to Internal Audit, Secretarial Audit and Cost Audit were not applicable to your Company during the year under review.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure I** to this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

Being unlisted company, provisions of Rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company, pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding company Mahindra & Mahindra Limited

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made, guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements entered with related parties pursuant to Section 188(1) of the Companies Act, 2013. Further there were no transactions with related parties which are required to be disclosed under Form AOC-2, pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Hence, Form AOC-2 is not annexed to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual return as on 31st March, 2018 is attached herewith as **Annexure II** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DEMATERIALISATION OF SHARES

The shares of your Company have been admitted for dematerialization with National Securities Depository Limited. The International Securities Identification Number (ISIN) of the Company is INE132X01015.

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Karvy Computershare Pvt. Limited are the Registrar and Share Transfer Agent of the Company.

CORE INVESTMENT COMPANY (CIC)

Your Company falls under the category of Core Investment Company (CIC) as it holds majority of its assets as investments in group company/ies and does not engage in financing activity other than that of investments/guarantees/ loans mainly relating to its group company/ies. It is a Non-Banking Financial Company (NBFC) and does not engage in financing activity similar to other NBFCs.

For the Financial Year ended on 31st March, 2018, the Company has –

- Total Assets (i.e. assets appearing on the assets side of balance sheet) amounting to Rs.357.43 crores.
- The Company's investments in Subsidiary Company stood at Rs. 357.37 crores.

The Company is exempt from registration with RBI under section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US) 2011 dated 5th January, 2011 (issued under section 45NC of the RBI Act).

GENERAL DISCLOSURES

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company does not have a Managing Director/ Whole Time Director.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under Section 67(3)(c) of the Companies Act 2013).

ACKNOWLEDGEMENTS:

Your Directors are pleased to take this opportunity to thank the bankers and all the other stakeholders for their co-operation to the Company during the year under review.

For and on Behalf of the Board

Narayan Shankar
Director

Parag Shah
Director

Place: Mumbai
Date: 30th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: Though Your Company is not energy intensive, necessary steps are being taken to conserve energy.

(b) The steps taken by the Company for utilizing alternate sources of energy: Nil

(c) The capital investment on energy conservation equipment's: Nil

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption: Nil

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Nil

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

  (a) The details of technology imported: Nil

  (b) The year of import: Nil

  (c) Whether the technology been fully absorbed: Nil

  (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

(iv) The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on Behalf of the Board

Narayan Shankar
Director

Parag Shah
Director

Place: Mumbai
Date: 30th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS

1.	**CIN**	U67110MH2008PLC188837
2.	**Registration Date**	11th December, 2008
3.	**Name of the Company**	RETAIL INITIATIVE HOLDINGS LIMITED
4.	**Category/Sub-category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of the Registered office & contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No.: 022 2490 5620 Fax No.: 022 2497 0883
6.	**Whether listed company (Yes/No)**	No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
01	Investment in Securities	6599	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai -400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Engineering and Chemical Products Limited, Gateway Building, Apollo Bunder, Mumbai -400001	U74999MH1954PLC019908	Holding Company	100	2(46)
3.	Mahindra Retail Limited (MRL) Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U52190MH2007PLC173762	Subsidiary Company	60.93	2(87)(ii)

* Through Mahindra Engineering and Chemical Products Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	20,550,000	20,550,000	100	–	20,550,000	20,550,000	100	–
e) Bank/FI	–	–	–	–	–	–	–		–
f) Any Other	–	–	–	–	–	–	–		–
Sub-Total-A-(1)	–	**20,550,000**	**20,550,000**	**100**	–	**20,550,000**	**20,550,000**	**100**	–
(2) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Body Corporate	–	–	–	–	–	–	–	–	–
d) Bank/ FI	–	–	–	–	–	–	–	–	–
d) Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-A (2)	–	–	–	–	–	–	–	–	–
TOTAL (A) = (A)(1)+ (A)(2)	–	**20,550,000**	**20,550,000**	**100**	–	**20,550,000**	**20,550,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Bank/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total-(B)-(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-Total-(B)-(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**20,550,000**	**20,550,000**	**100**	–	**20,550,000**	**20,550,000**	**100**	–

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning, of the year as on 1st April, 2017			Shareholding at the end of the year 31st March, 2018			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Engineering and Chemical Products Limited	20,549,994	100	–	20,549,994	100	–	–
2	*Mahindra Engineering and Chemical Products Limited jointly with Mr. Zhooben Bhiwandiwala	1	–	–	1	–	–	–
3	*Mahindra Engineering and Chemical Products Limited jointly with Mr. V. R. Krishnan	1	–	–	1	–	–	–
4	*Mahindra Engineering and Chemical Products Limited jointly with Mr. S. Venkatraman	1	–	–	1	–	–	–
5	*Mahindra Engineering and Chemical Products Limited jointly with Mr. K. Chandrasekar	1	–	–	1	–	–	–
6	*Mahindra Engineering and Chemical Products Limited jointly with Mr. Narayan Shankar	1	–	–	1	–	–	–
7	*Mahindra Engineering and Chemical Products Limited jointly with Mr. V. S. Parthasarathy	1	–	–	1	–	–	–
		20,550,000	**100**	–	**20,550,000**	**100**	–	–

* Jointly held with Mahindra Engineering and Chemical Products Limited for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change): NIL*

Particulars	Date	Reason	Shareholding at the beginning of the year (1st April, 2017)		Increase / Decrease in No. of Shares	Cumulative Shareholding during the year	
			No. of shares	% of total shares		No. of shares	% of total shares
At the beginning of the year			–			–	
Changes during the year			–			–	
At the end of the year			–			–	

* There is no change in the Promoters' Shareholding during the Financial Year 2017-18.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year (1st April, 2017)		Increase / Decrease in No. of Shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares		No. of shares	% of total shares
1.	Name							
	At the beginning of the year	–	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–	–
2.	Name							
	At the beginning of the year	–	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel: NIL

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year (1st April, 2017)		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1.	Name						
	At the beginning of the year	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
2.	Name						
	At the beginning of the year	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment -

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (1st April, 2017)				
i) Principal Amount	–	49,440.53	–	49,440.53
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (1+2+3)		49,440.53		49,440.53
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year (31st March, 2018)				
i) Principal Amount	–	49,440.53	–	49,440.53
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (1+2+3)	**–**	**49,440.53**		**49,440.53**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount (In Lakhs)
	Name Designation	**N.A**	–
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of Profit - others, specify	 – –	 – –
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	

B. Remuneration to other Directors:

(in INR)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Noshir Dastur*	Mr. Ajay Mehta#	
1.	Independent Directors			
	Fee for attending board/committee meetings	30,000	90,000	1,20,000
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	**30,000**	**90,000**	**1,20,000**
2.	Other Non-Executive Directors			
	Fee for attending board/committee meetings	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (2)	**–**	**–**	**–**
	Total (B)=(1+2)	**30,000**	**90,000**	**1,20,000**
	Total Managerial Remuneration	**30,000**	**90,000**	**1,20,000**
	Overall Ceiling as per the Act	–	–	–

* Mr. Noshir Dastur resigned as an Independent Director with effect from 4th May, 2017

Mr. Ajay Mehta ceased to be an Independent Director with effect from 19th March, 2018.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(in INR)

Sr. No.		Company Secretary	CFO	Total
		Bhakti Khanna	Dharmakanth Todurkar	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of Profit – others,	 – –	 – –	 – –
5.	Others, please specify	–	–	–
	Retainer Fee/ Deputation Charges	60,000	50,000	1,10,000
	Total	**60,000**	**50,000**	**1,10,000**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013): NIL

	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on Behalf of the Board

Narayan Shankar
Director

Parag Shah
Director

Place: Mumbai
Date: 30th April, 2018

INDEPENDENT AUDITOR'S REPORT

To

The Members of

RETAIL INITIATIVE HOLDINGS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Retail Initiative Holdings Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure I**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure II**". Our report expresses and unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 30, 2018

ANNEXURE "I" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 9 under 'Report on others Legal and Regulatory Requirements' of our report of even date)

1 (a) Since the company does not own any fixed assets, the provision of clause No.3(i) of the order does not apply to the company.

2 Since the company is an investment company, it does not hold any physical inventory. Therefore, provisions of Clause No.3(II) do not apply.

3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

4 The Company has not granted any loans or made investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.

6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.

8 In our opinion and according to the information and explanations given to us,the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.

9 The Company has not raised any money from initial public offer or further offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.

10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11 In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration.

12 The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.

13 In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

14 During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

15 In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

16 The company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934 (Refer Note "Corporate Information" under Summary of Significant Accounting Policies).

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 30, 2018

ANNEXURE "II" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10(f) under 'Report on others Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Control Over Financial Reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control over financial reporting of **Retail Initiative Holdings Limited** ("the company") as of March 31, 2018 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India" These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conduct our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standard on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial control over financial reporting include obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures Selected depends on the auditor's judgement, include the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility if collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 30, 2018

BALANCE SHEET AS AT 31 MARCH, 2018

Amount in Rs.

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
I. EQUITY AND LIABILITIES			
(1) **Shareholders' funds**			
(a) Share Capital	2	**205,500,000**	205,500,000
(b) Reserves and Surplus	3	**(1,576,611,593)**	(1,575,999,134)
(2) **Non-current liabilities**			
(a) Long term Borrowings	4	**4,944,053,000**	4,944,053,000
(b) Long term provisions		**–**	–
(3) **Current liabilities**			
(a) Short term Borrowings		**–**	–
(b) Trade payables	5	**734,756**	520,086
(c) Other current liabilities	6	**257,809**	255,579
TOTAL		**3,573,933,972**	3,574,329,531
II. ASSETS			
(1) **Non-current assets**			
(a) Fixed Assets			
(i) Tangible assets		**–**	–
(ii) Intangible assets		**–**	–
(iii) Capital work in progress		**–**	–
(b) Non-current Investments	7	**3,573,716,390**	3,573,716,390
(c) Long term loans and advances	8	**44,820**	2,729
(2) **Current assets**			
(a) Inventories		**–**	–
(b) Trade receivables		**–**	–
(c) Cash and cash equivalent	9	**92,662**	610,412
(d) Short term loans and advances	10	**80,100**	–
TOTAL		**3,573,933,972**	3,574,329,531

Summary of significant accounting policies 1

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No - 044784

Place: Mumbai
Date: 30 April, 2018

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Parag Shah
Director

Narayan Shankar
Director

Dharmakanth Todurkar
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No.28370

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

Amount in Rs.

Particulars		Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
I.	Revenue from operations		–	–
II.	Other Income		121	27,288
III.	**Total Revenue (I+II)**		121	27,288
IV.	**EXPENSES**			
	Purchase of stock in trade		–	–
	Changes in Inventories of finished goods/WIP/stock in trade		–	–
	Employee benefits expense		–	–
	Finance cost		–	–
	Depreciation and amortisation expense		–	–
	Other expenses	11	612,580	988,206
	Total Expenses		612,580	988,206
V.	**Profit before exceptional and extraordinary items and tax (III–IV)**		(612,459)	(960,918)
VI.	Exceptional Items		–	–
VII.	**Profit before extraordinary items and tax (V–VI)**		(612,459)	(960,918)
VIII.	Extraordinary items		–	–
IX.	**Profit before tax (VII–VIII)**		(612,459)	(960,918)
X.	Tax expense			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
XI.	**Profit (Loss) for the period (IX–X)**		(612,459)	(960,918)
XII.	**Earnings per equity share:**		Rs.	Rs.
	(1) Basic		(0.03)	(0.05)
	(2) Diluted		(0.03)	(0.05)
	Nominal value per share		10	10

Summary of significant policies	1

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No - 044784

Parag Shah
Director

Narayan Shankar
Director

Dharmakanth Todurkar
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No.28370

Place: Mumbai
Date: 30 April, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018

	31 March 2018	Amount in Rs. 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit for the period before tax	**(612,459)**	(960,918)
Adjustments for:		
Depreciation	**–**	–
Interest Income	**(121)**	(27,288)
Loss on fixed assets sold/scrapped	**–**	–
Impairment of Long Term Investment	**–**	–
	(121)	(27,288)
Operating profit before working capital changes	**(612,580)**	(988,206)
Changes in:		
Sundry Debtors	**–**	–
Inventories	**–**	–
Loans and Advances	**(122,191)**	(2,729)
Trade and other payables	**216,900**	238,313
	94,709	235,584
Income Taxes paid	**–**	–
NET CASH FROM OPERATING ACTIVITIES	**(517,871)**	(752,622)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	**–**	–
Proceeds from Sale of fixed assets	**–**	–
Purchase of Investments	**–**	–
Interest Income	**121**	27,288
NET CASH USED IN INVESTING ACTIVITIES	**121**	27,288
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Receipt of Share Capital	**–**	–
Receipt of Unsecured Loans	**–**	–
Receipt of Inter-corporate deposit	**–**	–
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**–**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(517,750)**	(725,334)
CASH AND CASH EQUIVALENTS:		
Opening Balance	**610,412**	1,335,746
Closing Balance	**92,662**	610,412

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No - 044784

Place: Mumbai
Date: 30 April, 2018

For and on behalf of the Board of Directors
Retail Initiative Holdings Limited

Parag Shah
Director

Narayan Shankar
Director

Dharmakanth Todurkar
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No.28370

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

1. **Summary of SIGNIFICANT ACCOUNTING POLICIES**

Corporate Information:

Retail Initiative Holdings Limited ('The Company') is the holding company of Mahindra Retail Private Limited. The Company is a Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2011 and is not required to obtain Certificate of Registration under Section 45 IA of the Reserve Bank India Act, 1934.

a) Basis for Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

Assets and Liabilities are classified as Current or Non-Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

b) Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

c) Revenue recognition:

Dividends from investments are recognized in the Statement of the Profit and Loss when the right to receive the payment is established.

Interest is recognized on time proportion basis.

d) Investments:

All long-term investments are valued at cost. Provision for diminution, if any in the value of each long-term investments is made to recognize a decline, other than of a temporary nature.

e) Impairment of Assets

The management periodically assesses using, external and/or internal sources, whether there is an indication that carrying amount of asset exceeds its recoverable amount. If any such indication exists, the management estimates the recoverable amount of the investment. If such recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss

f) Income Taxes:

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets to the extent they have become reasonably certain or virtually certain of realisation, as the case may be.

Deferred tax assets are not recognised to the extent that there is no virtual certainty or reasonable certainty, as the case may be, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

g) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Note 2

			Amount in Rs.
	Share Capital:	**31 March 2018**	31 March 2017
a.	**Authorised:**		
	21,000,000 (Previous Year 21,000,000) equity shares of Rs.10 each	**210,000,000**	210,000,000
b.	**Issued, subscribed and fully paid up:**		
	20,550,000 (Previous Year 20,550,000) equity shares of Rs.10 each	**205,500,000**	205,500,000
	Total	**205,500,000**	205,500,000

c. **Reconciliation of share outstanding at the beginning & at the end of the Year**

	31 March 2018		31 March 2017	
	No's	**Amount in Rs.**	No's	Amount in Rs.
Equity Shares:				
At the beginning of the period	**20,550,000**	**205,500,000**	20,550,000	205,500,000
Add: Issued during the year	**–**	**–**	–	–
Outstanding at the end of the period	**20,550,000**	**205,500,000**	20,550,000	205,500,000

d. **Shares held by holding company**

	31 March 2018		31 March 2017	
	No's	**Amount in Rs.**	No's	Amount in Rs.
Mahindra Engineering and Chemical Products Limited	**20,550,000**	**205,500,000**	20,550,000	205,500,000

e. **Details shareholders holding more than 5% shares in the company**

	31 March 2018		As at 31 March 2017	
	No's	**% Holdings**	No's	% Holdings
Mahindra Engineering and Chemical Products Limited	**20,550,000**	**100.00%**	20,550,000	100.00%

f. **Other Disclosure:**

The Company has one class of Equity Shares having par value of Rs.10 each. Each Equity shareholder is eligible for one vote per share held and is entitled to dividend as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian rupees.

g. Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

For details of securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date, please refer note no. 4

Note 3

		Amount in Rs.
Reserves and Surplus:	**31 March 2018**	31 March 2017
Surplus in statement of Profit & Loss Account		
Opening balance	**(1,575,999,134)**	(1,575,038,216)
Add: Profit/(Loss) for the Current Year	**(612,459)**	(960,918)
Closing Balance	**(1,576,611,593)**	(1,575,999,134)

Note 4

		Amount in Rs.
Long term borrowings:	**31 March 2018**	31 March 2017
(A) ***Unsecured***		
Debenture (Fully Compulsorily Convertible) 49,44,053 (Previous Year: 49,44,053) Zero Coupon Fully Compulsorily Convertible Debentures of Rs. 1,000 each	**4,944,053,000**	4,944,053,000
Total	**4,944,053,000**	4,944,053,000

a Zero Coupon Fully Compulsorily Convertible Debentures are convertible into equity shares of the company on or before 10 years from the date of allotment. The debenture holders have an option to seek conversion of debentures in full or part thereof into equity shares of the face value of Rs. 10 each issued at par any time after 5 years from the date of allotment. On exercising such option, the debenture holder will get 100 equity shares of Rs. 10 each issued at par for every one debenture held.

Note 5

		Amount in Rs.
Trade payables	**31 March 2018**	31 March 2017
Micro & Small Enterprises	**–**	–
Others	**734,756**	520,086
Total	**734,756**	520,086

Note 6

		Amount in Rs.
Other current liabilities	**31 March 2018**	31 March 2017
TDS Payable	**8,500**	19,000
GST Payable	**18,900**	–
Other payables	**230,409**	236,579
Total	**257,809**	255,579

Note 7

		Amount in Rs.
Non-current Investments	**31 March 2018**	31 March 2017
Trade Investments (valued at cost unless stated otherwise)		
– Investment in equity instruments (Unquoted)		
– Investment in subsidiary		
51,32,88,514 (PY: 51,32,88,514) Equity Shares of Rs.10 each fully paid up in Mahindra Retail Pvt Limited	**5,133,716,390**	5,133,716,390
Less : Provision for Impairment	**(1,560,000,000)**	(1,560,000,000)
Total	**3,573,716,390**	3,573,716,390

Note 8

		Amount in Rs.
Long-Term Loans & Advances:	**31 March 2018**	31 March 2017
(Unsecured considered good unless otherwise stated)		
TDS Receivable	**–**	2,729
GST Receivable	**44,820**	–
Total	**44,820**	2,729

Note 9

		Amount in Rs.
Cash & Cash Equivalents:	**31 March 2018**	31 March 2017
A Bank balances		
– On current account	**92,662**	610,412
B Cash on hand	**–**	–
Total	**92,662**	610,412

Note 10

		Amount in Rs.
Short - Term Loans & Advances: (Unsecured considered good unless otherwise stated)	**31 March 2018**	31 March 2017
Receivable Others	**80,100**	–
Total	**80,100**	0

Note 11

		Amount in Rs.
Other expenses	**31 March 2018**	31 March 2017
Professional Fees	**401,870**	574,100
Rates & Taxes	**8,110**	26,600
Registration and Documentation Charges	**–**	34,500
Auditors' Remuneration	**23,600**	23,000
Directors Remuneration	**–**	1,00,000
Bank Charges	**–**	6
Deputation Charges	**50,000**	50,000
Sitting Fees	**129,000**	180,000
Total	**612,580**	988,206

Other additional information by way of notes to statement of profit & loss

		Amount in Rs.
1. Payment to auditors	**31 March 2018**	31 March 2017
a) Auditor	**23,600**	23,000
Total	**23,600**	23,000

Disclosures as required by the Accounting Standards

12. There is no provision for current tax in view of the losses in the current year.

Deferred Tax Asset has not been recognized in view of absence of virtual certainty that the asset will be reversed in near future.

13. Earnings per Share (EPS) is calculated as follows:

Sr. No.	Particulars	2017-18	2016-17
1.	Profit/(Loss) attributable to equity shareholders	**(6,12,459)**	(9,60,918)
2.	Weighted Average No. of shares	**2,05,50,000**	2,05,50,000
3.	Nominal Value per share	**10**	10
4.	Earnings Per share:		
	– Basic	**(0.03)**	(0.05)
	– Diluted	**(0.03)**	(0.05)

14. The Company had equity investment of Rs.5,13,37,16,390 in Mahindra Retail Private Limited ("MRPL"), a Subsidiary company. In view of the losses incurred by the subsidiary company and the Company had made provision for impairment in its financial statements to the extent of Rs.1,56,00,00,000 for the year ended 31 March 2016. Net carrying amount as at 31 March 2018 Rs.353.37 Cr

Based on the independent external valuation report obtained by the Company, no further impairment or reversal of it was required to be accounted for the year ended 31 March 2018

15. Related Party Disclosures

All the related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. The details of material transactions with related parties is provided herewith under

i) Enterprises that directly or indirectly through one or more subsidiaries:-

(a) *Control the Reporting Enterprise:-*
Mahindra & Mahindra Limited

(b) *Holding company:-*
Mahindra Engineering & Chemical Products Ltd.

(c) *Subsidiary Company:-*
Mahindra Retail Private Ltd.

The related party transactions are as under:

Nature of Transactions	Controlling company (Mahindra & Mahindra Ltd.)	Holding company (Mahindra Engineering & Chemical Products Ltd.)	Subsidiary (Mahindra Retail Private Limited)
Debenture Payable		4,94,40,53,000 (4,94,40,53,000)	
Payable	6,08,880 (3,95,130)		
Expense Reimbursement	2,33,750 (4,65,750)		
Receivables			(80,100) (NIL)

16. Contingent Liabilities:

Contingent liabilities	**31 March 2018**	31 March 2017
	NIL	NIL

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No - 044784

Place: Mumbai
Date: 30 April, 2018

For and on behalf of the Board of Directors

Retail Initiative Holdings Limited

Parag Shah
Director

Narayan Shankar
Director

Dharmakanth Todurkar
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No.28370

Form AOC-1

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in **Rs. in Lakhs**)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Retail Limited (formerly Known as Mahindra Retail Private Limited)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	Date on which become subsidiary	3rd September, 2007
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR and N.A.
5.	Share Capital (including Preference Capital & Share Application money)	84,246.32
6.	Reserves & surplus	(53,846.05)
7.	Total Assets	42,864.13
8.	Total Liabilities	12,463.62
9.	Investments (excluding investment made in subsidiaries)	NIL
10.	Gross Turnover	13,649.99
11.	Profit / (Loss) before taxation	(4,049.22)
12.	Provision for taxation	NIL
13.	Profit / (Loss) after taxation	(4,049.22)
14.	Proposed Dividend and Tax thereto	NIL
15.	% of shareholding (Proportion of ownership interest)	60.93%
16.	Proportion of Voting Power where different	60.93%

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: NA

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – NA

For and on Behalf of the Board

Narayan Shankar Director

Parag Shah Director

Place: Mumbai
Date: 30th April, 2018

DIRECTORS' REPORT

Your Directors present their 11th (Eleventh) Report along with the Standalone Audited Financial Statements of your Company for the year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income		
Revenue from Operations (Gross)	**13,499**	17,730
Less: Excise Duty	**0**	0
Revenue from Operations (Net)	**13,499**	17,730
Other Income	**151**	35,445
Total Income	**13,650**	53,175
Expenses		
Cost of Raw Material and Components Consumed	**10,831**	11,224
(Increase)/Decrease in inventories	**(498)**	2,717
Employee Benefit Expenses	**1,359**	3,538
Other Expenses	**4,252**	12,855
Depreciation and Amortization Expenses	**439**	642
Finance Costs	**1,316**	1,091
Total Expenses	**17,699**	32,067
Profit/(Loss) before Tax	**(4,049)**	21,108
Provision for Tax	**(100)**	3,600
Profit/(Loss) for the year from Continuing Operations	**(3,949)**	17,508
Balance of Profit from earlier years	**(49,926)**	(67,434)
Balance carried forward	**(53,875)**	(49,926)
Amount carried forward to reserves	**0**	0
Net worth	**30,400**	24,930

MATERIAL CHANGES & COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred after the close of the financial year till the date of this report.

OPERATIONS OF THE COMPANY

Your Company recorded revenue of Rs.13,499 Lakhs as compared to Rs.17,730 Lakhs in the previous year. Loss after tax for the year was Rs.4,049 Lakhs as compared to profit of Rs.21,108 Lakhs in the previous year. Two exceptional items were recorded in previous year, gain from slump sale of franchisee business Rs.35,028 lakhs and loss from divestment of investment in Mahindra Internet Commerce Private Limited Rs.4,390 lakhs.

The Financial Year 2017-18 has been a transitional period for your company. Various initiatives were undertaken to align the Company to the new business structure. Buying was centralized as a corporate function and Planning team was established. Training & development team was established to train store team for better customer retention and conversion. Inventory control and liquidation of old inventory was aggressively undertaken. Majority of the stores were relocated and resized to align the cost structure to the new business model. As such these relocations enabled us to get an annualized cost savings of Rs.586 lakhs.

In light of these initiatives second half of the year under review improved, revenues recorded a 10% increase in H2'18 vs H1'18 and Store EBITDA improved by approximately 47%.

DIVIDEND

Your Directors have not paid any Interim Dividend during the year nor recommends Final dividend in view of Losses. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year under review in terms of the applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the General Reserves in view of the losses.

SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATES

Your Company has only one Associate Company i.e. Brainbees Solutions Private Limited (FirstCry) as on 31st March, 2018. There are no Subsidiary companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

PERFORMANCE OF ASSOCIATES

Your Company holds 21.2% shares in Brainbees Solutions Private Limited (FirstCry) and is consequently the single largest shareholder.

Brainbees recorded revenue of Rs. 33,696.40 Lakhs and Loss after tax of Rs. 5,344.46 Lakhs for the Financial Year 2017-18

A Report on the performance and financial position of Associate Company and its contribution to the overall performance of the Company, is provided in Form AOC-1 is provided in Form AOC – 1 which is attached to the Financial Statements of the Company and forms part of this Report.

EXEMPTION FROM CONSOLIDATION OF FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), ('Notification'), dated 27th July, 2016, exempted a partially owned subsidiary company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

The Company has complied with all the conditions as mentioned in the Notification and has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year 31st March, 2017 and onwards.

OUTLOOK FOR THE CURRENT YEAR (FY 2018-19):

Your Company, currently operates around 73 stores in three formats: Mall Stores, Standalone stores and Hospital Stores. Your Company is expected to achieve revenue of Rs.149 Cr in FY 18-19, with a positive EBITDA at store level.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 stood at Rs.950,00,00,000 comprising of 95,00,00,000 equity shares of Rs.10 each.

FURTHER ISSUE OF CAPITAL

During the year under review, your Company has issued and allotted 9,40,00,000 Equity Shares of face value of Rs.10 per share for cash, at par, aggregating to Rs. 94,00,00,000 to the existing shareholders of the Company on Rights basis in proportion to the paid-up share capital held by them in the Company.

Accordingly, the issued, subscribed and paid up share capital of the Company stood at Rs.842,46,32,360 divided into 84,24,63,236 Equity shares of Rs.10 each as at 31st March, 2018.

CONVERSION OF COMPANY TO PUBLIC COMPANY AND CONSEQUENT CHANGE IN THE NAME OF COMPANY

The Members of the Company at their Extra Ordinary General Meeting held on 15th March, 2018 approved the conversion of the Company from Private Limited Company to Public Limited Company. Consequent to the conversion, the name of the Company was changed from 'MAHINDRA RETAIL PRIVATE LIMITED' TO '**MAHINDRA RETAIL LIMITED**' with effect from 6th April, 2018 vide a fresh certificate of Incorporation issued by the Registrar of Companies. Consequent changes were also made to the Memorandum of Association to reflect the same.

ADOPTION OF NEW ARTICLES OF ASSOCIATION

During the financial year 2017-18, prior to and for the purpose of conversion of the Company to a "Public Company" and in order to exclude the restrictions and limitations which are required to be included in the articles of a private limited company as per statutory requirements of Companies Act, 2013 and to bring it in line with the provisions of "Companies Act 2013" and remove the references to erstwhile Companies Act, 1956, the new set of Articles of Association of your Company was adopted with the prior approval of shareholders in accordance with the provisions of the Companies Act, 2013 read with the Rules there under.

BOARD OF DIRECTORS

Composition:

As on 31st March, 2018, your Company's Board of Directors consisted of 5 Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 are given hereunder:

Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Zhooben Bhiwandiwala	00110373	Non-Executive Director and Chairman of Board	Non-Independent Director
Mr. Parag Shah	00374944	Non-Executive Director	Non-Independent Director
Ms. Sheetal Mehta	06495637	Non-Executive Director	Non-Independent Director
Mr. Bharat Upadhyay	02189485	Non-Executive Director	Independent Director
Mr. Ajay Mehta	07102804	Non-Executive Director	Independent Director

Director liable to retire by Rotation

In terms of Section 152 of the Companies Act, 2013, Ms. Sheetal Mehta (DIN: 06495637), Director, who has been longest in office, retires by rotation at the forthcoming Annual

General Meeting (AGM) and being eligible offers herself for re-appointment. The Directors recommend her re-appointment for the Members approval at the ensuing AGM.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

The Company has received Declarations from the Independent Directors to the effect that they meet the criteria of independence as provided in sub section 6 of Section 149 of the Companies Act, 2013.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board of Directors met four times during the year under review on 28th April, 2017, 28th July, 2017, 6th November, 2017 and 21st February, 2018 inter alia to review the financial performance of your Company and matters relating to its operations and statutory compliances. The gap between two consecutive meetings did not exceed 120 days. The 10 (tenth) Annual General Meeting of the Company was held on 28th July, 2017.

During the year, the attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended out of 4 Board Meetings held
Mr. Zhooben Bhiwandiwala	3
Mr. Parag Shah	3
Mr. Bharat Upadhyay	4
Ms. Sheetal Mehta	2
Mr. Ajay Mehta	4

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 21st February, 2018 without the presence of the Chairman and other Non-Executive Directors, the Chief Executive Officer, the Chief Financial Officer, Company Secretary and any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to inter alia, review performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

EVALUATION OF PERFORMANCE:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of it's own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Non-Executive Directors.

The Directors expressed their satisfaction with the evaluation process.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, key managerial personnel of your Company are as below:

Sr. No.	Name of KMP	Designation
1.	Mr. Sugato Majumdar*	Chief Executive Officer (CEO)
2.	Mr. Dharmakanth Todurkar#	Chief Financial Officer (CFO)
3.	Mr. Gajendra Mewara	Company Secretary (CS)

* Mr. Prakash Wakankar resigned as the Chief Executive Officer with effect from 15th July, 2017 and Mr. Sugato Majumdar was appointed as the Chief Executive Officer with effect from 6th November 2017.

\# Mr. Saroj Khuntia resigned as the Chief Financial Officer with effect from 15th July, 2017 and Mr. Dharmakanth Todurkar was appointed as the Chief Financial Officer with effect from 28th July, 2017.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee comprises of the following members:

Name of the Director	Designation
Mr. Ajay Mehta	Chairman
Mr. Zhooben Bhiwandiwala	Member
Mr. Bharat Upadhyay	Member

The Committee met once during the year under review on 28th April, 2017 which was attended by all the members.

All the recommendations of the Audit Committee were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of the following members: -

Name of the Director	Designation
Mr. Bharat Upadhyay	Chairman
Mr. Zhooben Bhiwandiwala	Member
Mr. Ajay Mehta	Member

The Committee met once during the year under review on 28th July, 2017 which was attended by all the Members.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to section 135 of Companies Act, 2013 ('Act'), the Corporate Social Responsibility ('CSR') Committee of the Board was constituted with effect from 28th July, 2017.

The CSR Committee comprises of the following members:

Name of the Director	Designation
Mr. Bharat Upadhyay	Chairman
Mr. Zhooben Bhiwandiwala	Member
Ms. Sheetal Mehta	Member

The CSR Committee was constituted as your Company had recorded Profits due to exceptional gain on account of slump sale in the previous financial year and consequently fit into one of the criteria mentioned in Section 135(1) of the Companies Act, 2013.

During the year under review, the Corporate Social Responsibility Committee ("CSR") members of the Board of Directors did not meet, as there were no matters to be dealt by it.

As 2% of average Net Profit of previous 3 financial years was negative, the Company was not required to spend towards CSR. Hence, a report on CSR containing particulars specified in Annexure to the The Companies (Corporate Social Responsibility Policy) Rules 2014 is not annexed.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

COST AUDIT

The provisions relating to Cost Audit enumerated under Section 148 of the Companies Act, 2013 are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

(a) In the preparation of the annual accounts for the year ended 31st March, 2018 the applicable accounting standards have been followed and that there were no material departures in respect thereof;

(b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the loss of the Company for the financial year ended on that date;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) They had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared annual accounts on a going concern basis; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2018.

SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards viz. the Secretarial Standard-1 on Board Meetings (SS-1) and Secretarial Standard-2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government, and that such systems are adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Board Members, Senior Management Personnel and Employees affirming compliance with respective Codes.

STATUTORY AUDITORS

At the Tenth Annual General Meeting (AGM) held on 28th July, 2017, Messrs. BSR & Co., LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022) was appointed as the Statutory Auditors of your Company for a period of five years. They hold office up to the conclusion of Fifteenth AGM to be held in the year 2022 subject to ratification of their appointment by the Members at every AGM to be held after the AGM held on 28th July, 2017.

As required under the provisions of Sections 139 (1) of the Companies Act, 2013, the Company has received a written consent from Messrs. BSR & Co., LLP, Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, Practicing Company Secretaries (Certificate of Practice No: 5676), has been appointed as the Secretarial Auditor of your Company to undertake the Secretarial Audit of the Company.

A Secretarial Audit Report for the financial year ended 31st March, 2018 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as ***Annexure I*** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was re-appointed as the Internal Auditor of your Company for the Financial Year ended 31st March, 2018 to conduct the Internal Audit of the Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND THE POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and Policy on the remuneration of directors, Key Managerial Personnel and other employees as required under Section 178(3) of the Companies Act 2013 are provided as ***Annexure II*** and form part of this report and is also available on our website at www.mahindraretail.com. There have been no changes in the said policies during the year.

RISK MANAGEMENT POLICY

Your Company has developed a risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as ***Annexure III*** to this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

The loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate parent company Mahindra and Mahindra Limited, are furnished separately.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans granted, securities provided and investments made during the year under review pursuant to Section 186 of the Companies Act, 2013.

SAFETY, HEALTH AND ENVIRONMENT PERFORMANCE

Your Company is committed to protecting the health and safety of employees, customers and protecting the environment and public wherever they conduct business activities.

Your Company is committed to the belief that all occupational injuries and illnesses are preventable. Each employee has a personal and vital responsibility to contribute to safe work performance.

The objective is to continuously improve health, safety, and environmental performance, and in doing so, to be recognized as a leader in the retail industry. Your Company's approach to Safety, Health and Environment is with the same level of responsibility and is as methodical as they attend to issues concerning product quality, productivity and cost-efficiency.

Some of the other key initiatives are as follows:

- Provide healthy and safe workplaces with security and ergonomics that are built into the design of the workplace (offices & stores) with best operating practices incorporated to provide employees a safe environment free from any kind of discrimination including a stringent.
- All employees are subjected to pre-employment medical check-ups and are provided with health and hospitalization insurance cover for self, spouse and children.
- Conduct periodic programmes addressing healthy living, stress free living and work-life balance.

SUSTAINABILITY INITIATIVES

Your Company is committed to embracing sustainability with the following five objectives followed up with policies and action plans to drive them:

- Reduction of power consumption: Tracking Power consumption by Units at the Corporate Office and across the stores by implementation of policies like mandatory submission of Power Bill with Units consumption.
- Implementation of Energy Management System in the store – devices or Peak/Non-Peak circuitry and timer for main signage at the time of store design and construction and certification of the same mandatory at the time of handing over the property to operations for trading.
- Reduction of paper consumption: Control printing paper by controlling of issue of papers in quota, paper utilization report compulsory as part of store petty cash utilization, double sided printing and recycling of waste paper mandatory. Control Printed Communication by monitoring printer paper quantity and approval of quantities for Marketing and HR mass distribution, recycling by incorporation of system wherein all unwanted paper is dropped in Recycle Bins at Corporate Office and Stores and reused with small seal reading "recycled" on them.
- Reduction of travel: Tracking of Travel by incorporating a Travel requisition system to minimize travel, monthly travel report to all department heads, encourage use of Skype/ Video Conferencing.
- Reduction of transportation: Control of Material Transportation (in km) by tracking truck movement for stock movement and delivery, developing local/regional suppliers to reduce transportation cost for new store.
- Encourage Car Pooling & use of mass transportation systems for employees coming to work and when on outstation duties.
- Reuse/Repurpose of materials: Identification of all Capex fit-out materials (Fixtures, Mannequins, lights, signage, hangers etc.) which are unused in all stores and consolidation and refurbishment of the same. Identification of scrap materials with vendors and development of fit-out materials from the same for new requirements for the same in the stores.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with related parties were at arm's length and in the ordinary course of business.

Particulars of contracts or arrangements with related parties are given in form AOC – 2 as ***Annexure IV*** and the same forms part of this Report.

MRPL EMPLOYEES STOCK OPTION SCHEME – 2015

The Members of the Company by way of special resolution passed on 4th November, 2015 approved the MRPL EMPLOYEES STOCK OPTION SCHEME – 2015 ('MRPL ESOP Scheme') in order to create, offer and grant from time to time, in one or more tranches, upto 7,53,46,324 Options for the benefit of the eligible employees of the Company.

Your Company operated in different segments and channels of business like own stores, franchisee operated stores, distribution and e-commerce. In order to retain and attract talents in different channel/segments, and to incentivize the employees, ESOP scheme was formulated. However, post the business consolidation transaction with Brainbees Solutions Private Limited, from 15th October 2016, Company operates as a master franchisee of Brainbees Solutions Private Limited, all other channels of business apart from Own stores and distribution have become redundant and discontinued. In the light of this development MRPL ESOP Scheme does not have much applicability and has become redundant.

Since the inception of the ESOP Scheme, no Options were granted to any employees and there was no intention to grant any further. In view of the above, the Board of Directors at their meeting held on 28th July, 2017, subject to approval of Members at General Meeting, approved revocation and termination/winding up of MRPL EMPLOYEES STOCK OPTION SCHEME – 2015 and also dissolved the ESOP Committee comprising of Mr Zhooben Bhiwandiwala & Mr. Parag Shah. The said termination /winding up of ESOP Scheme is not prejudicial to the interest of any employee.

The details to be disclosed under the said Scheme pursuant to the Companies (Share Capital and Debentures) Rules, 2014 are given in ***Annexure VI***.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 ('Act') read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section 134(3)(a) of the Act, an extract of the Annual return as on 31st March, 2018 is attached herewith as ***Annexure V*** and forms part of this report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

DEMATERIALISATION OF SHARES

The Equity Shares of your Company are in dematerialisation with National Securities Depository Limited. The International Securities Identification Number (ISIN) allotted to the Company is INE330X01015.

GENERAL DISCLOSURES:

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of sweat equity shares during the year.
- The Company does not have a Managing Director/ Whole Time Director.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 30th April, 2018

ANNEXURE I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Retail Limited
(Formerly known as Mahindra Retail Private Limited)
Mahindra Towers, P.K. Kurne Chowk,
Worli, Mumbai – 400018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Retail Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period **covering the financial year ended on 31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the **financial year ended 31st March, 2018** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(being an unlisted Company, this shall applicable to the extent the shares are held in dematerialised form)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **Not Applicable to the Company**:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) Legal Metrology Act, 2009

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable**.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorized representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted.

2. Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings. Agenda were circulated at least seven days in advance. In case of

detailed notes on agenda, the same have been circulated seven or less than seven days before the meetings depending upon matters relating to unpublished price sensitive information as per UPSI approvals. A process exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there no major events taken place in the Company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: 30th April, 2018

This report is to be read with our letter which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Retail Limited
(Formerly known as Mahindra Retail Private Limited)
Mahindra Towers, P.K. Kurne Chowk,
Worli, Mumbai – 400018.

Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: 30th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below:

"**Board**" means Board of Directors of the Company. "**Company**" means Mahindra Retail Limited

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

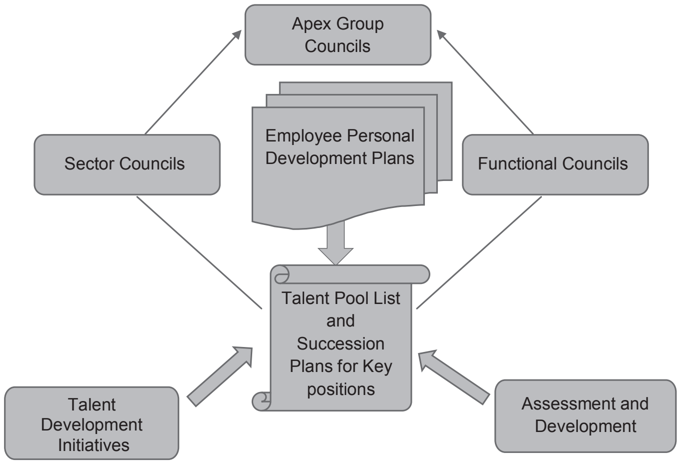
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Retail Limited.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 30th April, 2018

ANNEXURE III

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: Though Your Company is not energy intensive, necessary steps are being taken to conserve energy.

(b) The steps taken by the Company for utilizing alternate sources of energy: Nil

(c) The capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: Nil

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

  (a) The details of technology imported: Nil

  (b) The year of import: Nil

  (c) Whether the technology been fully absorbed: Nil

  (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

iv. the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange Earned	**Nil**	Nil
Total Foreign Exchange Used	**215**	2,164

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 30th April, 2018

ANNEXURE IV

AOC 2

PARTICULARS FOR CONTRACTS MADE WITH RELATED PARTIES
(Covered under Section 188(1) of Companies Act 2013)

1. **Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018 which were not at arm's length basis.

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. **Details of material contracts or arrangement or transactions at arm's length basis:** The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018 are as follows:

Sr. No.	Name(s) of the related party and nature of relationship	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Logistics Limited, Fellow Subsidiary Company	Annual/Recurring	Logistics services, Inter Corporate Deposit ('ICD') Interest & Repayment, and Sale of goods. Amount Rs. 26.9 Cr	NA	NIL
2	Mahindra Water Utilities Limited, Fellow Subsidiary Company	Annual/ Recurring	Inter Corporate Deposit ('ICD') & Interest, Sale of goods Amount Rs 18.7 Cr	NA	NIL
3	Brainbees Solutions Private Limited, Associate Company	Annual/Recurring	Sale & Purchase of goods Amount Rs. 73.62 Cr	NA	NIL

Notes:

(i) All these transactions are at arm's length and are in ordinary course of business. Accordingly Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee has been taken by the Company for the aforesaid transactions.

(ii) Contracts/transactions/arrangements for rendering of services and/or purchase of material for an amount exceeding 10% of turnover of the Company or Rs. 50 crores whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 30th April, 2018

ANNEXURE V

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U52190MH2007PLC173762
2.	**Registration Date**	3rd September, 2007
3.	**Name of the Company**	Mahindra Retail Limited (Formerly known as Mahindra Retail Private Limited)
4.	**Category/Sub-Category of the Company**	Company limited by shares / Indian Non- Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai - 400 018. Tel: 022-24905620 Fax No.: 022 2497 0883
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/ Services	NIC Code of the Product	% to total turnover of the company
1.	Retail sale of Mother and Child care products	52190	95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai -400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Engineering and Chemical Products Limited Gateway Building, Apollo Bunder, Mumbai -400001	U74999MH1954PLC019908	Holding Company (through Retail Initiative Holdings Limited)	39.07	2(46)
3.	Retail Initiative Holdings Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai – 400 018	U67110MH2008PLC188837	Holding Company	60.93	2(46)
4.	Brainbees Solutions Private Limited Rajashree Business Park, Survey No. 338, Next to Sohrabh Hall, Tadiwala Road Pune MH 411001 IN	U72100PN2010PTC136340	Associate Company	21.2	2(6)

* Through Mahindra Engineering and Chemical Products Limited and Retail Initiative Holdings Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	74,84,63,236	74,84,63,236	100	11,40,00,000	72,84,63,236	84,24,63,236	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1)	–	**74,84,63,236**	**74,84,63,236**	**100**	**11,40,00,000**	**72,84,63,236**	**84,24,63,236**	**100**	–
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Bank/ FI	–	–	–	–	–	–	–	–	–
e) Any Others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (A) = (A)(1) + (A)(2)	–	**74,84,63,236**	**74,84,63,236**	**100**	**11,40,00,000**	**72,84,63,236**	**84,24,63,236**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Co.	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**74,84,63,236**	**100**	–	**11,40,00,000**	**72,84,63,236**	**84,24,63,236**	**100**	12.56

ii. Shareholding of Promoters:

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Retail Initiative Holdings Limited	513,288,514	68.58	–	51,32,88,514	60.93	–	(7.65)
2.	Mahindra Engineering and Chemical Products Limited	235,174,722	31.42	–	32,91,74,717	39.07	–	7.65
3.	Mr. Zhooben Bhiwandiwala as a nominee of Mahindra Engineering and Chemical Products Limited*	–	–	–	1	–	–	–
4.	Mr. Parag Shah as a nominee of Mahindra Engineering and Chemical Products Limited*	–	–	–	1	–	–	–
5.	Mr. Rajkamal Agarwal as a nominee of Mahindra Engineering and Chemical Products Limited*	–	–	–	1	–	–	–
6.	Mr. Mitesh Shah as a nominee of Mahindra Engineering and Chemical Products Limited*	–	–	–	1	–	–	–
7.	Mr. Nozar Bharucha as a nominee of Mahindra Engineering and Chemical Products Limited*	–	–	–	1	–	–	–
	Total	**748,463,236**	**100**	–	**84,24,63,236**	**100**	–	–

* Shares are held as a nominee of Mahindra Engineering and Chemical Products Limited for the purpose of compliance with the statutory provisions of the Companies Act, 2013 with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change) :

SN	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Increase/ Decrease	Cumulative Shareholding during the year	
		No. of shares	% of total shares		No. of shares	% of total shares
1	**Mahindra Engineering and Chemical Products Limited**					
	At the beginning of the year	23,51,74,722	31.42			
	Increase due to allotment made on 1st September, 2017			1,50,00,000	25,01,74,722	32.77
	Increase due to allotment made on 1st November, 2017			7,90,00,000	32,91,74,722	39.07
	At the end of the year*				32,91,74,722	39.07
2	**Retail Initiative Holdings Limited**					
	At the beginning of the year	51,32,88,514	68.58			
	At the end of the year				51,32,88,514	60.93

* includes 5 shares held by Nominees of Mahindra Engineering and Chemical Products Limited.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	**Name**				
	At the beginning of the year				
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	–	–		
	At the end of the year (or on the date of separation, if separated during the year)				

v. Shareholding of Directors and Key Managerial Personnel: NIL

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Shareholding at the end of the year (As on 31st March, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Name of the Director/KMP				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Amount in Rs. Lakhs

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount		3,214	10500	13,714
2) Interest due but not paid				

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
3) Interest accrued but not due			272	272
Total (1+2+3)		**3,214**	**10,772**	**13,986**
Change in Indebtedness during the financial year				
+ Addition			1,500	1,500
– Reduction		(1,935)	(3500)	(5,435)
Net change		**(1,935)**	**(2000)**	**(3,935)**
Indebtedness at the end of the financial year-31.03.2018		1,279	8,500	9,779
1) Principal Amount		1,279	8,500	9,779
2) Interest due but not paid				
3) Interest accrued but not due			240	240
Total (1+2+3)		**1,279**	**8,740**	**10,019**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - NIL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lakhs)
	Name			
	Designation			
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of Profit	–	–	
	– Others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration of other directors

				(Rs. in Lakhs)
	Particulars of Remuneration	**Name of Directors**		**Total Amount**
1	Independent Directors	Ajay Mehta	Bharat Upadhyay	
	• Fee for attending board/committee meetings	1.35	1.35	2.70
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	1.35	1.35	2.70

(Rs. in Lakhs)

	Particulars of Remuneration	Name of Directors		Total Amount
2	Other Non-Executive Directors	–	–	–
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total B = (1+2)	1.35	1..35	2.70
	Total Managerial Remuneration	1.35	1..35	2.70
	Over all Ceiling as per the Act	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Amount
		Sugato Majumdar*	Gajendra Mewara	Dharmakanth Todurkar#	
1.	Gross salary (Rupees in lakhs)				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86.00	–	37.00	123.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - As % of Profit - Others, specify...				
5.	Retainer Fee/ Deputation Charges		1.125		1.125
	Total	**86.00**	**1.125**	**37.00**	**124.125**

* Mr. Prakash Wakankar resigned as the Chief Executive Officer with effect from 15th July, 2017 and Mr. Sugato Majumjdar was appointed as the Chief Executive Officer with effect from 6th November 2017.

\# Mr. Saroj Khuntia resigned as the Chief Financial Officer with effect from 15th July, 2017 and Mr. Dharmakanth Todurkar was appointed as the Chief Financial Officer with effect from 28th July, 2017.

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013):

A. Company

	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

B. Directors

	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

C. Other Officers in Default

	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 30th April, 2018

ANNEXURE VI

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION AND EMPLOYEE STOCK PURCHASE SCHEME AS ON 31ST MARCH, 2018

(a) Options granted – NIL

(b) Options vested - NIL

(c) Options exercised - NIL

(d) The total number of shares arising as a result of exercise of option - NIL

(e) Options lapsed - NIL

(f) The exercise price – NIL

(g) Variation of terms of options - NIL

(h) Money realized by exercise of options - NIL

(i) Total number of options in force – NIL

(j) Employee wise details of options granted to:

  (i) Key Managerial Personnel – N.A

  (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year – NIL

  (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant – NIL

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 30th April, 2018

PARTICULARS OF LOANS/ADVANCES PURSUANT TO PARA A OF SCHEUDLE V OF THE SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015

Loans and advances in the nature of Inter Corporate Deposit availed from Ultimate Holding Company – Mahindra & Mahindra Limited

Amount (in crores)

Sr. No	Name of Company	Balance as on 31st March, 2018	Maximum Outstanding during the year
1	Mahindra & Mahindra Limited	70	70

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RETAIL LIMITED** *(formerly Mahindra Retail Private Limited)*

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Retail Limited *(formerly Mahindra Retail Private Limited)* ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss (including other comprehensive income),changes in equity and its cash flows for the year ended on that date.

Other Matters

1. Attention is drawn to the fact that the comparative financial information of the Company for the year ended March 31, 2017 is based on financial statements, that were previously audited by the predecessor auditor (vide their unmodified audit report dated April 28, 2017).

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 13 and 33 to the Ind AS financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they donot pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Bangalore, April 30, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

With respect to the Annexure referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products of the Company.

(vii) (a) Accordingto the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service-tax, goods and service tax, duty of customs, value added tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, sales-tax, service tax, good and service tax, duty of customs, value added tax, cess and any other material statutory dues were in arrears, as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax or sales-tax or service-tax or duty of customs or value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of statue	Nature of dues	Amount (INR lakhs)*	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax, 2002	Sales tax	151 (15)	2012-2013	Deputy Commisioner, Sales Tax
Central Sales Tax, 1958	Sales tax	47 (15)	2012-2013	Deputy Commisioner, Sales Tax
Income tax Act 1961	Income Tax	360 (62)	2008-2009	High Court

The amount in brackets represent taxes paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.The Company did not have any outstanding dues to government or debenture holders during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Bangalore, April 30, 2018

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Retail Limited** *(formerly Mahindra Retail Private Limited)* ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Bangalore, April 30, 2018

BALANCE SHEET AS AT 31 MARCH 2018

(Rs in lakhs)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**565**	838
Other intangible assets	4	**20**	8
Financial assets			
Investments	5	**35,548**	35,548
Loans	6	**1,094**	1,154
Other financial assets	7	**8**	20
Other non-current assets	8 (a)	**212**	235
		37,447	37,803
Current assets			
Inventories	9	**4,746**	4,248
Financial assets			
Trade receivables	10	**129**	204
Cash and cash equivalents	11 (a)	**107**	66
Bank balances other than cash and cash equivalents as above	11 (b)	**28**	12
Other Current Assets	8 (b)	**407**	398
		5,417	4,928
TOTAL ASSETS		**42,864**	42,731
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**84,246**	74,846
Other equity		**(53,846)**	(49,916)
Total equity		**30,400**	24,930
Liabilities			
Non-current liabilities			
Provisions	13 (a)	**478**	486
		478	486
Current liabilities			
Financial liabilities			
Borrowings	14	**9,779**	13,714
Trade payables	15	**1,664**	2,267
Other financial liabilities	16	**414**	759
Provisions	13 (b)	**27**	83
Other tax liabilities	17	**–**	100
Other current liabilities	18	**102**	392
		11,986	17,315
TOTAL EQUITY AND LIABILITIES		**42,864**	42,731
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Place: Bengaluru
Date: April 30, 2018

For and on behalf of the Board of Directors of

Mahindra Retail Limited

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Bengaluru
Date: April 30, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs except per share data)

	Notes	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Revenue from operations	19	**13,499**	17,730
Other Income	20	**151**	417
Total Income		**13,650**	18,147
Expenses			
Purchases of traded goods		**10,831**	11,224
Changes in inventories of traded goods	21	**(498)**	2,717
Employee benefits expense	22	**1,359**	3,538
Finance costs	23	**1,316**	1,091
Depreciation and amortisation expense	3, 4 & 24	**439**	642
Other expenses	25	**4,252**	8,466
Total Expenses		**17,699**	27,678
Loss before exceptional items and tax		**(4,049)**	(9,531)
Exceptional items			
Gain on slump sale of franchisee business	26 (a)	**–**	35,028
Loss on sale of investment in subsidiary	26 (b)	**–**	(4,389)
Total exceptional items		**–**	30,639
Profit/(loss) before tax		**(4,049)**	21,108
Tax expense			
Current tax	17	**–**	3,600
Deferred tax	32	**–**	–
Excess provision for tax relating to earlier years		**(100)**	–
Profit/(loss) for the year		**(3,949)**	17,508
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of defined benefit plan, net of tax	29	**19**	10
Total comprehensive profit/(loss) for the year attributable to the owners of the Company		**(3,930)**	17,518
Earnings per equity share of face value of Rs. 10 each			
Basic and diluted	27	**(0.50)**	2.50
Summary of significant policies	2.3		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Place: Bengaluru
Date: April 30, 2018

For and on behalf of the Board of Directors of

Mahindra Retail Limited

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Bengaluru
Date: April 30, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

		31 March 2018	31 March 2017
Cash flows from operating activities			
(Loss)/Profit before tax for the year		**(4,049)**	21,108
Adjustments for:			
Finance costs recognised in profit or loss		**1,316**	1,092
Liabilities no longer required written back		**(8)**	(269)
Advances written-off		**3**	51
Inventory damages write-off / Provision for obsolescence		**73**	266
Gain on slump sale of franchisee business		**–**	(35,028)
(Profit)/Loss on disposal of property, plant and equipment		**(9)**	93
Loss on sale of investment in subsidiary		**–**	4,390
Depreciation and amortisation of non-current assets		**439**	643
Interest income		**(1)**	(3)
Income tax provision no longer required		**100**	–
Net operating losses before working capital changes		**(2,136)**	(7,657)
Movements in working capital:			
Trade and other receivables		**75**	(121)
Inventories		**(572)**	621
Other assets		**74**	314
Trade and other payables		**(1,343)**	(3,118)
Cash generated from operations		**(3,902)**	(9,961)
Income taxes paid		**–**	(3,500)
Net cash generated by operating activities		**(3,902)**	(13,461)
Cash flows from investing activities			
Interest received		**1**	3
Acquisition for property, plant and equipment		**(207)**	(170)
Proceeds from disposal of property, plant and equipment		**36**	45
Net cash inflow on slump sale		**–**	700
Acquisition of investments		**–**	(1,178)
Proceeds from disposal of investments		**–**	14
Investment in Margin money deposit		**(4)**	–
Net cash used in investing activities		**(174)**	(586)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**9,400**	6,000
Proceeds from borrowings		**–**	11,031
Repayment of borrowings		**(3,935)**	(2,216)
Interest paid		**(1,348)**	(872)
Net cash used in financing activities		**4,117**	13,943
Net increase in cash and cash equivalents		**41**	(104)
Cash and cash equivalents at the beginning of the year		**66**	170
Cash and cash equivalents at the end of the year		**107**	66
Components of cash and cash equivalents			
Cash on hand		**64**	41
Balances with banks - Current accounts		**43**	25
		107	66
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Place: Bengaluru
Date: April 30, 2018

For and on behalf of the Board of Directors of

Mahindra Retail Limited

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Bengaluru
Date: April 30, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in lakhs)

Equity share capital*

As at 1 April 2016	68,846
Issued during the year	6,000
Balance as at 31 March 2017	74,846
As at 1 April 2017	74,846
Issued during the year	9,400
Balance as at 31 March 2018	**84,246**

* refer note 12

Other Equity

(Rs. in lakhs)

Particulars	Reserves and surplus (Retained earnings)	Items of Other Comprehensive Income (Remeasurement of defined benefit liability, net of tax)	Total
Balance as at 1 April 2016	**(67,434)**	**–**	**(67,434)**
Total comprehensive income for the year ended 31 March 2017			
Profit for the year	17,508	–	17,508
Other comprehensive income	–	10	10
Total comprehensive income	**17,508**	**10**	**17,518**
Transferred to retained earnings	**10**	**(10)**	
Balance as at 31 March 2017	**(49,916)**	**–**	**(49,916)**
Total comprehensive income for the year ended 31 March 2018			
Loss for the year	(3,949)	–	(3,949)
Other comprehensive income	–	19	19
Total comprehensive income	(3,949)	19	(3,930)
Transferred to retained earnings	19	(19)	–
Balance as at 31 March 2018	**(53,846)**	**–**	**(53,846)**

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Place: Bengaluru
Date: April 30, 2018

For and on behalf of the Board of Directors of
Mahindra Retail Limited

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Bengaluru
Date: April 30, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Reporting Entity

Mahindra Retail Limited (formerly Mahindra Retail Private Limited) ('the Company' or 'Mahindra Retail'), incorporated in 2007, marked the entry of the Mahindra group into the organized retail segment. Mahindra Retail operates in the M&C retail segment with its 'FirstCry.com a Mahindra Venture' branded stores. On 15October 2016, Mahindra Retail entered into a business transfer agreement with Brainbees Solutions Pvt Ltd (FirstCry.com). Under the agreement the erstwhile franchisee business of the Company had been sold to FirstCry.com and Mahindra Retail would operate as a master franchisee of FirstCry.com.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai – 400018, Maharashtra.

The Company converted from a private limited to a public company effective from 6 April 2018 and the name of the Company was changed to Mahindra Retail Limited effective 6 April 2018.

2.1. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

In the board meeting held on 30th April 2018, the board has approved to issue these financials to shareholders of the Company.

2.2. Basis of preparation

a) Basis of measurement

The financial statements have been prepared on the historical cost convention and on an accrual basis except for the following items:

Items	Measurement basis
Certain financial assets	Amortized cost
Net defined benefit liability	Present value of defined benefit obligations

b) Functional and presentation currency

These financial statements are presented in Indian rupee (INR), which is the Company's functional currency.

c) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are:

Going concern

The Company has been incurring losses and has accumulated losses of Rs. 53,846 lakhs as at 31 March 2018. However, owing to the continued support from the holding company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these financial statements have been prepared on a going concern basis.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 are included in the following notes:

- Note 2.3 (b) and Note 2.3 (c) - useful life of assets;
- Note 2.3 (d) - impairment of financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost;
- Note 2.3 (d) - impairment of non-financial assets: key assumptions underlying recoverable;
- Note 2.3 (g) - measurement of defined benefit obligations: key actuarial assumptions;
- Note 2.3 (i) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2.3 (k) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

d) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's Management.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.3. Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Costs of assets not ready for use at the balance sheet date, if any, are disclosed under capital work- in- progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	Management estimate of useful life in years	Useful life as per Schedule II
Furniture & Fixtures	5	10
Computer and peripherals	3	3 to 6
Office equipment	5	5
Vehicles	4	8

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its assets as follows:

Class of assets	**Useful life estimated (in years)**
Computer software	3

De recognition

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. Impairment of non-financial assets

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. In respect of gift vouchers operated by the Company, sales are recognised when the gift vouchers are redeemed and the merchandise is sold to the customer.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchanges rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at the each reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss for the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method.

Long-term compensated absences are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) Earnings/(loss) per share

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) Provision and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

l) Inventories

Inventories (traded goods) are valued at the lower of cost and net realisable value.

Cost of inventories include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits , net of outstanding bank overdrafts if they are considered an integral part of the Company's cash management.

o) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Property, plant and equipment

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	**Leasehold improvement**	**Office equipment**	**Furniture and fixtures**	**Computers and peripherals**	**Vehicles**	**Total**
At Cost (Gross carrying amount)						
At 31 March 2016	2,475	1,132	2,923	986	119	7,635
Additions during the year	55	17	260	9	8	349
Disposals during the year	(436)	(243)	(750)	(416)	(51)	(1,896)
At 31 March 2017	2,094	906	2,433	579	76	6,088
Additions during the year	92	60	34	3	–	189
Disposals during the year	–	(29)	(51)	(25)	(55)	(160)
At 31 March 2018	**2,186**	**937**	**2,416**	**557**	**21**	**6,117**
Accumulated depreciation						
At 31 March 2016	2,207	1,084	2,323	772	59	6,445
Depreciation for the year	193	35	279	84	25	616
Accumulated depreciation on disposals during the year	(407)	(236)	(598)	(398)	(42)	(1,681)
Reversal of impairment losses recognised in profit and loss	(74)	(36)	(20)	(0)	–	(130)
At 31 March 2017	**1,919**	**847**	**1,984**	**458**	**42**	**5,250**
Depreciation for the year	**116**	**46**	**194**	**71**	**8**	**435**
Accumulated depreciation on disposals during the year	**–**	**(29)**	**(50)**	**(24)**	**(30)**	**(133)**
At 31 March 2018	**2,035**	**864**	**2,128**	**505**	**20**	**5,552**
Carrying amount (net)						
At 31 March 2017	**175**	**59**	**449**	**121**	**34**	**838**
At 31 March 2018	**151**	**73**	**288**	**52**	**1**	**565**

4. Other intangible assets

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	Computer software	Total
At 31 March 2016	**566**	566
Additions during the year	**27**	27
Disposals during the year	**(573)**	(573)
At 31 March 2017	**20**	20
Additions during the year	**16**	16
At 31 March 2018	**36**	**36**
Accumulated amortisation		
At 31 March 2016	**476**	476
Amortisation for the year	**26**	26
Accumulated amortisation on disposals during the year	**(490)**	(490)
At 31 March 2017	**12**	12
Amortisation for the year	**4**	4
At 31 March 2018	**16**	**16**
Carrying amount (net)		
At 31 March 2017	**8**	8
At 31 March 2018	**20**	**20**

5. Investments

(Rs. in lakhs)

	31 March 2018	31 March 2017
Non-current investments, unquoted		
Carried at cost		
Investments in equity instruments of associate company		
182,228,980 (31 March 2017 : 182,228,980) equity shares of Brainbees Solutions Private Limited of Rs. 5 each, fully paid-up	**35,548**	35,548
	35,548	35,548
Aggregate amount of unquoted investments	**35,548**	35,548

6. Loans

(Rs. in lakhs)

	31 March 2018	31 March 2017
Non-current		
Security deposits		
Unsecured, considered good	**1,094**	1,154
	1,094	1,154

7. Other financial assets

(Rs. in lakhs)

	31 March 2018	31 March 2017
Unsecured, considered good		
Bank deposits due to mature after 12 months from the reporting date*	**8**	20
	8	20

8. Other assets

(Rs. in lakhs)

	31 March 2018	31 March 2017
(a) Non-current		
Advances other than capital advances		
Unsecured, considered good		
Tax deducted at source	**15**	6
Rent paid in advance	**105**	174
Balances with government authorities	**92**	55
	212	235

(Rs. in lakhs)

	31 March 2018	31 March 2017
(b) Current assets		
Unsecured, considered good		
Advances recoverable in cash or kind	**71**	296
Prepaid expenses	**24**	18
Rent paid in advance	**54**	84
Balances with government authorities	**258**	–
	407	398

9. Inventories

(Rs. in lakhs)

	31 March 2018	31 March 2017
(At lower of cost or net realisable value)		
Traded goods	**4,746**	4,248
	4,746	4,248

The write-down inventories to net realisable value during the year amounted to Rs 36 lakhs (31 March 2017- Rs. 220 lakhs)

10. Trade receivables

(Rs. in lakhs)

	31 March 2018	31 March 2017
Unsecured, considered good	**129**	204
	129	204
Of the above, trade receivables from:		
- Related Parties	**122**	–
- Others	**7**	204
	129	204

Note:

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

11. Cash and bank balances

(Rs. in lakhs)

	31 March 2018	31 March 2017
(a) Cash and cash equivalents		
Cash on hand	**64**	25
Balances with banks		
- On current accounts	**43**	41
	107	66
(b) Other bank balances		
Balances wth banks		
- on deposit accounts (with original maturity greater than 3 months)*	**28**	12
	28	12

* Cash and bank balances include restricted bank balances of Rs. 36 lakhs (31 March 2017: Rs. 32 lakhs). The restrictions are primarily on account of margin money accounts with banks as security against bank guarantees.

12. Equity share capital

(Rs. in lakhs except per share data)

	31 March 2018	31 March 2017
Authorised		
950,000,000 (31 March 2017 : 950,000,000) equity shares of Rs 10 each	**95,000**	95,000
Issued, subscribed and paid-up		
842,463,236 (31 March 2017 : 748,463,000) equity shares of Rs 10 each fully paid-up	**84,246**	74,846

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of reporting year

(Rs. in lakhs except per share data)

Equity shares of Rs.10 each, fully paid up	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	748,463,000	74,846	688,463,000	68,846
Issued during the year*	94,000,000	9,400	60,000,000	6,000
At the end of the year	**842,463,000**	**84,246**	748,463,000	74,846

Rights Issue

Equity shares issued pursuant to a rights issue approved by the Board of Directors at their meeting on 8 February 2017 (31 March 2017 - 28 November 2016)

(ii) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iii) Particulars of shares held by each shareholder holding more than 5% shares:

(Rs. in lakhs except per share data)

Particulars of shareholders holding more than 5% of shares	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Percentage	Number of shares	Percentage
Equity shares of Rs.10 each, fully paid-up				
Retail Initiative Holdings Limited (Holding Company)	**513,288,514**	**61%**	513,288,514	69%
Mahindra Engineering & Chemical Products Limited	**329,174,722**	**39%**	235,174,722	31%

(iv) There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date.

13. Provisions

(Rs. in lakhs)

	31 March 2018	31 March 2017
(a) Non -current		
Provision for employee benefits	**41**	10
Compensated absences		
Other provisions		
Provision for disputes and contingencies	**437**	476
	478	486
(b) Current		
Provision for employee benefits		
Compensated absences	**19**	71
Gratuity benefits (refer note 29)	**7**	12
	27	83

Details of movement in other provisions is as follows

(Rs. in lakhs)

	31 March 2018	31 March 2017
Balance at 31 March 2017	**476**	731
Additional provisions recognised	**–**	20
Amounts used during the period	**20**	–
Unused amount reversed during the period	**(19)**	(274)
Balance at 31 March 2018	**437**	476

14. Borrowings (Current)

(Rs. in lakhs)

	31 March 2018	31 March 2017
Secured		
Loans repayable on demand from banks*	**1,279**	3,214
	1,279	3,214
Unsecured		
Loans repayable on demand from related parties #	**8,500**	10,500
	8,500	10,500
	9,779	13,714

* Overdraft is from bank and is secured by hypothecation of the entire fixed assets and current assets of the Company both present and future. The overdraft carries an interest rate of 10.35% per annum.

\# Inter-corporate deposit from related parties are unsecured and carry an interest rate of 10.25 % per annum.

15. Trade payables

(Rs. in lakhs)

	31 March 2018	31 March 2017
Dues to micro and small enterprises (refer note 34)	–	–
Dues to others	1,664	2,267
	1,664	2,267

16. Other financial liabilities

(Rs. in lakhs)

	31 March 2018	31 March 2017
Current		
Interest accrued but not due	240	272
Creditors for capital goods	49	46
Accrued salary & benefits	125	441
	414	759

17. Other tax liabilities

(Rs. in lakhs)

	31 March 2018	31 March 2017
Opening balance	100	–
Add - Current tax payble	–	3,600
Less - Taxes paid	–	(3,500)
Less - Provision reversed	(100)	–
	–	100

Reconciliation of tax expenses

(Rs. in lakhs)

	31 March 2018	31 March 2017
Profit/(loss) before tax as per the Statement of Profit and Loss	(4,0.49)	21,108
Tax Rate in India %	35	35
Tax as per tax rates	(1,397)	7,305
Reconciling items:		
- Previously unrecognized tax losses now recouped to reduce the current tax expenses	–	(2,024)
- Permanent differences not deductible for tax purposes and temporary differences on which no Deferred tax asset/liability is considered	1,397	130
- Difference in tax rates under normal provisions and for long term capital gains	–	(1,811)
Current tax as per statement of profit and loss	–	3,600

18. Other liabilities

(Rs. in lakhs)

	31 March 2018	31 March 2017
Current		
Advance received from customers	4	60
Deferred revenue	–	81
Statutory dues	72	225
Interest Payable	26	26
	102	392

19. Revenue from operations

(Rs. in lakhs)

	31 March 2018	31 March 2017
Revenue from sale of products	13,452	17,183
Revenue from rendering of services	–	41
Other operating revenue	47	506
	13,499	17,730

20. Other income

(Rs. in lakhs)

	31 March 2018	31 March 2017
Interest income on financial assets carried at amortised cost		
Security deposits	48	84
Bank deposits	1	3
Income tax refund	–	1
Inter-corporate deposits given	–	18
Other non-operating income		
Profit on sale of capital assets (net)	9	–
Liabilities no longer required written back	8	270
Rent from subletting	85	–
Net gain on foreign currency transactions	–	1
Miscellaneous income	–	40
	151	417

21. Changes in inventories of traded goods

(Rs. in lakhs)

	31 March 2018	31 March 2017
Inventories at the end of the year: [Traded goods (refer note 9)]	4,746	4,248
Inventories at the beginning of the year: [Traded goods (refer note 9)]	4,248	6,965
(Increase)/Decrease in inventories	(498)	2,717

22. Employee benefits expense

(Rs. in lakhs)

	31 March 2018	31 March 2017
Salaries and wages, including bonus	1,193	3,246
Contribution to provident and other funds	98	149
Staff welfare expenses	68	143
	1,359	3,538

23. Finance cost

(Rs. in lakhs)

	31 March 2018	31 March 2017
Interest expenses on		
Term loan	–	247
Bank overdraft	255	264
Inter-corporate deposits	1,061	559
Other borrowing costs		
Processing charges on term loan	–	21
	1,316	1,091

24. Depreciation and amortisation expense

(Rs. in lakhs)

	31 March 2018	31 March 2017
Depreciation of property, plant and equipment (refer note 3)	**435**	616
Amortisation of intangible assets (refer note 4)	**4**	26
	439	642

25. Other expenses

(Rs. in lakhs)

	31 March 2018	31 March 2017
Stores consumed	**31**	123
Power and fuel	**359**	466
Rent	**2,529**	3,359
Rates and taxes	**42**	64
Insurance	**13**	21
Repairs and maintenance - others	**52**	57
Advertisement	**5**	70
Freight outward	**–**	96
Sales promotion expenses	**153**	620
Travelling and conveyance expenses	**107**	167
Commission, discounts and rebates	**4**	748
Net loss on foreign currency transactions	**1**	–
Auditors remuneration and out of pocket expenses		
As auditors	**11**	11
For taxation matters	**–**	2
For reimbursement of expenses	**1**	1
Legal and professional fees	**220**	455
Security expenses	**32**	81
House keeping	**128**	164
Software expenses	**19**	102
Warehousing charges	**77**	779
Communication charges	**57**	96
Loss on sale of capital assets (net)	**–**	116
Advances written-off	**3**	51
Inventory damages write-off / Provision for obsolescence	**73**	266
Other miscellaneous expenses	**335**	551
	4,252	8,466

26. Exceptional items

(a) Gain on slump sale of franchisee business

Profit on sale of franchise business

During the previous year, the Company had entered into a business transfer agreement (BTA) dated 15 October 2016 with Brainbees Solutions Private Limited ('Brainbees' or 'the Buyer'). Pursuant to this agreement, Franchise Owned and Franchise Operated Channel business ('FOFO Business') was sold to Brainbees [along with all assets, liabilities contracts and intellectual properties (including trademarks, domain names, etc.] as a slump sale in exchange for fully paid-up equity shares of the Buyer valued at Rs 35,459 lakhs and cash consideration of Rs. 750 lakhs. The Company has recorded a gain of Rs.35,029 lakhs on this transaction as an exceptional item for the year ended 31 March 2017.

The details of net assets taken over, expenses incurred and purchase consideration were as follows :

(Rs. in lakhs)

Assets	Amount
Carrying amount of property, plant and equipment	7
Inventories	1,957
Total assets	1,964

(Rs. in lakhs)

Assets	Amount
Liabilites	
Deposits from franchisee	576
Trade payables	172
Other current liabilities	85
Total liabilities	833
Net assets	1,131
Add: Expenses on business transfer	50
Less: Purchase consideration	36,209
Net gain on business transfer	**(35,028)**

(b) Loss on sales of investment in subsidiary

During the previous year the Company had disinvested its entire holding in its subsidiary company, Mahindra Internet Commerce Private Limited for Rs 14 lakhs. The resultant loss of Rs 4,389 lakhs had been accounted in the books.

27. Earnings per share

(Rs. in lakhs except per share data)

	31 March 2018	31 March 2017
Profit/(loss) for the year	**(3,949)**	17,508
Weighted average number of equity shares outstanding	**788,775,565**	699,696,113
Basic and diluted earning per share (face value of Rs. 10 each)	**(0.50)**	2.50

28. Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

(Rs. in lakhs)

		Carrying value	
Particulars	Note	31 March 2018	31 March 2017
Measured at amortised cost			
Loans	6	**1,094**	1,154
Trade receivables	10	**129**	204
Cash and cash equivalents	11 (a)	**107**	66
Bank balances other than cash and cash equivalents as above	11 (b)	**28**	12
Other financial assets	7	**8**	20
Total financial assets		**1,366**	1,456
Financial liabilities			
Measured at amortised cost			
Borrowings	**14**	**9,779**	13,714
Trade payables	**15**	**1,664**	2,267
Other financial liabilities	**16**	**414**	759
Total financial liabilities		**11,857**	16,740

28.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair value.

28.2 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

28.3 Financial risk management objective and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

28.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash held with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable and security deposit. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months.

(Rs. in lakhs)

Particulars	**31 March 2018**	31 March 2017
Outstanding for more than 6 months	**–**	–
Others	**129**	204
Total:	**129**	204

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

28.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. While management expects to generate cash from the operations of the Company, to mitigate liquidity risk, the holding company is also committed to support the operations of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017.

(Rs. in lakhs)

31 March 2018	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Borrowings (refer note 14)	**9,779**		**–**	**–**	**9,779**
Trade payables (refer note 15)	**1,664**	**–**	**–**	**–**	**1,664**
Other financial liabilities (refer note 16)	**279**	**135**	**–**	**–**	**414**
Total	**11,722**	**135**	**–**	**–**	**11,857**

(Rs. in lakhs)

31 March 2017	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Borrowings (refer note 14)	13,714	–	–	–	13,714
Trade payables (refer note 15)	2,267	–	–	–	2,267
Other financial liabilities (refer note 16)	347	412	–	–	759
Total	16,328	412	–	–	16,740

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial investments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- Currency risk

The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("INR"), which is the national currency of India.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to long-term debt obligations with floating interest rates and hence does not foresee any significant risk arising from interest rate fluctuation.

28.7 Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity and profit and loss account as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding companies.

There is no change in the overall capital risk management strategy of the Company compared to last year.

29. Employee benefits

(a) Defined contribution plan

The Company's contribution to Provident Fund and Employee State Insurance aggregating Rs. 83 lakhs (2017 : Rs.124 lakhs) has been recognised in the Statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Through the defined benefit plan the Company is exposed to the following risks.

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plan holds a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

	Actuarial assumptions	
	31 March 2018	31 March 2017
Discount rate(s)	**7.08%**	6.81%
Expected rate(s) of salary increase	**10.00%**	10.00%
Average longevity	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

Defined benefit plan – as per actuarial valuation

(Rs. in lakhs)

	Funded Plan	
Particulars	**31 March 2018**	31 March 2017
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Service cost		
Current service cost	**14**	26
Net interest expense	**1**	(1)
Components of defined benefit costs recognized in profit or loss	**15**	25
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**3**	(1)
Actuarial (gains) / loss arising form changes in demographic assumptions	**(8)**	–
Actuarial (gains) / loss arising form changes in financial assumptions	**(1)**	3
Actuarial (gains) / loss arising form experience adjustments	**(13)**	(12)
Components of defined benefit costs recognized in other comprehensive income	**(19)**	(10)
	(4)	15
I. Net Asset recognized in the Balance Sheet		
- Present value of defined benefit obligation	**68**	79
- Fair value of plan assets	**61**	67
Surplus	**7**	12
Current portion of the above	**7**	12
II. Change in the obligation during the year		
- Present value of defined benefit obligation at the beginning of the year	**79**	95
- *Expenses Recognized in Profit and Loss Account*		–
- Current Service Cost	**14**	26
- Interest Expense (Income)	**5**	6
Remeasurement gains / (losses)		–
- Actuarial Gain / (loss)	**(22)**	(9)
Benefit payments	**(7)**	(38)
Present value of defined benefit obligation at the end of the year	**69**	80

(Rs. in lakhs)

Particulars	Funded Plan 31 March 2018	31 March 2017
III. Change in fair value of assets during the year ended 31 March 2018	**67**	74
Expenses Recognized in Profit and Loss Account		
- Expected return on plan assets	**4**	6
Recognized in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	**(3)**	1
Contributions by employer (including benefit payments recoverable)	**–**	25
Benefit payments	**(7)**	(38)
Fair value of plan assets at the end of the year	**61**	68
IV. The major categories of plan assets		
- Investment with Insurer	**100%**	100%

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the insurance company based on investment criteria prescribed by the local regulators. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2018**	**1.00%**	**66**	**75**
	2017	1.00%	71	83
Salary growth rate	**2018**	**1.00%**	**70**	**83**
	2017	1.00%	67	75

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI. Maturity profile of defined benefit obligation:

(Rs. in lakhs)

	31 March 2018	31 March 2017
Within 1 year		
1 - 2 year	**15**	14
2 - 3 year	**11**	5
3 - 4 year	**8**	4
4 - 5 year	**6**	3
5 - 10 years	**12**	13
	52	39

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

VII. Experience adjustments :

(Rs. in lakhs)

	31 March 2018 Gratuity	31 March 2017
1. Defined Benefit Obligation	**68**	79
2. Fair value of plan assets	**61**	67
3. Surplus/(Deficit)	**7**	12
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**13**	12
5. Experience adjustment on plan assets [Gain/(Loss)]	**3**	(1)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

30. Related party disclosures

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Retail Initiative Holding Limited
Intermediate Holding Company	Mahindra Engineering and Chemical Products Limited
Associate Company	Brainbees Solutions Private Limited
Fellow Subsidiaries	Mahindra Logistics Limited
	Bristlecone India Limited
	Mahindra Automobile Distributor Private Limited
	Mahindra Asset Management Company Private Limited
	Mahindra Auto Steel Private Limited
	Mahindra Defence Systems Limited
	Mahindra MSTC Recycling Private Limited
	Mahindra Steel Service Centre Limited
	Mahindra Vehicle Manufacturers Limited
	Mahindra Water Utilities Limited
	Mahindra First Choice Services Limited
	Mahindra Two Weelers Limited
	Mahindra Marine Private Limited
	Mahindra CIE Automotive Limited
	Mahindra Defence Naval Systems Private Limited
	Mahindra Telephonics Integrated Systems Limited
	Mahindra Susten Private Limited
	Mahindra Tsubaki Conveyor System Private Limited
	Mahindra & Mahindra Financial Services
	Mahindra Holidays & Resorts India Limited
	Mahindra First Choice Wheels Limited
	Mahindra Intertrade Limited
	Lords Freight Private Limited
Key Managerial Personnel (KMP)	Prakash Wakankar (CEO) - (till 15 July 2017)
	Sugato Majumdar (CEO) - (from 6 November 17)
	Saroj Khuntia (CFO) - (till 30 June 2017)
	Dharmakanth Todurkar (CFO) - (from 28 July 17)

Details of transaction between the Company and its related parties are disclosed below:

(Rs. in lakhs)

Particulars	**For the year ended**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Subsidiaries**	**Fellow Subsidiaries**	**Associate**	**KMP of the Company**
Nature of transactions with Related Parties							
Sale of goods	**31-Mar-18**	261			188	65	
	31-Mar-17	–	–	–	–	1,143	–
Purchase of goods	**31-Mar-18**					7,297	
	31-Mar-17	–	–	198	–	5,030	–
Rendering of services	**31-Mar-18**	7			2		
	31-Mar-17	–	–	48	–	–	–
Receiving of services	**31-Mar-18**				–		
	31-Mar-17	–	–	117	–	–	–
Intercorporate deposits taken	**31-Mar-18**				2,500		
	31-Mar-17	7,000	–	–	2,000	–	–
Intercorporate deposits given	**31-Mar-18**						
	31-Mar-17	–	–	1,000	–	–	–
Intercorporate deposits Refunded	**31-Mar-18**				4,500		
	31-Mar-17	–	–	1,000	–	–	–
Equity contribution to the Company	**31-Mar-18**		9,400				
	31-Mar-17	–	6,000	–	–	–	–
Equity contribution by the Company	**31-Mar-18**						
	31-Mar-17	–	–	1,090	–	–	–
Legal and professional fees	**31-Mar-18**				9		
	31-Mar-17	–	–	–	108	–	–
Logistic Expenses	**31-Mar-18**				56		
	31-Mar-17	–	–	–	897	–	–
Interest Expense	**31-Mar-18**	764			297		
	31-Mar-17	262	–	–	298	–	–
Interest Income	**31-Mar-18**						
	31-Mar-17	–	–	18	–	–	–
Other Expenses	**31-Mar-18**	32			9		
	31-Mar-17	189	–	–	–	–	–
Sale of property plant and equipment	**31-Mar-18**	22	–	–	6		
	31-Mar-17						
Managerial Remuneration	**31-Mar-18**						123
	31-Mar-17	–	–	–	–	–	318

Balance Outstanding with related parties are disclosed below:

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Subsidiaries**	**Fellow Subsidiaries**	**Associate**	**KMP of the Company**
Payables	**31-Mar-18**	208	1		17		
	31-Mar-17	258	–	–	183	40	–
ICD Interest Payable	**31-Mar-18**	215			2		
	31-Mar-17	236	–	–	37	–	–
Intercorporate Deposit payable	**31-Mar-18**	7,000			1,500		
	31-Mar-17	7,000	–	–	3,500	–	–
Receivable	**31-Mar-18**	93			29	545	
	31-Mar-17	–	–	–	3	246	–

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	**For the year ended 31 March 2018**	For the year ended 31 March 2017
Short-term employee benefits	**120**	309
Post-employment benefits	**3**	10
Total	**123**	319

31. Leases

(Rs. in lakhs)

	31 March 2018	31 March 2017
Details of leasing arrangements		
As Lessee		
Operating Lease		
The Company has entered into operating lease arrangements for its stores and office premises. The leases are non-cancellable for a period of 12 to 18 months, the term of the arrangement is for period of 3 to 9 years. The lease arrangement may be renewed for a further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 10% to15% every 3 years or 5% every year.		
Non-cancellable minimum lease commitments		
Within one year	**102**	6
After one year but not more than five years	**2**	–
More than 5 years	**–**	–
	104	6
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**2,254**	2,909
Contingent rents	**275**	449
Rent from subletting	**(85)**	–
Total	**2,444**	3,358

32. Unrecognised deferred tax (net)

Particulars	**31 March 2018**	31 March 2017
Deferred tax liability		
Property, plant and equipment	**81**	53
Provisions	**–**	81
	81	134
Deferred tax assets		
On carry forward business losses and unabsorbed depreciation	**176**	188
Provisions	**42**	–
	218	188
Deferred tax assets / (liability) (net) (refer note below)	**–**	–

Net deferred tax assets has been recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

33. Contingent liabilities and commitments

(Rs. in lakhs)

Contingent liabilities *	**31 March 2018**	31 March 2017
(a) Disputed Income Tax demand	**360**	360
(b) Central Sales Tax and Value Added Tax matters under dispute	**197**	–

* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

Commitments

(Rs. in lakhs)

	31 March 2018	31 March 2017
Commitment relating to leases (refer note 31)	**104**	6

34. Dues to micro, medium and small enterprises

The Ministry of Micro, Medium and Small Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small enterprises should mention in their correspondance with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

The principal amount due and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

(Rs. in lakhs)

	31 March 2018	31 March 2017
(i) The principal amount due to suppliers registered under the MSMED Act and remaining unpaid	**–**	–
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid	**–**	–
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	**–**	–
(iv) Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year	**–**	–
(v) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year	**–**	–
(vi) Interest due and payable on 31 March 2017 towards suppliers registered under the MSMED Act, for the payments already made	**–**	–
(vii) Further interest remaining due and payable for earlier years	**–**	–
(viii) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**26**	**26**

35. Segment information

The Company currently operates in a single reportable segment, i.e., in the business of retailing a variety of lifestyle and consumer products through its own branded stores in India. Consequently, the requirements for a separate disclosure under Ind AS 108 - "Operating Segments" is not applicable.

36. Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1 April 2018.

Ind AS 115 – 'Revenue from Contracts with Customers'

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

   The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements and the effect of adoption is expected to be insignificant.

Amendment to Ind AS 12 – 'Income Taxes'

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures'

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the financial statements of the Company.

Amendment to Ind AS 40 – 'Investment Property'

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

37. Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

(Rs. in lakhs)

Particulars	**Specified Bank Notes**	**Other denomination**	**Total**
Closing cash in hand as on 08.11.2016	33	159	192
(+) Permitted receipts	–	206	206
(-) Permitted payments	–	(20)	(20)
(-) Amount deposited in banks	(33)	(251)	(284)
Closing cash in hand as on 30.12.2016	–	94	94

38. Long-term contracts

The Company does not have any long-term contracts including derivative contracts for which there are any material forseeable losses.

39. Previous years figures

Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Arjun Ramesh
Partner
Membership No. 218495

Place: Bengaluru
Date: April 30, 2018

For and on behalf of the Board of Directors

Mahindra Retail Limited

Parag Shah
Director (DIN No 00374944)

Zhooben Bhiwandiwala
Chairman (DIN No 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Bengaluru
Date: April 30, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rupees)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	NA
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	NA

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: NA

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associate	Brainbees Solutions Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2018
2.	Shares of Associate held by the Company on the year end	
	No. of Equity Shares held	18228980
	Cost of Investment (Equity Shares)	35,548.39 Lakhs
	Extend of Holding%	21.2%
3.	Description of how there is significant influence	Company has a 21.2% stake in the associate as at 31st March, 2018.
4.	Reason why the associate is not consolidated	The Company has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year ended 31st March, 2018 and subsequent Financial Year as it has complied with the conditions as prescribed in the notification of Ministry of Corporate Affairs dated 27th July, 2016.
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 23,043.91 Lakhs*
6.	Profit for the year	
	i. Considered in Consolidation	NIL
	ii. Not Considered in Consolidation	1,136.77 Lakhs*

* The Figures shown are on the basis of unaudited Financial Statement of Brainbees Solutions Private Limited for the year ended 31st March, 2018 prepared as per IND AS.

1. Names of associates or joint ventures which are yet to commence operations. – Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year. – Nil

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Sugato Majumdar
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Mumbai, 30th April, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA DEFENCE NAVAL SYSTEMS LIMITED

Your Directors present their Sixth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS **(Rupees in Lakhs)**

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Gross Income	**1134.27**	1328.78
Less: Excise Duty	**6.58**	106.52
Net Income	**1127.69**	1222.26
Profit Before taxation, Depreciation and Amortisation	**(434.91)**	(682.78)
Less: Depreciation /Amortisation	**65.49**	70.55
Profit/(Loss) before taxation	**(500.40)**	(753.33)
Provision for taxation for the year	**–**	–
Profit/(Loss) for the year after taxation	**(500.40)**	(753.33)
Other Comprehensive Income	**10.80**	22.33
Balance of Profit/(Loss) from earlier years	**(908.84)**	(177.84)
Balance carried forward	**(1398.44)**	(908.84)
Net Worth	**104.69**	594.29

No material changes and commitments have occurred after the closure of the financial year to which financial statements relate and the date of this report which would affect the financial position of the Company.

OPERATIONS

The Financial Year 2017-18 was difficult for your Company due to delay in inspection, tenders not opened and productions on hold by customers and extended development activities etc. Nonetheless, with the expectation of overcoming of above difficulties in financial year 2018-19 and exploring new business opportunities, your Company expects a growing business ahead.

Your Company has completed following key projects this year which includes Quintuple Torpedo Tube Mount, RGB60, Torpedo Loading Trolley, Triple Tube Launcher spares and Processor Based Ground Mine. Steering knuckle and Pinaka Shells continue to be the products of the Company this year also.

Your Company has completed the production of 1st product for Vikram Sarabhai Space Centre against which sale will happen next year.

Development work for New Torpedo Defence System is going on and is expected to get completed in the next year.

Because of the above difficulties your Company clocked net income of Rs. 1127.69 Lakhs and Loss after Tax of Rs. 500.40 Lakhs.

Your Company has geared up for entering into the following new areas/ projects apart from the production of VSSC product and components of 1st New Torpedo Defence System:

1) Integrated ASW Defence Suite (IADS);
2) Upgraded Triple Tube Launchers.
3) Magazine Fire Fighting Systems.

DIVIDEND

In view of the losses, your Directors have not considered declaration of dividend for the year under review.

GENERAL RESERVE

Your Company has not transferred any amount to the General Reserve for the financial year 2017- 2018.

CHANGE IN THE STATUS OF COMPANY.

With the approval of the shareholders, your Company was converted into public limited company with effect from 7th February, 2018, and consequently the name of the Company was changed from Mahindra Defence Naval Systems Private Limited to Mahindra Defence Naval Systems Limited with effect from 5th March, 2018.

MERGER WITH THE HOLDING COMPANY

Your Company, being a wholly owned subsidiary Company, has taken steps to merge itself with the Holding Company Mahindra Defence Systems Limited and has accordingly filed an application with National Company Law Tribunal, Mumbai.

SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company stood at Rs. 25,00,00,000 and the issued and paid up share capital of the Company stood at Rs. 15,03,13,300 comprising of 1,50,31,330 Equity Shares of the face value of Rs. 10/- each.

HOLDING COMPANY

Mahindra Defence Systems Limited is your Holding Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have subsidiaries, associates and joint ventures.

Board of Directors

The Composition of the Board of Directors, as on the date of this Report, is as follows:-

Sr. No.	Name of Director	DIN	Category (Executive /Non-Executive)	Independent /Non Independent
1	Mr. S P Shukla, Chairman	00007418	Non-Executive	Non Independent
2	Mr. Narayan Shankar	00109111	Non-Executive	Non Independent
3	Mr. Devendra Bhatnagar, Executive Director	07272516	Executive	Non Independent
4	Mr. Mukul Verma	02428217	Non-Executive	Non Independent

Mr. Zhooben Bhiwandiwala resigned as Director with effect from 12th January, 2018.

The two year tenure of Rear Admiral Sanjiv Kapoor AVSM (Retd.) (DIN: 07138582) and Dr. Devi Singh (DIN: 00015681), Independent Directors, expired on 31st March, 2018. They ceased to be Directors with effect from 1st April, 2018.

Mr. Devendra Bhatnagar (DIN: 07272516), Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, has offered himself for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met five times during the year under review i.e. on 28th April, 2017, 2nd August, 2017, 8th November, 2017, 7th February, 2018 and 16th March, 2018.

The attendance of the Directors at these meetings was as under:

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. S. P. Shukla, (Chairman)	4
2.	Dr. Devi Singh	4
3.	Rear Admiral Sanjiv Kapoor (Retd.)	4
4.	Mr. Narayan Shankar	2
5.	Mr. Zhooben Bhiwandiwala*	1
6.	Mr. Mukul Verma	3
7.	Mr. Devendra Bhatnagar	4

* Mr. Zhooben Bhiwandiwala resigned as Director with effect from 12th January, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions of Companies Ac, 2013, relating to evaluation of performance of the Directors, are not applicable to your Company.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and employees affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee consisted of following members during the year under review:

1. Dr. Devi Singh, (Chairman)
2. Rear Admiral Sanjiv Kapoor (Retd.)
3. Mr. Mukul Verma.

The Committee met four times during the year i.e. on 28th April, 2017, 2nd August, 2017, 7th February, 2018 and 16th March, 2018.

The attendance of the Members at these meetings was as under:

Sr. No	Name of Director	No. of Meetings attended
1.	Dr. Devi Singh, Chairman	3
2.	Rear Admiral Sanjiv Kapoor (Retd.), Member	3
3.	Mr. Mukul Verma, Member	3

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a wholly owned subsidiary company from constituting an 'Audit Committee', the Committee was dissolved with effect from 1st April, 2018.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consisted of the following members during the financial year under review.

1. Rear Admiral Sanjiv Kapoor AVSM (Retd.), Chairman
2. Dr. Devi Singh
3. Mr. S. P. Shukla.

The Committee met two times during the year under review i.e. on 28th April, 2017 and 2nd August, 2017.

The attendance of the Members at these meetings was as under:

Sr. No	Name of Director	No. of Meetings attended
1.	Rear Admiral Sanjiv Kapoor (Retd.), Chairman	2
2.	Dr. Devi Singh, Member	1
3.	Mr. S. P. Shukla, Member	2

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a wholly owned subsidiary company from constituting 'Nomination and Remuneration Committee', the Committee was dissolved with effect from 1st April, 2018.

GENERAL MEETINGS

The fifth Annual General Meeting of the Company was held on 2nd August, 2017. During the year under review, an Extra Ordinary General Meeting of the shareholders of the Company was held on 7th February, 2018.

MEETING OF INDEPENDENT DIRECTORS

One meeting of the Independent Directors of the Company was held on 8th November, 2017 without the presence of the Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The above Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Yatish Sharma was appointed as a Company Secretary with effect from 2nd May, 2017. The other Key Managerial Personnel, during the year under review, are Mr. Devendra Bhatnagar, Whole Time Director designated as "Executive Director" of the Company and Mr. Saurabh Gupta, Chief Financial Officer of the Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved: –

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as **Annexure I** and the same forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy, including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS1 and SS2 relating to 'Meetings of the Board of Directors' and General Meetings', respectively, have been duly Complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

STATUTORY AUDITORS AND AUDIT REPORT

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W), were reappointed as Auditors of the Company at the 3rd Annual General Meeting ("AGM") of the Company held on 28th August, 2015, to hold office from the conclusion of the said Annual General Meeting until the conclusion of the 8th consecutive AGM of the Company to be held in the year 2020. The appointment is required to be ratified by members at every AGM.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

The provisions of Companies Act, 2013 relating to appointment of Secretarial Auditors and submission of Secretarial Audit Report are not applicable to your Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143 (12) of the Companies Act 2013.

INTERNAL AUDITOR

The provisions of section 138 of the Companies Ac, 2013 relating to appointment of Internal Auditor is not applicable to the Company and accordingly, your Company has not appointed Internal Auditor.

COST AUDITOR

Provisions of Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure II** and the same forms part of this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company had not granted any loans, provided any securities/guarantees and not made any investments pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. There were no transactions which are required to be disclosed in Form AOC – 2.

EXTRACT OF ANNUAL RETURN

Pursuant to sub - section 3(a) of section 134 and sub- section (3) of section 92 of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2018 in Form No. MGT-9 is attached herewith as **Annexure III** and the same forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Devendra Bhatnagar	**S. P. Shukla**
Executive Director	Director

Mumbai,

04th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

I. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Defence Naval Systems Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be finalized/revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities.

Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment. The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The relationship of their remuneration to performance shall be clear and shall meet the appropriate performance benchmarks.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means MAHINDRA DEFENCE NAVAL SYSTEMS LIMITED

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Governance Nomination and Remuneration Committee" (GNRC) means Governance Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Company has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Devendra Bhatnagar
Executive Director

S. P. Shukla
Director

Mumbai,

04th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: **NIL**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **NIL**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **NIL**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not Applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: Rs 17.60 Lacs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: ***(in terms of actual inflow and outflow)***

Total Foreign Exchange Earned and Used: **(Rupees in Lakhs)**

	For the Financial Year ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**–**	3.95
Total Foreign Exchange Used	**232.11**	4.42

For and on behalf of the Board

Devendra Bhatnagar
Executive Director

S P Shukla
Director

Mumbai,

04th May, 2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U75144MH2012PTC231267
2.	**Registration Date**	18th May 2012
3.	**Name of the Company**	Mahindra Defence Naval Systems Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2497 5081
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel no.: 040-67162222 to 24 , Fax no. 040-23001153 Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Finished Products supplied to Govt Agencies	25200	62.24

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Defence Systems Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U75220MH2012PLC233889	Holding Company	100%	2 (46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
(1)	**Indian**	–	–	–	–	–	–	–	–	–
a.	Individual/ HUF	–	–	–	–	–	–	–	–	–
b.	Central Govt.	–	–	–	–	–	–	–	–	–
c.	State Govt.	–	–	–	–	–	–	–	–	–
d.	Bodies Corp.	1,50,31,329	1	1,50,31,330	100	1,50,31,322	8	1,50,31,330	100	–
e.	Bank/ FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**1,50,31,322**	**8**	**1,50,31,330**	**100**	**–**
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/ FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**1,50,31,322**	**8**	**1,50,31,330**	**100**	**–**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/ FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of 1Lakh	–	–	–	–	–	–	–	–	–
c. Others									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**1,50,31,322**	**8**	**1,50,31,330**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1.	Mahindra Defence Systems Limited	1,50,31,329	100	0	1,50,31,322	100	0	0
2.	Mr. Narayan Shankar (Nominee of Mahindra Defence Systems Limited)	1	0	0	1	0	0	0
3.	Mahindra Defence Systems Limited Jointly with Mr. V S Parthasarathy)	0	0	0	1	0	0	0
4.	Mahindra Defence Systems Limited Jointly with Mr. S Durgashankar)	0	0	0	1	0	0	0
5.	Mahindra Defence Systems Limited Jointly with Mr. Zhooben Bhiwandiwala)	0	0	0	1	0	0	0
6.	Mahindra Defence Systems Limited Jointly with Mr. S Ramkrishna)	0	0	0	1	0	0	0
7.	Mahindra Defence Systems Limited Jointly with Mr. Mukul Verma)	0	0	0	1	0	0	0
8.	Mahindra Defence Systems Limited Jointly with Mr. Rajesh Parte)	0	0	0	1	0	0	0
9.	Mahindra Defence Systems Limited Jointly with Mr. Feroze Baria)	0	0	0	1	0	0	0
	Total	**1,50,31,330**	**100**	**0**	**1,50,31,330**	**100**	**0**	**0**

iii. Change in Promoters' shareholding (Please Specify, if there is no change)

No Change in Promoters' Shareholding

Sl. No.	Mahindra Defence Systems Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,50,31,330	100.00	–	–
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	1,50,31,330	100.00

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	Name of the Director/ KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Narayan Shankar (Nominee of Mahindra Defence Systems Limited				
	At the beginning of the year	1	0		
	Date wise Increase/ Decrease in Promoter's Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			1	0
2.	Mr. Mukul Verma jointly with Mahindra Defence Systems Limited				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Transfer on 07.02.2018			1	0
	At the end of the year (or on the date of separation, if separated during the year)			1	0

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(Rs. In Lakhs)**

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year: 01.04.2017	258.85	–	–	258.85
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	31.15	–	250.00	281.15
- Reduction	–	–	250.00	250.00
Net change	–	–	–	–
Indebtedness at the end of the financial year: 31.03.2018				
1) Principal Amount	290.00	–	–	290.00
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: (Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Devendra Bhatnagar (Executive Director)	**Total Amount**
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	45.37	45.37
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Others, specify	–	–
5.	Others, please specify Provident Fund & other Funds	–	–
	Performance Bonus	–	–
	Total (A)	**45.37**	**45.37**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

I. Independent Directors:- **(Rs. In Lakhs)**

Particulars of Remuneration	Name of Directors		Total
	Rear Admiral Sanjiv Kapoor AVSM (Retd.)	Dr. Devi Singh	
Fee for attending board committee meetings	1.30	1.20	2.50
Commission	–	–	–
Others	–	–	–
Total (1)	**1.30**	**1.20**	**2.50**

II. Other Non-Executive Directors:- NIL

Other Non-Executive Directors							Total Amount (Rs. In Lakhs)
Fee for attending board committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–	–
Ceiling as per the Act	As per Schedule V of the Companies Act, 2013						

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount Rs. In Lakhs)
		Saurabh Gupta, Chief Financial Officer	Yatish Sharma Company Secretary	
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify Contribution to Provident Fund	–	–	–
6.	**Others**	**4.06**	**2.20**	**6.26**
	Performance Bonus	–	–	–
	Total (C)	**4.06**	**2.20**	**6.26**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD / NCLT/court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Devendra Bhatnagar
Executive Director

S. P. Shukla
Director

Mumbai,

04th May, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA DEFENCE NAVAL SYSTEMS LIMITED (FORMERLY KNOWN AS MAHINDRA DEFENCE NAVAL SYSTEMS PRIVATE LIMITED)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Defence Naval Systems Private Limited** (formerly known as Mahindra Defence Naval Systems Private Limited) ("the Company"), which comprise the Balance Sheet as at 3tst March, 2018, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included opinion in the Auditor's Report in accordance with Rule 11 of the Companies {Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer note -30 to the Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins Bt Sells
Chartered Accountants
(Firm's Registration No. 117365W)

Sunil S Kothari
Partner
Membership No. 208238

Place: Pune
Date: 04th May, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Defence Naval Systems Limited** (formerly known as Mahindra Defence Naval Systems Private Limited) ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117365W)

Sunil S Kothari
Partner
Membership No. 208238

Place: Pune
Date: 04th May, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(ii) As explained to us, the inventories lying with the company were physically verified during the year by the Management at reasonable intervals and discrepancies noted were appropriately adjusted in the books of account. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits in accordance with the sections 73 to 76 and other relevant provisions of the Act during the year. Hence reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended March 31, 2018.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Goods and Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (Rs.)	Amount Paid under protest (Rs.)
The Central Excise Act, 1944	Excise Duty	Office of the Commissioner of Central Excise	March 2011 to May 2012	683,137	–

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures. The Company has not taken any loan from financial institutions or Government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act, are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm‘s Registration No. 117365W)

Sunil S Kothari
Partner
Membership No. 208238

Place: Pune
Date: 04th May, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipment	2	469.02	401.86
(b) Capital Work in Progress		0.57	–
(c) Intangible assets	3	4.72	7.08
(d) Intangible assets under development	4	17.60	–
(e) Other non current assets	5 (a)	0.25	–
(f) Other non current Financial Assets	10	53.01	54.23
(g) Non current tax Assets	5 (b)	18.51	11.04
(h) Deferred tax assets (net)	6	85.16	85.16
Total Non-current Assets		648.84	559.37
2. Current assets			
(a) Inventories	7	796.20	549.14
(b) Financial Assets			
(i) Trade receivables	8	1,045.43	534.03
(ii) Cash and cash equivalents	9	33.89	0.18
(iii) Other financial assets	10	1.25	–
(c) Other current assets	5 (a)	90.80	67.25
Total Current Assets		1,967.57	1,150.60
Total Assets		2,616.41	1,709.97
EQUITY & LIABILITIES			
1. Equity			
(a) Equity Share capital	11	1,503.13	1,503.13
(b) Other Equity		(1,398.44)	(908.84)
Total Equity		104.69	594.29
LIABILITIES			
2. Non current liabilities			
(a) Provisions	12	78.50	77.61
Total Non-current Liabilities		78.50	77.61
3. Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	13	652.04	550.88
(ii) Borrowings	14	290.00	258.85
(iii) Other financial liabilities	15	4.64	0.63
(b) Other current liabilities	16	1,480.37	212.21
(c) Provisions	12	6.17	15.50
Total Current Liabilities		2,433.22	1,038.07
Total Equity & Liabilities		2,616.41	1,709.97

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Mumbai
Date: 04th May, 2018

For and on behalf of the Board of Directors

S. P. Shukla
(Director)
DIN: 00007418

Devendra Bhatnagar
(Executive Director)
DIN: 07272516

Saurabh Gupta
(Chief Financial Officer)

Mukul Verma
(Director)
DIN: 02428217

Yatish Sharma
(Company Secretary)

Place: Mumbai
Date: 04th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	17	1,082.63	1,318.98
	Other income	18	51.64	9.80
	Total revenue		1,134.27	1,328.78
II	**Expenses**			
	(a) Cost of materials consumed	19	466.51	689.44
	(b) Changes in stock of finished goods, work-in-progress	20	72.58	151.95
	(c) Excise duty on sale of goods		6.58	106.52
	(d) Employee benefits expenses	21	407.23	392.45
	(e) Finance costs	22	51.38	26.16
	(f) Depreciation and amortisation expenses	2 & 3	65.49	70.55
	(g) Other expenses	23	564.90	645.04
	Total expenses (II)		1,634.67	2,082.11
III	**Profit / (Loss) before tax (I - II)**		(500.40)	(753.33)
IV	**Tax expense**			
	Deferred tax charge/(benefits)		–	–
	Total tax expense (IV)		–	–
V	**Profit / (Loss) after tax (III - IV)**		(500.40)	(753.33)
VI	**Other Comprehensive Income**			
	A. (i) Items that will not be reclassified to Profit and Loss			
	(a) Remeasurement of the defined benefit liabilities		(10.80)	(22.33)
	A. (i) Income tax relating to items that will not be reclassified to Profit and Loss		–	–
	Total Other comprehensive income		(10.80)	(22.33)
VII	**Total Comprehensive Income (V + VI)**		(489.60)	(731.00)
VIII	Earning per share (Face value of Rs. 10 per share) (in Rs.)	29		
	– Basic		(3.26)	(5.01)
	– Diluted		(3.26)	(5.01)

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Mumbai
Date: 04th May, 2018

For and on behalf of the Board of Directors

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(Director)
DIN: 00007418

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(Chief Financial Officer)

Mukul Verma
(Director)
DIN: 02428217

Yatish Sharma
(Company Secretary)

Place: Mumbai
Date: 04th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
A. Cash flows from operating activities		
Profit before tax	**(500.40)**	(753.33)
Adjustments for:		
Interest income on deposits	**–**	(0.23)
Depreciation and amortisation expenses	**65.49**	70.55
Profit on sale of Property, Plant and Equipment	**(1.12)**	(0.21)
Net unrealised exchange (gain) / loss	**(6.01)**	–
Provisions no longer required, written back	**(40.35)**	(7.77)
Finance costs	**51.38**	26.16
Operating profit before working capital changes	**(431.01)**	(664.83)
Movement in working capital:		
(Increase)/decrease Trade Receivables	**(510.19)**	116.43
(Increase)/decrease Loans and advances	**(23.55)**	(26.55)
(Increase)/decrease Inventories	**(247.06)**	137.98
Increase/(decrease) Trade Payables	**105.97**	91.03
Increase/(decrease) Provisions & Other liabilities	**1,310.87**	223.36
Cash flows from operation	**205.03**	(122.57)
Direct taxes paid	**(7.47)**	(0.89)
Net cash flows from operating activities (A)	**197.56**	(123.46)
B. Cash flows from investing activities		
Purchase of plant, property and equipment including capital advances	**(145.14)**	(38.44)
Sale proceeds from property, plant and equipment	**1.52**	0.27
Interest received	**–**	0.23
Net cash flows from investing activities (B)	**(143.62)**	(37.94)
C. Cash flows from financing activities		
Proceeds / (repayment) of short term borrowings	**31.15**	187.13
Proceeds of Intercompany deposits	**250.00**	–
Repayment of Intercompany deposits	**(250.00)**	–
Finance Cost	**(51.38)**	(26.16)
Net cash flows from financing activities (C)	**(20.23)**	160.97
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**33.71**	(0.43)
Cash and cash equivalents at the beginning of the year	**0.18**	0.61
Cash and cash equivalents at the end of the year	**33.89**	0.18
Cash and cash equivalents at the end of the year comprise of:		
Cash and cash equivalents	**0.07**	0.09
Other bank balances	**33.82**	0.09
Cash and cash equivalents	**33.89**	0.18

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Mumbai
Date: 04th May, 2018

For and on behalf of the Board of Directors

S. P. Shukla
(Director)
DIN: 00007418

Devendra Bhatnagar
(Executive Director)
DIN: 07272516

Saurabh Gupta
(Chief Financial Officer)

Mukul Verma
(Director)
DIN: 02428217

Yatish Sharma
(Company Secretary)

Place: Mumbai
Date: 04th May, 2018

STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

(Amount in INR Lakhs)

Particulars	**Number of Shares**	**Equity Share Capital**
Issued & Paid up capital as at 1st April, 2016	15,031,330	1,503.13
Changes in Equity Share Capital during the year	–	–
Balance at 31st March, 2017	15,031,330	1,503.13
Issued & Paid up capital as at 1st April, 2017	15,031,330	1,503.13
Balance at 1st April, 2017	15,031,330	1,503.13
Changes in Equity Share Capital during the year	–	–
Balance at 31st March, 2018	**15,031,330**	**1,503.13**

b. Other Equity

(Amount in INR Lakhs)

	Reserves & Surplus	
Particulars	**Retained earnings**	**Total**
Balance at April 1, 2016	(177.84)	(177.84)
Profit / (Loss) for the year	(753.33)	(753.33)
Other comprehensive income for the year, net of income tax		
- Remeasurement gains / (losses) on defined benefit plans	22.33	22.33
Balance at March 31, 2017	**(908.84)**	**(908.84)**
Balance at April 1, 2017	(908.84)	(908.84)
Profit / (Loss) for the year	(500.40)	(500.40)
Other comprehensive income for the year, net of income tax		22.33
- Remeasurement gains / (losses) on defined benefit plans	10.80	10.80
Balance at March 31, 2018	**(1,398.44)**	**(1,398.44)**

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Sunil S. Kothari
Partner

Place: Mumbai
Date: 04th May, 2018

For and on behalf of the Board of Directors

S. P. Shukla
(Director)
DIN: 00007418

Devendra Bhatnagar
(Executive Director)
DIN: 07272516

Mukul Verma
(Director)
DIN: 02428217

Saurabh Gupta
(Cheif Financial Officer)

Yatish Sharma
(Company Secretary)

Place: Mumbai
Date: 04th May, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1a. General Information

Mahindra Defence Naval Systems India Limited (the Company) is engaged in the manufacturing and selling of launchers and other components meant for defence purposes which are primarily used by Navy. The registered office of the Company is in Mumbai and manufacturing facility in Pune.

1b. Basis of preparation and presentation

1b.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1b.2 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

1b.3 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1b.4 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1c. Significant Accounting Policies

1c.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rendering of services</u>

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

<u>Dividend and interest income</u>

Dividend income from investments is recognized when right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1c.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1c.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1c.4 Borrowing costs

Borrowing costs directly attributable to the' acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1c.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

<u>Retirement benefit costs</u>

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1c.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is recognised, subject to the consideration of prudence on timing differences, being the Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1c.7 Property, plant and equipment

The cost of fixed assets includes incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful prescribed in Schedule II to the Companies Act, 2013 other than certain plant and equipment which are depreciated over a period of 1-8 years and vehicles which are depreciated over a period of 5 years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

1c.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets- research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate the probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure the reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally – generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally generated asset intangible asset can be recognized, development expenditure is recognized in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported cost less accumulated amortization and accumulated impairment loss, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on product design and prototypes incurred are amortised on a straight line method over a period of 5 years and 3-5 years respectively.

1c.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash- generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1c.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads and where applicable, excise duty and Goods and Service tax (GST). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1c.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Warranties

The estimated liability for product warranties is recorded on the products sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

1c.12 Financial instruments

Financial assets and financial liabilities are recognised when company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1c.13 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any financial instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

1c.14 Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

1d. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 1c, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Note No. 2 - Tangible Assets

(Amount in INR Lakhs)

Description of Assets	Building	Computers	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Balance as at 1st April, 2017	30.12	25.38	409.13	13.35	69.08	65.94	613.01
Additions	0.85	6.17	119.01	1.93	2.56	–	130.52
Disposals	–	–	–	–	–	3.57	3.57
Balance as at 31st March, 2018	**30.97**	**31.55**	**528.14**	**15.28**	**71.64**	**62.37**	**739.96**
II. Accumulated depreciation for the year 2017-2018							
Balance as at 1st April, 2017	1.28	15.08	126.78	6.87	26.65	34.50	211.15
Depreciation / amortisation expense for the year	1.91	6.03	37.61	1.08	7.11	9.39	63.13
Eliminated on disposal of assets	–	–	–	–	–	3.34	3.34
Balance as at 31st March, 2018	**3.19**	**21.11**	**164.39**	**7.95**	**33.76**	**40.55**	**270.94**
Net block (I-II)							
Balance as on 31st March 2018	**27.78**	**10.44**	**363.75**	**7.33**	**37.88**	**21.82**	**469.02**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Description of Assets	Building	Computers	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Balance as at 1st April, 2016	–	20.49	387.88	13.32	69.08	65.94	556.72
Additions	30.12	5.69	21.25	0.03	–	–	57.09
Disposals	–	0.80	–	–	–	–	0.80
Balance as at 31st March, 2017	30.12	25.38	409.13	13.35	69.08	65.94	613.01
II. Accumulated depreciation for the year 2016-2017							
Balance as at 1st April, 2016	–	9.84	86.20	5.51	19.66	22.49	143.70
Depreciation / amortisation expense for the year	1.28	5.97	40.58	1.36	6.99	12.01	68.19
Eliminated on disposal of assets	–	0.74	–	–	–	–	0.74
Balance as at 31st March, 2017	1.28	15.08	126.78	6.87	26.65	34.50	211.15
Net block (I-II)							
Balance as on 31st March 2017	28.84	10.30	282.35	6.48	42.43	31.44	401.86

Notes:

The Company has not given any Operating/Finance asset nor taken any asset on Finance Lease

Note No. 3 - Intangible Assets

(Amount in INR Lakhs)

Description of Assets	Software	Total
I. Gross Block		
Balance as at 1 April, 2017	11.80	11.80
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2018	**11.80**	**11.80**
II. Accumulated depreciation and impairment for the year 2017-2018		
Balance as at 1 April, 2017	4.72	4.72
Amortisation expense for the year	2.36	2.36
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2018	**7.08**	**7.08**
Net block (I-II)		
Balance as on 31st March 2018	**4.72**	**4.72**

(Amount in INR Lakhs)

Description of Assets	Software	Total
I. Gross Block		
Balance as at 1st April, 2016	11.80	11.80
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2017	11.80	11.80
II. Accumulated depreciation and impairment for the year 2016-2017		
Balance as at 1 April, 2016	2.36	2.36
Amortisation expense for the year	2.36	2.36
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2017	4.72	4.72
Net block (I-II)		
Balance as on 31st March, 2017	7.08	7.08

Note No. 4 - Intangible Assets under development

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Intangible assets under development - Prototype Development Cost	**17.60**	**–**
Total	**17.60**	**–**

Prototype Development Cost - Development expenditure includes direct manpower cost amounting to Rs. 17.60 Lacs (as on March 31, 2017 Rs. Nil) doing development work on "Winch" with respect to project of New Torpedo Defence System (NTDS).

Note No. 5 (a) - Other Assets

(Amount in INR Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
Unsecured, Considered good				
Balance with government authorities	**19.60**	**–**	20.95	–
Prepaid expenses	**6.12**	**0.25**	3.09	–
Advance to supplier	**65.08**	**–**	40.04	–
Advance to Employees	**–**	**–**	3.17	–
Total Assets	**90.80**	**0.25**	67.25	–

Note No. 5 (b) - Other Tax Assets

(Amount in INR Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	**Non-Current**	Current	Non-Current
Advance Income tax	**–**	**18.51**	**–**	11.04
Total Assets	**–**	**18.51**	**–**	11.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 6 - Deferred tax assets (net)

(a) Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.
(b) The Company has carried out its tax computation in accordance with the IND-AS 12. In view of absence of certainty of realisation of unabsorbed tax losses, no deferred tax asset has been recognised in the current year. Major components of deferred tax assets / liabilities are as follows:

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liability on		
Property, plant and equipment and intangible assets	**(28.44)**	(24.33)
Deferred tax asset on		
Provision for Employee Benefits, section 40(a) etc.	**26.17**	28.83
Unabsorbed depreciation and brought forward business losses	**87.43**	80.60
Net Deferred tax Asset/(Liability)	**85.16**	85.16

Note No. 7 - Inventory

(at the lower of cost and net realisable value) (Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	**620.05**	261.58
Work in progress	**154.86**	227.44
Stores and Spares	**16.03**	29.03
Loose tools	**2.58**	31.09
Packing materials	**2.68**	–
Total Inventories	**796.20**	549.14

All inventories have been pledged (first charge) to secure the borrowings of the Company. Refer note no 14

Note No. 8 - Trade receivables

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Trade Receivables				
Unsecured, considered good	**1,045.43**	–	534.03	–
Total	**1,045.43**	–	534.03	–

The average credit period on sale of goods generally ranges from 30 to 75 days. No interest is charged on overdue trade receivable. There is no history of defaults. Accordingly, No provision is required for expected loss.

Refer Note 25 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related dsiclosures.

All trade receivables have been pledged (first charge) to secure the borrowings of the Company. Refer note no. 14

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

The concentration of credit risk is limited due to the fact that the customer base within the sector to which the company belong is comparatively large.

The composition of trade recceivables representing more than 5% of trade receivables are as under:

As at	No of Customer	Total O/s (in INR Lakhs)
31st March 2018	**5**	861.68
31st March 2017	**6**	397.91

Note No. 9 - Cash and cash equivalents

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Cash in hand	**0.07**	0.09
Balances with banks	**33.82**	0.09
Total cash and cash equivalents	**33.89**	0.18

Note No. 10 - Other Financial Assets

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Security deposits - Unsecured considered good	**1.25**	**53.01**	–	54.23
	1.25	**53.01**	–	54.23

Note - 11: Equity Share Capital

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised:		
25,000,000 Equity shares (March 31, 2017: 25,000,000) of Rs 10 each with voting rights	**2,500.00**	2,500.00
Total	**2,500.00**	2,500.00
Issued, Subscribed and Fully Paid:		
15,031,300 Equity shares (March 31, 2017: 15,031,300) of Rs 10 each with voting rights	**1,503.13**	1,503.13
Total	**1,503.13**	1,503.13

Notes:

(i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

(Amount in INR Lakhs)

Particulars	Opening Balance	Fresh Issue	Closing Balance
Year Ended March 31, 2018			
No. of Shares	15,031,300	–	15,031,300
Amount in INR Lakhs	1,503.13	–	1,503.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars		Opening Balance	Fresh Issue	Closing Balance
Year Ended March 31, 2017				
	No. of Shares	15,031,300	–	15,031,300
	Amount in INR Lakhs	1,503.13	–	1,503.13

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries

Particulars	No. of Equity Shares with Voting rights
As at March 31, 2018	
Mahindra Defence Systems Limited	**15,031,300**
As at March 31, 2017	
Mahindra Defence Systems Limited	15,031,300

(iv) Details of shares held by each shareholder holding more than 5% shares:

(Amount in INR Lakhs)

Class of shares / Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Defence Systems Limited	**15,031,300**	**100%**	15,031,300	100%

Note No 12 - Provisions

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Provision for employee benefits (Refer Note 24)				
Provision for gratuity	**0.61**	**35.94**	6.32	29.66
Provision for Compensated absences	**1.05**	**31.81**	5.91	39.39
Provision for post retirement medical benefit	**0.00**	**10.75**	0.05	8.56
Provision for warranty	**4.51**	–	3.22	–
(Refer note (i))				
	6.17	**78.50**	15.50	77.61

(i) Details of movement in other provisions

Particulars	Warranty claims
Balance at April 1, 2016	7.77
Additional provisions recognised	3.22
Amounts used during the period	7.77
Balance at April 1, 2017	3.22
Additional provisions recognised	4.51
Amounts used during the period	3.22
Balance at March 31, 2018	**4.51**

Warranty Claims:

The provision for warranty claims represent managements best estimate of the future outflow of economic benefits that will be required under the groups obligations for warranties under the local sale of goods legislation. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the previous periods for all products sold.

Note No. 13 - Trade payables

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**652.04**	–	550.88	–
Total Trade Payables	**652.04**	–	550.88	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. The average credit period on purchase of goods and services ranges from 60 to 90 days. No Interest is charged by the trade payables for the credit period. Company's credit risk management processes are explained in Note 25.

Disclosure as per section 22 of Micro, Small and Medium Enterprises Development Act, 2006 have been compiled based on information available with the Company and is relied upon by the Auditors. The management is in the process of a comprehensive review of the status of all the vendors in terms of above and the above disclosure will be accordingly updated on completion of such review.

Note No. 14 - Borrowings

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Loans repayable on demand				
– From Banks (Unsecured)				
Cash Credit	–	–	258.85	–
Working Capital Loan	**290.00**	–	–	–
Total Borrowings	**290.00**	–	258.85	–

Note:
Cash Credit secured by first pari-passu charge by way of hypothecation of inventories, book debts and movable properties both present and future

Note No. 15 - Other financial Liabilities

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Capital Creditors	**4.64**	–	0.63	–
Total Other financial Liabilities	**4.64**	–	0.63	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 16 - Other Current Liabilities

(Amount in INR Lakhs)

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Advances from customers	**1,469.19**	–	203.19	–
Others -				
Statutory remittances (Contributions to PF, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**11.18**	–	9.02	–
Total Other Current Liabilities	**1,480.37**	–	212.21	–

Note No. 17 - Revenue from operations

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	**986.21**	1,185.38
Sale of services	**93.17**	131.04
Other operating income	**3.25**	2.56
Revenue from operations	**1,082.63**	1,318.98

Also refer note 27

Note No. 18 - Other Income

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on Bank Deposits	**–**	0.23
Profit on sale of Property Plan & Equipment	**1.12**	0.21
Liabilities no longer required written back	**40.35**	7.77
Foreign Exchange Gain	**10.17**	0.57
Other Income	**–**	1.02
	51.64	9.80

Note No. 19 - Cost of materials consumed

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock	**261.58**	232.10
Add: Purchases	**824.98**	718.92
Less: Closing Stock	**620.05**	261.58
Cost of Material Consumed	**466.51**	689.44

Note No. 20 - Changes in inventories of finished goods and Work in progress

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Opening Work - in - progress	**227.44**	379.39
Closing stock		
Closing Work - in - progress	**154.86**	227.44
	72.58	151.95

Note No. 21 - Employee benefits expenses

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages, bonus, etc	**359.07**	349.67
Contribution to provident fund	**19.20**	17.11
Gratuity Expense	**11.16**	11.48
Post retirement medical benefit	**3.47**	2.98
Staff welfare	**14.33**	11.21
	407.23	392.45

Also refer note 4

Note No. 22 - Finance cost

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expenses		
On Cash Credit	**23.72**	26.16
On Intercompany Loans	**1.71**	–
On Working Capital Loan	**25.95**	–
	51.38	26.16

Analysis of Interest Expenses by Category

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses		
On Financial Liability at Amortised Cost	**51.38**	26.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 23 - Other expenses

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	**62.91**	63.79
Contract Labour charges	**97.24**	119.49
Power and fuel	**18.41**	20.07
Rent including lease rent (refer note 30)	**87.83**	86.22
Rates and taxes	**6.02**	5.20
Repairs and maintenance		
Repairs and maintenance-plant and machinery	**4.39**	5.52
Repairs and maintenance-Building	**0.26**	–
Repairs and maintenance-Others	**13.13**	25.93
Auditors' remuneration		
- Statutory audit fee	**6.50**	6.50
- Out of pocket expenses	**–**	0.42
Insurance	**10.76**	3.87
Development & Testing Charges	**8.78**	26.09
Freight Outward	**16.56**	18.47
Shared service charges	**18.90**	25.03
Travelling & Conveyance	**56.78**	51.01
Loss on disposal of Property Plant & Equipment	**–**	–
Provision for warranty expenses	**4.51**	3.22
Security Service Charges	**13.30**	14.43
Professional Fees	**29.55**	28.85
Director Sitting Fees	**2.50**	4.48
Forex gain/loss	**–**	–
Bank Charges	**3.53**	41.26
Postage & Telecommunication expenses	**5.70**	4.93
Business promotion expenses	**3.17**	2.47
Subscription & Membership Fees	**1.01**	–
Software Charges	**1.00**	0.48
Liquidated Damage Expenses	**80.86**	79.77
- Against Current Years Sale	**80.86**	46.44
- Against Previous Years Sale	**–**	33.33
Miscellaneous expenses	**11.30**	7.54
	564.90	645.04

Note No. 24 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 19.20 Lakhs (2017 : Rs. 17.11 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment.In case of death while in service, the gratuity is payable irrespective of vesting.

Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

<u>Salary Increases</u>

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

<u>Discount Rate</u>

Reduction in discount rate in subsequent valuations can increase the plan's liability.

<u>Mortality & disability</u>

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

<u>Withdrawals</u>

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31-Mar-18	31-Mar-17	31-Mar-16
Discount rate(s)	**7.80%**	7.50%	7.95%
Expected rate(s) of salary increase	**10.00%**	10.00%	10.00%
Medical inflation	**3.00%**	3.00%	3.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2018

(Amount in INR Lakhs)

Particulars	Unfunded Plans Gratuity		Unfunded Plans Post retirement medical	
	March 2018	March 2017	**March 2018**	March 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**8.46**	7.90	**2.83**	2.07
Past service cost and (gains)/losses from settlements	–	–	–	–
Net interest expense	**2.70**	3.59	**0.65**	0.91
Components of defined benefit costs reconised in profit or loss	**11.16**	11.48	**3.47**	2.98
Remeasurement on the net defined benefit liability	–			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Unfunded Plans Gratuity		Unfunded Plans Post retirement medical	
	March 2018	March 2017	**March 2018**	March 2017
Actuarial gains and loss arising form changes in demographic assumptions				
Actuarial gains and loss arising form changes in financial assumptions	**(1.48)**	1.77	–	2.33
Actuarial gains and loss arising form experience adjustments	**(7.99)**	(18.34)	**(1.33)**	(8.09)
Components of defined benefit costs recognised in other comprehensive income	**(9.47)**	(16.57)	**(1.33)**	(5.76)
Total	**1.69**	(5.09)	**2.14**	(2.78)
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**36.55**	35.97	**10.75**	8.61
2. Fair value of plan assets as at 31st March	–	–	–	–
3. Surplus/(Deficit)	**(36.55)**	(35.97)	**(10.75)**	(8.61)
4. Current portion of the above	**0.61**	6.32	**0.00**	0.05
5. Non current portion of the above	**35.94**	29.66	**10.75**	8.56
II. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**35.97**	45.11	**8.61**	11.39
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	–	–	–	–
3. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**8.46**	7.90	**2.83**	2.07
– Past Service Cost		–		–
– Interest Expense (Income)	**2.70**	3.59	**0.65**	0.91
4. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actuarial Gain (Loss) arising from:				
i. Demographic Assumptions		–		–
ii. Financial Assumptions	**(1.48)**	1.77	**(1.23)**	2.34
iii. Experience Adjustments	**(7.99)**	(18.34)	**(0.10)**	(8.09)
5. Benefit payments	**(1.11)**	(4.05)		–
6. Others (Specify)	–	–	–	–
7. Present value of defined benefit obligation at the end of the year	**36.55**	35.97	**10.75**	8.61
III. Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	–	–	–	–
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	–	–	–	–
3. Expenses Recognised in Profit and Loss Account				
– Expected return on plan assets	–	–	–	–
4. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actual Return on plan assets in excess of the expected return	–	–	–	–
– Others (specify)	–	–	–	–
5. Contributions by employer (including benefit payments recoverable)	–	–	–	–
6. Benefit payments	–	–	–	–
7. Fair value of plan assets at the end of the year	–	–		
IV. The Major categories of plan assets				
– List the plan assets by category here	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

VI. Experience Adjustments:

(Amount in INR Lakhs)

		Period Ended				
		March 2018	March 2017	March 2016	March 2015	March 2014
		Gratuity				
1.	Defined Benefit Obligation	**36.55**	35.97	45.11	36.63	24.97
2.	Fair value of plan assets					
3.	Surplus/(Deficit)	**(36.55)**	(35.97)	(45.11)	(36.63)	(24.97)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**(7.99)**	(18.34)	(0.08)	(0.26)	(13.01)
5.	Experience adjustment on plan assets [Gain/(Loss)]					
		Post retirement medical				
1.	Defined Benefit Obligation	**10.75**	8.61	11.39	9.06	6.84
2.	Plan assets					
3.	Surplus/(Deficit)	**(10.75)**	(8.61)	(11.39)	(9.06)	(6.84)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**(1.33)**	(8.09)	(1.00)	–	–

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amount in INR Lakhs)

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate				
	2018	**0.50%**	**(2.41)**	**2.67**
	2017	0.50%	(2.04)	2.27
Salary growth rate				
	2018	**0.50%**	**2.60**	**(2.37)**
	2017	0.50%	2.20	(2.00)
Medical inflation rate				
	2018	**0.50%**	**0.93**	**0.98**
	2017	0.50%	(0.52)	0.55

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	March 31, 2018	March 31, 2017
Within 1 year	**0.61**	6.32
1 - 2 year	**7.40**	0.61
2 - 3 year	**2.25**	0.64
3 - 4 year	**0.74**	0.75
4 - 5 year	**0.98**	0.78
5 - 6 years	**0.69**	5.98
6 years onwards	**23.89**	20.89

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	March 2018	March 2017	March 2016	March 2015	March 2014
Defined benefit obligation	36.55	35.97	45.11	8.61	11.39
Net asset/(liability)	(36.55)	(35.97)	(45.11)	(8.61)	(11.39)
Experience Adjustment on actuarial (gain)/loss on plan obligation	(7.99)	(18.34)	(0.08)	(0.26)	(13.01)

Note No. 25 - Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. The Companies is to keep net debt to equity ratio within 1:1.5 or 150%. Also Refer note 32

Particulars	March 31, 2018	March 31, 2017
Borrowings	**290.00**	258.85
Less: Balances with Banks	**33.82**	0.09
Less: Bank Balance	**0.07**	0.09
Net Debt	**256.11**	258.67
Total Equity	**104.69**	594.29
Net Debt to Equity Ratio	**245%**	44%

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

(Amount in INR Lakhs)

As at March 31, 2018

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets	–	–	–	–
Other Financial Assets				
- Security Deposit	53.01	–	–	53.01
Current Assets				
Trade Receivables	1,045.43	–	–	1,045.43
Other Bank Balances	33.89	–	–	33.89
Other Financial Assets				–
- Security Deposit	1.25	–	–	1.25
Non-current Liabilities	–	–	–	–
Current Liabilities				
Borrowings	290.00	–	–	290.00
Trade Payables	652.04	–	–	652.04
Other Financial Liabilities				
– Creditors for capital supplies/services	4.64	–	–	4.64

As at March 31, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets	–	–	–	–
Other Financial Assets				–
– Security Deposit	54.23	–	–	54.23
Current Assets				
Trade Receivables	534.03	–	–	534.03
Other Bank Balances	0.18	–	–	0.18
Non-current Liabilities	–	–	–	–
Other Financial Liabilities				
– Security Deposit received	–	–	–	–
Current Liabilities				
Borrowings	258.85	–	–	258.85
Trade Payables	550.88	–	–	550.88
Other Financial Liabilities				
– Creditors for capital supplies/services	0.63	–	–	0.63

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is majority dealing with creditworthy counterparties i.e government agencies and big companies with international repute. Company have legible history of bad debts in the past.

Also company has strong system of AR receivable to reduce the risk. Where monthly emails send to marketing to minimise the risk and regular followup is done to realise the debtors.

Trade receivables consist of a number of customers, spread across diverse geographical areas.

The credit risk on liquid funds and Fixed Deposits is limited because the counterparties are banks/Big MF houses with high credit-ratings assigned by domestic credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 March 2017, an amount of INR 11.73 Lakhs (31 March 2017: INR 98.96 Lakhs, 31 March 2016: INR 44.34 Lakhs) is the value of outstanding guarantee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The customers are basically Government agencies which in majority of the cases which do not default on payment.

The Company provides for specific receivables based on specific events and conditions related to particular debtor (court cases, etc.), which is indicative of impairment. Based on past experience, no provision is required for receivables from related parties.

The loss allowance provision is determined as follows:

	As at March 31, 2018			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**–**	**–**	**–**	**–**
Gross carrying amount	**403.46**	**301.02**	**340.95**	**1,045.43**
Loss allowance provision	**–**	**–**	**–**	**–**

	As at March 31, 2017			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	–	–	–	–
Gross carrying amount	210.56	218.63	104.84	534.03
Loss allowance provision	–	–	–	–

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
March 31, 2018				
Borrowings	**290.00**	**–**	**–**	**–**
Trade Payables	**652.04**	**–**	**–**	**–**
Other Financial Liabilities	**4.64**	**–**	**–**	**–**
Total	**946.68**	**–**	**–**	**–**
March 31, 2017				
Borrowings	258.85	–	–	–
Trade Payables	550.88	–	–	–
Other Financial Liabilities	0.63	–	–	–
Total	810.36	–	–	–

(iii) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial assets				
March 31, 2018				
Trade Receivables	**1,045.43**	**–**	**–**	**–**
Cash and Cash Equivalents	**33.89**	**–**	**–**	**–**
Other Financial Assets				
– Security Deposit	**1.25**	**53.01**	**–**	**–**
Total	**1,080.57**	**53.01**	**–**	**–**
March 31, 2017				
Trade Receivables	534.03	–	–	–
Cash and Cash Equivalents	0.18	–	–	–
Other Financial Assets				
– Security Deposit	–	54.23	–	–
Total	534.21	54.23	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	March 31, 2018	March 31, 2017
Trade Receivables	GBP	**0.70**	–
Trade Payables	USD	**0.12**	–
	EUR	**4.28**	–
	GBP	**–**	–

Note No. 26 - Fair value of financial assets and financial liabilities that are not measured at fair value

(Amount in INR Lakhs)

Particulars	Carrying Value		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Financial assets carried at Amortised Cost				
Investments	**–**	–	**–**	–
Trade receivables	**1,045.43**	534.03	**1,045.43**	534.03
Cash and cash equivalents	**33.89**	0.18	**33.89**	0.18
Other financial assets	**54.26**	54.23	**54.26**	54.23
Total	**1,133.58**	588.44	**1,133.58**	588.44
Financial liabilities				
Financial liabilities held at amortised cost				
Trade payables	**652.04**	550.88	**652.04**	550.88
Borrowings	**290.00**	258.85	**290.00**	258.85
Other financial liabilities	**4.64**	0.63	**4.64**	0.63
	946.68	810.36	**946.68**	810.36

Note No. 27 - Segment Information

The Executive Director, the chief operating decision maker (CODM), have chosen to organise the Company as one segment which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Interest and Tax (EBIT) as a measure to assess the performance of the segments.

(Amount in INR Lakhs)

Geographic information	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from external customers		
India	**967.61**	1,315.01
Outside India	**115.02**	3.97
Total revenue per statement of profit or loss	**1,082.63**	1,318.98

(Amount in INR Lakhs)

Non-current operating assets:	As at March 31, 2018	As at March 31, 2017
India	**491.91**	**408.94**
Outside India		
Total	**491.91**	**408.94**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and Capital work in Progress.

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

(Amount in INR Lakhs)

Revenue from Sales	Year ended March 31, 2018	Year ended March 31, 2017
PBGM	**120.00**	311.96
RGB 60	**–**	280.72
QTTM	**197.65**	–
RGB 60 Spares	**102.78**	96.40
ACH	**49.59**	84.62
NAD Trolley	**59.56**	67.01
Composite Parts	**115.02**	3.96
TTL Spares	**114.49**	–
BAPL Container	**54.63**	27.93
RGB 12	**–**	78.74
S Knuckle	**73.58**	2.19
Recoil System	**–**	50.24
Battery Shell	**20.92**	25.26
Bomb Body	**38.10**	–
Others	**39.88**	156.35
Total	**986.21**	1,185.38

Revenue from Services	Year ended March 31, 2018	Year ended March 31, 2017
DL Refurbishment	**–**	**62.36**
QTTM Refurbishment	**51.31**	**–**
Canopy Installation	**–**	**37.85**
GRSE	**32.09**	**26.72**
Others	**9.77**	**4.12**
Total	**93.17**	**131.04**
Revenue from Scrap Sales	**3.25**	2.56
Grand Total	**1,082.63**	1,318.98

Note No. 28 - Related Party Transactions

Related Parties	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Defence Systems Limited	Holding Company
Tech Mahindra	Fellow Associate
Mahindra CIE Automotive India Limited	Fellow Associate
Mahindra Retail Pvt Ltd	Fellow Subsidiary
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary
Mr Devendra Bhatnagar (CEO)	Key Managerial Personnel
Mr Yatish Sharma (CS)	Key Managerial Personnel
Mr Saurabh Gupta (CFO)	Key Managerial Personnel

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Sr. No.	Particulars	Ultimate Holding company	Fellow Associate	Fellow Associate	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Key Managerial Personnel		
		Mahindra & Mahindra Limited	Tech Mahindra	Mahindra CIE Automotive India Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Retail Pvt Ltd	Mahindra Defence Systems Limited	Mr Devendra Bhatnagar (CEO)	Yatish Sharma (CS)	Mr Saurabh Gupta (CFO)
1	Purchase of Services	–	–	–	1.38	–	–	–	–	–
2	Sale of Services	(–)	(–)	(–)	(1.24)	(–)	(–)	(–)	(–)	(–)
		–	37.34	–	–	–	–	–	–	–
3	Purchase of Goods	(–)	(30.73)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
		–	–	–	–	0.41	–	–	–	–
4	Interest on ICD received	(–)	(–)	(83.08)	(–)	(–)	(–)	(–)	(–)	(–)
		–	–	–	–	–	1.71	–	–	–
5	Reimbursement of Expenses paid	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
		16.54	–	–	–	–	18.29	–	–	–
6	Intercompany deposits received	(43.59)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
		–	–	–	–	–	250.00	–	–	–
7	Intercompany deposits repaid	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
		–	–	–	–	–	250.00	–	–	–
8	Remuneration	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
		–	–	–	–	–	–	45.37	2.20	4.06
9	Outstandings balances:	(–)	(–)	(–)	(–)	(–)	(–)	(35.05)	(1.04)	(2.08)
		–	–	–	–	–	–	–	–	–
a)	Trade Payable	5.83	–	–	0.10	–	20.45	–	–	–
		(99.34)	(–)	(39.25)	(0.19)	(–)	(–)	(–)	(–)	(1.90)
	Trade Receivables	–	5.11	–	–	–	–	–	–	–
		(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

Compensation of key managerial personnel

The remuneration paid to key managerial personnel during the year was as follows:

Particulars	Year ended 31/03/2018	Year ended 31/03/2017
Short-term employee benefits	**51.63**	37.14

The remuneration does not include provision for leave salary , post retirement medical benefits and contribution / provision towards gratuity, since the contribution /provision is made for the Company as a whole on actuarial basis.

In addition company also paid certain shared service charges being an appropriate allocation of costs incurred by relevant related parties.

The amount outstanding are unsecured and will be settled in cash.No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Note No. 29 - Basic/Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit / (loss) for the year attributable to owners of the Company	**(500.40)**	(753.33)
Profits used in the calculation of basic earnings per share from continuing operations	**(500.40)**	(753.33)
Weighted average number of equity shares	**15,031,330**	15,031,330
Earnings/(Loss) per share from continuing operations - Basic	**(3.33)**	(5.01)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 30 - Contingent liabilities and commitments (not provided for)

(Amount in INR Lakhs)

Particulars		**As at March 31, 2018**	As at March 31, 2017
(i)	**Contingent Liabilities***		
	Excise duty	**6.83**	6.83
(ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**5.91**	–

* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

Note No. 31 - Leases

Operating lease charge amounting to Rs. 87.83 Lakhs (previous year Rs. 86.22 Lakhs) has been debited to the statement of profit and loss during the year. Future minimum lease payments under non cancellable operating leases as of March 31, 2018 are as follows:

(Amount in INR Lakhs)

Particulars	**"For the year ended March 31, 2018**	**"For the year ended March 31, 2017**
Details of leasing arrangements		
Future minimum lease payments		
not later than one year	91.12	88.49
later than one year and not later than five years	46.91	139.41
later than five years	–	–

Note No. 32 - Leases

Pursuant to the order of Registrar of Companies dated March 05, 2018, the status of the Company has changed from ‘private limited company’ to ‘public limited company’. Consequently, the name of the Company has become Mahindra Defence Naval Systems Limited with effect from that date.

Note No. 33 - Scheme of Arrangement

The Board of Directors of the Company in their meeting held on March 16, 2018, approved the Scheme of Amalgamation (Merger by Absorption) (“Scheme”) is presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder for amalgamation of Mahindra Defence Naval Systems Limited (“hereinafter referred to as “Transferor Company”) with Mahindra Defence Systems Limited (“hereinafter referred to as “Transferee Company”), inter alia, consisting of entire undertaking, business, activities and operations pertaining to the Transferor Company and its transfer as a going concern to the Transferee Company with effect from April 1, 2018 or such other date as may be fixed or approved by the National Company Law Tribunal (“the Appointed Date”). Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, on amalgamation, neither any consideration will be paid nor any shares shall be issued by the Transferee Company to the shareholders of the Transferor Company in consideration thereof and consequent upon the amalgamation, the shares of the Transferor Company held by the Transferee Company shall stand cancelled.

Further in terms of the Scheme, upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books of accounts with effect from the Appointed Date as per “Pooling of Interest Method” laid down by Appendix C of Ind AS 103 (Business combinations of entities under common control) notified under the provisions of the Companies Act, 2013. The Scheme has been filed with the National Company Law Tribunal for approval which is pending.

Note No. 34

The Company has incurred loss of Rs. 489.60 Lakhs (Previous year Rs. 731.00 Lakhs) for the year ended March 31,2018 and its accumulated losses as at March 31, 2018 amounted to Rs. 1,398.44 Lakhs. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as going concern. However, considering the continued financial support from the shareholders of the Company and also considering that the Company has filed Scheme of Amalgamation with its holding Company as discussed in detailed in note 33, these financial statements have been prepared in accordance with the principles of a going concern.x

For and on behalf of the Board of Directors

S. P. Shukla
(Director)
DIN: 00007418

Devendra Bhatnagar
(Executive Director)
DIN: 07272516

Mukul Verma
(Director)
DIN: 02428217

Saurabh Gupta
(Cheif Financial Officer)

Yatish Sharma
(Company Secretary)

Place: Mumbai
Date: 04th May, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA DEFENCE SYSTEMS LIMITED

Your Directors present their Sixth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Net Income	**24,522.56**	37,729.36
Profit Before Taxation, Depreciation and Amortisation	**1,941.31**	1,530.97
Less: Depreciation/Amortisation	**436.46**	441.96
Profit/(Loss) before taxation	**1,504.85**	1,089.01
Less: Provision for taxation for the year	**326.55**	–
Add/less: Deferred Tax (Liability)/Asset	**(326.55)**	228.46
Profit/(Loss) for the year after taxation	**1,504.85**	860.55
Other Comprehensive Income	**34.77**	1.36
Balance carried forward	**1,539.62**	861.91
Net Worth	**22,936.59**	19,076.97

During the year under review, Defence Land Systems India Limited (DLSIL), the Company's hitherto wholly owned subsidiary company, merged with your Company with effect from 18th October, 2017. Accordingly, the financial information in respect of previous financial year ended 31st March, 2017 has been restated.

No material changes and commitments have occurred after the closure of the financial year to which financial statements relate and the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, your Company has sold armoured vehicles, undertaken refurbishment activities and is actively pursuing major opportunities in Homeland Security business. Your Company has responded to various Request for Proposals issued by the Government.

DIVIDEND

With a view to conserve the resources of the Company, your Directors have not considered dividend for the year under review.

GENERAL RESERVE

Your Company has not transferred any amount to the General Reserve for the financial year 2017- 2018.

MERGER OF WHOLLY OWNED SUBSIDIARY WITH THE COMPANY

Your Company has initiated steps to merge Mahindra Defence Naval Systems Limited (MDNSL) [formerly Mahindra Defence Naval Systems Private Limited (MDNSPL)], a wholly owned subsidiary company, with itself and has accordingly filed an application with National Company Law Tribunal, Mumbai.

HOLDING COMPANY

Mahindra and Mahindra Limited is the Holding Company of your Company.

SUBSIDIARIES & ASSOCIATES

As on 31st March, 2018, your Company had the following two subsidiaries:

(A) Mahindra Telephonics Integrated Systems Limited (MTISL)

Your Company, pursuant to the Joint Venture with Telephonics Corporation, USA, had incorporated a public company viz. Mahindra Telephonics Integrated Systems Limited (JV Company), wherein your Company holds 51% of the Share Capital of the JV Company and balance 49% is held by Telephonics Corporation, USA. During the year, the JV Company earned a revenue of Rs. 2,773.66 Lakhs (previous year Rs. 2,265.14 Lakhs) and incurred a loss of Rs. 355.41 Lakhs (previous year Rs. 443.88 Lakhs).

(B) Mahindra Defence Naval Systems Limited (MDNSL) (Formerly Mahindra Defence Naval Systems Private Limited (MDNSPL)

Mahindra Defence Naval Systems Limited is a wholly owned subsidiary of your Company. During the year, MDNSL earned a revenue of Rs. 1,134.27 Lakhs (Previous year Rs. 1,328.78 Lakhs) with a loss of Rs. 500.40 Lakhs (previous year Rs. 753.33 Lakhs).

A report on the performance and financial position of each of the subsidiaries for the year ended 31st March, 2018 is provided in Form AOC – 1 which is attached to the Financial Statements of the Company and the same forms part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its notification G.S.R 742(E) dated 27th July, 2016 exempted a wholly owned Subsidiary Company from preparation and presentation of Consolidated financial statements, provided the company meets the conditions as mentioned in the said notification.

Accordingly, the Company has not prepared Consolidated financial Statements since it has met all requirements mentioned in the aforesaid notification.

SHARE CAPITAL

During the year under review, pursuant to the merger of Defence Land Systems India Limited with the Company, vide order of National Company Law Tribunal dated 5th October 2017, effective from 18th October, 2017, the Authorised Share Capital of your Company increased from Rs. 50,00,00,000 divided into 5,00,00,000 Equity Shares of Rs. 10/- each to Rs. 290,00,00,000 divided into 29,00,00,000 Equity Shares of Rs. 10/- each.

During the year under review, your Company allotted 9,72,746 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 228.50 per share, aggregating to Rs. 23,19,99,921 to Mahindra and Mahindra Limited, on rights basis.

Consequently, the paid up Share Capital of the Company has gone up to Rs. 15,90,59,940 divided into 1,59,05,994 Equity Shares of Rs. 10/- each.

BOARD OF DIRECTORS

The Composition of the Board of Directors of the Company, as on the date of this report, is as follows:-

Sr. No.	Names of Directors	DIN	Category	Independent/ Non Independent
1.	Mr. S. P. Shukla, Managing Director	00007418	Executive	Non Independent
2.	Lt. Gen. Jaswinder Pal Singh (Retd.)*	07138659	Non-Executive	Independent
3.	Ms. Neelam Deo*	02817083	Non-Executive	Independent
4.	Mr. V S Parthasarathy	00125299	Non-Executive	Non Independent
5.	Mr. S. Ramkrishna	02091639	Non-Executive	Non Independent
6.	Mr. Sukhvindar Deep Singh Hayer **	07272511	Executive	Non Independent
7.	Mr. Ruzbeh Irani***	01831944	Non-Executive	Non Independent

* Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo were appointed as Independent Directors of the Company for a period of 2 years with effect from 2nd May, 2017 and they shall not be liable to retire by rotation.

** Mr. Sukhvindar Deep Singh Hayer (DIN: 07272511) was appointed as Additional Director and Executive Director with effect from 8th November, 2017.

*** Mr. Ruzbeh Irani (DIN: 01831944) was appointed as Additional Director with effect from 16th March, 2018.

Mr. Zhooben Bhiwandiwala (DIN: 00110373) resigned as Director with effect from 12th January 2018.

Mr. S Ramkrishna (DIN: 02091639), Director, retires by rotation and, being eligible, has offered himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Sukhvindar Deep Singh Hayer and Mr. Ruzbeh Irani were appointed as Additional Directors and hence hold office up to the ensuing Annual General Meeting. Your Company has received notices from members proposing the names of these directors for appointments at the ensuing Annual General Meeting of shareholders.

Your Company has received declarations from Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo, the Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met five times during the year under review i.e. on 2nd May, 2017, 2nd August, 2017, 8th November, 2017, 8th February, 2018 and 16th March, 2018.

The attendance of the Directors at these meetings was as under:

Sr. No.	Name of Director	No. of Meetings attended out of five Meetings
1.	Mr. S. P. Shukla	4
2.	Mr. V S Parthasarathy	1
3.	Mr. Zhooben Bhiwandiwala*	2
4.	Mr. S. Ramakrishna	4
5.	Lt. Gen. Jaswinder Pal Singh (Retd.)**	4
6.	Ms. Neelam Deo**	4
7.	Mr. Sukhvindar Deep Singh Hayer***	2
8.	Mr. Ruzbeh Irani****	0

* Resigned as director with effect from 12th January, 2018

** Appointed with effect from 2nd May, 2017

*** Appointed with effect from 8th November, 2017

**** Appointed with effect from 16th March, 2018

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Your Board carried out an annual evaluation of performance of its own and individual Directors, including independent Directors. Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation at the Meeting held on 4th May, 2018.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance (“the Codes”) for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company’s ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and Employees affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Pursuant to the applicable provisions of Companies Act, 2013, the Audit Committee was constituted on 2nd May, 2017 to discharge the functions thereunder.

During the year under review, the Audit Committee consisted of Ms. Neelam Deo (Independent Director), Lt. Gen. Jaswinder Pal Singh (Retd.) (Independent Director) and Mr. V S Parthasarathy.

Ms. Neelam Deo was the Chairperson of the Committee.

The Committee met thrice during the year under review i.e. on 2nd May, 2017, 8th February, 2018 and 16th March, 2018 and complied with the terms of reference assigned to the Committee.

The attendance of Members at these meetings was as under:-

Name of Directors	No. of meetings attended
Ms. Neelam Deo	3
Lt. Gen. Jaswinder Pal Singh (Retd.)	3
Mr. V S Parthasarathy	1

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a wholly owned subsidiary company from constituting an ‘Audit Committee’, the Committee was dissolved with effect from 1st April, 2018.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the applicable provisions of Companies Act, 2013, the Nomination and Remuneration Committee was constituted on 2nd May, 2017 to discharge the functions thereunder.

During the year under review, the Committee consisted of Lt. Gen. Jaswinder Pal Singh (Retd.) (Independent Director), Ms. Neelam Deo (Independent Director) and Mr. S. P. Shukla.

Lt. Gen. Jaswinder Pal Singh (Retd.) was the Chairman of the Committee.

The Committee met three times during the year under review i.e. on 2nd August, 2017, 8th November, 2017 and 16th March, 2018 and complied with the terms of reference assigned to the Committee.

The attendance of Members at these meetings was as under:-

Name of Directors	No. of meetings attended
Lt. Gen. Jaswinder Pal Singh (Retd.)	3
Ms. Neelam Deo	3
Mr. S P Shukla	2

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a wholly owned subsidiary company from constituting ‘Nomination and Remuneration Committee’, the Committee was dissolved with effect from 1st April, 2018.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 8th November, 2017, without the presence of the Chairman or Whole time Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform it’s duties.

GENERAL MEETINGS

The Fifth Annual General Meeting of the Company was held on 2nd August, 2017. During the year under review, an Extra Ordinary General Meeting was held on 30th November, 2017.

KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, Mr. Sukhvindar Deep Singh Hayer was appointed as Executive Director with effect from 8th November, 2017. Mr. S P Shukla, Mr. Mukul Verma and Mr. Rajesh Parte continued as Managing Director, Chief Financial Officer and Company Secretary of the Company, respectively.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

These policies are provided as **Annexure I** and the same forms part of this report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards ie SS1 and SS2 related to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly Complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

STATUTORY AUDITORS AND STATUTORY AUDIT REPORT

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Gurgaon (Firm registration Number 015125N) were appointed as Auditors of your Company to hold office from the conclusion of the 2nd Annual General Meeting (AGM) held on 17th September, 2014 until the conclusion of 7th AGM to be held in the year 2019. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors so made at the forthcoming AGM and fix their remuneration.

The Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT.

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. P S Ramnath, Company Secretary, as the Secretarial Auditor of your Company for the financial year ended 31st March 2018.

The Secretarial Audit Report for the financial year ended 31st March 2018, issued by the secretarial auditor pursuant to the aforesaid provisions, is provided as **Annexure II** and the same forms part of this Report.

The Secretarial Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

REPORTING ON FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors had not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this Report.

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2018.

COST AUDITOR

The Provisions of Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure III** and the same forms Part of this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans, investments made and gaurantees and securities provided pursuant to section 186 of the Companies Act, 2013 are given in **Annexure IV** and the same forms Part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company had not accepted any deposits from the public or its employees during the year under review. There were no deposits which were not in compliance with requirements of Chapter V of the Companies Act, 2013.

Your Company had not made any loans/advances which were required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the parent Company, Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions entered during the year were "in the ordinary course of business" and "on arm's length" basis.

There were no material contrcts or arrangements or transaction with related parties particulars of which are required to be in terms of Section 134 of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2018 is attached herewith as **Annexure V** and the same forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Sukhvindar Deep Singh Hayer	**S P Shukla**
Whole Time Director	Chairman & Managing Director

Mumbai,
4th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2018

I. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Defence Systems Limited ("MDSL").

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non-executive including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Chairman &/or Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be finalised/ revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

   We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

   - Performance
   - Potential
   - Criticality
   - Longevity in grade

   Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

Subject to approval by the Board and Shareholders, as may be applicable, the Employees and Directors (other than Independent Directors) may also be granted Stock Options or equivalent benefits in accordance with the ESOP Scheme or similar scheme as may be approved and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Defence Systems Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman &/ or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company.

Board

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Sukhvindar Deep Singh Hayer	**S P Shukla**
Whole Time Director	Chairman & Managing Director

Mumbai,
4th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2018

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Mahindra Defence Systems Limited
Mahindra Towers, P. K. Kurne Chowk
Dr. G. M. Bhosale Marg, Worli
Mumbai MH 400018, IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Defence Systems Limited (hereinafter called 'the Company'). The Secretarial Audit was conducted in a manner which provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under. (Not applicable to the Company during audit period);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment External Commercial Borrowings; (Not applicable to the Company during audit period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(Not applicable to the Company during audit period)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable to the Company during audit period);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during audit period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during audit period);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);

(vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities of the Company are not listed on any Stock Exchange hence no comment is made about Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not passed any special resolutions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

P. S. Ramnath

Practicing Company Secretary
FCS No: 819
C.P. No. 4159

Place: Thane

Date: May 4, 2018

Annexure I

List of applicable laws to the Company

Under the Major Group and Head

1. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Labour Welfare Act of respective States;
4. The Custom Act, 1962
5. The Shops and Establishment Act, 1948.
6. The Indian Stamp Act, 1899.
7. The State Stamp Acts
8. Negotiable Instruments Act, 1881.

P. S. Ramnath

Practicing Company Secretary
FCS No: 819
C.P. No. 4159

Place: Thane

Date: May 4, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

(b) the steps taken by the company for utilizing alternate sources of energy:

Installation of Solar Panel

(c) the capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Nil**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: **Not Applicable**

(b) the year of import : **Not Applicable**

(c) whether the technology been fully absorbed: **Not Applicable**

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Not Applicable**

iv) the expenditure incurred on Research and Development :

During the year under review, the company has incurred expenditure of Rs. 420.50 Lakh towards its research and development activities

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (In terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**4,337.84**	751.93
Total Foreign Exchange Used	**2,414.50**	1,074.84

For and on behalf of the Board

Sukhvindar Deep Singh Hayer
Whole Time Director

S P Shukla
Chairman & Managing Director

Mumbai,
4th May, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2018

Particualr of Loans, Investments made and gaurantees and securities provided purusant to section 186 of the Companies Act, 2013 For the Year Ended 31st March 2018.

Name of the party	Nature	For the Year endedn 31st March 2018 (Amount in Rs)	For the Year ended 31st March 2017 (Amount in Rs)	Period	Rate of interest	purpose
Mahindra Defence Naval Systems Limited	Loan	25,000,000	–	30 Days	8.05%	Short Term Loan – Operational Requirements.

For and on behalf of the Board

Sukhvindar Deep Singh Hayer
Whole Time Director

S P Shukla
Chairman & Managing Director

Mumbai,
4th May, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U75220MH2012PLC233889
2.	**Registration Date**	30th July, 2012
3.	**Name of the Company Address:**	Mahindra Defence Systems Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/Indian Non Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2497 5081
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 Tel: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.com; karisma@karvy.com; Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Bullet proofing Business	30400	14.65 %
2.	System Integrator	62020	67.81 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Holding Company	100%	2(46)
2.	Mahindra Defence Naval Systems Limited	U75144MH2012PLC231267	Subsidiary	100%	2(87)(ii)
3.	Mahindra Telephonics Integrated Systems Limited	U75302MH2013PLC242268	Subsidiary	51%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	6	6	–	–	6	6	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	1,49,33,242	1,49,33,242	100	1,59,05,988	–	1,59,05,988	100	Nil
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	1,49,33,248	1,49,33,248	100	1,59,05,988	–	1,59,05,994	100	Nil
2. Foreign	–								
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Share holding of Promoters (A) =(A)(1)+(A)(2)	–	**1,49,33,248**	**1,49,33,248**	**100**	**1,59,05,988**	**6**	**1,59,05,994**	**100**	**Nil**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
Mutual Funds	–	–	–	–	–	–	–	–	–
Bank/FI	–	–	–	–	–	–	–	–	–
Cent. Govt.	–	–	–	–	–	–	–	–	–
State Govt.	–	–	–	–	–	–	–	–	–
Venture Capital	–	–	–	–	–	–	–	–	–
Insurance Co.	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Portfolio	–	–	–	–	–	–	–	–	–
Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**1,49,33,248**	**1,49,33,248**	**100**	**1,59,05,988**	**6**	**1,59,05,994**	**100**	**Nil**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra and Mahindra Limited	1,49,33,242	100	0	1,59,05,988	100	0	NIL
2	Narayan Shankar*	1	–	0	1	–	0	–
3	Chandrasekar Kandasamy*	1	–	0	1	–	0	–
4	V. S. Parthasarathy*	1	–	0	1	–	0	–
5	Durgashankar Subramaniam*	1	–	0	1	–	0	–
6	Rajeev Dubey*	1	–	0	1	–	0	–
7	Zhooben Bhiwandiwala*	1	–	0	1	–	0	–
	Total	**1,49,33,248**	**100**	**0**	**1,59,05,994**	**100**	**0**	**NIL**

* Nominees of Mahindra & Mahindra Limited for the purpose of complying with statutory provisions of Companies Act, 2013 with regard to minimum number of members.

iii. Change in Promoter's shareholding (please specify if there is no change):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Limited				
	At the beginning of the year	1,49,33,248	100	–	–
	Increase – 8th February, 2018 – Allotment of shares on Rights basis	9,72,746	100	1,59,05,994	100
	At the end of the year	–	–	1,59,05,994	100

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mr. V S Parthasarathy	1	–	1	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2017		N.A.	N.A.	
1) Principal Amount	13,000	–	–	13,000
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	13,000	–	–	13,000
Change in Indebtedness during the financial year		N.A.	N.A.	
+ Addition	–	–	–	–
– Reduction	(13,000)			-13,000
Net change	(13,000)			(13,000)
Indebtedness at the end of the financial year - 31.03.2018		N.A.	N.A.	
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–.	N.A.	N.A.	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lakhs)
		S. P. Shukla	Mr. Sukhvindar Deep Singh Hayer	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	54.40	54.40
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	0.55	0.55
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify			
5.	Others, please specify Provident Fund & other Funds	34.53	13.92	48.45
	Performance Bonus	–	–	–
	Total (A)	**34.53**	**68.87**	**103.40**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration of other directors:

I. Independent Directors :-

Particulars of Remuneration	Name of Directors		Total Amount (Rs. In Lakhs)
	Lt. Gen. Jaswinder Pal Singh (Retd.)	Ms. Neelam Deo	
Fee for attending board committee meetings	2.30	2.00	4.30
Commission	–	–	–
Others	–	–	–
Total (1)	2.30	2.00	4.30

II. Other Non-Executive Directors :- Nil

Other Non-Executive Directors							Total Amount (Rs. In Lakhs)
Fee for attending board committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)							
Total B = (1+2)							
Ceiling as per the Act	As Per Companies Act, 2013						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. In Lakhs)
		Mukul Verma Chief Financial Officer	Rajesh Parte Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	56.77	–	56.77
	(b) Value of perquisites u!s 17(2) Income Tax Act, 1961	0.58	–	0.58
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify Contribution to Provident Fund	–	–	–
	Performance Bonus	14.88	–	14.88
	Others	–	2.83	2.83
	Total (C)	**72.23**	**2.83**	**75.06**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY					
Penalty		Not applicable	Not applicable	Not applicable	Not applicable
Punishment		Not applicable	Not applicable	Not applicable	Not applicable
Compounding		Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS					
Penalty		Not applicable	Not applicable	Not applicable	Not applicable
Punishment		Not applicable	Not applicable	Not applicable	Not applicable
Compounding		Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty		Not applicable	Not applicable	Not applicable	Not applicable
Punishment		Not applicable	Not applicable	Not applicable	Not applicable
Compounding		Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Sukhvindar Deep Singh Hayer
Whole Time Director

S P Shukla
Chairman & Managing Director

Mumbai,
4th May, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA DEFENCE SYSTEMS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA DEFENCE SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position. Refer Note 39 to the Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 40 to the Ind AS financial statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 41 t o the financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURUGRAM, May 04, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA DEFENCE SYSTEMS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURUGRAM, May 04, 2018

ANNEXURE "B" TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.

(b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of leasehold land and building.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third party at the end of the year for which confirmation have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has granted unsecured loan to company, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loan during the year. The Company has neither granted any loan under section 185 of the Companies Act, 2013 nor made any investment or provided guarantees and securities during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. Hence, the provisions of the clause 3(v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident fund, Service Tax and Income-tax and been regular in depositing Employees' State Insurance Sales Tax, Customs Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) Except for Service tax dues of Rs. 70.28 lakhs which for reasons explained in detail in Note 44 of the Ind AS Financial Statements are outstanding for a period of more than 6 months as at the year end, there were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURUGRAM, May 04, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amount in Rs. Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
1. Non-current assets			
(a) Property, Plant and equipment	5	**3,614.68**	3,603.38
(b) Intangible assets	6	**449.88**	51.79
(c) Capital Work- in-Progress		**260.79**	207.40
(d) Intangible assets under development		**5,182.00**	4,235.30
(e) Financial assets			
(i) Investments	7	**4,093.13**	4,093.13
(ii) Trade receivables	8	**877.17**	1,151.09
(iii) Other financial assets	**9**	**745.14**	768.05
(f) Deferred tax assets (Net)	**10**	**326.55**	–
(g) Non Current Tax Assets (Net)		**2,544.70**	1,126.12
(h) Other non-current assets	11	**1,390.03**	1,631.62
Total Non-current Assets		**19,484.07**	16,867.88
2 Current assets			
(a) Inventories	12	**2,288.66**	1,347.77
(b) Financial assets			
(i) Investments	7	**–**	770.37
(ii) Trade receivables	8	**7,277.00**	21,076.40
(iii) Cash and cash equivalents	13	**4,934.63**	4,622.89
(iv) Other Bank balances (other than (iii) above)	14	**470.90**	395.25
(v) Other financial assets	**9**	**3,668.33**	2,638.96
(c) Other current assets	11	**2,580.52**	1,624.86
Total Current Assets		**21,220.04**	32,476.50
Total Assets		**40,704.11**	49,344.38
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	15	**1,590.60**	1,493.32
(b) Other equity		**21,345.99**	17,583.65
Total Equity		**22,936.59**	19,076.97
2 Liabilities			
Non-current liabilities			
(a) Provisions	16	**517.34**	476.80
(b) Other Financials Liabilities	19	**–**	26.76
Total Non-current Liabilities		**517.34**	503.56
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	**–**	13,000.00
(ii) Trade payables	18	**11,582.94**	14,017.87
(iii) Other financial liabilities	19	**90.53**	95.07
(b) Provisions	16	**48.05**	32.94
(c) Other current liabilities	20	**5,528.66**	2,617.97
Total Current Liabilities		**17,250.18**	29,763.85
Total Liabilities		**17,767.52**	30,267.41
Total Equity and Liabilities		**40,704.11**	49,344.38
The accompanying notes forming part of the Ind AS financial statements	1 to 47		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 4th May, 2018

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN : 00007418

Sukhvindar Hayer — Director
DIN : 07272511

Rajesh Parte — Company Secretary

Place : Mumbai
Date : 4th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rs. Lakhs)

	Particulars	Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	21	**24,115.63**	37,314.17
	Other income	22	**406.93**	415.19
	Total Income		**24,522.56**	37,729.36
II	**Expenses**			
	Cost of materials consumed	23	**8,253.47**	26,076.20
	Purchases of stock in trade	24	**785.39**	223.36
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	25	**(584.50)**	31.68
	Excise duty on sale of goods		**0.90**	244.85
	Employee benefits expense	26	**4,115.14**	3,307.82
	Finance costs	27	**1,151.31**	518.77
	Depreciation and amortisation expense	5 & 6	**436.46**	441.96
	Other expenses	28	**8,859.54**	5,795.71
	Total expenses		**23,017.71**	36,640.35
III	**Profit before tax (I-II)**		**1,504.85**	1,089.01
IV	**Tax expense**			
	Current tax	29	**326.55**	–
	Deferred tax charge/(benefits)	29	**(326.55)**	228.46
V	**Profit/(loss) for the year (III-IV)**		**1,504.85**	860.55
VI	**Other comprehensive income**			
	Items that will not be reclassified to statement of profit or (loss)			
	– Remeasurements of the defined benefit plans		**34.77**	1.36
VII	**Total comprehensive income for the year (V + VI)**		**1,539.62**	861.91
	Earnings per share (Face value of Rs. 10 per share) (in Rs.)			
	– Basic	31	**9.98**	7.93
	– Diluted	31	**9.98**	7.93
	The accompanying notes forming part of the Ind AS financial statements	1 to 47		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 4th May, 2018

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN : 00007418

Sukhvindar Hayer — Director
DIN : 07272511

Rajesh Parte — Company Secretary

Place : Mumbai
Date : 4th May, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rs. Lakhs)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from operating activities			
Profit after tax		**1,504.85**	860.55
Adjustments for:			
Income tax recognised in statement of Profit or loss		**–**	228.46
Finance costs		**1,113.99**	506.71
Interest income			
Interest on bank deposits		**(71.30)**	(95.36)
Interest on ICD		**(1.71)**	–
Interest on income tax refund		**(3.25)**	(19.34)
Interest Income on financial assets at fair value through profit and loss		**(11.68)**	(10.76)
Profit on sale of plant and equipment		**(5.31)**	(5.99)
Loss on property, plant and equipment scrapped		**22.18**	–
Loss on sale/discarded plant and equipment		**1.70**	7.70
Loss on write down of inventories		**37.08**	30.15
Dividend Income		**(17.88)**	(25.53)
Effective interest rate impact on deposits		**10.37**	11.17
Depreciation and amortisation expense		**436.46**	441.96
		3,015.50	1,929.72
Movements in working capital:			
(Increase)/decrease in trade receivables (current & non-current)		**14,073.31**	(20,273.33)
(Increase)/decrease in inventories (current & non-current)		**(952.63)**	(489.47)
(Increase)/decrease in other assets (current & non-current)		**(787.09)**	(2,405.40)
(Increase)/decrease in other financial assets (current & non-current)		**(1,144.87)**	(1,923.25)
Increase /(decrease) in trade and other payables (current & non-current)		**(2,434.93)**	12,197.88
Increase/(decrease) in provisions (current & non-current)		**90.42**	144.73
Increase /(decrease) in other liabilities (current & non-current)		**2,915.69**	2,118.38
Cash generated/(used in) from operations		**14,775.40**	(8,700.74)
Income taxes paid (Net of refund)		**(1,748.39)**	(524.51)
Net cash generated/(used in) by operating activities		**13,027.01**	(9,225.25)
Cash flows from investing activities			
Purchase of Property, plant and equipment including capital advances (net of capital creditors)		**(1,824.28)**	(2,255.05)
Sale of Property, plant and equipment		**18.72**	22.07
Sale/(Purchase) of current investments		**770.37**	(770.37)
Loss on property, plant and equipment scrapped		**(22.18)**	–
Interest on income tax refund		**3.25**	19.34
Dividend Income		**17.88**	25.54
Sale/(Purchase) of Non current investments		**–**	(11,100.00)
Change in bank balance not considered as cash and cash equivalents		**18.76**	(155.75)
Interest on deposits		**94.49**	71.82
Interest on ICD		**1.71**	–
Net cash used in by investing activities		**(921.28)**	(14,142.40)
Cash flows from financing activities			
Proceeds from issue of equity share capital including securities premium		**2,320.00**	15,100.00
(Repayment)/Proceeds from borrowings from bank		**(13,000.00)**	11,896.44
Finance costs		**(1,113.99)**	(503.61)
Net cash generated/(used in) financing activities		**(11,793.99)**	26,492.83
Net increase in cash and cash equivalents		**311.74**	3,125.18
Cash and cash equivalents at the beginning of the year		**4,622.89**	1,497.71
Cash and cash equivalents at the end of the year (Refer Note No: 13)		**4,934.63**	4,622.89
The accompanying notes forming part of the Ind AS financial statements	1 to 47		

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 4th May, 2018

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

Sukhvindar Hayer Director
DIN : 07272511

Rajesh Parte Company Secretary

Place : Mumbai
Date : 4th May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital

(Amount in Rs. Lakhs)

Particulars	Equity Share Capital
As at March 31, 2016	846.20
Issue of equity share capital during the year	647.12
As at March 31, 2017	1,493.32
Issue of equity share capital during the year	97.28
As at March 31, 2018	**1,590.60**

b. Other Equity

(Amount in Rs. Lakhs)

	Reserves and Surplus			
Particulars	**Securities premium reserve**	**Capital Reserve #**	**Retained earnings ##**	**Total**
Balance as on March 31, 2016	9,028.85	–	28.66	9,057.51
Profit for the year	–	–	860.55	860.55
Remeasurements of the defined benefit plan, net of income tax	–	–	1.36	1.36
	9,028.85	–	890.57	9,919.42
Securities premium reserve	14,452.88	–	–	14,452.88
Loss of transferor company upto 31st March,2016	–	–	(9,200.89)	(9,200.89)
Capital Reserve on amalgamation	–	2,412.24	–	2,412.24
Balance as on March 31, 2017	23,481.73	2,412.24	(8,310.32)	17,583.65
Balance as on March 31, 2017	23,481.73	2,412.24	(8,310.32)	17,583.65
Profit/(loss) for the year	–	–	1,504.85	1,504.85
Securities premium reserve	2,222.72	–	–	2,222.72
Remeasurements of the defined benefit plan, net of income tax	–	–	34.77	34.77
Balance as on March 31 , 2018	**25,704.45**	**2,412.24**	**(6,770.70)**	**21,345.99**

* Represents premium on issue and allotment of 9,72,746 (previous year ended March 31, 2017 - 64,71,243) fresh equity shares of Rs.10 each at a premium of Rs. 228.50 per equity share (previous year Rs. 223.34). The Company had received premium on issue of equity shares which is disclosed as securities premium reserve.

This reserve represents reserve recognised on amalgamation being the difference between Company's investment value and share capital of the transferor Company.

Retained Earnings referred to Net Earning not paid as dividends but retained by the Company to be reinvested in its core business , this amount is available for distribution to its equity shareholders.

The accompanying notes forming part of the Ind AS financial statements 1 to 47

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 4th May, 2018

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

Sukhvindar Hayer Director
DIN : 07272511

Rajesh Parte Company Secretary

Place : Mumbai
Date : 4th May, 2018

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

1. General Information

Mahindra Defence Systems Limited is a Public Limited Company incorporated on July 30, 2012 under the Companies Act, 1956. The Company is a subsidiary of Mahindra & Mahindra Limited. The Company is engaged in design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defence vehicle and other defence equipment including training to armed forces people through specific equipments. The Company is also engaged in business of consultancy, training, implementation, management, maintenance and audit in the areas of information security, physical security, homeland security, critical infrastructure security, IT systems & network security, applications security, web & software security, change management & training, business continuity, disaster recovery, governance, loss prevention, fraud risk management, forensics, third party assessment and other allied areas with the objective of derisking the business and mitigation of loss arising from such security risks. The address of company's registered office is Mahindra Towers, P.K. Kurne Chowk, Dr. G.M.Bhosale Marg, Worli, Mumbai-400018 and the address of its corporate office is Mahindra Towers, 1st Floor, 2-A, Bhikaji Cama Place, New Delhi- 110066.

As per the scheme of amalgamation of Defence Land Systems India Limited (wholly owned subsidiary/DLSI) has been amalgamated with the company with effect from 01st January, 2017 (Appointed date). The DLSI is engaged in the manufacturing and selling of bulletproof and other special application vehicles and spare parts meant for defence purposes which are primarily used by Defence forces, State Police forces, VIP and VVIP security. The registered office of DLSI is in Mumbai and manufacturing facility is in Palwal (Refer Note 45).

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements are presented in rupees and all values are rounded to the nearest lakhs except when otherwise indicated.

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred. Commission income is recognized on accrual basis.

Turnkey Contract:

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Annual maintenance contracts

The Company has obligations towards annual maintenance contracts in various agreements. In some cases, the Company has back to back annual maintenance recovery arrangements from the respective vendors for the goods sold to the customers. In such cases, the Company records revenue for the consideration received at the time of sale of goods and does not defer any amount towards annual maintenance obligations as these are covered with back to back arrangements with the vendors. In other cases, the Company recognizes the revenue in respect of annual maintenance obligation over the period of contract.

Dividend, interest and rental income

Dividend income from investments is recognized when right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the companies expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

3.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Borrowing costs directly attributable to the' acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Minimum Alternate Tax (MAT) paid as current tax expense in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Company will pay normal income tax in the future years and future economic benefit associated with it will flow to the Company.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

3.7 Property, Plant and equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (Other than free hold land and properties under contruction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, other than certain assets which are depreciated as follows:

Estimated useful life of assets are as follows:

Plant and equipment	1-8 years
Office equipment	1-5 years
Furniture and fixtures	1-10 years
Vehicles	5 years

The above useful life has been assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and anticipated technological changes.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets comprising of technical knowledge and development expenditure, etc. are amortised over a period of three years or less depending on the estimated useful life of the assets remaining as at balance sheet date. Intangible assets, comprising of software, expenditure on product design and prototypes incurred are amortised on a straight line method over a period of 5 years and 3-5 years respectively.

3.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash- generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads and where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Warranties

In respect of sale of manufactured and traded goods, the estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

Financial instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.12 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.13 Financial liabilities

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.14 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.15 Standard issued but not yet effective

IND AS 115

Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – "Revenue from Contracts with Customers" with effect from 1st April, 2018. The company is in the process of assessing its impact on the financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible asset under development

During the period, the Company assessed the recoverability of the intangible assets under development.

Capitalisation of cost in intangible assets under development is based on management's judgment that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. This situation is closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment considered Joint venture

The Company holds 51% equity share capital of Mahindra Telephonics Integration Systems Limited (MTISL) and the remaining 49% is held by Telephonics corporation USA (TC) (Joint venture partner). Based on the joint venture agreement between the Company and TC, decisions on certain relevant activities, which are significant in nature, require the consent of both the Company and TC. Company cannot take unilateral decision on those activities

The provision of output from operations, do not go to "both the parties" as MTISL does not sell its product to the Company and hence the Company does not receive economic benefits of the assets of the operations. The outputs of the MTISL are purchased only by TC. The MTISL is generating cash to contribute to the continuity of the operations. Therefore, the director of the Company decided to classified MTISL as joint venture.

Note No. 5 - Property, Plant and equipment

(Amount in Rs. Lakhs)

Description of Assets	Land- Free Hold	Building*	Plant and equipment	Office equipments	Furniture and Fixtures	Vehicles	Total
I. Gross carrying amount							
Balance as at April 1, 2017	836.42	2,298.84	1,448.88	127.07	247.46	652.70	5,611.37
Additions	–	–	67.81	14.30	9.49	297.74	389.34
Disposals	–	–	1.47	0.60	–	73.76	75.83
Balance as at March 31, 2018	**836.42**	**2,298.84**	**1,515.22**	**140.77**	**256.95**	**876.68**	**5,924.88**
II. Accumulated depreciation							
Balance as at April 1, 2017	–	519.74	844.21	75.86	135.94	432.24	2,007.99
Depreciation expense for the year	–	72.50	156.23	12.82	31.23	90.14	362.92
Eliminated on disposal of assets	–	–	1.40	0.40	–	58.91	60.71
Balance as at March 31, 2018	**–**	**592.24**	**999.04**	**88.28**	**167.17**	**463.47**	**2,310.20**
III. Net carrying amount (I-II)	**836.42**	**1,706.60**	**516.18**	**52.49**	**89.78**	**413.21**	**3,614.68**

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

(Amount in Rs. Lakhs)

Description of Assets	Land- Free Hold	Building*	Plant and equipment	Office equipments	Furniture and Fixtures	Vehicles	Total
I. Gross carrying amount							
Balance as at April 1, 2016	–	–	97.93	26.91	47.75	144.41	317.00
Additions	–	–	104.83	46.97	8.71	24.27	184.78
Disposals	–	–	–	–	–	13.62	13.62
On Amalgamation (Refer Note: 45)							
Balance as at April 1, 2016	836.42	2,298.84	1,215.09	52.34	189.17	519.50	5,111.36
Additions	–	–	32.18	0.85	1.83	43.11	77.97
Disposals	–	–	1.15	–	–	64.97	66.12
Balance as at March 31, 2017	836.42	2,298.84	1,448.88	127.07	247.46	652.70	5,611.37
II. Accumulated depreciation							
Balance as at April 1, 2016	–	–	60.61	22.58	20.23	57.80	161.22
Depreciation expense for the year	–	–	30.61	5.25	7.88	28.48	72.22
Eliminated on disposal of assets	–	–	–	–	–	11.41	11.41
On Amalgamation (Refer Note: 45)							–
Balance as at April 1, 2016	–	447.24	636.25	46.35	86.47	318.07	1,534.38
Depreciation expense for the period	–	72.50	117.83	1.68	21.36	82.76	296.13
Eliminated on disposal of assets for the period	–	–	1.09	–	–	43.46	44.55
Balance as at March 31, 2017	–	519.74	844.21	75.86	135.94	432.24	2,007.99
III. Net carrying amount (I–II)	836.42	1,779.10	604.67	51.21	111.52	220.46	3,603.38

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

Assets pledged as security and restriction on titles: Refer Note 17

Note No 6 - Intangible assets

(Amount in Rs. Lakhs)

Description of assets	Technical knowledge	Development expenditure	Software	Product design and prototypes	Total
I. Gross carrying cmount					
Balance as at April 1, 2017	76.97	93.68	178.26	351.85	700.76
Additions #	–	–	–	471.64	471.64
Disposals	–	–	–	–	–
Balance as at March 31, 2018	**76.97**	**93.68**	**178.26**	**823.49**	**1,172.40**
II. Accumulated amortisation					
Balance as at April 1, 2017	76.97	93.68	172.82	305.50	648.97
Amortisation expense for the year			5.09	68.46	73.55
Eliminated on disposal of assets					–
Balance as at March 31, 2018	**76.97**	**93.68**	**177.91**	**373.96**	**722.52**
III. Net carrying amount (I-II)	–	–	0.35	449.53	449.88

Development expenditure includes MPVi with a carrying amount as at March 31, 2018 Rs. 471.64 lakhs (As on March 31, 2017 Rs. Nil) with a remaining amortisation period of 5 years.

(Amount in Rs. Lakhs)

Description of assets	Technical knowledge	Development expenditure	Software	Product design and prototypes	Total
I. Gross carrying amount					
Balance as at April 1, 2016	76.97	93.68	3.51	–	174.16
Additions	–	–		–	–
Disposals	–	–	–	–	–
On Amalgamation (Refer Note No : 45)					
Balance as at April 1, 2016	–	–	174.75	351.85	526.60
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Balance as at March 31, 2017	76.97	93.68	178.26	351.85	700.76
II. Accumulated amortisation					
Balance as at April 1, 2016	76.97	93.68	0.88	–	171.53
Amortisation expense for the year	–	–	1.17	–	1.17
Eliminated on disposal of assets	–	–	–		–
On Amalgamation (Refer Note No : 45)					
Balance as at April 1, 2016	–	–	166.76	237.07	403.83
Amortisation expense for the period	–	–	4.01	68.43	72.44
Eliminated on disposal of assets	–	–	–	–	–
Balance as at March 31, 2017	76.97	93.68	172.82	305.50	648.97
III. Net carrying amount (I-II)	–	–	5.44	46.35	51.79

Note No : 7 Investments

(Amount in Rs. Lakhs)

Particulars	**As at March 31, 2018** Qty(In Number)	Amounts	As at March 31, 2017 Qty(In Number)	Amounts
Non current investment carried at cost				
Unquoted Investments (all fully paid) in equity instruments				
– **In subsidiary company**				
Mahindra Defence Naval Systems Limited	**15,031,330**	**1,503.13**	15,031,330	1,503.13
– **In Joint venture***				
Mahindra Telephonics Integration Systems Limited	**25,900,000**	**2,590.00**	25,900,000	2,590.00
Sub Total (A)	**40,931,330**	**4,093.13**	40,931,330	4,093.13

* Refer note no 4

Current investment

A. Designated as Fair Value Through Profit and Loss

I. Unquoted non trade investments (all fully paid)

Mahindra Liquid Fund - Regular - Daily Dividend	–	–	20,683	206.87
Kotak Mahindra Mutual Fund - Kotak Floater Short Term - Daily Dividend (Regular Plan)	–	–	20,408	206.45
ICICI Prudential Mutual Fund - ICICI Prudential Money Market Fund - Regular Plan - Daily dividend)	–	–	253,194	253.52
Sundaram Money Fund Regular - Daily Dividend	–	–	1,025,481	103.53
Sub Total (B)	–	–	1,319,766.00	770.37

Note No : 8 Trade receivables

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2018		As at March 31 ,2017	
	Current	**Non–Current**	Current	Non–current
Trade receivable				
Unsecured, considered good	**7,277.00**	**877.17**	21,076.40	1,151.09
Unsecured, considered doubtful	**259.18**	–	210.69	–
Less : Allowance for doubtful receivables	**259.18**	–	210.69	–
Total	**7,277.00**	**877.17**	21,076.40	1,151.09
Of the above, trade receivables from:				
– Related Parties	**4,490.86**	**877.17**	7,593.26	1,151.09
– Others	**2,786.14**	–	13,483.14	–
Total	**7,277.00**	**877.17**	21,076.40	1,151.09

Refer Note No. 33 - Financial Instruments for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

All trade receivables have been pledged (first charge) to secure the borrowings of the Company. Refer note no. 17

Note No : 9 Other financial assets

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2018		As at March 31 ,2017	
	Current	**Non-current**	Current	Non-current
Unsecured considered good				
Security deposits	**72.56**	**166.02**	143.45	115.33
Loans and advances				
Deposits pledged with government authorities and bank *	–	**550.32**	–	644.73
Others				
Interest accrued on deposit	**25.35**	**28.80**	69.35	7.99
Unbilled revenue	**3,566.56**	–	2,423.89	–
Recoverable expenses	**3.86**	–	2.27	–
Total	**3,668.33**	**745.14**	2,638.96	768.05

Refer Note No. 33 - Financial Instruments for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

* held as margin money deposits against bank guarantee.

Note No : 10 Deferred tax assets (Net)

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2018 Non-Current	As at March 31, 2017 Non Current
Mat Credit Entitlement	**326.55**	–
Total	**326.55**	–

Note No : 11 Other assets

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Current	As at March 31, 2017 Non-current
Balances with government authorities (GST, VAT Receivable)	**1,574.80**	**–**	1,002.17	–
Advance to employees	**7.04**	**–**	0.98	–
Prepaid expenses	**806.68**	**1,145.70**	518.77	1,314.26
Advance to suppliers	**192.00**	**–**	102.94	–-
Capital advances	**–**	**244.33**	–	317.36
Total	**2,580.52**	**1,390.03**	1,624.86	1,631.62

Note No : 12 Inventories

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials (Includes goods in transit of Rs. 25.77 Lakhs (Previous year: Rs 2.03 Lakhs)	**1,655.93**	1,318.75
Stores and spares	**33.61**	27.17
Loose Tools	**14.62**	1.85
Work in progress	**284.71**	–
Finished Goods	**299.79**	–
Total	**2,288.66**	1,347.77

All inventories have been pledged (first charge) to secure the borrowings of the Company. Refer note no 17

(i)The cost of inventories recognised as an expense during the year was Rs. 8,491.44 lakhs (March 31, 2017: Rs 26,361.39 Lakhs)

(ii)The cost of inventories recognised as an expense Rs. 37.08 lakhs (March 31,2017 : Rs 30.15 Lakhs) in respect of write-down of inventory to net realisable value.

(iii)The carrying amount of inventories pledged as security for liabilities is Rs. 2,288.66 lakhs (March 31,2017; Rs 1347.77 Lakhs)

Note No : 13 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
(i) Balance with banks		
– In current accounts	**4,934.63**	3,689.48
– In demand deposit accounts	**–**	1,050.00
Less: Book overdraft	**–**	(116.59)
Total	**4,934.63**	4,622.89

Note No : 14 Other bank balances

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with banks		
– In earmarked account and balance held as margin money or commitments	**470.90**	395.25
Total	**470.90**	395.25

Note No : 15 Equity share capital

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Value of shares**	No. of shares	Value of shares
Authorised share capital				
Equity shares of Rs.10 each with voting rights	**29,00,00,000**	**29,000.00**	29,00,00,000	29,000.00
Issued, subscribed and fully paid shares				
Equity shares of Rs.10 each fully paid up with voting rights	**15,905,994**	**1,590.60**	14,933,248	1,493.32

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

(Amount in Rs. Lakhs)

	As at March 31, 2018		As at March 31, 2017	
Particulars	**No of Shares**	**Amount**	No of Shares	Amount
Shares outstanding at the beginning of the year	**14,933,248**	**1,493.32**	8,462,005	846.20
Add: Fresh issue of equity shares during the year	**972,746**	**97.28**	6,471,243	647.12
Shares outstanding at the end of the year	**15,905,994**	**1,590.60**	14,933,248	1,493.32

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
Mahindra & Mahindra Limited (Holding company)	15,905,994	100%	14,933,248	100%

Note No : 16 Provisions

(Amount in Rs. Lakhs)

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non–current**	Current	Non–current
Provision for employee benefits				
(i) Gratuity *	**10.91**	**259.11**	12.27	266.19
(ii) Compensated absences	**13.16**	**179.50**	10.36	163.42
(iii) Post retirement medical benefits*	**0.02**	**52.94**	0.36	41.08
(iv) Provision for warranty (refer note (i) below)	**23.96**	**25.79**	9.95	6.11
Total	**48.05**	**517.34**	32.94	476.80

* Refer Note No. 32 - Employee benefits Contribution

(i) Details of movement in warranty provisions

Particulars	Amount (Rs in Lakhs)
Balance at March 31, 2017	**16.06**
– Additional provisions recognised	44.21
– Amounts used during the period	(9.28)
– Unwinding of discount and effect of changes in the discount rate	(1.24)
Balance at March 31, 2018	**49.75**

The provision for warranty represent the present value of managements best estimate of the future outflow of economic benefits that will be required under the companies obligations for warranties under the local sale of goods legislation. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the three-year warranty period for all products sold.

Note No : 17 Borrowings

(Amount in Rs. Lakhs)

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non–current**	Current	Non–current
Secured				
Loans repayable on demand to bank*	**–**	**–**	13,000.00	–
Total	**–**	**–**	13,000.00	–

* Secured by first pari-passu charge by way of hypothecation of inventories, book debts and plant and equipment both present and future.

Note No : 18 Trade payables

(Amount in Rs. Lakhs)

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non–current**	Current	Non–current
Total outstanding due to micro enterprises and small enterprises*	**773.25**	**–**	1,187.77	–
Total outstanding due to creditors other than micro and small enterprises	**10,809.69**	**–**	12,830.10	–
Total	**11,582.94**	**–**	14,017.87	–

* Refer Note no. 37 -Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

Trade Payables are in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No : 19 Other financial liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non–current**	Current	Non–current
Capital creditors*	**58.77**	**–**	95.07	–
Short term Deposits	**31.76**	**–**	**–**	26.76
Total	**90.53**	**–**	95.07	26.76

* Refer Note No. 33 - Financial Instruments.

Note No : 20 Other liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non–current**	Current	Non–current
Advances received from customers	**3,942.01**	**–**	241.45	–
Advance billing to the customers	**1,047.68**	**–**	1,198.83	–
Others			–	–
Statutory dues (contribution to provident fund, withholding taxes,GST)	**439.37**	**–**	1,088.63	–
Interest payable on statutory remittances	**99.60**	**–**	89.06	–
Total	**5,528.66**	**–**	2,617.97	–

Note No. 21 Revenue from operations

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2018
Revenue from sale of products		
Sale of Manufactured Goods		
VIP Discreet Vehicle	**575.30**	153.09
Light Armoured Vehicle	**2,957.40**	2,048.40
Wheel assembly	**1,421.61**	291.79
Police Special Purpose Vehicle	**–**	62.32
Sale of Traded Goods		
Spare parts and other allied products	**787.57**	427.17
Software License	**288.46**	173.77
Turnkey contracts revenue	**5,211.60**	26,801.51
Revenue from rendering of services		
Consultancy services	**1,375.79**	1,796.75
Annual maintenance contract	**315.62**	315.62
Training service	**6,433.43**	3,427.55
Business support service	**4,103.83**	1,753.67
Other operating Revenue		
Excess provision / liabilities, no longer required written back	**606.09**	17.75
Insurance claim	**–**	16.20
Sale of scrap	**37.84**	9.74
Duty drawback and other export incentives	**1.09**	2.01
Freight and handling charges recovered	**–**	16.83
Total	**24,115.63**	37,314.17

Note No. 22 Other income

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Other income		
Interest Income		
Interest on bank deposits	**71.30**	95.36
Interest Income on financial assets at fair value through profit and loss(FVTPL)	**10.43**	10.76
Interest on Inter Corporate Loan	**1.71**	–
Interest on Income tax refund	**3.25**	19.34
Service charges recovered	**163.58**	138.98
Dividend Income on financial instrument measured at FVTPL	**17.88**	25.53
Other non-operating income		
Operating lease rental income	**124.29**	118.38
Profit on sale of property, plant and equipment	**5.31**	5.99
Miscellaneous income	**7.93**	0.85
Unwinding of discount on provision	**1.25**	–
Total	**406.93**	415.19

Note No. 23 Cost of materials consumed

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	**1,318.75**	11.74
Add : Purchases	**8,590.64**	25,033.28
Add : Transfer from Transferor company (Refer Note No : 45)	**–**	2,349.93
Less : Closing stock	**1,655.92**	1,318.75
Total	**8,253.47**	26,076.20

Note No: 24 Purchases of stock-in-trade

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stock-in-trade - Spares Parts	**785.39**	223.36
Total	**785.39**	223.36

Note No: 25 Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year:		
Finished goods	**299.79**	–
Work-in-progress	**284.71**	–
	584.50	–
Inventories at the beginning of the year:		
Finished goods	**–**	31.68
Net Change	**(584.50)**	31.68

Note No: 26 Employee benefits expense

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages, bonus,etc	**3,711.12**	2,956.64
Contribution to provident fund #	**177.40**	140.67
Gratuity #	**77.95**	76.49
Post retirement medical benefit #	**14.20**	11.23
Expense on Employee Stock Option (ESOP) Scheme *	**5.07**	7.91
Staff welfare expenses	**129.40**	114.88
Total	**4,115.14**	3,307.82

*represents reimbursement of cost to holding company, towards ESOP's granted by the Holding company to employees of the Company for detail refer note no 36.

#Refer Note no 32

Note No: 27 Finance costs

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Costs		
Interest on borrowings	**1,113.99**	499.62
Interest on delay of payment to micro and small enterprise	**24.79**	3.17
Interest on delay payment of statutory dues	**12.53**	15.81
Unwinding of discount on provision	**–**	0.17
	1,151.31	518.77

Note No: 28 Other expenses

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	**23.62**	12.39
Tools Consumed	**2.03**	0.75
Power and Fuel	**99.65**	80.07
Job Work Charges	**–**	18.79
Rent including lease rent	**480.05**	484.38
Rates and taxes	**80.37**	516.58
Repairs and maintenance-building	**19.66**	26.85
Repairs and maintenance-plant and equipment	**305.21**	166.37
Repairs and maintenance-others	**96.38**	82.95
Insurance	**96.48**	86.25
Auditor's remuneration (Excluding input service tax)		
- Statutory audit fee	**32.00**	29.00
- Certification, other fee	**–**	6.03
- Out of pocket expenses	**0.14**	1.03
Legal and professional charges	**148.90**	196.87
Shared service charges	**161.51**	141.13
Subcontracting and service charges	**6,070.68**	2,694.97
Travelling and conveyance	**551.87**	467.82
Printing and stationery	**25.93**	33.29
Communication expenses	**50.55**	56.34
Software charges	**20.49**	20.21
Advertisement	**7.56**	22.90
Selling and marketing expenses	**175.00**	89.25
Loss on write down of inventories	**37.08**	30.15
Loss on sale / discarded of plant and equipment	**1.70**	7.70
Loss on property, plant and equipment scrapped	**22.18**	–
Freight outward	**53.79**	15.28
Vehicle trial expenses	**41.11**	25.58
Provision for Liquidated damages	**–**	225.98
Allowance for doubtful debts	**48.49**	39.37
Net loss on foreign currency transaction and translation	**55.97**	17.59
Bank charges	**70.20**	118.03
Miscellaneous expenses	**80.94**	81.81
Total	**8,859.54**	5,795.71

Note No. 29 - Income Tax

Income tax expense in the statement of profit and loss comprises:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current income tax		
In respect of the current year	**326.55**	–
(Sub-Total)	**326.55**	-
Deferred tax		
Write-downs of deferred tax assets	**–**	228.46
Mat credit entitlement	**(326.55)**	–
	–	228.46

The Income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	**1,504.85**	1,089.01
Income tax expense calculated at 34.608% (Previous year : 34.608%)	**520.80**	376.88
Effect of income exempt from taxation	**(6.19)**	(8.84)
Effect of expenses non deductible in determining taxable profits	**28.79**	571.27
Loss on which Deferred tax has not been created	**(543.40)**	(939.32)
	–	–
Write-downs of deferred tax assets *	**–**	228.46
Income Tax (Expense)/benefit recognised in profit or loss	**–**	228.46

* Post amalgamation of DLSI into the company deferred tax amortisation of Rs 228.46 Lakhs recognised has been written off.

Deferred tax recognised in statement of profit or loss

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Tax effect of items constituting deferred tax assets		
Property, Plant and equipment	**–**	41.84
Post employment benefits (Gratuity, Leave encashment and Medical benefit)	**–**	24.61
MAT Credit Entitlement	**(326.55)**	–
Other	**–**	162.01
Deferred Tax recognised in profit or loss	**(326.55)**	228.46

Deferred tax recognised in "Other Comprehensive Income"

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Remeasurement of defined benefits obligations	–	–

Deferred tax Assets (Net)

The Company has carried out its tax computation in accordance with the IND-AS 12. In view of absence certainity of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax laibilities. Major components of deferred tax assets/liabilities are as follows:-

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax liability on:		
- Property ,plant and equipment and intangible assets	**386.30**	412.09
Deferred tax assets on:		
- Post Employment Benefits	**113.98**	127.70
- Other Timing Difference	**272.32**	284.39

Note No. 30 - Segment information

For management purposes, the Company is organised into business units based on its products and services to the customer and has two reportable segments, as follows:

– Defence and Homeland security

– Non Defence

The Managing Director, the chief operating decision maker (CODM), have chosen to organise the Company in to the above mentioned segments and which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Interest and Tax (EBIT) as a measure to assess the performance of the segments.

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Defence & Homeland Security	Non Defence	Total Segments	Defence & Homeland Security	Non Defence	Total Segments
External sales and service income	**21,844.18**	**1,665.36**	**23,509.54**	35,316.97	1,979.44	37,296.41
Other income (excluding interest income)	**163.58**	**–**	**163.58**	138.98	–	138.98
Total revenue	**22,007.76**	**1,665.36**	**23,673.12**	35,455.95	1,979.44	37,435.39
Depreciation and amortisation	**402.99**	**33.47**	**436.46**	413.79	28.17	441.96
Segment profit	**2,810.10**	**(320.25)**	**2,489.85**	1,719.90	63.06	1,782.96
Total Segment Operating assets	**37,181.04**	**978.37**	**38,159.41**	46,703.35	1,514.91	48,218.26
Total Segment Operating liabilities	**17,239.60**	**527.92**	**17,767.52**	16,713.63	553.78	17,267.41

Other disclosures

– Disclosure of operating segment assets and liabilities are not made as such measures are not provided to the CODM.

– Defence and Homeland Security being the major segment, all other income and corporate expenses are allocated to it.

– All other adjustments and eliminations are part of detailed reconciliations presented further below.

(Amount in Rs. Lakhs)

Reconciliation of profit	For the year ended March 31, 2018	For the year ended March 31, 2017
Segment profit	**2,489.85**	1,782.96
Finance income	**71.30**	95.36
Gain on financial assets at fair value through profit or loss	**140.15**	14.23
Loss on financial assets at fair value through profit or loss	**(45.14)**	(284.76)
Finance costs	**(1,151.31)**	(518.78)
Profit before tax	**1,504.85**	1,089.01

(Amount in Rs. Lakhs)

Reconciliation of assets	As at March 31, 2018	As at March 31, 2017
Segment operating assets	**38,159.41**	48,218.26
Deferred tax assets	**–**	–
Advance Tax	**2,544.70**	1,126.12
Total assets	**40,704.11**	49,344.38

(Amount in Rs. Lakhs)

Reconciliation of liabilities	As at March 31, 2018	As at March 31, 2017
Segment operating liabilities	**17,767.52**	17,267.41
Interest-bearing loans and borrowings	**–**	13,000.00
Equity	**22,936.59**	19,076.97
Total liabilities	**40,704.11**	49,344.38

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue from external customers		
India	**20,222.25**	36,249.72
Outside India	**3,893.38**	1,064.45
Total revenue per statement of profit or loss	**24,115.63**	37,314.17

*There are no Non Current Assets located Outside India

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Turnkey Project	**5,211.60**	26,801.51
Consultancy services	**1,375.79**	1,796.75
Annual maintenance contract	**315.62**	315.62
Training Service	**6,433.43**	3,427.55
Business support service	**4,103.83**	1,753.67
VIP Discreet Vehicle	**575.30**	153.09
Light Armoured Vehicle	**2,957.40**	2,048.40
Wheel assembly	**1,421.61**	291.79
Total	**22,394.58**	36,588.38

The revenues from single customer exceeding 10% or more of entity's revenue is as under:

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
External Customers		
	–	–
Customer 1	**6,423.45**	22,360.93
Related Party		
Customer 2	**3,507.55**	7,582.97
Total revenue per statement of profit or loss	**9,931.00**	29,943.90

Note No: 31 Earnings Per Share

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
	Per Share	Per Share
Basic earnings per share	**9.98**	7.93
Total basic earnings per share	**9.98**	7.93
Diluted earnings per share	**9.98**	7.93
Total diluted earnings per share	**9.98**	7.93

a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit for the year attributable to owners of the Company	**1,504.85**	860.55
Profit for the year used in the calculation of basic earnings per share	**1,504.85**	860.55
Weighted average number of equity shares (In Number)	**1,50,71,831**	1,08,55,478
Earnings per share - Basic (In Rs.)	**9.98**	7.93

b) Diluted earnings per share

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Profit for the year used in the calculation of basic earnings per share	**1,504.85**	860.55
Profits /(loss) used in the calculation of diluted earnings per share	**1,504.85**	860.55

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**15,071,831**	10,855,478
Weighted average number of equity shares used in the calculation of Diluted EPS	**15,071,831**	10,855,478

Note No. 32 - Employee benefits Contribution

(a) Defined Contribution Plan

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Provident Fund	**177.40**	140.67
Employee State Insurance	**9.64**	3.85

(b) Defined Benefit Plans:

Gratuity

The Company has a gratuity plan covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Asset volatility

Through its benefits plan the Company is exposed to a number of risk, most significant of which are detailed below.

Salary Increases

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate

Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Defined benefit plans

(Amount in Rs. Lakhs)

Particulars	**Un Funded Plan Gratuity**		**Unfunded Plans Post retirement medical**	
	2018	2017	**2018**	2017
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:				
Service cost				
Current service cost	**64.18**	60.27	**12.79**	8.60
Net interest expense	**13.77**	16.22	**1.41**	2.63
Components of defined benefit costs recognised in profit or loss	**77.95**	76.49	**14.20**	11.23
Remeasurement on the net defined benefit liability				
Actuarial gains and loss arising from changes in financial assumptions	**(15.39)**	17.19	**19.25**	2.88
Actuarial gains and loss arising from experience adjustments	**(16.70)**	(15.58)	**(21.93)**	(5.86)
Actuarial gains and loss arising from Demographic adjustments	**–**	–	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**(32.09)**	1.61	**(2.68)**	(2.97)
I. Net Asset/(Liability) recognised in the Balance Sheet at the end of the year				
1. Present value of defined benefit obligation at the end of the year	**270.02**	278.46	**52.96**	41.44
2. Fair value of plan assets at the end of the year	**–**	–	**–**	–
3. Surplus/(Deficit)	**(270.02)**	(278.46)	**(52.96)**	(41.44)
4. Current portion of the above	**10.91**	12.27	**0.02**	0.36
5. Non current portion of the above	**259.11**	266.19	**52.94**	41.08
II. Change in the obligation during the year ended				
1. Present value of defined benefit obligation at the beginning of the year	**278.46**	130.97	**41.44**	14.14
Amount transferred from transferor company	**–**	73.39	**–**	19.05
2. *Expenses Recognised in Profit and Loss Account*				
– Current Service Cost	**64.18**	60.27	**12.79**	8.60
– Past Service Cost				
– Interest Expense (Income)	**13.77**	16.22	**1.41**	2.63
3. *Recognised in Other Comprehensive Income Remeasurement gains/(losses)*				
– Actuarial Gain (Loss) arising from:				
i. Demographic assumptions	**–**	–		
ii. Financial assumptions	**(15.39)**	17.19	**19.25**	2.88
iii. Experience adjustments	**(16.70)**	(15.58)	**(21.93)**	(5.86)
4. Benefit payments	**(54.30)**	(4.00)		
Present value of defined benefit obligation at the end of the year	**270.02**	278.46	**52.96**	41.44

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Actuarial assumptions				
1. Discount rate	7.80%	7.35%	7.80%	7.35%
2. Salary Increase	10.00	10.00	10.00	10.00
3. Attrition rate				
Up to 30 years	5.00	5.00	5.00	5.00
31 to 44 years	4.00	4.00	4.00	4.00
above 44 years	3.00	3.00	3.00	3.00
4. Medical premium inflation	–	–	3.00	3.00
5. In service morality	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amount in Rs. Lakhs)

Principal assumption		**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate				
	2018	**0.50%**	**(16.07)**	**17.62**
	2017	0.50%	(17.02)	18.68
Salary growth rate				
	2018	**0.50%**	**17.31**	**(15.95)**
	2017	0.50%	18.26	(16.81)
Medical Inflation rate				
	2018	**0.50%**	**(4.69)**	**4.15**
	2017	0.50%	(3.71)	3.74

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2018	2017
Within 1 year	**10.91**	12.27
1 - 2 year	**8.02**	8.20
2 - 3 year	**8.36**	8.32
3 - 4 year	**9.88**	17.64
4 - 5 year	**8.97**	11.19
5 - 6 years	**8.46**	8.08
6 years onwards	**215.40**	212.77

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**	**For the year ended March 31, 2015**	**For the year ended March 31, 2014**
Defined benefit obligation	**270.02**	278.46	130.97	110.68	85.02
Net asset/ (liability)	**(270.02)**	(278.46)	(130.97)	(110.68)	(85.02)
actuarial (gain)/ loss on obligation	**(32.09)**	4.07	(11.53)	1.88	(17.55)

Note No. 33 - Financial Instruments

Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

The following table summarises the capital of the Company :

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Share Capital	**1,590.60**	1,493.32
Other Equity	**21,345.99**	17,583.65
Total Equity	**22,936.59**	19,076.97

The following methods and assumptions were used to estimate the fair values :

The following table categorise the financial instruments measured at fair value into Level 1 to Level 3, as described below.

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Categories of financial assets and financial liabilities

As at March 31, 2018

(Amount in Rs. Lakhs)

Particulars	**Amortised Costs**	**FVTPL**	**FVTOCI**	**Total**
Non-current Assets				
Other Financial Assets				
– Security Deposit	166.02	–	–	166.02
– Trade Receivable	877.17	–	–	877.17
– Deposits pledged with government authorities and bank	550.32	–	–	550.32
Current Assets				
Other Financial Assets				–
– Security Deposit	72.56	–	–	72.56
– Trade Receivable	7,277.00	–	–	7,277.00
Current Liabilities				
Other financial liabilities	90.53	–	–	90.53
Trade Payables	11,582.94	–	–	11,582.94

Gearing Ratio	
Net Debt	**–**
Equity	**22,936.59**
Net Debt to Equity Ratio	**–**

As at March 31, 2017

(Amount in Rs. Lakhs)

Particulars	**Amortised Costs**	**FVTPL**	**FVTOCI**	**Total**
Non-current Assets				
Other Financial Assets				–
– Security Deposit	115.33	–	–	115.33
– Trade Receivable	1,151.09	–	–	1,151.09
– Deposits pledged with government authorities and bank	644.73	–	–	644.73
Current Assets				
Other Financial Assets				
– Security Deposit	143.45	–	–	143.45
– Trade Receivable	21,076.40	–	–	21,076.40
Non-current liabilities				
Other Financials Liabilities	26.76	–	–	26.76

Current Liabilities

Other Financials Liabilities	95.07	–	–	95.07
Borrowings	13,000.00	–	–	13,000.00
Trade Payables	14,017.87	–	–	14,017.87

Gearing Ratio

Net Debt	13,000.00
Equity	19,076.97
Net Debt to Equity Ratio	0.68

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

The Company manages risk through finance department, which evaluates and exercises independent control over the entire process of market risk management. The Company operates a risk management policy and a program that that performs close monitoring of and responding to each risk factors which includes management of cash resources and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is majorily dealing with creditworthy counterparties i.e government agencies and big companies with international repute. Company has negligible history of bad debts in the past.

Company has strong system to manage receivable. Ageing analysis is being done where monthly emails are send to marketing to minimise the risk and regular followup is done to realise the receivables.

The credit risk on fixed deposits is limited because the counterparties are banks with high credit-ratings assigned by domestic credit-agencies.

Customers are basically Government agencies, State police or Army dealing for majority of them is done on credit basis.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date.

The loss allowance provision is determined as follows:

As at March 31, 2018

(Amount in Rs. Lakhs)

Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	**718.05**	**4,840.40**	**2,854.90**	**8,413.35**
Loss allowance	**–**	**–**	**(259.18)**	**(259.18)**
Net balance	**718.05**	**4,840.40**	**2,595.72**	**8,154.17**

As at March 31, 2017

(Amount in Rs. Lakhs)

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	11,006.43	10,831.15	600.60	22,438.18
Loss allowance	–	–	(210.69)	(210.69)
Net balance	11,006.43	10,831.15	389.91	22,227.49

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in Rs. Lakhs)

Particulars	**Less than 1 Year**	**1-3 Years**	**3 -5 Years**
Non-derivative financial liabilities			
As at March 31, 2018			
Non - Interest Bearing			
Trade Payables	**11,582.94**	**–**	**–**
Borrowings	**–**	**–**	**–**
Other Financial Liabilities	**90.53**	**–**	**–**
Total	**11,673.47**	**–**	**–**
As at March 31, 2017			
Non - Interest Bearing			
Trade Payables	14,017.87	–	–
Borrowings	13,000.00	–	–
Other Financial Liabilities	95.07	26.76	–
Total	27,112.94	26.76	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs. Lakhs)

Particulars	**Less than 1 Year**	**1-3 Years**	**3 -5 Years**
Non-derivative financial liabilities			
As at March 31, 2018			
Interest Bearing			
Security Deposits	**72.56**	**186.29**	**–**
Trade Receivables	**7,277.00**	**712.12**	**21.19**
Cash & Cash Equivalents	**4,934.63**	**–**	**–**
Unbilled revenue	**3,566.56**	**–**	**–**
Recoverable expenses	**3.86**	**–**	**–**

(Amount in Rs. Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 -5 Years
Deposits pledged with government authorities and banks	**–**	**550.32**	**–**
Total	**15,854.61**	**1,448.73**	**21.19**
As at March 31, 2017			
Interest Bearing			
Security Deposits	144.42	144.07	–
Trade Receivables	21,076.40	1,068.51	356.17
Cash & Cash Equivalents	4,622.89	–	–
Unbilled revenue	2,423.89	–	–
Recoverable expenses	2.27	–	–
Deposits pledged with government authorities and banks	–	644.73	–
Total	28,269.87	1,857.31	356.17

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises one type of risk: currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amount in Lakhs)

Particulars	Currency	March 31, 2018	March 31, 2017
Trade Receivables	USD	**12.41**	12.05
Trade Receivables	CAD	**–**	–
Trade Payables	USD	**25.46**	14.64
Trade Payables	EUR	**0.28**	0.09
Trade Payables	GBP	**0.30**	0.09
Trade Payables	AUD	**0.06**	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

(Amount in Lakhs)

Particulars	Currency	March 31, 2018	March 31, 2017
Trade Receivables	USD	**12.41**	12.05
Trade Receivables	CAD	**–**	–
Trade Payables	USD	**25.46**	14.64
Trade Payables	EUR	**0.28**	0.09
Trade Payables	GBP	**0.30**	0.09
Trade Payables	AUD	**0.06**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, CAD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(Amount in Lakhs)

Particulars	Currency	Change in rate	Effect on profit before tax
As at March 31, 2018	**USD**	**+10%**	**(84.60)**
	USD	**-10%**	**84.60**
	EUR	**+10%**	**(2.22)**
	EUR	**-10%**	**2.22**
	GBP	**+10%**	**(2.72)**
	GBP	**-10%**	**2.72**
	AUD	**+10%**	**(0.28)**
	AUD	**-10%**	**0.28**
As at March 31, 2017	USD	+10%	(16.79)
	USD	-10%	16.79
	EUR	+10%	(0.63)
	EUR	-10%	0.63
	GBP	+10%	(0.70)
	GBP	-10%	0.70

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note No 34 - Fair Valuation Techiques and Inputs used - recurring Items

Fair value of financial assets and financial liabilities that are not measured at fair value

Except as detailed in the following table, the directors consider that the carrying amount of financial assets and financials liabilities recognised in the financial statements approximate their fair values.

(Amount in Rs. Lakhs)

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2018	March 31, 2017		
Financial assets				
Investments				
1) Mutual fund investments	**–**	770.37	Level 1	Published NAV(Net Assets Value) by MF (Mutual Fund) Houses
Total financial assets	**–**	770.37		

(Amount in Rs. Lakhs)

Particulars	At at March 31, 2018 Carrying amount	Fair value	At at March 31, 2017 Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**8,154.18**	**8,154.18**	22,227.49	22,227.49
– deposits and similar assets	**292.72**	**292.72**	336.12	336.12
Financial liabilities				
Financial liabilities held at amortised cost				
– loans repayable on demand to bank	**–**	**–**	13,000.00	13,000.00
– trade and other payables	**11,673.47**	**11,673.47**	14,112.94	14,112.94
Total	**20,120.37**	**20,120.37**	49,676.55	49,676.55

Note No. 35 - Leases

Details of leasing arrangements

The Company has entered into Cancellable / Non Cancellable operating lease arrangements for certain office premises. The non-cancellable leases are for a period of 1 to 5 years and cancellable lease arrangements are normally renewed on expiry. Operating lease charge amounting to Rs. 480.05 Lakhs (previous year Rs. 471.42 Lakhs) has been debited to the statement of profit and loss during the year. Future minimum lease payments under Cancelable/Non Cancellable operating leases as at March 31, 2018 are as follows :

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Details of leasing arrangements		
Future minimum lease payments		
not later than one year	**276.17**	276.76
later than one year and not later than five years	**318.48**	496.87
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**480.05**	484.38

Note No 36 -Related party transactions

A)	Name of related party	Nature of Relationship
1	Mahindra & Mahindra Limited (M&M)	Holding company
2	Mahindra Defence Naval Systems Limited	Subsidiary Company
	Mahindra Telephonics Integrated Systems Limited	Joint Venture
	Mahindra Life Space Developers Limited	Fellow subsidiary
	Mahindra Homes Private Limited	Fellow subsidiary
	Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
	Mahindra USA Inc	Fellow subsidiary
	Mahindra Vehicle Manufacturers Limited	Fellow subsidiary
	Mahindra First Choice Service Limited	Fellow subsidiary
	Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
	Mahindra Logistic Limited	Fellow subsidiary
	Mahindra Holiday & Resorts India Limited	Fellow subsidiary
	Mahindra EPC Services Private Limited	Fellow subsidiary
	Mahindra Retail Private Limited	Fellow subsidiary
	Mahindra Shubhlabh Services Limited	Fellow subsidiary
	Mahindra Trucks & Buses Limited	Fellow subsidiary
	Lords Freight India Private Limited	Fellow subsidiary
	Mahindra Heavy Engines Limited	Fellow subsidiary
	Mahindra Emirates Vehicle Armouring FZ-LLC	Fellow subsidiary
	Mahindra Sanyo Special Steel Private Limited	Fellow subsidiary
	Mahindra World City (Jaipur) Limited	Fellow subsidiary
	Tech Mahindra Limited	Associate
	Mahindra Aerostructures Pvt Ltd	Fellow subsidiary
	Mr. Shri Prakash Shukla	Managing Director
	Mr. Mukul Verma	Chief Financial Officer
	Mr. Sukhvindar Hayer	Director

B) Details of transactions with above related parties (Inclusive of taxes):

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018					For the year ended March 31, 2017				
Nature of transactions	**Holding company**	**Subsidiaries**	**Fellow Subsidiaries and associate**	**Joint venture**	**Key Managerial Personnel**	Holding company	Subsidiaries	Fellow Subsidiaries and associate	Joint venture	Key Managerial Personnel
Purchases										
Purchase of goods	**1,759.97**	**–**	**–**	**–**	**–**	617.58	–	1.03	–	–
Purchase of service	**–**	**–**	**1,656.13**	**–**	**–**	47.39	-	627.76	–	–
Job work charges	**–**	**–**	**–**	**–**	**–**	–	(0.00)	–	–	–
Purchase of Property,Plant & equipment	**–**	**–**	**49.21**	**–**	**–**	–	–	–	–	–
Revenue										
Sale of service	**224.20**	**24.06**	**175.74**	**–**	**–**	168.66	–	74.69	–	–
Service charges recovered	**–**	**–**	**0.53**	**166.01**	**–**	–	2.08	–	139.59	–
Sale of Goods	**–**	**–**	**3,366.22**	**–**	**–**	2.60	–	8,904.25	–	–
Rental Income	**–**	**–**	**–**	**145.74**	**–**	–	–	–	136.03	–
Remuneration	**–**	**–**	**–**	**–**	**174.80**	–	–	–	–	113.07
Other transactions										
Office Rent	**160.79**	**–**	**0.14**	**–**	**–**	171.24	–	0.06	–	–
Reimbursement of expenses paid	**331.70**	**–**	**–**	**–**	**–**	289.01	–	–	–	–
Reimbursement of expenses received	**3.94**	**–**	**–**	**34.00**	**–**	12.45	–	0.76	27.40	–
Investment in equity shares of subsidiaries	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Investment in equity shares of fellow subsidiaries	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Issue of equity shares (including premium)	**2,320.00**	**–**	**–**	**–**	**–**	15,100.00	–	–	–	–
Inter corporate deposit given*	**–**	**250.00**	**–**	**–**	**–**	–	–	–	–	–
Outstanding balances as at the year end						–	–	–	–	–
Trade receivables (Including advances to vendors)	**113.46**	**20.45**	**5,025.64**	**208.48**	**–**	52.00	1.90	8,927.25	36.79	–
Trade payables (including customer advances)	**(395.91)**	**–**	**(795.64)**	**–**	**(20.83)**	(424.91)	–	(414.27)	–	(5.87)
Security deposit payable	**–**	**–**	**–**	**(26.76)**	**–**	–	–	–	(26.76)	–

The above transaction with related party were made at arm's length price

* **Note**: Loan of Rs 2.50 Cr has been given to Mahindra Defence Naval Systems Limited for the period of 30 Days @ 8.05 % per annum , for the purpose of short term operation which has been received back during the year

Significant related party transactions included in the above are as under:-

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Service charges recovered		
Mahindra Defence Naval Systems Limted		2.09
Mahindra Telephonics Systems Limted	**200.01**	166.99
Inter Company deposit given		
Mahindra Defence Naval System Limted	**250.00**	–
Sales of Services		
Tech Mahindra Limited	**105.71**	5.22
Mahidnra Vehicle Manufacturers	**2.16**	14.87
Mahindra & Mahindra Financials	**33.75**	16.23
Mahindra Emirates Vehicle Armouring FZ-LLC	**33.48**	16.24
MAHINDRA HOLIDAYS & RESORTS	**–**	–
Mahindra Shubhlabh Services Ltd	**–**	–
Mahindra Telephonics Integrated Systems Limited	**145.74**	136.03
Sales of Goods		–
Tech Mahindra Limited	**3,366.22**	8,904.25
Purchase of service		
Tech Mahindra Limited	**1,547.07**	533.85
Mahindra Integrated Business Solution	**6.25**	1.78
Mahindra Logistics Limited	**92.13**	53.04
Lords freight India Private Limited	**4.21**	37.08
Receiving of services		16.27
Mahindra Retail	**1.63**	
Remuneration		
Mr. ShriPrakash Shukla	**34.53**	5.87
Mr Mukul Verma	**71.80**	51.65
Mr Sukhvindar Hayer	**68.47**	55.55
Other transactions - Office Rent		
Mahindra World City Limited	**0.14**	0.06
Reimbursement of expenses received		
Mahindra Lifespace Developers Ltd		0.25
Mahidnra Vehicle Manufacturers		0.51
Mahindra CIE Automotive Ltd.	**–**	–
Mahindra Shubhlabh Services Ltd	**–**	–
Closing balance as the year end -		
Receivables/(Payables)		
Mahindra Defence Naval System Limted	**20.45**	1.90
Tech Mahindra Limited	**5,001.12**	8,499.47
Mahindra Lifespace Developers Ltd		0.02
Mahindra & Mahindra Financials	**6.59**	3.31
Mahindra Telephonics System Limted	**208.48**	36.79
Mahindra Logistics Limited	**(17.32)**	(6.65)
Mahindra Emirates Vehicle Armouring Fz LLC	**16.70**	16.11
Mr. ShriPrakash Shukla	**(20.83)**	(5.87)

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

It does not include provision for leave salary , post retirement medical benefits and contribution/provision towards gratuity, since the contribution /provision is made for the Company as a whole on actuarial basis.

In addition Company also paid certain shared service charges being an appropriate allocation of costs incurred by relevant related parties.

The amount outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Note No. 37 - Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Amount payable to supplier under MSMED (suppliers) as at the end of year		
– Principal	**772.97**	1,184.59
– Interest due there on	**9.09**	3.18
Payment made to supplier beyond the appointed day during the year		
– Principal	**1,225.63**	40.59
– Interest due there on	**15.68**	–
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED	**–**	–
Amount of interest accrued and remaining unpaid as at the end of year	**24.77**	3.18
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deduction expenditure under section 23	**3.34**	6.83

Note No. 38 - Information in respect of Options granted under the Holding Company's Employee Stock Option Schemes ('Schemes')

The employees of the Company covered under Mahindra & Mahindra limited (Holding company) Employee Stock Option Scheme (M&M ESOS) are granted an option to purchase shares of Mahindra & Mahindra Limited in accordance with the terms and conditions of the scheme as approved by Mahindra & Mahindra Limited from time to time. Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of Mahindra & Mahindra Limited of Rs. 5.00 each upon payment of the exercise price during the exercise period.

The Options have been granted at the 'market price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the options granted is determined using the Black Scholes Option Pricing model at the grant date.

The scheme has been recognized as cash settled share based payment scheme in accordance with Ind AS 102 – Share Based Payment. The fair value of options granted is recognized as employee benefits expense and are considered as capital contribution, net of reimbursements, if any. The total cost recognized during the year amounted to Rs. 5.07 Lakhs (previous year - Rs. 7.91 Lakhs). The Company consider these amounts as not material and accordingly has not provided for the disclosures.

Note No. 39 - The Company does not have any pending litigations which could imapct its financial position.

Note No. 40 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Note No. 41 - There are no amounts that are due to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder

Note No. 42 - Contingent liabilities and commitments (not provided for)

(Amount in Rs. Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Contingent Liabilities*		
	Excise duty	–	659.86
(ii)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**617.00**	87.02

* The matter has been now decided in company favour and department has accepted the order and decided not to file an appeal against the said order.

Note No: 43. Research and development expenditure

(i) Debited to the statement of profit and loss - Rs 420.50 lakhs (previous year Rs. 126.70 lakhs) (excluding depreciation and amortisation of Rs. 84.20 lakhs) (previous year: Rs. 139.78 lakhs)

(ii) Capitalization of assets and development work in progress- Rs. 972.02 lakhs (previous year: Rs. 1298.17 lakhs)

Note No: 44

The Company, inter alia, is into the business of bullet proofing and fabrication of vehicles. It carries out such work on vehicles that are either registered in the name of its customers or which are yet to be registered in the name of customers and hence are unregistered.

Up to 31st December 2011, the Company treated the work carried out on registered vehicles as job work and paid Works Contract tax on them while in respect of unregistered vehicles, since work was performed by the Company prior to their sales, it was considered as manufacture and excise duty was paid on them. However, in the year 2012, the Company was legally advised that the determination of the taxes payable should not to be based on whether the work is carried out on registered or unregistered vehicles, but on the basis of the actual nature of work performed on the vehicles. On this basis, the Company was advised, that certain activities of the company are classifiable as ‘Services’ which will attract Service tax and certain others as ‘Manufacture’ on which Excise duty is payable. Although, the Company had good reasons to believe that its practices as above were right, as a matter of abundant caution, it had changed over to a revised method of paying Excise duty and Service tax with effect from 1st January 2012.

Further, based on its revised practice, it had provided for the possible exposure of service tax amounting to Rs.70.28 lakhs for the period upto 31st December 2011 as per the revised method to be deposited on receipt of response from the concerned authorities.

In the year 2013, the concerned tax authorities had taken up the matter and after reviewing the activities carried out by the Company, had concluded that all the activities are in the nature of Manufacture and raised an excise duty demand cum show cause notice on the Company. Based thereon, the Company has paid except in case of one product where it has, based on legal advice, submitted to the concerned authorities that the activity performed by it is not in the nature of manufacturing activity and involves rendering of services on which service tax is payable.

The matter has been now decided in company favour and department has accepted the order and decided not to file an appeal against the said order. Company has not received any notice subsequent to aforesaid CESTAT order from service tax department and company has decided not to pay service tax amounting to Rs.70.28 lakhs pertaining to the period till 31st December 2011 provided for in the year 2012 till further response is received from the concerned tax authorities. The amount is fully provided in the books of accounts including interest for delayed payments.

Note No: 45

The Company (Transferee Company) had filed scheme for Amalgamation of Defence Land Systems India Limited, a wholly owned subsidiary company (Transferor Company) as per Sections 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 before the Bench of the National Company Law Tribunal (NCLT) during the previous year with the appointed date as of January 01, 2017. The aforesaid scheme has been approved by NCLT vide its order dated October 05, 2017 and has become effective on October 18, 2017 upon filing with the Registrar of Companies Maharashtra, Mumbai.

The Scheme of amalgamation has been accounted in the books of accounts of Transferee Company as per “Pooling of Interest Method” laid down by Appendix C of Ind AS 103 (Business combinations of entities under common control) notified under the provisions of the Companies Act, 2013. As per the said Appendix C of Ind AS 103, the financial information in the financial statements in respect of prior period (i.e., FY 2016-17) should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

Accordingly the “Statement of Profit and loss” for the previous year ended March 31, 2017 of the Transferee Company has been restated by incorporating the items of Statement of Profit and Loss for the period April 01, 2016 to March 31, 2017 of the Transferor Company. Consequent to this restatement, the Profit after tax for the year ended March 31, 2017 is lower by Rs. 401.37 Lakhs.

The difference between investments in the shares of Transferor Company, as appearing in the books of Transferee Company, and issued share capital of the Transferor Company amounting to Rs. 2,412.24 Lakhs has been transferred to capital reserves under the head “Other Equity”. The assets, liabilities and reserves of the Transferor Company have been accounted for at their book value, in the books of the Transferee Company as follows:

(Amount in Rs. Lakhs)

Assets	
Property, Plant and equipment	7,251.08
Investments	–
Cash and cash equivalents (Including bank balances)	1,813.02
Other current & non-current assets	4,816.13
Current tax assets (net)	–
Deferred tax assets (net)	–
Total Assets	**13,880.23**
Other current and non-current liabilities	2,212.23
Total Liabilities	**2,212.23**
Net Assets acquired on amalgamation	**11,668.00**
Reserves & Surplus	10,434.24
Less: Adjustment for cancellation of Company's investment in Transferor Company	**19,690.00**
Capital Reserve	**2,412.24**

In case the amalgamation had been given effect to in the Ind AS Financial Statements from January 1, 2017 being the Appointed Date, as stated in the approved scheme the “Statement of Profit and loss” for the previous year ended March 31, 2017 of the Transferee Company would be as follows:

(Amount in Rs. Lakhs)

Particulars	For the Year Ended Mar 31,2017
For the Year Ended Mar 31,2017	36,733.22
Investments	240.60
Total revenue (I)	**36,973.82**
Cost of materials consumed	25,821.29
Purchases of stock in trade	100.53
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	–
Excise duty on sale of goods	229.24
Employee benefits expense	2,566.82
Finance costs	498.45
Depreciation and amortisation expense	159.43
Other expenses	5,272.11
Total Expenses (II)	**34,647.87**
Profit before tax {III (I-II) }	**2,325.95**
Tax expense	
Current tax	–
Deferred tax charge/ (benefits) (IV)	228.46
Profit for the year { V (III-IV) }	**2,097.49**

Other comprehensive income/(loss)	
Items that will not be recycled to statement of profit or (loss)	
Remeasurements of the defined benefit liabilities / (asset) (VI)	(2.25)
Total comprehensive income for the year (V + VI)	**2,095.24**
Earnings per share (Face value of Rs 10 per share) (in Rs.)	
– Basic	19.32
– Diluted	19.32

Note No. 46 - Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Note No. 47 - The Company has filed a request for Merger of Mahindra Defence Naval Systems Limited (Subsidiary company) with it as per Sections 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 before the Bench of the National Company Law Tribunal during the year with the appointed date as April 1st, 2018. As on March 31, 2018 Tribunal hearing is in progress and order for merger is expected in next financial year

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN : 00007418

Mukul Verma
Chief Financial Officer

Sukhvindar Hayer — Director
DIN : 07272511

Rajesh Parte — Company Secretary

Place : Mumbai
Date : 4th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

AOC - 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakh)

Sl. No.	Particulars	Details	Details
1.	Name of the Subsidiary Company	Mahindra Telephonics Integrated Systems Limited (Subsidiary Company)	Mahindra Defence Naval Systems Limited (Subsidiary Company)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company's reporting period	Same as Holding Company's reporting period
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
4.	Share capital	5078.43	1503.13
5.	Reserves & surplus	(2331.41)	(1398.44)
6.	Total assets	4554.46	2616.41
7.	Total Liabilities	1807.44	2511.72
8.	Investments	–	–
9.	Turnover	2773.66	1134.27
10.	Profit/(Loss) before taxation	(355.41)	(500.40)
11.	Provision for taxation	–	–
12.	Profit/(Loss) after taxation	(355.41)	(500.40)
13.	Proposed Dividend	–	–
14.	% of shareholding	51%	100%

For and on behalf of the Board

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

Mukul Verma
Chief Financial Officer

Sukhvindar Hayer Director
DIN : 07272511

Rajesh Parte Company Secretary

Place : Mumbai
Date : 4th May, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED

Your Directors present their Fifth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

	For the year ended 31st March, 2018	For the Year ended 31st March, 2017
Total Income	**2773.66**	2265.14
Profit/(Loss) before Interest, Depreciation and Taxation	**(213.98)**	(338.38)
Depreciation	**113.95**	100.12
Interest	**15.22**	–
Profit/(Loss) before Tax	**(343.15)**	(438.50)
Net Profit/(Loss)	**(343.15)**	(438.50)
Balance of Profit/(Loss) brought forward from last year	**(2206.18)**	(1767.68)
Balance of Profit/(Loss) carried forward	**(2549.33)**	(2206.18)
Net Worth	**2747.02**	3090.17

No material changes and commitments have occurred after the end of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, your Company had commenced production line for Telephonics Dynamic Headsets (TDH) and all sub-systems of RDR Weather radar of Telephonics.

During the year under review, your Company executed two turnkey projects of Telephonics. The follow on turnkey project of TDH is successfully executed and delivered on time. It is important to highlight that your Company has successfully localised all the parts required for TDH. The second turnkey project is for sub-systems of RDR Weather radar of Telephonics. Your Company had successfully completed all the deliverables of RDR Weather radar project as per the Purchase Order.

During the year under review, your Company completed the commercial negotiation for five years repair & maintenance contract for Large Replaceable Units of RDR 1600 Weather radar with Indian Air Force. Your Company is currently awaiting signing of contract.

Your Company qualified in technical evaluation of Airport Surveillance Radar (ASR) with Mono-pulse Secondary Surveillance Radar (MSSR) being procured for Indian Navy and Indian Coast Guard (ICG). Next activity is No Cost No Commitment (NCNC) Trial of the radar at Pardubice, Czech Republic which is expected around July 2018.

Your Company has submitted responses to Ministry of Defence (MoD) and India Meteorological Department for various Request for Information and Request For Proposals.

DIVIDEND

In view of loss, your Directors have not considered declaration of dividend for the year under review.

GENERAL RESERVE

Your Company has not transferred any amount to the General Reserve for the financial year 2017-2018

HOLDING COMPANY

Mahindra Defence Systems Limited is your Holding Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements of consolidated financial statements are not applicable to your Company as your Company do not have subsidiaries, associates and joint ventures.

SHARE CAPITAL

There was no change in the Authorised and the paid up share capital of the Company, during the year under review. Accordingly, the authorised share capital of your Company stood at Rs. 55,00,00,000 divided into 5,50,00,000 Equity Shares of Rs. 10/- each and the paid-up share capital of your Company stood at Rs. 50,78,43,130 divided into 5,07,84,313 Equity Shares of Rs. 10/- each.

BOARD OF DIRECTORS

The Composition of the Board of Directors of your Company, as on the date of this Report, is as follows:

Sr. No.	Directors	DIN	Category (Executive / Non-executive)	Independent / Non Independent
1.	Mr. S. P. Shukla, Chairman	00007418	Non-executive	Non Independent
2.	Mr. Kevin McSweeney	06719828	Non-executive	Non Independent
3.	Mr. Hector Colon	06719821	Non-executive	Non Independent
4.	Mr. Mukul Verma	02428217	Non-executive	Non Independent
5	Mr. Nikhil Sohoni	06852639	Non-executive	Non Independent

The tenure of Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.) (DIN: 00056250) Rear Admiral Sanjiv Kapoor AVSM (Retd.) (DIN: 07138582) and Dr. Devi Singh (DIN: 00015681), Independent Directors, expired on 31st March, 2018. They cease to be Directors with effect from 1st April, 2018.

Mr. Zhooben Bhiwandiwala (DIN: 00110373) resigned as Director of the Company with effect from 12th January, 2018.

Mr. Kevin McSweeney (DIN: 06719828) Director, retires by rotation and being eligible, has offered himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Nikhil Sohoni (DIN: 06852639) was appointed as an Additional Director of the Company with effect from 3rd May, 2018 and holds office up to the ensuing Annual General Meeting. The Company has received notice pursuant to Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Nikhil Sohoni for appointment as Director at the ensuing Annual General Meeting.

All the Directors have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met four times during the year under review i.e. on 2nd May, 2017, 1st August, 2017, 7th November, 2017 and 6th February, 2018. The gap between two consecutive Board Meetings did not exceed 120 days.

The attendance of the Directors at these meetings was as under:

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. S. P. Shukla	4
2.	Mr. Kevin McSweeney	3
3.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	3
4.	Rear Admiral Sanjiv Kapoor (Retd.)	4
5.	Dr. Devi Singh	4
6.	Mr. Zhooben Bhiwandiwala#	1
7.	Mr. Mukul Verma	2
8.	Mr. Hector Colon	4

Mr. Zhooben Bhiwandiwala resigned with effect from 12th January, 2018

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis; and

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 the Board carried out an annual evaluation of performance of its own and individual Directors, including independent Directors. Questionnaires / Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires / responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation at the meeting held on 3rd May, 2018.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Code") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations from the Board Members affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee consisted of following members during the year under review:

1. Dr. Devi Singh, (Chairman)
2. Rear Admiral Sanjiv Kapoor AVSM (Retd.)
3. Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)
4. Mr. Hector Colon
5. Mr. Mukul Verma

The Committee met two during the year i.e. on 2nd May, 2017 and 6th February, 2018.

The attendance of the Members at these meeting was as under:

Sr. No.	Name of Director	No. of Meetings attended
1.	Dr. Devi Singh, Chairman	2
2.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	2
3.	Rear Admiral Sanjiv Kapoor (Retd.)	2
4.	Mr. Mukul Verma	1
5.	Mr. Hector Colon	2

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a joint venture Company from constituting an 'Audit Committee', the Committee was dissolved with effect from 3rd May, 2018.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consisted of following members during the year under review:

1. Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), (Chairman)
2. Rear Admiral Sanjiv Kapoor AVSM (Retd.)
3. Dr. Devi Singh
4. Mr. S P. Shukla
5. Mr. Kevin McSweeney

The Committee met once during the year under review i.e. on 2nd May, 2017.

The attendance of the Members at these meeting was as under:

Sr. No.	Name of Director	No. of Meetings attended
1.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Chairman	1
2.	Rear Admiral Sanjiv Kapoor AVSM (Retd.)	1
3.	Dr. Devi Singh	1
4.	Mr. S. P. Shukla	1
5.	Mr. Kevin McSweeney	1

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a joint venture Company from constituting 'Nomination and Remuneration Committee' the Committee was dissolved with effect from 3rd May, 2018.

MEETING OF INDEPENDENT DIRECTORS

One meeting of the Independent Directors of the Company was held on 7th November, 2017 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The above Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

GENERAL MEETING

The 4th Annual General Meeting of the Company was held on 1st August, 2017.

KEY MANAGERIAL PERSONNEL (KMP)

There was no change in the Key Managerial Personnel of your Company during the year under review. Mr. Jayantaraj Chatterjee, Mr. Arun Gupta and Mr. Rajesh Parte continued as the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary respectively, for the year under review.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

These Policies are provided as **Annexure I** and the same forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated Risk Management Policy which includes the elements of risks which in the opinion of Board may threaten the existence of the Company. Your Company's Risk Management Policy sets out the objectives and elements of risk management within the organisation and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company has not adopted a CSR policy.

However, during the year under review, your Company has undertaken various activities under its CSR program in Prithla and nearby villages for the welfare of local residents. The employees of your Company have also participated in tree plantation and Swatch Bharat program.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS1 and SS2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly Complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

AUDITORS

STATUTORY AUDITORS & STATUTORY AUDIT REPORT

Messrs. S. V. Ghatalia & Associates LLP, Chartered Accountants, (ICAI registration Number 103162W), were appointed as Auditors of your Company to hold office from the conclusion of the 2nd Annual General Meeting (AGM) held on 1st September, 2015 until the conclusion of 7th AGM. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

The auditors have, however, expressed their inability to continue with the engagement.

You Company has received a Special Notice from a member proposing the name of BSR & CO LLP, Chartered Accountants, (ICAI registration Number 101248W/W100022), for appointment as statutory auditors in place of M/S. S.V. Ghatalia & Associates, at the ensuing Annual General Meeting.

The members are requested to consider and approve the appointment of Auditors at the forthcoming AGM, for a period of consecutive 5 years, and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

Your Company had appointed Mr. Ashish Bhatt, Company Secretary (FCS No: 4650 and C.P. No. 2956) as the Secretarial Auditor of the Company, for the year ended 31st March, 2018, in accordance with the provisions of Section 204 of the Companies Act, 2013.

In terms of provisions of sub section (1) of section 204 of the Companies Act, 2013, the Company has annexed with this Board Report, a Secretarial Audit Report given by the Secretarial Auditor, and the said Secretarial Report, in prescribed form MR 3 at **Annexure II** and the same forms part of this Report.

The Secretarial Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor, have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2018.

COST AUDITOR

Provisions of Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure III** and the same forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company had not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS / ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions entered during the year were “in the ordinary course of business” and “on arm’s length basis. Particulars of transactions required to be reported in pursuance to Section 134(3) (h) of the Companies Act, 2013 are given in Form AOC – 2 as **Annexure IV** and the same forms part of this Report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company’s commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form MGT-9 is attached herewith as **Annexure V** and the same forms part of this Report.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Receipt of any remuneration or commission by Managing Director / Whole Time Director from any of its subsidiaries.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company’s operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. P. Shukla Director

Kevin McSweeney Director

Mumbai, 3rd May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

I. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Telephonics Integrated Systems Limited ("MTIS").

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non-executive including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Chairman &/or Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be finalised/ revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

   We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

   - Performance
   - Potential
   - Criticality
   - Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

Subject to approval by the Board and Shareholders, as may be applicable, the Employees and Directors (other than Independent Directors) may also be granted Stock Options or equivalent benefits in accordance with the ESOP Scheme or similar scheme as may be approved and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Telephonics Integrated Systems Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**" means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman &/ or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company.

Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

a) Experience i.e. both long and short-term assignments. This has 70% weightage

b) Exposure i.e. coaching and mentoring – 20% weightage

c) Education i.e. learning and development initiatives – 10% weightage

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

S. P. Shukla	**Kevin McSweeney**
Director	Director

Mumbai, 3rd May, 2018

ANNEXURE II TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Telephonics Integrated Systems Limited
Mahindra Towers, P. K. Kurne Chowk,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Telephonics Integrated Systems Limited (hereinafter called 'the Company'). The Secretarial Audit was conducted in a manner which provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under. (Not applicable to the Company during audit period);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during audit period)

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable to the Company during audit period);

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during audit period);

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company during audit period);

(vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities of the Company are not listed on any Stock Exchange hence no comment is made about Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not passed any special resolutions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Ashish Bhatt & Associates
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P No: 2956

Place: Thane
Date: April 21, 2018

ANNEXURE I

List of applicable laws to the Company

Under the Major Group and Head

1. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Labour Welfare Act of respective States;
4. The Custom Act, 1962
5. The Shops and Establishment Act, 1948.
6. The Indian Stamp Act, 1899.
7. The State Stamp Acts
8. Negotiable Instruments Act, 1881.

For Ashish Bhatt & Associates
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P No: 2956

Place: Thane
Date: April 21, 2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014
AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the Company for utilizing alternate sources of energy: **NIL**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption - **NA**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: - **NA**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: **NA**

(b) the year of import: **NA**

(c) whether the technology been fully absorbed: **NA**

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **NA**

iv) the expenditure incurred on Research and Development: **NA**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**2,599.18**	2,005.93
Total Foreign Exchange Used	**832.24**	1,392.65

For and on behalf of the Board

S. P. Shukla
Director

Kevin McSweeney
Director

Mumbai, 3rd May, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. AOC -2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. : Nil

2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any Rupees in Lakhs		Date of approval by the Board	Amount paid as advances, if any
1	Telephonics Corporation, USA (TC)	Joint Venture Company	Sale of Goods and Services	2017-2018	The transactions were in the ordinary course of business and on arm's length basis.	2599.18	Since the transactions were in the ordinary course of business and on arm's length basis, no approval of the Board was required.	–

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material.
- Contracts/transactions/arrangements for availing or rendering of services amounting to 10% or more of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure.

For and on behalf of the Board

S. P. Shukla
Director

Kevin McSweeney
Director

Mumbai, 3rd May, 2018

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U75302MH2013PLC242268
2.	**Registration Date**	22nd April, 2013
3.	**Name of the Company**	Mahindra Telephonics Integrated Systems Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 Tel. No.: 022 24901441; Fax No: 2497 5081
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	M/s. NSDL Database Management Limited 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Tel: 040 - 4914 2700, Fax: 040 - 49142503 Email ID: into_ndml@nsal.co.in Website: https://ndml.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Telephonics Dynamic Headsets (TDH) and Sub-systems of RDR 1400	26,515	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Defence Systems Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U75220MH2012PLC233889	Holding Company	51	2(46)
2.	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	–	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	2,59,00,000	2,59,00,000	51	–	2,59,00,000	2,59,00,000	51	–

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (1)	–	**2,59,00,000**	**2,59,00,000**	**51**	–	**2,59,00,000**	**2,59,00,000**	**51**	–
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	2,48,84,313	2,48,84,313	49	–	2,48,84,313	2,48,84,313	49	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (2)	–	2,48,84,313	2,48,84,313	49	–	2,48,84,313	2,48,84,313	49	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**5,07,84,313**	**5,07,84,313**	**100**	–	**5,07,84,313**	**5,07,84,313**	**100**	–
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total - (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others									
Sub-Total - (B) (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**5,07,84,313**	**5,07,84,313**	**100**	–	**5,07,84,313**	**5,07,84,313**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Mahindra Defence Systems Limited	2,58,99,997	51	–	2,58,99,997	51	–	–
2.	Mr. Narayan Shankar (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
3.	Mr. V S Parthasarathy (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
4.	Mr. K. Chandrasekar (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
5.	Telephonics Corporation	2,48,84,311	49	–	2,48,84,311	49	–	–
6.	Gritel Holding Co. Incorporation (Nominee of Telephonics Corporation)*	1	–	–	1	–	–	–
7.	Exphonics Incorporation (Nominee of Telephonics Corporation)*	1	–	–	1	–	–	–

* Nominees are holding shares for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoter's shareholding (Please specify, if there is no change): Nil

Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the Year	–	–	–	–
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	–	–	–	–
At the end of the Year	–	–	–	–

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Director/ KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in indebtedness during the financial year	–	–	–	–
+ Addition	680.25	–	–	680.25
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2018	–	–	–	–
1) Principal Amount	680.25	–	–	680.25
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	680.25	–	–	680.25

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and / or Manager:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contains in Section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify Provident Fund and other Funds	–	–	–
	Performance Bonus	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act			

B. Remuneration to other Directors:

I. Independent Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors			Total Amount
	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	Dr. Devi Singh	Rear Admiral Sanjiv Kapoor AVSM (Retd.)	
Fee for attending Board/Committee Meetings	0.90	1.10	1.10	**3.10**
Commission	–	–	–	–
Others, please specify	–	–	–	–
Total (1)	**0.90**	**1.10**	**1.10**	**3.10**

II. Other Non – Executive Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors			Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–
Commission	–	–	–	–
Others, please specify	–	–	–	–
Total (2)	–	–	–	–
Total (B)= (1+2)	**0.90**	**1.10**	**1.10**	**3.10**
Ceiling as per the Act	As per Companies Act, 2013			

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	CEO Mr. Jayantaraj Chatterjee	CFO Mr. Arun Gupta	CS Mr. Rajesh Parte	Total Amount
1.	Gross Salary	63.50	32.01	–	**95.51**
	(a) Salary as per provisions contains in Section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of profit	–	–	–	–
	– Others, specify	–	–	–	–
5.	Others	–	–	–	–
	Performance Bonus	–	–	–	–
	Others	–	–	2.83	**2.83**
	Total (C)	**63.50**	**32.01**	**2.83**	**98.34**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeals made, if any (give details)
A. COMPANY						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

S. P. Shukla
Director

Kevin McSweeney
Director

Mumbai, 3rd May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Telephonics Integrated Systems Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Telephonics Integrated Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership Number: 95788

Place of Signature: Gurgaon
Date: 03 May 2018

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Mahindra Telephonics Integrated Systems Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148 (1) of the Companies Act, 2013, for the products and services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanation given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any outstanding loan or borrowing dues in respect of financial institution or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) IIn our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership Number: 95788

Place of Signature: Gurgaon
Date: 03 May 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Telephonics Integrated Systems Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on [the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership Number: 95788

Place of Signature: Gurgaon
Date: 03 May 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amount in Rs. Lakhs)

		Notes	As at March 31, 2018	As at March 31, 2017
I.	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3	**545.75**	564.11
	Capital work-in-progress	3	**4.67**	–
	Intangible assets	4	**18.58**	32.84
	Financial assets	5		
	– Other bank balances		**11.34**	81.63
	– Security deposits		**30.49**	25.52
	Other non-current assets	6	**112.10**	227.16
			722.93	931.26
	Current assets			
	Inventories	7	**341.71**	351.20
	Financial assets	8		
	– Trade receivables		**1,508.13**	1,714.76
	– Cash and cash equivalent		**–**	343.45
	– Bank balances other than cash and cash equivalent		**405.53**	317.83
	– Other financial assets		**978.72**	3.72
	Other current assets	9	**597.44**	307.90
			3,831.53	3,038.86
	Total assets		**4,554.46**	3,970.12
II.	**EQUITY AND LIABILITIES**			
	Equity			
	Equity Share Capital	10	**5,078.43**	5,078.43
	Other Equity	11		
	– Security premium		**217.92**	217.92
	– Retained earnings		**(2,549.33)**	(2,206.18)
	Equity attributable to equity shareholders		**2,747.02**	3,090.17
	Liabilities			
	Non-current liabilities			
	Employee benefit obligations	12	**42.74**	35.20
			42.74	35.20
	Current liabilities			
	Financial liabilities	13		
	– Borrowings		**680.25**	–
	– Trade payables		**953.67**	647.35
	– Other financial liabilities		**75.18**	32.33
	Employee benefit obligations	14	**18.90**	15.10
	Other current liabilities	15	**36.70**	149.97
			1,764.70	844.75
	Total Equity and Liabilities		**4,554.46**	3,970.12
	Summary of significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place: Gurgaon
Date: 3 May, 2018

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)** DIN: 00007418

Kevin John McSweeney **(Director)** DIN: 06719828

Jayantaraj Chatterjee **(CEO)**

Arun Gupta **(CFO)**

Rajesh Parte **(Company Secretary)**

Place: Mumbai
Date: 3 May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rs. Lakhs)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	16	**2,618.88**	2,123.11
Other income	17	**154.78**	142.03
Total revenue		**2,773.66**	2,265.14
Expenses			
Project cost	18	**1,774.17**	1,308.96
Costs of materials consumed	19	**114.50**	192.08
Change in inventories of work in progress	20	**1.07**	(1.07)
Employee benefit expenses	21	**499.19**	475.37
Depreciation and amortizaton expense	22	**113.95**	100.12
Other expenses	23	**610.97**	633.56
Finance cost	24	**15.22**	–
Total expenses		**3,129.07**	2,709.02
Profit/(Loss) before tax		**(355.41)**	(443.88)
Tax expense			
Current tax		**–**	–
Profit/(Loss) for the year		**(355.41)**	(443.88)
Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
Remeasurements gain/(loss) post employment benefit obligations(net)	26	**12.26**	5.38
Other comprehensive income for the year, net of tax		**12.26**	5.38
Total comprehensive income for the year, net of tax		**(343.15)**	(438.50)
Earning per equity share (nominal value of share Rs. 10/-)	32		
Basic earnings per share		**(0.70)**	(0.87)
Diluted earnings per share		**(0.70)**	(0.87)
Summary of significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place: Gurgaon
Date: 3 May, 2018

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla
(Director)
DIN: 00007418

Kevin John McSweeney
(Director)
DIN: 06719828

Jayantaraj Chatterjee
(CEO)

Arun Gupta
(CFO)

Rajesh Parte
(Company Secretary)

Place: Mumbai
Date: 3 May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rs. Lakhs)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flows from operating activities			
Loss before tax from operations		**(355.41)**	(443.88)
Adjustments to reconcile Loss before tax to net cash flow			
Depreciation and amortization		**113.95**	100.12
Interest income on bank deposits		**(34.01)**	(114.18)
Unwinding of discount on security deposits		**(1.94)**	(1.88)
Unrealised foreign exchange loss/(gain)		**(21.47)**	(2.33)
Loss on sale of assets		**6.66**	
Provision for bad and doubtful debts		**2.29**	
Other comprehensive income		**12.26**	5.38
Finance cost		**15.22**	–
Deferred Income		**(118.83)**	98.23
Operating profit before working capital changes		**(381.28)**	(358.54)
Movement in working capital:			
Increase/(decrease) in trade payables		**306.32**	473.85
Increase/(decrease) in short-term provisions		**3.80**	6.17
Increase/(decrease) in other current liability		**5.56**	2.66
Increase/(decrease) in other current financial liability		**(5.00)**	2.00
Decrease/(increase) in Inventories		**9.49**	(351.20)
Decrease/(increase) in Trade Receivables		**225.81**	(1,335.73)
Increase/(decrease) in long term provisions		**7.54**	13.35
Decrease/(increase) in non current security deposits		**(3.02)**	(1.63)
Decrease/(increase) in other non current assets		**188.10**	(109.92)
Decrease/(increase) in other current financial assets		**(975.00)**	43.32
Decrease/(increase) in other current assets		**(292.97)**	(232.49)
Cash used in operations		**(910.65)**	(1,848.16)
Direct taxes paid		**(3.43)**	–
Net cash flow used in operating activities (A)		**(907.22)**	(1,848.16)
B. Cash flows from investing activities			
Purchase of property,plant and equipment		**(124.09)**	(199.32)
Purchase of intangibles		**(0.10)**	(14.25)
Sale of assets		**6.33**	–
Investment in bank deposits liened with government authorities		**(17.41)**	15.74
Interest income on bank deposits		**34.01**	114.18
Net cash flow used in investing activities (B)		**(101.26)**	(83.65)
C. Cash flows from financing activities			
Proceeds from Cash credit/Working capital limits		**680.25**	–
Finance cost		**(15.22)**	–
Net cash flows from financing activities (C)		**665.03**	–
Net increase in cash and cash equivalents (A+B+C)		**(343.45)**	(1,931.81)
Cash and cash equivalents at the beginning of the year		**343.45**	2,275.26
Cash and cash equivalents at the end of the year		**–**	343.45
Components of cash and cash equivalents			
Balance with bank			
– On current account		**–**	340.95
– Fixed deposits with original maturity of less than three months		**–**	2.50
Total cash and cash equivalents		**–**	343.45
Summary of significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place: Gurgaon
Date: 3 May, 2018

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla
(Director)
DIN: 00007418

Kevin John McSweeney
(Director)
DIN: 06719828

Jayantaraj Chatterjee
(CEO)

Arun Gupta
(CFO)

Rajesh Parte
(Company Secretary)

Place: Mumbai
Date: 3 May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

(Amount in Rs. Lakhs)

	Notes	Nos.	
Equity shares of INR 10 each fully paid up			
As at April 1, 2016		5,07,84,313	5,078.43
Issued during the year		–	–
As at March 31, 2017		5,07,84,313	5,078.43
Issued during the year		–	–
As at March 31, 2018		**5,07,84,313**	**5,078.43**

B. Other Equity

(Amount in Rs. Lakhs)

Particulars		Reserves & surplus: Security Premium	Reserves & surplus: Retained earnings	Total
As at April 1, 2017	10	217.92	(1,767.68)	(1,549.76)
Loss for the period		–	(443.88)	(443.88)
Other comprehensive income	24	–	5.38	5.38
As at March 31, 2017		217.92	(2,206.18)	(1,988.26)
Loss for the period		–	(355.41)	(355.41)
Other comprehensive income	24	–	12.26	12.26
As at March 31, 2018		**217.92**	**(2,549.33)**	**(2,331.41)**

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place: Gurgaon
Date: 3 May, 2018

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla
(Director)
DIN: 00007418

Kevin John McSweeney
(Director)
DIN: 06719828

Jayantaraj Chatterjee
(CEO)

Arun Gupta
(CFO)

Rajesh Parte
(Company Secretary)

Place: Mumbai
Date: 3 May, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 CORPORATE INFORMATION

Mahindra Telephonics Integrated Systems Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at MAHINDRA TOWERS, P. K. KURNE CHOWK, R. G. M. BHOSALE MARG, WORLI, MUMBAI, Mumbai City, Maharashtra - 400018. The Company is formed to develop, manufacture and provide service support for Radar Systems and various kinds of defence electronics systems. The Company is jointly held by Mahindra Defence Systems Limited and Telephonics corporation, USA.

The Financial statements were authorized for issue in accordance with resolution of the directors on May 3,2018.

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of preparation

These financial statements comply in all material aspects with Indian Accounting Standards (IND-AS) notified under Section133 of the Companies Act, 2013 (read with Companies (Indian Accounting Standards) Rules, 2015). The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

(i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') rounded off to nearest lakhs (00,000) except when otherwise indicated.

2.02 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non- current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.03 Property, Plant and Equipment

Property, Plant and equipment including capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT/ GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant & equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life of Property, Plant and Equipment are as follows:

Assets	**Useful life (in years)**
Plant and Equipment (P&E):	15
Office Equipment (included in P&E):	5
Computers and Peripherals(C&P):	3
Furniture and Fixtures:	10
Vehicles:	5
Mobile Phones (included in C&P):	2
Electric Installation:	10

Vehicles and mobile phones are depreciated over the estimated useful lives of 5 years and 2 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment made by the management, it believes that the useful lives as given above best represent the period over which the assets are expected to be used.

Lease hold improvements are depreciated on straight line basis over their initial lease agreement period.

2.04 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life as follows:

Assets	**Useful life (in years)**
Computer software's	3

2.05 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').The Company's financial statements are presented in Indian rupee (INR) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions/ Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.06 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss),or recognized in other comprehensive income (i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

a) Debt instruments at amortized cost

A Debt instrument is measured at amortized cost if both the following conditions are met:

a) Business Model Test: The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR.EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

b) Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

a) Business Model Test: The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial Asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On dereognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

c) Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL.A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Dercognition

A financial asset (or ,where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
  - (a) The Company has transferred the rights to receive cash flows from the financial assets or
  - (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;\
- All lease receivables resulting from the transactions within the scope of Ind AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather , it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include trade and other payables, loans and borrowings including bank overdraft, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using EIR method.

b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Company has not designated any financial liability as at fair value through profit and loss.

c) Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.07 Inventories

a) Basis of valuation:

i) Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

b) Method of Valuation:

i) Cost of raw materials and components has been determined by using first-in-first out basis and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on first in first out basis.

iii) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.08 Government Grants

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

2.09 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. These liabilities are presented as current employee benefit obligations in the balance sheet.

(i) Other long-term employee benefit obligations

(ii) a) Post employment retirement benefits

The company operates two defined benefit plans for its employees, viz., gratuity and post-employment medical benefit liability. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. The difference, if any, between the actuarial valuation of the liability at the year end is provided for as liability in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

b) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to , for example , a reduction in future payment or a cash refund.

c) Compensated Absences

Accumulated leaves which is expected to be utilized within next 12 months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement and discharge at the year end.

2.10 a) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, discounts, volume rebates and cash discounts. Revenue is usually recognized when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

b) Rendering of Services

Revenue from service related activities is recognized by reference to stage of completion.

c) Interest Income

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in “other income”.

d) Project Revenue

Revenue from long term projects in the nature of fixed price construction contracts is recognized by reference to the stage of completion of the project at the balance sheet date.

The stage of completion of project is determined by proportion that contract cost incurred for work performed up to the balance sheet date bear to the estimated total contact cost. The cost incurred is measured on the basis of work done by the company and as inspected by its customer as at the end of financial year.

2.11 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

2.12 Taxes

Tax expense for the year comprises of current tax and deferred tax.

Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity).Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

2.13 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to April 1, 2015 , the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationery cost increase.

2.15 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as expense in the period in which they occur.

2.16 Provisions and Contingent Liabilities

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty Provisions
Provision for warranty-related costs are recognized when the product is sold or service is provided to customer. Initial recognition is based on historical experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected at each contract level.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.17 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value,maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted(unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.18 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.19 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

Operating lease commitments — Company as lessee

The Company has taken commercial properties, factory and equipment's on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and equipment's, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Assessment of lease contracts

Significant judgement is required to apply lease accounting rules under Appendix C to Ind AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to Ind AS 17.

Project Revenue

Revenue from fixed price construction contracts is recognized by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by proportion that contract cost incurred for work performed up to the balance sheet date bear to the estimated total contact cost.The cost incurred is measured on the basis of work done by the company and as inspected by its customer as at the end of financial year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.20 Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

2.21 Defined benefit plans

The cost of defined benefit plans (i.e. Gratuity benefit and PRMBS) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note to accounts

2.22 Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.23 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the full retrospective method. The Company is in the business of manufacturing and selling of defence electronics. The Company is currently evaluating the impact of the standard and will make necessary accounting if required:

(a) Sale of Goods

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of Ind AS 115 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. In preparing to adopt Ind AS 115, the Company is considering the following:

(b) Project revenue

For contracts with customers in respect of projects, the company recognises revenue with reference to the stage of completion of the project and recognises trade and other receivable. Under Ind AS 115, earned consideration that is confitional on successful completion of testing and approval, should be recognised as contract asset rather that receivable. Therefore on adoption of Ind AS 115, the Company will reclassify amount of unbilled trade receivables to contract assets.

(i) Variable Consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Company recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under Ind AS 115, and will be required to be estimated at contract inception and updated thereafter. Ind AS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Company however does not expects that application of the constraint will result in any revenue being deferred than under current Ind AS.

(ii) Warranty Obligations

The Company generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under Ind AS 115, which will continue to be accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice. When the Company adopts Ind AS 115 during the year ending 31 March 2019, the Company however does not expects any revenue being deferred than under current Ind AS.

(c) Other Adjustments

In addition to the major adjustments described above, on adoption of Ind AS 115, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them will be affected and adjusted as necessary.

The recognition and measurement requirements in Ind AS 115 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property, plant and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Company.

3. Property, plant and equipment

(Amount in Rs. Lakhs)

	Plant & Equipment	Computer & Peripherals	Furniture & Fixtures	Leasehold Improvements	Electric Installations & Equipment	Vehicles	Total	Capital work in progress	Grand Total
At Cost									
As on April 01,2016	181.72	39.79	44.23	136.50	84.79	67.11	554.14	22.91	577.05
Additions	106.32	11.15	12.02	14.28	–	6.33	150.10	–	150.10

(Amount in Rs. Lakhs)

	Plant & Equipment	Computer & Peripherals	Furniture & Fixtures	Leasehold Improvements	Electric Installations & Equipment	Vehicles	Total	Capital work in progress	Grand Total
Disposals	–	–	–	–	–	–	–	–	–
Transfers	16.80	0.34	0.34	5.43	–	–	22.91	(22.91)	–
As on March 31,2017	304.84	51.28	56.59	156.21	84.79	73.44	727.15	–	727.15
Additions	57.01	3.27	7.58	–	–	26.36	94.22	4.67	98.89
Disposals	–	–	–	–	–	(26.25)	(26.25)	–	(26.25)
Transfers	–	–	–	–	–	–	–	–	–
As on March 31,2018	**361.85**	**54.55**	**64.17**	**156.21**	**84.79**	**73.55**	**795.12**	**4.67**	**799.79**
Depreciation									
As on April 01,2016	22.80	11.72	4.10	13.41	8.06	13.04	73.13	–	73.13
Charge for the year	32.20	15.82	4.80	14.21	8.30	14.58	89.91	–	89.91
Disposals	–	–	–	–	–	–	–	–	–
As on March 31,2017	55.00	27.54	8.90	27.62	16.36	27.62	163.04	–	163.04
Charge for the year	42.50	12.38	5.81	15.29	8.30	15.31	99.59	–	99.59
Disposals	–	–	–	–	–	(13.26)	(13.26)	–	(13.26)
As on March 31,2018	**97.50**	**39.92**	**14.71**	**42.91**	**24.66**	**29.67**	**249.37**	–	**249.37**
Net carrying amount									
As on March 31,2017	249.84	23.74	47.69	128.59	68.43	45.82	564.11	–	564.11
As on March 31,2018	**264.35**	**14.63**	**49.46**	**113.30**	**60.13**	**43.88**	**545.75**	**4.67**	**550.42**

Note: a) All movable fixed assets (machinery) are under First pari–passu hypothecation charge for working capital limits obtained from HDFC bank. Refer note 25(C)

b) Assets amounting to Rs 8.16 lakhs (31 March 17 : NIL) are held by sub–contractor

4. Intangibles

(Amount in Rs. Lakhs)

	Computer software	Intangibles under development	Total
At Cost			
As on April 01,2016	–	28.80	28.80
Additions	14.25	–	14.25
Deletions	–	–	–
Transfers	28.80	(28.80)	–
As on March 31,2017	**43.05**	–	**43.05**
Additions	0.10	–	0.10
Deletions	–	–	–
Transfers	–	–	–
As on March 31,2018	**43.15**	–	**43.15**
Amortization			
As on April 01,2016	–	–	–
Charge for the year	10.21	–	10.21
Disposals	–	–	–
As on March 31,2017	10.21	–	10.21
Charge for the year	14.36	–	14.36
Disposals	–	–	–
As on March 31,2018	24.57	–	24.57
Net carrying amount			
As on March 31,2017	32.84	–	32.84
As on March 31,2018	**18.58**	–	**18.58**

5 Non-Current financial assets

(Unsecured considered good, unless stated otherwise))

(Amount in Rs. Lakhs)

		As at March 31, 2018	As at March 31, 2017
(A)	**Other bank balances**		
	Deposits with banks having maturity period of more than 12 months*	**11.34**	81.63
	(A)	**11.34**	81.63
(B)	**Security Deposit**		
	Security deposit – Others	**4.09**	1.06
	Security deposit to related parties	**26.40**	24.46
	(B)	**30.49**	25.52
Total (A+B)		**41.83**	107.15

* Fixed deposits with banks includes bank balances under lien given as security and margin money deposits

- Rs.5.12 lakhs (March 31, 2017: Rs.5.12 lakhs) given to sales tax authority.
- Rs.2.09 lakhs (March 31, 2017: Rs.2.09 lakhs) deposited with excise and customs
- Rs.4.13 lakhs (March 31, 2017: Rs.74.42 lakhs) given to Banks as margin money for Bank Guarantee

6. Other Non Current assets

(Unsecured considered good, unless stated otherwise)

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	**15.35**	16.25
Capital advances	**96.75**	23.70
Balances with statutory/government authorities	–	187.21
	112.10	227.16

7. Inventories

(Valued at cost unless otherwise stated- Refer Accounting policy 2.07)

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Raw materials and components	**341.71**	350.13
Work in progress	–	1.07
	341.71	351.20

Notes:

a) The above includes goods in transit as under:		
– Raw materials and components	**24.00**	32.14

b) Inventories are hypothecated against working capital limits from HDFC bank. Refer Note 25 (C)

8. Current financial assets

(Unsecured, unless stated otherwise)

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Trade receivables		
Receivables from related party - Considered good (refer note 28)	**1,502.35**	1,714.76
Trade receivables - Considered good	**5.78**	–
Trade receivables - Considered doubtful	**2.29**	–
Trade receivables (Gross)	**1,510.42**	1,714.76

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Less: Impairment allowances for trade receivables considered doubtful	**2.29**	–
(A)	**1,508.13**	1,714.76

Notes:

(a) The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: NIL). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) Trade receivables are non-interest bearing and are generally on terms of 45 days.

(B) Cash and cash equivalent

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Balance with bank		
– On current account	–	340.95
– Fixed deposits with original maturity of less than three months	–	2.50
(B)	–	343.45

(C) Other bank balances

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Fixed deposits with original maturity of more than three months but less than 12 months	**2.31**	5.82
Fixed deposits with original maturity of more than 12 months	**403.22**	312.01
	405.53	317.83

Notes:

(a) Fixed deposits are margin money deposits given to Banks for bank Guarantees

(b) Fixed deposit with original maturity of more than twelve months but remaining maturity of less than twelve months have been disclosed under other bank balances

(D) Other financial asset

(Amount in Rs. Lakhs)

		As at March 31, 2018	As at March 31, 2017
Unbilled Revenue		**977.61**	–
Accrued export incentives		**1.11**	3.72
	(D)	**978.72**	3.72
Total (A+B+C+D)		**2,892.38**	2,379.76

9. Other Current assets

(Unsecured considered good, unless stated otherwise)

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Advances against materials and services	**8.86**	262.09
Prepaid expenses	**26.31**	31.70
Tax deducted at source	**17.54**	14.11
Balances with statutory/government authorities	**544.73**	–
	597.44	307.90

10. Share capital

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Authorised shares (Nos.)		
55,000,000 equity shares (March 31, 2017: 55,000,000)	**5,500.00**	5,500.00
	5,500.00	5,500.00
Issued, subscribed and fully paid up shares (Nos.)		
50,784,313 Equity shares (March 31, 2017: 50,784,313)	**5,078.43**	5,078.43
	5,078.43	5,078.43

10.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	Nos.
Outstanding as at Apil 01, 2016	5,07,84,313
Issued during the period	–
Outstanding as at March 31, 2017	5,07,84,313
Issued during the period	–
Outstanding as at March 31, 2018	**5,07,84,313**

10.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of number of equity shares held by shareholders'

10.3 Details of shareholders holding more than 5% shares in the Company (Legal and beneficial ownership)

	Nos.	% of holding
As at March 31,2017		
Mahindra Defence Systems Limited, holding company	2,59,00,000	51.00%
Telephonics Corporation	2,48,84,313	49.00%
As at March 31,2018		
Mahindra Defence Systems Limited, holding company	2,59,00,000	51.00%
Telephonics Corporation	2,48,84,313	49.00%

10.4 Shares held by holding company (Legal and beneficial ownership)

	Nos.	(Amount in Rs. Lakhs)
As at March 31,2017		
Mahindra Defence Systems Limited, holding company	2,59,00,000	2,590.00
As at March 31,2018		
Mahindra Defence Systems Limited, holding company	2,59,00,000	2,590.00

11 Other equity

		(Amount in Rs. Lakhs)
(a)	**Security Premium**	
	As at April 1, 2016	217.92
	Add: Premium on issue of equity shares during the year	–
	As at March 31, 2017	**217.92**
	Add/Less: Movements during the year	–
	As at March 31, 2018	**217.92**
(b)	**Retained earnings**	
	As at April 1, 2016	**(1,767.68)**
	Loss for the year	(443.88)
	Items of other comprehensive incomes recognized directly in retained earnings	5.38
	As at March 31, 2017	**(2,206.18)**
	Loss for the year	(355.41)
	Items of other comprehensive incomes recognized directly in retained earnings	12.26
	As at March 31, 2018	**(2,549.33)**
	Total	**(2,331.41)**

12. Non–current employee benefit obligations

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Gratuity (refer note 26)	**25.72**	18.30
Post employment medical benefits (refer note 26)	**17.02**	16.90
	42.74	35.20

13. Current financial liabilities

(Amount in Rs. Lakhs)

		As at March 31, 2018	As at March 31, 2017
(A)	**Borrowings**		
	Cash credit from bank (secured)	**680.25**	–
	(A)	**680.25**	–

Notes:
Refer note 25 (c) for details of security provided for availing cash credit facility.

		As at March 31, 2018	As at March 31, 2017
(B)	**Trade payables**		
	Trade Payables *	**953.67**	647.35
	(B)	**953.67**	647.35

***Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act,2006**

As per the MSMED Act, the Company is required to identify Micro and Small suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. None of the creditors have confirmed the applicability of the MSMED Act on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

(Amount in Rs. Lakhs)

		As at March 31, 2018	As at March 31, 2017
(C)	**Other financial liabilities**		
	Security deposits	–	5.00
	Capital creditors	**75.18**	27.33
	(B)	**75.18**	32.33
	Total (A+B)	**1,709.10**	679.68

14. Employee benefit obligations

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Gratuity (refer note 26)	**0.08**	0.03
Leave benefit obligation	**18.82**	15.07
	18.90	15.10

15. Other current liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2018	As at March 31, 2017
Statutory dues payable	**18.57**	13.00
Deferred income	**18.13**	136.97
	36.70	149.97

16. Revenue from operations

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Project Revenue	**2,156.87**	1,384.91
Sale of goods	**415.35**	621.02
Sale of services	**46.66**	117.18
Total revenue from operations	**2,618.88**	**2,123.11**

17. Other income

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income on bank deposit carried at amortised cost	**34.01**	114.18
Unwinding of discount on security deposits	**1.94**	1.88
Government grants	**118.83**	25.97
	154.78	**142.03**

18. Project cost

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials and components consumed	**1,700.85**	1,220.90
Employee Benefit Expenses		
Salary, Wages and Bonus	**41.47**	53.32
Other Expenses		
Rent	**19.75**	21.54

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Power & Fuel	**3.30**	3.60
Travelling and Conveyance	**5.50**	6.00
Miscellaneous Expenses	**3.30**	3.60
	1,774.17	1,308.96

19. Costs of materials consumed

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials and components consumed	**114.50**	192.08
	114.50	192.08

20. Change in inventory of work in progress

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year	–	1.07
Inventories at the beginning of the year	**1.07**	–
Change in inventory of work in progress	**1.07**	(1.07)

21. Employee benefit expenses

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries wages and bonus	**434.17**	402.03
Contribution to provident and other funds	**24.06**	19.25
Gratuity expense (note 26)	**11.02**	9.34
Post employment medical benefit (note 26)	**8.82**	9.40
Staff welfare expenses	**21.12**	35.35
Total of employee benefit expenses	**499.19**	475.37

22. Depreciation and amortization expense

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	**99.59**	89.91
Amortization of intangible assets (refer note 4)	**14.36**	10.21
Total of depreciation and amortization expense	**113.95**	100.12

23. Other expenses

(Amount in Rs. Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Shared service charges	**147.99**	137.48
Travelling and conveyance	**57.27**	70.99
Rent	**178.24**	186.36
Rates and taxes	**1.16**	0.59
Legal and professional	**26.04**	28.70
Sales promotion	**3.98**	24.18
Insurance	**24.11**	13.41
Printing and stationery	**4.76**	4.33
Telecommunication cost	**7.86**	7.40
Power and fuel	**41.45**	31.54
Repairs and maintenance		
- Others	**30.11**	33.22
Watch and ward	**15.56**	16.07
Freight outward	**15.68**	18.56
Loss on foreign exchange fluctuation	**25.92**	10.40
Bank charges	**16.24**	21.06
Stores and Consumables	**4.83**	15.40
Loss on sale of assets	**6.66**	–
Provision for bad and doubtful debts	**2.29**	–
Miscellaneous expenses	**0.82**	13.87
Total of other expenses	**610.97**	633.56
Payment to auditor (included in legal and professional fees)		
As auditor		
Audit fee	**6.00**	6.00
Tax audit fee	**1.00**	1.00
In Other capacity	–	
Taxation matters	**0.50**	0.50
Other services	–	3.00
Reimbursement of expenses	**0.40**	0.29
	7.90	10.79

24. Finance cost

Interest on:		
on cash credit	**14.65**	–
on others	**0.57**	–
	15.22	–

25. Commitments and Contingencies

(Amount in Rs. Lakhs)

		As at March 31, 2018	As at March 31, 2017
A	**Contingent liabilities (to the extent not provided for)**		
1	Obligation arising from import of capital equipment at concessional rate of duty under export promotion capital goods scheme	–	59.34
2	Obligation arising from import of raw materials at concessional rate of duty under advance authorisation scheme	–	326.76
		–	386.10

Notes: Export obligation undertaken by the Company for import of capital equipment and raw materials under Export Promotion Capital Goods Scheme and Advance Authorisation Scheme respectively of the Central Government at concessional or zero rate of customs duty are in the opinion of the management expected to be fulfilled within respective timelines.

B	**Commitments**		
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	**143.15**	89.25
b)	Lease commitments	**122.43**	246.72
		265.58	335.97

C Undrawn committed borrowing facility

(a) The Company has availed working capital limits amounting to INR 1500 lakhs (March 31,2017 : Rs 1500 lakhs) from HDFC bank. Of this the company has utilized Rs 1459.84 lakhs and balance Rs 40.16 lakhs is undrawn.

(b) Working capital limits from HDFC bank are secured by way of: First pari-passu hypothecation charge over stock, book debts and moveable fixed assets (machinery)

E Leases

Operating lease commitments – Company as lessee

a) The Company has entered into operating lease agreement for factory space rent paid is:

(a)	not later than one year	**122.43**	124.29
(b)	later than one year and not later than five years	–	122.43
(c)	later than five years	–	–
		122.43	246.72

Lease payments recognized in the statement of profit and loss as rent expense for the year	**178.24**	186.36
Lease payments recognized in the statement of profit and loss as rent expense for the year	**19.75**	21.54

26. Disclosures pursuant to Ind AS - 19 "Employee Benefits" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below:

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

(Amount in Rs. Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Employer's Contribution towards Provident Fund (PF)	**21.44**	17.71
Employer's Contribution towards Employee State Insurance (ESI)	**2.49**	1.42
	23.93	19.13

Defined Benefit Plan

The Company operates two defined plans viz, gratuity and post employment medical benefits, for its employees. Under the gratuity plan every employee who has completed 5 years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Gratuity plan is not funded.

The Company provides post retirement medical cover to employees for grade L1 to L5 to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premium are paid by the company. The eligibility of the employee for the benefit as well as the amount of the medical cover purchase is determined by the grade of the employee at the time of retirement:

		Post employment medical benefits			**Gratuity**
		Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**				
	Defined Benefit obligation at the beginning of the year	**16.90**	11.93	**18.33**	9.94
	Interest Expense	**1.24**	0.95	**1.35**	0.80
	Current Service Cost	**7.58**	8.45	**9.67**	8.54
	Benefit paid	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income				
	Actuarial changes arising from changes in demographic assumptions	–	–	–	–
	Actuarial changes arising from changes in financial assumptions	**(4.87)**	1.86	**(2.09)**	1.81
	Actuarial changes arising from changes in experience adjustments	**(3.83)**	(6.29)	**(1.46)**	(2.76)
	Defined Benefit obligation at year end	**17.02**	16.90	**25.80**	18.33
b)	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair value of plan assets at beginning of the year	–	–	–	–
	Expected return on plan assets	–	–	–	–
	Employer contribution	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income	–	–	–	–
	Return on plan assets excluding interest income	–	–	–	–
	Benefits paid	–	–	–	–
	Fair value of plan assets at year end	–	–	–	–
c)	**Net defined benefit asset/(liability) recognized in the balance sheet**				
	Fair value of plan assets	–	–	–	–
	Present value of defined benefit obligation	**(17.02)**	(16.90)	**(25.80)**	(18.33)
	Amount recognized in Balance Sheet- Asset / (Liability)	**(17.02)**	(16.90)	**(25.80)**	(18.33)
d)	**Net defined benefit expense (Recognized in the Statement of profit and loss for the year)**				
	Current Service Cost	**7.58**	8.45	**9.67**	8.54
	Net Interest Cost	**1.24**	0.95	**1.35**	0.80
	Net defined benefit expense debited to statement of profit and loss	**8.82**	9.40	**11.02**	9.34

		Post employment medical benefits			Gratuity
		Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
e)	**Remeasurement (gain)/ loss recognized in other comprehensive income**				
	Actuarial changes arising from changes in demographic assumptions	**–**	–	**–**	–
	Actuarial changes arising from changes in financial assumptions	**(4.87)**	1.86	**(2.09)**	1.81
	Actuarial changes arising from changes in experience adjustments	**(3.83)**	(6.29)	**(1.46)**	(2.76)
	Return on Plan assets excluding interest income	**–**	–	**–**	–
	Recognized in other comprehensive income	**(8.70)**	(4.43)	**(3.55)**	(0.95)
f)	**Broad categories of plan assets as a percentage of total assets**				
	Insurer managed funds				

		(Rs.) March 31, 2018	(Rs.) March 31, 2017	**(Rs.) March 31, 2018**	(Rs.) March 31, 2017
g)	**Principal assumptions used in determining defined benefit obligation**				
	Mortality Table (LIC)	**2006–08 (Ultimate)**	2006–08 (Ultimate)	**2006–08 (Ultimate)**	2006–08 (Ultimate)
	Discount rate (per annum)	**7.80%**	7.35%	**7.80%**	7.35%
	Salary Escalation/ Future medical cost increase	**10.00%**	10.00%	**10.00%**	10.00%
	Attrition Rate				
	Upto 30 years	**3.00%**	3.00%	**3.00%**	3.00%
	Upto 31 years to 44 years	**2.00%**	2.00%	**2.00%**	2.00%
	Above 44 years	**1.00%**	1.00%	**1.00%**	1.00%

				Rs	Rs
i)	**Quantitative sensitivity analysis for significant assumptions is as below:**	**31–Mar–18**	31–Mar–17	**31–Mar–18**	31–Mar–17
	Increase/(decrease) on present value of defined benefits obligations at the end of the year				
	Discount Rate				
	Increase by 1.00%	**(1.09)**	(2.45)	**(4.32)**	(1.60)
	Decrease by 1.00%	**1.02**	1.85	**4.85**	1.81
	Salary Increase				
	Increase by 1.00%	**N.A.**	N.A.	**4.72**	1.75
	Decrease by 1.00%	**N.A.**	N.A.	**(4.26)**	(1.57)
	Attrition Rate	**N.A.**	N.A.	**N.A.**	N.A.
	Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.	**N.A.**	N.A.	**N.A.**	N.A.
				–	

		Rs.	Rs.	**Rs.**	Rs.
j)	**Maturity profile of defined benefit obligation**	**31–Mar–18**	31–Mar–17	**31–Mar–18**	31–Mar–17
	Within the next 12 months (next annual reporting period)	**–**	–	**0.08**	0.03
	Between 2 and 5 years	**0.25**	0.57	**3.10**	0.42
	Between 5 and 10 years	**16.77**	16.33	**22.62**	17.88
	Total expected payments	**17.02**	16.90	**25.80**	18.33

k) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

l) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

m) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

n) **Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Retained Earnings

	31–Mar–18	31–Mar–17
	–	–
Re-measurement gains/(losses) on defined benefit plans	**12.26**	5.38

27. Segment Reporting

Management of the Company overviews the business as a single economic activity as the Company's business activities primarily falls within in a single business and geographical segment i.e. defence sector, accordingly, there are no additional disclosures to be provided in terms of Ind AS 108 on "Segment Reporting".

28. Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Indian Accounting Standards) Rules, 2015) as amended are disclosed below:-

(A) Names of related parties and description of relationship:

(i) Related party where control exists

	Holding Companies	**Name of Companies**
1	Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
2	Holding company	Mahindra Defence Systems Limited (MDSL)
3	Joint venture partner	Telephonics Corporation (TC)
	Fellow Subsidiary	
1	Defence Land Systems India Limited (DLSI)	Fellow Subsidiary (merged with MDSL with effect from 18 October 2017)
2	Mahindra Integrated Business Solutions Pvt. Ltd.(MIBL)	Fellow Subsidiary
	Key management personnel	
1	Mr. Jayantaraj Chatterjee (w.e.f February 02 ,2015)	

(B) Transactions during the year

For the year ended March 31, 2018 (Amount in Rs. Lakhs)

Particulars	**MDSL**	**M&M**	**DLSI**	**TC**	**MIBL**	**Key Managerial personnel**	**Total**
Sales	–	–	–	**2,599.18**	–	–	**2,599.18**
Purchase of raw material	–	–	–	**19.02**	–	–	**19.02**
Rent **	**52.00**	**15.69**	**72.29**	**44.10**	–	–	**184.08**
Shared service charges **	**138.13**	**5.32**	–	–	**1.17**	–	**144.62**
Power and fuel	**16.54**	–	**17.45**	–	–	–	**33.99**
Miscellaneous expenses	–	**2.42**	–	–	–	–	**2.42**
Salary wages and bonus*	–	–	–	–	–	**63.50**	**63.50**
Total	**206.67**	**23.43**	**89.74**	**2,662.30**	**1.17**	**63.50**	**3,046.81**

* amount is in accordance with Form 16-TDS certificate issued under Income Tax Act

** net of GST,service tax and swach bharat cess amount and Krishi Kalyan Cess

For the year ended March 31, 2017 (Amount in Rs. Lakhs)

Particulars	MDSL	M&M	DLSI	TC	MIBL	Key Managerial personnel	Total
Security Deposit Received	2.00	–	–	–	–	–	2.00
Sales	–	–	–	2,005.93	–	–	2,005.93
Purchase of raw material	–	–	–	38.22	–	–	38.22
Rent **	–	20.92	118.38	46.37	–	–	185.67
Shared service charges **	124.43	10.30	–	–	1.08	–	135.81
Power and fuel	–	–	27.40	–	–	–	27.40
Miscellaneous expenses	–	7.66	–	–	–	–	7.66
Salary wages and bonus*	–	–	–	–	–	63.22	63.22
Total	126.43	38.88	145.78	2,090.52	1.08	63.22	2,465.91

* amount is in accordance with Form 16-TDS certificate issued under Income Tax Act

** net of service tax and swach bharat cess amount

Balance as at year end

Particulars	As at March 31, 2018 Receivable	Payable	As at March 31, 2017 Receivable	Payable
M&M	–	**16.85**	–	23.14
MDSL	–	**181.72**	–	3.91
MIBL	–	**0.09**	–	0.09
TC - Trade receivable	**1,502.35**	**46.61**	1,714.76	62.12
TC- Unbilled revenue	**977.61**	–		
DLSI	–	–	–	4.62

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

29. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(Amount in Rs. Lakhs)

Financial instruments by category	Carrying Value		Fair Value	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Financial assets at amortized cost				
Cash and cash equivalent	–	343.45	–	343.45
Bank balances other than cash and cash equivalent	**416.87**	399.46	**416.87**	399.46
Other financial assets	**978.72**	3.72	**978.72**	3.72
Security deposits	**30.49**	25.52	**30.49**	25.52
Trade Receivables	**1,508.13**	1,714.76	**1,508.13**	1,714.76
	2,934.21	2,486.91	**2,934.21**	2,486.91
Financial Liabilities at amortized cost				
Borrowings	**680.25**	**–**	**680.25**	**–**
Trade Payables	**953.67**	647.35	**953.67**	647.35
Other financial liabilities (current)	**75.18**	32.33	**75.18**	32.33
	1,709.10	679.68	**1,709.10**	679.68

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The fair value of financial assets and liabilities at amortised cost is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
2) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018, are as shown below

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

(Amount in Rs. Lakhs)

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2018

	Carrying Value	Fair Value		
Assets carried at amortized cost for which fair value are disclosed	**March 31, 2018**	Level 1	Level 2	Level 3
Security deposits (non–current)	**30.49**	–	–	30.49
Liabilities carried at amortized cost for which fair value are disclosed				
Other financial liabilities (current)	**75.18**	–	–	75.18

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2017

	Carrying Value	Fair Value		
Assets carried at amortized cost for which fair value are disclosed	March 31, 2017	Level 1	Level 2	Level 3
Security deposits	25.52	–	–	25.52
Other financial assets	3.72	–	–	3.72
Liabilities carried at amortized cost for which fair value are disclosed				
Other financial liabilities (current)	32.33	–	–	32.33

Note: The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

30. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade and other payables and cash credit from bank. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes security deposits given for rental properties taken on lease and equipment leases, and trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks , such as equity price risk and commodity price risk. However, since the Company is not having any borrowings and since its nature if business does not involve commodities, it is not exposed to interest rate risk and other price risk. Financial instruments affected by market risks include deposits and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2018.The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2018:

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is party balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies and plan the purchases and sales in manner with similar credit period and payment period that results in a natural hedge and cover risk arsing due to volatility in the foreign currency risk

(ii) Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise are as under:

(Amount in Rs. Lakhs)

Description of Currency	**Currency**		**March 31, 2018**	**Impact on profit before tax and equity**	
		FC	**Indian Rupees**	1% increase	1% decrease
United States Dollar	**USD**	**36.90**	**2,400.08**	(24.00)	24.00

Description of Currency	**Currency**		**March 31, 2017**	**Impact on profit before tax and equity**	
		FC	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	20.88	1,353.78	(13.54)	13.54

Increase represents Indian Rupee becoming stronger against USD in Indian Rupee terms

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's is not exposed to the risk of changes in market interest rates since the Company's investment in fixed deposit with bank are carried at amortised cost. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in the market interest rates.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Currently, the Company is primarily engaged in supplying goods to one of its shareholder; namely Telephonics Corp. Further, for unrelated parties, the customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company with the its treasury policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018 is the carrying amounts. The Company's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(Amount in Rs. Lakhs)

	As at March 31, 2018 (Rs.)	As at March 31, 2017 (Rs.)
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Cash and cash equivalent	–	343.45
Bank balances other than cash and cash equivalent	**416.87**	399.46
Security Deposits	**30.49**	25.52
Others financial assets	**978.72**	3.72
	1,426.08	772.15
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade Receivables	**1,508.13**	1,714.76
	1,508.13	1,714.76

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

Particulars	As at March 31, 2018 Rs	As at March 31, 2017 Rs
Neither past due nor impaired	**1,508.13**	1,707.66
0 to 180 days due past due date	–	–
More than 180 days past due date	**2.29**	7.10
Total Trade Receivables (gross of provision)	**1,510.42**	1,714.76
The following table summarizes the change in loss allowance measured using the life time expected credit loss model:-		
As at April 1, 2017	–	–
Provision during the year	2.29	–
Bad debts written off	–	–
Reversal of provision	–	–
As at March 31, 2018	**2.29**	–

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and current account with bank. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(Amount in Rs. Lakhs)

As at March 31, 2018	Less than 1 year	1 to 5 years	Total
Trade payables	**953.67**	–	**953.67**
Borrowings	**680.25**	–	**680.25**
Other current financial liabilities	**75.18**	–	**75.18**
As at March 31, 2017	Less than 1 year	1 to 5 years	Total
Trade payables	647.35	–	647.35
Other current financial liabilities	32.33	–	32.33

31. Capital Management

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018 and March 31, 2017

The Company monitors capital using gearing ratio, which is net payables divided by total capital plus net payables.

(Amount in Rs. Lakhs)

Particulars	March 31, 2018 Rs	March 31, 2017 Rs
Borrowings (net of cash and cash equivalent)	**680.25**	(343.45)
Net Debt	**680.25**	(343.45)
Equity	**2,747.02**	3,090.17
	2,747.02	3,090.17
Total Capital		
Capital and Net Debt	**3,427.27**	2,746.72
Gearing ratio	**19.85%**	-12.50%

32. Earnings per share

(Rs.)

		March 31, 2018	March 31, 2017
a)	**Basic Earnings per share**		
	Numerator for earnings per share		
	Profit after taxation	**(355.41)**	(443.88)
	Denominator for earnings per share		
	Weighted number of equity shares outstanding during the year	**5,07,84,313**	5,07,84,313
	Earnings per share–Basic (one equity share of Re. 10/– each)	**(0.70)**	(0.87)

The Company does not have any potential equity shares which have a dilutive impact on earnings per share, accordingly, basic and dilutive earnings per share are same.

33. Income Taxes

(Rs.)

		March 31, 2018	March 31, 2017
(a)	**Income tax expense in the statement of profit and loss comprises:**		
	Current income tax charge	–	–
	Deferred Tax		
	Relating to origination and reversal of temporary differences	–	–
	Income tax expense reported in the statement of profit or loss	–	–
(b)	**Other Comprehensive Income**		
	Re–measurement (gains)/losses on defined benefit plans	–	–
	Income tax related to items recognized in OCI during the year	–	–
(c)	**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**		
	Accounting Profit before tax	(355.41)	(443.88)
	Applicable tax rate	25.75%	34.608%
	Computed Tax Expense	**(91.52)**	**(153.62)**
	Expenses not allowed for tax purposes	–	–
	Items on which deferred tax not created (refer note below)	7.92	(4.71)
	Tax on carried forward tax loss	83.60	158.33
	Income tax charged to Statement of Profit and Loss at the effective rate of Nil%	**0.00**	**0.00**

(d) Due to losses the Company has deferred tax asset with loss and unabsorbed depreciation as major component which has not been recognised since there is no reasonable certaininty of realisation of such asset in the near future. The Company has unabsorbed business loss of Rs. 2077.55 lacs and unabsorbed depreciation amounting to Rs. 395.59 lacs. Had the company recognised deferred tax asset profits would have been higher by Rs. 634.57 lacs (March 31, 2017: 747.02).

34. The figures have been rounded off to the nearest rupees in lakhs. The figure 0.00 wherever stated represents value less than Rs. 5000/-.

35. Note No.1 to 34 form integral part of the balance sheet and statement of profit and loss.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place: Gurgaon
Date: 3 May, 2018

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)**
Kevin John McSweeney **(Director)**

Jayantaraj Chatterjee **(CEO)**
Arun Gupta **(CFO)**
Rajesh Parte **(Company Secretary)**

Place: Mumbai
Date: 3 May, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Annual Report together with the Financial Statements of your Company for the Financial Year ended 31st March, 2018.

(Amount in AED/INR.)

Financial Highlights	**For the year ended 31st March, 2018**		For the year ended 31st March, 2017	
	AED	**INR**	AED	INR
Total Income	**18,864,882**	**332,965,167**	32,508,218	592,299,732
Profit/(Loss) before Depreciation & Interest	**1,420,687**	**25,075,125**	4,061,846	74,006,834
Less: Depreciation	**805,419**	**14,215,645**	735,268	13,396,583
Profit/(Loss) before Interest	**615,268**	**10,859,480**	3,326,578	60,610,251
Less: Interest	**11,607**	**204,864**	39,329	716,574
Profit/(Loss) for the year				
Balance carried to Balance Sheet	**603,661**	**10,654,616**	3,287,249	59,893,677

Review of Operations

During the year, your company's Net Revenue dropped due to shift in the export control procedure adopted by the local government agency for certain export markets. However, with support from customers and business network your company was able to fulfil the export control procedures which will improve the performance in the coming years. Your company continues to enjoy good reputation in the market due to uncompromised quality and customer commitment.

Shareholders

During the year under review, Arabia Holdings Limited (AHL) transferred its entire shareholding in the company to Mahindra Investment Company (Mauritius) Limited (MOICML). As a result, the shareholding of MOICML in the company increased from 51 % to 88 % of the paid-up share capital as at the end of the year under review.

Board of Directors

During the year under review, Mr. P S M Habibulla Khan and Mr. M. F. Rawoof Ali, nominee members of Arabia Holdings Limited (AHL) resigned as Directors of the Company with effect from 31st July, 2017, following the sale of entire shareholding in the company by AHL to Mahindra Overseas Investment Company (Mauritius) Limited (MOICML).

Mr. Zhooben Bhiwandiwala resigned as Director with effect from 12th January, 2018 due to his other pre-occupations. Your Board takes this opportunity to place on record its sincere appreciation for their valuable contributions made during their association with the company.

Mr. Sukhvindar Deep Singh Hayer, Mr. Rajiv Gupta and Mr. Ajay Mantry were appointed as Directors of the company subject to the approval of shareholders. Your Board has recommended to the shareholders the appointment of these three Directors and consequent amendment of Memorandum of Association of the Company.

The Composition of Board of Directors on the date of this report is as follows:

Sl. No.	**Name of the Director**	**Designation**
1	Mr. Shriprakash Shukla	Chairman
2	Mr. Kandasamy Chandrasekar	Director
3	Mr. Mukul Verma	Director
4	Mr. Sukhvindar Deep Singh Hayer	Director
5	Mr. Ajay Mantry	Director
6	Mr. Rajiv Gupta	Director
7	Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi	Director

Directors' Responsibility Statement

Your Directors state that:

(i) in the preparation of the annual accounts, the applicable International Financial Reporting Standards (IFRS) have been followed;

(ii) the Directors in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Audit Committee

The Audit Committee of your Company was reconstituted on the date of this report owing to change in the composition of Board of Directors during and after the closure of financial year under review.

The Audit Committee comprises of Mr. Shriprakash Shukla, Mr. Mukul Verma and Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi.

Remuneration Committee

Mr. P S M Habibulla Khan ceased to be a member of the Remuneration Committee following his resignation as Director of your Company.

The Remuneration Committee comprises of Mr. Shriprakash Shukla, Mr. Mukul Verma, and Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi.

Auditors

Your Board recommends to the Shareholders the appointment of Messrs. Deloitte & Touché (M.E), Sharjah-UAE as Statutory Auditors of your Company for the financial year 2018 – 2019. Messrs. Deloitte & Touché (M.E), Sharjah-UAE have expressed their willingness for the same.

The Shareholders are requested to appoint Auditors for the current financial year 2018 – 2019 and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Acknowledgements

Your Board takes this opportunity to thank the Ultimate Holding Company, Mahindra and Mahindra and Shareholder viz Mahindra Overseas Investment Company (Mauritius) Limited and RAK Transport Investment Company LLC and all other stake holders for their Valuable contribution towards growth of your Company during the year under review.

For and on Behalf of the Board

Shriprakash Shukla
Chairman

Place : **RAS AL KHAIMAH, U.A.E**
Date : 2nd May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mahindra Emirates Vehicle Armouring FZ-L.L.C.
Ras Al Khaimah, UAE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Mahindra Emirates Vehicle Armouring FZ-L.L.C. (the "Company"),** which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.3 to the financial statements, the INR amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users. Such supplementary information does not form part of the financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

Management is responsible for the other information. The other information comprises Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Company and UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- the Company has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Company's books of account;
- the Company has not purchased or invested in any shares during the financial year ended 31 March 2018;
- note 12 and 14 to the financial statements of the Company discloses material related party balances, transactions and the terms under which they were conducted; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2018.

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386

2 May 2018
Sharjah, United Arab Emirates

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Notes	2018 AED	Unaudited Supplementary Information (refer note 2.3) 2018 INR	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
ASSETS					
Non-current assets					
Property and equipment	5	**1,638,421**	**28,918,131**	2,296,251	41,837,693
Current assets					
Inventories	6	**9,449,373**	**166,781,433**	9,764,962	177,917,607
Trade and other receivables	7	**9,283,288**	**163,850,033**	10,850,212	197,690,863
Cash and cash equivalents	8	**1,082,195**	**19,100,742**	1,073,179	19,553,321
Total current assets		**19,814,856**	**349,732,208**	21,688,353	395,161,791
Total assets		**21,453,277**	**378,650,339**	23,984,604	436,999,484
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	**10,000,000**	**176,500,000**	10,000,000	182,200,000
Statutory reserve	9	**1,071,523**	**18,912,381**	1,011,157	18,423,281
Retained earnings		**2,474,416**	**43,673,442**	1,931,121	35,185,025
Total equity		**13,545,939**	**239,085,823**	12,942,278	235,808,306
Non-current liabilities					
Provision for employees' end of service benefits	10	**790,855**	**13,958,591**	621,889	11,330,818
Current liabilities					
Bank borrowings	11	**1,052,449**	**18,575,725**	1,890,618	34,447,060
Trade and other payables	12	**6,064,034**	**107,030,200**	8,529,819	155,413,300
Total current liabilities		**7,116,483**	**125,605,925**	10,420,437	189,860,360
Total liabilities		**7,907,338**	**139,564,516**	11,042,326	201,191,178
Total equity and liabilities		**21,453,277**	**378,650,339**	23,984,604	436,999,484

For and on behalf of the Board

Mukul Verma Director

Yousef Mohammed Esmaeel Mohammed Al Belooshi Director

Rajiv Gupta Director & CEO

Johnmon Xavier CFO

The accompanying notes form an integral part of these financial statements.

Place: Ras al khaimah
Date: 2nd May 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018 AED**	**Unaudited Supplementary Information (refer note 2.3) 2018 INR**	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
Revenue		**18,864,882**	**332,965,167**	32,508,218	592,299,732
Cost of revenue		**(13,752,985)**	**(242,740,185)**	(23,729,670)	(432,354,587)
Gross profit		**5,111,897**	**90,224,982**	8,778,548	159,945,145
General and administrative expenses	**13**	**(4,299,461)**	**(75,885,487)**	(4,645,735)	(84,645,292)
Business promotion expenses		**(375,957)**	**(6,635,641)**	(908,569)	(16,554,127)
Finance cost		**(11,607)**	**(204,864)**	(39,329)	(716,574)
Other income		**178,789**	**3,155,626**	102,334	1,864,525
Profit for the year		**603,661**	**10,654,616**	3,287,249	59,893,677
Other comprehensive income		**–**	**–**	–	–
Total comprehensive income for the year		**603,661**	**10,654,616**	3,287,249	59,893,677

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance at 31 March 2016	10,000,000	682,432	(1,027,403)	9,655,029
Total comprehensive income for the year	–	–	3,287,249	3,287,249
Transfer to statutory reserve	–	328,725	(328,725)	–
Balance at 31 March 2017	10,000,000	1,011,157	1,931,121	12,942,278
Total comprehensive income for the year	–	–	603,661	603,661
Transfer to statutory reserve	–	60,366	(60,366)	–
Balance at 31 March 2018	**10,000,000**	**1,071,523**	**2,474,416**	**13,545,939**

Unaudited Supplementary Information (refer note 2.3)

	Share capital INR	Statutory reserve INR	Retained earnings INR	Total INR
Balance at 31 March 2016	180,300,000	12,304,249	(18,524,076)	174,080,173
Total comprehensive income for the year	–	–	59,893,677	59,893,677
Transfer to statutory reserve	–	5,989,368	(5,989,368)	–
Effect of foreign exchange differences	1,900,000	129,664	(195,208)	1,834,456
Balance at 31 March 2017	182,200,000	18,423,281	35,185,025	235,808,306
Total comprehensive income for the year	–	–	10,654,616	10,654,616
Transfer to statutory reserve	–	1,065,462	(1,065,462)	–
Effect of foreign exchange differences	(5,700,000)	(576,362)	(1,100,737)	(7,377,099)
Balance at 31 March 2018	**176,500,000**	**18,912,381**	**43,673,442**	**239,085,823**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 AED	Unaudited Supplementary Information (refer note 2.3) 2018 INR	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
Cash flows from operating activities				
Profit for the year	**603,661**	**10,654,616**	3,287,249	59,893,677
Adjustments for:				
Depreciation of property and equipment	**805,419**	**14,215,645**	735,268	13,396,582
Provision for employees' end of service benefits	**208,137**	**894,379**	208,902	3,806,193
Allowance for slow-moving inventories	**50,673**	**3,673,618**	–	–
Finance cost	**11,607**	**204,864**	39,329	716,574
Operating cash flow before changes in operating assets and liabilities	**1,679,497**	**29,643,122**	4,270,748	77,813,026
Decrease in inventories	**264,916**	**10,241,795**	302,343	3,595,902
Decrease/(increase) in trade and other receivables	**1,566,924**	**33,840,830**	(8,760,908)	(160,020,712)
(Decrease)/increase in trade and other payables	**(2,465,785)**	**(48,383,100)**	107,172	3,552,975
Cash generated from/(used in) operating activities	**1,045,552**	**25,342,647**	(4,080,645)	(75,058,809)
Employees' end of service benefits paid	**(39,171)**	**(691,368)**	(28,148)	(512,857)
Finance cost paid	**(11,607)**	**(204,864)**	(39,329)	(716,574)
Net cash generated from/(used in) operating activities	**994,774**	**24,446,415**	(4,148,122)	(76,288,240)
Cash flows from investing activities				
Purchase of property and equipment	**(147,589)**	**(2,604,946)**	(761,753)	(13,879,140)
Cash used in investing activities	**(147,589)**	**(2,604,946)**	(761,753)	(13,879,140)
Cash flows from financing activities				
Net movement in bank borrowings	**(838,169)**	**(15,871,335)**	1,890,618	34,447,060
Net cash (used in)/ generated from financing activities	**(838,169)**	**(15,871,335)**	1,890,618	34,447,060
Net increase/(decrease) in cash and cash equivalents	**9,016**	**5,970,134**	(3,019,257)	(55,720,320)
Cash and cash equivalents at beginning of the year	**1,073,179**	**19,553,321**	4,092,436	73,786,621
Effect of foreign exchange differences	**–**	**(6,422,713)**	–	1,487,020
Cash and cash equivalents at end of the year (Note 8)	**1,082,195**	**19,100,742**	1,073,179	19,553,321

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General

Mahindra Emirates Vehicle Armouring FZ - L.L.C. – Ras Al Khaimah (the "Company"), is registered in the Emirate of Ras Al Khaimah, United Arab Emirates as a free zone – Limited Liability Company under the trade and industrial licences issued by RAK Investment Authority, Government of Ras Al Khaimah.

The principal activities of the Company are trading and assembling of automobiles, specialised vehicles, auto spare parts & components, auto accessories, special accessories fitting, tyres and rims and manufacturing of vehicle bodies and vehicle upholstery services.

The registered address of the Company is P.O. Box 39893, Ras Al Khaimah, United Arab Emirates.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in the financial statements.

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses.
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 *Disclosure of Interests in Other Entities*.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1. First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures (2011).	1 January 2018
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary	1 January 2018

New and revised IFRSs	Effective for annual periods beginning on or after
IFRIC 23 *Uncertainty over Income Tax Treatments* The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	1 January 2019
Amendments to IFRS 2 *Share-Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 *Insurance Contracts:* Relating to the different effective dates of IFRS 9 *Financial Instruments* and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 *Investment Property:* Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

New and revised IFRSs	Effective for annual periods beginning on or after

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 9 *Financial Instruments:* Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1 January 2019

Impact assessment of IFRS 9 *Financial Instruments*

The Company is continuing to analyse the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its financial statement for the year ending 31 March 2019 which will be the Company's first financial statement from the effective date.

IFRS 15 *Revenue from Contracts with Customers*	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

New and revised IFRSs	Effective for annual periods beginning on or after

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Impact assessment of IFRS 15 Revenue from Contracts with Customers

The Company is continuing to analyse the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its financial statement for the year ending 31 March 2019 which will be the Company's first financial statement from the effective date.

Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
IFRS 16 *Leases*	1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Impact assessment of IFRS 16 Leases

The Company is continuing to analyse the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its financial statement for the year ending 31 March 2020 which will be the Company's first financial statement from the effective date.

Amendments to IAS 28 *Investment in Associates and Joint Ventures:* Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 17 *Insurance Contracts*	1 January 2021
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

2.3 Convenience translation

In addition to presenting the financial statements in AED, supplementary information in INR has been prepared for the convenience of users of the financial statements.

All amounts are translated from AED to INR at the closing exchange rate at 31 March 2018 INR 17.65 to 1 AED (31 March 2017: INR 18.22).

3. Summary of significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The principal accounting policies adopted are set out below.

3.3 Revenue recognition

Revenue represents the invoiced value of goods sold during the year, net of discounts and returns. Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment (if any).

The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is charged as to write off the cost of property and equipment, on a straight line basis over the expected useful economic lives of the assets concerned. The useful lives used for this purpose are:

Leasehold improvements	10 years
Machinery and equipment	7-8 years
Prototype	4 years
Motor vehicles	4 years
Furniture and equipment	4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3.5 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis and includes invoiced cost, freight and handling costs. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.8 Employee benefits

Annual leave and leave passage

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision for employee's end of services benefits

Provision is made for the full amount of end of service benefits due to employees in accordance with the U.A.E. Labour Law, for their period of service up to the reporting date.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

3.9 Foreign currencies

For the purpose of these financial statements U.A.E Dirhams (AED) is the functional and the presentation currency of the Company.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the period in which they arise.

3.10 Leasing

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.11 Financial assets

The Company has the following financial assets: Cash and cash equivalents and trade and other receivables (other than prepaid expenses and advance to suppliers). These financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and balance with banks in current accounts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.12 Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liabilities and an equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables (other than advance from customers) are classified as 'other financial liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for the short term payable when the recognition of interest would be immaterial.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the accounting policies

In the process of applying Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for slow moving inventories

Management has considered the requirement for an allowance for slow moving inventories. Management estimate the allowance for slow moving and obsolete inventories on the basis of prior experience, physical condition and expected future use of such inventory. Management has determined that there is no slow moving inventory except for provision created as at 31 March 2018.

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of the customers' financial conditions.

Useful lives and residual values of property and equipment

As described in note 3, to the financial statements the Company reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management has determined that these expectations do not differ from estimates.

5. Property and equipment

	Leasehold improvements AED	Machinery and equipment AED	Prototype AED	Motor vehicles AED	Furniture and equipment AED	Total AED
Cost						
31 March 2016	1,166,809	1,140,852	2,225,568	571,150	541,182	5,645,561
Additions	–	702,103	–	–	59,650	761,753
Disposals	–	–	–	–	(27,019)	(27,019)
31 March 2017	1,166,809	1,842,955	2,225,568	571,150	573,813	6,380,295
Additions	–	35,500	–	–	112,089	147,589
31 March 2018	**1,166,809**	**1,878,455**	**2,225,568**	**571,150**	**685,902**	**6,527,884**
Accumulated depreciation						
31 March 2016	577,830	705,310	1,284,430	324,060	484,165	3,375,795
Charge for the year	116,622	208,127	312,079	68,338	30,102	735,268
Eliminated on disposal	–	–	–	–	(27,019)	(27,019)
31 March 2017	694,452	913,437	1,596,509	392,398	487,248	4,084,044
Charge for the year	116,622	255,973	312,078	68,339	52,407	805,419
31 March 2018	**811,074**	**1,169,410**	**1,908,587**	**460,737**	**539,655**	**4,889,463**
Carrying amount						
31 March 2018	**355,735**	**709,045**	**316,981**	**110,413**	**146,247**	**1,638,421**
31 March 2017	472,357	929,518	629,059	178,752	86,565	2,296,251

Unaudited Supplementary Information (refer note 2.3)

	Leasehold improvements INR	Machinery and equipment INR	Prototype INR	Motor vehicles INR	Furniture and equipment INR	Total INR
Cost						
31 March 2016	21,037,566	20,569,562	40,126,991	10,297,835	9,757,511	101,789,465
Additions during the year	–	12,792,317	–	–	1,086,823	13,879,140
Disposals	–	–	–	–	(492,286)	(492,286)
Effects of foreign exchange differences	221,694	216,761	422,858	108,518	102,825	1,072,656
31 March 2017	21,259,260	33,578,640	40,549,849	10,406,353	10,454,873	116,248,975
Additions	–	626,575	–	–	1,978,371	2,604,946
Effects of foreign exchange differences	(665,081)	(1,050,484)	(1,268,574)	(325,555)	(327,074)	(3,636,768)
31 March 2018	**20,594,179**	**33,154,731**	**39,281,275**	**10,080,798**	**12,106,170**	**115,217,153**
Accumulated depreciation						
31 March 2016	10,418,275	12,716,739	23,158,273	5,842,802	8,729,495	60,865,584
Charge for the year	2,124,853	3,792,074	5,686,079	1,245,118	548,458	13,396,582
Eliminated on disposal					(492,286)	(492,286)
Effects of foreign exchange differences	109,787	134,009	244,042	61,572	91,992	641,402
31 March 2017	12,652,915	16,642,822	29,088,394	7,149,492	8,877,659	74,411,282
Charge for the year	2,058,378	4,517,923	5,508,177	1,206,183	924,984	14,215,645
Effects of foreign exchange differences	(395,837)	(520,658)	(910,010)	(223,667)	(277,733)	(2,327,905)
31 March 2018	**14,315,456**	**20,640,087**	**33,686,561**	**8,132,008**	**9,524,910**	**86,299,022**
Carrying amount						
31 March 2018	**6,278,723**	**12,514,644**	**5,594,714**	**1,948,790**	**2,581,260**	**28,918,131**
31 March 2017	8,606,345	16,935,818	11,461,455	3,256,861	1,577,214	41,837,693

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

6. Inventories

	Unaudited Supplementary Information (refer note 2.3)			Unaudited Supplementary Information (refer note 2.3)
	2018 AED	2018 INR	2017 AED	2017 INR
Vehicles	**7,739,768**	**136,606,905**	8,743,944	159,314,660
Steel and carpets	**1,766,721**	**31,182,626**	961,628	17,520,862
Glasses	**24,647**	**435,020**	95,924	1,747,735
Others	**161,072**	**2,842,920**	155,628	2,835,542
	9,692,208	**171,067,471**	9,957,124	181,418,799
Allowance for slow-moving inventories	**(242,835)**	**(4,286,038)**	(192,162)	(3,501,192)
	9,449,373	**166,781,433**	9,764,962	177,917,607

During the year, allowance made for slow moving inventories amount to AED 50,673 - INR 894,378 (2017: AED Nil - INR Nil) and amount written back during the year amounted to AED Nil - INR Nil (2017: AED 78,130 - INR 1,423,529).

7. Trade and other receivables

	Unaudited Supplementary Information (refer note 2.3)			Unaudited Supplementary Information (refer note 2.3)
	2018 AED	2018 INR	2017 AED	2017 INR
Trade receivables	**8,323,857**	**146,916,076**	9,825,000	179,011,500
Advances to suppliers	**124,967**	**2,205,668**	89,900	1,637,978
Prepaid expenses	**406,184**	**7,169,148**	410,443	7,478,271
Deposits and other receivables	**428,280**	**7,559,141**	524,869	9,563,114
	9,283,288	**163,850,033**	10,850,212	197,690,863

The average credit period ranges between 60-90 days. Trade receivables more than 90 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience in addition to specific provision made on identified customers.

Before acceptin g any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (the receivable is more than 90 days outstanding) are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Analysis of receivables past due but not impaired:

	Unaudited Supplementary Information (refer note 2.3)			Unaudited Supplementary Information (refer note 2.3)
	2018 AED	2018 INR	2017 AED	2017 INR
90-180 days	**980,918**	**17,313,203**	8,000,000	145,760,000
Above 180 days	**27,931**	**492,982**	–	–
	1,008,849	**17,806,185**	8,000,000	145,760,000

8. Cash and cash equivalents

	Unaudited Supplementary Information (refer note 2.3)			Unaudited Supplementary Information (refer note 2.3)
	2018 AED	2018 INR	2017 AED	2017 INR
Current account with bank	**763,087**	**13,468,486**	12,259	223,359
Cash on hand	**19,330**	**341,175**	13,927	253,750
Fixed deposit	**299,778**	**5,291,081**	1,046,993	19,076,212
	1,082,195	**19,100,742**	1,073,179	19,553,321

9. Share capital and statutory reserve

9.1 Share capital

	Unaudited Supplementary Information (refer note 2.3)			Unaudited Supplementary Information (refer note 2.3)
	2018 AED	2018 INR	2017 AED	2017 INR
Issued and fully paid up: 10,000 ordinary shares of AED 1,000 each	**10,000,000**	**176,500,000**	10,000,000	182,200,000

At 31 March 2018

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount AED
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	8,800	88	8,800,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
	10,000	**100**	**10,000,000**

Unaudited Supplementary Information (refer note 2.3)

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount INR
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	8,800	88	155,320,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	21,180,000
	10,000	**100**	**176,500,000**

During the year ended 31 March 2018, Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius, acquired 3,700 shares held by Arabia Holding Limited, Ras Al Khaimah.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

At 31 March 2017

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount AED
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	5,100,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	3,700,000
	10,000	**100**	**10,000,000**

Unaudited Supplementary Information (refer note 2.3)

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount INR
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	92,922,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	21,864,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	67,414,000
	10,000	**100**	**182,200,000**

9.2 *Statutory reserves*

According to the requirements of the UAE Federal Law No. (2) of 2015, 10% of the net profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfer when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by law.

10. Provision for employees' end of service benefits

Movements in the net liability were as follows:

	2018 AED	**Unaudited Supplementary Information (refer note 2.3) 2018 INR**	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
Balance at the beginning of the year	**621,889**	**11,330,818**	441,135	7,953,664
Amounts charged to income	**208,137**	**3,673,618**	208,902	3,806,193
Amount paid	**(39,171)**	**(691,368)**	(28,148)	(512,857)
Effects of foreign exchange differences	–	**(354,477)**	–	83,818
Balance at the end of the year	**790,855**	**13,958,591**	621,889	11,330,818

11. Bank borrowings

	2018 AED	**Unaudited Supplementary Information (refer note 2.3) 2018 INR**	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
Trust receipts	**1,052,449**	**18,575,725**	–	–
Overdraft	–	–	1,890,618	34,447,060
Balance at the end of the year	1,052,449	18,575,725	**1,890,618**	**34,447,060**
Bank borrowings were repayable as follows:				
On demand or within one year	**1,052,449**	**18,575,725**	1,890,618	34,447,060

The Company obtained a bank overdraft facility of AED 7 million. Bank borrowings are secured against Demand Promissory Note, letter of installment with acceleration clause, letter of continuing security, possessory pledge over plant and machinery and assignment of lease hold right on land mortgage of factory building and letter of comfort from Shareholders.

12. Trade and other payables

	2018 AED	**Unaudited Supplementary Information (refer note 2.3) 2018 INR**	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
Trade payables	**720,316**	**12,713,577**	1,476,544	26,902,632
Advances received from customers	**3,907,300**	**68,963,845**	4,511,698	82,203,138
Accrued expenses and other payables	**1,436,418**	**25,352,778**	2,541,577	46,307,530
	6,064,034	**107,030,200**	8,529,819	155,413,300

Trade payables include due to related parties amounting to AED 22,159 (INR 391,106) (31 March 2017: AED Nil (INR Nil)).

The Company has financial risk management policies in place to ensure that all payables are paid within credit timeframe.

13. General and administrative expenses

	2018 AED	**Unaudited Supplementary Information (refer note 2.3) 2018 INR**	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR
Staff salaries and benefits	**2,526,933**	**44,600,368**	3,002,595	54,707,282
Rent	**292,284**	**5,158,813**	310,530	5,657,857
Depreciation	**539,125**	**9,515,556**	517,758	9,433,551
Miscellaneous expenses	**854,706**	**15,085,561**	814,852	14,846,602
Allowance for slow moving inventories	**50,673**	**894,378**	–	–
	4,263,721	**75,254,676**	4,645,735	84,645,292

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

14. Related party transactions

Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

During the year, the Company entered into the following transactions with related parties:

		Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)
	2018 AED	**2018 INR**	2017 AED	2017 INR
Purchases	**210,664**	**3,718,220**	198,147	3,610,238

The Company has entered into transaction with related parties which were on substantially the same terms as those prevailing the same time for comparable transactions with third party.

Compensation of key management personnel:

		Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)
	2018 AED	**2018 INR**	2017 AED	2017 INR
Salaries and benefits	**557,600**	**9,841,640**	494,060	9,001,773

15. Operating lease arrangements

The Company has leased two plots of land from RAK Investment Authority under an operating lease agreement for a period of 10 years. The Company does not have an option to purchase the leased land at the expiry of lease period.

At 31 March 2018, the minimum lease commitments under the lease agreement were as follows:

		Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)
	2018 AED	**2018 INR**	2017 AED	2017 INR
Within one year	**746,976**	**13,184,126**	717,724	13,076,922
In second to fifth year	**1,199,750**	**21,175,593**	1,871,952	34,106,967
	1,946,726	**34,359,719**	2,589,676	47,183,889

16. Contingent liabilities

		Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)
	2018 AED	**2018 INR**	2017 AED	2017 INR
Letters of guarantee	**286,057**	**5,048,906**	1,017,257	18,534,423

17. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the Shareholder.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising share capital and retained earnings.

18. Financial instruments

18.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

18.2 Categories of financial instruments

	2018 AED	2017 AED
Financial assets		
Loans and receivables (including cash and cash equivalents)	**9,834,332**	11,423,048
Financial liabilities		
Amortised cost	**2,156,734**	4,018,121

	Unaudited Supplementary Information (refer note 2.3)	Unaudited Supplementary Information (refer note 2.3)
	2018 INR	2017 INR
Financial assets		
Loans and receivables (including cash and cash equivalents)	**173,575,959**	208,127,935
Financial liabilities		
Amortised cost	**38,066,355**	73,210,165

Management considers that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values.

18.3 Financial risk management objectives

The Company's Finance Department, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

18.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

18.5 Foreign currency risk management

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the Dirham is fixed.

18.6 Interest rate risk management

The Company's exposure to interest rate risk is limited to call and short term deposits with banks at fixed interest rates linked to LIBOR. At 31 March 2018 bank deposits carried an interest rate in the range of 1.50% to 1.60 % per annum (31 March 2017 1.45% to 1.55% per annum).

18.7 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's accounts receivables. The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 43% (31 March 2017: 48%) of the Company's revenue is attributable to sales transactions with a single customer. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

18.8 Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk by maintaining adequate reserves, sufficient cash and cash equivalent and arranging the contributions from the Shareholders to ensure that the funds are available to meet its commitments for liabilities as they fall due. All financial assets and liabilities are expected to be matured within one year from the end of the reporting period.

19 Approval of the financial statements

The financial statements were approved by the Directors and authorised for issue on 2nd May, 2018.

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA FIRST CHOICE WHEELS LIMITED

Your Directors present their Twenty Fourth Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Revenue	**14,004.84**	9,054.23
(Loss)/Profit before Interest, Depreciation and Tax	**(3,705,36)**	(1,812.09)
Less : Depreciation	**267.52**	272.95
(Loss)/Profit before Interest and Tax	**(3,437.84)**	(2,085.04)
Add : Interest Income (Net)	**252.44**	479.18
(Loss) /Profit before Tax	**(3,185.40)**	(1,605.87)
Provision for Tax	**–**	–
(Loss)/Profit for the year	**(3,185.40)**	(1,605.87)
(Loss) brought forward from earlier years	**(13,359.85)**	(11,743.83)
(Loss) carried to Balance Sheet	**(3,190.77)**	(1,616.02)
Net Worth	**12,165.95**	5,431.91

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2018, which have been prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2017 have been regrouped to make them comparable with the figures for the year ended 31st March, 2018.

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, the Company registered a growth in revenue of 55% over the previous year. All areas of business have registered a good growth in the year under review. The Franchise business expanded its network substantially with presence all over the country. The Franchisee channel continues to exhibit a healthy growth in revenues through its offerings like warranty, road side assistance, vehicle procurement assistance services etc. However, planned spends in manpower recruitment, marketing and sales promotion with an eye on the future have resulted in the Company incurring a loss of Rs. 3,190.77 lakhs during the year.

Your Company's online business also witnessed good growth during the financial year. While the used vehicle valuation services have been well received by the market, the online price guide too has gained significant acceptance from leading market players. Due to changes in business model in some revenue streams, the pre-insurance business performed lower than the previous year but this change is expected to benefit the Company in the future.

The IndianBlueBook website continues to receive tremendous traction and the Company is focused on improving customer experience on the website through calibrated marketing spends.

Your Company continues to focus on driving synergies between its online and physical business for long term sustainable growth through hybrid business model.

COMMENCEMENT OF NEW BUSINESS ACTIVITIES

During the year under review, your Company after obtaining your approval and complying with necessary formalities including Amendment of Memorandum of Association, commenced new business activities pertaining to internet related services, systems, technology, information and software development.

DIVIDEND

In view of the accumulated losses, your Directors have not considered the dividend for the year under review.

OUTLOOK FOR THE CURRENT YEAR

In the current year, the Company plans to continue expanding its franchisee network while strengthening its service offerings. The online business would continue to innovate on technology based products to drive growth. The pre-inspection business network would also be leveraged to maximize reach, while Auction and related solutions would be automated more to ensure better delivery of services to customers.

HOLDING COMPANY

Mahindra Holdings Limited is the Holding Company of your Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have subsidiaries, associates and joint ventures.

SHARE CAPITAL

During the year under review, your company offered and allotted 49,41,470 to two shareholders of the Company on preferential basis.

Pursuant to the above, the paid up Equity Share Capital of your Company increased from Rs. 76,87,29,200 to Rs. 81,81,43,900. The Authorised Share Capital of the Company continued to be at Rs. 90,00,00,000 as at the end of the year under review.

BOARD OF DIRECTORS

Composition of the Board of Directors, as on the date of this Report, is as follows:

Sr. No.	Name of Director & DIN	Designation	Executive / Non –Executive	Independent/ Non Independent
1.	Mr. Anand Mahindra (DIN: 00004695)	Chairman	Non-Executive	Non Independent
2.	Ms. Sangeeta Talwar (DIN: 00062478)	Director	Non-Executive	Independent
3.	Mr. Narendra Mairpady (DIN: 00536905)	Director	Non-Executive	Independent
4.	Mr. Sanjay Labroo (DIN: 00009629)	Director	Non-Executive	Non Independent
5.	Mr. Rajeev Dubey (DIN: 00104817)	Director	Non-Executive	Non Independent
6.	Mr. Ramesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
7.	Mr. Rajesh Jejurikar (DIN: 00046823)	Director	Non-Executive	Non Independent
8.	Mr. Rob Huting (DIN: 07976619)	Director	Non-Executive	Non Independent
9.	Dr. Pawan Kumar Goenka (DIN: 00254502)	Director	Non-Executive	Non Independent
10.	Mr. Padmanabhan Sivaram (DIN: 00066864)	Director	Non-Executive	Non Independent
11.	Mr. Christopher Hansen (DIN: 07189662)	Director	Non-Executive	Non Independent
12.	Mr. Anupam Thareja (DIN: 01091533)	Director	Non-Executive	Non Independent

During the year under review, Manheim Export S.a.r.l., the investor shareholder withdrew the nomination of Mr. Joseph Luppino (DIN: 07354949) as Director on the Board with effect from 30th January, 2018 and nominated Mr. Rob Huting (DIN: 07976619) as Director of the Company with effect from 30th January, 2018.

In view of provisions of Section 167(1) (b) of the Companies Act, 2013, Mr. Christopher Hansen ceased to be a Director of the Company with effect from 31st January, 2018. He was re-appointed as an Additional Director of the Company with effect from 26th March, 2018 and holds office upto the date of the forthcoming Annual General Meeting.

Your Company has received notices pursuant to Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Rob Huting and Mr. Christopher Hansen for their appointments as Directors at the ensuing Annual General Meeting.

Dr. Nagendra Palle (DIN: 06964686), who was reappointed as Managing Director & CEO with effect from 24th October, 2017, resigned as Managing Director and Chief Executive Officer of the Company with effect from 1st April, 2018. Dr. Nagendra Palle also ceased to be a Director with effect from 1st April, 2018.

Mr. Narendra Mairpady (DIN: 00536905) and Ms. Sangeeta Talwar (DIN: 00062478), Independent Directors of your Company have furnished declarations confirming that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

Mr. Sanjay Labroo (DIN:00009629), Mr. Anupam Thareja (DIN: 01091533) and Mr. Rajesh Jejurikar (DIN:00046823), Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met five times during the year under review viz., on 2nd May, 2017, 27th July, 2017, 16th October, 2017, 30th January, 2018 and 26th March, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance of the Directors at these meetings was as under:

Name of Director	Number of Board Meetings Attended during the year.
Mr. Anand Mahindra	3
Mr. Sanjay Labroo	1
Mr. Rajeev Dubey	5
Ms. Sangeeta Talwar	5
Mr. Ramesh Iyer	3
Mr. Anupam Thareja	5
Mr. Padmanabhan Sivaram	3
Dr. Pawan Goenka	4
Mr. Narendra Mairpady	5
Dr. Nagendra Palle	5
Mr. Joseph Luppino*	0
Mr. Rajesh Jejurikar	4
Mr. Rob Huting**	1
Mr. Christopher Hansen***	0

* *Nomination withdrawn by the Investor shareholder Manheim Exports S.a.r.l with effect from 30th January, 2018.*

*** Appointed by Investor shareholder Manheim Exports S.a.r.l with effect from 30th January, 2018.*

**** In view of provisions of Section 167(1)(b) of the Companies Act, 2013, Mr. Christopher Hansen ceased to be Director with effect from 31st January, 2018 and was appointed as an Additional Director with effect from 26th March, 2018.*

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2018 and of the loss of the Company for the financial year ended on that date;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, of its Committees and of the Directors individually (including Independent Directors). Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from the Directors at the meeting held on 30th April, 2018.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

Your Company has, for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

COMMITEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Narendra Mairpady (Chairman), Ms. Sangeeta Talwar and Mr. Ramesh Iyer as its Members.

The Audit Committee met thrice during the financial year under review viz.; on 2nd May, 2017, 16th October, 2017 and 26th March, 2018.

The attendance of the Members at these meetings was as under:

Director	Designation	No. of meetings attended
Mr. Narendra Mairpady	Chairman	3
Ms. Sangeeta Talwar	Member	2
Mr. Ramesh Iyer	Member	3

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Rajeev Dubey (Chairman), Mr. Narendra Mairpady and Ms. Sangeeta Talwar as its Members.

The Nomination and Remuneration Committee met five times viz.; on 2nd May, 2017, 27th July, 2017, 16th October, 2017, 30th January, 2018 and 26th March, 2018 during the year under review.

The attendance of the Members at these meetings was as under:

Director	Designation	No. of meetings attended
Mr. Rajeev Dubey	Chairman	5
Mr. Narendra Mairpady	Member	5
Ms. Sangeeta Talwar	Member	4

GENERAL MEETINGS

The 23rd Annual General Meeting of the Members was held on 27th July, 2017. Extra Ordinary General Meetings of the Members of the Company were held on 16th October, 2017, 14th March, 2018 and 31st March, 2018.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once on 16th October, 2017 without the presence of the Chairman or Managing Director or other Non-Independent Directors or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, Ms. Pinky Dutta resigned as Company Secretary with effect from 29th September, 2017 and Ms. Rupa Agarwal was appointed as Company Secretary of the Company with effect from 16th October, 2017.

Dr. Nagendra Palle was reappointed as Managing Director & Chief Executive Officer with effect from 24th October, 2017.

Dr. Nagendra Palle resigned as Managing Director & Chief Executive Officer with effect from 1st April, 2018.

Mr. V. Janakiraman, Chief Financial Officer of the Company, continued to be a Key Managerial Personnel of the Company during the year under review.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.

- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

These policies were amended in accordance with the amendments made in the Companies Act, 2013 and Secretarial Standard 1. Both these Policies, as amended, are provided as **Annexure I** and the same forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide an oversight of the internal control systems.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS1 and SS2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

During the year under review there were two complaints received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which were appropriately handled in line with the legal requirements and as on 31st March, 2018, no complaint was pending.

STATUTORY AUDITORS AND STATUTORY AUDIT REPORT

At the 23rd Annual General Meeting held on 27th July, 2017, M/s. B S R & Co. LLP, Chartered Accountants, (ICAI Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a term of 5 consecutive years to hold office until the conclusion of the 28th Annual General meeting to be held in the year 2022. The appointment was subject to ratification on annual basis.

As required under the provisions of Section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that, their appointment, if ratified, would be in conformity with the conditions and criteria specified therein.

Accordingly, your Board recommends to the shareholders the ratification of appointment of statutory auditors at the forthcoming annual general meeting.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

Your Directors had appointed M/s. MMJC & Associates LLP, Company Secretaries, to conduct secretarial audit for the financial year 2017-18.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Report as Annexure II, a Secretarial Audit Report in prescribed Form MR 3 given by M/s. MMJC & Associates for the year under review and the same forms part of this Report.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING ON FRAUDS BY AUDITOR

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013.

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2018.

COST AUDITOR

Provisions of Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are furnished in **Annexure III** and the same forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in **Annexure IV** and the same forms part of this Report.

PUBLIC DEPOSITS AND LOANS / ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions entered, during the year under review, were in ordinary course of business and at arm's length basis.

There were no material contracts/arrangements/transactions, with related parties, particulars in respect of which are required to be furnished in terms of Section 134 of the Companies Act, 2013.

DISCLOSURES OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

EMPLOYEES STOCK OPTION SCHEME ("ESOS")

Your Company has formulated two Employees Stock Option Scheme viz; Employees Stock Option Scheme 2010 and Employees Stock Option Scheme 2015. During the year under review, the Company granted 5,05,528 Stock Options to the employees under the aforesaid Schemes.

Details of the shares vested, exercised and issued under the aforesaid Scheme, as also disclosures in compliance with Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in the **Annexure V** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as **Annexure VI** and the same forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme save and except ESOS referred to in this Report.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Ramesh Iyer
Director

Rajeev Dubey
Director

Mumbai, 30th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra First Choice Wheels Ltd.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**" means the Human Resource department of the Company.

*"**Key Managerial Personnel**", (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes

(i) the Chief Executive Officer (CEO) or the managing director (MD) or the manager;

(ii) the company secretary (CS);

(iii) the whole-time director (WTD);

(iv) the Chief Financial Officer (CFO); and

[(v) such other officer, not more than one level below the directors, who is in whole-time employment, designated as key managerial personnel by the Board;

* Amended with effect from 30th April, 2018.

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate.* ~~The details of the appointment made and the personal removed one level below the key Managerial Personnel during a quarter shall be presented to the Board.~~

(*deleted with effect from 30th April, 2018)

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

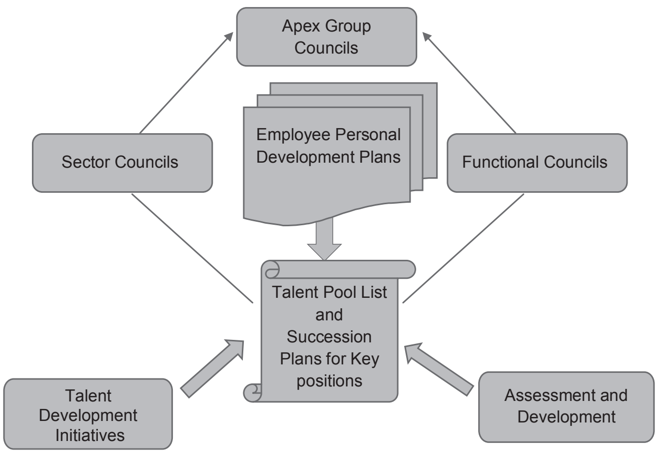
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency Successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Wheels Ltd.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent Company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Managing Director, Chief Financial Officer (CFO), Company Secretary (CS) & other Key Management personnel, if any, shall be finalised/revised either by any Director or such other person as may be authorized by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Ramesh Iyer
Director

Rajeev Dubey
Director

Mumbai, 30th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra First Choice Wheels Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra First Choice Wheels Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;

(Overseas Direct Investment and External Commercial Borrowings not applicable to the Company during the Audit Period)

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act')**:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company**)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015 (**Not Applicable to the Company**)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company**)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 and its amendments notified on 18th September, 2015 (**Not Applicable to the Company**)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company**)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company**) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company**);

(v) As identified, no law is specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not Applicable to the Company**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has in the Extra-Ordinary General Meeting of its members held on 14th March, 2018, approved the issue of 49,41,470 Equity Shares on Private Placement basis.

For MMJC & Associates LLP

Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346

Place: Mumbai
Date: 27.04.2018

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra First Choice Wheels Limited
Mahindra Towers, P.K. Kurne Chowk
Worli, Mumbai - 400018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MMJC & Associates LLP

Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346

Place: Mumbai
Date: 27.04.2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not Applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo: (In terms actual inflow and outflow)

Foreign exchange earnings and outgo during the year under review are as follows:

(Rupees in Lakhs)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Foreign Currency Earnings	**1,423.97**	11.98
Foreign Exchange Outgo	**18.84**	7.78

For and on behalf of the Board

Ramesh Iyer
Director

Rajeev Dubey
Director

Mumbai, 30th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013, for the year under review, is as under:

Details of Loans:

Sr. No.	Date of making loan	Details of Borrower	Amount (in Rs.)	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Rate of Interest
Loans Given:						
1	29.04.2017	HDFC Ltd.	1,00,00,000	Working Capital	365 days	8%
2	31.03.2018	HDFC Ltd.	20,00,00,000	Working Capital	365 days	7.50%
3	07.04.2017	HDFC Ltd.	1,80,00,000	Working Capital	365 days	7%

For and on behalf of the Board

Ramesh Iyer
Director

Rajeev Dubey
Director

Mumbai, 30th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Details of the Employees Stock Option Scheme pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	ESOS 2010	ESOS 2015
(a)	options granted	–	5,05,528
(b)	options vested	3,91,261	–
(c)	options exercised	97,666	–
(d)	the total number of shares arising as a result of exercise of option	97,666	–
(e)	options lapsed	8, 21,128	21,398
(f)	the exercise price	Rs. 10/-	Rs. 10/-
(g)	variation of terms of options	Nil	Nil
(h)	money realized by exercise of options	9,76,660	–
(i)	total number of options in force as at 31st March 2018	28,20,282	9,02,669
(j)	(i) employee wise details of options granted to key managerial personnel	–	–
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year		
	• Total Five Employees	–	2,87,670
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL

For and on behalf of the Board

Ramesh Iyer
Director

Rajeev Dubey
Director

Mumbai, 30th April, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U64200MH1994PLC083996
ii)	Registration Date	22/12/1994
iii)	Name of the Company	MAHINDRA FIRST CHOICE WHEELS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited by Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400001 Tel: +9122 22021031 | Fax: +9122 22875485
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.com; karisma@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Franchise business	77400	34.80%
2	Vehicle Pre-inspection and Valuation Services	71200	22.44%
3	Facilitating Sale of used vehicles on commission basis.	47912	26.45%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra Holdings Limited* Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai MH 400018	U65993MH2007PLC175649	HOLDING	49.17	2(46)
2.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	ULTIMATE HOLDING	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	3,35,96,418	23,53,208***	3,59,49,626	46.76	4,02,31,031	6*	4,02,31,037	49.17	2.41
e) Any Other…		–	–	–	–	–	–	–	–
Sub-total A (1):-	**3,35,96,418**	**23,53,208*****	**3,59,49,626**	**46.76**	**4,02,31,031**	**6***	**4,02,31,037**	**49.17**	2.41
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/ FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter(A)=(A)(1)+(A)(2)	**3,35,96,418**	**23,53,208***	**3,59,49,626**	**46.76**	**4,02,31,031**	**6***	**4,02,31,037**	**49.17**	2.41
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/ FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (Trust)	–	30,28,067	30,28,067	3.94	–	29,30,401	29,30,401	3.58	(0.36)
Sub-total (B)(1):-	–	**30,28,067**	**30,28,067**	**3.94**	–	**29,30,401**	**29,30,401**	**3.58**	**(0.36)**
2. Non-Institutions									
a) Body Corp.									
(i) Indian	–	1,95,18,687	1,95,18,687	25.39%	–	1,95,18,687	1,95,18,687	23.86%	(1.53%)
(ii) Overseas	–	1,71,13,727	1,71,13,727	22.26%	–	1,82,53,569	1,82,53,569	22.31%	0.05
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	12,62,813	12,62,813	1.64	–	8,80,696	8,80,696	1.07	(0.57)
Sub-total (B)(2):-	–	**3,78,95,227**	**3,78,95,227**	**49.30**	–	**3,86,52,952**	**3,86,52,952**	**47.24**	(2.05)
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**4,09,23,294**	**4,09,23,294**	**53.24**	–	**4,15,83,353**	**4,15,83,353**	**50.83**	**(2.41)**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	3,35,96,418	**4,32,76,502**	**7,68,72,920**	**100.00**	**4,02,31,031**	**4,15,83,359**	**8,18,14,390**	**100.00**	–

* Includes 6 shares held by individuals jointly with Mahindra Holdings Limited

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Holdings Limited	3,59,49,620	46.76	–	4.02,31,031	49.17	–	2.41
2.	Mahindra Holdings Limited jointly with Mr. M.A. Nazareth***	1	0.00	–	1	0.00	–	0.00%
3.	Mahindra Holdings Limited jointly with Mr. Ulhas N. Yargop***	1	0.00	–	1	0.00	–	0.00
4.	Mahindra Holdings Limited jointly with Mr. K. Chandrasekar***	1	0.00	–	1	0.00	–	0.00
5.	Mahindra Holdings Limited jointly with Mr. Bakul P. Sheth***	1	0.00	–	1	0.00	–	0.00
6.	Mahindra Holdings Limited jointly with Mr. Narayan Shankar***	1	0.00	–	1	0.00	–	0.00
7.	Mahindra Holdings Limited jointly with Mr. S. Durgashankar***	1	0.00	–	1	0.00	–	0.00
	Total	3,59,49,626	46.76		3,59,49,626	49.17	–	2.41

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1.	**Mahindra Holdings Limited**					
	At the beginning of the year	3,59,49,620	46.76		–	–
	Increase – Allotment on 26th March, 2018	–	–	42,81,411	4,02,31,031	49.17
	At the End of the year	–	–		4,02,31,031	49.17
2.	**Mahindra Holdings Limited jointly with Mr. M.A. Nazareth**					
	At the beginning of the year	1	0	–	–	–
	Increase / Decrease during the year			–	–	–
	At the End of the year	–	–	–	1	–
3.	**Mahindra Holdings Limited jointly with Mr. Ulhas Yargop**					
	At the beginning of the year	1	0	–	–	–
	Increase / Decrease during the year			–	–	–
	At the End of the year	–	–	–	1	0

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
4.	**Mahindra Holdings Limited jointly with Mr. K. Chandrasekar**					
	At the beginning of the year	1	0	–	–	–
	Increase / Decrease during the year			–	–	–
	At the End of the year	–	–	–	1	0
5.	**Mahindra Holdings Limited jointly with Mr. Bakul Sheth**					
	At the beginning of the year	1	0		–	–
	Increase / Decrease during the year			–	–	–
	At the End of the year	–	–		1	0
6.	**Mahindra Holdings Limited jointly with Mr. Narayan Shankar**					
	At the beginning of the year	1	0	–	–	–
	Increase / Decrease during the year			–	–	–
	At the End of the year	–	–		1	0
7.	**Mahindra Holdings Limited jointly with Mr. S. Durgashankar**					
	At the beginning of the year	1	0		–	–
	Increase / Decrease during the year	–	–	–	–	–
	At the End of the year	–	–		1	0

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Increase	Decrease	No. of Shares	% of total Shares of the Company
1	PHI Management Solutions Private Limited	1,61,84,054	21.05	0	0	1,61,84,054	19.78
2	Valiant Mauritius Partners FDI Limited	1,02,68,329	13.36	6,60,059	0	1,09,28,388	13.36
3	Manheim Export, Sarl	68,45,398	8.90	4,79,783	0	73,25,181	8.95
4	Phi Capital Services LLP	33,34,633	4.34	0	0	33,34,633	4.07
5	Mr. Rajeev Dubey, Mr. Ramesh Iyer & Mr. V. Janakiraman (Trustees- Mahindra First Choice Wheels Limited Employees Stock Option Trust.)	30,28,067	3.94	97,666	0	29,30,401	3.58
6	Mr. Alan E. Durante Jtly. with Melanie Durante	36,484	0.04	0	0	36,484	0.04
7	Mr. Brij Mohan Kataria	17,194	0.02	0	0	17,194	0.02

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Directors				
1	**Anand G. Mahindra**	1,27,265#	0.16	1,27,265#	0.13%
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease.	–	–	–	–
	At the end of the year	1,27,265#	0.16	1,27,265#	0.13%
2	**Sanjay Labroo jtly. With Leena Labroo**	6,02,087	0.78	6,02,087	0.73%
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease.	–	–	–	–
	At the end of the year	6,02,087	0.78	6,02,087	0.78%
3	**Mr. Rajeev Dubey Labroo**	0	0		
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease. Transfer from MFCWL ESOP Trust on 26.03.2018	97,666	0.12		
	At the end of the year			97,666	0.12

Includes 22,343 Shares held by Anand Mahindra jointly with Anuradha Mahindra

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

PARTICULARS		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year : 01.04.2017					
i)	Principal Amount	Nil	Nil	Nil	Nil
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)		Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year					
•	Addition	Nil			
•	Reduction	Nil	Nil	Nil	Nil
Net change		Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year: 31.03.2018					
i)	Principal Amount	Nil	Nil	Nil	Nil
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)		Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:* *(In Rupees)*

Sr. No.	Particulars of Remuneration	Name of Managing Director	Total
		Dr. Nagendra Palle	
1.	Gross Salary	–	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,68,00,000	1,68,00,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– As % of Profit	–	–
	– Others, specify…		
5.	Deputation Charges		
	Total (A)	**1,68,00,000**	**1,68,00,000**
	Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013	

B. *REMUNERATION OF OTHER DIRECTORS:* *(In Rupees)*

Particulars of Remuneration	Name of Directors												
	Mr. Anand Mahindra	Mr. Sanjay Labroo	Ms. Sangeeta Talwar	Mr. P. Sivaram	Mr. Rajeev Dubey	Mr. Ramesh Iyer	Dr. Pawan Goenka	Mr. Anupam Thareja	Mr. Narendra Mairpady	Mr. Christopher Hansen	Mr. Rajesh Jejurikar	Mr. Joseph Luppino)	Mr. Rob Huting
1. Independent Directors													
• Fee for attending board/committee meetings	–	–	1,60,000	–	–	–	–	–	1,80,000	–	–	–	–
• Commission	–	–	–	–	–	–	–	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–	–	–	–	–	–	–	–
Total (1)	–	–	1,60,000	–	–	–	–	–	1,80,000	–	–	–	–
2. Other Non-Executive Directors	–	–	–	–	–	–	–	–	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–	–	–	–	–	–	–	–	–
• Commission	–	–	–	–	–	–	–	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–	–	–	–	–	–	–
Total B = (1+2)	–	–	**1,60,000**	–	–	–	–	–	**1,80,000**	–	–	–	–
Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013												

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD *(In Rupees)*

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		V. Janakiraman- Chief Financial Officer	Ms. Rupa Agarwal Company Secretary	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	51,14,508	–	**51,14,508**
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	6,66,695	–	**6,66,695**
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of Profit	–	–	–
	– Others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Contribution to PF	2,90,596	–	**2,90,596**
	Bonus/Variable Pay	17,94,908	–	**17,94,908**
	Others	–	65,217	**65,217**
	Total	**78,66,707**	**65,217**	**79,31,924**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Ramesh Iyer
Director

Rajeev Dubey
Director

Mumbai, 30th April, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA FIRST CHOICE WHEELS LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra First Choice Wheels Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated 2 May 2018 expressed an unmodified opinion. Our opinion is not modified in respect of this matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to the Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 24 to the Ind AS financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959

Place: Mumbai
Date: 30 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of Mahindra First Choice Wheels Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified annually, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2018 and no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties. Accordingly, paragraph (i) (c) of the Order is not applicable to the Company.

ii The Company does not have any inventory and hence reporting under paragraph (ii) of the Order is not applicable.

iii The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs (iii) of the Order are not applicable to the Company.

iv In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with provisions of Section 186 of the Act in respect of making investments. According to the information and explanations given to us, the Company has not granted any loans or provided guarantees and hence reporting under para (iv) of the Order, to the extent it relates to loans and guarantees under Section 185 and 186 of the Companies Act, 2013, is not applicable.

v According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly the compliance with Section 73 and 76 of the Companies Act, 2013 is not applicable. According to the information and explanations given to us, there are no unclaimed deposits and accordingly the compliance with Section 74 and of the Companies Act, 2013 is not applicable.

vi In respect of maintenance of Cost records under Section 148(1) of the Companies Act, 2013, having regard to the nature of the Company's business/activities, reporting under paragraph (vi) of the Order is not applicable.

vii (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Valued added tax, Cess, Goods and Service Tax and other material statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. Duty of Customs and Duty of Excise are not applicable to the Company.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Cess, Goods and Service Tax and other material statutory dues that have remained outstanding for more than six months from the date it became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Valued added tax, Goods and Service Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Amount (Rs In Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3.79	2008-09	Commissioner of Income Tax (Appeals)
Value Added Tax, Maharashtra	Value Added Tax	799.07	2005-06 to 2010-11 and 2012-13	Joint Commissioner of Sales Tax (Appeal)
Value Added Tax, A.P.	Value Added Tax	6.69	2005-06 to 2008-09	Sales Tax Appellate Tribunal, A.P., Hyderabad
Value Added Tax, Kerala	Value Added Tax	0.39	2008-09	Commercial Tax Officer

viii The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under paragraph (viii) of the Order is not applicable to the Company.

ix The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company has been applied for the purpose for which they were raised.

x During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2018 (CONTD...)

reported during the year, nor have we been informed of any such case by the management.

xi In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii In our opinion and according to the information and explanations given to us, the Company has entered into transactions with the related parties in compliance with provision of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in Ind AS financial statements as required under applicable Ind AS.

xiv According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of shares during the year and have complied with the requirements of Section 42 of the Companies Act, 2013. The amount raised has been temporarily parked in a separate bank account pending utilisation.

xv According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

xvi According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959

Place: Mumbai
Date: 30 April 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA FIRST CHOICE WHEELS LIMITED – 31 MARCH 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Mahindra First Choice Wheels Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959

Place: Mumbai
Date: 30 April 2018

BALANCE SHEET AS AT 31 MARCH 2018

	Amount in Rs.	Note	As at 31 March 2018	As at 31 March 2017
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, plant and equipment	4a	**4,29,69,392**	3,84,80,221
	(b) Goodwill	3	**1,13,00,000**	1,13,00,000
	(c) Other Intangible assets	4b	**2,03,61,053**	2,74,37,156
	(d) Financial Assets			
	(i) Investments	5	**11,65,655**	11,33,288
	(ii) Loans	7	**5,39,19,503**	4,64,44,458
	(iii) Other Financial Assets	8	**1,14,591**	92,029
	(e) Other non-current assets	10	**10,90,68,544**	9,59,75,797
			23,88,98,738	22,08,62,949
	2 Current assets			
	(a) Financial Assets			
	(i) Investments	5	**1,00,66,276**	2,41,89,396
	(ii) Trade receivables	6	**43,15,82,790**	32,30,53,250
	(iii) Cash and cash equivalents	9	**1,06,99,29,359**	5,16,29,946
	(iv) Bank balances other than (iii) above	9	**28,57,948**	18,77,39,002
	(v) Loans	7	**23,57,62,922**	29,62,53,679
	(vi) Other Financial Assets	8	**14,90,638**	9,97,266
	(b) Other current assets	10	**6,72,06,690**	2,97,16,750
			1,81,88,96,623	91,35,79,289
	Total Assets		**2,05,77,95,361**	1,13,44,42,238
B	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share capital	11	**78,88,39,890**	73,84,48,530
	(b) Other Equity	12	**42,77,55,200**	(19,52,57,980)
	Total Equity		**1,21,65,95,090**	54,31,90,550
	LIABILITIES			
	2 Non-current liabilities			
	(a) Financial Liabilities			
	– Other financial liabilities	13	**3,08,91,125**	3,18,67,785
	(b) Provisions	14	**7,37,18,775**	5,10,71,200
	(c) Deferred tax liabilities (Net)	17	**22,27,478**	16,90,372
	(d) Other non-current liabilities	15	**15,22,957**	70,18,244
			10,83,60,335	9,16,47,601
	3 Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables	16	**28,58,45,411**	16,91,63,146
	(ii) Other financial liabilities	13	**31,32,39,881**	27,07,53,570
	(b) Provisions	14	**1,72,81,388**	1,15,51,966
	(c) Other current liabilities (Net)	15	**11,64,73,256**	4,81,35,405
			73,28,39,936	49,96,04,087
	Total Equity and Liabilities		**2,05,77,95,361**	1,13,44,42,238

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

Rajeev Dubey
Director
DIN-00104817

Ramesh Iyer
Director
DIN-00220759

V. Janakiraman
Chief Financial Officer

Rupa Agarwal
Company Secretary

Place : Mumbai
Date : 30 April, 2018

Place : Mumbai
Date : 30 April, 2018

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2018

	Amount in Rs.	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	18	**1,39,00,24,451**	89,19,38,152
II	Other Income	19	**3,57,03,890**	6,14,02,877
			1,42,57,28,341	95,33,41,029
III	**EXPENSES**			
	(a) Purchase of used cars & products		**14,35,42,818**	2,00,68,289
	(b) Employee Benefits Expense	20	**50,36,53,407**	36,53,00,499
	(c) Finance costs	21	**12,07,574**	17,84,371
	(d) Depreciation and amortisation expense	4 a & 4b	**2,67,52,274**	2,72,95,053
	(e) Other expenses	22	**1,06,91,12,497**	69,94,79,406
	Total Expenses		**1,74,42,68,570**	1,11,39,27,618
IV	**Loss before tax**		**(31,85,40,229)**	(16,05,86,589)
V	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax	17	**5,37,106**	10,15,332
	Total tax expense		**5,37,106**	10,15,332
VI	**Loss for the year**		**(31,90,77,335)**	(16,16,01,921)
VII	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit or loss			
	(i) Remeasurements of the defined benefit liabilities / (assets)		**(95,48,744)**	(25,84,468)
	(ii) Equity instruments through other comprehensive income - net change in fair value		**32,367**	1,69,288
	(b) Income tax relating to items that will not be reclassified subsequently to profit or loss		**–**	–
	Total other comprehensive income		**(95,16,377)**	(24,15,180)
VIII	**Total comprehensive income for the year**		**(32,85,93,712)**	(16,40,17,101)
IX	**Earnings per equity share:**			
	Basic and Diluted	23	**(4.32)**	(2.19)

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 30 April, 2018

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

Rajeev Dubey
Director
DIN-00104817

Ramesh Iyer
Director
DIN-00220759

V. Janakiraman
Chief Financial Officer

Rupa Agarwal
Company Secretary

Place : Mumbai
Date : 30 April, 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

Amount in Rs.	**Year ended 31 March 2018**	Year ended 31 March 2017
Cash flows from operating activities		
Loss before tax	**(31,85,40,229)**	(16,05,86,589)
Adjustments for:		
Finance costs recognised in profit or loss	**12,07,574**	17,84,371
Investment income recognised in profit or loss	**(2,52,43,984)**	(4,79,17,705)
Dividend Income	**(15,000)**	(15,000)
Loss/(Gain) on disposal of property, plant and equipment	**2,08,694**	3,98,250
Net (gain)/loss on disposal of available-for-sale financial assets	**(5,90,396)**	(21,17,751)
Net (gain)/loss recorded in profit or loss on Mutual Funds designated at fair value through profit or loss	**(66,276)**	(61,210)
Sundry Balances Written Off	**5,56,99,476**	2,10,09,030
Sundry credit balances written back	**–**	–
Allowance for expected credit losses on trade receivables	**6,50,31,953**	3,04,80,469
Depreciation and amortisation of non-current assets	**2,67,52,275**	2,72,95,053
Expense recognised in respect of equity-settled share-based payments	**10,16,308**	9,92,269
	(19,45,39,605)	(12,87,38,813)
Movements in working capital:		
(Increase)/Decrease in Trade Receivables	**(22,92,60,968)**	(22,75,12,923)
(Increase)/Decrease in other assets	**(4,46,69,086)**	(1,21,45,265)
Increase/(Decrease) in Trade Payables	**11,66,82,265**	6,77,40,772
Increase/(Decrease) in provisions	**1,88,28,253**	1,51,64,789
(Decrease)/Increase in other liabilities	**10,53,28,874**	6,71,06,433
	(3,30,90,662)	(8,96,46,194)
Cash used in operations	**(22,76,30,267)**	(21,83,85,007)
Income taxes paid	**(1,29,20,451)**	(2,47,30,028)
Net cash used in operating activities	**(24,05,50,718)**	(24,31,15,035)
Cash flows from investing activities		
Payments to acquire financial assets - Inter-Corporate Deposits	**(22,80,00,000)**	(28,80,00,000)
Proceeds on sale of financial assets - Inter-Corporate Deposits	**28,80,00,000**	21,00,00,000
Payments to acquire financial assets - Mutual Funds	**(10,40,00,000)**	(32,30,00,000)
Proceeds on sale of financial assets - Mutual Funds	**11,88,46,069**	37,10,85,241
Payments to acquire financial assets - Fixed Deposits	**(8,00,41,508)**	(19,40,17,390)
Proceeds on sale of financial assets - Fixed Deposits	**26,49,00,000**	48,84,79,800
Interest received	**2,47,50,612**	5,00,46,008
Other dividends received	**15,000**	15,000
Payments for property, plant and equipment	**(2,37,00,084)**	(2,45,85,850)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018 (CONTD...)

Amount in Rs.	**Year ended 31 March 2018**	Year ended 31 March 2017
Proceeds from disposal of property, plant and equipment	**20,91,715**	15,43,640
Payments for intangible assets	**(28,09,382)**	(66,08,706)
Net cash used in investing activities	**26,00,52,422**	28,49,57,743
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**1,00,00,05,284**	–
Interest paid	**(12,07,574)**	(17,84,371)
Net cash generated by financing activities	**99,87,97,710**	(17,84,371)
Net Increase/(Decrease) in cash and cash equivalents	**1,01,82,99,414**	4,00,58,337
Cash and cash equivalents at the beginning of the year	**5,16,29,946**	1,15,71,609
Cash and cash equivalents at the end of the year	**1,06,99,29,360**	5,16,29,946
Net Increase/(Decrease) as disclosed above	**1,01,82,99,414**	4,00,58,337

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 30 April, 2018

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

Rajeev Dubey
Director
DIN-00104817

Ramesh Iyer
Director
DIN-00220759

V. Janakiraman
Chief Financial Officer

Rupa Agarwal
Company Secretary

Place : Mumbai
Date : 30 April, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

Amount in Rs.

a. Equity share capital

	31 March 2018	31 March 2017
Balance as at the beginning of the year	73,84,48,530	73,84,48,530
Add: Equity shares issued during the year	4,94,14,700	–
Add: Equity shares issued during the year-ESOP Trust	9,76,660	–
Balance as at the end of the year	78,88,39,890	73,84,48,530

b. Other Equity

	Reserves and Surplus			Items of other comprehensive income		
	Retained Earnings	Securities Premium Reserve (Refer Note 1 below)	Equity-settled employee benefits reserve (Refer Note 2 below)	Equity instrument through other comprehensive income	Remeasurements of the defined benefit obligations	Total
Balance at 1 April 2016	(1,17,43,82,743)	1,13,92,24,195	28,66,791	8,64,000	(8,05,391)	(3,22,33,148)
– Loss for the year	(16,16,01,921)	–	–	–	–	(16,16,01,921)
– Remeasurements of the defined benefit liabilities/(assets)	–	–	–	–	(25,84,468)	(25,84,468)
– Equity instruments through other comprehensive income	–	–	–	1,69,288	–	1,69,288
– Dividend on Non-Current Investment	–	–	–	–	–	–
Total Comprehensive income for the year	(1,33,59,84,664)	1,13,92,24,195	28,66,791	10,33,288	(33,89,859)	(19,62,50,249)
Add: Impact of ESOP Options Fair valuation	–	–	9,92,269	–	–	9,92,269
Balance at 31 March 2017	(1,33,59,84,664)	1,13,92,24,195	38,59,060	10,33,288	(33,89,859)	(19,52,57,980)
– Loss for the year	(31,90,77,335)	–	–	–	–	(31,90,77,335)
– Remeasurements of the defined benefit liabilities/(assets)	–	–	–	–	(95,48,744)	(95,48,744)
– Equity instruments through other comprehensive income	–	–	–	32,367	–	32,367
– Equity shares issued during the year	–	95,05,90,584	–	–	–	95,05,90,584
Total Comprehensive income for the year	(1,65,50,61,999)	2,08,98,14,779	38,59,060	10,65,655	(1,29,38,603)	42,67,38,892
Add: Impact of ESOP Options Fair valuation	–	–	10,16,308	–	–	10,16,308
Balance at 31 March 2018	**(1,65,50,61,999)**	**2,08,98,14,779**	**48,75,368**	**10,65,655**	**(1,29,38,603)**	**42,77,55,200**

Note 1:

Securities premium reserve is after deducting an amount of Rs. 15,87,115/- on issue in earlier years of 317,423 Equity shares issued to a Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018 (CONTD...)

Note 2:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company's revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 30 April, 2018

For and on behalf of the Board of Directors of
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Rupa Agarwal
Company Secretary

Place : Mumbai
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Corporate information:

The financial statements comprise financial statements of Mahindra First Choice Wheels Limited (MFCWL) for the year ended March 31,2018. The Company is an unlisted Public Company domiciled in India and is incorporated under the provisions of the Companies Act, 2013 ('the Act') applicable in India.

Mahindra First Choice Wheels Limited is principally engaged in the business of facilitating trading in used vehicles through its Franchise network and electronic platform and providing allied products and services, including online pricing guidance, used vehicle inspection and valuation services, yard management services and used vehicles inspection services for insurance.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The ultimate parent company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India prepares consolidated financial statements. Copies of the annual report of Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India.

2. Significant Accounting Policies:

2.1 <u>Statement of Compliance:</u>

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 <u>Basis of preparation and presentation:</u>

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 <u>Business combinations:</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

2.4 <u>Goodwill:</u>

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

<u>Estimated impairment of goodwill</u>

The Company tests annually goodwill for any impairment, in accordance with the above accounting policy. The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations require the use of estimates.

2.5 <u>Revenue recognition:</u>

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from services is recognised as per contractual agreement and more specifically in the following manner for the listed services.

i) Franchise fee- From activation of the dealer's account on receipt of Security Deposit.

ii) Commission Income - Recognised on receipt of seller's confirmation for auctions.

iii) Vehicle valuation fee- Recognised on release of valuation report

iv) Inspection Fee- Recognised on release of inspection report.

v) Yard Management fees- Recognised on accrual basis from the entry of the vehicle in the yard.

vi) <u>Other Operating Income:</u>

- Warranty income - Recognised on sale of warranty product of a third-party warranty service provider, with no obligations to the company. A part of warranty income related to Road Side Assistance is deferred over the period of warranty with the Company being the Primary Obligor.
- Registration Income –Income is recognised over the period of term of registration which is 3 years.
- Others – On occurrence of relevant event or based on agreement terms.

2.6 Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7 Rental income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

The Company's policy for recognition of revenue from operating leases is described in Note No.- 2.15 below.

2.8 Foreign currencies:

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.9 Employee benefits:

a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Post-employment benefits:

i) Defined Contribution Plan: Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to the statement of profit and loss as incurred.

ii) Defined Benefit Plan: Gratuity (unfunded)

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts the gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year which is determined using the Projected Unit Credit method. Actuarial gains and losses are recognised in the Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested.

c) Other long-term employment benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in Other Comprehensive Income.

2.10 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.11 Taxation:

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.12 Property, plant and equipment:

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful life of the assets are given below:

- Leasehold improvements over the period of the Lease.
- Office equipment 2 to 5 years.
- Furniture 10 years,
- Computers and servers 3 to 6 years
- Vehicles – 3 years for used vehicles or 5 years for new vehicles.
- Plant and equipment 5 to 15 years
- Electrical Fitting 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.13 Intangible assets:

a) Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

b) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

c) Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software	5 years
Website	5 years
Non-Compete Fees	Contractual Terms (3 years)
Market Information	Contractual Terms (3 years)
Customer Relationships	7 years
Service Provider Contracts and intellectual property	3 years

2.14 Impairment of tangible and intangible assets other than goodwill:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, these assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Leasing:

a) The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

b) The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.16 Provisions and Contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.17 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.18 Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

2.19 <u>Financial liabilities and equity instruments</u>

a) **<u>Classification as debt or equity</u>**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) **<u>Equity instruments</u>**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) **<u>Financial liabilities</u>**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

<u>Financial liabilities subsequently measured at amortised cost</u>

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>De-recognition of financial liabilities</u>

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.20 <u>Critical accounting judgements and key sources of estimation uncertainty:</u>

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful life of Property, plant and equipment

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

– Vehicles 3 years in case of used vehicles or 5 years in case of new vehicles.

Note No. 3 - Goodwill

Gross Block	
Balance as at 1 April 2016	1,14,30,000
Additions during the year	–
Deductions/Adjustments during the year	–
Balance as at 31 March 2017	1,14,30,000
Additions during the year	–
Deductions/Adjustments during the year	–
Balance as at 31 March 2018	**1,14,30,000**
Accumulated amortisation	
Balance as at 1 April 2016	1,30,000
Additions during the year	–
Balance as at 31 March 2017	1,30,000
Additions during the year	–
Balance as at 31 March 2018	**1,30,000**
Net block	
Balance as at 31 March 2017	1,13,00,000
Balance as at 31 March 2018	1,13,00,000

Note:

During the period company has tested goodwill for impairment. The pre-inspection business has continued to perform as per the expections. The discounted projected future Cash flows from this business continue to demonstrate that there is no need to impair goodwill.

Note No. 4 a - Property, Plant and Equipment

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Electrical Fittings	Computers	Vehicles	Total
I. Gross Block							
Balance as at 1 April 2016	4,88,22,982	1,26,85,504	43,94,947	–	2,76,38,358	79,60,363	10,15,02,154
Additions during the year	–	35,58,874	30,03,932	–	99,25,649	80,97,395	2,45,85,850
Deductions/Adjustments during the year		8,67,986	9,00,809	–	7,37,740	34,26,846	59,33,381
Balance as at 31 March 2017	4,88,22,982	1,53,76,392	64,98,070	–	3,68,26,267	1,26,30,912	12,01,54,623
Additions during the year	5,24,610	28,59,526	–	1,05,31,648	88,31,926	9,52,374	2,37,00,084
Deductions/Adjustments during the year	2,84,60,049	21,16,839	6,86,415	–	5,92,323	22,36,750	3,40,92,376
Balance as at 31 March 2018	**2,08,87,543**	**1,61,19,079**	**58,11,655**	**1,05,31,648**	**4,50,65,870**	**1,13,46,536**	**10,97,62,331**
II. Accumulated depreciation							
Balance as at 1 April 2016	3,64,33,966	90,96,180	21,09,323	–	1,71,49,259	39,98,238	6,87,86,966
Depreciation expense for the year	45,99,932	27,29,351	4,90,056	–	60,55,604	30,03,981	1,68,78,925
Deductions/Adjustments during the year		2,91,383	2,44,446	–	7,31,618	27,24,043	39,91,490
Balance as at 31 March 2017	4,10,33,898	1,15,34,148	23,54,935	–	2,24,73,245	42,78,176	8,16,74,401
Depreciation expense for the year	**21,80,513**	**23,27,780**	**5,42,745**	**6,82,372**	**78,85,686**	**32,47,693**	**1,68,66,789**
Deductions/Adjustments during the year	**2,70,87,897**	**21,02,587**	**5,91,539**	–	**5,58,318**	**14,07,910**	**3,17,48,251**
Balance as at 31 March 2018	**1,61,26,514**	**1,17,59,341**	**23,06,140**	**6,82,372**	**2,98,00,613**	**61,17,959**	**6,67,92,939**
III. Net block							
Balance as at 31 March 2017	77,89,084	38,42,244	41,43,135	–	1,43,53,022	83,52,736	3,84,80,221
Balance as at 31 March 2018	47,61,029	43,59,738	35,05,515	98,49,276	1,52,65,257	52,28,577	4,29,69,392

Note No. 4 b - Other Intangible Assests

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Total
I. Gross Block							
Balance as at 1 April 2016	2,08,29,758	4,25,58,727	2,50,000	1,45,00,000	25,00,000	22,50,000	8,28,88,485
Additions during the year	28,45,082	25,13,624	1,50,000			11,00,000	66,08,706
Deductions/Adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2017	2,36,74,840	4,50,72,351	4,00,000	1,45,00,000	25,00,000	33,50,000	8,94,97,191
Additions during the year	**28,09,382**	–	–	–	–	–	**28,09,382**
Deductions/Adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2018	**2,64,84,222**	**4,50,72,351**	**4,00,000**	**1,45,00,000**	**25,00,000**	**33,50,000**	**9,23,06,573**
II. Accumulated Amortisation Expenses							
Balance as at 1 April 2016	1,34,30,978	3,67,90,588	6,944	9,64,775	3,88,128	62,494	5,16,43,907
Additions during the year	41,63,417	18,02,593	1,16,628	20,71,429	8,33,333	9,87,071	99,74,471
Additions through business combination	2,94,438	1,47,219	–	–	–	–	4,41,657
Balance as at 31 March 2017	1,78,88,833	3,87,40,400	1,23,572	30,36,204	12,21,461	10,49,565	6,20,60,035
Additions during the year	**34,76,364**	**22,96,783**	**1,29,089**	**20,71,428**	**8,33,333**	**10,78,488**	**98,85,485**
Deductions/Adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2018	**2,13,65,197**	**4,10,37,183**	**2,52,661**	**51,07,632**	**20,54,794**	**21,28,053**	**7,19,45,520**
Net block (I-II)							
Balance as at 31 March 2017	57,86,007	63,31,951	2,76,428	1,14,63,796	12,78,539	23,00,435	2,74,37,156
Balance as at 31 March 2018	51,19,025	40,35,168	1,47,339	93,92,368	4,45,206	12,21,947	2,03,61,053

Note No. 5 - Investments

	As at 31 March 2018			As at 31 March 2017		
	Quantity	**Current**	**Non Current**	Quantity	Current	Non Current
A. Fair value through Other Comprehensive Income						
Unquoted Investments (all fully paid)						
Equity shares in The Zoroastrian Co-operative Bank Ltd.**	**4,000**	–	**11,65,655**	4,000	–	11,33,288
B. Fair Value through Profit and Loss account						
Quoted Investments						
Kotak Liquid Scheme Plan A Growth	–	–	–	2,135	70,26,982	–
UTI Money Market Fund-Growth (MF)	**5,190**	**1,00,66,276**	–	1,708	31,03,037	–
Birla Sun Life Cash-Plus IP - Growth	–	–	–	11,679	30,42,460	–
Axis Liquid Fund IP Growth	–	–	–	6,127	1,10,16,917	–
	9,190	**1,00,66,276**	**11,65,655**	**25,649**	**2,41,89,396**	11,33,288
Other disclosures						
Aggregate book value of quoted investments		**1,00,66,276**	–		**2,41,89,396**	–
Aggregate Market value of quoted investments		**1,00,66,276**	–		**2,41,89,396**	–
Aggregate value of unquoted investments		–	**11,65,655**		–	11,33,288

Note:

**The face value of Equity shares of The Zoroastrian Co-operative Bank Ltd. is Rs 25 each

Refer Note 25 and 27 for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 6 - Trade receivables

	As at 31 March 2018		As at 31 March 2017	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
Unsecured, considered good	**43,15,82,790**	**–**	32,30,53,250	–
Doubtful	**10,71,48,051**	**–**	6,47,11,690	–
Less: Allowance for expected credit losses	**(10,71,48,051)**	**–**	(6,47,11,690)	–
	43,15,82,790	**–**	32,30,53,250	–
Dues from related parties	**3,74,04,181**	**–**	3,36,99,523	–

Except for above mentioned Holding and Fellow Subsidiary Companies receivables, no trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Refer Note 25 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 7 - Loans

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Security Deposits						
Unsecured, considered good	**65,52,541**	**2,17,50,260**	**2,83,02,801**	45,90,960	1,43,35,701	1,89,26,661
Doubtful	**4,38,499**	**30,41,361**	**34,79,860**	4,38,499	30,41,361	34,79,860
Less: Allowance for bad and doubtful deposits	**(4,38,499)**	**(30,41,361)**	**(34,79,860)**	(4,38,499)	(30,41,361)	(34,79,860)
	65,52,541	**2,17,50,260**	**2,83,02,801**	45,90,960	1,43,35,701	1,89,26,661
Loans to related parties						
Unsecured, considered good						
ESOS Trust	–	**3,18,67,785**	**3,18,67,785**	–	3,18,67,785	3,18,67,785
	–	**3,18,67,785**	**3,18,67,785**	–	3,18,67,785	3,18,67,785
Other Loans						
Unsecured, considered good	–	–	–	–	–	–
Corporate Deposits With HDFC Ltd	**22,80,00,000**	–	**22,80,00,000**	28,80,00,000	–	28,80,00,000

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Loans to Employees	**12,10,381**	**3,01,458**	**15,11,839**	36,62,719	2,40,972	39,03,691
	22,92,10,381	**3,01,458**	**22,95,11,839**	29,16,62,719	2,40,972	29,19,03,691
	23,57,62,922	**5,39,19,503**	**28,96,82,425**	29,62,53,679	4,64,44,458	34,26,98,137

Refer note 25 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 8 - Other financial assets

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Financial assets at amortised cost						
Bank Deposit with more than 12 months maturity*	**–**	**1,14,591**	**1,14,591**	–	92,029	92,029
Accrued Interest	**14,90,638**	**–**	**14,90,638**	9,97,266	–	9,97,266
TOTAL	**14,90,638**	**1,14,591**	**16,05,229**	9,97,266	92,029	10,89,295

* Lien on fixed deposits given as security to various VAT Authorities.

Refer Note 25 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 9 - Cash and Bank balances

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks		
– In Current acounts	**1,06,98,85,879**	5,15,67,761
Cash on hand	**43,480**	62,185
	1,06,99,29,359	5,16,29,946
Other Bank Balances		
Balances with Banks:	**–**	–
(i) On Margin Accounts		
– Fixed Deposits with original maturity greater than 3 months but less than 12 months	**28,57,948**	18,77,39,002
	28,57,948	18,77,39,002

* The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Note No. 10 - Other assets

	As at 31 March 2018			As at 31 March 2017		
Particulars	**Current**	**Non– Current**	**Total**	Current	Non– Current	Total
Capital advances	**17,97,517**		**17,97,517**	–	–	–
Others:						
– Input Credit Receivable	**3,50,28,143**	–	**3,50,28,143**	90,80,502	–	90,80,502
Advances to Vendors						
Considered good	**1,82,22,485**	–	**1,82,22,485**	81,97,882	–	81,97,882
Doubtful	**73,44,367**		**73,44,367**	73,44,367	–	73,44,367
Less: Provision for doubtful advances	**(73,44,367)**		**(73,44,367)**	(73,44,367)	–	(73,44,367)
	1,82,22,485	–	**1,82,22,485**	81,97,882	–	81,97,882
Prepaid Expenses	**75,77,016**	–	**75,77,016**	70,26,487	–	70,26,487
Amount with Govt autorities		**99,21,750**	**99,21,750**	–	97,49,454	97,49,454
Advance Tax (Tax deducted at source)	–	**9,91,46,794**	**9,91,46,794**	–	8,62,26,343	8,62,26,343
Deferred warranty expenses	**45,81,529**	–	**45,81,529**	54,11,879	–	54,11,879
TOTAL	**6,72,06,690**	**10,90,68,544**	**17,62,75,234**	2,97,16,750	9,59,75,797	12,56,92,546

Amount in Rs.

Note No. 11 - Equity Share Capital

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Number of Equity Shares fully paid of Face value Rs 10/- each	**9,00,00,000**	**90,00,00,000**	9,00,00,000	90,00,00,000
Issued, Subscribed and Fully Paid:				
Number of Equity Shares fully paid of Face value Rs 10/- each	**8,18,14,390**	**81,81,43,900**	7,68,72,920	76,87,29,200
Treasury Shares (par value)				
Less: Issued to Trust constituted under the Employees' Stock Option Scheme but not allotted to employees	**29,30,401**	**2,93,04,010**	30,28,067	3,02,80,670
Total	**7,88,83,989**	**78,88,39,890**	7,38,44,853	73,84,48,530

During the period the company has issued 49,41,470 shares of Rs 10/- each, issued at premium of Rs 192.37/-.

Treasury Shares:

The Company has disclosed the reduction from Share Capital by Rs 2,93,04,010/- (29,30,401 Equity shares of Rs 10/- each), {(As at March 31,2017 – Rs. 3,02,80,670/- (30,28,067 Equity shares of Rs 10/- each)}, and reduced from Securities Premium by Rs 15,87,115/- {(As at March 31,2017 – Rs 15,87,115/-)} in respect of 3,17,423 Equity Shares having face value of Rs 10 each issued at a premium in earlier years, held by ESOS Trust as per the Employee Stock Option Scheme.

For details of shares reserved for issue under the Share based payment plan of the company, Refer Note No.- 20A.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

	Opening balance	**Equity shares issued during the year**	**ESOP**	**Closing balance**
As at 31 March 2018				
No. of Shares	7,38,44,853	49,41,470	97,666	7,88,83,989
Amount in Rs.	73,84,48,530	4,94,14,700	9,76,660	78,88,39,890
As at 31 March 2017				
No. of Shares	7,38,44,853	–	–	7,38,44,853
Amount in Rs.	73,84,48,530	–	–	73,84,48,530

Terms/ rights attached to equity shares:

The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Ordinary (Equity) shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend. Out of the above, 33,34,633 Equity Shares have been issued by conversion of convertible debentures into equity shares.

(ii) Details of shares held by the holding company and the ultimate holding company.

	No. of Shares Equity Shares with Voting rights
As at 31 March 2018	
Mahindra Holdings Limited, the Holding Company and its nominees	4,02,31,037
As at 31 March 2017	
Mahindra Holdings Limited, the Holding Company and its nominees	3,59,49,626

Upto 25th Dec 2016, the Equity Shares were held by Mahindra and Mahindra Ltd.

From 26th Dec 2016, the Equity Shares were held by Mahindra Holdings Ltd and Mahindra and Mahindra Ltd became the Ultimate Holding Company.

(iii) The details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2018		As at 31 March 2017	
Name of the shareholder	**No. of shares**	**% held**	No. of shares	% held
Mahindra Holdings Limited	**4,02,31,037**	**49.17%**	3,59,49,626	48.68%
PHI Management Solutions Pvt Ltd	**1,61,84,054**	**19.78%**	1,61,84,054	21.05%
Valiant Mauritius Partners FDI Limited	**1,09,28,388**	**13.36%**	1,02,68,329	13.36%
Manheim Export Sarl	**73,25,181**	**8.95%**	68,45,398	8.90%

Shares reserved for issue under ESOP options:

ESOPs under two schemes administered by a trust and the company, have been granted to certain executives and senior employees which will vest to the employees in a period of time ranging from 36 months to 60 months from date of grant. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

For details of shares reserved for issue under the Share based payment plan of the company, please refer note 20A.

Amount in Rs.

Note No. 12 - Other Equity

	As at 31 March 2018	As at 31 March 2017
Retained Earnings	**(1,65,50,61,999)**	(1,33,59,84,664)
Securities Premium Reserve	**2,08,98,14,779**	1,13,92,24,195
Equity-settled employee benefits reserve	**48,75,368**	38,59,060
Equity instruments through other comprehensive income	**10,65,655**	10,33,288
Remeasurements of the defined benefit obligations	**(1,29,38,603)**	(33,89,859)
Total Other Equity	**42,77,55,200**	(19,52,57,980)

I. Retained Earnings

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	**(1,33,59,84,664)**	(1,17,43,82,743)
Loss for the year	**(31,90,77,335)**	(16,16,01,921)
Balance at the end of year	**(1,65,50,61,999)**	(1,33,59,84,664)

II. Securities Premium Reserve

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	**1,13,92,24,195**	1,13,92,24,195
Shares Issue at Premium	95,05,90,584	–
Balance at the end of year	**2,08,98,14,779**	1,13,92,24,195

During the period the company has issued 49,41,470 shares of Rs 10/- each, issued at a premium of Rs 192.37/-.
This reserve represents premium received on issue of equity shares. The above is after deducting an amount of Rs.15,87,115/- on issue in earlier years of 3,17,423 Equity shares issued to a Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

III. Equity-settled employee benefits reserve

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	**38,59,060**	28,66,791
Impact of ESOP Options Fair valuation	**10,16,308**	9,92,269
Balance at the end of year	**48,75,368**	38,59,060

The above reserve relates to share options granted by the Company to its employees under its Employee Share Option Plan (ESOP). Further information about share-based payments to its employees is set out in note 20A.

IV. Equity instruments through other comprehensive income

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	**10,33,288**	8,64,000
Remeasurements of the Equity instruments through other comprehensive income	**32,367**	1,69,288
Balance at the end of year	**10,65,655**	10,33,288

This reserve represents the cumulative gains arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

V. Remeasurements of the defined benefit obligations

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	**(33,89,859)**	(8,05,391)
Remeasurements of the defined benefit liabilities / (asset)	**(95,48,744)**	(25,84,468)
Balance at the end of year	**(1,29,38,603)**	(33,89,859)

This reserve represents the cumulative gains arising on remeasurement of the employee's defined benefit assets.

Note No. 13 - Other Financial Liabilities

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Other Financial Liabilities Measured at Amortised Cost						
Deposits received from Dealers*	**26,50,09,191**	–	**26,50,09,191**	22,11,72,109	–	22,11,72,109
Shares held by ESOS trust	**–**	**3,08,91,125**	**3,08,91,125**	–	3,18,67,785	3,18,67,785
Trade Payables for Capital Assets	**77,60,667**	**–**	**77,60,667**	1,74,29,160	–	1,74,29,160
Other employee related liabilities	4,04,70,023		4,04,70,023	3,21,52,301		3,21,52,301
Total other financial liabilities	**31,32,39,881**	**3,08,91,125**	**34,41,31,006**	27,07,53,570	3,18,67,785	30,26,21,355

Note:

* Non-current deposits are re-payable on demand, therefore discounting is not applied on the same.
Refer Note 25 for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 14 - Provisions

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Provision for employee benefits						
– Compensated absences	**63,75,458**	**4,00,46,357**	**4,64,21,815**	28,61,678	3,13,87,961	3,42,49,639
– Gratuity (Refer Note 26)	**25,74,838**	**3,36,72,418**	**3,62,47,256**	3,59,196	1,96,83,239	2,00,42,435
Other Provisions						
– Provision for Value Added Tax dues	**83,31,092**	**–**	**83,31,092**	83,31,092	–	83,31,092
	1,72,81,388	**7,37,18,775**	**9,10,00,163**	1,15,51,966	5,10,71,200	6,26,23,166

Note No. 15 - Other Liabilities

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Advances received from customers	**2,54,96,471**	**–**	**2,54,96,471**	42,93,471	–	42,93,471
Deferred Revenues From						–
i) Warranty income	**2,35,96,443**	**–**	**2,35,96,443**	2,24,21,923	–	2,24,21,923
ii) Registration income	**1,67,73,323**	**15,22,957**	**1,82,96,280**	77,52,579	70,18,244	1,47,70,823
Statutory dues						
i) Provident fund	**41,30,320**	**–**	**41,30,320**	33,83,312	–	33,83,312
ii) ESIC & Profession Tax	**2,94,609**		**2,94,609**	2,69,373		2,69,373
iil) Tax Deducted at Source	**1,38,65,235**		**1,38,65,235**	95,98,045		95,98,045
iV) Goods and Services Tax	**3,23,11,494**		**3,23,11,494**	–		–
V) Others	**5,361**		**5,361**	4,16,702		4,16,702
Total Other Liabilities	**11,64,73,256**	**15,22,957**	**11,79,96,213**	4,81,35,405	70,18,244	5,51,53,649

Note No. 16 - Trade Payables

	As at 31 March 2018			As at 31 March 2017		
	Current	**Non Current**	**Total**	Current	Non Current	Total
Trade payables - Micro & Small enterprises (Refer note 30)	**10,01,925**	**–**	**10,01,925**	1,34,995	–	**1,34,995**
Trade payables - Other than Micro & Small enterprises	**28,48,43,486**	**–**	**28,48,43,486**	**16,90,28,151**	**–**	**16,90,28,151**
Total Trade Payables	**28,58,45,411**	**–**	**28,58,45,411**	16,91,63,146	–	**16,91,63,146**

Refer Note 25 for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 17 - Current Tax and Deferred Tax

(i) Movement of Deferred Tax

	For the Year ended 31 March 2018		
	Opening Balance	**Acquired in Business Combination and recognised in Profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
On account of Business Combination	**(16,90,372)**	**(5,37,106)**	**(22,27,478)**
Deferred tax Asset/(Liabilities)	**(16,90,372)**	**(5,37,106)**	**(22,27,478)**

Net Tax Asset /(Liabilities)	For the Year ended 31 March 2017		
	Opening Balance	**Acquired in Business Combination and recognised in Profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
On account of Business Combination	(6,75,040)	(10,15,332)	(16,90,372)
Deferred tax Asset/(Liabilities)	(6,75,040)	(10,15,332)	(16,90,372)

Net Tax Asset/ (Liabilities)

ii) Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

	As at 31 March 2018	As at March 31, 2017
Unused Tax losses (capital in nature)	**15,43,85,973**	12,56,34,710
Unused Tax losses (revenue in nature)	**66,99,10,195**	64,81,03,026
Total	**82,42,96,168**	77,37,37,736

The unrecognised tax losses carried forward expire as follows:

Expiry Year	As at 31 March 2018	As at March 31, 2017
Financial year 2015-16	**–**	17,30,26,486
Financial year 2016-17	**6,80,12,285**	6,80,12,285
Financial year 2017-18	**4,37,64,545**	4,37,64,545
Financial year 2018-19	**9,66,51,031**	9,66,51,031
Financial year 2019-20	**7,46,61,560**	7,46,61,560
Financial year 2020-21	**–**	–
Financial year 2021-22	**–**	–
Financial year 2022-23	**5,89,06,911**	5,89,06,911
Financial year 2023-24	**13,30,80,208**	13,30,80,208
Financial year 2024-25	**19,48,33,655**	–
Total	**66,99,10,195**	64,81,03,026

The income tax expense for the year can be reconciled to the accounting Loss as follows:

	31 March 2018	31 March 2017
Loss before tax	**(31,85,40,229)**	(16,05,86,589)
Income tax expense calculated at 30.90%	**(9,84,28,931)**	(4,96,21,256)
Effect of expenses that is non-deductible in determining taxable profit	**3,03,75,505**	1,56,49,463
Effect of unused tax losses for which no deferred tax asset is recognised	**6,80,53,425**	3,39,71,793
	9,84,28,931	4,96,21,256
Income tax expense recognised in Profit or loss	**–**	–

Note No. 18 Revenue from Operations

The following is an analysis of the company's revenue for the year.

	31 March 2018	31 March 2017
Revenue from sale of products	**15,33,22,263**	1,95,60,892
Revenue from rendering of services	**1,13,90,04,179**	79,78,73,351
Other operating revenue	**9,76,98,009**	7,45,03,909
	1,39,00,24,451	89,19,38,152

	31 March 2018	31 March 2017
Sale of products comprises :		
– Sale of Used Vehicles & Products	**15,33,22,263**	1,95,60,892
Revenue from sale of products	**15,33,22,263**	1,95,60,892

	31 March 2018	31 March 2017
Sale of services comprises :		
– Franchisee Fee	**34,33,45,403**	**27,13,27,573**
– Commission income	**12,00,74,189**	**10,78,16,722**
– Vehicle Valuation fee	**18,26,73,330**	12,05,59,599
– Vehicle Preinspection fee	**14,75,04,585**	16,05,81,768
– Yard Management Parking fee	**25,42,19,814**	8,16,54,049
– IBB Income	**4,88,83,427**	2,55,08,906
– Other Services	**4,23,03,431**	3,04,24,734
Revenue from rendering of services	**1,13,90,04,179**	79,78,73,351
Other operating revenues comprise:		
– Warranty Income	**7,52,76,086**	6,06,72,461
– Deferred Income	**2,24,21,923**	1,38,31,448
Other operating revenues	**9,76,98,009**	7,45,03,909

Amount in Rs.

Note No. 19 Other Income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest Income		
On Corporate Deposits	**1,85,81,830**	2,28,52,565
Bank deposits	**42,98,673**	2,34,75,201
Other	**23,63,481**	15,89,940
Dividend Income		
– on financials assets designated as FVTOCI	**15,000**	15,000
Operating lease rental income	**97,88,234**	1,12,91,210
Net gain/(loss) recorded in profit or loss on Mutual Funds designated at FVTPL	**66,276**	61,210
Net gain/(loss) arising on sale of financials assets designated at FVTPL	**5,90,396**	21,17,751
Total Other Income	**3,57,03,890**	6,14,02,877

Note No. 20 Employee Benefits Expense

	31 March 2018	31 March 2017
Salaries, wages and bonus	**42,61,64,354**	31,41,33,848
Contribution to provident and other funds	**2,63,19,435**	1,89,63,145
Expenses related to post employement defined benefit plans	**95,23,768**	49,19,482
Expenses related to compensated absesnces	**1,56,69,667**	1,17,79,954
Share based payments to employees (see note 20A)		
Equity-settled share-based payments	**10,16,308**	9,92,269
Staff welfare expenses	**2,49,59,875**	1,45,11,801
Total Employee Benefit Expense	**50,36,53,407**	36,53,00,499

Note No. 20A Employee share option plan of the company

1.1. Details of the employees share option plan of the Company

Mahindra First Choice Wheels Limited has share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees and its subsidiaries. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Each employee share option converts into the equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from various financial and customer service measures:

The Company has framed an Equity settled "Employee Stock Option Scheme (ESOS), 2010" for its employees. It has a trust viz. Mahindra First Choice Wheels Limited Employees' Stock Option Trust" (ESOS trust), which would hold the shares for the benefit of the eligible employees, including Directors of the Company and its subsidiaries. In addition to the above, the Company has also settled "Employee Stock Option Scheme (ESOS), 2015" for its employees.

The following share-based payment arrangements were in existence during the current and prior years.

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
1	23,36,483	4th Oct 2010	3rd Oct 2015	10/-	0.70
2	9,21,817	31st Aug 2012	30th Aug 2017	10/-	2.46
3	7,52,226	21st Apr 2013	20th Apr 2018	10/-	2.93
4	2,67,463	2nd Sept 2013	1st Sept 2018	10/-	2.93
5	16,76,702	30th July 2015	29th July 2020	10/-	0.69
6	1,15,357	27th Jan 2016	26th Jan 2021	10/-	0.69
7	3,75,307	25th Oct 2016	24th Oct 2021	10/-	1.25
8	33,937	25th Jan 2017	24th Jan 2022	10/-	1.25
9	57,348	27th Jul 2017	26th Jul 2022	10/-	2.41
10	4,48,180	16th Oct 2017	15th Oct 2022	10/-	2.41

1.2 Fair value of share options granted in the year

The weighted share value of share option granted during the financial year is Rs. 2.41 (during the year ended 31 March 2017: Rs. 1.25). Options were priced using the Black-Scholes-Merton pricing model. An average exercise period of 4 years has been assumed based on our estimate. In view of the losses, Expected volatility is based on various considerations.

	Option series									
Inputs into the model	**Series 1**	**Series 2**	**Series 3**	**Series 4**	**Series 5**	**Series 6**	**Series 7**	**Series 8**	**Series 9**	**Series 10**
Grant date share price (Rs.)	5/-	8/-	9/-	9/-	5/-	5/-	6/-	6/-	8/-	8/-
Exercise price (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
Expected volatility	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Option life (Years)	5	5	5	5	5	5	5	5	5	5
Dividend yield	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Risk-free interest rate	7.64%-8.38%	8.16%-8.36%	8%	8%	8%	8%	8%	8%	8%	8%

1.3 Movements in share options during the year

The following reconciles share options outstanding at the beginning and end of the year:

	31 March 2018		31 March 2017	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance at beginning of year	**41,57,617**	**Rs. 10/-**	3,748,373	Rs. 10/-
Granted during the year	**5,05,528**	**Rs. 10/-**	409,244	Rs. 10/-
Forfeited during the year	**–**	**–**	–	–
Exercised during the year	**97,666**	**–**	–	–
Lapsed/Expired during the year	**8,42,527**	**–**	–	–
Balance at end of year	**37,22,952**	**Rs. 10/-**	4,157,617	Rs. 10/-

All outstanding options are exercisable at the end of the respective reporting period.

1.4 Share options outstanding at the end of the year

The share option outstanding at the end of the year had weighted average exercise price of Rs.10 (as at 31 March 2017: Rs. 10/-), and the weighted average remaining contractual life of 33 months (as at 31 March 2017: 33 months).

Note No. 21 - Finance Cost

Particulars	31 March 2018	31 March 2017
Interest expense		
– On others	**12,07,574**	17,84,371
Total finance cost	**12,07,574**	17,84,371

Note No. 22 - Other Expenses

Particulars	31 March 2018	31 March 2017
Power & Fuel	**52,52,058**	38,64,138
Repairs and maintenance - Others	**31,11,883**	18,14,983
Rent- Yards	**20,39,05,704**	4,68,38,172
Rent- Other premises	**4,42,79,318**	4,21,67,199
Rates and taxes	**4,64,078**	16,84,691
Warranty related expenses	**2,36,44,482**	1,95,61,767
Vehicle Valuation expenses	**6,07,59,210**	2,57,43,717
Preinspection expenses	**13,08,29,302**	14,29,16,508
Printing and stationary	**49,57,606**	39,51,716
Deputation Charges	**1,68,00,000**	84,00,000
Office expenses	**40,95,167**	27,69,118
Bad debts written off	**7,82,95,067**	2,41,89,715
Less: Provision held	**(2,25,95,591)**	(31,80,685)
	5,56,99,476	2,10,09,030
Information Technology Costs	**3,80,35,205**	2,91,90,286
Internet Charges	**69,77,461**	41,99,447
Communication charges	**1,10,55,700**	80,12,814
Insurance charges	**11,16,477**	10,10,907
Allowance for Expected Credit Losses	**6,50,31,953**	3,04,80,469
Auditor's remuneration and out-of-pocket expenses (See Note below)	**16,00,000**	19,61,104
Director Sitting Fees	**3,40,000**	2,70,000
Professional fees	**5,96,96,766**	5,07,02,280
Advertisement, Promotion & Selling Expenses	**16,91,89,679**	15,82,24,749
Travelling Expenses	**10,00,27,923**	7,98,61,342
Loss on sale of capital assets (net)	**2,08,694**	3,98,250
CPT Counter Fees	**4,40,60,126**	–
Miscellaneous expenses	**1,79,74,229**	1,44,46,719
Total other expenses	**1,06,91,12,497**	69,94,79,406

Note:

Auditor's remuneration and out-of-pocket expenses details:	31 March 2018	31 March 2017
Audit Fees	**16,00,000**	16,50,000
Other services	**–**	3,00,000
Reimbursement of expenses	**–**	11,104
	16,00,000	19,61,104

Note No. 23 - Earnings Per Share

Basic & Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 March 2018	31 March 2017
Loss for the year used in the calculation of basic earnings per share	**(31,90,77,335)**	(16,16,01,921)
Weighted average number of equity shares	**7,38,99,006**	7,38,44,853
Earnings Per Share - Basic & Diluted	**(4.32)**	(2.19)

Note No. 24 - Contingent liabilities and commitments

Contingent Liabilities not provided for:

	As at 31 March 2018	As at 31 March 2017
Demands raised by Income tax department where the Company is in appeal.	**3,78,967**	3,78,967
Demand raised by Maharashtra VAT Department where the Company is in appeal	**7,98,57,573**	1,57,87,432
TOTAL	**8,02,36,540**	1,61,66,399

Note: In respect of above items, till the matters are finally decided, the financial effect cannot be ascertained.

Note No. 25 - Financials Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to maximise the shareholders value.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Categories of financial assets and financial liabilities

				31 March 2018
Particulars	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**–**	**–**	**11,65,655**	**11,65,655**
Security Deposits & Loans	5,39,19,503	**–**	**–**	5,39,19,503
Bank Deposit with more than 12 months maturity	1,14,591	**–**	**–**	1,14,591
Current Assets				
Investments	–	1,00,66,276	**–**	1,00,66,276
Trade Receivables	43,15,82,790	–	**–**	43,15,82,790
Other Bank Balances	1,07,27,87,307	–	**–**	1,07,27,87,307
Security Deposits and Loans	23,57,62,922	–	**–**	23,57,62,922
Accrued Income	14,90,638	–	**–**	14,90,638
Non-current Liabilities				
Other Financial Liabilities	**–**	**–**	**–**	**–**
Shares held by ESOS trust	3,08,91,125	**–**	**–**	3,08,91,125
Current Liabilities				
Trade Payables	28,58,45,411	–	–	28,58,45,411
Other Financial Liabilities				
Deposits received from Dealers	26,50,09,191	–	–	26,50,09,191
Trade Payables for Capital Assets	77,60,667	–	–	77,60,667
Other employee related liabilities	4,04,70,023	–	–	4,04,70,023

				31 March 2017
Particulars	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–	–	11,33,288	11,33,288
Security Deposits & Loans	4,64,44,458	–	–	4,64,44,458
Bank Deposit with more than 12 months maturity	92,029	–	–	92,029
Current Assets				
Investments	–	2,41,89,396	–	2,41,89,396
Trade Receivables	32,30,53,250	–	–	32,30,53,250
Other Bank Balances	23,93,68,948	–	–	23,93,68,948
Security Deposits and Loans	29,62,53,679	–	–	29,62,53,679
Accrued Income	9,97,266	–	–	9,97,266
Non-current Liabilities				
Other Financial Liabilities				
Shares held by ESOS trust	3,18,67,785	–	–	3,18,67,785
Current Liabilities				
Trade Payables	16,91,63,146	–	–	16,91,63,146
Other Financial Liabilities				
Deposits received from Dealers	22,11,72,109	–	–	22,11,72,109
Trade Payables for Capital Assets	1,74,29,160	–	–	1,74,29,160
Other employee related liabilities	3,21,52,301	–	–	3,21,52,301

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The company evaluates its customers of its different business segments as follows:

Franchise

The selection of Franchisees is based on local references, enquiries in the local area, Financial standing of the franchisees, credit worthiness, past experience and performance record etc. In most of the cases, appropriate security deposit are received to ensure that the credit risk with regard to these franchisees are minimised. Franchisees, where security deposit is not received, are associated with Mahindra & Mahindra as its dealers with a good performance record. In view of this relationship with the Company, the credit risk in this case is minimised. In a situation where Security Deposit's are not collected, one year's Franchisee fees collected in advance.

Auction

The services are offered to well established, credit worthy and reputed financial institutions, banks and companies. We use publicly available financial information, our own trading records, internal market intelligence reports etc. to evaluate these customers. To cover the risk of likely failure of the buyer in paying the seller the consideration for the asset purchased in an auction as well as to safeguard the fees payable by the buyers, wherever applicable, adequate Earnest Money Deposit is collected from every buyer.

Autoinspekt

The services are offered to well established, credit worthy and reputed financial institutions, banks and companies. We use publicly available financial information, our own trading records, internal market intelligence reports etc. to evaluate these customers.

Inspections

The services are offered to well established and credit worthy Private & Public General Insurance Companies. We use publicly available financial information, our own trading records, internal market intelligence reports etc. to evaluate these customers.

Yard Management Services

The vehicle parking services are offered by us to various buyers / customers, many of whom are already registered with us as Auction customers. Further, the vehicles covered under these services are repossessed by reputed financial institutions. As per this model, the vehicle will be allowed to leave the yard only on payment of the parking fees by the relevant buyer. These charges are paid online by many buyers, while the offline cash is collected at the yard by the yard owner on our behalf. These collections are periodically remitted to our account by the yard owner.

The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

				31 March 2018
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate %			**44%**	**24.8%**
Gross carrying amount		**18,60,68,623**	**24,55,14,166**	43,15,82,790
Allowance for Expected Credit Losses			**10,71,48,051**	10,71,48,051

				As at 31 March 2017
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate %			**36%**	**20.0%**
Gross carrying amount	–	**14,53,10,019**	**17,77,43,231**	32,30,53,250
Allowance for Expected Credit Losses	–	–	**6,47,11,690**	6,47,11,690

Reconciliation of loss allowance provision for Trade Receivables

Particulars	Amount (In Rs)	
	March 31,2018	**March 31,2017**
Balance as at beginning of the year	**6,47,11,691**	3,74,11,907
Impairment losses recognised in the year based on lifetime expected credit losses	**6,50,31,953**	3,04,80,469
- On receivables originated in the year	**–**	–
- Other receivables	**–**	–
Impairment losses recognised in the year based on 12 month expected credit losses		
On receivables originated in the year	**–**	–
Other receivables	**–**	–
Allowance for modifications to contractual cashflow in the year	**–**	–
Amounts written off during the year as uncollectible	**(2,25,95,591)**	(31,80,685)
Amounts recovered during the year	**–**	–
Impairment losses reversed / written back	**–**	–
Foreign exchange translation gains and losses	**–**	–
Balance at end of the year	**10,71,48,051**	6,47,11,691

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which provides guidance for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by efficient management of surplus cash and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	(In Rs.)	**(In Rs.)**	**(In Rs.)**	**(In Rs.)**
Non-derivative financial liabilities				
31 March 2018				
Non-interest bearing		**–**		
- Trade payable for goods & services	**28,58,45,411**	**–**	**–**	**–**
- Security Deposit	**26,50,09,191**	**–**	**–**	**–**
- Trade Payables for Capital Assets	**77,60,667**	**–**	**–**	**–**
- Shares held by ESOS trust		**3,08,91,125**	**–**	**–**
- Other employee related liabilities	**4,04,70,023**	**–**	**–**	**–**
Total	**59,90,85,292**	**3,08,91,125**	**–**	**–**
31 March 2017				
Non-interest bearing				
- Trade payable for goods & services	16,91,63,146	–	–	–
- Security Deposit	22,11,72,109	–	–	–
- Trade Payables for Capital Assets	1,74,29,160	–	–	–
- Shares held by ESOS trust	–	3,18,67,785	–	–
- Other employee related liabilities	3,21,52,301	–	–	–
Total	43,99,16,716	3,18,67,785	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	(In Rs.)	**(In Rs.)**	**(In Rs.)**	**(In Rs.)**
Non-derivative financial Assets				
31 March 2018				
Non-interest bearing		**–**		
- Security Deposits & Loans	**23,57,62,922**	**5,39,19,503**	**–**	**–**
- Bank Deposit with more than 12 months maturity	**–**	**11,4,591**	**–**	**–**
- Trade receivables	**43,15,82,790**	**–**	**–**	**–**
- Cash & Bank Balance	**1,07,27,87,307**	**–**	**–**	**–**
- Accrued Income	**14,90,638**	**–**	**–**	**–**
- Investments	**1,00,66,276**	**–**	**–**	**1,165,655**
Total	**1,75,16,89,933**	**5,40,34,094**	**–**	**11,65,655**

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)
31 March 2017				
Non-interest bearing	–			
- Security Deposits & Loans	29,62,53,679	4,64,44,458	–	–
- Bank Deposit with more than 12 months maturity	–	92,029	–	–
- Trade receivables	32,30,53,250	–	–	–
- Cash & Bank Balance	23,93,68,948	–	–	–
- Accrued Income	9,97,266	–	–	–
- Investments	2,41,89,396	–	–	11,33,288
Total	88,38,62,539	4,65,36,487	–	11,33,288

Note No. 26 - Employee benefits

a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 2,63,19,435 (Previous Year: Rs.1,89,63,145) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.Thus, an increase in inflation will also increase the deficit to some extent.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31 March 2018	31 March 2017
Discount rate(s)	**7.80%**	7.55%
Expected rate(s) of salary increase	**10.00%**	7.00%

Defined benefit plan – as per actuarial valuation on 31 March 2018

	Unfunded Plan Gratuity	
	2018	2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost:		
Current Service Cost	**63,53,839**	38,91,136
Past service cost and (gains)/losses from settlements	**16,70,285**	–
Net interest expense	**14,99,644**	10,28,346
Components of defined benefit costs recognised in profit or loss	**95,23,768**	49,19,482
I. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**2,00,42,435**	1,28,98,741
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**63,53,839**	38,91,136
– Past Service Cost	**16,70,285**	–
– Interest Expense (Income)	**14,99,644**	10,28,346
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(5,27,548)**	–
ii. Financial Assumptions	**77,51,199**	15,07,986
iii. Experience Adjustments	**21,87,874**	10,76,482
4. Benefit payments	**(27,30,472)**	(4,37,636)
5. Others - transfers	–	77,380
6. Present value of defined benefit obligation at the end of the year	**3,62,47,256**	2,00,42,435

	31 March 2018	31 March 2017
II. Actuarial assumptions		
1. Discount rate	**7.80%**	7.55%
2. Attrition rate		
Age in Years 21-44	**12.00%**	2.00%
Age in Years 45-59	**1.00%**	1.00%
iii. Medical premium inflation	**7.00%**	7.00%

SENSITIVITY ANALYSIS

	2018		2017	
	Discount Rate	**Salary Escal. Rate**	Discount Rate	Salary Escal. Rate
Defined Benefit obligation plus 100bps	**3,27,04,328**	**3,97,60,559**	1,71,76,501	2,30,04,030
Defined Benefit obligation minus 100bps	**4,04,46,104**	**3,31,28,670**	2,35,90,515	1,75,00,710

The above sensitivities analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

PROJECTED PLAN CASH FLOW

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	2018	2017
Expected Benefits for Year 1	**25,74,838**	3,59,196
Expected Benefits for Year 2	**25,66,277**	6,94,050
Expected Benefits for Year 3	**25,51,684**	4,78,500
Expected Benefits for Year 4	**25,95,104**	5,33,076
Expected Benefits for Year 5	**28,53,997**	5,79,711

Maturity Profile	2018	2017
Expected Benefits for Year 6	**28,65,052**	7,60,661
Expected Benefits for Year 7	**49,36,417**	9,30,023
Expected Benefits for Year 8	**44,11,348**	25,88,379
Expected Benefits for Year 9	**26,13,058**	22,41,884
Expected Benefits for Year 10 and above	**7,78,00,729**	7,72,14,005

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 10.62 years (31 March 2017: 5 years)

Experience Adjustments:	Period Ended				
	2018	2017	2016	2015	2014
	Gratuity				
1. Defined Benefit Obligation	**3,62,47,256**	2,00,42,435	1,28,98,741	1,09,22,140	69,17,021
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**(3,62,47,256)**	(2,00,42,435)	(1,28,98,741)	(1,09,22,140)	(69,17,021)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**21,87,874**	10,76,482	11,08,550	(97,225)	148,323
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 27 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

Financial assets/ financial liabilities	Fair value as at 31 March 2018	31 March 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
1) Investment in equity instruments at FVTOCI (Unquoted)	**11,65,655**	11,33,288	Level 3	Unquoted bid prices	Long term revenue growth rates.	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value.
2) Mutual Fund Investments (Quoted)	**1,00,66,276**	2,41,89,396	Level 1	Quoted bid prices in an active market	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

Particulars	31 March 2018 Carrying amount	Fair value	31 March 2017 Carrying amount	Fair value
Financial Assets				
Non-Current Financial Assets carried at Amortised Cost				
– Security Deposits	**5,39,19,503**	**5,39,19,503**	4,64,44,458	4,64,44,458
– Bank Deposit with more than 12 months maturity	**1,14,591**	**1,14,591**	92,029	92,029
Current Financials Assets carried at Amortised Cost				
– Trade receivables	**43,15,82,790**	**43,15,82,790**	32,30,53,250	32,30,53,250
– Cash & Bank Balance	**1,07,27,87,307**	**1,07,27,87,307**	23,93,68,948	23,93,68,948
– Other Current Loans	**23,57,62,922**	**23,57,62,922**	29,19,03,691	29,19,03,691
– Accrued Interest	**14,90,638**	**14,90,638**	9,97,266	9,97,266

Particulars	31 March 2018 Carrying amount	31 March 2018 Fair value	31 March 2017 Carrying amount	31 March 2017 Fair value
Financial Liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	**–**	**–**	–	–
– Shares held by ESOS trust	**3,08,91,125**	**3,08,91,125**	3,18,67,785	3,18,67,785
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	**28,58,45,411**	**28,58,45,411**	16,91,63,146	16,91,63,146
– Deposits received from Dealers	**26,50,09,191**	**26,50,09,191**	22,11,72,109	22,11,72,109
– Trade Payables for Capital Assets	**77,60,667**	**77,60,667**	1,74,29,160	1,74,29,160

Fair Valued Hierarchy as at March 31,2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Non-Current Financial Assets carried at Amortised Cost				
– Security Deposits	–	5,39,19,503	–	5,39,19,503
– Bank Deposit with more than 12 months maturity	–	1,14,591	–	1,14,591
– Non-Current Investments	–	–	11,65,655	11,65,655
Current Financials Assets carried at Amortised Cost				–
– Trade receivables	–	43,15,82,790	–	43,15,82,790
– Cash & Bank Balance	–	1,07,27,87,307	–	1,07,27,87,307
– Other Current Loans	–	23,57,62,922	–	23,57,62,922
– Accrued Income	–	14,90,638	–	14,90,638
– Current Investments	1,00,66,276	–	–	1,00,66,276
TOTAL	**1,00,66,276**	**1,79,56,57,751**	**11,65,655**	**1,80,68,89,682**
Financial liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	–	–	–	–
– Shares held by ESOS trust	–	30,891,125	–	30,891,125
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	–	28,58,45,411	–	28,58,45,411
– Deposits received from Dealers	–	26,50,09,191	–	26,50,09,191
– Trade Payables for Capital Assets	–	77,60,667	–	77,60,667
– Other employee related liabilities	–	4,04,70,023.4		3,21,52,301
TOTAL	**–**	**62,99,76,417**	**–**	**62,16,58,695**

Note No. 28 - Disclosures under Ind AS 17

Note	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
	Details of leasing arrangements		
	As Lessor		
	Operating Lease		
1.	The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 2 years and may be renewed for a further period of 3 years based on mutual agreement of the parties.		
	Future minimum lease payments		
	not later than one year	–	90,64,245
	later than one year and not later than five years	–	57,82,269
	later than five years	–	–

Note	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
	As Lessee		
	Operating Lease		
2.	The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 2 to 9 years and may be renewed for a further period of 1-3 years based on mutual agreement of the parties.		
	Future Non-Cancellable minimum lease commitments		
	not later than one year	1,97,39,754	3,53,66,617
	later than one year and not later than five years	1,58,85,418	5,35,64,198
	later than five years	–	–
	Expenses recognised in the Statement of Profit and Loss		
	Minimum Lease Payments	24,81,85,022	8,90,05,372

Note No. 29 - Related Party Transactions:

I. List of Related Parties and Relationships:

Mahindra & Mahindra Limited (w.e.f. 26th December, 2016)	Ultimate Holding Company
Mahindra & Mahindra Limited (upto 25th December,2016)	Holding Company
Mahindra Holdings Limited (w.e.f. 26th December, 2016)	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Engineering Services Limited	Fellow Subsidiary Company
Bristlecone India Ltd	Fellow Subsidiary Company
Mahindra Intertrade Ltd	Fellow Subsidiary Company
Mahindra Gears & Transmission Pvt Ltd (till 10th December 2014)**	Fellow Subsidiary Company
Mahindra Two Wheelers Ltd	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Ltd	Fellow Subsidiary Company
Mahindra Lifespace Developers Ltd	Fellow Subsidiary Company
Mahindra Insurance Brokers Ltd	Fellow Subsidiary Company
MFCWL Employees Stock Option Trust	ESOS Trust Company
Dr. Nagendra Palle (CEO) (upto 31st March 2018)	Key Management Personnel

II. Details of transaction between the company and other related parties are disclosed below:

	As at 31 March 2018	As at 31 March 2017
Trade Payables		
Ultimate Holding Company	**2,95,00,494**	89,91,288
Fellow Subsidiary Companies	**8,94,483**	4,66,484
Trade Receivables		
Ultimate Holding Company	**21,51,482**	8,91,810
Fellow Subsidiary Companies	**3,52,52,700**	3,28,07,713
Security Deposit Paid		
Fellow Subsidiary Companies	**–**	16,20,000
Security Deposit Received		
Fellow Subsidiary Companies	**26,39,740**	26,39,740
Loan Given		
ESOS Trust	**31,867,785**	31,867,785

	As at 31 March 2018	As at 31 March 2017
Purchases		
Ultimate Holding Company	**92,37,985**	–
Fellow Subsidiary Companies	**58,78,183**	–
Expenditure		
Rent		
Ultimate Holding Company	**7,49,980**	21,84,360
Fellow Subsidiary Companies	**28,62,000**	64,80,000
Reimbursement of Cost		
Ultimate Holding Company	**1,03,98,789**	1,04,88,037
Fellow Subsidiary Companies	**3,63,182**	**3,52,320**

	Year ended 31 March 2018	Year ended 31 March 2017
Travelling Expenses		
Ultimate Holding Company	**3,92,004**	8,16,481
Professional Fees*		
Ultimate Holding Company	**2,19,44,066**	1,14,63,866
Fellow Subsidiary Companies	**32,30,674**	27,15,172
Income from Services		
Ultimate Holding Company	**26,68,721**	13,70,658
Fellow Subsidiary Companies	**8,69,79,308**	9,24,34,821
E-Platform Development Fees		
Fellow Subsidiary Companies	**4,50,000**	10,50,000
Recovery From Group Companies		
Receipt of Transferred Employee Benefit Obligations		
Ultimate Holding Company	**3,88,181**	10,81,371
Fellow Subsidiary Companies	**2,48,547**	4,09,967
Fellow Subsidiary Companies	**48,06,840**	47,62,135
Payable to Group Companies		
Fellow Subsidiary Companies	**8,39,795**	–

* Includes payment of Rs. 1,68,00,000/- (Previous Year Rs. 84,00,000) to Mahindra and Mahindra Limited as deputation charges for key management personnel, Dr. Nagendra Palle. (Ceased to be MD & CEO w.e.f 01st April 2018).

** Fellow subsidiary (Mahindra Gears & Transmissions Pvt. Ltd) ceased to be fellow subsidiary from 10th December 2014 and only transactions till the date of cessation are considered for the disclosures.

Note No. 30 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	10,01,925	1,34,995
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
iv. The amount of interest due and payable for the year	–	–
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 31 - Segment Information

The Company is engaged in providing various value added services to their customers in the used vehicle segment. The information reported to the Chief Operating Decision Maker (CODM) primarily revolves around the revenue generated by each area of business, while he evaluates operational performance on an overall company basis, both from cost and profitability perspectives. Similarly the Board reviews the results from an organizational perspective as well.

Manpower, which is a critical resource, is actually fungible between the areas of business to maximize effectiveness. Similarly, the organisation leverages its product and service delivery structures for offering a suite of services to its customers across all areas of business. Additionally, there are costs incurred towards advertisement, which is another major cost driver, such that its impact permeates across all areas of the organization's business. Thus, considering the high interchangeability of its resources and processes for delivering it is objective of serving the used car eco market and the fact that its results are reviewed at an organizational level, the company is a single operating segment.

Note No. 32 - Regrouping

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Note No. 33 - Details of Specified Bank Notes

Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 as provided in the Table below:-

Particulars	**SBNs**		**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016			1,15,449	1,15,449
(+) Permitted receipts	2,95,000	See note 1	19,43,156	22,38,156
(+) Amount withdrawn from Banks			70,000	70,000
(-) Permitted payments			91,951	91,951
(-) Amount deposited in Banks	7,98,500	See note 2	19,43,156	27,41,656
Closing cash in hand as on 30.12.2016				93,498

Note 1 These represent cash deposits in SBNs made by customers directly in the bank accounts of the Company in respect of trade receivables outstanding as at 08.11.2016, based on specific authorization by the Company in terms of the Notification dated 08.11.2016 issued by the Ministry of Finance.

Note 2 These include cash deposits aggregating Rs. 503,500 being deposits in SBNs made by customers directly in the bank accounts of the Company, for which specific authorization has not been issued by the Company.

Note 3 The closing cash in hand as at 30.12.2016 at Rs. 93,498 will not reconcile by Rs. 409,752 in view of the cash deposits aggregating Rs. 503,500 referred in note 2 above.

For **B S R & Co. LLP**
Chartered Accountants

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 30 April, 2018

For and on behalf of the Board of Directors of Mahindra First Choice Wheels Limited

Rajeev Dubey
Director
DIN-00104817

Ramesh Iyer
Director
DIN-00220759

V. Janakiraman
Chief Financial Officer

Rupa Agarwal
Company Secretary

Place : Mumbai
Date : 30 April, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA FIRST CHOICE SERVICES LIMITED

Your Directors present their Tenth Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Amount in Rs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Revenue	**925,462,554**	791,466,934
(Loss) before depreciation, amortisation, interest, and taxation	**(365,637,119)**	(423,776,585)
Depreciation and amortisation	**25,528,307**	30,725,305
(Loss) before interest and taxation	**(391,165,426)**	(454,501,890)
Interest	**12,712,558**	–
(Loss) before taxation	**(403,877,984)**	(454,501,890)
Provision for taxation for the year	**–**	–
(Loss) for the year after taxation	**(403,877,984)**	(454,501,890)
Add: other comprehensive income	**1,506,208**	(897,716)
Total comprehensive income for the period	**(402,371,776)**	(455,399,606)
Balance of (loss) brought forward from previous year	**(2,761,208,244)**	(2,305,808,638)
Balance of (loss) carried forward	**(3,163,580,020)**	(2,761,208,244)
Net worth	**(523,580,020)**	(121,208,244)

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

OPERATIONS

Your Company's revenue at Rs. 92.55 crores has grown by 20% this year compared to a CAGR of 33% over the past 5 years. While Goods & Services Tax (GST) impacted your Company negatively during the year, your Company has done well to recover and be on the growth path for the coming year. However, your Company has been able to control its costs and losses have reduced as compared to last year.

The network size now stands at a healthy 353 workshops and 2 COCOs. Your Company has also crossed the 1 million Repair Orders milestone cumulatively during the year and now stands at 1.32 million. Your Company has issued 157 Letter of Intents during the year and holds a healthy pipeline of workshops under construction to financial year 2018-2019. Spare parts sales to Franchisees has seen a growth of 25% for the year. Your Company's performance on parts sales got affected due to huge discounts offered in market during GST transition. The situation is returning to normal on this front and your Company is putting focused efforts especially on increasing sale of Mahindra First Choice Parts to the Franchisees by introducing premium branded private label parts and kits for common repairs which are well received by the Franchisees.

Your Company has done well in Private Label spare parts sales to bazaar channel. Your Company's unique business model emphasizes low inventory, high availability and high inventory turns has really caught the fancy of the market. The number of distributors across the country increased from 39 to 67 during the year. Sales have grown from Rs.5.5 crores to Rs.13.3 crores with matching secondary sales. With substantial improvements in quality many new products also have been added. Your Company participated in Auto expo in February 2018 and received very good response from prospective distributors, retailers and mechanics for Company's MFC branded parts. Your Company announced entry of Private Label MFC Parts into 2 wheelers during Auto expo and it has been welcomed enthusiastically by the trade.

Your Company is now Great Place to Work Certified Company. The Customer Satisfaction Index stands at 87% and all the efforts are on to improve it further.

DIVIDEND

In view of the losses, your Directors have not considered dividend for the year under review.

OUTLOOK FOR THE CURRENT YEAR

Your Company's strategy of focusing on developing service network along with strong parts delivery network has resulted in Mahindra First Choice Service dominating the multi-brand service chain industry by cornering 70% market share. Due to this lot OEMs and fleet companies are approaching your Company for tie ups as your Company is the only multi brand multi locational service chain with pan India presence.

The main challenge your Company is facing currently is the growing default rates on fees payment and the attrition of Franchisees. For the current year your Company's business focus will be mainly on strengthening of Franchise business in terms of improving footfalls at the workshops and improving the situation for Spare parts supply. In order to improve performance and appeal to franchisees, your Company has introduced various schemes in the market which are getting good traction.

Your Company will focus on Hub Optimization by digitization of operational workflows at hubs and garages using the customized technology solution and multi brand spares parts catalogue. A new software is being readied to improve user friendliness for the customers and franchisee employees and to make the procurement of parts from hubs really convenient and efficient for the franchisees. Your Company will be leveraging synergies with other Mahindra Group Companies to drive customer footfalls and selling maintenance contracts.

Your Company is in discussion with oil companies and will be starting Express formats at their Petrol Pumps and endeavors to open some workshops in the current year. Your Company will be foraying into two-wheeler servicing as well in the current year. With the help of the above and Company's current format the network expansion should happen quite aggressively in this year taking the total number of workshops to higher than 500.

Your Company is looking at private label bazaar channel sales as big growth factor for the current year. The unique business model is working well and the reach of your Company's network like distributors, retailers and mechanics will be expanded substantially.

HOLDING COMPANY

Mahindra Holdings Limited is the Holding Company of your Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Auto Digitech Private Limited is a subsidiary of your Company.

A Report on the performance and financial position of the Subsidiary Company and its contribution to the overall performance of the Company is provided in Form AOC-1, which is attached to the Financial Statements and forms part of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R 742(E) dated 27th July, 2016 exempted a wholly owned subsidiary company from preparation & presentation of consolidated financial statements, provided the company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared Consolidated Financial Statements, since it has met all requirements mentioned in the aforesaid Notification.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased from Rs. 264,00,00,000 divided into 26,40,00,000 Equity Shares of Rs. 10/- each to Rs. 281,00,00,000 divided into 28,10,00,000 Equity Shares of Rs. 10/- each. The issued, subscribed and paid up capital of the Company stood, as at the end of the financial year under review, at Rs. 264,00,00,000.

BOARD OF DIRECTORS

Composition of the Board of Directors, as on the date of this Report, is as follows:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non-Executive	Independent/ Non Independent
1.	Mr. Rajeev Dubey (DIN: 00104817)	Chairman	Non-Executive	Non Independent
2.	Mr. Debabrata Bandyopadhyay (DIN: 06972463)	Director	Non-Executive	Independent
3.	Ms. Sonu Bhasin (DIN: 02872234)	Director	Non-Executive	Independent
4.	Mr. K. Chandrasekar (DIN: 01084215)	Director	Non-Executive	Non Independent
5.	Mr. Ramesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
6.	Mr. Anupam Thareja (DIN: 01091533)	Director	Non-Executive	Non Independent
7.	Mr. Ruzbeh Irani (DIN: 01831944)	Director	Non-Executive	Non Independent
8.	Dr. Prince Augustin (DIN: 02336637)	Director	Non-Executive	Non Independent
9.	Mr. Vivek Nayer (DIN: 03410053)	Director	Non-Executive	Non Independent
10	Mr. Hemant Sikka* (DIN: 00922281)	Director	Non-Executive	Non Independent
11.	Mr. YVS Vijay Kumar (DIN: 03588223)	Whole-Time Director	Executive	Non Independent

* Mr. Hemant Sikka was appointed as Additional Director with effect from 19th February, 2018.

Mr. Rajeev Dubey (DIN: 00104817), Dr. Prince Augustin (DIN: 02336637) and Mr. K Chandrasekar (DIN: 01084215), Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Hemant Sikka (DIN: 00922281) was appointed as Additional Director with effect from 19th February, 2018 and holds office upto the ensuing Annual General Meeting. Your Company has received notice from a member intimating its intention to propose the appointment of Mr. Hemant Sikka at the ensuing Annual General Meeting.

The Board recommends to the shareholders the above appointment/reappointment of Directors.

Mr. Debabrata Bandyopadhyay and Ms. Sonu Bhasin, Independent Directors of your Company, have furnished declarations that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

All Directors of your Company have given the requisite declarations pursuant to Section 164 of the Companies Act 2013 that they are not disqualified for appointment as Directors.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met Five times during the year under review viz., on 2nd May, 2017, 28th July, 2017, 14th October, 2017, 17th November, 2017 and 23rd January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance of the Directors at these meetings was as under:

Name of Director	Number of Board Meetings Attended
Mr. Rajeev Dubey	4
Mr. Debabrata Bandyopadhyay	5
Ms. Sonu Bhasin	5
Mr. K. Chandrasekar	5
Mr. Ramesh Iyer	4
Mr. Anupam Thareja	4
Mr. Ruzbeh Irani	4
Dr. Prince Augustin	2
Mr. Vivek Nayer	5
Mr. Hemant Sikka*	N.A.
Mr. YVS Vijay Kumar	5

* Mr. Hemant Sikka was appointed as Additional Director with effect from 19th February, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2018 and of the loss of the Company for the financial year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts have been prepared on a going concern basis; and

(e) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of performance of its own, its Committees and of the Directors individually including Independent Directors. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out, based on responses received from the Directors, at the meeting held on 23rd April, 2018.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Debabrata Bandyopadhyay (Chairman), Ms. Sonu Bhasin (Member) and Mr. Ramesh Iyer (Member).

The Audit Committee met thrice during the year under review viz., on 2nd May, 2017, 14th October, 2017 and 23rd January, 2018.

The attendance of the Members at these meetings was as under:

Director	Designation	No. of meetings attended
Mr. Debabrata Bandyopadhyay	Chairman	3
Ms. Sonu Bhasin	Member	3
Mr. Ramesh Iyer	Member	2

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Ms. Sonu Bhasin, Chairperson, Mr. Debabrata Bandyopadhyay and Dr. Prince Augustin as its Members.

The Nomination and Remuneration Committee carried out an evaluation of the performance of individual Directors on 23rd April 2018 through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met thrice during the year under review viz., on 2nd May, 2017, 14th October, 2017 and 23rd January, 2018.

The attendance of the Members at these meetings was as under:

Director	Designation	No. of meetings attended
Ms. Sonu Bhasin	Chairperson	3
Mr. Debabrata Bandyopadhyay	Member	3
Dr. Prince Augustin	Member	2

GENERAL MEETINGS:

The Ninth Annual General Meeting of the Members was held on 28th July, 2017. Extra Ordinary General Meetings of the Members of the Company were held on 23rd January, 2018 and 26th March, 2018.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 14th October, 2017 during the year, without the presence of the Chairman or Whole time Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, Mr. V S Ramesh resigned as Company Secretary with effect from 16th October, 2017 and Ms. Hemangi Patil was appointed as Company Secretary of the Company with effect from 17th October, 2017.

Mr. Y V S Vijay Kumar (DIN: 03588223), was reappointed as Whole Time Director designated as Whole Time Director and Chief Executive Officer for a further period of three years with effect from 4th August, 2017. His Reappointment was approved by shareholders at their Ninth Annual General Meeting held on 28th July, 2017.

The Board at the meeting held on 23rd April, 2018, accepted the resignation of Mr. V Rajan as Chief Financial officer with effect from 30th April, 2018 and appointed Ms. Pallavi Ogale as the Chief Financial Officer of the Company with effect from 1st May, 2018.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

These policies were amended in accordance with amendments made in Companies Act, 2013 and Secretarial Standard 1. Both these policies, as amended, are provided as **Annexure I** and forms part of this report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANICAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

STATUTORY AUDITORS AND AUDIT REPORT

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration Number: 105102W) were appointed as Statutory Auditors, by the shareholders at their 9th Annual General meeting held on 28th July, 2017 for a term of 5 Years to hold office until the conclusion of 14th Annual General Meeting to be held in the year 2022. Their appointment was subject to ratification on annual basis.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration Number: 105102W), to the effect that their appointment, if ratified, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to ratify the appointment of M/s. B. K. Khare & Co. as Statutory Auditors to hold office until the conclusion of 14th AGM to be held in the year 2022.

The Auditors' Report for the year does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

Your Board had approved the appointment of M/s. MMJC & Associates LLP, Company Secretaries to conduct secretarial audit for the financial year 2017-18.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, Secretarial Audit Report, in prescribed Form MR 3 given by M/s. MMJC & Associates LLP, is attached herewith as **Annexure II** and the same forms part of this Report.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this report.

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2018.

COST AUDITOR

Provisions of the Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure III** and the same forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

During the year under review, your Company had not, whether directly or indirectly, given loans, made investments, and / or provided guarantees /securities, which were required to be disclosed under Section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS / ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All related party transactions entered, during the year under review, were in ordinary course of business and on arm's length basis.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of Section 134 of the Companies Act, 2013.

DISCLOSURES OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is provided as **Annexure IV** and the same forms part of this Report.

EMPLOYEES STOCK OPTION SCHEME ("ESOS")

Your Company has formulated Mahindra First Choice Services Limited Employees Stock Option Scheme 2017 (the Scheme) for the benefit of i) eligible employees and Directors of the Company (including Managing Director/ Whole Time Director), but excluding independent directors, and ii) employees and Directors of the Company's holding and subsidiary companies.

Pursuant to the approval of the Board and Shareholders of the Company for grant of 43,974,678 stock options, the Company granted, during the year under review, 21,940,636 Stock Options to the eligible employees under the aforesaid Scheme.

Disclosures in compliance with Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in the **Annexure V** and the same forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme save and except Employees Stock Option Scheme referred to in this Report.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

YVS Vijay Kumar — Whole Time Director

Rajeev Dubey — Director

Mumbai, 23rd April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra First Choice Services Ltd.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**' means the Human Resource department of the Company.

"**Key Managerial Personnel**", * (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the Company Secretary;

(iii) the Whole-time director;

(iv) the Chief Financial Officer;

[(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;

*** As amended on 23.04.2018**

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate.* ~~The details of the appointment made and the personal removed one level below the key Managerial Personnel during a quarter shall be presented to the Board.~~

*** Deleted vide amendment approved by NRC and Board on 23rd April, 2018.**

II. SUCCESSION PLANNING:

Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

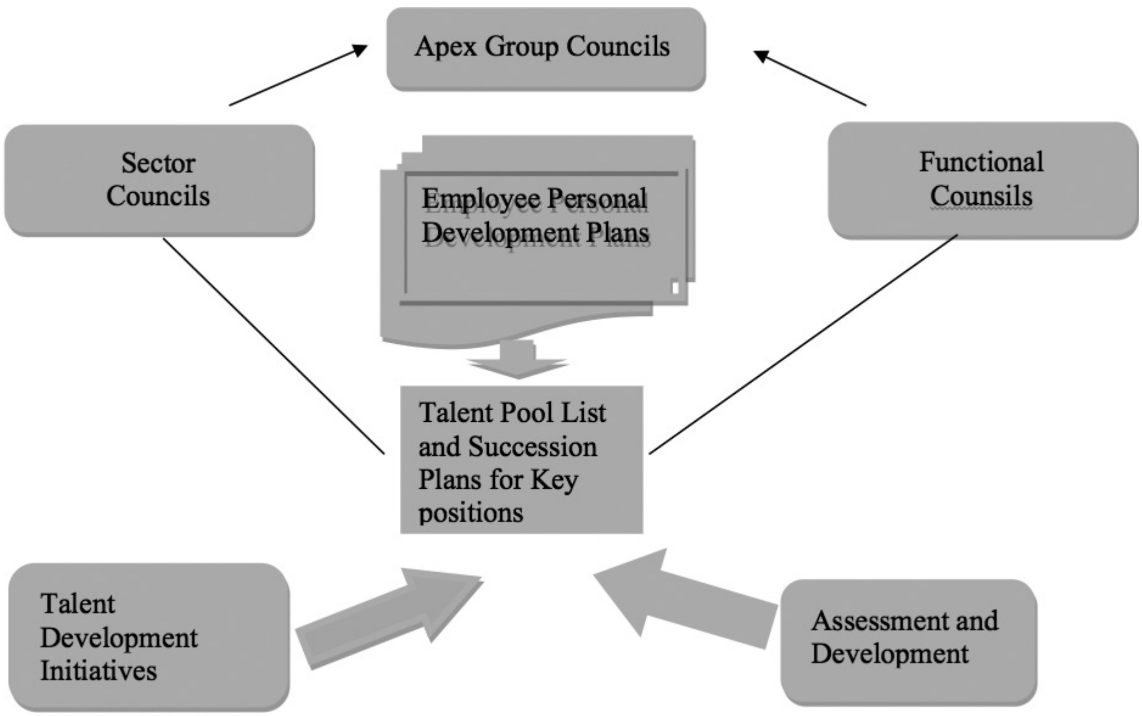
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Services Ltd.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent Company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary (CS) and **such other person designated by the Board as Key Managerial Personnel** shall be finalised/revised either by any Director or such other person as may be authorized by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

**** As amended 0n 23rd April, 2018.***

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

YVS Vijay Kumar	**Rajeev Dubey**
Whole Time Director	Director

Mumbai, 23rd April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. MR. 3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra First Choice Services Limited
Mahindra Towers, P.K. Kurne Chowk
Worli, Mumbai – 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra First Choice Services Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 **('SEBI Act')**:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015 **(Not Applicable to the Company)**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company)**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable to the Company)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company);** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company);**

(vi) As identified, no law is specifically applicable to the company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Not Applicable to the Company).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For MMJC & Associates LLP

Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346

Place: Mumbai
Date: 20.04.2018

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

'Annexure A'

To,

The Members,
Mahindra First Choice Services Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the rification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MMJC & Associates LLP

Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346

Place: Mumbai
Date: 20.04.2018

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not Applicable

(iii) the capital investment on energy conservation equipment: NIL

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(iv) the expenditure incurred on Research and Development: NIL

(C) Foreign exchange earnings and outgo: (In terms of actual inflow & outflow)

(Rupees in Lakhs)

	For the Financial Year ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	**4.12**	3.08

For and on behalf of the Board

YVS Vijay Kumar Whole Time Director

Rajeev Dubey Director

Mumbai, 23rd April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U35999MH2008PLC180385
ii)	Registration Date	24/03/2008
iii)	Name of the Company	Mahindra First Choice Services Limited
iv)	Category/Sub-Category of the Company	Company limited by shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai-400018, Maharashtra. Tel: +91 22 2490 1441 Fax: +91 22 2490 0833.
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private. Limited. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.com; karisma@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main product/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Sale of Motor vehicle parts and accessories	45300	70%
2.	Revenue from rendering of services	7740	30%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai 400018	U65993MH2007PLC175649	HOLDING	100	2(46)
2	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	ULTIMATE HOLDING	–	2(46)
3	Auto Digitech Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai 400018	U29253MH2009PTC196365	SUBSIDIARY	54.10	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	26,39,99,994	6*	26,40,00,000	100	26,39,99,994	6*	26,40,00,000	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other…	-	-	-	-	-	-	-	-	-
Sub-total A(1):-	**26,39,99,994**	**6***	**26,40,00,000**	**100**	**26,39,99,994**	**6***	**26,40,00,000**	**100**	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**26,39,99,994**	**6***	**26,40,00,000**	**100**	**26,39,99,994**	**6***	**26,40,00,000**	**100**	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**26,39,99,994**	**6***	**26,40,00,000**	**100**	**26,39,99,994**	**6***	**26,40,00,000**	**100**	**0**

* 6 individuals hold 1 share each jointly with Mahindra Holdings Limited.

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Holdings Limited	26,39,99,994	100%	0	26,39,99,994	100%	0	100%
2.	Mahindra Holdings Limited jointly with Mr. Rajeev Dubey**	1	0	0	1	0.00%	0	0.00%

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% of change in share holding during the year
3.	Mahindra Holdings Limited jointly with Mr. Narayan Shankar**	1	0	0	1	0.00%	0	0.00%
4.	Mahindra Holdings Limited jointly with Mr. S. Durgashankar**	1	0	0	1	0.00%	0	0.00%
5.	Mahindra Holdings Limited jointly with Mr. K Chandrasekar**	1	0	0	1	0.00%	0	0.00%
6.	Mahindra Holdings Limited jointly with Mr. Y. V. S. Vijay Kumar**	1	0	0	1	0.00%	0	0.00%
7.	Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani**	1	0	0	1	0.00%	0	0.00%
	Total	**26,40,00,000**	**100.00%**	**0**	**26,40,00,000**	**100.00%**	**0**	–

** Jointly held with Mahindra Holdings Limited to comply with the statutory provisions of Companies Act, 2013 with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Mahindra Holdings Limited	Shareholding at the beginning of the year		Increase / Decrease in No. of Shares	Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company		% of total shares of the Company	% of total shares of the Company
1.	**At the beginning of the year**	26,40,00,000	100			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)				0	0
	At the End of the year				26,40,00,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Top 10 Shareholders	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	NOT APPLICABLE				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	Directors				
1.	**Mahindra Holdings Limited jointly with Mr. Rajeev Dubey**				
	At the beginning of the year	1	0	–	–
	Date wise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one equity share from Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0
2.	**Mahindra Holdings Limited jointly with Mr. K. Chandrasekar**				
	At the beginning of the year	1	0	–	–
	Date wise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one equity share from Mahindra & Mahindra Limited jointly with Mr. K. Chandrasekar on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0
3.	**Mahindra Holdings Limited jointly with Mr. YVS Vijay Kumar**				
	At the beginning of the year	1	0	–	–
	Date wise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one equity share from Mahindra & Mahindra Limited jointly with Mr. YVS Vijay Kumar on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0
4.	**Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani**				
	At the beginning of the year	1	0	–	–
	Date wise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase -Transfer of one equity share from Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year - 01.04.2017				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
• Addition	–	**301,044,982**	–	**301,044,982**
• Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year - 31.03.2018				
i) Principal Amount	–	**301,044,982**	–	**301,044,982**
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**301,044,982**	–	**301,044,982**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Whole-Time Director	Total Amount
		Mr. Y.V.S. Vijay Kumar	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12,000,000	12,000,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	**12,000,000**	**12,000,000**
	Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013	

B. Remuneration of other Directors:

(Amount in Rs.)

Particulars of Remuneration	Name of Directors										Total Amount
	Mr. Hemant Sikka	**Mr. Rajeev Dubey**	**Mr. Ramesh Iyer**	**Mr. K. Chandra sekar**	**Mr. Anupam Thareja**	**Mr. Ruzbeh Irani**	**Dr. P. Augustin**	**Ms. Sonu Bhasin**	**Mr. Vivek Nayer**	**Mr. Debabrata Bandyopadhyay**	
1. Independent Directors • Fee for attending board/ committee meetings	N.A.	N.A	N.A	N.A	N.A	N.A	N.A	270,000	N.A	270,000	540,000
• Commission		–	–	–	–	–	–	–	–	–	–
• Others, please specify		–	–	–	–	–	–	–	–	–	–
Total (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**270,000**	**NIL**	**270,000**	**540,000**
2. Other Non-Executive Directors											
• Fee for attending board/ committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N.A	NIL	N.A	–
• Commission	–	–	–	–	–	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–	–	–	–	–
Total B=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**270,000**	**NIL**	**270,000**	**540,000**
Ceiling as per the Act	Subject to maximum of Rs. 1 Lakh per meeting In accordance with applicable provisions of Companies Act, 2013										

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration			
		Company Secretary	Chief Financial Officer	Total
	Names of Key Managerial Personnel	**Ms. Hemangi Patil**	**Mr. V Rajan**	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	62,66,746	62,66,746
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option / Stock Appreciation Rights	–	10,33,732	10,33,732
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–		–

(Amount in Rs.)

Sr. No.	Particulars of Remuneration			
		Company Secretary	Chief Financial Officer	Total
	Names of Key Managerial Personnel	**Ms. Hemangi Patil**	**Mr. V Rajan**	
5.	Others – Contribution to PF	–	2,50,021	2,50,021
	Others – Secretarial charges	1,00,000	–	1,00,000
	Total	**1,00,000**	**75,50,499**	**76,50,499**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

YVS Vijay Kumar
Whole Time Director

Rajeev Dubey
Director

Mumbai, 23rd April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

Details of the Employees Stock Option Scheme pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	ESOS 2017
(a)	Options granted	21,940,636
(b)	Options vested	NIL
(c)	Options exercised	NIL
(d)	The total number of shares arising as a result of exercise of option	NIL
(e)	Options lapsed	NIL
(f)	The exercise price	N.A.
(g)	Variation of terms of options	NIL
(h)	Money realized by exercise of options	–
(i)	Total number of options in force as at 31st March 2018	21,940,636
(j)	Employee wise details of options granted to (i) key managerial personnel	Mr. Y.V.S. Vijay Kumar – 5,551,879
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year:	Mr. Alok Kapoor – 1,087,003 Mr. Srinath Ramamurthy – 1,086,490
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Mr. Y.V.S. Vijay Kumar – 5,551,879

For and on behalf of the Board

YVS Vijay Kumar
Whole Time Director

Rajeev Dubey
Director

Mumbai, 23rd April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra First Choice Services Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra First Choice Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Material Uncertainty related to Going Concern

9. We draw attention to Note 34 in the financial statements which indicates that the Company has accumulated losses of Rs. 316.36 Crores and its net worth has been fully eroded. The Company has incurred a net loss/net cash loss during the current and previous years and Company's current liabilities exceeds its current assets as at the Balance sheet date. These conditions along with other matters set forth in Note 34 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact on pending litigations on its financial position. Refer note no. 33.

        ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

        iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place : Mumbai
Date : 23rd April 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 10 of our report of even date on the financial statements of Mahindra First Choice Service Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods & service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute except as disclosed below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
MVAT Act, 2002	VAT payable and Interest	Dy. Commissioner of Sales Tax – Appeals	April 2008 to March 2009	5,22,564	5,22,564
AP VAT Rules, 2005	VAT payments	Appellate Deputy Commissioner (CT)	November 2008 to April 2011	690,733	690,733

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we have been informed of any such instance by the Management except for one instance of misappropriation of funds by two employees of the Company involving amount of Rs. 3.86 lakhs, out of which Rs. 0.46 lakhs has been recovered since. Refer note no. 35(iv) to the financial statements.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided any managerial remuneration. in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place : Mumbai
Date : 23rd April 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA FIRST CHOICE SERVICE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra First Choice Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place : Mumbai
Date : 23rd April 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
I	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	5	**39,296,845**	54,374,851
	(b) Capital work-in-progress	5	**592,806**	–
	(c) Intangible assets	6	**8,310,623**	15,781,514
	(d) Intangible assets under development	6	**1,100,000**	–
	(e) Financial assets			
	(i) Investments	7	**1**	1
	(ii) Loans	8	**18,718,739**	17,250,634
	(iii) Other financial assets	9	**1,395,000**	1,220,000
	(f) Other non-current assets	10	**20,138,987**	23,424,161
	Total Non - Current Assets		**89,553,001**	112,051,161
2	**Current assets**			
	(a) Inventories	11	**63,901,045**	56,809,523
	(b) Financial assets			
	(i) Trade receivables	12	**78,002,523**	38,110,017
	(ii) Cash and cash equivalents	13	**617,599**	18,212,280
	(iii) Bank balances other than (ii) above	13	**325,000**	–
	(iv) Loans	8	**560,000**	3,458,443
	(v) Other financial assets	9	**3,905,687**	20,865,607
	(c) Other current assets	10	**7,048,881**	7,232,273
			154,360,735	144,688,143
	Assets classified as held for sale		**–**	2,400,000
	Total current assets		**154,360,735**	147,088,143
	Total assets		**243,913,736**	259,139,304
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	14	**2,640,000,000**	2,640,000,000
	(b) Other equity	15	**(3,163,580,020)**	(2,761,208,244)
	Total equity		**(523,580,020)**	(121,208,244)
	Liabilities			
2	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Trade payables	16	**34,230,599**	12,155,812
	(ii) Other financial liabilities	17	**149,168,994**	105,203,977
	(b) Provisions	19	**15,855,243**	16,165,967
	Total non-current liabilities		**199,254,836**	133,525,756
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	**301,044,982**	-
	(ii) Trade payables	16	**189,145,453**	187,091,294
	(iii) Other financial liabilities	17	**16,933,589**	22,019,243
	(b) Provisions	19	**5,946,801**	5,506,734
	(c) Other current liabilities	20	**55,168,095**	32,204,521
	Total current liabilities		**568,238,920**	246,821,792
	Total liabilities		**767,493,756**	380,347,548
	Total equity and liabilities		**243,913,736**	259,139,304

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 23rd April 2018

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

Hemangi Patil
Company Secretary

Place : Mumbai
Date : 23rd April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

	Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations	21	903,474,413	756,618,282
II	Other Income	22	21,988,141	34,848,652
III	**Total Revenue (I + II)**		925,462,554	791,466,934
IV	**Expenses**			
	(a) Purchases of Stock in trade		578,092,500	495,709,162
	(b) Changes in inventories of stock in trade	23	(7,091,522)	(25,982,880)
	(c) Employee benefit expense	24	325,724,194	255,411,656
	(d) Finance costs	25	12,712,558	–
	(e) Depreciation and amortisation expense	5,6	25,528,307	30,725,305
	(f) Other expenses	26	394,374,501	490,105,581
	Total Expenses (IV)		1,329,340,538	1,245,968,824
V	**Loss before tax (III - IV)**		(403,877,984)	(454,501,890)
VI	**Tax expense**		–	–
VII	**Loss for the year (V - VI)**		(403,877,984)	(454,501,890)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss :			
	Remeasurements of the defined benefit liabilities/(assets)	30	1,506,208	(897,716)
	Total other comprehensive income for the period (VIII)		1,506,208	(897,716)
IX	**Total comprehensive income for the period (VII+VIII)**		(402,371,776)	(455,399,606)
X	**Earnings per equity share :**			
	Basic and Diluted	27	(1.53)	(1.80)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 23rd April 2018

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

Hemangi Patil
Company Secretary

Place : Mumbai
Date : 23rd April 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

	Particulars		Year ended 31st March, 2018		Year ended 31st March, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Loss before tax			**(403,877,984)**	(454,501,890)
	Adjustments for:				
	Depreciation and amortisation expense		**25,528,307**		30,725,305
	Interest on overdraft facility		**12,712,558**		–
	Provision for impairment on fixed assets reclassified as held for sale		**272,030**		3,485,066
	Loss on sale/write off of fixed assets		**1,905,321**		44,867,458
	Bad debts written off		**9,407,684**		4,205,857
	Advances written off		**376,774**		326,998
	Allowance for expected credit losses on trade receivables		**32,580,316**		8,178,560
	Interest income		**(445,620)**		(225,446)
	Interest income on financial assets at amortised cost		**(514,005)**		(953,300)
	Provision for doubtful advances		**2,536,274**		755,879
	Provision for doubtful advances no longer required		**(72,000)**		(269,862)
	Provision for doubtful receivables no longer required		**(1,722,767)**		(823,916)
				82,564,872	90,272,599
	Operating loss before working capital changes			**(321,313,112)**	(364,229,291)
	(Increase)/Decrease in non current loans		**(3,490,374)**		20,300,131
	Decrease/(Increase) in other non current assets		**3,700,823**		(798,506)
	(Increase) in inventories		**(7,091,522)**		(25,982,880)
	(Increase) in trade receivables		**(80,157,739)**		(23,388,607)
	Decrease in current loans		**2,898,443**		6,343,457
	Decrease/(Increase) in other current financial assests		**16,960,660**		(9,301,295)
	(Increase)/Decrease in other current assets		**(121,382)**		3,630,598
	Decrease in assets classified as held for sale		**2,400,000**		9,643,405
	Increase/(Decrease) in non current trade payables		**22,074,787**		(6,689,371)
	(Decrease) in current trade payables		**2,054,159**		(37,465,415)
	Increase/(Decrease) in other current financial liabilities		**(5,085,654)**		(9,661,495)
	Increase in current provisions		**440,067**		3,614,415
	Increase in other current liabilities		**24,469,782**		529,597
	Increase in other non current financial liabilities		**31,252,459**		72,883,977
	(Decrease)/Increase in other non current provisions		**(310,724)**		3,350,103
				9,993,785	7,008,114
	Cash used in operations			**(311,319,327)**	(357,221,177)
	Income tax paid			**(1,591,116)**	(3,224,528)
	Net cash used in operating activities	**(A)**		**(312,910,443)**	(360,445,705)
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of fixed assets (including capital advances)		**(9,009,192)**		(36,008,826)
	Sale of fixed assets		**3,335,092**		49,762,818
	Investment in equity shares		**–**		(1)
	Bank balances not considered as cash and cash equivalents (net)		**(500,000)**		(847,972)
	Interest received		**444,880**		223,698
				(5,729,220)	13,129,717
	Net cash used in investing activities	**(B)**		**(5,729,220)**	13,129,717
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from issue of equity shares			**–**	297,000,000
	Net cash from financing activities	**(C)**		**–**	297,000,000
D.	**NET INCREASE IN CASH AND CASH EQUIVALENTS**	**(A+B+C)**		**(318,639,663)**	(50,315,988)
	Cash and cash equivalents at the beginning of the year			**18,212,280**	68,528,268
	Cash and cash equivalents at the end of the year			**(300,427,383)**	18,212,280
	Net decrease as disclosed above			**(318,639,663)**	(50,315,988)
	See accompanying notes forming part of the financial statements				

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 23rd April 2018

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

Hemangi Patil
Company Secretary

Place : Mumbai
Date : 23rd April 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

a. Equity Share Capital

Particulars	Amount
As at 31st March, 2016	2,343,000,000
Changes in equity share capital during the year	297,000,000
As at 31st March, 2017	2,640,000,000
Changes in equity share capital during the year	–
As at 31st March, 2018	**2,640,000,000**

b. Other Equity

Particulars	Reserves & Surplus	Items of other comprehensive income	Total
	Retained earnings	Remeasurements of the defined benefit liabilities/(assets)	
As at 31st March, 2016	(2,305,668,660)	(139,978)	(2,305,808,638)
Loss for the year	(454,501,890)	–	(454,501,890)
Other comprehensive income	–	(897,716)	(897,716)
Total comprehensive income	(454,501,890)	(897,716)	(455,399,606)
As at 31st March, 2017	(2,760,170,550)	(1,037,694)	(2,761,208,244)
Loss for the year	(403,877,984)	–	(403,877,984)
Other comprehensive income	–	1,506,208	1,506,208
Total comprehensive income	(403,877,984)	1,506,208	(402,371,776)
As at 31st March, 2018	**(3,164,048,534)**	**468,514**	**(3,163,580,020)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 23rd April 2018

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

Hemangi Patil
Company Secretary

Place : Mumbai
Date : 23rd April 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Significant accounting policies

1) Corporate information

Mahindra First Choice Services Limited (MFCSL) is a wholly owned subsidiary of Mahindra Holdings Limited. The Company has its presence across all major cities in India. The Company has multi brand vehicle service centres network comprising 353 Franchise Owned Franchise Operated (FOFO) outlets and 2 Company Owned Company Operated (COCO) outlets. The Company supplies spare parts to FOFOs through 34 distribution HUB's. The Company has developed its own brand MFC for selling a range of spares parts through its 67 distributors.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 on consolidated financial statement and Companies (Accounts) Rules 2014, as amended. The immediate parent Company is Mahindra Holdings Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries is provided in note on investments.

2) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

a) Basis of accounting and preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 on inventories or value in use in Ind AS 36 impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and impairment losses. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are given below

Category of assets	**Life**
Plant and Machinery	
- Machinery	10 Years
- Electrical equipments and tools	06 Years
- Mobile handsets	02 Years
- Barcode system & equipment	05 Years
Furniture and fittings - movable in nature	06 Years
Vehicles	06 Years and 8 months
Office Equipments	05 Years
Leasehold Premises	Over the period of lease
Computers	03 Years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Useful lives of intangible assets

Software are amortised over a period of three years on straight line method.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets under development

Expenditure on research and development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

d) Impairment of tangible and intangible assets other than goodwill

The carrying amounts of tangible and intangible assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amounts of assets exceed their recoverable amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

e) **Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short term deposits with an original maturity upto three months, which are subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash and short term deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

f) **Cash flow statements**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity upto three months from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g) **Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetory items denominated in foreign currencies are retranslated at the rates prevailing at that date.

h) **Borrowing costs**

Borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

i) **Inventories:**

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi, freight and other levies. Cost is arrived at on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

j) **Unbilled revenue**

Unbilled revenue is recognised on the cost of material issued on the sales order/job card opened pending completion of service and hence not billed at the year end.

k) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied :

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from Services

Income from services is recognised when services are rendered and related costs are incurred.

Franchise Income

(i) One time fees is recognised when services are rendered and related costs are incurred prior to the commencement of operations by franchise.

(ii) Monthly fees are recognised when services are rendered and related costs are incurred after the commencement of operations by franchise.

l) **Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

m) **Employee benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, stock appreciation rights, employee stock option scheme and post employment medical benefits.

1. **Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non accumulating compensated absences, when the absences occur.

2. **Long term benefits**

I. **Defined contribution plan**

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

i. **Provident and family pension fund**

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident fund and family pension fund are classified as defined contribution plans as the Company has no further obligations beyond making the contribution. The Company's contribution to defined contribution plans is charged to the Statement of Profit and Loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

ii. **Superannuation**

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as defined contribution plan as the Company has no further obligations beyond making the contribution. The Company's contribution to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

II. **Defined benefit plan**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

i. **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Remeasurements arising from defined benefit plans comprises of actuarial gains and losses on benefit obligations, the return on plan assets in excess of what has been estimated and the effect of asset ceiling, if any, in case of over funded plans. The Company recognizes these items of remeasurements immediately in other comprehensive income and all the other expenses related to defined benefit plans as employee benefit expenses in their Statement of Profit and Loss.

ii. **Compensated absences**

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation.

n) **Employee share based payments:**

The Company has constituted an employee stock option plan by way of stock appreciation rights. Employee stock options granted on or after 1st April, 2005 are accounted under the 'Fair Value Method'. For cash settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in Statement of Profit and Loss for the year.

Certain employees of the Company are covered by employee stock option scheme (ESOP scheme) offered by Company. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra First Choice Services Ltd, in accordance with the terms and conditions of the scheme. The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under ESOP scheme vests after 4 years from the date of grant. The options may be exercised over a period of 5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged over the vesting period. The charge is based on fair value of options calculated using Black-Scholes-Merton Option Pricing Model. The fair value charge is recognised as share based payment expenses under employee benefit expenses.

o) **Taxation:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws. The Companies current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

p) **Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

q) Leases:

The Company as lessee

Rental expense from operating leases is generally recognised as per agreement over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

r) Financial instuments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

s) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

Investments in equity of subsidiaries is measured at cost.

A financial asset is held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or

(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive i.e. all cash shortfalls, discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

t) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

3) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

Depreciation on property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

Sr. No	Category of assets	Life
(i)	Plant and machinery	
	- Machinery	10 Years
	- Electrical equipments and tools	6 Years
	- Mobile handsets	2 Years
	- Barcode system & equipment	5 Years
(ii)	Furniture and fittings - movable in nature	6 Years
(iii)	Vehicles	6 Years and 8 months

4) Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from contracts with customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Note No. 5 - Property, plant and equipment and capital work in progress

Carrying amount	As at 31st March, 2018	As at 31st March, 2017
Plant and equipment	**7,742,280**	11,026,866
Furniture and fixtures	**6,590,768**	8,315,617
Vehicles	**9,993,270**	12,189,369
Office equipment	**2,939,162**	4,375,429
Improvement to leasehold premises	**5,226,490**	7,219,602
Computers	**6,804,875**	11,247,968
	39,296,845	54,374,851
Capital work in progress	**592,806**	–
Total	**39,889,651**	54,374,851

Description of Assets	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Improvement to leasehold premises	Computers	Total
Gross Block							
As at 31st March, 2016	83,029,592	20,318,709	14,366,692	11,145,611	45,915,658	35,361,998	210,138,260
Additions during the year	2,331,780	5,096,976	3,324,254	1,979,925	2,897,118	7,264,583	22,894,636
Disposals during the year	62,831,222	11,301,152	672,264	4,315,839	33,832,732	4,319,990	117,273,199
Reclassified from previous year's held for sale	1,326,625	474,647	–	265,455	–	34,965	2,101,692
Reclassified as held for sale	5,419,840	176,409	–	470,730	–	–	6,066,979
As at 31st March, 2017	18,436,935	14,412,771	17,018,682	8,604,422	14,980,044	38,341,556	111,794,410
Additions during the year	181,075	912,966	3,505,436	371,013	–	860,954	5,831,444
Disposals during the year	2,379,882	204,879	6,007,961	589,392	315,608	1,103,949	10,601,671
Reclassified from previous year's held for sale	24,885	–	–	29,597	–	–	54,482
Reclassified as held for sale	–	–	–	–	–	–	–
As at 31st March, 2018	**16,263,013**	**15,120,858**	**14,516,157**	**8,415,640**	**14,664,436**	**38,098,561**	**107,078,665**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Description of Assets	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Improvement to leasehold premises	Computers	Total
Accumulated depreciation and impairment for the year							
As at 31st March, 2016	29,089,315	8,936,382	2,956,633	5,382,231	17,929,876	23,089,273	87,383,710
Depreciation/amortisation expense for the year	4,219,226	3,210,678	2,249,699	1,694,955	2,876,039	7,365,100	21,615,697
Eliminated on disposal of assets	25,211,720	6,105,913	377,019	2,781,421	13,045,473	3,394,002	50,915,548
Reclassified from previous year's held for sale	333,770	189,881	–	139,797	–	33,217	696,665
Impairment losses recognised in profit or loss	2,155,728	20,843	–	129,443	–	–	2,306,014
Eliminated on reclassification as held for sale	3,176,250	154,717	–	336,012	–	–	3,666,979
As at 31st March, 2017	7,410,069	6,097,154	4,829,313	4,228,993	7,760,442	27,093,588	57,419,559
Depreciation/amortisation expense for the year	2,228,127	2,586,464	2,279,947	1,658,091	1,901,641	5,228,732	15,883,002
Eliminated on disposal of assets	1,129,601	153,528	2,586,373	424,718	224,137	1,028,634	5,546,991
Reclassified from previous year's held for sale	12,138	–	–	14,112	–	–	26,250
Impairment losses recognised in profit or loss	–	–	–	–	–	–	–
Eliminated on reclassification as held for sale	–	–	–	–	–	–	–
As at 31st March, 2018	**8,520,733**	**8,530,090**	**4,522,887**	**5,476,478**	**9,437,946**	**31,293,686**	**67,781,820**
Net block							
As at 31st March, 2016	53,940,277	11,382,327	11,410,059	5,763,380	27,985,782	12,272,725	122,754,550
Additions during the year	2,331,780	5,096,976	3,324,254	1,979,925	2,897,118	7,264,583	22,894,636
Disposals during the year	62,831,222	11,301,152	672,264	4,315,839	33,832,732	4,319,990	117,273,199
Depreciation/amortisation expense for the year	4,219,226	3,210,678	2,249,699	1,694,955	2,876,039	7,365,100	21,615,697
Eliminated on disposal of assets	25,211,720	6,105,913	377,019	2,781,421	13,045,473	3,394,002	50,915,548
Reclassified from previous year's held for sale	992,855	284,766	–	125,658	–	1,748	1,405,027
Impairment losses recognised in profit or loss	2,155,728	20,843	–	129,443	–	–	2,306,014
Eliminated on reclassification as held for sale	2,243,590	21,692	–	134,718	–	–	2,400,000
As at 31st March, 2017	11,026,866	8,315,617	12,189,369	4,375,429	7,219,602	11,247,968	54,374,851
Additions during the year	181,075	912,966	3,505,436	371,013	–	860,954	5,831,444
Disposals during the year	2,379,882	204,879	6,007,961	589,392	315,608	1,103,949	10,601,671
Depreciation/amortisation expense for the year	2,228,127	2,586,464	2,279,947	1,658,091	1,901,641	5,228,732	15,883,002
Eliminated on disposal of assets	1,129,601	153,528	2,586,373	424,718	224,137	1,028,634	5,546,991
Reclassified from previous year's held for sale	12,747	–	–	15,485	–	–	28,232
Impairment losses recognised in profit or loss	–	–	–	–	–	–	–
Eliminated on reclassification as held for sale	–	–	–	–	–	–	–
As at 31st March, 2018	**7,742,280**	**6,590,768**	**9,993,270**	**2,939,162**	**5,226,490**	**6,804,875**	**39,296,845**

Loss recognised on sale of assets during the year previously classified as held for sale (Refer note no. 26)

Description of assets	Assets held for sale	Selling price	Assets put back to use	Loss recognised on sale of assets
Plant and machinery	2,243,589	1,883,626	12,747	347,216
Furniture and fixtures	21,692	61,736	–	(40,044)
Office equipment	134,719	154,376	15,484	(35,142)
Total	**2,400,000**	**2,099,738**	**28,232**	**272,030**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Note No. 6 - Other intangible assets

Carrying amount	As at 31st March, 2018	As at 31st March, 2017
Computer Software	**8,310,623**	15,781,514
Intangible assets under development	**1,100,000**	–
Total	**9,410,623**	15,781,514

Description of assets	Computer Software	Total
Gross block		
As at 31st March, 2016	44,372,052	44,372,052
Additions during the year	5,659,955	5,659,955
Disposals during the year	203,182	203,182
As at 31st March, 2017	49,828,825	49,828,825
Additions during the year	2,174,414	2,174,414
Disposals during the year	–	–
As at 31st March, 2018	**52,003,239**	**52,003,239**
Accumulated depreciation and impairment for the year		
As at 31st March, 2016	25,050,905	25,050,905
Amortisation expense for the year	9,109,608	9,109,608
Eliminated on disposal of assets	113,202	113,202
As at 31st March, 2017	34,047,311	34,047,311
Amortisation expense for the year	9,645,305	9,645,305
Eliminated on disposal of assets	–	–
As at 31st March, 2018	**43,692,616**	**43,692,616**
Net block		
As at 31st March, 2016	19,321,147	19,321,147
Additions during the year	5,659,955	5,659,955
Disposals during the year	203,182	203,182
Amortisation expense for the year	9,109,608	9,109,608
Eliminated on disposal of assets	113,202	113,202
As at 31st March, 2017	15,781,514	15,781,514
Additions during the year	2,174,414	2,174,414
Disposals during the year	–	–
Amortisation expense for the year	9,645,305	9,645,305
Eliminated on disposal of assets	–	–
As at 31st March, 2018	**8,310,623**	**8,310,623**

Note No. 7 - Investments

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non Current		
Unquoted Instruments (all fully paid)		
Investment in Equity Instruments in subsidiary at cost		
- Auto Digitech Private Ltd (*) (10,000 Equity shares of Rs. 10/- each)	**1**	1
Total non current	**1**	1
Current	**–**	–
Total	**1**	1

(*) Erstwhile Mahindra Punjab Tractors Private Limited

Note No. 8 - Loans

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
Security deposits		
- Unsecured, considered good		
- for rented premises	**18,321,639**	16,549,297
- for others	**397,100**	701,337
Total non current	**18,718,739**	17,250,634
Current		
Security deposits		
- Unsecured, considered good		
- for rented premises	**560,000**	3,234,222
- for others	**–**	224,221
Total current	**560,000**	3,458,443
Total	**19,278,739**	20,709,077

Refer note no. 28(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 9 - Other financial assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
Fixed deposits with maturity greater than 12 months	**1,395,000**	1,220,000
Total non current	**1,395,000**	1,220,000
Current		
Interest accrued on bank deposits	**15,608**	14,868
Unbilled revenue	**2,483,793**	2,438,008
Other receivables	**1,406,286**	18,412,731
Total current	**3,905,687**	20,865,607
Total	**5,300,687**	22,085,607

Note : Lien has been created on fixed deposits in favour of banks, as a security for their guarantees.

Refer note no. 28(B)(1) for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 10 - Other assets

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
(a) Capital advances		
For Capital work in progress		
Considered good	**–**	1,175,467
Considered doubtful	**474,637**	474,637
Less: Allowance for credit losses	**(474,637)**	(474,637)
Total (a)	**–**	1,175,467

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars	As at 31st March, 2018	As at 31st March, 2017
(b) Advances other than capital advances		
(i) Other advances	**359,333**	880,876
(ii) Balances with government authorities (other than income taxes)		
(a) VAT credit receivable	**2,281,136**	508,330
(b) Service tax credit receivable	**–**	9,721,984
(c) Goods and service tax credit receivable	**4,769,898**	–
(iii) Advance income tax	**12,728,620**	11,137,504
Total (b)	**20,138,987**	22,248,694
Total non current (a+b)	**20,138,987**	23,424,161
Current		
Advances other than capital advances		
(i) Advances to related parties	**7,839**	14,254
(ii) Other advances		
– Considered good	**5,964,509**	6,506,991
– Considered doubtful	**1,718,439**	1,255,223
Less: Allowance for credit losses	**(1,718,439)**	(1,255,223)
	5,964,509	6,506,991
(iii) Advances to employees	**1,076,533**	711,028
Total current	**7,048,881**	7,232,273
Total	**27,187,868**	**30,656,434**

Note No. 11: Inventories

Particulars	As at 31st March, 2018	As at 31st March, 2017
Stock in trade of goods acquired for trading	**63,901,045**	56,809,523
Total Inventories (at lower of cost and net realisable value)	**63,901,045**	56,809,523
Goods in transit, included above:		
Stock in trade of goods acquired for trading	**4,047**	5,476
Total goods in transit	**4,047**	5,476

Note:

1 The cost of inventories recognised as an expense during the year is Rs 571,000,978. (Previous year Rs 469,726,282)

2 The cost of inventories recognised as an expense includes:
Rs 496,928 in respect of shortages found during physical verification (Previous Year Rs 521,529)

Note No. 12 - Trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current	**–**	–
Current		
Trade receivables		
Secured, considered good	**–**	–
Unsecured, considered good	**78,002,523**	38,110,017
Considered doubtful	**34,449,550**	9,059,804
Less: Allowance for credit losses	**(34,449,550)**	(9,059,804)
Total current	**78,002,523**	38,110,017
Total	**78,002,523**	38,110,017

Refer note no. 28(B)(1) for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 13: Cash and cash equivalents

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(a) Balances with banks		
- In current accounts	**145,090**	17,589,267
- Fixed deposits with maturity upto 3 months	**–**	–
(b) Cash on hand	**472,509**	623,013
Total cash and cash equivalents	**617,599**	18,212,280
Other bank balances		
Balances with banks:		
- Fixed deposits with maturity 3 to 12 months	**325,000**	–
Total other bank balances	**325,000**	–

Note:

(i) Cash and cash equivalents include cash in hand and in banks.

(ii) Lien has been created on fixed deposits in favour of banks, as a security for their guarantees.

Note No. 13(a) - Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cah equivalents (refer note no. 13)	**617,599**	18,212,280
Unsecured bank overdraft (refer note no. 18)	**(301,044,982)**	–
Total	**(300,427,383)**	18,212,280

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Note No. 14 - Equity share capital

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount
Authorised:				
Equity shares of Rs. 10/- each	**281,000,000**	**2,810,000,000**	264,000,000	2,640,000,000
	281,000,000	**2,810,000,000**	264,000,000	2,640,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each	**264,000,000**	**2,640,000,000**	264,000,000	2,640,000,000
	264,000,000	**2,640,000,000**	264,000,000	2,640,000,000
Total	**264,000,000**	**2,640,000,000**	264,000,000	2,640,000,000

Note No. 14.1 - Equity share capital (contd...)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening balance	Fresh issue	Closing balance
Equity shares with voting rights			
Year ended 31st March, 2018			
No. of shares	**264,000,000**	**–**	**264,000,000**
Amount in rupees	**2,640,000,000**	**–**	**2,640,000,000**
Year ended 31st March, 2017			
No. of shares	234,300,000	29,700,000	264,000,000
Amount in rupees	2,343,000,000	297,000,000	2,640,000,000

Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 per share, which rank pari passu in all respects including voting rights and entitlement of dividend. In the event of liquidation, the shareholder is eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any.

(ii) Details of shares held by holding company and its nominees:

Particulars	Number of equity shares with voting rights
As at 31st March, 2018	
Mahindra Holdings Ltd, and its nominees	**264,000,000**
As at 31st March, 2017	
Mahindra Holdings Ltd, and its nominees	264,000,000

Note No. 15 - Other equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
Retained earnings		
Balance as at the beginning of the year	**(2,761,208,244)**	(2,305,808,638)
Loss for the year	**(403,877,984)**	(454,501,890)
Other comprehensive income arising from remeasurement of defined benefit obligation	**1,506,208**	(897,716)
Balance at the end of year	**(3,163,580,020)**	(2,761,208,244)

Note No. 16 - Trade payables

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
Liability for employee stock option plan	**20,279,095**	–
Liability for stock appreciation rights	**13,951,504**	12,155,812
Total non current	**34,230,599**	12,155,812
Current		
Trade payable - micro and small enterprises	**1,505,447**	2,004,517
Trade payable - other than micro and small enterprises	**164,972,866**	176,967,070
Liability for stock appreciation rights	**22,667,140**	8,119,707
Total current	**189,145,453**	187,091,294
Total	**223,376,052**	199,247,106

Trade payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 28(B)(1).

Note No. 17 - Other financial liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
Deposits received from franchises	**149,168,994**	105,203,977
Total non current	**149,168,994**	105,203,977
Current		
Earnest money and other deposits	**9,399,989**	17,399,989
Deposits received from distributors	**6,000,000**	2,429,132
Creditors for capital supplies/services	**1,533,600**	2,190,122
Total current	**16,933,589**	22,019,243
Total	**166,102,583**	127,223,220

Refer note no. 28(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Note No. 18 - Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current	**–**	–
Current		
Unsecured bank overdraft	**301,044,982**	–
Total current	**301,044,982**	–
Total	**301,044,982**	–

Refer note no. 28(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 19 - Provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current		
Provision for employee benefits		
Compensated absences	**10,927,245**	12,516,325
Provision for gratuity	**4,927,998**	3,649,642
Total non current	**15,855,243**	16,165,967
Current		
Provision for employee benefits		
Compensated absences	**5,946,801**	5,506,734
Total current	**5,946,801**	5,506,734
Total	**21,802,044**	21,672,701

Refer note no. 24 on Employee benefits expense.

Note No. 20 - Other liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non current	**–**	–
Current		
Advances received from customers	**48,121,913**	23,314,162
Statutory dues		
– Taxes payable (other than income taxes)	**2,801,457**	5,037,061
– Employee recoveries and employer contributions	**4,244,725**	3,853,298
Total current	**55,168,095**	32,204,521
Total	**55,168,095**	32,204,521

Note No. 21 - Revenue from operations

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from sale of goods	**628,332,129**	505,377,321
Revenue from rendering of services	**274,013,154**	249,631,360
Other operating revenue		
Sale of scrap	**972,669**	1,474,927
Discounts received	**156,461**	134,674
Total	**903,474,413**	756,618,282

Note No. 22 - Other income

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest income earned on financial assets that are not designated as at fair value through profit or loss:		
– Other financial assets carried at amortised cost	**514,005**	953,300
– Bank deposits (at amortized cost)	**137,010**	104,084
– Interest on loan to employees	**15,914**	68,131
– On income tax refund	**308,610**	121,362
– On MVAT refund	**–**	46,687
Operating lease rental income	**–**	848,000
Expected credit loss allowance on receivables no longer required	**1,722,767**	823,916
Provision for doubtful advances no longer required	**72,000**	269,862
Insurance claim received	**–**	2,109,281
Service tax, VAT set/off reversal	**–**	2,770,531
Recovery of expenses in respect of shared services	**15,227,809**	23,531,925
Miscellaneous income	**3,990,026**	3,201,573
Total	**21,988,141**	34,848,652

Note No. 23 - Changes in inventories of stock in trade

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Inventories at the end of the year:		
Stock in trade of goods acquired for trading	**63,901,045**	56,809,523
Inventories at the beginning of the year:		
Stock in trade of goods acquired for trading	**56,809,523**	30,826,643
Net increase	**(7,091,522)**	(25,982,880)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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Note No. 24 - Employee benefits expense

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries and wages, including bonus	**262,822,495**	273,888,216
Contribution to provident and other funds	**18,945,650**	18,335,204
Share based payment transactions expenses		
– Stock appreciation rights	**16,343,125**	(45,408,470)
– Employee stock option scheme	**20,279,095**	–
Staff welfare expenses	**7,333,829**	8,596,706
Total	**325,724,194**	255,411,656

A. Stock Appreciation Rights (SAR)

The details of the SARs are as under -

Particulars	No of SARs Year ended 31st March, 2018	No of SARs Year ended 31st March, 2017
SARs outstanding at the beginning of the year	**27,717,154**	26,450,332
SARs granted during the year	**–**	1,869,873
SARs expired during the year	**4,974,312**	603,051
SARs exercised during the year	**2,064,761**	–
SARs outstanding at the end of the year	**20,678,081**	27,717,154

The compensation cost of SARs granted to employees is accounted by the Company using the fair value method as below-

Grant date	Vesting date	Exercise Expiry date	Reporting date	Exercise price	Fair value	Number of SARs	Employee compensation cost
1-Aug-12	1-Aug-16	1-Aug-20	31-Mar-18	10	1.21	11,445,035	13,848,492
1-Aug-13	1-Aug-17	1-Aug-21	31-Mar-18	10	2.63	1,710,723	4,499,201
1-Aug-14	1-Aug-18	1-Aug-22	31-Mar-18	10	3.58	1,317,465	4,319,446
1-Aug-15	1-Aug-19	1-Aug-23	31-Mar-18	13	3.47	5,072,355	11,722,001
1-Apr-16	1-Apr-20	1-Apr-24	31-Mar-18	13	3.94	1,132,503	2,229,504
Fair value as on 31st March, 2018						**20,678,081**	**36,618,644**
Less: Fair value as on 31st March, 2017							(20,275,519)
Total							**16,343,125**

The inputs used in the measurement of the fair values at grant date of the cash settled stock appreciation rights were as follows:

Particulars	Cash settled SAR 2018	Cash settled SAR 2017
Exercise price (for SARs issued before 01st Aug'15)	**Rs 10**	Rs 10
Exercise price (for SARs issued after 01st Aug'15)	**Rs 13**	Rs 13
Expected volatility	**0.50**	0.50
Expected life	**6 years**	5 years
Expected dividends yield	**NIL**	NIL
Risk-free interest rate (based on GOI securities)	**8%**	8%

The fair value of the SARs has been measured using the Black-Scholes-Merton formula.

Since, the Company is not listed, it does not have a history of volatility of its shares. However, based on various considerations expected volatility is assumed as 0.5.

B. Employee Stock Option Plans (ESOPs)

The details of the ESOPs are as under -

Particulars	No of ESOPs Year ended 31st March, 2018	No of ESOPs Year ended 31st March, 2017
ESOPs granted during the year	**21,940,636**	–
ESOPs outstanding at the end of the year	**21,940,636**	–

The compensation cost of ESOPs granted to employees is accounted by the Company using the fair value method as below-

Grant date	Vesting date	Exercise expiry date	Reporting date	Exercise price	Fair value	Number of ESOPs	Employee compensation cost
1-Aug-17	1-Aug-21	1-Aug-26	31-Mar-18	10	5.58	21,940,636	20,279,095

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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The inputs used in the measurement of the fair values at grant date of ESOPs were as follows:

Particulars	ESOPs 2018	2017
Exercise price	**Rs 10**	NA
Expected volatility	**0.50**	NA
Expected life	**6.50 years**	NA
Expected dividends yield	**NIL**	NA
Risk-free interest rate (based on GOI securities)	**8%**	NA

The fair value of the ESOPs has been measured using the Black-Scholes-Merton formula.

Since, the Company is not listed, it does not have a history of volatility of its shares. However, based on various considerations expected volatility is assumed as 0.5.

Note No. 25 - Finance costs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest on bank overdraft facility	**12,712,558**	–
Total	**12,712,558**	–

Note No. 26 - Other expenses

Particulars		Year ended 31st March, 2018	Year ended 31st March, 2017
Stores consumed		**332,115**	920,763
Power and fuel		**3,949,767**	6,708,548
Lease rent (refer note no. 29)		**42,838,297**	68,314,348
Rates and taxes		**2,298,114**	3,203,618
Insurance		**3,694,707**	4,748,083
Repairs and maintenance		**4,877,455**	8,003,624
Marketing, promotional and related expenses		**106,406,039**	103,457,902
Travelling and conveyance		**52,676,610**	66,190,109
Hire and service charges		**42,448,810**	55,756,699
Commission and brokerage		**195,500**	1,648,492
Expected credit loss allowance on trade and other receivables		**32,580,316**	8,178,560
Provision for doubtful advances		**2,536,274**	755,879
Legal and professional charges (including payment to auditors - refer note below)		**18,810,307**	32,056,609
Impairment of non financial assets		**272,030**	3,485,066
Bad debts written off	**14,875,487**		
Less: Provision held	**5,467,803**	**9,407,684**	4,205,857
Bad advances written off		**376,774**	326,998
Loss on sale/write off of fixed assets (net of profit on sale of assets)		**1,905,321**	44,867,458
IT support costs		**30,018,772**	32,201,870
Books, periodicals and subscription fees		**40,301**	76,304
Recruitment and related expenses		**4,476,757**	6,154,142
Communication expenses		**11,003,927**	14,454,071
Printing and stationary		**2,758,122**	3,668,262
Deputation charges		**12,000,000**	9,300,000
Training expenses		**5,330,652**	8,091,517
Bank charges		**499,041**	891,648
Expenses for increase in share capital		**1,275,000**	1,347,000
Miscellaneous expenses		**1,365,809**	1,092,154
Total		**394,374,501**	490,105,581

Note : Payment to auditors (excluding taxes):

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(i) Audit fees	**1,200,000**	1,400,000
(ii) Fees for other services	**63,000**	275,000
(iii) Reimbursement of expenses	**–**	17,537
Total	**1,263,000**	1,692,537

Note No. 27 - Earnings per share

Basic earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Loss for the year attributable to owners of the Company	**(403,877,984)**	(454,501,890)
Loss for the year used in the calculation of basic earnings per share	**(403,877,984)**	(454,501,890)
Weighted average number of equity shares	**264,000,000**	252,967,213
Earnings per share - Basic and Diluted	**(1.53)**	(1.80)

Note No. 28 - Financial instruments

A) Capital Management

The Company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

	As at 31st March, 2018	As at 31st March, 2017
Equity	**(523,580,020)**	(121,208,244)
Total	**(523,580,020)**	(121,208,244)

Categories of financial instruments

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial assets		
Measured at fair value through profit or loss (FVTPL)	**–**	–
Measured at amortised cost		
Non current		
Investments	**1**	1
Loans		
– Security deposit	**18,718,739**	17,250,634
Other financial assets		
– Fixed deposits with maturity greater than 12 months	**1,395,000**	1,220,000
Current		
Trade receivables	**78,002,523**	38,110,017
Cash and cash equivalents	**942,599**	18,212,280
Loans		
– Security deposit	**560,000**	3,458,443
Other financial assets		
– Interest accrued on bank deposits	**15,608**	14,868
– Unbilled revenue	**2,483,793**	2,438,008
– Other receivables	**1,406,286**	18,412,731
Measured at FVTOCI	**–**	–
Financial liabilities		
Measured at amortised cost		
Non current		
Trade payables	**34,230,599**	12,155,812
Other financial liabilities		
– Deposits received from franchises	**149,168,994**	105,203,977
Current		
Borrowings		
– Unsecured bank overdraft	**301,044,982**	–
Trade payables	**189,145,453**	187,091,294
Other financial liabilities		
– Earnest money and other deposits	**9,399,989**	17,399,989
– Deposits received from distributors	**6,000,000**	2,429,132
– Creditors for capital supplies/services	**1,533,600**	2,190,122

B) Financial risk management framework

The Company's activities expose it to a variety of financial risks, credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

1) Credit risk

Credit risk arises when franchises, distributors, retail customers or insurance companies default on their contractual obligations to pay resulting in financial loss to the Company.

The Company has adopted a policy of dealing with creditworthy franchises and distributors and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on specific provision where applicable as follows:

(i) Franchise outstanding

The Company has a practice of collecting the security deposits from all franchises as a collateral which generally covers 4 to 5 months outstanding franchise income. The outstanding due from a franchise in excess of the corresponding security deposit is considered doubtful and a provision is made for such debts.

(ii) MFC spares distributor's outstanding

The Company has a practice of collecting security deposits from all distributors as collateral. The provision for doubtful debts has been made based on assessment of each individual distributor.

(iii) Company owned Company operated (COCO) service centre debtors

The Company is presently having two operational COCOs. The company has shifted its focus from COCO business model to franchise business model. The provision for doubtful debts has been made based on assessment of each individual debtor.

The loss allowance provision on trade receivables is determined as follows:

As at 31st March 2018

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0.0%**	**32.6%**	**52.7%**	**30.6%**
Gross carrying amount	**19,531,316**	**72,148,959**	**20,771,798**	**112,452,073**
Loss allowance provision	**–**	**23,502,180**	**10,947,370**	**34,449,550**

As at 31st March 2017

	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	20.5%	27.2%	19.2%
Gross carrying amount	4,825,119	36,965,078	5,379,624	47,169,821
Loss allowance provision	–	7,596,227	1,463,577	9,059,804

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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Reconciliation of loss allowance provision for trade receivables

Particulars	31st March, 2018	31st March, 2017
Balance as at beginning of the year	**9,059,804**	2,694,177
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**28,222,166**	7,707,311
– Other receivables	**4,358,150**	471,249
Amounts written off during the year as uncollectible	**(5,467,803)**	(989,017)
Amounts recovered during the year	**(1,722,767)**	(823,916)
Balance as at end of the year	**34,449,550**	9,059,804

The loss allowance provision has changed during the period mainly due to higher provision in franchise outstandings.

During the period, the Company has written off an amount of Rs 9,407,684 (Previous Year Rs 4,205,857) towards trade receivable (refer note no. 26). These trade receivables are not subject to enforcement activity.

2 Liquidity risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows. Further, the funding requirement as per the business plan has been approved by the holding Company.

(ii) Maturity of financial liabilities

The following table shows the Company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods. The amounts disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31st March, 2018				
Non-interest bearing				
– Security deposits	**9,399,989**	**149,168,994**	–	–
– Creditors for capital supplies/ services	**1,533,600**	–	–	–
– Trade payables	**189,145,453**	**34,230,599**	–	–
Fixed interest rate instrument				
- Security deposits	**6,000,000**	–	–	–
Total	**206,079,042**	**183,399,593**	–	–
31st March, 2017				
Non-interest bearing				
– Security deposits	17,399,989	105,203,977	–	–
– Creditors for capital supplies/ services	2,190,122	–	–	–
– Trade payables	187,091,294	12,155,812	–	–
Fixed interest rate instrument				
- Security deposits	2,429,132	–	–	–
Total	209,110,537	117,359,789	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured bank overdraft sanctioned by bank		
– Limit sanctioned by bank	**320,000,000**	–
– Limit utilised	**301,044,982**	–
Undrawn balance	**18,955,018**	–

(iv) Maturities of financial assets

The following table shows the Company's remaining contractual maturity for its non derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31st March, 2018				
Non-interest bearing				
Loans				
– Security deposit	**560,000**	**6,977,354**	**9,890,585**	**1,850,800**
Investments	–	–	–	**1**
Other financial assets	**3,905,687**	–	–	–
Trade receivables	**78,002,523**	–	–	–
Fixed interest rate instrument				
Other financial assets				
– Fixed deposit	–	**1,395,000**	–	–
Total	**82,468,210**	**8,372,354**	**9,890,585**	**1,850,801**
31st March, 2017				
Non-interest bearing				
Loans				
- Security deposit	3,458,443	5,152,234	7,458,263	4,640,137
Investments	–	–	–	1
Other financial assets	20,865,607	–	–	–
Trade receivables	38,110,017	–	–	–
Fixed interest rate instrument				
Other financial assets				
- Fixed deposit	–	1,220,000	–	–
Total	62,434,067	6,372,234	7,458,263	4,640,138

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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Note No. 29 - Leases

Operating lease

The Company has taken office premises/service centers on operating lease. The lease term is on the basis of individual agreements entered into with the landlord. The leases are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Future non cancellable minimum lease commitments:		
– not later than one year	**11,175,175**	19,365,537
– later than one year and not later than five years	**–**	11,578,982
Total	**11,175,175**	30,944,519

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Expenses recognised in the Statement of Profit and Loss:		
Minimum lease payments	**42,838,297**	68,314,348

Note No. 30 - Employee benefits

(i) Defined contribution plan:

Company's contribution to provident and other funds Rs 15,291,552 (Previous year Rs 15,341,972) has been recognised in the Statement of Profit and Loss under employee benefits expense.

(ii) Defined benefit plan:

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

<u>Asset volatility</u>

The plan liabilities are calculated using a discount rate set with references to government bond yields, if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

<u>Changes in bond yields</u>

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

<u>Inflation risk</u>

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31st March, 2018	As at 31st March, 2017
Discount rate(s)	**7.4%**	6.8%
Expected rate(s) of salary increase	**8.0%**	8.0%

Defined benefit plans as per actuarial valuation

	Gratuity	
	Funded Plan	
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:		
Service cost		
Current service cost	**3,439,923**	2,967,555
Net interest expense	**214,175**	25,677
Components of defined benefit costs recognised in profit or loss	**3,654,098**	2,993,232
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(406,156)**	297,668
Actuarial (gains)/losses arising from changes in financial assumptions	**(366,652)**	423,645
Actuarial (gains) arising from demographic assumptions	**(637,509)**	–
Actuarial (gains)/losses arising from experience adjustments	**(95,891)**	176,403
Components of defined benefit costs recognised in other comprehensive income	**(1,506,208)**	897,716
Total	**2,147,890**	3,890,948
I. Net asset/(liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**13,328,944**	10,918,932
2. Fair value of plan assets as at 31st March	**8,400,946**	7,269,290
3. Deficit	**(4,927,998)**	(3,649,642)
4. Non current portion of the above	**(4,927,998)**	(3,649,642)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars	Gratuity Funded Plan Year ended 31st March, 2018	Year ended 31st March, 2017
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**10,918,932**	8,081,332
2. Expenses recognised in Profit and Loss account		
– Current service cost	**3,439,923**	2,967,555
– Interest expense	**689,167**	564,309
3. Recognised in other comprehensive income		
Remeasurement gains/(losses)		
– Actuarial gain (loss) arising from:		
i. Demographic assumptions	**(637,509)**	–
ii. Financial assumptions	**(366,652)**	423,645
iii. Experience adjustments	**(95,891)**	176,403
4. Benefit payments	**(749,492)**	(1,054,006)
5. Liabilities assumed/(settled)	**130,466**	(240,306)
6. Present value of defined benefit obligation at the end of the year	**13,328,944**	10,918,932
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**7,269,290**	7,238,964
2. Expenses recognised in Profit and Loss account		
– Expected return on plan assets	**474,992**	538,632
3. Recognised in other comprehensive income		
Remeasurement gains/(losses)		
– Actual return on plan assets in excess of the expected return	**406,156**	(297,668)
4. Contributions by employer (including benefit payments recoverable)	**1,000,000**	843,368
5. Benefit payments	**(749,492)**	(1,054,006)
6. Fair value of plan assets at the end of the year	**8,400,946**	7,269,290
IV. The Major categories of plan assets comprise:	Insured Managed Funds	Insured Managed Funds

V. Actuarial assumptions

Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
1. Discount rate		7.4%		6.8%
2. Expected rate of return on plan assets		7.4%		6.8%
3. Attrition rate	Age	Rate	Age	Rate
	21-30	32.00%	21-30	29.00%
	31-40	27.32%	31-40	30.00%
	41-50	25.41%	41-59	10.00%
	51-59	0.00%		
4. Mortality		Rates published under Indian assured lives mortality (2006-08)		Rates published under Indian assured lives mortality (2006-08)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2018**	**1.0%**	**(4.28%)**	**4.67%**
	2017	1.0%	(5.46%)	6.09%
Salary growth rate	**2018**	**1.0%**	**4.57%**	**(4.29%)**
	2017	1.0%	5.65%	(5.24%)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	2018	2017
Expected benefits for year 1	**2,361,564**	1,568,236
Expected benefits for year 2	**2,920,389**	1,644,888
Expected benefits for year 3	**2,412,917**	1,958,983
Expected benefits for year 4	**2,060,893**	1,535,278
Expected benefits for year 5	**1,648,856**	1,286,544
Expected benefits for year 6	**1,328,325**	1,020,467
Expected benefits for year 7	**1,000,593**	847,084
Expected benefits for year 8	**800,684**	851,675
Expected benefits for year 9	**630,165**	606,040
Expected benefits for year 10 and above	**4,602,509**	6,293,707

Plan assets

The fair value of Company's pension plan asset by category are as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Asset category:		
Deposits with Insurance companies	**100%**	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Experience Adjustments :

	Period ended				
	2018	2017	2016	2015	2014
	Gratuity				
1. Defined benefit obligation	**13,328,944**	10,918,932	8,081,332	5,516,061	3,851,859
2. Fair value of plan assets	**8,400,946**	7,269,290	7,238,964	7,056,193	7,289,127
3. Surplus/(deficit)	**(4,927,998)**	(3,649,642)	(842,368)	1,540,132	3,437,268
4. Experience adjustment on plan liabilities [(gain)/loss]	**(95,891)**	176,403	64,248	(76,649)	100,523
5. Experience adjustment on plan assets [gain/(loss)]	**(406,156)**	297,668	(101,505)	152,784	68,166

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 31 - Related party transactions

Name of the parent Company Mahindra Holdings Limited

Details of transaction between the Company and its related parties are disclosed below:

i) List of related parties with whom transacted during the year and relationship:

Name of The Related Party	Relation
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Holding Company
Auto Digitech Private Limited	Subsidiary Company
Mahindra First Choice Wheels Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Automobile Distributor Private Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Emarket limited	Fellow Subsidiary Company
Mahindra Defence Systems Private Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Limited	Fellow Subsidiary Company
Mahindra Vehicle Manufactures Limited	Fellow Subsidiary Company
Mahindra HZPC Private Limited	Fellow Subsidiary Company
Mahindra Auto Steel Private Limited	Fellow Subsidiary Company
Mahindra Agri Solutions Limited	Fellow Subsidiary Company
Mahindra Retail Private Limited	Fellow Subsidiary Company
Tech Mahindra Limited	Associate Company of Mahindra & Mahindra Limited
Mr.YVS Vijay Kumar (Whole Time Director and CEO)	Key Managerial Personnel
Mr. Ramesh Subramanian Vaigalathur (Company Secretary)	Key Managerial Personnel (upto 16th October 2017)

Related party transactions with holding/fellow subsidiaries are as under:

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Equity contribution to the Company:		
– Mahindra & Mahindra Limited	–	247,000,000
– Mahindra Holdings Limited	–	50,000,000
Purchase of property plant and equipment/capital work in progress:		
– Mahindra Retail Private Limited	640,114	–
Sale of property plant and equipment/other intangibles:		
– Mahindra & Mahindra Limited	1,084,409	–
– Mahindra First Choice Wheels Limited	783,183	–
– Auto Digitech Private Limited	–	31,768,199
Purchase of Investments in equity shares:		
– Mahindra Holdings Limited	–	1
Income:		
– Mahindra & Mahindra Limited		
Sale of Goods	2,480,021	1,291,931
Deputation	2,761,969	–
Service Income	247,069	684,818
– Mahindra Rural Housing Finance Limited		
Sale of Goods	–	77,307
Service Income	–	34,376
– Mahindra Automobile Distributor Private Limited		
Interest on security deposit	12,000	14,000
– Mahindra Vehicle Manufactures Limited		
Sale of goods	–	26,207
Service income	–	12,090
– Mahindra HZPC Private Limited		
Sale of goods	–	7,144
Service income	–	11,102
– Mahindra Auto Steel Private Limited		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of goods	–	4,848
Service income	–	3,355
– Auto Digitech Private Limited		
Recovery of expenses	12,984,760	32,283,388
– Mahindra Retail Private Limited		
Reimbursement of gratuity and PL for transferred employee	499,044	–
Expenses:		
– Mahindra & Mahindra Limited		
Rent	799,255	2,319,723
Reimbursement of gratuity and PL for transferred employee	255,305	–
Professional charges	3,021,928	2,211,491
Professional charges (shared IT, training, internal audit fees)	27,334,821	29,845,946
Other expenses (guest house, vehicle insurance, staff welfare)	929,405	1,742,197
Purchase of goods	769,393	1,088,258
– Bristlecone India Limited		
Professional charges	7,391,434	5,504,496
– Mahindra Agri Solutions Limited		
Other expenses (guest house, vehicle insurance, staff welfare)	2,775	–
– Mahindra Integrated Business Solutions Private Limited		
Professional charges	11,014,813	2,079,092
– Mahindra First Choice Wheels Limited		
Rent	4,806,840	4,762,135
– Mahindra Automobile Distributor Private Limited		
Purchase of goods	6,959	206,339
– Mahindra Holiday & Resorts India imited		
Purchase of gift coupons	–	20,000
– Mahindra Emarket limited		
Commission	–	5,105
– NBS International Limited		
Purchase of goods	4,184	99,490
Registration expenses	–	7,000

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
– Mahindra Defence Systems Private Limited		
Purchase of goods	–	85,112
Professional charges	24,000	–
– Tech Mahindra Limited		
Support services	–	1,256,400
Outstanding:		
Trade receivables		
– Mahindra & Mahindra Limited	1,400,823	449,484
– Auto Digitech Private Limited	1,406,286	12,777,109
– Mahindra Retail Private Limited	499,044	–
Advances for supply of goods and services		
– Mahindra Automobile Distributor Private Limited	11,447	9,594
– Mahindra & Mahindra Limited	–	130,551
Trade payables		
– Mahindra & Mahindra Limited	17,957,319	27,876,218
– Mahindra First Choice Wheels Limited	1,297,847	3,302,427
– Mahindra Integrated Business Solutions Private Limited	1,032,776	1,879,013
– NBS International	–	34,894
– Mahindra Defence Systems Private Limited	–	25,200
– Tech Mahindra Limited	–	254,100
– Bristlecone India Limited	81,000	–
– Mahindra Retail Private Limited	838,550	–
Closing balance of deposit paid:		
– Mahindra First Choice Wheels Limited	2,639,740	2,639,740
– Mahindra Automobile Distributor Private Limited	200,000	200,000

(ii) The related party transactions with key management personnel are as under:

a) With key management personnel Mr.YVS Vijay Kumar Rs 12,000,000 (Previous year Rs 9,300,000), to Mahindra & Mahindra Limited as deputation charges.

b) With Key Managerial Personnel - Company Secretary, Ramesh Subramanian Vaigalathur Rs 2,500 (previous year Rs 1,125), paid to Mahindra & Mahindra Limited as Secretarial support services.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Note No. 32 - Current tax and Deferred tax

(i) Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st March 2018	As at 31st March 2017
Deductible temporary differences (will never expire)	**297,257,713**	262,958,720
Unused tax losses (revenue in nature)	**2,467,504,581**	2,221,009,303
Total	**2,764,762,294**	2,483,968,023

The unrecognised tax losses carried forward expire as follows:

Expiry Year	As at 31st March 2018	As at 31st March 2017
Financial year 2017-18	**–**	46,212,676
Financial year 2018-19	**91,094,607**	91,094,607
Financial year 2019-20	**134,160,560**	134,160,560
Financial year 2020-21	**208,939,473**	208,939,473
Financial year 2021-22	**370,980,311**	370,980,311
Financial year 2022-23	**453,709,498**	453,709,498
Financial year 2023-24	**510,952,141**	510,952,141
Financial year 2024-25	**404,960,037**	404,960,037
Financial year 2025-26	**292,707,954**	–
Total	**2,467,504,581**	2,221,009,303

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars		Year ended 31st March 2018	Year ended 31st March 2017
Loss before tax from continuing operations		**(403,877,984)**	(454,501,890)
Income tax expense calculated at 30.90%	**(Total A)**	**(124,798,297)**	(140,441,084)
Effect of expenses that is non-deductible in determining taxable profit		**23,287,732**	9,892,826
Effect of unused tax losses for which no deferred tax asset is recognised		**(101,510,565)**	(130,548,258)
	(Total B)	**(124,798,297)**	(140,441,084)
Income tax expense recognised in profit or loss (A-B)		**–**	–

Note No. 33 - Contingent liabilities and commitments

(i) Contingent liabilities

The company had filed an appeal against demand notice issued by Maharashtra VAT authorities for the year 2008-09. The appeal is pending as on 31st March, 2018. The details of tax dues which have not been deposited as on 31st March, 2018, on account of disputes are given below:

Name of Statute	Forum where dispute is pending	Year	Amount in Rs.
MVAT Act, 2002	Dy. Commissioner of Sales Tax - Appeals	2008-09	522,564

(ii) Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2018 is Rs 376,777 (Previous year Rs 1,886,632).

Note No. 34 : Going concern

The accumulated losses of the Company amounted to Rs 3,163,580,020 have far exceeded its paid up equity share capital by Rs 2,640,000,000 and consequently, the net worth has been eroded. The Company has incurred cash losses in the current as well as in previous years. The Company as per its strategy is expanding its network rapidly through the franchise route with various formats. Currently, the Company has 353 franchises as at 31st March 2018 and expects to increase the network further by 187 franchisees in financial year 2018-19 and by 253 franchisees in the financial year 2019-20. There is a major thrust on MFC branded spares business where the spares being sold directly to the distributors which has grown by 147% compared to last financial year with a better margin contribution. As a result, the Company expects to grow further in the coming years in terms of volume, revenue & profitability. Further, the funding requirement of Rs 360,000,000 as per the revised business plan has been approved by the holding Company. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Note No. 35 - Additional disclosures

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	**1,505,447**	2,004,517
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**–**	–
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**5,751**	9,598
iv. The amount of interest due and payable for the year	**–**	–
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	**–**	–
vi. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**–**	–

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

(ii) Operating segments

As the Company's business activity falls within a single business segment viz. 'providing / facilitating multi-brand car services', and the services being provided in the domestic market, the disclosure requirements of IND AS - 108 "Operating Segment", are not applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

(iii) Expenditure in foreign currency

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
i. Professional and consultation fees	**412,174**	307,874

(iv) During the year, the management of the Company noticed misappropriation of funds by two employees. An amount of Rs 3.86 lakhs has been identified as recoverable out of which Rs 0.46 lakhs has since been recovered. The management is taking steps to recover the balance amount of Rs 3.40 lakhs. Appropriate action would be taken against these persons.

Note No. 36 - Fair value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets carried at amortised cost				
Non-current assets				
Investments	**1**	**1**	1	1
Loans				
– Security deposit	**18,718,739**	**18,718,739**	17,250,634	17,250,634
Other financial assets				
– Bank deposits with more than 12 months maturity	**1,395,000**	**1,395,000**	1,220,000	1,220,000
Current assets				
Trade receivables	**78,002,523**	**78,002,523**	38,110,017	38,110,017
Cash and cash equivalents	**617,599**	**617,599**	18,212,280	18,212,280
Other bank balances	**325,000**	**325,000**	–	–
Loans				
– Security deposit	**560,000**	**560,000**	3,458,443	3,458,443
Other financial assets				
– Interest accrued on bank deposits	**15,608**	**15,608**	14,868	14,868
– Unbilled revenue	**2,483,793**	**2,483,793**	2,438,008	2,438,008
– Other receivables	**1,406,286**	**1,406,286**	18,412,731	18,412,731
Financial liabilities				
Financial liabilities held at amortised cost				
Non current liabilities				
Trade payables	**34,230,599**	**34,230,599**	12,155,812	12,155,812
Other financial liabilities				
– Deposits received from franchises	**149,168,994**	**149,168,994**	105,203,977	105,203,977
Current liabilities				
Borrowings	**301,044,982**	**301,044,982**	–	–
Trade payables	**189,145,453**	**189,145,453**	187,091,294	187,091,294
Other financial liabilities				
– Earnest money and other deposits	**9,399,989**	**9,399,989**	17,399,989	17,399,989
– Deposits received from distributors	**6,000,000**	**6,000,000**	2,429,132	2,429,132
– Deposits received from franchises	**–**	**–**	–	–
– Creditors for capital supplies/services	**1,533,600**	**1,533,600**	2,190,122	2,190,122

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All amounts are in INR unless otherwise stated

Fair Value Hierarchy as at 31st March, 2018

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at amortised cost				
Non current assets				
Loans				
– Security deposit	–	**18,718,739**	–	**18,718,739**
Other financial assets				
– Bank deposits with more than 12 months maturity	–	**1,395,000**	–	**1,395,000**
Current Assets				
Trade receivables	–	**78,002,523**	–	**78,002,523**
Cash and cash equivalents	–	**617,599**	–	**617,599**
Other bank balances	–	**325,000**	–	**325,000**
Loans				
– Security deposit	–	**560,000**	–	**560,000**
Other financial assets				
– Interest accrued on bank deposits	–	**15,608**	–	**15,608**
– Unbilled revenue	–	**2,483,793**	–	**2,483,793**
– Other receivables	–	**1,406,286**	–	**1,406,286**

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial instruments not carried at fair value				
Non current liabilities				
Trade payable	–	**34,230,599**	–	**34,230,599**
Other financial liabilities				
– Deposits received from franchises	–	**149,168,994**	–	**149,168,994**
Current liabilities				
Borrowings	–	**301,044,982**	–	**301,044,982**
Trade payables	–	**189,145,453**	–	**189,145,453**
Other financial liabilities				
– Earnest money and other deposits	–	**9,399,989**	–	**9,399,989**
– Deposits received from distributors	–	**6,000,000**	–	**6,000,000**
– Deposits received from franchises	–	–	–	–
– Creditors for capital supplies/ services	–	**1,533,600**	–	**1,533,600**

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

Hemangi Patil
Company Secretary

Place : Mumbai
Date : 23rd April 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Auto Digitech Private Limited
2.	Date of acquisition of subsidiary	29th April, 2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company's reporting period
4(a)	Reporting currency	Indian Rs.
4(b)	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	100,000
6.	Reserves & surplus	4,198,596
7.	Total assets	42,628,446
8.	Total Liabilities	38,329,850
9.	Investments	–
10.	Turnover	1,246,460
11.	Profit/(Loss) before taxation	(55,226,429)
12.	Provision for taxation	–
13.	Profit/(Loss) after taxation	(55,226,429)
14.	Proposed Dividend	–
15.	% of shareholding	100%

For and on behalf of Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V Rajan
Chief Financial Officer

Hemangi Patil
Company Secretary

Place : Mumbai
Date : 23rd April 2018

DIRECTORS' REPORT

Your Directors present their 8th (Eighth) Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's affairs:

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**85.31**	57.80
Profit before Depreciation, Finance Costs and Taxation	**7.20**	7.13
Less: Depreciation & Amortization	**0.02**	1.49
Profit before Finance Costs and Taxation	**7.18**	5.64
Less: Finance Costs	**–**	–
Profit before Tax	**7.18**	5.64
Less: Taxation	**–**	–
Profit for the Year	**7.18**	5.64
Balance of Profit for earlier years	**(888.92)**	(894.57)
Less: Transfer to/(from) Reserve	**–**	–
Less: Depreciation on transition to schedule II of Companies Act,2013	**–**	–
Profit available for Appropriation	**–**	–
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of Profit carried forward	**(881.74)**	(888.93)
Net worth	**19.25**	12.07

MATERIAL CHANGES & COMMITMENTS

No material changes and commitments have occurred after the closure of the Financial Year 2017-2018 till the date of this Report, which would affect the financial position of your Company.

OPERATIONS

Your Company repositioned its strategy to focus on high-end capacity building programmes mainly focusing on international markets. In pursuit of this goal, the Company has made several proposals to reputed clients.

During the current year of operations, your Company is pleased to announce its early success on restructured strategies by bagging many International assignments in African market along with Mahindra Consulting Engineering Limited, the holding company. Your Company's income for the year was Rs. 85.31 lakhs as compared to Rs. 57.79 lakhs in the previous year representing an increase of 47.60%. Your Company has registered a profit before taxation of Rs. 7.18 lakhs as compared to Rs. 5.63 lakhs for the previous year representing an increase of 27.53%.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Your Company as on 31st March, 2018 has no subsidiaries, associates or joint ventures.

TRANSFER TO RESERVES

During the year under review no amount was transferred to General Reserves.

DIVIDEND

Your Directors have not paid any Interim Dividend during the year nor recommends Final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid Dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

SHARE CAPITAL

As on 31st March, 2018 the Authorised Share Capital of your Company was Rs. 9,50,00,000. The Paid-up Share Capital of the Company stood at Rs. 9,01,00,000 divided into 90,10,000 equity shares of Rs. 10 each. During the year under review, your Company has not issued any shares or convertible instruments.

BOARD OF DIRECTORS

Composition

As on 31st March, 2018, your Company's Board of Directors consisted of 5 Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 is given hereunder:

Sr. No.	Names of Directors	DIN	Category (Executive/ Non-executive)	Independent/ Non Independent
1	Mr. Parag Shah	00374944	Non- Executive Director	Non Independent Director

Sr. No.	Names of Directors	DIN	Category (Executive/ Non-executive)	Independent/ Non Independent
2	Mr. S. Durgashankar	00044713	Non- Executive Director	Non Independent Director
3	Dr. Prince Augustin	02336637	Non- Executive Director	Non Independent Director
4	Ms. Sheetal Mehta	06495637	Non- Executive Director	Non Independent Director
5	Mr. B. Suresh	01479827	Non- Executive Director	Non Independent Director

Directors liable to retire by Rotation

In terms of Section 152 of the Companies Act, 2013, Dr. Prince Augustin (DIN: 02336637), Director, who has been longest in office, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The Directors recommend his re-appointment for the member's approval at the ensuing Annual General Meeting.

COMMITTEES

Your Company is not required to constitute any mandatory Committees of the Board.

EVALUATION OF PERFORMANCE

Provisions relating to Annual Evaluation of Board, Committees and Individual Directors are not applicable to your Company.

BOARD MEETINGS

Your Board of Directors met four times during the year under review, i.e. on 26th April, 2017, 20th July, 2017, 12th October, 2017 and 6th February, 2018. All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Sr. No.	Name of Director	No. of meetings attended
1	Mr. Parag Shah	4
2	Mr. S. Durgashankar	4
3	Dr. Prince Augustin	1
4	Ms. Sheetal Mehta	2
5	Mr. B. Suresh	3

GENERAL MEETINGS

The 7th Annual General Meeting (AGM) of the Company was held on 20th July, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation received from the operating management and after due enquiry, confirm that:

(a) In the preparation of the annual accounts for the financial year ended 31st March, 2018 the applicable accounting standards have been followed;

(b) They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2018 and of the profit of the Company for the financial year ended on that date;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) They had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared the annual accounts on a going concern basis; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the financial year ended 31st March, 2018.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of your company are as below:

1. Mr. B. Suresh – Director and Chief Executive Officer
2. Ms. Archana Mudaliar – Company Secretary

RISK MANAGEMENT POLICY

Your Company has developed a risk management policy which inter alia includes identification of elements of risk, if any which in the opinion of the Board may impact the Company and works at various levels across the enterprise. The risk management policy includes identification of key risks and their mitigation plans. The Board reviews the Risk Management framework including significant risks, if any, and steps taken to mitigate the same, on quarterly basis.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on Prevention of Sexual Harassment of Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

STATUTORY AUDITORS

Messrs. B. K. Khare & Co, Chartered Accountants, Mumbai (ICAI Registration Number 105102W) were appointed, as the Statutory Auditors of the Company, at the 4th Annual General Meeting held on 19th August, 2014, for a period of 5 consecutive years, to hold office from the conclusion of 4th Annual General Meeting until the conclusion of the 9th Annual General Meeting to be held in the year 2019 subject to ratification of their appointment by the Members at every AGM held after the AGM held on 19th August, 2014.

As required under the provisions of Section 139 (1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B.K. Khare & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

The Auditors Report for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

INTERNAL AUDIT, SECRETARIAL AUDIT AND COST AUDIT

The provision relating to Internal Audit, Secretarial Audit and Cost Audit are not applicable to your Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported any instance of fraud committed in the Company by its officers or employees to the Board under Section 143 (12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as ***Annexure I*** to this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate parent company Mahindra & Mahindra Limited.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions entered into by your Company with related parties were at arm's length and in the ordinary course of business.

Particulars of contracts or arrangements with related parties referred to in sub section 1 of Section 188 are given in the prescribed form AOC – 2 as ***Annexure II*** and the same forms part of this Report

EXTRACT OF ANNUAL RETURN

Pursuant section 92 (3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section 134(3)(a) of the Act, an extract of the Annual return as on 31st March, 2018 provided under Form No. MGT 9 is attached herewith as ***Annexure III*** and forms part of this report.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Provisions relating to Corporate Social Responsibility ('CSR') enumerated under Section 135 of the Companies Act, 2013.
6. Provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Parag Shah	**B. Suresh**
Director	Director

Mumbai, 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. Your Company has however taken adequate measures to reduce energy consumption.

(b) The steps taken by the company for utilizing alternate sources of energy: **NIL**

(c) The capital investment on energy conservation equipments: **Not Applicable**

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: **Not Applicable**

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) The details of technology imported: **Not Applicable**

(b) The year of import: **Not Applicable**

(c) Whether the technology been fully absorbed: **Not Applicable**

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Not Applicable**

iv. The expenditure incurred on Research and Development: **NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

Parag Shah
Director

B. Suresh
Director

Mumbai, 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018 which were not at arm's length basis.

Sr. No.	Names(s) of Related Party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
–	–	–	–	–	–	–

2. **Details of Material contracts or arrangements or transactions at arm's length basis:** The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018 are as follows:

Sr. No.	Names(s) of Related Party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1.	Mahindra Consulting Engineers Limited., Holding Company	Payment received for availing of services – towards professional services	2017-18	Payment received for availing of services – towards professional services (Rs.84.50 lakhs)	N. A (Refer Note)	NIL
		Payment made for leased commercial premises at Chennai as per prevailing market rate	2017-18	Payment made for leased commercial premises at Chennai as per prevailing market rate (Rs.8.66 lakhs)	N. A (Refer Note)	NIL
		Payment made for shared services expenses (professional charges)	2017-18	Payment made for shared services expenses (professional charges) (Rs.36.72 lakhs)	N. A (Refer Note)	NIL
		Payment made for expenses (Travel, boarding and lodging expenses & other project expenses	2017-18	Payment made for expenses (Travel, boarding and lodging expenses & other project expenses (Rs.19.69 lakhs)	N. A (Refer Note)	NIL

Notes:

i) All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

ii) Contracts/ transactions/arrangements for rendering of services and/ or purchase of material for an amount exceeding 10% of turnover of the Company or Rs. 50 crores whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Parag Shah
Director

B. Suresh
Director

Mumbai, 25th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U93000MH2010PLC198303
2.	**Registration Date**	2nd January, 2010
3.	**Name of the Company**	Mahindra Namaste Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non- Government Company
5.	**Address of Registered office and contract details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018, Tel: 022-24906654/ 5623
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the company
1.	Other professional, technical and business services	99839	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Holding	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Consulting Engineers Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	U74210MH1993PLC074723	Holding Company	100	2(46)

* Through Mahindra Consulting Engineers Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	90,10,000	90,10,000	100	–	90,10,000	90,10,000	100	–
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (1)	**–**	**90,10,000**	**90,10,000**	**100**	**–**	**90,10,000**	**90,10,000**	**100**	**–**

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI - Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoters A (1+2)	**–**	**90,10,000**	**90,10,000**	**100**	**–**	**90,10,000**	**90,10,000**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/ FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
i. Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-Total - (B) (1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non - Institution									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
Sub-Total - (B) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net Total B (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**90,10,000**	**90,10,000**	**100**	**–**	**90,10,000**	**90,10,000**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in shareholding during the year
		No. of shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mahindra Consulting Engineers Limited	90,09,993	100	0	90,09,993	100	0	0
2	*Mahindra Consulting Engineers Limited Jointly with Mr. Zhooben Bhiwandiwala	1	0	0	1	0	0	0
3	*Mahindra Consulting Engineers Limited Jointly with Mr. Parag Shah	1	0	0	1	0	0	0
4	*Mahindra Consulting Engineers Limited Jointly with Mr. B. Suresh	1	0	0	1	0	0	0
5	*Mahindra Consulting Engineers Limited Jointly with Mr. Narayan Shankar	1	0	0	1	0	0	0
6	*Mahindra Consulting Engineers Limited Jointly with Mr. K Chandrasekar	1	0	0	1	0	0	0
7	*Mahindra Consulting Engineers Limited Jointly with Mr. V S Parthasarathy	1	0	0	1	0	0	0
8	*Mahindra Consulting Engineers Limited Jointly with Dr. Prince Augustin	1	0	0	1	0	0	0
	Total	**90,10,000**	**100**	**0**	**90,10,000**	**100**	**0**	**0**

* Jointly held with Mahindra Consulting Engineers Limited for the purpose of compliance with statutory provisions of Companies Act, 2013 with regard to minimum number of members.

iii. Change in Promoters' Shareholding: (please specify, if there is no change): NIL*

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year – 01.04.2017	–	–	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the End of the year – 31.03.2018	–	–	–	–

*** There is no change in Promoters' shareholding during the financial year 2017-18.**

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**At the beginning of the year – 01.04.2017**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	–	–	–	–
	At the End of the year – 31.03.2018	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**At the beginning of the year – 01.04.2017**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	–	–	–	–
	At the End of the year – 31.03.2018	**–**	**–**	**–**	**–**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1) Principal Amount	N. A.	N. A.	N. A.	N. A.
2) Interest due but not paid	N. A.	N. A.	N. A.	N. A.
3) Interest accrued but not due	N. A.	N. A.	N. A.	N. A.
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	N. A.	N. A.	N. A.	N. A.
- Reduction	N. A.	N. A.	N. A.	N. A.
Net change	N. A.	N. A.	N. A.	N. A.
Indebtedness at the end of the financial year				
1) Principal Amount	N.A.	N.A.	N.A.	N.A.
2) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
3) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total of (1+2+3)	**N.A.**	**N.A.**	**N.A.**	**N.A.**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and / or Manager: NIL

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of Profit	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration to other Directors: NIL

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Parag Shah	Mr. S. Durgashankar	Mr. B. Suresh	Dr. Prince Augustin	Ms. Sheetal Mehta	
1. Independent Directors						
• Fee for attending Board/Committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–
2. Other Non-Executive Directors	–	–	–	–	–	–
• Fee for attending Board/Committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–
Overall Ceiling as per the Act	–					

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rupees)
		CS	CEO	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contains in section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission (As % of Profit)	–	–	–	–
5.	Others, please specify	–	–	–	–
	Fees	21,000	–	–	21,000
	Others	–	–	–	–
	Total	**21,000**	–	–	**21,000**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Parag Shah
Director

B. Suresh
Director

Mumbai, 25th April, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of **Mahindra Namaste Limited**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Namaste Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including Other Comprehensive Income) and the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IND AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, , read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its results including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Mumbai
Date: April 25th, 2018

ANNEXURE I REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Mahindra Namaste Limited ('the Company)

i. (a) The Company does not have fixed assets hence clause i(a) is not applicable and not reported upon.

(b) The Company does not have fixed assets and hence clause i(b) is not applicable and not reported upon.

(c) The Company does not have immovable properties and hence clause i(c) is not applicable and not reported upon.

ii. The Company is engaged in the business of Training and Skilling Services and accordingly does not hold any inventories. Hence, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

iii. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

iv. The provisions of section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.

v. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added taxes which have not been deposited with the relevant authority.

viii. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution, banks, government or debenture holders.

ix. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

x. We have neither come across any instances of frauds by the Company nor any fraud on the Company by its officers or employees have been noticed or have been reported during the year.

xi. On the basis of examination of relevant records and according to the information and explanations given to us, the Company is not required to pay managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.Hence this clause is not applicable.

xii. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

xiii. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable. The Company has disclosed the details of transactions with related parties in the IND AS Financial Statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Order is not applicable to the company.

xv. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. On the basis of examination of relevant records and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Mumbai
Date: April 25th, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA NAMASTE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Mahindra Namaste Limited.

We have audited the internal financial controls over financial reporting of Mahindra Namaste Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the IND AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of IND AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of IND AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the IND AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Mumbai
Date: April 25th, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No	As at 31-Mar-18 (In Rupees)	As at 31-Mar-17 (In Rupees)
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment			
(i) Intangible assets	2	**–**	79,998
(b) Other non current assets	3	**849,658**	499,658
2 Current assets			
(a) Financial assets			
(i) Trade receivables	4	**1,825,200**	–
(ii) Cash and cash equivalents	5	**746,103**	880,294
(iii) Other Financial Assets	6	**24,136**	828,904
TOTAL		**3,445,097**	2,288,854
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	7	**90,100,000**	90,100,000
(b) Other equity	8	**(88,174,919)**	(88,893,370)
2 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	9	**440,602**	348,803
(b) Provisions	10	**342,913**	277,878
(c) Other current liabilities	11	**736,501**	455,543
TOTAL		**3,445,097**	2,288,854

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai
Date: April 25th, 2018

For and on behalf of the Board

Parag C Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: April 25th, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

In Rupees

Particulars	Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Continuing Operations			
I Revenue from operations	12	8,495,995	5,778,904
II Other Income	13	35,241	600
III Total Revenue (I + II)		8,531,236	5,779,504
IV EXPENSES			
(a) Employee benefit expense	14	917,594	181,032
(b) Depreciation expense	2	1,498	148,947
(c) Other expenses	15	6,893,693	4,885,598
Total Expenses (V)		7,812,785	5,215,577
Total Revenue (III)		8,531,236	5,779,504
Total Expenses (IV)		7,812,785	5,215,577
VI Profit/(loss) before tax (III - IV)		718,451	563,927
VII Total tax expense		–	–
VIII Profit/(loss) after tax from continuing operations (VI - VII)		718,451	563,927
IX Profit/(loss) for the year (VIII)		718,451	563,927
X Profit/(Loss) from continuing operations for the period attributable to:			
Owners of the Company		718,451	563,927
		718,451	563,927
XI Other comprehensive income		–	–
XII Total comprehensive income for the period (IX + XI)		718,451	563,927
XIII Earnings per equity share (for continuing operation):			
(1) Basic		0.08	0.06
(2) Diluted		0.08	0.06

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai
Date: April 25th, 2018

For and on behalf of the Board

Parag C Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: April 25th, 2018

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED MARCH 31, 2018

In Rupees

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**718,451**	563,927
Adjustments for:		
Interest Income	**–**	–
Dividend from Mutual funds	**–**	–
Loss on disposal of Intangible Asset	**78,500**	–
Depreciation and amortisation of non-current assets	**1,498**	148,947
	798,449	712,874
Movements in working capital:		
Increase/(decrease) in Trade receivables	**(1,825,200)**	–
(Increase)/decrease in other current assets	**804,768**	(828,904)
(Increase)/decrease in other non-current assets	**–**	–
Decrease in trade and other payables	**91,799**	(765,839)
Increase/(decrease) in provisions	**65,035**	161,003
(Decrease)/increase in other liabilities	**280,958**	85,561
	215,809	(635,305)
Cash generated from operations		
Income taxes paid	**(350,000)**	(479,962)
Net cash generated by operating activities	**(134,191)**	(1,115,267)
Net increase in cash and cash equivalents	**(134,191)**	(1,115,267)
Cash and cash equivalents at the beginning of the year	**880,294**	1,995,561
Cash and cash equivalents at the end of the year	**746,103**	880,294

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai
Date: April 25th, 2018

For and on behalf of the Board

Parag C Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: April 25th, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate Information

Mahindra Namaste Limited ("MNL" or "the Company") (Formerly known as Mahindra Namaste Private Limited) was incorporated on January 2, 2010. The Company is carrying out the business of skill development, capacity building, education and training, and monitoring service in various capacities across the sectors either in India or outside India.

The address of its registered office is Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai – 400018. These financial statements are authorized for issue by the Board of Directors on April 25, 2018. The CIN of the Company is U93000MH2010PLC198303.

2. Significant Accounting Policies

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

2.2 Basis of preparation

The financial statements have been prepared on historical cost basis, expect for certain financial assets that are measured at fair value.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian Generally Accepted Accounting Principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expense assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of the current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in the future periods.

2.4 Critical estimates and judgments

The preparations of the financial statements are based on use of a high degree of judgments or complexity, and of the items which are more likely to be materiality adjusted due to estimates and assumptions.

The areas involving critical estimates or judgments are:

- **Estimated useful life of intangible assets**

  The company has amortized intangible asset with a finite useful life using the straight line method over the over the period of 2 years, based on management's estimate of useful life.

  Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financials impact on the company and that are believed to be reasonable under the circumstances.

2.5 Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Revenue in respect of services is recognized on a time proportion basis. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change.

2.6 Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.7 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

2.8 Intangible Assets

Intangible assets are stated at acquisition cost less accumulated amortiation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit.

2.9 Employee Benefits

The Company has no employees on its payroll for the year ended March 31, 2018. Accordingly, there are no provident fund and other employee benefit schemes.

2.10 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the balance sheet date.

2.11 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.12 Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the financial statements.

2.13 Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.14 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.14.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortized cost, refer Note 2.1.

- Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'.

When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.16 Earnings Per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Note No. 2 - Intangible Assets

(In Rupees)

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2017	1,570,000	1,570,000
Additions through business combination	–	–
Disposals/Adjustments of Assets	78,500	78,500
Balance as at 31 March, 2018	**1,491,500**	**1,491,500**
II. Accumulated depreciation and impairment for the year 2017-2018		
Balance as at 1 April, 2017	1,490,002	1,490,002
Depreciation for the year	1,498	1,498
Balance as at 31 March, 2018	**1,491,500**	**1,491,500**
Net block (I-II)		
Balance as on 31 March 2018	–	–
Balance as on 31 March 2017	**79,998**	**79,998**

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2016	1,570,000	1,570,000
Additions through business combination	–	–
Balance as at 31 March, 2017	1,570,000	1,570,000
II. Accumulated depreciation and impairment for the year 2016-2017		
Balance as at 1 April, 2016	1,341,055	1,341,055
Depreciation for the year	148,947	148,947
Balance as at 31 March, 2017	1,490,002	1,490,002
Net block (I-II)		
Balance as on 31 March 2017	79,998	79,998
Balance as on 31 March 2015	228,945	228,945

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 3 - Other non current assets

Particulars			As at March 31, 2018			As at March 31, 2017
	Current	Non-Current	Total	Current	Non-Current	Total
Tax Deducted at Source	849,658	–	849,658	–	499,658	499,658
Capital Advance	–	–	–	–	–	–
TOTAL	849,658	–	849,658	–	499,658	499,658

Note 4 - Trade Receiveables

Particulars			As at March 31, 2018			As at March 31, 2017
	Current	Non-Current	Total	Current	Non-Current	Total
Of the above, trade receivables from:						
– Related Parties	1,825,200	–	1,825,200	–	–	–
– Others	–	–	–	–	–	–
TOTAL	1,825,200	–	1,825,200	–	–	–

Note 5 - Cash and cash equivalents

Particulars	As at March 31, 2018 (In Rupees)	As at March 31, 2017 (In Rupees)
Cash and cash equivalents		
Cash on hand	–	–
Balance with Scheduled Bank	746,103	880,294
Cheques on hand	–	–
TOTAL	746,103	880,294

Note 6 - Other Financial Assets

(In Rupees)

Particulars			As at March 31, 2018			As at March 31, 2017
	Current	Non-Current	Total	Current	Non-Current	Total
Unbilled revenue	24,136	–	24,136	828,904	–	828,904
TOTAL	24,136	–	24,136	828,904	–	828,904

Note 7 - Equity share capital

Particulars	As at March 31, 2018 (In Rupees)	As at March 31, 2017 (In Rupees)
Authorized		
95,00,000 Equity shares of Rs. 10 each	95,000,000	95,000,000
	95,000,000	95,000,000
Issued, Subscribed & Paid-up		
90,10,000 Equity shares of Rs. 10 each fully paid	90,100,000	90,100,000
TOTAL	90,100,000	90,100,000

Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31, 2018 Number of shares held	As at March 31, 2017 Number of shares held
Mahindra Consulting Engineers Limited	9,009,993	9,009,993

	Number of Shares	Equity share capital
Issued, Subscribed and Paid-up:		
As at 1 April 2016	9,010,000	90,100,000
Changes in equity share capital during the year	–	–
As at 31 March 2017	9,010,000	90,100,000
Changes in equity share capital during the year	–	–
As at 31 March 2018	9,010,000	90,100,000

Note 8 - Other Equity

(In Rupees)

Particulars	Retained Earnings
As at 1 April 2016	(89,457,297)
Profit/(Loss) for the year	563,927
As at 31 March 2017	(88,893,370)
Profit/(Loss) for the year	718,451
Other Comprehensive Income/(Loss)	–
As at 31 March 2018	(88,174,919)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 9 - Trade Payables

(In Rupees)

Particulars	As at March 31, 2018 Current	Non- Current	Total	As at March 31, 2017 Current	Non- Current	Total
Amounts payable to related party	**440,602**	**–**	**440,602**	297,474	–	297,474
Others	**–**	**–**	**–**	51,329	–	51,329
Total	**440,602**	**–**	**440,602**	348,803	–	348,803

Note 10 - Provisions

(In Rupees)

Particulars	As at March 31, 2018 Current	Non- Current	Total	As at March 31, 2017 Current	Non- Current	Total
Provision for Expenses	**342,913**	**–**	**342,913**	277,878	–	277,878
Total	**342,913**	**–**	**342,913**	277,878	–	277,878

Note 11 - Other Current Liabilities

Particulars	**As at March 31, 2018 (In Rupees)**	As at March 31, 2017 (In Rupees)
TDS Payable	**490,814**	454,293
Statutory remittances (Contribution to PF and ESIC, TDS, Service tax etc)	**245,687**	1,250
Total	**736,501**	455,543

Note 12 - Revenue from Operations

Particulars	**As at March 31, 2018 (In Rupees)**	As at March 31, 2017 (In Rupees)
(a) Professional fees from Capacity Building	**8,495,995**	5,778,904
Total	**8,495,995**	5,778,904

Note 13 - Other Income

Particulars	**As at March 31, 2018 (In Rupees)**	As at March 31, 2017 (In Rupees)
(a) Interest on Income Tax Refund	**29,700**	600
(b) Miscellaneous Income	**5,541**	–
Total	**35,241**	600

Note 14 - Employee Benefits Expenses

Particulars	**As at March 31, 2018 (In Rupees)**	As at March 31, 2017 (In Rupees)
(a) Salaries and wages, including bonus	**917,594**	181,032
(b) Contribution to provident and other funds	**–**	–
(c) Staff welfare expenses	**–**	–
(d) Professional Tax	**–**	–
Total	**917,594**	181,032

Note 15 - Other Expenses

Particulars	**As at March 31, 2018 (In Rupees)**	As at March 31, 2017 (In Rupees)
(a) Rent	**866,227**	257,712
(b) Legal & Professional Expenses	**3,836,666**	3,167,453
(c) Communication Expenses	**154,308**	18,108
(d) Travel & Conveyance	**1,203,561**	1,332,359
(e) Printing & Stationery	**227,666**	–
(f) Electricity & Power	**135,940**	–
(g) Insurance	**59,399**	–
(h) Auditors Remuneration	**50,000**	75,000
(i) Write Off Intangible Assets	**78,500**	–
(j) Other Expenses	**281,426**	34,966
Total	**6,893,693**	4,885,598

Amount paid/payable to the statutory auditors (included under Auditors Remuneration in Note 15)

Particulars	**As at March 31, 2018 (In Rupees)**	As at March 31, 2017 (In Rupees)
Statutory Audit fees	**50,000**	50,000
Others	**–**	25,000
Total	**50,000**	75,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 16 - Earnings per Share

Particulars	For the year ended 31 March, 2018 Per Share	For the year ended 31 March, 2017 Per Share
Basic/Diluted Earnings per share		
From continuing operations (Rs.) per share	**0.08**	0.06
From discontinuing operations (Rs.) per share	**–**	–
Total basic/diluted earnings per share	**0.08**	0.06

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit/(Loss) for the year attributable to owners of the Company	**718,451**	563,927
Less: Preference dividend and tax thereon	**–**	–
Profit/(Loss) for the year used in the calculation of basic earnings per share	**718,451**	563,927

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit / (Loss) for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profit/(Loss) used in the calculation of basic earnings per share from continuing operations	**718,451**	563,927
Weighted average number of equity shares	**9,010,000**	9,010,000
Earnings per share from continuing operations - Basic	**0.08**	0.06

Note 17 - Related party disclosures

a) Names of related parties and nature of relationship where control exists:

Sl. No.	Particulars	Nature of relationship
1	Mahindra Consulting Engineers Limited	Holding Company
2	Mahindra & Mahindra Limited	Ultimate Holding Company

b) Details of related party transactions during the year ended 31st March 2018 and balances outstanding as at 31st March 2018

Name of Related Party	Nature of Relationship	Type of Transaction	Year ended 31 March 2018	Year ended 31 March 2017
Mahindra Consulting Engineers Ltd.	Holding Company	Professional charges paid	**3,672,367**	2,534,799
Mahindra Consulting Engineers Ltd.	Holding Company	Reimbursement of expenses	**1,968,696**	1,329,029
Mahindra Consulting Engineers Ltd.	Holding Company	Rent expenses	**866,227**	257,712
Mahindra Consulting Engineers Ltd.	Holding Company	Income from capacity building services	**8,450,000**	4,950,000
Mahindra & Mahindra Limited	Ultimate Holding Company	Corporate Secretarial Services & Travel Expenses	**158,498**	288,032
Mahindra & Mahindra Limited	Ultimate Holding Company	Balance payable at the end of the year	**440,602**	297,474
Mahindra Consulting Engineers Ltd.	Holding Company	Balance receivable at the end of the year	**1,825,200**	–

Note 18 - Segment Reporting

The Company has a single reportable business segment viz. providing training services for the purpose of IND AS 108 - Operating Segments.

Note 19 - Maturities of financial liabilities

The table below analyse the companies financial liabilities into relevant maturity groupings based on there contractual maturities for all non-derivatives financial liabilities for which the contractual maturies are essential for an understanding of the timing of the cash flow.

Contractual maturities of financial liabilities 31 March 2018	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables	–	–	**440,602**	–	–	**440,602**
Other financial liabilities	**736,501**	–	–	–	–	**736,501**
Total Non-derivative liabilities	**736,501**	–	**440,602**	–	–	**1,177,103**

Contractual maturities of financial liabilities 31 March 2017	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables	–	–	348,803	–	–	348,803
Other financial liabilities	455,543	–	–	–	–	455,543
Total Non-derivative liabilities	455,543	–	348,803	–	–	804,346

Note 20 - Carrying Value of Financial Assets

All Financial Assets are carried at amortised cost.

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai
Date: 25th April, 2018

For and on behalf of the Board of Directors of

Parag Shah
Director

B. Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: 25th April, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**3852.33**	2416.85
Profit before Interest, Depreciation and Taxation	**170.36**	242.97
Depreciation	**57.89**	32.80
Profit/(Loss) before exceptional item and tax	**112.47**	210.17
Provision for Taxation		
– Current Tax	**63.26**	68.67
– Deferred Tax	**(41.67)**	(11.71)
Profit after Taxation and OCI	**76.44**	160.72
Balance of Profit for prior years	**593.73**	457.40
Amount available for Appropriation	**670.17**	618.12
Appropriations		
Dividend on Equity Shares	**22.50**	20.25
Tax on Dividend	**4.58**	4.14
Surplus carried to Balance Sheet	**643.09**	593.73
Net Worth	**793.09**	743.73

No material changes and commitments have occurred after the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

The Company is rendering back office accounting and payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large. During the year, the Company had increased the customer engagement business substantially which was started in the previous year. The Company has also started manpower supply business mainly within the Mahindra Group.

Dividend

Your Directors are pleased to recommend a dividend of Rs. 1.50 (previous year Rs. 1.50) per Equity Share i.e. 15% (previous year 15%), amounting to Rs. 22.50 lakhs (previous year Rs. 22.50 lakhs) on the paid-up equity share capital of the Company for the year ended on 31st March, 2018. The total equity dividend for the year under review, inclusive of tax on distributable profits, will absorb a sum of Rs. 27.12 lakhs (previous year Rs. 27.08 lakhs).

Reserves

The Company does not propose to transfer any amount to reserves.

Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 200 lakhs. The issued, subscribed and paid-up share capital was Rs. 150 lakhs divided into 15,00,000 equity shares of Rs. 10 each. There was no change in the share capital during the year under review.

Holding Company

Your Company is a wholly owned subsidiary of Mahindra Holdings Limited.

Subsidiaries, Associates and Joint Ventures

During the year none of the companies have become or ceased to be Subsidiaries, Associates or Joint Ventures.

Consolidated Financial Statements

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have any subsidiaries, associates and joint ventures.

Board of Directors

The composition of the Board of Directors of the Company is as follows:-

SR. NO.	NAMES OF DIRECTORS	DIN	EXECUTIVE/ NON-EXECUTIVE	INDEPENDENT/ NON INDEPENDENT
1.	MR. S. DURGASHANKAR	00044713	NON-EXECUTIVE	NON INDEPENDENT
2.	MR. SANJAY JOGLEKAR	00209394	NON-EXECUTIVE	NON INDEPENDENT
3.	MR. VINAY DESHPANDE	01904423	NON-EXECUTIVE	NON INDEPENDENT
4.	MR. RAJESHWAR TRIPATHI	06734734	NON-EXECUTIVE	NON INDEPENDENT

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Mr. Sanjay Joglekar (DIN: 00209394) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Your Company is not required to constitute any mandatory Committees of the Board.

Provisions relating to Annual Evaluation of the Board and Individual Directors are not applicable to your Company.

Board Meetings

Your Board of Directors met five times during the year under review i.e. on 4th May, 2017, 25th July, 2017, 24th October, 2017, 22nd January, 2018 and 19th March, 2018. The maximum interval between any two meetings did not exceeds 120 days.

The attendance at the meetings of the Board was as under:-

SR. NO.	NAME OF DIRECTOR	NO OF MEETINGS ATTENDED
1	MR. S. DURGASHANKAR	4
2	MR. SANJAY JOGLEKAR	5
3	MR. VINAY DESHPANDE	4
4	MR. RAJESHWAR TRIPATHI	2

General Meetings

The 6th Annual General Meeting (AGM) of the Company was held on 25th July, 2017. No Extra Ordinary General Meeting was held during the year.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis; and

v. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the company.

Key Managerial Personnel

The provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company. Hence, no Key Managerial Personnel was appointed during the year under review.

Codes of Conduct

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Vigil Mechanism

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Statutory Auditors & Audit Report

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 3rd Annual General Meeting held on 26th August, 2014 from its conclusion till the conclusion of 8th Annual General Meeting to be held in 2019. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

As required under the provisions of Section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act, 2013.

Secretarial Auditor, Internal Auditor and Cost Auditor

The requirements of having Secretarial Auditor, Internal Auditor and Cost Auditor are not applicable to your Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure I** to this Report.

Particulars of Employees as required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Corporate Social Responsibility (CSR)

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 from the public or its employees during the year.

Particulars of investments made in mutual funds aggregating to Rs. 226.36 lakhs (previous year Rs. 216.44 lakhs) are given in Note No. 9 to the financial statements, pursuant to Section 186 of the Companies Act, 2013 and the same forms part of this Report.

Your Company has not made any loans, investments and guarantees during the year under review which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the Ultimate Holding Company, Mahindra & Mahindra Limited.

Particulars of Contracts or Arrangements with Related Parties

All Related Party Transactions entered during the year were "in the ordinary course of business" and "on arm's length" basis. The particulars of contracts or arrangements with related parties are given in Form AOC – 2 as **Annexure II** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2018 in the Form MGT-9 is attached herewith as **Annexure III** and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced by giving adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. Durgashankar

Chairman

Mumbai, 4th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

a) the steps taken or impact on conservation of energy:- **Necessary measures are taken to contain and bring about savings in power consumption through improved operational methods and better housekeeping.**

b) the steps taken by the company for utilizing alternate sources of energy:- **Not Applicable**

c) the capital investment on energy conservation equipments:- **Not Applicable**

B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption:- **Not Applicable**

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:- **Not Applicable**

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):–

a) the details of technology imported:- **Not Applicable**

b) the year of import:- **Not Applicable**

c) whether the technology been fully absorbed:- **Not Applicable**

d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:- **Not Applicable**

(iv) the expenditure incurred on Research and Development:- **Not Applicable**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

	For the Financial Year ended 31st March, 2018	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	**Rs. 78,11,199**	Rs. 33,20,860
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

S. Durgashankar
Chairman

Mumbai, 4th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM No. AOC-2

(Pursuant to clause (h) of sub-section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto:

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL
2. Details of Material contracts or arrangements or transactions at Arm's length basis:

Sr. No.	Name(s) of the Related Party & nature of relationship	Nature of contracts/ arrangements/ transactions	Transaction Value (in Rs.)	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements	Date of approval by the board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited (Ultimate Holding Company)	Shared Services Agreements	21,01,72,626	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in ordinary course of business and on arm's length basis	Refer Note below	No
2.	Mahindra & Mahindra Limited (Ultimate Holding Company)	Availment of various services	3,92,16,732	1st April, 2017 to 31st March, 2018		Refer Note below	No
3.	Mahindra Holdings Limited (Holding Company)	Dividend Paid	22,50,000	Dividend for financial year 2016-17 was paid in the current financial year	Not Applicable	Not Applicable	No

Note: The above referred transactions are at arm's length and in the ordinary course of business. Accordingly approval of the Board of Directors is not required as per proviso to sub-section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board

S. Durgashankar
Chairman

Mumbai, 4th May, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74999MH2011PTC212468
2.	Registration Date	18th January, 2011
3.	Name of the Company	Mahindra Integrated Business Solutions Private Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government
5.	Address of Registered office and contract details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel. No: 022-2490 5828/022-2802 5005
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Tel.: 040-67162222, Fax : 23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Services	% to total turnover of the Company
1.	Accounting, book keeping and payroll services	69201	58%
2.	Manpower Supply Services	78300	24%
3.	Customer Engagement Services	82200	18%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Holdings Limited, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U65993MH2007PLC175649	Holding Company	100.00	2(46)
2.	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	—	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF*	–	1	1	–	–	1	1	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c. State Govt. (s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	14,99,999	14,99,999	100.00	–	14,99,999	14,99,999	100.00	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-(A)(1)	**–**	**15,00,000**	**15,00,000**	**100.00**	**–**	**15,00,000**	**15,00,000**	**100.00**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-(A)(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters A=(A)(1)+(A)(2)	**–**	**15,00,000**	**15,00,000**	**100.00**	**–**	**15,00,000**	**15,00,000**	**100.00**	**–**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-(B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
Sub-Total-(B)(2)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**15,00,000**	**15,00,000**	**100.00**	–	**15,00,000**	**15,00,000**	**100.00**	–

* For the purpose of maintaining statutory minimum number of members one equity share is being held by nominee of Mahindra Holdings Limited.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Mahindra Holdings Limited	14,99,999	100	0	14,99,999	100	0	0
2	Mr. Narayan Shankar (Nominee of Mahindra Holdings Limited)	1	0	0	1	0	0	0
	Total	**15,00,000**	**100**	**0**	**15,00,000**	**100**	**0**	**0**

iii. Change in Promoters' Shareholding: There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):	–	–	–	–
	At the end of the year 31st March, 2018 (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total Shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):	–	–	–	–
	At the end of the year 31st March, 2018 (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year- 1st April, 2017	N.A.	N.A.	N.A.	N.A.
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	–	–	–	–
Change in indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year- 31st March, 2018	N.A.	N.A.	N.A.	N.A.
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	**N.A.**	**N.A.**	**N.A.**	**N.A.**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross Salary	–	–	–
	Salary as per provisions contains in section 17 (1) of the Income Tax Act, 1961	–	–	–
	Value of perquisites u/s 17 (2) of the Income Tax Act, 1961	–	–	–
	Profits in lieu of salary u/s 17 (3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration to other Directors:

I. Independent Directors: Not applicable

Particulars of Remuneration	Name of Directors	Total Amount (in Rs.)
Fee for attending Board/Committee Meetings	–	–
Commission	–	–
Others	–	–
Total (1)	–	–

II. Other Non-Executive Directors:-

(Rs. In Lakhs)

Other Non-Executive Directors	Mr. S Durgashankar	Mr. Rajeshwar Tripathi	Mr. Vinay Deshpande	Mr. Sanjay Joglekar	Total Amount
Fee for attending board/committee meetings	–	–	–	0.20	0.20
Commission	–	–	–	–	–
Others	–	–	–	–	–
Total (2)	**–**	**–**	**–**	**0.20**	**0.20**
Total B = (1+2)	**–**	**–**	**–**	**0.20**	**0.20**
Total Managerial Remuneration (A+B)	–				
Overall Ceiling as per the Act	Rs. 1 lakh per meeting of the Board				

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD: Not Applicable

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (in Rs.)
		CS	CEO	CFO	
1.	Gross Salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeals made, if any (give details)
A. COMPANY						
Penalty			**NIL**			
Punishment						
Compounding						
B. DIRECTORS						
Penalty			**NIL**			
Punishment						
Compounding						
C. OTHER OFFICERS IN DEFAULT						
Penalty			**NIL**			
Punishment						
Compounding						

For and on behalf of the Board

S. Durgashankar
Chairman

Mumbai, 4th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Integrated Business Solutions Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Integrated Business Solutions Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Mumbai, May 4 2018

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Mahindra Integrated Business Solutions Private Limited for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) The Company does not own any immovable property and hence the provisions of para 3(i)(c) of the Order are not applicable to the Company.

2. (i) The Company does not have inventory as on 31 March 2018. Accordingly the provisions of para 3(ii) of the Order are not applicable to the Company.

3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. The Company has complied with the requirements of section 185 and 186 of the Companies Act, 2013 in respect of Investment made by the Company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. Accordingly the provisions of Clause 3(vi) of the Order are not applicable to the company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods & Service Tax and other statutory dues applicable to it with the concerned authorities. The provisions of Excise Duty are not applicable to the operations of the Company.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax and Goods & Service Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax, Goods & Service and Cess Tax which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or Government or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11. No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. Based on the records examined by us and according to the information and explanations given to us, the transactions with related party are in compliance with section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Company is not required to have an audit committee and hence the provision of section 177 of the Companies Act, 2013 are not applicable to the Company.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Mumbai, May 4 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INTEGRATED BUSINESS SOLUTIONS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Integrated Business Solutions Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Mumbai, May 4, 2018

BALANCE SHEET AS AT 31 MARCH 2018

Rupees lakhs

			Note No.	As at 31 March 2018	As at 31 March 2017
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a)	Property, Plant and Equipment	4	**186.62**	92.79
	(b)	Other Intangible Assets	5	**14.98**	8.05
	(c)	Financial Assets			
		(i) Other Financial Assets	6	**57.29**	5.64
	(d)	Deferred Tax Assets (Net)	8	**77.87**	34.90
	(e)	Income Tax assets (net)		**384.06**	264.94
	(f)	Other Non-current Assets	7	**11.39**	–
	SUB-TOTAL			**732.21**	406.32
	CURRENT ASSETS				
	(a)	Financial Assets			
		(i) Investments	9	**226.36**	216.44
		(ii) Trade Receivables	10	**464.78**	400.90
		(iii) Cash and Cash Equivalents	11	**25.34**	108.37
		(iv) Other Bank Balances	11	**180.65**	368.70
		(v) Other Financial Assets	6	**1.19**	6.42
	(b)	Other Current Assets	7	**13.74**	21.22
	SUB-TOTAL			**912.06**	1,122.05
	Non-Current Assets Classified as Held for Sale				
	TOTAL ASSETS			**1,644.27**	1,528.37
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a)	Equity Share Capital	12	**150.00**	150.00
	(b)	Other Equity		**643.09**	593.73
	SUB-TOTAL			**793.09**	743.73
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a)	Provisions	13	**159.14**	144.77
	SUB-TOTAL			**159.14**	144.77
3	**CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Trade Payables	14	**361.99**	435.21
	(b)	Provisions	13	**14.83**	19.37
	(c)	Other Current Liabilities	15	**315.22**	185.29
	SUB-TOTAL			**692.04**	639.87
	TOTAL			**1,644.27**	1,528.37

The accompanying notes 1 to 27 are an integral part of the Financial Statements
In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 4 May 2018

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

Place: Mumbai
Date: 4 May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rupees lakhs

	Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
	Continuining Operations			
I	Revenue from operations	16	**3,803.40**	2,309.91
II	Other Income	17	**48.93**	106.94
III	**Total Revenue (I + II)**		**3,852.33**	2,416.85
IV	**EXPENSES**			
	(a) Employee benefit expense	18	**2,628.53**	1,517.14
	(b) Finance costs	19	**3.80**	–
	(c) Depreciation and amortisation expense	4, 5	**57.89**	32.80
	(d) Other expenses	20	**1,049.64**	656.74
	Total Expenses (V)		**3,739.86**	2,206.68
	Profit/(loss) before exceptional items and tax (I - IV)		**112.47**	210.17
	Exceptional Items			
VI	**Share of profit / (loss) of joint ventures and associates**		**–**	–
VII	**Profit/(loss) before tax (VII - VIII)**		**112.47**	210.17
VIII	**Tax Expense**			
	(1) Current tax	21	**63.26**	68.67
	(2) Deferred tax	21	**(41.67)**	(11.71)
	Total tax expense		**21.59**	56.96
IX	**Profit/(loss) after tax from continuing operations (IX - X)**		**90.88**	153.21
X	Discontinued Operations			
	(1) Profit/(loss) from discontinued operations		**–**	–
	(2) Tax Expense of discontinued operations		**–**	–
XI	**Profit/(loss) after tax from discontinued operations (XII + XIII)**		**–**	–
XII	**Profit/(loss) for the period (XI + XIV)**		**90.88**	153.21
XIII	**Other comprehensive income**		**(14.44)**	7.51
	A (i) Items that will not be recycled to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**(15.74)**	5.47
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**1.30**	2.04
XIV	**Total comprehensive income for the period (XV + XVIII)**		**76.44**	160.72
XV	**Earnings per equity share:**			
	(1) Basic	22	**5.10**	10.71
	(2) Diluted	22	**5.10**	10.71

In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 4 May 2018

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

Place: Mumbai
Date: 4 May 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

Rupees lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax for the year	**112.47**	210.17
Adjustments for:		
Investment income recognised in profit or loss	**(39.68)**	(38.61)
Loss on sale of assets	**4.16**	
Depreciation and amortisation of non-current assets	**57.89**	32.80
	134.84	204.36
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(125.57)**	(216.26)
(Decrease)/Increase in trade and other payables	**66.54**	303.78
Cash generated from operations	**75.80**	291.89
Income taxes paid	**(182.39)**	(176.31)
Net cash generated by operating activities	**(106.58)**	115.58
Cash flows from investing activities		
Maturity/(Investments) of Fixed Deposits	**188.05**	(24.15)
Proceed/(Investments) in Mutual Funds	**(0.22)**	61.62
Proceeds on sale of Fixed Assets	**3.95**	–
Interest received	**25.61**	33.96
Payments for property, plant and equipment	**(166.76)**	(84.07)
Net cash (used in)/generated by investing activities	**50.63**	(12.63)
Cash flows from financing activities		
Dividends including dividend distribution tax	**(27.08)**	(24.39)
Net cash used in financing activities	**(27.08)**	(24.39)
Net increase in cash and cash equivalents	**(83.03)**	78.56
Cash and cash equivalents at the beginning of the year	**108.37**	29.81
Cash and cash equivalents at the end of the year	**25.34**	108.37
	25.34	**108.37**

In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 4 May 2018

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

Place: Mumbai
Date: 4 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

a. Equity share capital

	Rupees lakhs
As at 1 April 2016	150.00
Changes in equity share capital during the year	–
As at 31 March 2017	150.00
Changes in equity share capital during the year	–
As at 31 March 2018	150.00

b. Other Equity

Rs. in lakhs

	Reserves and Surplus	**Items of other comprehensive income**	**Total**
	Retained Earnings	Remeasurements of the defined benefit liabilities / (asset)	
As at 1 April 2016	450.95	6.45	457.40
Profit/(Loss) for the period	153.21	–	153.21
Other Comprehensive Income/(Loss)	–	7.51	7.51
Total Comprehensive Income for the year	604.16	13.96	618.12
Dividend paid on Equity Shares	(20.25)	–	(20.25)
Dividend Distribution Tax	(4.14)	–	(4.14)
As at 31 March 2017	579.77	13.96	593.73
Profit/(Loss) for the period	90.88	–	90.88
Other Comprehensive Income/(Loss)	–	(14.44)	(14.44)
Total Comprehensive Income for the year	670.65	(0.48)	670.17
Dividend paid on Equity Shares	(22.50)	–	(22.50)
Dividend Distribution Tax	(4.58)	–	(4.58)
As at 31 March 2018	643.57	(0.48)	643.09

In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 4 May 2018

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

Place: Mumbai
Date: 4 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Company overview

Mahindra Integrated Business Solutions Private Limited is a Private Limited Company incorporated and domiciled in India on 18th January 2011 and it started its operations from 1st May 2011. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company. The Company is rendering back office accounting & payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large. During the year the Company has started rendering new activities in Customer Retention, renewal and verification, KYC fulfillment, setting up and re-organising and customer inward call center.

The immediate parent Company is Mahindra Holdings Limited. and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

2 Statement of compliance and basis for preparation

a. These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest crore / lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

f. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

3 Significant accounting policies

a. Operating Cycle:

Assets and Liabilities are classified as Current or Non – Current as per the provisions of the Schedule III notified under the Companies Act, 2013 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non – Current classification of Assets & Liabilities.

b. Property, plant and equipment:

i. Property, plant and equipment are carried at their original cost less accumulated depreciation and accumulated impairment losses.

ii. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

iii. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

c. Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life considered for assets in this class is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

d. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d. Investments:

Investment held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Current investments are valued at the lower of cost and fair value.

e. Revenue Recognition:

i. Sale of services is recognized when the services are rendered.

ii. Revenues on time & material contracts are recognized as the related services are performed and revenues from the end of the last billing to the Balance sheet date is recognized as Unbilled revenues. The unbilled revenues primarily consists of cost which needs to be billed to client on cost plus margin basis where there is no uncertainty as to measurement or collectability of consideration.

iii. Fee based income is accounted for on achieving specified milestones as per mutual agreement.

iv. Further, revenue is recognised when there is no uncertainty as to the measurement or collectability of consideration.

v. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

f. Employee Benefits:

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

g. Taxes on Income:

Tax expense comprises of both current and deferred tax only.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit & Loss of the financial year.

MAT credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

h. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

i. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

ii. Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

i. Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

j. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Note No. 4 - Property, Plant and Equipment

Rupees lakhs

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount					
Balance as at 1 April 2017	121.50	16.30	20.56	22.45	180.81
Additions	112.46	14.83	10.49	15.48	153.26
Disposals	(1.40)	(2.50)	(5.50)	(14.85)	(24.25)
Balance as at 31 March 2018	**232.56**	**28.63**	**25.55**	**23.08**	**309.82**
II. Accumulated depreciation and impairment					
Balance as at 1 April 2017	63.32	2.56	1.96	20.17	88.01
Depreciation expense for the year	41.21	5.29	3.11	2.73	52.34
Eliminated on disposal of assets	(0.85)	(1.27)	(0.92)	(14.11)	(17.15)
Balance as at 31 March 2018	**103.68**	**6.58**	**4.15**	**8.79**	**123.20**
III. Net carrying amount (I-II)	**128.88**	**22.05**	**21.39**	**14.29**	**186.62**

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount					
Balance as at 1 April 2016	74.13	3.84	4.30	22.45	104.72
Additions	47.74	12.46	16.26		76.46
Disposals	(0.37)				(0.37)
Balance as at 31 March 2017	**121.50**	**16.30**	**20.56**	**22.45**	**180.81**
II. Accumulated depreciation and impairment					
Balance as at 1 April 2016	40.10	0.49	0.28	18.52	59.39
Depreciation expense for the year	23.38	2.07	1.68	1.65	28.78
Eliminated on disposal of assets	(0.16)				(0.16)
Balance as at 31 March 2017	**63.32**	**2.56**	**1.96**	**20.17**	**88.01**
III. Net carrying amount (I-II)	**58.18**	**13.74**	**18.60**	**2.28**	**92.79**

Note No. 5 - Other Intangible Assets

Rupees lakhs

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	14.28	14.28
Additions from separate acquisitions	12.49	12.49
Disposals	–	–
Balance as at 31 March 2018	**26.77**	**26.77**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2017	6.23	6.23
Amortisation expense for the year	5.56	5.56
Eliminated on disposal of assets	–	–
Balance as at 31 March 2018	**11.79**	**11.79**
III. Net carrying amount (I-II)	**14.98**	**14.98**

Rupees lakhs

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	6.46	6.46
Additions from separate acquisitions	7.82	7.82
Disposals	–	–
Balance as at 31 March 2017	**14.28**	**14.28**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	2.21	2.21
Amortisation expense for the year	4.02	4.02
Eliminated on disposal of assets	–	–
Balance as at 31 March 2017	**6.23**	**6.23**
III. Net carrying amount (I-II)	**8.05**	**8.05**

Note:
Amortisation of the assets are done in a span of 5 years from the date of acquisition.

Note No. 6 - Other financial assets

Rupees lakhs

Particulars	As at 31 March, 2018 Current	As at 31 March, 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Financial assets at amortised cost				
(a) Security Deposit	–	**57.29**	–	5.64
(b) Interest accrued on Fixed Deposits	**1.19**	–	6.42	–
Total	**1.19**	**57.29**	6.42	5.64

Note No. 7 - Other assets (Non Financial)

Rupees lakhs

Particulars		As at 31 March, 2018 Current	Non-Current	As at 31 March 2017 Current	Non-Current
(a)	Advances other than capital advances				
	(i) Prepaid expenses	6.86	–	3.79	–
	(ii) Prepaid rent	3.80	11.39	–	–
	(iii) Unbilled revenue	3.08	–	7.40	–
(b)	Other receivables	–	–	10.03	–
Total		13.74	11.39	21.22	–

Note No. 8 - Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Rupees lakhs

For the Year ended 31 March 2018

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and Intangible assets	7.76	2.35		10.11
Other Temporary Differences	1.15		(1.30)	(0.15)
	8.91	2.35	(1.30)	9.97
Tax effect of items constituting deferred tax assets				
Employee Benefits	41.90	34.95		76.86
Other Temporary Differences	1.91	9.07		10.98
	43.81	44.02	–	87.83
Net Tax Asset (Liabilities)	34.90	41.67	1.30	77.87

Rupees lakhs

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and Intangible assets	3.98	3.78		7.76
Other Temporary Differences	3.19		(2.04)	1.15
	7.17	3.78	(2.04)	8.91
Tax effect of items constituting deferred tax assets				
Employee Benefits	27.15	14.75		41.90
Other Temporary Differences (please specify)	1.17	0.74		1.91
	28.32	15.49	–	43.81
Net Tax Asset (Liabilities)	21.15	11.71	2.04	34.90

Note No. 9 - Investments

Rupees lakhs

Particular	As at 31 March, 2018 Current	Non Current	As at 31 March 2017 Current	Non Current
Designated as Fair Value Through Profit and Loss				
I. Quoted Investments				
Investments in Mutual Funds	226.36	–	216.44	–
Total	226.36	–	216.44	–
Aggregate amount of quoted investments	226.36	–	216.44	–
Aggregate amount of market value of investments	226.36	–	216.44	–

Note No. 10 - Trade receivables

Rupees lakhs

Particulars	As at 31 March 2018 Current	Non Current	As at 31 March 2017 Current	Non Current
(a) Secured, considered good				
(b) Unsecured, considered good	464.78	–	400.90	–
(c) Doubtful	14.98	–	5.74	–
Less: Allowance for Credit Losses	(14.98)	–	(5.74)	–
TOTAL	464.78	–	400.90	–
Of the above, trade receivables from:				
– Related Parties	347.66	–	313.92	–
– Others	117.12	–	86.98	–
Total	464.78	–	400.90	–

Note No. 11 - Cash and Bank Balances

Rupees lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks	25.34	108.17
(b) Cheques, drafts on hand	–	0.20
Total Cash and cash equivalent	25.34	108.37
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	180.65	368.70
Total Other Bank balances	180.65	368.70

Reconciliation of Cash and Cash Equivalents

Particulars	**As at 31 March 2018**	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**25.34**	108.37
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	**–**
Total Cash and Cash Equivalents as per Statement of Cashflow	**25.34**	108.37

Note No. 12 - Equity Share Capital

Rupees lakhs

Particulars	**As at 31 March 2018 No. of shares**	As at 31 March 2018 Value	As at 31 March 2017 No. of shares	As at 31 March 2017 Value
Authorised:				
Equity shares of Rs. 10 each with voting rights	**2,000,000**	200.00	2,000,000	200.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**1,500,000**	150.00	1,500,000	150.00
Total	**1,500,000**	150.00	1,500,000	150.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Period Ended 31 March 2018			
No. of Shares	**1,500,000**	**–**	**1,500,000**
Amount	**15,000,000**	**–**	**15,000,000**
Year Ended 31 March 2017			
No. of Shares	1,500,000	–	1,500,000
Amount	15,000,000	–	15,000,000

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) There is only one class of Equity shares valued at Rs. 10 and there are no preference shares.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**No. of Shares** Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Holdings Limited, the Holding Company	**1,500,000**		
As at 31 March 2017			
Mahindra Holdings Limited, the Holding Company	1,500,000		

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	**As at 31 March 2018** Number of shares held	% holding in that class of shares	As at 31 March 2017 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Holdings Limited	**1,500,000**	**100**	1,500,000	100

Note No. 13 - Provisions

Rupees lakhs

Particulars	**As at 31 March 2018 Current**	**Non-Current**	As at 31 March 2017 Current	Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**14.83**	**159.14**	19.37	144.77
Total Provisions	**14.83**	**159.14**	19.37	144.77

Note No. 14 - Trade Payables

Particulars	**As at 31 March 2018 Current**	**Non-Current**	As at 31 March 2017 Current	Non-Current
(a) (i) Trade payable - Micro and small enterprises	**1.61**	**–**	–	–
(ii) Trade payable - Other than micro and small enterprises	**360.38**	**–**	435.21	–
Total trade payables	**361.99**	**–**	435.21	–

Note No. 15 - Other Liabilities

Particulars	**As at 31 March 2018 Current**	**Non-Current**	As at 31 March 2017 Current	Non-Current
(a) Capital creditors	**24.01**	**–**	0.11	–
(b) Statutory dues	**99.50**	**–**	178.48	–
(c) Others*	**191.71**	**–**	6.70	–
Total Other Liabilities	**315.22**	**–**	185.29	–

* Others mainly includes salary, bonus, performance pay and other employee related payables.

Note No. 16 - Revenue from Operations

Particulars		As at 31 March 2018	As at 31 March 2017
			Rupees lakhs
(a)	Revenue from rendering of services	**3,803.40**	2,309.91
Total Revenue from Operations		**3,803.40**	2,309.91

Note No. 17 - Other Income

Particulars		As at 31 March 2018	As at 31 March 2017
(a)	Interest Income		
	(1) On Fixed Deposits with Bank	**20.36**	26.89
	(2) On Income tax refund	**9.62**	2.55
(b)	Dividend Income*		
	(1) on Mutual funds	**9.70**	9.17
(c)	Unrealised gain on Mutual Funds	**0.64**	–
(d)	Other income	**5.30**	68.33
(e)	Interest Income on Security Deposit - Ind AS adjustment	**3.31**	–
Total Other Income		**48.93**	106.94

Note No. 18 - Employee Benefits Expense

Particulars		As at 31 March 2018	As at 31 March 2017
			Rupees lakhs
(a)	Salaries and wages, including bonus	**2,364.65**	1,355.48
(b)	Contribution to provident and other funds	**144.75**	77.77
(c)	Gratuity expense	**34.18**	21.55
(d)	Leave salary	**37.89**	37.23
(e)	Training	**3.45**	3.71
(f)	Employee stock option expenses	**11.40**	–
(g)	Staff welfare expenses	**32.21**	21.40
Total Employee Benefit Expense		**2,628.53**	1,517.14

Note No. 19 - Finance Costs

		As at 31 March 2018	As at 31 March 2017
(a)	Ind AS Adjustment on Security Deposits	**3.80**	–
Total Finance Costs		**3.80**	–

Note No. 20 - Other Expenses

Particulars			As at 31 March 2018	As at 31 March 2017
				Rupees lakhs
(a)	Rent including lease rentals		**203.25**	55.26
(b)	Rates and taxes		**3.45**	0.05
(c)	Insurance		**26.72**	16.17
(d)	Advertisement		**–**	0.09
(e)	Travelling and Conveyance Expenses		**138.01**	38.29
(f)	Provision for doubtful trade and other receivables, loans		**9.24**	2.23
(g)	Net loss / (gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)		**0.79**	1.03
(h)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**3.47**	2.51
	(ii)	For Taxation matters	**0.50**	0.50
	(iii)	For Other services	**0.80**	–
	(vi)	For reimbursement of expenses	**0.04**	–
(i)	Other expenses			
	(i)	Legal and other professional costs	**161.29**	174.40
	(ii)	Postage, Telephone and Communication	**40.51**	31.46
	(iii)	IT Expenses	**138.72**	166.57
	(iv)	Service contracted	**209.39**	105.92
	(v)	Loss on sale of assets	**4.16**	–
	(vi)	Brokerage	**5.65**	–
	(vii)	Miscellaneous expenses	**103.65**	62.26
Total Other Expenses			**1,049.64**	656.74

Note No. 21 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
		Rupees lakhs
Current Tax:		
In respect of current year	**46.10**	78.38
In respect of prior years	**17.16**	(9.71)
	63.26	68.67
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(41.67)**	(11.71)
Total income tax expense on continuing operations	**21.59**	56.96

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
		Rupees lakhs
Current Tax	**–**	–
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**1.30**	2.04
Total	**1.30**	2.04

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**112.47**	210.17
Effective Income tax expense calculated at 27.5525% (2017: 33.063%)#	**30.99**	69.49
Reduction in deferred tax due to reduction in tax rate	**(5.82)**	–
Effect of income that is exempt from taxation	**(2.00)**	(1.00)
Effect of expenses that is non-deductible in determining taxable profit	**(1.00)**	–
Temporary difference not considered in deferred tax in previous year (40(a)(ia))	**(12.00)**	
Others	**(5.74)**	(1.82)
	4.43	66.67
Adjustments recognised in the current year in relation to the current tax of prior years	**17.16**	(9.71)
Income tax expense recognised In profit or loss from continuing operations	**21.59**	56.96

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 25% (Previous year 30%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws. This rate has further been adjusted considering the effects of various allowances and disallowances in the Statement of Profit and Loss.

Note No. 22 - Earnings per Share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**5.10**	10.71
From discontinuing operations	**–**	–
Total basic earnings per share	**5.10**	10.71
Diluted Earnings per share		
From continuing operations	**5.10**	10.71
From discontinuing operations	**–**	–
Total diluted earnings per share	**5.10**	10.71

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit / (loss) for the year attributable to owners of the Company	**76.44**	160.72
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic and diluted earnings per share	**76.44**	160.72
Profits used in the calculation of basic and diluted earnings per share from continuing operations	**76.44**	160.72
Weighted average number of equity shares	**1,500,000**	1,500,000
Earnings per share from continuing operations - Basic and diluted	**5.10**	10.71

Note No. 23 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of net debt to equity of the Company.

Rupees lakhs

Debt ratios are as follows:	**31-Mar-18**	31-Mar-17
Equity	**793.09**	743.73
Net Debt		
Less: Cash and cash equivalents	**25.34**	108.37
Net Debt		
Total Capital	**767.75**	635.36

Categories of financial assets and financial liabilities

As at 31 March 2018 — **Rupees lakhs**

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other Financial Assets				
– Security deposits	**57.29**			**57.29**
Current Assets				
Investments		**226.36**		**226.36**
Trade Receivables	**464.78**			**464.78**
Other Bank Balances	**180.65**			**180.65**
Other Financial Assets				
– Interest accrued on Fixed Deposits	**1.19**			**1.19**
Current Liabilities				
Trade Payables	**361.99**			**361.99**

As at 31 March 2017 — **Rupees lakhs**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Security deposits	5.64			5.64
Current Assets				
Investments		216.44		216.44

As at 31 March 2017 — **Rupees lakhs**

	Amortised Costs	FVTPL	FVOCI	Total
Trade Receivables	400.90			400.90
Other Bank Balances	368.70			368.70
Other Financial Assets				
– Interest accrued on Fixed Deposits	6.42			6.42
Current Liabilities				
Trade Payables	435.21			435.21

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

As at 31 March 2018 — **Rupees lakhs**

	Less than 6 months past due	**More than 6 months past due**	**Total**
Expected loss rate	0.0%	68.3%	3.2%
Gross carrying amount	442.86	21.92	464.78
Loss allowance provision	–	14.98	14.98

As at 31 March 2017 — Rupees lakhs

	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	51.3%	1.4%
Gross carrying amount	389.70	11.20	400.90
Loss allowance provision	–	5.74	5.74

Reconciliation of loss allowance provision for Trade Receivables

Particulars	**31-Mar-18**	31-Mar-17
	Rupees lakhs	
Balance as at beginning of the year	**5.74**	3.51
Impairment losses recognised in the year based on lifetime expected credit losses	**9.24**	2.23
Amounts written off during the year as uncollectible	**–**	–
Amounts recovered during the year	**–**	–
Impairment losses reversed / written back	**–**	–
Balance at end of the year	**14.98**	5.74

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay.

Rupees lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31-Mar-18				
Trade Payables	361.99	–	–	–
Total	361.99	–	–	–
31-Mar-17				
Trade Payables	435.21	–	–	–
Total	435.21	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial assets				
31-Mar-18				
Non-current Assets				
Other Financial Assets				
– Security deposits		3.67	53.62	–
Current Assets				
Investments	**226.36**	**–**	**–**	**–**

Rupees lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Trade Receivables	**464.78**	–	–	–
Other Bank Balances	**180.65**	–	–	–
Other Financial Assets		–	–	–
– Interest accrued on Fixed Deposits	**1.19**	–	–	–
Total	**872.98**	**3.67**	**53.62**	**–**
31-Mar-17				
Non-current Assets				
Other Financial Assets				
– Security deposits	**–**	**3.67**	**1.97**	**–**
Current Assets				
Investments	**216.44**	–	–	–
Trade Receivables	**400.90**	–	–	–
Other Bank Balances	**368.70**	–	–	–
Other Financial Assets				
– Interest accrued on Fixed Deposits	**6.42**	–	–	–
Total	992.46	3.67	1.97	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	11,321.00	11,525.00
	AUD	3,986.00	10,028.00
Trade Payables	USD	–	–
	AUD	–	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	11,321.00	11,525.00
	AUD	3,986.00	10,028.00
Trade Payables	USD	–	–
	AUD	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-18	USD	+10%	0.73	0.73
	USD	-10%	(0.73)	(0.73)
	AUD	+10%	0.20	0.20
	AUD	-10%	(0.20)	(0.20)
31-Mar-17	USD	+10%	0.74	0.74
	USD	-10%	(0.74)	(0.74)
	AUD	+10%	0.49	0.49
	AUD	-10%	(0.49)	(0.49)

Note No. 24 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rs. In lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy*	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-18	31-Mar-17				
Financial assets						
Investments						
1) Equity investments						
2) Mutual fund investments	226.36	216.44	Level 1	As declared from the fund houses	N.A.	N.A.
Total financial assets	226.36	216.44				

There were no transfers between level 1, level 2 and level 3 for recurring fair value measurements during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total**
			Fair value hierarchy as at 31 March 2018			
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	**464.78**	**464.78**		**464.78**		**464.78**
– deposits and similar assets	**57.29**	**57.29**		**57.29**		**57.29**
– Others	**1.19**	**1.19**		**1.19**		**1.19**
Total	**523.26**	**523.26**		**523.26**		**523.26**
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	**361.99**	**361.99**		**361.99**		**361.99**
Total	**161.27**	**161.27**		**161.27**		**161.27**

Particulars	Carrying amount	Fair value	Level 1	Level 2	Level 3	Total
			Fair value hierarchy as at 31 March 2017			
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	400.9	400.9		400.90		400.90
– deposits and similar assets	5.64	5.64		5.64		5.64
– Others	6.42	6.42		6.42		6.42
Total	412.96	412.96		412.96		412.96
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	435.21	435.21		435.21		435.21
Total	(22.25)	(22.25)		(22.25)		(22.25)

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and ESIC aggregating Rs. 14,474,805 (2017 : Rs. 7,776,197) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-18	31-Mar-17
Discount rate(s)	**8.10%**	7.60%
Expected rate(s) of salary increase	**10.00%**	10.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2018

	Rupees lakhs	
	Funded Plan	
	Gratuity	
Particulars	**2018**	**2017**
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**33.72**	**21.52**
Past service cost and (gains)/losses from settlements	**–**	**–**
Net interest expense	**0.46**	**0.02**
Components of defined benefit costs reconised in profit or loss	**34.18**	**21.55**
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**18.79**	**(9.25)**
Actuarial gains and loss arising from changes in financial assumptions	**(11.34)**	**14.56**
Actuarial gains and loss arising from experience adjustments	**8.29**	**(10.77)**
Others (describe)	**–**	**–**
Components of defined benefit costs recognised in other comprehensive income	**15.74**	**(5.47)**
Total	**49.92**	**16.08**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**193.12**	**183.40**
2. Fair value of plan assets as at 31st March	**189.38**	**167.32**
3. Surplus/(Deficit)	**3.73**	**16.08**
4. Current portion of the above	**–**	**–**
5. Non current portion of the above	**3.73**	**16.08**

	Rupees lakhs	
	Funded Plan	
	Gratuity	
Particulars	**2018**	**2017**
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**183.40**	**156.32**
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**33.72**	**21.52**
– Interest Expense (Income)	**13.05**	**11.29**
4. *Recognised in Other Comprehensive Income*	**11.29**	**10.91**
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**–**	**–**
iii. Experience Adjustments	**(11.34)**	**14.56**
5. Benefit payments	**8.29**	**(10.77)**
6. Others (Specify)	**(33.99)**	**(9.52)**
7. Present value of defined benefit obligation at the end of the year	**193.12**	**183.40**
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**167.32**	**146.05**
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**12.58**	**11.27**
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
– Actual Return on plan assets in excess of the expected return	**(18.79)**	**9.25**
– Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	**62.26**	**10.27**
6. Benefit payments	**(33.99)**	**(9.52)**
7. Fair value of plan assets at the end of the year	**189.38**	**167.32**

	Rupees lakhs	
	Funded Plan	
	Gratuity	
Particulars	**2018**	**2017**
IV. The Major categories of plan assets		
– List the plan assets by category here		
Insurer Managed Fund	**189.38**	**167.32**
V. Actuarial assumptions		
1. Discount rate	**8.10%**	**7.60%**
2. Expected rate of return on plan assets	**8.10%**	**6.96%**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	2018	1.00%	-10.16%	12.37%
	2017	1.00%	-9.74%	11.87%
Salary growth rate	2018	1.00%	12.01%	-10.09%
	2017	1.00%	10.54%	-9.27%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 2,000,000 to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	2018	2017
Within 1 year	**214,903**	2,347,565
1 - 2 year	**2,566,511**	191,142
2 - 3 year	**2,949,233**	2,500,412
3 - 4 year	**1,458,899**	2,924,232
4 - 5 year	**2,229,660**	215,270
above 5 years	**60,025,138**	49,959,816

Plan Assets

The fair value of Company's pension plan asset as of 31 March 2018 and 2017 by category are as follows:

	2018	2017
Asset category:		
Deposits with Insurance companies	**18,938,310**	16,732,069
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 11.17 years (2017: 10.72 years)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year.

Note No. 26 - Related Party Transactions

Name of the parent Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary:	
Auto Digitech Private Limited	Mahindra Inter-Trade Ltd.
Bristlecone (India) Ltd	Mahindra Hzpc Pvt. Ltd
Defence Land Systems India Ltd.	Mahindra Lifespace Developers Ltd.
Epc Industries Limited	Mahindra Logistics Ltd.
Gipps Aero Pty Limited	Mahindra Mstc Recycling Pvt. Ltd.
Mahindra & Mahindra Financial Services Ltd	Mahindra Residential Developers Ltd.
Mahindra Marine Private Limited	Mahindra Rural Housing Finance Ltd
Mahindra & Mahindra Contech Ltd	Mahindra Steel Service Centre Ltd.
Mahindra Agri Solutions Limited	Mahindra Telephonics Integrated Systems Pvt Ltd.
Mahindra Aerospace Pvt Ltd	Mahindra Trucks & Buses Limited
Mahindra Aerostructures Pvt Ltd	Mahindra Two Wheelers Limited.
Mahindra Auto Steel Pvt. Ltd.	Mahindra Greenyard Private Limited
Mahindra Automobile Distributor Pvt Ltd	Mahindra Vehicle Manufacturers Ltd
Mahindra Bebanco Dev. Ltd	Mahindra World City (Jaipur) Ltd.
Mahindra Defence Naval Systems Pvt Ltd	Mahindra World City (Chennai) Ltd.
Mahindra Defence System Ltd	Mera Kisan Pvt. Ltd.
Mahindra Electric Mobility Limited	Mumbai Mantra Media Pvt Ltd.
Mahindra Emirates Vehicle Armoring Fz LLC	Nbs International Ltd
Mahindra Susten Pvt Ltd.	Orizonte Business Solutions Limited
Mahindra First Choice Services Ltd	Trringo.Com Limited
Mahindra First Choice Wheels Ltd	Mahindra Airways Limited
Mahindra Heavy Engines Ltd.	Mahindra Asset Management Company Pvt Ltd
Mahindra Holidays & Resorts India Limited	Gromax Agri Equipment Limited
Mahindra Homes Pvt. Ltd.	Classic Legends Private Limited
Mahindra Insurance Brokers Ltd.	Industrial Cluster Private Limited
Mahindra Integrated Township Ltd.	Mahindra Industrial Park Chennai Ltd.
	Mahindra Emarket Ltd

Details of transaction between the Company and its related parties are disclosed below:

				Rs. In lakhs
Particulars	**For the year ended**	**Parent Company**	**Fellow subsidiaries**	**Ultimate Holding Company**
Nature of transactions with Related Parties				
Purchase of goods	31-Mar-18		0.21	
	31-Mar-17		–	
Purchase of property and other assets	31-Mar-18		–	
	31-Mar-17		5.50	
Rendering of services	31-Mar-18		1,265.28	2,101.73
	31-Mar-17		807.21	1,201.27
Receiving of services	31-Mar-18			64.77
	31-Mar-17			100.72
Lease expenses	31-Mar-18			111.00
	31-Mar-17			34.11
Dividend paid	31-Mar-18	22.50		
	31-Mar-17	20.25		
Other transactions - Reimbursement of expenses made to parties	31-Mar-18			216.39
	31-Mar-17			306.31

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Fellow subsidiaries**	**Ultimate Holding Company**
Trade payables	31-Mar-18			216.74
	31-Mar-17			263.94
Receivables	31-Mar-18		167.17	180.49
	31-Mar-17		127.60	186.31

Note No. 27 - Additional Information to the Financial Statements

Dividend

In respect of the current year, the directors propose that a dividend of Rs 1.50 per share be paid on equity shares in August 2018. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March 2018. The total estimated equity dividend to be paid is Rs 22,50,000. The payment of this dividend is estimated to result in payment of dividend tax of Rs 4,62,494 @ 15% on the amount of dividends grossed up for the related dividend distribution tax.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars		**31-Mar-18**	31-Mar-17
(i)	Principal amount remaining unpaid to MSME suppliers as on	**1.61**	–
(ii)	Interest due on unpaid principal amount to MSME suppliers as on	**0.08**	–
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v)	The amount of interest accrued and remaining unpaid as on	**0.08**	–
(vi)	The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**0.08**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures':

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's standalone financial statements.

Amendment to Ind AS 40 – 'Investment Property':

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

Note No. 29 - Comparatives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 4 May 2018

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

Place: Mumbai
Date: 4 May 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 5th (Fifth) Report, together with the Audited Financial Statements of your Company for the period ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF AFFAIRS OF THE COMPANY

(Amount in Rs.)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income	–	–
Expenses	**(19,925)**	(17,405)
Profit/(Loss) before Tax	**(19,925)**	(17,405)
Provision for Tax	–	–
Profit/(Loss) for the year from Continuing Operations	**(19,925)**	(17,405)
Balance of Profit/Loss from Earlier Years	**(1,14,648)**	(97,243)
Balance carried Forward	**(19,925)**	(17,405)
Amount carried forward to reserves	**(1,34,573)**	(1,14,648)
Net worth	**(3,65,427)**	(3,85,352)

MATERIAL CHANGES AND COMMITMENTS:

No material changes and commitments affecting the financial position of the Company have occurred after the close of the financial year till the date of this report.

OPERATIONS OF THE COMPANY

Your Company was incorporated under Section 8 of the Companies Act, 2013 to carry on the operations of an electoral trust pursuant to the Electoral Trusts Scheme, 2013, issued by the Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance vide notification dated 31st January, 2013, i.e. for distributing and allocating the contributions, payments, etc. received or gathered by the Company to/for the use of the political party or political parties which are registered under Section 29A of the Representation of the People Act, 1951.

Your Company is not yet registered as an Electoral Trust as the requisite approvals from CBDT has not been received. Hence, since its incorporation date and including the period under review, it has not accepted any contribution from anyone for distributing the same to the political parties.

SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATES

Your Company has no subsidiary, associates and joint venture as on 31st March, 2018.

DIVIDEND

Your company being incorporated under Section 8 of the Companies Act, 2013, is prohibited from distribution of dividend.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2018 stood at Rs.5,00,000 comprising of 50,000 equity shares of Rs.10 each.

There was no change in the Paid-up Equity Share Capital of your Company during the year under review.

Accordingly, as on 31st March, 2018, the paid-up share capital of your Company stood at Rs. 5,00,000 comprising of 50,000 equity shares of Rs.10 each.

BOARD OF DIRECTORS

Composition:

As on 31st March, 2018, your Company's Board of Directors consisted of 3 Non-Executive Directors. The names, DIN, category of the Directors as on 31st March, 2018 are given hereunder:

Director	DIN	Executive/ Non-Executive Director	Independent/ Non- Independent Director
Mr. Rajesh Parte	07005987	Non - Executive	Non - Independent
Mr. Feroze Baria	03315262	Non - Executive	Non - Independent
Mrs. Anita Halbe	07041040	Non - Executive	Non - Independent

Director liable to retire by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Rajesh Parte, (DIN 07005987), Director, who has been longest in office, retires by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Directors recommend his re-appointment for the Members approval at the ensuing AGM.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board met 2 times during the year under review on 25th May, 2017 and on 19th December, 2017. The 4th Annual General Meeting of the Company was held on 30th September, 2017.

The attendance of the Directors at the Board Meetings of the Company were as under:-

Name of the Director	No. of Board Meetings attended
Mr. Rajesh Parte	2
Mr. Feroze Baria	2
Mrs. Anita Halbe	2

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, after due enquiry, confirm that:

a) In the preparation of the annual financial statements for the period ended 31st March, 2018 the applicable accounting standards have been followed;

b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period on 31st March 2018 and of the deficit of the Company for the period ended on that date;

c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) They had ensured that there exist adequate internal financial controls with reference to financials statements.

e) They have prepared the annual accounts on a going concern basis; and

f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMMITTEES OF THE BOARD

The provisions relating to constitution of mandatory Committees of Board are not applicable to your Company.

Corporate Social Responsibility Committee

Provisions relating to Corporate Social Responsibility enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR Policy.

STATUTORY AUDITORS

At the First Annual General Meeting (AGM) held on 21st May, 2015 Messrs. B. K. Khare & Co., Chartered Accountants, (Firm registration Number 105102W) was appointed as the Statutory Auditors of your Company for a period of five years. They hold office up to the conclusion of Sixth AGM to be held in the year 2020 subject to ratification of their appointment by the Members at every AGM to be held after the AGM held on 21st May, 2015

As required under the provisions of Sections 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. B.K. Khare & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of Statutory Auditors as aforesaid and fix their remuneration.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark

INTERNAL AUDIT, SECRETARIAL AUDIT AND COST AUDIT

The provision relating to Internal Audit, Secretarial Audit and Cost Audit are not applicable to your Company.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, have not reported any instances of frauds committed in the Company by its officers or employees to the Board of Directors under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this report.

RISK MANAGEMENT

Your Company is yet to commence its Business. In the opinion of the Board, there are no apparent risks which may impact the existence of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as ***Annexure I*** to this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company, pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the holding company Mahindra & Mahindra Limited

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made, guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements entered with related parties pursuant to Section 188(1) of the Companies Act, 2013. Further there were no transactions with related parties which are required to be disclosed under Form AOC-2, pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Hence, AOC-2 is not annexed to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and in accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual return as on 31st March, 2018 is attached herewith as ***Annexure II*** and forms part of this report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company neither has a Managing Director nor Whole Time Director.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3)(c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank all the stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Rajesh Parte Director

Feroze Baria Director

Mumbai, 16th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: Nil

(b) the steps taken by the company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: Nil

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: Nil

(b) the year of import: Nil

(c) whether the technology been fully absorbed: Nil

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

iv) the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:	**(Rupees in Lakhs)**	(Rupees in Lakhs)
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Total Foreign Exchange Earned	**Nil**	Nil
Total Foreign Exchange Used	**Nil**	Nil

For and on behalf of the Board

Rajesh Parte Director

Feroze Baria Director

Mumbai, 16th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT - 9

Extract of Annual Return as on the period ended on 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U93000MH2013NPL251507
2.	Registration Date	30th December, 2013
3.	Name of the Company	Mahindra 'Electoral Trust' Company
4.	Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91-22-24905620
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1.	Carry on the operations of an electoral trust pursuant to the Electoral Trusts Scheme, 2013	N.A.	N.A.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100	–	**50,000**	**50,000**	**100**	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra and Mahindra Limited	49,994	100	–	49,994	100	–	–
2.	Mahindra and Mahindra Limited jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2017)			Shareholding at the end of the year (as on 31st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
3.	Mahindra and Mahindra Limited jointly with Mr. Bharat Doshi*	1	–	–	1	–	–	–
4.	Mahindra and Mahindra Limited jointly with Mr. Arun Nanda*	1	–	–	1	–	–	–
5.	Mahindra and Mahindra Limited jointly with Mr. K. Chandrasekar*	1	–	–	1	–	–	–
6.	Mahindra and Mahindra Limited jointly with Mr. S. Durgashankar*	1	–	–	1	–	–	–
7.	Mahindra and Mahindra Limited jointly with Mr. Shantanu Rege*	1	–	–	1	–	–	–
	Total	**50,000**	**100**	–	**50,000**	**100**	–	–

* The shares are held by Mahindra & Mahindra Limited, jointly with nominee, to comply with the statutory provisions of the Companies Act, 2013, with regards to minimum number of members.

iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the Promoter Group.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year (as on 1st April, 2017)		Shareholding at the end of the year (as on 31st March, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	–	–	–	–	–

v) Shareholding of Directors and Key Managerial Personnel: NIL

Sr. No.	Name of Director/Key Managerial Personnel	Shareholding at the beginning of the year (as on 1st April, 2017)		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the period	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	–	–	–	–
	At the end of the period	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: NIL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
1.	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify SAR's	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors					
	• Fee for attending board/committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)	–	–	–	–	–
2.	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CS**	**CFO**	**Total**
1.	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others	–	–	–	–
5.	Others	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Rajesh Parte Director

Feroze Baria Director

Mumbai, 16th May, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA "ELECTORAL TRUST" COMPANY

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra "Electoral Trust" Company** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Income and Expenditure and the Cash Flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), statement of income and expenditure and the cash flows statement in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exits and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

10. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

11. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2018, and its deficit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

13. The Company is licensed to operate under section 8 of Companies Act, 2013. Therefore on facts, the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), is not applicable to the Company.

14. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date: 16th May, 2018
Place: Mumbai.

ANNEXURE I TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA “ELECTORAL TRUST” COMPANY

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra “Electoral Trust” Company (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm‘s Registration No. 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Date: 16th May, 2018
Place: Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2018

(Currency: Indian Rupees)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	**5,00,000.00**	5,00,000.00
(b) Reserves and surplus	2	**(1,34,572.86)**	(1,14,647.86)
		3,65,427.14	3,85,352.14
(2) Current liabilities			
(a) Trade payables	3	**19,593.00**	19,568.00
		19,593.00	19,568.00
TOTAL		**3,85,020.14**	4,04,920.14
II. ASSETS			
(1) Current Assets			
(a) Cash and cash equivalents	4	**3,85,020.14**	4,04,920.14
(b) Other Current assets	5	**–**	–
		3,85,020.14	4,04,920.14
TOTAL		**3,85,020.14**	4,04,920.14

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors

MAHINDRA "ELECTORAL TRUST" COMPANY

Rajesh Parte
Director

Feroze Baria
Director

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

(Currency: Indian Rupees)

	Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from operations	6	**–**	–
II	Other income	7	**–**	–
III	**Total Revenue (I + II)**		**–**	–
IV	Expenses:			
	Other expenses	8	**19,925.00**	17,404.50
	Interest Others			
	Total Expenses		**19,925.00**	17,404.50
V	Profit before tax (III - IV)		**(19,925.00)**	(17,404.50)
VI	Tax Expenses:			
	(1) Tax Expenses including for earlier years		**–**	–
	(2) Deferred Tax		**–**	–
VII	Profit/(Loss) for the year (XI + XIV)		**(19,925.00)**	(17,404.50)
VII	Earnings per equity share:			
	Basic/Diluted		**(0.40)**	(0.77)

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors

MAHINDRA "ELECTORAL TRUST" COMPANY

Rajesh Parte
Director

Feroze Baria
Director

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH,2018

(Currency: Indian Rupees)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash Flow from Operating Activities		
Net Profit before taxation	**(19,925.00)**	(17,404.50)
Adjustments for:		
Depreciation on fixed assets	**–**	–
Loss on sale of fixed assets	**–**	–
Interest expense	**–**	–
Deduct:		
Profit on sale of fixed assets	**–**	–
Interest income	**–**	–
Operating Profit before Working Capital changes	**(19,925.00)**	(17,404.50)
Adjustments for:		
(Increase)/Decrease in loans and advances	**–**	–
Increase/(Decrease) in liabilities	**25.00**	(20,611.00)
CASH GENERATED FROM OPERATIONS	**(19,900.00)**	(38,015.50)
Income tax Paid (Including provisions)	**–**	–
Net Cash inflow from/(outflow) from Operating activities	**(19,900.00)**	(38,015.50)
B. Cash Flow from Investing Activities	**–**	–
Net Cash inflow from/(outflow) from Investing activities	**–**	–
C. Cash Flow from Financing Activities	**–**	–
Net Cash inflow from/(outflow) from Financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**(19,900.00)**	(38,015.50)
Opening Cash and Cash Equivalents		
Cash in hand	**4,04,920.14**	4,42,935.64
Bank balances	**–**	–
	4,04,920.14	4,42,935.64
Closing Cash and Cash Equivalents		
Cash in hand	**–**	–
Bank balances	**3,85,020.14**	4,04,920.14
Non cash transactions:	**3,85,020.14**	4,04,920.14

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 16th May, 2018

For and on behalf of the Board of Directors

MAHINDRA “ELECTORAL TRUST” COMPANY

Rajesh Parte
Director

Feroze Baria
Director

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018

(Currency: Indian Rupees)

NOTE 1: Significant Accounting Policies

Nature of Operations

Mahindra 'Electoral Trust' Company, a subsidiary of Mahindra & Mahindra Ltd, was incorporated in India as a section 25 Company (under Companies Act, 1956) on 30th December, 2013. The main object of the company is to distribute, allocate or solely utilize the contributions, payments, funds or donations received or gathered by the company to/for the use of the political parties which are registered under section 29A of the Representation of People Act, 1951.

1. **Significant Accounting Policies**

a) **Basis of Preparation of Financial Statements**

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the **Companies Act, 2013** ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement are prepared and presented in the form set out in Schedule III of the Act, so far as they are applicable thereto.

These financial statements are presented in Indian rupees.

b) **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial Statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Interest income

  Interest income is recognized on time proportion basis.

d) **Taxation**

Current tax

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

e) **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES).PES are those shares which will convert into equity shares at a later stage. Profit / loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

f) **Provisions and Contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.

h) Previous year figures have been regrouped/reclassified wherever applicable.

1 - SHARE CAPITAL

a. **Details of authorised, issued and subscribed share capital**

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Capital		
50000 Equity Shares of Rs. 10/- each............	**5,00,000**	5,00,000
Issued Subscribed and Paid up		
50000 Equity Shares of Rs. 10/- each	**5,00,000**	5,00,000
	5,00,000	5,00,000

b. **Information on shareholders**

		As at March 31, 2018		As at March 31, 2017	
Name of Shareholder	Relationship	No. of Equity shares held	Percentage	No. of Equity shares held	Percentage
Mahindra & Mahindra Ltd	Holding Company	**50,000**	**100%**	50,000	100%

c. **Reconciliation of number of shares**

Particulars	Equity Shares	
	Number	Rs.
Shares outstanding at the beginning of the year.....	**50,000**	–
Shares issued during the year....................................	–	–
Shares bought back during the year.........................	–	–
Shares outstanding at the end of the year.............	**50,000**	–

2 - RESERVES AND SURPLUS

Particulars	As at March 31, 2018	As at March 31, 2017
Reserve and Surplus:		
Balance as per last Balance Sheet	**(1,14,647.86)**	(97,243.36)
Add/(Less): Profit/(Loss) for the Current year..	**(19,925.00)**	(17,404.50)
	(1,34,572.86)	(1,14,647.86)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018

(Currency: Indian Rupees)

3 - TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Payables *		
Due to Micro and Small Enterprises	–	–
Other than Micro and Small Enterprises	19,593.00	19,568.00
	19,593.00	19,568.00

Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

4 - CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
(i) On Current account	3,85,020.14	4,04,920.14
(ii) On Fixed Deposit account (for more than 12 months)	–	–
	3,85,020.14	4,04,920.14

5 - OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017
	–	–
	–	–

6 - REVENUE FROM OPERATIONS

Particulars	As at March 31, 2018	As at March 31, 2017
Sale of Products (Gross)	–	–
Less: Excise Duty	–	–
	–	–

7 - OTHER INCOME

Particulars	As at March 31, 2018	As at March 31, 2017
Interest Income	–	–
Creditors written off	–	–
	–	–

8 - OTHER EXPENSES

Particulars	As at March 31, 2018	As at March 31, 2017
Auditor's remuneration	5,775.00	5,725.00
Bank Charges	–	343.50
Professional fees	14,150.00	11,336.00
	19,925.00	17,404.50

9 - EARNINGS PER EQUITY SHARES

Particulars	As at March 31, 2018	As at March 31, 2017
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders	(19,925)	(38,333)
Weighted average number of equity shares	50,000	50,000
Basic Earnings Per Share	(0.40)	(0.77)
Face value per Share	10	10

For and on behalf of the Board

For **Mahindra 'Electoral Trust' Company**

Rajesh Parte
Director

Feroze Baria
Director

Place: Mumbai

Date: 16th May, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighteenth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Amount in Rs.)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**64,83,324**	2,29,409
Net Profit/(Loss)	**(5,15,395)**	57,550
Loss brought forward from previous year	**(83,57,324)**	(84,14,874)
Loss carried forward	**(88,72,719)**	(83,57,324)
Net Worth	**(8,75,719)**	(3,60,324)

No material changes and commitments have occurred after the closure of the Financial Year 2017-2018 till the date of this Report, which would affect the financial position of your Company.

Operations

During the year the Company was involved in providing omni-channel support service to Mahindra Group Online marketplace www.M2ALL.com and www.SyouV.com to create an online brand for selling Mahindra group products and services.

Dividend

Your Board has not considered declaration of dividend in view of the losses of the company for the year under review.

Reserves

Loss for the year has been carried forward and no amount has been transferred to Reserve as the Company has not made any profits during the year.

Share Capital

During the year, the authorized Share Capital of your Company stood at Rs. 1,00,00,000 (Rupees One Crore) comprising of 10,00,000 Equity Shares of the face value of Rs. 10 each. The issued and paid-up Share Capital of the Company is Rs. 79,97,000 (Rupees Seventy Nine Lakhs Ninety Seven Thousand) comprising of 7,99,700 Equity Shares of the face value of Rs. 10 each. There was no change in share capital during the year under review.

Holding Company

Mahindra & Mahindra Limited is the Holding Company of your Company.

Subsidiaries, Associates and Joint Ventures

During the year none of the companies have become or ceased to be Subsidiaries, Associates or Joint Ventures.

Consolidated Financial Statements

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have any subsidiaries, associates and joint ventures.

Composition of Board of Directors

Sr No.	Name of Directors	DIN	Designation	Executive/ Non-Executive	Independent/ Non-Independent
1	Mr. V. S. Parthasarathy	00125299	Chairman	Non-Executive	Non-Independent
2	Mr. K. N. Vaidyanathan	05195386	Director	Non-Executive	Non-Independent
3	Mr. Bharat Moossaddee	02166403	Additional Director	Non-Executive	Non-Independent
4	Mr. Vijay Nakra	02638616	Additional Director	Non-Executive	Non-Independent

Mr. K. N. Vaidyanathan (DIN: 05195386) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from all the Directors in Form DIR-8 as prescribed under Section 164 of the Companies Act, 2013 read with the Rule 14(1) of Companies (Appointment and Qualifications of Directors) Rules, 2014 that they are not disqualified from being appointed as Directors of the Company pursuant to Section 164 of the Companies Act, 2013.

Mr. S. Durgashankar (DIN: 00044713) resigned from the Board with effect from 19th January, 2018. The Board place its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. S. Durgashankar during his stint as a Director of the Company.

Mr. Bharat Moossaddee (DIN: 02166403) and Mr. Vijay Nakra (DIN: 02638616) were appointed as Additional Directors of the Company with effect from 19th January, 2018.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 proposing candidature of Mr. Bharat Moossaddee and Mr. Vijay Nakra for their appointment as Director at the ensuing Annual General Meeting. The Board recommends to the shareholders the above appointments.

Your Company is not required to constitute any mandatory Committees of the Board.

Provisions relating to Annual Evaluation of Board and Individual Directors are not applicable to your Company.

Board Meetings

Your Board of Directors met 5 times during the year under review on 5th May, 2017, 26th July, 2017, 20th October, 2017, 19th January, 2018 and 9th March, 2018. The gap between two consecutive Board meetings did not exceed 120 days. The attendance at the meeting of the Board was as under:

Name of Directors	Number of meetings attended
Mr. V. S. Parthasarathy (Chairman)	5
Mr. S. Durgashankar *	4
Mr. K. N. Vaidyanathan	5
Mr. Bharat Moossaddee#	2
Mr. Vijay Nakra#	1

* *Resigned with effect from 19th January, 2018.*

#Appointed with effect from 19th January, 2018.

General Meetings

The 17th Annual General Meeting of the Company was held on 26th July, 2017. No Extra Ordinary General Meeting was held during the year under review.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on the representation received from the operating management and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standard 1 & Secretarial Standard 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

Key Managerial Personnel

Mr. Vijay Mahajan who was appointed as the Chief Executive Officer of the Company with effect from 18th September, 2015 and designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 had resigned with effect from the close of business hours of 5th May, 2017.

The provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company. Hence, no Key Managerial Personnel was appointed during the year under review.

Statutory Auditors and Auditors' Report

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Firm Registration No. 105102W) were appointed as the Statutory Auditors of the Company at the 16th (Sixteenth) Annual General Meeting ("AGM") of the Company held on 14th July, 2016 to hold office up to the date of the 21st (Twenty First) AGM of the Company, subject to ratifications by the Shareholders of the Company at each AGM.

Pursuant to Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM had been omitted.

Accordingly, the yearly ratification of appointment of auditors would not be done at every intervening AGM held after the ensuing AGM i.e. 18th AGM as the requirement had been done away in the Companies Act, 2013.

As required under the provisions of Section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

Frauds reported by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board under Section 143(12) of the Companies Act 2013.

Secretarial Auditor, Internal Auditor and Cost Auditor

The requirements of having Secretarial Auditor, Internal Auditor and Cost Auditor are not applicable to your Company.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company and helps in managing the risks associated with the business of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness within the organisation and to integrate risk management within the corporate culture.

Vigil Mechanism

The provision relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure I** to this Report.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

Disclosure of Particulars of Employees as required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013

Your Company has neither given any loan, guarantee or provided any security in connection with a loan nor made any investment pursuant to Section 186 of the Companies Act, 2013 during the year under review.

Your Company has not made any loans/advances and investment which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the Holding Company, Mahindra & Mahindra Limited.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Internal Financial Controls

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Particulars of Contracts or Arrangements with Related Parties

Particulars of material contracts or arrangements with related parties referred to in sub-section 1 of Section 188 of the Companies Act, 2013 are given in the prescribed Form AOC – 2 as **Annexure II** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 134(3)(a) and 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form MGT-9 is attached herewith as **Annexure III** and the same forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced by giving adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

Acknowledgements

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 10th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy:

Necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) The steps taken by the company for utilizing alternate sources of energy: None

(c) The capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption: None

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(a) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – None

(b) The details of technology imported: None

(c) The year of import: Not Applicable

(d) Whether the technology been fully absorbed: Not Applicable

(e) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: Not Applicable

iii. The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no foreign exchange earnings and outgo during the year under review.

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 10th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC – 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto:

1. Details of contracts or arrangements or transactions not at Arm's length basis – Nil

2. Details of Material contracts or arrangements or transactions at Arm's length basis:

Sr. No.	Name of Related Party and nature of relationship	Nature of contracts / arrangements /transactions	Transaction Value (in Rs.)	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or transactions	Date of approval by Board	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited (Holding Company)	Management Fees for managing www/M2aLL. com and SyouV.com	12,00,000 per annum (1,00,000 Monthly)	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in ordinary course of business and on arm's length basis	Not Applicable	No

Note: The above referred transaction is at arm's length and in the ordinary course of business. Accordingly approval of the Board of Directors is not required as per proviso to Sub-Section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 10th May, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U72900MH2000PLC129103
2	Registration Date	11th October, 2000
3	Name of the Company	MAHINDRA eMARKET LIMITED
4	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018. Tel: 022-24905828
6	Whether listed Company (Yes/No)	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/ Services	% to total turnover of the Company
1.	Revenue from Sales	47912	50%
2.	Management Fees & reimbursements	82990	44%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	69*	2(46)

* Includes 24% of the shares held by Mahindra Holdings Limited, which is a wholly-owned subsidiary of Mahindra & Mahindra Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)r				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	–	–	–	–	–	–	–	–	–
(b) Central Govt.	–	–	–	–	–	–	–	–	–
(c) State Govt.	–	–	–	–	–	–	–	–	–
(d) Bodies Corporate	–	7,99,700	7,99,700	100	–	7,99,700	7,99,700	100	–

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2017)				No. of shares held at the end of the year (As on 31st March, 2018)r				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(e) Bank/FI	–	–	–	–	–	–	–	–	–
(f) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A (1)	–	**7,99,700**	**7,99,700**	**100**	–	**7,99,700**	**7,99,700**	**100**	–
(2) Foreign									
(a) NRI-Individuals	–	–	–	–	–	–	–	–	–
(b) Other-Individuals	–	–	–	–	–	–	–	–	–
(c) Body Corporate	–	–	–	–	–	–	–	–	–
(d) Bank/FI	–	–	–	–	–	–	–	–	–
(e) Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-A (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**7,99,700**	**7,99,700**	**100**	–	**7,99,700**	**7,99,700**	**100**	–
B. Public Shareholding									
(1) Institution									
(a) Mutual Funds	–	–	–	–	–	–	–	–	–
(b) Bank/FI	–	–	–	–	–	–	–	–	–
(c) Cent. Govt.	–	–	–	–	–	–	–	–	–
(d) State Govt.(s)	–	–	–	–	–	–	–	–	–
(e) Venture Capital Fund	–	–	–	–	–	–	–	–	–
(f) Insurance Co.	–	–	–	–	–	–	–	–	–
(g) FIIs	–	–	–	–	–	–	–	–	–
(h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
(a) Body Corp.	–	–	–	–	–	–	–	–	–
(i) Indian.	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
(b) Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**7,99,700**	**7,99,700**	**100**	–	**7,99,700**	**7,99,700**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% change In shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	3,59,860	45	–	3,59,860	45	–	–
2.	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar*	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. Girish Patkar*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. Kairas Vakharia*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. Kamlesh Tripathi*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. V. S. Parthasarathy*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Contech Limited	2,47,907	31	–	2,47,907	31	–	–
8.	Mahindra Holdings Limited	1,91,928	24	–	1,91,928	24	–	--
	Total	**7,99,700**	**100**	–	**7,99,700**	**100**	–	–

* The Shares are held jointly for the purpose of compliance with the statutory provisions of the Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the shareholding of the Promoters.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	For each of the Top Ten Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mahindra & Mahindra Limited jointly with Mr. S Durgashankar***				
	At the beginning of the year – 1st April, 2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			

	At the end on the year – 31st March, 2018	–	–	1	0.00
2.	**Mahindra & Mahindra Limited jointly with Mr. V. S. Parthasarathy**				
	At the beginning of the year – 1st April, 2017	1	0.00	1	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			
	At the end on the year – 31st March, 2018	–	–	1	0.00

* Resigned from the office of Director with effect from 19th January, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Rs.)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtednes
Indebtedness at the beginning of the financial year (01.04.2017)	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year (31.03.2018)	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

(in Rs.)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Others, specify		
5.	Others, please specify Provident Fund & other Funds	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	

B. Remuneration to other directors:

I. Independent Directors:- Not Applicable (in Rs.)

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending board/committee meetings	–	–
Commission	–	–
Others	–	–
Total (1)	–	–

II. Other Non-Executive Directors:-

(in Rs.)

Other Non-Executive Directors	Mr. V. S. Parthasarathy	Mr. S. * Durgashankar	Mr K.N. Vaidyanathan	Mr. Bharat Moossaaddee#	Mr. Vijay Nakra#	Total Amount
Fee for attending board/committee	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration (A+B)	–					
Ceiling as per the Act	–					

* Resigned with effect from 19th January, 2018.
#Appointed with effect from 19th January, 2018.

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD: (in Rs.)

Sr. No.	Particulars of Remuneration	Mr. Vijay Mahajan – CEO * (up to 05.05.2017)	Total
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,43,700	2,43,700
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–
2.	Stock option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Other, specify	–	–
5.	Others, please specify	–	–
	Total (C)	**2,43,700**	**2,43,700**

* Resigned with effect from the close of business hours of 5th May, 2017

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – NIL

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 10th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra eMarket Limited

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of Mahindra eMarket Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute ofChartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, asrequired under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exits and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

10. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls OverFinancial Reporting

11. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 10th May, 2018

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of **Mahindra eMarket Limited** for the year ended March 31, 2018

I. The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

III. There are no companies, firms or other parties covered in the register maintained under Section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.

V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

VI. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customsand Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) There are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

VIII. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

IX. In our opinion and according to the information and explanations given to us, there were no moneys raised by way of terms loans, initial public offer or further public offer.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

XI. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

XII. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 10th May, 2018

BALANCE SHEET AS AT 31 MARCH 2018

Rupees Lacs

	Note No.	As at 31 March 2018	As at 1 April 2017
I. ASSETS		–	–
NON-CURRENT ASSETS		–	–
SUB-TOTAL		**–**	–
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	2	17.89	29.23
(ii) Cash and Cash Equivalents	3	30.69	14.57
(iii) Inventories	**4**	1.48	–
(b) Other Current Assets	5	32.10	–
SUB-TOTAL		**82.16**	43.80
Non-Current Assets Classified as Held for Sale		–	–
TOTAL ASSETS		**82.16**	43.80
II. EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	**6**	79.97	79.97
(b) Other Equity	**7**	(88.73)	(83.57)
SUB-TOTAL		(8.76)	(3.60)
LIABILITIES			
2 NON-CURRENT LIABILITIES		–	–
SUB-TOTAL		**–**	–
3 CURRENT LIABILITIES			
(a) Financial Liabilities		–	
(i) Trade Payables	**8**	37.23	1.67
(b) Provisions	**9**	0.50	0.87
(c) Current Tax Liabilities (Net)		–	0.03
(d) Other Current Liabilities	10	**53.19**	44.83
SUB-TOTAL		**90.92**	47.40
Liabilities Associated with Assets Held for Sale			
TOTAL		**82.16**	43.80

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
(FRN : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

K N Vaidyanathan
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 10th May, 2018

Place: Mumbai
Date: 10th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rupees Lacs

	Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
Continuining Operations				
I	Revenue from operations	11	**50.84**	2.11
II	Other Income	12	**13.99**	0.19
III	Total Revenue (I + II)		**64.83**	2.29
IV	**EXPENSES**			
	(a) Cost of Material Concumed	13	**21.89**	
	(b) Other expenses	14	**48.10**	1.58
V	**Total Expenses**		**69.99**	1.58
VI	**Profit/(loss) before exceptional items and tax (III - V)**		**(5.15)**	0.71
VII	**Exceptional Items**		–	–
VIII	**Share of profit/(loss) of joint ventures and associates**		–	–
	(1) Share of profit/(loss) of joint ventures and associates			
VII	**Profit/(loss) before tax (VI - VII - VIII)**		**(5.15)**	0.71
VIII	**Tax Expense**			
	(1) Current tax		**–**	0.14
	(2) Deferred tax			–
	(3) MAT Credit		**–**	–
	Total tax expense		**–**	0.14
IX	**Profit/(loss) after tax from continuing operations (VII - VIII)**		**5.15**	(0.58)
X	**Profit/(loss) for the period**		**(5.15)**	0.58
XI	**Other comprehensive income**		**–**	–
	A (i) Items that will not be recycled to profit or loss		**–**	–
	(a) Changes in revaluation surplus		**–**	–
	(b) Remeasurements of the defined benefit liabilities/(asset)			
	(c) Equity instruments through other comprehensive income			
	(d) Fair value changes relating to own credit risk			
	(e) Others (specify nature)			
	(ii) Income tax relating to items not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(a) Exchange differences in translating the financial statements of foreign operations			
	(b) Debt instruments through other comprehensive income			
	(c) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge			
	(d) Share of other comprehensive income of equity accounted investees			
	(e) Others (specify nature)			
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the period (XV + XVIII)**		**(5.15)**	**0.58**
XVIII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	16	**(0.64)**	0.07
	(2) Diluted	**16**	**(0.64)**	0.07

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
(FRN : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

K N Vaidyanathan
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 10th May, 2018

Place: Mumbai
Date: 10th May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. Equity share capital

Particulars	Rupees Lacs
As at 1 April 2016	79.97
Changes in equity share capital during the year	–
As at 31 March 2017	79.97
Changes in equity share capital during the year	–
As at 31 March 2018	79.97

B. Other Equity

Rupees Lacs

Particulars	Equity component of compound financial instruments	Retained Earnings	Items of other comprehensive income	Total
As at 1 April 2016	–	(84.15)	–	(84.15)
Profit / (Loss) for the period	–	0.58	–	0.58
Other Comprehensive Income / (Loss)	–	-	–	–
Total Comprehensive Income for the year	–	0.58	–	0.58
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2017	–	**(83.57)**	–	**(83.57)**
Profit / (Loss) for the period	–	(5.15)	–	(5.15)
Other Comprehensive Income / (Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**(5.15)**	–	**(5.15)**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2018	–	**(88.73)**	–	**(88.73)**

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
(FRN : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

K N Vaidyanathan
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 10th May, 2018

Place: Mumbai
Date: 10th May, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

Rupees Lacs

Particulars	Note No.	Year Ended 31 March 2018	Year Ended 31 March 2017
Cash flows from operating activities:			
Profit before tax for the year	PL	**(5.15)**	0.71
Adjustments for:			
Income tax expense recognised in profit or loss			
Finance costs recognised in profit or loss			
Investment income recognised in profit or loss			
Depreciation and amortisation of non-current assets			
		(5.15)	0.71
Movements in working capital:			
Decrease in trade and other receivables		**11.33**	(25.70)
Increase in Inventory		**(1.48)**	
(Increase) in other assets		**(32.10)**	0.12
Increase in trade and other payables		**35.56**	0.36
(Decrease) in provisions		**(0.40)**	0.87
Increase in other liabilities		**8.36**	32.23
Cash generated from operations		**16.12**	8.59
Income taxes paid		**–**	0.10
		16.12	8.49
Net cash generated by operating activities			
Cash flows from investing activities		**–**	–
Cash flows from financing activities		**–**	–
Net increase in cash and cash equivalents		**16.12**	8.49
Cash and cash equivalents at the beginning of the year		**14.57**	6.08
Effects of exchange rate changes on the balance of cash held in foreign currencies		**–**	–
Cash and cash equivalents at the end of the year		**30.69**	14.57

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
(FRN : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

K N Vaidyanathan
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 10th May, 2018

Place: Mumbai
Date: 10th May, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Notes –1

1. Significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31 March 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

1.3 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- commissionfees are recognised by reference to the completion of delivery of the product;
- servicing fees as per standard legal agreement or the arrangement. Fees are charges on monthly basis.
- servicing fee on completion of certain milestone of the contract

The Group's policy for recognition of revenue from contracts is described in note 3.9.6 below.

1.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.5 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.5.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1.6 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.7 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

1.7.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1.7.2 Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example,prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

1.7.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.8 Financial liabilities and equity instruments

1.8.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 2 - Trade receivables

Rupees lacs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 April 2017 Current	As at 31 April 2017 Non-Current
Trade receivables				
(a) Secured, considered good				
(b) Unsecured, considered good	**17.89**	–	29.23	–
(c) Doubtful				
Less: Allowance for Credit Losses				
TOTAL	**17.89**	–	29.23	–
Of the above, trade receivables from:				
– Related Parties	**18.40**	–		–
– Others	**(0.51)**	–	29.23	–
TOTAL	**17.89**	–	29.23	

Refer Note 14 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related dsiclosures.

Note No. 3 - Cash and Bank Balances

Rupees Lacs

Particulars	As at 31 March 2018	As at 31 April 2017
Cash and cash equivalents		
(a) Balances with banks	**30.69**	14.57
(b) Cheques, drafts on hand	**–**	–
(c) Cash on hand	**–**	–
(d) Others	**–**	–
Total Cash and cash equivalent	**30.69**	14.57
Other Bank Balances		
(a) Earmarked balances with banks	**–**	–
Total Other Bank balances	**–**	–

Reconciliation of Cash and Cash Equivalents

Rupees Lacs

Particulars	As at 31 March 2018	As at 31 April 2017
Total Cash and Cash Equivalents as per Balance Sheet	**30.69**	14.57
Add: Bank Overdraft		
Add: Cash and bank balances included in a disposal company held for sale		
Total Cash and Cash Equivalents as per Statement of Cashflow	**30.69**	**14.57**

Note No. 4 - Inventories

Rupees Lacs

Particulars	As at 31 March 2018	As at 31 April 2017
*Stock-in-trade of goods acquired for trading	**1.48**	–
Total Inventories (at lower of cost and net realisable value)	**1.48**	**–**

*** During the year,the company has written off Rs. 0.52 Lakhs on account of diffrences in Physical verification of Inventories.**

Note No. 5 - Other assets

Rupees Lacs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 April 2017 Current	As at 31 April 2017 Non-Current
Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**2.92**	**–**	–	–
(iv) Other advances	**29.18**	**–**	**–**	**–**
	32.10	**–**	–	–

Rupees Lacs

Particulars	31 March, 2018 Nos	31 March, 2018 INR	31 March, 2017 Nos	31 March, 2017 INR
<u>Authorised Share Capital</u>:				
Equity Shares of Rs. 10 each				
(10,00,000 Equity Shares of Rs. 10 each)	10,00,000.00	100	10,00,000.00	100
Total	**10,00,000.00**	**100.00**	**10,00,000.00**	**100.00**
<u>**Issued and Subscribed**</u>:				
Equity Share Capital:				
Opening Balance (shares of Rs. 10 Each)	7,99,700.00	79.97	7, 99,700.00	79.97
Add: Issued during the year (shares of Rs. 10 Each)	–	–	–	–
Closing Balance (799,700 shares of Rs. 10 Each)	**7,99,700.00**	**79.97**	**7,99,700.00**	**79.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 6 - Equity Share Capital

Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares reffered to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidationof the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Rupees Lacs

	31 March, 2018		31 March, 2017	
Particulars	**Nos**	**INR in Lacs**	**Nos**	**INR in Lacs**
Shares outstanding at the beginning of the year	7,99,700.00	79.97	7,99,700.00	79.97
Add: Rights shares issued	–	–	–	–
Shares outstanding at the end of the year	**7,99,700.00**	**79.97**	**7,99,700.00**	**79.97**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	**Opening Balance**	**Fresh Issue**	**Bonus**	**ESOP**	**Other Changes**	**Closing Balance**
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2018						
No. of Shares	799,700	–	–	–	–	799,700
Amount	79.97	–	–	–	–	79.97
Year Ended 31 March 2017						
No. of Shares	799,700	–	–	–	–	799,700
Amount	79.97	–	–	–	–	79.97
(b) Equity Shares with Differential Voting rights						
Year Ended 31 March 2018						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
Year Ended 31 March 2017						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
(c) Preference Shares						
Year Ended 31 March 2018						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
Year Ended 31 March 2017						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra & Mahindra Ltd, Holding Company	**3,59,865**		
Mahindra & Mahindra Contech Ltd, Subsidiary of the holding company	**2,47,907**		
Mahindra Holdings Ltd, Holding Company	**1,91,928**		
As at 31 March 2017			
Mahindra & Mahindra Ltd, Holding Company	3,59,865		
Mahindra & Mahindra Contech Ltd, Subsidiary of the holding company	2,47,907		
Mahindra Holdings Ltd, Holding Company	1,91,928		

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2018 Number of shares held	As at 31 March 2018 % holding in that class of shares	As at 31 March 2017 Number of shares held	As at 31 March 2017 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Ltd	3,59,865	45%	359,865	45%
Mahindra & Mahindra Contech Ltd	2,47,907	31%	247,907	31%
Mahindra Holdings Ltd	1,91,928	24%	191,928	24%

Note No. 7 - Other Equity

Rupees Lacs

Particulars	Equity component of compound financial instruments	Retained Earnings	Items of other comprehensive income	Total
As at 1 April 2016	–	(84.15)	–	(84.15)
Profit / (Loss) for the period	–	0.58	–	0.58
Other Comprehensive Income / (Loss)	–	–	–	–
Total Comprehensive Income for the year	–	0.58	–	0.58
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2017	–	**(83.57)**	–	**(83.57)**
Profit / (Loss) for the period	–	(5.15)	–	(5.15)
Other Comprehensive Income / (Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**(5.15)**	–	**(5.15)**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2018	–	**(88.73)**	–	**(88.73)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 8 - Trade Payables

Rupees Lacs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade payable - Micro and small enterprises*	–	–	–	–
Trade payable - Other than micro and small enterprises	37.23	–	1.67	–
Total trade payables	37.23	–	1.67	–

Trade Payables are payables in respect of the amount due on account of services received in the normal course of business. Company's credit risk management processes are explained in Note 14.

*** Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Rupees Lacs

	Particulars	31-Mar-18	31-Mar-17
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	–	–
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
(iv)	The amount of interest due and payable for the year	–	–
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Note No. 9 - Provisions

Rupees Lacs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 April 2017 Current	As at 31 April 2017 Non-Current
(A) Other Provisions				
Other Provisions	0.50	–	0.87	–
Total Provisions	**0.50**		**0.87**	

Details of movement in Other Provisions is as follows:

Particulars	Other Provisions	Total
Balance at 1 April 2016		
Additional provisions recognised	0.87	0.87
Amounts used during the period		
Unused amounts reversed during the period		
Balance at 31 March 2017	0.87	0.87
Balance at 1 April 2017	0.87	0.87
Additional provisions recognised	0.50	0.50
Amounts used during the period	0.87	0.87
Unused amounts reversed during the period		
Balance at 31 March 2018	**0.50**	**0.50**

Note No. 10 - Other Liabilities

Rupees Lacs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 April 2017 Current	As at 31 April 2017 Non- Current
a. Advances received from customers	49.12	–	38.29	–
b. Statutory dues				
– taxes payable (other than income taxes)	3.07	–	1.26	–
d. Other Payable	1.00		5.28	
TOTAL OTHER LIABILITIES	**53.19**	**–**	**44.83**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 11 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees Lacs

	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Revenue from sale of products	32.46	–
(b)	Revenue from rendering of services	18.38	2.11
(c)	Other operating revenue	–	–
	Total Revenue from Operations	**50.84**	**2.11**

Note No. 12 - Other Income

Rupees Lacs

	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Reimbursement M&M Intrastate	13.99	0.19
	Total Other Income	13.99	0.19

Note No. 13 - Cost of materials consumed

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Opening stock	–	–
Add: Purchases	23.37	–
Less: Closing stock	1.48	
Cost of materials consumed	21.89	

(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Inventories at the end of the year:		
Finished goods	–	
Work-in-progress	–	
Stock-in-trade	**1.48**	
	1.48	
Inventories at the beginning of the year:		
Finished goods	–	
Work-in-progress	–	
Stock-in-trade	–	
Net (increase) / decrease	**1.48**	–

Note No. 14 - Other Expenses

Rupees Lacs

	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(a)	Rates and taxes	–	0.07
(b)	Advertisement	31.56	0.03
(c)	Auditors remuneration		0.50
	(i) As Auditors	0.50	0.50
	(ii) For Taxation matters	0.10	–
(d)	Legal and other professional costs	7.89	0.45
(e)	Bank Charges	0.04	0.41
(f)	Other Miscellaneous Expenses	8.01	0.13
	Total Other Expenses	**48.10**	**1.58**

Note No. 15 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:		–
In respect of current year	–	0.14
In respect of prior years	–	–
Unrecognised tax loss used to reduce current tax expense	–	–
Others		
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	–	–
Unrecognised tax loss used to reduce deferred tax expense	–	–
Total income tax expense on continuing operations	–	0.14

(b) Income tax recognised in other Comprehensive income

Rupees Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax		
Deferred tax related to items recognised in other comprehensive income during the year:		
Cash flow hedges	–	–
Net fair value gain on investments in debt instruments at FVTOCI	–	–
Total	–	–

(c) Amounts Recognised Directly in Equity

Rupees Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax	–	–
Deferred Tax	–	–
Total	–	–

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees Lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**(5.15)**	0.71
Income tax expense calculated at @25.75% (2017:29.87%)	–	(0.22)
Effect of tax rates in foreign jurisdictions		
Reduction in tax rate between Actual Rate and MAT Rate	–	0.08
Effect of income that is exempt from taxation		
Recognised MAT Credit	–	(0.14)
Adjustments recognised in the current year in relation to the current tax of prior years		
Income tax expense recognised In profit or loss from continuing operations	–	(0.14)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 25.75% (F17 - 29.87%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(e) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Rupees Lacs

Particulars	**As at 31 March 2018**	As at 31 March 2017
Deductible Temporary differences (will never expire)		
Unused Tax losses (revenue in nature)	**3.78**	3.78
Unused Tax losses (capital in nature)		
Unused tax credits - MAT (expiry date - 31st Mar 2033)	**0.14**	
Total	**3.92**	3.78

The unrecognised tax losses carried forward expire as follows:

Expiry Date	Amount
31st March, 2024	0.36
31st March, 2025	3.42
	3.78

Note No. 16 - Earnings per Share

Particulars	**For the year ended 31 March 2018 Per Share**	For the year ended 31 March 2017 Per Share
Basic Earnings per share		
From continuing operations	**(0.64)**	0.07
From discontinuing operations		
Total basic earnings per share	**(0.64)**	0.07
Diluted Earnings per share		
From continuing operations	**(0.64)**	0.07
From discontinuing operations		
Total diluted earnings per share	**(0.64)**	0.07

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit / (loss) for the year attributable to owners of the Company	**(5.15)**	0.58
Less: Preference dividend and tax thereon		
Profit / (loss) for the year used in the calculation of basic earnings per share	**(5.15)**	0.58
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	**(5.15)**	0.58

	For the year ended 31 March 2018	For the year ended 31 March 2017
Weighted average number of equity shares	**7.997**	7.997
Earnings per share from continuing operations - Basic	**(0.64)**	0.07

Profit reconciliation for the calculation of Basic and Diluted earning per share

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit / (loss) for the year used in the calculation of basic earnings per share	**(5.15)**	0.58
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**(5.15)**	0.58
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**(5.15)**	0.58

Note No. 17 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-18	31-Mar-17
Equity	**(8.76)**	(3.60)

Categories of financial assets and financial liabilities

Rupees Lacs

	As at 31 March 2018			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	**17.89**	–	–	–
Cash and Cash Equivalents	**30.69**	–	–	–
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	**37.23**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Categories of financial assets and financial liabilities

	As at 31 March 2017			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	29.23	–	–	–
Cash and Cash Equivalents	14.57	–	–	–
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	37.23	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Three largest Trade Receivable constitute more than 10% of outstanding exposure and together more than 50% of the outstanding exposure.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities	37.23			
31-Mar-18				
Non-interest bearing				
31-Apr-17				
Non-interest bearing	1.67			
Total	1.67			

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**48.58**			
Fixed interest rate instruments				
Total	**48.58**			
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	43.80			
Fixed interest rate instruments				
Total	43.80			

Note No. 18 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	**31-Mar-18**		31-Apr-17	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables	**17.89**	**17.89**	29.23	29.23
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties				
– trade and other payables	**37.23**		1.67	
Total				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Fair value hierarchy as at 31 March 2018

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
<u>*Financial assets carried at Amortised Cost*</u>				
– loans to related parties				
– trade and other receivables		**17.89**		
Total		**17.89**		
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		**37.23**		
Financial lease payables		**37.23**		
Total				

Fair value hierarchy as at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
<u>*Financial assets carried at Amortised Cost*</u>				
– loans to related parties				
– trade and other receivables		29.23		
Total		29.23		
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		1.67		
Financial lease payables		1.67		
Total				

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 19 - Segment Information

Geographic information	**Year Ended 31 March 2018**	Year Ended 31 March 2017
Revenue from external customers		
India	**50.84**	2.11
Outside India	-	–
Total revenue per standalone statement of profit or loss	**50.84**	2.11

Non-current operating assets:	**As at 31 March 2018**	As at 31 March 2017
India	**–**	–
United States	**–**	–
Total	**–**	–

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

	Year Ended 31 March 2018	Year Ended 31 March 2017
Sale of Product	**32.46**	–
Rendering of Services	**18.38**	2.11
Total	**50.84**	2.11

Note No. 20 - Related Party Transactions

Name of the ultimate parent Company	Mahindra & Mahindra Ltd
Name of the parent Company	Mahindra Holdings Ltd
Name of the fellow subsidiary Company	Mahindra Two Wheelers Ltd, Mahindra Holidays & Resorts India Limited, Mahindra First Choice Services Ltd
	Mahindra Integrated Business Solutions Pvt Ltd, Mahindra & Mahindra Financial Services Ltd
	Mahindra Happinest Developers Ltd, Mahindra CIE Automotive Ltd, Mahindra Trucks and Buses Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	**For the year ended**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
<u>Nature of transactions with Related Parties</u>							
Sale of goods	**31-Mar-18**	6.13	–	1.14	–	–	–
	31-Mar-17	–	–	–	–	–	–
Purchase of goods	**31-Mar-18**	2.91	–	–	–	–	–
	31-Mar-17	–	–	–	–	–	–
Rendering of services	**31-Mar-18**	12.00	–	2.75	–	–	–
	31-Mar-17	2.43	–	2.17	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Fellow Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company
Receiving of services	**31-Mar-18**	11.82	–	–	–	–	3.73
	31-Mar-17	12.17	–	–	–	–	7.02

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company
Other payables	**31-Mar-18**	**21.86**	–	–	–	–	–
	31-Mar-17	19.96	–	–	–	–	–
Other receivables	**31-Mar-18**	**14.16**	–	4.24	–	–	–
	31-Mar-17	12.80	–	–	–	–	–

Information of transaction and balances outstanding with related parties (secured/ unsecured/ nature of consideration for settlement of dues etc.)

*Company has incurred Rs. 3,73,402 (For FY 2017 fRs. 7,02,019.8) for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

In terms of our report attached.

For B.K.KHARE & Co.
Chartered Accountants
(FRN : 105102W)

For and on behalf of the Board of Directors

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

K N Vaidyanathan
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 10th May, 2018

Place: Mumbai
Date: 10th May, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighteenth Report, together with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2018.

1. FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	**1030.13**	300.38
Profit before Depreciation, Finance Costs and Taxation	**(2206.87)**	(874.22)
Less: Depreciation & Amortization	**47.63**	36.38
Profit/(Loss) before Finance Costs and Taxation	**(2254.50)**	(910.60)
Less: Finance Costs	**9.00**	–
Profit/(Loss) before Tax	**(2263.50)**	(910.60)
Less: Taxation	**–**	–
Profit/(Loss) for the Year	**(2263.50)**	(910.60)
Balance brought forward from earlier years	**(1220.37)**	(309.78)
Profit available for Appropriation	**(3,483.87)**	(1,220.37)
Balance of Profit carried forward	**(3,483.87)**	(1,220.37)
Net worth	**1,019.46**	285.63

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

2. OPERATIONS

During the year, the Company had carried out the operations in existing cities viz. Mumbai, Hyderabad, Bengaluru and in news cities viz. Chennai, Ahmedabad and Delhi.

3. SCHEME OF MERGER

During the year the Board of Directors at its meeting held on 30th March 2018, has approved a Scheme of Merger by Absorption, under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, of the Company with "Resfeber Labs Private Limited" (Porter) and their respective shareholders. Accordingly, an application has been made to National Company Law Tribunal ("NCLT") for the requisite approvals. The Appointed Date of the Scheme would be 1st April 2017 or such other date as may be approved. The Scheme will be given effect to on receipt of requisite approvals/consent.

4. DIVIDEND

Your Directors do not recommend any dividend for the year under review. Further, the Board of your Company decided not to transfer any amount to the General Reserve for the year under review.

5. SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 25 Crores to Rs. 35 Crores.

During the year under review, your Company has allotted 79,25,631 Equity Shares of Rs. 10/- each on right basis for cash at par. Further, your Company has allotted 35,00,000 Lakhs Equity Shares of Rs. 10/- each on preferential basis for cash at premium of Rs. 10/- each to Mahindra and Mahindra Financial Services Limited.

Further, your Company has allotted 45,31,972, 0.01%, Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10/- each at a premium of Rs. 22.99/-.

Consequent to above, the paid up share capital of your Company stood at Rs. 31,01,76,030 divided into 2,64,85,631 Equity Shares of Rs. 10/- each and 45,31,972 CCCPS of Rs. 10/- each as at the last date for the year under review.

During the year under review, your Company had reclassified 80 Lakhs Equity Shares of Rs. 10/- each into 80 Lakhs Compulsorily Convertible Preference Shares of Rs. 10/- each and the same were again reclassified into 80 Lakhs Equity Shares of Rs. 10/- each.

6. HOLDING COMPANY

Mahindra and Mahindra Limited is the Holding company of your Company.

7. BOARD OF DIRECTORS

The Composition of the Board is as follows:

Sr. No.	Name of Director	Director's Identification Number	Executive/ Non-Executive	Independent/ Non-Independent
1.	Dr. Anish Shah	02719429	Non-Executive	Non-Independent
2.	Mr. Bharat Moossaddee	02166403	Non-Executive	Non-Independent
3.	Ms. Charulata Ravikumar*	02269674	Non-Executive	Independent
4.	Mr. Rajeshwar Trtipathi	06734734	Non-Executive	Non-Independent
5.	Mr. Pravin Nagindas Shah**	00056173	Non-Executive	Non-Independent
6.	Mr. Naveen Kshatriya***	00046813	Non-Executive	Independent

* Ms. Charulata Ravikumar was re-designated as an Independent Director w.e.f. 27th September, 2017.

** Mr. Pravin Nagindas Shah was appointed as a Director on 27th September, 2017.

*** Mr. Naveen Kshatriya was appointed as a Director and designated as Independent Director on 27th September, 2017.

Mr. Bharat Moossaddee retires by rotation at the forthcoming Annual General Meeting ('AGM') and is eligible for re-appointment.

The Company has received Annual declaration from Ms. Charulata Ravikumar and Mr. Naveen Kshatriya, the Independent Directors of the Company as required under Section 149(6) of the Companies Act, 2013, confirming their status as Independent Directors.

8. EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Directors. The Directors expressed their satisfaction with the evaluation process.

9. BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the year under review, nine meetings of the Board of Directors were held on 2nd May, 2017, 26th May, 2017, 28th July, 2017, 22nd August, 2017, 9th October, 2017, 21st November, 2017, 20th February, 2018, 21st March, 2018 and 30th March, 2018. The 17th Annual General Meeting of the Company was held on 27th September, 2017.

The attendance at the meetings of the Board was as follows:

Name of Director	No. of meetings attended out of 9
Dr. Anish Shah	9
Mr. Bharat Moossaddee	7
Ms. Charulata Ravikumar*	8
Mr. Rajeshwar Tripathi	6
Mr. Pravin Nagindas Shah**	6
Mr. Naveen Kshatriya***	6

* Ms. Charulata Ravikumar was re-designated as an Independent Director w.e.f. 27th September, 2017.

** Mr. Pravin Nagindas Shah was appointed as a Director on 27th September, 2017.

*** Mr. Naveen Kshatriya was appointed as a Director and designated as Independent Director on 27th September, 2017.

10. KEY MANAGERIAL PERSONNEL (KMP)

The following are the Key Managerial Personnel of the Company appointed pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel Rules), 2014: -

Ms. Kausalya Nandakumar, Chief Executive Officer.

Mr. Pradeep Jape (Membership No. 104034), Chief Financial Officer.

Ms. Sanjana Doshi (ACS 39642), Company Secretary.

There was no change in the Key Managerial Personnel during the year under review.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, your directors, based on the representation from the operating management, and after due enquiry, confirm that:

(i) In the preparation of the annual financial statements for the year ended 31st March, 2018, the applicable accounting standards have been followed;

(ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. CODES OF CONDUCT

The Board at its Board Meeting held on 24th April, 2018 has adopted Codes of Conduct for its Directors and Senior Management Personnel and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

13. COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

14. COMMITTEES OF THE BOARD

(i) Audit Committee

The Audit Committee comprises of the following Directors:

a) Mr. Bharat Moossaddee (Chairman of the Committee)

b) Ms. Charulata Ravi Kumar

c) Mr. Naveen Kshatriya

Except for Mr. Bharat Moossaddee, the other Members are Independent Directors. All the Members of the Committee possess accounting and financial management knowledge.

All the recommendations of the Audit Committee were accepted by the Board.

During the year under review, the Audit Committee met five times on 28th July, 2017, 21st November, 2017, 20th February, 2018, 21st March, 2018 and 30th March, 2018.

The attendance at the meetings of the Audit Committee was as follows:

Committee Member	Designation	No. of meetings attended out of 5
Mr. Bharat Moossaddee	Chairman	4
Ms. Charulata Ravi Kumar	Member	4
Mr. Naveen Kshatriya	Member	4

(ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors:

a) Mr. Rajeshwar Tripathi (Chairman of the Committee)

b) Dr. Anish Shah

c) Ms. Charulata Ravi Kumar

d) Mr. Naveen Kshatriya

Ms. Charulata Ravi Kumar and Mr. Naveen Kshatriya are Independent Directors. The other members of the Committee are Non - Executive Directors.

During the year under review the Nomination and Remuneration Committee met once on 28th July, 2017.

The attendance at the meeting of Nomination and Remuneration Committee was as under:

Committee Member	Designation	No. of meeting attended out of 1
Mr. Rajeshwar Tripathi	Chairman	1
Dr. Anish Shah	Member	1
Ms. Charulata Ravi Kumar	Member	1
Mr. Naveen Kshatriya	Member	0

15. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND ADOPTION OF CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency, the Board of your Company has, on the recommendation of the Nomination and Remuneration Committee, adopted the following Policies at their Meeting held on 24th April, 2018 which, inter alia, includes criteria for determining qualifications, positive attributes and independence of Directors.

(a) Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management; and

(b) Policy for Remuneration of the Directors, Key Managerial Personnel and other employees.

The Policies mentioned at (a) and (b) above are attached as **Annexure I-A** and **Annexure I-B** respectively and forms part of this Report.

16. STATUTORY AUDITORS

At the 16th Annual General Meeting ("AGM") of the Company held on 8th August, 2016, M/s. B. K. Khare

& Co., Chartered Accountants, (Firm Registration No. 105102W) were appointed as the Statutory Auditors of the Company for a period of 5 (five) years to hold the office from the conclusion of the 16th AGM till the conclusion of 21st AGM, subject to ratification by the Shareholders of the Company at each AGM.

Accordingly, the appointment of M/s. B. K. Khare & Co., Chartered Accountants, (Firm Registration No. 105102W), will be ratified by the Members to hold the office from the conclusion of the 18th AGM till the conclusion of next AGM of the Company.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from M/s B. K. Khare & Co., and a certificate to the effect that their appointment if made, is in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their Report for the financial year 2017-18.

17. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors have not reported to the Board/ Audit Committee any instances of frauds committed in the Company by its officers or employees.

18. INTERNAL FINANCIAL CONTROLS

Your Company has adopted an Internal Financial Control System, commensurate with the size, scale and complexity of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Board. Corrective actions, if required, are being taken up to ensure that the internal financial control system remains robust and acts as an effective tool.

19. RISK MANAGEMENT POLICY

Your Company had formulated a policy for the Management of Risks including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSIT UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted deposits from the public or its employees during the year under review.

Your Company has not granted loans or provided securities, or made investments under Section 186 of the Act during the year under review.

The Particulars of loans/advances which are required to be disclosed in the Annual accounts of the Company pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Parent Company, Mahindra and Mahindra Limited are furnished in **Annexure II**, which forms part of this report.

21. PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. The particulars of the material Related Party Transactions referred to under Section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC — 2 as **Annexure III** and the same forms part of this Report.

22. THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure IV** to this Report.

24. STOCK OPTIONS

The Board at its meeting held on 24th April, 2018 had approved grant of 307,991 Stock Options under OBSL Employees' Stock Option Scheme - 2016 (OBSL ESOP - 2016).

Relevant details, as required by the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions of the Companies Act, 2013 are furnished in **Annexure V** and forms part of this Report.

25. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 in Form MGT 9 is attached herewith as **Annexure VI** and forms part of this report.

26. DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

27. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise or issue of sweat equity.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the 'going concern' status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

28. ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE I-A TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT.

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Orizonte Business Solutions Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**" means the Human Resource department of the Company.

"**Key Managerial Personnel**" **(KMP)** refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time.

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

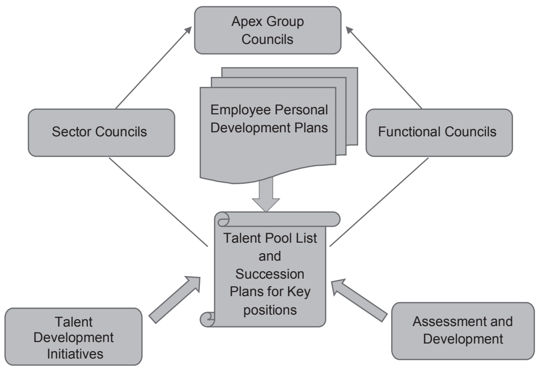
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils **coordinated** by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE I-B TO THE DIRECTORS' REPORT

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

PURPOSE

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Orizonte Business Solutions Limited.

POLICY STATEMENT

We have a well-defined Compensation policy which is in line with our parent company, Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

EXECUTIVE DIRECTORS

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

KEY MANAGERIAL PERSONNEL (KMPs)

The terms of remuneration of KMPs, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

EMPLOYEES

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result.

The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Particulars of loans/advances etc. pursuant to Para A of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Loans and advances in nature of loans from Parent Company:

(Rs. in Crores)

Name of the Company	**Balance as on 31st March, 2018**	**Maximum outstanding during the year**
Mahindra & Mahindra Limited	0.00	3.00

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties for year ended 31st March 2018

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - Nil

2. Details of material contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Ltd.- Holding Company
b)	Nature of contracts/arrangements/transaction	Reimbursement of Expenses
c)	Duration of the contracts/ arrangements/ transaction	1st April, 2017 to 31st March, 2018
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 142.58 Lakhs.
e)	Date of approval by the Board	2nd May, 2017
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Logistics Limited
b)	Nature of contracts/arrangements/transaction	Fellow Subsidiary Company
c)	Duration of the contracts/ arrangements/ transaction	1st April, 2017 to 31st March, 2018
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 277.10 Lakhs.
e)	Date of approval by the Board	2nd May, 2017
f)	Amount paid as advances, if any	Nil

Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy: **Though the activities of the Company are not energy intensive, necessary measures are taken to contain and bring about savings in power consumption through improved operational method and better housekeeping.**

(ii) The steps taken by the Company for utilizing alternate sources of energy: **Not Applicable**

(iii) The capital investment on energy conservation equipment: **Not Applicable**

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption: **Not Applicable**

(ii) The benefits derived like product improvement, cost reduction, import substitution: **Not Applicable**

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) — **Not Applicable**

(iv) Expenditure incurred on Research and Development: **Not Applicable**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo during the year under review is as follows:

	For the year ended	
	31st March, 2018	31st March, 2017
Foreign Exchange earnings	**Nil**	Nil
Foreign Exchange outgo	**Nil**	Nil

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

DETAILS OF THE EMPLOYEES' STOCK OPTION SCHEME:

(a)	Options granted	6,95,829
(b)	Options vested	Nil
(c)	Options exercised	Nil
(d)	The total number of shares arising as a result of exercise of option	Nil
(e)	Option lapsed	Nil
(f)	The exercise price	Rs. 10/-
(g)	Variation of terms of Options	–
(h)	Money realized by exercise of Options	Nil
(i)	Total number of Options in force	6,95,829
(j)	Employee wise details of options granted to:	
	(i) Key managerial personnel	1. Ms. Kausalya Nandakumar - 2,80,000 2. Mr. Pradeep Jape – 42,630
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more options granted during that year	1. Mr. Shiva Saran – 52,747 2. Mr. Kapil Banduni – 56,913 3. Mr. Kapil Harwani – 61,291
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on 31st March, 2018

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	U60231MH2000PLC128757
ii.	Registration Date	18/09/2000
iii.	Name of the Company	Orizonte Business Solutions Limited
iv.	Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	Mahindra Towers, Dr. G. M. Bhosale Marg, P K. Kume Chowk, Worli, Mumbai - 400018 Email: arora.rajesh@mahindra.com
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited, 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel - (West), Mumbai - 400 013. Tel: 022 - 4914 2700 Email: sanskritim@nsdl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Other Land Transportation services	52219	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding company	85.45%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individual/HUF	–	–	–	–	–	–	–	–	–
Central Govt	–	–	–	–	–	–	–	–	–
State Govt(s)	–	–	–	–	–	–	–	–	–
Bodies Corp.	–	1,47,80,000	1,47,80,000	98.14	2,26,31,256	6	2,26,31,262	85.45	(12.69)

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Banks/FI	–	–	–	–	–		–	–	–
Any Other....	–	–	–	–	–		–	–	–
Sub-total (A)(1):	–	1,47,80,000	1,47,80,000	98.14	2,26,31,256	6	2,26,31,262	85.45	(12.69)
(2) Foreign									
RBIs - Individuals	–	–	–	–	–	–	–	–	–
Other - Individuals	–	–	–	–	–	–	–	–	–
Bodies Corp.	–	–	–	–	–	–	–	–	–
Banks / FI	–	–	–	–	–	–	–	–	–
Any Other_	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	1,47,80,000	1,47,80,000	98.14	2,26,31,256	6	2,26,31,262	85.45	(12.69)
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
Mutual Funds	–	–	–	–	–	–	–	–	–
Banks / FI	–	–	–	–	–	–	–	–	–
Central Govt	–	–	–	–	–	–	–	–	–
State Govt(s)	–	–	–	–	–	–	–	–	–
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Company	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non - Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	35,00,000	–	35,00,000	13.21	13.21
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	2,80,000	2,80,000	1.86	1,04,369	2,50,000	3,54,369	1.34	(0.52)
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):	–	2,80,000	2,80,000	1.86	36,04,369	2,50,000	38,54,369	14.55	12.69
Total Public Shareholding	–	2,80,000	2,80,000	1.86	36,04,369	2,50,000	38,54,369	14.55	12.69
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**1,50,60,000**	**1,50,60,000**	**100**	**2,62,35,625**	**2,50,006**	**2,64,85,631**	**100**	**–**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra and Mahindra Limited	1,47,79,994	98.14	–	2,26,31,256	85.45	–	12.69
2.	Mahindra and Mahindra Limited jointly with Mr. K.J. Davasia*	1	–	–	1	–	–	–
3.	Mahindra and Mahindra Limited jointly with Mr. Vikram Puri*	1	–	–	1	–	–	–
4.	Mahindra and Mahindra Limited jointly with Kairas Vakharia*	1	–	–	1	–	–	–
5.	Mahindra and Mahindra Limited jointly with Mr. V S Parthasarathy*	1	–	–	1	–	–	–
6.	Mahindra and Mahindra Limited jointly with Mr. Kamlesh Tripathi*	1	–	–	1	–	–	–
7.	Mahindra and Mahindra Limited jointly with Mr. Suhas S. Borgaonkar*	1	–	–	1	–	–	–
	Total	**1,47,80,000**	**98.14**	–	**2,26,31,262**	**85.45**	–	**12.69**

* Shares held by Mahindra and Mahindra Limited jointly with Nominees to comply with the statutory provisions of the Act, with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra and Mahindra Limited	–	–	–	–
	At the beginning of the year	1,47,80,000	98.14	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	Allotment of 78,51,262 Equity Shares of Rs. 10/- each amounting to Rs. 7,85,12,620 on 9th October, 2017 on right basis.			
	At the End of the year	–	–	2,26,31,262	85.45
	Total	–	–	**2,26,31,262**	**85.45**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra and Mahindra Financial Services Limited	0	0	35,00,000	13.21
2.	Dr. Pawan Kumar Goenka	30,000	0.11	45,936	0.17
4.	Mr. Jaspreet Bindra	30,000	0.11	45,936	0.17
5.	Mr. Pirojshaw Sarkari	30,000	0.11	45,936	0.17
6.	Mr. Kannan Chakravarthy	30,000	0.11	30,000	0.11
7.	Mr. Rahul Shandilya	20,000	0.08	20,000	0.08
8.	Mr. Vijay Nakra	20,000	0.08	30,625	0.12
	Total	**1,80,000**	**0.60**	**37,18,433**	**14.03**

(v) Shareholding of Directors:

Sr. No.	Name of Directors /KMPs	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dr. Anish Shah	30000	0.11	30000	0.11
2.	Mr. Bharat Moossaddee	30000	0.11	30000	0.11
3.	Mr. Rajeshwar Tripathi	30000	0.11	30000	0.11
4.	Mr. Pravin N. Shah	30,000	0.11	45,936	0.17
	Total	**1,20,000**	**0.44**	**1,35,936**	**0.50**

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

				(Rs. in Lakhs)
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year 01.04.2017	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2018	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. in Lakhs)
1.	Gross salary		
	a) Salary as per provisions contained u/s Section 17(1) of the Income-tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of profit	–	–
	– Others, specify...	–	–
5.	Others, please specify SAR's	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Names of Directors		Total Amount (Rs. in Lakhs)
1	Independent Directors	Ms. Charulata Ravi Kumar (ID)	Mr. Naveen Kshatriya (ID)	
	Fee for attending board meetings	2.90	1.90	4.80
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	**2.90**	**1.90**	**4.80**
	Other Non-Executive Directors	–	–	–
	Fee for attending board/committee	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (2)	–	–	–
	Overall Ceiling as per The Act	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

					(Rs. in Lakhs)
Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
		Ms. Kausalya Sreenivasan	Mr. Pradeep Jape	Ms. Sanjana Doshi	
1.	Gross salary				
	a) Salary as per provisions contained u/s Section 17(1) of the Income-tax Act, 1961	47.30	38.20	1.71	87.21
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	**47.30**	**38.20**	**1.71**	**87.21**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Anish Shah
Chairman

Place: Mumbai
Date: 24th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Orizonte Business Solutions Limited

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of Orizonte Business Solutions Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statements of profit and loss (including other comprehensive income),cash flow and statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income),cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

    e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. During the year, there wereno amounts which wererequired to be transferred by the Company to the Investor Education and Protection Fund.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number:111212

Mumbai, April 24, 2018

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the Ind AS financial statements of Orizonte Business Solutions Limited for the year ended March 31, 2018

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets were physically verified by the management during the year and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

   (iii) There are no immovable properties owned by the company.

2. The Company is in the business of providing digital services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.

3. There are no parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore the provisions of Clause 3(iv) of the Order are not applicable to the company.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Goods and Service Tax, Service Tax and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Income tax, Goods and Service Tax and Service Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, goods and service tax, service tax and cess which have not been deposited on account of any dispute.

8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11. The Company has not paid/ provided any managerial remuneration covered by the provisions of Section 197. Therefore provisions of clause 3(xi) are not applicable to the Company.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has made a preferential allotment of 35 lakh equity shares at Rs. 20 per share amounting to Rs.700 lakhs during the year under audit. The Company has complied with the requirements of Section 42 of the Companies Act, 2013. The amounts raised have been used for the purpose for which funds were raised.

15. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai, April 24, 2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ORIZONTE BUSINESS SOLUTIONS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Orizonte Business Solutions Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note No.	As at March 31, 2018	Rs. Lakhs As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	**35.93**	21.32
(b) Intangible Assets	4	**90.74**	124.62
Other Non-current assets			
(a) Other non-current assets	5	**273.86**	82.94
Total Non-Current Assets		**400.53**	228.88
Current assets			
(a) Financial Assets			
(i) Investments	6	**–**	241.29
(ii) Trade receivables	7	**198.20**	114.03
(iii) Cash and cash equivalents	8	**985.50**	39.77
(b) Other current assets	5	**15.87**	39.56
Total Current Assets		**1,199.57**	434.65
Non-Current Assets classified as held for sale		**–**	–
Total Assets		**1,600.10**	663.53
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	9	**2,648.56**	1,506.00
(b) Other Equity	10	**(1,629.10)**	(1,220.37)
Total equity		**1,019.46**	285.63
Liabilities			
Non-current liabilities			
(a) Provisions	10	**50.52**	36.03
Total Non -Current Liabilities		**50.52**	36.03
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	11	**413.93**	286.17
(b) Provisions	12	**5.60**	3.09
(c) Other current liabilities	13	**110.59**	52.61
Total Current Liabilities		**530.12**	341.88
Total Equity and Liabilities		**1,600.10**	663.53

The accompanying notes 1 to 27 are an integral part of the Financial Statements.

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Shirish Rahalkar
Partner
M.No. 111212

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar
Naveen Kshatriya — *Directors*

Dr. Anish Shah — *Chairman*

Pradeep Jape — *CFO*

Sanjana Doshi — *Company Secretary*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the year ended March 31, 2018 Rupees	For the year ended March 31, 2017 Rupees
			Rs. Lakhs
Income			
Revenue from operations	14	**1,009.79**	287.45
Other Income	15	**20.34**	12.93
Total Revenue		**1,030.13**	300.38
EXPENSES			
(a) Employee benefit expense	16	**602.18**	199.18
(b) Finance Cost	17	**9.00**	–
(c) Depreciation and amortisation expense	3 & 4	**47.63**	**36.38**
(d) Other expenses	18	**2,634.82**	975.42
Total Expenses		**3,293.63**	1,210.98
Profit before tax		**(2,263.50)**	(910.60)
Tax Expense			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
Profit after tax from continuing operations		**(2,263.50)**	(910.60)
Other Comprehensive Income		**–**	–
Total Comprehensive Income for the period		**(2,263.50)**	(910.60)
Earnings per equity share			
(1) Basic	19	**(8.55)**	(8.48)
(2) Diluted	19	**(11.03)**	(8.48)

The accompanying notes 1 to 27 are an integral part of the Financial Statements.

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Shirish Rahalkar
Partner
M.No. 111212

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar } *Directors*
Naveen Kshatriya
Dr. Anish Shah *Chairman*

Pradeep Jape *CFO*

Sanjana Doshi *Company Secretary*

Place : Mumbai
Date : 24th April 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit/(Loss) for the year	**(2,263.50)**	(910.60)
Adjustments for:		
Interest income	**(0.55)**	(12.93)
(Gain)/Loss on sale of investments (Net)	**(19.79)**	2.04
Net Gain arising on financial assets designated as at FVTPL	**–**	3.81
Share issue expenses	**10.99**	10.43
Depreciation and amortisation of non-current assets	**47.63**	36.38
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(84.17)**	(217.41)
(Increase)/decrease in other assets	**(153.79)**	2.12
Increase/(Decrease) in trade and other payables	**202.74**	161.77
Cash generated from operations	**(2,260.44)**	(924.41)
Income taxes received/(paid) net	**(13.45)**	(2.12)
(A) Net cash generated from operations	**(2,273.89)**	(926.53)
Cash flows from investing activities		
Payment for acquiring Property, Plant and Equipment	**(28.36)**	(24.93)
Payment for acquition of Intangible Assets	**–**	(39.60)
Payment for acquiring Current Investments	**–**	(982.62)
Proceeds on sale of current investments	**261.08**	735.48
Interest received	**0.55**	12.93
(B) Net cash used in investing activities	**(233.27)**	(298.74)
Cash flows from financing activities		
Procceeds from Issue of equity shares	**2,997.34**	928.00
Share issue expenses	**(10.99)**	(10.43)
(C) Net cash generated from financing activities	**2,986.35**	917.57
Net decrease in cash and cash equivalents	**945.73**	(307.70)
Cash and cash equivalents at the beginning of the year	**39.77**	347.44
Cash and cash equivalents at the end of the year	**985.50**	39.77

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Shirish Rahalkar
Partner
M.No. 111212

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar } *Directors*
Naveen Kshatriya
Dr. Anish Shah *Chairman*

Pradeep Jape *CFO*

Sanjana Doshi *Company Secretary*

Place : Mumbai
Date : 24th April 2018

STATEMENT FOR CHANGES IN EQUITY FOR YEAR ENDED 31ST MARCH, 2018

A) Equity Share Capital (refer note no. 9)

Rs. Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Issued & Subscribed -		
Balance at beginning of year	**1,506.00**	578.00
Add - issue of shares during the year	**1,142.56**	928.00
Balance at end of year	**2,648.56**	1,506.00

B) Other Equity (refer note no. 10)

Rs. Lakhs

	Reserves and Surplus				
Particulars	**0.01% Compulsory Cumulative Convertiable Preference Shares**	**Securities Premium**	**Employee Stock Options Outstanding**	**Retained Earnings**	**Total**
As at 31st March 2017	–	–	–	(1,220.37)	(1,220.37)
Profit/(Loss) during the year	–	–	–	(2,263.50)	(2,263.50)
Total Comprehensive Income for the year	–	–	–	**(3,483.87)**	**(3,483.87)**
Additions during the year	453.20	1,391.90	20.63	–	1,865.72
Share based payment expense	–	–	10.95	–	10.95
As at 31st March 2018	**453.20**	**1,391.90**	**9.68**	**(3,483.87)**	**(1,629.10)**

The accompanying notes 1 to 27 are an integral part of the Financial Statements.

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Shirish Rahalkar
Partner
M.No. 111212

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Bharat Moossaddee
Rajeshwar Tripathi
Charulata Ravikumar — *Directors*
Naveen Kshatriya
Dr. Anish Shah — *Chairman*

Pradeep Jape — *CFO*

Sanjana Doshi — *Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Nature of Operations

Orizonte Business Solutions Ltd. (*formerly known as Mega One Stop Farm Services Ltd.*) is a technology enabled load exchange platform for cargo owners and transporters, enabling them to work closely with each other. It is engaged in the business of transportation, logistics and logistics marketplace.

The company operates under the brand name SmartShift.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakh.

Upto the year ended 31 March 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

2.4 First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

(i) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

(ii) Deemed cost for property, plant and equipment

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment recognised as of 1 April 2015 (transition date) as deemed cost. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

(iii) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

(iv) Determining whether an arrangement contains a lease

Company has taken exemption to assess if an arrangement contains a lease based on facts and circumstances as on transition date i.e. 01st April, 2015.

2.5 Revenue recognition

Sale of services

Income from services rendered are recognised when the services rendered.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Employee benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.7. Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

Current tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity.

Deferred tax is not recognised in profit or loss and other comprehensive income, because it is not probable that future taxable profits will be available which the company can use the benefit therefrom.

2.8. Property, plant and equipment

All tangible fixed assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Office equipment's – computers – 3 Years

Commercial Vehicles – 5 Years

2.9. Impairment of assets

At the end of each reporting period, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the entity required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11. Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12. Financial Assets

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Company has elected to recognize the investment is equity shares at FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

2.13. Financial Liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

2.14. Segment Reporting

The Company's business activity falls within a single business segment viz. 'Transportation Services'. All other activities of the Company revolve around its main business. Hence there is no separate reportable primary segment.

Note 3 - Property, Plant and Equipment

Rs. Lakhs

Description of Assets	Furniture & Fixture	Office Equipments	Vehicles	Total
I. Cost				
Balance as at March 31, 2017	0.16	24.93	–	25.09
Additions during the year	–	9.69	18.67	28.36
Balance as at March 31, 2018	0.16	34.62	18.67	53.45
II. Accumulated depreciation and impairment for the year				
Balance as at March 31, 2017	(0.16)	(3.60)	–	(3.76)
Depreciation for the year	–	(10.56)	(3.19)	(13.75)
Balance as at March 31, 2018	(0.16)	(14.16)	(3.19)	(17.51)
Net Block (I-II)				
Balance as on March 31, 2017	–	21.32	–	21.32
Balance as on March 31, 2018	–	20.46	15.47	35.93

Note:

(i) The Company uses straight line method for accounting of fixed assets.
(ii) Office Equipments (Computers) has been depreciated over 3 years of useful life.
(iii) Vehicles has been depreciated over 5 yrs. of useful life.

Note 4 - Intangible Assets

Rs. Lakhs

Description of Assets	Computer	Total
I. Cost		
Balance as at March 31, 2017	159.38	159.38
Additions during the year	–	–
Balance as at March 31, 2018	159.38	159.38
II. Accumulated amortisation for the year		
Balance as at March 31, 2017	(34.76)	(34.76)
Amortisation for the year	(33.88)	(33.88)
Balance as at January 31, 2018	(68.64)	(68.64)
Net Block (I-II)		
Balance as on March 31, 2017	124.62	124.62
Balance as on March 31, 2018	90.74	90.74

Note:

(i) Software has been amortised over 5 years of useful life under straight line method.

2.15. Cash Flow statement

Cash flows are reported using the indirect method, as set out in Ind AS 7 whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated on the basis of Operating, Investing & Financing activities of the company.

2.16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Note - 5 Other current & Non-current Assets

Rs. Lakhs

Particulars	As at Mar 31, 2018 Current	As at Mar 31, 2018 Non-Current	As at Mar 31, 2017 Current	As at Mar 31, 2017 Non-Current
(a) Advance Income tax (Net of tax provisions)	**13.45**	–	2.12	–
(b) Other Current Assets	**2.42**	–	37.44	–
(c) Service Tax / GST Credit receivable	–	**273.86**	–	82.94
Total	**15.87**	**273.86**	39.56	82.94

Note - 6 Financial assets - Investments

Rs. Lakhs

Particulars	As at March 31, 2018 Qty.	As at March 31, 2018 Current	As at March 31, 2018 Non-Current	As at March 31, 2017 Qty.	As at March 31, 2017 Current	As at March 31, 2017 Non-Current
Investments in Mutual Funds at FVTPL						
Quoted - Growth Scheme						
Birla Sun Life Cash Plus - Growth - Regular Plan	–	–	–	7,945.05	20.70	–
HDFC Liquid Fund - Regular Plan - Growth	–	–	–	643.61	20.59	–
Mahindra Liquid Fund - Regular - Growth	–	–	–	19,019.21	200.00	–
Total Quoted Investments	–	–	–	**27,607.86**	**241.29**	–

Note - 7 Trade Receivables

Rs. Lakhs

Particulars	As at Mar 31, 2018 Current	As at Mar 31, 2018 Non-Current	As at Mar 31, 2017 Current	As at Mar 31, 2017 Non-Current
Trade receivables				
(a) Unsecured, considered good	198.20	–	114.03	–
(b) Doubtful	–	–	–	–
Less: Allowance for doubtful debts (expected credit loss allowance)	–	–	–	–
Total	**198.20**	–	114.03	–

Note - 8 Cash and cash equivalents

Rs. Lakhs

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
Cash and cash equivalents		
(a) Balances with banks	**35.50**	3.77
(b) Cheques on hand	–	–
(c) Fixed deposits with maturity less than 3 months	**950.00**	36.00
Total Cash and cash equivalent	**985.50**	39.77

Note - 9 Share Capital

Rs. Lakhs

Particulars	As at Mar 31, 2018 No. of shares	As at Mar 31, 2018 Rs. Lakhs	As at Mar 31, 2017 No. of shares	As at Mar 31, 2017 Rs. Lakhs
Authorised:				
Equity shares of Rs. 10 each	**2,70,00,000**	**2,700.00**	2,50,00,000	2,500.00
Preference shares of Rs. 10 each	**80,00,000**	**800.00**	–	–
Total	**3,50,00,000**	**3,500.00**	2,50,00,000	2,500.00
Issued, Subscribed Capital:				
Equity shares of Rs. 10 each, fully paid up	**2,64,85,631**	**2,648.56**	1,50,60,000	1,506.00
Total	**2,64,85,631**	**2,648.56**	1,50,60,000	1,506.00

Notes:

(i) The company has one class of Equity shares having a face value of Rs. 10. Each shareholder is eligible for one vote per share held. The equity shares of the company rank pari-passu in all respects including voting rights and entitlement to dividend.

Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Rs. Lakhs

Particulars	As at Mar 31, 2018 No. of Shares	As at Mar 31, 2018 Rs. Lakhs	As at Mar 31, 2017 No. of Shares	As at Mar 31, 2017 Rs. Lakhs
Issued and subscribed :				
Balance as at the beginning of the year	**1,50,60,000**	**1,506.00**	57,80,000	578.00
Add: Shares issued during the year	1,14,25,631	1,142.56	92,80,000	928.00
Balance at the end of the year	**2,64,85,631**	**2,648.56**	1,50,60,000	1,506.00

Details of shares held by each shareholder holding more than 5% shares, and details of shares held by the holding and their subsidiaries:

Class of shares/Name of shareholder	As at March 31, 2018 Number of shares held	As at March 31, 2018 % holding in that class of shares	As at March 31, 2017 Number of shares held	As at March 31, 2017 % holding in that class of shares
Equity shares				
Mahindra & Mahindra Ltd.	**2,26,31,262**	**85.4%**	1,47,80,000	98%
Mahindra & Mahindra Financial Services Ltd.	**35,00,000**	**13.2%**	–	–

Note - 10 Other Equity

Rs. Lakhs

Reserves & Surplus	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**(1,220.37)**	(309.78)
Total Comprehensive income for the year	**(2,263.50)**	(910.60)
Dividends paid on equity shares	–	–
Dividend distribution tax	–	–
Balance at end of the year	**(3,483.87)**	(1,220.37)

0.01% Compulsory Cumulative Convertiable Preference Shares *	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	–	–
0.01% CCCPS issued during the year	**453.20**	–
Balance at end of the year	**453.20**	–

Notes:

* The company has one class of Cumpolsory Convertiable Cumulative Preference shares (CCCPS) having a face value of Rs.10 each, issued at premium of Rs. 22,99 per share. The CCCPS shall carry a coupon rate of 0.01%. The conversion ratio shall be 1 Equity share for every 1 CCCPS held by shareholder. The tenure of CCCPS shall be 20 yrs. or IPO, whichever is earlier.

Share Premium	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	–	–
Additions during the year	**1,391.90**	–
Balance at end of the year	**1,391.90**	–

Employee Stock Options Outstanding	As at March 31, 2018	As at March 31, 2017
A) Employee Stock Options Outstanding		
Balance at beginning of the year	–	–
Add: Fresh Grant	**20.63**	–
Less: Transfer/reversals during the year	–	–
Balance at the end of the year	**20.63**	–
B) Deferred Employee compensation		
Balance at beginning of the year	–	–
Add: Fresh Grant	**20.63**	–

Employee Stock Options Outstanding	As at March 31, 2018	As at March 31, 2017
Less: Amortised during the year		
i) Transfer to employee compensation expenses	(9.68)	–
ii) Reversal of options lapsed	–	–
Balance at the end of the year	**10.95**	–
Amt. amortised during the year	**9.68**	–

Employee Stock Option Outstanding: The Employee Stock Option Outstanding represents reserve in respect of equity settled share options granted to the Company's employees in pursuance of the Employee Stock Option Plan.

Note - 11 Trade Payables

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non-Current**	**Current**	**Non-Current**
Trade payable	–	–	–	–
Micro, Small & Medium Enterprises	–	–	286.17	–
Other than Micro, Small & Medium Enterprises	413.93	–	–	–
Total trade payables	**413.93**	–	**286.17**	–

Note - 12 Provisions

Rs. Lakhs

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Provision for employee benefits				
(i) Provision for compensated absences	**4.37**	**26.94**	2.42	17.44
(ii) Provision for gratuity	**1.23**	**23.58**	0.67	18.59
Total Provisions	**5.60**	**50.52**	3.09	36.03

Note - 13 Other Current Liabilities

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Other Provisions	**85.09**	–	36.72	–
Statutory dues (Contribution to PF, other funds & witholding taxes, etc.)	**25.50**	–	15.90	–
Total other liabilities	**110.59**	–	52.61	–

Note - 14 Revenue from Operations

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from Services provided	**1,009.79**	287.45
Total	**1,009.79**	287.45

Note - 15 Other Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income		
(i) Fixed Deposit with banks & others	**0.55**	12.93
(b) Net gain arising on financial assets mandatorily measured at FVTPL	**19.79**	–
Total	**20.34**	12.93

Note - 16 Employee Benefits Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages, including bonus	**540.35**	187.81
(b) Contribution to provident and other funds	**25.02**	8.53
(c) Staff welfare expenses	**27.13**	2.84
(d) Share based payment expenses	**9.68**	–
Total	**602.18**	199.18

Note - 16 Employee benefits

16.1 Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-18	31-Mar-17
Discount rate(s)	8.10%	7.60%
Expected rate(s) of salary increase	7.50%	10.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2018

	Unfunded Plans	
	Gratuity	
Particulars	**2018**	2017
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Service Cost		
Current Service Cost	**7,99,438**	2,78,728
Past service cost and (gains)/losses from settlements	–	–
Net interest expense	**1,43,849**	67,928
Components of defined benefit costs reconised in profit or loss	**9,43,287**	3,46,656
Ib. Included in other Comprehensive Income		
Return on plan assets (excluding amount included in net interest expense)	**(2,07,840)**	–
Actuarial gains and loss arising form changes in financial assumptions	**(10,77,194)**	–

Particulars	Unfunded Plans Gratuity 2018	2017
Actuarial gains and loss arising form changes in demographic assumptions	–	–
Actuarial gains and loss arising form experience adjustments	**6,88,418**	(2,07,840)
Others (describe)	–	–
Componenets of defined benefit costs recognised in other comprehensive income	**(5,96,616)**	(2,07,840)
Total	**3,46,671**	1,38,816
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1 Present value of unfunded defined benefit obligation as at 31st March	**24,80,901**	19,26,390
2. Fair value of plan assets as at 31st March	–	–
3. Surplus/(Deficit)	–	–
4. Current portion of the above	**1,23,179**	67,285
5. Non current portion of the above	**23,57,722**	18,59,105
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**19,26,390**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	17,87,574
3. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**7,99,438**	2,78,728
– Past Service Cost	–	–
– Interest Expense (Income)	**1,43,849**	67,928
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	–	–
ii. Financial Assumptions	**(10,77,194)**	–
iii. Experience Adjustments	**6,88,418**	(2,07,840)
5. Benefit payments	–	–
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	**24,80,901**	19,26,390
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**19,26,390**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Profit and Loss Account	**9,43,287**	3,46,656
– Expected return on plan assets		
4. Recognised in Other Comprehensive Income	**(3,88,776)**	(2,07,840)
Remeasurement gains / (losses)		
– Actual Return on plan assets in excess of the expected return		
– Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	–	17,87,574
6. Benefit payments	–	–
7. Fair value of plan assets at the end of the year	**24,80,901**	19,26,390
IV. Actuarial assumptions		
1. Discount rate	**8.10%**	7.60%
2. Expected rate of return on plan assets	**0.00%**	0.00%
3. Attrition rate	**7.00%**	7.00%

16.2 Defined Benefit Plans:

Gratuity

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate			
2018	1.00%	2.60	3.03
2017	1.00%	2.30	2.68
Salary growth rate			
2018	1.00%	3.10	2.60
2017	1.00%	2.77	2.27

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	**2018**	2017
Within 1 year	**1.23**	0.67
1 - 2 year	**1.41**	0.92
2 - 3 year	**1.65**	1.02
3 - 4 year	**1.85**	1.19
4 - 5 year	**2.17**	1.25
5 - 10 years	**73.29**	60.91

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year.

Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.19.95 Lakhs (Year ended 31 March, 2017 Rs.6.19 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the Company is at rates specified in the rules of the schemes.

Note - 17 Finance Cost

Rs. Lakhs

Particular	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Interest Expenses	**9.00**	–
Total	**9.00**	–

Note - 18 Other Expenses

Rs. Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Freight & Other related expenses	**771.03**	218.36
Rent including lease rentals	**38.02**	17.86
Insurance..	**6.02**	1.72
Repairs and maintenance - others ...	**0.95**	2.73
Advertisement expenses	**17.37**	12.66
Sales promotion expenses	**720.39**	300.12
Travelling and Conveyance expenses	**41.64**	16.39
Subcontracting, Hire and Service Charges	**323.02**	139.71
Auditors remuneration and out-of-pocket expenses (refer note (i) below)	**2.00**	1.30
Legal and other professional costs ..	**512.39**	164.79
Postage and Telephone expenses.....	**29.97**	10.42
Call center expenses	**136.94**	51.31
Share Issue expenses	**10.99**	10.43
Net loss arising on financial assets designated as at FVTPL	**–**	2.04
Miscellaneous expenses	**24.09**	25.57
Total	**2,634.82**	975.42

Note (i) - Auditors remuneration includes

Rs. Lakhs

Particular	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Payments to the auditors comprises (net of indirect tax input credit, where applicable):		
Statutory Audit Fees...................................	**1.75**	1.05
Taxation matters...	**0.25**	0.25
Total	**2.00**	1.30

Note 19 - Earning per share disclosures

Particulars	For the year ended 31 March, 2018 Per Share	For the year ended 31 March, 2017 Per Share
Basic Earnings per share		
From continuing operations.................	**(8.55)**	(8.48)
Total basic earnings per share	**(8.55)**	(8.48)

Particulars	For the year ended 31 March, 2018 Per Share	For the year ended 31 March, 2017 Per Share
Diluted Earnings per share		
From continuing operations.................	**(11.03)**	(8.48)
Total diluted earnings per share	**(11.03)**	(8.48)

Note 19.1

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs. Lakhs

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit for the year attributable to owners of the Company	**(2,263.50)**	(910.60)
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(2,263.50)**	(910.60)
Weighted average number of equity shares	**20,521,703**	10,733,907
Earnings per share from continuing operations - Diluted	**(11.03)**	(8.48)

Note - 20 Related Party Transactions

Nature of Relationship

Details of related parties:

Description of relationship	Names of related parties
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra & Mahindra Financial Services Ltd.
Fellow Subsidiary	Mahindra Logistics Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Limited
Fellow Subsidiary	Mahindra Agri Solutions Limited
Key Management Personnel	Mrs. Kausalya Nandakumar (CEO) & Mr. Pradeep Jape (CFO)

Note: Related parties have been identified by the Management.

Note: Figures in bracket relates to the previous year

Details of related party transactions for period ended 31st March 2018 and balances outstanding as at 31st March, 2018 :

Particulars	Mahindra & Mahindra Limited	Mahindra Integrated Business Solutions Limited	Mahindra Agri Solutions Limited	Mahindra Logistics Limited	Key Management Personnel	Mahindra & Mahindra Financial Services Ltd.	Total
Rendering of services	–	–	6.84	277.10	85.50	–	369.43
	(–)	(–)	(–)	(133.90)	(45.00)	(–)	(178.90)
Receiving of services		82.98		–	–	–	82.98
	(–)	(57.69)		(–)	(–)	(–)	(57.69)
Rent Expenses	32.82	–	–	–	–	–	32.82
	(13.52)	(–)	(–)	(–)	(–)	(–)	(13.52)

Particulars	Mahindra & Mahindra Limited	Mahindra Integrated Business Solutions Limited	Mahindra Agri Solutions Limited	Mahindra Logistics Limited	Key Management Personnel	Mahindra & Mahindra Financial Services Ltd.	Total
Investment in Equity instrument	–	–	–	–	–	700.00	700.00
	(–)	(–)	(–)	(–)	(–)	(–)	–
Reimbursements made to parties	142.58	–	–	–	–	–	142.58
	(126.89)	(–)	(–)	(–)	(–)	(–)	(126.89)
Stock Options	–	–	–	–	4.49	–	4.49
	(–)	(–)	(–)	(–)	(–)	(–)	–
Balances outstanding at the end of the year							
Trade payable	228.56	1.55	–	–	–	–	230.11
	(140.41)	(9.40)	(–)	(48.47)	(–)	(–)	(198.28)
Trade Receivable	–	–	1.23	22.65	–	–	23.88
	(–)	(–)	(–)	(–)	(–)	(–)	(–)

Note 21 - Segment information

The Company's business activities are in the nature of digital service provider in logistic space.

Rs. Lakhs

Geographic information	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Revenue from external customers		
India	**1,009.79**	287.45
Outside India	**–**	–
Total revenue per statement of profit or loss	**1,009.79**	287.45

All the non-current assets of the Company are located in India.

Revenue from major services

The following is an analysis of the company's revenue from its major services:

Rs. Lakhs

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Service Income	**1,009.79**	287.45
Total	**1,009.79**	287.45

Revenues from transactions with a single external customer which are exceeding 10% or more of a Company's revenues during the year are as follows :

1. Mahindra Logistic Limited - Rs. 277.1 Lakhs
2. Delhivery Pvt. Ltd. - Rs. 145.8 Lakhs

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note 22 - Financial Instruments and Risk Review

22.1 Capital Management policies and procedures

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, Return on capital employed ratio on the basis of the carrying amount of equity on a monthly basis and implement capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year. The company monitors the total capital comprising of Equity. The company is not subject to externally enforced capital regulation. Equity comprises of total shareholders' equity as reported in the financial statements. Total Capital is as follows:

Rs. Lakhs

Particular	As at 31st March, 2018	As at 31st March, 2017
Equity	**2,648.56**	1,506.00
	2,648.56	1,506.00

Categories of financial assets and financial liabilities

Rs. Lakhs

Particulars	As at 31st March, 2018				As at 31st March, 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**	Amortised Costs	FVTPL	FVOCI	Total
Non current financial Assets								
(i) Non current investment	**–**	**–**	**–**	**–**	–	–	–	–
Current Assets								
(i) Investments	**–**	**–**	**–**	**–**	–	241.29	–	241.29

Rs. Lakhs

	As at 31st March, 2018				As at 31st March, 2017			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**	Amortised Costs	FVTPL	FVOCI	Total
(ii) Trade receivables	**198.20**	**–**	**–**	**198.20**	114.03	–	–	114.03
(iii) Cash and cash equivalents	**985.50**	**–**	**–**	**985.50**	39.77	–	–	39.77
(iv) Loans	**–**	**–**	**–**	**–**	–	–	–	–
(v) Interest accrued but not received	**–**	**–**	**–**	**–**	–	–	–	–
Total	**1,183.70**	**–**	**–**	**1,183.70**	153.79	241.29	–	395.08
Current Liabilities								
Trade Payables	**413.93**	**–**	**–**	**413.93**	286.17	–	–	286.17
Other Non Current financial liabilities								
Other financial liabilities	**–**	**–**	**–**	**–**	–	–	–	–
Total	**413.93**	**–**	**–**	**413.93**	286.17	–	–	286.17

Orizonte Business Solutions Limited

Notes to the financial statements for the year ended March 31, 2018

Note 22.2 Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

(i) CREDIT RISK

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The Company's exposures are continuously monitored.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are agencies with high credit-ratings assigned by international credit-rating agencies.

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

The loss allowance for trade receivables using expected credit losses for different ageing periods are as follows:

Particulars	**Less than 6 months past due**	**More than 6 months past due**	**Total**
As at 31 March 2018			
Gross carrying amount	162.65	35.55	198.20
Loss allowance provision	–	–	–
Net	162.65	35.55	198.20
As at 31 March 2017			
Gross carrying amount	114.03	–	114.03
Loss allowance provision	–	–	–
Net	114.03	–	114.03

Reconciliation of loss allowance for Trade Receivables

Rs. Lakhs

Particulars	**For the year ended March 31, 2018**
Balance as at beginning of the year	–
Additons during the year	–
Balance at end of the year	–

(ii) MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks, including :

(i) Forward covers to hedge the import payments,

(ii) Fixed Deposits with Bank and

(iii) Mutual funds investment

There have been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

All transactions done by company are in local currency, hence not exposed to currency risks

(iii) LIQUIDITY RISK

(a) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
Non-derivative financial liabilities		
31-Mar-18		
Interest bearing financial liability	**–**	–
Non-interest bearing financial liabilities	**413.93**	–
Total	**413.93**	–
31-Mar-17		
Interest bearing financial liability	**–**	–
Non-interest bearing financial liabilities	**286.17**	–
Total	**286.17**	–

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
31-Mar-18		
Non-interest bearing		
(i) current Investments	**–**	–
(ii) Trade receivables	**198.20**	–
(iii) Cash and cash equivalents	35.50	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	950.00	–
(ii) Interest accrued but not received	0.55	–
(iii) Loans	–	–
Total	**1,184.26**	–
31-Mar-17		
Non-interest bearing		
(i) Investments	241.29	–
(ii) Trade receivables	114.03	–
(iii) Cash and cash equivalents	3.77	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	36.00	–
(ii) Interest accrued but not received	–	–
(iii) Loans	–	–
Total	395.08	–

Offsetting of balances

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31 March 2018					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	–	–	–	–	–
Trade receivables	198.20	–	198.20	–	198.20
Cash and cash equivalents	35.50	–	35.50	–	35.50
Loans	–	–	–	–	–
Other financial assets	–	–	–	–	–
Total	**233.70**	**–**	**233.70**	**–**	**233.70**
Financial liability					
Trade payables	413.93	–	413.93	–	413.93
Other financial liabilities	–	–	–	–	–
Total	**413.93**	**–**	**413.93**	**–**	**413.93**
As at 31 March 2017					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	241.29	–	241.29	–	241.29
Trade receivables	114.03	–	114.03	–	114.03
Cash and cash equivalents	39.77	–	39.77	–	39.77
Loans	–	–	–	–	–
Other financial assets	–	–	–	–	–
Total	**395.08**	**–**	**395.08**	**–**	**395.08**
Financial liability					
Trade payables	286.17	–	286.17	–	286.17
Other financial liabilities	–	–	–	–	–
Total	**286.17**	**–**	**286.17**	**–**	**286.17**

Note 23 - Fair Value Measurement

Financial assets/ financial liabilities	Fair value as at 31st March, 2018	Fair value as at 31st March, 2017	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Foreign currency forward contracts	–	–				
(ii) Equity investments	–	–				

Financial instruments not measured using fair value i.e.measured using amortized cost

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2018				
Current Financial assets carried at amortised cost				
– loans to related parties	–	–	–	–
– trade and other receivables	–	198.20	–	198.20
– Loans receivables	–	–	–	–
– Others	–	–	–	–
Total		**198.20**		**198.20**
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	–	–	–
Current financial liabilities carried at amortised cost				
Trade Payables	–	**413.93**	–	**413.93**
Total		**413.93**		**413.93**
Financial assets				
As at 31st March 2017				
Current Financial assets carried at amortised cost				
– loans to related parties	–	–	–	–
– trade and other receivables	–	114.03	–	114.03
– Loans receivables	–	–	–	–
- Others	–	–	–	–
Total	–	**114.03**	–	**114.03**
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	–	–	–
Current financial liabilities carried at amortised cost				
Trade Payables	–	286.17	–	286.17

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Total	–	**286.17**	–	**286.17**

Financial instruments measured using fair value

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2018				
Current Financial assets				
Investments in Mutual Funds	–	–	–	–
Non current financial assets				
Investment in equity instruments	–	–	–	–
Total	–	–	–	–
Financial assets				
As at 31st March 2017				
Current Financial assets				
Investments in Mutual Funds	241.29	-	-	241.29
Current Financial assets				
Investment in equity instruments	–	–	–	–
Total	–	**114.03**	–	**114.03**

Note 24 - Additional Information to the Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rs. Lakhs

Particulars	31-Mar-18	31-Mar-17
(i) Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	–	–
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year	–	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–

(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note 25 - Deferred Tax

(i) Movement in un-recognised deferred tax balances

Rs. Lakhs

	For the Year ended 31 March 2018				
Particulars	**Opening Balance**	**Un-Recognised in profit and Loss***	**Un-Recognised in OCI**	**Adjustment**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	(22.36)	3.43	–	–	(18.93)
	(22.36)	3.43	–	–	(18.93)
Tax effect of items constituting deferred tax assets					
Employee Benefits	0.54	4.41	–	–	4.96
	–	–	–	–	–
Net Tax Asset (Liabilities)	**(21.81)**	**7.84**	–	–	**(13.97)**

* The deferred tax asset has not been recognised in respect of the above items, because it is not probable that future taxable profits will be available which the company can use the benefit therefrom.

Note 26 - Note on Merger

The Board of Directors at its meeting held on 30th March 2018, has approved a Scheme of Merger by Absorption, under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013, of the Company with "Resfeber Labs Private Limited" (Porter) and their respective shareholders. Accordingly, an application has been made to National Company Law Tribunal ("NCLT") for the regulatory approvals. The Appointed Date of the Scheme would be 1st April 2017 or such other date as may be approved. The Scheme will be given effect to on receipt of requisite approvals/consent.

Note 27 - Previous year figures have been regrouped/recasted whereever necessary to correspond with the current years classifications/disclosures.

In terms of our report attached

For B. K. Khare
Chartered Accountants
FRN 105102W

Shirish Rahalkar
M.No. 111212

Place : Mumbai
Date : 24th April 2018

For and on behalf of the Board of Directors

Bharat Moossaddee **Rajeshwar Tripathi** **Charulata Ravikumar** **Naveen Kshatriya**	*Directors*
Dr. Anish Shah	*Chairman*
Pradeep Jape	*CFO*
Sanjana Doshi	*Company Secretary*

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Second Report together with the audited financial statements of your Company for the financial year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the period from 27th July, 2016 to 31st March, 2017
Revenue from Operations		
Other Income	**5.55**	3.12
Total Revenue	**5.55**	3.12
Profit / (Loss) before Interest, Depreciation and Tax	**(7.23)**	(141.80)
Less : Depreciation	**–**	–
Profit / (Loss) before Interest and Tax	**(7.23)**	(141.80)
Less : Interest Expense	**–**	–
Profit / (Loss) before Tax	**(7.23)**	(141.80)
Provision for Tax/tax of earlier years	**–**	–
Profit/(Loss) for the year	**(7.23)**	(141.80)
Profit/(Loss) brought forward from earlier years	**–**	–
Profit/(Loss) carried to Balance Sheet	**(7.23)**	(141.80)
Net Worth	**75.97**	83.20

No material changes and commitments have occurred after the closure of the financial year under review till the date of this report which would affect the financial position of the Company.

Operations

In the current year, the Company was in the process of obtaining regulatory permissions and operations of the Company are likely to start in financial year 2019.

Dividend

Your Board has not considered declaration of dividend in view of the losses of the Company for the year under review.

Reserves

Loss for the year has been carried forward and no amount has been transferred to Reserve as the Company has not made any profits during the year.

Share Capital

During the year, the authorized Share Capital of your company stood at Rs. 5,00,00,000 (Rupees Five Crore) comprising of 50,00,000 Equity Shares of the face value of Rs. 10 each. The issued and paid up share capital of the Company is Rs. 2,25,00,000 (Rupees Two Crores Twenty Five Lakhs) comprising of 22,50,000 Equity Shares of the face value of Rs. 10/- each. There was no change in the share capital during the year under review.

Holding Company

Your Company is a wholly owned subsidiary of Mahindra Holdings Limited.

Subsidiaries, Associates and Joint Ventures

During the year none of the companies have become or ceased to be Subsidiaries, Associates or Joint Ventures.

Consolidated Financial Statements

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have any subsidiaries, associates and joint ventures.

Board of Directors

The Board of Directors of the Company comprises of the following Directors:

Sl. No.	Name of the Director	DIN	Designation	Executive/Non-Executive	Independent/Non Independent
1	Mr. K Chandrasekar	01084215	Director	Non-Executive	Non Independent
2	Mr. Xerxes Adrianwalla	06915107	Director	Non-Executive	Non Independent
3	Mr. Nikhil Sohoni	06852639	Director	Non-Executive	Non Independent

All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Mr. Xerxes Adrianwalla (DIN: 06915107) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Your Company is not required to constitute any mandatory Committees of the Board.

Provisions relating to Annual Evaluation of Board and Individual Directors are not applicable to your Company.

Meetings of the Board

Your Board of Directors met four times during the year under review on 26th April, 2017, 25th July, 2017, 31st October, 2017 and 22nd January, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Name of Directors	No. of meetings attended
Mr. K. Chandrasekar	4
Mr. Xerxes Adrianwalla	3
Mr. Nikhil Sohoni	2

General Meetings

The 1st Annual General Meeting of the Company was held on 25th July, 2017. No Extra Ordinary General Meeting was held during the year under review.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from the operating management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly complied by the Company.

Key Managerial Personnel

The provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company. Hence, no Key Managerial Personnel was appointed during the year under review.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company and helps in managing the risks associated with the business of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness within the organization and to integrate risk management within the corporate culture.

Vigil Mechanism

The provision relating to Vigil Mechanism enumerated under the section 177 of the Companies Act, 2013 are not applicable to your Company.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder.

Statutory Auditors & Audit Report

M/s. B K Khare & Co., Chartered Accountants, (ICAI Firm Registration Number 105102W), were appointed as Statutory Auditors of the Company at the 1st Annual General Meeting ("AGM") held on 25th July, 2017 for a period of five years from the conclusion of 1st AGM till the conclusion of 6th AGM to be held in the year 2022 subject to ratification by the Members of the Company at every AGM.

As required under the provisions of section 139 read with section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from the above Auditors to the effect that their re-appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

Reporting on Frauds by Auditors

During the year under review, the Statutory Auditors had not reported any instances of frauds committed in the Company.

Secretarial Auditor, Internal Auditor and Cost Auditor

The requirements of having Secretarial Auditor, Internal Auditor and Cost Auditor are not applicable to your Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as **Annexure I** and forms part of this report.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company.

Disclosure of Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

Being an unlisted company, provisions under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of Public Deposits, Loans, Guarantees or Investments

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/ securities which are required to be reported under section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V, applicable to the ultimate holding company, Mahindra & Mahindra Limited.

Particulars of Contracts or Arrangements with Related Parties

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of section 188 of the Companies Act, 2013, and rules made thereunder, were in ordinary course of business and at arm's length.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of section 134 of the Companies Act, 2013.

Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2018 is attached herewith as **Annexure II** and forms part of this report.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Board.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced by giving adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions / events during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which, loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers and all other stakeholders for their co-operation to the Company during the year under review.

For and On Behalf of the Board,

K. Chandrasekar	**Nikhil Sohoni**
Director	Director

Mumbai, 25th April, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: **NIL**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) **– Not Applicable**

(a) the details of technology imported: **NA**

(b) the year of import: **NA**

(c) whether the technology been fully absorbed: **NA**

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **NA**

iv) the expenditure incurred on Research and Development: **NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (*in terms of actual inflow and outflow*)

Total Foreign Exchange Earned and Used: **(in Rs.)**

	For the Financial Year Ended 31st March 2018	For the Financial period from 27th July, 2016 to 31st March, 2017
Total Foreign Exchange earned	**Nil**	Nil
Total Foreign Exchange used	**Nil**	Nil

For and on behalf of the Board

K. Chandrasekar Director

Nikhil Sohoni Director

Mumbai, 25th April, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN		U62100MH2016PLC284135
ii)	Registration Date		27/07/2016
iii)	Name of the Company		Mahindra Airways Limited
iv)	Category/Sub-Category of the Company		Company limited by shares/ Non-Government Indian Company
v)	Address of the Registered office and contact details		Mahindra Towers, G M Bhosale Marg, Worli, Mumbai 400 018 Tel. No. 022 2490 1441/ 022 2490 5828
vi)	Whether listed Company (Yes/No)		No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any		Karvy Computershare Pvt. Ltd. Karvy Celenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: 040-67162222, Fax: 040-23001153 Email Id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Nil	Nil	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U65993MH2007PLC175649	Holding	100.00	2(46)
2.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	6	6	–	–	6	6	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	22,49,994	22,49,994	100.00	–	22,49,994	22,49,994	100.00	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	**22,50,000**	**22,50,000**	**100.00**	–	**22,50,000**	**22,50,000**	**100.00**	–
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**22,50,000**	**22,50,000**	**100.00**	–	**22,50,000**	**22,50,000**	**100.00**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Specify).	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**22,50,000**	**22,50,000**	**100.00**	–	**22,50,000**	**22,50,000**	**100.00**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018)			% of change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Holdings Limited	22,49,994	100.00	NIL	22,49,994	100.00	NIL	–
2.	Mr. Mario Anthony Nazareth* Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	–
3.	Mr. Parthasarathy Vankipuram Srinivasa * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	–
4.	Mr. Durga Shankar Subramanian * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	–
5.	Mr. Narayan Shankar * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	–
6.	Mr. Chandrasekar Kandasamy * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	–
7.	Mr. Nikhil Sohoni * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	–
	Total	**22,50,000**	**100.00**	**NIL**	**22,50,000**	**100.00**	**NIL**	–

*** For the purpose of maintaining statutory minimum number of members for a Public Limited Company.**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the shareholding of the Promoters.

(iv) Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year 31st March, 2018 (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2017)		Cumulative Shareholding during the year (As on 31st March, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. K. Chandrasekar, Director, Nominee of Mahindra Holdings Limited**				
	At the beginning of the year (1st April, 2017)	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year (31st March, 2018)	–	–	1	–
2.	**Mr. Nikhil Sohoni, Director, Nominee of Mahindra Holdings Limited**				
	At the beginning of the year (1st April, 2017)	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (31st March, 2018)	–	–	1	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on 1st April, 2017)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the year				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the financial year (As on 31st March, 2018)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

(in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act		–

B. Remuneration of other Directors:

(in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. K. Chandrasekar	Mr. Nikhil Sohoni	Mr. Xerxes Adrianwalla	
1.	Independent Directors				
	• Fees for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	–	–	–	–
2.	Other Non-Executive Directors				
	• Fees for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	–	–	–	–
	Total Managerial Remuneration (A+B)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD: Not Applicable

(in Rs.)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			TOTAL
		CS	CEO	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of Profit	–	–	–	–
	– Others, specify…	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

A. Company

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty	NIL				
Punishment					
Compounding					

B. Directors

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty	NIL				
Punishment					
Compounding					

C. Other Officers in Default

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty	NIL				
Punishment					
Compounding					

For and on behalf of the Board

K. Chandrasekar Director

Nikhil Sohoni Director

Mumbai, 25th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AIRWAYS LIMITED

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Airways Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exits and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

10. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide

INDEPENDENT AUDITORS' REPORT

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

11. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 25, 2018

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of Mahindra Airways Limited for the year ended March 31, 2018

I. The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. The Company has not dealt in any inventories during the year and does not hold any inventory at the end of the year. Therefore, para 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

III. There are no companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.

V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) There are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed from any financial institution or bank or debenture holders as at the Balance Sheet date.

IX. In our opinion and according to the information and explanations given to us, there were no moneys raised by way of terms loans, initial public offer or further public offer.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not appointed any person as a "Manager" within the purview of section 2(53) of the Act as on the balance sheet date, therefore, para 3(xi) of the Order is not applicable to the Company.

XII. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 25, 2018

BALANCE SHEET AS AT 31 MARCH 2018

		Note No.	As at 31 March 2018	Rs. In Lakhs As at 31 March 2017
I	**ASSETS**			
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	**3**	**69.68**	**133.13**
	(iii) Cash and Cash Equivalents	**4**	**5.55**	**7.25**
	(b) Current Tax Assets (Net)	**5**	**2.02**	**–**
	SUB-TOTAL		**77.25**	**140.38**
	TOTAL ASSETS		**77.25**	**140.38**
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	**6**	**225.00**	**225.00**
	(b) Other Equity	**7**	**(149.04)**	**(141.80)**
	SUB-TOTAL		**75.96**	**83.20**
	LIABILITIES			
	(a) Provisions	**8**	**1.28**	**52.60**
	(b) Other Current Liabilities	**9**	**0.01**	**4.58**
	SUB-TOTAL		**1.29**	**57.18**
	TOTAL		**77.25**	**140.38**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 25, 2018

For and on behalf of the Board of Directors

K Chandrasekar
Director

Nikhil Sohoni
Director

Place: Mumbai
Date: April 25, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rs. In Lakhs

	Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
	Continuining Operations			
I	Revenue from operations		–	–
II	Other Income	10	5.55	3.12
III	**Total Revenue (I + II)**		**5.55**	**3.12**
Iv	**EXPENSES**			
	(a) Other expenses	11	12.78	144.92
	Total Expenses (IV)		**12.78**	**144.92**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(7.23)**	**(141.80)**
	Exceptional Items			
VI	**Share of profit/(loss) of joint ventures and associates**		–	–
VII	**Profit/(loss) before tax (V - VI)**		**(7.23)**	**(141.80)**
VIII	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
	Total tax expense (VIII)		–	–
IX	**Profit/(loss) for the period**		**(7.23)**	**(141.80)**
X	**Earnings per equity share Basic/Diluted (in Rs.)**	15	**(0.32)**	**(6.30)**

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 25, 2018

For and on behalf of the Board of Directors

K Chandrasekar
Director

Nikhil Sohoni
Director

Place: Mumbai
Date: April 25, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

Rs. In Lakhs

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities			
Profit before tax for the year	PL	(7.23)	(141.80)
Adjustments for:			
Investment income recognised in profit or loss		(5.55)	(3.12)
		(12.78)	(144.92)
Movements in working capital:			
Increase/(decrease) in provisions		(51.32)	57.18
Decrease/(increase) in tax assets		(2.02)	–
(Decrease)/increase in other liabilities		(4.58)	–
Cash generated from operations		(57.91)	57.18
Income taxes paid			
Net cash generated by operating activities		(70.70)	(84.62)
Cash flows from investing activities			
Payments to acquire redemption of financial assets		69.00	(133.13)
Net cash (used in)/generated by investing activities		69.00	(133.13)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		–	225.00
Net cash used in financing activities		–	225.00
Net increase in cash and cash equivalents		(1.70)	7.25
Cash and cash equivalents at the beginning of the year		7.25	–
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		5.55	7.25

Of the above, the balances that meet the definition of cash and cash equivalents as per IND-AS 7 Cash Flow Statement is 5.55

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 25, 2018

For and on behalf of the Board of Directors

K Chandrasekar
Director

Nikhil Sohoni
Director

Place: Mumbai
Date: April 25, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Corporate information:

Mahindra Airways Ltd. is a private limited company incorporated in Mumbai, India on 27th July, 2016 under the Companies Act 2013. The registered office of the company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.

The Company's main activity is to carry on, engage in or provide services of all kinds related to or involved in the smooth operations and management of Aircrafts and machines of all kinds related to or capable of being flown in the air.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below Historical cost is generally based on the fair value of the consideration given in exchange for goods and services Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable

2.4 Dividend and interest income

Dividend /Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

2.5. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.5.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.7 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.8. Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 3.24.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Note No. 3 - Investments

Particular	As at 31 March 2018 QTY	Amounts* In Lakhs Current	Amounts* In Lakhs Non Current	As at 31 March 2017 QTY	Amounts* In Lakhs Current	Amounts* In Lakhs Non Current
Investments in Mutual Funds...	**6,212**	**69.68**	**–**	12,660	133.13	–
Total Aggregate Quoted Investments	**–**	**69.68**	**–**	**–**	133.13	**–**
TOTAL INVESTMENTS...		**69.68**	**–**	**–**	133.13	**–**

Note No. 4 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
(a) Balances with banks (in current accounts)....	**5.54**	7.21
(b) Cash on hand...	**0.01**	0.04
Total Cash and cash equivalent.........................	**5.55**	7.25

Reconciliation of Cash and Cash Equivalents

Rs. In Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet...	**5.55**	7.25
Add: Bank Overdraft...	**–**	**–**
Add: Cash and bank balances included in a disposal group held for sale	**–**	**–**
Total Cash and Cash Equivalents as per Statement of Cashflow	**5.55**	7.25

Note No. 5 - Current Tax asset

Rs. In lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
CGST-Maharashtra Receivable....	**1.01**	**–**	**–**	**–**
SGST-Maharashtra Receivable....	**1.01**	**–**	**–**	**–**
TOTAL CURRENT TAX ASSET	**2.02**	**–**	**–**	**–**

Note No. 6 - Equity Share Capital

Rs. In lakhs

Particulars	As at 31 March 2018 No. of shares	As at 31 March 2018 Amounts*	As at 31 March 2017 No. of shares	As at 31 March 2017 Amounts*
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**50,00,000**	**500.00**	50,00,000	500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**22,50,000**	**225.00**	22,50,000	225.00
Total	**22,50,000**	**225.00**	22,50,000	225.00

Note No. 7 - Other Equity

Rs. In lakhs

	As at 31 March 2018	As at 31 March 2017
As at 31 March 2017	**(141.80)**	–
Profit / (Loss) for the period........................	**(7.23)**	(141.80)
Other Comprehensive Income / (Loss)	**–**	–
Total Comprehensive Income for the year .	**(7.23)**	–
As at 31 March 2018	**(149.04)**	(141.80)

Note No. 8 - Provisions

Rs. In Lakhs

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
– Other Provisions.	**1.28**	**–**	52.60	–
TOTAL OTHER LIABILITIES....	**1.28**	**–**	**52.60**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note No. 9 - Other Liabilities

Rs. In Lakhs

	As at 31 March 2018		As at 31 March 2017	
Particulars	**Current**	**Non-Current**	Current	Non-Current
– Statutory Dues-taxes payable...	**0.01**	**–**	4.58	–
Total other liabilities	**0.01**	**–**	4.58	–

Note No. 10 - Other Income

Rs.in lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017
(a) Dividend Income*		
(1) Dividend on other investments		
(Mutual funds)	**5.55**	3.12
Total Other Income	**5.55**	3.12

Note No. 11 - Other Expenses

Rs. In Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017
(x) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**0.50**	**0.58**
(ii) For Taxation matters...................................	**–**	**–**
(iii) For Company Law matters	**–**	**–**
(iv) For Other services (Certification Charges)...	**–**	**0.15**
(v) For reimbursement of expenses................	**–**	**–**
(y) Other expenses		
(1) Training expenses	**–**	**23.78**
(2) Travelling expenses..................................	**0.78**	**–**
(3) Hire and service charges..........................	**1.33**	**5.58**
(4) Legal and other professional costs	**10.09**	**108.75**
(5) Miscelleneous expenses...........................	**0.09**	**–**
(6) Incorporation expenses.............................	**–**	**6.08**
Total Other Expenses	**12.79**	**144.92**

Note No. 12 Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk <list all such risks as applicable>. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropriate, credit guarantee insurance cover is purchased.

Apart from Company A, the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 March 2018, an amount of INR NIL(31 March 2017: INR NIL) has been recognised in the Consolidated Balance Sheet as financial liabilities.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of INR XX and bank guarantees of INR XX which is considered as collateral and these are considered in determination of expected credit losses, where applicable. <Provide details on any other type of collateral and its effect on ECL allowance>.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Particulars Note No. 11 - Financial Instrument	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets 31-Mar-18				
Non-interest bearing	5.55	–	–	–
Variable interest rate instruments	69.68	–	–	–
Total......................	75.23	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 13 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

This section explains the judgement and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

_ quoted prices for similar assets or liabilities in active markets

_ quoted prices for identical or similar assets or liabilities in markets that are not active

_ inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval

_ implied volatilities

_ credit spreads

_ inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participation assumptions that is reasonably available.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	Level 1	Fair value hierarchy as at 31 March 2018 Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments........	–	**69.68**	–	**69.68**
– cash & cash equivalents	–	**5.55**	–	**5.55**
Total....................	–	**75.23**	–	**75.23**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 14 - Related Party Transactions

Name of the parent Company Mahindra Holdings Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Nature of transactions with Related Parties				
Receiving of services....	**31-Mar-18**	–	**1.38**	–
Equity contribution to the Company	**31-Mar-18**	–	–	–
Settlement of liabilities on behalf of the Company	**31-Mar-18**	–	–	–
Settlement of liabilities by the Company on behalf of related parties..........	**31-Mar-18**	–	–	–
Trade payables............	**31-Mar-18**	**Nil**	**Nil**	**Nil**
Other balances............	**31-Mar-18**	**Nil**	**Nil**	**Nil**

Note No. 15 - Earnings per Share

Note	Particulars	For the year ended 31 March 2018 Per Share	For the year ended 31 March 2017 Per Share
	Basic Earnings per share		
	From continuing operations.........	**(0.32)**	**(6.30)**
	From discontinuing operations		
	Total basic earnings per share .	**(0.32)**	**(6.30)**
	Diluted Earnings per share		
	From continuing operations.........	**(0.32)**	**(6.30)**
	From discontinuing operations		
	Total diluted earnings per share	**(0.32)**	**(6.30)**

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA AEROSPACE PRIVATE LIMITED

Your Directors present their Eleventh Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs.in Lakhs)

Particulars	**For the year ended 31st March, 2018**	For the year ended 31st March, 2017
Revenue	**220.73**	95.41
Profit/(Loss) before Interest, Depreciation and Tax	**(11,272.51)**	(78.11)
Less : Depreciation	**1.32**	1.20
Less: Impairment of Capital work in progress and Intangibles under development	**1,978.26**	395.00
Profit/(Loss) before Interest and Tax	**(13,252.09)**	(474.31)
Less : Interest Expense	**57.66**	50.91
Profit/(Loss) before Tax	**(13,309.75)**	(525.22)
Provision for Tax / tax of earlier years	**0.47**	26.00
Profit/(Loss) for the year	**(13,310.22)**	(551.22)
Retained earnings brought forward from earlier years	**(15,540.95)**	(14,989.73)
Profit/(Loss) carried to Balance Sheet	**(28,851.17)**	(15,540.95)
Net Worth	**58,280.54**	47,395.28

No material changes and commitments have occurred after the closure of the financial year under review till the date of this report which would affect the financial position of the Company.

Net Worth figure is not comparable with previous year figure since the Equity component of 5% Non-Cumulative Convertible Preference Shares (Rs.153.47 lakhs) was also included in the net worth of previous year. The same is excluded now, as it is neither share premium nor reserves created out of profits under the Companies Act, 2013, as amended.

OPERATIONS:

Aircraft Division

GippsAero

During the year, the Company's step down subsidiary GippsAero Pty Ltd (GA) focussed on few proven markets, coupled with increasing sales volume in China. During the year, Type Certification for the Airvan 10 was received by Civil Aviation Safety Authority (CASA), Australia and the Federal Aviation Administration (FAA), US. Further the GA continued to cultivate various fleet opportunities in the Surveillance market and these efforts are expected to yield results in the coming years.

CNM-5

As reported in prior years, the CNM-5 project had been paused since 2014 pending National Aerospace Laboratories' (NAL) management obtaining required approvals and funding from their parent body, Council for Scientific and Industrial Research (CSIR). New senior management took charge at both CSIR and National Aerospace Laboratories in late 2016-early 2017. This new management team has expressed their desire to restart the project and to pursue Type Certification in India. The Company has therefore engaged with CSIR and NAL management on various occasions during Financial Year 2018 and shared several perspectives given the changes in market scenario, including market size, fuel type viability, etc. and awaiting feedback from NAL.

Aerostructures Division

During the year, the Company's subsidiary Mahindra Aerostructures Private Limited (MASPL) has stabilized serial production for numerous customers, and delivered the millionth part to its largest customer, Premium Aerotec of Germany. During Financial Year 2018, MASPL also signed direct contracts with both Boeing and Airbus, making it a Tier 1 to these major Companies. Under the Airbus contract, the Company has expanded from making soft metal components (aluminium alloys) to hard metal parts (Titanium, aerospace steels, etc.) and received necessary qualifications from Airbus for the same. MASPL also acquired new customers Dassault and Elbit during Financial Year 2018. MASPL continues to pursue various opportunities in India and abroad for larger value work and these efforts are expected to yield results in the coming years.

DIVIDEND

In view of the losses, your Directors have not considered dividend for the year under review.

GENERAL RESERVE

Your Company has not transferred any amount to the General Reserve for the financial year 2017-2018.

HOLDING COMPANY

Mahindra and Mahindra Limited is the Holding Company of your Company.

SUBSIDIARIES

As on 31st March, 2018, your company has the following subsidiaries.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company, is provided in Form AOC 1 which is attached to the Financial Statement and forms part of this Annual Report.

1. **Mahindra Aerostructures Private Limited:**

   The Company was incorporated in 2011 for the purpose of manufacture of aerospace components and aerostructures.

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 5,240.91 Lakhs (Previous Year Rs. 5,253.38 Lakhs).

2. **Mahindra Aerospace Australia Pty Limited:**

   The Company was incorporated in 2010 for the purpose of holding the investments in Australian companies.

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 8,369.72 Lakhs (Previous Year Rs. 17.73 Lakhs).

3. **Aerostaff Australia Pty Limited:**

   The Company was acquired in 2010, which manufactures aircraft components.

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 244.93 Lakhs (Previous Year profit of Rs. 10.25 Lakhs).

   During the year, based on the request from the sole shareholder of the Company, M/s. Mahindra Aerospace Australia Pty Ltd, the Company made an application to the Australian Securities and Investment Commission (ASIC) for deregistration. As on 31st March 2018, the Company not yet received approval from ASIC. All assets and liabilities of the Company were transferred to fellow subsidiary, M/s. Gippsaero Pty Ltd. The financial statement has, hence, been prepared for the period from 1st April, 2017 to 1st February, 2018.

4. **Gipp Aero Investments Pty Ltd:**

   The Company was acquired in 2010, which is a holding Company of Gippsaero Pty Ltd and other companies.

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 1.85 Lakhs (Previous Year Rs. 5.18 Lakhs).

   During the year, based on the request from the sole shareholder of the Company, M/s. Mahindra Aerospace Australia Pty Ltd, the Company made an application to the Australian Securities and Investment Commission (ASIC) for deregistration. As on 31st March 2018, the Company not yet received approval from ASIC. All assets of the Company, including the shareholding in subsidiaries, were transferred to the holding company, M/s. Mahindra Aerospace Australia Pty Ltd.

   The financial statement has, hence, been prepared for the period from 1st April, 2017 to 27th January, 2018.

5. **Gipps Aero Pty Ltd:**

   The Company was acquired in 2010, which manufactures aircrafts.

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 10,080.35 Lakhs (Previous Year Rs. 2,771.84 Lakhs).

6. **Airvan Flight Services Pty Ltd**

   The Company was acquired in 2010, which holds "Air Operator Certificate".

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.18 Lakhs (Pr. Yr. Rs. 1.91 Lakhs).

7. **GA8 Airvan Pty Ltd:**

   The Company was acquired in 2010, which holds "Type Certificate"

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.18 Lakhs (Previous Year Rs. 1.91 Lakhs).

8. **GA200 Pty Ltd:**

   The Company was acquired in 2010, which holds "Type Certificate".

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.18 Lakhs (Previous Year Rs. 1.91 Lakhs).

9. **Nomad TC Pty Ltd:**

   The Company was acquired in 2010, which holds "Type Certificate".

   Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.18 Lakhs (Previous Year Rs. 1.91 Lakhs) Lakhs.

10. **Airvan 10 Pty Ltd:**

    The Company was incorporated in 2015, for the purpose of holding the "Type Certificate".

    Your Company holds 100% of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.18 Lakhs (Previous Year Rs. 1.91 Lakhs).

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R 742(E) dated 27th July 2016 exempted a wholly owned subsidiary company/joint venture company from preparation and prevention of Consolidated financial Statements, provided the Company meets the Conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared Consolidated financial Statements since it has met all requirements mentioned in the aforesaid notification.

SHARE CAPITAL

During the year under review, the authorized share capital of the Company was increased twice as follows:

On 14th June, 2017 from Rs. 605,00,00,000 divided into 40,00,00,000 Equity Shares of Rs. 10/- each, 1,50,00,000 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each and 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each to Rs. 855,00,00,000 divided into 65,00,00,000 Equity Shares of Rs. 10/- each, 1,50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each and 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/-each.

On 7th February, 2018 from Rs. 855,00,00,000 divided into 65,00,00,000 Equity Shares of Rs. 10/- each, 1,50,00,000 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each, and 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each to Rs. 955,00,00,000 divided into 75,00,00,000 Equity Shares of Rs. 10/- each, 1,50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each and 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each.

During the year under review, your Company allotted 13,10,34,482 Equity Shares of Rs. 10/- each on compulsory conversion of 19,00,00,000 0.1% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each and 19,75,51,020 Equity Shares of Rs. 10/- each on rights basis. The issue and offer of 4,40,00,000 Equity Shares of Rs 10/- each made, during the year under review, on rights basis, was cancelled on the date of this Report.

As a consequence thereof, the issued Share capital of the Company as at the end of the financial year under review was Rs. 607,87,96,270 consisting of Equity Shares of Rs. 602,87,96,270 and 5% Non-Cumulative Convertible Preference Share of ₹ 5,00,00,000.

The paid up Share Capital of the Company, as the end of the financial year under review, was Rs. 56,387,96,270 consisting of Equity Share of Rs. 558,87,96,270 and 5% Non-Cumulative Compulsory Convertible Preference Shares of Rs. 500,00,000.

The terms of the issue of 5% Non-cumulative Compulsorily Convertible Preference Shares allotted on 31st March, 2015 were varied, during the year under review, to extend, among other terms, the tenure of conversion by another 3 years i.e. till 30th March, 2021.

BOARD OF DIRECTORS

The Composition of the Board of Directors of the Company, as on the date of this Report, is as under:

Sl. No.	Name of the Director	Designation	Executive / Non-Executive	Independent / Non Independent
1	Mr. Shriprakash Shukla (DIN: 00007418)	Chairman and Managing Director	Executive	Non Independent
2	Mr. V S Parthasarathy (DIN: 00125299)	Director	Non-Executive	Non Independent
3	Mr. S. Ramkrishna (DIN: 02091639)	Director	Non-Executive	Non Independent
4	Mr. Sudhir Yagnik (DIN: 07340019)	Director	Non-Executive	Non Independent
5	Mr. K V Ramakrishna (DIN: 00133248)	Director	Non-Executive	Non Independent
6	Mrs. Rajyalakshmi Rao Meka (DIN: 00009420)	Director	Non-Executive	Independent
7	Dr. Devi Singh (DIN: 00015681)	Director	Non-Executive	Independent
8	Mr. Arvind Kumar Mehra (DIN: 01039769)	Whole Time Director Designated as Executive Director and Chief Executive Officer	Executive	Non Independent
9	Mr. Dhiraj Rajendran (DIN: 06884408)*	Director	Non-Executive	Non Independent

* Mr. Dhiraj Rajendran was appointed as Additional Director with effect from 25th April, 2017.

Mr. Dhiraj Rajendran (DIN: 06884408) was appointed as Additional Director with effect from 25th April, 2017 and his appointment as Director was approved by the shareholders at the 10th Annual General Meeting held on 2nd August, 2017.

Mr. R Laxman resigned as Director of the Company with effect from 11th April, 2017.

Mr. S P Shukla (DIN: 00007418) and Mr. Arvind Kumar Mehra (DIN: 01039769), Directors, retire by rotation and being eligible offer themselves for reappointment.

Your Company has received declarations from Mrs. Rajyalakshmi Rao Meka and Dr. Devi Singh to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 to the effect that they are not disqualified for appointment/reappointment as Directors.

MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met four times during the year under review i.e. on 28th April, 2017, 2nd August, 2017, 8th November, 2017 and 7th February, 2018.

The attendance of the Directors at these meetings was as under:

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mr. V S Parthasarathy	1
Mr. Sudhir Yagnik	3
Mr. S. Ramkrishna	3
Mr. Arvind Kumar Mehra	4
Mr. K V Ramakrishna	4
Mr. Dhiraj Rajendran	4
Mrs. Rajyalakshmi Rao Meka	4
Dr. Devi Singh	3

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from operating management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual evaluation of performance of its own and individual Directors, including independent Directors. Questionnaires / Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires / responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation at the meeting held on 3rd May, 2018.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and Employees affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE

The Committee consisted of Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Dr. Devi Singh, Independent Director and Mr. V.S.Parthasarathy, Director, during the year under review.

Mrs. Rajyalakshmi Rao Meka was the Chairperson of the Audit Committee.

The Committee met two times during the year under review i.e. on 28th April, 2017 and 7th February, 2018 and complied with the terms of reference assigned to the Committee.

The attendance of the Members at these meetings was as under:

Name of Directors	No. of meetings attended
Mrs. Rajyalakshmi Rao Meka	2
Dr. Devi Singh	2
Mr. V S Parthasarathy	1

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, Joint venture Company from constituting an 'Audit Committee', the Committee was dissolved with effect from 1st April, 2018.

NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the Committee was reconstituted on 25th April, 2017 following the resignation of Mr. R Laxman with effect from 11th April, 2017 and induction of Mr. Dhiraj Rajendran as director with effect from 25th April, 2017 and consisted of Dr. Devi Singh, Independent Director, Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Mr. S. P. Shukla and Mr. Dhiraj Rajendran, Directors. Dr. Devi Singh was the Chairman of the Nomination and Remuneration Committee.

During the year under review, the Committee met two times during the year under review i.e., on 28th April, 2017 and 8th November, 2017.

The attendance of the Members at these meetings was as under:-

Name of Directors	No. of meetings attended
Dr. Devi Singh	2
Mrs. Rajyalakshmi Rao Meka	2
Mr. S P Shukla	2
Mr. Dhiraj Rajendran	2

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, joint venture company from constituting 'Nomination and Remuneration Committee, the Committee was dissolved with effect from 1st April, 2018.

GENERAL MEETINGS

The 10th Annual General Meeting of the Members was held on 2nd August, 2017. Extra Ordinary General Meetings of the members of the Company were held on 14th June, 2017, 7th February, 2018 and 28th March, 2018.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 8th November, 2017 without the presence of the Chairman or Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, Mr. Vilas Chaubal resigned as Company Secretary with effect from 31st May, 2017 and Mr. V S Ramesh was appointed as Company Secretary of the Company with effect from 8th November, 2017.

Mr. Arvind Kumar Mehra, was reappointed as Whole Time Director designated as Executive Director and Chief Executive Officer for a further period of three years with effect from 10th May, 2017. His reappointment was approved by shareholders at their Tenth Annual General Meeting held on 2nd August, 2017.

Mr. S P Shukla and Mr. T Subrahmanya Sarma, continued to be the Managing Director and Chief Financial Officer of the Company respectively during the year under review.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

These Remuneration Policies are provided as **Annexure I** and the same forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various processes of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee which reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Consequent to the dissolution of Audit Committee with effect from 1st April, 2018, the periodical reports shall be brought to the attention of the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility are not applicable to your Company.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS1 and SS2 relating to 'Meetings of the Board of Directors' and General Meetings', respectively, have been duly Complied by the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

STATUTORY AUDITORS & AUDIT REPORT

The Shareholders of the Company had, at their 10th Annual General Meeting held on 2nd August, 2017, appointed M/s. B

S R & Co., LLP, Chartered Accountants, (ICAI Registration No: 101248 W/W-100022 as statutory auditors of the Company for a consecutive term of 5 years from the conclusion of the said Annual General Meeting until the conclusion of 15th Annual General Meeting to be held in the year 2022. The appointment was subject to ratification of appointment on annual basis.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of M/s. M/s. B S R & Co., LLP, Chartered Accountants, (ICAI Registration No: 101248 W/W-100022) as Statutory Auditors to hold office until the conclusion of 15th Annual General Meeting to be held in the year 2022.

The Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT.

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. M Siroya & Co, Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2018.

The Secretarial Audit Report for the financial year ended 31st March 2018, issued by the secretarial auditor pursuant to the aforesaid provisions, is provided as **Annexure II** and the same forms part of this Report.

The Secretarial Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

REPORTING ON FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors had not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this Report.

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2018.

COST AUDITOR

The Provisions of Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** and the same forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of Investments made during the year under review have been disclosed in Note No. 4 of Financial Statements.

PUBLIC DEPOSITS AND LOANS / ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company, Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions entered, during the year under review, were in ordinary course of business and at arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure IV** and the same forms part of this Report.

DISCLOSURES OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2018 is attached herewith as **Annexure V** and the same forms part of this Report.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions / events during the year under review.

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Receipt of any remuneration or commission by Managing Director / Whole Time Director from any of its subsidiaries.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Arvind Kumar Mehra	**Mr. S P Shukla**
Whole Time Director	Chairman & Managing Director

Mumbai, 3rd May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerospace Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and revised, from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e. for all employees from Technician to Senior Management Band, we benchmark with competition from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Appreciation Rights and / or Stock Options / Long Term Incentive and Retention benefits to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Aerospace Private Limited

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

    2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making

    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman / Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor

2. Ready now

3. Ready in 1 to 2 years

4. Ready in 2 to 5 years

5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?

2) For critical positions, what is the succession pipeline?

3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

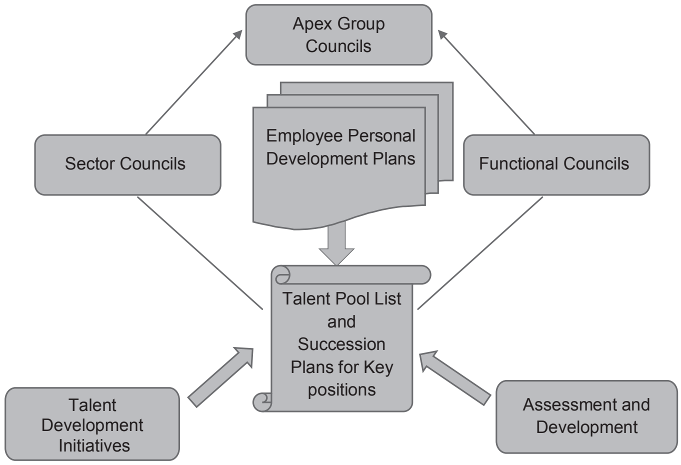
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

b) **Exposure** i.e. coaching and mentoring – 20% weightage

c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director

Mr. S P Shukla
Chairman & Managing Director

Mumbai, 3rd May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]]

To,
The Members,
Mahindra Aerospace Private Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerospace Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; and

(iv) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and

2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Acts as prescribed under Direct Tax and Indirect Tax;

3. Stamp Acts and Registration Acts;

4. Labour Welfare Act; and

5. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at these meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) Members at their Extraordinary General Meeting held on March 28, 2018, inter-alia, approved variation in the terms of issue of existing 50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each;

(ii) The Board of Directors at their meeting held on April 28, 2017, inter-alia, Approved the issuance of 20,48,97,958 Equity Shares of Rs. 10 each for cash at premium of Rs. 2.25 per Equity Share on Rights basis;

(iii) Board members vide their resolution by circulation approved allotment of 13,10,34,482 Equity Shares, effective June 30, 2017, against conversion of CCCPS of 19,00,00,000 0.1%;

(iv) The Board of Directors at their meeting held on August 2, 2017, inter-alia, approved the allotment of 19,75,51,020 (Nineteen Crores Seventy Five Lakhs Fifty One Thousand and twenty Rupees) Equity Shares of Rs. 10 each for cash at a premium of Rs. 2.25 per equity share to Mahindra & Mahindra Limited;

(v) The Board of Directors at their meeting held on February 7, 2018, inter-alia, Approved the issuance of 4,40,00,000 Equity Shares of Rs. 10 each on Rights basis.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 3rd May, 2018
Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Aerospace Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 3rd May, 2018
Place: Mumbai

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) **the steps taken or impact on conservation of energy:**

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: **NIL**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not Applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv. the expenditure incurred on Research and Development: **NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange earned	**84.11**	906.41
Total Foreign Exchange used	**15,474.57**	12,968.85

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director

S P Shukla
Chairman & Managing Director

Mumbai, 3rd May, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. : Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)		Date of approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Ltd	Holding Company	Equity received (including share premium)	1st April, 2017 to 31st, March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	24,200.00	Since these RPTs were in the ordinary course of business and were at arm's length basis, approval of the Board was not applicable. However, necessary approvals were granted by the Audit Committee from time to time.	Nil
			Allocation of corporate cost and personnel cost based on the time spent by respective personnel	1st April, 2017 to 31st, March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	346.24	-D0-.	Nil
2	Mahindra Aerostructures Pvt Limited	Subsidiary Company	Equity invested	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	8,700.00	-D0-.	Nil
			Lease rentals paid	For a period of 5 years commencing from 10th July, 2014	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	8.49	-D0-	Nil

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)		Date of approval by the Board	Amount paid as advances, if any
			Allocation of corporate cost	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	94.19	-D0-	Nil
3	Gippsaero Pty Ltd	Subsidiary	Allocation of corporate cos	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	113.72	-D0-	Nil
4	Mahindra Integrated Business Solutions Pvt Ltd	Fellow Subsidiary	Payroll processing	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	0.68	-D0-	Nil
5	Mahindra Aerospace Australia Pty Ltd	Subsidiary	Equity invested	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	15,473.12	-D0-.	Nil

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material.
- Contracts/transactions/arrangements for availing or rendering of services amounting to 10% or more of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure.

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director

S P Shukla
Chairman & Managing Director

Mumbai, 3rd May, 2018

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i)	**CIN:-**	U63033MH2008PTC179520
ii)	**Registration Date**	28/02/2008
iii)	**Name of the Company**	Mahindra Aerospace Private Limited
iv)	**Category/Sub-Category of the Company**	Company limited by shares/ Non-Government Indian Company
v)	**Address of the Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2497 5081
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.com; karisma@karvy.com; Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Aircraft design services	74109	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001 Mahindra Towers, P k Kurne Chowk, Worli, Mumbai 400 018	L65990MH1945PLC004558	Holding	86.39%	2(46)
2.	Mahindra Aerostructures Private Limited Mahindra Towers, P K Kurne, Chowk, Worli, Mumbai 400 018	U35122MH2011PTC212744	Subsidiary	100%	2(87)
3.	Mahindra Aerospace Australia Pty Ltd C/- PITCHER PARTNERS, LEVEL 19, 15 WILLIAM STREET, MELBOURNE VIC 3000	ACN 142 078 564	Subsidiary	100%	2(87)
4.	Aerostaff Australia Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ABN 81 007 374 790	Subsidiary	100%	2(87)
5.	Gipp Aero Investments Pty Ltd LATROBE VALLEY AIRFIELD PTY LTD, 75 AIRFIELD ROAD, TRARALGON VIC 3844	ACN 003 007 009	Subsidiary	100%	2(87)

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
6.	Gippsaero Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844 LATROBE VALLEY AIRFIELD PTY LTD, 75 AIRFIELD ROAD, TRARALGON VIC 3844	ABN 33 140 764 138	Subsidiary	100%	2(87)
7.	Airvan Flight Services Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 124 404 986	Subsidiary	100%	2(87)
8.	GA 8 Airvan Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 119 523 830	Subsidiary	100%	2(87)
9.	GA 200 Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 119 523 821	Subsidiary	100%	2(87)
10.	Nomad TC Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 127 459 625	Subsidiary	100%	2(87)
11.	Airvan 10 Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 609 777 273	Subsidiary	100%	2(87)

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category-wise Share Holding	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
Category of Shareholders	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	15,35,34,824	15,35,34,824	66.67	48,21,20,318	8	48,21,20,326	86.26	19.59
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	**15,35,34,824**	**15,35,34,824**	**66.67**	**48,21,20,318**	**8**	**48,21,20,326**	**86.26**	**19.59**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other…	–	–	–	–	–	–	–	–	–

Category-wise Share Holding	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
Category of Shareholders	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	–	**15,35,34,824**	**15,35,34,824**	**66.67**	**48,21,20,318**	**8**	**48,21,20,326**		–
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a) Body Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	5,64,92,031	5,64,92,031	24.53	–	5,64,92,031	5,64,92,031	10.11	(14.42)
(ii) Overseas	–	2,02,67,270	2,02,67,270	8.80	–	2,02,67,270	2,02,67,270	3.63	(5.17)
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	**7,67,59,301**	**7,67,59,301**	**33.33**	–	**7,67,59,301**	**7,67,59,301**	**13.74**	**(19.57)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)		**23,02,94,125**	**23,02,94,125**	**100.00**	**48,21,20,318**	**7,67,59,309**	**55,88,79,627**	**100.00**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	153,534,823	66.67	NIL	48,21,20,318	86.26%	NIL	19.59
2	Mr. S P Shukla as nominee of Mahindra and Mahindra Limited.	1	0	Nil	1	0	NIL	0
3	Mahindra and Mahindra Limited Jointly with Mr. V S Parthasarathy	0	0	0	1	0	0	0
4	Mahindra and Mahindra Limited Jointly with Mr. S Durgashankar.	0	0	0	1	0	0	0
5	Mahindra and Mahindra Limited Jointly with Mr. Narayan Shankar	0	0	0	1	0	0	0
6	Mahindra and Mahindra Limited Jointly with Mr. Arvind Mehra	0	0	0	1	0	0	0
7	Mahindra and Mahindra Limited Jointly with Mr. Nikhil Sohoni	0	0	0	1	0	0	0
8	Mahindra and Mahindra Limited Jointly with Mr. Rajesh Parte	0	0	0	1	0	0	0
9	Mahindra and Mahindra Limited Jointly with Mr. Feroze Baria	0	0	0	1	0	0	0
	Total	153,534,824	66.67	NIL	48,21,20,326	86.26	NIL	19.59

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	15,35,34,824	66.67%		
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Allotted on 30th June, 2017			13,10,34,482	
	Allotted on 2nd August, 2017			19,75,51,020	
	At the end of the year (or on the date of separation, if separated during the year)			48,21,20,326	86.26

(iv) Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Kotak Mahindra Trusteeship Services Limited (Trustee of Kotak India Growth Fund II)				
	At the beginning of the year	5,54,78,722	24.09		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			5,54,78,722	9.93

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
2	Kotak India Private Equity Fund				
	At the beginning of the year	2,02,67,270	8.80		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			2,02,67,270	3.63

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
3	Kotak Investment Advisors Limited				
	At the beginning of the year	10,13,309	0.44		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):		–		
	At the end of the year (or on the date of separation, if separated during the year)			10,13,309	0.18

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Mr. S P Shukla, Director, as nominee of Mahindra and Mahindra Limited**				
	At the beginning of the year	1	0		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Transfer 4.3.2016	–	–	–	–
	At the end of the year			1	0

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2.	**Mr. V S Parthasarathy Director (Jointly with Mahindra and Mahindra Limited)**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): 7th February, 2018 Transfer from Mahindra and Mahindra Limited to Mahindra and Mahindra Limited jointly with Mr. V S Parthasarathy.	0	0	1	0
	At the end of the year			1	0

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Mr. Arvind Mehra, Director (Jointly with Mahindra and Mahindra Limited)				
3.	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): 7th February, 2018 - Transfer from Mahindra Aerospace Private Limited to Mahindra Aerospace Private Limited jointly with Mr. Arvind Mehra.	0	0	1	0
	At the end of the year			1	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	NCCPS	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)					
i) Principal Amount	–	–	–	346.53	346.53
ii) Interest due but not paid	–	–	–	–	–
iii) Interest accrued but not due	–	–	–	95.95	95.95
Total (i+ii+iii)	NIL	NIL	NIL	442.48	442.48
Change in Indebtedness during the financial year					
• Addition	–	–	–	–	–
• Reduction	–	–	–	–	–
Net change	NIL	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year 31.03.2018					
i) Principal Amount	–	–	–	346.53	346.53
ii) Interest due but not paid	–	–	–	–	–
iii) Interest accrued but not due	–	–	–	153.47	153.47
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**500.00**	**500.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Mr. S P Shukla Managing Director	Mr. Arvind K Mehra Whole-Time Director	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	168.00	168.00
	(b) Value of perquisites u/s 17(2)Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - As % of Profit - Others, specify…	–	–	–
5.	Others, please specify - Long Term Incentive Plan	27.40	–	27.40
	Total (A)	**27.40**	**168.00**	**195.40**
	Ceiling as per the Act	In accordance with Companies Act, 2013.	Rs. 168 Lakhs based on effective capital in accordance with Schedule V to the Companies Act, 2013, as amended.	

B Remuneration to other directors:

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mrs. Rajyalakshmi Rao Meka	Dr. Devi Singh	
1. Independent Directors • Fee for attending board/committee meetings	1.20	1.00	2.20
• Commission	NIL	NIL	NIL
• Others, please specify	NIL	NIL	NIL
Total (1)			
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings	NIL	NIL	NIL
• Commission	NIL	NIL	NIL
• Others, please specify	NIL	NIL	NIL
Total (2)	NIL	NIL	NIL
Total B = (1+2)	**1.20**	**1.00**	**2.20**
Ceiling as per the Act	–	–	Rs. 1 Lakh per meeting per Independent Director as per Companies Act, 2013

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Mr. T Subrahmanya Sarma, Chief Financial Officer	Mr. V S Ramesh (Company Secretary)	TOTAL
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.48	–	**9.48**
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	- As % of Profit	–	–	–
	- Others, specify...	–	–	–
5.	Others, please specify	–	1.51	**1.51**
	Total	**9.48**	**1.51**	**10.99**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director

S P Shukla
Chairman & Managing Director

Mumbai, 3rd May, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of **Mahindra Aerospace Private Limited**

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Aerospace Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 28 April 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 27 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vikash Gupta
Partner
Membership No: 064957

Place: Bangalore
Date: 3 May 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the Company did not have any immovable property. Therefore, the provision of clause 3(i) (c) of the said Order is not applicable to the company.

(ii) According to the information and explanations given to us, the Company did not have any inventory. Therefore, the provision of clause 3(ii) of the said Order is not applicable to the company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made and guarantees given. Further, there are no security given in respect of which provisions of section 185 and 186 of the Act are applicable.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of duty of Excise and duty of Customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax or Sales tax or Service tax or Goods and Services tax or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending
Service tax	Service tax	98.96	2011-12	Commissioner of Service tax

(viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of sector 177 to the act are not applicable to the company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vikash Gupta
Partner
Membership No: 064597

Place: Bangalore
Date: 3 May 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Aerospace Private Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vikash Gupta
Partner
Membership No: 064957

Place: Bangalore
Date: 3 May 2018

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note	As at March 31, 2018	Rs in Lakhs As at March 31, 2017 “
Assets			
Non-current assets			
Property, plant and equipment	3	**–**	0.50
Capital work in progress	3	**–**	274.63
Intangible assets	3	**–**	0.82
Intangible assets under development	3	**–**	1,703.63
Financial assets			
Investments	4	**58,617.70**	45,609.58
Others financial assets	5	**7.09**	0.05
Other non-current assets	6	**–**	–
Income tax assets (net)	7	**89.04**	67.26
Total non-current assets		**58,713.83**	47,656.47
Current assets			
Financial assets			
Cash and cash equivalents	8	**77.65**	112.85
Bank balance other than cash and cash equivalents	9	**–**	138.13
Others financial assets	5	**519.38**	243.88
Other current assets	10	**65.80**	13.83
Total current assets		**662.83**	508.69
Total assets		**59,376.66**	48,165.16
Equity and liabilities			
Equity			
Equity share capital	11	**55,887.96**	23,029.41
Other equity	12	**2,546.05**	24,519.34
Total equity		**58,434.01**	47,548.75
Non-current liabilities			
Financial liabilities			
Borrowings	13	**500.00**	–
Provisions	14	**1.37**	1.74
Total non-current liabilities		**501.37**	1.74
Current liabilities:			
Financial liabilities			
Borrowings	13	**–**	442.48
Trade payable	15	412.50	145.07
Other current liabilities	16	28.07	26.78
Provisions	14	0.71	0.34
Total current liabilities		441.28	614.67
Total equity and liabilities		59,376.66	48,165.16
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs in Lakhs

Particulars	**Note**	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue from operations	17	**–**	5.41
Other income	18	**220.73**	90.00
Total income		**220.73**	95.41
Expenses			
Employee benefits expense	19	**47.60**	11.54
Finance costs	20	**57.66**	50.91
Depreciation and amortization expense	21	**1.32**	1.20
Impairment loss of capital work in progress and Intangible assets under development	30	**1,978.26**	395.00
Other expenses	22	**11,445.64**	161.98
Total expenses		**13,530.48**	620.63
Loss before tax		**(13,309.75)**	(525.22)
Tax expense:			
Current tax		**0.47**	26.00
Deferred tax		**–**	–
Income tax expense		**0.47**	26.00
Loss for the year		**(13,310.22)**	(551.22)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans		**(4.52)**	(0.14)
Other comprehensive income for the year, net of tax		**(4.52)**	(0.14)
Total comprehensive income for the year		**(13,314.74)**	(551.36)
Earnings per equity share:			
Basic	28	**(2.90)**	(0.24)
Diluted	28	**(2.90)**	(0.24)

Significant accounting policies

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs in Lakhs

Particulars	**Year ended March 31, 2018**		Year ended March 31, 2017	
A. Cash flow from operating activities:				
Loss before tax		**(13,309.75)**		(525.22)
Adjustments for:				
Depreciation and amortisation expense	**1.32**		1.20	
Finance costs	**57.66**		50.91	
Interest income	**(8.49)**		(54.52)	
Fair value gain on financial instruments at FVTPL	**–**		(18.07)	
Profit on sale of property, plant and equipment	**–**		(0.14)	
Provision for diminution in value of long term investments	**11,165.00**		–	
Provision for service tax credit receivable	**10.81**		5.56	
Impairment loss of capital work in progress and Intangible assets under development	**1,978.26**		395.00	
		13,204.56		379.94
Operating (loss) before working capital changes		**(105.19)**		(145.28)
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Trade receivables	**–**		146.29	
Current financial and other current assets	**(338.16)**		784.75	
Non-current financial and other non-current assets	**(7.17)**		–	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**251.64**		(147.35)	
Other current liabilities	**17.09**		1.71	
Provisions	**(4.52)**		(3.32)	
		(81.12)		782.08
Cash generated from operations		**(186.31)**		636.80
Net income tax (paid)/refunds		**(22.25)**		23.56
Net cash flow (used in)/from operating activities (A)		**(208.56)**		660.36
B. Cash flow from investing activities:				
Proceeds from sale of property, plant and equipment	**–**		1.17	
Proceed from sale of investments	**–**		403.30	
Investment in subsidiaries	**(24,173.12)**		(20,453.65)	
Bank deposits matured	**138.13**		372.44	
Interest income received	**8.49**		105.19	
Net cash flow from/(used in) investing activities (B)		**(24,026.50)**		(19,571.55)

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (CONTINUED)

Particulars		Year ended March 31, 2018		Year ended March 31, 2017
C. Cash flow from financing activities				**Rs in Lakhs**
Proceeds from issue of equity shares	**24,200.00**		19,000.00	
Finance costs	**(0.14)**		–	
Net cash flow from financing activities (C)		**24,199.86**		19,000.00
Net (decrease) / increase in Cash and cash equivalents (A+B+C)		**(35.20)**		88.81
Cash and cash equivalents at the beginning of the year		**112.85**		24.04
Cash and cash equivalents at the end of the year (Refer note 8)		**77.65**		112.85

Significant accounting policies (Refer note 2)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital:

	Rs in Lakhs
At April 1, 2016	**23,029.41**
Add: changes in equity shares	–
At March 31, 2017	**23,029.41**
Add: changes in equity shares	32,858.55
At March 31, 2018	**55,887.96**

b. Other equity

Rs in Lakhs

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2016	153.47	20,902.53	(14,989.73)	4.43	6,070.70
Loss for the period	–	–	(551.22)	–	(551.22)
Additions during the year	19,000.00	–	–	–	19,000.00
Re-measurement (loss)/gain on defined benefit plans	–	–	–	(0.14)	(0.14)
Total comprehensive income	**19,000.00**	**–**	**(551.22)**	**(0.14)**	**18,448.64**
At March 31, 2017	**19,153.47**	**20,902.53**	**(15,540.95)**	**4.29**	**24,519.34**

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2017	19,153.47	20,902.53	(15,540.95)	4.29	24,519.34
Loss for the period	–	–	(13,310.22)	–	(13,310.22)
(Deletion)/addition during the year	(19,000.00)	10,341.45	–	–	(8,658.55)
Re-measurement (loss)/gain on defined benefit plans	–	–	–	(4.52)	(4.52)
Total comprehensive income	**(19,000.00)**	**10,341.45**	**(13,310.22)**	**(4.52)**	**(21,973.29)**
At March 31, 2018	**153.47**	**31,243.98**	**(28,851.17)**	**(0.23)**	**2,546.05**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2018

1. Corporate Information

Mahindra Aerospace Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018. The Company was incorporated on February 28, 2008 under the provisions of the Indian Companies Act, 1956. The Company is primarily involved in exploring various opportunities available in the Aerospace Sector. Presently the Company is holding investments in subsidiaries engaged in the business of manufacturing aircrafts and Aerostructures and design and development of 5 seat aircraft in technical collaboration with National Aerospace Laboratories (NAL). Also the company is exporting design services.

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 03 May 2018.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes: Note 26 - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

Note 23 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 27 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 33 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 - useful life of property, plant and equipment

Notes 4 and 5 - impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

– Note 25 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Plant and Machinery, Office equipment, furniture & fixtures	2 years, 5 years, 10 years, 15 years
Vehicles	5 years

The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Investment in subsidiaries

The company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

e) Revenue Recognition

Revenue from sale of goods and sale of scrap is recognised, when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenue from the sale of goods and sale of scrap is measured at the fair value of the consideration received or receivable, exclusive of sales tax, Goods and Service Tax (GST) and net of sales return, trade discounts and volume rebates.

Revenue from management service are recognised as the service are rendered to group companies on the basis of cost plus markup.

f) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases, where the Company is a lessor, is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

h) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries, joint venture and associates

Investment in subsidiaries, joint venture and associates Investment in subsidiaries, joint venture and associates is carried at cost in the financial statements.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Business combination

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

n) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

(iii) Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

o) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

p) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

q) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

r) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit / (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

t) Recent accounting pronouncement

Standards issued but not effective on Balance Sheet date:

Ind AS 115 – 'Revenue from Contracts with Customers'

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

i. Sales of goods

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

The Company has evaluated the impact of this amendment and concluded that there shall be no impact on its financial statements.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date that the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Amendment to Ind AS 40 – 'Investment Property'

The amendment explains that the transfer to, or from, investment property is made when there is an actual change of use, that is, the asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. The Company has evaluated the impact of this amendment and concluded that there shall be no impact on its financial statements.

Note 3: Property, plant and equipment

Rs in Lakhs

Particulars	Tangible assets						Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total	Computer software	Total	Grand Total
Cost									
As at April 01, 2016	**5.06**	**5.28**	**0.17**	**12.84**	**1.51**	**24.86**	**76.21**	**76.21**	**101.07**
Additions	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	(12.84)	–	(12.84)	–	–	(12.84)
As at March 31, 2017	**5.06**	**5.28**	**0.17**	**–**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Additions	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–
As at March 31, 2018	**5.06**	**5.28**	**0.17**	**–**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**

Rs in Lakhs

Particulars	Tangible assets						Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total	Computer software	Total	Grand Total
Accumulated Depreciation and Amortisation									
As at April 01, 2016	**4.83**	**5.07**	**0.17**	**11.32**	**1.41**	**22.80**	**74.72**	**74.72**	**97.52**
Charge for the year	–	0.01	–	0.49	0.03	0.53	0.67	0.67	1.20
Disposals	–	–	–	(11.81)	–	(11.81)	–	–	(11.81)
As at March 31, 2017	**4.83**	**5.08**	**0.17**	**–**	**1.44**	**11.52**	**75.39**	**75.39**	**86.91**
Charge for the year	0.23	0.20	–	–	0.07	0.50	0.82	0.82	1.32
Disposals	–	–	–	–	–	–	–	–	–
As at March 31, 2018	**5.06**	**5.28**	**0.17**	**–**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Net block									
At April 01, 2016	0.23	0.21	–	1.52	0.10	2.06	1.49	1.49	3.55
At March 31, 2017	0.23	0.20	–	–	0.07	0.50	0.82	0.82	1.32
As at March 31, 2018	–	–	–	–	–	–	–	–	–s

Net book value	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Property, plant and equipment	–	0.50	2.06
Intangible assets	–	0.82	1.49
Capital work in progress (Refer note 30)	–	274.63	274.63
Intangibles assets under development (Refer note 30)	–	1,703.63	2,098.63

Note 3A: Intangible asset under development and CWIP

Net book value	As at March 31, 2018	As at March 31, 2017
Intangible assets including CWIP	**1,978.26**	2,373.26
Less: Provision for impairment	**(1,978.26)**	(395.00)
Total	–	1,978.26

Note 4: Investments

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
At cost less provision for other than temporary impairment		
Unquoted equity shares		
Investment in wholly owned subsidiaries		
Mahindra Aerospace Australia PTY Ltd	**51,464.23**	35,991.11
[102,238,500 (2017: 70,738,500) Shares of AU $ 1 each]		
Less: Provision for diminution in value of investment	**(21,887.53)**	(13,917.53)
	29,576.70	22,073.58
Mahindra Aerostructures Pvt Ltd	**32,236.00**	23,536.00
[322,360,000 (2017: 235,360,000) Equity Shares of Rs.10 each] Less: Provision for diminution in value of investment	**(3,195.00)**	–
	29,041.00	23,536.00
	58,617.70	45,609.58
Total unquoted non-current investments	**83,700.23**	59,527.11
Aggregate provision for impairment in value of investments	**(25,082.53)**	(13,917.53)

Note 5: Other financial assets

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non current		
Security deposits	**7.09**	0.05
	7.09	0.05
Current		
Security deposits to related party (Refer note 24)	**3.60**	7.20
Other deposits to related party (Refer note 24)	**1.00**	–
Dues from related parties (Refer note 24)	**514.65**	236.68
Interest accrued on deposits	**0.13**	–
	519.38	243.88

Note 6: Other non-current assets

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with government authorities		
Service tax credit receivable	**178.16**	–
Less: Provision	**(178.16)**	–
	–	–

Note 7: Income tax assets (net)

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
TDS receivable (net of provision for taxation)	89.04	67.26
	89.04	67.26

Note 8: Cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with banks		
In current accounts	**8.58**	10.32
In deposit accounts with original maturity of less than three months	**69.00**	102.49
Cash on hand	**0.07**	0.04
	77.65	112.85

Note 9: Bank balance other than cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Restricted Cash and bank balances - Current		
Earmarked deposit accounts with banks	–	138.13
	–	138.13

Note 10 - Other current assets

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with government authorities		
Service tax credit receivable	–	167.35
Less: Provision	–	(167.35)
	–	–
GST credit receivable	**28.31**	–
	28.31	–
Others	**45.70**	17.57
Less: Provision for doubtful advances	**(8.21)**	(8.21)
	37.49	9.36
Gratuity (Fund balance in excess of liability) (Refer note 23)	–	4.47
	–	4.47
	65.80	13.83

Note 11 - Share Capital

Rs in Lakhs

	Particulars	As at March 31, 2018 Nos	As at March 31, 2018 Amount	As at March 31, 2017 Nos	As at March 31, 2017 Amount
1	Authorised :				
	Equity shares of Rs.10 each	**750,000,000**	**75,000.00**	400,000,000	40,000.00
	5% Non-Cumulative Compulsorily Convertible Preference shares of Rs. 10 each	**15,000,000**	**1,500.00**	15,000,000	1,500.00
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs. 10 each	**190,000,000**	**19,000.00**	190,000,000	19,000.00
	Total	**955,000,000**	**95,500.00**	605,000,000	60,500.00
2	Issued :				
	Equity shares of Rs 10 each :				
	Opening Balance	**230,294,125**	**23,029.41**	230,294,125	23,029.41
	Add: Issued during the year (Refer below note 4)	**372,585,502**	**37,258.55**	–	–
	Closing balance	**602,879,627**	**60,287.96**	230,294,125	23,029.41
3	Subscribed and fully paid up :				
	Equity shares of Rs 10 each :				
	Opening Balance	**230,294,125**	**23,029.41**	230,294,125	23,029.41
	Add: Issued during the year	**328,585,502**	**32,858.55**	–	–
	Closing balance	**558,879,627**	**55,887.96**	230,294,125	23,029.41
4	Issued :				
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs 10 each				
	Opening Balance	**190,000,000**	**19,000**	–	–
	Add: Issued during the year	**–**	**–**	190,000,000	19,000
	Less: Converted during the year	**(190,000,000)**	**(19,000)**	–	–
	Closing balance	**–**	**–**	190,000,000	19,000
5	Subscribed and fully paid up :				
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs.10 each				
	Opening Balance	**190,000,000**	**19,000**	–	–
	Add: Issued during the year	**–**	**–**	190,000,000	19,000
	Less: Converted during the year	**(190,000,000)**	**(19,000)**	–	–
	Closing balance	**–**	**–**	190,000,000	19,000

Notes:

1) Out of the total equity shares, 482,120,326 (2017: 153,534,824) equity shares are held by Mahindra and Mahindra Ltd., the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% equity shares in the Company:

Name of the Shareholder	**As at March 31, 2018**		As at March 31, 2017	
	Nos	**%**	Nos	%
Mahindra and Mahindra Limited	**482,120,326**	**86.26%**	153,534,824	66.67%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	**55,478,722**	**9.93%**	55,478,722	24.09%
Kotak India Private Equity Fund	**20,267,270**	**3.63%**	20,267,270	8.80%

3) **Rights, preferences and restrictions attached to shares:**

a) Equity Shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) 5% Non-Cumulative Compulsorily Convertible Preference shares (compound financial instruments):

50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference shares (NCCCPS) of Rs.10 each were issued in March 2015 to the holding Company, Mahindra & Mahindra Ltd. The NCCCPS holders will not entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The NCCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The NCCCPS of Rs. 10 each shall have a preferential right to payment of divided and repayment, in the case of winding up or repayment of capital. The NCCCPS are convertible in to equity shares within a period of 3 years at a price to be determined as per terms of the issue.

During the current year company had extended the tenure of preference shares for the period of 3 years. The preference shares shall be compulsorily convertable into equity shares on or beforen March 30, 2021 at a price/rate which is discount of 18% to the price at which the above mentioned next round of funding happens. The IRR discount of 18% shall be adjusted to the extent of the dividend paid to the NCCCPS holders. In the event of equity infusion does not happen on or before March 30, 20121, then these NCCCPS shall be compulsorily converted into equity shares at par on March 30, 2021. The other terms of the issue of these NCCCPS shall remain same.

c) 0.10% Cumulative Compulsorily Convertible Preference shares:

190,000,000, 0.1% Cumulative Compulsorily Convertible Preference shares(CCCPS) of Rs. 10 each were issued during September 2016 and December 2016 to the holding Company, Mahindra & Mahindra Ltd. The CCCPS holders will not entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The CCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The CCCPS of Rs.10 each shall have a preferential right to payment of divided and repayment, in the case of winding up or repayment of capital. The CCCPS are converted in to equity shares as on 30th June 2017 at a price of Rs. 14.50.

4) During the current year, the company has made a rights issue offer of 44,000,000 equity shares of Rs. 10 each for cash at par. The offer period was initially from 22 Febraury 2018 to 12 March 2018 (both days inclusive) and further extended till 27 March 2018. After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company. During the offer period these shares was not subscribed and till reporting date also the above mentioned shares were unsubscribed.

Note 12: Other equity

A) Securities premium account

	Rs in Lakhs
Particulars	Amount
At April 1, 2016	**20,902.53**
Additions during the year	–
At March 31, 2017	**20,902.53**
Additions during the year	10,341.45
At March 31, 2018	**31,243.98**

Security premium account is used to record the premium on issue of equity shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013

B) Retained earnings

	Rs in Lakhs
Particulars	**Amount**
At April 1, 2016	**(14,989.73)**
Loss for the year	(551.22)
At March 31, 2017	**(15,540.95)**
Loss for the year	(13,310.22)
At March 31, 2018	**(28,851.17)**

C) Other comprehensive income

	Rs in Lakhs
Particulars	**Amount**
At April 1, 2016	**4.43**
Re-measurement gain/(loss) on defined benefit plans	(0.14)
At March 31, 2017	**4.29**
Re-measurement gain/(loss) on defined benefit plans	(4.52)
At March 31, 2018	**(0.23)**

D) Equity components of 5% Non-Cumulative Compulsorily Convertible Preference shares

	Rs in Lakhs
Particulars	**Amount**
At April 1, 2016	**153.47**
Additions during the year	–
At March 31, 2017	**153.47**
Additions during the year	–
At March 31, 2018	**153.47**

E) 0.10% Cumulative Compulsorily Convertible Preference shares

Particulars	Rs in Lakhs Amount
At April 1, 2016	–
Additions during the year	19,000.00
At March 31, 2017	19,000.00
Additions during the year	–
Converted into equity shares [Refer note 11 (3) (c)]	(19,000.00)
At March 31, 2018	–

Total other equity

At April 1, 2016	6,070.70
At March 31, 2017	24,519.34
At March 31, 2018	**2,546.05**

Note 13: Borrowings

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
5% Non-cumulative compulsorily convertible preference shares - Non Current		
Opening Balance	**442.48**	–
Issued during the year	**–**	–
Closing Balance	**442.48**	–
Interest accrued	**57.52**	–
	500.00	–
5% Non-cumulative compulsorily convertible preference shares - Current		
Opening Balance	**–**	391.57
Issued during the year	**–**	–
Closing Balance	**–**	391.57
Interest accrued	**–**	50.91
	–	**442.48**

Note: For repayment terms and interest: Refer note 11 (3)(b).

Note 14: Provisions

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non Current		
Compensated absences	**1.37**	1.74
	1.37	1.74
Current		
Gratuity (Refer note 23)	**0.45**	–
Compensated absences	**0.26**	0.34
	0.71	0.34

Note 15: Trade payable

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables		
Dues to micro and small enterprises (Refer note 29)	**–**	–
Dues to related parties (Refer note 24)	**371.10**	132.51
Due to others	**41.40**	12.56
	412.50	145.07

Note 16: Other current liabilities

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues	**10.89**	10.77
Payables to employees	**16.97**	15.80
Others	**0.21**	0.21
	28.07	26.78

Note 17: Revenue from operations

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	–	5.41
	–	5.41

Note 18: Other income

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income from management services	**207.91**	–
Gain on foreign exchange translation	**2.18**	–
Fair value gain on financial instruments at FVTPL	**–**	18.07
Profit on sale of property plant and equipment	**–**	0.14
Interest income on bank deposits	**8.49**	54.52
Other miscellaneous income	**2.15**	17.27
	220.73	90.00

Note 19: Employee benefits expense

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	**45.32**	8.97
Contribution to provident and other funds	**2.28**	2.55
Staff welfare expenses	**–**	0.02
	47.60	11.54

Note 20: Finance costs

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest others	**0.14**	–
Interest on NCCPS (Refer note 13)	**57.52**	50.91
	57.66	50.91

Note 21: Depreciation and amortisation expense

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of tangible assets	**0.50**	0.53
Amortisation of intangible assets	**0.82**	0.67
	1.32	1.20

Note 22: Other expenses

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent (Refer note 26)	**8.51**	8.30
Rates and taxes	**43.27**	61.90
Insurance	**0.22**	2.59
Legal and other professional charges	**210.54**	48.36
Auditors' remuneration (refer note below)	**3.00**	15.57
Directors' sitting fees	**2.20**	2.70
Loss on foreign exchange translation	**–**	7.28
Provision for diminution of Investments	**11,165.00**	–
Provision for doubtful service tax credit receivable	**10.81**	5.56
Bank charges	**0.50**	0.63
Other miscellaneous expenses	**1.59**	9.09
	11,445.64	161.98

Note:

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Auditors' remuneration includes:		
Statutory audit	**3.00**	6.00
Tax audit and taxation matters	**–**	5.25
Other services and certifications	**–**	4.32
	3.00	15.57

(a) Defined Contribution Plan:

The Company's contribution to Provident Fund and others aggregating Rs. 1.88 Lakhs (2017: Rs. 2.55 Lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Rs in Lakhs

Particulars	Funded Plan	
	Gratuity	
	31-Mar-18	31-Mar-17
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**0.73**	0.45
Net Interest cost	**(0.33)**	0.02
	0.40	0.47
II. Recognised in comprehensive income for the year		
Return on plan assets	**2.02**	–
Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions	**–**	–
– Financial Assumptions	**(0.33)**	0.18
– Experience Adjustments	**2.83**	(0.04)
	4.52	0.14
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**8.26**	10.29
2. Acquisitions/Divestures/Transfer (transfer of employees to MASPL)	**–**	(3.45)
3. Current Service Cost	**0.73**	0.45
4. Interest cost	**0.47**	0.83
5. Recognised in Other Comprehensive Income		
– Actuarial Gain (Loss) arising from:	**2.50**	0.14
6. Benefit paid	**(3.99)**	–
Present value of defined benefit obligation at the end of the year	**7.97**	8.26
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	**12.73**	11.73
2. Interest income	**0.80**	0.81
3. Recognised in Other Comprehensive Income		
– Return on plan assets	**(2.02)**	–

Rs in Lakhs

Particulars	Funded Plan	
	Gratuity	
	31-Mar-18	31-Mar-17
4. Contributions by employer	**–**	0.19
5. Benefit paid	**(3.99)**	–
Fair value of plan assets at the end of the year	**7.52**	12.73
V. Net Liability/(Asset) recognised in the Balance Sheet		
– Present value of defined benefit obligation	**7.97**	8.26
– Fair value of plan assets	**7.52**	12.73
Net liability/(Asset)	**0.45**	(4.47)
Current portion of the above	**0.45**	(4.47)
Non current portion of the above	**–**	–

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Acturial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	**31-Mar-18**	31-Mar-17
Discount rate	**7.44%**	6.85%
Future salary increases	**8.00%**	8.00%
Attrition rate	**5.00%**	5.00%
Estimated rate of return on plan assets	**7.44%**	6.85%
Mortality	**Indian Assured Lives Mortality (2006-08) (Ultimate)**	Indian Assured Lives Mortality (2006-08) (Ultimate)

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

Rs in Lakhs

Particulars	**Gratuity**						
Assumptions	**Discount Rate**		**Further Salary Increase**		**Attrition**		**Mortality**
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
	INR	INR	INR	INR	INR	INR	INR
Impact on defined benefit obligation - Gratuity	7.46	8.54	8.52	7.46	7.93	8.02	7.97
Pecentage change	-6.49%	7.08%	6.85%	-6.39%	-0.53%	0.57%	0.01%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions by the Company to the defined benefit plan in future years:

Particulars	**Gratuity**	
	31-Mar-18	31-Mar-17
Within the next 12 months	**0.40**	0.36
Between 2 and 5 years	**1.44**	1.31
Between 6 and 10 years	**1.26**	4.29

i) Related parties where control exists along with nature of relationship

Name of the party	**Nature of Relationship**
Mahindra & Mahindra Ltd.	Holding Company
Mahindra Aerostructures Private Limited	Subsidiary
Mahindra Aerospace Australia Pty Ltd	Subsidiary
GippsAero Pty Ltd	Step Down Subsidiary

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel

Mr. S. P. Shukla	Managing Director (w.e.f. 1 March 2017)
Mr. Arvind Kumar Mehra	Chief Executive Officer & Executive Director
Mr. T. S. Sarma	Chief Financial Officer
Mr. Sudhir Yagnik	Non-executive director
Dr. Devi Singh	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director (w.e.f. 28 April 2017)
Ms. Rajyalakshmi Rao Meka	Non-executive director
Mr. V S Parthasarathy	Non-executive director
Mr. S.Ramakrishna	Non-executive director
Mr. K. V. Ramakrishna	Non-executive director
Mr. V.S. Ramesh	Company Secretary

Other parties with whom transaction have taken place during the year:

Name of Related Party	**Nature of Relationship**
Mahindra Integrated Business Solution Pvt Ltd.	Fellow Subsidiary

iii) Details of the transactions with the related parties

Rs in Lakhs

Particulars	**2017-18**	2016-17
I. Transactions with Group entities		
Services Received		
Mahindra & Mahindra Ltd	**346.24**	90.25
Mahindra Integrated Business Solution Pvt Ltd.	**0.68**	0.96
	346.92	91.21
Reimbursement of expenses made to:		
Mahindra & Mahindra Ltd	**4.85**	11.03
Mahindra Aerostructures Private Limited	**64.47**	61.75
	69.32	72.78

Rs in Lakhs

Particulars	2017-18	2016-17
Services rendered		
Mahindra Aerostructures Private Limited	**94.19**	–
GippsAero Pty Ltd	**113.72**	5.41
	207.91	5.41
Rent expenses		
Mahindra Aerostructures Pvt Ltd	**8.49**	8.23
	8.49	8.23
Reimbursement of expenses received		
Mahindra Aerostructures Pvt Ltd	**144.97**	145.30
Mahindra Aerospace Australia Pty Ltd	**–**	23.16
GippsAero Pty Ltd	**142.63**	60.95
	287.60	229.41
Investment in equity		
Mahindra Aerospace Australia Pty Ltd	**15,473.12**	12,953.65
Mahindra Aerostructures Pvt Ltd	**8,700.00**	7,500.00
	24,173.12	20,453.65
Refund of rent deposit		
Mahindra Aerostructures Pvt Ltd	**3.60**	–
	3.60	–

Rs in Lakhs

Particulars	2017-18	2016-17
Shares issued		
Mahindra & Mahindra Ltd (Preference Shares)	**–**	19,000.00
Mahindra & Mahindra Ltd (Preference shares converted into equity shares including premium)	**19,000.00**	–
Mahindra & Mahindra Ltd (Equity shares including premium)	**24,200.00**	–
	43,200.00	19,000.00

II. Transactions with key managerial personnel

Salary and perquisites*		
Mr. S P Shukla	**27.40**	–
Mr. Arvind Kumar Mehra	**168.00**	60.00
Mr. T. S. Sarma	**9.26**	6.89
Sitting fees	**2.20**	2.70

* Compensation of key managerial personnel does not include post employment defined benefit plan and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are as follows:

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables		
Mahindra & Mahindra Ltd	**300.92**	62.99
Mahindra Aerostructures Pvt Ltd	**69.95**	68.93
Mahindra Integrated Business Solutions Pvt Ltd.	**0.23**	0.59
	371.10	132.51
Other financial assets		
Mahindra Aerostructures Pvt Ltd	**258.29**	152.56
Mahindra Aerospace Australia Pty Ltd	**–**	23.16
GippsAero Pty Ltd	**256.36**	60.96
	514.65	236.68
Security deposits (Asset)		
Mahindra Aerostructures Pvt Ltd	**3.60**	7.20
	3.60	7.20
Deposit Receivable		
Mahindra Aerostructures Pvt Ltd	**1.00**	–
	1.00	–

Notes:

1. Corporate Guarantees issued in respect of SBLC facilities availed by the holding company – Rs. Nil (2017: Rs. 2,353 lakhs) [equivalent to AUD Nil (2017: AUD 4.75 mn)]
2. Corporate Guarantees issued in respect of borrowings availed by subsidiary company (Mahindra Aerostructures Private Limited) - Rs. 9,500 Lakhs (2017: Rs. 10,400 Lakhs)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2018, including their levels in the fair value hierarchy.

Rs in Lakhs

Particulars		Carrying amount					Fair value			
	Note	FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Cash and cash equivalents	8	–	–	77.65	–	77.65				
Bank balance other than cash and cash equivalents	9	–	–	–	–	–				

Rs in Lakhs

Particulars	Note	Carrying amount FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
Security deposits	5	–	–	10.69	–	10.69				
Dues from related parties	5	–	–	514.65	–	514.65				
Other deposits	5			1.00	–	1.00				
Interest accrued on deposits	5	–	–	0.13	–	0.13				
		–	–	604.12	–	604.12				
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	13	–	–	–	500.00	500.00				
Trade payables	15	–	–	–	412.50	412.50				
CCCPS	12	–	–	–	–	–				
		–	–	–	912.50	912.50				

Rs in Lakhs

Particulars	Note	Carrying amount FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Cash and cash equivalents	8	–	–	112.85	–	112.85				
Bank balance other than cash and cash equivalents	9	–	–	138.13	–	138.13				
Security deposits	5	–	–	7.25	–	7.25				
Dues from related parties	5	–	–	236.68	–	236.68				
Other deposits	5			–	–	–				
Interest accrued on deposits	5	–	–	–	–	–				
		–	–	494.91	–	494.91				
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	13	–	–	–	442.48	442.48				
Trade payables	15	–	–	–	145.07	145.07				
CCCPS	12	–	–	–	19,000.00	19,000.00				
		–	–	–	19,587.55	19,587.55				

The fair value of cash and cash equivalents, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

– Market risk

– Credit risk

– Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses: The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

a. Interest rate risk

The company doesn't have borrowings. Hence interest rate risk is not applicable.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

c. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs in lakhs

	31-Mar-18		31-Mar-17	
Particulars	**Increase / decrease in basis points**	**Effect of profit before tax-Rs**	Increase / decrease in basis points	Effect of profit before tax-Rs
AUD	**+50**	**2.56**	+50	0.42
USD	**+50**	**(0.23)**	+50	Nil
AUD	**-60**	**(3.07)**	-60	0.50
USD	**-60**	**0.28**	-60	Nil

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

(ii) Credit risk

Company does not have any operations and hence credit risk is not applicable.

Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company's operation department in accordance with the Company's policy. Investments of surplus funds are made only with approved Banks within credit limits assigned. These credit limits are reviewed by the Company's Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2018 and 2017 is the carrying amounts.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Rs in lakhs

	On demand	**Less than 1 year**	**1 to 2 Year**	**2 to 5 year**	**More than 5 Years**	**Total**
Year ended 31 March 2018						
Borrowings (NCCPS)	–	–	–	500.00	–	500.00
Trade payables	–	412.50	–	–	–	412.50
	–	**412.50**	**–**	**500.00**		**912.50**
Year ended 31 March 2017						
Borrowings (NCCPS)	–	442.48	–	–	–	442.48
Trade payables	–	145.07	–	–	–	145.07
	–	**587.55**	**–**	**–**	**–**	**587.55**

D Capital management:

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity and profit and loss account as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding companies.

There is no change in the overall capital risk management strategy of the Company compared to last year.

26. Operating leases:

The Company has certain operating leases for office facilities (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of Rs. 8.51 lakhs (2017: Rs. 8.30 lakhs) in respect of obligation under operating leases have been recognised in the Statement of Profit and Loss.

27. Contingent liabilities:

(a) Corporate Guarantees issued in respect of borrowings availed by subsidiary company – Rs. 9,500 Lakhs (2017: Rs. 10,400 Lakhs)

(b) Guarantee given to Banks in consideration of the Standby Letter of Credit (SBLC) opened by them in favor of certain overseas banks as security for loan granted by such overseas banks to the Australian subsidiaries of the Company – Rs. Nil (2017: Rs. 2,353.63 Lakhs) [equivalent to AUD - Nil (2017: AUD 47.5 Lakhs)].

(c) Service tax matters under appeal Rs. 98.96 Lakhs (2017: Rs. 98.96 Lakhs)

(d) Income tax matters under appeal Rs. 88.00 Lakhs (2017: Rs. 5.08 Lakhs)

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

28. Earnings per shsare

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Rs in Lakhs

Sr. No.	Particulars	March 2018	March 2017
(a)	Earnings attributable to equity shareholders	**(13,310.22)**	(551.22)
(b)	Weighted average number of equity shares outstanding during the year	**458,920,771**	230,294,125
	Basic Earnings per share (Rs.)	**(2.90)**	(0.24)
	Diluted Earnings per share (Rs.)	**(2.90)**	(0.24)

29. Dues to micro and small enterprises

There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31 March, 2018. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors.

30. NM5 Project

During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (NM 5 Project). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset. The Company has built a prototype of the aircraft which has carried out a successful test flight. The Company is in the process of obtaining the required certification.

The Company had so far incurred an expenditure of Rs. 274.63 Lakhs on tools and jigs and Rs. 2,098.63 Lakhs towards the design & development and building one prototype aircraft and these are included under 'Capital work in progress' and 'Intangible assets under development' respectively.

During the current year, the Management has evaluated the carrying value of abovementioned assets based on the projections of the project and recognized an impairment of Rs. 1,978.26 Lakhs (2017: Rs. 395.00 Lakhs) in the Statement of Profit and Loss.

31. During the current year, the company has recognised an aggregate impairment loss of Rs. 11,165 Lakhs (2017: Nil) in statement of profit and loss, on investment in subsidiaries considering the performance of these companies and their future projections.

32. Segment Reporting:

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment of the Company is identified to be "manufacturing, design and development of aircrafts and Aerostructures" as the CODM reviews business performance at an overall Company level as one segment.

33. Income taxes

(a) Deferred tax asset on the business loss of Rs. 255.68 Lakhs (2017: Rs. 319.84 Lakhs) is not recognized as the Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

(b) Since the company has carry forward tax losses and did not have any significant tax expense, hence it has not disclosed the tax related disclosure as required under IND AS 12 "Income Taxes".

34. During the year ended 31 March 2018, no material foreseeable loss (2017: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

FORM AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART A - SUBSIDIARIES

Rs. In Lakhs

Name of the subsidiary	Mahindra Aerostructures Pvt Ltd	Mahindra Aerospace Australia Pty Ltd	Aerostaff Australia Pty Ltd	Gipp Aero Investemnts Pty Ltd	Gipps Aero Pty Ltd	Airvan Flight Services Pty Ltd	GA8 Airvan Pty Ltd	GA200 Pty Ltd	Nomad TC Pty Ltd	Airvan 10 Pty Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st Mar '18	31st Mar '18	1st Feb '18	27th Jan '18	31st Mar '18	31st Mar '18	31st Mar '18	31st Mar '18	31st Mar '18	31st Mar '18
Reporting currency	Rupees	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07	AUD=Rs.50.07
Share capital	32,236.00	51,190.82	3,004.20	47,339.82	43,811.26	0.00	0.00	0.00	5.66	0.01
Reserves & Surplus	(23,433.81)	(21,612.87)	(3,004.20)	(47,339.82)	(33,865.25)	(4.03)	(4.03)	(4.03)	(10.52)	(4.03)
Total assets	19,523.49	29,588.72	0.00	0.00	18,266.35	0.00	0.00	0.00	–	0.01
Total Liabilities	10,721.30	10.77	0.00	0.00	8,320.34	4.03	4.03	4.03	4.86	4.03
Investments	–	29,324.50	–	0.00	–	–	–	–	–	–
Turnover	4,893.16	153.50	299.33	–	5,333.08	–	–	–	–	–
Profit before taxation	(5,240.91)	(8,369.72)	(244.93)	(1.85)	(10,080.36)	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)
Provision for taxation	–	–	–	–	–	–	–	–	–	–
Profit after taxation	(5,240.91)	(8,369.72)	(244.93)	(1.85)	(10,080.36)	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)
Other comprehensive income	(11.53)	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	(5,252.44)	(8,369.72)	(244.93)	(1.85)	(10,080.36)	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)
Proposed Dividend	–	–	–	–	–	–	–	–	–	–
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Additional Information:

1) Names of subsidiaries which which are yet to commence operations: Nil

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

PART B - ASSOCIATES and JOINT VENTURES : None

1) Names of associates or joint ventures which are yet to commence operations: Nil

2) Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Ltd.

Mr. S.P. Shukla
Managing Director
DIN: 00007418

Mr. Arvind Mehra
Whole Time Director
DIN: 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Dated: May 03, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA AEROSTRUCTURES PRIVATE LIMITED

Your Directors present their Eighth Report together with the audited financial statements of your Company for the year ended 31st March, 2018.

FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Revenue	**4,893.16**	3,182.65
Profit/(Loss) before Interest, Depreciation and Tax	**(2,760.05)**	(2,076.94)
Less: Depreciation	**1,496.15**	1,294.80
Less: Impairment of Capital Work in Progress	**–**	325.00
Profit/(Loss) before Interest and Tax	**(4,256.20)**	(3,696.74)
Less: Interest Expense	**984.71**	1,556.64
Profit/(Loss) before Tax	**(5,240.91)**	(5,253.38)
Provision for Tax	**–**	–
Profit/(Loss) for the year	**(5,240.91)**	(5,253.38)
Retained earnings brought forward from earlier years	**(18,192.69)**	(12,939.31)
Retained Earnings carried to Balance Sheet	**(23,433.60)**	(18,192.69)
Net Worth	**8,802.19**	5,354.63

No material changes and commitments have occurred after the closure of financial year under review till the date of this report which would affect the financial position of your Company.

OPERATIONS

During the year, your Company has stabilized serial production for numerous customers, and delivered the millionth part to its largest customer, Premium Aerotec of Germany. During Financial Year 2018, your Company also signed direct contracts with both Boeing and Airbus, making it a Tier 1 to these major companies. Under the contract with Airbus, your Company has expanded from making soft metal components (aluminum alloys) to hard metal parts (Titanium, aerospace steels, etc.) and received necessary qualifications from Airbus for the same. Your Company also acquired new customers Dassault and Elbit. Your Company continues to pursue various opportunities in India and abroad for larger value work and these efforts are expected to yield results in the coming years.

DIVIDEND

In view of the losses, your Directors have not considered dividend for the year under review.

GENERAL RESERVE

Your Company has not transferred any amount to the General Reserve for the financial year 2017- 2018.

HOLDING COMPANY

Mahindra Aerospace Private Limited is your Holding Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements of consolidated financial statements are not applicable to your Company as your Company does not have subsidiaries, associates and joint ventures.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of the Company was increased from Rs.300,00,00,000 divided into 30,00,00,000 Equity Shares of the face value of Rs.10/- each to Rs. 350,00,00,000/- divided into 35,00,00,000 Equity Shares of the face value of Rs.10/- each by creating 50,00,000 additional Equity Shares of Rs.10/- each and to Rs. 450,00,00,000/- divided into 45,00,00,000 Equity Shares of the face value Rs.10/- each by creating 10,00,00,000 additional Equity Shares of Rs.10/- each.

During the year under review, your Company issued, offered and allotted 8,70,00,000 Equity Shares of Rs. 10/- each. A further issue and offer of 4,35,00,000 Equity Shares of Rs. 10/- each for cash at par was made on Rights basis and was cancelled on the date of this Report.

In view of the above, the issued and offered Equity Share Capital stood at Rs. 365,86,00,000/- and the Paid up Share Capital of the Company stood at Rs. 322,36,00,000/- as at the end of the Financial Year under Review.

BOARD OF DIRECTORS

The Composition of the Board of Directors of your Company, as on the date of this Report, is as under:

Sl. No.	Name of the Director	Designation	Executive/Non-Executive	Independent/ Non Independent
1	Mr. Shriprakash Shukla (DIN: 00007418)	Chairman	Non-Executive	Non Independent
2	Mr. Sudhir Yagnik (DIN: 07340019)	Director	Non-Executive	Non Independent
3	Mr. Arvind Kumar Mehra (DIN: 01039769)	Director	Non-Executive	Non Independent
4	Mrs. Rajyalakshmi Rao Meka (DIN: 00009420)	Director	Non-Executive	Independent
5	Dr. Karthik Krishnamurthy (DIN: 07130799)	Whole Time Director	Executive	Non Independent
6	Mr. Dhiraj Rajendran* (DIN: 06884408)	Director	Non-Executive	Non Independent

* Mr. Dhiraj Rajendran was appointed as Additional Director on 28th April, 2017.

Mr. R Laxman resigned as Director with effect from 17th April, 2017.

The one year tenure of Rear Admiral Sanjiv Kapoor AVSM (Retd.) (DIN: 07138582) Independent Director, who was reappointed for a 2nd term on 30th March, 2017, expired on 29th March, 2018. Rear Admiral Sanjiv Kapoor AVSM (Retd.) ceased to be a director with effect from 30th March, 2018.

Mr. Sudhir Yagnik (DIN: 07340019) and Dr. Karthik Krishnamurthy (DIN: 07130799) Directors retire by rotation and being eligible have offered themselves for reappointment.

Your Company has received declaration from Mrs. Rajyalakshmi Rao Meka to the effect that she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment / reappointment as Directors.

MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met four times during the year under review i.e. on 28th April, 2017, 2nd August, 2017, 8th November, 2017 and 7th February, 2018.

The attendance of the Directors at these meetings was as under:

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mr. Sudhir Yagnik	3
Mr. Arvind Mehra	4
Dr. Karthik Krishnamurthy	4
Mr. Dhiraj Rajendran	4
Ms. Rajyalakshmi Rao Meka	4
Rear Admiral Sanjiv Kapoor AVSM (Retd.)	4

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from operating team, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 the Board carried out an annual evaluation of performance of its own and individual Directors, including independent Director. Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation at the meeting held on 3rd May, 2018.

CODES OF CONDUCT

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and employees affirming compliance with the respective Codes of Conduct.

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE

The Composition of Committee, during the year under review, consisted of Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Rear Admiral Sanjiv Kapoor AVSM (Retd.), Independent Director and Mr. Sudhir Yagnik, Director.

Mrs. Rajyalakshmi Rao Meka was the Chairperson of the Audit Committee.

The Committee met two times during the year under review i.e., on 28th April, 2017 and 7th February, 2018 and complied with the terms of reference assigned to the Committee from time to time.

The attendance of the Members at these meetings was as under:

Name of Directors	No. of meetings attended
Mrs. Rajyalakshmi Rao Meka	2
Rear Admiral Sanjiv Kapoor AVSM (Retd.)	2
Mr. Sudhir Yagnik	2

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a wholly owned subsidiary Company from constituting an ‘Audit Committee’ the Committee has been dissolved with effect from 1st April, 2018.

NOMINATION AND REMUNERATION COMMITTEE

The Constitution of Nomination and Remuneration Committee, during the year under review, consisted of Rear Admiral Sanjiv Kapoor AVSM (Retd.), Independent Director, Mrs. Rajyalakshmi Rao Meka, Independent Woman Director, Mr. S P Shukla and Mr. Arvind Mehra, Directors.

Rear Admiral Sanjiv Kapoor AVSM (Retd.) was the Chairman of the Nomination and Remuneration Committee.

The Committee met three times during the year under review i.e. on 28th April, 2017, 2nd August, 2017 and 8th November, 2017.

The attendance of the Members at these meetings was as under:

Name of Directors	No. of meetings attended
Rear Admiral Sanjiv Kapoor AVSM (Retd.)	3
Mrs. Rajyalakshmi Rao Meka	3
Mr. S P Shukla	3
Mr. Arvind Mehra	3

Pursuant to the notifications dated 5th July, 2017 and 13th July, 2017 of MCA, exempting, inter alia, a wholly owned subsidiary Company from constituting ‘Nomination and Remuneration Committee, the Committee has been dissolved with effect from 1st April, 2018.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 8th November, 2017 without the presence of the Chairman or Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

GENERAL MEETINGS

Seventh Annual General Meeting of the Members was held on 2nd August, 2017. Extra Ordinary General Meetings of the members of the Company were held on 14th June, 2017 and 7th February, 2018.

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Vilas Chaubal resigned as Company Secretary with effect from 31st May, 2017 and Mr. V S Ramesh was appointed as Company Secretary with effect from 8th November, 2017.

The Shareholders of the Company at their Annual General Meeting held on 2nd August, 2017 approved the reappointment of Dr. Karthik Krishnamurthy as Whole Time Director with effect from 23rd March, 2017.

Mr. T Subrahmanya Sarma continued to be Chief Financial Officer of the Company during the year under review.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of Directors and Senior Management Personnel, together with the criteria for determining qualifications, positive attributes and independence of Directors.
- Policy on the remuneration of Directors, Key Managerial Personnel and other employees.

These Remuneration Policies are provided as **Annexure I** and the same forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company’s risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

VIGIL MECHANISM

The Vigil Mechanism is implemented through the Company's Whistleblower Policy to enable the Directors and Employees of the Company to report genuine concerns. The mechanism provides for adequate safeguards against victimization of persons reporting /disclosing and makes a provision for easy access to the Chairman of the Board/Chairperson of the Audit Committee for reporting, if any.

With the dissolution of Audit committee with effect from 1st April, 2018, concerns/complaints from directors and employees, if any, shall be reported to the Chairman of the Board.

INTERNAL FINANCIAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various processes of the Company. Significant issues, if any, were brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports were periodically submitted to the management and the Audit Committee. The Audit Committee reviewes these reports with the operating management with a view to provide oversight of the internal control systems.

Consequent to the dissolution of Audit Committee with effect from 1st April, 2018, the periodical reports shall be brought to the attention of the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS1 and SS2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

The SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

STATUTORY AUDITORS AND AUDIT REPORT

The Shareholders of the Company had, at their 7th Annual General Meeting held on 2nd August, 2017, appointed M/s. B S R & Co., LLP, Chartered Accountants, (Registration No: 101248 W/W-100022 as statutory auditors of the Company for a consecutive term of 5 years from the conclusion of the said Annual General Meeting until the conclusion of 12th Annual General Meeting to be held in the year 2022. The appointment was subject to ratification of appointment on annual basis.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions and criteria specified therein.

Accordingly, your Board recommends to the Shareholders the ratification of appointment of Statutory Auditors at the forthcoming Annual General Meeting.

The Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. M Siroya & Co, Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2018.

The Secretarial Audit Report for the financial year ended 31st March 2018, issued by the Secretarial Auditor, pursuant to the aforesaid provisions, is provided as **Annexure II** and the same forms part of this Report.

The Secretarial Auditors' Report is unmodified i.e does not contain any qualification, reservation or adverse remark or disclaimer.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors had not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this Report.

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2018.

COST AUDITOR

The Provisions of the Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company and accordingly, your Company has not appointed Cost Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** and the same forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES, OR INVESMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, your Company had not made any investment or given loans/ guarantees/securities particulars in respect of which are required to be given under section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V thereto applicable to ultimate parent Company Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the Related Party transactions entered, during the year under review, were in the ordinary course of business and on arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure IV** and the same forms part of this Report.

DISCLOSURES OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Being an unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT- 9 is provided as **Annexure V** and the same forms part of this Report.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Loan by the Company to purchase or subscribe shares having voting rights and not exercised directly by the employees.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Dr. Karthik Krishnamurthy Whole Time Director	**S. P. Shukla** Director

Mumbai, 3rd May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

POLICY FOR REMUNERATION OF DIRECTORS KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerostructures Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised, from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with aerospace component manufacturing companies.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for new employees other than KMPs and Senior Management Personnel will be decided by HR, and approved by the Managing Director / Whole Time Director / Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights and / or Stock Options / Long Term Incentive and Retention benefits to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Aerostructures Private Limited

"Committee(s)" means Committees of the Board for the time being in force.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman/ Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later. The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

    The framework lays down an architecture and processes to address these questions using the **3E** approach:

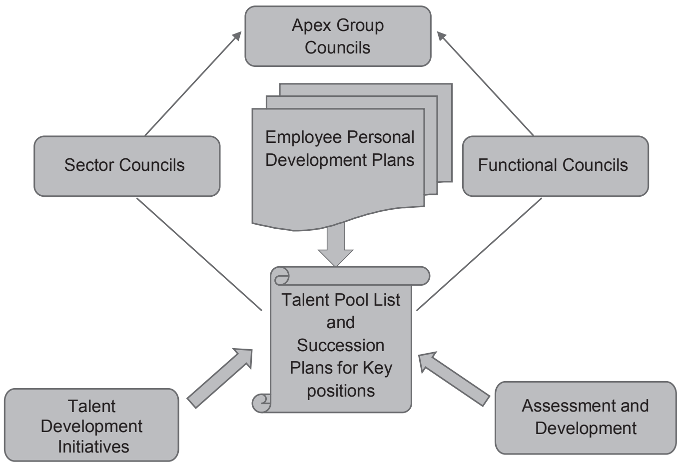
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels.

These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman.

The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/ Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Dr. Karthik Krishnamurthy	**Mr. S. P. Shukla**
Whole Time Director	Director

Mumbai, 3rd May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

– Report of the Secretarial Auditors

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Aerostructures Private Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerostructures Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder are not applicable to the Company during the year;

(iv) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and

2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Acts as prescribed under Direct Tax and Indirect Tax;

3. Stamp Acts and Registration Acts;

4. Labour Welfare Act; and

5. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at these meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) The Board of Directors at their meeting held on April 28, 2017, inter-alia, approved the issuance of 9,10,00,000 Equity Shares of Rs.10 each for cash at par on Rights basis;

(ii) The Board of Directors at their meeting held on August 02, 2017, inter-alia, approved the allotment of 8,70,00,000 Equity Shares of Rs. 10 each for cash at par on Right basis; and

(iii) The Board of Directors at their meeting held on February 7, 2018, inter-alia, approved the issuance of 4,35,00,000 Equity Shares of Rs.10 each for cash at par on Rights basis

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: May 3, 2018
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra Aerostructures Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: May 3, 2018
Place: Mumbai

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: NIL

(c) the capital investment on energy conservation equipments: NIL

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) **NIL**

iv) the expenditure incurred on Research and Development : **NIL**

FOREIGN EXCHANGE EARNINGS AND OUTGO: ***(in terms of actual inflow and outflow)***

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2018	For the Financial Year Ended 31st March, 2017
Total Foreign Exchange earned	**3,196.23**	1,652.95
Total Foreign Exchange used	**2,412.50**	2,035.74

For and on behalf of the Board

Dr. Karthik Krishnamurthy
Whole Time Director

Mr. S. P. Shukla
Director

Mumbai, 3rd May, 2018

ANNEXURE IV TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship		Nature of transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)		Date of approval by the Board	Amount paid as advances if any
1	Mahindra Aerospace Pvt Limited	Holding Company	Equity Received	1st April, 2017 to 31st March, 2018	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis	8,700.00	Since these RPTs were in the ordinary course of business and were at arm's length basis, approval of the Board was not applicable. However, necessary approvals were granted by the Audit Committee from time to time	–

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material.
- Contracts/transactions/arrangements for availing or rendering of services amounting to 10% or more of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure.

For and on behalf of the Board

Dr. Karthik Krishnamurthy
Whole Time Director

S. P. Shukla
Director

Mumbai, 3rd May, 2018

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U35122MH2011PTC212744
ii)	Registration Date	27/01/2011
iii)	Name of the Company	Mahindra Aerostructures Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Non-Government Indian Company
v)	Address of the Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No.022 2490 1441, Fax No. 022 2497 5081
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: 040-67162222, Fax: 040-23001153 Email Id: einward.ris@karvy.com; karisma@karvy.com; Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacture of aerospace components & assemblies	30305	**77.7%**
2	Job work charges	82990	**16.6%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra Aerospace Private Limited, Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U63033MH2008PTC179520	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	235,360,000	235,360,000	100	–	322,360,000	322,360,000	100	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	235,360,000	235,360,000	100	–	322,360,000	322,360,000	100	0
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	–	**235,360,000**	**235,360,000**	**100**	–	**322,360,000**	**322,360,000**	**100**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**235,360,000**	**235,360,000**	**100**	**–**	**322,360,000**	**322,360,000**	**100**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Aerospace Private Limited	235,359,999	100	0	32,23,59,992	100	0	0
2	Mr. S P Shukla (As nominee of Mahindra Aerospace Private Limited)*	1	0	0	1	0	0	0
3	Mahindra Aerospace Private Limited Jointly with Mr. V S Parthasarathy	0	0	0	1	0	0	0
4	Mahindra Aerospace Private Limited Jointly with Mr. S Durgashankar.	0	0	0	1	0	0	0
5	Mahindra Aerospace Private Limited Jointly with Mr. Narayan Shankar	0	0	0	1	0	0	0
6	Mahindra Aerospace Private Limited Jointly with Mr. Arvind Mehra	0	0	0	1	0	0	0
7	Mahindra Aerospace Private Limited Jointly with Mr. Nikhil Sohoni	0	0	0	1	0	0	0
8	Mahindra Aerospace Private Limited Jointly with Mr. Rajesh Parte	0	0	0	1	0	0	0
9	Mahindra Aerospace Private Limited Jointly with Mr. Feroze Baria	0	0	0	1	0	0	0
	Total	**235,360,000**	**100**	**0**	**322,360,000**	**100**	**0**	**0**

* held as nominee of Mahindra Aerospace Private Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in the shareholding pattern during the year 2017 – 2018.

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	235,360,000	100	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	Allotted on 2nd August, 2017	–	–	8,70,00,000	100
	At the end of the year (or on the date of separation, if separated during the year)	–	–	322,360,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs andADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. S. P. Shukla Director, (as nominee of Mahindra Aerospace Private Limited**				
	At the beginning of the year	1	0		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	0	0	0	0
	At the end of the year			1	0

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
2.	**Mr. Arvind Mehra, Whole time Director (Jointly with Mahindra Aerospace Private Limited)**				
	At the beginning of the year	1	0		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.): 02.08.2017 - Transfer from Mahindra Aerospace Private Limited to Mahindra Aerospace Private Limited jointly with Mr. Arvind Mehra.	0 –	0 –	1 –	0 –
	At the end of the year			1	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment **Rs. in Lakhs**

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year – 01-04-2017				
i) Principal Amount	6,174.00	6,554.46	–	12,728.46
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	58.20	44.32	–	102.52
Total (i+ii+iii)	6,232.20	6,598.78	–	12,830.98
Change in Indebtedness during the financial year				
• Addition	–	10,439.11	–	10,439.11
• Reduction	1,820.00	12,593.57	–	14,413.57
Net change	(1,820.00)	(2,154.46)	–	(3,974.46)
Indebtedness at the end of the financial year – 31-03-2018				
i) Principal Amount	4,354.00	4,400.00	–	8,754.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	35.13	–	–	35.13
Total (i+ii+iii)	**4,389.13**	**4,400.00**	**–**	**8,789.13**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: **Rs. in Lakhs**

Sl. No.	Particulars of Remuneration	Dr. Karthik Krishnamurthy Whole-time Director	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1)	53.88	53.88
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission – As % of Profit – Others, specify…	0	0
5.	Others, please specify – Long Term Incentive Scheme	6.58	6.58
	Total (A)	**60.46**	**60.46**
	Ceiling as per the Act		As per Schedule V to the Companies Act, 2013.

B. Remuneration to other directors: **Rs. in Lakhs**

Particulars of Remuneration	Name of Directors		
	Mrs. Rajyalakshmi Rao Meka (ID)	Rear Admiral Sanjiv Kapoor AVSM (Retd.) (ID)	Total Amount
Independent Directors			
• Fee for attending board/committee meetings	1.30	1.30	2.60
• Commission	–	–	–
• Others, please specify	–	–	–
Total (1)	1.30	1.30	2.60
Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–
Total (2)	–	–	–
Total B = (1+2)	**1.30**	**1.30**	**2.60**
Total Managerial Remuneration			**2.60**
Over all Ceiling as per the Act	–	–	Rs. 1 Lakh per meeting in accordance with Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD **Rs. in Lakhs**

Sl. No.	Particulars of Remuneration	Mr. T. Subrahmanya Sarma, Chief Financial Officer	Mr. V S Ramesh Company Secretary	TOTAL
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	33.05	–	33.05
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - As % of Profit - Others, specify…	–	–	–
5.	Others, please specify – Long Term Incentive Scheme	4.85	–	4.85
	others	–	1.51	1.51
	Total	**37.90**	**1.51**	**39.41**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

A. Company

		Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
	Penalty	–	–	–	–	–	–
	Punishment	–	–	–	–	–	–
	Compounding	–	–	–	–	–	–

B. Directors

		Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
	Penalty	–	–	–	–	–	–
	Punishment	–	–	–	–	–	–
	Compounding	–	–	–	–	–	–

C. Other Officers in Default

		Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
	Penalty	–	–	–	–	–	–
	Punishment	–	–	–	–	–	–
	Compounding	–	–	–	–	–	–

For and on behalf of the Board

Dr. Karthik Krishnamurthy
Whole Time Director

S. P. Shukla
Chairman

Mumbai, 3rd May, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of **Mahindra Aerostructures Private Limited**

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Aerostructures Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 28 April 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 32 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vikash Gupta
Partner
Membership No: 064957

Place: Bangalore
Date: May 03, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of immovable property been taken on lease and disclosed as property, plant and equipment in the Ind AS financial statements, the lease agreement are in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments, to parties covered under the register of sections 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the goods manufactured and services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax or Sales tax or Service tax or Goods and Services tax or duty of Customs, duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending
Custom duty	Custom Duty and Penalty	2,598.85	2014-15	Custom, Excise and Service Tax Appellate Tribunal
Custom duty	Custom Duty (excluding interest)	41.36	2014-15	Joint Commissioner of Customs

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

(x) According to the information & explanations given to us, no material fraud on the Company by its officers and employees of fraud by the Company has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vikash Gupta
Partner
Membership No: 064597

Place: Bangalore
Date: May 03, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Aerostructures Private Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vikash Gupta
Partner
Membership No: 064957

Place: Bangalore
Date: May 03, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. In lakhs

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3	**13,473.39**	12,794.40
Capital work in progress	3	**26.73**	852.48
Intangible assets	3	**113.85**	83.40
Financial assets			
Other financial assets	11	**30.64**	29.47
Other non-current assets	4	**1,212.09**	2,083.71
Income tax assets (net)	5	**45.07**	19.75
Total non-current assets		**14,901.77**	15,863.21
Current assets			
Inventories	6	**1,647.17**	1,604.52
Financial assets			
Loans	7	**–**	0.80
Trade receivables	8	**2,052.43**	1,176.43
Cash and cash equivalent	9	**302.57**	694.72
Bank balance other than cash and cash equivalents	10	**45.58**	108.40
Other financial assets	11	**77.03**	90.44
Other current assets	12	**496.94**	760.94
Total current assets		**4,621.72**	4,436.25
Total assets		**19,523.49**	20,299.46
Equity and liabilities			
Equity			
Equity share capital	13	**32,236.00**	23,536.00
Other equity	14	**(23,433.81)**	(18,181.37)
Total equity		**8,802.19**	5,354.63
Non-current liabilities			
Financial liabilities			
Borrowings	15	**2,341.64**	4,271.29
Trade payables	18	**–**	257.67
Other financial liabilities	16	**24.28**	–
Other non-current liabilities		**12.29**	8.78
Provisions	17	**51.42**	32.63
Total non-current liabilities		**2,429.63**	4,570.37

BALANCE SHEET AS AT MARCH 31, 2018 (CONTINUED)

Rs. In lakhs

Particulars	**Note**	**As at March 31, 2018**	As at March 31, 2017
Current liabilities			
Financial liabilities			
Borrowings	15	**4,400.00**	6,554.46
Trade payable	18	**1,415.12**	1,545.41
Other financial liabilities	16	**2,123.00**	1,991.95
Other current liabilities	19	**327.70**	269.65
Provisions	17	**25.85**	12.99
Total current liabilities		**8,291.67**	10,374.46
Total equity and liabilities		**19,523.49**	20,299.46
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. In lakhs

Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	20	**4,870.79**	3,127.30
Other income	21	**22.37**	55.35
Total income		**4,893.16**	3,182.65
Expenses			
Cost of materials consumed	22	**1,311.95**	973.65
Purchase of stock-in-trade		**81.98**	–
Changes in inventories of finished goods and work-in-progress	23	**(176.15)**	(300.50)
Employee benefits expense	24	**2,363.16**	1,925.49
Finance costs	25	**984.71**	1,556.64
Depreciation and amortization expense	26	**1,496.15**	1,294.80
Impairment loss	35	**–**	325.00
Other expenses	27	**4,072.27**	2,660.95
Total expenses		**10,134.07**	8,436.03
Loss before tax		**(5,240.91)**	(5,253.38)
Tax expense:			
Current tax		**–**	–
Deferred tax		**–**	–
Loss for the year		**(5,240.91)**	(5,253.38)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans		**(11.53)**	15.38
Other comprehensive income for the year, net of tax		**(11.53)**	15.38
Total comprehensive income for the year		**(5,252.44)**	(5,238.00)
Earnings per equity share:			
Basic	34	**(1.79)**	(2.86)
Diluted	34	**(1.79)**	(2.86)
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

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For B S R & Co. LLP
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CFO

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs. In lakhs

	Particulars		**For the year ended March 31, 2018**		For the year ended March 31, 2017
A.	**Cash flow from operating activities:**				
	Loss before tax		**(5,240.91)**		(5,253.38)
	Adjustments for:				
	Depreciation and amortisation expense	**1,496.15**		1,294.80	
	Finance costs	**984.71**		1,556.64	
	Interest income	**(7.17)**		(31.19)	
	Profit on sale of property plant and equipment	**(0.01)**		(5.73)	
	Provisions no longer required written back	**–**		(3.54)	
	Net unrealised exchange (gain) / loss	**(7.78)**	**2,465.90**	74.54	2,885.52
	Operating (loss) before working capital changes		**(2,775.01)**		(2,367.86)
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Inventories	**(42.65)**		(904.27)	
	Trade receivables	**(866.09)**		(755.78)	
	Current financial and other current assets	**278.15**		(499.88)	
	Non-current financial and other non-current assets	**905.50**		(13.75)	
	Adjustments for increase / (decrease) in operating liabilities:				
	Trade payables	**(132.41)**		458.80	
	Current financial and other current liabilities	**239.24**		(166.37)	
	Non-current financial liabilities	**(233.39)**		(534.90)	
	Other non-current liabilities	**3.51**		2.04	
	Provisions	**20.12**		19.53	
			171.98		(2,394.58)
	Cash generated from operations		**(2,603.03)**		(4,762.44)
	Net income tax (paid)/refunds		**(25.32)**		28.72
	Net cash flow (used in) operating activities (A)		**(2,628.35)**		(4,733.72)
B.	**Cash flow from investing activities:**				
	Payment to acquire property, plant and equipments, including capital advances	**(1,402.80)**		(502.79)	
	Proceeds from sale of property, plant and equipments	**5.17**		16.92	
	Bank deposits matured / (placed)	**62.82**		(108.00)	
	Interest income received	**7.23**		31.10	
	Net cash flow (used in) investing activities (B)		**(1,327.58)**		(562.77)
C.	**Cash flow from financing activities:**				
	Proceeds from issue of equity shares	**8,700.00**		7,500.00	
	Repayment of borrowings	**(14,523.23)**		(6,588.89)	
	Proceeds from borrowings	**10,439.11**		6,063.61	
	Finance costs	**(1,052.10)**		(1,532.21)	
	Net cash flow from financing activities (C)		**3,563.78**		5,442.51

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (CONTINUED)

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(392.15)**	146.02
Cash and cash equivalents at the beginning of the year	**694.72**	548.70
Cash and cash equivalents at the end of the year [Refer Note No. 9]	**302.57**	694.72

Significant accounting policies (Refer note 2)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
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CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital:

	Rs. In lakhs
As at April 1, 2016	**16,036.00**
Add: changes in equity shares	7,500.00
As at March 31, 2017	**23,536.00**
Add: changes in equity shares	8,700.00
As at March 31, 2018	**32,236.00**

b. Other equity

Rs. In lakhs

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 1, 2016	**(12,939.31)**	**(4.06)**	**(12,943.37)**
Loss for the period	(5,253.38)	–	(5,253.38)
Re-measurement gain/(loss) on defined benefit plans	–	15.38	15.38
Total comprehensive income	**(5,253.38)**	**15.38**	**(5,238.00)**
As at March 31, 2017	**(18,192.69)**	**11.32**	**(18,181.37)**
As at April 1, 2017	**(18,192.69)**	**11.32**	**(18,181.37)**
Loss for the period	(5,240.91)	–	(5,240.91)
Re-measurement gain/(loss) on defined benefit plans	–	(11.53)	(11.53)
Total comprehensive income	**(5,240.91)**	**(11.53)**	**(5,252.44)**
As at March 31, 2018	**(23,433.60)**	**(0.21)**	**(23,433.81)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
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DIN No. 07130799

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DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate Information

Mahindra Aerostructures Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018. The Company was incorporated on January 27, 2011 under the provisions of the Indian Companies Act, 1956. The Company is primarily involved in manufacturing and sale of aircraft components, assemblies and Aerostructures.

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 03 May 2018.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 31 - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

Note 28 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 32 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 36 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 - useful life of property, plant and equipment

Notes 7, 8 and 11 - impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

– Note 30 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Buildings – Roads, Compound Wall*	5 years to 30 years
Plant and Machinery*	2 years, 5 years, 10 years, 15 years
Production and Assembly Tools	3 years
Vehicles	5 years

* The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Compute software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases, where the Company is a lessor, is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Stock-in-trade is valued at the lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Finished goods are valued at cost or net realisable value whichever is lower.

f) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. .

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue Recognition

Revenue from sale of goods and sale of scrap is recognised, when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenue from the sale of goods and sale of scrap is measured at the fair value of the consideration received or receivable, exclusive of sales tax, Goods and Service Tax (GST) and net of sales return, trade discounts and volume rebates.

Product development income is recognized once the first articles are approved by the customers or achievement of mile stones as per customer contract.

Job work Income: Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period contract as and when services are rendered.

Deferred revenue: The Company has deferred customs duty saved under Export Promotion Capital Goods (EPCG) with respect to import of capital goods which is as per provisions of Ind AS 20. The company defers the same over the useful life of asset.

h) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

– temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.

– temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

n) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Director - Operations.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

o) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit / (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

s) **Recent accounting pronouncement**

Standards issued but not effective on Balance Sheet date:

Ind AS 115 – 'Revenue from Contracts with Customers'

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

i. Sales of goods

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

The company is evaluating the requirements of the IND AS 115 and the effect on the financial statement is being evaluated.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date that the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Amendment to Ind AS 40 – 'Investment Property'

The amendment explains that the transfer to, or from, investment property is made when there is an actual change of use, that is, the asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. The Company has evaluated the impact of this amendment and concluded that there shall be no impact on its financial statements.

Note 3: Property, plant and equipment

Rs. In lakhs

	Tangible assets								Intangible assets	
	Factory Buildings	**Plant & Machinery**	**Electrical Installations**	**Office Equipment**	**Computers**	**Furniture and Fixtures**	**Vehicles**	**Total**	**Computer software**	**Total**
Cost										
As at April 1, 2016	6,467.78	6,951.40	1,283.55	190.95	205.79	229.41	59.63	15,388.51	236.09	236.09
Additions	22.09	501.54	47.84	18.48	22.84	48.91	18.63	680.33	56.62	56.62
Disposals	–	–	–	–	–	–	31.24	31.24	–	–
As at March 31, 2017	**6,489.87**	**7,452.94**	**1,331.39**	**209.43**	**228.63**	**278.32**	**47.02**	**16,037.60**	**292.71**	**292.71**
Additions	101.25	2,185.05	56.90	26.01	5.28	41.54	18.60	2,434.63	101.12	101.12
Disposals	–	–	–	–	–	–	14.20	14.20	–	–
Impairment loss (Refer note 35)	–	325.00	–	–	–	–	–	325.00	–	–
As at March 31, 2018	**6,591.12**	**9,312.99**	**1,388.29**	**235.44**	**233.91**	**319.86**	**51.42**	**18,133.03**	**393.83**	**393.83**
Accumulated Depreciation and Amortisation										
As at April 1, 2016	485.32	1,092.24	240.36	77.85	80.19	37.55	23.44	2,036.95	140.81	140.81
Charge for the year	250.25	723.64	122.57	39.78	50.41	26.94	12.71	1,226.30	68.50	68.50
Disposals	–	–	–	–	–	–	20.05	20.05	–	–
As at March 31, 2017	**735.57**	**1,815.88**	**362.93**	**117.63**	**130.60**	**64.49**	**16.10**	**3,243.20**	**209.31**	**209.31**
Charge for the year	248.73	917.15	130.83	42.08	43.64	31.55	11.50	1,425.48	70.67	70.67
Disposals	–	–	–	–	–	–	9.04	9.04	–	–
As at March 31, 2018	**984.30**	**2,733.03**	**493.76**	**159.71**	**174.24**	**96.04**	**18.56**	**4,659.64**	**279.98**	**279.98**

Rs. In lakhs

	Tangible assets								Intangible assets	
	Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Total	Computer software	Total
Net block										
As at April 1, 2016	5,982.46	5,859.16	1,043.19	113.10	125.60	191.86	36.19	13,351.56	95.28	95.28
As at March 31, 2017	5,754.30	5,637.06	968.46	91.80	98.03	213.83	30.92	12,794.40	83.40	83.40
As at March 31, 2018	**5,606.82**	**6,579.96**	**894.53**	**75.73**	**59.67**	**223.82**	**32.86**	**13,473.39**	**113.85**	**113.85**

Net book value	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Property, plant and equipment	**13,473.39**	12,794.40	13,351.56
Capital work in progress (Refer note 35)	**26.73**	852.48	1,086.65
Intangible assets	**113.85**	83.40	95.28

Note:

1. First charge by way of equitable mortgage of the immovable property comprising land with building and other structures (existing and to be constructed) and first charge by way of hypothecation on all movable fixed assets (both present and future) is created in favor of Axis Bank Limited for the term loan availed by the Company.
2. Plant and machinery includes certain equipment covered under a 'technical seizure order' issued by the Directorate of Revenue Intelligence (DRI). Gross block and net block value of these equipment as on March 31 2018 are Rs. 2,605.67 lakhs and Rs. 1,602.14 lakhs respectively (2017: 2,605.57 and 1,602.14 Gross block and net block respectively).

Note 4: Other non-current assets

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with government authorities		
CENVAT credit receivable	**1,338.68**	918.48
Less: Provision	**(1,338.68)**	(11.81)
	–	906.67
Customs deposit	**277.47**	277.47
Capital advances	**64.11**	29.06
Consideration paid for lease land [Refer Note No 32 (a)]	**870.51**	870.51
	1,212.09	2,083.71

Note 5: Income tax assets (net)

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
TDS receivable (net of provision for taxation)	**45.07**	19.75
	45.07	19.75

Note 6: Inventories

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(at the lower of cost and net realisable value)		
Raw materials [Includes in transit Rs. Nil; (2017: Rs. 73.88 lakhs)]	**715.12**	914.01
Work in progress	**129.53**	112.60
Finished goods [Includes in transit Rs. 4.29 lakhs; (2017: Rs. 12.92 lakhs)]	**536.94**	377.72
Stores and spares	**265.58**	200.19
	1,647.17	1,604.52

Note: The write-down of inventory due to obsolescence amounted to Rs. 130.38 lakhs (2017: Rs. 74.14 lakhs). These amounts have been included in the cost of materials consumed.

Note 7: Loans

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured considered good		
Loans to employees	**–**	0.80
	–	0.80

Note 8: Trade receivables

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Due from related party (Refer note 29)	**97.46**	189.78
From Others	**1,954.97**	986.65
	2,052.43	1,176.43

Note: No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 9: Cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with banks		
In current accounts	**302.22**	444.23
In deposit accounts with original maturity of less than three months	**–**	250.36
Cash on hand	**0.35**	0.13
	302.57	694.72

Note 10: Bank balance other than cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Restricted Cash and bank balances - current		
Earmarked deposit accounts with bank*	**45.58**	108.40
	45.58	108.40

* Fixed deposit is lien with bank for letter of credit.

Note 11: Other financial assets

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non - current		
Security deposits	**30.64**	29.47
	30.64	29.47
Current		
Security deposits	**7.00**	21.37
Dues from related parties (Refer note 29)	**69.95**	68.93
Interest accrued on deposits	**0.08**	0.14
	77.03	90.44

Note 12: Other current assets

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with government authorities:		
CENVAT credit receivable	**–**	315.90
VAT credit receivable	**–**	34.72
GST credit receivable	**353.49**	–
Duty drawback receivable	**11.95**	12.62
Foreign VAT receivable	**16.39**	–
Rebate / Refund claim receivable	**3.76**	283.83
Advance to suppliers	**36.83**	36.31
Advances to employees	**6.35**	6.57
Prepaid expenses	**68.17**	70.99
	496.94	760.94

Note 13 - Share capital

Rs. In lakhs

		As at March 31, 2018		As at March 31, 2017	
	Particulars	**Nos**	**Amount**	Nos	Amount
1	Authorised :	**450,000,000**	**45,000.00**	300,000,000	30,000.00
	(Equity Shares of Rs 10 each)				
	Total	**450,000,000**	**45,000.00**	300,000,000	30,000.00
2	Issued:				
	Equity: (Equity shares of Rs 10 each)				
	Opening balance	**235,360,000**	**23,536.00**	160,360,000	16,036.00
	Add: Issued during the year (Refer below note 4)	**130,500,000**	**13,050.00**	75,000,000	7,500.00
	Closing balance	**365,860,000**	**36,586.00**	235,360,000	23,536.00
3	Subscribed and fully paid up:				
	Equity: (Equity shares of Rs 10 each)				
	Opening balance	**235,360,000**	**23,536.00**	160,360,000	16,036.00
	Add: Issued during the year	**87,000,000**	**8,700.00**	75,000,000	7,500.00
	Closing balance	**322,360,000**	**32,236.00**	235,360,000	23,536.00
	Total	**322,360,000**	**32,236.00**	235,360,000	23,536.00

Notes:

1) The above 322,360,000 (2017: 235,360,000) shares are held by Mahindra Aerospace Private Limited, the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% shares in the Company:

	As at March 31, 2018		As at March 31, 2017	
Name of the shareholder	**Nos**	**%**	Nos	%
Mahindra Aerospace Private Limited and its nominees	**322,360,000**	**100.00%**	235,360,000	100.00%

3) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

4) During the current year, the company has made an rights issue offer of 43,500,000 equity shares of Rs. 10 each for cash at par. The offer period was 26 February 2018 to 26 March 2018 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

During the offer period these shares was not subscribed and till reporting date also the above mentioned shares were unsubscribed.

Note 14: Other equity

Rs. In lakhs

Particulars	Retained earnings	Other comprehensive income	Total
As at April 1, 2016	(12,939.31)	(4.06)	(12,943.37)
Re-measurement gain/(loss) on defined benefit plans	–	15.38	15.38
Loss for the year	(5,253.38)	–	(5,253.38)
As at March 31, 2017	(18,192.69)	11.32	(18,181.37)
Re-measurement gain/(loss) on defined benefit plans	–	(11.53)	(11.53)
Loss for the year	(5,240.91)	–	(5,240.91)
As at March 31, 2018	**(23,433.60)**	**(0.21)**	**(23,433.81)**
Total other equity			
As at April 1, 2016	(12,939.31)	(4.06)	(12,943.37)
As at March 31, 2017	(18,192.69)	11.32	(18,181.37)
As at March 31, 2018	**(23,433.60)**	**(0.21)**	**(23,433.81)**

Note 15: Borrowings

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Term loan from bank	**2,341.64**	4,271.29
	2,341.64	4,271.29
Current		
Unsecured Loan from bank	**4,400.00**	6,554.46
	4,400.00	6,554.46

Notes:

A) The term loan is secured by:

- First charge by way of equitable mortgage of the immovable property comprising leasehold land with building and other structures (existing and to be constructed).
- First charge by way of hypothecation of (a) entire current assets, present and future, including stocks of raw materials, semi finished goods, finished goods, stores, spares, bookdebts and other current assets and (b) all the movable fixed assets present and future.
- The loan is guaranteed by Mahindra Aerospace Private limited, the holding Company.

B) Repayment and other terms of the term loan:

The term loan carries interest of 1 year MCLR + 1.25% p.a. The Loan is repayable in 23 quarterly installments from November 2014 till May 2020.

Net debt reconciliation:

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	**302.57**	694.72
Current borrowings	**(4,400.00)**	(6,554.46)
Non-Current borrowings	**(2,341.64)**	(4,271.29)
Current maturities of long-term loans	**(2,002.00)**	(1,820.00)
Net debt	**(8,440.77)**	(11,951.03)

Note 16: Other financial liabilities

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Deferred revenue on import benefits (Refer note 37)	**24.28**	–
	24.28	–
Current		
Current maturities of long-term loans	**2,002.00**	1,820.00
Interest accrued but not due on borrowings	**35.13**	102.52
Security deposits - Dues to related parties (Refer note 29)	**3.60**	7.20
Other deposit payable - Dues to related parties (Refer note 29)	**1.00**	–
Capital creditors	**79.48**	62.23
Deferred revenue on import benefits (Refer note 37)	**1.79**	–
	2,123.00	1,991.95

Note 17: Provisions

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Non-current		
Compensated absences	**51.42**	32.63
	51.42	32.63
Current		
Gratuity (Refer note 28)	**17.85**	1.86
Compensated absences	**8.00**	11.13
	25.85	12.99

Note 18: Trade payables

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Dues to other than micro and small enterprises	**–**	257.67
	–	257.67
Current		
Dues to micro and small enterprises (Refer note 33)	**23.65**	3.22
Dues to related parties (Refer note 29)	**351.17**	345.90
Dues to others	**1,040.30**	1,196.29
	1,415.12	1,545.41

Note 19: Other current liabilities

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues	**85.66**	66.13
Payables to employees	**232.85**	202.19
Others	**9.19**	1.33
	327.70	269.65

Note 20: Revenue from operations

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	**3,786.70**	2,137.39
Sale of services		
Job work income	**807.33**	758.93
Sale of trading goods	**104.83**	–
Product development income	**90.57**	183.30
Other operating revenues		
Govt grants and incentives (including export benefits)	**68.24**	35.71
Scrap sales	**13.12**	11.97
	4,870.79	3,127.30

Note 21: Other income

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Operating lease rental income	**8.49**	8.23
Profit on sale of property, plant and equipment (net)	**0.01**	5.73
Provision no longer required written back	**–**	3.54
Interest income on bank deposits	**7.17**	31.19
Other miscellaneous income	**6.70**	6.66
	22.37	55.35

Note 22: Cost of materials consumed

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventory at the beginning of the year	**914.01**	437.51
Add: Purchases	**1,113.06**	1,450.15
Less: Inventory at the end of the year	**715.12**	914.01
	1,311.95	973.65

Note 23: Changes in Inventories of finished goods and work-in-progress

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
At the beginning of the year		
Work-in progress	**112.60**	91.53
Finished goods	**377.72**	98.29
	490.32	189.82
At the end of the period		
Work-in progress	**129.53**	112.60
Finished goods	**536.94**	377.72
	666.47	490.32
Net (increase)/decrease	**(176.15)**	(300.50)

Note 24: Employee benefits expense

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	**1,960.49**	1,519.53
Contribution to provident and other funds	**93.80**	81.38
Staff welfare	**308.87**	324.58
	2,363.16	1,925.49

Note 25: Finance costs

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on loans	**980.67**	1,553.06
Interest - others	**4.04**	3.58
	984.71	1,556.64

Note 26: Depreciation and amortisation expense

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of tangible assets	**1,425.48**	1,226.30
Amortization of intangible assets	**70.67**	68.50
	1,496.15	1,294.80

Note 27: Other expenses

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spares	**337.75**	323.92
Power and fuel	**317.31**	318.89
Rent (Refer note 31)	**18.01**	32.87
Repairs and maintenance:		
– Plant and equipment	**146.63**	200.87
– Buildings	**9.58**	9.09
– Others	**36.07**	31.70
Insurance	**74.82**	57.64
Rates and taxes	**40.99**	49.29
Auditors remuneration (refer note below)	**4.50**	15.98
Directors sitting fee	**2.60**	2.80
Legal and other professional charges	**630.85**	584.41

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Engineering fees	**180.57**	–
Provision for CENVAT receivable	**1,326.87**	–
Travelling and conveyance	**228.25**	330.33
Bank charges	**21.54**	16.68
Business promotion expenses	**188.08**	237.69
Freight outwards	**109.84**	61.63
Loss on foreign exchange translation	**13.48**	19.12
Information technology expenses	**141.93**	152.74
Other miscellaneous expenses	**242.60**	215.30
	4,072.27	2,660.95

Note:

Rs. In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Auditors' remuneration includes:		
Statutory audit	**4.50**	4.50
Tax audit and taxation matters	**–**	4.90
Other services and certifications	**–**	6.58
	4.50	15.98

Note 28: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and others aggregating Rs. 74.62 lakhs (2017 : Rs. 65.34 lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Rs. In lakhs

	Funded Plan	
	Gratuity	
Particulars	**31-Mar-18**	31-Mar-17
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**19.60**	15.22
Net interest cost	**(0.42)**	0.82
	19.18	16.04
II. Recognised in other comprehensive income for the year		
Return on plan assets	**–**	–-
Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions	**1.76**	(11.07)
– Financial Assumptions	**(2.19)**	(0.28)
– Experience Adjustments	**11.96**	(4.03)
	11.53	(15.38)
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**44.66**	39.14
2. Acquisitions/Divestures/Transfer (transfer of employees from MAPL)	**–**	3.45
3. Current Service Cost	**19.60**	15.22
4. Interest Cost	**3.35**	3.13
5. Recognised in Other Comprehensive Income		
– Actuarial Gain (Loss) arising from:	**11.53**	(15.38)
6. Benefit paid	**(2.41)**	(0.90)
Present value of defined benefit obligation at the end of the year	**76.73**	44.66
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	**42.80**	26.81
2. Interest income	**3.77**	2.31
3. Recognised in Other Comprehensive Income	**–**	–
– Return on plan assets	**–**	–
4. Contributions by employer	**14.72**	14.58
5. Benefit paid	**(2.41)**	(0.90)
Fair value of plan assets at the end of the year	**58.88**	42.80
V. Net Liability/(Asset) recognised in the Balance Sheet		
– Present value of defined benefit obligation	**76.73**	44.66
– Fair value of plan assets	**58.88**	42.80
Net liability	**17.85**	1.86
Current portion of the above	**17.85**	1.86
Non current portion of the above	**–**	–

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Acturial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	31-Mar-18	31-Mar-17
Discount rate	**7.71%**	6.86%
Future salary increases	**9.00%**	8.50%
Attrition rate	**13.66%**	15.00%
Estimated rate of return on plan assets	**7.71%**	6.86%
Mortality	Indian Assured Lives Mortality (2006-08) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)

A quantitative Sensitivity analysis for significant assumption as at 31 March 2018 are as below

	Gratuity						
Assumptions	Discount Rate		Further Salary Increase		Attrition		Mortality
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
	INR	INR	INR	INR	INR	INR	INR
Impact on defined benefit obligation - Gratuity (Rs. in Lakhs)	71.62	82.51	81.89	72.07	75.53	78.01	76.74
Pecentage change	(6.66%)	7.53%	6.73%	(6.08%)	(1.56%)	1.67%	0.01%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions by the Company to the defined benefit plan in future years:

Rs. In lakhs

	Gratuity	
Particulars	**31-Mar-18**	31-Mar-17
Within the next 12 months	**5.83**	3.01
Between 2 and 5 years	**16.82**	8.46
Between 6 and 10 years	**12.94**	6.90

Note 29: Related Party transactions

i) Related parties where control exists along with nature of relationship

Name of Related Party Company	**Nature of Relationship**
Mahindra & Mahindra Limited	Ultimate holding company
Mahindra Aerospace Private Limited	Holding company

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel (KMP)

Dr. Karthik Krishnamurthy	Chief Operating Officer and Executive Director
Mr. T. S. Sarma	Chief Financial Officer (w.e.f. 13th Sep 2016)
Mr. Arvind Kumar Mehra	Non-executive director
Mr. S. P. Shukla	Non-executive director
Mr. Sudhir Yagnik	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director (w.e.f. 28 April 2017)
Ms. Rajyalakshmi Rao Meka	Non-executive director
Mr. V. S. Ramesh	Company Secretary

Other parties with whom transaction have taken place during the year:

Name of Related Party	**Nature of Relationship**
GippsAero Pty Ltd.	Fellow subsidary
Mahindra Integrated Business solution Pvt Ltd.	Fellow subsidary
Bristlecone India Ltd.	Fellow subsidary
Mahindra Defence Systems Limited, SSG Division	Fellow subsidary
Lords Freight (India) Pvt Ltd.	Fellow subsidary

iii) Details of the transactions with the related parties during the year:

Rs. In lakhs

Particulars	**2017-18**	2016-17
I. Transactions with Group entities		
Services received		
Mahindra & Mahindra Limited	**143.00**	256.02
Mahindra Aerospace Private Limited	**94.19**	–
Mahindra Integrated Business Solutions Pvt Ltd.	**14.69**	8.32
Bristlecone India Ltd.	**22.96**	37.95
Mahindra Defence Systems Limited, SSG Division	**0.30**	–
	275.14	302.29
Sale of goods		
GippsAero Pty Ltd.	**209.06**	231.19
	209.06	231.19
Purchase of Goods		
GippsAero Pty Ltd.	**70.02**	115.41
	70.02	115.41
Rent received		
Mahindra Aerospace Private Limited	**8.49**	8.23
	8.49	8.23
Reimbursement of expenses made to:		
Mahindra & Mahindra Limited	**0.66**	1.96
Mahindra Aerospace Private Limited	**144.97**	145.30
GippsAero Pty Ltd.	**25.13**	–
	170.76	147.26
Reimbursement of expenses received		
Mahindra Aerospace Private Limited	**64.47**	61.75
	64.47	61.75
Freight expenses paid		
Lords Freight (India) Pvt Ltd.	**–**	4.79
	–	4.79

Rs. In lakhs

Particulars	**2017-18**	2016-17
Refund of Rent Deposit		
Mahindra Aerospace Private Limited	**3.60**	–
	3.60	–
Equity shares issued		
Mahindra Aerospace Private Limited	**8,700.00**	7,500.00
	8,700.00	7,500.00

Particulars	**2017-18**	2016-17
II. Transactions with key managerial personnel		
Salary and perquisites*		
Dr. Karthik Krishnamoorthy	**63.33**	53.04
Mr. T. S. Sarma	**37.06**	24.89
	100.39	**77.93**
Sitting fees	**2.60**	**2.80**

* Compensation of key managerial personnel does not include post employment defined benefit plan and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are:

Rs. In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivable		
GippsAero Pty Ltd	**97.46**	189.78
	97.46	189.78
Other financial assets		
Mahindra Aerospace Private Limited	**69.95**	68.93
	69.95	68.93
Trade payables		
Mahindra & Mahindra Limited	**89.68**	168.44
Mahindra Aerospace Private Limited	**258.29**	152.56
Mahindra Integrated Business Solutions Pvt Ltd.	**1.53**	1.91
GippsAero Pty Ltd	**1.67**	22.99
	351.17	345.90
Security Deposit		
Mahindra Aerospace Private Limited	**3.60**	7.20
	3.60	7.20
Other deposit payable		
Mahindra Aerospace Private Limited	**1.00**	–
	1.00	–

Notes:

1. Corporate guarantees issued in respect of SBLC facilities availed by the holding company – Rs. Nil (2017: Rs. 2,353 lakhs) [equivalent to AUD Nil (2017: AUD 4.75 mn)]
2. Corporate guarantees given by holding company in respect of borrowings taken by the Company Rs. 9,500 Lakhs (2017: Rs. 10,400 Lakhs)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Note 30: Financial instruments - Fair values and risk management

A The carrying value and fair value of financial instruments by categories

Rs. In lakhs

	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	**Fair values**	Carrying Value	Fair values
Financial assets				
Measured at amortised cost				
Loans	–	–	0.80	0.80
Trade receivables	**2,052.43**	**2,052.43**	1,176.43	1,176.43
Cash and cash equivalents and other bank balances	**302.57**	**302.57**	694.72	694.72
Bank balance other than cash and cash equivalents	**45.58**	**45.58**	108.40	108.40
Security deposits	**37.64**	**37.64**	50.84	50.84
Dues from related parties	**69.95**	**69.95**	68.93	68.93
Interest accrued on deposits	**0.08**	**0.08**	0.14	0.14
Financial liabilities				
Borrowings	**6,741.64**	**6,741.64**	10,825.75	10,825.75
Trade payables	**1,415.12**	**1,415.12**	1,803.08	1,803.08
Other financial liabilities	**2,123.00**	**2,123.00**	1,991.95	1,991.95

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, trade receivables, Loans, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value. Based on this evaluation, the Company records allowance for estimated losses on these receivables. As of March 31, 2018 and March 31, 2017, the carrying value of such receivables, net of allowances approximates the fair value.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

– Market risk

– Credit risk

– Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

b. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Average Interest Rate	Increase/ decrease in base points	Effect of profit before tax
March 31, 2018			
Interest Rates increased by 50 bps	9.70%	+50	Increase in interest by Rs. 46.64 Lakhs
Interest Rates reduced by 30 bps	9.70%	-30	Reduction in interest by Rs. 32.65 Lakhs
March 31, 2017			
Interest Rates increased by 50 bps	9.36%	+50	Increase in interest by Rs. 40.91 Lakhs
Interest Rates reduced by 30 bps	9.36%	-30	Reduction in interest by Rs. 24.30 Lakhs

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

d. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP, AUD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies are not material.

Rs. In lakhs

	31-Mar-18		31-Mar-17	
Particulars	**Increase / decrease in basis points**	**Effect of profit before tax-Rs**	Increase / decrease in basis points	Effect of profit before tax-Rs
AUD	**–**	**–**	**+50**	**(0.10)**
EUR	**+50**	**(0.20)**	**+50**	**0.03**
GBP	**+50**	**(0.06)**	**+50**	**0.82**
USD	**+50**	**10.82**	**+50**	**(0.62)**
AUD	**–**	**–**	**(60)**	**0.12**
EUR	**(60)**	**0.24**	**(60)**	**(0.03)**
GBP	**(60)**	**0.07**	**(60)**	**(0.99)**
USD	**(60)**	**(12.98)**	**(60)**	**0.74**

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a. Trade Receivable

Trade Receivables: The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties.

Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

Rs. In lakhs

Particulars	**31-Mar-18**	**31-Mar-17**
Not Due	1,351.16	669.37
< 30 days	343.60	132.97
30-60 days	153.45	336.37
61-180 days	198.31	23.64
181-360 days	5.47	11.72
> 360 days	0.44	2.36
Total	2,052.43	1,176.43

Information about major customers:

Revenue from single external customer is approximately Rs. 2,549.52 lakhs (2017: Rs. 1,220.18 lakhs) representing 54% (2017: 42%) of Company's total revenue from operations for the year ended 31 March 2018. Receivables from single external customer is approximately Rs. 1,045.68 Lakhs (2017: Rs. 282.72 Lakhs) representing 51% (2017: 24%) of Company's total receivables as at 31 March 2018. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 1 year	1 to 2 Year	2 to 5 year	More than 5 Years	Rs. In lakhs Total
Year ended 31 March 2018						
Borrowings	**–**	**6,402.00**	**1,659.64**	**682.00**	**–**	**8,743.64**
Trade payables	**–**	**1,415.12**	**–**	**–**	**–**	**1,415.12**
Other financial liabilities	**–**	2,123.00	**–**	–	–	**2,123.00**
	–	**9,940.12**	**1,659.64**	**682.00**		**12,281.76**
Year ended 31 March 2017						
Borrowings	–	8,374.46	1,269.29	3,002.00	–	12,645.75
Trade payables	–	1,545.41	257.67	–	–	1,803.08
Other financial liabilities	–	1,991.95	–	–	–	1,991.95
	–	11,911.82	1,526.96	3,002.00	–	16,440.78

D Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

		Rs. In lakhs	% change
	31 March 2018	31 March 2017	2017-18
Total equity (A)	**8,802.19**	5,354.63	64.38
Current loans and borrowings	**4,400.00**	6,554.46	
Non current loans and borrowings	**2,341.64**	4,271.29	
Current maturities of long-term loans	**2,002.00**	1,820.00	
Total loans and borrowings (B)	**8,743.64**	12,645.75	(30.86)
Total capital (loans and borrowings and equity) (C)	**17,545.83**	18,000.38	
As percentage of total capital (B/C)	**49.83**	70.25	
Total loans and borrowings as percentage of Total equity (B/A)	**99.33**	236.16	

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Parent company will provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

31 Operating leases

The Company has certain operating leases for residential premises (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of Rs. 18.01 lakhs (2017: Rs. 32.87 lakhs) in respect of obligation under operating leases have been recognised in the Statement of Profit and Loss.

32. Commitments and contingent liabilities

a) The Company entered into a lease-cum-sale agreement for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the current lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement.

During the year ended March 31, 2012, the company incurred Rs. 870.51 Lakhs towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement. The said amount is disclosed under non-current assets.

As per the agreement, an amount of Rs. 134.00 lakhs is payable to KIADB towards implementation of water supply scheme. However, during 2015 the KIADB raised a demand for Rs. 410.00 lakhs i.e. an increase of Rs. 276.00 lakhs. The Company disputed the amount and the same is pending with KIADB.

b) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 544.77 lakhs (2017: Rs. 122.76 lakhs)

c) Corporate Guarantees issued in respect of SBLC facilities availed by the holding company – Rs. Nil (2017: Rs. 2,353.63 lakhs) [equivalent to AUD Nil (2017: AUD 4.75 Million)]

d) Customs duty and penalty of Rs. 2,598.85 lakhs (2017: 2,598.85 lakhs) along with the applicable interest payable against the order issued by the Commissioner of Customs in the matter of import of certain pre-owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.

e) Customs duty of Rs. 41.36 lakhs along with the applicable interest (2017: Rs. 41.36 lakhs) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

33. Dues to micro and small enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at March 31, 2018 are as under: -

			Rs. in Lakhs
Sr. No.	**Particulars**	**2017-18**	2016-17
A	The principal amount remaining unpaid to supplier as at the end of the year	23.65	3.22
B	The interest due thereon remaining unpaid to supplier as at the end of the year	0.25	–

		Rs. in Lakhs	
Sr. No.	**Particulars**	**2017-18**	2016-17
C	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	– Principal paid beyond the appointed date	85.38	59.33
	– Interest paid in terms of the Section 16 of the Act	–	–
D	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	–	–
E	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	12.29	8.78
F	The amount of interest accrued during the year and remaining unpaid at the end of the year	3.51	2.03

34. Earnings Per Share:

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

			Rs. in Lakhs
Sr. No.	**Particulars**	**31-Mar-18**	31-Mar-17
(a)	Earnings attributable to equity shareholders	**(5,240.91)**	(5,253.38)
(b)	Weighted average number of equity shares outstanding during the year	**293,042,192**	183,716,164
	Basic Earnings per share (Rs.)	**(1.79)**	(2.86)
	Dilutive Earnings per share (Rs.)	**(1.79)**	(2.86)

35. Impairment of capital work-in-progress

During the year 2016-17, the Management had evaluated impairment for certain assets recorded as capital work in progress and as at Balance sheet date has provided an impairment loss of Rs. 325.00 lakhs.

36. Income taxes

(a) Deferred tax asset on the tax losses of Rs. 24,052.83 lakhs (2017: Rs. 20,395.39 lakhs) is not recognized as the Company is not projecting any taxable income in near future and do not envisage any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

(b) Since the company has carry forward tax losses and did not have any tax expense, hence it has not disclosed the tax related disclosure as required under IND AS 12 "Income Taxes".

37. The Company availed import duty benefit of Rs. 26.84 Lakhs (2017: Rs. Nil) on import of capital asset under EPCG scheme and the company has to fulfil the export obligation mentioned under the EPCG scheme. As this grant relates to depreciable asset this is being recognised in the statement of profit and loss account over the periods and in the proportions in which depreciation expense on those assets are recognised.

38. Segment Reporting:

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment of the Company is identified to be "Sale of aircraft components and sub assemblies" as the CODM reviews business performance at an overall Company level as one segment.

39. During the year ended 31 March 2018, no material foreseeable loss (2017: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Vikash Gupta
Partner
Membership No. 064597

Place: Bangalore
Date: May 03, 2018

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
CFO

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: May 03, 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of Mahindra Aerospace Australia Pty Ltd ("the company") for the year ended 31 March 2018 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Shriprakash Shukla

Arvind Mehra (appointed 27th April 2017)

Partha Mukherjee

Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to $16,716,030 (Rs 836,971,622).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

During the year under review, the Company acquired the entire holdings held by its subsidiary company Gipp Aero Investments Pty Ltd in the following companies, following which these companies have become the wholly owned subsidiary of Mahindra Aerospace Australia Pty Ltd (MAAPL).

GippsAero Pty Ltd
GA8 Airvan Pty Ltd
GA200 Pty Ltd
Airvan 10 Pty Ltd
Airvan Flight Services Pty Ltd
Nomad TC Pty Ltd

Principal activities

The principal activity of the company during the year was holding of investments in subsidiaries.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as result of the performance of their duties as directors.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Arvind Mehra
Director

Ajay Mantry
Director

Place:
Dated this 2nd day of May, 2018

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 - 18 presents fairly the company's financial position as at 31 March 2018 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Arvind Mehra
Director

Ajay Mantry
Director

Place: Melbourne
Dated this 2nd day of May, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Mahindra Aerospace Australia Pty Ltd, "the Company", which comprises the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mahindra Aerospace Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2018 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N R BULL **PITCHER PARTNERS**
Partner Melbourne

Date: 1st June 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue and other income					
Revenue	4	**306,569**	**15,349,910**	1,207,217	59,817,602
		306,569	**15,349,910**	1,207,217	59,817,602
Less: expenses					
Finance costs	5	**(302,527)**	**(15,147,527)**	(1,187,195)	(58,825,512)
Professional fees		**(28,072)**	**(1,405,565)**	(55,804)	(2,765,088)
Impairment loss		**(16,692,000)**	**(835,768,440)**	–	–
		(17,022,599)	**(852,321,532)**	(1,242,999)	(61,590,600)
Loss before income tax expense		**(16,716,030)**	**(836,971,622)**	(35,782)	(1,772,998)
Income tax expense		**–**	**–**	–	–
Loss from continuing operations		**(16,716,030)**	**(836,971,622)**	(35,782)	(1,772,998)
Other comprehensive income for the year		**–**	**–**	–	–
Total comprehensive income		**(16,716,030)**	**(836,971,622)**	(35,782)	(1,772,998)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents	6	**2,545**	**127,428**	-	-
Receivables	7	**525,150**	**26,294,260**	479,934	23,780,729
Total current assets		**527,695**	**26,421,688**	479,934	23,780,729
Non-current assets					
Receivables	7	–	–	19,123,304	947,559,713
Investments in subsidiaries	8	**58,567,004**	**2,932,449,890**	43,959,004	2,178,168,648
Total non-current assets		**58,567,004**	**2,932,449,890**	63,082,308	3,125,728,361
Total assets		**59,094,699**	**2,958,871,578**	63,562,242	3,149,509,090
Current liabilities					
Payables	9	**21,501**	**1,076,554**	170,424	8,444,508
Borrowings	10	–	–	19,102,590	946,533,335
Total current liabilities		**21,501**	**1,076,554**	19,273,014	954,977,843
Total liabilities		**21,501**	**1,076,554**	19,273,014	954,977,843
Net assets		**59,073,198**	**2,957,795,024**	44,289,228	2,194,531,247
Equity					
Share capital	11	**102,238,500**	**5,119,081,695**	70,738,500	3,505,092,675
Retained Earnings	12	**(43,165,302)**	**(2,161,286,671)**	(26,449,272)	(1,310,561,428)
Total equity		**59,073,198**	**2,957,795,024**	44,289,228	2,194,531,247

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity $	Retained earnings $	Total equity $
Australian dollars			
Balance as at 1 April 2016	45,538,500	(26,413,490)	19,125,010
Loss for the year	–	(35,782)	(35,782)
Total comprehensive income for the year	–	(35,782)	(35,782)
Transactions with owners in their capacity as owners:			
Contributions	25,200,000	–	25,200,000
Total transactions with owners in their capacity as owners	25,200,000	–	25,200,000
Balance as at 31 March 2017	70,738,500	(26,449,272)	44,289,228
Balance as at 1 April 2017	70,738,500	(26,449,272)	44,289,228
Loss for the year	–	(16,716,030)	(16,716,030)
Total comprehensive income for the year	–	(16,716,030)	(16,716,030)
Transactions with owners in their capacity as owners:			
Contributions	31,500,000	–	31,500,000
Total transactions with owners in their capacity as owners	31,500,000	–	31,500,000
Balance as at 31 March 2018	**102,238,500**	**(43,165,302)**	**59,073,198**

	Contributed equity Rupees	Retained earnings Rupees	Total equity Rupees
Indian rupees			
Balance as at 1 April 2016	2,312,435,922	(1,341,271,740)	971,164,182
Loss for the year	–	(1,772,998)	(1,772,998)
Total comprehensive income for the year	–	(1,772,998)	(1,772,998)
Transactions with owners in their capacity as owners:			
Contributions	1,248,660,000	–	1,248,660,000
Reconciliation FX	(56,003,247)	32,483,310	(23,519,937)
Total transactions with owners in their capacity as owners	1,192,656,753	32,483,310	1,225,140,063
Balance as at 31 March 2017	3,505,092,675	(1,310,561,428)	2,194,531,247
Balance as at 1 April 2017	3,505,092,675	(1,310,561,428)	2,194,531,247
Loss for the year	–	(836,971,622)	(836,971,622)
Total comprehensive income for the year	–	(836,971,622)	(836,971,622)
Transactions with owners in their capacity as owners:			
Contributions	1,577,205,000	–	1,577,205,000
Reconciliation FX	36,784,020	(13,753,621)	23,030,399
Total transactions with owners in their capacity as owners	1,613,989,020	(13,753,621)	1,600,235,399
Balance as at 31 March 2018	**5,119,081,695**	**(2,161,286,671)**	**2,957,795,024**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Cash flow from operating activities					
Receipts from customers		**–**	**–**	17,850	884,468
Payments to suppliers		**(176,996)**	**(8,862,190)**	–	–
Interest received		**306,570**	**15,349,960**	1,207,217	59,817,602
Finance costs		**(302,527)**	**(15,147,527)**	(1,187,195)	(58,825,512)
Net cash provided by / (used in) operating activities		**(172,953)**	**(8,659,757)**	37,872	1,876,558
Cash flow from investing activities					
Payment for investments		**(31,300,000)**	**(1,567,191,000)**	(25,179,999)	(1,247,668,950)
Net cash used in investing activities		**(31,300,000)**	**(1,567,191,000)**	(25,179,999)	(1,247,668,950)
Cash flow from financing activities					
Proceeds from share issue		**31,500,000**	**1,577,205,000**	25,200,000	1,248,660,000
Repayment of borrowings		**(18,100,000)**	**(906,267,000)**	(5,500,000)	(272,525,000)
Loan Repayment From Related Entities		**19,078,088**	**955,239,866**	5,436,991	269,402,904
Net cash provided by financing activities		**32,478,088**	**1,626,177,866**	25,136,991	1,245,537,904
Reconciliation of cash					
Cash at beginning of the financial period		**(1,002,590)**	**(50,199,681)**	(997,454)	(49,423,846)
Net (decrease) / increase in cash held		**1,005,135**	**50,327,109**	(5,136)	(254,488)
Cash at end of financial period		**2,545**	**127,428**	(1,002,590)	(49,678,334)

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Mahindra Aerospace Australia Pty Ltd as an individual entity. Mahindra Aerospace Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Mahindra Aerospace Australia Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, with the exception of the disclosure requirements for:

AASB 7:	Financial Instruments: Disclosures
AASB 10:	Consolidated Financial Statements
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $16,716,030 (Rs. 836,971,622) during the year ended 31 March 2018.

The company is dependant on ongoing financial support of the ultimate parent entity to meet its financial obligations at 31 March 2018. As at the date of signing the company has received confirmation of ongoiing financial support from its ultimate parent company.

At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07 = AUD$1.00 as advised by the ultimate parent entity.

(d) Revenue

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Investments in subsidiaries

Non current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(g) Impairment of non financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 3 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

For an asset meaured at cost, an impairment loss is recognised in profit or loss where the carrying amount of the asset exceeds its recoverable amount.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 31 MARCH 2018

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the company's financial statements in the period of initial application.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) *Investment in Subsidiaries*

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, the investments in subsidiaries are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

A formal valuation has also been completed by management for the investments in the subsidiary companies which has used in its assessments of impairment. In performing their valuation management have engaged a qualified business valuer to prepare an indicative estimate of the discount rate for the CGU. The recoverable amount of the CGU is based on management's projected cashflows covering a period of 10 years.

The present value of the future cashflows has been calculated using the following key assumptions:

– average growth rate between 0% and 3% for the sale price of aircraft (2015: 3% 3.5%);
– average cost of sales growth rate between 2.8% to 4.1% (2015: 0.5% 4.1%);
– terminal value growth rate of 2.5% (2015: 2.5%);
– the USD/AUD exchange rate to be at 0.80 throughout the projection period (2015: 1.00);
– discount rate to be 15%, (2015: 15% 17%) and;
– sales volumes as anticipated by management following its analysis of the aerospace industry.

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
NOTE 4: REVENUE AND OTHER INCOME				
Interest income	**306,569**	**15,349,910**	1,207,217	59,817,602
NOTE 5: OPERATING LOSS				
Loss before income tax has been determined after:				
Finance costs	**174,914**	**8,757,944**	1,187,195	58,825,512
Impairment				
– Impairment losses	**16,692,000**	**835,768,440**	–	–
NOTE 6: CASH AND CASH EQUIVALENTS				
Cash at bank	2,545	127,428	–	–
NOTE 7: RECEIVABLES				
CURRENT				
Other receivables	**228,289**	**11,430,430**	228,217	11,308,152
Amounts receivable from				
– GippsAero Pty Ltd	**296,861**	**14,863,830**	251,717	12,472,577
	525,150	**26,294,260**	479,934	23,780,729

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
NON-CURRENT				
Loans to associates				
– GippsAero Pty Ltd	**–**	**–**	18,073,304	895,532,213
– Aerostaff Australia Pty Ltd	**–**	**–**	1,050,000	52,027,500
	–	**–**	19,123,304	947,559,713
NOTE 8: INVESTMENT IN SUBSIDIARIES				
NON CURRENT				
Investment in GippsAero Pty Ltd	**67,796,010**	**3,394,546,221**	–	–
Investment in GA8 Airvan Pty Ltd	**3**	**150**	–	–
Investment in GA200 Pty Ltd	**3**	**150**	–	–
Investment in Airvan 10 Pty Ltd	**10**	**501**	–	–
Investment in Airvan Flight Services Pty Ltd	**2**	**100**	–	–
Investment in Nomad TC Pty Ltd	**5,000,000**	**250,350,000**	–	–
Investment - Aerostaff Australia Pty Ltd	**–**	**–**	6,350,004	314,642,698
Investment - Gipp Aero Investments Pty Ltd	**–**	**–**	65,030,000	3,222,236,500
Provision for impairment loss	**(14,229,024)**	**(712,447,232)**	(27,421,000)	(1,358,710,550)
Total financial assets at cost	**58,567,004**	**2,932,449,890**	43,959,004	2,178,168,648

During the year, the company resolved to acquire the entire investment in ordinary shares held by its wholly owned subsidiary Gipp Aero Investment Pty Ltd at book value on the date of transfer; thereby eliminating the prior period's provision for impairment. Subsequent to the above transfer, the Company's wholly owned subsidiary Gipp Aero Investments Pty Ltd has made an application to ASIC for de registration.

Book Value of Investment in GippsAero Pty Ltd transferred by the Company's wholly owned subsidiary, Gipp Aero Investments Pty Ltd	**$AUD**	**Rupees**
Investment as on 1st April 2017	$57,250,010	2,866,508,001
Equity infused during the year	$30,250,000	1,514,617,500
Total investment	$87,500,010	4,381,125,501
Less: Impairment loss	($19,704,000)	(986,579,280)
Total investment book value at 31 March 18	**$67,796,010**	**3,394,546,221**

Additionally, the Company's wholly owned subsidiary Aerostaff Australia Pty Ltd transferred all its assets and liabilities to GippsAero Pty Ltd during the financial year. The previous investment in Aerostaff Australia Pty Ltd was impaired to nil.

Investment in Aerostaff Australia Pty Ltd	**$AUD**	**Rupees**
Investment as on 1st April 2017	$6,350,004	317,944,700
Equity infused during the year	$1,050,000	52,573,500
Total investment	$7,400,004	370,518,200
Impairment loss on transfer of AA	**($7,400,004)**	**(370,518,200)**

Subsequent to the transfer the Company's wholly owned subsidiary Aerostaff Australia Pty Ltd has made an application to ASIC for de registration.

Reconciliation of CY Provision for Impairment	$AUD	Rupees
Opening Provision	$27,421,000	1,372,969,470
Add current year Impairment	$16,692,000	835,768,440
Allocation of Impairment GA Investment	($19,704,000)	(986,579,280)
Allocation of Impairment AA Investment	($7,400,004)	(370,518,200)
Allocation of Impairment GAI Investment	($2,779,972)	(139,193,198)
Closing balance of Provision for Impairment	**$14,229,024**	**712,447,232**

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 0% and 2% for the sale price of aircraft (2017: %0 3%);
- average cost of sales growth rate of 0% (2017: 2.1% 4.0%);
- terminal value growth rate of 2.5% (2017: 2.5%);
- the USD/AUD exchange rate to be at 0.74 throughout the projection period (2017: 0.74);
- discount rate to be 15.9%, (2017: 14.3%) and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

A formal valuation has been prepared by management in order to test for any impairment to the value of the intangible assets. In performing their valuation management has sought a review from our independent internal expert on the appropriateness of the discount rate for the CGU.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $16,692,000 (Rs $835,768,440), which resulted in an impairment loss recognised at 31 March 2018.

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
NOTE 9: PAYABLES				
CURRENT				
Unsecured liabilities				
Amounts payable to:				
– Mahindra Aerospace Private Ltd	**–**	**–**	46,747	2,316,314
Accrued expenses	**21,501**	**1,076,554**	123,677	6,128,194
	21,501	**1,076,554**	170,424	8,444,508

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
NOTE 10: BORROWINGS				
CURRENT				
Unsecured liabilities				
Bank overdraft	**–**	**–**	1,002,590	49,678,335
Secured liabilities				
Bank loans	**–**	**–**	18,100,000	896,855,000
	–	**–**	19,102,590	946,533,335
NOTE 11: SHARE CAPITAL				
Issued and paid-up capital				
102,238,500 (2017: 70,738,500) Ordinary shares	102,238,500	5,119,081,695	70,738,500	3,505,092,675
NOTE 12: RETAINED EARNINGS				
Retained earnings at beginning of year	**(26,449,272)**	**(1,324,315,049)**	(26,413,490)	(1,308,788,430)
Net loss for the year	**(16,716,030)**	**(836,971,622)**	(35,782)	(1,772,998)
	(43,165,302)	**(2,161,286,671)**	(26,449,272)	(1,310,561,428)

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 14: COMPANY DETAILS

The registered office of the entity is:

Mahindra Aerospace Australia Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Aerostaff Australia Pty Ltd (the "company"), for the period from 1st April 2017 to 1st February 2018.

Directors names

The list of directors are given below:

Keith Douglas

Nikhil Sohoni

Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to $489,183 (Rs. 24,493,392) (2017: $20,695 loss, Rs 1,036,199 loss).

Review of operations

During the year, all assets and liabilities of the company were transferred to fellow subsidiary company, Gippsaero Pty Ltd.

On request of the sole shareholder of the Company, M/s. Mahindra Aerospace Australia Pty Ltd, the company is in the process of making an application to the Australian Securities and Investment Commission for deregistration.

Signed on behalf of the board of directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Place: Traralgon VIC 3844
Dated this 1st day of February 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 APRIL 2017 TO 1 FEBRUARY 2018

	Note	2018	2018	2017	2017
		$	Rupees	$	Rupees
Revenue and other income					
Sales revenue	1	**597,813**	**29,932,497**	1,549,543	77,585,618
Other revenue	1	**19**	**951**	3,550	177,749
		597,832	**29,933,448**	1,553,093	77,763,367
Less: expenses					
Cost of sales	2	**(511,477)**	**(25,609,653)**	(956,875)	(47,910,731)
Administration expenses		**(130,536)**	**(6,535,937)**	(294,853)	(14,763,290)
Occupancy expenses		**(44,049)**	**(2,205,533)**	(60,000)	(3,004,200)
Finance costs	2	**(12,449)**	**(623,321)**	(44,851)	(2,245,690)
Depreciation	2	**(12,476)**	**(624,673)**	(31,979)	(1,601,189)
Other expenses		**(376,028)**	**(18,827,723)**	(143,840)	(7,202,069)
		(1,087,015)	**(54,426,840)**	(1,532,398)	(76,727,169)
Profit/(Loss) before income tax expense		**(489,183)**	**(24,493,392)**	20,695	1,036,199
Income tax expense		**–**	**–**	–	–
Net loss from continuing operations		**(489,183)**	**(24,493,392)**	20,695	1,036,199
Other comprehensive income for the year		**–**	**–**	–	–
Total comprehensive loss		**(489,183)**	**(24,493,392)**	20,695	1,036,199

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 1 FEBRUARY 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents	3	–	–	2,107	105,497
Receivables	4	–	–	357,874	17,918,751
Inventories	5	–	–	184,281	9,226,950
Other assets	6	–	–	967	48,418
Total current assets		–	–	545,229	27,299,616
Non-current assets					
Plant and equipment	7	–	–	**168,359**	**8,429,735**
Total non-current assets		–	–	**168,359**	**8,429,735**
Total assets		–	–	**713,588**	**35,729,350**
Current liabilities					
Payables	8	–	–	161,898	8,106,233
Provisions	9	–	–	57,627	2,885,383
Total current liabilities		–	–	219,525	10,991,616
Non-current liabilities					
Payables	8	–	–	1,050,000	52,573,500
Provisions	9	–	–	4,880	244,341
Total non-current liabilities		–	–	1,054,880	52,817,841
Total liabilities		–	–	1,274,405	63,809,457
Net assets		–	–	(560,817)	(28,080,107)
Equity					
Share capital	10	**6,000,004**	**300,420,200**	4,950,004	247,846,700
Accumulated losses	11	**(6,000,004)**	**(300,420,200)**	(5,510,821)	(275,926,807)
Total equity		–	–	(560,817)	(28,080,107)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2017 TO 1 FEBRUARY 2018

Australian dollars	Contributed equity	Reserves	Accumulated losses	Total equity
	$	$	$	$
Balance as at 1 April 2016	4,950,004	–	(5,315,516)	(581,512)
Loss for the year	–	–	20,695	20,695
Total comprehensive income for the year	–	–	20,695	20,695
Balance as at 31 March 2017	4,950,004	–	(5,510,821)	(560,817)
Balance as at 1 April 2017	4,950,004	–	(5,510,821)	(560,817)
Profit/(loss) for the year	–	–	(489,183)	(489,183)
Total comprehensive income for the year	–	–	(489,183)	(489,183)
Transactions with owners in their capacity as owners:				
Contributions	1,050,000	–	–	(1,050,000)
Total Transactions with owners in their capacity as owners:	1,050,000	–	–	1,050,000
Balance as at 1st February 2018	**6,000,004**	**–**	**(6,000,004)**	**–**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 APRIL 2017 TO 1 FEBRUARY 2018

Indian rupees	Contributed equity	Reserves	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at 1 April 2016	247,846,700	–	(276,963,006)	(29,116,307)
Loss for the year	–	–	1,036,199	1,036,199
Total comprehensive income for the year	–	–	1,036,199	1,036,199
Balance as at 31 March 2017	247,846,700	–	(275,926,807)	(28,080,108)
Balance as at 1 April 2017	247,846,700	–	(275,926,807)	(28,080,108)
Profit/(loss) for the year	–	–	(24,493,392)	(24,493,392)
Total comprehensive income for the year	–	–	(24,493,392)	(24,493,392)
Transactions with owners in their capacity as owners:				
Contributions	52,573,500	–	–	52,573,500
Total transactions with owners in their capacity as owners	52,573,500	–	–	52,573,500
Balance as at 1st February 2018	**300,420,200**	**–**	**(300,420,200)**	**–**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 APRIL 2017 TO 1 FEBRUARY 2018

	2018	2018	2017	2017
	$	**Rupees**	**$**	**Rupees**
Cash flow from operating activities				
Receipts from customers	**955,687**	**47,851,248**	1,704,899	85,364,293
Payments to suppliers and employees	**(1,062,176)**	**(53,183,152)**	(1,487,988)	(74,503,559)
Finance costs	**(12,449)**	**(623,321)**	(44,851)	(2,245,690)
Net cash provided by operating activities	**118,938**	**5,955,226**	172,060	8,615,044
Cash flow from investing activities				
Proceeds/(payments) for plant and equipment	**114,724**	**5,744,231**	9,760	488,683
Net cash used in investing activities	**114,724**	**5,744,231**	9,760	488,683
Cash flow from financing activities				
Proceeds from Share issue	**1,050,000**	**52,573,500**	–	–
Net repayments of borrowings	**(1,050,000)**	**(52,573,500)**	–	–
Advances/(payments) from parent, associated and director related entities	**–**	**–**	(190,820)	(9,554,357)
Net cash used in financing activities	**–**	**–**	(190,820)	(9,554,357)
Reconciliation of cash				
Cash at beginning of the financial year	**2,107**	**105,497**	11,107	556,127
Net increase/(decrease) in cash held	**(2,107)**	**(105,497)**	(9,000)	(450,630)
Cash at end of the year Period/Year	**–**	**–**	2,107	105,497

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2017 TO 1 FEBRUARY 2018

NOTE 1: REVENUE AND OTHER INCOME

	2018 $	2018 Rupees	2017 $	2017 Rupees
Sale of goods	**597,813**	**29,932,497**	1,549,543	77,585,618
Other revenue	**19**	**951**	47	2,353
Profit on sale of non current assets	**–**	**–**	3,503	175,395
	597,832	**29,933,448**	1,553,093	77,763,366

NOTE 2: OPERATING PROFIT/(LOSS)

Losses before income tax has been determined after:

	2018 $	2018 Rupees	2017 $	2017 Rupees
Cost of sales				
– Purchases/materials used	**224,504**	**11,240,915**	133,183	6,668,473
– Direct labour costs	**102,692**	**5,141,788**	543,703	27,223,209
– Movement in inventory	**184,281**	**9,226,950**	279,989	14,019,049
	511,477	**25,609,653**	956,875	47,910,731
Finance costs	**12,449**	**623,321**	44,851	2,245,690
Depreciation	**12,476**	**624,673**	31,979	1,601,189
Impairment of inventory	**–**	**–**	18,041	903,313
Indirect employee benefit expenses	**22,939**	**11,48,556**	206,193	10,324,084

NOTE 3: CASH AND CASH EQUIVALENTS

	2018 $	2018 Rupees	2017 $	2017 Rupees
Cash at bank	–	–	2,107	105,497

NOTE 4: RECEIVABLES

CURRENT

Amounts receivables from:

	2018 $	2018 Rupees	2017 $	2017 Rupees
– GippsAero Pty Ltd	–	–	357,874	17,918,751

NOTE 5: INVENTORIES

CURRENT

At cost

	2018 $	2018 Rupees	2017 $	2017 Rupees
Raw materials	–	–	43,946	2,200,376
Work in progress	–	–	158,376	7,929,886
Impairment provision	–	–	18,041)	(903,313)
	–	–	184,281	9,226,949

NOTE 6: OTHER ASSETS

CURRENT

	2018 $	2018 Rupees	2017 $	2017 Rupees
Prepayments	–	–	967	48,418

NOTE 7: PLANT AND EQUIPMENT

	2018 $	2018 Rupees	2017 $	2017 Rupees
Leasehold improvements				
At cost	–	–	102,057	5,109,994
Accumulated depreciation	–	–	(19,491)	(975,914)
			82,566	4,134,080
Plant and equipment				
Plant and equipment at cost	–	–	1,256,743	62,925,122
Accumulated depreciation	–	–	1,178,093)	(58,987,117)
	–	–	78,650	3,938,005
Office equipment at cost	–	–	259,497	12,993,015
Accumulated depreciation	–	–	(252,354)	(12,635,365)
	–	–	7,143	357,650
Total plant and equipment	–	–	168,359	8,429,735

(a) Reconciliations

	2018 $	2018 Rupees	2017 $	2017 Rupees
Leasehold improvements				
Opening carrying amount	**82,566**	**4,134,080**	86,007	4,306,370
Write offs/disposals	**(80,286)**	**(4,019,920)**	–	–
Depreciation expense	**(2,280)**	**(114,160)**	(3,441)	(172,291)
Closing carrying amount	–	–	82,566	4,134,079
Plant and equipment				
Opening carrying amount	**78,650**	**3,938,005**	94,073	4,710,235
Write offs/disposals	**(70,877)**	**(3,548,811)**	–	–
Depreciation expense	**(7,773)**	**(389,194)**	(15,423)	(772,230)
Closing carrying amount	–	–	78,650	3,938,005
Motor vehicles				
Opening carrying amount	–	–	6,762	338,573
Write offs/disposals	–	–	(6,257)	(313,288)
Depreciation expense	–	–	(505)	(25,285)
Closing carrying amount	–	–	–	–
Office equipment				
Opening carrying amount	**7,143**	**357,650**	19,753	989,033
Write offs/disposals	**(4,720)**	**(236,330)**	–	–
Depreciation expense	**(2,423)**	**(121,320)**	(12,610)	(631,383)
Closing carrying amount	–	–	7,143	357,650

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2017 TO 1 FEBRUARY 2018

	2018 $	2018 Rupees	2017 $	2017 Rupees
Total plant and equipment				
Carrying amount at 1 April	**168,359**	**8,429,735**	206,595	10,344,212
Write offs/disposals	**(155,883)**	**(7,805,062)**	(6,257)	(313,288)
Depreciation expense	**(12,476)**	**(624,673)**	(31,979)	(1,601,189)
Carrying amount	**–**	**–**	168,359	8,429,735

NOTE 8: PAYABLES

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Unsecured liabilities				
Trade creditors	**–**	**–**	74,423	3,726,360
Sundry creditors and accruals	**–**	**–**	87,475	4,379,873
	–	**–**	161,898	8,106,233
NON CURRENT				
Unsecured liabilities				
Loan from associates – Mahindra Aerospace Australia Pty Ltd	**–**	**–**	1,050,000	52,573,500

NOTE 9: PROVISIONS

		2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT					
Employee benefits	(a)	**–**	**–**	57,627	2,885,384
NON CURRENT					
Employee benefits	(a)	**–**	**–**	4,880	244,342
(a) Aggregate employee benefits liability		**–**	**–**	62,507	3,129,726

NOTE 10: SHARE CAPITAL

	2018 $	2018 Rupees	2017 $	2017 Rupees
Issued and paid-up capital				
Capital as yet unallocated / (overallocated)			–	–
6,000,010 (2017: 4,950,010) Ordinary shares	**6,000,004**	**300,420,200**	4,950,004	247,846,700

NOTE 11: ACCUMULATED LOSSES

	2018 $	2018 Rupees	2017 $	2017 Rupees
Accumulated losses at beginning of year	**(5,510,821)**	**(275,926,807)**	(5,531,516)	(276,963,006)
Net loss	**(489,183)**	**(24,493,393)**	20,695	1,036,199
	(6,000,004)	**(300,420,200)**	(5,510,821)	(275,926,807)

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07 = AUD$1.00 as advised by the ultimate parent entity.

NOTE 12: COMPANY DETAILS

The registered office of the company is:

Aerostaff Australia Pty Ltd
Latrobe Regional Airport
43 Airfield Road
TRARALGON VIC 3844

Keith Douglas Director

Ajay Mantry Director

Dated this 1st day of February 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of Gipp Aero Investments Pty Ltd (the "company") for the period 01st April 2017 to 27th January 2018.

Directors names

The names of the directors are given below:

Arvind Mehra

Keith Douglas

George Morgan

Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to $3,702 (Rs. 185,359) (2017: $10,459, Rs. 523,682).

Review of operations

During the period all the assets of the company including the shareholdings in the following wholly owned subsidiaries has been transferred to the Company's holding company Mahindra Aerospace Australia Pty Ltd.

- GippsAero Pty Ltd
- Airvan 10 Pty Ltd
- GA 200 Pty Ltd
- GA8 Airvan Pty Ltd
- Nomad TC Pty Ltd
- Airvan Flight Services Pty Ltd.

On request of the sole shareholder of the Company, M/s. Mahindra Aerospace Australia Pty Ltd, the company is in the process of making an application to the Australian Securities and Investment Commission for deregistration.

Signed on behalf of the board of directors.

	Keith Douglas	**Ajay Mantry**
Place: Toronto, Canada	Director	Director

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD 01ST APRIL 2017 TO 27TH JANUARY 2018

	2018	2018	2017	2017
	$	**Rupees**	$	Rupees
Revenue and other income				
Other revenue	–	–	43	2,153
	–	–	43	2,153
Less: expenses				
Finance costs	–	–	(152)	(7,611)
Professional fees	**3,702**	**(1,85,359)**	(10,350)	(518,225)
	(3,702)	**(185,359)**	(10,502)	(525,836)
Loss before income tax expense	**(3,702)**	**(185,359)**	(10,459)	(523,683)
Income tax expense	–	–	–	–
Loss after income tax expenses	**(3,702)**	**(185,359)**	(10,459)	(523,683)
Total comprehensive loss	**(3,702)**	**(185,359)**	(10,459)	(523,683)

STATEMENT OF FINANCIAL POSITION AS AT 27 JANUARY 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents	1	–	–	21,062	1,054,574
Total current assets		–	–	21,062	1,054,574
Non-current assets					
Investment in subsidiaries	2	–		42,546,028	2,130,279,622
Total non-current assets				42,546,028	2,130,279,622
Total assets				42,567,090	2,131,334,196
Current liabilities					
Payables	3			17,360	869,215
Total current liabilities				17,360	869,215
Total liabilities				17,360	869,215
Net assets				42,549,730	2,130,464,981
Equity					
Share capital	4	**94,547,275**	**4,733,982,059**	64,297,275	3,219,364,559
Accumulated losses	5	**(94,547,275)**	**(4,733,982,059)**	(21,747,545)	(1,088,899,578)
Total equity		–	–	42,549,730	2,130,464,981

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 01ST APRIL 2017 TO 27TH JANUARY 2018

Australian Dollars	Contributed equity	Reserves	Accumulated losses	Total equity
	$	$	$	$
Balance as at 1 April 2016	7,017,275	34,050,000	(21,737,086)	19,330,189
Loss for the year	–	–	(10,459)	(10,459)
Total comprehensive income for the year	–	–	(10,459)	(10,459)
Transactions with owners in their capacity as owners:	57,280,000	–	–	57,280,000
Contributions	–	(34,050,000)	–	(34,050,000)
Total transactions with owners in their capacity as owners	57,280,000	(34,050,000)	–	23,230,000
Balance as at 31 March 2017	64,297,275	–	(21,747,545)	42,549,730
Balance as at 1 April 2017	64,297,275	–	(21,747,545)	42,549,730
Loss for the year	–	–	(3,702)	(3,702)
Total comprehensive income for the year	–	–	(3,702)	(3,702)
Transactions with owners in their capacity as owners:				
Contributions	30,250,000	–	–	30,250,000
Transfer of investment in subsidiaries to Parent	–	–	(72,796,028)	(72,796,028)
Total transactions with owners in their capacity as owners	30,250,000	–	(72,796,028)	(42,546,028)
Balance as at 27 JANUARY 2018	**94,547,275**	**–**	**(94,547,275)**	**–**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD 01ST APRIL 2017 TO 27TH JANUARY 2018

Indian Rupees	Contributed equity	Reserves	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at 1 April 2016	351,354,959	1,704,883,500	(1,088,375,896)	967,862,563
Loss for the year	–	–	(523,683)	(523,683)
Total comprehensive income for the year	–	–	(523,683)	(523,683)
Transactions with owners in their capacity as owners:	2,868,009,600			2,868,009,600
Contributions	–	(1,704,883,500)	–	(1,704,883,500)
Total transactions with owners in their capacity as owners	2,868,009,600	(1,704,883,500)	–	1,163,126,100
Balance as at 31 March 2017	3,219,364,559		(1,088,899,578)	2,130,464,981
Balance as at 1 April 2017	3,219,364,559		(1,088,899,578)	2,130,464,981
Loss for the year	–	–	(185,359)	(185,359)
Total comprehensive income for the year	–	–	(185,359)	(185,359)
Transactions with owners in their capacity as owners:				
Contributions	1,514,617,500	–	–	1,514,617,500
Transfer of investment in subsidiaries to Parent	–		(3,644,897,122)	(3,644,897,122)
Total transactions with owners in their capacity as owners	1,514,617,500	–	(3644897,122)	(2,130,279,622)
Balance as at 27 JANUARY 2018	**4,733,982,059**	**–**	**(4,733,982,059)**	**–**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE PERIOD 01ST APRIL 2017 TO 27TH JANUARY 2018

	2018 $	2018 Rupees	2017 $	2017 Rupees
Cash flow from operating activities				
Payments to suppliers and employees	**(20,579)**	**(1,030,391)**	(9,464)	(473,862)
Interest received	**–**	**–**	43	2,153
Finance costs	**–**	**–**	–	
Net cash used in operating activities	**(20,579)**	**(1,030,391)**	(9,421)	(471,709)
Cash flow from investing activities				
Payment for investments in subsidiaries	**(30,250,000)**	**(1,514,617,500)**	(23,200,000)	(1,161,624,000)
Net cash used in investing activities	**(30,250,000)**	**(1,514,617,500)**	(23,200,000)	(1,161,624,000)
Cash flow from financing activities				
Funds received from parent entity	**30,250,000**	**1,514,617,500**	23,200,000	1,161,624,000
Net cash provided by financing activities	**30,250,000**	**1,514,617,500**	23,200,000	1,161,624,000
Reconciliation of cash				
Cash at beginning of the financial year	**20,579**	**1,030,391**	483	24,184
Net decrease in cash held	**(20,579)**	**(1,030,391)**	20,579	1,030,391
Cash at end of financial year/period	**–**	**–**	21,062	1,054,575

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD 01ST APRIL 2017 TO 27TH JANUARY 2018

NOTE 1: CASH AND CASH EQUIVALENTS

	2018 $	2018 Rupees	2017 $	2017 Rupees
Cash at bank	–	–	21,062	1,054,574

NOTE 2: INVESTMENT IN SUBSIDIARIES

	2018 $	2018 Rupees	2017 $	2017 Rupees
NON CURRENT				
Investments at cost:				
Investment in GA8 Airvan Pty Ltd	–	–	3	150
Investment in GA200 Pty Ltd	–	–	3	150
Investment in Airvan 10 Pty Ltd	–	–	10	501
Investment in Airvan Flight Services Pty Ltd	–	–	2	100
Investment in Nomad TC Pty Ltd	–	–	5,000,000	250,350,000
Investment in GippsAero Pty Ltd	–	–	57,250,010	2,866,508,000
	–	–	62,250,028	3,116,858,901
Provision for impairment loss	–	–	(19,704,000)	(986,579,280)
Total financial assets at fair value through profit or loss	–	–	42,546,028	2,130,279,621

During the period all the investments in the subsidiaries has been transferred to the Company's holding company, Mahindra Aerospace Australia Pty Ltd.

Book Value of Investment in subsidiaries transferred to the holding company, Mahindra Aerospace Australia Pty Ltd.

	AUD	Rupees
Investment in Gippsaero Pty Ltd		
Investment as on 1st April 2017	57,250,010	2,866,508,001
Equity infused during the year	30,250,000	1,514,617,500
Total investment	87,500,010	4,381,125,501
Less: Impairment loss	(19,704,000)	(986,579,280)
Total book value of investment in Gippsaero Pty Ltd	**67,796,010**	**3,394,546,221**
Investment in GA8 Airvan Pty Ltd	3	150
Investment in GA200 Pty Ltd	3	150
Investment in Airvan 10 Pty Ltd	10	501
Investment in Airvan Flight Services Pty Ltd	2	100
Investment in Nomad TC Pty Ltd	5,000,000	250,350,000
Total book value of investment transferred	**72,796,028**	**3,644,897,122**

NOTE 3: PAYABLES

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Unsecured liabilities				
Amounts payable to:				
– GippsAero Pty Ltd	–	–		
Sundry creditors and accruals	–	–	17,360	869,215
	–	–	17,360	869,215

NOTE 4: SHARE CAPITAL

	2018 $	2018 Rupees	2017 $	2017 Rupees
Issued and paid-up capital				
87,562,247 (2017: 57,312,247) Ordinary shares	**94,547,275**	**4,733,982,059**	64,297,275	3,219,364,559

NOTE 5: ACCUMULATED LOSSES

	2018 $	2018 Rupees	2017 $	2017 Rupees
Accumulated losses at beginning of year	**(21,747,545)**	**(1,088,899,578)**	(21,737,086)	(1,088,375,896)
Net loss for the period	**(3,702)**	**(185,359)**	(10,459)	(523,682)
Book value of investment in subsidiaries transferred	**72,796,028**	**(3,644,897,122)**	–	–
	(94,547,275)	**(4,733,982,059)**	(21,747,545)	(1,088,899,578)

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07 = AUD$1.00 as advised by the ultimate parent entity.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

Gipp Aero Investments Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

Ajay Mantry
Director

Place:
Dated this 27th day of January 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of GippsAero Pty Ltd (the "company") and the company, being the company and its controlled entities, for the year ended 31 March 2018 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Keith Douglas (CEO)
Partha Mukherjee
George Morgan
Nikhil Sohoni
Ajay Mantry

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to $20,132,525, (Rs. 1,008,035,527) (2017: 5,594,023, Rs. 227,183,840).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

Significant changes in the state of affairs of the company during the financial year, were as follows:

During the year under review, Mahindra Aerospace Australia Pty Ltd (MAAPL) became holding company in place of Gipp Aero Investment Pty Ltd (GAIPL) following the transfer of entire holdings in the company by GAIPL to MAAPL.

Principal activities

The principal activity of the company during the year was the manufacture and sale of aircraft.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings against the company

In February 2016, a lawsuit was filed against the company for breach of contract. The board of directors and the company's legal representative are of the opinion that the claim is unlikely to result in any damages and the company is confident of success.

Signed on behalf of the board of directors.

	Keith Douglas	**Ajay Mantry**
Place: Melbourne	Director	Director

Date: 2nd May, 2018

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF GIPPSAERO PTY LTD - IND STAT

In relation to the independent audit for the year ended 31 March 2018, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

N R BULL	**PITCHER PARTNERS**
Partner	Melbourne

Place: Melbourne
Date: 1st June, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GIPPSAERO PTY LTD - IND STAT

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of GippsAero Pty Ltd Ind Stat (the "company"), which comprises the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of GippsAero Pty Ltd Ind Stat, is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2018 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

Date: 1st June, 2018

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out, are in accordance with the *Corporations Act 2001*: and
   (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
   (b) give a true and fair view of the financial position as at 31 March 2018 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Dated this 2nd day of May, 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue and other income					
Sales revenue	4	**8,054,568**	**403,292,220**	13,592,568	673,511,744
Other revenue	4	**2,596,683**	**130,015,918**	3,257,863	161,427,112
		10,651,251	**533,308,138**	16,850,431	834,938,856
Less: expenses					
Materials and consumables used	5	**(4,249,071)**	**(212,750,985)**	(8,865,852)	(439,302,967)
Depreciation and amortisation expense	5	**(924,645)**	**(46,296,975)**	(910,751)	(45,127,712)
Employee benefits expense	5	**(6,946,758)**	**(347,824,173)**	(6,920,813)	(342,926,284)
Occupancy expense		**(404,949)**	**(20,275,796)**	(345,070)	(17,098,219)
Marketing and promotional expense		**(49,315)**	**(2,469,202)**	(331,379)	(16,419,829)
Finance costs	5	**(875,063)**	**(43,814,404)**	(2,307,041)	(114,313,882)
Travel expense		**(475,302)**	**(23,798,371)**	(399,251)	(19,782,887)
Foreign exchange (gains)/losses	5	**104,323**	**5,223,453**	(23,415)	(1,160,213)
Insurance expense		**(548,535)**	**(27,465,147)**	(442,563)	(21,928,997)
Professional fees		**(403,829)**	**(20,219,718)**	(441,789)	(21,890,645)
Impairment loss		**(15,026,000)**	**(752,351,820)**	–	–
Other expenses		**(984,632)**	**(49,300,524)**	(1,456,530)	(72,171,062)
		(30,783,776)	**(1,541,343,662)**	(22,444,454)	(1,112,122,697)
Loss before income tax expense		**(20,132,525)**	**(1,008,035,524)**	(5,594,023)	(277,183,841)
Income tax expense		**–**	**–**	–	–
Loss for the year		**(20,132,525)**	**(1,008,035,524)**	(5,594,023)	(277,183,841)
Other comprehensive income for the year		**–**	**–**	–	–
Total comprehensive loss		**(20,132,525)**	**(1,008,035,524)**	(5,594,023)	(277,183,841)

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents	6	**418,839**	**20,971,269**	172,123	8,528,695
Receivables	7	**2,290,955**	**114,708,118**	2,036,791	100,922,994
Inventories	8	**10,533,433**	**527,408,990**	12,314,880	610,202,304
Other assets	9	**410,128**	**20,535,109**	788,417	39,066,063
Total current assets		**13,653,355**	**683,623,486**	15,312,211	758,720,056
Non-current assets					
Receivables	7	**–**	**–**	899,151	44,552,932
Intangible assets	10	**21,522,203**	**1,077,616,704**	31,805,389	1,575,957,025
Plant and equipment	11	**1,306,058**	**65,394,326**	2,552,791	126,490,794
Total non-current assets		**22,828,261**	**1,143,011,030**	35,257,331	1,747,000,751
Total assets		**36,481,616**	**1,826,634,516**	50,569,542	2,505,720,807
Current liabilities					
Payables	12	**2,637,528**	**132,061,026**	4,553,807	225,641,137
Borrowings	13	**11,300,000**	**565,791,000**	15,152,863	750,824,361
Provisions	14	**1,741,781**	**87,210,974**	1,441,048	71,403,928
Other liabilities	15	**895,630**	**44,844,194**	598,559	29,658,598
Total current liabilities		**16,574,939**	**829,907,194**	21,746,277	1,077,528,024
Non-current liabilities					
Payables	12	**–**	**–**	18,073,304	895,532,213
Borrowings	13	**–**	**–**	868,747	43,046,414
Provisions	14	**42,476**	**2,126,773**	134,488	6,663,881
Total non-current liabilities		**42,476**	**2,126,773**	19,076,539	945,242,508
Total liabilities		**16,617,415**	**832,033,967**	40,822,816	2,022,770,532
Net assets		**19,864,201**	**994,600,549**	9,746,726	482,950,275
Equity					
Share capital	16	**87,500,010**	**4,381,125,503**	57,250,010	2,836,737,999
Accumulated losses	18	**(67,635,809)**	**(3,386,524,954)**	(47,503,284)	(2,353,787,724)
Total equity		**19,864,201**	**994,600,549**	9,746,726	482,950,275

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Australian dollars				
Balance as at 1 April 2016	10	34,050,000	(41,909,261)	(7,859,251)
Loss for the year	–	–	(5,594,023)	(5,594,023)
Total comprehensive income for the year	–	–	(5,594,023)	(5,594,023)
Transactions with owners in their capacity as owners:				
Contributions	57,250,000	–	–	57,250,000
Transfer to equity	–	(34,050,000)	–	(34,050,000)
Total transactions with owners in their capacity as owners	57,250,000	(34,050,000)	–	23,200,000
Balance as at 31 March 2017	57,250,010	–	(47,503,284)	9,746,726
Balance as at 1 April 2017	57,250,010	–	(47,503,284)	9,746,726
Loss for the year	–	–	(20,132,525)	(20,132,525)
Total comprehensive income for the year	–	–	(20,132,525)	(20,132,525)
Transactions with owners in their capacity as owners:				
Contributions	**30,250,000**	**–**	**–**	**30,250,000**
Total transactions with owners in their capacity as owners	**30,250,000**	**–**	**–**	**30,250,000**
Balance as at 31 March 2018	**87,500,010**	**–**	**(67,635,809)**	**19,864,201**

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity Rupees	Reserves Rupees	Accumulated losses Rupees	Total equity Rupees
Indian rupees				
Balance as at 1 April 2016	508	1,729,052,190	(2,128,143,892)	(399,091,194)
Loss for the year	–	–	(277,183,841)	(277,183,841)
Total comprehensive income for the year	–	–	(277,183,841)	(277,183,841)
Transactions with owners in their capacity as owners:				
Contributions	2,836,737,491	–	–	2,836,737,491
Buy backs	–	(1,729,052,190)	–	(1,729,052,190)
Reconciliation FX	–	–	51,540,009	51,540,009
Total transactions with owners in their capacity as owners	2,836,737,491	(1,729,052,190)	51,540,009	1,159,225,310
Balance as at 31 March 2017	2,836,737,999	–	(2,353,787,724)	482,950,275
Balance as at 1 April 2017	2,836,738,008	–	(2,353,787,724)	482,950,284
Loss for the year	–	–	(1,008,035,527)	(1,008,035,527)
Total comprehensive income for the year	–	–	(1,008,035,527)	(1,008,035,527)
Transactions with owners in their capacity as owners:				
Contributions	**1,544,387,495**	**–**	**–**	**1,544,387,495**
Reconciliation FX	**–**	**–**	**(24,701,703)**	**(24,701,703)**
Total transactions with owners in their capacity as owners	**1,544,387,495**	**–**	**(24,701,703)**	**1,519,685,792**
Balance as at 31 March 2018	**4,381,125,503**	**–**	**(3,386,524,954)**	**994,600,549**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Cash flow from operating activities				
Receipts from customers	**11,231,648**	**562,368,615**	14,516,440	719,289,602
Payments to suppliers and employees	**(14,243,196)**	**(713,156,824)**	(20,110,614)	(996,480,924)
Interest received	**12,834**	**642,598**	117,886	5,841,251
Finance costs	**(875,063)**	**(43,814,404)**	(2,307,041)	(114,313,882)
Net cash used in operating activities	**(3,873,777)**	**(193,960,015)**	(7,783,329)	(385,663,953)
Cash flow from investing activities				
Proceeds from sale of plant and equipment	**1,808,424**	**90,547,790**	–	–
Payment for plant and equipment	**–**	**–**	(170,793)	(8,462,793)
Payment for capitalised project & development costs	**(5,439,878)**	**(272,374,692)**	(6,143,147)	(304,392,934)
Net cash used in investing activities	**(3,631,454)**	**(181,826,902)**	(6,313,940)	(312,855,727)
Cash flow from financing activities				
Proceeds from share issue	**30,250,000**	**1,514,617,500**	23,200,000	1,149,560,000
Repayment of borrowings	**(4,721,610)**	**(236,411,012)**	(3,624,486)	(179,593,280)
Loans to associated entities	**(17,776,443)**	**(890,066,501)**	(5,599,448)	(277,452,648)
Net cash provided by financing activities	**7,751,947**	**388,139,987**	13,976,066	692,514,072
Reconciliation of cash				
Cash at beginning of the financial year	**172,123**	**8,618,199**	293,326	14,534,303
Net decrease in cash held	**246,716**	**12,353,070**	(121,203)	(6,005,608)
Cash at end of financial year	**418,839**	**20,971,269**	172,123	8,528,695

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers GippsAero Pty Ltd as an individual entity. GippsAero Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. GippsAero Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, with the exception of the disclosure requirements for:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $20,132,525 (Rs 1,008,035,527) during the year ended 31 March 2018, and as at that date the company's current liabilities exceeded current assets by $2,921,584 (Rs 146,283,710).

The company is dependant on the ongoing financial support of its ultimate parent entity at 31 March 2018. As at the date of signing the company has received confirmation of on going financial support from its ultimate parent company.

The going concern basis above assumes the continued support of its ultimate parent entity, the ability to source alternative finance if required, and the Company's ability to generate sufficient cash flows from future trading. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected.

At this time, directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07 = AUD$1.00 as advised by the ultimate parent entity.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Revenue from sale and lease back transactions is deferred and amortised over the term of the lease.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

All expected loss are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Inventories include raw materials, work in porgress and finished goods.

Raw materials are valued at a moving average cost price.

(h) Work in progress

Work in progress is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(i) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	**Depreciation rates**	**Depreciation basis**
Hangar at cost	5–20%	Straight line
Leasehold improvements at cost	9–11%	Straight line
Plant and equipment at cost	6–21%	Straight line
Aircraft under lease	10–16%	Straight line
Aircraft at cost	10%	Straight line
Motor vehicles at cost	5–13%	Straight line
Computer equipment at cost	22–100%	Straight line

(j) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

Patents, trademarks and licences

Patents, trademarks and licences are recognised at cost and are amortised using the straight line method over their estimated useful lives, which range from 5 to 10 years. Trademarks and licences are carried at cost less accumulated amortisation and any impairment losses.

Intangibles are carried at their fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary or with sufficient regularity but at least triennial, the asset is revalued by an independent valuer to reflect its fair value.

The net revaluation Increase in the carrying amount of the intangible asset is recognised in other comprehensive income and accumulated in equity as a revaluation reserve. To the extent that the net revaluation increase reverses a net revaluation decrease of the same intangible previously recognised in profit or loss, the net revaluation increase is recognised in profit or loss.

A decrease in the carrying amount of the intangible asset is recognised in profit or loss. To the extent a credit balance exists in a revaluation surplus in respect of the same asset, the net revaluation decrease is recognised in other comprehensive income and reduces the amount accumulated in equity as a revaluation reserve.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that is will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during it development. Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of the intangible asset over its estimated useful life, which range from 5 to 10 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Project expenses are capitalised as incurred once identified as relating to a project that will deliver future economic benefits than can be measured reliably.

(l) Impairment of non financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(o) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statements of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statements of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statements of financial position.

(p) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(q) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Intangible assets

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 0% and 2% for the sale price of aircraft (2017: %0–3%);
- average cost of sales growth rate of 0% (2017: 2.1%–4.0%);
- terminal value growth rate of 2.5% (2017: 2.5%);
- the USD/AUD exchange rate to be at 0.74 throughout the projection period (2017: 0.74);
- discount rate to be 15.9%, (2017: 14.3%) and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

A formal valuation has been prepared by management in order to test for any impairment to the value of the intangible assets. In performing their valuation management has sought a review from our independent internal expert on the appropriateness of the discount rate for the CGU.

NOTE 3: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

AASB 15: Revenue from Contracts with Customers, AASB 2014 5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015 8: Amendments to Australian Accounting Standards Effective Date of AASB 15, AASB 2016 3: Amendments to Australian Accounting Standards Clarifications to AASB 15 and AASB 2016 7: Amendments to Australian Accounting Standards Deferral of AASB 15 for Not for Profit Entities (applicable to for profit entities for annual reporting periods commencing on or after 1 January 2018 and to not for profit entities for annual reporting periods commencing on or after 1 January 2019).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5 step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

– right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use set is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

– investment property, the lessee applies the fair value model in AASB 140: Investment Property to

– the right-of-use asset; or

– property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116:

  Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

– lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the company's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 4: REVENUE AND OTHER INCOME

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Sale of goods	**6,986,721**	**349,825,120**	12,350,596	611,972,032
Spare parts and maintenance	**1,067,847**	**53,467,099**	1,241,972	61,539,713
	8,054,568	**403,292,219**	13,592,568	673,511,745
Other revenue				
Interest income	**12,834**	**642,598**	117,886	5,841,251
Aircraft hire income	**1,108,643**	**55,509,755**	1,558,872	77,242,108
Other revenue	**951,639**	**47,648,565**	223,074	11,053,317
(Loss)/profit on sale of non-current assets	**523,567**	**26,215,000**	725	35,924
Foreign currency translation losses	**–**	**–**	1,357,306	67,254,512
	523,567	**26,215,000**	1,358,031	67,290,436
	10,651,251	**533,308,137**	16,850,431	834,938,857

NOTE 5: OPERATING LOSS

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Losses before income tax has been determined after:				
– Profit on sale of plant and equipment	**523,567**	**26,215,000**	725	35,924
Expenses:				
Cost of sales	**4,302,292**	**215,415,760**	8,866,587	439,339,386
Finance costs	**897,105**	**44,918,047**	2,332,427	115,571,758
Depreciation	**392,011**	**19,627,991**	496,478	24,600,485
Amortisation of non-current assets				
– research and development	**532,634**	**26,668,984**	414,273	20,527,227
Bad and doubtful debts	**–**	**–**	500,000	24,775,000
Impairment				
– Impairment losses	**15,026,000**	**752,351,820**	–	–
Foreign currency translation (gains)/losses	**(104,323)**	**(5,223,453)**	23,415	1,160,213
Employee benefits	**6,946,758**	**347,824,173**	6,920,813	342,926,284

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	**416,382**	**20,848,247**	171,140	8,479,987
Petty cash	**2,457**	**123,022**	983	48,708
	418,839	**20,971,269**	172,123	8,528,695

NOTE 7: RECEIVABLES

CURRENT				
Trade debtors	**2,584,989**	**129,430,399**	2,448,184	121,307,517
Provision for doubtful debts	**(571,121)**	**(28,596,028)**	(572,968)	(28,390,564)
	2,013,868	**100,834,371**	1,875,216	92,916,953
Finance lease receivable	**273,851**	**13,711,720**	161,575	8,006,041
Amounts receivables from:				
– individual shareholders	**3,236**	**162,027**	–	–
	2,290,955	**114,708,118**	2,036,791	100,922,994
NON CURRENT				
Finance lease receivable	**–**	**–**	899,151	44,552,932

NOTE 8: INVENTORIES

CURRENT				
At cost				
Raw materials and stores	**6,269,585**	**313,918,121**	6,217,272	308,065,828
Work in progress	**2,281,847**	**114,252,079**	3,400,866	168,512,910
Completed aircraft	**1,982,001**	**99,238,790**	2,696,742	133,623,566
	10,533,433	**527,408,990**	12,314,880	610,202,304

NOTE 9: OTHER ASSETS

CURRENT				
Prepayments	**214,576**	**10,743,820**	459,845	22,785,320
Other current assets	**195,552**	**9,791,289**	328,572	16,280,743
	410,128	**20,535,109**	788,417	39,066,063

NOTE 10: INTANGIBLE ASSETS

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Goodwill at cost	**788,669**	**39,488,657**	788,669	39,078,549
Patents at cost	**46,043**	**2,305,373**	46,043	2,281,431
Capitalised costs	**4,664,875**	**233,570,291**	4,559,269	225,911,779
Accumulated amortisation	**(2,103,414)**	**(105,317,939)**	(1,570,780)	(77,832,149)
	2,561,461	**128,252,352**	2,988,489	148,079,630

NOTE 10: INTANGIBLE ASSETS

	2018 $	2018 Rupees	2017 $	2017 Rupees
Projects currently in development at cost	**33,152,030**	**1,659,922,142**	27,982,188	1,386,517,415
Provision for impairment loss	**(15,026,000)**	**(752,351,820)**	–	–
Total intangible assets	**21,522,203**	**1,077,616,704**	31,805,389	1,575,957,025

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 0% and 2% for the sale price of aircraft (2017: %0-3%);
- average cost of sales growth rate of 0% (2017: -2.1% -4.0%);
- terminal value growth rate of 2.5% (2017: 2.5%);
- the USD/AUD exchange rate to be at 0.74 throughout the projection period (2017: 0.74);
- discount rate to be 15.9%, (2017: 14.3%) and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

A formal valuation has been prepared by management in order to test for any impairment to the value of the intangible assets. In performing their valuation management has sought a review from our independent internal expert on the appropriateness of the discount rate for the CGU.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $15,026,000 (Rs 752,351,850), which resulted in an impairment loss recognised at 31 March 2018.

NOTE 11: PLANT AND EQUIPMENT

	2018 $	2018 Rupees	2017 $	2017 Rupees
Hangar				
At cost	**2,068**	**103,545**	51,503	2,551,974
Accumulated depreciation	**(1,965)**	**(98,388)**	(16,206)	(803,007)
	103	**5,157**	35,297	1,748,967
Leasehold improvements				
At cost	**148,079**	**7,414,316**	96,089	4,761,210
Accumulated depreciation	**(51,378)**	**(2,572,496)**	(40,259)	(1,994,833)
	96,701	**4,841,820**	55,830	2,766,377
Plant and equipment				
Plant and equipment at cost	**1,564,656**	**78,342,326**	1,251,034	61,988,735
Accumulated depreciation	**(1,007,735)**	**(50,457,291)**	(906,007)	(44,892,647)
	556,921	**27,885,035**	345,027	17,096,088
Aircraft under lease at cost	**950,535**	**47,593,287**	2,794,128	138,449,042
Accumulated depreciation	**(472,134)**	**(23,639,749)**	(864,190)	(42,820,615)
	478,401	**23,953,538**	1,929,938	95,628,427
Fences, gates & grids at valuation	**154,740**	**7,747,832**	154,740	7,667,367
Accumulated depreciation	**(117,097)**	**(5,863,047)**	(96,612)	(4,787,125)
	37,643	**1,884,785**	58,128	2,880,242
Motor vehicles at cost	**42,395**	**2,122,718**	42,395	2,100,672
Accumulated depreciation	**(42,392)**	**(2,122,567)**	(42,392)	(2,100,524)
	3	**151**	3	148
Computer equipment at cost	**1,035,685**	**51,856,748**	974,816	48,302,133
Accumulated depreciation	**(899,399)**	**(45,032,908)**	(846,248)	(41,931,588)
	136,286	**6,823,840**	128,568	6,370,545
Total plant and equipment	**1,306,058**	**65,394,326**	2,552,791	126,490,794

(a) Reconciliations

	2018 $	2018 Rupees	2017 $	2017 Rupees
Hangar				
Opening carrying amount	**35,297**	**1,767,321**	38,027	1,884,238
Disposals	**(34,465)**	**(1,725,663)**	–	–
Depreciation expense	**(729)**	**(36,501)**	(2,730)	(135,272)
Closing carrying amount	**103**	**5,157**	35,297	1,748,966
Leasehold improvements				
Opening carrying amount	**55,830**	**2,795,408**	59,630	2,954,667
Additions	**51,990**	**2,603,139**	5,311	263,159
Depreciation expense	**(11,119)**	**(556,728)**	(9,111)	(451,449)
Closing carrying amount	**96,701**	**4,841,819**	55,830	2,766,377
Plant and equipment				
Opening carrying amount	**345,027**	**17,275,501**	402,565	19,947,096
Additions	**313,622**	**15,703,054**	56,425	2,795,859
Depreciation expense	**(101,728)**	**(5,093,521)**	(113,963)	(5,646,867)
Closing carrying amount	**556,921**	**27,885,034**	345,027	17,096,088
Aircraft under lease				
Opening carrying amount	**1,929,938**	**96,631,996**	2,253,624	111,667,069
Disposals	**(1,248,472)**	**(62,510,993)**	–	–
Depreciation expense	**(203,065)**	**(10,167,465)**	(323,686)	(16,038,641)
Closing carrying amount	**478,401**	**23,953,538**	1,929,938	95,628,428
Aircraft				
Opening carrying amount	**58,128**	**2,910,469**	73,602	3,646,979
Additions	–	–	–	–
Depreciation expense	**(20,485)**	**(1,025,684)**	(15,474)	(766,737)
Closing carrying amount	**37,643**	**1,884,785**	58,128	2,880,242
Motor vehicles				
Opening carrying amount	**3**	**152**	3	149
Reconciliation FX	–	**(2)**	–	–
Closing carrying amount	**3**	**150**	3	149
Computer equipment				
Opening carrying amount	**128,568**	**6,437,400**	51,025	2,528,289
Additions	**64,523**	**3,230,667**	109,057	5,403,774
Disposals	**(1,920)**	**(96,135)**	–	–
Depreciation expense	**(54,885)**	**(2,748,092)**	(31,514)	(1,561,519)
Closing carrying amount	**136,286**	**6,823,840**	128,568	6,370,544

	2018 $	2018 Rupees	2017 $	2017 Rupees
Total plant and equipment				
Carrying amount at 1 April	**2,552,791**	**127,818,247**	2,878,476	142,628,487
Additions	**430,135**	**21,536,860**	170,793	8,462,792
Disposals	**(1,284,857)**	**(64,332,791)**	–	–
Depreciation expense	**(392,011)**	**(19,627,991)**	(496,478)	(24,600,485)
[Enter description]	–	**(2)**	–	–
Carrying amount at 31 March	**1,306,058**	**65,394,323**	2,552,791	126,490,794

NOTE 12: PAYABLES

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Unsecured liabilities				
Trade creditors	**81,735**	**4,092,471**	205,773	10,196,052
Amounts payable to:				
– Mahindra Aerostructures Pvt Ltd	**194,373**	**9,732,256**	220,143	10,908,086
– Tech Talenta Inc	**121,723**	**6,094,671**	203,680	10,092,344
– Mahindra Aerospace Australia Pty Ltd	**296,861**	**14,863,830**	251,717	12,472,577
– Aerostaff Australia Pty Ltd	–	–	357,874	17,732,657
– Mahindra Aerospace Pvt Ltd	**512,000**	**25,635,840**	123,000	6,094,650
– Mahindra Business Solutions	**4,011**	**200,831**	10,028	496,887
– Mahindra & Mahindra Ltd	**121,504**	**6,083,705**	1,686,470	83,564,589
Sundry creditors and accruals	**1,305,321**	**65,357,422**	1,495,122	74,083,295
	2,637,528	**132,061,026**	4,553,807	225,641,137
NON CURRENT				
Unsecured liabilities				
Loan from associates				
– Mahindra Aerospace Australia Pty Ltd	–	–	18,073,304	895,532,213

NOTE 13: BORROWINGS

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Unsecured liabilities				
Bank loans	**11,300,000**	**565,791,000**	12,300,000	609,465,000
Secured liabilities				
Debtor financing	–	–	1,227,439	60,819,602
Finance lease liability	–	–	1,625,424	80,539,759
	–	–	2,852,863	141,359,361
	11,300,000	**565,791,000**	15,152,863	750,824,361
NON CURRENT				
Secured liabilities				
Finance lease liability	–	–	868,747	43,046,414

NOTE 14: PROVISIONS

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Employee benefits	**1,281,049**	**64,142,123**	1,110,149	55,007,883
Warranties	**460,732**	**23,068,851**	120,899	5,990,545
Other	–	–	210,000	10,405,500
	1,741,781	**87,210,974**	1,441,048	71,403,928
NON CURRENT				
Employee benefits	**42,476**	**2,126,773**	67,692	3,354,139
Warranties	**–**	**–**	66,796	3,309,742
	42,476	**2,126,773**	134,488	6,663,881

(a) Description of provisions

Included within the provision balance are amounts provided in relation to the following:

(i) A provision for $210,000 was raised in the previous year for the inspection of the material used in struts on aircrafts that had been sold. A contingent liability was disclosed in previous year in Note 19 in relation to this.

NOTE 15: OTHER LIABILITIES

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Customer deposits	895,630	44,844,194	598,559	29,658,598

NOTE 16: SHARE CAPITAL

	2018 $	2018 Rupees	2017 $	2017 Rupees
Issued and paid-up capital				
87,500,010 Ordinary shares (2017: 57,250,010)	87,500,010	4,381,125,503	57,250,010	2,836,737,999

NOTE 17: RESERVES

NOTE 18: ACCUMULATED LOSSES

	2018 $	2018 Rupees	2017 $	2017 Rupees
Accumulated losses at beginning of year	(47,503,284)	(2,378,489,430)	(41,909,261)	(2,076,603,883)
Net loss for the year	(20,132,525)	(1,008,035,524)	(5,594,023)	(277,183,841)
Accumulated losses at end of year	(67,635,809)	(3,386,524,954)	(47,503,284)	(2,353,787,724)

NOTE 19: CAPITAL AND LEASING COMMITMENTS

	2018 $	2018 Rupees	2017 $	2017 Rupees
(a) Finance leasing commitments				
Payable				
– not later than one year	–	–	1,826,818	90,518,832
– later than one year and not later than five years	–	–	881,577	43,682,140
Minimum lease payments	–	–	2,708,395	134,200,972
Less future finance charges	–	–	(214,224)	(10,614,799)
Total finance lease liability	–	–	2,494,171	123,586,173
Represented by:				
Current liability	–	–	1,625,424	80,539,759
Non-current liability	–	–	868,747	43,046,414
	–	–	2,494,171	123,586,173

Finance leasing commitments relate to aircraft.

NOTE 20: CONTINGENT LIABILITIES

A provision of $210,000 was raised in the previous year for the inspection of the material used in struts on aircrafts that had been sold (refer to note 14). Based on the inspection, the estimated amount of liability for the replacement of struts has been included in the warranty provision as at 31 March 2018.

A contingent liability exists relative to any future claims which may be made against the company.				
Estimates of the maximum amounts of contingent liabilities that may become payable:				
Replacement of struts	–	–	450,000	22,297,503
	–	–	450,000	22,297,503

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 22: COMPANY DETAILS

The registered office of the company is:

GippsAero Pty Ltd
Latrobe Valley Airfield Pty Ltd
75 Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Airvan Flight Services Pty Ltd (the "company") for the year ended 31 March 2018.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra (Resigned 27 April 2017)
Keith Douglas (CEO)
George Morgan
Ajay Mantry (Appointed 26 April 2017)

Results

The loss of the company for the year after providing for income tax amounted to \$350 (Rs. 17,525) (2017: \$3,850 (Rs. 192,770)).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

During the year under review, Mahindra Aerospace Australia Pty Ltd (MAAPL) became holding company in place of Gipp Aero Investment Pty Ltd (GAIPL) following the transfer of entire holdings in the company by GAIPL to MAAPL.

Principal activities

The principal activity of the company during the year was to hold the Air Operators Certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Ajay Mantry
Director

Place: Traralgon VIC 3844
Dated this 1st Day of May 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue		–	–	–	–
Less: expenses					
Professional fees		(350)	(17,525)	(3,850)	(192,770)
		(350)	(17,525)	(3,850)	(192,770)
Loss before income tax expense		(350)	(17,525)	(3,850)	(192,770)
Income tax expense		–	–	–	–
Loss for the year		(350)	(17,525)	(3,850)	(192,770)
Total comprehensive loss		(350)	(17,525)	(3,850)	(192,770)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents	2	**2**	**100**	2	100
Total current assets		**2**	**100**	2	100
Total assets		**2**	**100**	2	100
Current liabilities					
Payables	3	**8,050**	**403,065**	7,700	385,540
Total current liabilities		**8,050**	**403,065**	7,700	385,540
Total liabilities		**8,050**	**403,065**	7,700	385,540
Net assets		**(8,048)**	**(402,965)**	(7,698)	(385,440)
Equity					
Share capital	4	**2**	**100**	2	100
Accumulated losses	5	**(8,050)**	**(403,065)**	(7,700)	(385,540)
Total equity		**(8,048)**	**(402,965)**	(7,698)	(385,440)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2016	2	(3,850)	(3,848)
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	2	(7,700)	(7,698)
Balance as at 1 April 2017	2	(7,700)	(7,698)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Balance as at 31 March 2018	**2**	**(8,050)**	**(8,048)**
Indian Rupees			
Balance as at 1 April 2016	100	(192,770)	192,670
Profit/(loss) for the year	–	(192,770)	(192,770)
Total comprehensive income for the year	–	(192,770)	(192,770)
Balance as at 31 March 2017	100	(385,540)	(385,440)
Balance as at 1 April 2017	100	(385,540)	(385,440)
Loss for the year	–	(17,525)	(17,525)
Total comprehensive income for the year	–	(17,525)	(17,525)
Balance as at 31 March 2018	**100**	**(403,065)**	**(402,965)**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan Flight Services Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 (Rs. 17,525) during the year ended 31 March 2018 (2017: $3,850 (Rs. 192, 770)), and as at that date the company's total liabilities exceeded total assets by $8,048 (Rs. 402,965) (2017: $7,698 (Rs. 385, 440)).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2018. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07 = $1 AUD as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2018 $	2018 Rupees	2017 $	2017 Rupees
Cash on hand	**2**	**100**	2	100

NOTE 3: PAYABLES

	2018 $	2018 Rupees	2017 $	2017 Rupees
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	**8,050**	**403,065**	7,700	385,540

NOTE 4: SHARE CAPITAL

	2018 $	2018 Rupees	2017 $	2017 Rupees
Issued and paid-up capital				
2 (2017: 2) Ordinary shares	**2**	**100**	2	100

NOTE 5: ACCUMULATED LOSSES

	2018 $	2018 Rupees	2017 $	2017 Rupees
Accumulated losses at beginning of year	**(7,700)**	**(385,540)**	(3,850)	(192,770)
Net Loss	**(350)**	**(17,525)**	(3,850)	(192,770)
Accumulated losses at end of year	**(8,050)**	**(403,065)**	(7,700)	(385,540)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) The operations, in financial years subsequent to 31 March 2018, of the company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan Flight Services Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

Ajay Mantry
Director

Dated this 1st Day of May 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of GA 8 Pty Ltd (the "company), for the year ended 31 March 2018.

Directors names
The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results
The loss of the company for the year after providing for income tax amounted to $350 Rs.17,525) (2017: $3,850 (Rs.192,770).

Review of operations
The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs
During the year under review, Mahindra Aerospace Australia Pty Ltd (MAAPL) became holding company in place of Gipp Aero Investment Pty Ltd (GAIPL) following the transfer of entire holdings in the company by GAIPL to MAAPL.

Principal activities
The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments
The company expects to maintain the present status and level of operations.

Environmental regulation
The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared
No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options
No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers
During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Proceedings on behalf of the company
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

George Morgan
Director

Place: Traralgon VIC 3844
Dated this 27th day of April 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue		–	–	–	–
Less: expenses					
Professional fees		(350)	(17,525)	(3,850)	(192,770)
		(350)	(17,525)	(3,850)	(192,770)
Loss before income tax expense		(350)	(17,525)	(3,850)	(192,770)
Income tax expense		–	–	–	–
Loss for the year		(350)	(17,525)	(3,850)	(192,770)
Total comprehensive loss		(350)	(17,525)	(3,850)	(192,770)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents		3	150	3	150
Total current assets		3	150	3	150
Total assets		3	150	3	150
Current liabilities					
Payables	2	8,050	403,065	7,700	385,540
Total current liabilities		8,050	403,065	7,700	385,540
Total liabilities		8,050	403,065	7,700	385,540
Net assets		(8,047)	(402,915)	(7,697)	(385,390)
Equity					
Share capital	3	3	150	3	150
Accumulated losses	4	(8,050)	(403,065)	(7,700)	(385,540)
Total equity		(8,047)	(402,915)	(7,697)	(385,390)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

Australian dollars	Contributed equity	Accumulated losses	Total equity
	$	$	$
Balance as at 1 April 2016	3	(3,850)	(3,847)
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	3	(7,700)	(7,697)
Balance as at 1 April 2017	3	(7,700)	(7,697)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Balance as at 31 March 2018	3	(8,050)	(8,047)
Indian rupees			
Balance as at 1 April 2016	150	(192,770)	(192,620)
Profit/(loss) for the year	–	(192,770)	(192,770)
Total comprehensive income for the year	–	(192,770)	(192,770)
Balance as at 31 March 2017	150	(385,540)	(385,390)
Balance as at 1 April 2017	150	(385,540)	(385,390)
Loss for the year	–	(17,525)	(17,525)
Total comprehensive income for the year	–	(17,525)	(17,525)
Balance as at 31 March 2018	150	(403,065)	(402,915)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA8 Airvan Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 (Rs. 17,525) during the year ended 31 March 2018(2017: $3,850 (Rs. 192,770), and as at that date the company's total liabilities exceeded total assets by $8,047 (Rs. 402,915) (2017: $7,697 (Rs. 385,390).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2018. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 50.07 = $1 AUD as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: PAYABLES

	2018	**2018**	2017	2017
	$	**Rupees**	$	Rupees
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	8,050	4,03,065	7,700	3,85,540

NOTE 3: SHARE CAPITAL

Issued and paid-up capital				
3 Ordinary shares (2017: 3)	3	150	3	150

NOTE 4: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(7,700)	(385,540)	(3,850)	(192,770)
Net profit	(350)	(17,525)	(3,850)	(192,770)
Accumulated losses at end of year	(8,050)	(403,065)	(7,700)	(385,540)

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) The operations, in financial years subsequent to 31 March 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

GA8 Airvan Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 27th day of April 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of GA 200 Pty Ltd (the "company") for the year ended 31 March 2018.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to $350 (Rs. 17,525) (2017: $3,850 (Rs. 192,770).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

During the year under review, Mahindra Aerospace Australia Pty Ltd (MAAPL) became holding company in place of Gipp Aero Investment Pty Ltd (GAIPL) following the transfer of entire holdings in the company by GAIPL to MAAPL.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance sheet date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

George Morgan
Director

Place: Traralgon VIC 3844

Dated this 27th day of April 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue		**–**	**–**	–	–
Less: expenses					
Professional fees		**(350)**	**(17,525)**	(3,850)	(192,770)
		(350)	**(17,525)**	(3,850)	(192,770)
Loss before income tax expense		**(350)**	**(17,525)**	(3,850)	(192,770)
Income tax expense		**–**	**–**	–	–
Loss for the year		**(350)**	**(17,525)**	(3,850)	(192,770)
Total comprehensive loss		**(350)**	**(17,525)**	(3,850)	(192,770)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents		**3**	**150**	3	150
Total current assets		**3**	**150**	3	150
Total assets		**3**	**150**	3	150
Current liabilities					
Payables	**2**	**8,050**	**403,065**	7,700	385,540
Total current liabilities		**8,050**	**403,065**	7,700	385,540
Total liabilities		**8,050**	**403,065**	7,700	385,540
Net assets		**(8,047)**	**(402,915)**	(7,697)	(385,390)
Equity					
Share capital	**3**	**3**	**150**	3	150
Accumulated losses	**4**	**(8,050)**	**(403,065)**	(7,700)	(385,540)
Total equity		**(8,047)**	**(402,915)**	(7,697)	(385,390)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity $	Accumulated losses $	Total equity $
Australian Dollars			
Balance as at 1 April 2016	3	(3,850)	(3,847)
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	3	(7,700)	(7,697)
Balance as at 1 April 2017	3	(7,700)	(7,697)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Balance as at 31 March 2018	3	(8,050)	(8,047)
Indian rupees			
Balance as at 1 April 2016	150	(192,770)	(192,620)
Profit/(loss) for the year	–	(192,770)	(192,770)
Total comprehensive income for the year	–	(192,770)	(192,770)
Balance as at 31 March 2017	150	(385,540)	(385,390)
Balance as at 1 April 2017	150	(385,540)	(385,390)
Loss for the year	–	(17,525)	(17,525)
Total comprehensive income for the year	–	(17,525)	(17,525)
Balance as at 31 March 2018	150	(403,065)	(402,915)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA 200 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 (Rs. 17,525) during the year ended 31 March 2018 (2017: $3,850 (Rs. 192,770), and as at that date the company's total liabilities exceeded total assets by $8,047 (Rs. 402,915) (2017: $7,697 (Rs. 385,390).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2018. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 50.07 = $1 AUD as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
NOTE 2: PAYABLES				
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	**8,050**	**403,065**	7,700	385,540
NOTE 3: SHARE CAPITAL				
Issued and paid-up capital				
3 Ordinary shares (2017: 3)	**3**	**150**	3	150
NOTE 4: ACCUMULATED LOSSES				
Accumulated losses at beginning of year	**(7,700)**	**(385,540)**	(3,850)	(192,770)
Net Loss	**(350)**	**(17,525)**	(3,850)	(192,770)
Accumulated losses at end of year	**(8,050)**	**(403,065)**	(7,700)	(385,540)

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) The operations, in financial years subsequent to 31 March 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

GA 200 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 27th day of April 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of Nomad TC Pty Ltd (the "company") for the year ended 31 March 2018.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to $350 (Rs.17,525) (2017: $3,850 (Rs.192,770)).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

During the year under review, Mahindra Aerospace Australia Pty Ltd (MAAPL) became holding company in place of Gipp Aero Investment Pty Ltd (GAIPL) following the transfer of entire holdings in the company by GAIPL to MAAPL.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas	**George Morgan**
Director	Director

Place: Traralgon VIC 3844

Dated this 27th day of April 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue		**–**	**–**	–	–
Less: expenses					
Professional fees		**(350)**	**(17,525)**	(3,850)	(192,770)
		(350)	**(17,525)**	(3,850)	(192,770)
Loss before income tax expense		**(350)**	**(17,525)**	(3,850)	(192,770)
Income tax expense		**–**	**–**	–	–
Loss for the year		**(350)**	**(17,525)**	(3,850)	(192,770)
Total comprehensive loss		**(350)**	**(17,525)**	(3,850)	(192,770)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current liabilities					
Payables	2	**9,700**	**485,680**	9,350	468,155
Total current liabilities		**9,700**	**485,680**	9,350	468,155
Total liabilities		**9,700**	**485,680**	9,350	468,155
Net assets		**(9,700)**	**(485,680)**	(9,350)	(468,155)
Equity					
Share capital	3	**11,308**	**566,192**	11,308	566,192
Accumulated losses	4	**(21,008)**	**(1,051,872)**	(20,658)	(1,034,347)
Total equity		**(9,700)**	**(485,680)**	(9,350)	(468,155)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2016	11,308	(16,808)	(5,500)
Profit/(loss) for the year	–	(3,850)	(3,850)
Total comprehensive income for the year	–	(3,850)	(3,850)
Balance as at 31 March 2017	11,308	(20,658)	(9,350)
Balance as at 1 April 2017	11,308	(20,658)	(9,350)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Balance as at 31 March 2018	11,308	(21,008)	(9,700)
Indian rupees			
Balance as at 1 April 2016	566,192	(841,577)	(275,385)
Profit/(loss) for the year	–	(192,770)	(192,770)
Total comprehensive income for the year	–	(192,770)	(192,770)
Balance as at 31 March 2017	566,192	(1,034,347)	(468,155)
Balance as at 1 April 2017	566,192	(10,34,347)	(468,155)
Loss for the year	–	(17,525)	(17,525)
Total comprehensive income for the year	–	(17,525)	(17,525)
Balance as at 31 March 2018	566,192	(1,051,872)	(485,680)

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Nomad TC Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 (Rs.17,525) during the year ended 31 March 2018 (2017: $3,850 (Rs.192,770)), and as at that date the company's total liabilities exceeded total assets by $9,700 (Rs.485,680) (2017: $9,350 (Rs.468,155)).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2018. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07= $1 AUD as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: PAYABLES

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
CURRENT				
Unsecured liabilities				
Sundry creditors and accruals	**9,700**	**485,680**	9,350	468,155

NOTE 3: SHARE CAPITAL

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Issued and paid-up capital				
11,308 Ordinary shares (2017: 11,308)	**11,308**	**566,192**	11,308	566,192

NOTE 4: ACCUMULATED LOSSES

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Accumulated losses at beginning of year	**(20,658)**	**(1,034,347)**	(16,808)	(841,577)
Net Loss	**(350)**	**(17,525)**	(3,850)	(192,770)
Accumulated losses at end of year	**(21,008)**	**(1,051,872)**	(20,658)	(1,034,347)

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

Nomad TC Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 27th day of April 2018

DIRECTORS' REPORT

The directors present their report together with the financial report of Airvan 10 Pty Ltd (the "company"), for the period ended 31 March 2018.

Directors names

The names of the directors in office at any time during or since the end of the period are:

Arvind Mehra

Keith Douglas (CEO)

George Morgan

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the period after providing for income tax amounted to $350 (Rs. 17,525) (2017: $3,850 (Rs.192,770)).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

During the year under review, Mahindra Aerospace Australia Pty Ltd (MAAPL) became holding company in place of Gipp Aero Investment Pty Ltd (GAIPL) following the transfer of entire holdings in the company by GAIPL to MAAPL.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

After balance date events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the end of the period.

Indemnification of officers

During or since the end of the period, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the Board of Directors.

Keith Douglas Director	**George Morgan** Director

Place: Traralgon VIC 3844

Dated this 27th day of April 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Revenue		**–**	**–**	–	–
Less: expenses					
Professional fees		**(350)**	**(17,525)**	(3,850)	(192,770)
		(350)	**(7,525)**	(3,850)	(192,770)
Loss before income tax expense		**(350)**	**(17,525)**	(3,850)	(192,770)
Income tax expense		**–**	**–**	–	–
Loss for the period		**(350)**	**(17,525)**	(3,850)	(192,770)
Total comprehensive loss		**(350)**	**(17,525)**	(3,850)	(192,770)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 $	2018 Rupees	2017 $	2017 Rupees
Current assets					
Cash and cash equivalents	2	**10**	**501**	10	501
Total current assets		**10**	**501**	10	501
Total assets		**10**	**501**	10	501
Current liabilities					
Payables	3	**8,050**	**403,065**	7,700	385,540
Total current liabilities		**8,050**	**403,065**	7,700	385,540
Total liabilities		**8,050**	**403,065**	7,700	385,540
Net assets		**(8,040)**	**(402,564)**	(7,690)	(385,039)
Equity					
Share capital	4	**10**	**501**	10	501
Accumulated losses	5	**(8,050)**	**(403,065)**	(7,700)	(385,540)
Total equity		**(8,040)**	**(402,564)**	(7,690)	(385,039)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

Australian dollars	**Contributed equity**	**Accumulated losses**	**Total equity**
	$	**$**	**$**
Balance as at 1 April 2016	10	(3,850)	(3,840)
Loss for the period	–	(3,850)	(3,850)
Total comprehensive income for the period	–	(3,850)	(3,850)
Balance as at 31 March 2017	10	(7,700)	(7,690)
Balance as at 1 April 2017	10	(7,700)	(7,690)
Loss for the period	–	(350)	(350)
Total comprehensive loss for the period	–	(350)	(350)
Balance as at 31 March 2018	**10**	**(8,050)**	**(8,040)**

Indian rupees	**Contributed equity**	**Accumulated losses**	**Total equity**
	AUD$	**AUD$**	**AUD$**
Balance as at 1 April 2016	501	(192,770)	(192,269)
Profit/(loss) for the year	–	(192,770)	(192,770)
Total comprehensive income for the period	–	(192,770)	(192,770)
Balance as at 31 March 2017	501	(385,540)	(385,039)
Balance as at 1 April 2017	501	(385,540)	(385,039)
Loss for the year	–	(17,525)	(17,525)
Total comprehensive income for the period	–	(17,525)	(17,525)
Balance as at 31 March 2018	**501**	**(403,065)**	**(402,564)**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan 10 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 (Rs: 17,525) during the year ended 31 March 2018 (2017: $3,850 (Rs.192, 770)), and as at that date the company's total liabilities exceeded total assets by $ 8,040 (Rs. 402,564) (2017: $7,690 (Rs.385,039)).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2018. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 50.07 = $1 AUD as advised by the ultimate parent entity.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2018 $	**2018 Rupees**	2017 $	2017 Rupees
Cash on hand	**10**	**501**	10	501

NOTE 3: PAYABLES

CURRENT

Unsecured liabilities

Sundry creditors and accruals	8,050	403,065	7,700	385,540

NOTE 4: SHARE CAPITAL

Issued and paid-up capital

10 Ordinary shares	10	501	10	501

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of period	(7,700)	(385,540)	(3,850)	(192,770)
Net Loss	(350)	(17,525)	(3,850)	(192,770)
Accumulated losses at end of period	(8,050)	(403,065)	(7,700)	(384,539)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) The operations, in financial years subsequent to 31 March 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2018, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan 10 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 27th day of April 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their First Report together with the Audited Financial Statements of the Company for period from 25th June, 2017 to 31st March, 2018 ("Period").

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	**For the period from 25th June, 2017 to 31st March, 2018**
Revenue	**0.09**
Profit/(Loss) before Interest, Depreciation and Tax	**(13.47)**
Less: Depreciation	**–**
Profit/(Loss) before Interest and Tax	**(13.47)**
Less: Interest Expense	**–**
Profit/(Loss) before Tax	**(13.47)**
Provision for Tax/tax of earlier years	**–**
Profit/(Loss) for the year	**(13.47)**
Profit/(Loss) brought forward from earlier years	**–**
Profit/(Loss) carried to Balance Sheet	**(13.47)**
Net Worth	**237.53**

No material changes and commitments have occurred after the closure of the financial period under review till the date of this report which would affect the financial position of the Company.

Operations

The company was incorporated on 25th June, 2017. During the period under review, the company has been awarded the assignment of construction and maintenance of biogas plant with the local authorities in Andhra Pradesh.

Outlook for the Current Year

Your Company will be constructing and operating the biogas plants in Andhra Pradesh. It will undertake operations and maintenance of the biogas plant and participate in tenders for construction and maintenance of biogas plant and other related activities across the country.

Disclosure from first Directors

The Company has received declarations from all the Directors in Form MBP 1 under Section 184 of the Companies Act, 2013 and in Form DIR-8 as prescribed under Section 164 of the Companies Act, 2013 read with the Rule 14(1) of Companies (Appointment and Qualifications of Directors) Rules, 2014 that they are not disqualified from being appointed as Directors of the Company pursuant to Section 164 of the Companies Act, 2013.

Name Change

During the period under review, the name of your Company was changed from Mahindra Waste Energy Solutions Limited to Mahindra Waste to Energy Solutions Limited pursuant to the certificate of name change dated 10th August, 2017 received from Ministry of Corporate Affairs.

Dividend

Your Board has not considered declaration of dividend in view of the first year of operations of the company for the period under review. Accordingly, the Company does not propose to transfer any amount to reserves.

Holding Company

Your Company is wholly owned subsidiary of Mahindra and Mahindra Limited.

Share Capital

Your Company was incorporated with an authorized Share Capital of Rs. 5,00,000 comprising of 50,000 Equity Shares of Rs. 10 each. During the period under review, the authorised share capital of your Company was increased from Rs. 5,00,000 to Rs. 10,00,00,000 by creation of 99,50,000 additional Equity Shares of Rs. 10 each.

Upon incorporation, your Company had issued and allotted 10,000 Equity Shares of Rs. 10/- each to the Subscribers to the Memorandum of Association.

Further, during the period under review, your Company had allotted 25,00,000 Equity Shares of Rs. 10/- each for cash at par on rights basis, pursuant to the same, the issued and paid up Equity Share Capital of the Company stood at Rs. 2,51,00,000/-.

Board of Directors

First Directors of the Company constitute the present Composition of the Board of Directors mentioned as under:

Sr. No.	Name of the Director and DIN	Designation	Executive/ Non-Executive	Independent/ Non Independent
1	Mr. Hemant Sikka (DIN: 00922281)	Director	Non-Executive	Non Independent
2	Mr. Bharat Moossaddee (DIN: 02166403)	Director	Non-Executive	Non Independent
3	Mr. Aravind Bharadwaj (DIN: 00149109)	Director	Non-Executive	Non Independent

Mr. Hemant Sikka, Mr. Bharat Moossaddee and Mr. Aravind Bharadwaj, being the first Directors, hold office upto the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Your Company has received notices from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of all the above directors as liable to retire by rotation.

Attendance of Directors and number of Board Meetings

Your Board of Directors met four times during the period under review i.e. on 29th June, 2017, 21st September, 2017, 16th January, 2018 and 20th March, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance at the meetings of the Board was as under:-

Name of Directors	No. of meetings attended (out of 4 meetings)
Mr. Hemant Sikka	4
Mr. Bharat Moossaddee	3
Mr. Aravind Bharadwaj	2

Directors' Responsibility Statement

Pursuant to section 134 (3)(c) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management and after due enquiry, confirm that:

a) in preparation of the annual accounts, the applicable accounting standards have been followed;

b) they have in the selection of the accounting policies, consulted the statutory Auditors and such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the period ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis; and

e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

General Meeting

The Extra -ordinary General Meeting of the shareholders of the Company was held on 10th July, 2017 for seeking approval for increase in Authorised Share Capital, alteration to Memorandum of Association and change in the name of the Company.

Statutory Auditors & Audit Report

M/s B. K. Khare & Co, Chartered Accountants, (ICAI Registration Number 105102W), first auditors of your Company, are proposed to be appointed at the ensuing 1st Annual General Meeting. The members are requested to appoint them as Statutory Auditors, in accordance with the provisions of Section 139(1) of Companies Act, 2013, from the conclusion of ensuing Annual General Meeting until the conclusion of 6th Annual General Meeting to be held in the year 2023 and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their re-appointment, if made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Reporting on Frauds by Auditors

During the period under review, the Statutory Auditors had not reported any instances of frauds committed in the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure I** and forms part of this report.

Disclosure of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the period under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the period under review.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the period under review, there were no loans, guarantees or investments, particulars in respect of which were required to be furnished in terms of Section 186 of the Companies Act, 2013.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the period under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company, Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered, during the period under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were in ordinary course of business and at arm's length.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of Section 134 of Companies Act, 2013.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March 2018 is attached herewith as **Annexure II** and forms part of this report.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Board.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events during the period under review.

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business carried out by the Company.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers and all other stakeholders for their co-operation to the Company during the period under review.

For and on behalf of the Board

Hemant Sikka	Bharat Mossaddee
Director	**Director**

Mumbai, 4th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FOR THE PERIOD FROM 25TH JUNE, 2017 TO 31ST MARCH, 2018

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD FROM 25TH JUNE, 2017 TO 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: **Nil**

(b) the steps taken by the company for utilizing alternate sources of energy: **Nil**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not Applicable**

(a) the details of technology imported:

(b) the year of import:

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: **NIL**

C FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the period from 25th June, 2017 to 31st March, 2018
Total Foreign Exchange earned	**Nil**
Total Foreign Exchange used	**Nil**

For and on behalf of the Board

Hemant Sikka
Director

Bharat Mossaddee
Director

Mumbai, 4th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

FOR THE PERIOD FROM 25TH JUNE 2017 TO 31ST MARCH, 2018

Form No. MGT–9

EXTRACT OF ANNUAL RETURN

as on the period ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration)Rules,2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	:	U37200MH2017PLC296622
ii.	Registration Date	:	25/06/2017
iii.	Name of the Company	:	Mahindra Waste to Energy Solutions Limited (Formerly Known as Mahindra Waste Energy Solutions Limited)
iv.	Category/Sub Category of the Company	:	Company limited by shares/Non Government Indian Company
v.	Address of the Registered office and contact details	:	Mahindra Towers, G M Bhosale Marg, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2497 5081 Email: arora.rajesh@mahindra.com
vi.	Whether listed Company (Yes/No)	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:–

Sr. No.	Name and Description of main product/services	NIC Code of the Product/ service	% to total turnover of the company
	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001.	L65990MH1945PLC004558	Holding	100.00	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category–wise Share Holding	No. of Shares held at the beginning of the period (25.06.2017)				No. of Shares held at the end of the period (As on 31.03.2018)				% of Change during the period
Category of Shareholders	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	0	6	6	0.00	0	6	6	0.00	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	0	9,994	9,994	100	0	25,09,994	25,09,994	100	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub–Total (A)(1):	0	**10,000**	**10,000**	**100.00**	0	**25,10,000**	**25,10,000**	**100.00**	–
(2) **Foreign**									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–

Category–wise Share Holding	No. of Shares held at the beginning of the period (25.06.2017)				No. of Shares held at the end of the period (As on 31.03.2018)				% of Change during the period
Category of Shareholders	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**10,000**	**10,000**	**100.00**	**0**	**25,10,000**	**25,10,000**	**100.00**	**0**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Cent. Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub–Total (B)(1):	–	–	–	–	–	–	–	–	–
2. **Non–Institutions**									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub–Total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**0**	**10,000**	**10,000**	**100.00**	**0**	**25,10,000**	**25,10,000**	**100.00**	**0**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the period (25.06.2017)			Shareholding at the end of the period (31.03.2018)			% of change in share-holding during the period
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra and Mahindra Limited	9,994	100.00	NIL	25,09,994	100.00	NIL	0
2	Mr. Narayan Shankar jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
3	Mr. Rajesh Parte jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
4	Mr. Feroze Baria jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
5	Mr. Bharat Moossaddee jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
6	Mr. Nikhil Sohoni jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
7	Mr. Nozar Bharucha jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
	Total	**10,000**	**100**	**NIL**	**25,10,000**	**0.00**	**NIL**	**0**

* Shares held by nominees jontly with Mahindra and Mahindra Limited to comply with the statutory provision of Companies Act, 2013 with regard to minimum numbers of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period	
		No. of shares	% of total shares of the company	No. of shares	% of total Shares of the company
1	**Mahindra and Mahindra Limited**				
	At the beginning of the period (25.06.2017)	10,000	100	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.):	–	–	10,000	100
	Allotment made on 27th March 2018	25,00,000	100.00	25,10,000	100.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	**25,10,000**	**100.00**

(iv) Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period	
	For each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Narayan Shankar jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00

Sr. No.		Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period	
	For each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
2	**Mr. Rajesh Parte jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
3	**Mr. Feroze Baria jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
4	**Mr. Nikhil Sohoni jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
5	**Mr. Nozar Bharucha jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	**Mr. Bharat Moossaddee jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00		
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	–	–	1	0.00
	At the end of the period			**1**	**0.00**

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the period (25.06.2017)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the financial period				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the financial period 31.03.2018				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Total Amount
1.	Gross Salary	
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission	
	– As % of Profit	–
	– Others, specify	–
5.	Others, please specify	–
	Total (A)	–
	Ceiling as per the Act	

B. Remuneration to other directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	–	–	–
2.	Other Non–Executive Directors	–	–	–
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	–	–	–
	Total Managerial Remuneration	–	–	–
	Ceiling as per the Act	–	–	–

C. Remuneration to Key Managerial Personnel other than Md/Manager/WTD **(Rs. in Lakhs)**

Sr. No.	Particulars of Remuneration	Total Amount
1.	Gross Salary	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission	
	– as % of Profit	–
	– Others, specify	–
5.	Others, please specify	–
	Total	–

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Hemant Sikka
Director

Bharat Mossaddee
Director

Mumbai, 4th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Waste To Energy Solutions Limited

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Waste To Energy Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the period then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exits and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

10. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

11. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of **Mahindra Waste To Energy Solutions Limited** for the period ended March 31, 2018

I. The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. The Company has not been conducting any active business operations during the financial period and consequently, does not hold any inventory. Therefore, para 3(ii) of the Order is not applicable to the company.

III. There are no companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.

V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) There are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed from any financial institution or bank or debenture holders as at the Balance Sheet date.

IX. In our opinion and according to the information and explanations given to us, during the year, the Company has neither obtained the term loans nor were moneys raised by way of initial public offer or further public offer.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees nor we have been informed by the management of any such instance by during the period.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the period. Therefore, requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act are not applicable.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Order is not applicable to the Company.

XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

BALANCE SHEET AS AT 31 MARCH, 2018

	Particulars	Note No.	In Indian Rupees As at March 31, 2018
A	**ASSETS**		
	1 Current assets		
	(a) Financial Assets		
	(i) Cash and cash equivalents	3	2,38,93,580
	(ii) Other Financial Assets	4	9,130
	(b) Other current assets	5	21,860
	Total Current Assets		**2,39,24,570**
	Total Assets		**2,39,24,570**
B	**EQUITY AND LIABILITIES**		
	1 Equity		
	(a) Equity Share capital	6	2,51,00,000
	(b) Other Equity	7	(13,46,537)
	Equity attributable to owners of the Company		**2,37,53,463**
	2 Current liabilities		
	(a) Financial Liabilities		
	(i) Trade payables	8	1,71,107
	Total Current Liabilities		**1,71,107**
	Total Equity and Liabilities (1+2)		**2,39,24,570**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka Director
Bharat Moossaddee Director

Place: Mumbai
Date: May 4, 2018

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JUNE 25, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2018

			In Indian Rupees
	Particulars	Note No.	**For the period ended March 31, 2018**
	Continuining Operations		
I	Other Income	9	9,130
II	**Total Revenue**		**9,130**
III	**EXPENSES**		
	(a) Other expenses	10	13,55,667
	Total Expenses		**13,55,667**
IV	**Profit/(loss) before tax (II - III)**		**(13,46,537)**
V	**Tax Expense**		
	(1) Current tax		–
	(2) Deferred tax		–
	(3) Income Tax adjustments for earlier years		–
	Total tax expense		–
VI	**Profit/(loss) for the period (IV + V)**		**(13,46,537)**
VII	**Other comprehensive income**		–
VIII	**Total comprehensive income for the period (VII + VIII)**		**(13,46,537)**
IX	**Earnings per equity share- Continuing operations**		
	(1) Basic & Diluted EPS	11	(29.37)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka
Director

Bharat Moossaddee
Director

Place: Mumbai
Date: May 4, 2018

CASH FLOW STATEMENT FOR THE PERIOD FROM JUNE 25, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2018
CASH FLOW STATEMENT - INDIRECT METHOD

In Indian Rupees

Particulars	Note No.	**Period from June 25, 2017 to March 31, 2018**
Cash flows from operating activities		
Loss before tax for the period	PL	(13,46,537)
Adjustments for:		
Interest on Fixed Deposits with Banks		(9,130)
		(13,55,667)
Movements in working capital:		
(Increase) in other assets		(21,860)
Increase in trade and other payables		1,71,107
Cash used from operations		(12,06,420)
Income taxes paid		–
Net cash (used)/generated by operating activities		(12,06,420)
Cash flows from investing activities		
Net cash (used)/generated by investing activities		–
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company		2,51,00,000
Net cash (used)/generated in financing activities		2,51,00,000
Net increase in cash and cash equivalents		2,38,93,580
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		2,38,93,580

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka Director
Bharat Moossaddee Director

Place: Mumbai
Date: May 4, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2018

A - Equity Share Capital

In Indian Rupees

Period	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
June 25, 2017 to March 31, 2018................	–	2,51,00,000	2,51,00,000

Notes :

Company has only one class of Equity Shares having par value of Rs. 10 each.

B - Other Equity

In Indian Rupees

Particulars	Retained Earnings
Balance at the beginning of the reporting period	–
Net Profit/(Loss) for the current period	(13,46,537)
Other Comprehensive Income /(Loss)	–
Balance at the end of the reporting period	**(13,46,537)**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka Director

Bharat Moossaddee Director

Place: Mumbai
Date: May 4, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

1 Corporate information:

Mumbai Waste To Energy Solutions Limited is a public limited company incorporated in Mumbai, India on 25 June, 2017 under the Companies Act 2013. The company is wholly owned subsidiary of Mahindra & Mahindra Limited as on 31st March,2018. The company is engaged, inter alia in the business of construction, operation and maintenance of the biogas plants.

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Revenue Recognition:

Interest Income:

Interest income is accounted on accrual basis.

2.4 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.5 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted

2.5 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

2.8 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 3 - Cash and Bank Balances

In Indian Rupees

Particulars	As at March 31, 2018
Cash and cash equivalents	
(a) Balances with banks	
- On Current Account	93,580
- Fixed Deposits with original maturity less than 3 months	2,38,00,000
	2,38,93,580
(b) Cash on hand	–
(c) Cheques in hand	–
Total	**2,38,93,580**

Note No. 4 - Other financial assets

In Indian Rupees

Particulars	As at March 31, 2018 Current
Financial Assets measured at amortised cost	
Interest Receivable	
Interest accrued on Bank Fixed Deposits	9,130
Total	**9,130**

Note No. 5 - Other current assets

In Indian Rupees

Particulars	As at March 31, 2018 Current
Balances with government authorities	
Unsecured, considered good	
GST credit receivable	21,860
Total	**21,860**

Note No. 6 - Equity Share Capital

In Indian Rupees

Particulars	As at March 31, 2018 No. of shares	Amount
Authorised:		
Equity shares of Rs. 10 each with voting rights	1,00,00,000	10,00,00,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10 each with voting rights	25,10,000	2,51,00,000
Total	25,10,000	2,51,00,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

In Indian Rupees

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights			
Period Ended March 31, 2018			
No. of Shares	–	25,10,000	25,10,000
Amount	–	2,51,00,000	2,51,00,000

(ii) Terms/Rights attached to equity shares

The company has only one class of shares referred to as equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting. In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at March 31, 2018 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mahindra and Mahindra Limited	25,10,000	100%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Number of Shares As at March 31, 2018
Mahindra and Mahindra Limited, the holding company	25,10,000

(v) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back:

The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during the financial period.

Note No. 7 - Other Equity

In Indian Rupees

Particulars	Retained Earnings
Balance at the beginning of the reporting period	**–**
Net Profit/(Loss) for the current period	(13,46,537)
Balance at the end of the reporting period (A)	(13,46,537)
Other Comprehensive Income	
Addition during the period	–
Balance at the end of the reporting period (B)	–
Balance at the end of the reporting period (A+B)	**(13,46,537)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Note No. 8 - Trade Payables

Particulars	**In Indian Rupees** **As at March 31, 2018** **Current**
Trade payables	
Due to Micro and Small Enterprises	–
Other than Micro and Small Enterprises	1,71,107
Total	**1,71,107**

Note No. 9 - Other Income

Particulars	**In Indian Rupees** **For the period ended March 31, 2018**
Interest Income	
On Financial Assets at FVTPL- Bank Fixed Deposits	9,130
Total	**9,130**

Note No. 10 - Other Expenses

Particulars	**In Indian Rupees** **For the period ended March 31, 2018**
(a) Filing Fees	12,09,202
(b) Registration Charges	20,000
(c) Bank Charges	93,465
(d) Professional fees	8,000
(e) Auditors remuneration and out-of-pocket expenses	
(i) As Auditors	25,000
(ii) For Taxation matters	–
(iii) For Other services	–
Total	**13,55,667**

Note No. 11 - Disclosures under Ind AS 33

Particulars	**In Indian Rupees** **For the year ended March 31, 2018** **Rs.**
Basic & Diluted Earnings per share - continuing operations	(29.37)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	**In Indian Rupees** **For the year ended March 31, 2018**
Profit/(loss) for the year attributable to owners of the Company	(13,46,537)
Weighted average number of equity shares	45,842
Earnings per share from continuing operations - Basic & Diluted	(29.37)

Note No. 12 - Related Party Transactions

Party with whom transactions have taken place during the period

Relationship	**Name of the Company**
Parent Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related party is disclosed below:

Particulars	**For the period ended**	**In Indian Rupees** **Parent Company**
Nature of transactions with Related Party (Inclusive of taxes)		
Contribution of equity to the company	March 31, 2018	2,51,00,000
Reimbursement of expenses	March 31, 2018	13,40,269

Nature of Balances with Related Party	**Balance as on**	**In Indian Rupees** **Parent Company**
Trade payables	March 31, 2018	1,33,867

Note No. 13 – Fair Value Measurement

Fair Value of Financial assets and financial liabilities that are not measured at fair value

	In Indian Rupees **March 31, 2018**	
Particulars	**Carrying amount**	**Fair value Level 2**
Financial assets		
Financial assets carried at Amortised Cost		
– Cash and Cash Equivalents	2,38,93,580	2,38,93,580
– Other Financial Assets	9,130	9,130
Total	**2,39,02,710**	**2,39,02,710**
Financial liabilities		
Financial liabilities held at amortised cost		
Current		
– Trade and other payables	1,71,107	1,71,107
Total	**1,71,107**	**1,71,107**

Note No. 14 – Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

	March 31, 2018
Equity	2,37,53,463
Equity presented on the face of the financial position	**2,37,53,463**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

Categories of financial assets and financial liabilities

In Indian Rupees

As at March 31, 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
– Cash and Cash Equivalents...	2,38,93,580	–	–	2,38,93,580
– Other Financial Assets	9,130	–	–	9,130
Current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,71,107	–	–	1,71,107

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a program that performs monitoring of and responding to risk factors.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2018				
Non-interest bearing				
Trade Payables	1,71,107	–	–	–
Total	**1,71,107**	**–**	**–**	**–**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management on net assets basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Financial assets				
March 31, 2018				
Non-interest bearing				
Cash and cash equivalents	93,580	–	–	–
Fixed interest rate instruments				
Fixed deposits with banks.............................	2,38,00,000	–	–	–
Interest accrued but not received.........................	9,130	–	–	–
Total	**2,39,02,710**	**–**	**–**	**–**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company has not undertaken transactions denominated in foreign currencies; consequently, no exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is Nil

Note No. 15 - Deferred Tax Asset/Liabilities

Since this is the first year of operation of the company, deferred tax asset/liability has not been recognized during the current period.

In terms of our report attached

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 4, 2018

For and on behalf of the Board of Directors

Mahindra Waste To Energy Solutions Limited

Hemant Sikka
Director

Bharat Moossaddee
Director

Place: Mumbai
Date: May 4, 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their First Report together with the Audited Financial Statements of the Company for the period from 25th June, 2017 to 31st March, 2018 ("Period").

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	**For the period from 25th June, 2017 to 31st March, 2018**
Revenue	–
Profit/(Loss) before Interest, Depreciation and Tax	**(0.50)**
Less: Depreciation	–
Profit/(Loss) before Interest and Tax	**(0.50)**
Less: Interest Expense	–
Profit/(Loss) before Tax	**(0.50)**
Provision for Tax/tax of earlier years	–
Profit/(Loss) for the year	**(0.50)**
Profit/(Loss) brought forward from earlier years	–
Profit/(Loss) carried to Balance Sheet	**(0.50)**
Net Worth	**0.50**

No material changes and commitments have occurred after the closure of the financial period under review till the date of this report which would affect the financial position of the Company.

Operations

The company was incorporated on 25th June, 2017 and yet to start its operations.

Outlook for the Current Year

Your company plans to operationalize the business during the year.

Disclosures from first Directors

The Company has received declarations from all the Directors in Form MBP 1 under Section 184 of the Companies Act, 2013 and Form DIR-8 as prescribed under Section 164 of the Companies Act, 2013 read with the Rule 14(1) of Companies (Appointment and Qualifications of Directors) Rules, 2014 that they are not disqualified from being appointed as Directors of the Company pursuant to Section 164 of the Companies Act, 2013.

Dividend

Your Board has not considered declaration of dividend in view of the first year of operations of the company for the period under review. Accordingly, the Company does not propose to transfer any amount to reserves.

Holding Company

Your Company is wholly owned subsidiary of Mahindra and Mahindra Limited.

Share Capital

Your Company was incorporated with an authorized Share Capital of Rs. 5,00,000 comprising of 50,000 Equity Shares of Rs. 10 each. Upon incorporation, your Company had issued and allotted 10,000 Equity Shares of Rs. 10/- each to the Subscribers to the Memorandum of Association accordingly, the paid-up Equity Share Capital as on 31st March, 2018 was Rs. 100,000 divided into 10,000 Equity Shares of Rs. 10 each. During the period under review, your Company has not issued any further equity shares.

Board of Directors

First Directors of the Company constitute the present Composition of the Board of Directors of the Company as under:

Sr. No.	Name of the Director and DIN	Designation	Executive/ Non-Executive	Independent/ Non-Independent
1.	Mr. Rajan Wadhera (DIN: 00416429)	Director	Non-Executive	Non Independent
2.	Mr. Hemant Sikka (DIN: 00922281)	Director	Non-Executive	Non Independent
3.	Mr. Bharat Moossaddee (DIN: 02166403)	Director	Non-Executive	Non Independent

Mr. Rajan Wadhera, Mr. Hemant Sikka and Mr. Bharat Moossaddee, being the first Directors, hold office upto the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Your Company has received notices from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of all the above directors as liable to retire by rotation.

Meetings of the Board

Your Board of Directors met three times during the period under review viz. on 20th July, 2017, 17th November, 2017 and 6th March, 2018. The maximum interval between any two meetings did not exceed 120 days.

The attendance of the Directors at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended out of 3 meetings
Mr. Rajan Wadhera	3
Mr. Hemant Sikka	3
Mr. Bharat Moossadde	2

Directors' Responsibility Statement:

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management and after due enquiry, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

b) they have in the selection of the accounting policies, consulted the statutory Auditors and such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the period ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis; and

e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

Statutory Auditors & Audit Report

Messrs. B. K. Khare & Co, Chartered Accountants, (ICAI Registration Number 105102W), first auditors of your Company, are proposed to be appointed at the ensuing 1st Annual General Meeting. The members are requested to appoint them as Statutory Auditors, in accordance with the provisions of Section 139(1) of Companies Act, 2013, from the conclusion of forthcoming Annual General Meeting until the conclusion of 6th Annual General Meeting to be held in the year 2023 and fix their remuneration.

As required under the provisions of Section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Reporting on Frauds by Auditors

During the period under review, the Statutory Auditors had not reported any instances of frauds committed in the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure I** and forms part of this report.

Disclosure of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the period under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the period under review.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the period under review, there were no loans, guarantees or investments, particulars in respect of which were required to be furnished in terms of Section 186 of the Companies Act, 2013.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the period under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company, Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered, during the period under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were in ordinary course of business and at arm's length.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of Section 134 of Companies Act, 2013.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as **Annexure II** which forms a part of this Report.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Board.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events during the period under review.

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business carried out by the Company.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers and all other stakeholders for their co-operation to the Company during the period under review.

For and on behalf of the Board

Hemant Sikka	**Bharat Mossaddee**
Director	Director

Mumbai, 4th May, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FOR THE PERIOD FROM 25TH JUNE, 2017 TO 31ST MARCH, 2018

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD FROM 25TH JUNE, 2017 TO 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: **Not Applicable**

(b) the steps taken by the company for utilizing alternate sources of energy: **Not Applicable**

(c) the capital investment on energy conservation equipment: **Not Applicable**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the period): **Not Applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology has been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: **Not Applicable**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rs. in Lakhs)

	For the period from 25th June, 2017 to 31st March, 2018
Total Foreign Exchange earned	**Nil**
Total Foreign Exchange used	**Nil**

For and on behalf of the Board

Hemant Sikka
Director

Bharat Mossaddee
Director

Mumbai, 4th May, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the period ended on 31st March, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U64204MH2017PLC296621
2.	**Date of Incorporation**	25.06.2017
3.	**Name of the Company**	MAHINDRA TELECOM ENERGY MANAGEMENT SERVICES LIMITED
4.	**Category/Sub-Category of the Company**	Company limited by shares/Non-Government Company
5.	**Address of the Registered office**	Mahindra Towers,G.M. Bhosale Marg,P. K. Kurne Chowk,Worli Mumbai - 400018
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
–	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	100.00	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the period (25.06.2017)				No. of Shares held at the end of the period (31.03.2018)				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	0	6	6	0.00	0	6	6	0.00	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	0	9,994	9,994	100.00	0	9,994	9,994	100.00	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1):	0	**10,000**	**10,000**	**100.00**	0	**10,000**	**10,000**	**100.00**	–
(2) **Foreign**									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the period (25.06.2017)				No. of Shares held at the end of the period (31.03.2018)				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**10,000**	**10,000**	**100.00**	**0**	**10,000**	**10,000**	**100.00**	**0**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1):	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**0**	**10,000**	**10,000**	**100**	**0**	**10,000**	**10,000**	**100**	**0**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the period (25.06.2017)			Shareholding at the end of the period (31.03.2018)			% change in share-holding during the period
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra and Mahindra Limited	9,994	100.00	NIL	9,994	100.00	NIL	0
2	Mr. Narayan Shankar jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
3	Mr. Rajesh Parte jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
4	Mr. Feroze Baria jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
5	Mr. Bharat Moossaddee jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
6	Mr. Nikhil Sohoni jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
7	Mr. Nozar Bharucha jointly with Mahindra and Mahindra Limited*	1	0.00	NIL	1	0.00	NIL	0
	Total	**10,000**	**100**	**NIL**	**10,000**	**100.00**	**NIL**	**0**

* Shares held by nominees jointly with Mahindra & Mahindra Limited to comply with statutory provision of Companies Act, 2013, with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period (31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mahindra & Mahindra Limited				
	At the beginning of the period (25.06.2017)	10,000	100.00	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity/etc.):	–	–	10,000	100.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	10,000	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period (31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Narayan Shankar jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
2	**Mr. Rajesh Parte jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
3	**Mr. Feroze Baria jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
4	**Mr. Nikhil Sohoni jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00
5	**Mr. Nozar Bharucha jointly with Mahindra and Mahindra Limited**				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity/etc.):	–	–	1	0.00
	At the end of the period (or on the date of separation, if separated during the period)	–	–	1	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the period (25.06.2017)		Cumulative Shareholding during the period	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mr. Bharat Moossaddee jointly with Mahindra and Mahindra Limited				
	At the beginning of the period	1	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	–	–	1	0.00
	At the end of the period	–	–	1	0.00

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the period (25.06.2017)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the period				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the period 31.03.2018				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Total Amount
1.	Gross Salary	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission	
	– As % of Profit	–
	– Others, specify…	–
5.	Others, please specify	
	Total (A)	–
	Ceiling as per the Act	–

B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		–	–	
1.	**Independent Directors**			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	–	–	–
2.	**Other Non-Executive Directors**			
	• Fee for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	–	–	–
	Total Managerial Remuneration	–	–	–
	Ceiling as per the Act	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: **(Rs. in Lakhs)**

Sr. No.	Particulars of Remuneration	Total
1.	Gross Salary	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission	
	– As % of Profit	–
	– Others, specify…	–
5.	Others, please specify	–
	Total	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Hemant Sikka
Director

Bharat Mossaddee
Director

Mumbai, 4th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Telecom Energy Management Services Limited

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Telecom Energy Management Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the period then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exits and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

10. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

11. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
    e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, May 4, 2018

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of **Mahindra Telecom Energy Management Services Limited** for the period ended March 31, 2018

I. The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. The Company has not been conducting any active business operations during the financial period and consequently, does not hold any inventory. Therefore, para 3(ii) of the Order is not applicable to the company.

III. There are no companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.

V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) There are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed from any financial institution or bank or debenture holders as at the Balance Sheet date.

IX. In our opinion and according to the information and explanations given to us, during the year, the Company has neither obtained the term loans nor were moneys raised by way of initial public offer or further public offer.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees nor we have been informed by the management of any such instance by during the year.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year. Therefore, requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act are not applicable.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Order is not applicable to the Company.

XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, May 4, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	**Note No.**	**In Indian Rupees As at March 31, 2018**
A ASSETS		
1 **Current assets**		
Financial Assets		
(i) Cash and cash equivalents	3	1,00,000
Total Current Assets		**1,00,000**
Total Assets		1,00,000
B EQUITY AND LIABILITIES		
1 **Equity**		
(a) Equity Share capital	4	1,00,000
(b) Other Equity	5	(49,662)
Equity attributable to owners of the Company		50,338
2 **Current liabilities**		
Financial Liabilities		
(i) Trade payables	6	49,662
Total Current Liabilities		49,662
Total Equity and Liabilities (1+2)		1,00,000

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 4, 2018

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Rajan Wadhera Director
Hemant Sikka Director

Place: Mumbai
Date : May 4, 2018

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JUNE 25, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2018

In Indian Rupees

Particulars	Note No.	For the period ended March 31, 2018
Continuining Operations		
I Total Revenue		–
II EXPENSES		
(a) Other expenses	7	49,662
Total Expenses		**49,662**
III Profit/(loss) before tax (I - II)		(49,662)
IV Tax Expense		
(1) Current tax		–
(2) Deferred tax		–
(3) Income Tax adjustments for earlier years		–
Total tax expense		–
V Profit/(loss) for the period (III + IV)		(49,662)
VI Other comprehensive income		–
VII Total comprehensive income for the period (VI + VII)		**(49,662)**
VIII Earnings per equity share- Continuing operations		
(1) Basic & Diluted EPS	8	(4.97)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 4, 2018

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Rajan Wadhera
Director

Hemant Sikka
Director

Place: Mumbai
Date : May 4, 2018

STATEMENT OF CASH FLOW FOR THE PERIOD FROM JUNE 25, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2018

STATEMENT OF CASH FLOW STATEMENT - INDIRECT METHOD

In Indian Rupees

Particulars	Note No.	Period from June 25, 2017 to March 31, 2018
Cash flows from operating activities		
Loss before tax for the period	PL	(49,662)
Movements in working capital:		
Increase in trade and other payables		49,662
Cash used from operations		–
Income taxes paid		–
Net cash (used)/generated by operating activities		–
Cash flows from investing activities		
Net cash (used)/generated by investing activities		–
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company		1,00,000
Net cash (used)/generated in financing activities		1,00,000
Net increase in cash and cash equivalents		1,00,000
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		1,00,000

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 4, 2018

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Rajan Wadhera
Director

Hemant Sikka
Director

Place: Mumbai
Date : May 4, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2018

A - Equity Share Capital

In Indian Rupees

Period	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
June 25, 2017 to March 31, 2018	–	1,00,000	1,00,000

Notes :

Company has only one class of Equity Shares having par value of Rs. 10 each.

B - Other Equity

In Indian Rupees

Particulars	Retained Earnings
Balance at the beginning of the reporting period	–
Net Profit/(Loss) for the current period	(49,662)
Other Comprehensive Income/(Loss)	–
Balance at the end of the reporting period	**(49,662)**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 4, 2018

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Rajan Wadhera Director
Hemant Sikka Director

Place: Mumbai
Date : May 4, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2018

1 Corporate information:

Mumbai Telecom Energy Management Services Limited is a public limited company incorporated in Mumbai, India on 25 June, 2017 under the Companies Act 2013. The company is wholly owned subsidiary of Mahindra & Mahindra Limited as on 31st March,2018. The company is engaged, inter alia in the business of energy management services of telecom towers.

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.4 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.5 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period.

2.8 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2018

and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 3 - Cash and Bank Balances

In Indian Rupees

Particulars	As at March 31, 2018
Cash and cash equivalents	
(a) Balances with banks	
– On Current Account	1,00,000
(b) Cash on hand	–
(c) Cheques in hand	–
Total	**1,00,000**

Note No. 4 - Equity Share Capital

In Indian Rupees

Particulars	As at March 31, 2018 No. of shares	Amount
Authorised:		
Equity shares of Rs. 10 each with voting rights	**50,000**	**5,00,000**
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10 each with voting rights	**10,000**	**1,00,000**
Total	**10,000**	**1,00,000**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights			
Period Ended March 31, 2018			
No. of Shares	–	10,000	10,000
Amount	–	1,00,000	1,00,000

(ii) Terms/Rights attached to equity shares

The company has only one class of shares referred to as equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at March 31, 2018 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mahindra and Mahindra Limited	**10,000**	**100%**

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Number of Shares As at March 31, 2018
Mahindra and Mahindra Limited, the holding company	**10,000**

(v) Information on equity shares alloted without receipt of cash or alloted as bonus shares or shares bought back:

The Company has neither alloted equity shares wthout receipt of cash or as bonus shares nor bought back any equity shares during the financial period

Note No. 5 - Other Equity

In Indian Rupees

Particulars	Retained Earnings
Balance at the beginning of the reporting period	–
Net Profit/(Loss) for the current period	(49,662)
Balance at the end of the reporting period (A)	(49,662)
<u>**Other Comprehensive Income**</u>	
Addition during the period	–
Balance at the end of the reporting period (B)	–
Balance at the end of the reporting period (A+B)	**(49,662)**

Note No. 6 - Trade Payables

In Indian Rupees

Particulars	As at March 31, 2018 Current
Trade payables	
Due to Micro and Small Enterprises	**–**
Other than Micro and Small Enterprises	**49,662**
Total	**49,662**

Note No. 7 - Other Expenses

In Indian Rupees

Particulars	For the period ended March 31, 2018
(a) Filing Fees	**24,662**
(b) Auditors remuneration and out-of-pocket expenses	
(i) As Auditors	**25,000**
(ii) For Taxation matters	**–**
(iii) For Other services	**–**
Total	**49,662**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2018

Note No. 8 - Disclosures under Ind AS 33

Particulars	In Indian Rupees For the year ended March 31, 2018 Rs.
Basic & Diluted Earnings per share - continuing operations	**(4.97)**

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	In Indian Rupees For the year ended March 31, 2018
Profit/(loss) for the year attributable to owners of the Company	(49,662)
Weighted average number of equity shares	10,000
Earnings per share from continuing operations - Basic & Diluted	(4.97)

Note No. 9 - Related Party Transactions

Party with whom transactions have taken place during the period

Relationship	Name of the Company
Parent Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related party is disclosed below:

Particulars	For the period ended	In Indian Rupees Parent Company
Nature of transactions with Related Party (Inclusive of taxes)		
Contribution of equity to the company	March 31, 2018	1,00,000
Reimbursement of expenses	March 31, 2018	24,662

Nature of Balances with Related Party	Balance as on	In Indian Rupees Parent Company
Trade payables	March 31, 2018	24,662

Note No. 10 - Fair Value Measurement

Fair Value of Financial assets and financial laibilities that are not measured at fair value

Particulars	In Indian Rupees March 31, 2018 Carrying amount	Fair value Level 2
Financial assets		
Financial assets carried at Amortised Cost		
– Cash and Cash Equivalents	**1,00,000**	**1,00,000**
Total	**1,00,000**	**1,00,000**
Financial liabilities		
Financial liabilities held at amortised cost		
Current		
– Trade and other payables	**49,662**	**49,662**
Total	**49,662**	**49,662**

Note No. 11 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

	March 31, 2018
Equity	50,338
Equity presented on the face of the financial position	**50,338**

Categories of financial assets and financial liabilities

In Indian Rupees

As at March 31, 2018

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
– Cash and Cash Equivalents	1,00,000	–	–	1,00,000
Current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	49,662	–	–	49,662

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a program that performs monitoring of and responding to risk factors.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2018

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2018				
Non-interest bearing				
Trade Payables	49,662	–	–	–
Total	**49,662**	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management on net assets basis.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Financial asset				
March 31, 2018				
Non-interest bearing				
Cash and cash equivalents	1,00,000	–	–	–
Total	**1,00,000**	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

CURRENCY RISK

The Company has not undertaken transactions denominated in foreign currencies; consequently, no exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is Nil

Note No. 12 - Deferred Tax Asset/ Liabilites

Since this is the first year of operation of the company, deferred tax asset/liability has not been recognized during the current period.

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 4, 2018

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Rajan Wadhera Director
Hemant Sikka Director

Place: Mumbai
Date : May 4, 2018

DIRECTORS' REPORT

To

The Members,

The Directors present their Seventh Annual Report together with the Audited Statement of Accounts of your Company for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	2017-18	2016-17
Total Revenue	**110,231.56**	91,843.45
Profit/(Loss) before Interest and Depreciation & Tax (EBIDTA)	**3,209.28**	1,000.85
Less: Finance Cost	**2,902.09**	2,725.86
Less: Depreciation	**3,102.25**	2,882.64
Profit/(Loss) before Tax	**(2,795.06)**	(4,607.65)
Less: Provision for Taxation	**–**	–
Net Profit/(Loss) after Tax	**(2,795.06)**	(4,607.65)
Other comprehensive income (actuarial gains on gratuity)	**40.24**	249.32
Profit/(Loss) brought forward from previous Year	**(26,367.37)**	(22,009.04)
Less: Transfer to General Reserves	**–**	–
Balance Carried Forward to Balance Sheet	**(29,122.19)**	(26,367.37)
Net worth	**11,784.97**	14,539.80

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2018, which are Company's Ind AS financial statements, required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of financial year under review till the date of this report which would affect the financial position of your Company.

STATE OF THE COMPANY'S AFFAIRS

India is expected to become the second largest steel producer in the world soon, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, which has been approved by the Government in May 2017, is expected to boost India's steel production. The growth in the Indian steel sector has been driven by boost in demand for steel, availability of raw materials and cost-effective labour. Steel sector has been a major contributor to India's manufacturing output.

During the year under review, the Company has recorded highest volume dispatch in the history of the Company. Due to continuous increase in input prices during the year under review, particularly for Metallic, Ferro Alloys & Graphite Electrodes the Company continued to incur losses for the year.

As the result of shifting from low margin items to high margin items, the market share of high cleanliness segment increased from 12% in FY17 to 16% in FY18. Total market share increased by 1% over previous year.

The major challenges which the Company had to face during the year under review were:

a) Continuous increase in the raw materials especially Electrodes has put the pressure on margin

b) Higher Working Capital Utilisation i.e. WIP & Receivables due to increase in input prices.

The Company is continuously striving to improve its quality to reduce the rejection of products, improvement in process efficiency & productivity, reduction in power consumption and at the same time continue to initiate steps towards deployment of optimum resources available, reduction of cost of production & improvement of overall performance. The Company is successful in developing new grades and also getting new businesses. The Company is continuously focusing on the growth in sales in high cleanliness segment particularly premium bearing, tool & dies & engineering sectors and transfer to ring division during the year under review.

With the technical support from our joint venture partners, management continues to undertake initiatives for increasing margin by way of rationalisation of product mix and processes and further improvements in operating efficiencies and yield.

SUMMARY OF OPERATIONS:

During the year under review company had registered sales volume of 149 KT, i.e. growth of 15% over previous year level of 129 KT.

The Company recorded Sales revenue of Rs. 1099 Crores during the year, i.e. growth of 20% over previous year level of Rs. 914 Crores.

Earnings before Interest, Depreciation, Tax & Amortization for the year under review was Rs. 32.09 Crores against Rs. 10.00 Crores for the previous year.

Profit after tax for the year under review was Rs.(-) 27.95 Crores against Rs. (-) 46.08 Crores for the previous year.

Dividend

In view of losses your directors do not recommend any dividend for the period under review.

Transfer to Reserves

The Company has not transferred any amount to reserves Account.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board of Directors - Composition:

Sr. No.	Name of the Director	DIN	Executive /Non Executive	Independent/ Non Independent
1.	Mr. Shriprakash Shukla	00007418	Non Executive	Non Independent
2.	Mr. Uday Gupta	03514282	Executive	Non Independent
3.	Mr. Ajay Kumar Mantry*	07319828	Non Executive	Non Independent
4.	Mr. Daljit Mirchandani	00022951	Non Executive	Independent
5.	Mr. Mukul Verma**	02428217	Non Executive	Non Independent
6.	Mr. Naota Komaki@	07389051	Non Executive	Non Independent
7.	Mr. Kozo Takahashi	06921700	Non Executive	Non Independent
8.	Ms. Jayashree Vaidhyanathan	07140297	Non Executive	Independent
9.	Mr. Katsu Yanagimoto	07501215	Non- Executive	Non- Independent
10.	Mr. Shingo Tada@@	07766801	Non- Executive	Non- Independent
11.	Mr. Toru Kojima@@@	07800837	Non- Executive	Non- Independent

Note: * resigned as Director of the Company with effect from 31st October, 2017.
** appointed as an additional Director of the Company with effect from 31st October, 2017.
@ resigned as Director of the Company with effect from 23rd May, 2017.
@@ Resigned as Director of the Company with effect from 8th May, 2018.
@@@ Appointed as an additional Director of the Company with effect from 8th May, 2018.

Mr. Katsu Yanagimoto, Director, retires by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for re-appointment.

Mr. Ajay Kumar Mantry, Director had resigned from Directorship of the Company with effect from 31st October, 2017. The Board has placed on record its sincere appreciation of the services rendered by Mr. Ajay Kumar Mantry during his tenure as the Director of the Company.

Mr. Shingo Tada, Director has resigned from the Directorship of the Company with effect from 8th May, 2018. The Board has placed on record its sincere appreciation of the services rendered by Mr. Shingo Tada during his tenure as the Director of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mr. Mukul Verma (DIN 02428217), who was appointed as the Director of the Company with effect from 31st October, 2017 and holds office upto the date of ensuing Annual General Meeting. The Company has received Notice from a member under Section 160(1) of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Mukul Verma, for the office of Director of the Company at the forthcoming Annual General Meeting.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mr. Toru Kojima (DIN 07800837), who was appointed as the Director of the Company with effect from 8th May, 2018 and holds office upto the date of ensuing Annual General Meeting. The Company has received Notice from a member under Section 160(1) of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Toru Kojima, for the office of Director of the Company at the forthcoming Annual General Meeting.

Pursuant to the requirement of the Provisions of the Companies Act, 2013, Mr. Uday Gupta, Managing Director, Mr. Sudhir Yagnik, Chief Financial Officer and Mr. Pradeep Salian, Company Secretary have been designated as the Key Managerial Personnel with effect from 21st May, 2014.

Details of Board Meeting and Annual General Meeting:

During the year under review, 4 Board meetings were held, details of which are given below:

Date of the meeting	No. of Directors attended the meeting
23rd May, 2017	7
21st July, 2017	8
31st October, 2017	7
6th February, 2018	7

6th Annual General Meeting of the shareholders was held on 21st July, 2017.

The attendance during the financial year 2017-18 at the meetings of the Board was as under:

Sr. No.	Name of the Director	DIN	No. of meetings attended
1.	Mr. Shriprakash Shukla	00007418	4
2.	Mr. Uday Gupta	03514282	4
3.	Mr. Ajay Kumar Mantry*	07319828	1
4.	Mr. Daljit Mirchandani	00022951	3
5.	Mr. Naota Komaki@	07389051	–
6.	Mr. Kozo Takahashi	06921700	4
7.	Ms. Jayashree Vaidhyanathan	07140297	4
8.	Mr. Katsu Yanagimoto	07501215	4
9.	Mr. Shingo Tada@@	07766801	4
10.	Mr. Mukul Verma**	02428217	1
11.	Mr. Toru Kojima@@@	07800837	–

Note: * resigned as Director of the Company with effect from 31st October, 2017.
** appointed as an additional Director of the Company with effect from 31st October, 2017.
@ resigned as Director of the Company with effect from 23rd May, 2017.
@@ Resigned as Director of the Company with effect from 8th May, 2018.
@@@ Appointed as an additional Director of the Company with effect from 8th May, 2018.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations from the Board Members and Senior Management Personnel and employees affirming compliance with respective Code of Conduct.

EXTRACT OF ANNUAL RETURN:

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act") and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is **Annexed as Annexure 2**.

COMMITTEES OF THE BOARD:

The details of composition of the Committees of the Board of Directors as on 31.3.2018 are as under:-

a. Audit Committee

Sl. No.	Name	Chairman/ Members	No. of meeting attended
1.	Mr. Daljit Mirchandani	Chairman	2
2.	Ms. Jayashree Vaidhyanathan	Member	2
3.	Mr. Ajay Kumar Mantry*	Member	–
4.	Mr. Mukul Verma**	Member	–

Note: * ceased to be Member of the Committee with effect from 31st October, 2017.
** appointed as member of the Committee with effect from 31st October, 2017.

During the year, the Committee had met on 23rd May, 2017 and 31st October, 2017.

b. Vigil mechanism

Pursuant to the requirement of the Act, the Company has established the Whistle Blower (vigil) Policy/mechanism for their directors and employees and the other stakeholders of the Company to report genuine concerns which shall provide for adequate safeguards against victimization of persons who use such mechanism. The said policy has been uploaded on the website of the Company. www.mahindrasanyo.com/corporate responsibility /governance /policies.

c. Nomination and Remuneration Committee

Sl. No.	Name	Chairman/ Members	No. of meetings attended
1.	Mr. Daljit Mirchandani	Chairman	2
2.	Mr. Shriprakash Shukla	Member	2
3.	Mr. Kozo Takahashi	Member	2
4.	Ms. Jayashree Vaidhyanathan	Member	2

During the year, the Committee had met on 23rd May, 2017 and 31st October, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to sub section (5) of Section 134 of the Companies Act, 2013, based on the representation received from the operating Management, and after due enquiry your Directors confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETING OF INDEPENDENT DIRECTORS AND EVALUATION OF PERFORMANCE:

The Board of Directors has adopted a formal policy for annual evaluation of its own performance and individual directors and the same was done based on the criteria approved by the Board. As required under Schedule IV of the Companies Act, the Independent Directors at their meeting held on 23rd May, 2017 reviewed the performance of Non- Independent Directors, Chairman and the Board as a whole. This meeting was conducted in an informal manner without the presence of the Non-Independence Directors and members of the management.

The Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Nomination and Remuneration Committee for facilitating the formal annual evaluation. The Questionnaires/Feedback templates duly filled in by all the directors' in respect to the evaluation of Independent Directors were sent to the Chairman of the Board for facilitating the formal annual evaluation. The Report on the evaluation was discussed/reviewed at the respective meetings of the Nomination and Remuneration Committee and the Board.

AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS:

In the last Annual General Meeting of the Company held on 21st July, 2017, M/s. Deloitte Haskins & Sells LLP (DHS), Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018) have been appointed as the Statutory Auditors of the Company, for remaining term of 4 years from the conclusion of the last AGM until the conclusion of the 10th Annual General Meeting of the Company to be held in the year 2021, subject to ratification by the Members at every AGM.

The Company has obtained a written consent and also a Certificate from M/s. Deloitte Haskins & Sells LLP, Statutory Auditors of the Company, to the effect that if their re-appointment is made which would be within the prescribed limits under section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The members are requested to ratify the appointment of M/s. Deloitte Haskins & Sells LLP (DHS), Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018), as Statutory Auditors to hold office until the conclusion of the 10th Annual General Meeting of the Company to be held in the year 2021.

Further, the Statutory Auditors Report on the Financial Statements for the year ended 31st March, 2018 is unmodified and it does not contain any qualification reservation or adverse remark and notes thereto self –explanatory and therefore do not call for any further comments.

INTERNAL AUDITORS:

Pursuant to Section 138 of the Companies Act, 2013, M/s. Mahajan & Aibara, Chartered Accountants, has been re-appointed as the Internal Auditors of the Company for the Financial Year 2018-19 by the Board of the Directors of the Company.

COST AUDIT REPORT:

Mr. Kishore Bhatia, a qualified practicing Cost Accountant holding valid Membership No. 8241, carried out the Audit of cost accounting records maintained by the Company for the financial year 2016-17. The Cost Auditor has filed the Cost Audit Report for the financial year 2016-17 on 07.08.2017 to the Central Government, Ministry of Corporate Affairs, New Delhi. Mr. Kishore Bhatia, Cost Accountant has been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2017-18. The Cost Auditor will forward their report to the Central Government, Ministry of Corporate Affairs, New Delhi for Financial Year 2017-18 within prescribed time.

It is proposed to re-appoint Mr. Kishore Bhatia, Cost Accountant as Cost Auditor of the Company to conduct the Audit of Cost Accounting records of the Company for the Financial Year 2018-19. The Cost Auditor has confirmed that their appointment is within the limit of section 141(3) (g) of the Companies Act, 2013 and has also certified that they are free from any disqualifications specified under section 141(3) and provisions under section 148(3) read with section 141 (4) of the Companies Act, 2013.

The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting.

SECRETARIAL AUDIT REPORT:

In terms of Section 204 of the Act Companies Act, 2013, and the Rules made there under, M/s. GMJ & Associates, Practicing Company Secretaries have been appointed as Secretarial Auditors of the Company and they have carried out the Audit for the year 2017-18. The report of the Secretarial Auditors is enclosed as **Annexure 4** forming part of this report. The report does not contain any qualification, reservation or adverse remark and do not call for any further comments.

AUDITORS REPORT ON FRAUDS:

During the year under review, the Statutory Auditors and Secretarial Auditors and Cost Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has entered into transactions with the related parties as per section 188(1) of the Companies Act, 2013, which are on arm's length basis. However, there was no contracts/arrangements or transactions entered into by the Company which are not on arm's length basis and there was no material contracts or arrangement or transactions at arm's length basis entered into by the Company with the related parties which are required to be disclosed in this report. The criteria for materiality of the transactions was considered as per the notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs. New Delhi.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL:

Your Board has, on the recommendation of Nomination and Remuneration Committee, approved policies on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors, and on the remuneration of directors, key managerial personnel and other employees. These policies are provided as **Annexure 3** and form part of this report.

RISK MANAGEMENT POLICY:

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the Audit Committee as well as the Board reviews the same periodically. The risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the organization's culture. The formulation and authorization of the risk policy illustrates executive management's commitment to implement and continuously develop risk management within the Company.

DECLARATION BY INDEPENDENT DIRECTORS:

Mr. Daljit Mirchandani and Ms. Jayashree Vaidhyanathan are independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfils the conditions specified in section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

INTERNAL FINANCIAL CONTROLS:

The Company uses the SAP ERP system as business enabler and also to maintain its books of accounts. The transactional controls built in SAP ERP system ensure appropriate segregation of duties and level of authorisation/approvals and maintenance of supporting documents. The System, Standard Operating Procedures are reviewed by the Management. These Systems and Controls are audited by the Internal Auditors and their findings are reviewed by the Audit Committee along with the action taken report on the same.

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/Reports are reviewed by the Audit Committee on a regular basis. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented through-out the year. The Company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism. The internal controls are designed to ensure that the financial and other records of the Company are reliable for preparing financial statement and other data for maintaining the accountability of assets.

HOLDING AND SUBSIDIARY COMPANY:

Your Company continues to be the subsidiary of Mahindra & Mahindra Limited (M&M), which holds 51% of the shares in the share Capital of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During the year under review, there were no loans, guarantees or investments, particulars in respect of which are required to be furnished under Section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS/ADVANCES:

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments, affecting the financial position of the Company during the year under review.

FINANCE:

During the year under review, the operating losses and the increase in the volume continue to put some pressure on the liquidity of the Company. The company faced inflationary pressure and was not able to avoid an increase in borrowing in the form of unsecured loans to fund the working capital requirement. Capex obligation for the year have been met out of Equity contribution raising through issue of shares on rights basis from its shareholders which has been retained in the form of interest bearing fixed deposits with Scheduled banks.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR):

The Corporate Social Responsibility Activities as provided under section 135 of the Act, is not applicable to the Company.

SUSTAINABILITY INITIATIVES:

In line with the Vision statement of the company, MSSSPL has progressed very well during the year F18 under various categories relating to environment, social, enablers and emerging issues.

Through materiality analysis and the stakeholder engagement, 15 priority issues have been identified. To work on these aspects and to deliver as per the long term roadmap and budgeted goals, there are teams with cross functional members from various departments.

The progress with reference to well defined targets is quarterly reviewed by the Managing Director, Chief Operations Officer and Business Excellence Head.

HIGHLIGHTS FOR FY 18

Safety

- Achieved 15.9 Safety activity rate [increased from 15.3 of F 17] and 24 Perfect Safety days per month for F 18.
- Recorded ZERO reportable accidents in F 18 compared to TWO in F 17.

Environment

- Reduction in Specific Electricity consumption by 2% compared to F 17.
- Nearly 4% of power requirement is fulfilled through renewable energy sources.
- MSSSPL becomes 1st steel company in India and globally, whose GHG emission reduction Target 2030 is approved by SBTi.
- The Company bagged National Energy Management award [3rd year in row] conferred by CII [*Confederation of Indian Industry*] in Sept' 2017 for being "Energy Efficient Unit" in Metal and Steel Sector.
- Achieved C Rating for F 17 CDP Climate Change disclosure and B rating for F 17 CDP Water Disclosure.
- Fresh water consumption per ton of production reduced by 3% compared to F 17.
- Biodiversity Screening of MSSSPL is done from CII [*Confederation of Indian Industry*] to understand Biodiversity related risk from the operations.
- Planted more than 60,000 saplings in Hoshangabad district of Madhya Pradesh and area near MSSSPL in F 18.

Social

- Under CSR, total beneficiaries from health related activities are 714, education related activities are 421.
- Organised Road Safety awareness programme for JCMM school students.
- Through Stakeholder Engagement programme we reached 175 stakeholder in F 18 compared to 129 of F 17.

Governance

- Formal Sustainability Policy framework prepared.
- Developed 5 policies on Ethics and Governance. Awareness sessions conducted almost at all shops.
- Signed WBCSD [*World Business Council for Sustainable Development*] WASH Pledge for access to safe Water, Sanitation and Hygiene (WASH) at the Workplace.
- Performed third party study from M/s Sustain Plus to check alignment of MSSSPL activities with SDG [*Sustainable Development Goals*].

Employee Involvement

- Theme based month on Energy, Health & Safety conducted in F 18.
- Retained Stage 4 at The Mahindra Way [TMW] in F 18.
- Recorded total 800 of Kaizens and 24 QC stories in F 18.

Public advocacy

- Advisory board member of Responsible Steel to develop standards for entire steel value chain.
- Part of WRI's [*World Resource Institute*] Carbon Market Simulation initiative.
- Published 3rd party assured [*M/s TUV India*] Sustainability Report of F 17 as per GRI Standard reporting framework.

Way forward

- Provision of 100% training on to all employees in Behaviour Based Safety.
- Preparation of Science Based Target implementation plan.
- Switch energy source from Furnace Oil to Natural Gas in furnaces.
- Consideration of Internal Carbon Pricing in CAPEX finalisation.
- Commission additional rainwater storage pond.
- Preparation of Biodiversity Management Plan for MSSSPL.
- Preparation of Waste Management Plan for MSSSPL.
- Adaptation of online portal for Supply Chain Management.
- Conduct Climate Change Scenario Analysis for MSSSPL.
- Develop policy on Climate Change, Water and Waste.

POLICY FOR PREVENTION OF SEXUAL HARASSMENT:

The Company has rolled out a Policy for prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in which it formalized a free and fair enquiry process with clear timeline. The Company has also constituted an internal complaints committee to which employees can write their complaints. All employees

Permanent, Contractual or temporary are covered under this policy. There was no case/complaint of discrimination and harassment including sexual harassment reported under the Act during the financial year 2017-18.

Compliances of applicable Secretarial Standards

"The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively".

INDUSTRIAL RELATIONS:

The relations with the workers and their respective unions remained cordial.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE:

Your Company has a defined policy on general health, safety and environmental conservation through which every employee is responsible for the observance of the measures designed to prevent accidents, damage to health and to avoid environmental pollution.

The Safety committee members comprising representatives of workers and executives from various departments meet periodically to review the situation.

DETAILS CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be disclosed under the Rules 8(3) of Companies (Accounts) Rules 2014 are set out in **Annexure I** to this Report.

GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions / events during the year under review.

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Receipt of any remuneration or commission by the Whole Time Director from any of its subsidiaries.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. Particulars of employees, since Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

ACKNOWLEDGEMENTS:

Your Directors wish to express their appreciation of the continued support and co-operation received from the Banks, Stakeholders, and Government Departments.

For and on behalf of the Board

Shriprakash Shukla

Mumbai, 8th May, 2018 *Chairman*

ANNEXURE I

STATEMENT PARTICULARS OF THE DIRECTORS' REPORT UNDER RULES 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

(i) The steps taken or impact on conservation of energy:

- **Process Improvement:-**
  1. Improvement in ladle furnace process - Standardization in Alloy addition & reduction in cycle time at Ladle Furnace
  2. Use of Mark-7 thermocouple in place of Mark-3 thermocouple at Ladle Furnace & Continuous Casting
  3. Installation of high efficiency burner for Ladle preheating to increase liquid metal temperature receiving at Ladle Furnace
  4. Revamping of Fume Extraction System of Electric Arc Furnace
  5. Heat Treatment cycle time reduction for 5 grades in Heat Treatment Shop (HTFS) without affecting the product quality.
  6. Energy savings through process route changes. In house annealing process started in Forge Shop and Blooming Mill Control cooling pit (CC Pit) instead of Heat Treatment (HTFS) for few grades. This has avoided temperature loss of material.
- **Energy Efficient Equipment:-**
  1. Procurement of Energy Efficient Equipment like IE 3 motors & LED lights.
  2. Installed Motion sensor for office light and Light Detective relays for street lights.
  3. Installation of new recuperator at Bar Mill Walking Hearth Furnace(WHF).
- **Improvement Activities: -**
  1. Transparent sheets on plant roof tops for natural light during Day time in remaining shops.
  2. Repairing of control cooling pit (CC Pit) in Forge Shop and Blooming mill (Modification of pit covers for better insulation reduce heat loss).
  3. Best practices & efficient operation for Energy conservation –Switch off light whenever nor required, Control cooling pit management to avoid heat loss & capacity utilization etc.

(ii) The steps taken by the company for utilizing alternate sources of energy:

1. Procurement of 6.95 MU clean energy through wind power to fulfil Renewable Power Obligation.
2. Solar Power generation of 20.8 MWH from in house 20 KWH Solar rooftop Panel.

(iii) The capital investment on energy conservation equipments:

The capital investment on procurement of Energy Efficient equipment & in improvement activities is around Rs. 121 Lacs.

(b) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

There has been overall energy saving of around 4.1 MU during the year due to various energy saving initiatives and measures taken by the company as stated above. This has resulted in saving energy cost to the company.

B. TECHNOLOGY ABSORPTION:

i) The efforts made on Technology absorption and benefits derived as result of the same:-

Sr. No.	Product, process improvement, Product development & cost reduction	Benefits derived
A	**New Products developed**	
1	Extra clean steel from 6T ingot developed Grade 100Cr6, 100CrMnSi6, 100CrMO7.	Extra clean steel for critical application with good contribution, enhancing product portfolio.
2	Various new 20 grades like 35KB2, SAE4320, 9315H, 50R61, SUP9, SUP11 & SD36 developed for engineering, mining and auto sector.	New grade developed to enhance business.
3	Din 1.2714 forged and HT done from 13 MT and 17 MT ingot with the help of vendor.	Large size developed for the existing grade to capture new market.
B	**Process Improvement**	
1	Tellurium wire addition process started instead of Ferro tellurium to develop a special grade.	To improve the inclusion aspect ratio.
2	Extra soaking started for En36 C (AC).	To eliminate banding in steel.
3	Low inclusion bearing steels development by controlling addition and avoiding re-oxidation.	K4 less than 1 achieved in bearing steel.

Sr. No.	Product, process improvement, Product development & cost reduction	Benefits derived
4	Improvement in heating practice of nozzle filling compound to have 100% free opening.	Free opening percentage increased from 70% to 99%.
5	Improvement in tundish drying technique.	To improve steel cleanliness.
	Improvement in flexible hot top.	To reduce scabbiness.
C.	**Enhancement in Testing Capability**	
1	Installed water chiller for jominy testing in mechanical lab.	To get the accurate temperature for consistency in Jominy test.
2	Installed advance software in tensile testing machine.	Precise testing of tensile and yield strength. Alignment with customer inspection facilities.
3	New lenses for grain size and inclusion testing in metallurgical microscope.	More accuracy in grain size and inclusion measurement.
4	Developed aspect ratio measurement technique.	New orders received for new grade.

ii) Future Plan of action:-

- Installation of casting trolley for quality improvement of bottom pouring route products.
- Two roller straightening machine for finished product straightness improvement.
- Replacement of furnace oil by natural gas for furnaces.
- Carbon Oxygen Injector for Electric Arc Furnace.
- MFLT machine for finished product quality inspection purpose.
- Procurement of new Jominy furnace for precise testing.
- Installation of hot auto mounting press and 4 disc polisher in metallography.
- Installation of inclusion aspect ratio measurement software.
- Installation of straightness measurement table for precise measurement of straightness.

iii) Expenditure on R&D:

Sr. No.	Expenditure	2016-17 (Rs. in lakhs)	2017-18 (Rs. in lakhs)
a)	Capital	95.22	**13.96**
b)	Recurring	133.30	**140.08**
c)	Total	228.52	**154.04**
d)	Total R&D expenditure as percentage of total turnover	0.28%	**0.14%**

iv) Technology Absorption, Adaptation:

(Efforts in brief towards technology absorption, adaptation and benefits derived as a result of the above efforts.)

Sr. No.	Technology	Benefits
1	Installed tundish load cell.	To improve steel cleanliness.
2	25 T crane replaced by 50 T crane in SMS	To have more liquid metal in tundish during joining of sequence heat and for cleanliness improvement.
3	80 T crane replaced by 100 ton at Teeming bay.	For safety

v) Import of Technology for the last five years:

1. Oxy fuel technology to reduce oil consumption.
2. Auto UST machine for internal defect detection and improving productivity.
3. XRF equipment for raw material testing.
4. Deslagging unit to remove primary EBT slag for better steel quality.
5. Development of 260 x 220mm CC bloom size.
6. Modified foot rollers in CC machine for improving internal quality of CC product.
7. Online chamfering machine to improve end quality.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

		(Rs. In Lakhs)
	For the Financial Year Ended 31st March, 2018	**For the Financial Year Ended 31st March, 2017**
Total Foreign Exchange earned	**6,230.04**	3,413.69
Total Foreign Exchange used	**21,501.39**	13,347.15

For and on behalf of the Board

Date: 8th May, 2018

Shriprakash Shukla
Chairman

Annexure - 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018 of
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
[Pursuant to Section 92(1) *of the Companies Act, 2013 and* rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	**U27310MH2011PTC223696**	ii)	Registration Date:	08-11-2011
iii)	Name of the Company:	**Mahindra Sanyo Special Steel Pvt. Ltd.**	iv)	Category/Sub-Category of the Company:	Manufacturing of Alloy Steel.
v)	Address of the Registered office and contact details:	**74, Ganesh Apartment, Opp. Sitaladevi Temple, L.J. Road, Mahim (W), Mumbai- 400 016. Tel. no. 022-24444287/24458196.**	vi)	Whether listed company: Yes/No	: No
vii)	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any:	**NA**			

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Other bars and rods of other alloy steel	72283019	72%
2.	Other bars and rods of iron or non-alloy steel	72149990	14%
3.	Ball or roller bearings	84829900	8%
4.	Parts and accessories of motor vehicles	87084000	3%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Ltd.	L65990MH1945PLC004558	Holding	51%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF									
(b) Central Govt.									
(c) State Govt(s)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(d) Bodies Corp.	6111661	4*	6111665	51	6111661	4*	6111665	51	Nil
(e) Banks/FI									
(f) Any Other									
Sub-total (A)(1):-	**6111661**	**4***	**6111665**	**51**	**6111661**	**4***	**6111665**	**51**	
(2) Foreign									
(a) NRIs-Individuals									
(b) Other-Individuals									
(c) Bodies Corp.	–	5871991	5871991	49	–	5871991	5871991	49	
(d) Banks/FI									
(e) Any Other...									
Sub-total (A)(2):-	–	5871991	5871991	49	–	5871991	5871991	49	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**6111661**	**5871995**	**11983656**	**100**	**6111661**	**5871995**	**11983656**	**100**	
B. Public Shareholding	NIL								
1. Institutions									
(a) Mutual Funds									
(b) Banks/FI									
(c) Central Govt.									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
(a) Bodies corp.									
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh									
(c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	NIL								
Grand Total (A+B+C)	**6111661**	**5871995**	**11983656**	**100**	**6111661**	**5871995**	**11983656**	**100**	**Nil**

* The 4 shares are held by Mahindra & Mahindra Ltd jointly with its nominees.

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Ltd.	6111661	51	NA	6111661	51	NA	–
2.	Mahindra & Mahindra Ltd. Jointly with Mr. Shriprakash Shukla*	1	–	NA	1	–	NA	–
3.	Mahindra & Mahindra Ltd. Jointly with Mr. Uday Gupta*	1	–	NA	1	–	NA	–
4.	Mahindra & Mahindra Ltd. Jointly with Mr. Zhooben Bhiwandiwala*	1	–	NA	1	–	NA	–
5.	Mahindra & Mahindra Ltd. Jointly with Mr. S. Durgashankar*	1	–	NA	1	–	NA	–
6.	Sanyo Special Steel Co., Ltd.	3475260	29	NA	3475260	29	NA	–
7.	Mitsui & Co., Ltd.	2396731	20	NA	2396731	20	NA	–

* held as nominees of Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No change

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	11983656	100	**11983656**	**100**
	Date wise **Increase**/Decrease in Promoters Share holding during the Year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year	**11983656**	**100**	**11983656**	**100**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		**Nil**		
	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if Separated during the year)				

(v). Shareholding of Directors and Key Managerial Personnel: Nil

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil		Nil	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweatequity etc):	Nil		Nil	
	At the end of the year	Nil		Nil	

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs. Crs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	170.22	40.00	0	210.22
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0.18	0.76	0	0.94
Total (i+ii+iii)	**170.40**	**40.76**	**0**	**211.16**
Change in Indebtedness during the financial year				
• Addition	86.98	115.95	0	202.93
• Reduction	88.80	80.76	0	169.56
Net Change	**-1.82**	**35.19**	**0**	**33.37**
Indebtedness at the end of the financial year				
i) Principal Amount	168.00	75.27	0	243.27
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0.58	0.68	0	1.26
Total (i+ii+iii)	**168.58**	**75.95**	**0**	**244.53**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (in Rs.)
		Mr. Uday Gupta	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,06,60,400	1,06,60,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
	(c) Profits in lieu of salary under	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – as % of profit	–	–
	– others, specify (Performance Pay)	13,05,293*	13,05,293*
5.	Others, please specify -LTI	24,12,800	24,12,800
	Total (A)	**1,44,18,093**	**1,44,18,093**
	Ceiling as per the Act	2,40,00,000	2,40,00,000

* The amount of performance pay paid for the year 2016-17, as approved by the Nomination and Remuneration Committee. The above remuneration includes retirement benefits.

Note: The amount of performance pay of Rs. 25,00,000/- provided in the books for the year 2017-18, the actual amount will be paid based on the Individual Performance and the Company's Performance as may be approved by the Nomination and Remuneration Committee.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
		Mr. Daljit Mirchandani	Ms. Jayashree Vaidhyanathan	
1.	Independent Directors			
	• Fee for attending board/ Committee meetings.	45,000	52,500	97,500
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	**45,000**	**52,500**	**97,500**
2.	Other Non- Executive Directors			
	• Fee for attending board/ Committee meetings.	0	0	0
	• Commission	0	0	0
	• Others, please specify	0	0	0
	Total (2)	0	0	0
	Total (B)=(1+2)	**45,000**	**52,500**	**97,500**
	Total Managerial Remuneration			**1,45,15,593**
	Ceiling as per the Act	**Rs.1 lakh per meeting each Director as per Companies Act, 2013.**		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount in Rs.
		CEO	Company Secretary Amount in Rs.	CFO Amount in Rs.	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		18,35,057	81,77,806	1,00,12,863
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		–	–	–
2.	Stock Option		–	–	–
3.	Sweat Equity		–	–	–
4.	Commission – as % of profit		–	–	–
	– others, specify…		–	–	–
5.	Others, please specify		–	–	–
	Total		**18,35,057**	**81,77,806**	**1,00,12,863**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	**Nil**				
Punishment	**Nil**				
Compounding					
B. DIRECTORS					
Penalty	**Nil**				
Punishment	**Nil**				
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	**Nil**				
Punishment					
Compounding					

For and on behalf of the Board

Shriprakash Shukla
Chairman

Mumbai, 8th May, 2018

ANNEXURE - 3

A. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Sanyo Special Steel Private Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole Time Director (WTD).

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee"(NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS:

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director :
    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman and/or Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman and/or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

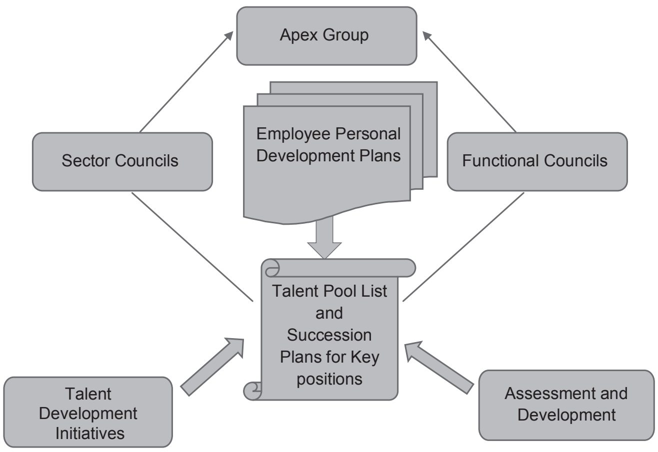
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

B. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Sanyo Special Steel Private Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Managing Director and other Members of Executive Committee who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non - executive including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation to Non-executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director/ Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs including Managing Director (MD), Chief Financial Officer (CFO), Company Secretary shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/ revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR of the Department of the Company, and approved by the Managing Director / Whole Time Director / Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Long Term Incentive and Retention benefits to Employees and Directors in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Shriprakash Shukla

Mumbai, 8th May, 2018 *Chairman*

ANNEXURE - 4

Form No.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

To,
The Members,
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
74, Ganesh Apartment,
Opp: Sitaldevi Temple, L.J. Road,
Mahim [West], Mumbai – 400016.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Sanyo Special Steel Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions of the applicable Acts listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made thereunder.

ii. The Companies Amendment Act, 2017 (to the extend notified).

iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable.

iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

v. We have also examined compliance with the applicable clauses of the Secretarial Standards I and II issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We report that the Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory auditor and other designated professionals.

We have relied on the certificate obtained by the Company from the Management Committee/Officers for systems mechanism and based on the information and representation made by the Company for due compliances of all applicable Acts, Laws, Orders, Regulations and other legal requirements of Government and Legal Authorities concerning the business and affairs of the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of Minutes.

During the audit period no specific events/ actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

For **GMJ & ASSOCIATES**
Company Secretaries

[MAHESH SONI]
PARTNER

Place: Mumbai FCS: 3706
Date: *08.05.2018* COP: 2324

Note: This report is to be read with our letter of even date which is annexed as '**ANNEXURE A**' and forms an integral part of this report.

ANNEXURE A

To,
The Members,
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
74, Ganesh Apartment, Opp Sitaladevi Temple, L.J. Road,
Mahim [West], Mumbai - 400 016.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **GMJ & ASSOCIATES**
Company Secretaries

[MAHESH SONI]
PARTNER

Place: Mumbai FCS: 3706
Date: *08.05.2018* COP: 2324

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Sanyo Special Steel Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 to the Ind AS financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 27 to the Ind AS financial statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, May 08, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Sanyo Special Steel Private Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, May 08, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds comprising all the immovable properties of land and buildings thereon have been pledged as security for cash credit and working capital demand loans and are held in the name of the Company based on the confirmation directly received by us from the lending bank.

(ii) As explained to us, the inventories, excluding stock with the third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventories lying at third parties, the same has been confirmed by them.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of making investments. According to the information and explanation given to us, the Company has not granted any loans or provided guarantees and hence reporting under clause 3(iv) of the Companies (Auditor's Report) Order, 2016 ("CARO 2016"), to the extent it related to loans and guarantees, is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and the provisions of Sections 73 to 76 of the Act are not applicable and hence reporting under clause 3(v) of CARO 2016 is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it, to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Service tax and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount unpaid (Rs. in lakhs)#
Chapter V of the Finance Act, 1994	Service Tax	Central Excise and Sales Tax Appellate Tribunal	July 2012 to November 2013	133.00	125.43
Chapter V of the Finance Act, 1994	Service Tax	Additional Commissioner	February 2015 to October 2015	72.79	72.79
Chapter V of the Finance Act, 1994	Service Tax	Central Excise and Sales Tax Appellate Tribunal	November 2015 to February 2017	114.66	114.66
Maharashtra Value Added Tax, 2002	Value Added Tax	Joint Commissioner (Appeal)	April 2012 to March 2014	371.05	371.05

Net of amount paid / adjusted under protest

There are no dues of Income tax, Sales tax, Customs Duty, Goods and Service Tax and Excise Duty as at 31st March, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and has not taken any loans or borrowings from government.

(ix) In our opinion and according to the information and explanation given to us, money raised by way term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer, further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of CARO 2016 is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, May 08, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs in lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
NON - CURRENT ASSETS			
(a) Property, Plant and Equipment	3	**20,045.48**	20,498.87
(b) Capital Work-in-Progress		**1,630.72**	1,419.58
(c) Intangible Assets	4	**13.78**	30.89
(d) Financial Assets			
(i) Loans	5	**5.58**	7.22
(ii) Other Financial Assets	6	**209.54**	116.43
(e) Current Tax Asset		**87.15**	111.73
(f) Other Non - current Assets	7	**1,587.89**	1,535.08
TOTAL NON - CURRENT ASSETS		**23,580.14**	23,719.80
CURRENT ASSETS			
(a) Inventories	8	**23,668.46**	15,333.03
(b) Financial Assets			
(i) Trade Receivables	9	**26,345.12**	20,437.59
(ii) Cash and Cash Equivalents	10	**1,584.53**	5,178.97
(iii) Bank balances other than (ii) above	10	**561.93**	527.43
(iv) Loans	5	**13.22**	14.80
(v) Other Financial Assets	6	**18.12**	45.69
(c) Other Current Assets	7	**896.34**	970.81
TOTAL CURRENT ASSETS		**53,087.72**	42,508.31
TOTAL ASSETS		**76,667.86**	66,228.11
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	11	**1,198.37**	1,198.37
(b) Other Equity		**13,933.50**	16,688.32
TOTAL EQUITY		**15,131.87**	17,886.69
LIABILITIES			
NON - CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	12	**8,298.32**	5,714.98
(ii) Trade Payables	13	**1,590.20**	1,750.46
(iii) Other Financial Liabilities	14	**500.00**	500.00
(b) Provisions	15	**481.01**	480.13
(c) Deferred tax liabilities	16	**–**	–
TOTAL NON - CURRENT LIABILITIES		**10,869.53**	8,445.57
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	17	**17,844.05**	16,116.84
(ii) Trade Payables	13	**31,387.22**	20,188.22
(iii) Other Financial Liabilities	14	**700.63**	2,495.24
(b) Provisions	15	**439.07**	433.82
(c) Other Current Liabilities	18	**295.49**	661.73
TOTAL CURRENT LIABILITIES		**50,666.46**	39,895.85
TOTAL LIABILITIES		**61,535.99**	48,341.42
TOTAL EQUITY AND LIABILITIES		**76,667.86**	66,228.11

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, May 8, 2018

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Katsu Yanagimoto
Toru Kojima
Directors

Mumbai, May 8, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

	Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from operations	19	**1,09,893.33**	91,407.50
II	Other Income	20	**338.23**	435.95
III	**Total Revenue (I + II)**		**1,10,231.56**	91,843.45
IV	**EXPENSES**			
	(a) Cost of materials consumed		**64,521.09**	44,338.03
	(b) Changes in stock of finished goods and work-in-progress	21	**(2,944.27)**	(279.74)
	(c) Excise duty on sale of goods		**2,779.78**	9,806.18
	(d) Employee benefit expense	22	**6,564.66**	6,130.46
	(e) Finance costs	23	**2,902.09**	2,725.86
	(f) Depreciation and amortisation expense	24	**3,102.25**	2,882.64
	(g) Other expenses	25	**36,101.02**	30,847.67
	Total Expenses		**1,13,026.62**	96,451.10
V	**Loss before tax (IV - III)**		**(2,795.06)**	(4,607.65)
VI	**Tax expense**		**–**	–
VII	**Loss for the year (V-VI)**		**(2,795.06)**	(4,607.65)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Actuarial gains on gratuity valuation		**40.24**	249.32
IX	**Total comprehensive loss for the year (VII + VIII)**		**(2,754.82)**	(4,358.33)
X	**Earnings per equity share:**			
	(1) Basic	26	**(23.32)**	(41.69)
	(2) Diluted	26	**(23.32)**	(41.69)

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, May 8, 2018

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Katsu Yanagimoto
Toru Kojima
Directors

Mumbai, May 8, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
(i) Loss before tax for the year	**(2,795.06)**	(4,607.65)
Adjustments for:		
(a) Finance costs	**2,902.09**	2,725.86
(b) Interest income	**(93.72)**	(56.91)
(c) Loss/(gain) on disposal of property, plant and equipment	**(1.60)**	6.00
(d) Provision for quality and other claims made/(written back)	**3.70**	26.19
(e) Depreciation and amortisation	**3,102.25**	2,882.64
(f) Loss/(gain) on fair valuation of derivatives	**(51.11)**	106.81
(g) Unrealised foreign exchange (gain)/loss	**(17.95)**	(226.90)
(h) Provision for expected credit allowance	**105.37**	298.71
(i) Amortisation of prepayments for Power Purchase agreement	**56.00**	56.00
(ii) Subtotal	**3,209.97**	1,210.75
(iii) Movements in working capital:		
(a) (Increase) in trade and other receivables	**(5,911.34)**	(4,099.10)
(b) (Increase) in inventories	**(8,335.44)**	(369.30)
(c) Decrease in loans	**3.21**	3.41
(d) (Increase)/Decrease in other financial assets	**48.62**	(35.30)
(e) Decrease in other current assets	**98.64**	258.03
(f) Increase in trade and other payables	**11,021.35**	5,017.75
(g) Decrease in other financial liabilities	**(130.63)**	(10.00)
(h) Increase in provision	**2.43**	22.54
(i) Increase/(Decrease) in other current liabilities	**(326.00)**	117.83
(iv) Cash generated from operations	**(319.17)**	2,116.61
Income tax refund received (net)	**24.59**	9.87
Net cash generated by / (used in) operating activities (A)	**(294.58)**	2,126.48
II. Cash flows from investing activities		
(a) Payments for property, plant and equipment	**(3,092.35)**	(2,131.72)
(b) Proceeds from disposal of property, plant and equipment	**6.63**	7.16
(c) Bank Balances not considered as Cash and Cash Equivalent invested (net)	**(34.50)**	(419.29)
(d) Interest income realised	**93.59**	60.13
Net cash used in investing activities (B)	**(3,026.63)**	(2,483.72)
III. Cash flows from financing activities		
(a) Proceeds from issue of equity shares	**–**	4,520.00
(b) Payment for share issue costs	**–**	(4.52)
(c) Repayment of non current borrowings	**(7,380.00)**	(820.00)
(d) Proceeds from non-current borrowings	**8,200.00**	–
(e) Net increase in working capital borrowings	**3,789.23**	3,092.70
(f) Interest expense paid	**(2,820.44)**	(2,475.24)
Net cash used in financing activities (C)	**1,788.79**	4,312.94
IV. Net increase in cash and cash equivalents (A+B+C)	**(1,532.42)**	3,955.70
V. Cash and cash equivalents at the beginning of the year (See Note 10)	**(963.34)**	(4,919.06)
VI. Cash and cash equivalents at the end of the year (IV+V) (See Note 10)	**(2,495.76)**	(963.34)

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, May 8, 2018

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Katsu Yanagimoto
Toru Kojima
Directors

Mumbai, May 8, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital

Particulars	**Rs in lakhs** **Amount**
As at March 31, 2016	1,085.37
Changes in equity share capital during the year	113.00
As at March 31, 2017	1,198.37
Changes in equity share capital during the year	–
As at March 31, 2018	**1,198.37**

b. Other Equity

Rs in lakhs

Particulars	**Reserves and Surplus**			**Total**
	Capital Reserve [see note (ii)]	**Securities Premium Reserve [see note (iii)]**	**Retained Earnings**	
As at March 31, 2016	3,346.89	35,306.32	(22,009.04)	16,644.17
Loss for the period	–	–	(4,607.65)	(4,607.65)
Other Comprehensive Income [See note (i) below]	–	–	249.32	249.32
Total Comprehensive Loss for the year	3,346.89	35,306.32	(26,367.37)	12,285.84
Premium received on issue of Equity shares	–	4,407.00	–	4,407.00
Equity Shares Issuance Cost	–	(4.52)	–	(4.52)
As at March 31, 2017	3,346.89	39,708.80	(26,367.37)	16,688.32
Loss for the period	–	–	(2,795.06)	(2,795.06)
Other Comprehensive Income [See note (i) below]	–	–	40.24	40.24
As at March 31, 2018	**3,346.89**	**39,708.80**	**(29,122.19)**	**13,933.50**

Notes:

(i) Remeasurment gain on defined benefit plans for the year ended March 31, 2018 of Rs. 40.24 Lakhs (March 31, 2017 - Rs. 249.32 lakhs) is recognised during the year as a part of retained earnings.

(ii) Capital Reserve represents excess of net book value of assets of Rs. 16,696.89 lakhs of the steel business over the purchase consideration of Rs. 13,350.00 lakhs paid to erstwhile Mahindra Ugine Steel Company Limited (MUSCO), pursuant to a Business Transfer Agreement for the purchase of MUSCO's Steel business with effect from July 10, 2012.

(iii) The Company had received premium on issue of equity shares which is disclosed as Securities Premium Reserve.

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Mumbai, May 8, 2018

For and on behalf of the Board

Shripraksh Shukla Chairman

Uday Gupta Managing Director

Kozo Takahashi
Katsu Yanagimoto
Toru Kojima
Directors

Mumbai, May 8, 2018

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

General Information

Mahindra Sanyo Special Steel Private Limited is a private limited company incorporated in Mumbai, India on November 08, 2011 under the Companies Act, 1956. The registered office of the Company is situated at 74, GANESH APARTMENT, OPP: SITALADEVI TEMPLE, L.J.ROAD, MAHIM WEST, MUMBAI - 400016, Maharashtra, INDIA. The Company's plant is located in Khopoli, District Raigad, Maharashtra, India. The Company's main activity is manufacturing, processing and marketing of alloy steel products and rings. The Company is a joint venture of Mahindra & Mahindra Limited, India, Sanyo Special Steel Company Ltd., Japan and Mitsui and Company Ltd., Japan.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.3 Property, plant and equipment

1.3.1 Freehold land is carried at historical cost and is not depreciated.

1.3.2 Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

1.3.3 Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1.3.4 All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

1.3.5 The Company provides depreciation on straight line method based on the useful lives prescribed in Schedule II of the Companies Act, 2013, after retaining 5% of the original cost as residual value for each class of asset, except in respect of machineries used at Steel Melting Shop, Blooming Mill, Continuous Mill, Rolling Mill and Rings where useful life has been considered at 20 years based on an independent technical evaluation of such machineries.

Estimated useful lives of the assets are as follows:

Buildings	30 years
Plant and Equipment	15-20 years
Office Equipment	5 years
Furniture and Fixtures	10 years
Computers	3 years
Vehicles	8 years

The depreciation charge for the assets used on double and triple shift basis during the year is increased by 50% and 100% respectively. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

1.3.6 An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.4 Intangible assets

1.4.1 Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.4.2 Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software 3 years

1.4.3 Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.5 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.6 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.7 Financial instruments

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.7.1 Financial assets at amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

1.7.2 Financial assets at fair value through profit and loss:

Assets that do not meet the criteria for amortised cost are measured at fair value through Profit and Loss.

1.7.3 Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

1.7.4 Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

1.7.5 Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the Company and a lender of the debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.7.6 Derivative financial instruments:

The Company uses derivative financial instruments such as forward currency contracts option contracts, primarily to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

1.7.7 Off-setting financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis and is inclusive of overheads based on the normal operating capacity, wherever required. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Foreign currencies

The Company's financial statements are presented in Indian Rupees (INR), which is also Company's functional currency. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is inclusive of excise duties and net of returns and allowances, trade discounts, cash discounts and volume rebates.

1.10.1 Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10.2 Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.11 Employee benefits

1.11.1 Retirement benefit costs and termination benefits:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item Employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

1.11.2 <u>Short-term and other long-term employee benefits:</u>

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.13.1 <u>Current tax:</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.13.2 <u>Deferred tax:</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.13.3 <u>Current and deferred tax for the year:</u>

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

1.13.4 <u>Minimum Alternate tax:</u>

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company

1.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.15 Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

- Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

1. Provision for quality and other claims:

   Provision is made for estimated quality claims in respect of products sold. These provision for claims are expected to be settled within one year. Management estimates the provision based on the past trends of quality and other claims and also considers any recent trends or developments that may suggest that future claims could differ from the past trends.

2. Expected credit loss

   Provision is made for expected credit loss in respect of credit loss on account of payments received from debtors later than when contractually due. Management estimates such provision based on the past trends of unrecorded / delayed payments and the risk of non –receipt from the customers by applying the interest rates applicable to the borrowings of the Company to the past trends of delayed payment from debtors. Management also considers any recent developments that may suggest different payment trends in future and incorporates the same for the purpose of estimations.

Note No. 3 - Property, Plant and Equipment

Rs in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount								
Balance as at April 1, 2017	734.69	4,004.78	41,445.02	211.57	143.13	267.28	315.20	47,121.67
Additions	–	396.22	2,222.14	8.44	2.55	1.11	6.33	2,636.79
Disposals	–	–	(0.65)	(33.52)	–	(15.85)	(6.08)	(56.10)
Balance as at March 31, 2018	**734.69**	**4,401.00**	**43,666.51**	**186.49**	**145.68**	**252.54**	**315.45**	**49,702.36**
II. Accumulated depreciation and impairment								
Balance as at April 1, 2017	–	1,594.81	24,402.59	145.47	93.68	200.86	185.39	26,622.80
Depreciation expense for the year	–	140.38	2,847.46	18.19	8.38	31.49	39.24	3,085.14
Eliminated on disposal of assets	–	–	(0.65)	(32.07)	–	(15.81)	(2.53)	(51.06)
Balance as at March 31, 2018	**–**	**1,735.19**	**27,249.40**	**131.59**	**102.06**	**216.54**	**222.10**	**29,656.88**
III. Net carrying amount (I-II)	**734.69**	**2,665.81**	**16,417.11**	**54.90**	**43.62**	**36.00**	**93.35**	**20,045.48**

Rs in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Carrying Amount								
Balance as at April 1, 2016	734.69	3,912.52	35,067.10	193.21	140.52	266.42	337.21	40,651.67
Additions	–	93.80	6,657.23	18.36	2.61	0.86	35.73	6,808.59
Disposals	–	(1.54)	(279.31)	–	–	–	(57.74)	(338.59)
Balance as at March 31, 2017	734.69	4,004.78	41,445.02	211.57	143.13	267.28	315.20	47,121.67
II. Accumulated depreciation and impairment								
Balance as at April 1, 2016	–	1,468.58	22,043.91	125.52	85.24	166.34	193.50	24,083.09
Depreciation expense for the year	–	127.77	2,631.32	19.95	8.44	34.52	43.15	2,865.15
Eliminated on disposal of assets	–	(1.54)	(272.64)	–	–	–	(51.26)	(325.44)
Balance as at March 31, 2017	–	1,594.81	24,402.59	145.47	93.68	200.86	185.39	26,622.80
III. Net carrying amount (I-II)	734.69	2,409.97	17,042.43	66.10	49.45	66.42	129.81	20,498.87

Note:

Assets pledged as security and restriction on titles

All existing and future immovable and movable properties of the Company have been pledged to secure the term loan (first charge) and cash credits and working capital demand loan (second charge) (See Note 12 and 17).

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Note No. 4 - Intangible Assets

Rs in lakhs

Description of Assets	SAP Implementation	MS Office 2003 Licenses	Forge NXT Software, UG NX Software	Others	Total
I. Gross Carrying Amount					
Balance as at April 1, 2017	202.39	34.33	35.27	42.73	314.72
Written off	–	(34.33)	–	(6.19)	(40.52)
Balance as at March 31, 2018	**202.39**	**–**	**35.27**	**36.54**	**274.20**
II. Accumulated amortisation and impairment					
Balance as at April 1, 2017	202.39	34.33	18.36	28.75	283.83
Amortisation expense for the year	–		11.76	5.35	17.11
Written off		(34.33)		(6.19)	(40.52)
Balance as at March 31, 2018	**202.39**	**–**	**30.12**	**27.91**	**260.42**
III. Net carrying amount (I-II)	–	–	5.15	8.63	13.78

Rs in lakhs

Description of Assets	SAP Implementation	MS Office 2003 Licenses	Forge NXT Software, UG NX Software	Others	Total
I. Gross Carrying Amount					
Balance as at April 1, 2016	202.39	34.33	35.27	42.55	314.54
Additions	–	–	–	0.18	0.18
Balance as at March 31, 2017	202.39	34.33	35.27	42.73	314.72
II. Accumulated amortisation and impairment					
Balance as at April 1, 2016	202.39	34.33	0.87	28.75	266.34
Amortisation expense for the year	–	–	17.49		17.49
Balance as at March 31, 2017	202.39	34.33	18.36	28.75	283.83
III. Net carrying amount (I-II)	–	–	16.91	13.98	30.89

Note No. 5 - Loans

Rs in lakhs

Particulars	**As at March 31, 2018** Current	Non - Current	As at March 31, 2017 Current	Non - Current
Employee loans and advances (at amortised cost)				
- Unsecured, considered good	**13.22**	**5.58**	14.80	7.22
Total	**13.22**	**5.58**	14.80	7.22

Note No. 6 - Other financial assets

Rs in lakhs

Particulars	**As at March 31, 2018** Current	Non - Current	As at March 31, 2017 Current	Non - Current
Financial assets at amortised cost				
a) Security Deposits				
- Unsecured, considered good	**–**	**108.98**	–	116.43
- Unsecured, considered doubtful	**–**	**58.00**	–	58.00
Less: Allowance for bad and doubtful deposits	**–**	**(58.00)**	–	(58.00)
		108.98		116.43
b) Interest Accrued - Fixed Deposit	**4.64**		4.51	

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non - Current	As at March 31, 2017 Current	As at March 31, 2017 Non - Current
Financial instruments at fair value				
Derivative instruments carried at fair value				
- Foreign currency forward contracts	**13.02**	**100.56**	40.64	–
- Foreign currency options contracts	**0.46**	**–**	0.53	–
Total	**18.12**	**209.54**	45.68	116.43

Refer Note 27 for disclosures related to credit risk, impairment as per expected credit loss model and related financial instrument disclosures.

Note No. 7 - Other assets

Rs in lakhs

Particulars	As at March 31, 2018 Current	As at March 31, 2018 Non - Current	As at March 31, 2017 Current	As at March 31, 2017 Non - Current
(a) Capital advances				
(i) For Capital work in progress	**–**	**414.32**	–	281.34
(b) Assets other than capital advances				
(i) Advances to related parties	**3.78**	**–**	13.70	–
(ii) Balances with government authorities (other than income taxes)	**161.05**	**–**	570.30	–
(iii) Prepayments for power purchase agreement	**56.00**	**1,012.67**	56.00	1,068.67
(iv) Prepaid expenses others	**97.98**	**24.61**	75.49	33.32
(v) Excess of fund balance over gratuity obligation	**–**	**136.29**	–	151.75
(vi) Trade advances	**443.37**	**–**	249.13	–
(vii) Others	**134.16**	**–**	6.19	–
Total	**896.34**	**1,587.89**	970.81	1,535.08

Note No. 8 - Inventories

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Raw materials	**6,428.80**	3,072.01
(b) Finished goods	**1,560.99**	877.95
(c) Work-in-progress	**10,965.05**	8,703.82
(d) Stores and spares	**4,606.44**	2,563.53
(e) Loose Tools	**107.18**	115.72
Total Inventories (at lower of cost and net realisable value)	**23,668.46**	15,333.03

Included above, goods-in-transit:	As at March 31, 2018	As at March 31, 2017
(i) Raw materials	**2,296.31**	1,097.64
(ii) Finished goods	**1,560.99**	877.95
(iii) Stores and spares	**780.84**	124.69
Total goods-in-transit	**4,638.14**	2,100.28

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs.61,576.82 Lakhs (March 31, 2017: Rs. 44,058.29 lakhs).

(ii) The cost of stores and spares and loose tools consumed are disclosed in Note 25 - Other expenses.

(iii) The cost of inventories recognised as an expense includes Rs. 1,051.82 lakhs (March 31, 2017: Rs. 501.86 lakhs) in respect of write-down of inventory to net realisable value.

(iv) The carrying amount of inventories is pledged as security (first charge) for current borrowings.

(v) Mode of valuation of inventories is stated in Note 1.8 of significant accounting policies.

Note No. 9 - Trade receivables

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables		
– Unsecured, considered good	**26,477.21**	20,546.59
– Unsecured, considered doubtful	**763.41**	681.13
	27,240.62	21,227.72
Less: Allowance for Credit Losses	**(895.50)**	(790.13)
Total	**26,345.12**	20,437.59

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Of the above, trade receivables from:		
– Related Parties	**2,118.82**	3,164.88
– Others	**24,226.30**	17,272.71
Total	**26,345.12**	20,437.59

Notes:

(i) The credit period on sale of goods given to customers range from 60 days to 90 days.

(ii) All trade receivables have been pledged (first charge) to secure the current borrowings of the Company.

(iii) Refer Note 27 - Financial Instruments - for disclosures related to credit risk, allowance for trade receivables under expected credit loss model and related disclosures.

Note No. 10 - Cash and cash equivalents

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
(i) In Current Accounts	**34.09**	1.49
(ii) Fixed Deposits with maturity less than 3 months	**1,500.00**	5,100.00
(b) Cheques, drafts on hand	**48.78**	75.83
(c) Cash on hand	**1.66**	1.65
Cash and cash equivalents as per balance sheet	**1,584.53**	5,178.97
Bank Overdrafts (see note 17)	**(4,080.29)**	(6,142.31)
Cash and cash equivalents as per statement of cash flows	**(2,495.76)**	(963.34)
Other Bank Balances		
(a) Balances with Banks:		
– In margin accounts	**561.93**	527.43
Total Other Bank balances	**561.93**	527.43

Note No. 11 - Equity Share Capital

Particulars	As at March 31, 2018	As at March 31, 2017
Equity share capital	**1,198.37**	1,198.37
Total	**1,198.37**	1,198.37

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2017 No. of shares
Authorised :		
Equity shares of Rs 10 each with voting rights	**15,000,000**	15,000,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs 10 each with voting rights	**11,983,656**	11,983,656
Total	**11,983,656**	11,983,656

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Share capital :		
15,000,000 equity shares of Rs. 10 each	**1,500.00**	1,500.00
Issued and subscribed capital comprises :		
Fully paid equity shares of Rs. 10 each	**1,198.37**	1,198.37
Total	**1,198.37**	1,198.37

Fully paid equity shares

Particulars	Number of shares	Share Capital (Rs in lakhs)
Balance as at March 31, 2017	11,983,656	1,198.37
Fully paid Equity shares issued during the year	–	–
Balance as at March 31, 2018	**11,983,656**	**1,198.37**

(a) Terms/ rights and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank *pari-passu* for all matters, including dividend and each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Shares held by each shareholder holding more than 5% shares, specifying the number of shares held:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares in lakhs	% holding of equity shares	Number of shares in lakhs	% holding of equity shares
Mahindra & Mahindra Limited	**61.12**	**51.00**	61.12	51.00
Sanyo Special Steel Company Limited	**34.75**	**29.00**	34.75	29.00
Mitsui & Company Limited	**23.97**	**20.00**	23.97	20.00

(c) Shares issued pursuant to contract without payment being received in cash:

5,090,000 fully paid-up equity shares issued to Mahindra Ugine Steel Company Limited during the year ended March 31, 2013 for acquisition of steel business pursuant to the Business Transfer Agreement.

Note No. 12 - Non - Current Borrowings

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Secured (at amortised cost):		
– FCNR Loan [see note (ii) (a)]	**5,100.16**	–
– Term Loan from a Bank	**3,198.16**	5,714.98
Total Secured Borrowings	**8,298.32**	5,714.98

Notes:

(i) Secured by first *pari passu* charge on all existing and future immovable and movable fixed assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

(ii) The terms of repayment of term loan is stated below :

As at March 31, 2018

Amount outstanding	**Terms of Repayment**	**Rate of interest**
(a) FCNR Loan of USD 7.825 Million (Rs 5100.16 lakhs)	The Loan is to be repaid as below : a) On June 12, 2019 USD 0.195 Million b) On September 12, 2019 USD 7.630 Million	Interest is payable on monthly basis at LIBOR + 3.08% Margin to be reset on quarterly basis.
(b) Rupee Term Loan of Rs 3200 Lakhs (Excluding processing fees)	The Loan to be repaid in 22 quarterly instalment from June 2019 : – First 2 instalments of Rs. 80 lakhs each. – Next 4 instalments of Rs 60 lakhs each. – Next 4 instalments of Rs 120 lakhs each. – Next 4 instalments of Rs 160 lakhs each. – Next 4 instalments of Rs 200 lakhs each. – Balance 4 instalments of Rs 220 lakhs each.	Interest is payable on monthly basis at Bank's 1 year MCLR to be reset on Annual basis, which at year end is 9.40%

As at March 31, 2017

Term Loan from a Bank Rs 7,380.00 Lakhs (Including Rs. 1,640.00 lakhs as at March 31, 2017 disclosed as current maturities of long term debt in Note 14 - Other Financial Liabilities.)	The loan is to be repaid in 20 equal quarterly installments of Rs. 410.00 lakhs each from October 8, 2016 till July 8, 2021	Prevailing base rate and applicable premium which at year end is 10.75%

(iii) There are no defaults in repayment of interest and principal.

(iv) None of the breaches of loan agreements or non-compliance with financial covenants permit the lender to demand accelerated repayment of borrowings and hence the breaches of financial covenants, if any, will not have any impact on the classification of borrowings.

(V) On February 9, 2018 Mahindra & Mahindra Ltd. ('M&M'), 51% equity shareholder, has agreed to sell 26,36,401 equity shares, aggregating 22% of the paid up equity share capital of the Company, to Sanyo Special Steel Co. Ltd. Japan, following which its equity shareholding will reduce to 29% from existing equity shareholding at 51%. The aforesaid proposed sale of equity shares is subject to certain requisite approvals from various authorities. The Company has borrowings outstanding as at March 31, 2018 from banks/financial institution, terms of which require immediate repayments in case shareholding of M&M falls below 51%.

The aforesaid transaction to sell equity share of the Company by M&M has not been completed till the date the financial statements are approved by the Board of Directors. The Company's lead banker, has permitted the reduction in equity shareholding as described above and based on the current negotiations the permission from the other bankers is also expected. Accordingly, the borrowings are continued to be classified as Non-current' as per the original terms of the borrowings.

Note No. 13 - Trade Payables

Rs in lakhs

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Current	**Non - Current**	Current	Non - Current
Trade payables				
– Micro and small enterprises (See note 32)	**805.28**	**–**	714.76	–
– Other than micro and small enterprises	**30,581.94**	**1,590.20**	19,473.46	1,750.46
Total	**31,387.22**	**1,590.20**	20,188.22	1,750.46

Note No. 14 - Other Financial Liabilities

Rs in lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Non - Current		
(a) Dealer Deposits - Security deposit from customer	**500.00**	500.00
Total Other non - current financial liabilities	**500.00**	500.00
Current		
(a) Current maturities of long-term debt	**–**	1,640.00
(b) Interest accrued		
(i) and due on borrowings*	**57.99**	18.58
(ii) but not due on borrowings	**119.27**	134.15
(c) Other liabilities		
(i) Creditors for capital supplies/services	**401.64**	513.09
(ii) Foreign currency forward contracts (fair value impact)	**62.93**	147.98
(iii) Others	**58.80**	41.44
Total Other current financial liabilities	**700.63**	2,495.24

* interest due on borrowings on March 31, 2018 was debited by the banks by April 2, 2018

Note No. 15 - Provisions

Rs in lakhs

	As at March 31, 2018		As at March 31, 2017	
Particulars	**Current**	**Non-Current**	Current	Non-Current
(a) Provision for employee benefits				
Long-term Employee Benefits				
– Compensated Absences	**129.45**	**468.99**	127.15	462.61
– Other Employee Benefits	**6.30**	**12.02**	7.05	17.52
(b) Provision for quality and other claims (See Note below)	**303.32**	**–**	299.62	–
Total Provisions......................	**439.07**	**481.01**	433.82	480.13

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Note:

Details of movement in provision for quality and other claims is as follows:

Rs in lakhs

Particulars	**Amount**
Balance as at April 1, 2017	299.62
Additional provisions recognised	112.22
Amounts used during the year	(50.74)
Unused amounts reversed during the year	(57.78)
Balance as at March 31, 2018	303.32
Balance as at April 1, 2016	273.43
Additional provisions recognised	90.06
Amounts used during the year	(39.51)
Unused amounts reversed during the year	(24.36)
Balance as at March 31, 2017	**299.62**

The provision for quality and other claims mainly relate to quality complaints received from customers for which settlement is done by the Company after necessary inspection and quality tests. The quality complaints are normally settled within six months to one year of its receipt through issuance of credit notes.

Note No 16 - Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Rs in lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Deferred tax liabilities	**1,556.57**	1,953.90
Less: Deferred tax assets	**1,556.57**	1,953.90
Total	**–**	–
Deferred tax liabilities in relation to :		
Fiscal allowance relating to Property, Plant and Equipment	**1,555.99**	1,945.63
Others	**0.58**	8.27
Deferred tax assets in relation to :		
Employee benefits allowed on payment basis	**249.60**	203.11
Expenses allowable post deduction of tax thereon	**832.63**	1,033.55
Expenses allowed on payment basis	**432.01**	394.93
Carry forward tax loss	**42.33**	322.31

(a) Income Tax recognised in Statement of Profit and Loss

Rs in lakhs

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year's taxable temporary differences	**397.33**	259.51
In respect of current year's deductible temporary differences and carry forward unused tax losses	**(397.33)**	(259.51)
Total income tax expense	**–**	–

The tax rate used for March 31, 2018 and March 31, 2017 reconciliations above is the corporate tax rate of 30% plus applicable cess payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(b) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Rs in lakhs

Particulars	**As at March 31, 2018**	As at March 31, 2017
Unused Tax losses (revenue in nature) (see expiry dates in (c) below)	**11,781.37**	11,657.38
Unused depreciation losses (will never expire)	**14,242.56**	11,957.34
Total	**26,023.93**	23,614.72

(c) The unrecognised tax losses carried forward will expire as follows:

Particulars	**As at March 31, 2018**	As at March 31, 2017
Assessment years		
2021-22	**2,116.75**	2,252.44
2022-23	**4,592.98**	4,592.98
2023-24	**2,624.19**	2,624.19
2024-25	**1,581.18**	1,581.18
2025-26	**866.27**	606.59
Total	**11,781.37**	11,657.38

Movement in deferred tax balances

Rs in lakhs

Particulars	**For the Year ended March 31, 2018**		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Fiscal allowance relating to Property, Plant and Equipment	**1,945.63**	**(389.64)**	**1,555.99**
Others	**8.27**	**(7.69)**	**0.58**
Intangible Assets			
	1,953.90	**(397.33)**	**1,556.57**
Tax effect of items constituting deferred tax assets			
Employee benefits allowed on payment basis	**203.11**	**46.49**	**249.60**
Expenses allowed on payment basis	**394.93**	**37.08**	**432.01**
Expenses allowable at the time of deduction of tax thereon	**1,033.55**	**(200.92)**	**832.63**
Carry forward tax loss	**322.31**	**(279.98)**	**42.33**
	1,953.90	**(397.33)**	**1,556.57**
Net Tax Assets / (Liabilities)	**–**	**–**	**–**

Rs in lakhs

Particulars	**For the Year ended March 31, 2017**		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Fiscal allowance relating to Property, Plant and Equipment	**1,684.18**	**261.45**	**1,945.63**

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	For the Year ended March 31, 2017		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Others	**10.21**	**(1.94)**	**8.27**
	1,694.39	**259.51**	**1,953.90**
Tax effect of items constituting deferred tax assets			
Employee benefits allowed on payment basis	**195.66**	**7.45**	**203.11**
Expenses allowed on payment basis	**272.07**	**122.86**	**394.93**
Expenses allowable at the time of deduction of tax thereon	**785.16**	**248.39**	**1,033.55**
Carry forward tax loss	**441.50**	**(119.19)**	**322.31**
	1,694.39	**259.51**	**1,953.90**
Net Tax Asset (Liabilities)	**–**	**–**	**–**

Note No. 17 - Current Borrowings

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Secured - at amortised cost		
– Loans repayable on demand from banks:		
(a) Cash Credit (See note (i) below)	**4,080.29**	6,142.31
(b) Working capital demand loan (See note (i) below)	**2,000.00**	2,000.00
(c) FCNR (B) loan	**–**	1,443.94
(d) Factored borrowings (See note (ii) below)	**1,716.23**	707.62
(e) Purchase bills discounted (See note (i) below)	**4,789.55**	1,822.97
Unsecured - at amortised cost		
– Inter corporate deposit	**4,000.00**	4,000.00
– Commercial Card facility	**1,257.98**	–
Total	**17,844.05**	16,116.84

Notes:

(i) Secured by first charge by way of hypothecation of raw material, finished goods, goods in transit, stores and trade receivables and second pari passu charge on immovable properties and movable fixed assets of the Company.

(ii) Secured by charge over Company's trade receivables.

(iii) The weighted average coupon rate for all the short term borrowings are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Cash Credit and working capital demand loan	**9.81%**	10.70%
(ii) FCNR (B) loan	**–**	9.76%
(iii) Factored borrowings	**8.20%**	8.84%
(iv) Purchase bills discounted	**9.46%**	10.29%

(iv) There are no defaults in repayment of interest and principal.

(v) Also see note 12 (v)

Note No. 18 - Other Current Liabilities

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Amounts retained	**–**	519.00
(b) Advance received from customers	**157.28**	–
(c) Statutory dues		
(i) Taxes payable (other than income taxes)	**121.06**	96.94
(ii) Employee recoveries and employer contributions	**17.15**	45.79
Total	**295.49**	661.73

Note No. 19 - Revenue from Operations

Rs in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of products [including excise duty - Rs. 2,765.84 lakhs (March 31, 2017 - Rs. 9,753.16 lakhs)]	**109,201.00**	90,961.52
(b) Sale of scrap	**179.60**	174.28
(c) Other operating revenue	**512.73**	271.70
Total	**109,893.33**	91,407.50

Note No. 20 - Other Income

Rs in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) **Interest Income:**		
(i) On bank deposits at amortised cost	**65.71**	49.39
(ii) On other financial assets at amortised cost	**28.02**	7.52
(iii) Interest on income tax refund	**5.24**	0.26
(b) **Other non operating income:**		
(i) Financial liabilities no longer payable derecognised	**22.90**	7.06
(ii) Miscellaneous income	**2.41**	0.25
(c) **Other gains and losses:**		
(i) Profit on sale of capital assets (net of loss on assets sold/ scrapped/written off)	**3.09**	1.03
(ii) Net gain on foreign currency transactions net off derivative loss/ (gain) (other than considered as finance costs)	**210.86**	370.44
Total Other Income	**338.23**	435.95

Note No. 21 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Inventories at the end of the year:		
(i) Finished goods	**1,560.99**	877.95
(ii) Work-in-progress	**10,965.05**	8,703.82
	12,526.04	9,581.77

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(b)	**Inventories at the beginning of the year:**		
(i)	Finished goods	**2,460.56**	870.38
(ii)	Work-in-progress	**7,121.21**	8,431.65
		9,581.77	9,302.03
Net (increase)/ decrease		**(2,944.27)**	(279.74)

Note No. 22 - Employee Benefits Expense

Rs in lakhs

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Salaries and wages, including bonus	**5,640.60**	5,263.95
(b)	Contribution to provident and other funds	**373.99**	360.01
(c)	Staff welfare expenses	**550.07**	506.50
Total		**6,564.66**	6,130.46

Note No. 23 - Finance Costs

Rs in lakhs

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Finance costs on financial liabilities at amortised cost:			
(a)	Interest on bank overdrafts and loans	**2,466.93**	2,336.44
(b)	Unwinding of discounts on non current liabilities	**376.93**	342.99
(c)	Other borrowing costs	**58.23**	46.43
Total finance costs		**2,902.09**	2,725.86

Note No 24 - Depreciation and amortisation expense

Rs in lakhs

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Depreciation of property, plant and equipment	**3,085.14**	2,865.15
(b)	Amortisation of intangible assets	**17.11**	17.49
Total depreciation and amortisation		**3,102.25**	2,882.64

Note No. 25 - Other Expenses

Rs in lakhs

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Stores consumed	**10,042.58**	6,187.81
(b)	Tools consumed	**380.64**	229.86
(c)	Power and fuel	**17,768.66**	15,280.97
(d)	Rent including lease rentals (see note 37)	**212.72**	220.22
(e)	Rates and taxes	**108.04**	116.88
(f)	Insurance	**108.60**	104.07
(g)	Repairs and maintenance - Buildings	**376.07**	315.64
(h)	Repairs and maintenance - Machinery	**1,183.87**	1,160.08
(i)	Repairs and maintenance - Others	**361.31**	354.51
(j)	Freight outward	**715.95**	865.85
(k)	Subcontracting, hire and service charges	**625.72**	670.97
(l)	Net loss/(gain) on derivative contracts	**–**	106.81
(m)	Auditors remuneration and out-of-pocket expenses	**28.61**	40.12
	(i) As Auditors*	**26.25**	35.25
	(ii) For other services	**2.00**	4.75
	(iii) For reimbursement of expenses	**0.36**	0.12
(n)	Legal and other professional costs	**469.39**	446.41
(o)	Technical assistance fees (including variable fees on account of deputation)	**1,336.31**	2,675.98
(p)	Provision for credit loss allowance#	**105.37**	298.71
(q)	Provision for quality and other claims	**3.71**	26.19
(r)	Loss on fixed assets scrapped/written off	**1.49**	7.03
(s)	Miscellaneous expenses	**2,271.99**	1,739.56
Total Other Expenses		**36,101.02**	30,847.67

* includes Rs. 1.25 lakhs (March 31, 2017 - Rs. 1.25 lakh) for cost audit fees.

\# includes Rs. 23.09 lakhs (March 31, 2017 - Rs. 23.00 lakhs) on account of credit loss due to receipt of payments later than when contractually due.

Note No. 26 - Earnings per Equity Share

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Basic earnings per equity share	**(23.32)**	(41.69)
(b)	Diluted earnings per equity share	**(23.32)**	(41.69)

Basic and diluted earnings per equity share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Loss as per Statement of Profit and Loss (Rs in lakhs)	**(2,795.06)**	(4,607.65)
(b)	Weighted average number of equity shares (Nos)	**11,983,656**	11,051,793
	– 11,983,656 equity shares outstanding during the (year ended March 31, 2017, 11,30,000 equity shares were outstanding from April 1, 2017 till January 26, 2017)		
(c)	Earnings per equity share - Basic and Diluted	**(23.32)**	(41.69)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Note No. 27 - Financial Instruments

(i) Capital management

The Company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages capital risk in order to maximize shareholders' return by maintaining sound/optimal capital structure through monitoring of financial ratios, such as net debt-to-equity ratio and implements capital structure improvement plan when necessary through infusion of additional equity share capital. There is no change in the overall capital risk management strategy of the Company compared to last year.

Net debt to Equity ratio

The ratio at the end of the respective reporting periods, is as follows:

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Debt (See note below)	**26,142.37**	23,471.82
Cash and Cash equivalents	**(1,584.53)**	(5,178.97)
Net debt	**24,557.84**	18,292.85
Total equity	**15,131.87**	17,886.69
Net debt to equity ratio	**1.62**	1.02

Note: Debt includes non - current and current borrowings and current maturities of non - current borrowings as disclosed in notes 12 and 14

(ii) Categories of financial instruments

As at March 31, 2018 Rs in lakhs

Particulars	Amortised Costs	Fair Value Through Profit and Loss (FVTPL)	Total
Non-current Assets			
Loans	**5.58**	**–**	**5.58**
Other Financial Assets			
– Non derivative financial assets	**108.98**	**–**	**108.98**
– Derivative financial assets	**–**	**100.56**	**100.56**
Current Assets			
Trade Receivables	**26,345.12**	**–**	**26,345.12**
Cash and Cash equivalents	**1,584.53**	**–**	**1,584.53**
Bank balances other than Cash and Cash equivalents	**561.93**	**–**	**561.93**
Loans	**13.22**	**–**	**13.22**
Other Financial Assets			
– Non derivative financial assets	**4.64**	**–**	**4.64**
– Derivative financial assets	**–**	**13.48**	**13.48**
Non-current Liabilities			
Borrowings	**8,298.32**	**–**	**8,298.32**
Trade Payables	**1,590.20**	**–**	**1,590.20**
Other Financial Liabilities			
– Non derivative financial liabilities	**500.00**	**–**	**500.00**
Current Liabilities			
Borrowings	**17,844.05**	**–**	**17,844.05**
Trade Payables	**31,387.22**	**–**	**31,387.22**
Other Financial Liabilities			
– Non derivative financial liabilities	**637.70**	**–**	**637.70**
– Derivative financial liabilities	**–**	**62.93**	**62.93**

As at March 31, 2017 Rs in lakhs

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	7.22	–	7.22
Other Financial Assets			
– Non derivative financial assets	116.43	–	116.43
Current Assets			
Trade Receivables	20,437.59	–	20,437.59
Cash and Cash equivalents	5,178.97	–	5,178.97
Bank balances other than Cash and Cash equivalents	527.43	–	527.43
Loans	14.80	–	14.80
Other Financial Assets			
– Non derivative financial assets	4.51	–	4.51
– Derivative financial assets	–	41.17	41.17
Non-current Liabilities			
Borrowings	5,714.98	–	5,714.98
Trade Payables	1,750.46	–	1,750.46
Other Financial Liabilities			
– Non derivative financial liabilities	500.00	–	500.00
Current Liabilities			
Borrowings	16,116.84	–	16,116.84
Trade Payables	20,188.22	–	20,188.22
Other Financial Liabilities			
– Non derivative financial liabilities	2,347.26	–	2,347.26
– Derivative financial liabilities	–	147.98	147.98

(iii) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

1 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not for speculation. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(a) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the amounts, maturity and other terms of the hedged exposure.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. in lakhs

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
Trade Receivables	USD	**8.54**	2.29
	EUR	**14.72**	3.09
Trade Payables	USD	**172.77**	121.43
	EUR	**–**	3.12
Secured Bank Loans	USD	**78.25**	22.27
Factored Borrowings	USD	**6.42**	3.27

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs. in lakhs

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
Trade Receivables	USD	**0.64**	0.73
	EUR	**1.66**	–
Trade Payables	USD	**48.81**	51.23
	EUR	**–**	–
Secured Bank Loans	USD	**–**	–
Factored Borrowings	USD	**6.42**	3.27

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's loss before tax and equity can be due to changes in the fair value of monetary assets and liabilities The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on loss before tax and equity (Rs in lakhs)
March 31, 2018	**USD**	**+7%**	**(249.05)** @
	USD	**-7%**	**249.05**
	USD	**+10%**	**(355.79)** @
	USD	**-10%**	**355.79**
March 31, 2017	USD	+7%	(229.26) @
	USD	-7%	229.26
	USD	+10%	(327.51) @
	USD	-10%	327.51

@ negative amounts indicate increase in loss before tax.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and current debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis for floating rate liabilities, is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of changes in market interest rates. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Increase / (decrease) in basis points	Effect on loss before tax and equity (Rs In lakhs)
March 31, 2018	**INR**	**100**	**(220.47)**#
	INR	**(100)**	**220.47**
March 31, 2017	INR	100	(180.53)#
	INR	(100)	180.53

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

negative amounts indicate increase in loss before tax

(c) Other price risk:

The Company is not exposed to any other price risks.

2 CREDIT RISK

Credit risk management

(a) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposures are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's credit management policy is driven to assess the credit risk of the customers and assign specific credit limit based on the different criteria stipulated in the policy. The Credit committee will also review the performance of the customers periodically in order to control the deviations if any. Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

(b) Apart from three of its largest customers, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to these three parties did not exceed 40% - 45% of trade receivables at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross trade receivables at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

(c) The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

(d) There is no change in estimation techniques or significant assumptions during the reporting period.

(e) The Company has in its past history not experienced credit losses on account of cash shortfall except for few parties where legal cases have been filed or are in the process of being filed and the amount has been fully provided for and does not expect significant credit losses on account of cash shortfall in future. However, Company receives delayed payment from some debtors without any compensation which results in credit losses to the Company.

(f) Ageing of Trade Receivables

Rs in Lakhs

Ageing buckets	As at March 31, 2018	As at March 31, 2017
Not Due	**22,003.12**	16,076.41
0 - 6 months	**3,633.78**	3,655.55
6 months - 12 months	**78.22**	169.01
12 months - 36 months	**340.70**	434.87
Beyond 36 months	**421.30**	424.37

The loss allowance provision for such expected credit loss on account of payments later than when contractually due is determined as follows:

As at March 31, 2018

Particulars	Trade receivables not due	Not due trade receivables expected to be realised within 00-90 Days after due date	Not due trade receivables expected to be realised within 91-180 Days after due date	Not due trade receivables expected to be realised within 181 days and above after due date	Total
Total Amount of trade receivables in bucket (Rs in lakhs)	**22,003.12**				
Percentage of debtors not due expected to be realised within the respective time buckets.		**20.00%**	**3.00%**	**3.00%**	
Amount of trade receivables (Rs in lakhs)		**4,401.00**	**660.00**	**660.00**	
Average delayed payments in the respective time bucket (days)		**60.00**	**150.00**	**270.00**	
Present Value of above cash flows at prevailing interest rates (Rs in lakhs)		**4,336.00**	**636.00**	**617.00**	
Expected credit loss (Rs in lakhs)		**65.00**	**24.00**	**43.00**	**132.00**

As at March 31, 2017

Particulars	Trade receivables not due	Not due trade receivables expected to be realised within 00-90 Days after due date	Not due trade receivables expected to be realised within 91-180 Days after due date	Not due trade receivables expected to be realised within 181 days and above after due date	Total
Total Amount of trade receivables in bucket (Rs in lakhs)	16,076.41				
Percentage of debtors not due expected to be realised within the respective time buckets.		19.00%	2.50%	3.00%	
Amount of trade receivables (Rs in lakhs)		3,055.00	402.00	482.00	
Average delayed payments in the respective time bucket (days)		60.00	150.00	270.00	
Present Value of above cash flows at prevailing interest rates (Rs in lakhs)		3,001.00	384.00	445.00	
Expected credit loss (Rs in lakhs)		54.00	18.00	37.00	109.00

Reconciliation of loss allowance provision for Trade Receivables

Rs in lakhs

Particulars	For the year ended March 31, 2018	March 31, 2017
Balance as at beginning of the year	**790.13**	491.42
Impairment lossess recognised in the year based on lifetime expected credit losses (cash short fall expected in debtors balances)	**140.15**	294.66
Reversal of above impairment loss on recoveries from trade receivables	**(57.78)**	(18.96)
Allowance for delay in payments later than when contractually due	**23.00**	23.00
Balance at end of the year	**895.50**	790.13

3 LIQUIDITY RISK

(a) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate prevailing at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above	Total
Non-derivative financial liabilities					
March 31, 2018					
Non-interest bearing	**32,024.91**	**2,053.01**	**–**	**–**	**34,077.92**
Variable interest rate instruments	**15,658.77**	**6,426.89**	**1,667.41**	**1,388.05**	**25,141.12**
Fixed interest rate instruments	**4,365.95**	**530.41**	**–**	**–**	**4,896.36**
Total	**52,049.63**	**9,010.31**	**1,667.41**	**1,388.05**	**64,115.40**
March 31, 2017					
Non-interest bearing	20,895.47	2,737.32	684.33	–	24,317.12
Variable interest rate instruments	19,947.05	4,126.24	2,631.23	–	26,704.52
Fixed interest rate instruments	50.00	580.41	–	–	630.41
Total	40,892.52	7,443.97	3,315.56	–	51,652.05

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There are no derivative contracts where the contractual cash flows are settled on a net basis.

Rs in lakhs

Particulars	Less than 1 Year	Above 1 Year
Derivative financial instruments		
March 31, 2018		
Gross settled:		
– foreign exchange forward contracts outflow	**(62.93)**	**–**
– foreign exchange forward contracts inflow	**13.02**	**100.56**
– foreign exchange options contracts inflow	**0.46**	**–**
Total	**(49.45)**	**100.56**
March 31, 2017		
Gross settled:		
– foreign exchange forward contracts outflow	(147.98)	–
– foreign exchange forward contracts inflow	40.64	–
– foreign exchange options contracts inflow	0.53	–
Total	(106.81)	–

(c) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the respective reporting periods which expire within one year:

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Bank Overdraft facility (includes sub limit for CC/ WCDL, EBD, EPC)		
- Secured	**9,176.56**	3,357.69
- Unsecured	**972.69**	**-**
Non-Fund based facility (includes sub limit for LC, BG, Buyers credit)	**5,332.83**	7,064.07
	15,482.08	10,421.76

(d) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, if material. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above	Total
Non-derivative financial assets					
March 31, 2018					
Non-interest bearing	**26,434.30**	**18.00**	**–**	**90.98**	**26,543.28**
Fixed interest rate instruments	**2,075.16**	**4.95**	**0.53**	**–**	**2,080.64**
Total	**28,509.46**	**22.95**	**0.53**	**90.98**	**28,623.92**
March 31, 2017					
Non-interest bearing	20,521.07	17.00	–	99.43	20,637.50
Fixed interest rate instruments	5,642.23	5.20	1.95	0.07	5,649.45
Total	26,163.30	22.20	1.95	99.50	26,286.95

(e) Transferred financial assets that are not derecognised

Rs in lakhs

Particulars	**Financial assets at amortised cost**	
	Trade Receivable March 31, 2018	Trade Receivable March 31, 2017
Carrying amount of assets	**1,730.36**	714.19
Carrying amount of associated liabilities	**1,716.23**	707.62
Net position	**14.13**	6.57

Note:- In case customers fails to pay to the bank on due date, the bank has right to recover amounts from the Company.

(f) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability, simultaneously.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as follows:

March 31, 2018

Rs in lakhs

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet
Financial assets			
– Trade receivables	**27,349.35**	**(108.72)**	**27,240.63**

March 31, 2017

Rs in lakhs

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet
Financial assets			
– Trade receivables	21,474.40	(246.68)	21,227.72

Offsetting arrangement

Trade Receivables and Trade Payables:

The Company accrued liability for the price variation clause agreed with customers, presented as trade payables, for which the settlement was done by issuing issuing credit notes and the customers remitted net payment to the Company. Accordingly, the amount accrued for price variation clause has been netted off against trade receivables.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Note No. 28 - Fair Value Measurement

(i) Fair Valuation Techniques and Inputs used - recurring Items

Rs in lakhs

Financial assets/ liabilities measured at fair value	**Fair value as at [see foot note (a)]**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	March 31, 2018	March 31, 2017		
Financial assets				
Other financial assets				
– Foreign currency forward contracts	**113.58**	40.64	Level II	Fair value for forward and option contracts of similar maturities as provided by counter parties which are banks.
– Foreign currency option contracts	**0.46**	0.53	Level II	
Total financial assets	**114.04**	41.17		
Financial liabilities				
Other financial liabilities				
– Foreign currency forward contracts	**62.93**	147.98	Level II	Fair value for forward and option contracts of similar maturities as provided by counter parties which are banks.
Total financial liabilities	**62.93**	147.98		

Note:

(a) These figures reflect the mark to market impact of forward and option contracts accounted at fair value.

(b) There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

Rs in lakhs

Particulars	**March 31, 2018**		March 31, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at amortised cost				
– Deposits placed	**108.98**	**108.98**	116.43	116.43
– Loans to employees	**18.81**	**18.81**	22.02	10.81
Total	**127.79**	**127.79**	138.45	127.24
Financial liabilities				
Financial liabilities not carried at fair value				
– Term loan from bank	**8,298.32**	**7,901.44**	7,354.98	7,359.42
– Security deposit from customers	**500.00**	**491.65**	500.00	489.99
– Inter corporate deposit	**4,000.00**	**3,936.48**	–	–
– Trade and other payables (including current portion)	**2,958.88**	**2,987.89**	3,119.11	3,171.25
Total	**15,757.20**	**15,317.46**	10,974.09	11,020.66

Note:

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	Fair value hierarchy as at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at amortised cost				
– Deposits placed	–	108.98	–	108.98
– Loans to employees	–	18.81	–	18.81
Total	–	127.78	–	127.78
Financial liabilities				
Financial liabilities not carried at fair value				
– Term loan from bank	–	7,901.44	–	7,901.44
– Security deposit from customers	–	491.65	–	491.65
– Inter corporate deposit	–	3,936.48	–	3,936.48
– Trade and other payables	–	2,987.89	–	2,987.89
Total	–	15,317.46	–	15,317.46

Rs in lakhs

Particulars	Fair value hierarchy as at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at amortised cost				
– Deposits placed	–	116.43	–	116.43
– Loans to employees	–	10.81	–	10.81
Total	–	127.24	–	127.24
Financial liabilities				
Financial liabilities not carried at fair value				
– Term loan from bank	–	7,359.42	–	7,359.42
– Security deposit from customers	–	489.99	–	489.99
– Inter corporate deposit	–	–	–	–
– Trade and other payables	–	3,171.25	–	3,171.25
Total	–	11,020.66	–	11,020.66

Valuation techniques and inputs used to determine fair value:

(a) **Term loan from bank:**

The fair value of term loan from bank is computed using the discounted cash flow (DCF) method, where the future cash flows are discounted using a market interest rate, that reflects the credit risk of the Company.

(b) The fair value of security deposit from customer, non current trade and other payables and loan to employees are determined using the DCF method, where the future cash flows are discounted using market interest rate.

(c) The deposits placed approximate their fair value.

Note No. 29 - Employee benefits

A) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund for the year ended March 31, 2018 of Rs. 318.28 lakhs (March 31, 2017 - Rs. 262.44 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

B) Defined Benefit Plans:

Gratuity

The scheme provides for lump sum payment to vested employees at retirement or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. In case of death of the employee while in service, gratuity is paid for an amount equivalent to 30 days salary for each completed year of service or part thereof in excess of six months.

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees.

The ceiling limit for gratuity payment is restricted to 20 months' salary. Vesting occurs upon completion of five years of service.

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The Company has taken a group gratuity scheme from Life Insurance Corporation of India which manages the assets.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the amount of plan returns.

Inflation risk and Life expectancy

The Company does not have any defined benefit plans which will be impacted by inflation or life expectancy risk.

C) The significant actuarial assumptions used for the purposes of the actuarial valuations are as follows:

Particulars	As at March 31, 2018	March 31, 2017
Discount rate(s)	**7.80%**	6.90%
Expected rate(s) of increase in salary considered for gratuity entitlement and leave encashment	**4.50%**	3.75%
Expected rate(s) of increase in salary considered for leave availment	**7.50%**	7.50%
Average Longevity	**2006-08 Mortality base**	2006-08 Mortality base
Expected rate of returns on plan assets	**8.00%**	9.00%

Notes :

(i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

(ii) The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market and the salary increase that will form part of salary base on which gratuity entitlement is available.

D) Detailed disclosures for defined benefit plan - Gratuity are as follows:

Rs in lakhs

Particulars	Funded Plan for Gratuity	
	March 31, 2018	March 31, 2017
Amounts recognised in Total Comprehensive Income in respect of these defined benefit plans are as follows:		
Current Service Cost	**66.17**	92.60
Net interest expense	**(10.46)**	4.97
Components of defined benefit costs recognised in profit or loss	**55.71**	97.57

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars	Funded Plan for Gratuity March 31, 2018	Funded Plan for Gratuity March 31, 2017
Remeasurement for (gain)/loss during the year due to:		
Actual return on plan assets (less interest on plan assets)	**(2.86)**	(26.32)
Actuarial gains and loss arising form changes in financial assumptions	**(5.98)**	(161.75)
Actuarial gains and loss arising form experience adjustments	**(22.44)**	(76.28)
Changes in demographic assumptions	**–**	6.06
Adjustment to recognise the effect of asset ceiling	**(8.97)**	8.97
Components of defined benefit costs recognised in other comprehensive income	**(40.24)**	(249.32)
Total Expenses/(Income)	**15.47**	(151.75)
I. Net Asset/ (Liability) recognised in the Balance Sheet as at year end		
1. Present value of defined benefit obligation as at	**1,041.05**	1,215.79
2. Fair value of plan assets as at	**1,177.33**	1,376.51
3. Adjustment to recognise the effect of asset ceiling	**–**	(8.97)
4. Surplus/ (Deficit)	**136.29**	151.75
5. Current portion of the above		–
6. Non current portion of the above	**136.29**	151.75
II. Change in the obligation during the respective year ends		
1. Present value of defined benefit obligation at the beginning of the year	**1,215.78**	1,563.22
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**66.17**	92.60
– Interest Expense	**83.83**	98.21
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	6.06
ii. Financial Assumptions	**(5.98)**	(161.75)
iii. Experience Adjustments	**(22.44)**	(76.28)
4. Benefit payments	**(296.32)**	(306.27)
5. Present value of defined benefit obligation at the end of the year	**1,041.05**	1,215.78

Rs in lakhs

Particulars	Funded Plan for Gratuity March 31, 2018	Funded Plan for Gratuity March 31, 2017
III. Change in fair value of assets during the respective year ends		
1. Fair value of plan assets at the beginning of the year	**1,376.51**	1,447.83
2. Expected return on plan assets	**94.29**	93.24
3. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
– Actual Return on plan assets in excess of the expected return	**2.86**	26.32
4. Contributions by employer (including benefit payments recoverable)	**-**	115.39
5. Benefit payments	**(296.32)**	(306.27)
6. Fair value of plan assets at the end of the year	**1,177.33**	1,376.51
IV. The major categories of plan assets		
Insures Manager Funds (100%)	**1,177.33**	1,376.51

E) Movement in Asset Ceiling :

A reconciliation of the asset ceiling during the inter-valuation period is given below:

Rs in lakhs

Principal assumption	Year ended March 31, 2018	Year ended March 31, 2017
Opening value of asset ceiling	**8.97**	–
Interest on opening balance of asset ceiling	**0.62**	–
Remeasurements due to change in surplus/(deficit):	**(9.59)**	8.97
Total	**–**	8.97

F) Funding arrangements:

The trustees of the plan have outsourced the investment management of the fund to LIC of India. The LIC of India in turn manages theses funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

There is no compulsion on the part of the Company to fully pre fund the liability of the plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The Company expects no contribution to the gratuity funds during the next financial year.

G) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year ended March 31	Changes in assumption	Impact on defined benefit obligation due to Increase	Impact on defined benefit obligation due to Decrease
Discount rate	**2018**	**100 bps**	**(2.20%)**	**2.30%**
	2017	50 bps	(1.79%)	1.88%
Salary growth rate	**2018**	**100 bps**	**2.40%**	**(2.30%)**
	2017	50 bps	1.93%	(1.85%)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

H) Maturity profile of defined benefit obligation:

Rs in lakhs

Particulars	March 31, 2018	March 31, 2017
Within 1 year	**281.45**	469.25
2 - 5 year	**606.18**	617.82
6 - 10 year	**234.75**	207.15
More than 10 years	**518.57**	400.69

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 4 years (2017: 3.67 years)

Note No. 30 - Segment information

For management purposes, the Company is organised into business units based on its products and has two reportable segments, as follows:

– Steel

– Ring

The Managing Director, the chief operating decision maker (CODM), has chosen to organise the Company in to the above mentioned segments and which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Finance Cost, Treasury Costs, Other Income and Tax as a measure to assess the preformance of the segments. Treasury costs, finance costs and other income are not allocated to segments as these income and expenses are considered to be corporate activities. Treasury costs includes foreign exchange (gain)/ loss, fair valuation impact of derivative instruments and bank charges on Letter of Credits, bill discounting, etc.

Year ended March 31, 2018

Rs in lakhs

Particulars	Steel Business	Ring Business	Eliminations	Total Segment
Revenue				
Revenue from operations	**99,082.85**	**10,810.48**	**–**	**1,09,893.33**
Inter-segment sales	**4,834.13**	**–**	**(4,834.13)**	**–**
Total revenue	**1,03,916.98**	**10,810.48**	**(4,834.13)**	**1,09,893.33**
Segment expenses				
Segment Expenses before depreciation and amortisation	**(96,155.56)**	**(15,114.26)**	**4,834.13**	**(1,06,435.69)**
Depreciation and amortisation	**(2,234.75)**	**(867.52)**		**(3,102.27)**
Segment results	**5,526.67**	**(5,171.30)**	**-**	**355.37**
Total assets	–	–	–	**76,667.86**
Total liabilities	–	–	–	**61,535.99**

Year ended March 31, 2017

Rs in lakhs

Particulars	Steel Business	Ring Business	Eliminations	Total Segment
Revenue				
Revenue from operations	82,249.20	9,158.30	–	91,407.50
Inter-segment	4,538.36	–	(4,538.36)	–
Total revenue	86,787.56	9,158.30	(4,538.36)	91,407.50
Segment Expenses before depreciation and amortisation	(85,962.11)	(9,101.93)	4,538.36	(90,525.68)
Depreciation and amortisation	(2,079.61)	(803.03)	–	(2,882.64)
Segment results	(1,254.15)	(746.66)	–	(2,000.82)
Total assets	–	–	–	66,228.11
Total liabilities	–	–	–	48,341.42

Adjustments and eliminations:

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘Eliminations’ column.

Other disclosures:

- Disclosure of operating segment assets and liabilities are not made as such measures are not provided to the CODM.
- The accounting policies of the reportable segments are the same as the Company’s Accounting Policies described in Note 1 significant accounting polices.
- All Inter-segment transactions are done based on market pricing.
- Revenue and expenses have been identified to the segment based on their relationship to the business activity of the segment. Income and expenses relating to the enterprise as a whole and not allocable on a reasonable basis are included as part of steel business.
- Disclosure for interest revenue and interest expense are not made as the specified amounts are not included in the measure of segment profit or loss reviewed by CODM.

The amounts of additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets (see Ind AS 19, Employee Benefits) and rights arising under insurance contracts are as follows:

Rs in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Steel Business	**2,370.46**	2,102.15
Ring Business	**610.43**	305.96
Total	**2,980.89**	2,408.11

Reconciliation of loss as per Segments’ measure to Entity’s profit or loss before tax:

Rs in lakhs

Reconciliation of loss	Year ended March 31, 2018	Year ended March 31, 2017
Total segment results	**355.37**	(2,000.82)
Add: Other income {Includes Interest income of Rs. 98.97 lakhs (March 31, 2017 - Rs. 57.16 lakhs)}	**338.22**	435.95
Less: Treasury costs	**(586.59)**	(316.92)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Reconciliation of loss	**Year ended March 31, 2018**	Year ended March 31, 2017
Less: Finance costs	**(2,902.09)**	(2,725.86)
Loss before tax as per the Statement of Profit and Loss	**(2,795.06)**	(4,607.65)

Rs in lakhs

Geographic information	**Year ended March 31, 2018**	Year ended March 31, 2017
Revenue from external customers		
India	**1,03,712.25**	88,006.94
Outside India	**6,181.08**	3,400.56
Total revenue per statement of profit or loss	**1,09,893.33**	91,407.50

Notes:

(i) The export revenue, as a percentage of total revenue, is not significant and hence revenue from external customers attributable to individual foreign country is not disclosed.

(ii) The Company does not have any non current assets other than financial instruments, deferred tax assets, net defined benefit assets (see Ind AS 19, Employee Benefits) and rights arising under insurance contracts located in foreign currency and hence such disclosures are not made.

Revenue from major products

The following is an analysis of the Company's revenue from its major products and services:

Rs in lakhs

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Alloy Steel	**99,082.85**	82,249.20
Ring Braces	**10,810.48**	9,158.30
Total revenue	**109,893.33**	91,407.50

The revenues from single customer exceeding 10% or more of entity's revenue is as under:

Rs in lakhs

Particulars	**Year ended March 31, 2018**	Year ended March 31, 2017
Steel Division		
External Customer	**24,248.79**	**23,172.26**
Government Entity	**9,906.25**	**9,891.50**
Related Party	**–**	11,041.42
Total	**34,155.04**	44,105.18

No other single customers contributed 10% or more to the Company's revenue for both the years ended March 31, 2018 and March 31, 2017.

Note No. 31 - Related Party Transactions

a) Related Parties where joint control exists:

Investing Parties	Mahindra and Mahindra Ltd.
	Sanyo Special Steel Company Ltd., Japan
	Mitsui and Company Ltd., Japan

b) Names of other related parties with whom transactions have taken place during the year

Joint venture of investing parties	Mahindra Sona Ltd
Subsidiaries of investing parties	Sanyo Special Steel India Pvt Ltd.
	Mitsui & Co. (Asia Pacific) Pvt. Ltd.
	Mahindra Defence Systems Ltd.
	Mahindra Defence Naval Systems Pvt. Ltd
Associate of investing parties	Mahindra CIE Automotive Ltd
Subsidiary of Associate of investing Company	Mahindra Gears and Transmission Pvt. Ltd.
Key Management Personnel	Mr. Uday Gupta, Managing Director

Details of transaction between the Company and its related parties are disclosed below:

Rs in lakhs

Particulars		Investing Companies			KMP	JV of Investor Co.	Subsidiary of JV of Investors Co.				Associate of Investor Co.	
Nature of transactions with Related Parties	Year ended	Mahindra & Mahindra Ltd	Sanyo Special Steel Co Ltd Japan	Mitsui & Co Japan	Mr. Uday Gupta (MD)	Mahindra Sona Ltd	Mahindra Defence Systems Limited	Mahindra Defence Naval Syaytems Pvt. Ltd	Sanyo Special Steel India Pvt Ltd	Mitsui & Co (Asia Pacific) Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Mahindra Gears Transmission Pvt Ltd
Sale of goods	31-Mar-18	1,036.43	–	–	–	–	–	–	–	–	4,473.99	364.43
	31-Mar-17	894.53	–	–	–	699.90	–	–	–	–	9,980.11	470.49
Purchase of goods	31-Mar-18	–	–	82.17	–	–	–	–	–	145.58	823.65	–
	31-Mar-17	–	–	–	–	–	1.83	1.71	–	531.97	1,849.31	–
Purchase of property and other assets	31-Mar-18	7.93	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	–	–	–	–	–	–	–	–	–	16.46	–
Technical Assistance fees	31-Mar-18	–	1,212.35	–	–	–	–	–	500.89	–	–	–
	31-Mar-17	–	2,165.94	–	–	–	–	–	971.33	–	–	–
Receiving of services	31-Mar-18	197.01	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	166.34	–	–	–	–	–	–	–	–	–	–
Remuneration to Key managerial personnel	31-Mar-18	–	–	–	155.83	–	–	–	–	–	–	–
	31-Mar-17	–	–	–	119.04	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Rs in lakhs

Particulars		Investing Companies			KMP	JV of Investor Co.	Subsidiary of JV of Investors Co.				Associate of Investor Co.	
Nature of transactions with Related Parties	Year ended	Mahindra & Mahindra Ltd	Sanyo Special Steel Co Ltd Japan	Mitsui & Co Japan	Mr. Uday Gupta (MD)	Mahindra Sona Ltd	Mahindra Defence Systems Limited	Mahindra Defence Naval Syaytems Pvt. Ltd	Sanyo Special Steel India Pvt Ltd	Mitsui & Co (Asia Pacific) Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Mahindra Gears Transmission Pvt Ltd
Lease expenses	31-Mar-18	188.75	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	186.50	–	–	–	–	–	–	–	–	–	–
Shared IT Services	31-Mar-18	125.99	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	117.98	–	–	–	–	–	–	–	–	–	–
Equity contribution to the Company (Right Shares issued)	31-Mar-18	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	2,305.20	1,310.80	904.00	–	–	–	–	–	–	–	–
Reimbursement of Colony Maintenance expenses received	31-Mar-18	132.13	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	107.15	–	–	–	–	–	–	–	–	–	–
Reimbursement of expenses	31-Mar-18	–	–	48.96	–	–	–	–	11.11	–	–	–
	31-Mar-17	–	–	12.14	–	–	–	–	20.21	–	–	–

Rs in lakhs

		Investing Companies			KMP	JV of Investor Co.	Subsidiary of JV of Investors Co.				Associate of Investor Co.	
Nature of transactions with Related Parties	Balance as on	Mahindra & Mahindra Ltd	Sanyo Special Steel Co Ltd Japan	Mitsui & Co Japan	Mr. Uday Gupta (MD)	Mahindra Sona Ltd	Mahindra Defence Systems Limited	Mahindra Defence Naval Syaytems Pvt. Ltd	Sanyo Special Steel India Pvt Ltd	Mitsui & Co. (Asia Pacific) Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Mahindra Gears Transmission Pvt Ltd
Sale of goods	31-Mar-18	258.20	2,975.19	–	24.70	–	–	–	91.63	–	–	–
	31-Mar-17	344.07	3,119.12	–	22.50	–	0.92	1.71	133.72	–	55.66	–
Purchase of goods	31-Mar-18	3.78	–	–	–	–	–	–	–	–	–	–
	31-Mar-17	3.78	–	–	–	–	–	–	–	–	–	–
Purchase of property and other assets	31-Mar-18	283.38	–	23.58	–		–	–	–	–	1,811.87	–
	31-Mar-17	183.30	–	12.14	–	137.53	–	–	–	–	2,726.44	105.47

All outstanding balances are secured and repayable in cash.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Rs in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits	**143.47**	109.33
Post-employment benefits	**12.35**	9.71
Other long-term benefits	**–**	–
Termination benefits	**–**	–
Share-based payment	**–**	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note No. 32 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rs in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Principal amount outstanding	**805.28**	714.76
(ii) Interest due on the above		–
(iii) Principal amount paid during the year beyond the appointed day	**100.99**	195.52
(iv) Interest paid during the year beyond the appointed day		–
(v) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 ('The Act')		–
(vi) Amount of interest accrued and remaining unpaid at the end of the year	**0.36**	0.57
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.		–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. - 33 Leasing disclosure

Rs in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Operating Lease		
Lease expense recognised in Statement of Profit and Loss	**212.72**	220.22

Description of lease:

The Company has entered into operating lease arrangements for colony land and building, office and residential premises. The leases are for a maximum period of three years and are cancellable. The lease can be renewed based on mutual agreement of the parties.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Note No. 34 - Contingent liabilities and commitments

Rs in lakhs

	I. Contingent liabilities (to the extent not provided for)	As at March 31, 2018	As at March 31, 2017
(a)	Matters relating to availment of service tax credit on bank charges (including taxes and equal amount of penalty with interest)	**464.17**	329.69
(b)	Matters relating to availment of Input tax credit on service tax paid through reverse charge mechanism on import of services (including taxes and equal amount of penalty with interest)	–	76.14
(c)	Matters relating to sales tax on disallowance of Input tax credit and non-submission of C forms (including taxes with interest)	**371.05**	94.19

Note:

The Company has appealed in respect of the above matters to the appropriate authorities and the outflow of economic benefits on above matters is dependant on the outcome of the appeal.

Rs in lakhs

	II. Commitments	As at March 31, 2018	As at March 31, 2017
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for.	**1491.14**	1,014.90
(b)	The Company has entered into a Technical Assistance Agreement (TAA) with Sanyo Special Steel Company Limited, Japan (Sanyo). The fixed fee as per the TAA is US Dollars 105.00 lakhs. The balance amount of TAA fee commitment (excluding amount already accrued as liabilities) as at respective year ends at closing exchange rates are disclosed	**413.91**	3,717.28

Note No. 35 - C.I.F. value of imports

Rs in lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Raw Materials	**16,775.35**	10,891.07
(b)	Stores and Spares	**2,650.33**	1,228.75
(c)	Capital goods and services	**595.00**	290.87

Note No. 36 - Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on May 08, 2018

For and on behalf of the Board

Shriprakash Shukla Chairman

Uday Gupta Managing Director

Sudhir Yagnik
Chief Financial Officer

Pradeep Salian
Company Secretary

Kozo Takahashi
Katsu Yanagimoto
Toru Kojima
Directors

Mumbai, May 8, 2018

Rise.

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